[Unofficial Translation]

November 14, 2024

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Code: 8750 (TSE Prime section)

Supplementary Materials for the Six Months Ended September 30, 2024 (The Dai-ichi Frontier Life Insurance Co., Ltd.)

November 14, 2024

Financial Results for the Six Months Ended September 30, 2024

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Mamoru Akashi) announces its financial results for the six months ended September 30,2024.

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2024	As of September 30, 2024	
			% of March 31, 2024 total
Individual insurance	683,778	692,968	101.3
Individual annuities	493,790	476,160	96.4
Total	1,177,569	1,169,128	99.3
Medical and survival benefits	7,827	8,375	107.0

New Policies

(millions of yen except percentages)

	Six months ended September 30, 2023	Six months ended September 30, 2024	
			% of September 30, 2023 total
Individual insurance	53,660	63,514	118.4
Individual annuities	96,320	60,469	62.8
Total	149,980	123,984	82.7
Medical and survival benefits	1,056	993	94.0

Note: 1. Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. "Medical and survival benefits" include annualized net premiums related to medical benefits (e.g. hospitalization and surgery benefits), survival benefits (e.g. specified illness and nursing care benefits), and premiums related to premium waiver benefits (e.g. excluding disability-related causes but including causes related to specified illness and nursing care).

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2024		As of September 30, 2024			
			Number of Policies		Amount	
	Number of Policiees (thousands)	Amount (millions of yen)	(thousands)	% of March 31, 2024 total	(millions of yen)	% of March 31, 2024 total
Individual insurance	1,175	8,919,189	1,252	106.5	9,487,747	106.4
Individual annuities	778	4,416,816	739	95.0	4,140,296	93.7
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

New Policies

	Number of Policies		Amount			
	(thousands)	% of September 30, 2023 total	(millions of yen)	% of September 30, 2023 total	New Business	Net increase from conversions
Six months ended September 30, 2024						
Individual insurance	130	106.7	815,929	114.1	815,929	-
Individual annuities	101	73.7	554,548	71.5	554,548	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Six months ended September 30, 2023						
Individual insurance	122	-	715,280	-	715,280	-
Individual annuities	138	-	775,888	-	775,888	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

2. Investment of General Account Assets

(1) Operational Environment

During the six months ended on September 30 2024, the global economy showed a decelerating trend due to cumulative monetary tightening in various countries, but it remained steadier than expected, especially in the United States. Although the inflation rate has peaked out, there was also a shift in monetary policy due to interest rate reductions in various countries.
The Japanese economy continued to recover, supported by the recovery of automotive sales due to resumed production in the automotive sector, the recovery of personal consumption due to wage increases, and accommodative fiscal and monetary policies.
Amid these economic conditions, the operational environment was as follows.

[Domestic interest rates]
The yield on 10-year JGBs rose to the 0.8% range due to the Bank of Japan: BOJ raising the policy rate.

Yield on ten-year government bonds:	April 1, 2024	0.725%
	September 30, 2024	0.850%

[U.S. Interest Rates and Foreign Currency]
The ten-year U.S. bond yield temporarily rose to around 4.7% on the strength of the resiliency of the U.S. economy and persistent inflation, but subsequently trended downward as expectations of interest rates cut by the FRB and a steady slowdown in the labor market, as well as the start of interest rate cuts. Although the yen temporarily weakened to a level close to 162 yen per dollar, the BOJ implemented an additional interest rate hike amid growing expectations of an interest rate cut by the FRB, which raised awareness of a narrowing interest rate gap between Japan and the U.S., and the yen strengthened to the low 140 yen range against the dollar.

Yield on ten-year U.S. government bonds:	April 1, 2024	4.200 %
	September 30, 2024	3.780 %
yen/U.S. dollar:	April 1, 2024	¥151.41
	September 30, 2024	¥142.73

[Australian Interest Rates and Foreign Currency]
The ten-year Australian bond yield moved within a wide range of 3.8%–4.4%, in line with U.S. interest rates, on the view that the Bank of Australia would not be in a hurry to cut interest rates given the backdrop of persistently high inflation rates. The yen temporarily weakened significantly against the Australian dollar, but subsequently returned to around the level at the beginning of the fiscal year as expectations for economic stimulus measures in China, on which Australia is economically dependent, increased.

