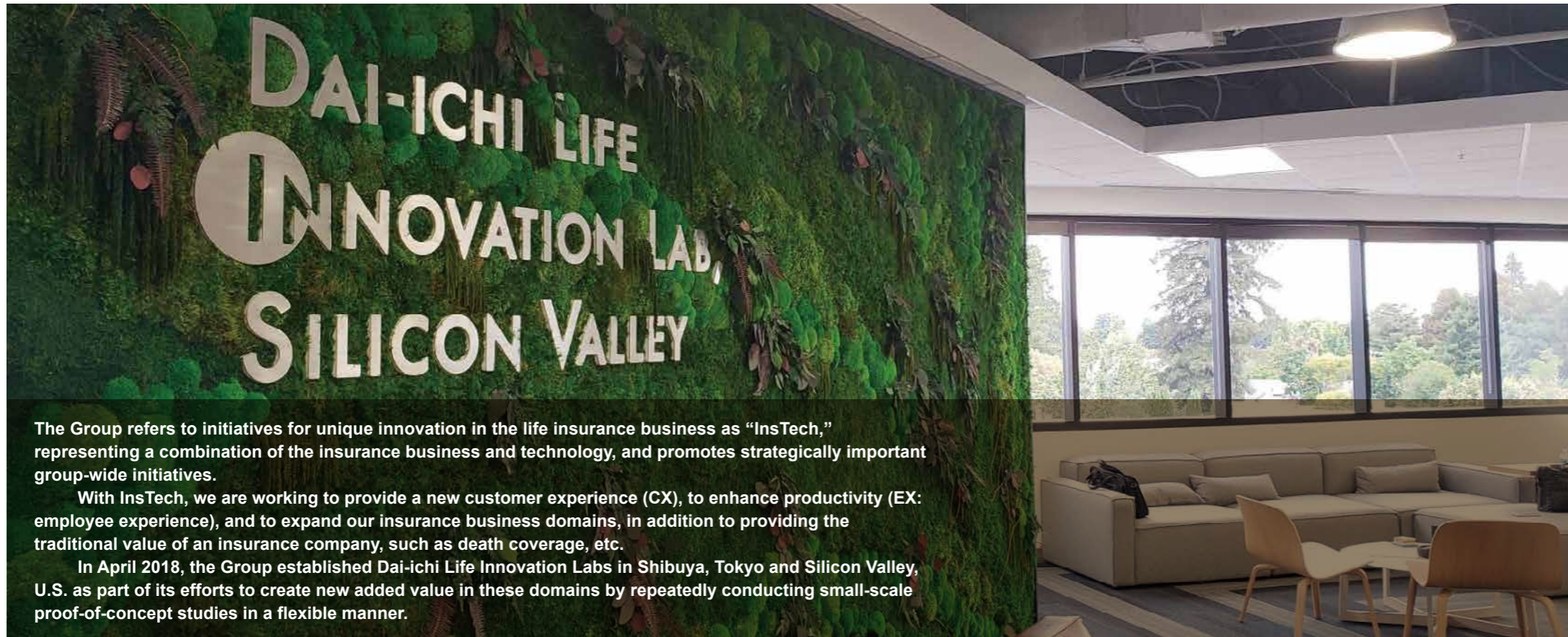


Fostering Innovation

Insurance × Technology **INS**TECH

3 Promote health for all 8 Stability through insurance 9 Development of cutting-edge technology

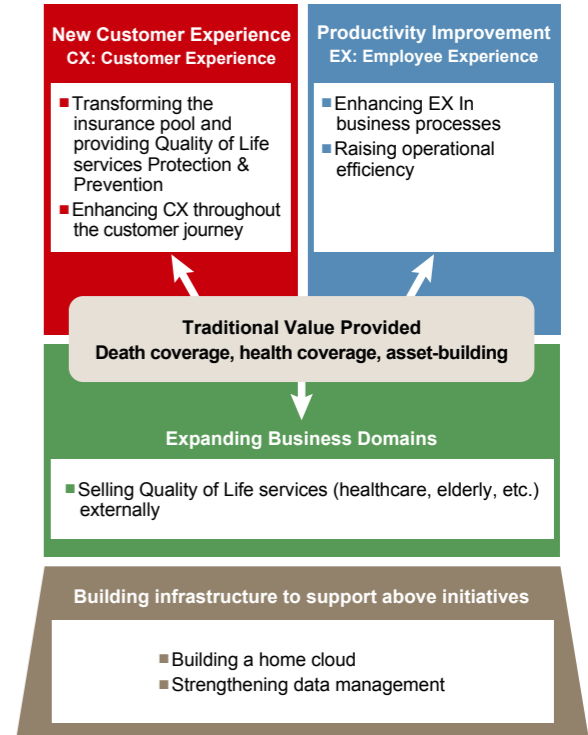


The Group refers to initiatives for unique innovation in the life insurance business as “InsTech,” representing a combination of the insurance business and technology, and promotes strategically important group-wide initiatives.

With InsTech, we are working to provide a new customer experience (CX), to enhance productivity (EX: employee experience), and to expand our insurance business domains, in addition to providing the traditional value of an insurance company, such as death coverage, etc.

In April 2018, the Group established Dai-ichi Life Innovation Labs in Shibuya, Tokyo and Silicon Valley, U.S. as part of its efforts to create new added value in these domains by repeatedly conducting small-scale proof-of-concept studies in a flexible manner.

Our Vision for InsTech



Providing a New Customer Experience (CX)

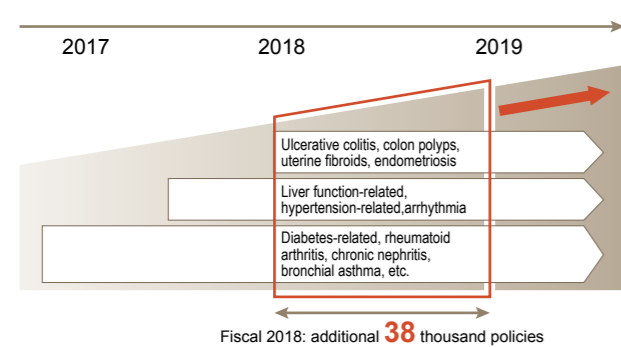
Analysis and Utilization of Medical Big Data

The Group has reviewed underwriting standards based on analysis of medical big data from internal and external sources. As a result, it now underwrites approximately 38,000 additional policies a year, which is approximately 3%* of all Dai-ichi Life's new policies. In addition, the Group has developed new products and services based on the results of analysis of medical big data. Examples of such products are Health Age® (using health age) and Health Checkup Discount.

Going forward, the Dai-ichi Life Group aims to contribute to improving quality of life and promoting extension of a healthy lifespan using big data analysis.

* People covered by multiple insurance policies are counted as one policy for products from April 2018.

Expanding Insurance Coverage through the Analysis of Big Data



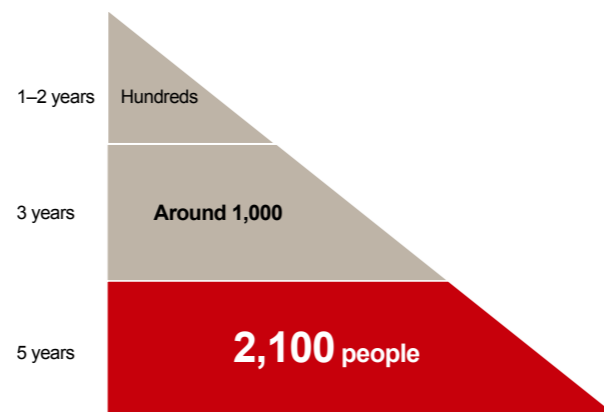
Enhancing Productivity (EX)

More User Friendly and Higher Productivity Through Innovation

The Group is working to increase convenience for customers by digitalization of various administrative processes and to raise productivity by introducing robotic process automation (RPA) and AI technologies. Already, RPA and AI are handling 460 tasks and at least 132,000 hours of work (as of March 31, 2019).

Through these initiatives and related measures such as work-style reform, the Group will shift an equivalent of 2,100 people to growth areas over the coming five years including the term of the current medium-term management plan.

Productivity Improvement (Including Work-style Reform)



Expanding Business Domains

Providing Health Promotion Services Outside the Group

In June 2018, QOLeaf, Limited was established as a wholly owned subsidiary of Dai-ichi Life Holdings. In addition to transferring health promotion services, such as Dai-ichi Life's *Kenko Daiichi* (health first) app to QOLeaf, we have also been providing health promotion services to JAPAN POST INSURANCE Co., Ltd. through QOLeaf since January 2019. Moreover, in October 2019, as an add-on to Dai-ichi Life group insurance, we will launch a service targeting corporate clients to support health management.

Going forward, we will continue developing and considering a variety of health promotion services in collaboration with other companies to expand our customer reach.

Providing Health Promotion Services to JAPAN POST INSURANCE through QOLeaf



Accelerating Open Innovation

Promoting Human Capital Development and Expanding Industry-Academia Collaboration

In addition to the Group's internal resources, we are actively collaborating with other companies, research institutions, and start-ups that have knowledge and ideas from other fields to accelerate the creation of groundbreaking innovation.

Moreover, we are also striving to develop human capital to drive future innovation through discovering talent by holding contests and expanding industry-academia collaboration.



- Universities that have concluded collaboration agreements or are engaging in joint research (as of July 2019)
 - Kyoto University
 - Fujita Health University
 - Shiga University
 - Institute for Advanced Biosciences, Keio University
 - Tokyo University of Science
- Main objectives
 - Training data scientists
 - Discovery of cutting-edge technologies
 - Joint research in health and medical fields, etc.

Introduction Management Strategies Message from the President Value Creation Process Feature Medium-term Management Plan Summary of Business Value Creation Initiatives Corporate Governance Data Section

Capital Policies and ERM

By ensuring financial soundness and improving capital efficiency through the optimal allocation of capital, we aim for sustainable enhancement of corporate value and further improvement of shareholder returns.

Tatsusaburo Yamamoto
Managing Executive Officer
Corporate Planning Unit



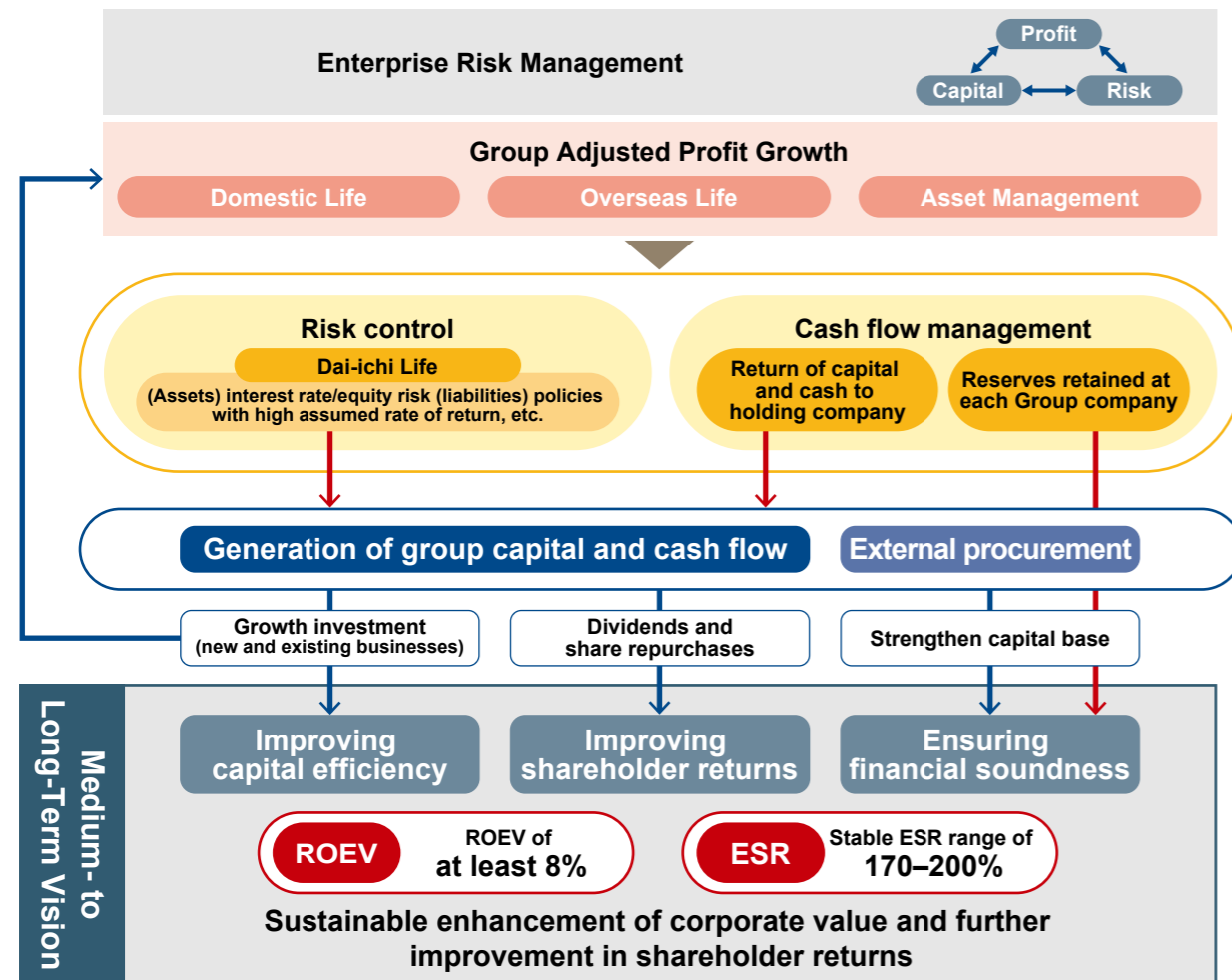
Basic Approach to Capital Policies

The Dai-ichi Life Group bases its capital policy on the enterprise risk management (ERM) framework, aiming for sustainable enhancement of corporate value and further improvement of shareholder returns.

Along with adequate control of risks surrounding the

Group's business, we promote profit growth by ensuring financial soundness and improving capital efficiency through provision of returns to the holding company and internal reserves that are in line with the growth stage of each Group company. We also implement investment aimed at the growth of the Group, utilizing external procurement as necessary and balanced allocation of capital to strengthen the capital base.

Our Capital Policies and Medium- to Long-Term Vision



Improving Capital Efficiency by Controlling Risk and Growth Investment

The main business risks for the Dai-ichi Life Group are insurance risk and financial market risk associated with long-term life insurance policies. In view of recent changes in the surrounding environment, the Group is working to improve capital efficiency by generating new capital by controlling risk and utilizing this capital for growth investment.

In terms of controlling risk, the Group has been working to curb financial market risk. This includes maintaining the durations of bonds held by Dai-ichi Life and continual sales of shares amid the prolonged low interest rate environment in Japan. In fiscal 2018, Dai-ichi Life ceded in-force policy blocks with high historical assumed interest rates to a reinsurance company for the first time, strengthening risk control on both the asset and liability fronts.

In terms of growth investment, conditional upon ensuring stable financial soundness, the Group utilizes a portion of internal reserves to engage in investment that strengthens the competitiveness of existing business and expands and diversifies the business portfolio. In fiscal 2018, the Group made two acquisitions in the overseas life insurance business, one in the U.S. and one in Australia (total investment of approximately 185.0 billion yen) that will lead to the future growth of Group profit.

In terms of capital efficiency, we aim for a rate of growth in EV (ROEV), an indicator of corporate value for life insurance companies, of 8% over the medium- to long-term, and we have achieved annualized average change of 10.2% over the nine-year period from demutualization up to March 31, 2019. Going forward, we aim to improve further capital efficiency through appropriate risk control and growth investment that effectively utilizes generated capital and cash flow.

Ensuring Stable Financial Soundness

Given the trends in international capital regulations, in addition to the solvency regulations, which are the current standard of soundness for domestic insurance companies, the Dai-ichi Life Group is appropriately controlling soundness by adopting the economic solvency ratio (ESR), a soundness indicator based on economic value that evaluates the market value of assets and liabilities. The Group aims for an economic solvency ratio that is stable in the 170–200% range over the medium- to long-term, which is the same level as major global insurance companies. As of March 31, 2019, our economic solvency ratio was 169%.

In addition, in fiscal 2018, the Company issued 85.0 billion yen in publicly offered perpetual subordinated notes to enhance the level and quality of the Group's capital structure. This was the first such issuance by any domestic life insurance company group.

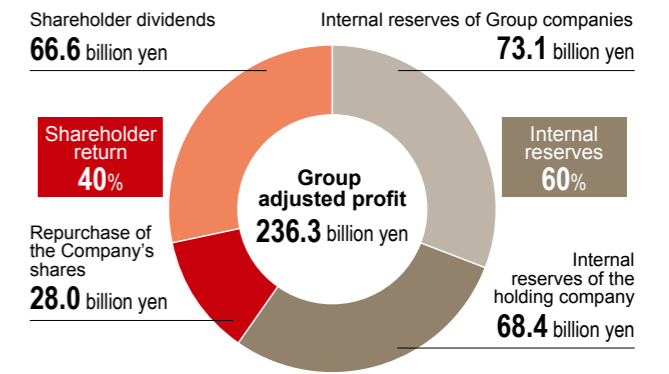
Aiming for Attractive Shareholder Return

Under the current medium-term management plan, the Dai-ichi Life Group has a basic policy of providing shareholder returns that matches profit growth with a target total payout ratio of 40% of Group adjusted profit through stable shareholder dividends and repurchase of the Company's shares.

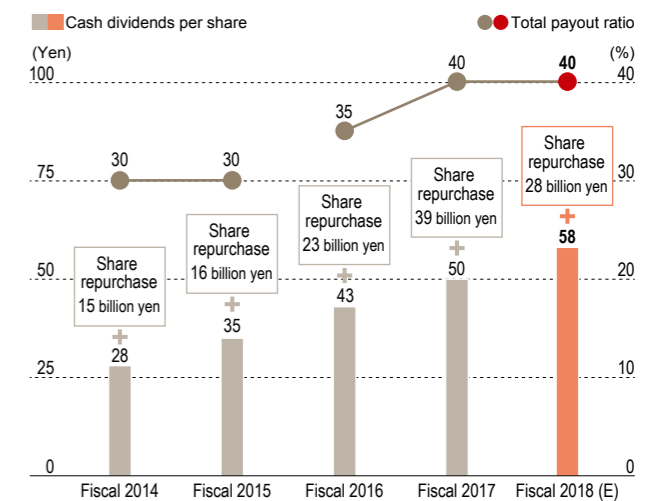
In terms of shareholder returns for fiscal 2018, given that the initial fiscal year of the medium-term management plan progressed steadily, shareholder dividends, which are the more direct form of returns, were increased from the initial forecast to 58 yen per share, an increase of 8 yen from the previous fiscal year. Together with the repurchase of the Company's shares (up to 28.0 billion yen announced on May 15, 2019), we expect to achieve a total payout ratio of 40%.

Going forward, we aim to further improve shareholder returns as we get the business base in Japan and overseas, which we have been expanding and diversifying up until now, onto a growth trajectory, thereby strengthening the sustainable growth of Group profit and capital and cash flow generation capabilities.

Cash Flow of the Dai-ichi Life Group (Fiscal 2018)



Shareholder Return History



* Total payout ratio = (total dividends to shareholders + total amount of the Company's share repurchase) / Group adjusted profit (consolidated adjusted net income up to Fiscal 2015)

Risk Management / Compliance

We will engage in forward-looking risk management that is integrated with management strategies to improve financial soundness and enhance corporate value.

Ichiro Okamoto
 Managing Executive Officer
 Risk Management Unit, Legal and Compliance Unit



Promotion of ERM and Risk Management

The Dai-ichi Life Group practices enterprise risk management (ERM), which is an approach to improve financial soundness and enhance corporate value simultaneously. While appropriate risk management is essential to achieve steady enhancement of corporate value, improvement in financial soundness of the Group cannot be achieved without steady enhancement of corporate value.

The Group engages in risk management focused on its goal of achieving steady enhancement of the Group's corporate value and always keeps in mind that resolving social issues from a customer perspective will lead to sustainable enhancement in the Dai-ichi Life Group's corporate value and ultimately lead to improvement of the financial soundness of the Group.

Risk Management Integrated with Management Strategies

The Dai-ichi Life Group promotes development and upgrading of risk management systems that are integrated with management strategies in close collaboration with Group companies so as to facilitate the appropriate identification and control of Group-wide risks. For example, in important projects with a material impact on the Group, such as M&A or development of new products, we cooperate with the department that is responsible for the project and take a risk management approach from the planning stage. We manage risk in parallel with the consideration and progress of the project.

Furthermore, in the rapidly changing environment surrounding the insurance business and ever higher customer expectations and intensified social demands, we strive for forward-looking, proactive awareness and control of risk to facilitate an appropriate response to the changes in the business environment and intensified social demands based on the recognition that failure to do so will result in a damage to the Group's corporate value.

Identifying Material Risks

The Dai-ichi Life Group engages in appropriate risk management that begins from early signs of risks by identifying foreseeable risks that could have a major impact on our business and formulating business plans that take these risks into account.

Material Risks for the Dai-ichi Life Group

1. Significant deterioration in financial markets (large fall in interest rates, etc.)
2. Major disaster, etc. (major earthquakes, pandemics, etc.)
3. Inability to adjust to changes in the environment (population decline, changes in customer needs, etc.)
4. Brand damage arising from cyber-attacks, system failures, etc.
5. Inadequate regulatory capital and decline in competitiveness associated with regulatory changes

Promotion of Compliance

With increasing globalization and significant changes in regulatory trends and social demands, it is increasingly important to ensure appropriate legal compliance in expanding businesses in Japan and overseas.

To respond to changing customer expectations and social demands premised on complying with laws and regulations and the Articles of Incorporation, and observing social norms and market rules, the Dai-ichi Life Group strives to identify potential conduct risks, and promotes forward-looking risk-based compliance. The Legal and Compliance Unit identifies material risks related to compliance, and provides monitoring and guidance for Group companies. Important matters related to compliance are reported to the Board of Directors, the president, the Executive Management Board, and the Audit & Supervisory Committee following deliberation at the Group Compliance Committee.

In addition, we have established internal whistleblowing desks which is independent from management (with an outside law firm), through which officers and employees of Group companies can directly report and consult on compliance, and necessary systems are in place for reporting to the Board of Directors, the president, the Executive Management Board, and the Audit & Supervisory Committee depending on the severity of such matters.

Diversity and Inclusion

By respecting each other, learning from each other, and growing together, we will innovate and create new value through the efforts of 70,000 employees.

Sumie Watanabe
 Executive Officer
 Human Resources Unit



The Dai-ichi Life Group must also have diverse talents and capable organization to anticipate diversifying customer values and needs as well as various local challenges in order to deliver products and services that truly delight customers and contribute to local communities. In this sense, the Group promotes diversity and inclusion with the objective to improve job satisfaction of each employee. Thus, implementing systems and work-style reforms that enable diverse work styles to be integrated with corporate culture and working environment to allow every single employee to leverage his/her uniqueness and to contribute in his/her own way in a good health and vitality.

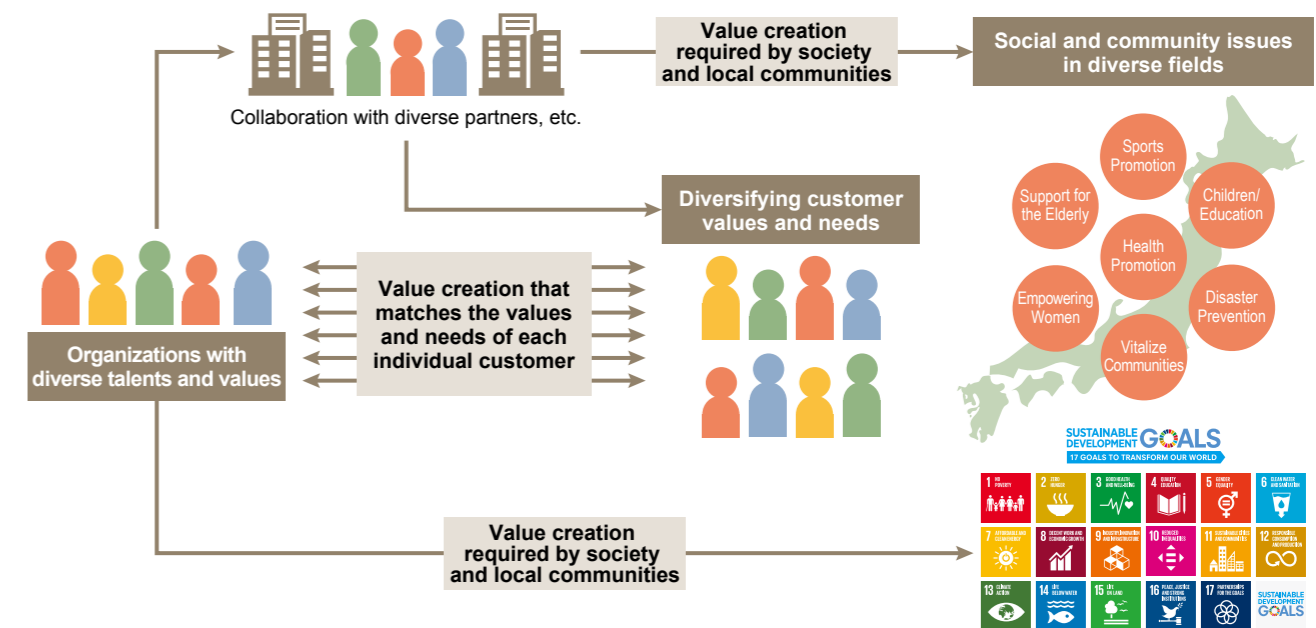
Every employee will benefit from work-style reform,

human capital development, and promotion of diversity and inclusion and make them part of their daily work with respect for others. A single step of progress of an individual employee could be relatively small, but the steps forward of 70,000 employees can create an impact that leads to innovation and new value creation.

Respecting each other, learning from each other, growing together—We will aim to be a global insurance group that continues to be chosen in Japan and globally while growing into a corporate group with value-creating synergies and where diverse individualities shine.

Value Created by Diversity & Inclusion

We aim to nurture talent and organizations full of diversity in order to provide products and services that match the ever-changing business environment and the diversifying values and needs of individual customers.



