
Financial Results for the Fiscal Year Ended March 31, 2024

The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Toshiaki Sumino) announces its financial results for the fiscal year ended March 31, 2024.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2024.

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

1. Business Highlights

(1) Annualized Net Premium

Policies in Force	As of March 31, 2023		As of March 31, 2024	
	(billions of yen)	% of March 31, 2022 total	(billions of yen)	% of March 31, 2023 total
Individual insurance	1,464.5	96.7	1,408.6	96.2
Individual annuities	533.2	99.0	540.8	101.4
Total	1,997.7	97.3	1,949.4	97.6
Medical and survival benefits	701.9	99.0	690.4	98.4

New Policies	As of March 31, 2023		As of March 31, 2024	
	(billions of yen)	% of March 31, 2022 total	(billions of yen)	% of March 31, 2023 total
Individual insurance	39.5	62.0	37.1	93.8
Individual annuities	6.6	61.9	20.4	307.1
Total	46.2	62.0	57.5	124.5
Medical and survival benefits	29.5	61.3	26.8	90.9

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

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

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

	As of March 31, 2024			
	Number of policies (thousands)	% of March 31, 2023 total	Amount (billions of yen)	% of March 31, 2023 total
Individual insurance	22,424	100.7	69,509.2	94.9
Individual annuities	2,122	102.6	10,530.5	100.1
Individual insurance and annuities	24,547	100.9	80,039.7	95.6
Group insurance	-	-	48,436.9	98.2
Group annuities	-	-	6,171.9	101.7

- 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

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

	Year ended March 31, 2024					
	Number of policies (thousands)	% of March 31, 2023 total	Amount (billions of yen)	New Business	Net increase by conversion	% of March 31, 2023 total
Individual insurance	2,046	78.1	1,657.3	1,471.0	186.2	157.8
Individual annuities	149	311.7	550.9	553.9	(2.9)	330.0
Individual insurance and annuities	2,196	82.3	2,208.3	2,025.0	183.3	181.4
Group insurance	-	-	271.5	271.5	-	158.7
Group annuities	-	-	0.0	0.0	-	0.2

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

2. Policies in Force as of March 31, 2024 by Benefit

	Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits								
general	20,538	58,802.2	—	—	24,179	48,432.5	44,718	107,234.7
accidental	[1,378]	[5,926.9]	[882]	[438.2]	[2,563]	[1,165.9]	[4,824]	[7,531.0]
others	—	—	—	—	[34]	[38.8]	[34]	[38.8]
Survival benefits	1,885	10,707.0	2,122	10,530.5	5	4.3	4,013	21,241.8
Hospitalization benefits								
accidental	[7,298]	[41.9]	[31]	[0.1]	[1,258]	[0.6]	[8,588]	[42.7]
illness	[7,290]	[41.8]	[31]	[0.1]	[0]	[0.0]	[7,322]	[42.0]
others	[2,618]	[13.6]	[24]	[0.1]	[68]	[0.3]	[2,711]	[14.0]
Injury benefits	[4,671]	—	[43]	—	[2,449]	—	[7,164]	—
Surgery benefits	[8,130]	—	[31]	—	[0]	—	[8,162]	—

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	7,406	6,171.9	49	228.9	28	61.8	7,484	6,462.7

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	456	1.4

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

Note:

- Figures in [] show numbers and amounts of additional benefits and of benefits to be paid from riders.
- Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
- Amounts in 'Survival benefits' show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
- Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
- Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
- Amount in group disability insurance shows the amount of disability benefits paid per month.
- For others (such as underwritten reinsurance, etc.) the number of insureds and amount of policies were 885 thousand and 6,658.8 billion yen, respectively.

3.Investment of General Account Assets in Fiscal 2023

(1) Investment Status of Assets in Fiscal 2023

① Operational environment

In FY2023, the Japanese economy saw a boost from increased inbound demand as the aftermath of the COVID-19 pandemic eased. However, personal consumption experienced a downturn due to inflationary pressures, resulting in a recovery that was only moderate in nature. Overseas economies, while slowing down due to continued monetary tightening in various regions, found the U.S. economy to be resilient, thanks to its solid employment and income conditions. Although inflation rates hinted at reaching their peak in several countries, they persisted in gradually easing due to enduring inflationary forces.

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

<Domestic interest rates>

The yield on 10-year JGBs rose to the 0.7% range, as a result of revisions made by the Bank of Japan (BOJ) to its extensive monetary easing policies such as yield curve control(YCC) and negative interest rate measures.

Yield on ten-year government bonds:	April 1, 2023	0.320%
	March 31, 2024	0.725%

<Domestic stocks>

The Nikkei 225 Stock Average experienced a buoyant ascent. Supported not only by accommodative monetary policies but also by improved corporate performance due to a weaker yen, inflows into Japanese stocks from overseas investors, and the anticipation surrounding the new NISA (Nippon Individual Savings Account) program, stock prices surged significantly.

Nikkei 225 Stock Average:	April 1, 2023	28,041
	March 31, 2024	40,369
TOPIX:	April 1, 2023	2,003
	March 31, 2024	2,768

<Currency>

The JPY/USD weakened as the U.S. Federal Reserve (FRB) kept its monetary policy tight on the back of favorable employment environment and persistently high inflation in the US, widening the gap between domestic and foreign interest rates.

The JPY/EUR exchange rate depreciated against the yen as the European Central Bank (ECB) continued its tight monetary policy against the backdrop of rising inflation rates primarily driven by increases in resource and energy prices.

JPY/USD:	April 1, 2023	¥133.53
	March 31, 2024	¥151.41
JPY/EUR:	April 1, 2023	¥145.72
	March 31, 2024	¥163.24

② Investment Performance Overview

<Assets>

In FY2023, the Company maintained its investment centered on fixed income assets, such as government and corporate bonds, based on our risk-taking policy and medium-to long-term asset management policy. In particular, the Company reduced stocks and increased the amount of policy reserve-matching bonds, with a focus on super-long-term government bonds, to reduce market risk including interest rate risk and equity risk with the view to secure financial soundness against fluctuations in financial markets and to improve capital efficiency.

With regard to risk assets such as foreign securities, the Company flexibly and swiftly shift its fund asset allocation taking into account market development. Furthermore, it promoted investments in infrastructure sector, alternative assets and real assets to improve its portfolio profitability and to diversify its portfolio.

Assets	Operational status
Bonds and debentures	<u>Increase</u> To reduce interest rate risk, the Company increased investment in policy-reserve-matching bonds, mainly super-long-term bonds. With regard to credit assets such as corporate bonds and securitized products, the overall balance increased while strengthening securities selection and diversification.
Loans receivable	<u>Increase</u> The balance increased while the Company executed loans with an aim to gain sufficient excess spreads considering credit spread trends in the corporate bond market.
Domestic stocks	<u>Increase</u> The balance increased due to the rise in market value despite the sale of stocks to promote the reduction of market risk associated with equity-holdings. On the other hand, the Company promoted investment in sectors and companies with medium-to long-term growth potential based on the research by analysts, in order to improve the profitability of portfolio.
Foreign bonds and debentures	<u>Decrease</u> The balance decreased due to the sale considering interest rates and foreign exchange rates conditions in Japan and overseas. The company strived to improve portfolio efficiency through diversification of bond sectors and currencies.
Foreign Stocks	<u>Increase</u> The balance increased as a result of flexible asset allocation taking into account market trends, coupled with the rise in market value. In addition, the Company has strengthened the diversification of investment managers, styles and regions by using both in-house and external investment managers.
Real estate	<u>Decrease</u> The balance decreased due to depreciation and other factors. On the other hand, the Company, while investing in high-quality offices, promoted new investment in properties such as housing, commerce, and logistics for diversification, and replacement of properties considering factors including occupancy rate, regional characteristics, and age, to improve the profitability and soundness of the portfolio.

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

<Net investment income>

Investment income has been decreased by JPY 228.2 billion from the previous fiscal year to JPY 1,151 billion, as the decrease in gains on sales of securities and in interest dividends, and other income. Investment expenses decreased by JPY 130.7 billion from the previous fiscal year to JPY 491.7 billion, as the decrease in foreign exchange losses and losses on sales of securities, despite an increase in expenses for derivative financial instruments.

As a result, net investment income in the general account decreased by JPY 97.5 billion from the previous year to JPY 659.2 billion.

③ Investment Outlook in Fiscal 2024

In fiscal year 2024, the Japanese economy is expected to experience low growth in the first half of the year, due to the weak recovery in personal consumption, but it is anticipated to gradually rebound in the latter half of the year, primarily driven by domestic demand, supported by an increase in real wages and easing downward pressure from price hikes. We expect overseas economies to slow down in the first half of the fiscal year due to high inflation and monetary tightening, but to recover in the second half of the year as inflation gradually settles and policy rates are lowered. We believe it is necessary to pay attention to the increasing volatility of financial markets due to political events and geopolitical risks in various countries.

<Domestic interest rates>

Domestic interest rates are forecasted to remain on an upward trend for the time being amid the BOJ is expected to raise its policy rate. However, it is necessary to pay attention to the possibility that volatility may increase due to factors such as significant economic downturns and geopolitical risks caused by the continued global monetary tightening prompted by persistent inflationary pressures.

<Domestic stocks>

While it is expected that there will be periods when domestic stocks decline due to the uncertainty of the US presidential election, we expect the market to remain firm thanks to strong corporate earnings growth, companies' efforts towards improving capital efficiency, and ongoing inflows into Japanese equities by foreign investors. On the other hand, we believe that it is necessary to keep in mind the possibility that volatility may increase due to changes in monetary policy in each country, sharp rises in interest rates, political events in each country and geopolitical risks.

< Currency>

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

Although JPY/EUR is expected to be influenced by developments in monetary policy in Japan and Europe, we believe that it is necessary to pay attention to the possibility that volatility may increase due to changes in the political situation in Europe and other factors.

④ Investment Policy for Fiscal 2024

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 investment policy. In addition, the Company will continue risk reduction efforts to ensure financial soundness against financial market fluctuations and improve capital efficiency. The Company will also actively invest in selective credit investments, investments and loans in the infrastructure sector, alternative assets and real assets to ensure profitability and strengthen the diversification of portfolio.

