
Financial Results for the Six Months Ended September 30, 2023

The Dai-ichi Life Insurance Company, Limited (the Company, President: Toshiaki Sumino) announces its financial results for the six months ended September 30, 2023

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Attached: Supplementary Materials for the Six Months Ended September 30, 2023

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force		(billions of yen)		
	As of March 31, 2023	As of September 30, 2023	% of March 31, 2023 total	
Individual insurance	1,464.5	1,438.4	98.2	
Individual annuities	533.2	529.7	99.3	
Total	1,997.7	1,968.2	98.5	
Medical and survival benefits	701.9	697.0	99.3	

New Policies		(billions of yen)		
	Six months ended September 30, 2022	Six months ended September 30, 2023	% of September 30, 2022 total	
Individual insurance	22.0	19.2	87.6	
Individual annuities	3.2	3.0	93.2	
Total	25.2	22.3	88.4	
Medical and survival benefits	16.3	13.9	85.4	

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

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

	As of March 31, 2023		As of September 30, 2023			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies		Amount	
			(thousands)	% of March 31, 2023 total	(billions of yen)	% of March 31, 2023 total
Individual insurance	22,270	73,206.7	22,412	100.6	71,473.0	97.6
Individual annuities	2,068	10,521.0	2,048	99.0	10,357.4	98.4
Individual insurance and annuities	24,339	83,727.8	24,460	100.5	81,830.4	97.7
Group insurance	-	49,341.8	-	-	48,999.4	99.3
Group annuities	-	6,066.9	-	-	6,100.2	100.5

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

New Policies

	Number of policies		Amount (billions of yen)	New Business	Net increase by conversion	% of September 30, 2022 total
	(thousands)	% of September 30, 2022 total				
Six months ended September 30, 2022						
Individual insurance	1,471		295.4	685.1	(389.6)	
Individual annuities	23		82.4	83.7	(1.3)	
Individual insurance and annuities	1,495		377.8	768.9	(391.0)	
Group insurance	-		96.4	96.4	-	
Group annuities	-		0.0	0.0	-	
Six months ended September 30, 2023						
Individual insurance	1,090	74.1	905.8	785.0	120.8	306.6
Individual annuities	23	98.9	81.0	82.6	(1.5)	98.4
Individual insurance and annuities	1,113	74.5	986.8	867.6	119.2	261.2
Group insurance	-	-	157.3	157.3	-	163.1
Group annuities	-	-	0.0	0.0	-	10.3

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

2. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2023 (summarized)	As of September 30, 2023
(ASSETS)		
Cash and deposits	154,765	195,145
Call loans	966,900	639,700
Monetary claims bought	224,555	235,769
Money held in trust	6,727	7,677
Securities	27,975,827	29,250,575
[Government bonds]	[15,352,021]	[15,924,110]
[Local government bonds]	[117,628]	[115,473]
[Corporate bonds]	[1,745,131]	[1,973,603]
[Stocks]	[3,355,341]	[3,703,725]
[Foreign securities]	[6,322,025]	[6,137,827]
Loans	2,715,410	2,785,600
Policy loans	250,662	244,880
Ordinary loans	2,464,747	2,540,720
Tangible fixed assets	1,203,838	1,209,328
Intangible fixed assets	124,661	118,325
Reinsurance receivable	74,787	62,258
Other assets	681,069	717,099
Deferred tax assets	91,081	-
Customers' liabilities for acceptances and guarantees	48,987	36,515
Reserve for possible loan losses	(3,328)	(4,534)
Reserve for possible investment losses	(927)	(1,026)
Total assets	34,264,357	35,252,435
(LIABILITIES)		
Policy reserves and others	29,877,026	29,764,759
Reserves for outstanding claims	199,266	189,970
Policy reserves	29,254,356	29,162,534
Reserve for policyholder dividends	423,403	412,254
Reinsurance payable	425	410
Subordinated bonds	368,715	368,715
Other liabilities	1,141,221	2,114,642
Payable under repurchase agreements	304,005	1,119,307
Corporate income tax payable	-	29,215
Lease liabilities	3,427	2,996
Asset retirement obligations	2,071	2,074
Other liabilities	831,717	961,048
Reserve for employees' retirement benefits	392,719	387,413
Reserve for retirement benefits of directors, executive officers and corporate auditors	794	739
Reserve for possible reimbursement of prescribed claims	800	602
Reserve for price fluctuations	263,453	269,453
Deferred tax liabilities	-	9,915
Deferred tax liabilities for land revaluation	70,197	70,007
Acceptances and guarantees	48,987	36,515
Total liabilities	32,164,341	33,023,175
(NET ASSETS)		
Capital stock	60,000	60,000
Capital surplus	320,000	249,527
Legal capital surplus	60,000	60,000
Other capital surplus	260,000	189,527
Retained earnings	203,704	155,313
Other retained earnings	203,704	155,313
Reserve for tax basis adjustments of real estate	8,805	8,966
Reserve for specified business investment	299	299
Retained earnings brought forward	194,598	146,047
Total shareholders' equity	583,705	464,840
Net unrealized gains (losses) on securities, net of tax	1,523,596	1,822,397
Deferred hedge gains (losses)	(37,654)	(87,924)
Reserve for land revaluation	30,369	29,946
Total of valuation and translation adjustments	1,516,311	1,764,418
Total net assets	2,100,016	2,229,259
Total liabilities and net assets	34,264,357	35,252,435

3. Unaudited Statement of Earnings

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
ORDINARY REVENUES	2,068,661	1,933,264
Premium and other income	1,156,013	1,146,952
[Premium income]	[1,132,394]	[1,126,942]
Investment income	718,766	602,428
[Interest and dividends]	[422,747]	[354,103]
[Gains on money held in trust]	[-]	[957]
[Gains on sale of securities]	[271,932]	[204,820]
[Derivative transaction gains]	[9,690]	[-]
[Gains on investments in separate accounts]	[-]	[36,828]
Other ordinary revenues	193,882	183,883
[Reversal of reserves for outstanding claims]	[-]	[9,296]
[Reversal of reserves for policy reserves]	[123,444]	[91,821]
ORDINARY EXPENSES	1,847,418	1,721,178
Benefits and claims	1,156,468	1,207,653
[Claims]	[312,891]	[316,984]
[Annuities]	[264,187]	[273,117]
[Benefits]	[304,845]	[238,932]
[Surrender values]	[225,355]	[300,110]
[Other refunds]	[48,294]	[77,676]
Provision for policy reserves and others	36,337	4,218
Provision for reserves for outstanding claims	32,181	-
Provision for interest on policyholder dividends	4,156	4,218
Investment expenses	341,580	204,750
[Interest expenses]	[5,174]	[4,360]
[Losses on money held in trust]	[355]	[-]
[Losses on sale of securities]	[213,528]	[111,450]
[Losses on valuation of securities]	[6,193]	[1,753]
[Derivative transaction losses]	[-]	[36,105]
[Losses on investments in separate accounts]	[61,790]	[-]
Operating expenses	195,587	186,907
Other ordinary expenses	117,444	117,649
ORDINARY PROFIT	221,243	212,086
EXTRAORDINARY GAINS	550	314
Gains on disposal of fixed assets	550	314
EXTRAORDINARY LOSSES	21,669	7,376
Losses on disposal of fixed assets	1,561	520
Impairment losses on fixed assets	11,607	856
Provision for reserve for price fluctuations	8,500	6,000
Provision for reserve for policyholder dividends	43,584	42,891
Income before income taxes	156,540	162,133
Corporate income taxes-current	35,911	40,809
Corporate income taxes-deferred	8,693	4,492
Total of corporate income taxes	44,605	45,301
Net income	111,935	116,832

4. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2022

(millions of yen)

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

(millions of yen)

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

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward		
Balance at the beginning of the year	60,000	60,000	260,000	320,000	8,805	299	194,598	203,704	583,705
Changes for the period									
Dividends			(70,473)	(70,473)			(165,646)	(165,646)	(236,120)
Net income							116,832	116,832	116,832
Transfer to reserve for tax basis adjustments of real estate					160		(160)	-	-
Transfer from reserve for land revaluation							423	423	423
Net changes of items other than shareholders' equity									
Total changes for the period	-	-	(70,473)	(70,473)	160	-	(48,551)	(48,391)	(118,864)
Balance at the end of the period	60,000	60,000	189,527	249,527	8,966	299	146,047	155,313	464,840

(millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	1,523,596	(37,654)	30,369	1,516,311	2,100,016
Changes for the period					
Dividends					(236,120)
Net income					116,832
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					423
Net changes of items other than shareholders' equity	298,801	(50,270)	(423)	248,107	248,107
Total changes for the period	298,801	(50,270)	(423)	248,107	129,242
Balance at the end of the period	1,822,397	(87,924)	29,946	1,764,418	2,229,259

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Fundamental revenues	1,821,243	1,758,601
Premium and other income	1,156,013	1,146,952
Investment income	436,210	396,650
[Interest and dividends]	422,747	354,103
Other ordinary revenues	227,901	210,817
Other fundamental revenues (a)	1,118	4,181
Fundamental expenses	1,682,976	1,615,938
Benefits and claims	1,156,468	1,207,653
Provision for policy reserves and others	36,337	4,218
Investment expenses	109,217	49,011
Operating expenses	195,587	186,907
Other ordinary expenses	117,444	117,649
Other fundamental expenses (b)	67,921	50,499
Fundamental profit	A 138,267	142,663
Capital gains	344,581	256,277
Gains on money held in trust	-	957
Gains on investments in trading securities	-	-
Gains on sale of securities	271,932	204,820
Derivative transaction gains	9,690	-
Foreign exchange gains	-	-
Others (c)	62,958	50,499
Capital losses	233,402	159,797
Losses on money held in trust	355	-
Losses on investments in trading securities	-	-
Losses on sale of securities	213,528	111,450
Losses on valuation of securities	6,193	1,753
Derivative transaction losses	-	36,105
Foreign exchange losses	12,206	6,307
Others (d)	1,118	4,181
Net capital gains (losses)	B 111,179	96,480
Fundamental profit plus net capital gains (losses)	A + B 249,446	239,143
Other one-time gains	5,895	3,000
Reinsurance income	-	-
Reversal of contingency reserve	-	3,000
Reversal of specific reserve for possible loan losses	932	-
Others ^(Note1)	4,962	-
Other one-time losses	34,098	30,057
Ceding reinsurance commissions	-	-
Provision for contingency reserve	-	-
Provision for specific reserve for possible loan losses	-	10
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	6	4
Others ^(Note2)	34,091	30,042
Other one-time profits (losses)	C (28,202)	(27,057)
Ordinary profit	A + B + C 221,243	212,086

Note 1 : "Others" in "Other one-time gains" represents the adjustment of reinsurance commissions for ceded reinsurance of whole life insurance after payment expiration (for ceded reinsurance in prior years) (For the six months ended September 30, 2022: 4,962 million yen).

Note 2 : "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (For the six months ended September 30, 2022 : 72 million yen, For the six months ended September 30, 2023: 108 million yen) and the amount of the additional policy reserves provided (For the six months ended September 30, 2022: 34,018 million yen, For the six months ended September 30, 2023: 29,933 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

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

(1) Book Value and Market Value

The book value and the market value of policy-reserve-matching bonds as of September 30, 2023 were ¥15,481,091 million and ¥15,025,188 million, respectively.

(2) Risk Management Policy

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

The sub-groups of insurance products are:

a) individual life insurance and annuities (the exception of certain types),

b) non-participating single premium whole life insurance (without duty of medical disclosure),

c) financial insurance and annuities,

d) group annuities (defined contribution corporate pension insurance; defined contribution corporate pension insurance II and certain corporate pension insurances of which the type can be changed to defined contribution corporate pension insurance II), and

e) group annuities 2 (defined benefit corporate pension insurance, employees' pension fund insurance II, new corporate pension insurance II)

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

(1) Date of revaluation: March 31, 2001

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of September 30, 2023. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 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 September 30, 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, 2024.

(2) Amortization of Actuarial Differences and Past Service Cost

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

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

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

9. Reserve for Possible Investment Losses

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

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

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

11. Reserve for Possible Reimbursement of Prescribed Claims

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

12. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities as of September 30, 2023 in accordance with the provisions of Article 115 of the Insurance Business Act.

13. Hedge Accounting

(1) Hedge Accounting

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

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

Hedging method: The deferral hedge method and the currency allotment method

Hedging instruments: Interest-rate swaps and foreign currency swaps

Hedged items: Loans and foreign currency-denominated 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 Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserve

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act.

Insurance premium reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer's liability has started as of September 30, 2023, 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 payment of hospitalization benefits 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”) was terminated on May 8, 2023. 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 all policy holders 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.

In the fiscal year ended March 31, 2023, the company first deducted an amount pertaining to deemed hospitalization of policy holders other than those with high risk of severity however, in the fiscal year ended March 31, 2024, the payment of hospitalization benefits with respect to “deemed hospitalization” was terminated. Therefore, the company revised its calculation method deducting the amount pertaining to deemed hospitalization of all policy holders.

17. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2023 was ¥2,509,570 million.