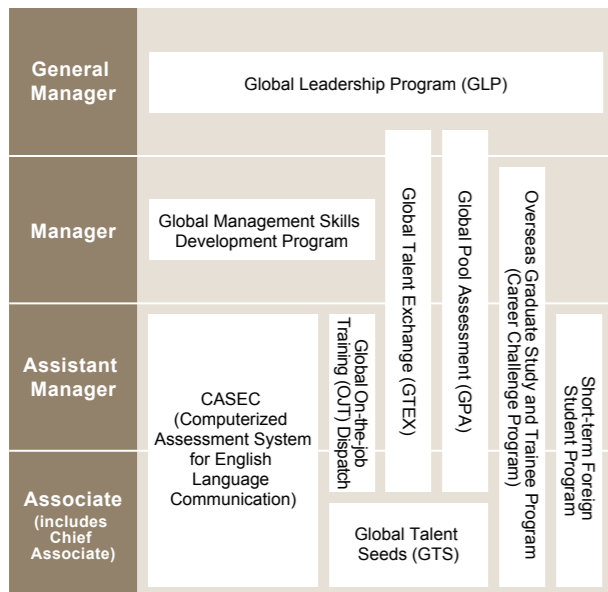
Global Diversity

Developing Global Human Capital and Accelerating Group Synergies



The Group has strengthened the development of global human capital with various initiatives, including capacity development through the Global Human Capital Development Programs and the intake of foreign students to secure and develop highly competitive human capital from a global perspective. In addition, we regularly hold conferences and training where overseas Group companies come together to engage in level- and function-specific networking and share best practices with the aim to create Group-wide synergies.

Global Human Capital Development Programs



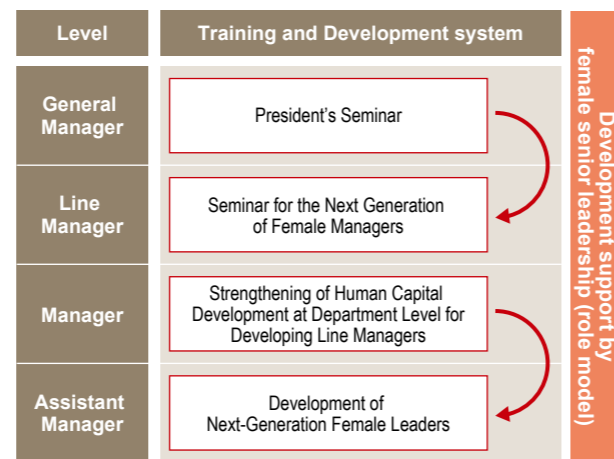
Promoting the Achievements of Female Employees

Creating a Workplace Environment and Developing Human Capital to Allow Employees to Achieve their Full Potential

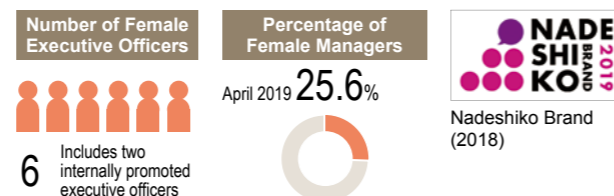


The Group promotes initiatives based on three main themes, which are "transforming awareness and culture," "enhancing skill development," and "promoting work-life management." The Group makes particular efforts to develop next-generation female leaders and strives to transform the awareness of female management candidates through directly involving executives in development and providing female role models who are in senior positions. Going forward, we have established a target to increase the percentage of female employees in managerial positions to "more than 25% of all managerial positions during the term of the medium-term management plan" and to "30% by the 2020s," and we will continue to promote development and establishment of female leaders.

Training and Development System for Next-Generation Female Leaders



Commitments by Executives



* Total for the Company, including three domestic life insurance companies (Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life)

Promoting Active Participation of Employees with Disabilities

Achieving Normalization



The Group proactively employs people with disabilities and create a comfortable working environment for them. The Group employs 967 people with disabilities nationwide. (As of June 2019, employees with disabilities make up 2.22% of our total workforce.)



Promoting LGBT Understanding

LGBT Friendly



In addition to clearly laying out respect for basic human rights in the Dai-ichi Life Human Rights Declaration, we push forward initiatives aimed at becoming an LGBT-friendly company, including promoting employee understanding through training and seminars and expanding eligibility for benefits like paid leaves and accommodation allowance.



Promoting Active Participation of Veteran Employees

Long-Standing Experience and Skills as Company Assets



The Group has created systems targeting employees after retirement age to allow motivated and capable human capital with experience and skills developed over many years to actively contribute. As part of our career support system for middle-aged and older employees and assistance with post-retirement re-employment, the Group has also established a support program (Master Challenge Program) to enhance experience and skills prior to retirement age leading to smooth re-employment following retirement.

Improving Employees' Quality of Life

Promoting Work-Life Management



At the Dai-ichi Life Group, the two main pillars to promote initiatives are our Family-Friendly System (measures to support work-life balance) and work-style reform. In addition to encouraging strategic utilization of measures to support the balance between work and private affairs and promoting teleworking, we are striving to enhance awareness of diverse work styles through training programs such as unconscious bias training as well as other measures.



Climate Change Initiatives— Response to TCFD



Issue Awareness

The awareness that environmental concerns, climate change in particular, are issues for the international community as a whole has increased with the Paris Agreement going into effect in 2016. The Dai-ichi Life Group, which operates life insurance and asset management businesses globally, also recognizes climate change as an important management issue that could significantly affect the lives and health of its customers, corporate activities, and social sustainability.

Based on such awareness, we positioned tackling climate change as one of the areas we will continually strengthen in CONNECT 2020¹, our medium-term management plan, and we are working on a variety of initiatives. Moreover, in addition to boosting management resilience through an assessment of the risks and opportunities posed by climate change, we announced our endorsement of the TCFD² Recommendations in September 2018 in order to enhance corporate value through sound dialogue with stakeholders based on such disclosure.

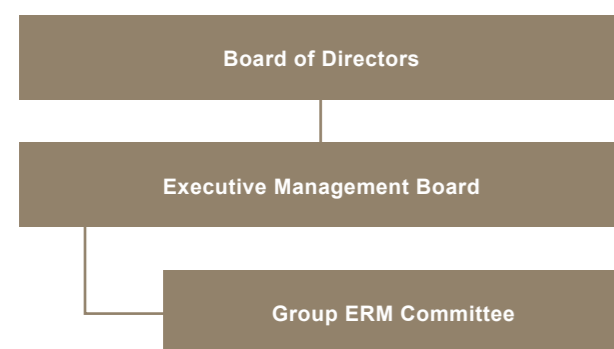
¹ Determined by the Board of Directors of Dai-ichi Life Holdings in March 2018
² Task Force on Climate-related Financial Disclosures

Stance on Governance/Risk Management

The Dai-ichi Life Group practices ERM with the aim of enhancing capital efficiency and corporate value based on strategies that are in accordance with the status of profit, capital, and risk. As a part of this, we identify foreseeable risks that could have a major impact on our business, formulate business plans that take these risks into account, and engage in risk management that responds appropriately to early signs of risk. We treat climate-related risk as a risk with the potential to have a serious impact on the Group in the future due to changes in the environment. The Group ERM Committee, which is composed of the officers responsible for the Risk Management Department and the Corporate Planning Department among others, conducts analysis and assessments, and then reports to the Executive Management Board and the Board of Directors periodically and monitors.³

In addition, Dai-ichi Life undergoes an annual assessment based on PRI⁴, which is the global standard for ESG investment. The initiative policy based on the results of this assessment is discussed at the Responsible Investment Committee, by majority comprised from external experts, and reported to the Executive Management Board to continually upgrade ESG investment.⁵

Stance on Governance/Risk Management



³ For details on risk management, see https://www.dai-ichi-life-hd.com/en/about/control/in_control/administer.html
⁴ Principles for Responsible Investment published by the United Nations in 2005
⁵ For details on the stance on promoting responsible investment, see <https://www.dai-ichi-life.co.jp/english/dsr/investment/ri.html>

Strategies

(1) Climate-Related Risks and Opportunities and the Impact on Our Business

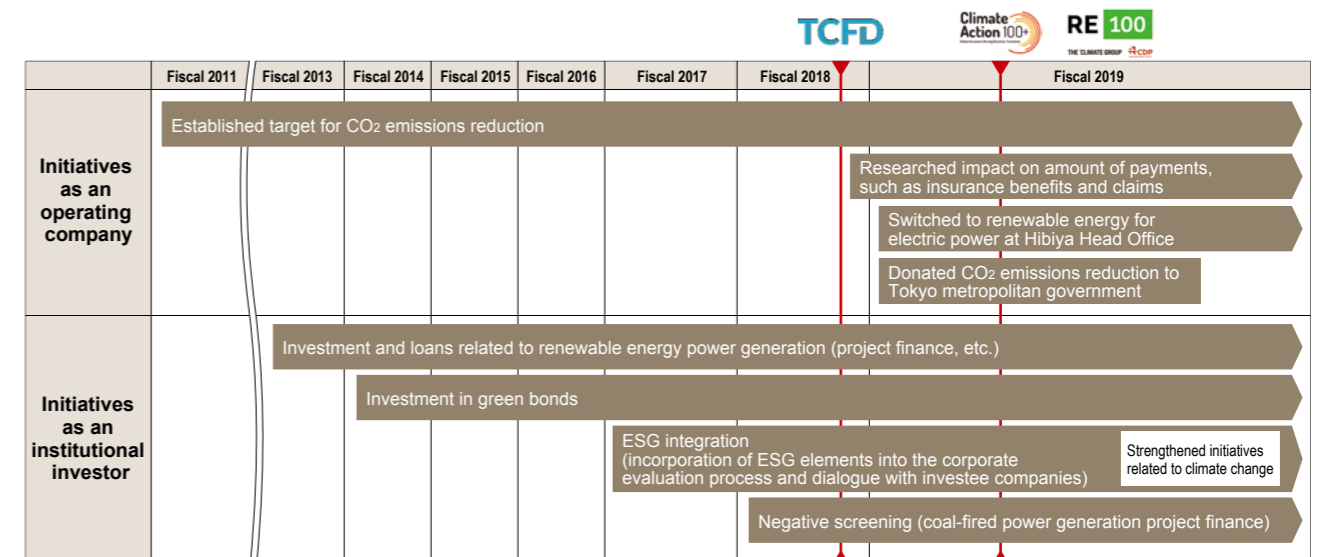
(Results of Trial Scenario Analysis at Dai-ichi Life, a core Group company)

Main Risks and Opportunities Affecting Business and Impact (Dai-ichi Life)

Climate-related risks and opportunities		Main impacts on business	
Risks	Physical risks	<ul style="list-style-type: none"> Risks that consist of chronic physical risks (rise in average temperatures and sea levels, etc.) and acute physical risks (increase in abnormal weather, such as typhoons and flooding, etc.) which are associated with physical changes due to climate change →Impacts could increase under the scenario of significant long-term increase in temperatures due to inadequate climate change countermeasures by each country 	<ul style="list-style-type: none"> Increase in insurance claims and benefits paid due to increase in heat strokes and infectious diseases associated with warming Increase in insurance claims and benefits paid associated with increase in flooding due to typhoons, etc.
	Transition risks	<ul style="list-style-type: none"> Risks that consist of market and technology risks (changes in consumption behavior, failure of investments in new technologies, etc.), policy and regulatory system risks (tightening of regulations on greenhouse gas emissions, etc.), and reputational risks (criticism of industry, changes in consumer choices, etc.), which are associated with the transition to a low carbon society →Impacts could increase under the scenario of reductions in long-term increase in temperatures due to adequate climate change countermeasures, such as the development of new technologies and utilization of carbon recovery and storage technology 	<ul style="list-style-type: none"> Decrease in value of investment in, and loans to companies with inadequate responses to environmental change, including the introduction of carbon taxes, damage to assets due to market and social environment changes, development of new technologies, and response to changes in consumer behavior
Opportunities	Resource efficiency, products and services, Markets, etc.	<ul style="list-style-type: none"> Corporate revenue opportunities associated with climate change, such as an expansion of the market contributing to solving climate change problems 	<ul style="list-style-type: none"> Increase in investment and loan opportunities in businesses and companies that contribute to solving the climate change problem, such as renewable energy businesses Reduction in business costs due to the introduction of business infrastructure with high resource efficiency

(2) Specific Initiatives

As an operating company and an institutional investor, Dai-ichi Life is boosting the resilience of its business against climate change as well as encouraging the enhancement of overall social resilience, which includes financial markets.



Initiatives as an Operating Company

Dai-ichi Life will strengthen resilience in the life insurance business through measures such as researching the impact of climate change on the life insurance business. Moreover, in addition to initiatives to reduce CO2 emissions, Dai-ichi Life will contribute to enhancing overall social resilience through initiatives such as environmental protection.

Resilience of the Life Insurance Business	<ul style="list-style-type: none"> • Provisional estimates of increase in payments, including insurance claims, due to heat strokes and infectious diseases in Japan • Going forward, continue to research other impacts in regions outside of Japan
Overall Social Resilience (CO2 reduction, etc.)	<ul style="list-style-type: none"> • Established a CO2 emission reduction target in 2011. Promoting reductions in energy consumption associated with business site activities through introduction of energy-saving equipment, etc. to achieve target • Introduced renewable energy (switched all electricity for the Hibiya Head Office building in Tokyo to renewable energy derived from hydro-electricity in April 2019 with an expected annual reduction in CO2 emissions of approximately 3,600t) • Donated a 41,966t credit for excess CO2 emission reductions to Tokyo Metropolitan Government under the Cap-and-Trade Program to help with Tokyo Metropolitan Government efforts aiming for a Zero Emission Tokyo, a sustainable city with no CO2 emissions

Initiatives as an Institutional Investor

Based on the awareness that climate change could have a medium- to long-term impact on investment performance, Dai-ichi Life is upgrading its climate-related risk analysis and promoting initiatives to reduce that impact, obtain opportunities for profit, and boost overall social resilience.

Asset Management Resilience	<ul style="list-style-type: none"> • As a general rule, we have a policy of not investing in, or loaning to, coal-fired power generation project financing given the risk that the asset value of investee companies will decline due to the transition to a low carbon society (no record of investment in, or loans to, such projects to date) • Introduced climate change factors into corporate evaluation processes to increase resilience of owned assets against climate change
Overall Social Resilience	<ul style="list-style-type: none"> • Proactively investing in assets, etc. that help solve the climate change problem • Promoting disclosure of information based TCFD Recommendations through dialogue with investee companies

- Renewable energy project financing**
 Since fiscal 2013, Dai-ichi Life has been investing proactively in solar, wind, and biomass power generation projects in Japan and overseas, and our investment to date exceeds 100.0 billion yen.
 
- Investment in green bonds, etc. of international development financial institutions**
 In June 2019, Dai-ichi Life invested approximately 10.8 billion yen in both green bonds issued by the International Bank for Reconstruction and Development (IBRD), part of the World Bank Group, and environmental conservation bonds issued by the European Bank for Reconstruction and Development (EBRD).
- First Japanese life insurance company to participate in Climate Action 100+**
 Dai-ichi Life joined a global initiative by institutional investors to engage in constructive dialogue on emissions reductions efforts and disclosure of information about those efforts with companies that have high levels of greenhouse gas emissions.
 

Indicators and Targets

Dai-ichi Life, which operates a large-scale business, has established medium- to long-term CO2 emission reduction targets of 40% by fiscal 2030 and 70% by fiscal 2050 (both compared to fiscal 2013). The Dai-ichi Life Group is also working toward a target of 1% year-on-year reductions in CO2 emissions. Performance in fiscal 2018 was approximately 155,300t (Scope 1: 12,500t and Scope 2: 142,800t), maintaining the target pace of a 1% year-on-year reduction.

- First Japanese Insurance Company to Join RE100***
 Dai-ichi Life joined an international initiative that has set a goal of switching to 100% renewable energy from the perspective of promoting increased use of renewable energy to prevent global warming.
 

* RE100 (Renewable Energy 100%) was launched in 2014 under the leadership of The Climate Group, an international NGO. It operates in collaboration with CDP (a not-for-profit charity that collects information about action on climate change from businesses and provides it to investors). The target is to procure 100% of the electricity consumed in business activities through renewable energy, and more than 190 of the world's leading companies have joined as of August 2019.

Topics Examples of Environmental Protection Initiatives

Supporting Three Urban Greening Awards
 In 1990, Dai-ichi Life established the Green Environmental Plans Award to support urban greening initiatives. Dai-ichi Life now supports three awards, by adding the Green Cities Award and the Competition for Specialized Greening Technology for Rooftops and Wall Facings. Approximately 200 green spaces have been subsidized up until to 2018. As a result of this initiative, Dai-ichi Life received the Minister of Land, Infrastructure, Transport and Tourism's Award for Service in Urban Greening in 2000 and 2014.





Planting Mangroves
 Panin Dai-ichi Life (Indonesia) engages in activities to plant mangroves, which absorb large volumes of CO2 and act to protect the coastline from erosion. The company also puts efforts into activities to protect the natural environment, including sponsoring groups that carry out afforestation.





Forest Conservation
 Protective (U.S.) works with natural environment protection groups carrying out activities to conserve the aquatic environment and ecosystems and preserve the beauty of nature in Alabama.







Corporate Governance

To fulfill responsibilities from multiple stakeholders the Dai-ichi Life Group will achieve sustainable growth and improve corporate value over the medium- to long-term by strengthening and enhancing its corporate governance system.



Improving corporate governance and risk management



Contributing to the Establishment of a Global-Standard and High-Quality Governance System



Koichi Maeda
Outside Director

Governance system for sustainable growth of the Group

Q What are the features of the Dai-ichi Life Group governance system?

Three years ago, in October 2016, the Dai-ichi Life Group transitioned to a holding company structure and established an Audit & Supervisory Committee, with the majority of committee members composed of outside directors. I think the main objectives in transitioning to this structure were to allow the Board of Directors of the holding company to flexibly execute business and allocate resources aimed at accelerating the growth of the entire Group based on the future growth strategy. Another aim was to make the Audit & Supervisory Committee responsible for overseeing and supervising the Board of Directors, and for the Board of Directors to clearly demonstrate its monitoring function. This governance design evolved from the prior Group-wide management structure established at The Dai-ichi Life Insurance Company, Limited, the largest operating company in the Group, with sustainable growth in mind. Thus, I think, a solid governance system has been in place since the start of the holding company.

Q It has been nearly three years since you took office as an outside director. How do you evaluate the evolution of the Group's corporate governance system?

In the early days of the transition to the holding company structure, we went through some trial and error while establishing appropriate roles of the Board of Directors at the executive side and the supervisory side for a holding company rather than for an operating company. However, through our discussions on the formulation of the CONNECT 2020 Medium-Term Management Plan and overseas M&A, I recognized that the Group's solid management system aimed at achieving the Group growth has been strengthened while maintaining an appropriate tension between execution and supervision roles. Also, as a company with an Audit & Supervisory Committee, I think during the three-year period the Dai-ichi Life Group established its own distinctive mechanisms and style with a focus on the supervisory function.

On the other hand, given the changes in the business environment that could take place in the insurance industry, I believe, that the Company should foresee the possibilities and leverage the advantages of being a holding company more than ever and develop flexible measures for sustainable growth. I

also think that further development and improvement of governance system in Japan and overseas will become essential for future business expansion.

Enhancing Board of Directors effectiveness through constructive discussions from diverse viewpoints

Q Could you explain the composition of the outside directors?

Seven out of 16 members of the Company's Board of Directors are outside directors. The backgrounds of the outside directors are diverse, being made up of people with a high level of insight and extensive experience in a variety of expert fields such as corporate management, finance, and law. I think that there is an extremely well-balanced selection of board members in the sense of being able to evaluate and judge the Dai-ichi Life Group's various strategies in Japan and overseas from the required diverse standpoints.

Q In what ways do the outside directors take part in the discussions at the Board of Directors?

There is vigorous discussion incorporating the diverse knowledge of the outside directors at each Board of Directors meeting. Very frequently outside directors express their opinions, and I feel that the deliberation and constructive discussion from diverse standpoints have led to the enhancement of the Board of Directors effectiveness.

In addition, outside directors have raised various issues to enhance further Board of Directors effectiveness, which I think is leading to continuous improvements, such as the establishment of a follow up system on Board of Directors discussions, strengthening coordination between each committee and the Board of Directors, and provision of feedback on discussions in executive departments.

Providing information to the outside directors is significant and forms the precondition for these vigorous discussions. Apart from the shared materials and briefings prior to the Board of Directors meetings, information is also provided in different ways, including seminars on management issues, internal events, visits to business sites in various places. In fiscal 2018, we visited Dai-ichi Life Vietnam to exchange opinions with the management. There we also visited a sales office and clearly recognized that the knowledge and know-how accumulated in Japan was utilized by highly motivated local employees. Visiting

business operations, including overseas locations, and having first-hand experience on the Company's business is extremely meaningful, and I think that it deepens our discussions at the Board of Directors.

Q Please explain the Nominations Advisory Committee and the Remuneration Advisory Committee.

I serve as the chairman of the Nominations Advisory Committee and the Remuneration Advisory Committee. Both committees endeavor to make decisions through discussions that consider the perspectives of stakeholders, particularly shareholders, based on the clear background, concerning points, and challenges related to the decision matter. In addition, to enhance communication between the committees and the Board of Directors, since fiscal 2018, I have been reporting the main discussion points from both committees to the Board of Directors and plan to continue enhancing such collaboration. In addition, in fiscal 2018, the Remuneration Advisory Committee decided to revise the performance-linked remuneration scheme by introducing restricted stock remuneration. This scheme aims to incentivize directors through making officers' responsibility more explicit for the Company's performance and share price. Among other matters, the Nominations Advisory Committee discussed the ideal composition of the Board of Directors, and going forward we plan to deepen our discussions on matters such as succession planning.

Advancing efforts on both tangible institutional frameworks and intangible human capital to support overseas expansion

Q Please explain the governance system relating to overseas M&A.

Up until now, the Group has capitalized on the advantages of the holding company structure to steadily promote its growth strategy, including M&A. Recently, there have been several major M&As at the Company's overseas businesses. Protective Life acquired in-force blocks from Liberty Life Assurance Company of Boston and Great-West Life & Insurance Annuity Company. And TAL acquired Suncorp's life insurance business. The institutional frameworks for promoting such international M&A, such as due diligence, capital management, and risk management, are well established, and the outside directors were also involved in the discussions from an early stage.

Moreover, with the similar importance as with acquisitions

proposals, I also focus on the progress of post-merger integration (PMI). I think that confirming whether the original objectives of an acquisition have been achieved, including on what processes the integration is promoted and when the results will appear, are useful for decision making when new M&A projects are proposed.

Q What are the important concerns for promoting further overseas expansion?

When talking with overseas life insurance business local management, I get the sense of willingness to understand the Dai-ichi Life Group's values and culture along with a positive attitude toward contributing to the Group. To succeed in the overseas life insurance business, I think, it is extremely important to build up these kind of intangible efforts directed at alignment of corporate cultures in addition to the tangible efforts in terms of governance.

The life insurance business is a local business based on laws and regulations and the social security systems in each country. However, I believe there are many aspects such as know-how and systems that the Dai-ichi Life Group has cultivated in Japan and can be shared globally. Therefore, the Company has established the Global Leaders' Committee, which brings together the management of overseas Group companies, to share the policy, philosophy, and knowledge of the Dai-ichi Life Group. It has also launched the Group Initiative Taskforce, which aims to enhance collaboration and resolve issues on an operational level. It may take time, but I believe that building connections between people and sharing corporate culture through such frameworks is a very positive measure for the Group.



Supporting Group initiatives that contribute to improvement of QOL

Q As an outside director, how do you plan to support Company initiatives for improving QOL?

The Dai-ichi Life Group stated in CONNECT 2020, the medium-term management plan, that it will contribute to the improvement of Quality of Life. Essentially, the life insurance business, with its contributions to the stability of people's lifestyles, is a business with strong social aspect. In addition to this Group is trying to enhance its contributions in areas such as assets building and promoting health, and also ensuring sustainable community and social continuity. I believe that this is an extremely meaningful challenge in the sense that the Group will use its strengths as a company with a mission of "By your side, for life" to meet evolving customer needs based on a sound understanding of the business environment.

I think it is a sign that Group is not only providing protection and paying insurance benefits promptly, but also evolving into a company that is closer to customers, through initiatives such as health promotion, solving more diverse social issues by providing more value to customers through utilization of digital technology and establishing diverse partnerships.

While more sophisticated environment changes are expected, decision making on such initiatives needs to be unconventional, fair and just, as well as more flexible and speedier than ever before. Similarly, it is expected that more refined frameworks at a global standard will also be required for the Group's governance.

Further development in these areas will be the Group's challenge for achieving sustainable growth. As an outside director, I would continuously consider what is necessary for such development and would contribute to leveraging the advantages of being a holding company.

Basic Approach to Corporate Governance

The Company has developed a system of corporate governance as stipulated in the Basic Corporate Governance Policy to ensure transparent, fair, prompt and bold decision-making while balancing supervision and management, in order to respond to the entrustment of its multi-stakeholders, such as customers, shareholders, society and employees, and to

achieve sustainable growth and enhancement of corporate value over the medium- to long-term.

Basic Corporate Governance Policy/ Corporate Governance Report

<https://www.dai-ichi-life-hd.com/en/about/control/governance/basic.html>

Initiatives to Strengthen Corporate Governance

The Dai-ichi Life Insurance Company, Limited

Fiscal 2010

- Listed its stock on the Tokyo Stock Exchange (First Section)

Fiscal 2011

- Introduced share remuneration-type stock options

Fiscal 2013

- Established the Advisory Board

Fiscal 2014

- Established Independence Standards for Outside Directors
- Established an Internal Control Policy for the Dai-ichi Life Group
- Commenced self-assessment of effectiveness of the Board of Directors

Fiscal 2015

- Established a Basic Corporate Governance Policy

Dai-ichi Life Holdings, Inc.