Assets	Investment policy
Bonds and debentures	<p><u>Increase</u></p> <p>Stable management as a core asset of ALM will be maintained. Our policy is to reduce interest rate risk by adding policy reserve-matching bonds and implementing asset duration adjustments. In addition, our policy is to actively engage in infrastructure-related and other investments from the perspective of improving investment efficiency within fixed income assets.</p>
Loans receivable	<p><u>Decrease</u></p> <p>While we will continue to proactively respond to capital needs in growth areas, the balance will be expected to decrease due to the impact of redemptions and other factors. In addition, our policy is to provide new loans by setting appropriate lending rates, while taking into account the analysis of borrowers' credit risks and credit spread trends in the corporate bond market.</p>
Domestic stocks	<p><u>Decrease</u></p> <p>The Company's policy is to decrease the balance through the sale with an aim to reduce market risk associated with equity holdings. 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 names based on growth potential and venture investments.</p>
Foreign bonds and debentures	<p><u>Unhedged : Depending on interest rates and exchange rates</u></p> <p><u>Hedged : Decrease</u></p> <p>Unhedged bonds will be flexibly allocated in accordance with risk tolerance and exchange rate trends.</p> <p>Hedged bonds will be reduced in view of interest rate gap between overseas and Japan.</p>
Foreign Stocks	<p><u>Depending on the foreign stock price</u></p> <p>While we plan to accumulate alternative assets with the aim of securing profitability and diversifying the risk of its portfolio, the Company's policy is to flexibly control the outstanding balance of foreign stocks exposure including alternative assets, depending on the level of stock prices. The Company strives to enhance and stabilize the profitability of its portfolio while diversifying investment styles and regions.</p>
Real estate	<p><u>Increase</u></p> <p>The Company's policy is to increase the balance through new acquisitions of properties. The Company will promote investment in new properties such as residence, commerce, and logistics for diversification, and replacement of properties based on occupancy rate, regional characteristics, age, and other factors, with an aim to improve the profitability and soundness of its portfolio.</p>

(2) Investment Income (General account)

(millions of yen)

	Year ended March 31, 2023		Year ended March 31, 2024	
	Amount	%	Amount	%
Interest and dividends	804,834	58.4	720,085	62.6
Interest from bank deposits	2,311	0.2	449	0.0
Interest and dividends from securities	679,142	49.2	579,461	50.3
Interest from loans	41,722	3.0	55,697	4.8
Rental income	68,977	5.0	68,699	6.0
Other interest and dividends	12,680	0.9	15,777	1.4
Gains on trading account securities	-	-	-	-
Gains on money held in trust	-	-	2,155	0.2
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	551,678	40.0	418,537	36.4
Gains on sale of domestic bonds	172,410	12.5	39,356	3.4
Gains on sale of domestic stocks	143,067	10.4	220,849	19.2
Gains on sale of foreign securities	232,678	16.9	158,331	13.8
Others	3,521	0.3	-	-
Gains on redemption of securities	18,763	1.4	8,227	0.7
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	-	-	-	-
Reversal of reserve for possible investment losses	-	-	46	0.0
Other investment income	3,993	0.3	2,013	0.2
Total	1,379,269	100.0	1,151,066	100.0

(3) Investment Expense (General account)

(millions of yen)

	Year ended March 31, 2023		Year ended March 31, 2024	
	Amount	%	Amount	%
Interest expenses	9,759	1.6	8,789	1.8
Losses on trading account securities	-	-	-	-
Losses on money held in trust	39	0.0	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	433,394	69.6	271,966	55.3
Losses on sale of domestic bonds	21,635	3.5	50,232	10.2
Losses on sale of domestic stocks	18,450	3.0	51,664	10.5
Losses on sale of foreign securities	393,308	63.2	170,069	34.6
Others	-	-	-	-
Losses on valuation of securities	3,731	0.6	3,204	0.7
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	2,696	0.4	2,417	0.5
Losses on valuation of foreign securities	1,020	0.2	720	0.1
Others	14	0.0	66	0.0
Losses on redemption of securities	5,629	0.9	3,625	0.7
Derivative transaction losses	16,971	2.7	99,156	20.2
Foreign exchange losses	82,111	13.2	25,625	5.2
Provision for reserve for possible loan losses	400	0.1	1,816	0.4
Provision for reserve for possible investment losses	486	0.1	-	-
Write-down of loans	57	0.0	729	0.1
Depreciation of real estate for rent and others	13,660	2.2	14,029	2.9
Other investment expenses	56,246	9.0	62,845	12.8
Total	622,488	100.0	491,786	100.0

(4) Asset Composition

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	1,105,912	3.3	864,225	2.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	224,555	0.7	206,210	0.6
Trading account securities	-	-	-	-
Money held in trust	6,727	0.0	8,872	0.0
Securities	27,012,086	81.6	28,631,430	82.6
Domestic bonds	17,075,009	51.6	17,932,880	51.7
Domestic stocks	3,207,944	9.7	4,036,229	11.6
Foreign securities	5,930,212	17.9	5,400,341	15.6
Foreign bonds	4,454,788	13.5	3,742,801	10.8
Foreign stocks and other securities	1,475,424	4.5	1,657,540	4.8
Other securities	798,919	2.4	1,261,978	3.6
Loans	2,715,410	8.2	3,109,084	9.0
Policy loans	250,662	0.8	234,886	0.7
Ordinary loans	2,464,747	7.4	2,874,198	8.3
Real estate	1,196,750	3.6	1,181,841	3.4
Real estate for rent	912,282	2.8	901,047	2.6
Deferred tax assets	91,081	0.3	-	-
Others	754,689	2.3	672,797	1.9
Reserve for possible loan losses	(3,328)	(0.0)	(3,927)	(0.0)
Total	33,103,885	100.0	34,670,534	100.0
Foreign currency-denominated assets	4,937,777	14.9	4,747,199	13.7

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

(5) Other Information on Investments

A. Rates of return

	(%)	
	Year ended March 31, 2023	Year ended March 31, 2024
Cash, deposits, and call loans	(0.05)	0.03
Securities repurchased under resale agreements	(0.69)	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	2.38	1.73
Trading account securities	-	-
Money held in trust	(0.55)	34.84
Securities	2.62	2.31
Domestic bonds	2.42	1.35
Domestic stocks	15.25	22.15
Foreign securities	0.95	1.73
Foreign bonds	(1.03)	0.20
Foreign stocks and other securities	10.24	6.26
Loans	1.44	1.40
Ordinary loans	1.13	1.14
Real estate	2.86	2.56
Total	2.31	2.08
Foreign investments	0.79	1.99

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

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

B. Average daily balance

	(billions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Cash, deposits, and call loans	728.7	886.6
Securities repurchased under resale agreements	0.0	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	232.5	232.5
Trading account securities	-	-
Money held in trust	7.1	6.1
Securities	26,608.5	25,226.0
Domestic bonds	17,187.5	17,556.1
Domestic stocks	1,297.5	1,242.5
Foreign securities	7,362.1	5,333.0
Foreign bonds	6,071.3	3,984.1
Foreign stocks and other securities	1,290.8	1,348.8
Loans	2,621.0	2,823.8
Ordinary loans	2,360.6	2,580.2
Real estate	895.5	922.2
Total	32,813.8	31,712.6
Foreign investments	8,138.5	6,085.2

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

C. Valuation gains and losses on trading securities

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	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)	8,872	1,529
Trading account securities	-	-	-	-
Money held in trust	6,727	(742)	8,872	1,529

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 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	-	-	-	-	-
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 March 31, 2024					
Held-to-maturity bonds	-	-	-	-	-
Domestic bonds	-	-	-	-	-
Foreign bonds	-	-	-	-	-
Policy-reserve-matching bonds	15,630,993	15,059,779	(571,214)	812,356	1,383,570
Domestic bonds	15,579,293	15,008,226	(571,067)	812,307	1,383,374
Foreign bonds	51,700	51,553	(146)	49	195
Stocks of subsidiaries and affiliates	-	-	-	-	-
Available-for-sale securities	8,984,589	12,216,855	3,232,266	3,458,988	226,721
Domestic bonds	2,260,251	2,353,587	93,335	118,556	25,220
Domestic stocks	1,143,721	3,987,793	2,844,072	2,848,129	4,056
Foreign securities	4,397,461	4,653,585	256,123	427,600	171,476
Foreign bonds	3,638,225	3,691,101	52,875	200,383	147,508
Foreign stocks and other securities	759,235	962,483	203,248	227,216	23,968
Other securities	884,650	924,685	40,034	62,409	22,374
Monetary claims bought	207,504	206,210	(1,294)	2,292	3,586
Certificates of deposit	91,000	90,994	(5)	-	5
Total	24,615,582	27,276,635	2,661,052	4,271,344	1,610,291
Domestic bonds	17,839,544	17,361,813	(477,731)	930,863	1,408,594
Domestic stocks	1,143,721	3,987,793	2,844,072	2,848,129	4,056
Foreign securities	4,449,161	4,705,138	255,977	427,649	171,672
Foreign bonds	3,689,925	3,742,654	52,728	200,432	147,703
Foreign stocks and other securities	759,235	962,483	203,248	227,216	23,968
Other securities	884,650	924,685	40,034	62,409	22,374
Monetary claims bought	207,504	206,210	(1,294)	2,292	3,586
Certificates of deposit	91,000	90,994	(5)	-	5

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 March 31, 2024
Stocks of subsidiaries and affiliated companies	208,594	261,374
Available-for-sale securities	560,603	693,744
Domestic stocks	40,181	37,689
Foreign stocks	9,004	10,441
Others	511,418	645,613
Total	769,197	955,118

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 119,301 million yen as of March 31, 2024.

E. Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)	Gains (losses)	
				Gains	Losses
As of March 31, 2023	6,727	6,727	(225)	1,480	1,705
As of March 31, 2024	8,872	8,872	2,095	2,738	643

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 March 31, 2024.

