
Financial Results for the Fiscal Year Ended March 31, 2023

The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Toshiaki Sumino) announces its financial results for the fiscal year ended March 31, 2023.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2023.

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

1. Business Highlights

(1) Annualized Net Premium

Policies in Force	As of March 31, 2022		As of March 31, 2023	
	(billions of yen)	% of March 31, 2021 total	(billions of yen)	% of March 31, 2022 total
Individual insurance	1,514.0	98.4	1,464.5	96.7
Individual annuities	538.6	100.0	533.2	99.0
Total	2,052.7	98.8	1,997.7	97.3
Medical and survival benefits	708.8	101.7	701.9	99.0

New Policies	As of March 31, 2022		As of March 31, 2023	
	(billions of yen)	% of March 31, 2021 total	(billions of yen)	% of March 31, 2022 total
Individual insurance	63.8	123.1	39.5	62.0
Individual annuities	10.7	110.1	6.6	61.9
Total	74.5	121.0	46.2	62.0
Medical and survival benefits	48.2	131.6	29.5	61.3

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

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

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

Policies in Force	As of March 31, 2023			
	Number of policies (thousands)	% of March 31, 2022 total	Amount (billions of yen)	% of March 31, 2022 total
Individual insurance	22,270	102.9	73,206.7	94.3
Individual annuities	2,068	98.3	10,521.0	97.1
Individual insurance and annuities	24,339	102.5	83,727.8	94.6
Group insurance	-	-	49,341.8	98.6
Group annuities	-	-	6,066.9	98.3

- 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

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

New Policies	Year ended March 31, 2023					
	Number of policies (thousands)	% of March 31, 2022 total	Amount (billions of yen)	New Business	Net increase by conversion	% of March 31, 2022 total
Individual insurance	2,620	68.2	1,050.3	1,372.0	(321.6)	-
Individual annuities	47	56.3	166.9	169.0	(2.1)	59.6
Individual insurance and annuities	2,668	67.9	1,217.2	1,541.0	(323.7)	5,245.7
Group insurance	-	-	171.1	171.1	-	83.8
Group annuities	-	-	2.0	2.0	-	3,995.1

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

2. Policies in Force as of March 31, 2023 by Benefit

	Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits								
general	20,934	63,233.9	—	—	24,414	49,337.2	45,349	112,571.1
accidental	[1,557]	[6,632.0]	[925]	[444.8]	[2,610]	[1,197.0]	[5,093]	[8,273.9]
others	—	—	—	—	[63]	[41.0]	[63]	[41.0]
Survival benefits	1,335	9,972.8	2,068	10,521.0	5	4.6	3,410	20,498.5
Hospitalization benefits								
accidental	[7,761]	[44.0]	[34]	[0.1]	[1,285]	[0.7]	[9,081]	[44.9]
illness	[7,752]	[44.0]	[35]	[0.1]	[0]	[0.0]	[7,787]	[44.2]
others	[2,791]	[15.1]	[27]	[0.1]	[84]	[0.2]	[2,903]	[15.5]
Injury benefits	[4,925]	—	[48]	—	[2,467]	—	[7,440]	—
Surgery benefits	[8,400]	—	[35]	—	—	—	[8,435]	—

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	7,389	6,066.9	53	243.9	30	66.2	7,473	6,377.1

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	449	1.3

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

Note:

- Figures in [] show numbers and amounts of additional benefits and of benefits to be paid from riders.
- Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
- Amounts in 'Survival benefits' show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
- Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
- Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
- Amount in group disability insurance shows the amount of disability benefits paid per month.
- For others (such as underwritten reinsurance, etc.) the number of insureds and amount of policies were 2,894 thousand and 26,533.2 billion yen, respectively.

3. Investment of General Account Assets for the Six Months Ended March 31, 2023

(1) Investment Status of Assets in Fiscal 2022

① Operational environment

In FY2022, While the recovery from the Novel COVID-19 crisis continued, the pace of recovery remained moderate due to the effects by soaring global energy and food prices and global economic slowdown. Overseas economies slowed significantly as central banks accelerated monetary tightening due to drastic global inflation. Towards the end of the fiscal year, financial instability expanded globally; it changes in the financial market environment, such as rapidly rising interest rates, caused bankruptcies and business instability in the banking sector in the United States and Europe. Amid these economic conditions, the operational environment was as follows.

<Domestic interest rates>

The yield on 10-year JGBs rose as the Bank of Japan (BOJ) announced to target the fluctuation range of its yield curve control (YCC) from "about $\pm 0.25\%$ " to "about $\pm 0.5\%$ ". On the other hand, since the beginning of the year, JGB yields declined as financial instability in the US and Europe spread, driven by significant monetary tightening by central banks abroad.

Yield on ten-year government bonds:	April 1, 2022	0.210%
	March 31, 2023	0.320%

<Domestic stocks>

The Nikkei 225 Stock Average held firm on the back of the economic recovery following the COVID-19 and expectations of improved performance by exporters due to the weak yen.

Nikkei 225 Stock Average:	April 1, 2022	27,821
	March 31, 2023	28,041
TOPIX:	April 1, 2022	1,946
	March 31, 2023	2,003

<Currency>

In the case of the JPY/USD exchange rate, the yen depreciated rapidly as the gap between Japanese and US interest rates widened against the backdrop of monetary tightening by the Federal Reserve. In the second half of the fiscal year, the yen remained strong as a result of foreign exchange intervention by the Government of Japan and the Bank of Japan and changes in YCC.

The JPY/EUR exchange rate rose after the summer as the European Central Bank (ECB) began to tighten monetary policy.

JPY /USD:	April 1, 2022	¥122.39
	March 31 2023	¥133.53
JPY/EUR:	April 1, 2022	¥136.70
	March 31, 2023	¥145.72

② Investment Performance Overview

<Assets>

With regard to asset management in FY2022, the Company maintained its investment strategy of mainly fixed income assets, such as government and corporate bonds, based on our risk-taking policy and medium-to long-term asset management policy. In particular, from the point of view of financial soundness against fluctuations in financial markets and improving capital efficiency, it sold stocks and increased the amount of bonds matching its policy reserves, mainly super-long-term government bonds to reduce market risk such as interest rates and stocks.

With regard to risk weighted assets such as foreign securities, the Company flexibly and quickly allocated funds taking into account market development. Furthermore, it promoted investments and loans in infrastructure, alternative assets and real assets to improve our portfolio profitability and diversify investments.

Assets	Operational status
Bonds and debentures	<u>Decrease</u> For the reduction of interest rate risk, policy-reserve-matching bonds, mainly super-long-term bonds were increased. With respect to credit-risk assets such as corporate bonds and securitized products, it focused on screening and diversified to take sufficient credit spreads against risk, but the balance decreased due to the decline in market value.
Loans receivable	<u>Increase</u> The balance was increased that Loans were originated to achieve sufficient excess spread with credit risk, at or above the corporate bond market.
Domestic stocks	<u>Decrease</u> 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	<u>Decrease</u> The balance 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	<u>Decrease</u> The balance was decreased as a result followed by flexible fund allocation keeping an eye on market trends. In addition, our fund managers and investment styles, region were strengthened diversification by utilizing in-house management and external management companies.
Real estate	<u>Increase</u> 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 has been increased by JPY 173.5 billion from the previous fiscal year to JPY 1,379.2 billion, as the increase in gains on sales of securities has been exceeded decrease in interest, dividends, and other income. Investment expenses increased by JPY 260.8 billion from the previous fiscal year to JPY 622.4 billion, as the increase in foreign exchange losses and losses on sales of securities have been exceeded the improvement in expenses for derivative financial instruments.

As a result, net investment income in the general account decreased by JPY 87.2 billion from the previous year to JPY 756.7 billion.

③Investment Outlook in Fiscal 2023

In FY2023, the Japanese economy is expected to continue to recover, supported by a recovery in inbound demand and services consumption from the impact of downgrading of COVID-19 to common disease, as well as the government's economic stimulus measures. On the other hand, the slowdown in overseas economies is expected to accelerate as soaring prices and central banks in many countries tighten their monetary policy. In the US, the market is expected to remain highly volatile as inflation remains high, although there is growing speculation that the interest rate hikes will end this year. In addition, it is necessary to pay attention to the increasing volatility of financial markets due to political events and geopolitical risks in various countries.

<Domestic interest rates>

Although domestic interest rates are expected to rise temporarily amid growing speculation about the Bank of Japan's yield curve control revisions, we expect them to remain low even after the policy revisions are made, as the Bank's accommodative monetary policy is expected to continue amid a slower pace of recovery in the Japanese economy.

<Domestic stocks>

While domestic stocks are expected to decline in the face of a global economic slowdown, we expect the BOJ's easy monetary policy and the government's economic measures to support. On the other hand, we believe that it is necessary to keep in mind the possibility that volatility may increase due to changes in monetary policy in each country, sharp rises in interest rates, political events in each country and geopolitical risks.

< Currency>

We expect the JPY/USD to be influenced by the monetary policy and economic outlook in the US and Japan. We expect that the suspension of interest rate hikes in the US and the BOJ's revision of the YCC will likely weaken the dollar and strengthen the yen, and that the JPY/USD will be limited to the upside. And it is necessary to be alert to the possibility of increased volatility due to geopolitical risks and other factors.

With regard to the JPY/ EUR, we expect the same situation on dollar that it will be limited to the upside, but we believe that it is necessary to pay attention to the possibility that volatility may increase due to changes in the political situation in Europe and other factors.