18. Problem Loans

As of September 30, 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)	95
Claims with collection risk (*2).....	2,683
Claims that are overdue for three months or more (*3).....	-
Claims with repayment relaxation (*4).....	1,616
<u>Total</u>	<u>4,394</u>

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

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

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

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

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

19. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of September 30, 2023 was ¥1,677,948 million. Separate account liabilities were the same amount as the separate account assets.

20. Contingent Liabilities

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

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	250,004

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year.....	423,403
Dividends paid	(58,258)
Interest accrual	4,218
Provision for reserve for policyholder dividends.....	42,891
<u>Balance as of September 30, 2023.....</u>	<u>412,254</u>

22. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of September 30, 2023 was ¥243,885 million.

23. Organization Change Surplus

As of September 30, 2023, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

24. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities	1,617,184
Cash and deposits	86
<u>Assets pledged as collateral.....</u>	<u>1617,271</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements.....	1,119,307

"Securities" mentioned above included ¥1,171,688 million of Securities which were sold under repurchase agreements, as of September 30, 2023.

25. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter "reserves for outstanding claims reinsured"), was ¥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 ¥1,054,643 million.

26. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of September 30, 2023 was ¥40,969 million, among which none of the securities were pledged as collateral.

27. Commitment Line

As of September 30, 2023, there were unused commitment line agreements under which the Company was the lender of ¥41,129 million.

28. Subordinated Debt

As of September 30, 2023, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

29. Subordinated Bonds

As of September 30, 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 SIX MONTHS ENDED SEPTEMBER 30, 2023

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

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

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

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

(2) Reinsurance income

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

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

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

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of September 30, 2023.

(4) Ceding reinsurance commissions

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

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

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks and foreign securities of ¥17,864 million, ¥109,004 million and ¥77,951 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and of ¥6,178 million, ¥9,110 million and ¥96,160 million respectively.

Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥1,054 million, ¥678 million and 20 million, respectively.

3. Reinsurance

In calculating the provision of reserves for outstanding claims, a reversal for reserves for outstanding claims reinsured of ¥0 million was deducted. In calculating the reversal for policy reserves, a reversal for policy reserves reinsured of ¥8,058 million was deducted.

4. Interest and Dividends

The breakdown of interest and dividends for the six months ended September 30, 2023 were as follows:

	(Unit: million yen)
Interest from bank deposits	166
Interest and dividends from securities ...	286,238
Interest from loans	25,740
Rental income	34,312
Other interest and dividends	7,645
<u>Total</u>	<u>354,103</u>

5. Net Income per Share

Net income per share for the six months ended September 30, 2023 was ¥19,472,057.39. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Other fundamental revenues (a)	1,118	4,181
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,118	4,181
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)	67,921	50,499
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	-	-
Hedging costs related to foreign exchange	26,298	39,333
Gain (loss) on mutual funds cancelation	28,410	9,021
Foreign currency fluctuation part of gain (loss) on securities redemption	8,249	2,143
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 <i>(a) - (b)</i>	(66,802)	(46,317)
Other capital gains (c)	62,958	50,499
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	-	-
Hedging costs related to foreign exchange	26,298	39,333
Gain (loss) on mutual funds cancelation	28,410	9,021
Foreign currency fluctuation part of gain (loss) on securities redemption	8,249	2,143
Other capital losses (d)	1,118	4,181
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	-	-
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,118	4,181
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) <i>(c) - (d)</i>	61,840	46,317

6. Investment of General Account Assets for the Six Months Ended September 30, 2023

(1) Operational Environment

During the six months ended September 30 2023, the global economy showed a decelerating trend amid continued monetary tightening in various countries, but it also has underlying strengths than expected, especially in the United States. Although the inflation rate has peaked out, it is expected that the way of control inflation is long journey and the period of monetary tightening is prolonged in many countries.

The Japanese economy continued to recover, supported by the normalization of economic activity, the acceleration of wage increases, and accommodative fiscal and monetary policies.

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

<Domestic interest rates>

The yield on 10-year JGBs rose to the upper 0.7% range as The Bank of Japan; BOJ flexibly adjusted the range of fluctuation in its yield curve control policy.

Yield on ten-year government bonds:	April 1, 2023	0.320%
	September 30, 2023	0.765%

<Domestic stocks>

The Nikkei 225 Stock Average continued its increasing trend. Domestic stock prices rose sharply since the support provided by accommodative fiscal and monetary policies, expectations of improved corporate earnings due to the weaker yen and a resumption of economic activity, as well as inflows of funds into Japanese equities by foreign investors.

Nikkei 225 Stock Average:	April 1, 2023	¥28,041
	September 30, 2023	¥31,857
TOPIX:	April 1, 2023	2,003
	September 30, 2023	2,323

<Currency>

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

As for the JPY/EUR as well, the yen has weakened because of continued monetary tightening by the European Central Bank (ECB), mainly against a backdrop of soaring inflation due to high resource and energy prices.

JPY /USD:	April 1, 2023	¥133.53
	September 30, 2023	¥149.58
JPY/EUR:	April 1, 2023	¥145.72
	September 30, 2023	¥158.00

(2) Investment Performance Overview

<Assets>

Regarding asset management in the first half of fiscal 2023, the Company kept to taking the investment strategy that was to invest mainly in fixed income assets, such as public and corporate bonds, based on our risk-taking policy and medium-to long-term asset management policy. In particular, from the perspective of ensuring financial soundness against fluctuations in financial markets and improving capital efficiency, it sold stocks and increased the amount of policy-reserve-matching bonds, mainly super-long-term government bonds to reduce market-related risks such as interest rates and stocks.

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

Assets	Operational status
Bonds and debentures	<u>Increase</u> For the reduction of interest rate risk, policy-reserve-matching bonds, mainly super-long-term bonds were increased. With regard to credit risk assets such as corporate bonds and securitized products, the overall amount was increased due to the strengthening of selection based on credit spreads commensurate with risk and the diversification of issues.
Loans receivable	<u>Increase</u> The amount was increased as a result of the executing of new loans. New loans were implemented to earn the excess returns commensurate with credit risk and the fair spread compared with corporate bond market.
Domestic stocks	<u>Increase</u> The amount was increased as a result of the market value increased despite the sale of stocks to promote the reduction of market risk associated with stockholdings. In addition, 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 amount was decreased as a result followed by selling in consideration of market trends related interest rates and foreign exchange rates in Japan and overseas. Improving investment efficiency was worked by diversifying bond types and currencies to improve investment efficiency.
Foreign stocks	<u>Increase</u> The amount was increased 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 was decreased by JPY 153.1 billion year on year to JPY 565.6 billion, as the decrease in Interest and dividends, and Gain on sales of securities. Investment expense was decreased by JPY 75 billion year on year to JPY 204.7 billion, as the improvement in Losses on sales of securities, despite incurred Derivative transaction losses.

