[Unofficial Translation]

May 15, 2020

Seiji Inagaki
President and Representative Director
Dai-ichi Life Holdings, Inc.
Code: 8750 (TSE First section)

Supplementary Materials for the Fiscal Year Ended March 31, 2020
(The Dai-ichi Frontier Life Insurance Co., Ltd.)

May 15, 2020

Financial Results for the Fiscal Year Ended March 31, 2020

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the fiscal year ended March 31, 2020

[Contents]

1. Business Highlights p.1
2. Policies in Force as of March 31, 2020 by Benefit Type p.3
3. Investment of General Account Assets p.4
4. Unaudited Balance Sheet p.10
5. Unaudited Statement of Earnings p.15
6. Breakdown of Ordinary Profit (Fundamental Profit) p.17
7. Unaudited Statement of Changes in Net Assets p.18
8. Disclosed Claims Based on Categories of Obligors p.19
9. Risk-Monitored Loans p.19
10. Solvency Margin Ratio p.20
11. Status of Separate Account for the Fiscal Year ended March 31, 2020 ..... p.21
12. Consolidated Financial Summary p.22

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2019	% of March 31, 2018 total	As of March 31, 2020	% of March 31, 2019 total
Individual insurance	316,022	136.5	357,533	113.1
Individual annuities	511,633	102.6	450,325	88.0
Total	827,656	113.4	807,859	97.6
Medical and survival benefits	-	-	-	-

New Policies

(millions of yen except percentages)

	Year ended March 31, 2019	% of March 31, 2018 total	Year ended March 31, 2020	% of March 31, 2019 total
Individual insurance	98,856	151.7	73,253	74.1
Individual annuities	107,529	83.8	46,563	43.3
Total	206,385	106.7	119,817	58.1
Medical and survival benefits	-	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2019				As of March 31, 2020			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2018 total	(millions of yen)	% of March 31, 2018 total	(thousands)	% of March 31, 2019 total	(millions of yen)	% of March 31, 2019 total
Individual insurance	576	136.6	3,875,382	133.0	692	120.2	4,377,536	113.0
Individual annuities	950	112.6	4,995,231	106.2	915	96.3	4,215,064	84.4
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

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

New Policies

Year ended March 31, 2020						
	Number of policies		Amount			
	(thousands)	% of March 31, 2019 total	(millions of yen)	% of March 31, 2019 total	New Business	Net increase from conversions
Individual insurance	121	71.8	822,343	71.4	822,343	-
Individual annuities	98	60.7	389,670	52.1	389,670	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2019						
	Number of policies		Amount			
	(thousands)	% of March 31, 2018 total	(millions of yen)	% of March 31, 2018 total	New Business	Net increase from conversions
Individual insurance	169	146.7	1,151,881	147.5	1,151,881	-
Individual annuities	162	113.8	747,399	111.3	747,399	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

2. Policies in Force as of March 31, 2019 by Benefit Type

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	692	4,377,536	-	-	-	-	692	4,377,536
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	915	4,215,064	-	-	915	4,215,064
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insuarance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2019

A. Investment Environment

· During the fiscal year ended March 31, 2020, the Japanese economy suffered a sharp deterioration due to the impact of the spread of the COVID-19 toward the end of the fiscal year, as well as the impact of the slowdown in exports and the consumption tax hike.

· Overseas economic situation remained relatively firm especially in U.S. until the outbreak of the COVID-19, but subsequently worsened significantly due to the implementation of stringent measures, including the contagion of cities to control the spread of infectious diseases, particularly in Europe and the U.S..

· Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

· The Yield on 10-year JGBs temporarily declined to around -0.3%, the first time since July 2016, due to factors such as the interest rate cut in the U.S. against the backdrop of concerns over an economic slowdown. However, the yield turned upward after the U.S.-China trade agreement reached its first stage.

· In response to the economic downturn caused by the spread of the COVID-19, U.S. cut interest rates substantially. However, the decline in JGB was limited, as Bank of Japan left policy interest rate unchanged.

