[Unofficial translation]

June 25, 2024

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Disclosure of Embedded Value as of March 31, 2024

Dai-ichi Life Holdings, Inc. (hereinafter “Dai-ichi Life Holdings”) has disclosed the European Embedded Value (“EEV”) of Dai-ichi Life Group (hereinafter “the Group”).
In preparation for the introduction of Economic Value-based Solvency Regulation (hereinafter “new regulations”) at the end of fiscal year 2025, we have changed the measurement method (hereinafter “New Standard EV”) based on the new standards in line with the new regulations for the three domestic companies from the end of March 2024. As for the overseas companies, there is no change in the calculation method from the end of March 2023.
In accordance with the above, The Group EV as of March 31, 2024, includes the EV of the Dai-ichi Life Insurance Company, Limited (hereinafter “Dai-ichi Life”), The Dai-ichi Frontier Life Insurance Co., Ltd (hereinafter “Dai-ichi Frontier Life” or “DFL”), The Neo First Life Insurance Company, Limited (hereinafter “Neo First Life” or “NFL”), Protective Life Corporation (hereinafter “Protective Life”) and TAL Dai-ichi Life Australia Pty Limited (hereinafter “TAL”), and the EV of Dai-ichi Life Insurance Company of Vietnam, Limited (hereinafter “Dai-ichi Life Vietnam” or “DLVN”) and Partners Group Holdings Limited (“Partners Life” or “PNZ”) calculated using traditional embedded value (“TEV”) methodology.

(Note) The figures for the three domestic companies (Dai-ichi Life, DFL and NFL) and the Group as of March 31, 2023, were retroactively changed to measurements based on the new standards in the “Response to New Economic Value-based Solvency Regulation” conference call for institutional investors and analysts released on February 28, 2024. The figures have been retroactively adjusted to reflect the new standards.

[Unofficial translation]

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1. Outline

EV is one of the indicators of the corporate value of a life insurance company attributable to shareholders.
Currently, the International Association of Insurance Supervisors (IAIS) is studying international insurance capital standards and is developing ICS (International Capital Standards), a capital regulation for internationally active insurance groups called IAIG. In Japan, Economic Value-based Solvency Regulations are being considered for introduction at the end of FY2025.
New Standard EV is calculated based on the net assets on the economic value-based balance sheet. New Standard EV is defined as shareholder value as a going concern with existing contracts, while economic value-based capital is defined as the ability to absorb losses in the event of liquidation, and various adjustments have been made to account for the differences in the purposes for which the two are used.
Calculation methodologies of each company are as shown in the table below.

Covered business	Methodology
Dai-ichi Life, DFL and NFL	New Standard EV
TAL and Variable annuity (hereinafter “VA”) business of Protective Life	Market-adjusted valuation approach
Non-VA business of Protective Life	Top-down approach
DLVN and PNZ	Traditional approach

2. EV as of March 31, 2024

2-1 Group EV

The Group EV as of March 31, 2024 increased compared to the end of the previous fiscal year mainly due to the rise of stock prices. The Group EV as of March 31, 2024 is as follows:

(billions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Group EV	7,074.3	8,892.1	+1,817.8
Covered business EV	7,237.4	8,990.4	+1,753.0
Adjustment related to non-covered business	(163.2)	(98.3)	+64.9

	Year ended March 31, 2023	Year ended March 31, 2024	Increase (Decrease)
Value of new business	77.8	54.5	(23.3)

(Note 1) Covered business EV as of March 31, 2023 and as of March 31, 2024 is calculated as follows: Dai-ichi Life's EV plus DFL's, NFL's, Protective Life's, TAL's EV and DLVN's, PNZ's TEV attributable to Dai-ichi Life Holdings' equity stake in Dai-ichi Life, DFL, NFL, Protective Life, TAL and DLVN less Dai-ichi Life's carrying amount of preferred equity of TAL. Dai-ichi Life Holdings held 100.0% of the shares of Dai-ichi Life, DFL, NFL, Protective Life, TAL and DLVN,PNZ as of March 31, 2023 and as of March 31, 2024 (i.e., including indirect holding of TAL's preferred equity through Dai-ichi Life, which was ¥20.7 billion as of March 31, 2023).