As a result, net investment income in the general account was decreased by JPY 78.1 billion year on year to JPY 360.8 billion.

(3) Investment Outlook in the second half of fiscal 2023

In the second half of fiscal 2023, the Japanese economy is expected to continue to recover due to the government's measures to stimulate domestic demand and other factors.

Although the U.S. economy has continued solid growth, the Company expect to continue highly volatile operating environment due to prolonged monetary tightening.

In addition, the Company believe that attention should continue to be paid to the increasing volatility of financial markets due to political events and geopolitical risks in each country.

<Domestic interest rates>

Domestic interest rates are forecasted to remain on an upward trend for the time being despite the BOJ's monetary policy is expected to shift next stage. However, it is necessary to pay attention to the possibility that volatility will increase, due to a large economic downturn and geopolitical risks caused by global monetary tightening.

<Domestic stocks>

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

< Currency>

As for the JPY/USD, it is anticipated the fluctuation depends on the monetary policy in Japan and in U.S. The Company expect that the USD will appreciate amid a prolonged period of monetary tightening in the U.S. On the other hand, if the revision of the BOJ's monetary easing policy would be appeared, the Company concern the JPY/USD to be restrained on the upside. In addition, it is necessary to pay attention to the possibility that volatility will increase due to geopolitical risks, etc.

With regard to the JPY/EUR as well, the Company expect the fluctuation depends on the monetary policy in Japan and Europe. However, it is necessary to pay attention to the possibility that volatility will be increased due to changes in the political situation in Europe.

(4) Asset Management Policy in the second half of fiscal 2023

With regard to the investment policy in the second half of fiscal 2023, 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 light of the current low interest rate environment, our policy is to actively engage in infrastructure-related and other investments from the perspective of improving investment efficiency within fixed income assets.
Loans receivable	<u>Remained flat</u> While redemptions and other factors have had the effect of reducing the balance, the balance is expected to remain unchanged as a result of continued proactive responses to demand for funds in growth areas. In addition, the Bank's policy is to engage in new lending by setting appropriate lending rates, while taking into account the analysis of borrowers' credit risks and credit spread trends in the corporate bond market.
Domestic stocks	<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	<u>Depending on interest rates and exchange rates</u> Open foreign bonds will be flexibly allocated in accordance with risk tolerance and exchange rate trends. It will be also flexibly adjusted the amount of currency-hedged foreign bonds with taking into account interest rate differentials at home and abroad.
Foreign stocks	<u>Depending on the foreign stock price</u> The Company's policy is to accumulate alternative assets with the aim of securing profitability and diversifying the risk of its portfolio. However, the Company's policy is to flexibly control the outstanding balance of foreign stocks, depending on the level of stock prices. It will be also worked to improve and stabilize the profitability of our portfolio while diversifying investment styles and geographically diversifying.
Real estate	<u>Increase</u> The Company's policy is to increase the balance due to new acquisitions of properties and others. In order to diversify of building uses, the Company will promote investment in new properties such as residence, commerce, and logistics, and improve the profitability and soundness of our portfolio by replacing properties based on occupancy status, regional characteristics, construction age, and other factors.

7. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2023		As of September 30, 2023	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	1,105,912	3.3	818,744	2.4
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	224,555	0.7	235,769	0.7
Trading account securities	-	-	-	-
Money held in trust	6,727	0.0	7,677	0.0
Securities	27,012,086	81.6	28,216,087	82.9
Domestic bonds	17,075,009	51.6	17,870,841	52.5
Domestic stocks	3,207,944	9.7	3,537,602	10.4
Foreign securities	5,930,212	17.9	5,684,454	16.7
Foreign bonds	4,454,788	13.5	4,101,930	12.1
Foreign stocks and other securities	1,475,424	4.5	1,582,524	4.7
Other securities	798,919	2.4	1,123,189	3.3
Loans	2,715,410	8.2	2,785,600	8.2
Policy loans	250,662	0.8	244,880	0.7
Ordinary loans	2,464,747	7.4	2,540,720	7.5
Real estate	1,196,750	3.6	1,202,517	3.5
Real estate for rent	912,282	2.8	921,374	2.7
Deferred tax assets	91,081	0.3	-	-
Others	754,689	2.3	759,205	2.2
Reserve for possible loan losses	(3,328)	(0.0)	(4,534)	(0.0)
Total	33,103,885	100.0	34,021,068	100.0
Foreign currency-denominated assets	4,937,777	14.9	4,824,680	14.2

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

(2) Investment Income

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Interest and dividends	422,747	354,103
Interest from bank deposits	1,901	166
Interest and dividends from securities	359,929	286,238
Interest from loans	19,549	25,740
Rental income	34,626	34,312
Other interest and dividends	6,741	7,645
Gains on trading account securities	-	-
Gains on money held in trust	-	957
Gains on investments in trading securities	-	-
Gains on sale of securities	271,932	204,820
Gains on sale of domestic bonds	40,498	17,864
Gains on sale of domestic stocks	91,070	109,004
Gains on sale of foreign securities	136,841	77,951
Others	3,521	-
Gains on redemption of securities	13,213	4,802
Derivative transaction gains	9,690	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	215	-
Reversal of reserve for possible investment losses	-	-
Other investment income	967	915
Total	718,766	565,600

(3) Investment Expense

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Interest expenses	5,174	4,360
Losses on trading account securities	-	-
Losses on money held in trust	355	-
Losses on investments in trading securities	-	-
Losses on sale of securities	213,528	111,450
Losses on sale of domestic bonds	15,042	6,178
Losses on sale of domestic stocks	10,421	9,110
Losses on sale of foreign securities	188,065	96,160
Others	-	-
Losses on valuation of securities	6,193	1,753
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	2,024	1,054
Losses on valuation of foreign securities	4,168	678
Others	-	20
Losses on redemption of securities	4,963	2,658
Derivative transaction losses	-	36,105
Foreign exchange losses	12,206	6,307
Provision for reserve for possible loan losses	-	1,206
Provision for reserve for possible investment losses	72	108
Write-down of loans	6	4
Depreciation of real estate for rent and others	6,779	7,228
Other investment expenses	30,509	33,568
Total	279,790	204,750

(4) Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2023		As of September 30, 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	6,727	(742)	7,677	633
Trading account securities	-	-	-	-
Money held in trust	6,727	(742)	7,677	633