Yield on ten-year government bonds:	April 1, 2019	-0.095%
	March 31, 2020	0.005%

[U.S. Interest Rates and Foreign Currency]

Against the backdrop of the escalating US-China trade war, the10-year US Treasury Note yield fell and the US dollar remained weak against the Japanese yen in the first half of the fiscal year ended March 31, 2020. In response to the signing of the phase one deal of the US-China trade negotiations in the latter half of the fiscal year, the 10-year US Treasury Note yield trended higher, as did the US dollar against the yen. Due to the impact of the COVID-19 outbreak however, since the beginning of 2020, the 10-year US Treasury yield has dropped sharply and the US dollar/yen exchange rate has fluctuated considerably.

Yield on ten-year U.S. government bonds:	April 1, 2019	2.405%
	March 31, 2020	0.670%
yen/U.S. dollar:	April 1, 2019	¥110.99
	March 31, 2020	¥108.83

[Australian Interest Rates and Foreign Currency]

The Australian economy also slowed due to the US-China trade war and the COVID-19 outbreak. In response, the Reserve Bank of Australia reduced the cash rate target to its lowest-ever level while also commencing quantitative easing. Consequently, the 10-year Australian government bond yield fell and the Australian dollar weakened against the Japanese yen throughout the fiscal year.

Yield on ten-year Australian government bonds:	April 1, 2019	1.775%
	March 31, 2020	0.762%
yen/Australian dollar:	April 1, 2019	¥78.64
	March 31, 2020	¥66.09

B. Investment Policies

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

Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

C. Investment Results

〈 Assets 〉

The Company invested primarily in yen-denominated bonds. Foreign-currency denominated insuarance were invested in foreign-currency denominated bonds. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

〈 Investment Income and Expenses 〉

Investment income was 247,673 million yen mainly due to interest and dividends received (176,815 million yen), gains on sale of securities (70,758 million yen), and gains on redemption of securities (97 million yen). Investment expenses were 457,910 million due mainly to foreign exchange losses (396,926 million yen), derivative transaction losses (33,515 million yen), and losses on investment in trading securities (19,149 million yen).

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2019		As of March 31, 2020	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	199,524	2.9	264,889	3.4
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	-	-
Trading account securities	-	-	-	-
Money held in trust	534,726	7.7	1,004,788	12.8
Securities	6,082,493	87.3	6,331,705	80.7
Domestic bonds	1,356,170	19.5	1,499,055	19.1
Domestic stocks	-	-	-	-
Foreign securities	4,538,002	65.1	4,648,420	59.3
Foreign bonds	4,530,203	65.0	4,648,420	59.3
Foreign stocks and other securities	7,799	0.1	-	-
Other securities	188,319	2.7	184,229	2.3
Loans	-	-	-	-
Real estate	96	0.0	88	0.0
Deferred tax assets	-	-	-	-
Others	150,760	2.2	240,315	3.1
Reserve for possible loan losses	(4)	(0.0)	(11)	(0.0)
Total	6,967,597	100.0	7,841,776	100.0
Foreign currency-denominated assets	4,946,182	71.0	5,141,062	65.6

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash, deposits, and call loans	36,780	65,365
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(4,024)	-
Trading account securities	-	-
Money held in trust	70,246	470,061
Securities	1,380,974	249,211
Domestic bonds	145,247	142,884
Domestic stocks	-	-
Foreign securities	1,246,484	110,417
Foreign bonds	1,245,035	118,217
Foreign stocks and other securities	1,449	(7,799)
Other securities	(10,757)	(4,090)
Loans	-	-
Real estate	96	(8)
Deferred tax assets	-	-
Others	23,325	89,555
Reserve for possible loan losses	0	(6)
Total	1,507,401	874,179
Foreign currency-denominated assets	1,393,741	194,879

(4) Investment Income

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Interest and dividends	154,441	176,815
Interest from bank deposits	1,215	896
Interest and dividends from securities	152,941	175,641
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	284	277
Gains on trading account securities	-	-
Gains on money held in trust	4,213	-
Gains on investment in trading securities	-	-
Gains on sale of securities	1,543	70,758
Gains on sale of domestic bonds	1,477	1,571
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	65	69,187
Others	-	-
Gains on redemption of securities	749	97
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	0	-
Other investment income	3	1
Total	160,952	247,673

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Interest expenses	5	5
Losses on trading account securities	-	-
Losses on money held in trust	-	19,149
Losses on investment in trading securities	4,089	4,694
Losses on sale of securities	1,723	642
Losses on sale of domestic bonds	3	23
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	1,719	619
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	470	2,266
Derivative transaction losses	90	33,515
Foreign exchange losses	66,579	396,926
Provision for reserve for possible loan losses	-	6
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	961	703
Total	73,919	457,910