(Note 2) Adjustment related to non-covered business includes total net assets of non-consolidated Dai-ichi Life Holdings, the unrealized gains (losses) of assets and liabilities of Dai-ichi Life Holdings and deduction of Dai-ichi Life Holdings' carrying amount of equity of Dai-ichi Life, DFL, NFL, Protective Life, TAL and PNZ and investment in capital of DLVN.

2-2 Adjustment related to non-covered business

With respect to the business of Dai-ichi Life Holdings and its subsidiaries/affiliated companies (except for subsidiaries categorized in the scope of covered business which are operating life insurance business), the value of their business is included in the Group EV as "Adjustment related to non-covered business." This item includes total net assets of non-consolidated Dai-ichi Life Holdings and appropriate adjustments.

(billions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Adjustment related to non-covered business	(163.2)	(98.3)	+64.9
Total net assets on the balance sheet of non-consolidated Dai-ichi Life Holdings	1,311.2	1,281.4	(29.8)
Unrealized gains/losses of asset and liabilities of Dai-ichi Life Holdings *(Note 1)*	120.5	151.6	+31.2
Consolidation adjustment regarding the Group *(Note 2)*	(1,580.3)	(1,531.3)	+49.0
Adjusting subsequent events after reporting period in consolidation *(Note 3)*	(14.5)	-	+14.5

(Note 1) With respect to the equity or the investments in capital of subsidiaries/affiliated companies of Dai-ichi Life Holdings and debt of Dai-ichi Life Holdings, unrealized gains (losses) have been reflected.

(Note 2) This item includes the deduction of Dai-ichi Life Holdings' carrying amount of equity of Dai-ichi Life, DFL, NFL, Protective Life, TAL and Partners Life and investment in capital of DLVN.

(Note 3) Given the information of Silicon Valley Bank and Signature Banks' bankruptcy and UBS's acquisition of Credit Suisse after reporting period of PLC and Dai-ichi Life Reinsurance Bermuda Ltd. (hereinafter "Dai-ichi Re"), the amount of recorded losses is reported as the adjusting events after reporting period in consolidation.

2-3 Value of New Business

The value of new business is the value at the time of sale, after all acquisition-related costs, of new policies (including net by conversion) obtained during the reporting period. The value of new business for the fiscal year ended March 31, 2024 is as follows:

(billions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Increase (Decrease)
Value of new business (Note1)	77.8	54.5	(23.3)
Present Value of Premium Income (Note2) (Note3)	5,272.8	6,211.6	+938.8
New Business Margin	1.48%	0.88%	(0.60) points

(Note 1) Group's value of new business for the year ended March 31, 2023 includes Protective Life and DLVN's value of new business for the year ended December 31, 2022. Group's value of new business for the year ended March 31, 2024 includes Protective Life and DLVN's value of new business for the year ended December 31, 2023.

(Note 2) Future premium income (as for Protective Life, based on the statutory accounting) is discounted by the discount rate used for the value of new business calculation.

(Note 3) A consolidated adjustment related to internal reinsurance transaction is made.

2-4 EV of Dai-ichi Life

(billions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
EV (Note 1)	4,865.0	6,114.5	+1,249.4

(billions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Increase (Decrease)
Value of new business	(19.9)	(5.5)	+14.4
Present Value of Premium Income (Note 2)	1,311.4	1,179.2	(132.2)
New Business Margin	(1.51)%	(0.47)%	+ 1.05 points

(Note 1) Dai-ichi Life's carrying amount of preferred equity of TAL is included in EV of Dai-ichi Life as of March 31, 2023.

(Note 2) Future premium income is discounted by the discount rate used for the value of new business calculation.

