Note: This Convocation Notice is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.

Disclosures on the Company's website with the Convocation Notice of the Annual General Meeting of Shareholders for the 11th Fiscal Year

(from April 1, 2020 to March 31, 2021)

Dai-ichi Life Holdings, Inc.

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The matters mentioned above are posted on the Company's website (https://www.dai-ichi-life-hd.com/investor/share/meeting/index.html) pursuant to the provisions of laws and regulations, and the provisions under Article 20 of the Articles of Incorporation of the Company.

Assets and Income of the Corporate Group and Insurance Holding Company (the Company)

(1) Assets and income of the corporate group

Category	Fiscal 2017	Fiscal 2018	Fiscal 2019	**Fiscal 2020 (Current fiscal year)**
				millions of yen
Consolidated ordinary revenues	7,037,827	7,184,093	7,114,099	**7,827,806**
Consolidated ordinary profit	471,994	432,945	218,380	**552,861**
Net Income attributable to shareholders of parent company	363,928	225,035	32,433	**363,777**
Consolidated comprehensive income	684,757	72,613	167,564	**1,143,981**
Consolidated total net assets	3,749,271	3,713,592	3,776,918	**4,807,129**
Consolidated total assets	53,603,028	55,941,261	60,011,999	**63,593,705**

(Note) In fiscal 2020, consolidated ordinary revenues increased compared to the previous fiscal year, due mainly to an increase in investment income, including the foreign exchange gains at The Dai-ichi Frontier Life. Consolidated ordinary profit and net income attributable to shareholders of parent company increased compared to the previous fiscal year due mainly to reversal of policy reserves for market value adjustments (MVA) at Dai-ichi Frontier Life resulting from higher overseas interest rates. Consolidated comprehensive income increased compared to the previous fiscal year due mainly to an increase in unrealized gains of securities at The Dai-ichi Life, reflecting the effects of changes in the economic environment and other factors.

(2) Assets and income of the Insurance Holding Company

Category	Fiscal 2017	Fiscal 2018	Fiscal 2019	**Fiscal 2020 (Current fiscal year)**
Operating revenues				millions of yen
	58,168	157,816	185,846	**190,425**
Dividend income	49,456	148,467	175,519	**180,347**
Subsidiaries, etc. engaging in insurance business	47,906	139,613	167,173	**172,114**
Other subsidiaries, etc.	1,550	8,853	8,346	**8,232**
Net income for the year	57,565	144,494	87,126	**216,513**
Net income per share	¥49.15	¥124.84	¥76.65	**¥193.80**
Total assets				millions of yen
	1,691,175	1,708,202	1,698,789	**1,896,259**
Shares, etc. of subsidiaries, etc. engaging in insurance business	1,503,017	1,515,267	1,469,122	**1,301,162**
Shares, etc. of other subsidiaries, etc.	11,235	123,263	65,774	**356,815**

(Note 1) Effective from the beginning of fiscal 2018, the Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018), etc.

Accordingly, the figures for fiscal 2017 are calculated after the said accounting standard, etc. is retrospectively applied.

(Note 2) Dai-ichi Life International Holdings LLC, which was established in the current fiscal year, is included in “other subsidiaries, etc.,” as it does not fall under “subsidiaries, etc. engaging in insurance business.”

Principal Offices of the Corporate Group

[The Company]

Company name	Office name	Location	Date of establishment
Dai-ichi Life Holdings, Inc.	Head Office	Chiyoda-ku, Tokyo	September 15, 1902

[Subsidiaries, etc.]

Sector	Company name	Office name	Location	Date of establishment
Domestic life insurance business	The Dai-ichi Life Insurance Company, Limited	Head Office	Chiyoda-ku, Tokyo	April 1, 2016
	The Dai-ichi Frontier Life Insurance Co., Ltd.	Head Office	Shinagawa -ku, Tokyo	December 1, 2006
	The Neo First Life Insurance Company, Limited	Head Office	Shinagawa-ku, Tokyo	April 23, 1999
Overseas insurance business	Protective Life Corporation	Head Office	Birmingham, U.S.A.	July 24, 1907
	TAL Dai-ichi Life Australia Pty Ltd	Head Office	Sydney, Australia	March 25, 2011
	Dai-ichi Life Insurance Company of Vietnam, Limited	Head Office	Ho Chi Minh, Vietnam	January 18, 2007
	Dai-ichi Life Insurance (Cambodia) PLC.	Head Office	Phnom Penh, Cambodia	March 14, 2018
	Dai-ichi Life Insurance Myanmar Ltd.	Head Office	Yangon, Myanmar	May 17, 2019
	Dai-ichi Life Reinsurance Bermuda Ltd.	Head Office	British Overseas Territory, Bermuda	September 25, 2020

(Note 1) The above table includes the Company and its major consolidated subsidiaries, etc.
(Note 2) The “Date of establishment” represents the dates on which the companies were founded.

Employees of the Corporate Group

Sector	Previous fiscal year-end	**Current fiscal year-end**	Change
			Number of persons
Domestic life insurance business	56,006	**56,502**	496
Overseas insurance business	7,028	**7,595**	567
Other businesses	685	**726**	41
Total	63,719	**64,823**	1,104

(Note) The above table includes the Company and its consolidated subsidiaries, etc.

Stock Acquisition Rights, etc.

(1) Stock Acquisition Rights, etc. of the Insurance Holding Company Held by the Directors and the Audit & Supervisory Committee Members of the Insurance Holding Company at the Current Fiscal Year-End

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors (excluding directors serving as Audit & Supervisory Committee members and Outside Directors)	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	320 (¥88,521)	32,000 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	4 persons
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	671 (¥76,638)	67,100 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	5 persons
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	394 (¥130,030)	39,400 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	5 persons
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	426 (¥136,600)	42,600 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	6 persons
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	316 (¥231,800)	31,600 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	7 persons
	1st Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in October 2016	316 (¥134,400)	31,600 shares of common stock (100 shares per stock acquisition right)		From October 19, 2016 to October 18, 2046	6 persons
	2nd Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in August 2017	258 (¥156,800)	25,800 shares of common stock (100 shares per stock acquisition right)		From August 25, 2017 to August 24, 2047	5 persons

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors serving as Audit & Supervisory Committee members	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	48 (¥88,521)	4,800 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	1 person
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	88 (¥76,638)	8,800 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	1 person
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	63 (¥130,030)	6,300 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	1 person
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	60 (¥136,600)	6,000 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	1 person
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	34 (¥231,800)	3,400 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	1 person
Outside Directors (excluding directors serving as Audit & Supervisory Committee members)	-	-	-	-	-	-

(Note 1) A person to whom stock acquisition rights are allotted ("Allottee") may exercise stock acquisition rights only within 10 days from the day immediately following the date on which he/she loses status as both a director (except Audit & Supervisory Committee members) and an executive officer of the Company, as both a director and an executive officer of The Dai-ichi Life Insurance Company, Limited, as both a director and an executive officer of The Dai-ichi Frontier Life Insurance Co., Ltd., and as both a director and an executive officer of The Neo First Life Insurance Company, Limited. Upon the death of an Allottee, the heir(s) of such Allottee may succeed to and exercise any stock acquisition rights which have not been exercised as of the date of occurrence of any event constituting grounds for inheritance. However, matters such as conditions for the exercise of stock acquisition rights and the procedure for such exercise will be in accordance with the provisions of the stock acquisition right allotment agreement executed between the Company and each Allottee pursuant to any relevant resolution of the Board of Directors of the Company. Each Allottee must collectively exercise all of the stock acquisition rights allotted to the Allottee (or, if the Allottee has relinquished any stock acquisition right, then the stock acquisition rights remaining after such relinquishment) and may not exercise only a part thereof. An Allottee may not partly exercise any single stock acquisition right. Other conditions for the exercise of stock acquisition rights shall be stipulated in a stock acquisition rights allotment

agreement to be concluded between the Company and the Allottee, based on resolutions of the Board of Directors of the Company.

(Note 2) With regard to the number of stock acquisition rights, etc. for directors serving as Audit & Supervisory Committee members, all of the stock acquisition rights were allotted to the directors of the former Dai-ichi Life before the shift to a holding company structure.

(2) Stock Acquisition Rights, etc. of the Insurance Holding Company Allotted to Employees during the Current Fiscal Year

Not applicable

Independent Auditor

(1) Independent Auditor

Name	Remuneration for the current fiscal year	Other
KPMG AZSA LLC Yutaka Terasawa, Designated Limited Liability Partner Takanobu Miwa, Designated Limited Liability Partner Kenji Seki, Designated Limited Liability Partner	¥86 million	- Based on the "Practical Guidance for Cooperation with Accounting Auditors" published by the Japan Audit and Supervisory Board Members Association, the Audit & Supervisory Committee has duly examined whether or not the contents of the Independent Auditor's auditing plans, the status of the performance of duties regarding accounting audits, the basis for calculating the estimated remuneration, etc. are appropriate, and has given its consent to the amount of remuneration for the Independent Auditor as set forth in Article 399, Paragraph 1 of the Companies Act. - Services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services) include "advisory service relating to accounting standards," etc.

(Note 1) Given that the audit engagement agreement between the Company and the Independent Auditor does not clearly differentiate the amount of audit fees payable under the Companies Act from the amount of audit fees payable under the Financial Instruments and Exchange Act, remuneration for the current fiscal year is an aggregate of both amounts.

(Note 2) The total amount of monetary and other financial benefits payable to the Independent Auditor by the Company and its subsidiaries, etc. was 329 million yen.