(6) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash, deposits, and call loans	(1.79)	(4.42)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	0.88	-
Trading account securities	-	-
Money held in trust	0.81	(2.46)
Securities	1.47	(2.66)
Domestic bonds	1.53	0.67
Domestic stocks	-	-
Foreign securities	1.45	(3.71)
Loans	-	-
Real Estate	-	-
Total	1.36	(2.76)
Foreign investments	1.26	(4.24)

Notes: 1. Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

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

B. Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	542,526	123	1,004,788	18,743

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

C. Fair Value Information on Securities (securities with fair value except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2020					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,178,684	3,377,727	199,043	216,790	17,746
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,871,084	3,153,020	281,936	285,777	3,841
Domestic bonds	423,865	438,716	14,850	16,416	1,565
Domestic stocks	-	-	-	-	-
Foreign securities	2,275,694	2,530,075	254,381	256,657	2,276
Foreign bonds	2,275,694	2,530,075	254,381	256,657	2,276
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	184,229	12,703	12,703	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,049,768	6,530,748	480,980	502,567	21,587
Domestic bonds	1,484,204	1,569,195	84,990	88,762	3,772
Domestic stocks	-	-	-	-	-
Foreign securities	4,394,038	4,777,324	383,285	401,100	17,815
Foreign bonds	4,394,038	4,777,324	383,285	401,100	17,815
Foreign stocks and other securities	-	-	-	-	-
Other securities	171,525	184,229	12,703	12,703	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2019					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,871,729	5,160,046	288,317	296,428	8,110
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,140,956	1,202,964	62,008	63,661	1,653
Domestic bonds	300,369	313,466	13,097	13,303	206
Domestic stocks	-	-	-	-	-
Foreign securities	666,158	701,178	35,019	36,467	1,447
Foreign bonds	666,158	701,178	35,019	36,467	1,447
Foreign stocks and other securities	-	-	-	-	-
Other securities	174,428	188,319	13,890	13,890	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	6,012,685	6,363,011	350,325	360,089	9,764
Domestic bonds	1,343,073	1,436,957	93,883	94,476	592
Domestic stocks	-	-	-	-	-
Foreign securities	4,495,183	4,737,734	242,550	251,722	9,171
Foreign bonds	4,495,183	4,737,734	242,550	251,722	9,171
Foreign stocks and other securities	-	-	-	-	-
Other securities	174,428	188,319	13,890	13,890	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

*Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2020	1,004,788	1,004,788	(18,271)	580	18,852
As of March 31, 2019	534,726	534,726	4,213	11,015	6,801

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

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

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

(millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	534,726	4,213	1,004,788	(18,271)

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

Not applicable.

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(ASSETS)		
Cash and deposits	209,967	272,704
Cash	-	0
Bank deposits	209,967	272,704
Money held in trust	534,726	1,004,788
Securities	7,858,032	7,427,849
Government bonds	526,073	513,178
Local government bonds	23,941	36,725
Corporate bonds	806,156	949,151
Foreign securities	4,550,738	4,660,588
Other securities	1,951,122	1,268,205
Tangible fixed assets	327	343
Buildings	96	88
Leased assets	67	75
Other tangible fixed assets	162	178
Intangible fixed assets	7,688	9,266
Software	7,687	9,265
Other intangible fixed assets	0	0
Reinsurance receivables	61,474	58,251
Other assets	83,217	173,970
Accounts receivable	27,757	53,568
Prepaid expenses	534	649
Accrued revenue	42,795	41,980
Deposits	198	46,629
Margin money for futures trading	3,958	4,054
Defferential account for futures trading	-	690
Derivatives	5,773	20,562
Cash collateral paid for financial instruments	341	4,827
Suspense payments	1,487	627
Other assets	371	380
Reserve for possible loan losses	(4)	(11)
Total assets	8,755,429	8,947,162