Fiscal 2016

- Transitioned to a holding company structure (October 2016)
- Transitioned to a company with an Audit & Supervisory Committee (October 2016)
- Commenced self-assessment of the effectiveness of the Audit & Supervisory Committee

Fiscal 2017

- Commenced self-assessment of the effectiveness of Nominations Advisory Committee and Remuneration Advisory Committee

Fiscal 2018

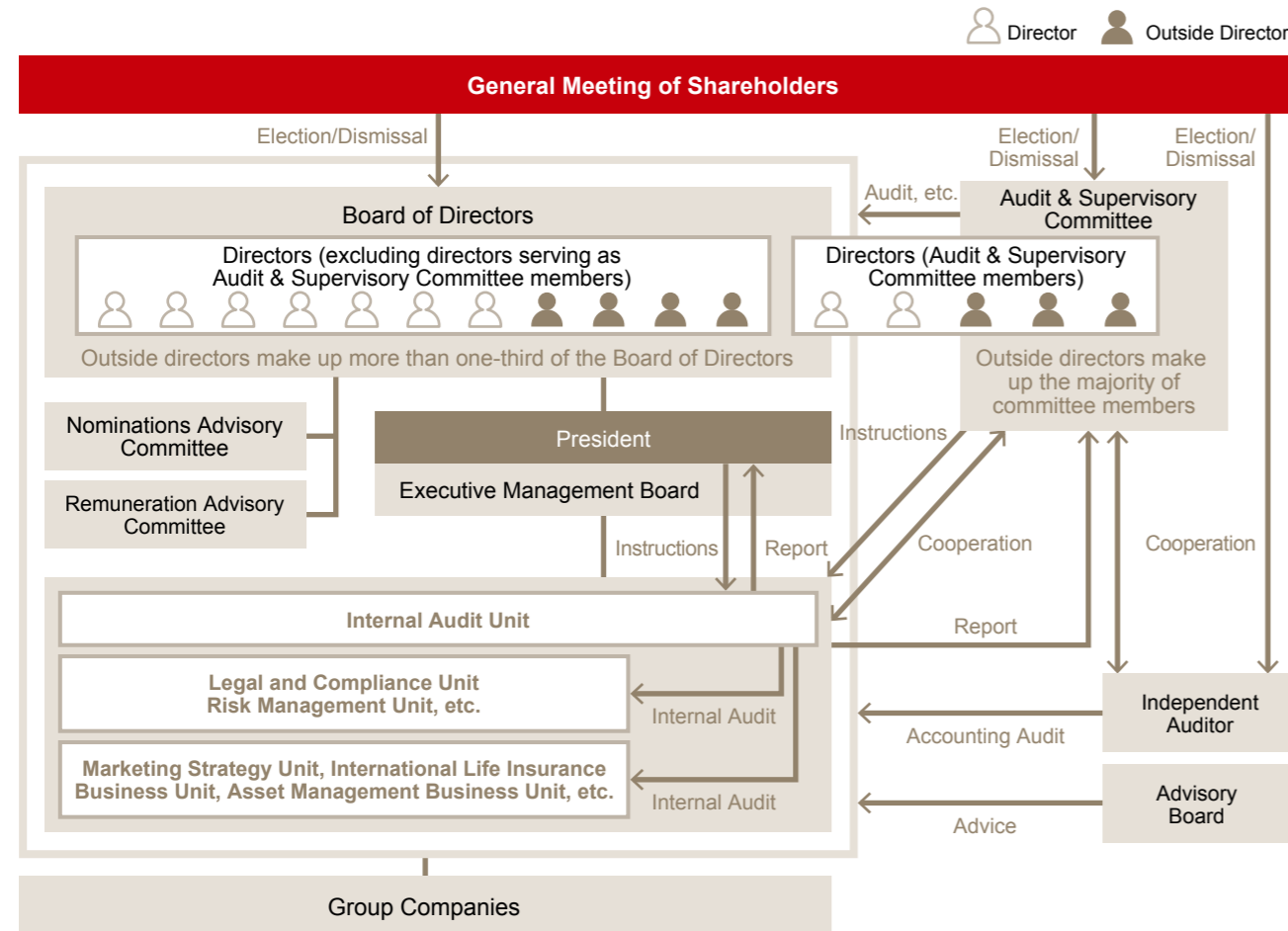
- Introduced a restricted stock remuneration scheme

Corporate Governance Structure

Overview of the Corporate Governance Structure

As of June 21, 2019

Corporate Governance Model	Company with an Audit & Supervisory Committee
Number of directors	16 (7 of whom are outside directors)
Number of directors serving as Audit & Supervisory Committee members	5 (3 of whom are outside Audit & Supervisory Committee members)
Number of Board of Directors' meetings (fiscal 2018)	13
Average attendance rate of outside directors	100%
Average attendance rate of outside Audit & Supervisory Committee members	100%
Number of Audit & Supervisory Committee meetings (fiscal 2018)	23
Average attendance rate of outside Audit & Supervisory Committee members	98.6%
Term of office for directors	1 year (2 years for Audit & Supervisory Committee members)
Voluntary advisory bodies for the Board of Directors	Nominations Advisory Committee, Remuneration Advisory Committee
Remuneration systems for directors and officers	(1) Basic remuneration, (2) Performance-linked remuneration, (3) Restricted stock remuneration (see p. 66)
Independent auditor	KPMG AZSA LLC



Board of Directors

The Board of Directors is responsible for making important decisions on the Group's management strategy, management plan, etc. and supervises business operations execution. The Board of Directors consists of internal directors with knowledge and experience necessary to manage in an accurate, fair, and efficient manner and outside directors with the deep insight, rich experience, and independence necessary to fully demonstrate supervisory functions. In principle, outside directors make up more than one-third of the board. The diversity of the Board of Directors is also taken into consideration.

Audit & Supervisory Committee

As an independent body from the Board of Directors, the Audit & Supervisory Committee audits the execution of duties by directors and the development and implementation status of Group internal control systems from a legal and appropriateness standpoint. It is also responsible for supervisory functions over the Board of Directors by expressing opinions on their appointment and remuneration. The Audit & Supervisory Committee includes at least one member with considerable knowledge about finance and accounting. It consists of internal members with knowledge about the life insurance business and outside members with excellent insight, rich experience, and independence.

Nominations Advisory Committee/ Remuneration Advisory Committee

To further enhance management transparency, these committees are established as voluntary advisory committees for the Board of Directors to refer proposals to the Board of Directors after deliberating and deciding on the following.

- * Nominations Advisory Committee: election and dismissal of directors
- * Remuneration Advisory Committee: issues related to remuneration

These committees are made up of the chairman of the Board, president, and outside directors, who constitute a majority of the committee members.

The establishment of the Nominations Advisory Committee and the Remuneration Advisory Committee are stipulated in the Articles of Incorporation.

Executive Management Board

The Executive Management Board, consisting of the president and executive officers appointed by the president, meets to consider important management and executive matters.

Advisory Board

To further strengthen and enhance governance the Company has established an Advisory Board to seek extensive advice from outside experts on a medium- to long-term perspective regarding general management matters.

Nominations Advisory Committee

Title	Name
Outside Director	Koichi Maeda*
Outside Director	George Olcott
Outside Director	Yuriko Inoue
Outside Director (Audit & Supervisory Committee Member)	Rieko Sato
Representative Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

* The chairman of the Nominations Advisory Committee and the Remuneration Advisory Committee.

Remuneration Advisory Committee

Title	Name
Outside Director	Koichi Maeda*
Outside Director	Yasushi Shingai
Outside Director (Audit & Supervisory Committee Member)	Ungyong Shu
Outside Director (Audit & Supervisory Committee Member)	Koichi Masuda
Representative Director, Chairman of the Board	Koichiro Watanabe
Representative Director, President	Seiji Inagaki

Framework Supporting Corporate Governance (Election Standard, etc.)

Election Standard, Term of Office, of Directors

Election Standard of Directors

The Company's Board of Directors elects internal directors based on the knowledge and experience that would enable appropriate and effective management of the Dai-ichi Life Group in a fair manner, as well as considering sufficient social credibility of the candidate. In addition, candidates for outside director are elected from those who generally satisfy the following conditions to fully demonstrate their supervisory function.

- * Candidates shall have superior views and extensive experience in any of the following fields: corporate management, risk management, internal control including legal compliance, corporate ethics, management quality control, global management, macroeconomic policy, etc.
- * Based on the "Standards for the Independence of Outside Directors," candidates shall be judged as being independent from the management of the Company.

Independence Standards for Outside Directors

<https://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

Term of Office

The term of office for the Company's directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within one year after election in accordance with the provisions set forth in the Articles of Incorporation.

Moreover, from the perspective of securing independence, the maximum term of office for outside directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be eight years.

On the other hand, the term of office for directors who serve as a member of the Audit & Supervisory Committee shall be until the close of the ordinary general meeting of shareholders with respect to the last business term ending within two years after election in accordance with the provisions set forth in the Articles of Incorporation. Moreover, from the perspective of securing independence, the maximum term of office for directors who serve as a member of the Audit & Supervisory Committee shall be 12 years.

Support to Outside Directors

To secure effective deliberations, related materials are provided to outside directors prior to the Board of Directors meetings. And based on the significance or urgency of the agenda item, outside directors are briefed in advance. In addition, depending on the content of deliberation of the agenda item, Board of Directors resolutions are issued only after multiple progress reports are made.

Outside directors also attend internal corporate events and study sessions to gain a deeper understanding of the Company's business.

Specific Examples of Support to Outside Directors

- * Prior explanation of important matters to be discussed at the Board of Directors meetings
- * Visits to domestic and overseas offices for opinion exchange on-site
- * Discussions with officers who engage in business execution and also conducting various training programs
- * Opinion exchange regarding management policies, etc. with the president



Outside directors visiting Dai-ichi Life Vietnam and exchanging opinions

Training for Directors

Upon assuming the position of directors, opportunities are provided for directors to fully understand the responsibilities and requirements of directors and Audit & Supervisory Committee members and to obtain the necessary knowledge on the Dai-ichi Life Group's business, financial situation, and corporate structure. Training tailored to each director and Audit & Supervisory Committee member is provided during their tenure and financial support is provided for related expenses.

Specific Examples of Training for Directors

- * Opinion exchange with the president on management policy, etc.
- * Provide explanatory materials including matters reported through media that could possibly affect the business

Evaluating Board of Directors Effectiveness

To strengthen corporate governance, the Board of Directors has self-evaluated its effectiveness each year since fiscal 2014 to ensure the effectiveness of Board of Directors decision-making. The results of each year's assessment are used to improve operation in the following fiscal year. Furthermore, the Board of Directors evaluates not only itself, but also the overall governance system, including the Audit & Supervisory

Committee, the Nominations Advisory Committee, and the Remuneration Advisory Committee.

 **Self-assessment of the Board of Directors**

<https://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html>

Measures based on Effectiveness Evaluation

Fiscal 2017	March	1	1 Conducting self-assessment survey	<p>Respondents All directors</p> <p>Main assessment items</p> <ul style="list-style-type: none"> Operation of the Board of Directors and initiatives aimed at enhancing deliberations <p>Response style Anonymous</p> <p>Anonymous</p> <ul style="list-style-type: none"> Composition of the Board of Directors Role and state of operation of each committee Encouragement of communication among directors General effectiveness of governance system and Board of Directors 		
	April	2	2 Results analysis and improvement plan formulation	<ul style="list-style-type: none"> Collection and analysis of survey responses by a third party Based on the analysis results creating a draft assessment of effectiveness and improvement plan Exchange of opinions between the third party and outside directors, etc. 	3 Report to Board of Directors and disclosure of results	
	May	3				<ul style="list-style-type: none"> The results of the assessment and the improvement plan are disclosed on the Company's website after being reported to the Board of Directors
	June	4	4 Implementation of improvement measures	<p>Main issues raised in survey for fiscal 2017</p> <ul style="list-style-type: none"> Information sharing between the Board of Directors and each committee Promoting outside directors' understanding of the Group's business 	<p>Improvement measures</p> <ul style="list-style-type: none"> Reporting or information sharing on the points discussed at each of the committees by the chairman to the Board of Directors Visits to business sites in Japan and overseas for opinion exchange with management executives Expansion of discussions on important matters with the executive officer in charge Provision of materials and minutes from the Board of Directors and Executive Management Board, including materials from the past meetings on a tablet device 	
	July					
	August					
	September					
	October					
	November					
	December					
	January					
	February					
Fiscal 2018 (Evaluation period: fiscal 2017)	March	1	5 Implementation of improvement measures	<p>Main issues raised in survey for fiscal 2018</p> <ul style="list-style-type: none"> Setting an appropriate agenda and briefings that are narrowed down and focused on the main points are continued to be recognized as an discussion issue In order to have appropriate management resources allocation within the Group, and to strengthen Group companies governance and the monitoring strategy execution, which are Board of Directors' main functions and roles, clarification of business issues and discussion of strategy planning must be done at an early stage. 	<p>Improvement measures (planned)</p> <ul style="list-style-type: none"> Ensure time for deliberation of important matters Further scrutiny of agenda Improve proposals briefing methods Progress management and follow-up for matters yet to be decided Sharing deliberation points from the Executive Management Board on items to be put on the agenda for the Board of Directors Enhance information sharing between the Board of Directors and each committee 	
	April	2				
	May	3				
	June	5				
	July					
	August					
	September					
	October					
	November					
	December					
	January					
	February					

Officer Remuneration

We recognized the remuneration system for directors and officers to be a critical component of "fair treatment" for directors and officers responsible for the development of the Group. Therefore, we set up the basic policy and basic principles for directors and officers remuneration as well as the decision process as follows.

Basic Policy

- Based on fair treatment
- Evaluates and rewards directors and officers for their contributions to the achievement of sustainable value creation for the Group
- Offers proper structure and competitive level remuneration

Basic Principles

- Remuneration according to responsibilities and expectations
- Consistency with strategies on which the Group focuses
- Linked to Company and individual performance
- Shares interests with all stakeholders
- Proper level of remuneration
- Ensures objectivity and transparency

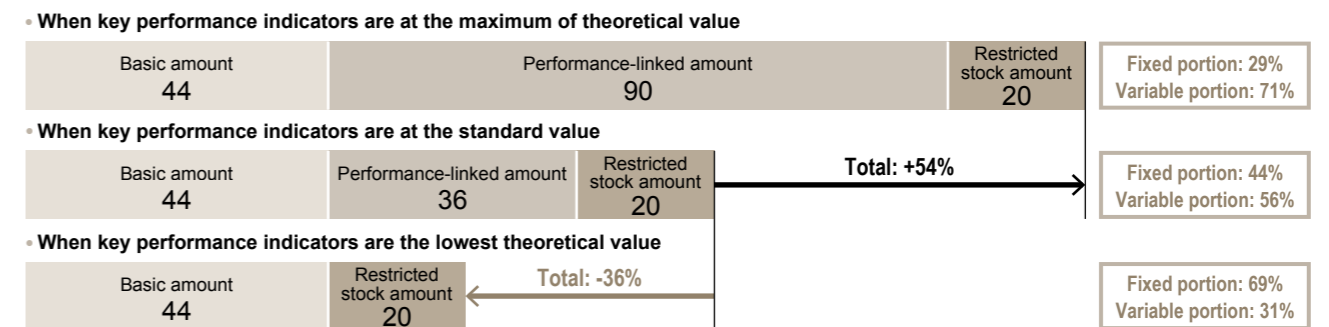
Decision Process

Remuneration for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) consists of basic remuneration, performance-linked remuneration (company performance and individual performance), and restricted stock remuneration. Outside directors and directors who are Audit & Supervisory Committee members receive basic remuneration only. The amount of these remuneration portions are established using third party research on remuneration for management roles at Japanese companies. Moreover, the aforementioned Basic Policy for Remuneration of Directors and Officers and Basic Principles for Remuneration of Directors and Officers were determined by the Board of Directors following deliberation by the Remuneration Advisory Committee where outside directors make a majority of committee members.

Director Remuneration Structure

	Directors (excluding directors serving as Audit & Supervisory Committee members)		Directors (Audit & Supervisory Committee members)	Remarks
	Internal	Outside		
Basic amount	○	○	○	Remuneration according to duties and responsibilities
Performance-linked amount (company performance and individual performance) (short-term incentive)	○	—	—	Linked to the level performance indicators achievement
Restricted stock amount (long-term incentive)	○	—	—	Set as an incentive to achieve management objectives and enhance corporate value in the medium- to long-term

Diagram of Remuneration Breakdown*1 (When Key Performance Indicator Achievement is at Standard Level, Total Remuneration Set at 100)



*1 Calculation are based on the average of executive directors. When key performance indicator achievement is at standard level, total remuneration is set as 100.

Key Performance Indicators (KPIs)*2 for Performance-linked Amounts

Business Perspective	KPI	Business Perspective	KPI
Capital efficiency	Average EV growth (Group ROEV)	Profit indicators	Group adjusted profit
	Consolidated operating ROE*3, consolidated ROE		Dividends received from subsidiaries
Financial soundness	Economic solvency ratio (ESR)	Market evaluation	Value of new business*4
	Margin of improvement in ESR (excluding factors due to economic changes)		Share price (against benchmark)

*2 The above are company performance KPIs included in performance-linked remuneration.
 *3 Operating ROE is a core profitability indicator for life insurance business and derived after certain adjustments to ROE.
 *4 The value of new business is an indicator representing the value of new business at the time of acquisition for a fiscal 2018.

Total Remuneration Details for Fiscal 2018

	Total remuneration (Millions of yen)	Remuneration components (Millions of yen)					Number of board members
		Basic remuneration	Performance-linked amount		Restricted stock amount	Others	
			Company performance amount	Individual performance amount			
Directors (excluding members of Audit & Supervisory Committee and outside directors)	265	126	78	13	47	0	7
Members of Audit & Supervisory Committee (excluding outside directors)	78	78	—	—	—	0	2
Outside directors	92	92	—	—	—	—	6

Shares Held for Strategic Purposes

In principle, shares shall be held for purely investment purposes by Group companies engaged in the life insurance business, as part of asset management in the life insurance business; however, to a limited extent, there are shares held for strategic purposes and are important in terms of the Group's business strategies, such as strengthening relations through business alliances.

Group companies examine their individual listed shares held for strategic purpose and review the appropriateness of holding such shares at their Board of Directors meetings every

fiscal year. The shareholdings for strategic purpose shall be sold in case the appropriateness or rationale of holding such shares, either in terms of strategic holding or for investment purposes, is not confirmed.

WEB Strategic-holding Shares

<https://www.dai-ichi-life-hd.com/en/about/control/governance/reference.html>

Establishment and Operation of Internal Control System

The Dai-ichi Life Group has an internal control policy that stipulates the core philosophies for the establishment and operation of internal control to ensure the integrity and appropriate conduct of business activities at the Dai-ichi Life Group and to maintain and build corporate value.

WEB Details of the Internal Control Policy for the Dai-ichi Life Group

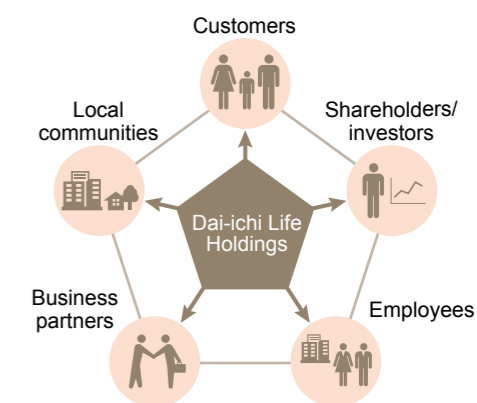
https://www.dai-ichi-life-hd.com/en/about/control/in_control/index.html

Internal Control Policy for the Dai-ichi Life Group

1. System for Ensuring Proper Operations within the Group
2. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation
3. System for Risk Management
4. System for Ensuring Efficient Execution of Professional Duties
5. System for Ensuring Appropriateness and Reliability of Financial Reporting
6. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties
7. System for Ensuring Effective Internal Audits
8. System for Execution of Duties of the Audit & Supervisory Committee

For Stakeholders

At Dai-ichi Life Group, we recognize our customers, local communities, shareholders and investors, business partners, and employees as stakeholders who are deeply involved in our business activities. Based on opinions and evaluations obtained through active communication with various stakeholders, we aim to promote higher-quality activities and enhance corporate value by reflecting to business activities our understanding of issues.



Dialogue with Shareholders and Investors

We are working to enhance dialogue with shareholders and investors through investor relations activities led by our executive management team. Opinions and requests obtained through investor relations activities are shared with the Executive Management Board and Board of Directors in an effort to enhance corporate value.

Securing the Rights and Equal Treatment of Shareholders at the General Meeting of Shareholders (the "Meeting")

We recognize that the General Meeting of Shareholders serves as a place for productive dialogue, and we are taking measures to develop an environment in which the rights of shareholders are ensured and appropriately exercised.

Specific examples of activities

- Prompt dispatch of convocation notices (three weeks prior to the Meeting) and website publication (five weeks prior to the Meeting, including an English version)
- Holding the General Meeting of Shareholders on days and at times that avoid conflicting with shareholders' meetings of other companies
- Adopting an electronic voting rights execution platform for institutional investors
- Prompt disclosure of minutes summary of the Meeting and the voting results

WEB General Meeting of Shareholders

<https://www.dai-ichi-life-hd.com/en/investor/share/meeting/index.html>

Securing Appropriate Information Disclosure and Transparency

In an effort to ensure management transparency, Dai-ichi Life Group discloses information in a fair, timely and appropriate manner following its Basic Information Disclosure Policy. In addition to statutory disclosure, we proactively disclose information on management, quantitative financial information, and non-financial information such as governance and medium- to long-term corporate strategy in both Japanese and English.

WEB IR Library

Japanese: <https://www.dai-ichi-life-hd.com/investor/library/index.html>

English: <https://www.dai-ichi-life-hd.com/en/investor/library/index.html>

WEB Information Disclosure

<https://www.dai-ichi-life-hd.com/en/about/control/governance/disclosure.html>

Specific Examples of Ensuring Information Disclosure and Transparency (Fiscal 2018)

- Results briefings for institutional investors and analysts (2)
- Financial results teleconferences (4) and analyst days (1)
- Interviews for domestic institutional investors (individual interviews and conferences) (106)
- Interviews for overseas institutional investors (individual interviews and conferences) (145)
- Company briefings and seminars for individual investors (16)



General Meeting of Shareholders

Directors

Koichiro Watanabe

Representative Director, Chairman of the Board

Assumed office in July 2001

Age: 66

Number of shares held: 80,674 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Representative Director, Chairman of the Board, The Dai-ichi Life Insurance Company, Limited
- Outside Director, Japan Tobacco Inc.
- Chairman, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan
- Vice Chair, Subdivision on Universities, Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology, Government of Japan
- Vice Chair, Director of Japan Business Federation
- Chair of Committee on Education Reform, Japan Business Federation
- Chair of Committee on Consumer Affairs, Japan Business Federation
- Vice-Chairman, The Japan Quality Award Council, Japan Productivity Center



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning, human resources management, public relations and government relations, and he has deep experience and knowledge in the life insurance business. He has duly performed his duties as a member of the Board of Directors since July 2001 by making use of his abundant experience and insight. He has promoted business strategy for the growth of the Group through his service as a representative director and president since 2010. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1976 Joined The Dai-ichi Mutual Life Insurance Company
- Jul. 2001 Director
- Apr. 2004 Managing Director
- Jul. 2004 Managing Executive Officer
- Jul. 2007 Director, Managing Executive Officer
- Apr. 2008 Director, Senior Managing Executive Officer
- Apr. 2010 Representative Director, President, The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Representative Director, President, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Representative Director, Chairman of the Board (to present)

Shigeo Tsuyuki

Representative Director, Vice Chairman

Assumed office in July 2003

Age: 64

Number of shares held: 42,095 shares
Board of Directors meetings attended: 12/13
Other major occupations: Not applicable



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including overseas life insurance business management, domestic corporate life insurance business and asset management business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since July 2003. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1977 Joined The Dai-ichi Mutual Life Insurance Company
- Jul. 2003 Director
- Jul. 2004 Executive Officer
- Apr. 2005 Managing Executive Officer
- Jul. 2008 Director, Managing Executive Officer
- Apr. 2010 Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2011 Director, Senior Managing Executive Officer
- Apr. 2014 Representative Director, Vice President
- Oct. 2016 Representative Director, Vice President, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Representative Director, Vice Chairman (to present)

Seiji Inagaki

Representative Director, President

Assumed office in June 2016

Age: 56

Number of shares held: 36,891 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Representative Director, President, The Dai-ichi Life Insurance Company, Limited
- Chair of Business and Industry Advisory Committee to the OECD Japan, Japan Business Federation
- Vice Chair of Executive Board, Business at OECD (BIAC)



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and investment planning, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since June 2016 and as a representative director and president since April 2017. He has developed a growth strategy to further strengthen and expand the Group's business foundation. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1986 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2012 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2015 Managing Executive Officer
- Jun. 2016 Director, Managing Executive Officer
- Oct. 2016 Director, Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Representative Director, President (to present)

Satoru Tsutsumi

Representative Director, Vice President

Assumed office in June 2015

Age: 63

Number of shares held: 26,041 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Representative Director, Vice President, The Dai-ichi Life Insurance Company, Limited



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including asset management business and domestic corporate life insurance business, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a representative director and president of The Dai-ichi Frontier Life Insurance Co., Ltd. since June 2010 and as a member of the Board of Directors of the Company since June 2015. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1978 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2005 Executive Officer
- Jul. 2005 Senior Managing Executive Director, DLIBJ Asset Management Co., Ltd. (presently Asset Management One Co., Ltd.)
- Apr. 2010 Advisor, The Dai-ichi Frontier Life Insurance Co., Ltd.
- Jun. 2010 Representative Director, President
- Apr. 2015 Vice President, The Dai-ichi Life Insurance Company, Limited
- Jun. 2015 Representative Director, Vice President
- Oct. 2016 Representative Director, Vice President, Dai-ichi Life Holdings, Inc. (to present)

Kazuma Ishii

Director, Senior Managing Executive Officer

Assumed office in July 2003

Age: 65

Number of shares held: 30,313 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Director, Senior Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including profit management, financial planning and actuarial accounting and internal audit, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since July 2003. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1977 Joined The Dai-ichi Mutual Life Insurance Company
- Jul. 2003 Director
- Jul. 2004 Executive Officer
- Apr. 2005 Managing Executive Officer
- Jul. 2008 Director, Managing Executive Officer
- Apr. 2010 Director, Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2011 Director, Senior Managing Executive Officer
- Oct. 2016 Director, Senior Managing Executive Officer, Dai-ichi Life Holdings, Inc. (to present)

Hideo Teramoto

Director

Assumed office in June 2012

Age: 59

Number of shares held: 28,060 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Representative Director, Vice Chairman, The Dai-ichi Life Insurance Company, Limited



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including corporate planning and marketing planning, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors since June 2012. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1983 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2009 Executive Officer
- Apr. 2010 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2011 Managing Executive Officer
- Jun. 2012 Director, Managing Executive Officer
- Apr. 2015 Director, Senior Managing Executive Officer
- Oct. 2016 Director, Senior Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Apr. 2017 Director (to present)

Masao Taketomi

Director, Managing Executive Officer

Assumed office in June 2017

Age: 55

Number of shares held: 22,551 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Representative Director, President, The Dai-ichi Frontier Life Insurance Co., Ltd.



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including personnel management and underwriting, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties as a member of the Board of Directors of the Company since June 2017 and as a representative director and president of The Dai-ichi Frontier Life Insurance Co., Ltd. since April 2018. The Company believes he is qualified to be a director of the board of the Company.

- Apr. 1986 Joined The Dai-ichi Mutual Life Insurance Company
- Apr. 2012 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2015 Managing Executive Officer
- Oct. 2016 Managing Executive Officer, Dai-ichi Life Holdings, Inc.
- Jun. 2017 Director, Managing Executive Officer (to present)

George Olcott

Outside Director

Assumed office in June 2015

Age: 64

Number of shares held: 4,985 shares
Board of Directors meetings attended: 13/13
Other major occupations:

- Outside Director, Member of the Board, DENSO CORPORATION
- Outside Director, Hitachi Chemical Company, Ltd.