(2) Liability Limitation Agreement and Indemnity Agreement

Not applicable

(3) Other Matters concerning Independent Auditor

(i) (Policy for Determining the Dismissal or Non-reappointment of the Independent Auditor) If any of the causes provided in the Items of Article 340, Paragraph 1 of the Companies Act shall occur and all Audit & Supervisory Committee members approve, the Audit & Supervisory Committee may dismiss the Independent Auditor. Further, if the Audit & Supervisory Committee has checked the eligibility of the Independent Auditor, the appropriateness of the auditing plans, and the status of the implementation of audits, etc. in accordance with the policy for determining the election or dismissal of Independent Auditor stipulated by the Audit & Supervisory Committee, and has accordingly deemed that it would be difficult for the Independent Auditor to perform its duties in a fair and appropriate manner, or has otherwise judged there to be appropriate reasons, the Audit & Supervisory Committee will resolve the content of a proposal for the dismissal or non-reappointment of the Independent Auditor to be submitted to the general meeting of shareholders.

(ii) The following companies (significant subsidiaries of the Company, etc.) are audited by audit corporations other than the Independent Auditor of the Company: Protective Life Corporation and the subsidiaries, etc. affiliated therewith; TAL Dai-ichi Life Australia Pty Ltd and subsidiaries, etc. affiliated therewith; Dai-ichi Life Insurance Company of Vietnam, Limited and subsidiaries, etc. affiliated therewith; Dai-ichi Life Insurance (Cambodia) PLC.; and Dai-ichi Life Insurance Myanmar Ltd.

Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies

Not applicable

System for Ensuring Appropriate Operations

As a step to develop the Group's system for ensuring appropriate operations, the Board of Directors adopted a resolution to institute the Internal Control Policy for the Dai-ichi Life Group as of April 1, 2020, a summary of which is given below along with the implementation status of the internal control system.

<Internal Control Policy for the Dai-ichi Life Group>

Dai-ichi Life Holdings, Inc. (hereinafter "the Company") shall establish Internal Control Policy for the Dai-ichi Life Group (comprising the Company and all of its subsidiaries and associated companies; "the Group") to define the general principle for establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.

1. System for Ensuring Proper Operations within the Group

The Company shall implement and manage systems for ensuring proper operations within the Group.

(1) The Company shall conduct business supervision of the Group companies in principle, based on the supervision category stipulated in the Business Supervision Regulations, according to individual Group companies' business specifics, size and importance in the Group's management strategy.
(2) The Company shall establish basic policies for maintaining and operating the Group internal control system, make these policies known to the Group companies and shall have each Group company establish its own basic policies conforming to its business characteristics.
(3) The Company shall establish rules for prior approval by the Company and reporting of the Group companies' important matters which affect the Group as a whole to the Company.
(4) The Company shall establish the Group's basic policies for management of intra-group transactions, collaborative operations and the equivalent and implement their management.

2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation

The Company shall implement and manage systems for ensuring the execution of professional duties in accordance with applicable laws, regulations and the Articles of Incorporation, etc.

(1) The Company shall establish a department supervising the Group compliance.
(2) The Company shall establish the Group's basic policies and implement systems for Group compliance.
(3) The Company shall have each Group company implement compliance systems and shall establish rules for prior approval by the Company and reporting of important compliance systems and misconducts by the Group companies to the Company.
(4) The Company shall report the operation status of the Group's compliance systems to the board of directors or equivalent organization to the board of directors.
(5) The Company shall establish the Group's basic policies for conflict of interest management and implement systems for such transactions.
(6) The Company shall establish the Group's basic policies and implement systems for the protection of information assets.
(7) The Company shall establish a department managing Group's actions against anti-social forces.
(8) The Company shall establish the Group's basic policies for actions against anti-social forces and implement systems for such actions, and act as an organization against anti-social forces to break relationships with anti-social forces and take proper action towards unreasonable request from anti-social forces, collaborating with outside specialist bodies

3. System for Risk Management

The Company shall implement and manage systems to conduct Group's risk management.

(1) The Company shall establish a department supervising the Group's risk management and comprehensively assess and measure various risks to be controlled.
(2) The Company shall establish the Group's basic policies and implement systems for risk management.
(3) The Company shall have each Group company implement risk management systems and shall establish rules for prior approval by the Company and reporting for important risk management systems and risk events by the Group companies to the Company.
(4) The Company shall report the operation status of the Group's risk management systems to the board of directors or equivalent organization to Board of Directors.
(5) The Company shall establish the Group's basic policies and implement systems for crisis management.

4. System for Ensuring Efficient Execution of Professional Duties

The Company shall implement systems for ensuring efficient execution of professional duties.

(1) The Company shall formulate a medium-term management plan of the Group and evaluate its progress appropriately.
(2) The Company shall construct an appropriate organizational structure, regulate division of responsibilities and authorities, and appropriately use and control its IT systems.
(3) The Company shall establish an Executive Management Board which discusses important management and executive issues.

5. System for Ensuring Appropriateness and Reliability of Financial Reporting

The Company shall formulate the Internal Control over Financial Reporting Policy for the Dai-ichi Life Group and implement systems for ensuring the appropriateness and reliability of consolidated financial reporting.

6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties

To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company shall establish systems necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings and written approvals containing material information.

7. Systems for Ensuring Effective Internal Audits

The Company shall establish a department, independent from other business operations, to supervise the Group's internal audits, and establish basic policies and implement systems for the Group's internal audits.

8. Systems for the Execution of Duties of the Audit & Supervisory Committee

(1) The Company shall establish systems concerning directors and employees with duties to assist the Audit & Supervisory Committee as set out below.
   a. An office of the Audit & Supervisory Committee shall be set up and employees with duties to assist it shall be appointed.
   b. With respect to personnel transfer, evaluation and others for these employees, their independence from directors shall be ensured through deliberations with the Audit & Supervisory Committee.
   c. These employees shall engage in duties that they have been instructed to perform by the Audit & Supervisory Committee and in assist with work that is necessary for audits. They are authorized to collect necessary information.

(2) The Company shall establish systems for reporting to the Audit & Supervisory Committee as set out below.
a. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company, any director, executive officer or employee shall deliver a timely and appropriate report to the Audit & Supervisory Committee.
b. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules at any Group company or any event that causes or may cause severe damage to the Group company, any director, Audit & Supervisory Board member, executive officer or employee of the Group company or anyone notified by any of them shall deliver a timely and appropriate report to the Audit & Supervisory Committee.
c. The Company shall establish a system that prevents the delivery of any report to the Audit & Supervisory Committee pursuant to a. or b. from receiving any disadvantageous treatment for reason of the report.

(3) The Company, upon request from the Audit & Supervisory Committee, shall establish systems for ensuring effectiveness of audits conducted by the Audit & Supervisory Committee, based on Audit & Supervision Policy and Audit & Supervisory Committee Regulation as set out below.
a. Directors, executive officers and employees shall establish a system for ensuring close cooperation between the Audit & Supervisory Committee and the department in charge of internal audit or the departments in charge of internal control within the Company as well as auditors and the departments in charge of internal audit or the departments in charge of internal control of the Group companies.
b. Directors, executive officers and employees shall establish a system under which a member of the Audit & Supervisory Committee may attend and make comments at any Board of Directors meeting or other important meeting of a Group company.
c. Directors, executive officers and employees shall establish a system that allows Audit & Supervisory Committee member to have access to the minutes of any important meeting at a Group company or any decision document on which directors and executive officers have made a decision or any equivalent document.
d. Directors, executive officers and employees shall report the matters relating to business execution and establish a system for proper reporting from any director, Audit & Supervisory Board member, executive officer or employee of a Group company to the Audit & Supervisory Committee.
e. The Company may not reject any claim for predetermined expenses requisite for any member of the Audit & Supervisory Committee to carry out his or her duties except where the expenses associated with the claim are deemed unnecessary to the execution of duties of the member of the Audit & Supervisory Committee.

9. Establishment and Revision
This Basic Policy shall be established and revised for each fiscal year by the Board of Directors. It shall be appropriately revised in accordance with environmental changes and other events.

The Internal Control Policy for the Dai-ichi Life Group was revised as of April 1, 2021. The latest policy is available on the Company's website (https://www.dai-ichi-life-hd.com/about/control/in_control/index.html).

<Revisions to Internal Control Policy for the Dai-ichi Life Group (as of April 1, 2021)>
To enhance the efficiency of decision-making, a revision was made to the effect that minor revisions to the Internal Control Policy for the Dai-ichi Life Group may be determined by the executive officer in charge of the Corporate Planning Unit.

<Implementation Status of Internal Control System (Summary)>

Items	Implementation Status of Internal Control System
1. Internal Control in General	Dai-ichi Life Holdings, Inc. (hereinafter “the Company”) has established the Internal Control Policy for the Dai-ichi Life Group and works on the establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.
2. System for Ensuring Proper Operations within the Group	In order to ensure appropriate operations within the Group, the Company has set the supervision category for Group companies according to individual Group companies’ business specifics, size and importance in the Group’s management strategy. It conducts business supervision pursuant to global services agreements, etc. concluded with each of the Group companies. The Company has established basic policies for the Dai-ichi Life Group for important matters such as compliance and risk management in order to maintain and operate the Group internal control system, and makes these policies known to the Group companies. In addition, the Company has established and operated rules for prior approval by the Company of the Group companies’ important matters which affect the Group as a whole pursuant to global services agreements, etc.
3. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation	(1) Compliance Policies and Regulations Based on Internal Control Policy for the Dai-ichi Life Group, matters such as the basic approach to the promotion of group compliance are outlined in Basic Compliance Policy for the Dai-ichi Life Group, and specific approval and reporting systems as well as the management method are outlined in Compliance Regulations for the Dai-ichi Life Group. With regard to the protection of information property, the Policy on Group Information Safekeeping stipulates the philosophies underlying the safekeeping of group information, and the Rules on Group Information Safekeeping stipulates more specific approval and reporting systems and other management practices. In order to deal with the increasing ingenuity of cyber-attacks, the Company has set out Cybersecurity Policy for Dai-ichi Life Group, Group Rules for Cybersecurity, and Group Rules for Handling Cyber Incidents.