Yield on ten-year Australian government bonds:	April 1, 2024	3.960 %
	September 30, 2024	3.970 %
yen/Australian dollar:	April 1, 2024	¥98.61
	September 30, 2024	¥98.73

(2) Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. As to the yen- and foreign currency-denominated fixed products, those assets are primarily invested in yen-denominated bonds and foreign currency-denominated bonds.
The Company also conducts transactions to reduce guaranteed minimum assumed investment yield risk related to fixed annuities and for other purposes.

(3) Investment Results

〈 Assets 〉
The Company invested primarily in yen-denominated bonds. Foreign-currency denominated insurance were invested in foreign-currency denominated bonds. The Company also made transactions to reduce guaranteed minimum assumed investment yield risk related to fixed annuities and for other purposes.

〈 Investment Income and Expenses 〉
Investment income was 130,132 million yen mainly due to interest and dividends received (97,562 million yen), derivative transaction gains (32,299 million yen), and gains on sale of securities (270 million yen). Investment expenses were 275,507 million yen mainly due to foreign exchange losses (224,794 million yen), losses on sale of securities (39,973 million yen), and losses on money held in trust (7,062 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2024		As of September 30, 2024	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	765,608	8.6	741,122	8.8
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	20,240	0.2	17,843	0.2
Trading account securities	-	-	-	-
Money held in trust	879,848	9.9	849,329	10.1
Securities	6,799,695	76.6	6,487,653	76.8
Domestic bonds	2,035,977	22.9	2,061,842	24.4
Domestic stocks	-	-	-	-
Foreign securities	4,614,347	52.0	4,283,759	50.7
Foreign bonds	4,614,347	52.0	4,283,759	50.7
Foreign stocks and other securities	-	-	-	-
Other securities	149,370	1.7	142,051	1.7
Loans	-	-	-	-
Real estate	681	0.0	653	0.0
Deferred tax assets	56,400	0.6	48,100	0.6
Others	357,066	4.0	299,677	3.5
Reserve for possible loan losses	(1)	(0.0)	(4)	(0.0)
Total	8,879,540	100.0	8,444,376	100.0
Foreign currency-denominated assets	4,813,292	54.2	4,373,435	51.8

Note: “Real estate” represents the value of buildings.

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash, deposits, and call loans	(205,332)	(24,485)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	863	(2,396)
Trading account securities	-	-
Money held in trust	(34,928)	(30,518)
Securities	1,019,332	(312,042)
Domestic bonds	200,404	25,864
Domestic stocks	-	-
Foreign securities	803,072	(330,587)
Foreign bonds	803,072	(330,587)
Foreign stocks and other securities	-	-
Other securities	15,854	(7,318)
Loans	-	-
Real estate	(25)	(27)
Deferred tax assets	19,292	(8,300)
Others	99,690	(57,389)
Reserve for possible loan losses	57	(3)
Total	898,949	(435,163)
Foreign currency-denominated assets	775,805	(439,857)

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Interest and dividends	98,238	97,562
Interest from bank deposits	1,403	3,269
Interest and dividends from securities	96,411	93,814
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	423	479
Gains on trading account securities	-	-
Gains on money held in trust	1,076	-
Gains on investment in trading securities	-	-
Gains on sale of securities	1,186	270
Gains on sale of domestic bonds	1,122	19
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	64	251
Others	-	-
Gains on redemption of securities	10	0
Derivative transaction gains	18,760	32,299
Foreign exchange gains	497,893	-
Reversal of reserve for possible loan losses	57	-
Other investment income	-	-
Total	617,224	130,132

(4) Investment Expenses

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Interest expenses	2	21
Losses on trading account securities	-	-
Losses on money held in trust	-	7,062
Losses on investment in trading securities	-	-
Losses on sale of securities	16,339	39,973
Losses on sale of domestic bonds	564	2,560
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	15,774	37,413
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	57	39
Derivative transaction losses	-	-
Foreign exchange losses	-	224,794
Provision for reserve for possible loan losses	-	3
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	488	3,611
Total	16,887	275,507

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2024		As of September 30, 2024	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	829,755	15,497	740,219	(3,322)