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2023	As of March 31, 2024		As of March 31, 2023	As of March 31, 2024
(ASSETS)			(LIABILITIES)		
Cash and deposits	154,765	164,794	Policy reserves and others	29,877,026	29,588,995
Cash	0	0	Reserves for outstanding claims	199,266	191,478
Bank deposits	154,765	164,794	Policy reserves	29,254,356	28,974,874
Call loans	966,900	719,300	Reserve for policyholder dividends	423,403	422,642
Monetary claims bought	224,555	206,210	Reinsurance payable	425	445
Money held in trust	6,727	8,872	Subordinated bonds	368,715	368,715
Securities	27,975,827	29,735,078	Other liabilities	1,141,221	2,145,973
Government bonds	15,352,021	16,051,894	Payables under repurchase agreements	304,005	1,082,401
Local government bonds	117,628	121,805	Long-term debt and other borrowings	390,600	390,600
Corporate bonds	1,745,131	1,916,309	Corporate income tax payable	-	41,147
Stocks	3,355,341	4,220,161	Accounts payable	78,909	203,575
Foreign securities	6,322,025	5,900,895	Accrued expenses	45,447	47,901
Other securities	1,083,681	1,524,011	Unearned revenue	1,029	1,041
Loans	2,715,410	3,109,084	Deposits received	61,616	59,935
Policy loans	250,662	234,886	Guarantee deposits received	46,576	48,289
Ordinary loans	2,464,747	2,874,198	Derivatives	125,360	188,303
Tangible fixed assets	1,203,838	1,189,110	Collateral for financial instruments	77,777	72,630
Land	879,314	857,124	Lease liabilities	3,427	2,389
Buildings	311,083	321,600	Asset retirement obligations	2,071	2,085
Leased assets	3,443	2,404	Suspense receipt	1,224	2,319
Construction in progress	6,352	3,116	Other liabilities	3,176	3,352
Other tangible fixed assets	3,644	4,864	Reserve for employees' retirement benefits	392,719	369,921
Intangible fixed assets	124,661	120,571	Reserve for retirement benefits of directors, executive officers and corporate auditors	794	674
Software	97,470	95,317	Reserve for possible reimbursement of prescribed claims	800	1,000
Other intangible fixed assets	27,191	25,253	Reserve for price fluctuations	263,453	276,453
Reinsurance receivable	74,787	63,214	Deferred tax liabilities	-	246,633
Other assets	681,069	654,009	Deferred tax liabilities for land revaluation	70,197	69,064
Accounts receivable	99,661	113,540	Acceptances and guarantees	48,987	16,417
Prepaid expenses	18,864	18,904	Total liabilities	32,164,341	33,084,294
Accrued revenue	117,211	122,177	(NET ASSETS)		
Deposits	78,653	78,716	Capital stock	60,000	60,000
Margin money for futures trading	209,689	200,984	Capital surplus	320,000	248,560
Derivatives	58,478	22,846	Legal capital surplus	60,000	60,000
Collateral for financial products	2,629	1,649	Other capital surplus	260,000	188,560
Suspense payment	3,170	3,268	Retained earnings	203,704	244,085
Other assets	92,711	91,921	Other retained earnings	203,704	244,085
Deferred tax assets	91,081	-	Reserve for tax basis adjustments of real estate	8,805	10,858
Customers' liabilities for acceptances and guarantees	48,987	16,417	Reserve for specified business investment	299	299
Reserve for possible loan losses	(3,328)	(3,927)	Retained earnings brought forward	194,598	232,926
Reserve for possible investment losses	(927)	(448)	Total shareholders' equity	583,705	552,645
			Net unrealized gains (losses) on securities, net of tax	1,523,596	2,420,163
			Deferred hedge gains (losses)	(37,654)	(103,039)
			Reserve for land revaluation	30,369	28,223
			Total of valuation and translation adjustments	1,516,311	2,345,347
			Total net assets	2,100,016	2,897,993
Total assets	34,264,357	35,982,287	Total liabilities and net assets	34,264,357	35,982,287

5. Unaudited Statement of Earnings

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
ORDINARY REVENUES	4,139,830	4,087,021
Premium and other income	2,296,892	2,289,825
Premium income	2,251,939	2,247,732
Reinsurance income	44,953	42,093
Investment income	1,379,269	1,303,829
Interest and dividends	804,834	720,085
Interest from bank deposits	2,311	449
Interest and dividends from securities	679,142	579,461
Interest from loans	41,722	55,697
Rental income	68,977	68,699
Other interest and dividends	12,680	15,777
Gains on money held in trust	-	2,155
Gains on sale of securities	551,678	418,537
Gains on redemption of securities	18,763	8,227
Reversal of reserve for possible investment losses	-	46
Other investment income	3,993	2,013
Gains on investments in separate accounts	-	152,763
Other ordinary revenues	463,667	493,366
Fund receipt for annuity rider of group insurance	455	317
Fund receipt for claim deposit payment	136,055	131,410
Reversal of reserves for outstanding claims	-	7,787
Transfer from policy reserves	279,483	279,481
Reversal of reserve for employees' retirement benefits	5,703	22,899
Other ordinary revenues	41,969	51,469
ORDINARY EXPENSES	3,786,300	3,695,695
Benefits and claims	2,451,378	2,560,442
Claims	682,449	659,099
Annuities	581,814	602,316
Benefits	575,987	467,237
Surrender values	503,395	654,544
Other refunds	105,852	137,433
Ceding reinsurance commissions	1,880	39,810
Provision for policy reserves and others	22,906	8,440
Provision for reserves for outstanding claims	14,600	-
Provision for interest on policyholder dividends	8,305	8,440
Investment expenses	669,340	491,786
Interest expenses	9,759	8,789
Losses on money held in trust	39	-
Losses on sale of securities	433,394	271,966
Losses on valuation of securities	3,731	3,204
Losses on redemption of securities	5,629	3,625
Derivative transaction losses	16,971	99,156
Foreign exchange losses	82,111	25,625
Provision for reserve for possible loan losses	400	1,816
Provision for reserve for possible investment losses	486	-
Write-down of loans	57	729
Depreciation of real estate for rent and others	13,660	14,029
Other investment expenses	56,246	62,845
Losses on investments in separate accounts	46,852	-
Operating expenses	395,458	385,125
Other ordinary expenses	247,217	249,900
Claim deposit payments	158,104	155,204
National and local taxes	30,393	30,392
Depreciation	41,419	42,636
Other ordinary expenses	17,300	21,666
ORDINARY PROFIT	353,529	391,326
EXTRAORDINARY GAINS	4,548	6,397
Gains on disposal of fixed assets	4,548	6,397
EXTRAORDINARY LOSSES	34,486	24,798
Losses on disposal of fixed assets	5,503	6,389
Impairment losses on fixed assets	15,881	5,307
Provision for reserve for price fluctuations	13,000	13,000
Other extraordinary losses	101	101
Provision for reserve for policyholder dividends	95,000	87,500
Income before income taxes	228,591	285,424
Corporate income taxes-current	28,556	67,075
Corporate income taxes-deferred	34,388	14,466
Total of corporate income taxes	62,944	81,542
Net income	165,646	203,882

6. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2023

(millions of yen)

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

(millions of yen)

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

(millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Reserve for tax basis adjustments of real estate	Reserve for specified business investment	Retained earnings brought forward
Balance at the beginning of the year	60,000	60,000	260,000	320,000	8,805	299	194,598
Changes for the year							
Dividends			(71,440)	(71,440)			(165,646)
Net income							203,882
Transfer to reserve for tax basis adjustments of real estate					2,211		(2,211)
Transfer from reserve for tax basis adjustments of real estate					(158)		158
Transfer from reserve for land revaluation							2,145
Net changes of items other than shareholders' equity							
Total changes for the year	-	-	(71,440)	(71,440)	2,052	-	38,328
Balance at the end of the year	60,000	60,000	188,560	248,560	10,858	299	232,926

(millions of yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
	Total retained earnings						
Balance at the beginning of the year	203,704	583,705	1,523,596	(37,654)	30,369	1,516,311	2,100,016
Changes for the year							
Dividends	(165,646)	(237,087)					(237,087)
Net income	203,882	203,882					203,882
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	2,145	2,145					2,145
Net changes of items other than shareholders' equity			896,567	(65,385)	(2,145)	829,036	829,036
Total changes for the year	40,380	(31,059)	896,567	(65,385)	(2,145)	829,036	797,976
Balance at the end of the year	244,085	552,645	2,420,163	(103,039)	28,223	2,345,347	2,897,993

I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2024

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Bonds

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

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

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

(4) Stocks of Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

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

Available-for-sale securities other than stocks with no market price, etc. are valued at fair value as of March 31, 2024 with cost determined by the moving average method.

b) Stocks with no market price, etc.

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

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

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

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

The sub-groups of insurance products are:

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

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

(1) Date of revaluation: March 31, 2001

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2024 was ¥604,675million.

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

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2024 was ¥1 million.

8. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2024.

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 employees' average remaining service period.

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

9. Reserve for Possible Investment Losses

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

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

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

11. Reserve for Possible Reimbursement of Prescribed Claims

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

12. Reserve for Price Fluctuations

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

13. Hedge Accounting

(1) **Hedge Accounting**

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ) Statement No. 10). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, certain foreign currency-denominated loans, foreign currency-denominated loans payable and bonds payable, certain foreign currency-denominated term deposits and foreign currency-denominated forecasted transaction; iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for bond over-the-counter options is used for hedges against interest rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated 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

(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-denominated forecasted transaction
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated forecasted transaction
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options ...	Foreign currency-denominated bonds
Equity options	Domestic stocks, Foreign currency-denominated forecasted transaction
Equity forward contracts	Domestic stocks

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

(Hedging relationships to which the “Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR”)

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

Hedging method: The 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 Ordinance for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserve

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

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

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

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

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

16. Reserves for Outstanding Claims

With respect to reserves for incurred but not reported cases for individual insurance policies (referring to claims for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred; hereinafter the same) provided by the company that operate a life insurance business in Japan, the 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.

(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. Financial Instruments and Others

- Financial Instruments

- a) Policies in Utilizing Financial Instruments

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

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

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

- b) Financial Instruments Used and Their Risks

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

denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors.

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

• Fair Value of Financial Instruments

The carrying amount on the balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2024 were as follows.