Items	Implementation Status of Internal Control System
	(2) Risk-based Compliance Promotion The Company has established a system to ensure that the professional duties of directors, executive officers and employees are executed in accordance with applicable laws, regulations and the Articles of Incorporation. In order to precisely grasp important risks and potential conduct risks related to compliance in response to changes in the social environment and other factors, the Company maintains an appropriate risk-based management system with a forward-looking perspective. In the fiscal year ended March 31, 2021, the Company, in response to the COVID-19 pandemic, has developed a system that ensures appropriate business operations at each Group company in a remote-work environment and confirmed that amid the changes in the business environment surrounding the life insurance business, improvements are being made to the solicitation management system including the confirmation of the adequacy of explanations to customers in non-face-to-face solicitations. The Company has established a system whereby a Legal and Compliance Unit supervises matters related to Group compliance. The Legal and Compliance Unit establishes the Policy on Group Compliance Promotion Initiatives to provide guidance on initiatives for each Group company, monitors the status of compliance promotion, primarily regarding focal issues set by each Group company, and informs the Board of Directors, President, Executive Management Board, Audit & Supervisory Committee, etc., of problems and events that occur according to their significance. In addition, the Company has established a Group Compliance Committee as an organ to discuss important matters related to the development and promotion of a system for Group compliance and has in place a system to enable the management to proactively practice the PDCA cycle. In the fiscal year ended March 31, 2021, with regard to the incident involving a former employee of The Dai-ichi Life Insurance Company, Limited, illegally collecting money from customers, the Company, upon recognizing the incident as a critical event that could damage the trust placed in the Company by its stakeholders including its customers, has made appropriate reports to the above organs and has been taking measures including the monitoring of subsequent initiatives. Furthermore, the Company has established a GITF (Group Initiative Taskforce) as a scheme whereby a person in charge of compliance in each Group company participates and conducts discussions. The GITF works to enhance the Group's framework through deliberations toward solving issues that the Group faces and shared initiatives at each Group company.
	(3) Initiatives Toward More Sophisticated Systems in Each Group Company The Legal and Compliance Unit offers instructions and support to each Group company to ensure more sophisticated compliance systems as well as improved awareness of compliance and enriched education and training. In addition, considering the risk that the relevant laws and regulations of foreign countries will be applied to areas beyond their jurisdiction as a result of global business development, the Company makes efforts to prevent money laundering and the financing of terrorism, prevent bribery and corruption, and strengthen a system for personal information protection.
	(4) Operation of Whistle-blowing System Furthermore, the Company has established a whistleblowing desk whereby the officers, employees, etc. of each Group company can directly report and consult on compliance matters including illegal activity. The Company has also set up outside contact points (offices of external lawyers) independent from management and has developed a system whereby matters are reported to management members according to their significance. The whistleblowing desk of the Company was registered for the "Certification of Whistleblowing Compliance Management System (Self-declaration of Conformance Registration System)" of the Consumer Affairs Agency in August 2019.

Items	Implementation Status of Internal Control System
	(5) Handling of Antisocial Forces With regard to the handling of antisocial forces, the Group Basic Policy on Handling of Antisocial Forces stipulates basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage, and the Group Antisocial Forces Handling Regulations stipulates specific managerial methods, etc. The Company has designated the General Affairs Unit to be in charge of establishing systems to block the development of any relationships with antisocial forces or to prevent damage that may occur, taking into account the attributes of each company. Regular reporting is conducted to the Board of Directors and the Executive Management Board concerning the handling status of efforts to sever ties with antisocial forces.
4. System for Risk Management	(1) Risk Management Policies and Regulations Based on the Internal Control Policy for the Dai-ichi Life Group, the Risk Management Policy for the Dai-ichi Life Group stipulates basic matters regarding Group risk management such as the processes undertaken for each type of risk, and the Risk Management Regulations for the Dai-ichi Life Group stipulate specific approval and reporting systems and managerial methods when implementing Group risk management, including more detailed managerial methods.
	(2) Risk Management Initiatives The Risk Management Unit coordinates and implements group-wide policies for risk management. The Risk Management Unit also plays a central role in monitoring and controlling the status and integrity of risk management across the group. There is also a Group ERM Committee that sits regularly to monitor compliance status of risk management policy, and conduct studies aimed at improving how risk management is exercised.
	(3) Promotion of ERM The Risk Management Unit assesses the suitability of business plans, capital strategy, and similar formulated as part of ERM, and also seeks to improve group risk management through activities such as setting and managing margins for risk.
5. System for Ensuring Efficient Execution of Professional Duties	The Company has formulated internal regulations related to decision-making, organization, and the division of responsibilities and authorities to ensure the efficient execution of professional duties by directors, executive officers and employees. The Company has also established an Executive Management Board which discusses important management and executive issues. The Company has also formulated a medium-term management plan for the Dai-ichi Life Group, and the Executive Management Board, etc. confirms and evaluates the performance of the plan.
6. System for Ensuring Appropriateness and Reliability of Financial Reporting	The Company has formulated the Internal Control over Financial Reporting Policy for the Dai-ichi Life Group, in accordance with the Internal Control Policy for the Dai-ichi Life Group, that stipulates basic matters regarding the establishment and operation of systems for ensuring the appropriateness and reliability of the Group’s financial reporting, whereby evaluating the effectiveness of internal controls, such as important processes related to financial reporting and the system for preparing financial reports.
7. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers’ Duties	To preserve and manage information concerning the execution of directors' and executive officers’ duties, the Company establishes internal regulations necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings such as the Board of Directors and the Executive Management Board, and written approvals containing material information, and preserve and manage information accordingly.
8. System for Ensuring Effective Internal Audits	(1) Policies and Regulations, etc. Associated with Internal Audits Based on the Internal Control Policy for the Dai-ichi Life Group, the Company stipulates basic matters such as core philosophies for internal audits in the Internal Audit & Supervision Policy for the Dai-ichi Life Group. The Company also stipulates basic matters necessary for the smooth and effective implementation of internal audits for the Group in the Internal Audit Regulations for the Dai-ichi Life Group, Internal Audit Rules, and Internal Audit Work Regulations, respectively.

Items	Implementation Status of Internal Control System
	(2) Initiatives for Internal Audits To ensure the financial soundness and appropriate business operations of the Group as a whole, internal audits are conducted to assure that internal control framework and activities of the Group are appropriate and effective. The Company has set up the Internal Audit Unit as an independent organization to ensure its effective checking function to other organizations. The Internal Audit Unit verifies and assesses the appropriateness and effectiveness of internal control framework and activities of the Group, identifies flaws, provides advice for improvement and reports to the President, Board of Directors, Executive Management Board, and Audit & Supervisory Committee on the results of internal audits.
9. System for the Execution of Duties of the Audit & Supervisory Committee	Based on the Audit & Supervision Policy and the Audit & Supervisory Committee Regulations established by the Audit & Supervisory Committee, the Company has a system in place to ensure the effectiveness of audits by the Audit & Supervisory Committee as follows. 1) The Company has set up an office of the Audit & Supervisory Committee and appoints employees with duties to assist it. With respect to personnel transfer, evaluation and others for these employees, their independence from directors is ensured. These employees are authorized to collect information necessary for audit purpose under the supervision of the Audit & Supervisory Committee. 2) The Company adopts a whistle-blowing system in which the department in charge of internal control acts as the contact point. The operational status of said system is regularly reported to full-time Audit & Supervisory Committee members. The Company has established a system for a timely and appropriate report to the Audit & Supervisory Committee in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company or Group companies. 3) The Company has established a system whereby full-time Audit & Supervisory Committee members attend important meetings including meetings of the Executive Management Board, and verify the developmental and operational status of the internal control system. In addition, the Company has also established a system whereby matters for discussion from an auditing viewpoint are reported to full-time Audit & Supervisory Committee members or the Audit & Supervisory Committee to ensure the implementation of effective audits. 4) The Company has established a system whereby full-time Audit & Supervisory Committee members regularly hear opinions from directors, etc. to collect information while inviting directors, etc. to the meetings of the Audit & Supervisory Committee to exchange opinions. The Company has also established a system whereby full-time Audit & Supervisory Committee members work to ensure the effectiveness and efficiency of audits by close collaboration with departments in charge of internal control, internal audit and the Independent Auditor, etc. through regular collection of information and exchange of opinions.