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

(6) Fair Value Information on Securities (Other than trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2024					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,487,095	4,319,153	(167,942)	30,420	198,363
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,142,012	2,127,510	(14,501)	24,242	38,744
Domestic bonds	481,788	474,757	(7,030)	1,067	8,098
Domestic stocks	-	-	-	-	-
Foreign securities	1,393,295	1,383,748	(9,547)	20,612	30,159
Foreign bonds	1,393,295	1,383,748	(9,547)	20,612	30,159
Foreign stocks and other securities	-	-	-	-	-
Other securities	139,715	142,051	2,335	2,335	-
Monetary claims bought	18,315	17,843	(471)	-	471
Certificates of deposit	-	-	-	-	-
Others	108,897	109,109	212	226	14
Total	6,629,108	6,446,664	(182,444)	54,663	237,107
Domestic bonds	2,068,872	2,025,068	(43,804)	9,063	52,867
Domestic stocks	-	-	-	-	-
Foreign securities	4,293,306	4,152,590	(140,716)	43,037	183,753
Foreign bonds	4,293,306	4,152,590	(140,716)	43,037	183,753
Foreign stocks and other securities	-	-	-	-	-
Other securities	139,715	142,051	2,335	2,335	-
Monetary claims bought	18,315	17,843	(471)	-	471
Certificates of deposit	-	-	-	-	-
Others	108,897	109,109	212	226	14
As of March 31, 2024					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,840,476	4,550,468	(290,007)	17,723	307,730
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,077,786	2,029,552	(48,234)	10,410	58,644
Domestic bonds	480,814	474,036	(6,778)	627	7,405
Domestic stocks	-	-	-	-	-
Foreign securities	1,376,386	1,335,812	(40,574)	7,936	48,510
Foreign bonds	1,376,386	1,335,812	(40,574)	7,936	48,510
Foreign stocks and other securities	-	-	-	-	-
Other securities	149,985	149,370	(615)	1,596	2,212
Monetary claims bought	20,756	20,240	(516)	-	516
Certificates of deposit	-	-	-	-	-
Others	49,842	50,092	249	249	-
Total	6,918,262	6,580,020	(338,242)	28,133	366,375
Domestic bonds	2,042,756	2,004,421	(38,334)	11,394	49,728
Domestic stocks	-	-	-	-	-
Foreign securities	4,654,921	4,355,895	(299,026)	14,892	313,918
Foreign bonds	4,654,921	4,355,895	(299,026)	14,892	313,918
Foreign stocks and other securities	-	-	-	-	-
Other securities	149,985	149,370	(615)	1,596	2,212
Monetary claims bought	20,756	20,240	(516)	-	516
Certificates of deposit	-	-	-	-	-
Others	49,842	50,092	249	249	-

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

2. Money held in trust, other than trading securities is included, and its book value and gains (losses) as of September 30, 2024 were 108,897 million yen and 212 million yen respectively.

*The book value of stocks and other securities without market value and of investment partnerships etc. are as follows:

Not applicable.

(7) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2024	849,329	849,329	(6,270)	17	6,287
As of March 31, 2024	879,848	879,848	18,349	22,362	4,013

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

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

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

(millions of yen)

	As of March 31, 2024		As of September 30, 2024	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	829,755	15,497	740,219	(3,322)

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2024					
Money held in trust for held-to-maturity	-	-	-	-	-
Money held in trust for polic-reserve-matching	-	-	-	-	-
Other money held in trust	108,897	109,109	212	226	14
As of March 31, 2024					
Money held in trust for held-to-maturity	-	-	-	-	-
Money held in trust for policy-reserve-matching	-	-	-	-	-
Other money held in trust	49,842	50,092	249	249	-

4. Unaudited Balance Sheet

(millions of yen)

	As of March 31, 2024 Summarized	As of September 30, 2024
	Amount	Amount
(ASSETS)		
Cash and deposits	776,131	744,359
Monetary claims bought	20,240	17,843
Money held in trust	879,848	849,329
Securities	7,218,206	6,796,517
[Government bonds]	[679,436]	[719,518]
[Local government bonds]	[35,244]	[27,549]
[Corporate bonds]	[1,321,296]	[1,314,773]
[Foreign securities]	[4,624,035]	[4,290,867]
Tangible fixed assets	1,013	989
Intangible fixed assets	16,302	16,260
Reinsurance receivables	164,996	147,475
Other assets	178,861	137,591
Deferred tax assets	56,400	48,100
Reserve for possible loan losses	(1)	(4)
Total assets	9,312,000	8,758,462

(millions of yen)