As of March 31, 2024	Carrying amount	Fair value	Gains (Losses)
			(Unit: million yen)
(1) Monetary claims bought	206,210	206,210	-
(2) Money held in trust	8,872	8,872	-
(3) Securities (*2)(*3)			
a. Trading securities	1,103,648	1,103,648	-
b. Policy-reserve-matching bonds	15,630,993	15,059,779	(571,214)
c. Available-for-sale securities	11,919,651	11,919,651	-
(4) Loans	3,109,084		
Reserve for possible loan losses (*4)	(3,376)		
	3,105,708	3,083,659	(22,049)
Total assets	31,975,084	31,381,821	(593,263)
(1) Bonds payable.....	368,715	357,629	(11,085)
(2) Payable under repurchase agreements.....	1,082,401	1,082,279	(121)
(3) Long-term borrowings	390,600	389,892	(707)
Total liabilities	1,841,716	1,829,801	(11,914)
Derivative transactions (*5)			
a. Hedge accounting not applied	[1,136]	[1,136]	-
b. Hedge accounting applied	[164,320]	[163,120]	1,200
Total derivative transactions	[165,456]	[164,256]	1,200

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

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

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

As of March 31, 2024	Carrying amount
	(Unit: million yen)
1. Stocks with no market price, etc. (*a)(*c)	70,391
2. Ownership stakes in partnerships, etc. (*b)(*c).....	1,010,393
Total	1,080,785

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

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

(*c) The Company recorded impairment charges of ¥1,888 million for the fiscal year ended March 31, 2024.

(*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.

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of March 31, 2024	Level 1	Level 2	Level 3	Total
				(Unit: million yen)
Monetary claims bought	-	-	206,210	206,210
Money held in trust(*1)	5,913	2,958	-	8,872
Securities(*1)				
Trading securities	669,566	397,040	37,042	1,103,648
Available-for-sale securities				
Government bonds	1,022,597	-	-	1,022,597
Local government bonds	-	15,303	-	15,303
Corporate bonds	-	1,306,777	8,909	1,315,686
Domestic stocks	3,987,770	23	-	3,987,793
Foreign bonds	291,117	3,212,481	144,512	3,648,111
Other foreign securities	488,731	411,638	39,702	940,072
Other securities	5,985	883,807	34,892	924,685
Derivative transactions				
Currency-related transaction:	-	1,087	-	1,087
Interest-related transactions	-	15,099	-	15,099
Stock-related transactions	4,038	549	-	4,588
Bond-related transactions	1,013	305	-	1,318
Others	-	752	-	752
Total assets	6,476,733	6,247,825	471,269	13,195,827
Derivative transactions				
Currency-related transaction:	-	141,965	-	141,965
Interest-related transactions	-	45,116	-	45,116
Stock-related transactions	30	269	-	299
Bond-related transactions	537	384	-	922
Total liabilities	567	187,736	-	188,303

(*1) Certain Mutual funds whose net asset value are regarded as the fair value in accordance with Item 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) are not included in the table above. The amount of such mutual funds on the balance sheet is ¥65,401 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of March 31, 2024 have been omitted as the amount of such mutual funds is immaterial.

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

As of March 31, 2024	Level 1	Level 2	Level 3	Total
				(Unit: million yen)
Securities				
Policy-reserve-matching Bonds				
Government bonds	14,409,799	-	-	14,409,799
Local government bonds	-	101,297	-	101,297
Corporate bonds	-	497,129	-	497,129
Foreign bonds	-	51,553	-	51,553
Loans	-	-	3,083,659	3,083,659
Total assets	14,409,799	649,979	3,083,659	18,143,438
Bonds payable	-	357,629	-	357,629
Payable under repurchase agree	-	1,082,279	-	1,082,279
Long-term borrowings	-	-	389,892	389,892
Total liabilities	-	1,439,909	389,892	1,829,801

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

Assets

Monetary claims bought

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

Money held in trust

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

Securities

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

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

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

Loans

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

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of March 31, 2024. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

Liabilities

Bonds payable

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

Payables under repurchase agreements

The fair value of payables under repurchase agreements is calculated by discounting future cash flows, using interest rates corresponding to the remaining periods. Payables under repurchase agreements are classified into Level 2. Also, payables under repurchase agreements with short-term maturity have fair value close to their book value. Therefore, their book value is recorded as the fair value and classified into Level 2.

Long-term borrowings

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

Derivative Transactions

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

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

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

As of March 31, 2024	Beginning balance	Gain/Loss recorded in statement of earnings (*1)	Net unrealized gains or losses on available-for-sale securities	Variable amount (net amount) by purchase, sale, issue and settlement	Ending balance	Out of above "Gain/Loss recorded in profit and loss statement", valuation gain/loss resulting from financial instruments held at the end of period
(Unit: million yen)						
Monetary claims bought	224,555	(58)	(609)	(17,677)	206,210	-
Securities						
Trading securities	13,902	914	-	22,225	37,042	21
Available-for-sale securities						
Corporate bonds	10,001	624	(139)	(1,577)	8,909	1,839
Foreign bonds	141,063	6,099	5,466	(8,117)	144,512	16,349
Other Foreign securities	57,993	-	(3,814)	(14,475)	39,702	-
Other securities	32,240	-	651	1,999	34,892	-

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

b) Description of the fair value valuation process

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

18. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2024 was ¥23,578 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥1,632 million and impairment loss of ¥5,307 million on rental real estate as extraordinary gains and extraordinary losses respectively for the fiscal year ended March 31, 2024.

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

Carrying amount	(Unit: million yen)
Beginning balance	937,941
Net change for the year	(13,218)
Ending balance	924,722
Fair value	1,280,150

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

(*2) Net change in the carrying amount includes cost of acquisition of the real estate of ¥38,819 million, sale of the real estate of ¥38,101 million, depreciation expense of ¥13,951 million, and impairment loss of ¥5,307 million.

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

19. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2024 was ¥2,452,734 million.

20. Problem Loans

As of March 31, 2024, 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).....	88
Claims with collection risk (*2).....	2,586
Claims that are overdue for three months or more (*3).....	-
Claims with repayment relaxation (*4).....	-
Total	2,674

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

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

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

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

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

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 as of March 31, 2024 was ¥1,729,011 million. Separate account liabilities were the same amount as the separate account assets.

22. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies as of March 31, 2024 were ¥319,186 million and ¥147,434 million, respectively.

23. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2024

	(Unit: million yen)
Deferred tax assets:	
Policy reserves and others	446,258
Reserve for employees' retirement benefits	127,374
Reserve for price fluctuations	77,213
Deferred hedge losses	39,931
Employee pension trust	12,383
Others	25,109
Subtotal	728,270
Valuation allowances	(23,488)
Total	704,782
Deferred tax liabilities:	
Net unrealized gains on securities, net of tax	(923,538)
Reserve for tax basis adjustments of real estate	(11,452)
Accrued dividend receivables	(9,421)
Others	(7,003)
Total	(951,415)
Net deferred tax liabilities	(246,633)

(2) The principal reasons for the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2024.

Statutory effective tax rate	27.93%
(Adjustment)	
Change in valuation allowance	1.03%
others	(0.39%)
<hr/>	
Effective tax rate after application of tax effect accounting	28.57%

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

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

24. Contingent Liabilities

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

(Unit: million yen)

Dai-ichi Life Holdings, Inc.	250,007
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25. 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 fiscal year.....	(96,702)
Interest accrual during the fiscal year.....	8,440
Provision for reserve for policyholder dividends.....	87,500
<hr/>	
<u>Balance at the end of the fiscal year.....</u>	<u>422,642</u>

26. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of the Company held as of March 31, 2024 was ¥ 261,374 million.

27. Organization Change Surplus

As of March 31, 2024, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million.

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)
Securities	1,524,614
Cash and deposits	86
<u>Assets pledged as collateral</u>	<u>1,525,701</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements	1,082,401

"Securities" mentioned above included ¥1,047,109 million of Securities which were sold under repurchase agreements, as of March 31, 2024.

29. 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 ¥1,073,874 million.

30. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2024 was ¥ 482,998,856 .71.

31. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2024 was ¥51,117 million, among which none of the securities were pledged as collateral.

32. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan

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

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

(2) Defined Benefit Plans

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

	(Unit: million yen)
a. Beginning balance of the projected benefit obligations	665,711
b. Service cost	23,205
c. Interest cost	1,995
d. Accruals of actuarial (gains) and losses	(79,609)
e. Accruals of Past Service cost	(35,037)
f. Others	(531)
g. <u>Ending balance of the projected benefit obligation (a + b + c + d + e + f)...</u>	<u>575,733</u>

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of of pension assets	306,718
b.	Estimated return on assets	1,780
c.	Accruals of actuarial (gains) and losses	59,646
d.	Contribution from the employer	9,641
e.	Payment of retirement benefits	(7,203)
f.	<u>Ending balance of pension assets (a + b + c + d + e).....</u>	<u>370,583</u>

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

(Unit: million yen)

a.	Project benefit obligation for funded pensions.....	305,435
b.	<u>Pension assets</u>	<u>(370,583)</u>
c.	Subtotal (a+b)	(65,148)
d.	<u>Project benefit obligation for unfunded pensions</u>	<u>270,298</u>
e.	Unrecognized actuarial differences	165,614
f.	Unrecognized Past Service Cost	(842)
g.	<u>Net of assets and liabilities recorded in the balance sheet(c + d + e + f) ..</u>	<u>369,921</u>

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service Cost	23,205
b.	Interest Cost	1,995
c.	Expected return on assets	(1,780)
d.	Amortization of unrecognized actuarial differences	(8,295)
e.	Amortization of unrecognized Past Service cost	176
f.	<u>Others</u>	<u>101</u>
g.	<u>Retirement benefit expenses for defined benefit plans(a+b+c+d+e+f) ...</u>	<u>15,404</u>

e) The main components of the pension assets

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

Stocks	53%
Bonds	25%
Asset under joint management	13%
Life insurance general accounts	5%
Others	4%
<u>Total</u>	<u>100%</u>

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2024 was 64%.

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

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

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2024 were as follows:

Discount rate	1.42%
Expected long-term rate of return	
Defined benefit corporated pension	1.40%
Employee pension trust	0.00%

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2024 was ¥1,598 million.

33. Commitment Line

As of March 31, 2024, there were unused commitment line agreements under which the Company was the lender of ¥40,180 million.