④ Asset Management Policy for Fiscal 2023

With regard to the investment policy for FY2023, 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	<u>Increase</u> 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 addition, 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	<u>Remained flat</u> While proactively respond to capital needs in growth areas will be maintained, the balance will be expected to remain flat due to the impact of redemptions and other factors. In addition, the Bank's policy is to engage in new lending by setting appropriate lending rates, while taking into account the analysis of borrowers' credit risks and credit spread trends in the corporate bond market.
Domestic stocks	<u>Decrease</u> 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	<p><u>Unhedged : Depending on interest rates and exchange rates</u></p> <p><u>Hedged : Decrease</u></p> <p>Unhedged bonds will be flexibly allocated in accordance with risk tolerance and exchange rate trends.</p> <p>Hedged bonds will be reduced in view of abroad-Japan interest rate gap.</p>
Foreign Stocks	<p><u>Depending on the foreign stock price</u></p> <p>The Company's policy is to accumulate alternative assets with the aim of securing profitability and diversifying the risk of its portfolio. However, the Company's policy is to flexibly control the outstanding balance of foreign stocks, depending on the level of stock prices. It will be also worked to improve and stabilize the profitability of our portfolio while diversifying investment styles and geographically diversifying.</p>
Real estate	<p><u>Increase</u></p> <p>The Company's policy is to increase the balance due to new acquisitions of properties and others. In order to diversify of building uses, the Company will promote investment in new properties such as residence, commerce, and logistics, and improve the profitability and soundness of our portfolio by replacing properties based on occupancy status, regional characteristics, construction age, and other factors.</p>

(2) Investment Income (General account)

(millions of yen)

	Year ended March 31, 2022		Year ended March 31, 2023	
	Amount	%	Amount	%
Interest and dividends	831,163	68.9	804,834	58.4
Interest from bank deposits	1,375	0.1	2,311	0.2
Interest and dividends from securities	708,237	58.7	679,142	49.2
Interest from loans	38,898	3.2	41,722	3.0
Rental income	71,155	5.9	68,977	5.0
Other interest and dividends	11,497	1.0	12,680	0.9
Gains on trading account securities	-	-	-	-
Gains on money held in trust	795	0.1	-	-
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	351,106	29.1	551,678	40.0
Gains on sale of domestic bonds	72,595	6.0	172,410	12.5
Gains on sale of domestic stocks	168,291	14.0	143,067	10.4
Gains on sale of foreign securities	108,840	9.0	232,678	16.9
Others	1,378	0.1	3,521	0.3
Gains on redemption of securities	20,207	1.7	18,763	1.4
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	-	-	-	-
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	2,410	0.2	3,993	0.3
Total	1,205,684	100.0	1,379,269	100.0

(3) Investment Expense (General account)

(millions of yen)

	Year ended March 31, 2022		Year ended March 31, 2023	
	Amount	%	Amount	%
Interest expenses	10,375	2.9	9,759	1.6
Losses on trading account securities	-	-	-	-
Losses on money held in trust	-	-	39	0.0
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	221,597	61.3	433,394	69.6
Losses on sale of domestic bonds	22,418	6.2	21,635	3.5
Losses on sale of domestic stocks	36,529	10.1	18,450	3.0
Losses on sale of foreign securities	162,205	44.8	393,308	63.2
Others	443	0.1	-	-
Losses on valuation of securities	8,479	2.3	3,731	0.6
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	4,908	1.4	2,696	0.4
Losses on valuation of foreign securities	1,750	0.5	1,020	0.2
Others	1,821	0.5	14	0.0
Losses on redemption of securities	3,545	1.0	5,629	0.9
Derivative transaction losses	38,627	10.7	16,971	2.7
Foreign exchange losses	10,495	2.9	82,111	13.2
Provision for reserve for possible loan losses	4,393	1.2	400	0.1
Provision for reserve for possible investment losses	247	0.1	486	0.1
Write-down of loans	41	0.0	57	0.0
Depreciation of real estate for rent and others	13,439	3.7	13,660	2.2
Other investment expenses	50,442	13.9	56,246	9.0
Total	361,686	100.0	622,488	100.0

(4) Asset Composition

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	906,362	2.4	1,105,912	3.3
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	239,896	0.6	224,555	0.7
Trading account securities	-	-	-	-
Money held in trust	12,164	0.0	6,727	0.0
Securities	31,697,684	84.6	27,012,086	81.6
Domestic bonds	17,402,782	46.5	17,075,009	51.6
Domestic stocks	3,292,713	8.8	3,207,944	9.7
Foreign securities	10,143,485	27.1	5,930,212	17.9
Foreign bonds	8,620,159	23.0	4,454,788	13.5
Foreign stocks and other securities	1,523,325	4.1	1,475,424	4.5
Other securities	858,702	2.3	798,919	2.4
Loans	2,569,190	6.9	2,715,410	8.2
Policy loans	269,504	0.7	250,662	0.8
Ordinary loans	2,299,685	6.1	2,464,747	7.4
Real estate	1,120,673	3.0	1,196,750	3.6
Real estate for rent	829,952	2.2	912,282	2.8
Deferred tax assets	-	-	91,081	0.3
Others	922,873	2.5	754,689	2.3
Reserve for possible loan losses	(6,501)	(0.0)	(3,328)	(0.0)
Total	37,462,344	100.0	33,103,885	100.0
Foreign currency-denominated assets	9,520,911	25.4	4,937,777	14.9

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

(5) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash, deposits, and call loans	0.05	(0.05)
Securities repurchased under resale agreements	-	(0.69)
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	0.88	2.38
Trading account securities	-	-
Money held in trust	7.93	(0.55)
Securities	2.67	2.62
Domestic bonds	2.01	2.42
Domestic stocks	15.29	15.25
Foreign securities	2.02	0.95
Foreign bonds	1.03	(1.03)
Foreign stocks and other securities	7.95	10.24
Loans	1.36	1.44
Ordinary loans	1.00	1.13
Real estate	4.08	2.86
Total	2.41	2.31
Foreign investments	2.00	0.79

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

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

B. Average daily balance

(billions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash, deposits, and call loans	771.8	728.7
Securities repurchased under resale agreements	-	0.0
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	250.0	232.5
Trading account securities	-	-
Money held in trust	10.0	7.1
Securities	29,091.6	26,608.5
Domestic bonds	16,666.5	17,187.5
Domestic stocks	1,405.6	1,297.5
Foreign securities	10,144.5	7,362.1
Foreign bonds	8,690.0	6,071.3
Foreign stocks and other securities	1,454.5	1,290.8
Loans	2,576.6	2,621.0
Ordinary loans	2,295.9	2,360.6
Real estate	790.9	895.5
Total	35,080.9	32,813.8
Foreign investments	10,910.2	8,138.5

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

C. Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	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	6,727	(742)
Trading account securities	-	-	-	-
Money held in trust	12,164	540	6,727	(742)

D. Fair value information on securities (except for trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 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 affiliated 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 March 31, 2023					
Held-to-maturity bonds	47,824	48,000	176	176	-
Domestic bonds	47,824	48,000	176	176	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	14,909,516	15,453,495	543,978	1,307,177	763,199
Domestic bonds	14,845,915	15,390,053	544,138	1,306,936	762,798
Foreign bonds	63,601	63,441	(159)	240	400
Stocks of subsidiaries and affiliated companies	-	-	-	-	-
Available-for-sale securities	9,467,188	11,520,994	2,053,805	2,407,165	353,359
Domestic bonds	2,062,893	2,181,269	118,376	134,303	15,927
Domestic stocks	1,213,339	3,160,770	1,947,431	1,964,883	17,451
Foreign securities	5,377,866	5,357,241	(20,625)	282,343	302,969
Foreign bonds	4,501,156	4,391,186	(109,969)	146,837	256,807
Foreign stocks and other securities	876,710	966,055	89,344	135,506	46,161
Other securities	516,849	526,160	9,310	23,353	14,042
Monetary claims bought	225,239	224,555	(684)	2,281	2,965
Certificates of deposit	71,000	70,997	(2)	-	2
Total	24,424,530	27,022,490	2,597,960	3,714,519	1,116,558
Domestic bonds	16,956,632	17,619,323	662,690	1,441,416	778,726
Domestic stocks	1,213,339	3,160,770	1,947,431	1,964,883	17,451
Foreign securities	5,441,468	5,420,683	(20,785)	282,584	303,369
Foreign bonds	4,564,757	4,454,628	(110,129)	147,078	257,208
Foreign stocks and other securities	876,710	966,055	89,344	135,506	46,161
Other securities	516,849	526,160	9,310	23,353	14,042
Monetary claims bought	225,239	224,555	(684)	2,281	2,965
Certificates of deposit	71,000	70,997	(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 March 31, 2023
Stocks of subsidiaries and affiliated companies	198,792	208,594
Available-for-sale securities	452,622	560,603
Domestic stocks	37,160	40,181
Foreign stocks	9,004	9,004
Others	406,457	511,418
Total	651,415	769,197

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 56,267 million yen as of March 31, 2023.

E. Fair value information on money held in trust

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)	Gains (losses)	
				Gains	Losses
As of March 31, 2022	12,164	12,164	973	2,161	1,187
As of March 31, 2023	6,727	6,727	(225)	1,480	1,705

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 March 31, 2023.