	As of March 31, 2024 Summarized	As of September 30, 2024
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	8,268,609	7,803,504
Reserves for outstanding claims	38,233	39,800
Policy reserves	8,230,376	7,763,704
Reinsurance payable	388,709	289,571
Other liabilities	385,030	350,767
Corporate income tax payable	1,038	3,880
Lease liabilities	82	118
Other liabilities	383,909	346,769
Reserve for price fluctuations	47,894	50,594
Deferred tax liabilities	399	-
Total liabilities	9,090,643	8,494,437
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	72,248	89,816
Retained Earnings Reserves	8,000	8,000
Other retained earnings	64,248	81,816
Retained earnings brought forward	64,248	81,816
Total shareholders' equity	257,248	274,816
Net unrealized gains on securities, net of tax	(35,891)	(10,790)
Total of valuation and translation adjustments	(35,891)	(10,790)
Total net assets	221,357	264,025
Total liabilities and net assets	9,312,000	8,758,462

5. Unaudited Statement of Earnings

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
	Amount	Amount
ORDINARY REVENUES	2,217,777	2,290,541
Premium and other income	1,574,235	1,693,726
[Premium income]	[1,327,104]	[1,243,948]
Investment income	643,530	130,132
[Interest and dividends]	[98,238]	[97,562]
[Gains on money held in trust]	[1,076]	[-]
[Gains on sale of securities]	[1,186]	[270]
[Derivative transaction gains]	[18,760]	[32,299]
[Foreign exchange gains]	[497,893]	[-]
[Gains on investment in separate accounts]	[26,306]	[-]
Other ordinary revenues	12	466,682
[Reversal of policy reserve]	[-]	[466,672]
ORDINARY EXPENSES	2,256,405	2,263,304
Benefits and claims	1,369,289	1,926,256
[Claims]	[100,376]	[116,816]
[Annuities]	[231,896]	[182,060]
[Benefits]	[77,093]	[90,994]
[Surrender values]	[400,937]	[635,222]
[Other refunds]	[4,229]	[7,384]
[Ceding reinsurance commissions]	[554,757]	[893,777]
Provision for policy reserves and others	812,218	1,567
Provision for reserves for outstanding claims	2,552	1,567
Provision for policy reserve	809,665	-
Investment expenses	16,887	275,588
[Interest expenses]	[2]	[21]
[Losses on money held in trust]	[-]	[7,062]
[Losses on sale of securities]	[16,339]	[39,973]
[Foreign exchange losses]	[-]	[224,794]
[Losses on investment in separate accounts]	[-]	[81]
Operating expenses	47,912	49,399
Other ordinary expenses	10,096	10,491
ORDINARY PROFIT (LOSS)	(38,627)	27,237
EXTRAORDINARY LOSSES	3,100	2,780
Income (loss) before income taxes	(41,728)	24,456
Corporate income taxes - current	(5,139)	7,620
Corporate income taxes-deferred	(5,533)	(731)
Total of corporate income taxes	(10,673)	6,889
Net income (loss) for the period	(31,054)	17,567

6. Unaudited Statement of Changes in Net Assets

Six months ended September 30, 2024

(millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings			Total shareholders' equity
		Legal capital surplus	Retained Earnings Reserves	Other retained earnings	Total retained earnings	
				Retained earnings brought forward		
Balance at the beginning of the year	117,500	67,500	8,000	64,248	72,248	257,248
Changes for the period						
Net income for the period				17,567	17,567	17,567
Net changes of items other than shareholders' equity						
Total changes for the period	-	-	-	17,567	17,567	17,567
Balance at the end of the period	117,500	67,500	8,000	81,816	89,816	274,816

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	(35,891)	(35,891)	221,357
Changes for the period			
Net income for the period			17,567
Net changes of items other than shareholders' equity	25,100	25,100	25,100
Total changes for the period	25,100	25,100	42,668
Balance at the end of the period	(10,790)	(10,790)	264,025

Six months ended September 30, 2023

(millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings			Total shareholders' equity
		Legal capital surplus	Retained Earnings Reserves	Other retained earnings	Total retained earnings	
				Retained earnings brought forward		
Balance at the beginning of the year	117,500	67,500	8,000	48,582	56,582	241,582
Changes for the period						
Net loss for the period				(31,054)	(31,054)	(31,054)
Net changes of items other than shareholders' equity						
Total changes for the period	-	-	-	(31,054)	(31,054)	(31,054)
Balance at the end of the period	117,500	67,500	8,000	17,528	25,528	210,528

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	(45,080)	(45,080)	196,502
Changes for the period			
Net income for the period			(31,054)
Net changes of items other than shareholders' equity	(40,007)	(40,007)	(40,007)
Total changes for the period	(40,007)	(40,007)	(71,061)
Balance at the end of the period	(85,087)	(85,087)	125,440

Notes to the Unaudited Balance Sheet as of September 30, 2024

1 Securities (including those monetary claims bought conforming to marketable securities, and also those marketable securities managed as trust assets in money held in trust) are valued as follows:
(a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
(b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
(c) Other securities are valued at fair value using market prices as of the book closing date (sales cost is calculated with the moving-average method).
Valuation differences on other securities are reported as a component of net assets.