34. Subordinated Debt

As of March 31, 2024, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

35. Subordinated Bonds

As of March 31, 2024, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million; whose repayment is subordinated to other obligations.

II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2024

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

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

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

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

(2) Reinsurance income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥10,917 million and ¥27,487 million, respectively.

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, and foreign securities of ¥39,356 million, ¥220,849 million and ¥158,331 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥50,232 million, ¥51,664 million and ¥170,069 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks, foreign securities and other securities of ¥ 2,417 million, ¥720 million and ¥66 million, respectively.

4. Reinsurance

In calculating the provision for reserves for outstanding claims, a reversal for reserves for outstanding claims reinsured of ¥0 million was deducted. In calculating the reversal of policy reserves, a reversal for reserves for policy reserves reinsured of ¥11,172 million was added.

5. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥1,529 million.

6. Derivative Transaction Gains/Losses

Derivative transaction losses included losses on valuation of ¥32,393 million.

7. Net Income per Share

Net income per share for the fiscal year ended March 31, 2024 was ¥33,980,360.47. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

8. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2024 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2024 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
					(Unit: million yen)
Real estate not in use	Chiyoda-ku, Tokyo and others	16	4,063	1,243	5,307

(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 fiscal year ended March 31, 2024 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes was used as the net sale value.

III. NOTES TO THE UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2024

1. Number of Shares Outstanding

(Unit: thousands of shares)

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

2. Dividends on Common Stock

(1) 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	Common 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

Date of resolution	December 18, 2023 (at the Extraordinary General Meeting of Shareholders) (*)
Type of shares	Common stock
Type of the dividend property	Securities
Book value of the dividend property	¥966 million
Dividends per share	¥161,160
Record date	-
Effective date	March 1, 2024
Dividend resource	Capital surplus

(*) At the Extraordinary General Meeting of Shareholders on December 18, 2023, the Company decided to transfer the securities the Company held to Dai-ichi life Holdings, Inc. as a dividend in kind, and carried it out on March 1, 2024.

(3) Dividends, the record date of which was March 31, 2024, to be paid out in the year ending March 31, 2025

Date of resolution	June 19, 2024 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥203,881 million
Dividends per share	¥33,980,300
Record date	March 31, 2024

Effective date	June 20, 2024
Dividend resource	Retained earnings

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Year ended As of March 31, 2023	Year ended As of March 31, 2024
Fundamental revenues	3,657,179	3,676,212
Premium and other income	2,296,892	2,289,825
Investment income	827,590	883,089
[Interest and dividends]	804,834	720,085
Other ordinary revenues	532,695	497,685
Other fundamental revenues (a)	-	5,611
Fundamental expenses	3,400,035	3,345,209
Benefits and claims	2,451,378	2,522,473
Provision for policy reserves and others	22,906	8,440
Investment expenses	133,388	91,112
Operating expenses	395,458	385,125
Other ordinary expenses	247,217	249,900
Other fundamental expenses (b)	149,687	88,156
Fundamental profit	A 257,143	331,002
Capital gains	696,403	508,849
Gains on money held in trust	-	2,155
Gains on investments in trading securities	-	-
Gains on sale of securities	551,678	418,537
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others (c)	144,724	88,156
Capital losses	536,248	405,563
Losses on money held in trust	39	-
Losses on investments in trading securities	-	-
Losses on sale of securities	433,394	271,966
Losses on valuation of securities	3,731	3,204
Derivative transaction losses	16,971	99,156
Foreign exchange losses	82,111	25,625
Others (d)	-	5,611
Net capital gains (losses)	B 160,154	103,286
Fundamental profit plus net capital gains (losses)	A + B 417,298	434,289
Other one-time gains	4,962	56,283
Reinsurance income	-	-
Reversal of contingency reserve	-	27,000
Reversal of specific reserve for possible loan losses	-	-
Others ^(Note 1)	4,962	29,283
Other one-time losses	68,732	99,246
Ceding reinsurance commissions	-	-
Provision for contingency reserve	-	-
Provision for specific reserve for possible loan losses	(839)	(7)
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	57	729
Others ^(Note 2)	69,514	98,524
Other one-time profits (losses)	C (63,769)	(42,963)
Ordinary profit	A + B + C 353,529	391,326

(Reference) Breakdown of other fundamental revenues, etc.

(millions of yen)

	Year ended As of March 31, 2023	Year ended As of March 31, 2024
Other fundamental revenues (a)	-	5,611
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	-	5,611
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)	149,687	88,156
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,518	-
Hedging costs related to foreign exchange	83,715	69,282
Gain (loss) on mutual funds cancelation	46,357	14,271
Foreign currency fluctuation part of gain (loss) on securities redemption	13,133	4,602
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>	(149,687)	(82,545)
Other capital gains (c)	144,724	88,156
The effect of provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance	0	0
The effect of change in the exchange rates related to foreign currency denominated insurance contracts	1,518	-
Hedging costs related to foreign exchange	83,715	69,282
Gain (loss) on mutual funds cancelation	46,357	14,271
Foreign currency fluctuation part of gain (loss) on securities redemption	13,133	4,602
Other capital losses (d)	-	5,611
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	-	5,611
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>	144,724	82,545

Note 1. "Others" in "Other one-time gains" represents the amount of reversal of reserve for possible investment losses (For the fiscal year ended March 31, 2024 : 46 million yen) , the adjustment of reinsurance commissions for ceded reinsurance of whole life insurance after payment expiration (for ceded reinsurance in prior years) (For the fiscal year ended March 31, 2023: 4,962 million yen) and the amount of reversal of policy reserve for ceded reinsurance of paid-up whole life insurance (For the fiscal year ended March 31, 2024 : 29,236 million yen).

Note 2. "Others" in "Other one-time losses" represents the amount of provision for reserve for possible investment losses (For the fiscal year ended March 31, 2023 : 486 million yen) , the amount of the additional policy reserves provided (For the fiscal year ended March 31, 2023 : 69,028 million yen, For the fiscal year ended March 31, 2024 : 60,555 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act and the reinsurance commissions for ceded reinsurance of paid-up whole life insurance (For the fiscal year ended March 31, 2024 : 37,968 million yen).

8. Disclosed Claims Based on Insurance Business Act

(millions of yen)

	As of March 31, 2023	As of March 31, 2024
Claims against bankrupt and quasi-bankrupt obligors	87	88
Claims with collection risk	2,552	2,586
Claims that are overdue for 3 months or more	—	—
Claims with repayment relaxation	—	—
Subtotal	2,639	2,674
[Percentage]	[0.05%]	[0.05%]
Claims against normal obligors	5,182,452	5,599,286
Total	5,185,092	5,601,961

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

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total solvency margin (A)	5,522,299	6,558,659
Common stock, etc. ^{*1}	346,450	348,051
Reserve for price fluctuations	263,453	276,453
Contingency reserve	599,893	572,893
General reserve for possible loan losses	1,500	3,324
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% ^{*2}	1,888,773	2,942,285
Net unrealized gains (losses) on real estate × 85% ^{*2}	378,466	388,716
Policy reserves in excess of surrender values	2,146,957	2,162,021
Qualifying subordinated debt	759,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(906,385)	(936,907)
Excluded items	(1,650)	(788)
Others	45,523	43,294
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,276,100	1,516,310
Insurance risk R_1	65,943	52,708
3rd sector insurance risk R_8	150,971	137,549
Assumed investment yield risk R_2	156,237	146,785
Guaranteed minimum benefit risk R_7 ^{*3}	2,898	2,828
Investment risk R_3	1,069,053	1,321,221
Business risk R_4	28,902	33,221
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	865.4%	865.0%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

10. Status of Separate Account for the Fiscal Year Ended March 31, 2024

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2023	As of March 31, 2024
Individual variable insurance	59,593	69,823
Individual variable annuities	31,988	36,754
Group annuities	1,581,125	1,622,432
Separate account total	1,672,707	1,729,011

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(millions of yen except number of policies)

	As of March 31, 2023		As of March 31, 2024	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	2	12	2	15
Variable insurance (whole life)	37,761	232,696	36,689	225,767
Total	37,763	232,709	36,691	225,782

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Amount	%	Amount	%
Cash, deposits, and call loans	8	0.0	11	0.0
Securities	56,188	94.3	65,256	93.5
Domestic bonds	16,433	27.6	16,776	24.0
Domestic stocks	17,756	29.8	21,559	30.9
Foreign securities	21,998	36.9	26,921	38.6
Foreign bonds	5,586	9.4	7,863	11.3
Foreign stocks and other securities	16,411	27.5	19,058	27.3
Other securities	-	-	-	-
Loans	-	-	-	-
Others	3,396	5.7	4,555	6.5
Reserve for possible loan losses	-	-	-	-
Total	59,593	100.0	69,823	100.0

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

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Interest and dividends	1,028	1,010
Gains on sale of securities	4,029	6,237
Gains on redemption of securities	-	-
Gains on valuation of securities	10,371	18,510
Foreign exchange gains	130	129
Derivative transaction gains	51	7
Other investment income	0	0
Losses on sale of securities	879	658
Losses on redemption of securities	-	-
Losses on valuation of securities	14,284	10,734
Foreign exchange losses	204	157
Derivative transaction losses	41	14
Other investment expenses	0	0
Net investment income	201	14,332

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

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	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	56,188	(3,913)	65,256	7,776

* Fair value information on money held in trust

The Company had no balance as of March 31, 2023 or March 31, 2024.