He is an expert on human resources management and corporate governance of global companies, based on the knowledge he gained through a wide range of experiences, such as acting as managing director of financial institutions and as outside director of other corporations. He has also brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he will share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

- Jul. 1986 Joined S.G. Warburg & Co., Ltd.
- Nov. 1991 Director
- Sep. 1993 Executive Director, Equity Capital Market Group, S.G. Warburg Securities London
- Apr. 1997 Head of Tokyo Office, SBC Warburg
- Apr. 1998 Vice President, LTCB-UBS-Brinson Asset Management
- Feb. 1999 President, UBS Asset Management (Japan)
- President, Japan UBS Brinson
- Jun. 2000 Managing Director, Equity Capital Market, SBC Warburg Tokyo
- Sep. 2001 Judge Business School, University of Cambridge
- Mar. 2005 FME Teaching Fellow
- Mar. 2008 Senior Fellow
- Sep. 2010 Project Professor, Research Center for Advanced Science and Technology, The University of Tokyo
- Apr. 2014 Guest Professor, Keio University, Faculty of Business and Commerce (to present)
- Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Outside Director, Dai-ichi Life Holdings, Inc. (to present)

* Other major occupations from which candidates have retired as of the publication of this report are not listed.

Directors

Koichi Maeda

Outside Director

Assumed office in October 2016
Age: 67
Number of shares held: 3,373 shares
Board of Directors meetings attended: 13/13
Other major occupations: Not applicable



He has deep experience and insight gained through acting as business executive of highly public enterprises. He has also brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he will share his experience and expertise on oversight of management of the Group, and therefore appointed him as an outside director.

- Apr. 1975 Joined Nippon Telegraph and Telephone Public Corporation
- Jul. 1999 General Manager, Kagoshima Branch, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
- Jul. 2000 General Manager, Planning Department, Consumer & Office Division, NTT Communications Corporation
- Jun. 2002 General Manager, Consumer & Office Division
- Jun. 2004 Director, Senior Vice President, General Manager, Consumer & Office Division
- Aug. 2006 Director, Senior Vice President, Deputy General Manager, Net Business Division
- Jun. 2008 Director, Executive Vice President, Deputy General Manager, Net Business Division
- Jun. 2009 Representative Director, Senior Executive Vice President, General Manager, Consumer Business Promotion Division, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION;
Representative Director, President, NTT EAST PROPERTIES, INC.
- Jun. 2012 Representative Director, President, NTT FINANCE CORPORATION
- Jun. 2016 Director, Chief Executive Counselor
- Oct. 2016 Outside Director, Dai-ichi Life Holdings, Inc. (to present)
- Jul. 2017 Chief Executive Counselor, NTT FINANCE CORPORATION
- Jul. 2018 Advisor to the President, NTT FINANCE CORPORATION (to present)

Yasushi Shingai

Outside Director

Assumed office in June 2019
Age: 63
Number of shares held: 300 shares
Other major occupations:
• Outside Director, Asahi Group Holdings, Ltd.
• Member of the Board of Directors (Outside Director), Mitsubishi UFJ Financial Group, Inc.



In addition to his deep experience and insight gained through acting as a business executive of a global company, he has rich experience and sophisticated and expert knowledge of corporate finance and mergers & acquisitions as the finance officer. The Company believes that he could bring significant benefits to the Company by supervising management and advising on various matters of corporate management based on his global and objective viewpoint at Board of Directors meetings and other occasions, and therefore appointed him as an outside director.

- Apr. 1980 Joined the Japan Tobacco and Salt Public Corporation (presently Japan Tobacco Inc.)
- Jul. 2001 Vice President, Finance Planning Division
- Jul. 2004 Senior Vice President, Chief Financial Officer
- Jun. 2005 Member of the Board, Senior Vice President, and Chief Financial Officer
- Jun. 2006 Member of the Board of Japan Tobacco Inc., Executive Vice President, JT International S.A.
- Jun. 2011 Representative Director and Executive Vice President, Japan Tobacco Inc.
- Jan. 2018 Member of the Board
- Jun. 2019 Director, Dai-ichi Life Holdings, Inc. (to present)

Yuriko Inoue

Outside Director

Assumed office in June 2018
Age: 56
Number of shares held: 182 shares
Board of Directors meetings attended: 10/10
Other major occupations:
• Outside Director, NIPPON SIGNAL CO., LTD.



She is an experienced and trusted professor specialized in intellectual property laws, and she has had a wide range of knowledge about IT-related systems and policies backed by her expertise. She could bring significant benefits to the Company by supervising management and advising on various legal matters and data governance in IT strategies of the Company based on her objective viewpoint. The Company believes she is qualified to supervise the Group's management, and therefore appointed her as an outside director.

- Nov. 1993 Lecturer, University of Tokyo Graduate Schools for Law and Politics
- Apr. 1995 Associate Professor, University of Tsukuba Graduate School of Business Administration & Public Policy
- Apr. 2001 Associate Professor, University of Tsukuba Graduate School of Business Sciences
- Sep. 2002 Associate Professor, Kobe University Graduate School of Law
- Apr. 2004 Professor
- Oct. 2010 Professor, Hitotsubashi University Graduate School of International Corporate Strategy
- Apr. 2018 Professor, Business Law Department of Graduate School of Law (to present)
- Jun. 2018 Outside Director, Dai-ichi Life Holdings, Inc. (to present)

Morinobu Nagahama

Director (Audit & Supervisory Committee Member (Full-Time))

Assumed office in June 2014
Age: 62
Number of shares held: 16,401 shares
Board of Directors meetings attended: 13/13
Audit & Supervisory Committee meetings attended: 23/23
Other major occupations:
• Director, The Dai-ichi Life Insurance Company, Limited
• Outside Corporate Auditor, Sekisui Plastics Co., Ltd.



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including compliance, internal audits, legal affairs, secretarial administration and general affairs, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as an Audit & Supervisory Committee member (full-time) since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

- Apr. 1979 Joined The Dai-ichi Mutual Life Insurance Company
- Sep. 2008 Executive Officer
- Apr. 2010 Executive Officer, The Dai-ichi Life Insurance Company, Limited
- Apr. 2013 Managing Executive Officer
- Jun. 2014 Director, Managing Executive Officer
- Apr. 2016 Director, Senior Managing Executive Officer
- Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)

Fusakazu Kondo

Director (Audit & Supervisory Committee Member (Full-Time))

Assumed office in October 2016
Age: 58
Number of shares held: 14,064 shares
Board of Directors meetings attended: 13/13
Audit & Supervisory Committee meetings attended: 23/23
Other major occupations: Not applicable



His experiences as a member of the Group have covered a wide range of engagements in the Company's businesses, including profit management and finance, and he has deep experience and knowledge in the life insurance business. In addition, he has duly performed his duties in the auditing work as a Senior Audit and Supervisory Board member (full-time) of The Dai-ichi Life Insurance Company, Limited from June 2012 to September 2016 and as an Audit & Supervisory Committee member (full-time) of the Company since October 2016. The Company believes he has the qualifications necessary to strengthen the effectiveness of the supervisory and auditing function over the management of the Group by making use of his experience and knowledge. Therefore, the Company appointed him as a director serving as Audit & Supervisory Committee member.

- Apr. 1983 Joined The Dai-ichi Mutual Life Insurance Company
- Jun. 2012 Senior Audit and Supervisory Board Member (full-time), The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Director (Audit & Supervisory Committee Member (full-time)), Dai-ichi Life Holdings, Inc. (to present)

Ungyong Shu

Outside Director (Audit & Supervisory Committee Member)

Assumed office in June 2015
Age: 56
Number of shares held: 2,491 shares
Board of Directors meetings attended: 13/13
Audit & Supervisory Committee meetings attended: 22/23
Other major occupations:
• President & CEO, Core Value Management, Co., Ltd.



He has a wide range of experiences as a managing director of financial institutions. He has also brought significant benefits to the Company by supervising and auditing management as well as advising on various matters of corporate management based on his global and objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he could take advantage of his experience in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

- Apr. 1986 Joined Morgan Guaranty Trust Company of New York, a subsidiary of J.P. Morgan & Company, Inc.
- May. 2001 Managing Director, JP Morgan Securities
- Jul. 2005 Head of Financial Institutions Division
- May. 2007 Managing Director and Chairman of Financial Institutions Group, Merrill Lynch Japan Securities Ltd.
- Jul. 2010 Co-Head of Investment Banking Division
- Jul. 2011 Vice Chairman
- Nov. 2013 President & CEO, Core Value Management, Co., Ltd. (to present)
- Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

Rieko Sato

Outside Director (Audit & Supervisory Committee Member)

Assumed office in June 2015
Age: 62
Number of shares held: 4,985 shares
Board of Directors meetings attended: 13/13
Audit & Supervisory Committee meetings attended: 23/23
Other major occupations:
• Partner, Ishii Law Office
• Outside Director, J. FRONT RETAILING Co., Ltd.
• Outside Corporate Auditor, NTT DATA CORPORATION



She is an experienced and trusted attorney, and she has had a wide range of experiences serving as outside Audit and Supervisory Board member of various corporations. She has also brought significant benefits to the Company by supervising and auditing management as well as advising on various legal matters of the Company based on her objective viewpoint at the Board of Directors meetings and other occasions. The Company believes she could take advantage of her experience in conducting audits and supervision of the Group's management, and therefore appointed her as an outside director serving as Audit & Supervisory Committee member.

- Apr. 1984 Registered as Attorney-at-Law
- Jun. 1989 Shearman & Sterling LLP
- Jul. 1998 Partner, Ishii Law Office (to present)
- Jun. 2015 Outside Director, The Dai-ichi Life Insurance Company, Limited
- Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

Koichi Masuda

Outside Director (Audit & Supervisory Committee Member)

Assumed office in October 2016
Age: 75
Number of shares held: 4,760 shares
Board of Directors meetings attended: 13/13
Audit & Supervisory Committee meetings attended: 23/23
Other major occupations:
• Director (Outside), Audit and Supervisory Committee Member, Daishi Hokuetsu Financial Group, Inc.
• Outside Audit and Supervisory Board Member, Sumitomo Riko Company Limited



He is an experienced and trusted certified public accountant, and he has had a wide range of experiences serving as Outside Director (Audit and Supervisory Committee member) and Outside Audit & Supervisory Board member of various corporations. He has also brought significant benefits to the Company by supervising and auditing management and advising on various financial matters of the Company based on his objective viewpoint at the Board of Directors meetings and other occasions. The Company believes he could take advantage of his experience in conducting audits and supervision of the Group's management, and therefore appointed him as an outside director serving as Audit & Supervisory Committee member.

- Apr. 1966 Yoshiji Tanaka CPA Office
- Jan. 1970 Otemachi Kaikei Jimusho Audit Corporation
- Jan. 1975 Shinwa Audit Corporation *
- Sep. 1978 Partner
- Jul. 1992 Representative Partner, Asahi Shinwa Audit Corporation *
- Oct. 1993 Representative Partner, Asahi Audit Corporation *
- Jan. 2004 Representative Partner, KPMG AZSA & Co. *
- Jul. 2007 Chairman and President, The Japanese Institute of Certified Public Accountants
- Jul. 2010 Advisor (to present)
- Oct. 2016 Outside Director (Audit & Supervisory Committee Member), Dai-ichi Life Holdings, Inc. (to present)

* Presently, KPMG AZSA LLC

Executive Officers (excluding those who are directors)

<p>Vice President</p> <p>Kenji Sakurai</p>	<p>Managing Executive Officer</p> <p>Hideo Hatanaka Yuji Tokuoka Tetsuya Kikuta Munehiro Uryu</p>	<p>Executive Officer</p> <p>Hiroshi Shoji Tatsusaburo Yamamoto Norimitsu Kawahara Ichiro Okamoto</p>	<p>Executive Officer</p> <p>Sumie Watanabe Hiroyuki Kanou Toshiaki Sumino Yasumasa Iwai</p>	<p>Tomohiko Asano Tsuayoshi Kawamoto Hidehiko Sogano</p>
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*Other major occupations from which candidates have retired as of the publication of this report are not listed.



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175 Solvency Margin Ratio

Recognition from Society / Participation in External Initiatives

Recognition from Society

Recipient	Organizer	Assessment/Award	Summary
TAL	The Australian and New Zealand Institute of Insurance and Finance (ANZIIF)	Winner of Life Company of the Year at the 15th Annual Australian Insurance Industry Awards (2018)	TAL received Winner of Life Company of the Year at the 15th Annual Australian Insurance Industry Awards from the Australian and New Zealand Institute of Insurance and Finance in recognition of outstanding financial performance and customer service suited to market needs. 
Panin Dai-ichi Life	Warta Ekonomi	Best Financial Performance	Panin Dai-ichi Life received Best Financial Performance in the Life Insurance Company with 5 – 10 Trillion Rupiah in Total Assets category from Warta Ekonomi in recognition of its financial standing. 
OCEAN LIFE	Ministry of Labor	The Best of DSD (Employee Skill Development Award)	OCEAN LIFE received The Best of DSD (Employee Skill Development Award) for the fifth year running from Thailand's Ministry of Labor in recognition of its human capital development and training programs, etc. 

Participation in External Initiatives

<p>United Nations Global Compact (UNGC)</p>  <p>• Dai-ichi Life Holdings</p>	<p>Women's Empowerment Principles (WEPs)</p>  <p>• Dai-ichi Life Holdings</p>	<p>Principles for Responsible Investment (PRI)</p> <p>Signatory of:</p>  <p>• Dai-ichi Life • Asset Management One • Janus Henderson Group plc</p>	<p>Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)</p>  <p>• Dai-ichi Life • Neo First Life</p>
<p>Task Force on Climate-related Financial Disclosures (TCFD)</p>  <p>• Dai-ichi Life Holdings</p>	<p>Climate Action 100+</p>  <p>• Dai-ichi Life • Asset Management One</p>	<p>RE100</p>  <p>• Dai-ichi Life • Asset Management One</p>	

Financial and Non-Financial Historical Data

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Results of Operations								
Ordinary revenues	4,931,781	5,283,989	6,044,955	7,252,242	7,333,947	6,456,796	7,037,827	7,184,093
Premium and other income	3,539,579	3,646,831	4,353,229	5,432,717	5,586,000	4,468,736	4,884,579	5,344,016
Investment income	1,035,662	1,335,120	1,320,066	1,444,012	1,344,852	1,626,177	1,802,626	1,583,228
Ordinary expenses	4,705,860	5,126,695	5,740,205	6,845,400	6,915,780	6,031,476	6,565,833	6,751,148
Benefits and claims	2,688,419	2,795,355	2,903,587	3,380,827	3,830,941	3,618,385	3,789,907	3,839,105
Provision for policy reserves and others	718,673	1,191,953	1,634,864	2,271,268	1,496,360	1,016,744	1,223,870	1,309,287
Investment expenses	380,315	221,738	234,950	168,935	524,041	342,102	548,957	541,541
Operating expenses	471,061	486,419	517,566	559,344	661,384	650,985	661,110	703,573
Ordinary profit	225,920	157,294	304,750	406,842	418,166	425,320	471,994	432,945
Provision for reserve for policyholder dividends	69,000	86,000	94,000	112,200	97,500	85,000	95,000	87,500
Net income attributable to shareholders of parent company	20,357	32,427	77,931	142,476	178,515	231,286	363,928	225,035
Financial Condition								
Total assets	33,468,670	35,694,411	37,705,176	49,837,202	49,924,922	51,985,850	53,603,028	55,941,261
Total liabilities	32,476,924	34,045,391	35,757,563	46,247,274	46,991,963	48,848,583	49,853,756	52,227,668
Policy reserves	29,862,729	31,012,539	32,574,923	41,634,712	42,922,534	43,740,238	44,597,717	47,325,761
Total net assets	991,745	1,649,020	1,947,613	3,589,927	2,932,959	3,137,266	3,749,271	3,713,592
Total shareholders' equity	569,253	563,340	628,538	1,029,622	1,129,262	1,300,756	1,589,623	1,708,808
Net unrealized gains (losses) on securities, net of tax	483,446	1,099,351	1,322,731	2,528,262	1,840,084	1,906,091	2,238,159	2,101,587
Sales Results ¹								
Annualized net premium of new business (billions of yen)	205.3	244.3	303.4	339.1	387.2	440.7	406.4	508.7
Annualized net premium from policies in force (billions of yen)	2,322.3	2,425.7	2,560.3	3,217.0	3,396.2	3,633.4	3,671.1	3,955.8
Corporate Value								
Group European embedded value (EEV) (billions of yen) ²	2,661.5	3,341.9	4,294.7	5,987.6	4,646.1	5,495.4	6,094.1	5,936.5
Value of new business (billions of yen) ²	187.7	211.2	255.4	286.1	216.1	145.5	190.2	197.4
New business margin (%)	5.89	5.86	6.25	5.53	3.92	2.94	4.30	3.78
Key Financial Indicators								
Return on equity (ROE) (%)	2.4	2.5	4.3	5.1	5.5	7.6	10.6	6.0
Return on embedded value (ROEV) (%)	10.6	25.5	29.4	28.8	(21.9)	20.3	13.1	(0.6)
Consolidated solvency margin ratio (%)	563.2	702.4	756.9	818.2	763.8	749.2	838.3	869.7
Economic solvency ratio (%) ³	-	-	-	147	98	151	170	169
Group adjusted profit (billions of yen)	-	100.0	116.0	214.7	204.6	210.1	243.2	236.3
Per Share Indicators ⁴								
Earnings per share (EPS) (yen)	20.61	32.75	78.58	124.94	150.53	196.62	310.69	194.43
Book value per share (BPS) (yen)	993.76	1,657.14	1,962.05	3,012.46	2,472.86	2,668.61	3,217.68	3,240.72
Dividends per share (DPS) (yen)	16	16	20	28	35	43	50	58
Key Non-financial Indicators								
Number of Group employees	60,305	60,771	59,512	60,647	61,446	62,606	62,943	62,938
Percentage of women in managerial posts (%) ⁵	-	-	21.9	22.5	23.3	24.2	25.2	25.6
Number of employees with disabilities (people) ⁶	846	865	891	913	926	953	966	955
CO ₂ emissions (t-CO ₂) ⁷	129,000	153,500	175,000	168,000	178,100	171,900	166,000	155,300
Total paper usage (t) ⁷	9,922	9,849	8,116	6,509	6,559	6,998	6,510	6,513

1. Total of Dai-ichi Life, Dai-ichi Frontier Life, TAL, and Dai-ichi Life Vietnam from fiscal 2011 to fiscal 2013. Total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, TAL and Dai-ichi Life Vietnam for fiscal 2014. Total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, Protective, TAL and Dai-ichi Life Vietnam for fiscal 2015 and subsequent figures.

2. From fiscal 2014, the extrapolation method beyond the last liquid data point of Japanese interest rate is changed from a method taking into account the yield curve of Japanese swap rate to a method using an ultimate forward rate.

3. From March 31, 2017, reflects expected rate of return on asset portfolio in valuation of insurance liabilities.

4. The Company conducted a 1:100 share split on October 1, 2013. Adjustments are made to per share indicators prior to the share split.

5. Total of Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life. Figures as of April 1 of the next fiscal year, which represent the percentage for the current fiscal year.

6. Total of Dai-ichi Life Holdings, Dai-ichi Life, Dai-ichi Life Challenged, Dai-ichi Life Business Services and Dai-ichi Life Information Systems. Figures as of April 1 of the next fiscal year, which represent the number of persons for the current fiscal year.

7. Figures for fiscal 2011 to fiscal 2014 are for Dai-ichi Life only.

Introduction

Management Strategies

Message from the President

Value Creation Process

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Medium-term Management Plan

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FY2018–2020: Progress of CONNECT 2020 Our Medium-Term Management Plan

Since demutualization and listing on the stock exchange in April 2010, the Dai-ichi Life Group has been diversifying its business and geographical distribution both in Japan and abroad in order to increase its corporate value through sustainable growth amid major changes in the financial and economic environment. Under *CONNECT 2020*, our medium-term management plan, Group companies engaging in each of the three growth engine businesses (domestic life insurance, overseas life insurance, and asset management) that we have built so far will *CONNECT* (connect, join, and collaborate) with customers, communities, diverse partners with the aim of growing the value of new business and group adjusted profit.

In the fiscal year ended March 31, 2019, the first year of the Medium-term Management Plan, we got off to a steady start.

The value of the Group's new business increased year-on-year, largely due to strong performance of the domestic life insurance business. Group adjusted profit and consolidated net income (net income attributable to shareholders of parent company) declined compared to the previous fiscal year when there were one-time factors that had a positive impact on net

income. However, both group adjusted profit and consolidated net income exceeded the Company's initial forecast.

The growth rate of the Group's European embedded value (EEV), which indicates corporate value from the perspective of capital efficiency, has averaged 10.2% since demutualization, and economic solvency ratio, which indicates soundness, declined marginally from 170% at the end of the previous fiscal year to 169%, affected by the prolonged low interest rate environment.

Reflecting the steady progress of our medium-term management plan, dividends per share are set at 58 yen, an increase of 8 yen from the previous fiscal year, and the Company also made a resolution to repurchase up to 28.0 billion yen of its own shares.

We forecast profit growth on a consolidated basis for the fiscal year ending March 31, 2020 as we expect profit in the overseas life insurance business to increase due to three large-scale acquisitions in the U.S. and Australia, while the domestic life insurance business maintains stable profit.

Steady First-Year Progress of Medium-Term Management Plan *CONNECT 2020*

<p>Group adjusted profit 236.3 billion yen Achievement rate 103% (Initial forecast: 230.0 billion yen)</p>	<p>Value of new business 198.7 billion yen Up 3.5% year-on-year</p>	<p>Dividends per share 58 yen 8 increase yen (Total amount of dividends: 66.6 billion yen)</p>
<p>Consolidated net income 225.0 billion yen Achievement rate: 102% (Initial forecast: 220.0 billion yen)</p>	<p>ROEV 10.2 % Average since demutualization</p>	<p>Share repurchase Up to 28.0 billion yen</p>

Review of FY2018

Economic and Financial Environment

In the fiscal year ended March 31, 2019, the global economy continued to expand, primarily in the U.S., but economic slowdown in Europe and emerging countries in Asia caused overall growth to remain modest. In Japan, despite an increase in employment and capital investment in light of a labor shortage, the economy slowed down due to the effect of natural disasters in addition to sluggish exports.

Industry Trends

In April 2018, the Standard Mortality Table, which forms the basis for calculating policy reserves, was revised for the first time in 11 years. In addition to a reduction in premium rates for death insurance, a line-up of insurance products has been launched that offer discounts based on one's wellness in light of increasing interest in health awareness. In the fiscal year ended March 31, 2019, annualized net premium of new business of all 41 domestic life insurance companies increased 12.7% from the previous fiscal year. There was also a significant increase in sales of individual annuities due to a greater need for savings. As a result, annualized net premium from in-force policies also increased 2.9% from the end of the previous fiscal year.

Annualized Net Premium of New Business of 41 Life Insurance Companies in Japan (Trillions of yen)

	Fiscal 2017	Fiscal 2018	Year-on-year
Individual Insurance	2.2	2.4	11.6%
Individual Annuities	0.4	0.5	18.4%
Total	2.6	2.9	12.7%
Third-sector	0.6	0.7	11.9%

Note: Compiled by the Company based on data disclosed by each company.

Dai-ichi Life Group's Operating Results

Annualized net premium of new business for the three domestic life insurance Group companies combined increased 31.1% year-on-year. This was due to the launch of competitive products and services through optimal distribution channels based on a multi-brand, multi-channel strategy, which increased new business through the sales representative, agency, and bancassurance channels. Sales were strong for products such as Dai-ichi Life's JUST, introduced in March 2018, insurance with a health checkup discount, dementia insurance, launched in December 2018 and Dai-ichi Frontier Life's foreign currency-denominated insurance product. As a result of strong sales of products such as dementia insurance, value of new business for the three domestic life insurance companies increased 5.6% year-on-year.

In overseas markets, amid large-scale industry reorganization in Australia, new business at TAL declined year-on-year, impacted by intensified competition and government review of sales practices for financial products, including insurance. However, new business at Protective in the U.S. and Dai-ichi Life Vietnam grew steadily, and annualized net premium of new business in the overseas life insurance business increased 3.2% on a yen-denominated basis. In particular, Dai-ichi Life Vietnam achieved top market share in terms of first year premium for a foreign-affiliated life insurance company.

Annualized Net Premium of New Business of the Three Domestic Life Insurance Group Companies (Billions of yen)

	Fiscal 2017	Fiscal 2018	Year-on-year
Individual Insurance	175.9	296.3	68.4%
Individual Annuities	143.4	122.5	(14.6%)
Total	319.4	418.9	31.1%
Third-sector	76.3	66.9	(12.3%)

Group Annualized Net Premium of New Business (Billions of yen)

	Fiscal 2017	Fiscal 2018	Year-on-year
Domestic Life	319.4	418.9	31.1%
Overseas Life	87.0	89.8	3.2%
Group Total	406.4	508.7	25.2%

Note: For overseas life insurance companies the annualized net premium of new business and annualized net premium from policies in-force were calculated based on the Group's criteria.

Dai-ichi Life Group Financial Results

Consolidated ordinary revenues for the fiscal year ended March 31, 2019 increased by 2% from the previous year. The main factors were an increase in premium and other income driven by strong sales of foreign currency denominated insurance at Dai-ichi Frontier Life. Consolidated ordinary profit decreased by 8% due to such factors as the decline in income from interest and dividends at Dai-ichi Life. Income from interest and dividends decreased compared to the previous fiscal year when there were notable one-time factors, which included Dai-ichi Life's investment income increases on distribution from mutual funds, etc.

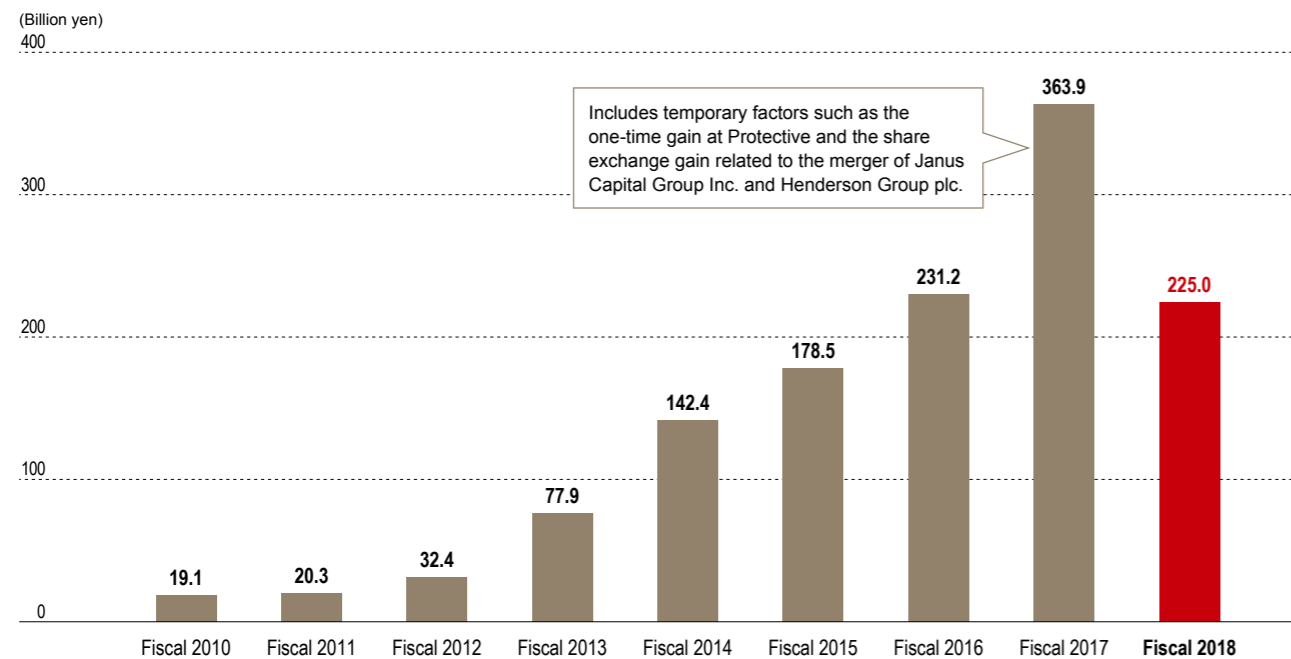
Net income attributable to shareholders of parent company decreased by 38% to 225.0 billion yen. Net income in

the previous fiscal year included 90.1 billion yen recorded by Protective from the effect of U.S. tax reforms and a share exchange gain of 33.5 billion yen related to the merger of Janus Capital Group Inc. and Henderson Group plc.