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

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

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

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

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

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

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

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

10 Policy reserves have been calculated and set aside for those insurance policies for which contractual obligations have commenced as of the end of the first half of the current fiscal year, so as to prepare for the future performance of obligations under those insurance policies, in accordance with the formula specified in the statement of calculation procedures (as set forth in Article 4, Paragraph 2, Item (iv) of the Insurance Business Act) and pursuant to Article 116, Paragraph 1 of the Insurance Business Act.
Insurance premium reserves included in the policy reserves are calculated using the following formula:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
Contingency reserves included in the policy reserves have been set aside pursuant to Article 69, Paragraph 1, Item (iii) of the Ordinance for Enforcement of the Insurance Business Act, for covering risks which may accrue in the future, so as to secure performance of future obligations under insurance contracts.

11 Amounts of financial instruments recorded on the balance sheet for the first half of the current fiscal year, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on the balance sheet for the first half of the current fiscal year	Fair value	Difference
(1) Monetary claims bought	17,843	17,843	-
(2) Money held in trust	849,329	849,329	-
(a) Money held in trust for investment purposes	740,219	740,219	-
(b) Money held in trust for other purposes	109,109	109,109	-
(3) Securities	6,796,517	6,628,574	(167,942)
(a) Trading securities	308,863	308,863	-
(b) Policy-reserve-matching bonds	4,487,095	4,319,153	(167,942)
(c) Other securities	2,000,557	2,000,557	-
Assets total	7,663,690	7,495,747	(167,942)
Derivative transactions *2			
(a) Derivative transactions to which hedge accounting is not applied	54,197	54,197	-
Derivative transactions total	54,197	54,197	-

(※1) Since cash and deposits are cash or deposits settled in a short period of time, their book values approximate their fair values, and notes are accordingly omitted.

(※2) Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

12 Details of the fair values of financial instruments are described by level below.

The fair value of financial instruments is classified into the following three levels in accordance with the observability and materiality of inputs used in calculations:

Level 1 fair value: Fair value calculated using those quoted prices of the measured assets or liabilities that are formed in active markets from among observable valuation inputs.

Level 2 fair value: Fair value calculated using inputs other than inputs included within Level 1 from among observable valuation inputs.

Level 3 fair value: Fair values calculated using material non-observable valuation inputs.

Where there are multiple inputs that have a material impact on the calculation of fair value, the Company classifies fair value in accordance with the level that is lowest in the order of priority in the calculation of fair value selecting from among the respective levels of each of the inputs involved.

(1) Financial instruments reported at fair value in the balance sheet for the first half of the current fiscal year

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	-	-	17,843	17,843
Money held in trust				
Investment purposes	402,327	337,891	-	740,219
Other purposes	-	109,109	-	109,109
Securities				
Trading securities	-	308,863	-	308,863
Other securities				
Government bonds	30,499	-	-	30,499
Local government bonds	-	5,663	-	5,663
Corporate bonds	-	438,594	-	438,594
Foreign public and corporate bonds	41,191	1,329,291	13,265	1,383,748
Other securities	-	142,051	-	142,051
Derivative transactions				
Currency-related	-	58,933	-	58,933
Interest-related	-	1,527	-	1,527
Others	-	303	-	303
Assets total	474,018	2,732,231	31,109	3,237,359
Derivative transactions				
Currency-related	-	5,398	-	5,398
Interest-related	-	1,169	-	1,169
Total liabilities	-	6,567	-	6,567

(2) Financial instruments other than those reported at fair value in the balance sheet for the first half of the current fiscal year

(millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
Securities				
Policy-reserve-matching bonds				
Government bonds	679,354	-	-	679,354
Local government bonds	-	21,235	-	21,235
Corporate bonds	-	849,720	-	849,720
Foreign public and corporate bonds	354,725	2,401,966	12,149	2,768,841
Assets total	1,034,080	3,272,923	12,149	4,319,153

Note 1. Explanation of methodologies and inputs employed in fair value calculation

Asset

Monetary claims bought

The fair value of monetary claims bought are determined using the prices obtained from financial institutions. The inputs used for those prices thus obtained include material non-observable inputs and therefore monetary claims bought are classified as Level 3.