(3) Individual Variable Annuities (Separate Account)

A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2023		As of March 31, 2024	
	Number	Amount	Number	Amount
Individual variable annuities	3,957	17,159	3,510	15,468

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

B. Breakdown of separate account assets for individual variable annuities

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Amount	%	Amount	%
Cash, deposits, and call loans	256	0.8	288	0.8
Securities	29,774	93.1	34,104	92.8
Domestic bonds	8,989	28.1	9,604	26.1
Domestic stocks	7,399	23.1	9,527	25.9
Foreign securities	4,235	13.2	5,666	15.4
Foreign bonds	1,651	5.2	2,406	6.5
Foreign stocks and other securities	2,584	8.1	3,260	8.9
Other securities	9,149	28.6	9,305	25.3
Loans	-	-	-	-
Others	1,957	6.1	2,362	6.4
Reserve for possible loan losses	-	-	-	-
Total	31,988	100.0	36,754	100.0

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

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Interest and dividends	1,248	1,777
Gains on sales of securities	892	1,375
Gains on redemption of securities	-	-
Gains on valuation of securities	6,840	10,889
Foreign exchange gains	31	31
Derivative transaction gains	14	2
Other investment income	0	0
Losses on sales of securities	279	198
Losses on redemption of securities	-	-
Losses on valuation of securities	8,526	7,042
Foreign exchange losses	53	36
Derivative transaction losses	11	4
Other investment expenses	0	0
Net investment income	156	6,794

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

* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	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	29,774	(1,686)	34,104	3,846

* Fair value information on money held in trust

The Company had no balance as of March 31, 2023 or March 31, 2024.

11. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Ordinary revenues	4,140,030	4,090,389
Ordinary profit	352,404	393,195
Net income attributable to shareholders of parent company	164,542	205,737
Comprehensive income	(445,076)	1,131,608

(millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total assets	34,251,265	35,981,176
Solvency margin ratio	882.8%	900.0%

(2) Scope of Consolidation and Application of Equity Method

	As of March 31, 2024
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	As of March 31, 2024
ASSETS		
Cash and deposits	156,649	168,292
Call loans	966,900	719,300
Monetary claims bought	224,555	206,210
Money held in trust	6,727	8,872
Securities	27,969,810	29,729,749
Loans	2,715,410	3,109,085
Tangible fixed assets	1,204,006	1,189,320
Land	879,314	857,124
Buildings	311,101	321,611
Leased assets	3,443	2,404
Construction in progress	6,352	3,165
Other tangible fixed assets	3,794	5,014
Intangible fixed assets	124,837	120,824
Software	97,645	95,570
Other intangible fixed assets	27,191	25,254
Reinsurance receivable	74,788	63,216
Other assets	681,186	654,262
Deferred tax assets	81,661	-
Customers' liabilities for acceptances and guarantees	48,987	16,417
Reserve for possible loan losses	(3,328)	(3,927)
Reserve for possible investment losses	(927)	(448)
Total assets	34,251,265	35,981,176
LIABILITIES		
Policy reserves and others	29,877,146	29,589,330
Reserves for outstanding claims	199,267	191,481
Policy reserves	29,254,475	28,975,206
Reserve for policyholder dividends	423,403	422,642
Reinsurance payable	428	456
Bonds payable	368,715	368,715
Other liabilities	1,141,293	2,146,268
Payables under repurchase agreements	304,005	1,082,401
Other liabilities	837,287	1,063,867
Net defined benefit liabilities	358,992	205,149
Reserve for retirement benefits of directors, executive officers and corporate auditors	794	674
Reserve for possible reimbursement of prescribed claims	800	1,000
Reserve for price fluctuations	263,453	276,453
Deferred tax liabilities	-	292,667
Deferred tax liabilities for land revaluation	70,197	69,064
Acceptances and guarantees	48,987	16,417
Total liabilities	32,130,808	32,966,198
NET ASSETS		
Capital stock	60,000	60,000
Capital surplus	320,000	248,560
Retained earnings	200,362	242,598
Total shareholders' equity	580,363	551,158
Net unrealized gains (losses) on securities, net of tax	1,523,596	2,420,163
Deferred hedge gains (losses)	(37,654)	(103,039)
Reserve for land revaluation	30,369	28,223
Foreign currency translation adjustments	(525)	(279)
Accumulated remeasurements of defined benefit plans	24,307	118,751
Total accumulated other comprehensive income	1,540,093	2,463,818
Total net assets	2,120,456	3,014,977
Total liabilities and net assets	34,251,265	35,981,176

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

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
ORDINARY REVENUES	4,140,030	4,090,389
Premium and other income	2,297,086	2,290,407
Investment income	1,379,358	1,303,949
Interest and dividends	804,922	720,205
Gains on money held in trust	-	2,155
Gains on sale of securities	551,678	418,537
Gains on redemption of securities	18,763	8,227
Reversal of reserve for possible investment losses	-	46
Other investment income	3,993	2,013
Gains on investments in separate accounts	-	152,763
Other ordinary revenues	463,585	496,033
ORDINARY EXPENSES	3,787,626	3,697,194
Benefits and claims	2,451,381	2,560,471
Claims	682,450	659,101
Annuities	581,814	602,316
Benefits	575,987	467,252
Surrender values	503,395	654,546
Other refunds	107,734	177,253
Provision for policy reserves and others	22,906	8,440
Provision for reserves for outstanding claims	14,600	-
Provision for interest on policyholder dividends	8,305	8,440
Investment expenses	669,100	491,785
Interest expenses	9,759	8,789
Losses on money held in trust	39	-
Losses on sale of securities	433,394	271,966
Losses on valuation of securities	3,731	3,204
Losses on redemption of securities	5,629	3,625
Derivative transaction losses	16,971	99,156
Foreign exchange losses	81,871	25,624
Provision for reserve for possible loan losses	400	1,816
Provision for reserve for possible investment losses	486	-
Write-down of loans	57	729
Depreciation of real estate for rent and others	13,660	14,029
Other investment expenses	56,246	62,845
Losses on investments in separate accounts	46,852	-
Operating expenses	396,126	386,433
Other ordinary expenses	248,111	250,063
Ordinary profit	352,404	393,195
EXTRAORDINARY GAINS	4,548	6,397
Gains on disposal of fixed assets	4,548	6,397
EXTRAORDINARY LOSSES	34,486	24,798
Losses on disposal of fixed assets	5,503	6,389
Impairment losses on fixed assets	15,881	5,307
Provision for reserve for price fluctuations	13,000	13,000
Other extraordinary losses	101	101
Provision for reserve for policyholder dividends	95,000	87,500
Income before income taxes	227,467	287,293
Corporate income taxes-current	28,556	67,075
Corporate income taxes-deferred	34,368	14,480
Total of corporate income taxes	62,925	81,556
Net income	164,542	205,737
Net income attributable to shareholders of parent company	164,542	205,737

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net income	164,542	205,737
Other comprehensive income	(609,618)	925,870
Net unrealized gains (losses) on securities, net of tax	(606,817)	896,567
Deferred hedge gains (losses)	(16,033)	(65,385)
Foreign currency translation adjustments	(79)	245
Remeasurements of defined benefit plans, net of tax	13,311	94,444
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(0)	0
Comprehensive income	(445,076)	1,131,608
Attributable to shareholders of parent company	(445,076)	1,131,608

(5) Unaudited Consolidated Statement of Cash Flows

(millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	227,467	287,293
Depreciation of real estate for rent and others	13,660	14,029
Depreciation	41,577	42,795
Impairment losses on fixed assets	15,881	5,307
Increase (decrease) in reserves for outstanding claims	14,600	(7,785)
Increase (decrease) in policy reserves	(279,401)	(279,277)
Provision for interest on policyholder dividends	8,305	8,440
Provision for (reversal of) reserve for policyholder dividends	95,000	87,500
Increase (decrease) in reserve for possible loan losses	(3,173)	599
Increase (decrease) in reserve for possible investment losses	147	(478)
Write-down of loans	57	729
Increase (decrease) in net defined benefit liabilities	(5,602)	(22,797)
Increase (decrease) in reserve for retirement benefits of directors executive officers and corporate auditors	(134)	(119)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	-	200
Increase (decrease) in reserve for price fluctuations	13,000	13,000
Interest and dividends	(804,922)	(720,205)
Securities related losses (gains)	(80,834)	(300,732)
Interest expenses	9,759	8,789
Foreign exchange losses (gains)	81,871	25,624
Losses (gains) on disposal of fixed assets	445	(917)
Equity in losses (income) of affiliates	733	(2,871)
Decrease (increase) in reinsurance receivable	(16,220)	9,562
Decrease (increase) in other assets unrelated to investing and financing activities	25,793	15,239
Increase (decrease) in reinsurance payable	(170,287)	338
Increase (decrease) in other liabilities unrelated to investing and financing activities	44,461	(6,588)
Others, net	85,528	158,782
Subtotal	(682,285)	(663,544)
Interest and dividends received	837,061	724,155
Interest paid	(13,558)	(11,803)
Policyholder dividends paid	(93,123)	(96,702)
Others, net	(368,713)	(239,199)
Corporate income taxes (paid) refund	(106,173)	4,267
Net cash flows provided by (used in) operating activities	(426,793)	(282,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	(1,100)	1,181
Purchases of monetary claims bought	(16,989)	(37,438)
Proceeds from sale and redemption of monetary claims bought	26,929	46,707
Proceeds from decrease in money held in trust	5,380	-
Purchases of securities	(5,071,736)	(5,791,373)
Proceeds from sale and redemption of securities	8,856,848	5,666,880
Origination of loans	(808,863)	(1,295,831)
Proceeds from collection of loans	658,183	935,497
Net increase (decrease) in short-term investing	(2,650,775)	778,395
Total of net cash provided by (used in) investment transactions	997,877	304,017
Total of net cash provided by (used in) operating activities and investment transactions	571,083	21,190
Acquisition of tangible fixed assets	(115,408)	(48,458)
Proceeds from sale of tangible fixed assets	56,546	37,460
Acquisition of intangible fixed assets	(31,673)	(30,685)
Proceeds from sale of intangible fixed assets	-	3,319
Net cash flows provided by (used in) investing activities	907,340	265,653
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	64,000	-
Repayment of borrowings	(144,000)	-
Repayment of financial lease obligations	(1,427)	(1,367)
Cash dividends paid	(199,776)	(215,646)
Acquisitions of stock of subsidiaries and affiliates that do not result in change in scope of consolidation	(1,435)	(180)
Net cash flows provided by (used in) financing activities	(282,638)	(217,193)
Effect of exchange rate changes on cash and cash equivalents	204	191
Net increase (decrease) in cash and cash equivalents	198,112	(234,175)
Cash and cash equivalents at the beginning of the year	924,255	1,122,368
Cash and cash equivalents at the end of the year	1,122,368	888,192

(6) Unaudited Consolidated Statement of Changes in Net Assets

Year ended March 31, 2023

(millions of yen)