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2022	As of March 31, 2023		As of March 31, 2022	As of March 31, 2023
(ASSETS)			(LIABILITIES)		
Cash and deposits	441,997	154,765	Policy reserves and others	30,131,727	29,877,026
Cash	0	0	Reserves for outstanding claims	184,665	199,266
Bank deposits	441,997	154,765	Policy reserves	29,533,839	29,254,356
Call loans	479,900	966,900	Reserve for policyholder dividends	413,222	423,403
Monetary claims bought	239,896	224,555	Reinsurance payable	170,407	425
Money held in trust	12,164	6,727	Subordinated bonds	368,715	368,715
Securities	32,740,845	27,975,827	Other liabilities	4,371,360	1,141,221
Government bonds	15,553,967	15,352,021	Payables under repurchase agreements	2,954,780	304,005
Local government bonds	106,309	117,628	Long-term debt and other borrowings	470,600	390,600
Corporate bonds	1,873,081	1,745,131	Corporate income tax payable	47,378	-
Stocks	3,444,330	3,355,341	Accounts payable	120,641	78,909
Foreign securities	10,610,943	6,322,025	Accrued expenses	46,306	45,447
Other securities	1,152,212	1,083,681	Unearned revenue	361	1,029
Loans	2,569,190	2,715,410	Deposits received	63,338	61,616
Policy loans	269,504	250,662	Guarantee deposits received	49,894	46,576
Ordinary loans	2,299,685	2,464,747	Differential account for futures trading	107	-
Tangible fixed assets	1,128,103	1,203,838	Derivatives	578,140	125,360
Land	805,044	879,314	Collateral for financial instruments	31,190	77,777
Buildings	315,078	311,083	Lease liabilities	4,330	3,427
Leased assets	4,342	3,443	Asset retirement obligations	2,067	2,071
Construction in progress	550	6,352	Suspense receipt	1,176	1,224
Other tangible fixed assets	3,087	3,644	Other liabilities	1,046	3,176
Intangible fixed assets	128,593	124,661	Reserve for employees' retirement benefits	398,321	392,719
Software	98,645	97,470	Reserve for retirement benefits of directors, executive officers and corporate auditors	929	794
Other intangible fixed assets	29,948	27,191	Reserve for possible reimbursement of prescribed claims	800	800
Reinsurance receivable	56,701	74,787	Reserve for price fluctuations	250,453	263,453
Other assets	845,706	681,069	Deferred tax liabilities	115,454	-
Accounts receivable	175,755	99,661	Deferred tax liabilities for land revaluation	70,652	70,197
Prepaid expenses	18,424	18,864	Acceptances and guarantees	45,745	48,987
Accrued revenue	151,259	117,211	Total liabilities	35,924,567	32,164,341
Deposits	78,252	78,653	(NET ASSETS)		
Margin money for futures trading	190,001	209,689	Capital stock	60,000	60,000
Derivatives	84,305	58,478	Capital surplus	320,000	320,000
Collateral for financial products	39,875	2,629	Legal capital surplus	60,000	60,000
Suspense payment	3,268	3,170	Other capital surplus	260,000	260,000
Other assets	104,563	92,711	Retained earnings	251,559	203,704
Deferred tax assets	-	91,081	Other retained earnings	251,559	203,704
Customers' liabilities for acceptances and guarantees	45,745	48,987	Reserve for tax basis adjustments of real estate	7,870	8,805
Reserve for possible loan losses	(6,501)	(3,328)	Reserve for specified business investment	49	299
Reserve for possible investment losses	(779)	(927)	Retained earnings brought forward	243,639	194,598
			Total shareholders' equity	631,560	583,705
			Net unrealized gains (losses) on securities, net of tax	2,130,413	1,523,596
			Deferred hedge gains (losses)	(21,621)	(37,654)
			Reserve for land revaluation	16,643	30,369
			Total of valuation and translation adjustments	2,125,435	1,516,311
			Total net assets	2,756,996	2,100,016
Total assets	38,681,563	34,264,357	Total liabilities and net assets	38,681,563	34,264,357

5. Unaudited Statement of Earnings

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
ORDINARY REVENUES	4,450,872	4,139,830
Premium and other income	2,276,134	2,296,892
Premium income	2,250,557	2,251,939
Reinsurance income	25,577	44,953
Investment income	1,247,085	1,379,269
Interest and dividends	831,163	804,834
Interest from bank deposits	1,375	2,311
Interest and dividends from securities	708,237	679,142
Interest from loans	38,898	41,722
Rental income	71,155	68,977
Other interest and dividends	11,497	12,680
Gains on money held in trust	795	-
Gains on sale of securities	351,106	551,678
Gains on redemption of securities	20,207	18,763
Other investment income	2,410	3,993
Gains on investments in separate accounts	41,401	-
Other ordinary revenues	927,652	463,667
Fund receipt for annuity rider of group insurance	426	455
Fund receipt for claim deposit payment	133,530	136,055
Transfer from policy reserves	761,534	279,483
Reversal of reserve for employees' retirement benefits	1,885	5,703
Other ordinary revenues	30,276	41,969
ORDINARY EXPENSES	4,071,952	3,786,300
Benefits and claims	3,015,986	2,451,378
Claims	637,449	682,449
Annuities	553,586	581,814
Benefits	427,247	575,987
Surrender values	544,342	503,395
Other refunds	248,429	105,852
Ceding reinsurance commissions	604,930	1,880
Provision for policy reserves and others	44,859	22,906
Provision for reserves for outstanding claims	36,595	14,600
Provision for interest on policyholder dividends	8,264	8,305
Investment expenses	361,686	669,340
Interest expenses	10,375	9,759
Losses on money held in trust	-	39
Losses on sale of securities	221,597	433,394
Losses on valuation of securities	8,479	3,731
Losses on redemption of securities	3,545	5,629
Derivative transaction losses	38,627	16,971
Foreign exchange losses	10,495	82,111
Provision for reserve for possible loan losses	4,393	400
Provision for reserve for possible investment losses	247	486
Write-down of loans	41	57
Depreciation of real estate for rent and others	13,439	13,660
Other investment expenses	50,442	56,246
Losses on investments in separate accounts	-	46,852
Operating expenses	410,237	395,458
Other ordinary expenses	239,183	247,217
Claim deposit payments	154,873	158,104
National and local taxes	31,028	30,393
Depreciation	39,658	41,419
Other ordinary expenses	13,622	17,300
ORDINARY PROFIT	378,920	353,529
EXTRAORDINARY GAINS	10,402	4,548
Gains on disposal of fixed assets	10,402	4,548
EXTRAORDINARY LOSSES	33,425	34,486
Losses on disposal of fixed assets	12,506	5,503
Impairment losses on fixed assets	3,850	15,881
Provision for reserve for price fluctuations	17,000	13,000
Other extraordinary losses	68	101
Provision for reserve for policyholder dividends	87,500	95,000
Income before income taxes	268,397	228,591
Corporate income taxes-current	102,283	28,556
Corporate income taxes-deferred	(33,662)	34,388
Total of corporate income taxes	68,621	62,944
Net income	199,776	165,646

6. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2022

(millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward
Balance at the beginning of the year	60,000	60,000	310,000	370,000	8,355	49	240,789
Changes for the year							
Dividends			(49,999)	(49,999)			(158,716)
Net income							199,776
Transfer to reserve for tax basis adjustments of real estate					27		(27)
Transfer from reserve for tax basis adjustments of real estate					(512)		512
Transfer from reserve for land revaluation							(38,695)
Net changes of items other than shareholders' equity							
Total changes for the year	-	-	(49,999)	(49,999)	(485)	-	2,849
Balance at the end of the year	60,000	60,000	260,000	320,000	7,870	49	243,639

(millions of yen)

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

(millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward
Balance at the beginning of the year	60,000	60,000	260,000	320,000	7,870	49	243,639
Changes for the year							
Dividends							(199,776)
Net income							165,646
Transfer to reserve for tax basis adjustments of real estate					936		(936)
Transfer from reserve for tax basis adjustments of real estate					(0)		0
Transfer to reserve for specified business investment						249	(249)
Transfer from reserve for land revaluation							(13,726)
Net changes of items other than shareholders' equity							
Total changes for the year	-	-	-	-	935	249	(49,040)
Balance at the end of the year	60,000	60,000	260,000	320,000	8,805	299	194,598

(millions of yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
	Total retained earnings						
Balance at the beginning of the year	251,559	631,560	2,130,413	(21,621)	16,643	2,125,435	2,756,996
Changes for the year							
Dividends	(199,776)	(199,776)					(199,776)
Net income	165,646	165,646					165,646
Transfer to reserve for tax basis adjustments of real estate	-	-					-
Transfer from reserve for tax basis adjustments of real estate	-	-					-
Transfer to reserve for specified business investment	-	-					-
Transfer from reserve for land revaluation	(13,726)	(13,726)					(13,726)
Net changes of items other than shareholders' equity			(606,817)	(16,033)	13,726	(609,124)	(609,124)
Total changes for the year	(47,855)	(47,855)	(606,817)	(16,033)	13,726	(609,124)	(656,979)
Balance at the end of the year	203,704	583,705	1,523,596	(37,654)	30,369	1,516,311	2,100,016

I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2023

1. Valuation Methods of Securities

Securities held by the Company including cash and deposits and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Bonds

Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

(3) Policy-reserve-matching Bonds (in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Subsidiaries and Affiliated Companies

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

a) Available-for-sale Securities other than stocks with no market price, etc.

Available-for-sale securities other than stocks with no market price, etc. are valued at fair value as of March 31, 2023 with cost determined by the moving average method.

b) Stocks with no market price, etc.

Stocks with no market price, etc. are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the statement of earnings.

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

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

The sub-groups of insurance products are:

- a) individual life insurance and annuities (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 fiscal year ended March 31, 2023, 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 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).

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2023 was ¥598,989million.

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2023 was ¥1 million.

8. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2023.

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 employees’ average remaining service period.

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

9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for stocks with no market price, etc. and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

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

11. Reserve for Possible Reimbursement of Prescribed Claims

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

12. Reserve for Price Fluctuations

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

13. Hedge Accounting

(1) Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for bond over-the-counter options is used for hedges against interest rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain insurance liabilities, under the “Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators” (Industry Audit Committee Report No. 26 issued by the JICPA).

(2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk, 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: 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 a prepaid expense and amortized equally over

five years in accordance with the Ordinance for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserve

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated as stated in 1) and 2) below:

- (1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- (2) Reserves for other policies are established based on the net level premium method.

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

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

16. Reserves for Outstanding Claims

With respect to reserves for incurred but not reported cases for individual insurance policies (referring to claims for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred; hereinafter the same) provided by the company that operate a life insurance business in Japan, the scope of payment of hospitalization benefits was changed in the fiscal year ended March 31, 2023 with respect to those diagnosed as COVID-19 and were under the care of a doctor and the like at an accommodation facility or at home ("deemed hospitalization"). As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 ("IBNR Notification"). The company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the "Proviso").

(Overview of the calculation method)

The company first deducts an amount pertaining to deemed hospitalization of policy holders other than those with high risk of severity ("4 categories") from a required amount of reserves for incurred but not reported cases and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

An amount pertaining to deemed hospitalization of the 4 categories, which was used to estimate an amount pertaining to deemed hospitalization of those other than the 4 categories diagnosed prior to September 25, 2022, was estimated by the following methods: multiplying the ratio of the accumulated payments to the 4 categories diagnosed on or after September 26, 2022 and the accumulated payments for deemed hospitalization of those aged 65 years old or higher, one of the 4 categories, with an amount pertaining to deemed hospitalization of those aged 65 years old or higher diagnosed prior to September 25, 2022.