3. Movement Analysis

3-1 Movement Analysis of Group EV

(billions of yen)

	Group EV
Values as of March 31, 2023	7,074.3
(1) Adjustments to the values as of March 31, 2023	(61.9)
Adjusted values as of March 31, 2023	7,012.4
(2) Value of new business	54.5
(3) Expected existing business contribution	567.3
(4) Non-economic experience variances	(28.4)
(5) Non-economic assumptions changes	1.3
(6) Economic variances	1,238.1
(7) Changes in value of non-covered business	27.1
(8) Other variances	19.7
(9) Adjustments to the values as of March 31, 2024	0.0
Values as of March 31, 2024	8,892.1

(1) Adjustments to the values as of March 31, 2023
This item includes the following breakdowns.

i. A decrease of net assets as Dai-ichi Life Holdings paid out shareholder dividends during the year ended March 31, 2024.
ii. A decrease of net assets as Dai-ichi Life Holdings repurchased its own shares during the year ended March 31, 2024.
iii. Adjustment of shareholder dividend to Dai-ichi Life Holdings by covered business during the year ended March 31, 2024, which does not affect the Group EV.
iv. The foreign exchange variance of EEV of Protective Life and TAL and TEV of Dai-ichi Life Vietnam and Partners Life.
v. Reflects the impact of the EV measurement model change for group annuities at Dai-ichi Life.

(2) Value of new business
The value of new business represents the value at the time of sale, after all acquisition-related costs, attributable to new business obtained during the fiscal year ended March 31, 2024.

(3) Expected existing business contribution

This item includes the expected existing business contribution of Dai-ichi Life, DFL, NFL, TAL ,Protective Life, Dai-ichi Life Vietnam and Partners Life.

(4) Non-economic experience variances

This item represents the difference between (i) the non-economic assumptions, which were used for calculating EV as of March 31, 2023 and (ii) the actual experience during the fiscal year ended March 31, 2024 corresponding to such assumptions.

(5) Non-economic assumptions changes

This item quantifies the amount of change attributable to increase/decrease in future profits/losses after March 31, 2024 due to making changes in the non-economic assumptions.

(6) Economic variances

This item represents the impact of differences between actual investment returns in the period and the expected investment returns and the impact on the value of in-force business from the change to the end of period economic assumptions.

(7) Changes in value of non-covered business

This item includes earnings of Dai-ichi Life Holdings and its subsidiaries/affiliated companies (excluding earnings from covered business) and changes in unrealized gains (losses) of assets and liabilities of Dai-ichi Life Holdings, and the adjusting subsequent events after reporting period in consolidation.

(8) Other variances

This item includes the impact of factors other than stated above. The impact of model changes is included in this item.

(9) Adjustments to the values as of March 31, 2024

This item includes the capital increase of Dai-ichi Life Holdings by Dai-ichi Life and Dai-ichi Life Vietnam during the 2nd half of the year ended March 31, 2024, which does not affect the total amount of Group EV.

3-2 Movement Analysis of Dai-ichi Life

(billions of yen)

	EV
Values as of March 31, 2023	4,865.0
Adjustments to the values as of March 31, 2023	(196.8)
Adjusted values as of March 31, 2023	4,668.2
Value of new business	(5.5)
Expected existing business contribution	418.4
Non-economic experience variances	(92.1)
Non-economic assumptions changes	24.3
Economic variances	1,102.1
Other variances	0.0
Adjustments to the values as of March 31, 2024	(1.0)
Values as of March 31, 2024	6,114.5

4. Sensitivity Analysis

4-1 Sensitivity Analysis of Group EV

The following table shows a sensitivity analysis of Group EV to changes in assumptions (increase/decrease are shown). Although each figure in the table indicates the sensitivity in response to a change in one parameter, it should be noted that the sum of two or more figures in the table does not indicate the sensitivity to a change in two or more parameters corresponding to such figures.
The sensitivities are calculated based on the assumption that the Group's management actions would remain unaffected by changes in parameters.