Specified Wholly Owned Subsidiaries

Name	Location	Total book value of specified wholly owned subsidiaries at the Company and wholly owned subsidiaries, etc.	Total amount of assets on the non-consolidated balance sheet of the Company
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	¥430,000 million	¥1,896,259 million

Transactions with the Parent Company

Not applicable

Accounting Advisor

Not applicable

Others

Not applicable

Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2021

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,517	329,860	1,094,483	(126,356)	1,641,506
Cumulative effect of changes in accounting policies			(15,150)		(15,150)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,517	329,860	1,079,333	(126,356)	1,626,355
Changes for the year					
Issuance of new shares	214	214			429
Dividends			(70,001)		(70,001)
Net income attributable to shareholders of parent company			363,777		363,777
Purchase of treasury stock				(29,999)	(29,999)
Disposal of treasury stock		(85)		396	311
Transfer from retained earnings to capital surplus		74	(74)		–
Transfer from reserve for land revaluation			4,048		4,048
Others			(1,277)		(1,277)
Net changes of items other than shareholders' equity					
Total changes for the year	214	204	296,472	(29,603)	267,287
Balance at the end of the year	343,732	330,065	1,375,805	(155,959)	1,893,643

(Unit: million yen)

	Accumulated other comprehensive income					
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	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	2,283,198	20,437	(17,978)	(123,850)	(27,458)	2,134,348
Cumulative effect of changes in accounting policies						
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,283,198	20,437	(17,978)	(123,850)	(27,458)	2,134,348
Changes for the year						
Issuance of new shares						
Dividends						
Net income attributable to shareholders of parent company						
Purchase of treasury stock						
Disposal of treasury stock						
Transfer from retained earnings to capital surplus						
Transfer from reserve for land revaluation						
Others						
Net changes of items other than shareholders' equity	773,152	(23,353)	(4,048)	15,020	17,445	778,215
Total changes for the year	773,152	(23,353)	(4,048)	15,020	17,445	778,215
Balance at the end of the year	3,056,350	(2,916)	(22,026)	(108,830)	(10,012)	2,912,564

(Unit: million yen)

	Subscription rights to shares	Total net assets
Balance at the beginning of the year	1,063	3,776,918
Cumulative effect of changes in accounting policies		(15,150)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	1,063	3,761,768
Changes for the year		
Issuance of new shares		429
Dividends		(70,001)
Net income attributable to shareholders of parent company		363,777
Purchase of treasury stock		(29,999)
Disposal of treasury stock		311
Transfer from retained earnings to capital surplus		–
Transfer from reserve for land revaluation		4,048
Others		(1,277)
Net changes of items other than shareholders' equity	(142)	778,073
Total changes for the year	(142)	1,045,360
Balance at the end of the year	920	4,807,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2021

(GUIDELINES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries as of March 31, 2021: 75

The consolidated financial statements include the accounts of Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited ("DLVN"), TAL Dai-ichi Life Australia Pty Ltd ("TDLA"), Protective Life Corporation ("Protective Life"), Dai-ichi Life Insurance (Cambodia) PLC., Dai-ichi Life Insurance Myanmar Ltd., Dai-ichi Life Reinsurance Bermuda Ltd. ("DLRe") and Dai-ichi Life International Holdings LLC ("DLIHD").

Effective the fiscal year ended March 31, 2021, DLIHD, which was established during the fiscal year ended March 31, 2021, was included in the scope of consolidation.

Effective the fiscal year ended March 31, 2021, DLRe, which was established during the fiscal year ended March 31, 2021 was included in the scope of consolidation.

Effective the fiscal year ended March 31, 2021, four subsidiaries of TDLA were included in the scope of consolidation.

Effective the fiscal year ended March 31, 2021, ten subsidiaries of Protective Life were included in the scope of consolidation.

Effective the fiscal year ended March 31, 2021, two subsidiaries of TDLA were excluded from the scope of consolidation.

Effective the fiscal year ended March 31, 2021, seven subsidiaries of Protective Life were excluded from the scope of consolidation.

(2) Number of non-consolidated subsidiaries as of March 31, 2021: 33

The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., THE DAI-ICHI BUILDING CO., LTD. and First U Anonymous Association.

The thirty-three non-consolidated subsidiaries as of March 31, 2021 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) Number of non-consolidated subsidiaries under the equity method as of March 31, 2021: 0

(2) The number of affiliated companies under the equity method as of March 31, 2021: 21

The affiliated companies included Asset Management One Co., Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited and PT Panin Internasional.

Effective the fiscal year ended March 31, 2021, one affiliated company of PT Panin Internasional was included in the scope of the equity method as it had become an affiliated company of the Company.

Effective the fiscal year ended March 31, 2021, seven affiliated companies of Janus Henderson Group plc were included in the scope of the equity method as it had become an affiliated company of the Company.

Effective the fiscal year ended March 31, 2021, thirteen affiliated companies of Janus Henderson Group plc were excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2021, the total ninety-nine companies of Janus Henderson Group plc were excluded from the scope of the equity method because of selling the shares held by the Company.

(3) The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., THE DAI-ICHI BUILDING CO., LTD. and First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., NIHONBUSSAN Corporation, and others) 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 the net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of Consolidated Subsidiaries

Among the consolidated subsidiaries, the closing dates of consolidated overseas subsidiaries are September 30, December 31 or March 31. For those with a closing date of September 30, financial information based on the provisional closing performed on December 31 is used to prepare the consolidated financial statements. For those with a closing date of December 31 or March 31, financial information as of those closing dates is used to prepare the consolidated financial statements.

Necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

4. Amortization of Goodwill

Goodwill is amortized over an effective period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount is immaterial.

(NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2021)

1. Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiaries 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 with Fair Value

Available-for-sale securities which have market value are valued at fair value at the end of the fiscal year (for domestic stocks, the average market value during March), with cost determined by the moving average method.

b) Available-for-sale Securities Whose Fair Values Are Extremely Difficult to Recognize

i) Government/Corporate Bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment

Government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method.

ii) Others

All others 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 certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out.

2. Risk Management Policy of Policy-Reserve-Matching Bonds

Certain domestic consolidated subsidiaries categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

a) individual life insurance and annuities,
b) non-participating single premium whole life insurance (without duty of medical disclosure),
c) financial insurance and annuities, and
d) group annuities,

with the exception of certain types.

The sub-groups of insurance products of DFLI are:

a) individual life insurance and annuities (yen-denominated),
b) individual life insurance and annuities (U.S. dollar-denominated), and
c) individual life insurance and annuities (New Zealand dollar-denominated),

with the exception of certain types and contracts.

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 Enforcement Ordinance 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 and its domestic consolidated subsidiaries 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 and buildings 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 consolidated overseas subsidiaries is primarily calculated by the straight-line method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets
The Company and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets.
Intangible fixed assets acquired through the acquisition, etc. of consolidated overseas subsidiaries are amortized over a period during which their effect is estimated to persist, in proportion to the manner in which their effect is realized.
Software for internal use is amortized by the straight-line method based on the estimated useful lives of two to ten years.

(3) Depreciation of 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 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, 2021 was ¥633,461 million.

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

The Company and its domestic consolidated subsidiaries translate 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 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 subsidiaries are translated into yen at the exchange rates at the end of their fiscal year. Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

For certain consolidated subsidiaries of the Company, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as “net unrealized gains (losses) on securities”, and the remaining changes are reported in “foreign exchange gains (losses)”.

7. Reserve for Possible Loan Losses

The reserve for possible loan losses of consolidated subsidiaries that operate a life insurance business in Japan is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

For loans to and claims on obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, "obligors at risk of bankruptcy"), the reserve is calculated, taking into account 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 during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in each subsidiary 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, 2021 was ¥1 million.

For certain consolidated overseas subsidiaries, reserve for their estimate of contractual cash flows not expected to be collected is recognized for relevant claims on day one of the asset's acquisition.

8. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses is established for securities whose fair values are extremely difficult to recognize. 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 of certain consolidated subsidiaries 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 provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2021. 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, 2021.

(2) Amortization of Actuarial Differences and Past Service Cost

Past service cost is amortized under the straight-line method through 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 through a certain period (seven years) within the employees' average remaining service period, starting from the following year. Certain consolidated overseas subsidiaries apply corridor approach.

Certain consolidated overseas subsidiaries applied the simplified method in calculating projected benefit obligations.

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) Methods for Hedge Accounting

As for the Company and certain of its domestic consolidated subsidiaries, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008). 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, foreign currency forward contracts and foreign currency-denominated monetary

claims are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for over-the-counter options on bonds is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest-rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Audit Committee Report No. 26 issued by JICPA).

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

The Company and certain of its domestic consolidated subsidiaries conduct hedging transactions with regard to certain market risk and foreign currency 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.

14. Calculation of National and Local Consumption Tax

The Company and its domestic consolidated subsidiaries account for national and local consumption tax mainly 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 Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserves

Policy reserves of consolidated subsidiaries that operate a life insurance business in Japan 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 by the following methods.

(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.

Policy reserves of consolidated subsidiaries that operate a life insurance business in the U.S. are set aside in accordance with US GAAP in amounts calculated by estimated future cash flows based on actuarial assumptions determined at times such as when the contracts are concluded, including interest rates, mortality rates and persistency ratio. If the policy reserves set aside are found likely to be insufficient to cover the performance of future obligations due to a significant gap between the estimation and the most recent actual figures, additional policy reserves need to be set aside by way of amendment to the assumptions.

Policy reserves of other overseas subsidiaries are calculated based on the each country's accounting standard.

16. Significant Accounting Estimates

(1) Evaluation of goodwill

a) Amounts recognized on the consolidated financial statements in the fiscal year ended March 31, 2021

Goodwill presented on the consolidated balance sheets in the fiscal year ended March 31, 2021 comprises goodwill of ¥10,030 million arising from the acquisition of Protective Life and the acquisition business of Protective Life's acquisition segment and goodwill of ¥32,666 million arising from the acquisition of TDLA.

b) Information on the contents of significant accounting estimates related to identified items

Goodwill arising from acquisitions and acquisition business is recorded on the consolidated financial statements of these consolidated subsidiaries and is subject to judgement on recognition of impairment losses on goodwill to be examined by each subsidiary in accordance with the local accounting standards of each subsidiary.