The Dai-ichi Life Group has set "group adjusted profit" as the indicator that forms the source of funds for shareholder returns. Group adjusted profit is the total of the adjusted profit of Group companies. Each company's adjusted profit indicates profit in real term on cash basis. Group adjusted profit decreased from 243.2 billion yen in the previous fiscal year to 236.3 billion yen as a result of the abovementioned decrease in income from interest and dividends, among other factors.

Our annual cash dividend forecast is 58 yen per share (8 yen increase from the previous fiscal year). We also plan a share repurchase of up to 28.0 billion yen. Together with cash dividends, we expect the total dividend payout ratio to reach 40%.

Dai-ichi Life Group Financial Results – Net Income Attributable to Shareholders of Parent Company



Performance Trends of Major Group Companies

(1) Dai-ichi Life

Fundamental profit, which represents profit from an insurance company's core business for a given fiscal year, increased from 429.0 billion yen in the fiscal year ended March 31, 2018 to 479.1 billion yen. The main factors for the increase were a year-on-year decrease in standard provisions for policy reserves due to the launch of new products with premium rates that were revised in March 2018. On the other hand, positive spread declined year-on-year due to the decrease in income from interest and dividends, derivative transaction losses and foreign exchange losses also increased, resulting in a 12.2 billion yen decrease in ordinary profit to 346.6 billion yen. Net income was up 2.9 billion yen to 172.9 billion yen due to such factors as a decrease in extraordinary losses.

(2) Dai-ichi Frontier Life

Premium and other income increased due to an increase in foreign currency-denominated product sales following efforts to expand distribution channels to include regional financial institutions, major banks, and Dai-ichi Life sales representatives. Net income decreased due to provision related to market value adjustment resulting from lower interest rates, particularly Australian dollar interest rates, in addition to the adjustment in stock markets towards the end of the fiscal year resulting in provision related to guaranteed minimum maturity benefit risk on variable products. Despite such impacts, Dai-ichi Frontier Life secured operating income (fundamental profitability) at roughly the same level as in the previous fiscal year.

(3) Protective

Pre-tax adjusted operating income decreased from the previous fiscal year. Main factors were an increase in insurance claims, which had an adverse impact on the life insurance segment. In the acquisitions segment, profit increased with the contribution from acquired Liberty Life in-force policy blocks (completed in May 2018). The annuities segment recorded a decline in profit as a result of adjustments to the financial environment. Moreover, lower interest spreads lead to a decrease in earnings in the stable value segment. Net income fell compared to the previous fiscal year when Protective recorded one-time profit on the corporate tax rates reduction.

(4) TAL

The Australian individual insurance market continues to face a challenging market environment, and with regulatory review underway, annualized net premium of new business decreased year-on-year. In the group insurance segment, annualized net premium of new business also declined from the previous fiscal year when TAL acquired a number of large-scale group insurance contracts. On the other hand, annualized net premium from in-force policies increased year on year, reflecting the in-force policies of Suncorp Life (currently Asteron Life), the acquisition of which was completed in February 2019. Underlying profit, which represents TAL's essential profit, decreased due to factors such as an increase in insurance claims for both individual and group insurance.

Economic Value Indicators

Value of new business in fiscal 2019 was 198.7 billion yen for the Group, including two affiliated companies in Asia. This was an increase of 3.5% from 191.9 billion yen in the previous fiscal year due to strong sales of dementia insurance at Dai-ichi Life and increase in sales of insurance products at Dai-ichi Frontier Life and Neo First Life through Dai-ichi Life's sales representative channel.

The Group's EEV as of March 31, 2019 was 5.9 trillion yen, a marginal decrease from 6.0 trillion yen recorded at the end of the previous fiscal year. EEV decrease from the fall in domestic interest rates and stock prices was offset by the accumulation in value of new business through the sales activities of each group company and the impact of the acquisition of Liberty Life's in-force insurance blocks by Protective.

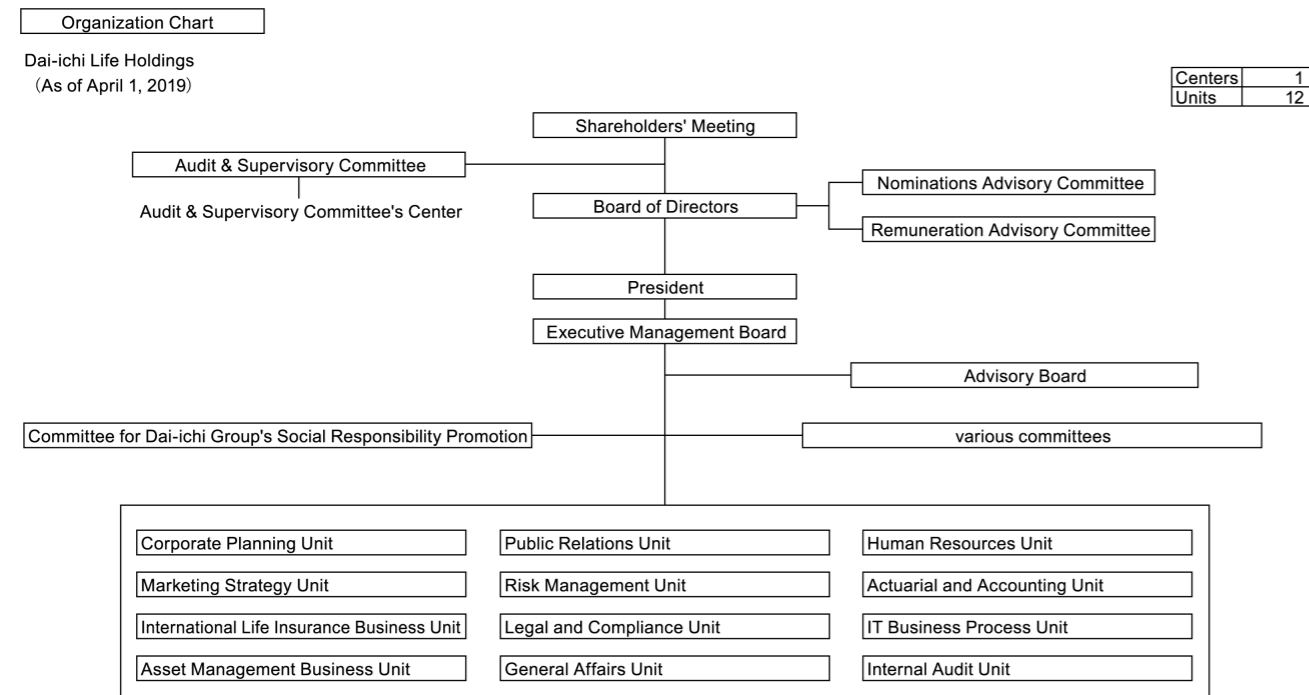
The economic solvency ratio, which represents soundness on an economic value basis, was 169%, which slightly fell short of 170% from the end of the previous fiscal year. While there were contributions from accumulation of new business and the issuance of yen-denominated publicly offered perpetual subordinated notes by Dai-ichi Life Holdings, the fall in domestic interest rates and stock prices were the major factors of the shortfall. Over the medium- to long-term we target ESR in the range from 170% to 200%.

Overview and Organization of the Insurance Holding Company

Corporate Profile

Trade name	Dai-ichi Life Holdings, Inc.
Date of Establishment	September 15, 1902
Head Office	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-8411, Japan
Phone number	81-(0)3-3216-1222
Official website	https://www.dai-ichi-life-hd.com/en/
Main Business	The purpose of the Company shall be to engage in the following businesses: (1) Business administration of life insurance companies, non-life insurance companies, and other companies operating as the Company's subsidiaries pursuant to the provisions of the Insurance Business Act, and (2) Other business activities incidental to the business listed in the preceding item.
Capital stock	343.3 billion yen
Number of employees	634 persons

Management Organization



Capital Stock and Number of Shares

1. Capital stock

Date	Increase in capital	Capital stock after increase	Details
April 1, 2010	210,200 million yen	210,200 million yen	Reconciliation of net assets associated with the change in corporate structure to a public company from a mutual company
April 2, 2012	7 million yen	210,207 million yen	Exercise of stock options
April 1, 2013	8 million yen	210,215 million yen	Exercise of stock options
June 21, 2013	9 million yen	210,224 million yen	Exercise of stock options
June 25, 2014	37 million yen	210,262 million yen	Exercise of stock options
July 23, 2014	124,178 million yen	334,440 million yen	Issuance of new shares by way of public offering
August 19, 2014	8,663 million yen	343,104 million yen	Third-party allotment associated with the secondary offering through over-allotment
April 1, 2015	42 million yen	343,146 million yen	Exercise of stock options
July 24, 2018	180 million yen	343,326 million yen	Third-party allotment associated with the stock remuneration scheme using restricted stocks

2. Number of shares and shareholders

(As of March 31, 2019)

Number of shares authorized to be issued	4,000,000 thousand shares
Number of issued shares	1,198,208 thousand shares
Number of shareholders	761,102 persons

(Note) Numbers of shares less than one thousand are truncated.

3. Type of issued shares

(As of March 31, 2019)

Type	Number of issued shares	Details
Common stock	1,198,208 thousand shares	—

(Note) Numbers of shares less than one thousand are truncated.

4. Major Shareholders (Top 10)

(As of March 31, 2019)

Name of shareholders	Ownership in the Company	
	Shares held	Percentage
	thousands of shares	%
GOLDMAN SACHS INTERNATIONAL	70,960	6.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	58,907	5.12
Japan Trustee Services Bank, Ltd. (Trust Account)	58,272	5.06
Mizuho Bank, Ltd.	45,000	3.91
Japan Trustee Services Bank, Ltd. (Trust Account 5)	21,896	1.90
Japan Trustee Services Bank, Ltd. (Trust Account 7)	20,857	1.81
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	19,083	1.65
Sompo Japan Nipponkoa Insurance Inc.	17,161	1.49
JP MORGAN CHASE BANK 385151	16,983	1.47
STATE STREET BANK WEST CLIENT – TREATY 505234	16,684	1.45

(Notes) 1. The treasury stock held by the Company (48,488 thousands of shares) is excluded from the above Major Shareholders.
 2. Numbers of shares less than one thousand are truncated.
 3. Percentage figures of ownership are calculated after deducting the number of treasury stock from the number of issued shares, and figures less than the second decimal place are truncated.

5. Independent Auditor

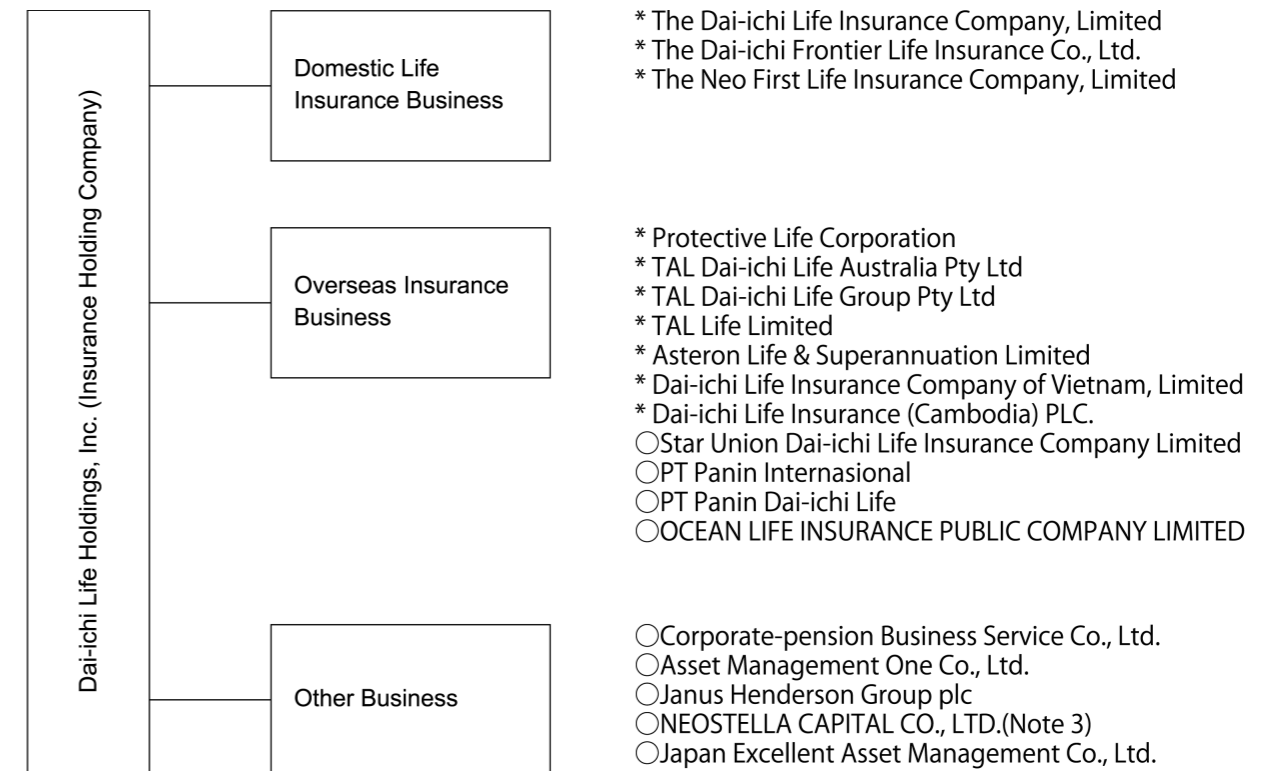
KPMG AZSA LLC

Overview of the Insurance Holding Company and its Subsidiaries and Affiliated Companies

Main Businesses and Organization

Main businesses operated by the Company and its 85 subsidiaries and 135 affiliated companies, and the positioning of the group companies with respect to each of these businesses, are described as follows.

〈Diagram of the Company and its Subsidiaries and Affiliated Companies〉



(Notes) 1. Company names of principal subsidiaries and affiliated companies are shown.
 2. Company names with " * " are consolidated subsidiaries and "○" are affiliated companies under the equity method as of March 31, 2019.
 3. NEOSTELLA CAPITAL CO., LTD. was dissolved as of March 30, 2018 and liquidation was completed on May 30, 2019.

List of Group Companies

Company Name	Date of Establishment	Location	Capital	Principal Business (Note 1)	Percentage of voting rights of subsidiaries, etc. held by the Company (%)	Percentage of voting rights of subsidiaries, etc. held by Group companies (%) (Note 2)
(Consolidated Subsidiary) The Dai-ichi Life Insurance Company, Limited	April 1, 2016	Chiyoda-ku, Tokyo	60.0 billion JPY	Life insurance business in Japan	100.0%	0.0%
The Dai-ichi Frontier Life Insurance Co., Ltd.	December 1, 2006	Shinagawa-ku, Tokyo	117.5 billion JPY	Life insurance business in Japan	100.0%	0.0%
The Neo First Life Insurance Company, Limited	April 23, 1999	Shinagawa-ku, Tokyo	32.5 billion JPY	Life insurance business in Japan	100.0%	0.0%
Protective Life Corporation	July 24, 1907	Birmingham, U.S.A.	10 USD	Overseas insurance business	100.0%	0.0%
TAL Dai-ichi Life Australia Pty Ltd	March 25, 2011	Sydney, Australia	2.130 billion AUD	Overseas insurance business	100.0%	0.0%
TAL Dai-ichi Life Group Pty Ltd	March 25, 2011	Sydney, Australia	2.217 billion AUD	Overseas insurance business	0.0%	100.0%
TAL Life Limited	October 11, 1990	Sydney, Australia	0.604 billion AUD	Overseas insurance business	0.0%	100.0%
Asteron Life & Superannuation Limited	June 14, 1996	Sydney, Australia	0.764 billion AUD	Overseas insurance business	0.0%	100.0%
Dai-ichi Life Insurance Company of Vietnam, Limited	January 18, 2007	Ho Chi Minh City, Vietnam	7,697.5 billion VND	Overseas insurance business	100.0%	0.0%
Dai-ichi Life Insurance (Cambodia) PLC.	March 14, 2018	Phnom Penh, Cambodia	16 million USD	Overseas insurance business	100.0%	0.0%
(Affiliated Company Under the Equity Method) Star Union Dai-ichi Life Insurance Company Limited	September 25, 2007	Navi Mumbai, India	2.589 billion INR	Overseas insurance business	45.9%	0.0%
PT Panin Internasional	July 24, 1998	Jakarta, Indonesia	1,022.5 billion IDR	Overseas insurance business	36.8%	0.0%
PT Panin Dai-ichi Life	July 19, 1974	Jakarta, Indonesia	1,067.3 billion IDR	Overseas insurance business	5.0%	95.0%
OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED	January 11, 1949	Bangkok, Thailand	2.360 billion THB	Overseas insurance business	24.0%	0.0%
Corporate-Pension Business Service Co., Ltd.	October 1, 2001	Shinagawa-ku, Tokyo	6.0 billion JPY	Other business	0.0%	50.0%
Asset Management One Co., Ltd.	July 1, 1985	Chiyoda-ku, Tokyo	2.0 billion JPY	Other business	49.0%	0.0%
Janus Henderson Group plc	May 30, 2017	London, United Kingdom	292 million USD	Other business	15.7%	0.0%
NEOSTELLA CAPITAL CO., LTD.	December 1, 1989	Chuo-ku, Tokyo	100 million JPY	Other business	0.0%	50.0%
Japan Excellent Asset Management Co., Ltd.	April 14, 2005	Minato-ku, Tokyo	400 million JPY	Other business	0.0%	36.0%

(Notes) 1. "Principal Business" is categorized with the three reportable segments of the Company.

2. "Percentage of voting rights of subsidiaries, etc. held by Group companies" represent percentages including the those of indirect voting rights, which in turn include the percentages of "voting rights held by any persons who are found to exercise their voting rights in the same manner as the intent of the subject person due to their close ties with the subject person in terms of contribution, personnel affairs, funds, technology, transactions, etc. and those held by any persons who have given their consent to exercising their voting rights in the same manner as the intent of the subject person."

3. NEOSTELLA CAPITAL CO., LTD. was dissolved as of March 30, 2018 and liquidation was completed on May 30, 2019.

Main Businesses of the Insurance Holding Company and its Subsidiaries and Affiliated Companies

Key Management Indicators

	Fiscal Year Ended March 31,				
	2015	2016	2017	2018	2019
Ordinary revenues (million yen)	7,252,242	7,333,947	6,456,796	7,037,827	7,184,093
Ordinary profit (million yen)	406,842	418,166	425,320	471,994	432,945
Net income attributable to shareholders of parent company (million yen)	142,476	178,515	231,286	363,928	225,035
Comprehensive income (million yen)	1,384,315	(592,867)	264,969	684,757	72,613

	As of March 31,				
	2015	2016	2017	2018	2019
Total net assets (million yen)	3,589,927	2,932,959	3,137,266	3,749,271	3,713,592
Total assets (million yen)	49,837,202	49,924,922	51,985,850	53,603,028	55,941,261
Consolidated solvency margin ratio (%)	818.2	763.8	749.2	838.3	869.7

Outline of business

Ordinary revenues for the fiscal year ended March 31, 2019 increased by 2.1% compared to the previous fiscal year to 7,184.0 billion yen, consisting of 5,344.0 billion yen (9.4% increase) in premium and other income, 1,583.2 billion yen (12.2% decrease) in investment income, and 256.8 billion yen (26.7% decrease) in other ordinary revenues.

Meanwhile, the Group's ordinary expenses for the fiscal year ended March 31, 2019 increased by 2.8% compared to the previous fiscal year to 6,751.1 billion yen, consisting of 3,839.1 billion yen (1.3% increase) in benefits and claims, 1,309.2 billion yen (7.0% increase) in provision for policy reserves and others, 541.5 billion yen (1.4% decrease) in investment expenses, 703.5 billion yen (6.4% increase) in operating expenses, and 357.6 billion yen (4.6% increase) in other ordinary expenses.

As a result, the Group's ordinary profit for the fiscal year ended March 31, 2019 decreased by 8.3% compared to the previous fiscal year to 432.9 billion yen. Net income attributable to shareholders of parent company, which is ordinary profit after extraordinary gains and losses, provision for reserve for policyholder dividends and total of corporate income taxes, decreased by 38.2% compared to the previous fiscal year to 225.0 billion yen. There was a notable impact to the previous fiscal year results from favorable one-time factors including a re-measurement of deferred tax liabilities as a result of a reduction in the United States corporate tax rates recognized at the Protective Life Corporation and a share exchange gain recorded in relation to the merger between Janus Capital Group Inc. and Henderson Group plc, based in the United Kingdom.

Segment results were as follows:

(1) Domestic Life Insurance Business

Ordinary revenues for the domestic life insurance business increased compared to the previous fiscal year by 316.9 billion yen, or 5.6%, to 5,933.2 billion yen due mainly to an increase in sales of foreign currency-denominated products at The Dai-ichi Frontier Life Insurance Co., Ltd. Segment profit decreased compared to the previous fiscal year by 35.8 billion yen, or 8.7%, to 375.7 billion yen due mainly to a decrease in interest and dividends income at The Dai-ichi Life Insurance Company, Limited.

(2) Overseas Insurance Business

Ordinary revenues for the overseas insurance business decreased compared to the previous fiscal year by 119.6 billion yen, or 8.2%, to 1,341.8 billion yen due mainly to a decrease in investment income at Protective Life Corporation. Segment profit decreased compared to the previous fiscal year by 7.3 billion yen, or 12.2%, to 52.7 billion yen.

(3) Other Business

Ordinary revenues for other business increased compared to the previous fiscal year by 95.4 billion yen, or 147.8%, to 160.0 billion yen mainly because of an increase in dividends income. Segment profit increased compared to the previous fiscal year by 96.2 billion yen, or 199.4%, to 144.5 billion yen.

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2018	2019	2019
(ASSETS)			
Cash and deposits	891,285	920,177	8,290
Call loans	164,600	335,500	3,022
Monetary claims bought	195,133	199,193	1,794
Money held in trust	523,828	559,474	5,040
Securities	44,916,958	47,065,031	424,047
Loans	3,487,682	3,353,268	30,212
Tangible fixed assets	1,130,525	1,145,267	10,318
Land	773,762	787,421	7,094
Buildings	346,027	348,900	3,143
Leased assets	4,276	2,440	21
Construction in progress	97	149	1
Other tangible fixed assets	6,362	6,355	57
Intangible fixed assets	414,995	444,869	4,008
Software	86,422	96,631	870
Goodwill	51,481	48,926	440
Other intangible fixed assets	277,091	299,311	2,696
Reinsurance receivable	94,064	155,320	1,399
Other assets	1,676,172	1,692,127	15,245
Deferred tax assets	1,201	17,154	154
Customers' liabilities for acceptances and guarantees	108,514	55,515	500
Reserve for possible loan losses	(1,497)	(1,248)	(11)
Reserve for possible investment losses	(436)	(390)	(3)
Total assets	<u>53,603,028</u>	<u>55,941,261</u>	<u>504,020</u>
(LIABILITIES)			
Policy reserves and others	45,513,790	48,279,458	434,989
Reserves for outstanding claims	517,422	555,517	5,005
Policy reserves	44,597,717	47,325,761	426,396
Reserve for policyholder dividends	398,650	398,178	3,587
Reinsurance payable	218,791	379,568	3,419
Bonds payable	968,938	1,062,252	9,570
Other liabilities	1,998,151	1,420,986	12,802
Net defined benefit liabilities	413,189	422,346	3,805
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,384	1,298	11
Reserve for possible reimbursement of prescribed claims	900	900	8
Reserves under the special laws	195,797	218,259	1,966
Reserve for price fluctuations	195,797	218,259	1,966
Deferred tax liabilities	357,859	311,059	2,802
Deferred tax liabilities for land revaluation	76,438	76,023	684
Acceptances and guarantees	108,514	55,515	500
Total liabilities	<u>49,853,756</u>	<u>52,227,668</u>	<u>470,561</u>
(NET ASSETS)			
Capital stock	343,146	343,326	3,093
Capital surplus	329,653	329,723	2,970
Retained earnings	976,899	1,134,392	10,220
Treasury stock	(60,076)	(98,634)	(888)
Total shareholders' equity	<u>1,589,623</u>	<u>1,708,808</u>	<u>15,396</u>
Net unrealized gains (losses) on securities, net of tax	2,238,159	2,101,587	18,934
Deferred hedge gains (losses)	(9,649)	3,803	34
Reserve for land revaluation	(12,423)	(13,488)	(121)
Foreign currency translation adjustments	(49,201)	(77,457)	(697)
Accumulated remeasurements of defined benefit plans	(8,584)	(10,824)	(97)
Total accumulated other comprehensive income	<u>2,158,300</u>	<u>2,003,621</u>	<u>18,052</u>
Subscription rights to shares	1,348	1,162	10
Total net assets	<u>3,749,271</u>	<u>3,713,592</u>	<u>33,458</u>
Total liabilities and net assets	<u>53,603,028</u>	<u>55,941,261</u>	<u>504,020</u>