(billions of yen)

	Group EV
Values as of Mach 31, 2024	8,892.1
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	(14.7)
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	(6.8)
Sensitivity 3: 10% decline in equity and real estate values	(668.9)
Sensitivity 4: 10% decline in maintenance expenses	+ 267.4
Sensitivity 5: 10% decline in surrender and lapse rate	+ 244.4
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	+ 262.1
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	(28.6)

(Note 1) The new standard EV does not take into account the sensitivity of the risk margin.

(Note 2) The sensitivity of PNZ's TEV is not included in the sensitivity analysis of Group EV.

- Sensitivity 1

This item represents the effect on EV of an upward parallel shift of 50bp in the yield curve of risk-free forward rates.
The assets being changed are the Japanese yen, the US dollar and the Australian dollar (Sensitivity 2 is the same).
The ultimate forward rate used for the extrapolation beyond the last liquid data point of Japanese interest rates is not shifted in this sensitivity(Sensitivity 2 is the same).

- Sensitivity 2

This item represents the effect on EV of a downward parallel shift of 50bp in the yield curve of risk-free forward rates. The risk-free forward rates are reduced by 50bp without lower limitation of zero.

- Sensitivity 3

This item represents the effect on EV of a decline of 10% in equity (domestic equity and foreign equity) and real estate values.

- Sensitivity 4

This item represents the effect on EV of a decline of 10% in estimated maintenance expenses associated with maintaining in-force business.

- Sensitivity 5

This item represents the effect on EV of a decline of 10% in surrender and lapse rates.

- Sensitivity 6

This item represents the effect on EV of a decline of 5% in mortality and morbidity rates for life and medical insurance products.

- Sensitivity 7

This item represents the effect on EV of a decline of 5% in mortality and morbidity rates for annuities.

4-2 Sensitivity Analysis of Dai-ichi Life

(billions of yen)

	EV
Values as of March 31, 2024	6,114.5
Sensitivity 1: 50bp upward parallel shift in risk-free yield curve	+ 22.5
Sensitivity 2: 50bp downward parallel shift in risk-free yield curve	(41.0)
Sensitivity 3: 10% decline in equity and real estate values	(597.9)
Sensitivity 4: 10% decline in maintenance expenses	+ 185.6
Sensitivity 5: 10% decline in surrender and lapse rate	+ 154.1
Sensitivity 6: 5% decline in mortality and morbidity rates for life insurance products	+ 106.7
Sensitivity 7: 5% decline in mortality and morbidity rates for annuities	(13.8)

5. Note on Using EV

In calculating the embedded value of the Group, numerous assumptions (some of which are shown in Appendix B and Appendix C) are required concerning the Group's lines of business with respect to industry performance, business and economic conditions and other factors, many of which are outside the Group’s control. Although the assumptions used represent estimates that the Group believe are appropriate for the purpose of embedded value reporting, future operating conditions may significantly differ from those assumed in the calculation of the embedded value. Consequently, the disclosure of embedded value herein should not be regarded as a statement by the Group, that Future balance of payments discounted to produce the embedded value will be achieved.

Appendix A:EV Methodology

1. Covered Business

The Group defines life insurance business of the subsidiary insurance companies of Dai-ichi Life Holdings (Dai-ichi Life, DFL, NFL, Protective Life, TAL, DLVN and PNZ and their subsidiaries/affiliated companies) as its covered business in the EV calculations.

Consolidated subsidiaries/affiliated companies operating life insurance businesses are treated as follows:

- Dai-ichi Life, DFL and NFL
  New standard EV of the company attributable to Dai-ichi Life Holdings' equity stake in each company is calculated and included in the Group EV. Methodology and assumptions for these companies are described in Appendix B.
- TAL
  EEV of the company attributable to Dai-ichi Life Holdings' equity stake in the company is calculated and included in the Group EV. Methodology and assumptions for these companies are described in Appendix B.
- Protective Life
  EEV of the company attributable to Dai-ichi Life Holdings' equity stake in the company is calculated and included in the Group EV. EEV for the variable annuity business is calculated with a market-consistent approach. EEV for all of its businesses except for the variable annuity business is calculated with a top-down approach. Methodology and assumptions for Protective Life are described in Appendix C.
- DLVN and PNZ
  The company calculated the EV by using TEV and included it in the Group EV. Methodology and assumptions for these companies are described in Appendix B.