Protective Life evaluates qualitative factors, which is examination on whether or not there is any impairment indicator, to consider whether or not there is a 50 percent or greater probability that book value exceeds fair value of each reporting unit that has goodwill. Whether or not there is any impairment indicator is comprehensively examined in consideration of the presence of deterioration in economic and market environments surrounding Protective Life and its reporting units, the presence of factors that have a negative impact on future profits or cash flows, the presence of deterioration in overall business performance, and other events specific to Protective Life and its reporting units. If there is any impairment indicator which is attributable to the deterioration of circumstances or the occurrence of events, impairment losses on goodwill may be recorded in the following fiscal year.

TDLA performs quantitative impairment test by comparing book value with recoverable amount in each cash generating unit to which goodwill is allocated. Recoverable amount is calculated based on embedded values, etc. For calculating the embedded values, underlying actuarial assumptions are used such as discount rates, mortality, morbidity, discontinuances and others. If recoverable amount reduces due to the update of underlying actuarial assumptions, impairment losses on goodwill may be recorded in the following fiscal year.

The Company judges as to whether or not there is any impairment indicator of goodwill in accordance with the accounting standards in Japan, considering the results of the judgements made by each subsidiary. No impairment losses on goodwill are recorded in the fiscal year ended March 31, 2021 as the Company determined that there was no impairment indicator on goodwill.

(2) Evaluation of value of in-force insurance contracts

a) Amounts recognized on the consolidated financial statements in the fiscal year ended March 31, 2021

Other intangible fixed assets presented in the Company's consolidated balance sheet in the fiscal year ended March 31, 2021 includes assets regarding the present value of in-force insurance contracts, namely Value of Business Acquired ("VOBA") or Value In-force ("VIF"). The balance of VOBA in the amount of ¥186,370 million is derived from the acquisition of Protective Life and the acquisition business of Protective Life's acquisition segment, and the balance of VIF in the amount of ¥23,666 million is derived from the acquisitions of TDLA, respectively.

b) Information on the contents of significant accounting estimates related to identified items

The value of in-force insurance contracts arising from acquisitions and acquisition business is calculated as the present value of future profits to be earned from future cash flows arising from in-force insurance contracts and investment type insurance contracts at the acquisition date, and is recorded on the consolidated financial statements of these consolidated subsidiaries while the value of in-force insurance contracts is amortized over a period during which its effect is estimated, in proportion to the manner in which its effect is realized.

The VOBA of Protective Life is amortized based on future gross premiums, estimated gross margins, contractual terms and/or others.

With regards to the VOBA arising from investment type insurance contracts, Protective Life regularly reviews actuarial assumptions such as interest rate, mortality, lapse and others, updates

them if necessary, and accordingly increases or decreases amortization amount of the VOBA. Where increase or decrease in estimated gross margins is expected due to the change in lapse, the update of actuarial assumptions may result in acceleration of amortization in the following fiscal year.

Protective Life assesses whether the VOBA arising from traditional insurance contracts is impaired concurrently with performing liability adequacy test of relevant policy reserves in addition to the predetermined amortization. The VOBA arising from traditional insurance contracts may result in impairment losses in the following fiscal year prior to providing additional policy reserves where the estimated future cash flows based on the underlying actuarial assumptions determined upon conclusion of contract, such as interest rate, mortality rate, discontinuances and others differ significantly from actual and it is recognized that there is a risk of disabling to fulfill future obligations. No impairment losses on the VOBA are recorded in the fiscal year ended March 31, 2021.

TDLA assesses the VIF arising from the acquisition of TDLA as to whether there is any impairment indicator of the VIF at the same time as goodwill impairment test is performed because impairment of goodwill indicates impairment of the VIF. No impairment losses are recognized in the fiscal year ended March 31, 2021 as the TDLA determined that there was no indication that the VIF is impaired based on the result of the quantitative impairment test on goodwill.

17. Changes in Accounting Policies - Measurement of Credit Losses on Financial Instruments

Effective the fiscal year ended March 31, 2021, certain consolidated overseas subsidiaries adopted Accounting Standards Update (“ASU”) No. 2016-13 – Financial Instruments – Measurement of Credit Losses on Financial Instruments issued by the Financial Accounting Standards Board.

The update is mainly applied to financial instruments valued at amortized cost and introduce a new current expected credit loss model. This model requires that an entity recognize as an allowance its estimate of contractual cash flows not expected to be collected on day one of the asset’s acquisition.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to retained earnings was recorded at the beginning of the fiscal year ended March 31, 2021.

As a result, reserve for possible loan losses increased by ¥9,953 million, and retained earnings decreased by ¥15,150 million. In addition, ordinary profit and income before income taxes each declined by ¥15,207 million.

18. Accounting Standard and Guidance Not Yet Adopted

Financial Services - Insurance (Topic 944) (ASU No. 2018-12 issued on August 15, 2018, ASU No. 2019-09 issued on November 15, 2019, and ASU No. 2020-11 issued on November 5, 2020)

(1) Outline

The amendments in this Update are mainly designed to make improvements of (i) the accounting treatment of the liability for future policy benefits, (ii) the measurement of benefits with market risks at fair value, and (iii) the amortization methods of deferred acquisition costs of insurance contracts.

Companies that have adopted US GAAP will apply the amendments in this Update from the fiscal year beginning after December 15, 2022 (early adoption is permitted).

(2) Scheduled date for adoption

Certain consolidated overseas subsidiaries that have adopted US GAAP will apply the amendments in this Update, but the date for application is undetermined.

(3) Impact of applying the standard and guidance

The impact of applying the standard and guidance is currently under assessment.

19. Changes in Presentation Method

Effective the fiscal year ended March 31, 2021, the Company has adopted Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No.31 issued on March 31, 2020), and accordingly discloses the notes to significant accounting estimates in the consolidated financial statements.

20. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

The Group mainly operates in life insurance business and, in an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, 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 Group holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Group also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

The Group uses derivatives primarily to hedge market risks associated with its existing asset portfolio and to mitigate the risks associated with guaranteed minimum maturity benefits of individual variable annuity insurance.

With respect to financing, the Group 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 Group 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 Group, mainly stocks and bonds, 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 Group might be exposed to liquidity risk in certain circumstance 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 Group utilizes (i) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, (ii) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and (iii) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopts hedge accounting.

In addition, certain consolidated subsidiaries utilize (i) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the “Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators” (JICPA Industry Audit Committee Report No. 26), and (ii) foreign currency swaps to hedge foreign currency risks associated with funding agreements and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in accounting standards such as the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10 issued on March 10, 2008), the Group 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 Group manages risk in accordance with a basic policy for risk management, rules for management procedures, etc. defined by the board of directors, etc.

i) Market Risk Management

Under the internal investment policy and market risk management policy, DL 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

DL 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

DL 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

DL 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 sets 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, DL has established internal check system by segregating (i) the 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, it has put restrictions on utilization purpose, such as hedging, and establishes position limits for each asset class.

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

DFLI utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities and hedge foreign currency risks associated with bonds. For derivatives used to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities, in accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, it (i) assesses the hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the risk associated with its guaranteed minimum maturity benefits and measures estimated losses based on VaR (value-at-risk). The risk management section is in charge of managing overall risks including risks associated with the guaranteed minimum maturity benefits, and periodically reports the status of such management to the board of directors, etc.

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL 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 frameworks 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 its 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.

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

d) Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.

(2) Fair Values 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, 2021 were as follows. The following tables do not include financial instruments whose fair value is extremely difficult to recognize (please refer to Note 2).

As of March 31, 2021	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)	
(1) Cash and deposits	1,884,141	1,884,141	–
(2) Call loans	403,700	403,700	–
(3) Monetary claims bought	252,140	252,140	–
(4) Money held in trust	1,130,920	1,130,920	–
(5) Securities			
a. Trading securities	4,343,031	4,343,031	–
b. Held-to-maturity bonds	110,171	111,589	1,418
c. Policy-reserve-matching bonds	16,734,673	19,129,396	2,394,723
d. Stocks of subsidiaries and affiliated companies	1,041	1,150	108
e. Available-for-sale securities	29,193,968	29,193,968	–
(6) Loans	3,762,666		
Reserve for possible loan losses (*1)	(23,842)		
	3,738,823	3,877,221	138,398
(7) Reinsurance receivable	1,668,969	1,668,969	–
Total assets	59,461,580	61,996,229	2,534,648
(1) Bonds payable	899,770	947,004	47,233
(2) Payables under repurchase agreements	2,346,988	2,346,988	–
(3) Long-term borrowings	700,648	701,211	562
Total liabilities	3,947,408	3,995,204	47,795
Derivative transactions (*2)			
a. Hedge accounting not applied	[99,077]	[99,077]	–
b. Hedge accounting applied	[296,206]	[296,828]	(621)
Total derivative transactions	[395,284]	[395,906]	(621)

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

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

(Note 1) Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

- **Assets**

a) Cash and deposits

Since deposits are mainly close to maturity or have no maturity and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

b) Call loans

Since all call loans are close to due date and their fair value is close to the carrying amounts, fair value of call loans is based on their carrying amount.

c) Monetary claims bought

The fair value of monetary claims bought is based on the reasonably calculated price.

d) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price.

e) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in “(3) Securities”.

f) 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 period which are assumed to be applied to new loans to the subject borrower.