Money held in trust

For money held in trust, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used. This includes Japanese Government bonds. If the market is not active, fair value is classified as Level 2, irrespective of whether publicly disclosed quoted prices are used.

For money held in trust where fair value is not based on quoted market prices, fair value is measured based on prices obtained from external brokers and financial institutions, and is classified as Level 2.

Securities

For securities, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used. This includes Japanese Government Bonds. If the market is not active then fair value is classified as Level 2, regardless of whether publicly disclosed quoted prices are used.

For bonds where fair value is not based on quoted market prices, fair value is measured based mainly on prices obtained from external brokers and financial institutions. For these prices, present values are calculated by discounting their future cash flows at a risk-free rate adjusted to their credit spreads. When measuring, fair value is classified as Level 2 in cases where observable inputs are used, and classified as Level 3 where material non-observable inputs are used.

In addition, for mutual funds for which there is no market trading price, the unit price is the fair value if there are no significant restrictions on cancellation, etc. for which market participants seek consideration for risk, and the funds are classified as Level 2 fair value or Level 3 fair value based on the level of the components of main trust assets.

Derivative transactions

For exchange-traded derivative transactions, fair value is classified as Level 1 in cases where unadjusted quoted prices in active markets can be used.

For OTC (over-the-counter) derivatives, fair value is determined using amounts discounted to present value obtained from external brokers and financial institutions as well as prices calculated using evaluation techniques such as the discounted cash flow method in accordance with the type of transaction and the maturity period.

Since inputs used for evaluation techniques for calculating OTC derivative prices are mainly interest rates, exchange rates, implied volatility, and the like, and material non-observable inputs are not used or their impacts are not material, OTC derivatives are classified as Level 2.

Note 2. Information on the financial instruments classified as Level 3, from among those reported at fair value in the balance sheet for the first half of the current fiscal year.

(1) Table on the adjustment from the outstanding balance as of the beginning of the fiscal year to the balance as of the end of the first half of the fiscal year, and valuation gains or losses recognized in the current fiscal year.

(millions of yen)

	Balance at the beginning of the year	Profit (losses) or net unrealized gains on securities, net of tax		(Net) changes for the year due to purchases, sales, issuance, and settlement	Balance as of September 30, 2024
		Recorded under profit (losses) *	Recorded under net unrealized gains (losses) on securities, net of tax		
Monetary claims bought	20,240	-	44	(2,441)	17,843
Securities					
Other securities					
Foreign public and corporate bonds	4,781	(252)	183	8,553	13,265

*Included in “Investment income” and “Investment expenses” of the Statement of Earnings for the first half of the current fiscal year.

(2)Explanation of fair value valuation process

The Company determines the policies and processes for fair value calculations and fair value level classifications at its business unit in charge of the preparing financial statements. . In accordance with said policies and processes, the Company’s operational and administrative divisions select the fair value valuation model and thereby calculate fair values and classify them into the relevant levels. When the Company obtains a market quoted price from a third party, and uses this as a fair value, the Company verifies its appropriateness through appropriate means involving confirmation of valuation methodology and inputs employed and comparative analyses of the fair values of similar financial products.

13 Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of September 30, 2024 is 491,871 million yen.

14 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 314,085 million yen.
Liabilities in separate accounts, total the same amount.

15 The amount of assets pledged as collateral is securities of 221,236 million yen, the amounts of secured liabilities are 189,597 million yen.

16 The assets, which the Company has the right to dispose of freely by means of sale or collateralization, are marketable securities held as collateral for reinsurance dealings and derivative transactions. The current market value of these assets still held by the Company as of the end of the first half of the current fiscal year is 97,744 million yen. None of these assets are re-pledged as collateral.

17 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 954 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 4,159,758 million yen.

18 As of September 30, 2024, undepreciated balance of the fee of the reinsurance contract, as stipulated in the Ministry of Finance Notification No.50, 1996, Article 1, Paragraph -5, is 6,596 million yen.