EV methodology is not applied to Dai-ichi Life Holdings and its subsidiaries/affiliated companies (except for subsidiary insurance companies as above), which are not included in covered business. Their value is included in Group EV as "Adjustment related to non-covered business." The Adjustment related to non-covered business includes total net assets of non-consolidated Dai-ichi Life Holdings, the unrealized gains (losses) of assets and liabilities of Dai-ichi Life Holdings and deduction of Dai-ichi Life Holdings' carrying amount of equity of Dai-ichi Life, DFL, NFL, Protective Life, TAL ,DLVN and PNZ.

2. Value of new business (Dai-ichi Life, DFL, NFL and TAL)

The value of new business for the fiscal year ended March 31, 2024 is the value of new policies issued during the 12 months, and is calculated. The value of new business is generally calculated based on economic and non-economic assumptions as of the end of the fiscal year. The value of new business for some products of DFL on which the economic assumptions have significant impact is calculated based on the economic assumptions as of the end of the month of contract issue.

In addition to the new policies, net in conversions and addition of riders have been included in the value of new business, while renewal of policies is not included. However, renewals of contracts that fall outside the boundaries of the contract and were not included in the original new contract value calculation will be treated as new contract value. With regard to the corporate insurance written by Dai-ichi Life, such as group insurance, corporate pension and workers compensation insurance, the increase of the proportion underwritten by an insurance company in a group scheme, the increase of members in a group scheme and the increase of the sum insured by members in a group scheme are included in the value of new business.

The Margin Over Current Estimate (MOCE) is considered as Risk margin on the value of new business based on New standard EV in Dai-ichi Life, DFL and NFL.

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Appendix B: Principal EV Assumptions (Dai-ichi Life, DFL, NFL, TAL, DLVN and PNZ)

1. Economic assumptions and discount rate

(1) Risk-free rate (Dai-ichi Life, DFL, NFL and TAL)
The risk-free rate is determined as follows:

i. Reference interest rate
each currency's government bonds is used as reference rates.

ii. Extrapolation method for Japanese Yen, US Dollar and Australian Dollar
The ultimate forward rate, the last observed term and convergence period for each currency which using the Smith-Wilson method for extrapolating the yield curve to the ultimate forward rate over a convergence period are as follows:

	JPY	USD	AUD
Ultimate forward rate	2.5%	3.8%	3.8%
Last observed term	40th year	30th year	30th year
Convergence period	30th years	30th years	30th years

(Note) For NFL, Japanese yen is used with an ultimate forward rate of 3.8% and the last observed term being the 30th year.

(2) Discount rate (Dai-ichi Life, DFL, NFL and TAL)
The three domestic companies use the risk-free rate plus a spread, while TAL uses the risk-free rate.
The actual risk-free rates (spot rate conversion) for the main currencies used are as follows :

	JPY		USD		AUD	
Term	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024
1年	-0.13%	0.06%	4.52%	4.95%	3.07%	3.86%
5年	0.10%	0.36%	3.53%	4.15%	2.95%	3.62%
10年	0.37%	0.76%	3.43%	4.15%	3.25%	3.98%
20年	1.11%	1.55%	3.86%	4.46%	3.75%	4.34%
30年	1.37%	1.89%	3.59%	4.26%	3.78%	4.42%
40年	1.49%	2.04%	3.56%	4.13%	3.79%	4.32%
50年	1.65%	2.13%	3.60%	4.06%	3.79%	4.22%

(Source: Ministry of Finance Japan and Bloomberg, after interpolation/extrapolation)

(3) Discount rate (DLVN and PNZ)
The discount rates are as follows:

	December 31, 2022	December 31, 2023
DLVN	10.5%	10.0%

	March 31, 2023	March 31, 2024
PNZ	8.0%	8.5%

(4) Principal dynamic assumption (Dai-ichi Life, DFL, NFL and TAL)
In the EV calculation for Dai-ichi Life and DFL, dynamic assumptions are used. For NFL and TAL, dynamic assumptions are not used.

i. Interest rate model
The model has been adjusted to be in line with a risk-neutral approach in which Japanese yen is set as a base currency, and correlations between the interest rates have been also taken into account. The interest rate model has been calibrated consistently with the market environment as of each reporting date, and parameters used are estimated from the yield curve and implied volatilities of interest rate swaptions with various maturities. 1,000 scenarios are used in calculating time value of financial options and guarantees through stochastic method.

ii. Implied volatilities of equities and currencies
Volatilities of traditional equity indices and currencies are calibrated based on implied volatilities of relevant options traded in the market.

iii. Volatilities of real estate and other asset classes
Market-consistent implied volatilities have not been observed with regard to real estate. Therefore, the volatility of real estate has been derived by multiplying the historical volatility ratio (78.8%) of Tokyo Stock Exchange REIT index to Nikkei 225 (Nikkei stock average) by the implied volatility of Japanese equity.

iv. Correlations
In addition to implied volatilities described above, Dai-ichi Life and DFL have calculated implied volatilities reflecting its asset portfolio and correlation factors. The share of each asset is assumed to be unchanged over the projection periods.
With regard to correlation factors, market-consistent data from exotic options with sufficient liquidity have not been observed in the market. Therefore, we estimated correlation factors based on historical market data. Specifically, the monthly data for 10 years to most recent have been used.

(5) Exchange rate (TAL, DLVN and PNZ)

Exchange rates are as follows;

	March 31, 2023	March 31, 2024
AUD 1.00	JPY 89.69	JPY 98.61

	December 31, 2022	December 31, 2023
VND 1.00	JPY 0.005600	JPY 0.005837

	March 31, 2023	March 31, 2024
NZD 1.00	JPY 83.71	JPY 90.50

2. Non-economic assumptions

All cash flows (premium, operating expense, benefits and claims, cash surrender value, tax, etc.) are projected applying the best estimate assumptions up to the termination of the policies, by product, referring to past, current and expected future experience.

(1) Operating expenses (maintenance expenses) (Dai-ichi Life, DFL, NFL and TAL)

- Operating expenses are set based on the experience of each company. The look-through basis is applied in terms of operating expenses of insurance business in the Group. In addition, each company reflects a business management fee to be paid to Dai-ichi Life Holdings.
- For Dai-ichi Life and DFL, the future inflation rate is assumed to be 1.30% p.a. until the 40th year based on the break-even inflation rate incorporated in the 10-year inflation-indexed bond, and for the 41st year and thereafter, it is assumed to gradually increase to 2.00% (the inflation rate incorporated in the ultimate forward rate) in the 70th year, in consideration of consistency with the extrapolation beyond the last liquid data point of the risk-free rate. For NFL, its rate has been gradually increasing since the 31st year. For TAL, it is assumed to be 2.00% p.a.

(2) Policyholder dividends (Dai-ichi Life, DFL, NFL and TAL)

For Dai-ichi Life and TAL, policyholder dividend rate is set based on the current dividend policy.

For DFL and NFL, no assumption of policyholder dividend rate is set because only non-participating policies are sold.

(3) Effective tax rates (Dai-ichi Life, DFL, NFL, TAL, DLVN and PNZ)

Effective tax rates are set based on the most recent effective tax rate (including local tax) for each company.

	For the fiscal year ended March 31, 2024 and thereafter
Dai-ichi Life	27.93%
Dai-ichi Frontier Life Neo First Life	28.00%
TAL	30.00%
Dai-ichi Life Vietnam	20.00%
Partners Life	28.00%

(Note) Effective tax rates of Dai-ichi Life Holdings are applied to the adjustment related to non-covered business, which are 30.62% for the fiscal year ended March 31, 2024 and thereafter.