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 at the end of the fiscal year. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as the fair value of risk-monitored loans.

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.

g) Reinsurance receivable

Since the fair value of reinsurance receivable is close to the carrying amounts, fair value is based on the carrying amount.

- **Liabilities**

a) Bonds payable

The fair value of bonds is based on the price on the bond market.

b) Payables under repurchase agreements

Since the terms of all payables under repurchase agreements are short and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

c) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowings. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

- **Derivative Transactions**

The breakdown of derivative transactions is a) currency-related transactions; b) interest-related transactions; c) stock-related transactions; and d) bond-related transactions, etc. The fair value of the instruments is based on the closing exchange-traded prices and the prices quoted from financial institutions, etc.

(Note 2) Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of e) Securities in (Note 1)

As of March 31, 2021	Carrying amount
	(Unit: million yen)
(1) Unlisted domestic stocks (*1)(*2)	104,421
(2) Unlisted foreign stocks (*1)(*2)	66,716
(3) Other foreign securities (*1)(*2)	100,889
(4) Other securities (*1)(*2)	225,035
Total	497,061

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of market value information.

(*2) For the fiscal year ended March 31, 2021, impairment charges of ¥1,192 million were recorded.

(Note 3) Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2021	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
		(Unit: million yen)		
Cash and deposits	1,870,672	13,472	–	–
Call loans	403,700	–	–	–
Monetary claims bought	–	31,055	32,543	182,629
Securities:				
Held-to-maturity bonds (bonds)	700	61,500	15,700	21,700
Held-to-maturity bonds (foreign securities)	–	10,832	100	–
Policy-reserve-matching bonds (bonds)	21,812	510,840	2,431,592	11,431,371
Policy-reserve-matching bonds (foreign securities)	29,558	463,056	1,226,552	523,613
Available-for-sale securities with maturities (bonds)	90,433	773,815	1,106,464	1,078,666
Available-for-sale securities with maturities (foreign securities)	735,608	4,191,940	4,294,477	7,839,076
Available-for-sale securities with maturities (other securities)	720	276,293	318,182	8,382
Loans (*)	438,660	1,242,856	854,132	725,373

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounting to ¥633 million, were not included. Also, ¥243,180 million of loans without maturities were not included.

(Note 4) Scheduled maturities of bonds, long-term borrowings, and other interest-bearing liabilities

As of March 31, 2021	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
			(Unit: million yen)			
Bonds payable (*1)	–	–	–	195	–	184,885
Payables under repurchase agreements	2,346,988	–	–	–	–	–
Long-term borrowings (*2)	285,510	20,063	7,409	62,100	–	–

(*1) ¥706,277 million of bonds payable without maturities were not included.
(*2) ¥325,000 million of long-term borrowings without maturities were not included.

(3) Securities

a) Trading securities

	Year ended March 31, 2021
	(Unit: million yen)
Gains (losses) on valuation of trading securities……	308,566

b) Held-to-maturity Bonds

As of March 31, 2021	Carrying amount	Fair value	Unrealized gains (losses)
		(Unit: million yen)	
Held-to-maturity securities with unrealized gains:			
(1) Bonds	63,777	65,531	1,754
a. Government bonds	47,221	48,896	1,675
b. Local government bonds	–	–	–
c. Corporate bonds	16,556	16,635	78
(2) Foreign securities	4,998	5,023	24
a. Foreign bonds	4,998	5,023	24
Subtotal	68,776	70,554	1,778
Held-to-maturity securities with unrealized losses:			
(1) Bonds	35,450	35,101	(349)
a. Government bonds	–	–	–
b. Local government bonds	–	–	–
c. Corporate bonds	35,450	35,101	(349)
(2) Foreign securities	5,943	5,932	(11)
a. Foreign bonds	5,943	5,932	(11)
Subtotal	41,394	41,034	(360)
Total	110,171	111,589	1,418

c) Policy-reserve-matching Bonds

As of March 31, 2021	Carrying amount	Fair value	Unrealized gains (losses)
		(Unit: million yen)	
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	11,892,201	14,233,910	2,341,708
a. Government bonds	10,861,367	13,126,091	2,264,723
b. Local government bonds	105,165	120,563	15,397
c. Corporate bonds	925,668	987,255	61,587
(2) Foreign securities	1,925,023	2,080,862	155,839
a. Foreign bonds	1,925,023	2,080,862	155,839
Subtotal	13,817,224	16,314,772	2,497,547
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	2,528,228	2,443,575	(84,653)
a. Government bonds	2,202,802	2,125,823	(76,979)
b. Local government bonds	20,744	20,253	(490)
c. Corporate bonds	304,681	297,498	(7,183)
(2) Foreign securities	389,219	371,048	(18,171)
a. Foreign bonds	389,219	371,048	(18,171)
Subtotal	2,917,448	2,814,623	(102,824)
Total	16,734,673	19,129,396	2,394,723

d) Available-for-sale Securities

As of March 31, 2021	Carrying amount	Acquisition cost	Unrealized gains (losses)
		(Unit: million yen)	
Available-for-sale securities with unrealized gains:			
(1) Bonds	3,536,414	3,101,166	435,248
a. Government bonds	2,065,744	1,709,051	356,693
b. Local government bonds	28,080	26,607	1,473
c. Corporate bonds	1,442,589	1,365,507	77,082
(2) Domestic stocks	3,271,329	1,115,683	2,155,646
(3) Foreign securities	17,315,237	15,096,152	2,219,085
a. Foreign bonds	16,206,052	14,233,241	1,972,810
b. Other foreign securities	1,109,185	862,911	246,274
(4) Other securities	689,223	621,708	67,514
Subtotal	24,812,204	19,934,710	4,877,494
Available-for-sale securities with unrealized losses:			
(1) Bonds	381,823	384,641	(2,818)
a. Government bonds	11,324	11,710	(386)
b. Local government bonds	–	–	–
c. Corporate bonds	370,498	372,930	(2,431)
(2) Domestic stocks	248,451	292,493	(44,042)
(3) Foreign securities	3,662,248	3,833,968	(171,719)
a. Foreign bonds	3,152,640	3,310,207	(157,566)
b. Other foreign securities	509,608	523,760	(14,152)
(4) Other securities	412,378	432,755	(20,377)
Subtotal	4,704,901	4,943,858	(238,956)
Total	29,517,106	24,878,568	4,638,537

(Note) Other securities include (a) certificates of deposit and (b) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively. The aggregate acquisition cost and carrying amount of such certificates of deposit were ¥71,000 million and ¥70,997 million, respectively, as of March 31, 2021. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥246,377 million and ¥252,140 million, respectively, as of March 31, 2021.

e) Held-to-maturity Bonds Sold

The Company and its consolidated subsidiaries sold no held-to-maturity bonds during the fiscal year ended March 31, 2021.

f) Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal year ended March 31, 2021 were as follows:

Year ended March 31, 2021	Amounts sold	Realized gains	Realized losses
		(Unit: million yen)	
(1) Bonds	606,251	77,800	168
a. Government bonds	523,160	72,922	18
b. Local government bonds	2,491	102	12
c. Corporate bonds	80,600	4,775	138
(2) Foreign securities	207,427	24,649	619
a. Foreign bonds	207,427	24,649	619
b. Other foreign securities	–	–	–
Total	813,679	102,449	787

g) Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal year ended March 31, 2021 were as follows:

Year ended March 31, 2021	Amounts sold	Realized gains	Realized losses
		(Unit: million yen)	
(1) Bonds	584,191	3,998	617
a. Government bonds	95,218	573	207
b. Local government bonds	36,466	–	15
c. Corporate bonds	452,507	3,425	395
(2) Domestic stocks	244,203	145,738	4,147
(3) Foreign securities	2,919,618	215,712	90,486
a. Foreign bonds	2,229,627	130,689	43,286
b. Other foreign securities	689,991	85,022	47,200
(4) Other securities	194,619	3,463	31,013
Total	3,942,633	368,913	126,265

h) Securities Written Down

The Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with fair values i) when the fair value of such securities declines by 50% or more, of its purchase cost or ii) when the fair value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost.

The aggregate amount written down from the balance of available-for-sale securities with fair value for the fiscal year ended March 31, 2021 was ¥13,108 million.

(4) Money Held in Trust

Money Held in Trust for Trading

As of March 31, 2021	(Unit: million yen)
Carrying amount on the consolidated balance sheet	1,130,920
Gains (losses) on valuation of money held in trust	26,327

21. Real Estate for Rent

Certain domestic consolidated subsidiaries own 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, 2021 was ¥35,836 million. The rental income was included in investment income and the rental expense was included in investment expenses. Certain domestic consolidated subsidiaries recorded gains on sale of ¥2,548 million on rental real estate as extraordinary gains and impairment loss of ¥2,528 million on rental real estate as extraordinary losses for the fiscal year ended March 31, 2021.

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

Fiscal year ended March 31, 2021	(Unit: million yen)
Carrying amount	
Beginning balance	788,201
Net change during year	(814)
Ending balance	787,387
Market value	1,056,203

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

(*2) Net change in carrying amount includes cost of acquisition of the real estate of ¥30,668 million, sale of the real estate of ¥19,468 million, depreciation expense of ¥13,165 million, and impairment loss of ¥2,528 million during the fiscal year ended March 31, 2021.