	As of March 31, 2019	As of March 31, 2020
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	8,241,472	7,779,920
Reserves for outstanding claims	19,699	20,037
Policy reserves	8,221,773	7,759,882
Reinsurance payable	191,869	589,384
Other liabilities	90,211	220,591
Payable under securities lending transactions	10,902	106,792
Corporate income tax payable	662	14
Accounts payable	33,447	15,370
Accrued expenses	12,074	8,436
Deposits received	41	73
Guarantee deposits received	5,795	8,095
Differential account for futures trading	173	-
Derivatives	20,320	75,746
Cash collateral received for financial instruments	372	754
Lease liabilities	72	78
Suspense receipts	6,348	5,230
Reserve for price fluctuations	19,802	25,337
Deferred tax liabilities	17,362	78,942
Total liabilities	8,560,717	8,694,175
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(34,934)	(135,006)
Other retained earnings	(34,934)	(135,006)
Retained earnings brought forward	(34,934)	(135,006)
Total shareholders' equity	150,065	49,993
Net unrealized gains on securities, net of tax	44,645	202,994
Total of valuation and translation adjustments	44,645	202,994
Total net assets	194,711	252,987
Total liabilities and net assets	8,755,429	8,947,162

Notes to the Unaudited Balance Sheet as of March 31,2020

1 Securities (including securities managed as trust assets in money held in trust) are valued as follows:
(a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
(b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
(c) Other securities with fair values are valued at fair value using market prices as of the end of the year (sales cost is calculated with the moving-average method). Securities for which it is not practicable to determine fair value are recorded on the balance sheet at acquisition cost.
Valuation differences on other securities are reported as a component of net assets.

2 Risk management policies regarding policy-reserve matching bonds are as follows:
The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:
(a) Individual insurance and annuities (JP yen-denominated)
(b) Individual insurance and annuities (US dollar-denominated)
(c) Individual insurance and annuities (NZ dollar-denominated)
with the exception of certain types and policies.

(Additional Information)
Effective from the fiscal year ended March 31, 2020, those policy-reserve-matching bonds that used to be held in the sub-group of individual insurance and annuities (AUS dollar-denominated), have been reclassified to securities available for sale, and the said sub-group has been abolished. This reclassification to securities available for sale was carried out in accordance with risk management policies as the sharp and significant decline of the Australian dollar interest rate has caused substantial changes to the economic prerequisites for the ownership ratio of policy-reserve-matching bonds in the said sub-group.
As a result of this reclassification, corporate bonds under Securities increased by 5,493 million yen; foreign securities under Securities rose by 198,713 million yen; net unrealized gains on securities, net of tax, increased by 147,029 million yen; and deferred tax liabilities grew 57,177 million yen, as of the time of this reclassification.
Note that this change in classification has no effect on gains or losses.

3 Derivative transactions (including those attributable to money held in trust) are reported at fair value.

4 Depreciation of tangible fixed assets is as follows:
(a) Tangible fixed assets (excluding leased assets)
Annual amount of depreciation estimated by declining balance method (straight-line method being applied to buildings, with the exception of those buildings and accompanying facilities acquired prior to March 31, 2016), is reported pro rata in accordance with the life. Declining balance method is applied. However, o ther tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
(b) Leased assets
Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life .

5 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.

6 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses. "

7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based

8 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.

9 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.

10 Policy reserves are those reserves set aside in accord with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method

11 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. To mitigate the guaranteed minimum benefit risk on individual variable annuities and for the purpose of hedging against the foreign exchange risk on the bond holdings, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contract, etc.). The Company's holdings of financial instruments, mainly securities and derivatives, are subject to market

Market Risk Management: Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring VaR (value-at-Risk) .

Credit Risk Management: Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the Company measures VaR as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company's policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its VaR .

The risk management department reports regularly to the Board of Directors on the status of the Company's entire risk position.

Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	272,704	272,704	-
(2) Money held in trust	1,004,788	1,004,788	-
(3) Securities	7,427,849	7,626,893	199,043
(a) Trading securities	1,096,144	1,096,144	-
(b) Policy-reserve-matching bonds	3,178,684	3,377,727	199,043
(c) Other securities	3,153,020	3,153,020	-
Assets total	8,705,342	8,904,386	199,043
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(55,184)	(55,184)	-
Derivative transactions total	(55,184)	(55,184)	-

Note: Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Cash and deposits
Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.
(b) Money held in trust
Information on securities and derivative transactions appear below in “(d) Securities” and “(e) Derivative transactions,” respectively.
(c) Securities
Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.
(d) Derivative transactions
For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value. For currency swap contracts , interest rate swap contracts and Credit default swap contracts, the amounts discounted to present value are used as fair value. For total return swap contracts, the amounts calculated by using indices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

12 Accumulated depreciation on tangible fixed assets is 620 million yen.

13 Securities lent under lending agreements are included in the non-consolidated balance sheet. Total balance of securities lent as of March 31, 2020 was 233,597 million yen.