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 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 affiliates 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
As of September 30, 2023					
Held-to-maturity bonds	-	-	-	-	-
Domestic bonds	-	-	-	-	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	15,481,091	15,025,188	(455,903)	839,153	1,295,056
Domestic bonds	15,417,490	14,961,987	(455,502)	839,031	1,294,534
Foreign bonds	63,601	63,200	(401)	121	522
Stocks of subsidiaries and affiliates	-	-	-	-	-
Available-for-sale securities	9,673,485	12,088,199	2,414,713	2,786,093	371,380
Domestic bonds	2,375,614	2,453,350	77,736	109,063	31,326
Domestic stocks	1,199,147	3,487,044	2,287,897	2,296,502	8,605
Foreign securities	4,980,393	5,014,277	33,884	334,265	300,381
Foreign bonds	4,122,769	4,038,328	(84,440)	182,524	266,965
Foreign stocks and other securities	857,623	975,948	118,324	151,740	33,415
Other securities	787,509	805,759	18,250	44,639	26,389
Monetary claims bought	238,821	235,769	(3,051)	1,623	4,674
Certificates of deposit	92,000	91,997	(2)	0	2
Total	25,154,577	27,113,387	1,958,809	3,625,246	1,666,437
Domestic bonds	17,793,104	17,415,338	(377,766)	948,094	1,325,861
Domestic stocks	1,199,147	3,487,044	2,287,897	2,296,502	8,605
Foreign securities	5,043,994	5,077,477	33,483	334,386	300,903
Foreign bonds	4,186,370	4,101,529	(84,841)	182,646	267,487
Foreign stocks and other securities	857,623	975,948	118,324	151,740	33,415
Other securities	787,509	805,759	18,250	44,639	26,389
Monetary claims bought	238,821	235,769	(3,051)	1,623	4,674
Certificates of deposit	92,000	91,997	(2)	0	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, 2023	As of September 30, 2023
Stocks of subsidiaries and affiliated companies	208,594	243,885
Available-for-sale securities	560,603	616,881
Domestic stocks	40,181	39,036
Foreign stocks	9,004	9,004
Others	511,418	568,841
Total	769,197	860,767

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 56,267 million yen as of March 31, 2023 and gain of 111,086 million yen as of September 30, 2023.

(6) 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, 2023	6,727	6,727	(225)	1,480	1,705
As of September 30, 2023	7,677	7,677	1,199	1,838	638

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, 2023 and September 30, 2023.

8. Disclosed Claims Based on Insurance Business Act

(millions of yen)

	As of March 31, 2023	As of September 30, 2023
Claims against bankrupt and quasi-bankrupt obligors	87	95
Claims with collection risk	2,552	2,683
Claims that are overdue for 3 months or more	-	-
Claims with repayment relaxation	-	1,616
Subtotal	2,639	4,394
[Percentage]	[0.05%]	[0.08%]
Claims against normal obligors	5,182,452	5,349,840
Total	5,185,092	5,354,235

Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered. (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, 2023	As of September 30, 2023
Total solvency margin (A)	5,522,299	6,139,564
Common stock, etc. *1	346,450	459,308
Reserve for price fluctuations	263,453	269,453
Contingency reserve	599,893	596,893
General reserve for possible loan losses	1,500	2,696
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	1,888,773	2,226,250
Net unrealized gains (losses) on real estate × 85% *2	378,466	378,315
Policy reserves in excess of surrender values	2,146,957	2,159,369
Qualifying subordinated debt	759,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(906,385)	(801,162)
Excluded items	(1,650)	(1,830)
Others	45,523	90,955
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,276,100	1,429,484
Insurance risk R ₁	65,943	66,538
3rd sector insurance risk R ₈	150,971	147,051
Assumed investment yield risk R ₂	156,237	152,594
Guaranteed minimum benefit risk R ₇ *3	2,898	2,859
Investment risk R ₃	1,069,053	1,225,717
Business risk R ₄	28,902	31,895
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	865.4%	858.9%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

10. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2023	As of September 30, 2023
Individual variable insurance	59,593	63,436
Individual variable annuities	31,988	33,524
Group annuities	1,581,125	1,580,988
Separate account total	1,672,707	1,677,948

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

A. Individual variable insurance

(millions of yen except number of policies)

	As of March 31, 2023		As of September 30, 2023	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	2	12	2	14
Individual variable insurance (whole life)	37,761	232,696	37,239	229,492
Total	37,763	232,709	37,241	229,507

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

	As of March 31, 2023		As of September 30, 2023	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	3,957	17,159	3,721	15,977

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

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Ordinary revenues	2,068,734	1,936,028
Ordinary profit	220,600	214,183
Net income attributable to shareholders of parent company	111,312	118,928
Comprehensive income	(655,147)	364,865

(millions of yen)

	As of March 31, 2023	As of September 30, 2023
Total assets	34,251,265	35,251,336
Solvency margin ratio	882.8%	875.3%

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 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	3

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, 2023 (summarized)	As of September 30, 2023
ASSETS		
Cash and deposits	156,649	198,154
Call loans	966,900	639,700
Monetary claims bought	224,555	235,769
Money held in trust	6,727	7,677
Securities	27,969,810	29,245,986
Loans	2,715,410	2,785,600
Tangible fixed assets	1,204,006	1,209,504
Intangible fixed assets	124,837	118,513
Reinsurance receivable	74,788	62,259
Other assets	681,186	717,215
Deferred tax assets	81,661	-
Customers' liabilities for acceptances and guarantees	48,987	36,515
Reserve for possible loan losses	(3,328)	(4,534)
Reserve for possible investment losses	(927)	(1,026)
Total assets	34,251,265	35,251,336
LIABILITIES		
Policy reserves and others	29,877,146	29,764,976
Reserves for outstanding claims	199,267	189,971
Policy reserves	29,254,475	29,162,750
Reserve for policyholder dividends	423,403	412,254
Reinsurance payable	428	416
Bonds payable	368,715	368,715
Other liabilities	1,141,293	2,114,760
Payables under repurchase agreements	304,005	1,119,307
Other liabilities	837,287	995,452
Net defined benefit liabilities	358,992	357,745
Reserve for retirement benefits of directors, executive officers and corporate auditors	794	739
Reserve for possible reimbursement of prescribed claims	800	602
Reserve for price fluctuations	263,453	269,453
Deferred tax liabilities	-	18,201
Deferred tax liabilities for land revaluation	70,197	70,007
Acceptances and guarantees	48,987	36,515
Total liabilities	32,130,808	33,002,134
NET ASSETS		
Capital stock	60,000	60,000
Capital surplus	320,000	249,527
Retained earnings	200,362	154,068
Total shareholders' equity	580,363	463,595
Net unrealized gains (losses) on securities, net of tax	1,523,596	1,822,397
Deferred hedge gains (losses)	(37,654)	(87,924)
Reserve for land revaluation	30,369	29,946
Foreign currency translation adjustments	(525)	(193)
Accumulated remeasurements of defined benefit plans	24,307	21,381
Total accumulated other comprehensive income	1,540,093	1,785,606
Total net assets	2,120,456	2,249,201
Total liabilities and net assets	34,251,265	35,251,336