(*3) Certain domestic consolidated subsidiaries calculate the market value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

22. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2021 was ¥2,644,610 million.

23. Problem Loans

As of March 31, 2021, the amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were as follows:

	(Unit: million yen)
Credits to bankrupt borrowers	67
Delinquent loans	3,216
Loans past due for three months or more	–
Restructured loans	1,016
Total	4,300

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or Item 4 of the Enforcement Ordinance of the Corporation Tax Act (Cabinet Order 97, 1965). Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7, the decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	(Unit: million yen)
Credits to bankrupt borrowers	1
Delinquent loans	-

24. 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 ¥2,613,313 million. Separate account liabilities were the same amount as the separate account assets.

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 year	399,742
Dividends paid during the year	84,461
Interest accrual during the year	8,218
Provision for reserve for policyholder dividends	77,500
Balance at the end of the year	400,999

26. Stocks of Subsidiaries and Affiliated Companies

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies of the Company held were as follows:

	(Unit: million yen)
Stocks	119,024
Capital	167,113
Total	286,138

27. Organizational Change Surplus

As of March 31, 2021, 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 securities and cash and deposits pledged as collateral were as follows:

	(Unit: million yen)
Securities	2,616,478
Cash and deposits	15,211
Total	2,631,690

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Payables under repurchase agreements	2,346,988
Cash collateral for securities lending transactions	239,987
Total	2,586,976

The amount of “Securities” pledged as collateral under repurchase agreements and for securities lending transactions with cash collateral as of March 31, 2021 was ¥2,342,603 million.

29. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2021 was ¥4,329.08.

30. Stock Options

(1) Details of the stock options granted for the fiscal year ended March 31, 2021

a) Details of the stock options

	The Dai-ichi Life Insurance Company, Limited 1st Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 2nd Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 3rd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 16 executive officers of the Company	11 directors (except outside directors) and 17 executive officers of the Company
Class and total number (*1)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Grant date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 17, 2011 to August 16, 2041	From August 17, 2012 to August 16, 2042	From August 17, 2013 to August 16, 2043

	The Dai-ichi Life Insurance Company, Limited 4th Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 5th Series of Stock Acquisition Rights	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 17 executive officers of the Company	11 directors (except outside directors) and 18 executive officers of the Company	10 directors (excluding directors serving as Audit & Supervisory Committee members and outside directors) and 15 executive officers of the Company, and 38 directors, etc. of the Company’s subsidiaries
Class and total number (*1)	179,000 shares of common stock	110,600 shares of common stock	269,600 shares of common stock
Grant date	August 18, 2014	August 17, 2015	October 18, 2016
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 19, 2014 to August 18, 2044	From August 18, 2015 to August 17, 2045	From October 19, 2016 to October 18, 2046

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Granted persons	6 directors (excluding directors serving as Audit & Supervisory Committee members and outside directors) and 15 executive officers of the Company, and 37 directors, etc. of the Company's subsidiaries
Class and total number (*1)	215,800 shares of common stock
Grant date	August 24, 2017
Vesting conditions	The acquisition rights are vested on the above grant date.
Service period covered	N/A
Exercise period (*2)	From August 25, 2017 to August 24, 2047

(*1) It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

(*2) A granted person can exercise stock acquisition rights only within 10 days from the day on which she/he loses status as any of a director (excluding director serving as Audit & Supervisory Committee member) or an executive officer of the Company, DL, DFLI and Neo First Life. For stock options granted before the shift to a holding company structure, the terms and conditions for the exercise period have been changed due to the shift to a holding company structure effective on October 1, 2016.

b) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2021 and the total number of stock options is translated to the number of shares of common stock.

i) Number of the stock options (shares)

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Before vesting					
Outstanding at the end of prior fiscal year	–	–	–	–	–
Granted	–	–	–	–	–
Forfeited	–	–	–	–	–
Vested	–	–	–	–	–
Outstanding at the end of the fiscal year	–	–	–	–	–
After vesting					
Outstanding at the end of prior fiscal year	49,800	117,200	81,700	88,200	70,300
Vested	–	–	–	–	–
Exercised	13,000	23,700	15,200	14,600	8,900
Forfeited	–	–	–	–	–
Outstanding at the end of the fiscal year	36,800	93,500	66,500	73,600	61,400

	Dai-ichi Life Holdings, Inc.	
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Before vesting		
Outstanding at the end of prior fiscal year	–	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Outstanding at the end of the fiscal year	–	–
After vesting		
Outstanding at the end of prior fiscal year	190,900	180,700
Vested	–	–
Exercised	27,300	10,100
Forfeited	–	–
Outstanding at the end of the fiscal year	163,600	170,600

(Note) The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

ii) Price information

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,358	¥1,358	¥1,358	¥1,358	¥1,358
Fair value at the grant date	¥885	¥766	¥1,300	¥1,366	¥2,318

	Dai-ichi Life Holdings, Inc.	
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,463	¥1,565
Fair value at the grant date	¥1,344	¥1,568

(Note) The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

(2) Method to estimate the number of stock options vested

Only the actual number of forfeited stock options is considered, because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

31. Employees' Retirement Benefits

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

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

Certain consolidated overseas subsidiaries have maintained their defined benefit plans and defined contribution plans.

(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	727,391
b.	Service cost	27,449
c.	Interest cost	3,164
d.	Accruals of actuarial (gains) and losses	10,617
e.	Payment of retirement benefits	(35,701)
f.	Accruals of past service cost	2,160
g.	Others	(3,268)
h.	Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)	731,812

(Note) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "Service cost."

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of pension assets	286,517
b.	Estimated return on assets	3,717
c.	Accruals of actuarial (gains) and losses	30,736
d.	Contribution from the employer	7,971
e.	Payment of retirement benefits	(13,829)
f.	Others	(1,847)
g.	Ending balance of pension assets (a + b + c + d + e+ f)	313,266

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 consolidated balance sheet

(Unit: million yen)

a.	Projected benefit obligation for funded pensions	404,880
b.	Pension assets	(313,266)
c.	Subtotal (a + b)	91,614
d.	Projected benefit obligation for unfunded pensions	326,932
e.	Net of assets and liabilities recorded in the consolidated balance sheet (c + d)	418,546
f.	Net defined benefit liabilities	418,546
g.	Net defined benefit assets	–
h.	Net of assets and liabilities recorded in the consolidated balance sheet (f + g)	418,546

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service cost	27,449
b.	Interest cost	3,164
c.	Expected return on assets	(3,717)
d.	Expense of actuarial (gains) and losses	5,972
e.	Amortization of past service cost	(136)
f.	Others	587
g.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	33,318

(Note) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in “Service cost.”

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)

a.	Past service cost	(2,297)
b.	Actuarial gains (losses)	26,611
c.	Total	24,314

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)

a.	Unrecognized past service cost	1,339
b.	Unrecognized actuarial gains (losses)	11,877
c.	Total	13,216

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	69%
Asset under joint management	14%
Bonds	6%
Life insurance general account	4%
Others	7%
Total	100%

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2021 was 47%.

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 consolidated subsidiaries have 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 March 31, 2021 were as follows:

Discount rate	0.30% to 2.55%
Expected long-term rate of return	
Defined benefit corporate pension	1.40% to 7.00%
Employee pension trust	0.00%

(3) Defined Contribution Plans
Required amount of contribution to defined contribution plans of consolidated subsidiaries for the fiscal year ended March 31, 2021 was ¥2,586 million.

32. Securities Borrowing
Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2021, the market value of the securities which were not sold or pledged as collateral was ¥117,720 million. None of the securities were pledged as collateral as of March 31, 2021.

33. Commitment Line
As of March 31, 2021, there were unused commitment line agreements, under which the Company and its consolidated subsidiaries were the lenders, of ¥161,391 million.

34. Subordinated Debt and Other Liabilities
As of March 31, 2021, other liabilities included subordinated debt of ¥390,600 million, whose repayment is subordinated to other obligations.

35. Bonds Payable
As of March 31, 2021, bonds payable included foreign currency-denominated subordinated bonds of ¥789,533 million, whose repayment is subordinated to other obligations.

36. Obligations to the Life Insurance Policyholders Protection Corporation of Japan
The estimated future obligations of consolidated companies that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2021 were ¥59,304 million. These obligations will be recognized as operating expenses for the years in which they are paid.

37. Incentive Programs for Employees
The Company conducts transactions by granting its stocks to its employees using trust scheme (“the Stock Granting Trust (J-ESOP)”) to incentivize its employees to improve stock prices and financial results.
(1) Overview of the transactions
J-ESOP is a program to grant stocks of the Company to the employees who fulfill requirements under the Stock Granting Regulations of the Company and its Group companies.
The Company vests points to each employee based on her/his contribution, and vests stocks based on total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

(2) While adopting “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts.” (ASBJ PITF No. 30), the Company applies the same accounting treatment as before.

(3) Information related to the stocks of the Company which the trusts hold
i) Book value of the stocks of the Company within the trust as of March 31, 2021 was ¥5,960 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.
ii) The number of stocks within the trust as of March 31, 2021 was 3,942 thousand shares, and the average number of stocks within the trust for the fiscal year ended March 31, 2021 was 3,991 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

(NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2021)

1. Premium and Other Income and Benefits and Claims for Consolidated Subsidiaries That Operate a Life Insurance Business in Japan

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

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

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

(2) Reinsurance Income

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

For certain transactions of modified coinsurance that do not involve cash settlements, amounts received under the reinsurance contracts as part of amounts equivalent to acquisition costs related to direct insurance contracts are recorded as reinsurance income while the same amounts are recorded as unamortized ceded premium commissions in reinsurance receivable and are amortized over the period of the reinsurance contracts.