17. Changes in Accounting Policies

Effective the fiscal year ended March 31, 2023, 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 fiscal year ended March 31, 2023.

18. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

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

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

The carrying amount on the balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2023 were as follows.

As of March 31, 2023	Carrying amount	Fair value	Gains (Losses)
			(Unit: million yen)
(1) Monetary claims bought	224,555	224,555	-
(2) Money held in trust	6,727	6,727	-
(3) Securities (*3)			
a. Trading securities	963,741	963,741	-
b. Held-to-maturity bonds	47,824	48,000	176
c. Policy-reserve-matching bonds	14,909,516	15,453,495	543,978
d. Available-for-sale securities	11,225,442	11,225,442	-
(4) Loans	2,715,410		
Reserve for possible loan losses (*4)	(1,509)		
	2,713,900	2,674,871	(39,029)
Total assets	30,091,708	30,596,833	505,125
(1) Bonds payable.....	368,715	347,041	(21,673)
(2) Long-term borrowings	390,600	368,629	(21,970)
Total liabilities	759,315	715,670	(43,644)
Derivative transactions (*5)			
a. Hedge accounting not applied	32,161	32,161	-
b. Hedge accounting applied	[99,043]	[97,785]	1,257
Total derivative transactions	[66,881]	[65,624]	1,257

(*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 March 31, 2023	Carrying amount
	(Unit: million yen)
1. Stocks with no market price, etc. (*a)(*c)	63,432
2. Ownership stakes in partnerships, etc. (*b)(*c).....	765,870
Total	829,302

(*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.

(*c) The Company recorded impairment charges of ¥780 million for the fiscal year ended March 31, 2023.

(*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.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of March 31, 2023	Level 1	Level 2	Level 3	Total
				(Unit: million yen)
Monetary claims bought	-	-	224,555	224,555
Money held in trust(*1)	4,212	2,514	-	6,727
Securities(*1)				
Trading securities	551,676	398,162	13,902	963,741
Available-for-sale securities				
Government bonds	1,083,604	-	-	1,083,604
Local government bonds	-	14,074	-	14,074
Corporate bonds	-	1,073,589	10,001	1,083,591
Domestic stocks	3,160,770	-	-	3,160,770
Foreign bonds	437,029	3,772,078	141,063	4,350,171
Other foreign securities	463,743	436,558	57,993	958,295
Other securities	14,536	479,383	32,240	526,160
Derivative transactions				
Currency-related transactions	-	16,623	-	16,623
Interest-related transactions	-	34,359	-	34,359
Stock-related transactions	3,889	0	-	3,890
Bond-related transactions	2,119	909	-	3,029
Others	-	575	-	575
Total assets	5,721,583	6,228,831	479,756	12,430,171
Derivative transactions				
Currency-related transactions	-	95,733	-	95,733
Interest-related transactions	-	27,493	-	27,493
Stock-related transactions	589	19	-	608
Bond-related transactions	1,172	182	-	1,354
Others	-	169	-	169
Total liabilities	1,761	123,598	-	125,360

(*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 balance sheet is ¥48,773 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of March 31, 2023 have been omitted as the amount of such mutual funds is immaterial.

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

As of March 31, 2023	Level 1	Level 2	Level 3	Total
				(Unit: million yen)
Securities				
Held-to-maturity Bonds				
Government bonds	48,000	-	-	48,000
Policy-reserve-matching Bonds				
Government bonds	14,710,589	-	-	14,710,589
Local government bonds	-	105,801	-	105,801
Corporate bonds	-	573,661	-	573,661
Foreign bonds	-	63,441	-	64,441
Loans	-	-	2,674,871	2,674,871
Total assets	14,758,590	742,905	2,674,871	18,176,367
Bonds payable	-	347,041	-	347,041
Long-term borrowings	-	-	368,629	368,629
Total liabilities	-	347,041	368,629	715,670

(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 the mutual funds without market price is based on net asset value unless there is no significant restriction on cancellation. The fair value of mutual funds are classified into either 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 March 31, 2023. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

Liabilities

Bonds payable

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

Long-term borrowings

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

Derivative Transactions

The fair value of listed derivative transactions based on the quoted prices with no adjustment in active markets is classified into Level 1. That includes mainly stock-related transactions and bond-related transactions. The fair value of listed derivative transactions based on the presented quoted prices in inactive markets are classified into Level 2. The fair value of over-the-counter derivative transactions is based on the price presented by third parties and counterparty financial institutions. These prices are the discounted present value, and fair value based on option valuation models, etc., using input such as interest rate, foreign exchange rate, volatility, etc. The fair value of listed derivative transactions is mainly classified into Level 1. The fair value of over-the-counter derivative transactions is classified into Level 2, due to not using unobservable inputs or the immateriality of the effect of unobservable inputs.

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

a) Quantitative information on significant unobservable inputs

	Valuation techniques	Significant unobservable input	Range
Securities			
Available-for-sale securities			
Other foreign securities	Discount cash flow	Discount rate	7.25%

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

As of March 31, 2023	Beginning balance	Gain/Loss recorded in statement of earnings (*1)	Net unrealized gains or losses on available-for-sale securities	Variable amount (net amount) by purchase, sale, issue and settlement	Transfer to Level 3 Market Value (*2)	Ending balance	Out of above "Gain/Loss recorded in profit and loss statement", valuation gain/loss resulting from financial instruments held at the end of period
(Unit: million yen)							
Monetary claims bought	239,896	1,722	(5,373)	(11,690)	-	224,555	-
Securities							
Trading securities	12,612	(1,547)	-	2,837	-	13,902	(974)
Available-for-sale securities							
Corporate bonds	7,966	528	35	1,469	-	10,001	1,213
Foreign bonds	166,722	1,773	(4,510)	(28,494)	5,572	141,063	10,313
Other Foreign securities	54,448	-	(369)	3,914	-	57,993	-
Other securities	28,543	-	3,697	(0)	-	32,240	-

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

(*2) The transfer from Level 2 fair value to Level 3 fair value is due to the change in the observability of input as a result of the change in the fair value measurement method as of March 31, 2023.

c) Description of the fair value valuation process

The Company establishes policies and procedures for calculating the fair value and classifying the fair value level in the accounting department. In accordance with these policies and procedures, investment management service department selects the fair value valuation method, and then calculates the fair value and classifies the fair value by level. The appropriateness of input, fair value valuation method and classification for this fair value are verified. In addition, when using the fair value obtained from a third party as the market price, the validity is verified by appropriate methods such as confirmation of the valuation method and inputs used and comparison with the market price of similar financial instruments.

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

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

19. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2023 was ¥25,607 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥602 million and impairment loss of ¥15,829 million on rental real estate as extraordinary losses for the fiscal year ended March 31, 2023.

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

Carrying amount	(Unit: million yen)
Beginning balance	859,937
Net change for the year	78,003
Ending balance	937,941
Fair value	1,284,841

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

(*2) Net change in the carrying amount includes cost of acquisition of the real estate of ¥153,805 million, sale of the real estate of ¥55,995 million, depreciation expense of ¥13,631 million, and impairment loss of ¥15,829 million.

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

20. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2023 was ¥2,399,254 million.

21. Problem Loans

As of March 31, 2023, 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).....	87
Claims with collection risk (*2).....	2,552
Claims that are overdue for three months or more (*3).....	-
Claims with repayment relaxation (*4).....	-
Total	2,639

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

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

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

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

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

22. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2023 was ¥1,672,707 million. Separate account liabilities were the same amount as the separate account assets.

23. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies as of March 31, 2023 were ¥144,140 million and ¥ 4,178 million, respectively.

24. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2023

Deferred tax assets:		(Unit: million yen)
Policy reserves and others		453,310
Reserve for employees' retirement benefits		133,741
Reserve for price fluctuations		73,582
Deferred hedge losses		14,592
Employee pension trust		9,878
Others		30,004
Subtotal		715,110
Valuation allowances		(20,545)
Total		694,564
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax		(574,095)
Reserve for tax basis adjustments of real estate		(11,232)
Accrued dividend receivables		(8,896)
Others		(9,259)
Total		(603,482)
Net deferred tax assets		91,081

(2) The principal reasons for the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2023.

Statutory effective tax rate	27.93%
(Adjustment)	
Reversal of revaluation reserve for land	(1.82%)
Change in valuation allowance	1.46%
others	(0.04%)
Effective tax rate after application of tax effect accounting	27.54%

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

Effective the fiscal year ended March 31, 2023, 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)

25. Contingent Liabilities

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

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

26. 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 fiscal year.....		93,123
Interest accrual during the fiscal year.....		8,305
Provision for reserve for policyholder dividends.....		95,000
Balance at the end of the fiscal year.....		423,403

27. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of March 31, 2023 was ¥ 208,594 million.

28. Organization Change Surplus

As of March 31, 2023, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

29. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities	370,019
Cash and deposits	86
<u>Assets pledged as collateral</u>	<u>370,106</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements	304,005

"Securities" mentioned above included ¥292,786 million of Securities which were sold under repurchase agreements, as of March 31, 2023.

30. 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 ¥0 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter "policy reserves reinsured") was ¥1,062,702 million.

31. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2023 was ¥ 350,002,757 .21.

32. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2023 was ¥28,379 million, among which none of the securities were pledged as collateral.

33. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan

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

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

(2) Defined Benefit Plans

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

	(Unit: million yen)
a. Beginning balance of the projected benefit obligations	680,173
b. Service cost	24,329
c. Interest cost	2,038
d. Accruals of actuarial (gains) and losses	(868)
e. Accruals of Past Service cost	(39,066)
f. Others.....	(895)
<u>g. Ending balance of the projected benefit obligation (a + b + c + d + e + f)...</u>	<u>665,711</u>

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of of pension assets	279,107
b.	Estimated return on assets	1,832
c.	Accruals of actuarial (gains) and losses	8,273
d.	Contribution from the employer	6,697
e.	Payment of retirement benefits	(7,191)
f.	<u>Ending balance of pension assets (a + b + c + d + e).....</u>	<u>306,718</u>

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

(Unit: million yen)

a.	Project benefit obligation for funded pensions.....	349,975
b.	<u>Pension assets</u>	<u>(306,718)</u>
c.	Subtotal (a+b)	43,256
d.	<u>Project benefit obligation for unfunded pensions</u>	<u>315,736</u>
e.	Unrecognized actuarial differences	34,742
f.	<u>Unrecognized Past Service Cost</u>	<u>(1,015)</u>
g.	<u>Net of assets and liabilities recorded in the balance sheet(c + d + e + f) ..</u>	<u>392,719</u>

- d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service Cost	24,329
b.	Interest Cost	2,038
c.	Expected return on assets	(1,832)
d.	Amotization of unrecognized actuarial differences	9,122
e.	Amotization of unrecognized Past Service cost	175
f.	<u>Others</u>	<u>101</u>
g.	<u>Retirement benefit expenses for defined benefit plans(a+b+c+d+e+f) ...</u>	<u>33,934</u>

- e) The main components of the pension assets

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

Stocks	50%
Bonds	20%
Asset under joint management	18%
Life insurance general accounts	3%
<u>Others</u>	<u>9%</u>
<u>Total</u>	<u>100%</u>

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2023 was 59%.

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

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

- g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2023 were as follows:

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

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2023 was ¥1,475 million.

34. Commitment Line

As of March 31, 2023, there were unused commitment line agreements under which the Company was the lender of ¥47,237 million.

35. Subordinated Debt

As of March 31, 2023, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

36. Subordinated Bonds

As of March 31, 2023, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million; whose repayment is subordinated to other obligations.

II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2023

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

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

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

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

(2) Reinsurance income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥10,389 million and ¥25,407 million, respectively.

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥172,410 million, ¥143,067 million, ¥232,678 million and ¥3,521 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥21,635 million, ¥18,450 million and ¥393,308 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥2,696 million, ¥1,020 million and ¥14 million, respectively.

4. Reinsurance

In calculating the provision for reserves for outstanding claims, a reversal for reserves for outstanding claims reinsured of ¥32 million was added. In calculating the reversal of policy reserves, a reversal for reserves for policy reserves reinsured of ¥15,066 million was deducted.

5. Gains/Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥742 million

6. Derivative Transaction Gains/Losses

Derivative transaction losses included gains on valuation of ¥14,019 million.

7. Net Income per Share

Net income per share for the fiscal year ended March 31, 2023 was ¥27,607,828.72. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

8. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2023 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2023 were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Leasehold right	Buildings	Total
						(Unit: million yen)
Real estate not in use	Chuo-ku, Tokyo and others	19	9,082	3,402	3,396	15,881

(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 fiscal year ended March 31, 2023 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes was used as the net sale value.

III. NOTES TO THE UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2023

1. Number of Shares Outstanding

(Unit: thousands of shares)

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

2. Dividends on Common Stock

(1) Dividends paid out in the year ended March 31, 2023

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

(2) Dividends, the record date of which was March 31, 2023, to be paid out in the year ending March 31, 2024

a) Dividends

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥165,646 million
Dividends per share	¥27,607,800
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Retained earnings

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Capital surplus

b) Dividends in Kind

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Preferred stock
Type of the dividend property	Securities
Book value of the dividend property	¥20,473 million
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Capital surplus

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Year ended As of March 31, 2022	Year ended As of March 31, 2023
Fundamental revenues	3,681,166	3,657,179
Premium and other income	2,276,134	2,296,892
Investment income	895,183	827,590
[Interest and dividends]	831,163	804,834
Other ordinary revenues	505,686	532,695
Other fundamental revenues (a)	4,161	-
Fundamental expenses	3,273,530	3,400,035
Benefits and claims	2,412,726	2,451,378
Provision for policy reserves and others	44,859	22,906
Investment expenses	77,751	133,388
Operating expenses	410,237	395,458
Other ordinary expenses	239,183	247,217
Other fundamental expenses (b)	88,772	149,687
Fundamental profit ^(Note 1)	A 407,635	257,143
Capital gains	440,674	696,403
Gains on money held in trust	795	-
Gains on investments in trading securities	-	-
Gains on sale of securities	351,106	551,678
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others (c)	88,772	144,724
Capital losses	283,362	536,248
Losses on money held in trust	-	39
Losses on investments in trading securities	-	-
Losses on sale of securities	221,597	433,394
Losses on valuation of securities	8,479	3,731
Derivative transaction losses	38,627	16,971
Foreign exchange losses	10,495	82,111
Others (d)	4,161	-
Net capital gains (losses) ^(Note 1)	B 157,311	160,154
Fundamental profit plus net capital gains (losses)	A + B 564,947	417,298
Other one-time gains	494,562	4,962
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	-	-
Others ^(Note 2)	494,562	4,962
Other one-time losses	680,589	68,732
Ceding reinsurance commissions	-	-
Provision for contingency reserve	-	-
Provision for specific reserve for possible loan losses	4,444	(839)
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	41	57
Others ^(Note 3)	676,102	69,514
Other one-time profits (losses)	C (186,027)	(63,769)
Ordinary profit	A + B + C 378,920	353,529

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 cancellation and foreign currency fluctuation part of gain (loss) on securities redemption have been modified. The figures for the fiscal year ended March 31, 2022 were also recalculated based on the modified disclosure method. As a result, compared to before the modification, fundamental profit decreased by 88,772 million yen and net capital gains increased by 88,772 million yen for the fiscal year ended March 31, 2022.

Note 2. "Others" in "Other one-time gains" represents the sum of the amount of reversal of policy reserves due to whole life insurance reinsured after payment expiration (For the fiscal year ended March 31, 2022: 494,562 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 fiscal year ended March 31, 2023: 4,962 million yen).

Note 3. "Others" in "Other one-time losses" represents the sum of the amount of ceding reinsurance commissions for individual life insurance and annuities provided for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act (For the fiscal year ended March 31, 2022: 603,259 million yen), the amount of provision for reserve for possible investment losses (For the fiscal year ended March 31, 2022: 247 million yen, For the fiscal year ended March 31, 2023: 486 million yen), the amount of the additional policy reserves provided (For the fiscal year ended March 31, 2022: 72,596 million yen, For the fiscal year ended March 31, 2023: 69,028 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)

	Year ended As of March 31, 2022	Year ended As of March 31, 2023
Other fundamental revenues (a)	4,161	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	4,161	-
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)	88,772	149,687
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	-	1,518
Hedging costs related to foreign exchange	26,096	83,715
Gain (loss) on mutual funds cancelation	46,012	46,357
Foreign currency fluctuation part of gain (loss) on securities redemption	16,663	13,133
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)	(84,610)	(149,687)
Other capital gains (c)	88,772	144,724
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	-	1,518
Hedging costs related to foreign exchange	26,096	83,715
Gain (loss) on mutual funds cancelation	46,012	46,357
Foreign currency fluctuation part of gain (loss) on securities redemption	16,663	13,133
Other capital losses (d)	4,161	-
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	4,161	-
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)	84,610	144,724

8. Disclosed Claims Based on Insurance Business Act

(millions of yen)

	As of March 31, 2022	As of March 31, 2023
Claims against bankrupt and quasi-bankrupt obligors	79	87
Claims with collection risk	7,273	2,552
Claims that are overdue for 3 months or more	—	—
Claims with repayment relaxation	1,108	—
Subtotal	8,460	2,639
[Percentage]	[0.12%]	[0.05%]
Claims against normal obligors	7,317,803	5,182,452
Total	7,326,264	5,185,092

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

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2022	As of March 31, 2023
Total solvency margin (A)	6,483,789	5,522,299
Common stock, etc. *1	430,227	346,450
Reserve for price fluctuations	250,453	263,453
Contingency reserve	599,893	599,893
General reserve for possible loan losses	260	1,500
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	2,642,604	1,888,773
Net unrealized gains (losses) on real estate × 85% *2	361,793	378,466
Policy reserves in excess of surrender values	2,079,201	2,146,957
Qualifying subordinated debt	839,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(769,078)	(906,385)
Excluded items	(500)	(1,650)
Others	49,616	45,523
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,429,122	1,276,100
Insurance risk R_1	67,977	65,943
3rd sector insurance risk R_8	158,996	150,971
Assumed investment yield risk R_2	165,744	156,237
Guaranteed minimum benefit risk R_7 *3	2,901	2,898
Investment risk R_3	1,209,806	1,069,053
Business risk R_4	32,108	28,902
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	907.3%	865.4%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

10. Status of Separate Account for the Fiscal Year Ended March 31, 2023

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2022	As of March 31, 2023
Individual variable insurance	62,881	59,593
Individual variable annuities	33,473	31,988
Group annuities	1,668,678	1,581,125
Separate account total	1,765,033	1,672,707

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(millions of yen except number of policies)

	As of March 31, 2022		As of March 31, 2023	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	4	25	2	12
Variable insurance (whole life)	38,669	238,167	37,761	232,696
Total	38,673	238,193	37,763	232,709

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Amount	%	Amount	%
Cash, deposits, and call loans	6	0.0	8	0.0
Securities	60,038	95.5	56,188	94.3
Domestic bonds	17,228	27.4	16,433	27.6
Domestic stocks	18,606	29.6	17,756	29.8
Foreign securities	24,203	38.5	21,998	36.9
Foreign bonds	6,291	10.0	5,586	9.4
Foreign stocks and other securities	17,912	28.5	16,411	27.5
Other securities	-	-	-	-
Loans	-	-	-	-
Others	2,836	4.5	3,396	5.7
Reserve for possible loan losses	-	-	-	-
Total	62,881	100.0	59,593	100.0

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

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Interest and dividends	964	1,028
Gains on sale of securities	3,549	4,029
Gains on redemption of securities	-	-
Gains on valuation of securities	13,202	10,371
Foreign exchange gains	88	130
Derivative transaction gains	68	51
Other investment income	0	0
Losses on sale of securities	412	879
Losses on redemption of securities	-	-
Losses on valuation of securities	12,273	14,284
Foreign exchange losses	127	204
Derivative transaction losses	52	41
Other investment expenses	0	0
Net investment income	5,007	201

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

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	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	60,038	928	56,188	(3,913)

* Fair value information on money held in trust

The Company had no balance as of March 31, 2022 or March 31, 2023.