14 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,105,501 million yen. Liabilities in separate accounts total the same amount.

15 The total amounts of receivables from and payables to subsidiaries and affiliated companies were 38 million yen.

16 Deferred tax assets totaled 71,479 million yen, while deferred tax liabilities totaled 79,139 million yen. Of deferred tax assets, 71,282 million yen was deducted as the amount of valuation reserves.
The deferred tax assets were primarily due to policy reserves and others of 17,774 million yen and unused tax loss carryforward of 46,037 million yen.
Of the reversal of valuation reserves against deferred tax assets, the valuation reserves against unused tax loss carryforward were 46,037 million yen, and the valuation reserves related to the total of deductible temporary differences, etc. were 25,245 million yen.
The deferred tax liabilities were primarily the result of net unrealized gains on securities, net of tax of 78,942 million yen.
The main reason for the change in the reversal amount of valuation reserves against deferred tax assets was the reporting of net loss for the fiscal year ended March 31, 2020.
Unused tax loss carryforward and the related deferred tax asset amounts by carryforward expiration date are as follows:

(millions of yen)

	1 year or less	Over 1 year to 5 years or less	Over 5 years	Total
Unused tax loss carryforward (*)	-	-	46,037	46,037
Valuation reserves	-	-	(46,037)	(46,037)
Deferred tax assets	-	-	-	-

(*) The unused tax loss carryforward amount is obtained by multiplying by the statutory effective tax rate.

17 The effective statutory tax rate for the fiscal year ended March 31, 2020, was 28.00%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was (0.01)%. The difference was due mainly to the impact of a valuation allowance (27.98)%.

18 The value of assets (marketable securities) pledged as collateral is 207,503 million yen.The amounts of secured liabilities were 106,792 million yen.

19 Assets for which rights held can be freely disposed of by means of sale or collateralization are available-for-sale securities that have been accepted as collateral of reinsurance dealings, and in this period ownership was maintained for total market value of 96,088 million yen as of March 31, 2020, and we have no assets pledged as a re-collateral.

20 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3 of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 159 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of said Ordinance ("ceding reinsurance policy reserves") amount to 658,821 million yen.

21 As of fiscal year end (March 31, 2020) , the Company estimated that it would be required to contribute 11,332 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.

22 Net assets per share is 136,750,033.92 yen.

23 As of fiscal year end (March 31, 2020) , undepreciated balance of the fee of the reinsurance contract, as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5, is 59,063 million yen.

5. Unaudited Statement of Earnings

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
	Amount	Amount
ORDINARY REVENUES	2,036,962	2,065,016
Premium and other income	1,876,001	1,355,434
Premium income	1,773,386	1,166,253
Reinsurance Income	102,615	189,180
Investment Revenue	160,952	247,673
Interest and dividends	154,441	176,815
Interest from bank deposits	1,215	896
Interest and dividends from securities	152,941	175,641
Other interest and dividends	284	277
Gains on money held in trust	4,213	-
Gains on sale of securities	1,543	70,758
Gains on redemption of securities	749	97
Reversal of reserve for possible loan losses	0	-
Other investment revenue	3	1
Other ordinary revenues	9	461,908
Reversal of policy reserve	-	461,890
Other ordinary revenues	9	17
ORDINARY EXPENSES	1,997,854	2,159,510
Benefits and claims	702,856	1,600,355
Claims	65,697	87,429
Annuities	261,307	549,018
Benefits	71,030	93,920
Surrender values	131,207	231,279
Other refunds	6,659	5,901
Ceding reinsurance commissions	166,953	632,806
Provision for policy reserves and other	1,131,082	338
Provision for reserves for outstanding claims	7,174	338
Provision for policy reserves	1,123,907	-
Investment expenses	74,373	486,908
Interest expenses	5	5
Losses on money held in trust	-	19,149
Losses on investment in trading securities	4,089	4,694
Losses on sale of securities	1,723	642
Losses on redemption of securities	470	2,266
Derivative transaction losses	90	33,515
Foreign exchange losses	66,579	396,926
Provision for reserves for possible loan losses	-	6
Other investment expenses	961	703
Losses on investment in separate accounts	453	28,998
Operating expenses	78,070	61,382
Other ordinary expenses	11,471	10,524
National and local taxes	9,989	8,209
Depreciation	1,481	2,314
Other ordinary expenses	0	0
ORDINARY GAIN OR LOSS	39,108	(94,493)
EXTRAORDINARY LOSSES	5,471	5,563
Losses on disposal of fixed assets	9	28
Provision for reserves for price fluctuations	5,462	5,535
Profit before income taxes	33,637	(100,057)
Corporate income taxes - current	13,668	14
Total of corporate income taxes	13,668	14
Net profit for the year	19,968	(100,072)