Notes to the Unaudited Statement of Earnings for the six months ended September 30, 2024

1 The accounting standards for reporting premium and other income, and for benefits and claims, are as follows:
a) Premium and Other Income (Excluding Reinsurance Income)
Premium and other income (excluding reinsurance income) that has been received and for which contractual obligations have commenced, are recorded in accordance with the amounts received.
Of the premium and other income (excluding reinsurance income) received, however, the portion corresponding to the unexpired period as of the end of the first half of the current fiscal year,has been transferred to policy reserves, pursuant to Article 69, Paragraph 1, Item (ii) of the Ordinance for Enforcement of the Insurance Business Act.
b) Reinsurance Income
Of the amount paid as insurance benefits and claims related to the primary insurance contract, the amount reinsured is, pursuant to the reinsurance agreement, recorded as reinsurance income at the time of payment of said insurance benefits and claims.
In some transactions involving no cash transfer, pursuant to the reinsurance agreement, the amount to be received as a portion of the amount equivalent to new contract expenses of the primary insurance contract is recorded as reinsurance income. In addition, the same amount is recorded under reinsurance receivables as the undepreciated balance of the fee of the reinsurance contract, and is to be amortized over a certain period.
c) Benefits and Claims (Excluding Ceding Reinsurance Commissions)
Benefits and claims (excluding ceding reinsurance commissions), the amount of which is calculated and paid in accordance with the insurance contract, are recorded in cases when reasons for payment provided for in insurance contracts have arisen.
Pursuant to Article 117 of the Insurance Business Act, the Company has set aside, as reserves for outstanding claims, insurance proceeds that are due and payable as of the end of the first half of the current fiscal year, but payment is yet to have been made, and insurance proceeds in cases where reasons for payment are deemed to have arisen but reports concerning the reasons for payment are yet to be received.
d) Ceding Reinsurance Commissions
Ceding reinsurance commissions are recorded, upon receipt of the insurance premium related to the primary insurance contract as agreed upon pursuant to the reinsurance agreement or at the time of the conclusion of the reinsurance agreement concerned.
Note that pursuant to Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act, the Company has opted not to set aside policy reserves and the reserves for outstanding claims.

2 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 19 million yen and 251 million yen, respectively.

3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 2,560 million yen and 37,413 million yen, respectively.

4 In calculating the provision for reserves for outstanding claims, 673 million yen was deducted from the provision for reserves outstanding claims reinsured. In calculating the reversal of policy reserves, 405,962 million yen was added to the provision for policy reserves reinsured.

5 The details of Interest and dividends are as follows:

Interest from bank deposits :	3,269 million yen
Interest and dividends from securities :	93,814 million yen
Other interest and dividends :	479 million yen
Total :	97,562 million yen

6 Net gain per share for the six months ended September 30, 2024 was 9,496,152.53 yen.

7 Benefits and claims includes 2,173 million yen decrease in the undepreciated balance of the fee of reinsurance contract, as stipulated in the Ministry of Finance Notification No.50, 1996, Article 1, Paragraph -5.

Notes to Unaudited Statement of Changes in Net Assets for the six months ended September 30, 2024

1 Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2024	Increase in number of shares	Decrease in number of shares	No. shares as of September 30, 2024
Outstanding shares				
Common stock	1,850	-	-	1,850

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Six months ended September 30, 2023	Six months ended September 30, 2024
Fundamental revenues		2,236,776	2,276,641
Premium and other income		1,574,235	1,693,726
Investment income		124,612	97,562
[Interest and dividends]		98,238	97,562
Other ordinary revenues		12	466,682
Other fundamental revenues (a)		537,916	18,669
Fundamental expenses		2,255,575	2,235,453
Benefits and claims		1,369,289	1,926,256
Provision for policy reserves and others		792,993	1,704
Investment expenses		548	3,754
Operating expenses		47,912	49,399
Other ordinary expenses		10,096	10,491
Other fundamental expenses (b)		34,734	243,845
Fundamental profit (loss)	A	(18,798)	41,187
Capital gains		553,651	276,416
Gains on money held in trust		1,076	-
Gains on investments in trading securities		-	-
Gains on sale of securities		1,186	270
Derivative transaction gains		18,760	32,299
Foreign exchange gains		497,893	-
Others (c)		34,734	243,845
Capital losses		554,256	290,501
Losses on money held in trust		-	7,062
Losses on investments in trading securities		-	-
Losses on sale of securities		16,339	39,973
Losses on valuation of securities		-	-
Derivative transaction losses		-	-
Foreign exchange losses		-	224,794
Others (d)		537,916	18,669
Net capital gains (losses)	B	(604)	(14,085)
Fundamental profit plus net capital gains (losses)	A + B	(19,403)	27,102
Other one-time gains		0	137
Reinsurance income		-	-
Reversal of contingency reserve		-	137
Reversal of specific reserve for possible loan losses		0	-
Others(e)		-	-
Other one-time losses		19,224	3
Ceding reinsurance commissions		-	-
Provision for contingency reserve		19,224	-
Provision for specific reserve for possible loan losses		-	3
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others (f)		-	-
Other one-time profits (losses)	C	(19,224)	134
Ordinary profit (loss)	A + B + C	(38,627)	27,237