(3) Individual Variable Annuities (Separate Account)

A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2022		As of March 31, 2023	
	Number	Amount	Number	Amount
Individual variable annuities	4,488	21,104	3,957	17,159

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

B. Breakdown of separate account assets for individual variable annuities

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Amount	%	Amount	%
Cash, deposits, and call loans	282	0.8	256	0.8
Securities	31,609	94.4	29,774	93.1
Domestic bonds	9,014	26.9	8,989	28.1
Domestic stocks	7,579	22.6	7,399	23.1
Foreign securities	4,247	12.7	4,235	13.2
Foreign bonds	1,749	5.2	1,651	5.2
Foreign stocks and other securities	2,498	7.5	2,584	8.1
Other securities	10,768	32.2	9,149	28.6
Loans	-	-	-	-
Others	1,581	4.7	1,957	6.1
Reserve for possible loan losses	-	-	-	-
Total	33,473	100.0	31,988	100.0

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

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Interest and dividends	1,490	1,248
Gains on sales of securities	872	892
Gains on redemption of securities	-	-
Gains on valuation of securities	8,161	6,840
Foreign exchange gains	19	31
Derivative transaction gains	17	14
Other investment income	0	0
Losses on sales of securities	155	279
Losses on redemption of securities	2	-
Losses on valuation of securities	9,171	8,526
Foreign exchange losses	32	53
Derivative transaction losses	14	11
Other investment expenses	0	0
Net investment income	1,185	156

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

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2022		As of March 31, 2023	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	31,609	(1,010)	29,774	(1,686)

* Fair value information on money held in trust

The Company had no balance as of March 31, 2022 or March 31, 2023.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Ordinary revenues	4,450,973	4,140,030
Ordinary profit	378,431	352,404
Net income attributable to shareholders of parent company	199,287	164,542
Comprehensive income	(210,130)	(445,076)

(millions of yen)

	As of March 31, 2022	As of March 31, 2023
Total assets	38,679,002	34,251,265
Solvency margin ratio	921.5%	882.8%

(2) Scope of Consolidation and Application of Equity Method

	As of March 31, 2023
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	As of March 31, 2023
ASSETS		
Cash and deposits	444,435	156,649
Call loans	479,900	966,900
Monetary claims bought	239,896	224,555
Money held in trust	12,164	6,727
Securities	32,735,396	27,969,810
Loans	2,569,190	2,715,410
Tangible fixed assets	1,128,321	1,204,006
Land	805,044	879,314
Buildings	315,106	311,101
Leased assets	4,342	3,443
Construction in progress	551	6,352
Other tangible fixed assets	3,277	3,794
Intangible fixed assets	128,772	124,837
Software	98,823	97,645
Other intangible fixed assets	29,949	27,191
Reinsurance receivable	56,701	74,788
Other assets	845,759	681,186
Deferred tax assets	-	81,661
Customers' liabilities for acceptances and guarantees	45,745	48,987
Reserve for possible loan losses	(6,501)	(3,328)
Reserve for possible investment losses	(779)	(927)
Total assets	38,679,002	34,251,265
LIABILITIES		
Policy reserves and others	30,131,766	29,877,146
Reserves for outstanding claims	184,666	199,267
Policy reserves	29,533,878	29,254,475
Reserve for policyholder dividends	413,222	423,403
Reinsurance payable	170,408	428
Bonds payable	368,715	368,715
Other liabilities	4,371,423	1,141,293
Payables under repurchase agreements	2,954,780	304,005
Other liabilities	1,416,642	837,287
Net defined benefit liabilities	383,065	358,992
Reserve for retirement benefits of directors, executive officers and corporate auditors	929	794
Reserve for possible reimbursement of prescribed claims	800	800
Reserve for price fluctuations	250,453	263,453
Deferred tax liabilities	119,735	-
Deferred tax liabilities for land revaluation	70,652	70,197
Acceptances and guarantees	45,745	48,987
Total liabilities	35,913,694	32,130,808
NET ASSETS		
Capital stock	60,000	60,000
Capital surplus	320,000	320,000
Retained earnings	249,321	200,362
Total shareholders' equity	629,322	580,363
Net unrealized gains (losses) on securities, net of tax	2,130,413	1,523,596
Deferred hedge gains (losses)	(21,621)	(37,654)
Reserve for land revaluation	16,643	30,369
Foreign currency translation adjustments	(445)	(525)
Accumulated remeasurements of defined benefit plans	10,995	24,307
Total accumulated other comprehensive income	2,135,985	1,540,093
Total net assets	2,765,307	2,120,456
Total liabilities and net assets	38,679,002	34,251,265

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

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
ORDINARY REVENUES	4,450,973	4,140,030
Premium and other income	2,276,222	2,297,086
Investment income	1,247,130	1,379,358
Interest and dividends	831,209	804,922
Gains on money held in trust	795	-
Gains on sale of securities	351,106	551,678
Gains on redemption of securities	20,207	18,763
Other investment income	2,410	3,993
Gains on investments in separate accounts	41,401	-
Other ordinary revenues	927,619	463,585
ORDINARY EXPENSES	4,072,541	3,787,626
Benefits and claims	3,015,988	2,451,381
Claims	637,451	682,450
Annuities	553,586	581,814
Benefits	427,247	575,987
Surrender values	544,342	503,395
Other refunds	853,361	107,734
Provision for policy reserves and others	44,859	22,906
Provision for reserves for outstanding claims	36,595	14,600
Provision for interest on policyholder dividends	8,264	8,305
Investment expenses	361,303	669,100
Interest expenses	10,375	9,759
Losses on money held in trust	-	39
Losses on sale of securities	221,597	433,394
Losses on valuation of securities	8,479	3,731
Losses on redemption of securities	3,545	5,629
Derivative transaction losses	38,627	16,971
Foreign exchange losses	10,113	81,871
Provision for reserve for possible loan losses	4,393	400
Provision for reserve for possible investment losses	247	486
Write-down of loans	41	57
Depreciation of real estate for rent and others	13,439	13,660
Other investment expenses	50,442	56,246
Losses on investments in separate accounts	-	46,852
Operating expenses	410,696	396,126
Other ordinary expenses	239,692	248,111
Ordinary profit	378,431	352,404
EXTRAORDINARY GAINS	10,402	4,548
Gains on disposal of fixed assets	10,402	4,548
EXTRAORDINARY LOSSES	33,425	34,486
Losses on disposal of fixed assets	12,506	5,503
Impairment losses on fixed assets	3,850	15,881
Provision for reserve for price fluctuations	17,000	13,000
Other extraordinary losses	68	101
Provision for reserve for policyholder dividends	87,500	95,000
Income before income taxes	267,909	227,467
Corporate income taxes-current	102,283	28,556
Corporate income taxes-deferred	(33,661)	34,368
Total of corporate income taxes	68,622	62,925
Net income	199,287	164,542
Net income attributable to shareholders of parent company	199,287	164,542

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	199,287	164,542
Other comprehensive income	(409,417)	(609,618)
Net unrealized gains (losses) on securities, net of tax	(406,195)	(606,817)
Deferred hedge gains (losses)	(18,119)	(16,033)
Reserve for land revaluation	(25)	-
Foreign currency translation adjustments	(942)	(79)
Remeasurements of defined benefit plans, net of tax	15,864	13,311
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)	(0)
Comprehensive income	(210,130)	(445,076)
Attributable to shareholders of parent company	(210,130)	(445,076)

(5) Unaudited Consolidated Statement of Cash Flows

(millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	267,909	227,467
Depreciation of real estate for rent and others	13,439	13,660
Depreciation	39,815	41,577
Impairment losses on fixed assets	3,850	15,881
Increase (decrease) in reserves for outstanding claims	36,595	14,600
Increase (decrease) in policy reserves	(761,501)	(279,401)
Provision for interest on policyholder dividends	8,264	8,305
Provision for (reversal of) reserve for policyholder dividends	87,500	95,000
Increase (decrease) in reserve for possible loan losses	4,143	(3,173)
Increase (decrease) in reserve for possible investment losses	152	147
Write-down of loans	41	57
Increase (decrease) in net defined benefit liabilities	(1,816)	(5,602)
Increase (decrease) in reserve for retirement benefits of directors executive officers and corporate auditors	(69)	(134)
Increase (decrease) in reserve for price fluctuations	17,000	13,000
Interest and dividends	(831,209)	(804,922)
Securities related losses (gains)	(179,092)	(80,834)
Interest expenses	10,375	9,759
Foreign exchange losses (gains)	10,113	81,871
Losses (gains) on disposal of fixed assets	1,733	445
Equity in losses (income) of affiliates	352	733
Decrease (increase) in reinsurance receivable	(28,542)	(16,220)
Decrease (increase) in other assets unrelated to investing and financing activities	(98,852)	25,793
Increase (decrease) in reinsurance payable	169,359	(170,287)
Increase (decrease) in other liabilities unrelated to investing and financing activities	(32,782)	44,461
Others, net	84,076	85,528
Subtotal	(1,179,145)	(682,285)
Interest and dividends received	858,307	837,061
Interest paid	(14,613)	(13,558)
Policyholder dividends paid	(83,541)	(93,123)
Others, net	(353,395)	(368,713)
Corporate income taxes (paid) refund	(87,244)	(106,173)
Net cash flows provided by (used in) operating activities	(859,632)	(426,793)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	(80)	(1,100)
Purchases of monetary claims bought	(30,229)	(16,989)
Proceeds from sale and redemption of monetary claims bought	39,597	26,929
Purchases of money held in trust	(5,000)	-
Proceeds from decrease in money held in trust	1,321	5,380
Purchases of securities	(6,325,117)	(5,071,736)
Proceeds from sale and redemption of securities	6,991,915	8,856,848
Origination of loans	(684,636)	(808,863)
Proceeds from collection of loans	697,277	658,183
Net increase (decrease) in short-term investing	653,018	(2,650,775)
Total of net cash provided by (used in) investment transactions	1,338,068	997,877
Total of net cash provided by (used in) operating activities and investment transactions	478,435	571,083
Acquisition of tangible fixed assets	(96,724)	(115,408)
Proceeds from sale of tangible fixed assets	31,899	56,546
Acquisition of intangible fixed assets	(38,936)	(31,673)
Proceeds from sale of intangible fixed assets	694	-
Net cash flows provided by (used in) investing activities	1,235,000	907,340
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	80,000	64,000
Repayment of borrowings	-	(144,000)
Redemption of bonds	(107,562)	-
Repayment of financial lease obligations	(1,747)	(1,427)
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)	(1,435)
Net cash flows provided by (used in) financing activities	(238,145)	(282,638)
Effect of exchange rate changes on cash and cash equivalents	118	204
Net increase (decrease) in cash and cash equivalents	137,340	198,112
Cash and cash equivalents at the beginning of the year	786,914	924,255
Cash and cash equivalents at the end of the year	924,255	1,122,368