Appendix C: EEV Methodology and Assumptions of Protective Life

1. Adjusted Net Worth ("ANW")

Adjusted net worth represents the net assets attributed to shareholders and represents the market value of assets in excess of statutory policy reserves (excluding contingency reserve), and other liabilities (excluding reserve for price fluctuations).
In other words, adjusted net worth is calculated by adjusting the total net assets on the balance sheet for the retained earnings in liabilities, general reserve for possible loan losses, unrealized gains/losses in assets/liabilities not accounted for under the mark-to-market methodology, unfunded retirement benefit obligations, and tax effect equivalent of the items above.

(1) Total net assets

Total net assets on the balance sheet are comprised of the following three components:

- Statutory capital and surplus (sum of Protective Life's subsidiaries):
  The starting point for the ANW is the statutory capital and surplus of the life insurance companies. This is taken directly from the statutory annual statement for Protective Life's subsidiaries as of December 31, 2023.

- Value of non-life entities:
  The GAAP equity book value of non-life entities is reflected in this component rather than in statutory capital and surplus.

- Adjustment for holding company's equity:
  The ANW is adjusted to reflect the net GAAP equity position of the holding company (Protective Life).

(2) Retained earnings in liabilities

Liabilities that are appropriate to be added to the adjusted net worth have been added. The asset valuation reserve is a required liability in the statutory balance sheet of U.S. life insurance companies. The asset valuation reserve is regarded as allocated surplus and is included in ANW. For the non-life insurance business (auto repair insurance, etc.), the net assets amount is included in the adjusted net assets.

(3) Adjustment for deferred tax assets and miscellaneous items

This includes deduction of the deferred tax assets on the statutory balance sheet and addition of assets which have a certain economic value but which are not recorded on the statutory balance sheet.

2. Value of in-force business("VIF")

The value of in-force business is calculated as certainty equivalent present value of future profits or present value of future profits, less time value of financial options and guarantees, less cost of holding required capital, less cost of non-hedgeable risks.

Future profits for each year are estimated based on the assumption that policy reserves are held on a statutory basis. With regard to reinsurance, both outward and inward reinsurance contracts are reflected.

- VA business (market-consistent approach)

  The value of in-force for variable annuity business is calculated by subtracting the time value of options and guarantees, the cost of maintaining required capital, and the cost of non-hedgeable risks from the certainty equivalent present value of future profits. Protective Life defines required capital as the level required to maintain 400% of NAIC Company Action Level ("CAL") Risk-Based Capital ("RBC").
- Non-VA businesses (top-down approach)

  The value of in-force is calculated by deducting the cost of holding required capital from the present value of future profits. The time value of financial options and guarantees is not material for the non-VA business.

  The present value of future profits is the after-tax statutory profits of non-VA in-force covered business based on projected cash flows calculated on a deterministic basis, and discounted by an appropriate risk discount rate. Investment cash flows are calculated based on the economic assumptions at the reporting date and on asset allocations on the reporting date and expected in the future.

  The cost of holding required capital is a spread between the after tax investment yield and the discount rate for holding the required capital.

  Protective Life defines required capital as the level required to maintain 400% of CAL RBC for most of its business.

3. Value of new business

The value of new business of Protective Life for the fiscal year ending December 31, 2023 is represented by the value of new policies issued during the twelve months period. The value of new business is calculated separately for the new business acquired during the 6 months ended June 30, and the 6 months ended December 31, based on average economic assumptions for each period and non-economic assumptions at the time of new policies. The value of new business is the value at the time of sale of new policies. The profit during the fiscal year ended December 31, 2023 from new business is calculated based on the same assumptions above. Premium for investment products is included as premium income revenue in this report as we are reporting on a statutory basis, which is not commonly accounted as premium income revenue in US-GAAP.