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2018	2019	2019
ORDINARY REVENUES			
	7,037,827	7,184,093	64,727
Premium and other income	4,884,579	5,344,016	48,148
Investment income	1,802,626	1,583,228	14,264
Interest and dividends	1,197,362	1,244,255	11,210
Gains on investments in trading securities	214,470	–	–
Gains on sale of securities	236,702	279,220	2,515
Gains on redemption of securities	24,835	21,146	190
Reversal of reserve for possible loan losses	343	237	2
Other investment income	1,484	1,692	15
Gains on investments in separate accounts	127,428	36,676	330
Other ordinary revenues	350,621	256,848	2,314
	<u>6,565,833</u>	<u>6,751,148</u>	<u>60,826</u>
ORDINARY EXPENSES			
	3,789,907	3,839,105	34,589
Benefits and claims	1,177,487	1,164,756	10,494
Claims	656,046	818,785	7,377
Benefits	457,515	502,606	4,528
Surrender values	803,906	672,578	6,059
Other refunds	694,950	680,379	6,130
Provision for policy reserves and others	1,223,870	1,309,287	11,796
Provision for reserves for outstanding claims	–	12,553	113
Provision for policy reserves	1,215,562	1,288,468	11,608
Provision for interest on policyholder dividends	8,308	8,265	74
Investment expenses	548,957	541,541	4,879
Interest expenses	43,866	43,306	390
Losses on money held in trust	1,244	448	4
Losses on investments in trading securities	–	85,306	768
Losses on sale of securities	115,943	141,762	1,277
Losses on valuation of securities	4,709	11,151	100
Losses on redemption of securities	4,338	3,569	32
Derivative transaction losses	78,917	41,586	374
Foreign exchange losses	245,255	162,354	1,462
Provision for reserve for possible investment losses	205	37	0
Write-down of loans	992	120	1
Depreciation of real estate for rent and others	13,286	13,254	119
Other investment expenses	40,199	38,642	348
Operating expenses	661,110	703,573	6,339
Other ordinary expenses	341,986	357,641	3,222
	<u>471,994</u>	<u>432,945</u>	<u>3,900</u>
Ordinary profit	<u>34,182</u>	<u>2,512</u>	<u>22</u>
EXTRAORDINARY GAINS			
	651	2,476	22
Gains on disposal of fixed assets	33,507	–	–
Gains on exchange of stocks of subsidiaries and affiliated companies	23	36	0
Other extraordinary gains			
	<u>34,416</u>	<u>28,607</u>	<u>257</u>
EXTRAORDINARY LOSSES			
	1,446	4,064	36
Losses on disposal of fixed assets	11,589	1,801	16
Impairment losses on fixed assets	21,120	22,462	202
Provision for reserve for price fluctuations	259	279	2
Other extraordinary losses			
	<u>95,000</u>	<u>87,500</u>	<u>788</u>
Provision for reserve for policyholder dividends	376,760	319,349	2,877
Income before income taxes	113,588	99,814	899
Corporate income taxes-current	(100,757)	(5,501)	(49)
Corporate income taxes-deferred	12,831	94,313	849
Total of corporate income taxes	363,928	225,035	2,027
Net Income	<u>363,928</u>	<u>225,035</u>	<u>2,027</u>
Net income attributable to shareholders of parent company	<u>363,928</u>	<u>225,035</u>	<u>2,027</u>

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2018	2019	2019
Net income	363,928	225,035	2,027
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	335,075	(134,626)	(1,212)
Deferred hedge gains (losses)	15,579	13,452	121
Reserve for land revaluation	(3)	—	—
Foreign currency translation adjustments	(28,541)	(21,674)	(195)
Remeasurements of defined benefit plans, net of tax	11,288	(2,350)	(21)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(12,568)	(7,223)	(65)
Total other comprehensive income	320,828	(152,421)	(1,373)
Comprehensive income	684,757	72,613	654
(Details)			
Attributable to shareholders of parent company	684,757	72,613	654

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2018

	(Unit: million yen)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,146	329,740	665,345	(37,476)	1,300,756
Cumulative effect of changes in accounting policies					-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,146	329,740	665,345	(37,476)	1,300,756
Changes for the year					
Issuance of new shares					-
Dividends			(50,531)		(50,531)
Net income attributable to shareholders of parent company			363,928		363,928
Purchase of treasury stock				(22,999)	(22,999)
Disposal of treasury stock		(87)		400	312
Transfer from reserve for land revaluation			(5,121)		(5,121)
Others			3,277		3,277
Net changes of items other than shareholders' equity					
Total changes for the year	-	(87)	311,553	(22,599)	288,866
Balance at the end of the year	343,146	329,653	976,899	(60,076)	1,589,623

	(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
Balance at the beginning of the year	1,906,091	(25,243)	(17,541)	(8,178)
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	1,906,091	(25,243)	(17,541)	(8,178)
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 reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity				
Total changes for the year	332,068	15,594	5,117	(41,023)
Balance at the end of the year	2,238,159	(9,649)	(12,423)	(49,201)

	(Unit: million yen)			
	Accumulated other comprehensive income			
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(19,865)	1,835,262	1,247	3,137,266
Cumulative effect of changes in accounting policies		-		-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(19,865)	1,835,262	1,247	3,137,266
Changes for the year				
Issuance of new shares				-
Dividends				(50,531)
Net income attributable to shareholders of parent company				363,928
Purchase of treasury stock				(22,999)
Disposal of treasury stock				312
Transfer from reserve for land revaluation				(5,121)
Others				3,277
Net changes of items other than shareholders' equity				
Total changes for the year	11,280	323,037	101	323,138
Balance at the end of the year	(8,584)	2,158,300	1,348	3,749,271

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2019

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,146	329,653	976,899	(60,076)	1,589,623
Cumulative effect of changes in accounting policies			(9,420)		(9,420)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,146	329,653	967,479	(60,076)	1,580,202
Changes for the year					
Issuance of new shares	180	180			360
Dividends			(58,239)		(58,239)
Net income attributable to shareholders of parent company			225,035		225,035
Purchase of treasury stock				(39,000)	(39,000)
Disposal of treasury stock		(109)		441	331
Transfer from reserve for land revaluation			1,064		1,064
Others			(947)		(947)
Net changes of items other than shareholders' equity					
Total changes for the year	180	70	166,913	(38,558)	128,605
Balance at the end of the year	343,326	329,723	1,134,392	(98,634)	1,708,808

(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
Balance at the beginning of the year	2,238,159	(9,649)	(12,423)	(49,201)
Cumulative effect of changes in accounting policies	(1,192)			
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,236,967	(9,649)	(12,423)	(49,201)
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 reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(135,379)	13,452	(1,064)	(28,255)
Total changes for the year	(135,379)	13,452	(1,064)	(28,255)
Balance at the end of the year	2,101,587	3,803	(13,488)	(77,457)

(Unit: million yen)

	Accumulated other comprehensive income			
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(8,584)	2,158,300	1,348	3,749,271
Cumulative effect of changes in accounting policies		(1,192)		(10,612)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(8,584)	2,157,108	1,348	3,738,659
Changes for the year				
Issuance of new shares				360
Dividends				(58,239)
Net income attributable to shareholders of parent company				225,035
Purchase of treasury stock				(39,000)
Disposal of treasury stock				331
Transfer from reserve for land revaluation				1,064
Others				(947)
Net changes of items other than shareholders' equity	(2,239)	(153,486)	(185)	(153,672)
Total changes for the year	(2,239)	(153,486)	(185)	(25,066)
Balance at the end of the year	(10,824)	2,003,621	1,162	3,713,592

Year ended March 31, 2019

(Unit: million US dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	3,091	2,970	8,801	(541)	14,322
Cumulative effect of changes in accounting policies			(84)		(84)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	3,091	2,970	8,716	(541)	14,237
Changes for the year					
Issuance of new shares	1	1			3
Dividends			(524)		(524)
Net income attributable to shareholders of parent company			2,027		2,027
Purchase of treasury stock				(351)	(351)
Disposal of treasury stock		(0)		3	2
Transfer from reserve for land revaluation			9		9
Others			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes for the year	1	0	1,503	(347)	1,158
Balance at the end of the year	3,093	2,970	10,220	(888)	15,396

(Unit: million US dollars)

	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
Balance at the beginning of the year	20,165	(86)	(111)	(443)
Cumulative effect of changes in accounting policies	(10)			
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	20,154	(86)	(111)	(443)
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 reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(1,219)	121	(9)	(254)
Total changes for the year	(1,219)	121	(9)	(254)
Balance at the end of the year	18,934	34	(121)	(697)

(Unit: million US dollars)

	Accumulated other comprehensive income			
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Total net assets
Balance at the beginning of the year	(77)	19,445	12	33,780
Cumulative effect of changes in accounting policies		(10)		(95)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(77)	19,435	12	33,684
Changes for the year				
Issuance of new shares				3
Dividends				(524)
Net income attributable to shareholders of parent company				2,027
Purchase of treasury stock				(351)
Disposal of treasury stock				2
Transfer from reserve for land revaluation				9
Others				(8)
Net changes of items other than shareholders' equity	(20)	(1,382)	(1)	(1,384)
Total changes for the year	(20)	(1,382)	(1)	(225)
Balance at the end of the year	(97)	18,052	10	33,458

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2018	2019	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	376,760	319,349	2,877
Depreciation of real estate for rent and others	13,286	13,254	119
Depreciation	43,208	50,914	458
Impairment losses on fixed assets	11,589	1,801	16
Amortization of goodwill	3,823	4,390	39
Increase (decrease) in reserves for outstanding claims	(35,828)	35,993	324
Increase (decrease) in policy reserves	1,004,292	1,155,292	10,408
Provision for interest on policyholder dividends	8,308	8,265	74
Provision for (reversal of) reserve for policyholder dividends	95,000	87,500	788
Increase (decrease) in reserve for possible loan losses	(564)	(239)	(2)
Increase (decrease) in reserve for possible investment losses	(8)	(46)	(0)
Write-down of loans	992	120	1
Increase (decrease) in net defined benefit liabilities	8,378	6,112	55
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(114)	(85)	(0)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	-	-
Increase (decrease) in reserve for price fluctuations	21,120	22,462	202
Interest and dividends	(1,197,362)	(1,244,255)	(11,210)
Securities related losses (gains)	(478,445)	(95,253)	(858)
Interest expenses	43,866	43,306	390
Foreign exchange losses (gains)	245,255	162,354	1,462
Losses (gains) on disposal of fixed assets	595	527	4
Equity in losses (income) of affiliates	(5,528)	(10,067)	(90)
Gains on exchange of stocks of subsidiaries and affiliated companies	(33,507)	-	-
Decrease (increase) in reinsurance receivable	(6,147)	(50,501)	(455)
Decrease (increase) in other assets unrelated to investing and financing activities	(40,271)	(87,727)	(790)
Increase (decrease) in reinsurance payable	15,603	158,963	1,432
Increase (decrease) in other liabilities unrelated to investing and financing activities	159,708	(85,831)	(773)
Others, net	126,897	83,869	755
Subtotal	381,008	580,470	5,229
Interest and dividends received	1,356,311	1,424,532	12,834
Interest paid	(51,328)	(50,442)	(454)
Policyholder dividends paid	(90,542)	(96,237)	(867)
Others, net	(369,626)	8,247	74
Corporate income taxes paid	(56,686)	(169,576)	(1,527)
Net cash flows provided by (used in) operating activities	1,169,136	1,696,993	15,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in cash and deposits	(19,575)	3,708	33
Purchases of monetary claims bought	(29,134)	(34,317)	(309)
Proceeds from sale and redemption of monetary claims bought	32,648	32,131	289
Purchases of money held in trust	(355,628)	(117,960)	(1,062)
Proceeds from decrease in money held in trust	163,600	81,781	736
Purchases of securities	(9,663,806)	(10,790,799)	(97,223)
Proceeds from sale and redemption of securities	8,851,662	9,677,088	87,188
Origination of loans	(715,646)	(738,590)	(6,654)
Proceeds from collection of loans	757,822	914,523	8,239
Others, net	31,173	(279,306)	(2,516)
Total of net cash provided by (used in) investment transactions	(946,884)	(1,251,739)	(11,277)
Total of net cash provided by (used in) operating activities and investment transactions	222,252	445,253	4,011
Acquisition of tangible fixed assets	(35,547)	(58,163)	(524)
Proceeds from sale of tangible fixed assets	2,818	22,833	205
Acquisition of intangible fixed assets	(34,129)	(34,757)	(313)
Proceeds from sale of intangible fixed assets	-	295	2
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	-	(30,334)	(273)
Acquisition of stock of subsidiaries	(1,696)	(881)	(7)
Proceeds from transfer of business	-	1,343	12
Proceeds from acquisition of business	-	4,268	38
Net cash flows provided by (used in) investing activities	(1,015,438)	(1,347,136)	(12,137)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2018	2019	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	60,455	65,860	593
Repayment of borrowings	(79,665)	(197,715)	(1,781)
Proceeds from issuing bonds	62,176	146,055	1,315
Redemption of bonds	(62,545)	(40,169)	(361)
Repayment of financial lease obligations	(2,177)	(1,331)	(11)
Net increase (decrease) in short-term financing	9,862	(16,808)	(151)
Purchase of treasury stock	(22,999)	(39,000)	(351)
Cash dividends paid	(50,413)	(58,100)	(523)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	(114)	(2,219)	(19)
Others, net	0	0	0
Net cash flows provided by (used in) financing activities	(85,421)	(143,428)	(1,292)
Effect of exchange rate changes on cash and cash equivalents	(12,364)	(2,373)	(21)
Net increase (decrease) in cash and cash equivalents	55,912	204,054	1,838
Cash and cash equivalents at the beginning of the year	977,110	1,033,022	9,307
Cash and cash equivalents at the end of the year	1,033,022	1,237,077	11,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

I. BASIS FOR PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.99=US\$1.00, the foreign exchange rate on March 31, 2019, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II. PRINCIPLES OF CONSOLIDATION

1. Scope of Consolidation

The number of consolidated subsidiaries as of March 31, 2019 was sixty-four. The consolidated financial statements include the accounts of 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 ("PLC") and Dai-ichi Life Insurance (Cambodia) PLC. ("DLKH").

Effective the fiscal year ended March 31, 2019, DLKH, a non-consolidated subsidiary in the fiscal year ended March 31, 2018, was included in the scope of consolidation as its impact on the consolidated financial statements increased.

Effective the fiscal year ended March 31, 2019, three subsidiaries of TDLA were included in the scope of consolidation.

Effective the fiscal year ended March 31, 2019, one subsidiary of TDLA was excluded from the scope of consolidation as it had been liquidated.

The number of non-consolidated subsidiaries as of March 31, 2019 was twenty-one. The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K and First U Anonymous Association.

The twenty-one non-consolidated subsidiaries as of March 31, 2019 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

The number of non-consolidated subsidiaries under the equity method as of March 31, 2019 was zero.

The number of affiliated companies under the equity method as of March 31, 2019 was one hundred and thirty-one. The affiliated companies included Asset Management One Co., Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., NEOSTELLA CAPITAL CO., LTD., OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited, PT Panin International and Janus Henderson Group plc.

Effective the fiscal year ended March 31, 2019, the total one hundred and fifteen 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, 2019, two affiliated companies of 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, 2019, one affiliated company of Asset Management One Co., Ltd. was included in the scope of the equity method as it had become an affiliated company of the Company.

As a result of the business integration with Japan Trustee Services Bank, Ltd., effective the fiscal year ended March 31, 2019, Trust & Custody Services Bank Ltd. was excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2019, nine affiliated companies of Janus Henderson Group plc were excluded from the scope of the equity method.

NEOSTELLA CAPITAL CO., LTD. wound up on March 30, 2018, and completed liquidation on May 30, 2019.

The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., O.M. Building Management Co., Ltd., 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

The closing date of domestic consolidated subsidiaries is March 31, whereas that of consolidated overseas subsidiaries is December 31 or March 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although the 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. Summary of Significant Accounting Policies

(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.

a) Trading Securities

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

b) Held-to-maturity Bonds

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

c) 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.

d) 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.

e) Available-for-sale Securities

i) Available-for-sale Securities with Fair Values

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.

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

a. 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.

b. 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) Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

(3) Depreciation of Depreciable Assets

a) 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 calculated by the straight-line method.

b) 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 business combination of consolidated overseas subsidiaries are amortized over a period during which their effect is estimated, 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 eight years.

c) 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) 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 from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in 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 amounts written off during the fiscal years ended March 31, 2018 and 2019 were ¥6 million and ¥2 million (US\$0 million), respectively.

The reserve for possible loan losses of consolidated subsidiaries that do not operate a life insurance business in Japan is calculated mainly by considering the estimated recoverable amount from the book value of individual loans.

(5) 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.

(6) 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.

(7) 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.

(8) 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, 2019. The accounting treatment for retirement benefits is as follows.

a) 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, 2019.

b) Amortization of Actuarial Differences

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 subsidiaries apply the simplified method in calculating their projected benefit obligations.

(9) 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.

(10) 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)".

(11) Hedge Accounting

a) 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 bond over-the-counter options is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated 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).

b) 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

c) 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.

d) 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.

(12) 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.

(13) Scope of Cash and Cash Equivalents

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

(Changes in Accounting Policies)

Previously, cash and cash equivalents consisted of the following items contained in the consolidated balance sheet: cash and deposits, call loans, commercial paper included in monetary claims bought, money market funds included in securities, and overdrafts included in other liabilities.

In order to more accurately present the actual cash flows, scope of cash and cash equivalents has been revised and consists of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and have an insignificant risk of changes in value.

This change in the accounting policies has been applied retrospectively.

As a result, "Net cash flows provided by (used in) investing activities" decreased by ¥19,575 million (US\$184 million), "Effect of exchange rate changes on cash and cash equivalents" increased by ¥68 million (US\$0 million), "Net increase (decrease) in cash and cash equivalents" decreased by ¥19,507 million (US\$183 million), "Cash and cash equivalents at the beginning of the year" decreased by ¥3,355 million (US\$31 million), and "Cash and cash equivalents at the end of the year" decreased by ¥22,863 million (US\$215 million) in the consolidated statement of cash flows for the fiscal year ended March 31, 2018.

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

(15) Policy Reserve

Policy reserves of the consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in a) and b) below. 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.

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

Policy reserves of consolidated overseas subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

(16) Policy Acquisition Costs

The costs of acquiring and renewing policies, which include agent commissions and certain other costs directly related to the acquisition of policies, are expensed when incurred as the Insurance Business Act in Japan does not permit insurance companies to defer and amortize these costs.

(17) Changes in Accounting Policies - Revenue from contracts with customers

Effective the fiscal year ended March 31, 2019, certain consolidated overseas subsidiaries adopted Accounting Standards Update ("ASU") No. 2014-09 - Revenue from Contracts with Customers (Topic 606) issued by the Financial Accounting Standards Board ("FASB").

Under the new guidance principle, entities are required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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, 2019.

As a result, retained earnings decreased by ¥10,612 million (US\$99 million) at the beginning of the fiscal year ended March 31, 2019. There was no significant impact on the figures in the consolidated statement of earnings for the fiscal year ended March 31, 2019.

The impact on the figures in per share information is described XX. PER SHARE INFORMATION.

(18) Changes in Accounting Policies - Recognition and measurement of financial assets and financial liabilities

Effective the fiscal year ended March 31, 2019, certain consolidated overseas subsidiaries adopted ASU No. 2016-01 - Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities issued by the FASB.

The update requires that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) be measured at fair value with changes in fair value recognized in net income.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to both retained earnings and accumulated other comprehensive income was recorded at the beginning of the fiscal year ended March 31, 2019.

As a result, retained earnings increased by ¥1,192 million (US\$11 million) and net unrealized gains (losses) on securities, net of tax decreased by ¥1,192 million (US\$11 million) at the beginning of the fiscal year ended March 31, 2019. There was no significant impact on the figures in the consolidated statement of earnings for the fiscal year ended March 31, 2019.

There was no significant impact on the figures in per share information.

(19) Accounting Standard and Guidance Not Yet Adopted

Financial Services - Insurance (Topic 944) (US GAAP, ASU No. 2018-12 issued on August 15, 2018)

a) 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, 2020 (early adoption is permitted).

b) 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.

c) Impact of applying the standard and guidance

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

(Additional information)

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.

a) 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 managerial level 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.

b) 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.

c) 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, 2018 and 2019 were ¥6,455 million and ¥6,291 million (US\$56 million), respectively. 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, 2018 and 2019 were 4,270 thousand shares and 4,161 thousand shares, and the average number of stocks within the trust for the fiscal years ended March 31, 2018 and 2019 were 4,294 thousand shares and 4,203 thousand shares, respectively. 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.

III. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and deposits pledged as collateral were as follows:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Securities	657,654	207,081	1,865
Deposits	5,925	14,947	134
Others	–	299	2
Total	663,579	222,328	2,003

The amounts of secured liabilities were as follows:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Payables under repurchase agreements	–	81,426	733
Cash collateral for securities lending transactions	299,045	19,473	175
Others	–	21	0
Total	299,045	100,920	909

The amount of "Securities" pledged as collateral under repurchase agreements and for securities lending transactions with cash collateral as of March 31, 2018 and 2019 were ¥251,489 million and ¥99,252 million (US\$894 million), respectively.

2. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2018 and 2019 were ¥1,749,161 million and ¥2,307,472 million (US\$20,789 million), respectively.

3. 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:

Years ended March 31, 2018 and 2019

- i) individual life insurance and annuities,
 - ii) non-participating single premium whole life insurance (without duty of medical disclosure),
 - iii) financial insurance and annuities, and
 - iv) group annuities,
- with the exception of certain types.

The sub-groups of insurance products of DFLI are:

Years ended March 31, 2018 and 2019

- i) individual life insurance and annuities(yen-denominated),
 - ii) individual life insurance and annuities(U.S. dollar-denominated),
 - iii) individual life insurance and annuities(Australian dollar-denominated), and
 - iv) individual life insurance and annuities(New Zealand dollar-denominated),
- with the exception of certain types and contracts.

(Additional information)

Effective the fiscal year ended March 31, 2019, DFLI integrated the sub-groups of individual life insurance and annuities (yen-denominated, short-term) and individual life insurance and annuities (yen-denominated, long-term) into individual life insurance and annuities (yen-denominated). This integration has been conducted for the purpose of carrying out appropriate duration control in terms of efficient ALM, following the shortened policy reserve duration, in accordance with the sales discontinuation of the products categorized as individual life insurance and annuities (yen-denominated, short-term). There was no impact on the figures in the consolidated statement of earnings.

4. 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:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Stocks	107,197	202,679	1,826
Capital	62,952	66,475	598
Total	170,149	269,155	2,425

5. Problem Loans

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:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	115	88	0
Delinquent loans (*2)	2,537	3,953	35
Loans past due for three months or more (*3)	–	–	–
Restructured loans (*4)	52	193	1
Total	2,704	4,235	38

(*1) 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 4 of the Order for Enforcement of the Corporation Tax Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

(*2) 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.

(*3) 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.

(*4) 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, decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	3	2	0
Delinquent loans	3	–	–

6. Commitment Line

As of March 31, 2018 and 2019, there were unused commitment line agreements under which the Company and its consolidated subsidiaries were the lenders of ¥110,263 million and ¥139,433 million (US\$1,256 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2018 and 2019 were ¥625,682 million and ¥614,786 million (US\$5,539 million), respectively.

8. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2018 and 2019 were ¥3,260,643 million and ¥3,044,451 million (US\$27,429 million), respectively. Separate account liabilities were the same amount as the separate account assets.

9. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year	385,884	398,650	3,591
Dividends paid during the year	(90,542)	(96,237)	(867)
Interest accrual during the year	8,308	8,265	74
Provision for reserve for policyholder dividends	95,000	87,500	788
Balance at the end of the year	398,650	398,178	3,587

10. 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, 2018 and 2019 were ¥56,369 million and ¥56,111 million (US\$505 million), respectively. These obligations will be recognized as operating expenses for the years in which they are paid.

11. Revaluation of Land

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

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3, Paragraph 3 of the Act on Revaluation of Land:

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

12. Bonds Payable

As of March 31, 2018 and 2019, bonds payable included foreign currency-denominated subordinated bonds of ¥551,872 million and ¥647,888 million (US\$5,837 million), respectively, whose repayment is subordinated to other obligations.

Details of bonds payable were as follows:

Issuer	Description	Issuance date	Balance as of April 1, 2018	Balance as of March 31, 2019	Interest rate (%)	Collateral	Maturity date
(Unit: million yen)							
The Company	1st series perpetual subordinated bond	March 19, 2019	–	85,000	1.22	None	Perpetual
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	From March 15, 2011 To July 20, 2016	476,277 [4,800 mil US\$]	476,277 [4,800 mil US\$]	From 4.00 to 7.25	None	Perpetual
(*1)	Foreign currency (US dollar) denominated bonds (Note: 3)	From August 15, 1994 to August 23, 2018	417,065 [3,690 mil US\$]	414,363 [3,733 mil US\$]	From 4.30 to 8.45	None	From October 15, 2019 to July 15, 2052
(*2)	Foreign currency (US dollar) denominated subordinated bonds	From August 10, 2017 to May 1, 2018	55,967 [495 mil US\$]	67,202 [605 mil US\$]	From 3.55 to 5.35	None	From May 1, 2038 to August 10, 2052
TDLA	Foreign currency (Australian dollar) denominated subordinated bonds	March 31, 2017	19,627 [240 mil AUD]	19,409 [246 mil AUD]	6.00	None	March 31, 2027
Total	–	–	968,938	1,062,252	–	–	–

Note: 1. The above (*1) represents the total of bonds issued by the following consolidated overseas subsidiaries: PLC, Golden Gate II Captive Insurance Company, Golden Gate V Vermont Captive Insurance Company, MONY Life Insurance Company and Golden Gate Captive Insurance Company.

The above (*2) represents the total of bonds issued by the following consolidated overseas subsidiaries: PLC and Protective Life Insurance company.

2. Figures in [] are the amounts denominated in foreign currency.

3. Foreign currency (US dollar) denominated bonds of ¥46,228 million yen (US\$416 million) are due in one year or less.

4. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2019

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
(Unit: million yen)					
Bonds payable	44,400	–	–	–	–
(Unit: million US dollars)					
Bonds payable	400	–	–	–	–

13. Subordinated Debt and Other Liabilities

As of March 31, 2018 and 2019, other liabilities included subordinated debt of ¥283,000 million and ¥283,000 million (US\$2,549 million), respectively, whose repayment is subordinated to other obligations.

Details of borrowings and lease obligations were as follows:

Category	Balance as of	Balance as of	Average	Maturity	Balance as of	Balance as of
	April 1, 2018	March 31, 2019	interest rate (%)		April 1, 2018	March 31, 2019
	(Unit: million yen)				(Unit: million US dollars)	
Current portions of lease obligations	1,571	988	–	–	14	8
Long-term borrowings (excluding current portion)	751,251	618,721	0.9	September 2021~ perpetual January 2020 ~ December 2023	7,071	5,574
Lease obligations (excluding current portion)	2,837	1,629	–	–	26	14
Other interest-bearing liabilities						
Payables under repurchase agreements (current portion)	–	81,426	1.3	–	–	733
Total	755,660	702,766	–	–	7,112	6,331

Note: 1. Those borrowings, lease obligations and payables under repurchase agreements above are included in the "other liabilities" on the consolidated balance sheet.
2. The average interest rate represents the weighted-average rate applicable to the balance as of March 31, 2019. As for lease obligations, the average interest rate of is not presented above because interests of certain lease obligations are included in the total amount of lease payments.
3. The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2019:

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
		(Unit: million yen)		
Long-term borrowings	–	321,907	6,907	6,907
Lease obligations	854	634	123	16
	(Unit: million US dollars)			
Long-term borrowings	–	2,900	62	62
Lease obligations	7	5	1	0

14. 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, 2018 and 2019, the market value of the securities which were not sold or pledged as collateral was ¥129,588 million and ¥143,197 million (US\$1,290 million), respectively. None of the securities were pledged as collateral as of March 31, 2018 and 2019, respectively.