(6) Unaudited Consolidated Statement of Changes in Net Assets

Year ended March 31, 2022

(millions of yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	370,000	247,446	677,446	2,536,608	(3,501)
Changes for the year						
Dividends		(49,999)	(158,716)	(208,716)		
Net income attributable to shareholders of parent company			199,287	199,287		
Transfer from reserve for land revaluation			(38,695)	(38,695)		
Others			0	0		
Net changes of items other than shareholders' equity					(406,195)	(18,119)
Total changes for the year	-	(49,999)	1,875	(48,124)	(406,195)	(18,119)
Balance at the end of the year	60,000	320,000	249,321	629,322	2,130,413	(21,621)

(millions of yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	(22,026)	497	(4,869)	2,506,708	3,184,154
Changes for the year					
Dividends					(208,716)
Net income attributable to shareholders of parent company					199,287
Transfer from reserve for land revaluation					(38,695)
Others					0
Net changes of items other than shareholders' equity	38,669	(942)	15,864	(370,722)	(370,722)
Total changes for the year	38,669	(942)	15,864	(370,722)	(418,847)
Balance at the end of the year	16,643	(445)	10,995	2,135,985	2,765,307

Year ended March 31, 2023

(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 year						
Dividends			(199,776)	(199,776)		
Net income attributable to shareholders of parent company			164,542	164,542		
Transfer from reserve for land revaluation			(13,726)	(13,726)		
Others			1	1		
Net changes of items other than shareholders' equity					(606,817)	(16,033)
Total changes for the year	-	-	(48,959)	(48,959)	(606,817)	(16,033)
Balance at the end of the year	60,000	320,000	200,362	580,363	1,523,596	(37,654)

(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 year					
Dividends					(199,776)
Net income attributable to shareholders of parent company					164,542
Transfer from reserve for land revaluation					(13,726)
Others					1
Net changes of items other than shareholders' equity	13,726	(79)	13,311	(595,891)	(595,891)
Total changes for the year	13,726	(79)	13,311	(595,891)	(644,851)
Balance at the end of the year	30,369	(525)	24,307	1,540,093	2,120,456

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2023

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of March 31, 2023: 1

The subsidiary of The Dai-ichi Life Insurance Company, Limited (the “Company”) included:

- Dai-ichi Life Insurance Myanmar Ltd.

(2) The number of non-consolidated subsidiaries as of March 31, 2023: 28

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

2. Application of the Equity Method

(1) The number of non-consolidated subsidiaries under the equity method as of March 31, 2023: 0

(2) The number of affiliated companies under the equity method as of March 31, 2023: 2

The affiliated companies of the Company included:

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

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

3. Year-end Dates of a Consolidated Subsidiary

The closing date of a consolidated subsidiary is March 31.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2023

1. Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiary including cash and deposits and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, are carried as explained below:

The amortization of premiums and accretion of discounts is calculated by the straight-line method.

(1) Trading Securities

Trading securities are carried at fair value with cost determined by the moving average method.

(2) Held-to-maturity Bonds

Held-to-maturity bonds are stated at amortized cost determined by the moving average method.

(3) Policy-reserve-matching Bonds (in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA))

Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method.

(4) Stocks of Non-Consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(5) Available-for-sale Securities

(a) Available-for-sale Securities other than stocks with no market price, etc.

Available-for-sale Securities other than stocks with no market price, etc. are valued at fair value at the end of March 31, 2023 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 fiscal year ended March 31, 2023, 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.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2023 was ¥599,320 million.

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

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is

directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2023 was ¥1 million.

8. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for stocks with no market price, etc. and ownership stakes in partnerships, etc. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

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

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is considered to have been rationally incurred during the period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 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, certain loans, certain loans payable and bonds payable and certain foreign currency-denominated stocks (forecasted transaction) and term deposits; (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

<u>Hedging instruments</u>	<u>Hedged items</u>
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 the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

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

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

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

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

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

16. Reserves for Outstanding Claims

With respect to reserves for incurred but not reported cases for individual insurance policies (referring to claims for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred; hereinafter the same) provided by the company that operate a life insurance business in Japan, the scope of payment of hospitalization benefits was changed in the fiscal year ended March 31, 2023 with respect to those diagnosed as COVID-19 and were under the care of a doctor and the like at an accommodation facility or at home (“deemed hospitalization”). As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 (“IBNR Notification”). The

company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the “Proviso”).

(Overview of the calculation method)

The company first deducts an amount pertaining to deemed hospitalization of policy holders other than those with high risk of severity (“4 categories”) from a required amount of reserves for incurred but not reported cases and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

An amount pertaining to deemed hospitalization of the 4 categories, which was used to estimate an amount pertaining to deemed hospitalization of those other than the 4 categories diagnosed prior to September 25, 2022, was estimated by the following methods: multiplying the ratio of the accumulated payments to the 4 categories diagnosed on or after September 26, 2022 and the accumulated payments for deemed hospitalization of those aged 65 years old or higher, one of the 4 categories, with an amount pertaining to deemed hospitalization of those aged 65 years old or higher diagnosed prior to September 25, 2022.

17. Changes in Accounting Policies

Effective the fiscal year ended March 31, 2023 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 fiscal year ended March 31, 2023.

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

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

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

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2023 were as follows.

As of March 31, 2023	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Monetary claims bought.....	224,555	224,555	-
(2) Money in held trust.....	6,727	6,727	-
(3) Securities (*2) (*3)			
a. Trading securities.....	963,741	963,741	-
b. Held-to-maturity.....	49,199	49,375	176
c. Policy-reserve-matching bonds....	14,909,516	15,453,495	543,978
d. Available-for-sale securities.....	11,225,442	11,225,442	-
(4) Loans.....	2,715,410		
Reserve for possible loan losses (*4)	(1,509)		
	2,713,900	2,674,871	(39,029)
Total assets.....	30,093,083	30,598,208	505,125
(1) Bonds payable.....	368,715	347,041	(21,673)
(2) Long-term borrowings.....	390,600	368,629	(21,970)
Total liabilities.....	759,315	715,670	(43,644)

Derivative transactions (* 5)

a. Hedge accounting not applied.....	32,161	32,161	-
b. Hedge accounting applied.....	[99,043]	[97,785]	1,257
Total derivative transactions.....	[66,881]	[65,624]	1,257

- (*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 March 31, 2023	Carrying amount (Unit: million yen)
Stocks with no market prices, etc. (*a)(*c).....	56,040
Ownership stakes in partnerships, etc. (*b)(*c).....	765,870

- (*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.
- (*c) The Company recorded impairment charges of ¥780 million for the fiscal year ended March 31, 2023.

- (*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.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of March 31, 2023	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Monetary claims bought.....	-	-	224,555	224,555
Money held in trust	4,212	2,514	-	6,727
Securities(*1)				
Trading securities.....	551,676	398,162	13,902	963,741
Available-for-sale securities				
Government bonds.....	1,083,604	-	-	1,083,604
Local government bonds.....	-	14,074	-	14,074
Corporate bonds.....	-	1,073,589	10,001	1,083,591
Domestic stocks.....	3,160,770	-	-	3,160,770
Foreign bonds.....	437,029	3,772,078	141,063	4,350,171
Other foreign securities.....	463,743	436,558	57,993	958,295
Other securities.....	14,536	479,383	32,240	526,160
Derivative transactions				
Currency-related transactions.....	-	16,623	-	16,623
Interest-related transactions.....	-	34,359	-	34,359
Stock-related transactions.....	3,889	0	-	3,890
Bond-related transactions.....	2,119	909	-	3,029
Others.....	-	575	-	575
Total assets.....	5,721,583	6,228,831	479,756	12,430,171
Derivative transactions				
Currency-related transactions.....	-	95,733	-	95,733
Interest-related transactions.....	-	27,493	-	27,493
Stock-related transactions.....	589	19	-	608
Bond-related transactions.....	1,172	182	-	1,354
Others.....	-	169	-	169
Total liabilities.....	1,761	123,598	-	125,360

(*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 ¥48,773 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of the fiscal year ended March 31, 2023 have been omitted as the amount of such mutual funds is immaterial.

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

As of March 31, 2023	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Securities				
Held-to-maturity Bonds				
Government bonds.....	48,000	-	-	48,000
Foreign bonds.....	-	-	1,374	1,374
Policy-reserve-matching Bonds				
Government bonds.....	14,710,589	-	-	14,710,589
Local government bonds.....	-	105,801	-	105,801
Corporate bonds.....	-	573,661	-	573,661
Foreign bonds.....	-	63,441	-	63,441
Loans	-	-	2,674,871	2,674,871
Total assets.....	14,758,590	742,905	2,676,246	18,177,741
Bonds payable.....				
	-	347,041	-	347,041
Long-term borrowings.....				
	-	-	368,629	368,629
Total liabilities.....	-	347,041	368,629	715,670

(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 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 March

31, 2023. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

- **Liabilities**

- Bonds payable

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

- Long-term borrowings

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

- **Derivative Transactions**

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

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

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

(i) Quantitative information on significant unobservable inputs

	Valuation techniques	Significant unobservable input	Range
Securities			
Available-for-sale securities			
Other foreign securities	Discounted cash flow	Discount rate	7.25%

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

As of March 31, 2023	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(*1)
	(Unit: million yen)						
Monetary claims bought.....	239,896	1,722	(5,373)	(11,690)	-	224,555	-
Securities							
Trading securities	12,612	(1,547)	-	2,837	-	13,902	(974)
Available-for-sale securities							
Corporate bonds.....	7,966	528	35	1,469	-	10,001	1,213
Foreign bonds.....	166,722	1,773	(4,510)	(28,494)	5,572	141,063	10,313
Other foreign securities.....	54,448	-	(369)	3,914	-	57,993	-
Other securities.....	28,543	-	3,697	(0)	-	32,240	-

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

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

(*3) Transfer from Level 2 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 March 31, 2023.