4. Economic Assumptions

(1) VA business

U.S. Dollar based market-consistent assumptions as of each reporting date are used for the VA business, which are determined based on an approach which is similar to the approach described in Appendix B.
For Protective Life's VA business, US dollar government bond rates are used as a proxy for risk-free rates. The table below shows, for selected terms, the risk-free rates (spot rates) which are used in the calculations.

Term	US dollar	
	December 31, 2022	December 31, 2023
1 Year	4.80%	4.92%
5 Year	4.07%	3.90%
10 Year	3.88%	3.92%
20 Year	4.36%	4.41%
30 Year	3.93%	4.00%
40 Year	3.49%	3.53%
50 Year	3.23%	3.25%

(Source: Bloomberg, after interpolation)

(2) Non-VA businesses

i. Return on Asset Management
Investment cash flows for the top-down approach are based on the economic assumptions on the reporting date and on the asset allocations on the reporting date and expected in the future. Key economic assumptions include the level of government bond rates, default rates and investment expenses. Government bond rates and credit spreads were set equal to prevailing levels at each reporting date. No changes to the levels were projected. Credit spreads in the in-force model graded from initial levels to historical averages over projected years 6 – 10.
Existing yields are as follows:

	Current Yield	
	December 31, 2022	December 31, 2023
Corporate Bonds	4.45%	4.67%
Others	3.76%	4.32%
Grand Total	4.20%	4.52%

(Note) Statutory basis, before deduction of default cost

Reinvestment yields vary by liability group, in accordance with the characteristics of the liabilities and actual practice, and are determined based on the reinvestment strategy on the reporting date and expected in the future.
Reinvestment rates by asset type are as follows:

	Reinvestment Rates	
	December 31, 2022	December 31, 2023
Corporate Bonds	0.59 - 1.96%	0.42 - 1.91%
Mortgage Backed Security	0.16 – 0.66%	0.42 – 1.34%
Mortgage Loans	1.57 – 2.00%	1.73 – 2.03%

(Note 1) Before deduction of default cost

Default rates, which apply to existing assets and reinvestments, are determined by asset type, duration, and rating, where applicable, based on historical records.
Expected default costs net of recovery are as follows:

	Default cost	
	December 31, 2022	December 31, 2023
Existing assets	14bp	14bp
Reinvested assets		
Corporate Bonds	12 - 19bp	12 - 21bp
Mortgage Backed Security	0 - 7bp	0 - 7bp
Mortgage Loans	14bp	14bp

ii. Risk discount rate
The risk discount rate is set using a weighted-average cost of capital approach (WACC) taking into account the cost of equity and cost of debt.
Risk discount rates are as follows:

	In-force business	
	December 31, 2022	December 31, 2023
Risk discount rate	7.75%	7.50%
Risk free rate (10 year U.S. government bond yield)	3.88%	3.88%
Risk margin	3.87%	3.62%

	New business			
	Six months ended June 30, 2022	Six months ended December 31, 2022	Six months ended June 30, 2023	Six months ended December 31, 2023
Risk discount rate	6.25%	7.75%	7.75%	7.50%
Risk free rate (10 year U.S. government bond yield)	2.33%	3.46%	3.67%	4.23%
Risk margin	3.92%	4.29%	4.08%	3.27%

5. Non-economic assumptions

All cash flows (premium, operating expense, benefits and claims, cash surrenders, tax, etc.) are projected by applying the best estimate assumptions up to the termination of the policies by product. The assumptions are based on the past, current and expected future experience.

Future credited rates and policyholder dividends are based on current credited rate setting methods and policyholder dividend strategies.

Dynamic policyholder behavior is applied where appropriate.

The future inflation rate is assumed to be 2.50%.

The tax rate is set at 21.00% and is applied to the projected taxable income.

6. Exchange rate

The EV of Protective Life is calculated in local currency and converted into JPY using the following exchange rate:

	December 31, 2022	December 31, 2023
USD 1.00	JPY 132.70	JPY 141.83

[Unofficial translation]

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