(Reference)

Breakdown of other fundamental revenues, etc. (millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Other fundamental revenues (a)	537,916	18,669
Gains and losses from cancellation of mutual funds	-	46
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	528,948	-
Interest received and/or paid related to currency swap and interest rate swap contracts covering insurance policies	8,968	18,623
Other fundamental expenses (b)	34,734	243,845
Forex hedge cost	1,473	2,168
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	31,344	28,459
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	212,860
Impact from assets held in money trusts and others related to reinsurance dealings	1,915	357
The impact on fundamental profit (a) - (b)	503,182	(225,175)
Other capital gains (c)	34,734	243,845
Forex hedge cost	1,473	2,168
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	31,344	28,459
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	212,860
Impact from assets held in money trusts and others related to reinsurance dealings	1,915	357
Other capital losses (d)	537,916	18,669
Gains and losses from cancellation of mutual funds	-	46
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	528,948	-
Interest received and/or paid related to currency swap and interest rate swap contracts covering insurance policies	8,968	18,623
The impact on net capital gains (losses) (c) - (d)	(503,182)	225,175

8. Status of loans pursuant to the Insurance Business Act

(millions of yen except percentages)

		As of March 31, 2024	As of September 30, 2024
	Claims against bankrupt and quasi-bankrupt obligors	-	-
	Claims with collection risk	-	-
	Three-month delinquent loans	-	-
	Restructured loans	-	-
Subtotal		-	-
[Percentage]		[-]	[-]
Claims against normal obligors		437,609	491,995
Total		437,609	491,995

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

2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered (excluding the loans mentioned in note 1).

3. Three-month delinquent loans are those loans for which either repayments of the principal or interest payments have not been made for more than three months since the day after the agreed payment date (this excludes the loans mentioned in notes 1 and 2).

4. Restructured loans are those loans for which the terms and conditions have been modified in a way that is favorable to the borrower (including interest reductions or exemptions, grace periods for interest payments, grace periods for principal repayments, or the waiving of loan repayments), with the aim of supporting the borrower or facilitating their rehabilitation (this excludes the loans mentioned in notes 1, 2, and 3).

5. Claims against normal obligors are loans made to borrowers who have no particular issues with their financial position and business performance, and include all loans other than those mentioned in notes 1, 2, 3, and 4.

9. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2024	As of September 30, 2024
Total solvency margin	(A)	541,111	581,156
Common stock, etc		257,248	274,816
Reserve for price fluctuations		47,894	50,594
Contingency reserve		116,408	116,270
General reserve for possible loan losses		-	-
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *		(48,234)	(14,501)
Net unrealized gains (losses) on real estate × 85%*		-	-
Policy reserves in excess of surrender values		142,809	122,160
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
Excluded items		-	-
Others		24,985	31,817
Total Risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	257,672	257,212
Insurance risk	R_1	461	542
3rd sector insurance risk	R_8	56	92
Assumed investment yield risk	R_2	71,037	67,900
Guaranteed minimum benefit risk	R_7	380	443
Investment risk	R_3	181,191	183,811
Business risk	R_4	5,062	5,055
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		419.9%	451.8%

* Multiplied by 100% if losses.

Notes:
1. The figures as of March 31, 2024 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and the Ministry of Finance Notification No. 50, 1996.
   The figures as of September 30, 2024 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.
2. Common stock, etc. excludes the expected disbursements from capital outside the Company and valuation and translation adjustments.
3. Guaranteed minimum benefit risk is calculated by the standard method.

10. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2024	As of September 30, 2024
Individual variable insurance	17,377	11,534
Individual variable annuities	415,085	302,551
Group annuities	-	-
Separate account total	432,462	314,085

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2024		As of September 30, 2024	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	29	267,990	26	241,832
Total	29	267,990	26	241,832

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

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2024		As of September 30, 2024	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Individual variable annuities	197	1,023,587	149	740,361

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

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

11. Consolidated Financial Summary

Not applicable.