(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.

19. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2023 was ¥25,607 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥602 million and impairment loss of ¥15,829 million on rental real estate as extraordinary gains and extraordinary losses respectively for the fiscal year ended March 31, 2023.

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

(Unit: million yen)

Carrying amount	
Beginning balance.....	859,937
Net change for the year.....	78,003
Ending balance.....	937,941
Fairvalue.....	1,284,841

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

(*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥153,805 million, sale of the real estate of ¥55,995 million, depreciation expense of ¥13,631 million, and impairment loss of ¥15,829 million.

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

20. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2023 was ¥2,399,254 million.

21. Problem Loans

As of March 31, 2023, 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.....	87
Claims with collection risk.....	2,552
Claims that are overdue for three months or more.....	-
Claims with repayment relaxation.....	-
Total.....	2,639

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.

22. 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 ¥1,672,707 million. Separate account liabilities were the same amount as the separate account assets.

23. Contingent Liabilities

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

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

24. 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 fiscal year.....	93,123
Interest accrual during the fiscal year.....	8,305
Provision for reserve for policyholder dividends.....	95,000
<u>Balance at the end of March 31.....</u>	<u>423,403</u>

25. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Company held as of March 31, 2023 were as follows:

	(Unit: million yen)
Stocks.....	4,985
Capital.....	196,216
<u>Total.....</u>	<u>201,202</u>

26. Organizational Change Surplus

As of March 31, 2023, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776million.

27. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash and deposits pledged as collateral were as follows:

	(Unit: million yen)
Securities.....	370,019
Cash and deposits.....	86
<u>Total.....</u>	<u>370,106</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements.....	304,005

The amounts of "Securities" pledged as collateral under repurchase agreements as of March 31, 2023 was ¥292,786 million.

28. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2023 was ¥353,409,439.53.

29. Employees' Retirement Benefits

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

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

(2) Defined Benefit Plan

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

	(Unit: million yen)
a. Beginning balance of the projected benefit obligations.....	680,173
b. Service cost	24,329
c. Interest cost	2,038
d. Accruals of actuarial (gains) and losses	(868)
e. Payment of retirement benefits.....	(39,066)
f. Others.....	(895)
<u>g. Ending balance of the projected benefit obligation (a + b + c + d + e + f)</u>	<u>665,711</u>

b) Reconciliations of beginning and ending balances of pension assets

		(Unit: million yen)
a.	Beginning balance of pension assets.....	297,107
b.	Estimated return on assets	1,832
c.	Accruals of actuarial (gains) and losses	8,273
d.	Contribution from the employer	6,697
e.	Payment of retirement benefits.....	(7,191)
f.	Ending balance of pension assets (a + b + c + d + e)	<u>306,718</u>
c) Reconciliations of year-end balance of projected benefit obligations and pension assets, and net defined benefit liabilities and assets that have been recorded in the balance sheet		
		(Unit: million yen)
a.	Projected benefit obligation for funded pensions	349,975
b.	Pension assets	<u>306,718</u>
c.	Subtotal (a + b)	43,256
d.	Projected benefit obligation for unfunded pensions	<u>315,736</u>
e.	Net of assets and liabilities recorded in the consolidated balance sheet (c+ d)	<u>358,992</u>
f.	Net defined benefit liabilities	358,992
g.	Net defined benefit assets	-
h.	Net of assets and liabilities recorded in the balance sheet (f+ g)	<u>358,992</u>
d) Amount of the components of retirement benefit expenses		
		(Unit: million yen)
a.	Service cost	24,329
b.	Interest cost	2,038
c.	Expected return on assets	(1,832)
d.	Expense of actuarial (gains) and losses.....	9,122
e.	Expense of past service cost	175
f.	Others	101
g.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e + f)	<u>33,934</u>
e) Remeasurements of defined benefit plans		
Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) was as follows:		
(Unit: million yen)		
	Past service cost	172
	Actuarial gains (losses)	<u>18,298</u>
	Total.....	<u>18,470</u>
f) Accumulated remeasurements of defined benefit plans		
Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) was as follows:		
(Unit: million yen)		
	Unrecognized past service cost	1,015
	Unrecognized actuarial gains (losses)	(34,742)
	Total.....	<u>(33,727)</u>
g) Pension assets		
i. The main components of the pension assets		
Ratios of the major assets to the total pension assets were as follows:		
	Stocks.....	50%
	Assets under joint management.....	20%
	Life insurance general account.....	18%
	Bonds.....	3%
	Others	9%
	Total.....	<u>100%</u>

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2023 was 59%

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

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

h) Calculation basis of actuarial gains and losses

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

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

(3) Defined Contribution Plan

Required amounts of contribution to defined contribution plans of the Company for the fiscal years ended March 31, 2023 was ¥1,475 million.

30. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2023, the market value of the securities which were not sold or pledged as collateral was ¥28,379 million. None of the securities were pledged as collateral as of March 31, 2023.

31. Commitment Line

As of March 31, 2023, there were unused commitment line agreements, under which the Company was the lenders, of ¥47,237 million.

32. Subordinated Debt and Other Liabilities

As of March 31, 2023, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

33. Bonds Payable

As of March 31, 2023, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations.

34. Application of the Group Tax Sharing System

Effective the fiscal year ended March 31, 2023, 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 FISCAL YEAR ENDED March 31, 2023

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

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

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

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

(2) Reinsurance Income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

2. Net Income per Share

Net income per share for the fiscal year ended March 31, 2023 was ¥27,423,671. 54. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2023 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2023 were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Leasehold right	Buildings	Total
(Unit: million yen)						
Real estate not in use	Chuo-ku, Tokyo and others	19	9,082	3,402	3,396	15,881

(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 fiscal year ended March 31, 2023 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FISCAL YEAR ENDED MARCH 31, 2023

Net unrealized gains (losses) on securities, net of tax	
Amount incurred during the fiscal year ended March 31, 2023	(737,999)
Amount reclassified	(103,983)
Before tax adjustment	(841,983)
Tax effect	235,165
Net unrealized gains (losses) on securities, net of tax	(606,817)
Deferred hedge gains (losses)	
Amount incurred during the fiscal year ended March 31, 2023	(31,422)
Amount reclassified	9,175
Before tax adjustment	(22,246)
Tax effect	6,213
Deferred hedge gains (losses)	(16,033)
Foreign currency translation adjustments	
Amount incurred during the fiscal year ended March 31, 2023	(79)
Amount reclassified	-
Before tax adjustment	(79)
Tax effect	-
Foreign currency translation adjustments	(79)
Remeasurements of defined benefit plans, net of tax	
Amount incurred during the fiscal year ended March 31, 2023	9,141
Amount reclassified	9,329
Before tax adjustment	18,470
Tax effect	(5,158)
Remeasurements of defined benefit plans	13,311
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	
Amount incurred during the fiscal year ended March 31, 2023	(0)
Amount reclassified	-
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)
Total other comprehensive income	(609,618)

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED March 31, 2023

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

VI. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE FISCAL YEAR ENDED March 31, 2023

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of March 31,2023
(Unit: thousands shares)				
Common stock.....	6	-	-	6

2. Dividends on Common Stock

(1) Cash Dividends

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

(2) Dividends, the record date of which was March 31, 2023, to be paid out in the year ending March 31, 2024

c) Dividends

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥165,646 million
Dividends per share	¥27,607,800
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Retained earnings

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million
Dividends per share	¥8,333,300
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Capital surplus

d) Dividends in Kind

Date of resolution	June 21, 2023 (at the Annual General Meeting of Shareholders)
Type of shares	Preferred stock
Type of the dividend property	Securities
Book value of the dividend property	¥20,473 million
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Capital surplus

(7) Consolidated Claims Based on Insurance Business Act

(millions of yen)

Category	Year ended March 31, 2022	Year ended March 31, 2023
Claims against bankrupt and quasi-bankrupt obligors	79	87
Claims with collection risk	7,273	2,552
Claims that are overdue for three months or more	-	-
Claims with repayment relaxation	1,108	-
Subtotal	8,460	2,639
[Percentage]	[0.12%]	[0.05%]
Claims against normal obligors	7,317,803	5,182,452
Total	7,326,264	5,185,092

Note:

1. 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 write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2023 were 1 million yen and in the fiscal years ended March 31, 2022 were 1 million , respectively.

2. 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.
3. 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 2)
4. 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. (Excludes the claims listed in Note 2 and 3)
5. 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 2 to 4 above).
6. Claims against normal obligors are all other loans. (Excluding items mentioned in Note from 2 to 5)

(8) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2022	As of March 31, 2023
Total solvency margin (A)	6,310,480	5,359,924
Common stock, etc. *1	431,384	346,042
Reserve for price fluctuations	250,453	263,453
Contingency reserve	599,893	599,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	278	1,521
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	2,642,604	1,888,773
Net unrealized gains (losses) on real estate × 85% *2	361,793	378,466
Sum of unrecognized actuarial differences and unrecognized past service cost	15,522	34,261
Policy reserves in excess of surrender values	2,079,201	2,146,957
Qualifying subordinated debt	839,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(769,078)	(906,793)
Excluded items	(190,520)	(197,489)
Others	49,631	45,523
Total risk $\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,369,500	1,214,222
Insurance risk R ₁	67,983	65,956
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
3rd sector insurance risk R ₈	158,996	150,971
Small amount and short-term insurance risk R ₉	15	0
Assumed investment yield risk R ₂	165,744	156,237
Guaranteed minimum benefit risk R ₇ *3	2,901	2,898
Investment risk R ₃	1,150,543	1,007,418
Business risk R ₄	30,923	27,669
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	921.5%	882.8%

*1: Expected disbursements from capital outside the Company and accumulated other comprehensive income, etc. are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

(9) Segment Information

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