15. Organizational Change Surplus

As of March 31, 2018 and 2019, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,061 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the fiscal years ended March 31, 2018 and 2019 were as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	282,630	311,924	2,810
Sales management expenses	95,253	96,739	871
General management expenses	283,227	294,909	2,657

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2018 and 2019 were as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Land	421	2,065	18
Buildings	199	406	3
Other tangible fixed assets	30	3	0
Total	651	2,476	22

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2018 and 2019 were as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Land	327	253	2
Buildings	712	2,555	23
Leased assets	0	75	0
Other tangible fixed assets	205	119	1
Software	41	878	7
Other intangible fixed assets	–	153	1
Other assets	158	28	0
Total	1,446	4,064	36

4. 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 years ended March 31, 2018 and 2019 were as follows:

a) 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.

b) 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.

c) Breakdown of Impairment Losses

Impairment losses by asset group for the fiscal year ended March 31, 2018 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
(Unit: million yen)					
Real estate not in use	Chuo-ku, Tokyo and others	46	7,961	3,627	11,589

Impairment losses by asset group for the fiscal year ended March 31, 2019 were as follows:

Asset Group	Place	Number	Impairment Losses			Impairment Losses		
			Land	Buildings	Total	Land	Buildings	Total
(Unit: million yen)						(Unit: million US dollars)		
Real estate not in use	Niigata city, Niigata Prefecture and others	20	1,052	714	1,766	9	6	15

d) 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. Discount rates of 2.34% and 2.28% for the years ended March 31, 2018 and 2019, respectively, were 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.

V. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amount reclassified and tax effect amounts related to other comprehensive income were as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	488,128	(150,463)	(1,355)
Amount reclassified	(16,139)	(18,255)	(164)
Before tax adjustment	471,989	(168,719)	(1,520)
Tax effect	(136,914)	34,092	307
Net unrealized gains (losses) on securities, net of tax	335,075	(134,626)	(1,212)
Deferred hedge gains (losses)			
Amount incurred during the year	15,467	14,987	135
Amount reclassified	5,074	3,495	31
Amount adjusted for asset acquisition cost	1,158	235	2
Before tax adjustment	21,700	18,718	168
Tax effect	(6,121)	(5,266)	(47)
Deferred hedge gains (losses)	15,579	13,452	121
Reserve for land revaluation			
Amount incurred during the year	–	–	–
Amount reclassified	–	–	–
Before tax adjustment	–	–	–
Tax effect	(3)	–	–
Reserve for land revaluation	(3)	–	–
Foreign currency translation adjustments			
Amount incurred during the year	(28,541)	(21,674)	(195)
Amount reclassified	–	–	–
Before tax adjustment	(28,541)	(21,674)	(195)
Tax effect	–	–	–
Foreign currency translation adjustments	(28,541)	(21,674)	(195)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	12,621	(2,152)	(19)
Amount reclassified	3,250	(1,098)	(9)
Before tax adjustment	15,871	(3,250)	(29)
Tax effect	(4,583)	900	8
Remeasurements of defined benefit plans, net of tax	11,288	(2,350)	(21)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	(2,573)	(7,135)	(64)
Amount reclassified	(9,995)	(87)	(0)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(12,568)	(7,223)	(65)
Total other comprehensive income	320,828	(152,421)	(1,373)

VI. NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. For the Year Ended March 31, 2018

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2018			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock	1,198,023	–	–	1,198,023
Treasury stock ⁽¹⁾⁽²⁾⁽³⁾	22,873	10,602	245	33,230

⁽¹⁾ Treasury stock at the beginning and the end of the fiscal year ended March 31, 2018, includes 4,334 thousand shares and 4,270 thousand shares held by the trust fund through the J-ESOP, respectively.

⁽²⁾ The increase of 10,602 thousand shares of treasury stock was due to the repurchase of outstanding common stock.

⁽³⁾ The decrease of 245 thousand shares of treasury stock represents the sum of (1) 181 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 64 thousand shares granted to eligible employees at retirement by the J-ESOP.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2018 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,348

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2018

Date of resolution	June 26, 2017 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥50,531 million
Dividends per share	¥43
Record date	March 31, 2017
Effective date	June 27, 2017
Dividend resource	Retained earnings

^(*) Total dividends did not include ¥186 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

b) Dividends, the record date of which was March 31, 2018, to be paid out in the year ending March 31, 2019

Date of resolution	June 25, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥58,239 million
Dividends per share	¥50
Record date	March 31, 2018
Effective date	June 26, 2018
Dividend resource	Retained earnings

^(*) Total dividends did not include ¥213 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

2. For the Year Ended March 31, 2019

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2019			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock ⁽¹⁾	1,198,023	185	–	1,198,208
Treasury stock ⁽²⁾⁽³⁾⁽⁴⁾	33,230	19,678	258	52,650

⁽¹⁾ The increase of 185 thousand shares of outstanding common stock was due to the issuance of new shares under stock remuneration scheme.

⁽²⁾ Treasury stock at the beginning and the end of the fiscal year ended March 31, 2019, includes 4,270 thousand shares and 4,161 thousand shares held by the trust fund through the J-ESOP, respectively.

⁽³⁾ The increase of 19,678 thousand shares of treasury stock was due to the repurchase of outstanding common stock.

⁽⁴⁾ The decrease of 258 thousand shares of treasury stock represents the sum of (1) 150 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 108 thousand shares granted to eligible employees at retirement by the J-ESOP.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2019 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,162 (US\$10 million)

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2019

Date of resolution	June 25, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥58,239 million (US\$524 million)
Dividends per share	¥50 (US\$0.45)
Record date	March 31, 2018
Effective date	June 26, 2018
Dividend resource	Retained earnings

^(*) Total dividends did not include ¥213 million (US\$1 million) of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

b) Dividends, the record date of which was March 31, 2019, to be paid out in the year ending March 31, 2020

Date of resolution	June 21, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends ^(*)	¥66,442 million (US\$598 million)
Dividends per share	¥58 (US\$0.52)
Record date	March 31, 2019
Effective date	June 24, 2019
Dividend resource	Retained earnings

^(*) Total dividends did not include ¥241 million (US\$2 million) of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

1. Reconciliations of Cash and Cash Equivalents to Consolidated Balance Sheet Accounts

Details of reconciliations of cash and cash equivalents to consolidated balance sheet accounts were as follows:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Cash and deposits	891,285	920,177	8,290
Call loans	164,600	335,500	3,022
Term deposits exceeding three months and others	(22,863)	(18,600)	(167)
Cash and cash equivalents	1,033,022	1,237,077	11,145

^(*) As described in the "Changes in Accounting Policies", the Company has changed scope of cash and cash equivalents in the consolidated statement of cash flows, effective the fiscal year ended March 31, 2019. This change in the accounting policies has been applied retrospectively.

2. Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

Associated with the consolidation of Asteron Life & Superannuation Limited as a result of the acquisition of share, the breakdown of the assets and liabilities of Asteron Life & Superannuation Limited at the beginning of the consolidation, and the reconciliation of the acquisition price with net cash flow for the acquisition were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Assets	336,163	3,028
Cash and cash deposits included in the above assets	19,994	180
Liabilities	(282,609)	(2,546)
Policy reserves and others included in the above liabilities	(272,674)	(2,456)
Acquisition price of shares of Asteron Life & Superannuation Limited	53,553	482
Accounts payables included in acquisition price	(3,224)	(29)
Cash and cash equivalents held by Asteron Life & Superannuation Limited	(19,994)	(180)
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	30,334	273

3. Breakdown of Increased Assets and Liabilities as a Result of the Acquisition of business

Associated with the acquired in-force blocks of individual insurance and annuities under a reinsurance agreement from Liberty Life Assurance Company of Boston to PLC, a consolidated subsidiary of the Company, the breakdown of the increased assets and liabilities and the reconciliation of the proceeds from acquisition of business were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Assets	1,518,917	13,685
Cash and cash deposits included in the above assets	4,268	38
Liabilities	(1,518,917)	(13,685)
Policy reserves and others included in the above liabilities	(1,511,029)	(13,614)
Cash and cash equivalents included in acquired assets	4,268	38
Proceeds from acquisition of business	4,268	38

VIII. LEASE TRANSACTIONS

1. Finance Leases (As Lessee)

For the fiscal years ended March 31, 2018 and 2019, information regarding finance leases (as lessee) is omitted due to the importance on the consolidated financial statements.

2. Operating Leases

Future minimum lease payments under non-cancellable operating leases as of March 31, 2018 and 2019 were as follows:

(As Lessee)

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	12,413	2,534	22
Due after one year	16,707	12,844	115
Total	29,121	15,378	138

(As Lessor)

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	293	312	2
Due after one year	3,845	3,767	33
Total	4,138	4,079	36

IX. FINANCIAL INSTRUMENTS AND OTHERS

1. Financial Instruments

(1) Policies in Utilizing Financial Instrument

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.

(2) 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 a) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, b) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and c) 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 a) 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 b) 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.

(3) 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.

a) 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.

i) 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.

ii) 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.

iii) 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.

iv) 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.

b) 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.

(4) 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. Also, for the contract value regarding derivative transactions described in "2. Fair Value of Financial Instruments", the "Notional amount/contract value" itself does not indicate market risk related to derivative transactions.

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, 2018 and 2019 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, 2018		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits	891,285	891,285	–
(2) Call loans	164,600	164,600	–
(3) Monetary claims bought	195,133	195,133	–
(4) Money held in trust	523,828	523,828	–
(5) Securities			
a. Trading securities	5,103,308	5,103,308	–
b. Held-to-maturity bonds	355,877	366,225	10,348
c. Policy-reserve-matching bonds	15,654,655	18,521,357	2,866,701
d. Stocks of subsidiaries and affiliated companies	815	815	–
e. Available-for-sale securities	23,116,985	23,116,985	–
(6) Loans	3,487,682		
Reserves for possible loan losses ^(*)	(547)		
	3,487,134	3,600,132	112,997
Total assets	49,493,625	52,483,672	2,990,047
(1) Bonds payable	968,938	979,680	10,742
(2) Long-term borrowings	751,251	758,617	7,366
Total liabilities	1,720,189	1,738,298	18,109
Derivative transactions ^(*)			
a. Hedge accounting not applied	[46,347]	[46,347]	–
b. Hedge accounting applied	168,532	166,180	(2,351)
Total derivative transactions	122,184	119,832	(2,351)

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

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

	As of March 31, 2019					
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	920,177	920,177	–	8,290	8,290	–
(2) Call loans	335,500	335,500	–	3,022	3,022	–
(3) Monetary claims bought	199,193	199,193	–	1,794	1,794	–
(4) Money held in trust	559,474	559,474	–	5,040	5,040	–
(5) Securities						
a. Trading securities	4,964,194	4,964,194	–	44,726	44,726	–
b. Held-to-maturity bonds	353,977	347,854	(6,122)	3,189	3,134	(55)
c. Policy-reserve-matching bonds	16,826,256	20,082,306	3,256,049	151,601	180,937	29,336
d. Stocks of subsidiaries and affiliated companies	107,033	86,168	(20,864)	964	776	(187)
e. Available-for-sale securities	24,309,464	24,309,464	–	219,023	219,023	–
(6) Loans	3,353,268			30,212		
Reserves for possible loan losses ^(*)	(309)			(2)		
	3,352,958	3,435,204	82,246	30,209	30,950	741
Total assets	51,928,230	55,239,538	3,311,308	467,864	497,698	29,834
(1) Bonds payable	1,062,252	1,052,499	(9,753)	9,570	9,482	(87)
(2) Payables under repurchase agreements	81,426	81,426	–	733	733	–
(3) Long-term borrowings	618,721	620,130	1,408	5,574	5,587	12
Total liabilities	1,762,400	1,754,055	(8,344)	15,878	15,803	(75)
Derivative transactions ^(*)						
a. Hedge accounting not applied	[43,729]	[43,729]	–	[393]	[393]	–
b. Hedge accounting applied	11,119	8,619	(2,500)	100	77	(22)
Total derivative transactions	[32,609]	[35,110]	(2,500)	[293]	[316]	(22)

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

^(*) Credits/debits 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

(1) 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.

(2) Call loans

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

(3) Monetary claims bought

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

(4) 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.

For details on derivative transactions of money held in trust, please refer to XII. DERIVATIVE TRANSACTIONS.

(5) 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 X. SECURITIES.

(6) 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.

Liabilities

(1) Bonds payable

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

(2) 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.

(3) 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 borrowing. 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 Instruments

For details on derivative transactions, please refer to XII. DERIVATIVE TRANSACTIONS.

Note 2: Financial instruments whose fair value is extremely difficult to recognize are as follows and are not included in the fair value of (5) Securities in Note 1

	As of March 31,		
	2018	2019	2019
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks ^(*) (⁽²⁾)	77,088	80,840	728
2. Unlisted foreign stocks ^(*) (⁽²⁾)	64,022	64,622	582
3. Other foreign securities ^(*) (⁽²⁾)	448,852	254,205	2,290
4. Other securities ^(*) (⁽²⁾)	95,350	104,437	940
Total	685,315	504,105	4,541

^(*) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of fair value.
⁽²⁾ For the fiscal years ended March 31, 2018 and 2019, impairment charges of ¥375 million and ¥836 million (US\$7 million), respectively, were recorded.

Note 3: Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2018

	Due in 1 year	Due after 1 year	Due after 5 years	Due after
	or less	through 5 years	through 10 years	10 years
	(Unit: million yen)			
Cash and deposits	889,905	1,384	–	–
Call loans	164,600	–	–	–
Monetary claims bought	6,000	3,025	–	179,789
Securities:				
Held-to-maturity bonds (bonds)	–	–	48,100	2,000
Held-to-maturity bonds (foreign securities)	–	–	100	297,642
Policy-reserve-matching bonds (bonds)	88,570	205,551	1,163,763	11,293,547
Policy-reserve-matching bonds (foreign securities)	26,616	235,355	2,156,388	348,441
Available-for-sale securities with maturities (bonds)	239,849	720,017	989,604	1,336,592
Available-for-sale securities with maturities (foreign securities)	414,887	2,290,618	3,530,330	5,984,501
Available-for-sale securities with maturities (other securities)	46,033	91,800	240,516	21,370
Loans ^(*)	391,390	912,873	964,541	642,471

^(*) 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, amounted to ¥86 million were not included. Also, ¥553,011 million of loans without maturities were not included.

As of March 31, 2019

	Due in 1 year	Due after 1 year	Due after 5 years	Due after
	or less	through 5 years	through 10 years	10 years
	(Unit: million yen)			
Cash and deposits	919,685	497	–	–
Call loans	335,500	–	–	–
Monetary claims bought	–	4,646	10,020	176,314
Securities:				
Held-to-maturity bonds (bonds)	–	50,600	500	5,200
Held-to-maturity bonds (foreign securities)	–	5,200	1,400	283,383
Policy-reserve-matching bonds (bonds)	44,900	374,228	1,334,269	11,124,247
Policy-reserve-matching bonds (foreign securities)	12,563	571,407	2,738,456	502,666
Available-for-sale securities with maturities (bonds)	247,665	598,341	1,067,472	1,218,501
Available-for-sale securities with maturities (foreign securities)	426,419	2,986,546	3,673,241	6,979,386
Available-for-sale securities with maturities (other securities)	21,565	194,339	290,248	44,109
Loans ^(*)	333,083	1,014,910	860,609	572,827

As of March 31, 2019

	Due in 1 year	Due after 1 year	Due after 5 years	Due after
	or less	through 5 years	through 10 years	10 years
	(Unit: million US dollars)			
Cash and deposits	8,286	4	–	–
Call loans	3,022	–	–	–
Monetary claims bought	–	41	90	1,588
Securities:				
Held-to-maturity bonds (bonds)	–	455	4	46
Held-to-maturity bonds (foreign securities)	–	46	12	2,553
Policy-reserve-matching bonds (bonds)	404	3,371	12,021	100,227
Policy-reserve-matching bonds (foreign securities)	113	5,148	24,672	4,528
Available-for-sale securities with maturities (bonds)	2,231	5,390	9,617	10,978
Available-for-sale securities with maturities (foreign securities)	3,841	26,908	33,095	62,883
Available-for-sale securities with maturities (other securities)	194	1,750	2,615	397
Loans ^(*)	3,001	9,144	7,753	5,161

^(*) 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, amounted to ¥86 million (US\$ 0 million) were not included. Also, ¥557,403 million (US\$5,022 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, 2018						
	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 ^(*)	16,950	45,200	–	–	–	406,806
Long term borrowings ^(*)	–	18,251	–	450,000	–	–

(*) ¥476,277 million of bonds payable without maturities were not included.
 (**) ¥283,000 million of long term borrowings without maturities were not included.

As of March 31, 2019						
	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 ^(*)	44,400	–	–	–	–	437,869
Payables under repurchase agreements	81,426	–	–	–	–	–
Long term borrowings ^(*)	–	–	321,907	6,907	6,907	–

As of March 31, 2019						
	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 US dollars)						
Bonds payable ^(*)	400	–	–	–	–	3,945
Payables under repurchase agreements	733	–	–	–	–	–
Long term borrowings ^(*)	–	–	2,900	62	62	–

(*) ¥561,277 million (US\$5,057 million) of bonds payable without maturities were not included.
 (**) ¥283,000 million (US\$2,549 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities	110,962	(345,897)	(3,116)

2. Held-to-maturity Bonds

As of March 31, 2018			
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Held-to-maturity securities with unrealized gains:			
(1) Bonds	48,230	52,090	3,860
a. Government bonds	46,316	50,160	3,844
b. Local government bonds	–	–	–
c. Corporate bonds	1,913	1,929	16
(2) Foreign securities	227,681	236,336	8,654
a. Foreign bonds	227,681	236,336	8,654
Subtotal	275,912	288,427	12,515
Held-to-maturity securities with unrealized losses:			
(1) Bonds	311	309	(1)
a. Government bonds	–	–	–
b. Local government bonds	–	–	–
c. Corporate bonds	311	309	(1)
(2) Foreign securities	79,654	77,488	(2,165)
a. Foreign bonds	79,654	77,488	(2,165)
Subtotal	79,965	77,798	(2,166)
Total	355,877	366,225	10,348

As of March 31, 2019						
	Carrying amount	Fair value	Unrealized gains (losses)	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Held-to-maturity securities with unrealized gains:						
(1) Bonds	54,447	57,899	3,451	490	521	31
a. Government bonds	46,617	49,940	3,322	420	449	29
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	7,829	7,958	128	70	71	1
(2) Foreign securities	4,711	4,733	21	42	42	0
a. Foreign bonds	4,711	4,733	21	42	42	0
Subtotal	59,159	62,632	3,472	533	564	31
Held-to-maturity securities with unrealized losses:						
(1) Bonds	600	599	(0)	5	5	(0)
a. Government bonds	–	–	–	–	–	–
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	600	599	(0)	5	5	(0)
(2) Foreign securities	294,217	284,623	(9,594)	2,650	2,564	(86)
a. Foreign bonds	294,217	284,623	(9,594)	2,650	2,564	(86)
Subtotal	294,817	285,222	(9,595)	2,656	2,569	(86)
Total	353,977	347,854	(6,122)	3,189	3,134	(55)

3. Policy-reserve-matching Bonds

As of March 31, 2018			
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,428,346	15,249,007	2,820,661
a. Government bonds	11,674,895	14,430,474	2,755,578
b. Local government bonds	98,910	113,682	14,772
c. Corporate bonds	654,540	704,851	50,310
(2) Foreign Securities	2,077,420	2,153,077	75,657
a. Foreign bonds	2,077,420	2,153,077	75,657
Subtotal	14,505,766	17,402,084	2,896,318
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	369,057	357,009	(12,047)
a. Government bonds	222,917	213,374	(9,543)
b. Local government bonds	325	321	(3)
c. Corporate bonds	145,815	143,314	(2,500)
(2) Foreign Securities	779,831	762,262	(17,569)
a. Foreign bonds	779,831	762,262	(17,569)
Subtotal	1,148,889	1,119,272	(29,616)
Total	15,654,655	18,521,357	2,866,701

As of March 31, 2019						
	Carrying amount	Fair value	Unrealized gains (losses)	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Policy-reserve-matching bonds with unrealized gains:						
(1) Bonds	12,868,843	15,915,549	3,046,706	115,945	143,396	27,450
a. Government bonds	11,748,006	14,704,261	2,956,255	105,847	132,482	26,635
b. Local government bonds	124,631	142,896	18,265	1,122	1,287	164
c. Corporate bonds	996,205	1,068,391	72,185	8,975	9,626	650
(2) Foreign securities	3,634,988	3,852,476	217,487	32,750	34,710	1,959
a. Foreign bonds	3,634,988	3,852,476	217,487	32,750	34,710	1,959
Subtotal	16,503,832	19,768,026	3,264,193	148,696	178,106	29,409
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	47,379	46,983	(396)	426	423	(3)
a. Government bonds	—	—	—	—	—	—
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	47,379	46,983	(396)	426	423	(3)
(2) Foreign securities	275,044	267,296	(7,748)	2,478	2,408	(69)
a. Foreign bonds	275,044	267,296	(7,748)	2,478	2,408	(69)
Subtotal	322,424	314,279	(8,144)	2,904	2,831	(73)
Total	16,826,256	20,082,306	3,256,049	151,601	180,937	29,336

4. Available-for-sale Securities

As of March 31, 2018			
	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)		
Available-for-sale securities with unrealized gains:			
(1) Bonds	3,956,530	3,457,686	498,843
a. Government bonds	2,504,525	2,074,108	430,416
b. Local government bonds	27,044	25,338	1,706
c. Corporate bonds	1,424,960	1,358,239	66,720
(2) Domestic stocks	3,486,754	1,440,923	2,045,830
(3) Foreign securities	8,282,554	7,527,570	754,984
a. Foreign bonds	7,511,539	6,920,204	591,334
b. Other foreign securities	771,015	607,365	163,649
(4) Other securities	693,011	652,540	40,471
Subtotal	16,418,850	13,078,720	3,340,129
Available-for-sale securities with unrealized losses:			
(1) Bonds	324,112	333,599	(9,487)
a. Government bonds	377	431	(53)
b. Local government bonds	4,645	4,794	(148)
c. Corporate bonds	319,089	328,373	(9,284)
(2) Domestic stocks	167,505	197,398	(29,892)
(3) Foreign securities	6,251,956	6,481,700	(229,744)
a. Foreign bonds	5,778,549	5,986,462	(207,912)
b. Other foreign securities	473,406	495,238	(21,831)
(4) Other securities	199,689	203,853	(4,163)
Subtotal	6,943,264	7,216,551	(273,287)
Total	23,362,114	20,295,272	3,066,842

Note: Other securities include (1) certificates of deposit and (2) 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 ¥50,000 million and ¥49,995 million, respectively, as of March 31, 2018. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥188,874 million and ¥195,133 million, respectively, as of March 31, 2018.

As of March 31, 2019						
	Carrying amount	Acquisition cost	Unrealized gains (losses)	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Available-for-sale securities with unrealized gains:						
(1) Bonds	4,061,211	3,538,516	522,695	36,590	31,881	4,709
a. Government bonds	2,403,662	1,952,069	451,593	21,656	17,587	4,068
b. Local government bonds	26,872	25,372	1,499	242	228	13
c. Corporate bonds	1,630,676	1,561,074	69,602	14,692	14,064	627
(2) Domestic stocks	3,054,170	1,211,519	1,842,650	27,517	10,915	16,601
(3) Foreign securities	9,691,820	8,868,839	822,981	87,321	79,906	7,414
a. Foreign bonds	9,013,318	8,345,230	668,088	81,208	75,189	6,019
b. Other foreign securities	678,502	523,609	154,892	6,113	4,717	1,395
(4) Other securities	784,223	734,314	49,909	7,065	6,616	449
Subtotal	17,591,426	14,353,190	3,238,236	158,495	129,319	29,175
Available-for-sale securities with unrealized losses:						
(1) Bonds	92,825	94,165	(1,340)	836	848	(12)
a. Government bonds	2,330	2,362	(31)	20	21	(0)
b. Local government bonds	1,864	1,898	(34)	16	17	(0)
c. Corporate bonds	88,629	89,904	(1,275)	798	810	(11)
(2) Domestic stocks	295,933	347,146	(51,212)	2,666	3,127	(461)
(3) Foreign securities	6,419,337	6,799,705	(380,368)	57,837	61,264	(3,427)
a. Foreign bonds	6,024,457	6,385,569	(361,111)	54,279	57,532	(3,253)
b. Other foreign securities	394,879	414,136	(19,256)	3,557	3,731	(173)
(4) Other securities	179,130	181,742	(2,612)	1,613	1,637	(23)
Subtotal	6,987,226	7,422,759	(435,533)	62,953	66,877	(3,924)
Total	24,578,652	21,775,949	2,802,703	221,449	196,197	25,251

Note: Other securities include (1) certificates of deposit and (2) 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 ¥70,000 million (US\$630 million) and ¥69,995 million (US\$630 million), respectively, as of March 31, 2019. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥191,055 million (US\$1,721 million) and ¥199,193 million (US\$1,794 million), respectively, as of March 31, 2019.

5. Held-to-maturity Bonds Sold

The Company and its consolidated subsidiaries sold no held-to-maturity bonds during the fiscal years ended March 31, 2018 and 2019.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal years ended March 31, 2018 and 2019 were as follows:

Year ended March 31, 2018						
	Amounts sold	Realized gains	Realized losses			
(Unit: million yen)						
(1) Bonds	854,871	133,078	–			
a. Government bonds	786,968	129,924	–			
b. Local government bonds	–	–	–			
c. Corporate bonds	67,903	3,153	–			
(2) Foreign securities	86,579	2,224	1,193			
a. Foreign bonds	86,579	2,224	1,193			
b. Other foreign securities	–	–	–			
Total	941,451	135,302	1,193			

Year ended March 31, 2019						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds	848,310	126,480	3,844	7,643	1,139	34
a. Government bonds	835,742	126,062	3,844	7,529	1,135	34
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	12,568	417	–	113	3	–
(2) Foreign securities	51,127	292	1,349	460	2	12
a. Foreign bonds	51,127	292	1,349	460	2	12
b. Other foreign securities	–	–	–	–	–	–
Total	899,438	126,773	5,194	8,103	1,142	46

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal years ended March 31, 2018 and 2019 were as follows:

Year ended March 31, 2018			
	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			
(1) Bonds	233,465	3,542	4,857
a. Government bonds	43,362	2,766	41
b. Local government bonds	3,386	–	145
c. Corporate bonds	186,716	776	4,670
(2) Domestic stocks	163,978	43,140	5,203
(3) Foreign securities	4,423,122	46,198	101,671
a. Foreign bonds	4,020,781	13,751	91,082
b. Other foreign securities	402,340	32,446	10,589
(4) Other securities	121,062	8,519	3,017
Total	4,941,628	101,399	114,750

Year ended March 31, 2019						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds	255,444	4,067	4,817	2,301	36	43
a. Government bonds	44,927	2,378	–	404	21	–
b. Local government bonds	2,751	13	–	24	0	–
c. Corporate bonds	207,765	1,675	4,817	1,871	15	43
(2) Domestic Stocks	197,606	66,489	6,127	1,780	599	55
(3) Foreign securities	4,399,564	78,531	122,319	39,639	707	1,102
a. Foreign bonds	3,831,640	30,190	104,102	34,522	272	937
b. Other foreign securities	567,924	48,340	18,217	5,116	435	164
(4) Other securities	125,523	3,359	3,303	1,130	30	29
Total	4,978,139	152,447	136,567	44,852	1,373	1,230

8. Securities Written Down

The Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with fair values (1) when the fair value of such securities declines by 50%, or more, of its purchase cost or (2) 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 amounts written down from the balance of available-for-sale securities with fair value for the fiscal years ended March 31, 2018 and 2019 were ¥4,333 million and ¥10,314 million (US\$92 million), respectively.