Notes to the Unaudited Statement of Earnings for the fiscal year ended March 31, 2020

1 The total amounts of expenses from transactions with affiliated companies were 515 million yen, respectively.

2 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 1,571 million yen and 69,187 million yen, respectively.

3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 23 million yen and 619 million yen, respectively.

4 In calculating the provision of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of 10 million yen was added as an adjustment. In calculating the reversal of policy reserves, a provision for policy reserves reinsured of 362,739 million yen was added.

5 The main component of losses on investments in trading securities was losses on sale of securities of 4,694 million yen.

6 Losses on money held in trust included a valuation loss of 18,271 million yen.

7 Derivative transaction losses included a valuation loss of 40,637 million yen.

8 Net loss per share for the fiscal year ended March 31, 2020 was 54,093,017.46 yen.

9 Reinsurance income includes 12,449 million yen increase in the undepreciated balance of the fee of reinsurance contract , as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5 .

10 Ceding reinsurance commissions includes 14,014 million yen decrease in the undepreciated balance of the fee of reinsurance contract , as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5 .

6. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2019	Year ended March 31, 2020
Fundamental profit	A	48,978	29,167
Capital gains		93,770	561,806
Gains on money held in trust		4,213	-
Gains on investment in trading securities		-	-
Gains on sale of securities		1,543	70,758
Derivative transaction gains		-	-
Foreign exchange gains		-	-
Others		88,013	491,047
Capital losses		94,141	725,629
Losses on money held in trust		-	19,149
Losses on investment in trading securities		4,089	4,694
Losses on sale of securities		1,723	642
Losses on valuation of securities		-	-
Derivative transaction losses		90	33,515
Foreign exchange losses		66,579	396,926
Others		21,659	270,701
Net capital gains (losses)	B	(371)	(163,822)
Fundamental profit plus net capital gains (losses)	A + B	48,606	(134,654)
Other one-time gains		-	475,664
Reinsurance income		-	-
Reversal of contingency reserve		-	68,233
Reversal of specific reserve for possible loan losses		-	-
Others		-	407,430
Other one-time losses		9,498	435,502
Ceding reinsurance commissions		-	-
Provision for contingency reserve		9,497	-
Provision for specific reserve for possible loan losses		0	1
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	435,501
Other one-time profits (losses)	C	(9,498)	40,161
Ordinary profit (loss)	A + B + C	39,108	(94,493)

Notes: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2019	Year ended March 31, 2020
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	21,659	270,701
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	(88,013)	(491,047)

2. Other capital gains include the amount below.

	Year ended March 31, 2019	Year ended March 31, 2020
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	88,013	491,047

3. Other capital losses include the amount below.

	Year ended March 31, 2019	Year ended March 31, 2020
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	21,659	270,701

4. The Company invests in derivative financial instruments (including investments in money held in trust, foreign securities (investment trusts)) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities. These transactions are included in gains (losses) on money held in trust and gains (losses) on investment in trading securities.

5.Other one-time gains represent the total sum of the reinsurance income (6,967 million yen for the fiscal year ending March 31, 2020) and the policy reserves (400,462 million yen for the fiscal year ending March 31, 2020), both attributable to the portion of reinsurance specified in Article 71, Paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act.
Other one-time losses show ceding reinsurance commissions (435,501 million yen for the fiscal year ending March 31, 2020) for the reinsurance specified in Article 71, Paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act.

7. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2020

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(34,934)	150,065
Changes for the year				
Net loss			(100,072)	(100,072)
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(100,072)	(100,072)
Balance at the end of the year	117,500	67,500	(135,006)	49,993

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	44,645	44,645	194,711
Changes for the year			
Net loss			(100,072)
Net changes of items other than shareholders' equity	158,348	158,348	158,348
Total changes for the year	158,348	158,348	58,276
Balance at the end of the year	202,994	202,994	252,987

Year ended March 31, 2019

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(54,903)	130,096
Changes for the year				
Net gain			19,968	19,968
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	19,968	19,968
Balance at the end of the year	117,500	67,500	(34,934)	150,065

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	21,944	21,944	152,041
Changes for the year			
Net gain			19,968
Net changes of items other than shareholders' equity	22,700	22,700	22,700
Total changes for the year	22,700	22,700	42,669
Balance at the end of the year	44,645	44,645	194,711

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2020

1. Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2019	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2020
Outstanding shares				
Common stock	1,850	-	-	1,850

8. Disclosed Claims Based on Categories of Obligors

(millions of yen except percentages)

	As of March 31, 2019	As of March 31, 2020
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	161,623	233,617
Total	161,623	233,617

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

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

3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.

4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2019	As of March 31, 2020
Total solvency margin	(A)	520,279	476,465
Common stock, etc.		150,065	49,993
Reserve for price fluctuations		19,802	25,337
Contingency reserve		131,480	63,246
General reserve for possible loan losses		4	9
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *		55,807	253,742
Net unrealized gains (losses) on real estate × 85% *		-	-
Policy reserves in excess of surrender values		163,879	84,136
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
Excluded items		(759)	-
Other		-	-
Total Risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	205,244	197,263
Insurance risk	R_1	75	65
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	59,298	54,578
Guaranteed minimum benefit risk	R_7	12,964	3,136
Investment risk	R_3	127,001	133,800
Business risk	R_4	5,980	5,747
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		506.9%	483.0%

*: Multiplied by 100% if losses.

Notes: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

2. Guaranteed minimum benefit risk is calculated by the standard method.

11. Status of Separate Account for the Fiscal Year ended March 31, 2019

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2019 Amount	As of March 31, 2020 Amount
Individual variable insurance	49,336	35,329
Individual variable annuities	1,738,555	1,070,172
Group annuities	-	-
Separate account total	1,787,891	1,105,501

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2019		As of March 31, 2020	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	53	436,669	51	390,654
Total	53	436,669	51	390,654

Note: The outstanding policies in force for individual variable insurance include those managed in general account.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2019		As of March 31, 2020	
	Amount	%	Amount	%
Cash, deposits, and call loans	171	0.3	155	0.4
Securities	49,136	99.6	35,168	99.5
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	49,136	99.6	35,168	99.5
Loans	-	-	-	-
Others	28	0.1	5	0.0
Reserve for possible loan losses	-	-	-	-
Total	49,336	100.0	35,329	100.0

C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	As of March 31, 2019 Amount	As of March 31, 2020 Amount
Interest and dividends	843	1,802
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	(6,336)	(10,012)
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	22	44
Net investment income	(5,514)	(8,254)

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2019		As of March 31, 2020	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	599	3,401,076	519	2,624,970

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

2. The outstanding policies in force for individual variable annuities include those managed in general account.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2019		As of March 31, 2020	
	Amount	%	Amount	%
Cash, deposits, and call loans	10,271	0.6	7,659	0.7
Securities	1,726,402	99.3	1,060,975	99.1
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	12,735	0.7	12,167	1.1
Foreign bonds	-	-	-	-
Foreign stocks and other securities	12,735	0.7	12,167	1.1
Other securities	1,713,667	98.6	1,048,807	98.0
Loans	-	-	-	-
Others	1,881	0.1	1,536	0.1
Reserve for possible loan losses	-	-	-	-
Total	1,738,555	100.0	1,070,172	100.0

C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	As of March 31, 2019 Amount	As of March 31, 2020 Amount
Interest and dividends	103,466	245,479
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	(97,062)	(265,461)
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	1,342	762
Net investment income	5,061	(20,744)

12. Consolidated Financial Summary

Not applicable.