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

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
ORDINARY REVENUES	2,068,734	1,936,028
Premium and other income	1,156,102	1,147,159
Investment income	718,788	602,463
[Interest and dividends]	[422,769]	[354,137]
[Gains on money held in trust]	[-]	[957]
[Gains on sale of securities]	[271,932]	[204,820]
[Derivative transaction gains]	[9,690]	[-]
[Gains on investments in separate accounts]	[-]	[36,828]
Other ordinary revenues	193,844	186,405
ORDINARY EXPENSES	1,848,134	1,721,845
Benefits and claims	1,156,469	1,207,656
[Claims]	[312,892]	[316,984]
[Annuities]	[264,187]	[273,117]
[Benefits]	[304,845]	[238,933]
[Surrender values]	[225,355]	[300,110]
Provision for policy reserves and others	36,337	4,218
Provision for reserves for outstanding claims	32,181	-
Provision for interest on policyholder dividends	4,156	4,218
Investment expenses	341,518	204,752
[Interest expenses]	[5,174]	[4,360]
[Losses on money held in trust]	[355]	[-]
[Losses on sale of securities]	[213,528]	[111,450]
[Losses on valuation of securities]	[6,193]	[1,753]
[Derivative transaction losses]	[-]	[36,105]
[Losses on investments in separate accounts]	[61,790]	[-]
Operating expenses	195,940	187,489
Other ordinary expenses	117,867	117,728
Ordinary profit	220,600	214,183
EXTRAORDINARY GAINS	550	314
Gains on disposal of fixed assets	550	314
EXTRAORDINARY LOSSES	21,669	7,376
Losses on disposal of fixed assets	1,561	520
Impairment losses on fixed assets	11,607	856
Provision for reserve for price fluctuations	8,500	6,000
Provision for reserve for policyholder dividends	43,584	42,891
Income before income taxes	155,898	164,230
Corporate income taxes-current	35,911	40,809
Corporate income taxes-deferred	8,673	4,492
Total of corporate income taxes	44,585	45,301
Net income	111,312	118,928
Net income attributable to shareholders of parent company	111,312	118,928

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net income	111,312	118,928
Other comprehensive income	(766,460)	245,936
Net unrealized gains (losses) on securities, net of tax	(748,217)	298,801
Deferred hedge gains (losses)	(22,168)	(50,270)
Foreign currency translation adjustments	574	331
Remeasurements of defined benefit plans, net of tax	3,350	(2,925)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)	0
Comprehensive income	(655,147)	364,865
Attributable to shareholders of parent company	(655,147)	364,865

(5) Unaudited Consolidated Statements of Cash Flows

(millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	155,898	164,230
Depreciation	20,440	21,365
Impairment losses on fixed assets	11,607	856
Increase (decrease) in reserves for outstanding claims	32,181	(9,295)
Increase (decrease) in policy reserves	(123,407)	(91,736)
Provision for interest on policyholder dividends	4,156	4,218
Provision for (reversal of) reserve for policyholder dividends	43,584	42,891
Increase (decrease) in reserve for possible loan losses	(2,104)	1,206
Increase (decrease) in reserve for possible investment losses	(210)	99
Write-down of loans	6	4
Increase (decrease) in net defined benefit liabilities	1,606	(5,305)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(61)	(54)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(170)	(197)
Increase (decrease) in reserve for price fluctuations	8,500	6,000
Interest and dividends	(422,769)	(354,137)
Securities related losses (gains)	1,331	(130,590)
Interest expenses	5,174	4,360
Losses (gains) on disposal of fixed assets	982	11
Others, net	(102,025)	71,928
Subtotal	(365,280)	(274,148)
Interest and dividends received	455,511	364,114
Interest paid	(6,671)	(5,890)
Policyholder dividends paid	(53,810)	(58,258)
Others, net	(439,583)	(135,541)
Corporate income taxes (paid) refund	(60,128)	18,386
Net cash flows provided by (used in) operating activities	(469,962)	(91,338)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	(1,156)	992
Purchases of monetary claims bought	(6,568)	(23,139)
Proceeds from sale and redemption of monetary claims bought	13,945	9,541
Proceeds from decrease in money held in trust	5,380	-
Purchases of securities	(2,637,242)	(3,604,239)
Proceeds from sale and redemption of securities	4,775,133	2,902,830
Origination of loans	(316,274)	(541,969)
Proceeds from collection of loans	308,065	492,016
Net increase (decrease) in short-term investing	(1,546,644)	815,302
Total of net cash provided by (used in) investment transactions	594,637	51,333
Total of net cash provided by (used in) operating activities and investment transactions	124,675	(40,004)
Acquisition of tangible fixed assets	(71,682)	(20,811)
Proceeds from sale of tangible fixed assets	1,404	1,720
Acquisition of intangible fixed assets	(16,939)	(13,265)
Proceeds from sale of intangible fixed assets	-	3,319
Net cash flows provided by (used in) investing activities	507,419	22,296
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of financial lease obligations	(743)	(681)
Cash dividends paid	(199,776)	(215,646)
Acquisitions of stock of subsidiaries and affiliates that do not result in change in scope of consolidation	(1,029)	(180)
Net cash flows provided by (used in) financing activities	(201,549)	(216,508)
Effect of exchange rate changes on cash and cash equivalents	1,532	847
Net increase (decrease) in cash and cash equivalents	(162,559)	(284,702)
Cash and cash equivalents at the beginning of the period	924,255	1,122,368
Cash and cash equivalents at the end of the period	761,695	837,666

(6) Unaudited Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2022

(millions of yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	320,000	249,321	629,322	2,130,413	(21,621)
Changes for the period						
Dividends			(199,776)	(199,776)		
Net income attributable to shareholders of parent company			111,312	111,312		
Transfer from reserve for land revaluation			(13,944)	(13,944)		
Others			1	1		
Net changes of items other than shareholders' equity					(748,217)	(22,168)
Total changes for the period	-	-	(102,406)	(102,406)	(748,217)	(22,168)
Balance at the end of the period	60,000	320,000	146,915	526,916	1,382,196	(43,789)

(millions of yen)

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

Six months ended September 30, 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	200,362	580,363	1,523,596	(37,654)
Changes for the period						
Dividends		(70,473)	(165,646)	(236,120)		
Net income attributable to shareholders of parent company			118,928	118,928		
Transfer from reserve for land revaluation			423	423		
Others			0	0		
Net changes of items other than shareholders' equity					298,801	(50,270)
Total changes for the period	-	(70,473)	(46,294)	(116,767)	298,801	(50,270)
Balance at the end of the period	60,000	249,527	154,068	463,595	1,822,397	(87,924)

(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	30,369	(525)	24,307	1,540,093	2,120,456
Changes for the period					
Dividends					(236,120)
Net income attributable to shareholders of parent company					118,928
Transfer from reserve for land revaluation					423
Others					0
Net changes of items other than shareholders' equity	(423)	331	(2,925)	245,513	245,513
Total changes for the period	(423)	331	(2,925)	245,513	128,745
Balance at the end of the period	29,946	(193)	21,381	1,785,606	2,249,201

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

- (1) The number of consolidated subsidiaries as of September 30, 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 September 30, 2023: 32
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 32 non-consolidated subsidiaries had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), cash flows, and others.