	Shareholders' equity				Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	60,000	320,000	249,321	629,322	2,130,413	(21,621)
Changes for the year						
Dividends			(199,776)	(199,776)		
Net income attributable to shareholders of parent company			164,542	164,542		
Transfer from reserve for land revaluation			(13,726)	(13,726)		
Others			1	1		
Net changes of items other than shareholders' equity					(606,817)	(16,033)
Total changes for the year	-	-	(48,959)	(48,959)	(606,817)	(16,033)
Balance at the end of the year	60,000	320,000	200,362	580,363	1,523,596	(37,654)

(millions of yen)

	Accumulated other comprehensive income				Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the year	16,643	(445)	10,995	2,135,985	2,765,307
Changes for the year					
Dividends					(199,776)
Net income attributable to shareholders of parent company					164,542
Transfer from reserve for land revaluation					(13,726)
Others					1
Net changes of items other than shareholders' equity	13,726	(79)	13,311	(595,891)	(595,891)
Total changes for the year	13,726	(79)	13,311	(595,891)	(644,851)
Balance at the end of the year	30,369	(525)	24,307	1,540,093	2,120,456

Year ended March 31, 2024

(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 year						
Dividends		(71,440)	(165,646)	(237,087)		
Net income attributable to shareholders of parent company			205,737	205,737		
Transfer from reserve for land revaluation			2,145	2,145		
Others			0	0		
Net changes of items other than shareholders' equity					896,567	(65,385)
Total changes for the year	-	(71,440)	42,236	(29,204)	896,567	(65,385)
Balance at the end of the year	60,000	248,560	242,598	551,158	2,420,163	(103,039)

(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 year					
Dividends					(237,087)
Net income attributable to shareholders of parent company					205,737
Transfer from reserve for land revaluation					2,145
Others					0
Net changes of items other than shareholders' equity	(2,145)	245	94,444	923,725	923,725
Total changes for the year	(2,145)	245	94,444	923,725	894,521
Balance at the end of the year	28,223	(279)	118,751	2,463,818	3,014,977

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2024

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

(1) The number of consolidated subsidiaries as of March 31, 2024: 1

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

- Dai-ichi Life Insurance Myanmar Ltd.

(2) The number of non-consolidated subsidiaries as of March 31, 2024: 34

The main subsidiaries that are not consolidated for the purposes of financial reporting are Dai-ichi Life Business Services Co., Ltd., Dai-ichi Life Challenged Co.,Ltd., and First U Anonymous Association.

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

2. Application of the Equity Method

(1) The number of non-consolidated subsidiaries under the equity method as of March 31, 2024: 0

(2) The number of affiliated companies under the equity method as of March 31, 2024: 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 fiscal year ended March 31, 2024, 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 (Dai-ichi Life Business Services Co., Ltd., Dai-ichi Life Challenged Co.,Ltd., First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., and Rifare Management K.K.) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of a Consolidated Subsidiary

The closing date of a consolidated subsidiary is March 31.

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2024

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Bonds

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

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

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

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

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

(5) Available-for-sale Securities

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

Available-for-sale Securities other than stocks with no market price, etc. are valued at fair value at the end of March 31, 2024 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.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2024 was ¥605,113 million.

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

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2024 was ¥1 million.

8. Reserve for Possible Investment Losses

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

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

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

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Net Defined Benefit Liabilities

For the net defined benefit liabilities, the amount is considered to have been rationally incurred during the period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 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 and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, certain foreign currency-denominated loans, foreign currency-denominated loans payable and bonds payable, certain foreign currency-denominated forecasted transaction and term deposits; (c) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; (d) the deferral hedge method for over-the-counter options on bonds is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; (e) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated 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-specific Committee Practical Guidelines 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-denominated forecasted transaction
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated 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 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 the end of the fiscal year, in preparation for the performance of future obligations under the insurance contracts.

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

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

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

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

16. Reserves for Outstanding Claims

With respect to reserves for incurred but not reported cases for individual insurance policies (referring to claims for which the occurrence of the insured events have not been reported but the Company finds that insured events have already occurred; hereinafter the same) provided by the company that operate a life insurance business in Japan, the 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.

(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) Financial Instruments

a) Policies in Utilizing Financial Instruments

In an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, the Company engages in asset liability management, or ALM, which considers the long-term balance between assets and liabilities to ensure stable returns. With this strategy, the Company holds fixed income

investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Company also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

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

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

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

The risk management system of the Company is as follows:

i) Market Risk Management

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

(a) Interest rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

ii) Credit Risk Management

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2024 were as follows.

As of March 31, 2024	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Monetary claims bought.....	206,210	206,210	-
(2) Money in held trust.....	8,872	8,872	-
(3)Securities (*2) (*3)			
a. Trading securities.....	1,103,648	1,103,648	-
b. Held-to-maturity.....	1,863	1,863	-
c. Policy-reserve-matching bonds....	15,630,993	15,059,779	(571,214)
d. Available-for-sale securities.....	11,919,651	11,919,651	-
(4) Loans.....	3,109,085		
Reserve for possible loan losses (*4)	(3,376)		
	3,105,709	3,083,659	(22,049)
Total assets.....	31,976,948	31,383,685	(593,263)
(1) Bonds payable.....	368,715	357,629	(11,085)
(2) Payables under repurchase agreements. .	1,082,401	1,082,279	(121)
(3) Long-term borrowings.....	390,600	389,892	(707)
Total liabilities.....	1,841,716	1,829,801	(11,914)
Derivative transactions (* 5)			
a. Hedge accounting not applied.....	[1,136]	[1,136]	-
b. Hedge accounting applied.....	[164,320]	[163,120]	1,200
Total derivative transactions.....	[165,456]	[164,256]	1,200

- (*1) Cash and deposits, and call loans are not included in the above tables since they are mostly short-term or without maturity, and their fair values approximate their carrying amounts.
- (*2) Net asset value of certain mutual funds is regarded as the fair value in accordance with generally accepted accounting standard, and included in the table above.
- (*3) Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are as follows and are not included in the fair value of (3) Securities.

As of March 31, 2024	Carrying amount (Unit: million yen)
Stocks with no market prices, etc. (*a)(*c).....	63,198
Ownership stakes in partnerships, etc. (*b)(*c).....	1,010,393

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

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

(*c) The Company recorded impairment charges of ¥1,888million for the fiscal year ended March 31, 2024.

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

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

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

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

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

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

Level 3: Fair value determined based on significant unobservable inputs

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

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

As of March 31, 2024	Level 1	Level 2	Level 3	Total
	(Unit: million yen)			
Monetary claims bought.....	-	-	206,210	206,210
Money held in trust	5,913	2,958	-	8,872
Securities(*1)				
Trading securities.....	669,566	397,040	37,042	1,103,648
Available-for-sale securities				
Government bonds.....	1,022,597	-	-	1,022,597
Local government bonds.....	-	15,303	-	15,303
Corporate bonds.....	-	1,306,777	8,909	1,315,686
Domestic stocks.....	3,987,770	23	-	3,987,793
Foreign bonds.....	291,117	3,212,481	144,512	3,648,111
Other foreign securities.....	488,731	411,638	39,702	940,072
Other securities.....	5,985	883,807	34,892	924,685
Derivative transactions				
Currency-related transactions.....	-	1,087	-	1,087
Interest-related transactions.....	-	15,099	-	15,099
Stock-related transactions.....	4,038	549	-	4,588
Bond-related transactions.....	1,013	305	-	1,318

Others.....	-	752	-	752
Total assets.....	6,476,733	6,247,825	471,269	13,195,827
Derivative transactions				
Currency-related transactions.....	-	141,965	-	141,965
Interest-related transactions.....	-	45,116	-	45,116
Stock-related transactions.....	30	269	-	299
Bond-related transactions.....	537	384	-	922
Total liabilities.....	567	187,736	-	188,303

(*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 ¥65,401 million. Reconciliation between the beginning and ending balance and breakdown of restriction on cancellation as of the fiscal year ended March 31, 2024 have been omitted as the amount of such mutual funds is immaterial.

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

As of March 31, 2024	Level 1	Level 2	Level 3	Total
(Unit: million yen)				
Securities				
Held-to-maturity Bonds				
Foreign bonds.....	-	-	1,863	1,863
Policy-reserve-matching Bonds				
Government bonds.....	14,409,799	-	-	14,409,799
Local government bonds.....	-	101,297	-	101,297
Corporate bonds.....	-	497,129	-	497,129
Foreign bonds.....	-	51,553	-	51,553
Loans	-	-	3,083,659	3,083,659
Total assets.....	14,409,799	649,979	3,085,523	18,145,303
Bonds payable.....	-	357,629	-	357,629
Payables under repurchase agreements.....	-	1,082,279	-	1,082,279
Long-term borrowings.....	-	-	389,892	389,892
Total liabilities.....	-	1,439,909	389,892	1,829,801

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

● **Assets**

Monetary claims bought

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

Money held in trust

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

Securities

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

The fair value of bonds other than bonds of which the fair values are based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present

value that is calculated by discounting future cash flows at a rate comprising a risk-free interest rate and a credit spread. In case that observable inputs are used in the calculation, the fair value is classified into Level 2. In case that unobservable inputs are used in the calculation, the fair value is classified into Level 3.

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

Loans

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

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of March 31, 2024. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans and classified into Level 3.

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

- **Liabilities**

Bonds payable

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

Payables under repurchase agreements

The fair value of payables under repurchase agreements is calculated by discounting future cash flows, using interest rates corresponding to the remaining periods. Payables under repurchase agreements are classified into Level 2. Also, payables under repurchase agreements with short-term maturity have fair value close to their book value. Therefore, their book value is recorded as the fair value and classified into Level 2.

Long-term borrowings

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

- **Derivative Transactions**

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

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

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

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

As of March 31, 2024	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(*1)
Monetary claims bought.....	224,555	(58)	(609)	(17,677)	206,210	-
Securities						
Trading securities	13,902	914	-	22,225	37,042	21
Available-for-sale securities						
Corporate bonds.....	10,001	624	(139)	(1,577)	8,909	1,839
Foreign bonds.....	141,063	6,099	5,466	(8,117)	144,512	16,349
Other foreign securities.....	57,993	-	(3,814)	(14,475)	39,702	-
Other securities.....	32,240	-	651	1,999	34,892	-

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

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

(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 Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2024 was ¥23,578 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded gains on sale of ¥1,632 million and impairment loss of ¥5,307 million on rental real estate as extraordinary gains and extraordinary losses respectively for the fiscal year ended March 31, 2024.