(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.

Premium and other income, and benefits and claims, of consolidated overseas subsidiaries are recorded based on the each country's accounting standard, such as US GAAP.

Effective the fiscal year ended March 31, 2021, the Company discloses "principles and procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc. are unclear" with the adoption of the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 revised on March 31, 2020), in the consolidated financial statements.

2. Net Income per Share

Net income per share for the fiscal year ended March 31, 2021 was ¥325.61. Diluted net income per share for the same period was ¥325.41.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets of the consolidated subsidiaries that operate a life insurance business in Japan for the fiscal year ended March 31, 2021 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group for each consolidated company. 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 consolidated subsidiaries 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, 2021 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate for rent	Morioka city, Iwate prefecture	1	25	31	57
Real estate not in use	Takamatsu city, Kagawa prefecture and others	22	1,741	752	2,494
Total	–	23	1,767	784	2,552

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.17% for the fiscal year ended March 31, 2021 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.

(NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2021)

1. Type and Number of Shares Outstanding

	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
		(Unit: thousand shares)		
Common stock.....	1,198,443	312	–	1,198,755
Treasury stock (*1)(*2)(*3)(*4)	69,378	19,400	238	88,541

(*1) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2021, includes 4,068 thousand shares and 3,942 thousand shares held by the trust fund through the J-ESOP, respectively.

(*2) The increase of 312 thousand shares of outstanding common stock was due to the issuance of new shares under stock remuneration scheme.

(*3) The increase of 19,400 thousand shares of treasury stock was due to the repurchase of 19,394 thousand shares of outstanding common stock and acquisition without consideration of 6 thousand shares of restricted stock.

(*4) The decrease of 238 thousand shares of treasury stock represents the sum of (1) 112 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 125 thousand shares granted to eligible employees at retirement by the J-ESOP.

2. Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2021 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	920

3. Dividends on Common Stock

(1) Dividends paid during the fiscal year ended March 31, 2021

Date of resolution	June 22, 2020 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends (*)	¥70,001 million
Dividends per share	¥62
Record date	March 31, 2020
Effective date	June 23, 2020
Dividend resource	Retained earnings

(*) Total dividends did not include ¥252 million of dividends to the J-ESOP trust as the Company recognized the shares held by the trust as treasury shares.

(2) Dividends, the record date of which was March 31, 2021, to be paid out in the fiscal year ending March 31, 2022

Date of resolution	June 21, 2021 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends (*)	¥68,833 million
Dividends per share	¥62
Record date	March 31, 2021
Effective date	June 22, 2021
Dividend resource	Retained earnings

(*) Total dividends did not include ¥244 million of dividends to the J-ESOP trust as the Company recognized the shares held by the trust as treasury shares.

Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2021

(Unit: million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Fund for price fluctuation allowance	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,517	343,517	10	343,527	5,600	65,000	617,942	688,542	(126,356)	1,249,231
Changes for the year										
Issuance of new shares	214	214		214						429
Dividends							(70,001)	(70,001)		(70,001)
Net income							216,513	216,513		216,513
Purchase of treasury stock									(29,999)	(29,999)
Disposal of treasury stock			(85)	(85)					396	311
Transfer from retained earnings to capital surplus			74	74			(74)	(74)		
Net changes of items other than shareholders' equity										
Total changes for the year	214	214	(10)	204	–	–	146,436	146,436	(29,603)	117,252
Balance at the end of the year	343,732	343,732	–	343,732	5,600	65,000	764,379	834,979	(155,959)	1,366,484

(Unit: million yen)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total valuation and translation adjustments		
Balance at the beginning of the year	(335)	(335)	1,063	1,249,959
Changes for the year				
Issuance of new shares				429
Dividends				(70,001)
Net income				216,513
Purchase of treasury stock				(29,999)
Disposal of treasury stock				311
Transfer from retained earnings to capital surplus				–
Net changes of items other than shareholders' equity	84	84	(142)	(58)
Total changes for the year	84	84	(142)	117,194
Balance at the end of the year	(251)	(251)	920	1,367,153

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED MARCH 31, 2021

(NOTES TO SIGNIFICANT ACCOUNTING POLICIES)

1. Valuation Methods of Assets

(1) Valuation Methods of Securities

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

Available-for-sale securities whose fair values are extremely difficult to recognize are stated at cost determined by the moving average method.

Securities whose fair values are extremely difficult to recognize are tested for impairment based on the net asset value at the end of the fiscal year. However, when there is a reasonable reason that a value other than the net asset value should be adopted as substantive value and if such a value can be reasonably determined, they are tested for impairment based on such a value instead of the net asset value. Those values other than the net asset value include one based on the future excess profitability.

(2) Valuation Methods of Derivative Transactions

Derivative transactions are reported at fair value.

2. 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).

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company uses the straight-line method for amortization of intangible fixed assets.

(3) Depreciation of 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 salvage value and using the lease period as the useful life.

3. Other Basic Accounting Policies for Preparing Financial Statements

(1) Accounting Treatment of Deferred Assets

Bond issuance expenses are amortized at equal amounts in accordance with a lapse of time over a period up to the first date when the Company may redeem the bond at its discretion.

(2) Methods for Hedge Accounting

The deferred hedge accounting method is applied to forward exchange contract for foreign currency-denominated forecasted transaction.

(3) 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 Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(ADDITIONAL INFORMATION)

With respect to transactions granting the Company's stocks to its employees using trust schemes, notes are omitted because the same contents are stated in the consolidated financial statements.

(NOTES TO NON-CONSOLIDATED BALANCE SHEET)

1. Accumulated Depreciation of Tangible Fixed Assets

The accumulated depreciation of tangible fixed assets was ¥159 million.

2. Receivables from and Payables to Subsidiaries and Affiliated Companies (except for those presented separately)

	(Unit: million yen)
Short-term receivables	20,453
Short-term payables	949

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF EARNINGS)

Revenues and Expenses from Transactions with Subsidiaries and Affiliated Companies

(Unit: million yen)

Sales revenues……	190,425
Sales expenses ……..	3,477
Non-operating expenses ……..…….	227

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

Class and number of treasury stock as of March 31, 2021

Shares of common stock …… 88,541,025

(Note) The number of shares of common stock as of March 31, 2021 stated above includes 3,942,700 shares of the Company shares held by trust account under the J-ESOP.

(NOTES TO DEFERRED TAX ACCOUNTING)

1. Major components of deferred tax assets and deferred tax liabilities

(Unit: million yen)

Deferred tax assets:	
Stocks of subsidiaries and affiliated companies ……	505,538
Losses on valuation of securities …….	25,904
Tax losses carried forward	10,255
Others ……..	389
Deferred tax assets (subtotal) ……..	542,089
Valuation allowances pertaining to tax losses carried forward ...	(10,255)
Valuation allowances pertaining to total deductible temporary difference ……..…	(531,833)
Valuation allowances (subtotal)……	(542,089)
Total deferred tax assets …….	–
Deferred tax liabilities:	
Others ……..	(0)
Total deferred tax liabilities……	(0)
Deferred tax liabilities, net ……...	(0)

2. The principal reasons for the difference between the statutory effective tax rate and the actual effective tax rate after considering deferred taxes

Statutory effective tax rate ……	30.62%
(Adjustments)	
Dividend income and other items excluded from taxable revenue	(24.43)%
Increase (decrease) in valuation allowances	(5.93)%
Others ……..	0.09%
Actual effective tax rate after considering deferred taxes ……...	0.36%

(NOTES TO TRANSACTIONS WITH RELATED PARTIES)

Type	Company name	Ownership (owned) percentage	Relationship	Description of transaction	Transaction amount (million yen)	Items	Balance at the end of fiscal year (million yen)
Subsidiary	The Dai-ichi Life Insurance Company, Limited	Direct ownership 100%	Interlocking directors; business administration, etc.	Payment of contribution for secondment * 1	3,026	–	–
				Borrowing of funds	–	Long-term loans payable to subsidiaries and affiliated companies	43,600
				Lending of funds * 2	65,600	Long-term loans receivable from subsidiaries and affiliated companies	–
Subsidiary	The Neo First Life Insurance Company, Limited	Direct ownership 100%	Interlocking directors; business administration, etc.	Underwriting of capital increase * 3	30,000	–	–
Subsidiary	Dai-ichi Life International Holdings LLC	Indirect ownership 100%	Interlocking directors, etc.	Establishment of corporation and underwriting of capital increase * 4	325,835	–	–
Subsidiary	DLI ASIA PACIFIC PTE. LTD.	Direct ownership 100%	Interlocking directors, etc.	Payment of business entrustment fees * 5	1,392	–	–
Subsidiary	DLI NORTH AMERICA INC.	Direct ownership 100%	Interlocking directors, etc.	Payment of business entrustment fees * 5	1,263	–	–

Transaction condition and policy for determining transaction condition

* 1 Determined in consideration of personnel expenses of employees seconded to the Company.
* 2 Determined in consideration of market interest rates.
* 3 Underwriting of the entire amount of capital increase conducted by The Neo First Life Insurance Company, Limited
* 4 Established Dai-ichi Life International Holdings LLC and afterward made a capital contribution in kind with shares of overseas subsidiaries of the Company, etc.
* 5 Determined in accordance with business entrustment agreements.

(NOTES TO PER SHARE INFORMATION)

(Unit: yen)

Net assets per share 1,230.60
Net income per share 193.80