2. Application of the Equity Method

- (1) The number of non-consolidated subsidiaries under the equity method as of September 30, 2023: 0
- (2) The number of affiliated companies under the equity method as of September 30, 2023: 3
The affiliated companies of the Company included:
- Corporate-pension Business Service Co., Ltd.,
 - Japan Excellent Asset Management Co., Ltd.,
 - Japan Investor Solutions&Technologies Co., Ltd.
- Effective the six months ended September 30, 2023, Japan Investor Solutions&Technologies Co., Ltd was included in the scope of the equity method as it had become an affiliated company of the Company.
- (3) The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Life Business Services Co., Ltd., First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., and Rifare Management K.K.) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Interim Closing Dates of a Consolidated Subsidiary

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

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 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 September 30, 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)).

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

- Date of revaluation: March 31, 2001

- Method stipulated in Article 3 Paragraph 3 of the Act on Revaluation of Land:

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

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

(3) Depreciation of Leased Assets

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

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

The Company translates foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates as of September 30, 2023. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company's consolidated overseas subsidiary are translated into yen at the exchange rates at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiary are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

7. Reserve for Possible Loan Losses

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

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

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

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

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

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

directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 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 interim period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2024. 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, 2024.

(2) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method over a certain period (seven years) within the employees' average remaining service period as of the time of its occurrence.

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

12. Reserve for Price Fluctuations

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

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

As for the Company, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). Primarily, (a) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; (b) the currency allotment method and the deferral hedge method using foreign currency swaps, foreign currency and forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); (c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; (d) the deferral hedge method for over-the-counter options on bonds is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; (e) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and (f) the deferral hedge method using interest rate swaps is used for hedges against interest-rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Classified Committee Practical Guideline No.26 issued by JICPA).

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

The Company conducts hedging transactions with regard to certain market risk, foreign currency risk and interest-rate risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

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

Hedging method: The deferral hedge method and the currency allotment method

Hedging instruments: Interest-rate swaps and foreign currency swaps

Hedged items: Loans and foreign currency-denominated loans

Type of hedging transactions: Transactions that fix cash flow

14. Calculation of National and Local Consumption Tax

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

15. Accounting Policies for Policy Reserves

Policy reserves of the Company are established in accordance with the methods stated in the statement of calculation procedures for policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance contracts under which the insurer’s liability has started as of September 30, 2023, 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 payment of hospitalization benefits 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”) was terminated on May 8, 2023. 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 all policy holders 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.

In the fiscal year ended March 31, 2023, the company first deducted an amount pertaining to deemed hospitalization of policy holders other than those with high risk of severity, however, in the fiscal year ended March 31, 2024, the payment of hospitalization benefits with respect to “deemed hospitalization” was terminated. Therefore, the company has revised its calculation method to deducting the amount pertaining to deemed hospitalization of all policy holders.

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

(1) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2023 were as follows.

As of September 30, 2023	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Monetary claims bought.....	235,769	235,769	-
(2) Money in held trust.....	7,677	7,677	-
(3) Securities (*2) (*3)			
a. Trading securities.....	1,034,487	1,034,487	-
b. Held-to-maturity.....	1,504	1,504	-
c. Policy-reserve-matching bonds	15,481,091	15,025,188	(455,903)
d. Available-for-sale securities.....	11,760,432	11,760,432	-
(4) Loans.....	2,785,600		
Reserve for possible loan losses (*4)	(2,717)		
	2,782,883	2,702,153	(80,729)
Total assets.....	31,303,845	30,767,212	(536,633)
(1) Bonds payable.....	368,715	350,472	(18,242)
(2) Long-term borrowings.....	390,600	388,471	(2,128)
Total liabilities.....	759,315	738,944	(20,370)
Derivative transactions (*5)			
a. Hedge accounting not applied.....	33,223	33,223	-
b. Hedge accounting applied.....	[163,851]	[162,343]	1,507
Total derivative transactions.....	[130,627]	[129,120]	1,507

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

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

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

As of September 30, 2023	Carrying amount (Unit: million yen)
Stocks with no market prices, etc. (*a).....	63,291
Ownership stakes in partnerships, etc. (*b).....	905,179

(*a) Stocks with no market prices, etc. include unlisted stocks, etc. In accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020), these amounts are not included in disclosures of fair value

(*b) Stake in the partnership, etc. are mainly anonymous associations and investment partnerships, etc. In accordance with Item 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021), these amounts are not included in disclosures of fair value.

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

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

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of September 30, 2023	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Monetary claims bought.....	-	-	235,769	235,769
Money held in trust	4,967	2,709	-	7,677
Securities(*1)				
Trading securities.....	606,837	392,388	35,261	1,034,487
Available-for-sale securities				
Government bonds.....	1,124,624	-	-	1,124,624
Local government bonds.....	-	11,205	-	11,205
Corporate bonds.....	-	1,307,799	9,721	1,317,520
Domestic stocks.....	3,487,044	-	-	3,487,044
Foreign bonds.....	436,989	3,409,997	149,258	3,996,246
Other foreign securities.....	513,958	406,001	41,560	961,521
Other securities.....	14,051	758,980	32,728	805,759
Derivative transactions				
Currency-related transactions.....	-	10,450	-	10,450
Interest-related transactions.....	-	56,161	-	56,161
Stock-related transactions.....	7,210	1,971	-	9,182
Bond-related transactions.....	2,225	1,275	-	3,501
Others.....	-	798	-	798
Total assets.....	6,197,910	6,359,740	504,300	13,061,951
Derivative transactions				
Currency-related transactions.....	-	140,437	-	140,437
Interest-related transactions.....	-	59,595	-	59,595
Stock-related transactions.....	2,710	151	-	2,862
Bond-related transactions.....	5,769	2,050	-	7,819
Others.....	-	6	-	6
Total liabilities.....	8,480	202,241	-	210,721

(*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 ¥56,509 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of September 30, 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 interim consolidated balance sheets

As of September 30, 2023	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Securities				
Held-to-maturity Bonds				
Foreign bonds.....	-	-	1,504	1,504
Policy-reserve-matching Bonds				
Government bonds.....	14,327,936	-	-	14,327,936
Local government bonds.....	-	99,143	-	99,143
Corporate bonds.....	-	534,907	-	534,907
Foreign bonds.....	-	63,200	-	63,200
Loans.....	-	-	2,702,153	2,702,153
Total assets.....	14,327,936	697,251	2,703,657	17,728,845
Bonds payable.....	-	350,472	-	350,472
Long-term borrowings.....	-	-	388,471	388,471
Total liabilities.....	-	350,472	388,471	738,944

(Note 1) Description of the evaluation methods and inputs used to measure fair value

- **Assets**

- Monetary claims bought

- The fair value of monetary claims bought is based on the price presented by third parties and counterparty financial institutions. Important unobservable inputs are used for the presented price. Monetary claims bought are classified into Level 3.