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

Carrying amount	
Beginning balance.....	937,941
Net change for the year.....	(13,218)
Ending balance.....	924,722
Fairvalue.....	1,280,150

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

(*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥38,819 million, sale of the real estate of ¥38,101 million, depreciation expense of ¥13,951 million, and impairment loss of ¥5,307 million.

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

19. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2024 was ¥2,452,734 million.

20. Problem Loans

As of March 31, 2024, 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.....	88
Claims with collection risk.....	2,586
Claims that are overdue for three months or more.....	-
Claims with repayment relaxation.....	-
<u>Total.....</u>	<u>2,674</u>

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 ¥1,729,011 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.	250,007

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 fiscal year.....	96,702
Interest accrual during the fiscal year.....	8,440
Provision for reserve for policyholder dividends.....	87,500
<u>Balance at the end of March 31.....</u>	<u>422,642</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 March 31, 2024 were as follows:

	(Unit: million yen)
Stocks.....	11,563
<u>Capital.....</u>	<u>242,617</u>
<u>Total.....</u>	<u>254,181</u>

25. Organizational Change Surplus

As of March 31, 2024, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776million.

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.....	1,525,614
Cash and deposits.....	86
<u>Total.....</u>	<u>1,525,701</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements.....	1,082,401

"Securities" mentioned above included ¥1,047,109 million of Securities which were sold under repurchase agreements, as of March 31, 2024.

27. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2024 was ¥502,496,298.00.

28. Employees' Retirement Benefits

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

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

(2) Defined Benefit Plan

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

	(Unit: million yen)
a. Beginning balance of the projected benefit obligations.....	665,711
b. Service cost	23,205
c. Interest cost	1,995
d. Accruals of actuarial (gains) and losses	(79,609)
e. Payment of retirement benefits.....	(35,037)
f. Others.....	(531)
<u>g. Ending balance of the projected benefit obligation (a + b + c + d + e + f)</u>	<u>(575,733)</u>

b) Reconciliations of beginning and ending balances of pension assets

	(Unit: million yen)
a. Beginning balance of pension assets.....	306,718
b. Estimated return on assets	1,780
c. Accruals of actuarial (gains) and losses	59,646
d. Contribution from the employer	9,641
e. Payment of retirement benefits.....	(7,203)
<u>f. Ending balance of pension assets (a + b + c + d + e)</u>	<u>370,583</u>

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

	(Unit: million yen)
a. Projected benefit obligation for funded pensions.....	305,435
<u>b. Pension assets</u>	<u>(370,583)</u>

c. Subtotal (a + b)	(65,148)
d. Projected benefit obligation for unfunded pensions	270,298
e. Net of assets and liabilities recorded in the consolidated balance sheet (c+ d)	205,149
f. Net defined benefit liabilities	205,149
g. Net defined benefit assets	-
h. Net of assets and liabilities recorded in the balance sheet (f+ g)	205,149

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a. Service cost	23,205
b. Interest cost	1,995
c. Expected return on assets	(1,780)
d. Expense of actuarial (gains) and losses.....	(8,295)
e. Expense of past service cost	176
f. Others	101
g. Retirement benefit expenses for defined benefit plans (a + b + c + d + e + f).....	15,404

e) Remeasurements of defined benefit plans

Breakdown of items recorded in remeasurements of defined benefit plans (before applicable tax effect) was as follows:

(Unit: million yen)

Past service cost	172
Actuarial gains (losses)	130,871
Total.....	131,044

f) Accumulated remeasurements of defined benefit plans

Breakdown of items recorded in accumulated remeasurements of defined benefit plans (before applicable tax effect) was as follows:

(Unit: million yen)

Unrecognized past service cost	842
Unrecognized actuarial gains (losses)	(165,614)
Total.....	(164,771)

g) Pension assets

i. The main components of the pension assets

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

Stocks.....	53%
Bonds.....	25%
Assets under joint management.....	13%
Life insurance general account	5%
Others	4%
Total.....	100%

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2024 was 64%

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

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

h) Calculation basis of actuarial gains and losses

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

Discount rate	1.42%
Expected long-term rate of return	
Defined benefit corporate pension	1.40%
Employee pension trust	0.00%

(3) Defined Contribution Plan

Required amounts of contribution to defined contribution plans of the Company for the fiscal years ended March 31, 2024 was ¥1,598 million.

29. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2024, the market value of the securities which were not sold or pledged as collateral was ¥51,117 million. None of the securities were pledged as collateral as of March 31, 2024.

30. Commitment Line

As of March 31, 2024, there were unused commitment line agreements, under which the Company was the lenders, of ¥40,180 million.

31. Subordinated Debt and Other Liabilities

As of March 31, 2024, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

32. Bonds Payable

As of March 31, 2024, bonds payable included foreign currency-denominated subordinated bonds of ¥368,715 million, whose repayment is subordinated to other obligations

33. Calculation of corporate and local income taxes and deferred tax accounting related to these taxes

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

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED March 31, 2024

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

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

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

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

(2) Reinsurance Income

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

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

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

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

(4) Ceding reinsurance commissions

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

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

2. Net Income per Share

Net income per share for the fiscal year ended March 31, 2024 was ¥34,289,589.08. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2024 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2024 were as follows:

Asset Group	Place	Number	Impairment Losses		Total
			Land	Buildings	
Real estate not in use	Chiyoda-ku, Tokyo and others	16	4,063	1,243	5,307

(Unit: million yen)

(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 fiscal year ended March 31, 2024 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FISCAL YEAR ENDED MARCH 31, 2024

Net unrealized gains (losses) on securities, net of tax	
Amount incurred during the fiscal year ended March 31, 2024	1,412,475
Amount reclassified	<u>(168,453)</u>
Before tax adjustment	1,244,022
Tax effect	<u>(347,455)</u>
Net unrealized gains (losses) on securities, net of tax	<u>896,567</u>
Deferred hedge gains (losses)	
Amount incurred during the fiscal year ended March 31, 2024	(94,180)
Amount reclassified	<u>3,455</u>
Before tax adjustment	(90,725)
Tax effect	<u>25,339</u>
Deferred hedge gains (losses)	<u>(65,385)</u>
Foreign currency translation adjustments	
Amount incurred during the fiscal year ended March 31, 2024	245
Amount reclassified	<u>-</u>
Before tax adjustment	245
Tax effect	<u>-</u>
Foreign currency translation adjustments	<u>245</u>
Remeasurements of defined benefit plans, net of tax	
Amount incurred during the fiscal year ended March 31, 2024	139,130
Amount reclassified	<u>(8,086)</u>
Before tax adjustment	131,044
Tax effect	<u>(36,600)</u>
Remeasurements of defined benefit plans	<u>94,444</u>
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	
Amount incurred during the fiscal year ended March 31, 2024	0
Amount reclassified	<u>-</u>
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	<u>0</u>
Total other comprehensive income	<u><u>925,870</u></u>

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED March 31, 2024

1. Scope of Cash and Cash Equivalents

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

VI. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE FISCAL YEAR ENDED March 31, 2024

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase	Decrease	As of March 31,2024
(Unit: thousands shares)				
Common stock.....	6	-	-	6

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	Common 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

Date of resolution	December 18, 2023 (at the Extraordinary General Meeting of Shareholders) (*)
Type of shares	Common stock
Type of the dividend property	Securities
Book value of the dividend property	¥966 million
Dividends per share	¥161,160
Record date	-
Effective date	March 1, 2024
Dividend resource	Capital surplus

(*) At the Extraordinary General Meeting of Shareholders on December 18, 2023, the Company decided to transfer the securities the Company held to Dai-ichi life Holdings, Inc. as a dividend in kind, and carried it out on March 1, 2024.

(3) Dividends, the record date of which was March 31, 2024, to be paid out in the year ending March 31, 2025

Date of resolution	June 19, 2024 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥203,881 million
Dividends per share	¥33,980,300
Record date	March 31, 2024
Effective date	June 20, 2024
Dividend resource	Retained earnings

(7) Consolidated Claims Based on Insurance Business Act

(millions of yen)

Category	Year ended March 31, 2023	Year ended March 31, 2024
Claims against bankrupt and quasi-bankrupt obligors	87	88
Claims with collection risk	2,552	2,586
Claims that are overdue for three months or more	-	-
Claims with repayment relaxation	-	-
Subtotal	2,639	2,674
[Percentage]	[0.05%]	[0.05%]
Claims against normal obligors	5,182,452	5,599,286
Total	5,185,092	5,601,961

Note:

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

The write-offs relating to bankrupt borrowers in the fiscal year ended March 31, 2024 were 1 million yen and in the fiscal year ended March 31, 2023 were 1 million , respectively.

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

(8) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total solvency margin (A)	5,359,924	6,470,979
Common stock, etc. ^{*1}	346,042	347,557
Reserve for price fluctuations	263,453	276,453
Contingency reserve	599,893	572,893
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,521	3,349
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% ^{*2}	1,888,773	2,942,285
Net unrealized gains (losses) on real estate × 85% ^{*2}	378,466	388,716
Sum of unrecognized actuarial differences and unrecognized past service cost	34,261	164,771
Policy reserves in excess of surrender values	2,146,957	2,162,021
Qualifying subordinated debt	759,315	759,315
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(906,793)	(937,401)
Excluded items	(197,489)	(252,278)
Others	45,523	43,295
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	1,437,866
Insurance risk R_1	65,956	52,742
General insurance risk R_5	-	-
Catastrophe risk R_6	-	-
3rd sector insurance risk R_8	150,971	137,551
Small amount and short-term insurance risk R_9	0	0
Assumed investment yield risk R_2	156,237	146,785
Guaranteed minimum benefit risk R_7 ^{*3}	2,898	2,828
Investment risk R_3	1,007,418	1,243,646
Business risk R_4	27,669	31,671
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	882.8%	900.0%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

(9) Segment Information

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