- Money held in trust

- The fair value of money held in trust is based on the price presented by counterparty financial institutions. Money held in trust is classified into either Level 1 or Level 2, mainly based on constituents held in trust.

- Securities

- Securities of which the fair value is based on the quoted prices in active markets with no adjustment is classified into Level 1. That includes mainly stocks and government bonds. Securities that are based on the presented quoted prices in inactive markets are classified into Level 2.

- The fair value of bonds other than bonds of which the fair values are based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present value that is calculated by discounting future cash flows at a rate comprising a risk-free interest rate and a credit spread. In case that observable inputs are used in the calculation, the fair value is classified into Level 2. In case that unobservable inputs are used in the calculation, the fair value is classified into Level 3.

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

- Loans

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

- Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of September 30, 2023. Therefore, that amount (the carrying amount on the interim consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

- **Liabilities**

- Bonds payable

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

- Long-term borrowings

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

- **Derivative Transactions**

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

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

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

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

As of September 30, 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	Ending balance	Out of above "Gain/Loss recorded in consolidated statement of earnings", valuation gain/loss resulting from financial instruments held at the end of the period
(Unit: million yen)						
Monetary claims bought.....	224,555	(19)	(2,367)	13,601	235,769	-
Securities						
Trading securities	13,902	34	-	21,325	35,261	(859)
Available-for-sale securities						
Corporate bonds.....	10,001	721	31	(1,032)	9,721	1,935
Foreign bonds.....	141,063	6,979	2,652	(1,436)	149,258	17,263
Other foreign securities.....	57,993	-	(1,777)	(14,654)	41,560	-
Other securities.....	32,240	-	337	149	32,728	-

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

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

(ii) 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.

18. Real Estate for Rent

The information on real estate for rent has been omitted as there was no significant change in carrying amount and fair value of real estate for rent as of September 30, 2023 compared to those at the end of the previous fiscal year.

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of September 30, 2023 was ¥2,509,570 million.

20. Problem Loans

As of September 30, 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.....	95
Claims with collection risk.....	2,683
Claims that are overdue for three months or more.....	-
Claims with repayment relaxation.....	1,616
Total.....	4,394

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

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

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

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

As a result of the direct write-off of claims described in Note 7, the decrease in claims against bankrupt and quasi-

bankrupt obligors was ¥1 million.

21. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act was ¥1,677,948 million. Separate account liabilities were the same amount as the separate account assets.

22. Contingent Liabilities

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

	(Unit: million yen)
Dai-ichi Life Holdings, Inc.	250,004

23. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year	423,403
Dividends paid during the six months	58,258
Interest accrual during the six months	4,218
Provision for reserve for policyholder dividends	42,891
<u>Balance at the end of September 30</u>	<u>412,254</u>

24. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Company held as of September 30, 2023 were as follows:

	(Unit: million yen)
Stocks	12,074
Capital	225,717
<u>Total</u>	<u>237,792</u>

25. Organizational Change Surplus

As of September 30, 2023, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

26. Assets Pledged as Collateral / Secured Liabilities

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

	(Unit: million yen)
Securities	1,617,184
Cash and deposits	86
<u>Total</u>	<u>1,617,271</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements	1,119,307

The amounts of "Securities" pledged as collateral under repurchase agreements as of September 30, 2023 was ¥1,171,688 million.

27. Net Assets per Share

The amount of net assets per share of the Company as of September 30, 2023 was ¥374,866,981.95.

28. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of September 30, 2023, the market value of the securities which were not sold or pledged as collateral was ¥40,969 million. None of the securities were pledged as collateral as of September 30, 2023.

29. Commitment Line

As of September 30, 2023, there were unused commitment line agreements, under which the Company was the lenders, of ¥41,129 million.

30. Subordinated Debt and Other Liabilities

As of September 30, 2023, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

31. Bonds Payable

As of September 30, 2023, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023 is set aside as policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Reinsurance Income

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

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

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

In accordance with Article 117 of the Insurance Business Act, reserves for outstanding claims are set aside for claims, etc. for which the Company has a payment due but has not paid, or for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred, as of September 30, 2023.

(4) Ceding reinsurance commissions

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

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

2. Net Income per Share

Net income per share for the six months ended September 30, 2023 was ¥19,821,490.61. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the six months ended September 30, 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 six months ended September 30, 2023 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
(Unit: million yen)					
Real estate not in use	Mishima city, Shizuoka prefecture and others	12	634	222	856

(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 1.89% for the six months ended September 30, 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 STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 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.

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of September 30,2023
(Unit: thousands shares)				
Common stock.....	6,000	-	-	6,000

2. Dividends on Common Stock

(1) Cash 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

(2) 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
Dividends per share	¥3,412,274
Record date	March 31, 2023
Effective date	June 22, 2023
Dividend resource	Capital surplus

(7) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2023	As of September 30, 2023
Total solvency margin (A)	5,359,924	5,939,000
Common stock, etc. *1	346,042	460,584
Reserve for price fluctuations	263,453	269,453
Contingency reserve	599,893	596,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,521	2,717
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2	1,888,773	2,226,250
Net unrealized gains (losses) on real estate × 85% *2	378,466	378,315
Sum of unrecognized actuarial differences and unrecognized past service cost	34,261	30,202
Policy reserves in excess of surrender values	2,146,957	2,159,369
Qualifying subordinated debt	759,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(906,793)	(801,162)
Excluded items	(197,489)	(233,893)
Others	45,523	90,955
Total risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	1,214,222	1,356,888
Insurance risk R ₁	65,956	66,560
General insurance risk R ₅	-	-
Catastrophe risk R ₆	-	-
3rd sector insurance risk R ₈	150,971	147,052
Small amount and short-term insurance risk R ₉	0	0
Assumed investment yield risk R ₂	156,237	152,594
Guaranteed minimum benefit risk R ₇ *3	2,898	2,859
Investment risk R ₃	1,007,418	1,153,666
Business risk R ₄	27,669	30,454
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	882.8%	875.3%

*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.

(8) Segment Information

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