XI. MONEY HELD IN TRUST

1. Money Held in Trust for Trading

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	523,828	559,474	5,040
Gains (losses) on valuation of money held in trust	(9,234)	(1,376)	(12)

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

As of March 31, 2018				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Currency futures:				
Sold	28,969	–	(235)	(235)
Euro / U.S. dollar	11,619	–	(149)	(149)
British pound / U.S. dollar	9,799	–	(81)	(81)
Yen / U.S. dollar	7,549	–	(4)	(4)
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	2,927,206	–	24,127	24,127
U.S. dollar	1,361,519	–	2,359	2,359
Euro	823,408	–	9,839	9,839
Australian dollar	380,165	–	10,185	10,185
Canadian dollar	95,171	–	731	731
British pound	69,310	–	(37)	(37)
Others	197,630	–	1,049	1,049
Bought	2,453,761	–	(28,940)	(28,940)
U.S. dollar	1,159,510	–	(7,469)	(7,469)
Euro	826,836	–	(17,325)	(17,325)
Australian dollar	212,084	–	(3,175)	(3,175)
Canadian dollar	58,128	–	(291)	(291)
British pound	15,169	–	18	18
Others	182,033	–	(696)	(696)
Currency swaps:				
Receipts foreign currency, payments yen				
Australian dollar	275,026	275,026	(3,886)	(3,886)
Receipts foreign currency, payments foreign currency				
Australian dollar / U.S. dollar	43,359	43,359	(2)	(2)
Australian dollar / Euro	30,703	30,703	24	24
Australian dollar / Euro	12,656	12,656	(27)	(27)
Currency options:				
Sold:				
Put	251,112			
U.S. dollar	[11,351]	–	9,466	1,885
U.S. dollar	251,112			
U.S. dollar	[11,351]	–	9,466	1,885
Bought:				
Call	10,076			
U.S. dollar	[–]	–	–	–
U.S. dollar	10,076			
U.S. dollar	[–]	–	–	–
Put	719,375			
U.S. dollar	[14,112]	–	16,130	2,017
U.S. dollar	708,956			
British pound	[14,059]	–	16,130	2,070
British pound	10,418			
British pound	[53]	–	–	(53)
Total return swaps:				
Foreign currency index linked	174,102	174,102	(8,828)	(8,828)
Total	–	–	–	(13,862)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(3) Fair value of currency swaps is calculated by discounting expected cash flows.
(4) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2018.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2019

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)								
(Unit: million US dollars)								
Exchange-traded transactions:								
Currency futures:								
Sold	22,504	–	(240)	(240)	202	–	(2)	(2)
Euro / U.S. dollar	10,771	–	(52)	(52)	97	–	(0)	(0)
British pound / U.S. dollar	6,982	–	(27)	(27)	62	–	(0)	(0)
Yen / U.S. dollar	4,751	–	(160)	(160)	42	–	(1)	(1)
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	1,925,843	–	(1,557)	(1,557)	17,351	–	(14)	(14)
U.S. dollar	824,731	–	(5,038)	(5,038)	7,430	–	(45)	(45)
Euro	500,062	–	2,817	2,817	4,505	–	25	25
Australian dollar	208,363	–	430	430	1,877	–	3	3
British pound	65,322	–	(63)	(63)	588	–	(0)	(0)
Canadian dollar	31,166	–	63	63	280	–	0	0
Others	296,197	–	232	232	2,668	–	2	2
Bought	1,032,625	–	(1,146)	(1,146)	9,303	–	(10)	(10)
U.S. dollar	522,771	–	2,388	2,388	4,710	–	21	21
Euro	250,824	–	(3,400)	(3,400)	2,259	–	(30)	(30)
Australian dollar	14,002	–	(62)	(62)	126	–	(0)	(0)
Canadian dollar	3,697	–	(1)	(1)	33	–	(0)	(0)
British pound	2,473	–	(42)	(42)	22	–	(0)	(0)
Others	238,855	–	(28)	(28)	2,152	–	(0)	(0)
Currency swaps:								
Receipts foreign currency, payments yen								
Australian dollar	311,926	311,926	(1,658)	(1,658)	2,810	2,810	(14)	(14)
U.S. dollar	310,926	310,926	(1,681)	(1,681)	2,801	2,801	(15)	(15)
U.S. dollar	1,000	1,000	22	22	9	9	0	0
Receipts foreign currency, payments foreign currency								
Australian dollar / U.S. dollar	43,665	43,665	(855)	(855)	393	393	(7)	(7)
Australian dollar / U.S. dollar	29,567	29,567	(851)	(851)	266	266	(7)	(7)
Australian dollar / Euro	14,097	14,097	(3)	(3)	127	127	(0)	(0)
Currency options:								
Sold:								
Put	100,900				909			
U.S. dollar	[2,914]	–	276	2,638	[26]	–	2	23
U.S. dollar	100,900				909			
U.S. dollar	[2,914]	–	276	2,638	[26]	–	2	23
Bought:								
Put	821,224				7,399			
U.S. dollar	[16,676]	–	4,348	(12,327)	[150]	–	39	(111)
U.S. dollar	779,801				7,025			
British pound	[16,223]	–	3,968	(12,255)	[146]	–	35	(110)
British pound	41,422				373			
British pound	[452]	–	379	(72)	[4]	–	3	(0)
Total return swaps:								
Foreign currency index linked	171,388	171,388	(11,284)	(11,284)	1,544	1,544	(101)	(101)
Total	–	–	–	(26,432)	–	–	–	(238)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
(3) Fair value of currency swaps is calculated by discounting expected cash flows.
(4) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2019.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for forward contracts and swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(2) Interest-related transactions

As of March 31, 2018				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Over-the-counter transactions:				
Yen interest rate swaps:				
Receipts fixed, payments floating	333,912	333,912	6,657	6,657
Receipts floating, payments fixed	61,000	34,000	(2)	(2)
Yen interest rate swaptions:				
Sold:				
Receipts fixed, payments floating	10,000 [19]	–	19	(0)
Receipts floating, payments fixed	10,000 [39]	–	0	38
Bought:				
Receipts floating, payments fixed	1,155,425 [13,630]	705,000 [4,579]	2,270	(11,359)
Total	–	–	–	(4,666)

Note: 1. (1) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year or the prices quoted from counterparty financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions or the prices quoted from counterparty financial institutions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2019

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)					(Unit: million US dollars)			
Over-the-counter transactions:								
Yen interest rate swaps:								
Receipts fixed, payments floating	282,054	257,357	2,730	2,730	2,541	2,318	24	24
Receipts floating, payments fixed	181,869	110,374	(2,399)	(2,399)	1,638	994	(21)	(21)
Yen interest rate swaptions:								
Bought:								
Receipts floating, payments fixed	1,430,000 [7,285]	1,270,000 [6,064]	761	(6,524)	12,884 [65]	11,442 [54]	6	(58)
Total	–	–	–	(6,193)	–	–	–	(55)

Note: 1. (1) Fair value of yen interest rate swaps listed above is present value of expected cash flows, discounted by the interest rates at the end of the year or the prices quoted from counterparty financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for swaps, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(3) Stock-related transactions

As of March 31, 2018

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Yen stock index futures:				
Sold	28,650	–	(675)	(675)
Bought	4,549	–	84	84
Foreign currency-denominated stock index futures:				
Sold	65,588	–	538	538
Bought	13,763	–	(228)	(228)
Yen stock index options:				
Bought:				
Put	161,575 [5,357]	4,081 [485]	4,036	(1,321)
Foreign currency-denominated stock index options:				
Sold:				
Call	295,687 [10,474]	–	23,961	(13,487)
Bought:				
Call	286,818 [15,147]	–	31,058	15,910
Put	121,723 [7,156]	35,107 [2,742]	6,189	(967)
Others:				
Bought:				
Call	17 [14]	17 [14]	22	8
Over-the-counter transactions:				
Yen stock index options:				
Bought:				
Put	8,615 [2,124]	8,615 [2,124]	807	(1,316)
Foreign currency-denominated stock index options:				
Sold:				
Call	56,060 [1,305]	148 [9]	2,910	(1,605)
Bought:				
Call	59,733 [2,466]	3,308 [158]	4,880	2,414
Put	62,584 [10,732]	46,509 [8,045]	3,491	(7,240)
Total return swaps:				
Foreign currency-denominated stock index linked	49,078	45,626	(20)	(20)
Total	–	–	–	(7,907)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options, foreign currency-denominated stock index options and Others
Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Total return swaps
Fair value is based on the prices quoted from counterparty financial institutions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2019								
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Exchange-traded transactions:								
Yen stock index futures:								
Sold	22,595	–	63	63	203	–	0	0
Bought	8,830	–	(218)	(218)	79	–	(1)	(1)
Foreign currency-denominated stock index futures:								
Sold	28,894	–	(793)	(793)	260	–	(7)	(7)
Bought	76,676	–	(3,390)	(3,390)	690	–	(30)	(30)
Yen stock index options:								
Bought:								
Put	154,009	394			1,387	3		
	[6,840]	[60]	2,072	(4,768)	[61]	[0]	18	(42)
Foreign currency-denominated stock index options:								
Sold:								
Call	287,979				2,594			
	[11,712]	–	2,322	9,390	[105]	–	20	84
Bought:								
Call	279,994				2,522			
	[15,972]	–	3,654	(12,318)	[143]	–	32	(110)
Put	117,129	22,493			1,055	202		
	[6,859]	[1,641]	7,823	963	[61]	[14]	70	8
Others:								
Bought:								
Call	17	–			0	–		
	[14]	–	15	1	[0]	–	0	0
Over-the-counter transactions:								
Yen stock index options:								
Bought:								
Put	8,463	5,295			76	47		
	[2,086]	[1,410]	1,011	(1,075)	[18]	[12]	9	(9)
Foreign currency-denominated stock index options:								
Sold:								
Call	178,492	–			1,608	–		
	[7,029]	–	1,471	5,557	[63]	–	13	50
Bought:								
Call	189,819	13,692			1,710	123		
	[10,990]	[623]	2,648	(8,342)	[99]	[5]	23	(75)
Put	83,579	54,099			753	487		
	[11,125]	[7,482]	9,022	(2,102)	[100]	[67]	81	(18)
Total return swaps:								
Foreign currency-denominated stock index linked								
	100,593	38,199	(2,118)	(2,118)	906	344	(19)	(19)
Total	–	–	–	(19,152)	–	–	–	(172)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options, foreign currency-denominated stock index options and Others Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.
(2) Total return swaps
Fair value is based on the prices quoted from counterparty financial institutions.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

(4) Bond-related transactions

As of March 31, 2018			
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen bond futures:			
Sold	33,812	39	39
Bought	55,351	(19)	(19)
Foreign currency-denominated bond futures:			
Sold	580,577	(5,911)	(5,911)
Bought	764,296	7,244	7,244
Foreign currency-denominated bond futures options:			
Bought			
Call	50,995		
	[351]	531	179
Put	50,995		
	[298]	39	(258)
Over-the-counter transactions:			
Foreign currency-denominated bond forward contracts			
Sold	80,181	(512)	(512)
Bought	108,853	277	277
Yen bond OTC options:			
Sold:			
Call	4,977		
	[29]	41	(12)
Put	92,197		
	[422]	274	147
Bought:			
Call	92,197		
	[269]	458	189
Put	4,977		
	[44]	36	(8)
Total	–	–	1,354

Note: 1. (1) Fair value of yen bond futures and foreign currency-denominated bond futures options are based on the closing exchange-traded prices.
(2) Fair value of foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.
(3) Fair value of foreign currency-denominated bond forward contracts is based on the price quoted by information vendors.
(4) Fair value of yen bond OTC options is based on the price calculated by the option pricing model.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2019						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
Exchange-traded transactions:						
Yen bond futures:						
Sold	48,974	(74)	(74)	441	(0)	(0)
Bought	48,573	169	169	437	1	1
Foreign currency-denominated bond futures:						
Sold	392,526	(6,308)	(6,308)	3,536	(56)	(56)
Bought	665,185	14,147	14,147	5,993	127	127
Over-the-counter transactions:						
Foreign currency-denominated bond forward contracts						
Sold	5,814	(51)	(51)	52	(0)	(0)
Bought	26,979	209	209	243	1	1
Yen bond OTC options:						
Sold:						
Call	40,490			364		
	[34]	58	(24)	[0]	0	(0)
Put	173,973			1,567		
	[252]	59	193	[2]	0	1
Bought:						
Call	173,973			1,567		
	[192]	519	326	[1]	4	2
Put	40,490			364		
	[43]	1	(41)	[0]	0	(0)
Total	—	—	8,545	—	—	76

Note: 1. (1) Fair value of yen bond futures is based on the closing exchange-traded prices.
(2) Fair value of foreign currency-denominated bond futures is based on the closing exchange-traded prices or the price presented by counterparty financial institutions.
(3) Fair value of foreign currency-denominated bond forward contracts is based on the price quoted by information vendors.
(4) Fair value of yen bond OTC options is based on the price calculated by the option pricing model.
2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.
3. Fair value for futures and forward contracts, and differences between the option premiums paid/received and fair value of the option, are shown in "Gains (losses)".
4. There were no transactions with maturity of more than one year in the table above.

(5) Others

a) Credit Default Swaps and Embedded Derivatives

As of March 31, 2018				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Over-the-counter transactions:				
Credit default swaps:				
Sold protection	63,562	60,562	1,257	1,257
Bought protection	1,000	1,000	22	22
Others:				
Embedded derivatives	1,603,514	1,603,514	(70,612)	(70,612)
Total	—	—	—	(69,331)

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products, which are classified as embedded derivatives by certain overseas subsidiaries under local accounting standards.
2. Fair value listed above is based on the present value of estimated future cash flows.
3. Fair value is shown in "Gains (losses)".

As of March 31, 2019								
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)				(Unit: million US dollars)			
Over-the-counter transactions:								
Credit default swaps:								
Sold protection	57,650	45,150	942	942	519	406	8	8
Bought protection	5,800	5,800	(130)	(130)	52	52	(1)	(1)
Others:								
Embedded derivatives	1,958,433	1,958,433	(57,453)	(57,453)	17,645	17,645	(517)	(517)
Total	—	—	—	(56,641)	—	—	—	(510)

Note: 1. Embedded derivatives are guaranteed minimum portion and others of variable annuity products, which are classified as embedded derivatives by certain overseas subsidiaries under local accounting standards.
2. Fair value listed above is based on the present value of estimated future cash flows.
3. Fair value is shown in "Gains (losses)".

b) DFLI utilizes derivative transactions within its money held in trust for trading purposes and foreign securities (investment trust). Details of the derivative transactions are as follows:

i) Currency-related transactions

As of March 31, 2018			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Currency futures:			
Sold	19,617	99	99
Euro / U.S. dollar	14,067	111	111
British pound / U.S. dollar	5,550	(11)	(11)
Bought	41,819	(42)	(42)
Yen / U.S. dollar	41,819	(42)	(42)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	81,151	325	325
U.S. dollar	51,449	127	127
Euro	18,683	177	177
British pound	4,734	(19)	(19)
Canadian dollar	1,760	13	13
Australian dollar	1,592	22	22
Others	2,930	4	4
Bought	1,729	(5)	(5)
U.S. dollar	1,597	(4)	(4)
Euro	131	(0)	(0)
Total	–	–	377

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2019						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Currency futures:						
Sold	21,886	55	55	197	0	0
Euro / U.S. dollar	15,656	64	64	141	0	0
British pound / U.S. dollar	6,230	(9)	(9)	56	(0)	(0)
Bought	47,993	113	113	432	1	1
Yen / U.S. dollar	47,993	113	113	432	1	1
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	82,648	281	281	744	2	2
U.S. dollar	53,995	24	24	486	0	0
Euro	18,300	217	217	164	1	1
British pound	4,366	21	21	39	0	0
Canadian dollar	1,624	2	2	14	0	0
Australian dollar	1,483	(2)	(2)	13	(0)	(0)
Others	2,877	18	18	25	0	0
Total	–	–	449	–	–	4

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices.
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

ii) Stock-related transactions

As of March 31, 2018			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	42,283	(617)	(617)
Foreign currency-denominated stock index futures:			
Sold	44,281	1,224	1,224
Total	–	–	606

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2019						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen stock index futures:						
Sold	47,251	446	446	425	4	4
Foreign currency-denominated stock index futures:						
Sold	46,291	(889)	(889)	417	(8)	(8)
Total	–	–	(443)	–	–	(3)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

iii) Bond-related transactions

As of March 31, 2018			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	54,284	6	6
Foreign currency-denominated bond futures:			
Sold	111,732	(1,082)	(1,082)
Total	–	–	(1,075)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2019						
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			(Unit: million US dollars)			
Exchange-traded transactions:						
Yen bond futures:						
Sold	53,457	(190)	(190)	481	(1)	(1)
Foreign currency-denominated bond futures:						
Sold	126,803	(1,961)	(1,961)	1,142	(17)	(17)
Total	–	–	(2,151)	–	–	(19)

Note: 1. Fair value listed above is based on the closing exchange-traded prices.
2. Fair value is shown in "Gains (losses)".
3. There were no transactions with maturity of more than one year in the table above.

2. Derivative Transactions (Hedge Accounting Applied)

(1) Currency-related transactions

As of March 31, 2018			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated stocks (forecasted transactions):			
Bought	9,654	—	(508)
U.S. dollar	7,384	—	(439)
Others	2,270	—	(68)
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments foreign			
currency	273,422	250,038	16,595
U.S. dollar	199,735	176,351	17,303
Euro	61,568	61,568	(1,226)
British pound	12,119	12,119	517
Currency swaps to hedge foreign currency risks associated with funding agreement:			
Receipts foreign currency, payments			
foreign currency	13,241	13,241	679
Norway krone / U.S. dollar	13,241	13,241	679
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	5,252,956	—	163,366
U.S. dollar	2,792,212	—	100,027
Euro	1,422,032	—	28,035
Australian dollar	360,649	—	15,883
British pound	132,251	—	2,504
Canadian dollar	112,785	—	7,260
Others	433,024	—	9,654
Bought	118,466	—	(2,217)
U.S. dollar	118,253	—	(2,214)
Euro	83	—	(1)
British pound	62	—	(0)
Others	67	—	(1)
Currency options:			
Sold			
Call	93,057	—	824
U.S. dollar	[1,686]	—	824
Bought	93,057	—	1,958
Put	[1,686]	—	1,958
U.S. dollar	93,057	—	1,958
Others	[1,686]	—	1,958
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:			
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:			
Sold	262,693	—	(*1)
Australian dollar	119,405	—	(*1)
U.S. dollar	32,904	—	(*1)
Others	110,383	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts foreign currency, payments yen			
Foreign currency-denominated bonds payable:			
U.S. dollar	476,277	476,277	(*2)
Receipts yen, payments foreign currency	38,081	38,081	(*2)
Foreign currency-denominated loans:			
U.S. dollar	32,116	32,116	(*2)
Euro	5,964	5,964	(*2)

Note: 1. (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
 (*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.
 (2) Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.
 (*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.
 (3) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.
 2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet.

As of March 31, 2019

	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)						
(Unit: million US dollars)						
Deferral hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated stocks (forecasted transactions):						
Bought	27,248	—	499	245	—	4
U.S. dollar	27,248	—	499	245	—	4
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments foreign						
currency	256,613	212,995	7,701	2,312	1,919	69
U.S. dollar	181,959	149,098	5,178	1,639	1,343	46
Euro	62,543	51,786	1,720	563	466	15
British pound	12,110	12,110	803	109	109	7
Currency swaps to hedge foreign currency risks associated with funding agreement:						
Receipts foreign currency, payments						
foreign currency	13,006	13,006	(100)	117	117	(0)
Norway krone / U.S. dollar	13,006	13,006	(100)	117	117	(0)
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	4,970,497	—	(12,710)	44,783	—	(114)
U.S. dollar	2,408,422	—	(34,423)	21,699	—	(310)
Euro	1,591,097	—	26,561	14,335	—	239
Australian dollar	341,336	—	(1,842)	3,075	—	(16)
British pound	141,192	—	(3,380)	1,272	—	(30)
Canadian dollar	62,405	—	(36)	562	—	(0)
Others	426,043	—	409	3,838	—	3
Bought	16,165	—	(59)	145	—	(0)
U.S. dollar	15,458	—	(53)	139	—	(0)
Euro	341	—	(5)	3	—	(0)
Australian dollar	291	—	(0)	2	—	(0)
Others	73	—	(0)	0	—	(0)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:						
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:						
Sold	252,646	—	(*1)	2,276	—	(*1)
U.S. dollar	103,525	—	(*1)	932	—	(*1)
Australian dollar	79,522	—	(*1)	716	—	(*1)
Others	69,597	—	(*1)	627	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency, payments yen						
Foreign currency-denominated bonds payable:						
U.S. dollar	476,277	476,277	(*2)	4,291	4,291	(*2)
Receipts yen, payments foreign currency	37,142	33,598	(*2)	334	302	(*2)
Foreign currency-denominated loans:						
U.S. dollar	31,178	27,633	(*2)	280	248	(*2)
Euro	5,964	5,964	(*2)	53	53	(*2)

Note: 1. (1) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.
 (*1) As foreign currency forward contracts which apply the currency allotment method are accounted for as combined with foreign currency-denominated term deposits as hedged items, their fair value is included in the fair value of such foreign currency-denominated term deposits.
 (2) Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.
 (*2) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.
 2. Figures in [] are amounts of option premiums which are included in the consolidated balance sheet. Fair value of currency swaps is calculated by discounting expected cash flows.

(2) Interest-related transactions

As of March 31, 2018			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Yen interest rate swaps to hedge loans and insurance liabilities:			
Receipts fixed, payments floating	604,000	604,000	(10,492)
Special hedge accounting:			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	16,800	15,300	137
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed	283,000	283,000	(2,489)

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year.

As of March 31, 2019						
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			(Unit: million US dollars)			
Deferral hedge:						
Yen interest rate swaps to hedge loans and insurance liabilities:						
Receipts fixed, payments floating	714,450	714,450	15,789	6,437	6,437	142
Yen interest rate swaps to hedge foreign currency risks associated with funding agreement:						
Receipts floating, payments fixed	38,850	38,850	–	350	350	–
Special hedge accounting:						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	15,300	15,300	203	137	137	1
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed	283,000	283,000	(2,703)	2,549	2,549	(24)

Note: Fair value listed above is present values of expected cash flows, discounted by the interest rates at the end of the fiscal year or the prices quoted from counterparty financial institutions.

(3) Stock-related transactions

As of March 31, 2018		
	Notional amount/ contract value	Fair value
(Unit: million yen)		
Fair value hedge:		
Equity forward contracts to hedge domestic stocks:		
Sold	9,559	(24)

Note: 1. Fair value listed above is based on the market price of underlying assets, interest rates and expected dividends, etc.
2. There were no transactions with maturity of more than one year in the table above.

As of March 31, 2019

Not applicable

XIII. 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 plan and defined contribution plan.

2. Defined Benefit Plans**(1) Reconciliations of beginning and ending balances of projected benefit obligations**

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations	730,381	733,207	6,606
Service cost	29,372	29,785	268
Interest cost	3,358	3,326	29
Accruals of actuarial (gains) and losses	6,961	228	2
Payment of retirement benefits	(34,665)	(36,145)	(325)
Others	(2,201)	(1,832)	(16)
Ending balance of the projected benefit obligation	733,207	728,569	6,564

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

(2) Reconciliations of beginning and ending balances of pension assets

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets	308,821	320,017	2,883
Estimated return on assets	1,915	2,283	20
Accruals of actuarial (gains) and losses	19,717	(2,078)	(18)
Contributions from the employer	12,485	10,044	90
Payment of retirement benefits	(22,218)	(23,522)	(211)
Others	(704)	(521)	(4)
Ending balance of pension assets	320,017	306,222	2,759

(3) 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

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation for funded pensions	412,373	404,910	3,648
Pension assets	(320,017)	(306,222)	(2,759)
	92,355	98,687	889
Projected benefit obligation for unfunded pensions	320,833	323,659	2,916
Net of assets and liabilities recorded in the consolidated balance sheet	413,189	422,346	3,805
Net defined benefit liabilities	413,189	422,346	3,805
Net defined benefit assets	–	–	–
Net of assets and liabilities recorded in the consolidated balance sheet	413,189	422,346	3,805

(4) Amount of the components of retirement benefit expenses

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Service cost	29,372	29,785	268
Interest cost	3,358	3,326	29
Expected return on assets	(1,915)	(2,283)	(20)
Expense of actuarial (gains) and losses	3,073	(1,400)	(12)
Others	257	448	4
Retirement benefit expenses for defined benefit plans	34,146	29,876	269

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

(5) Remeasurements of defined benefit plans

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

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Actuarial gains (losses)	15,871	(3,250)	(29)
Total	15,871	(3,250)	(29)

(6) Accumulated remeasurements of defined benefit plans

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

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized actuarial gains (losses)	11,575	14,818	133
Total	11,575	14,818	133

(7) Pension assets

a) The main components of the pension assets

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

	Year ended March 31,	
	2018	2019
Stocks	59%	59%
Assets under joint management	15%	18%
Bonds	11%	11%
Life insurance general account	7%	5%
Others	8%	7%
Total	100%	100%

Note: The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2018 and 2019 were 50% and 48%, respectively.

b) 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.

(8) Calculation basis of actuarial gains and losses

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

	Year ended March 31,	
	2018	2019
Discount rate	0.30 to 3.55%	0.30 to 4.21%
Expected long-term rate of return		
Defined benefit corporate pension	0.30 to 7.00%	0.30 to 7.00%
Employee pension trust	0.00%	0.00%

3. Defined Contribution Plans

Required amounts of contribution to defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2018 and 2019 were ¥2,479 million and ¥2,561 million (US\$23 million), respectively.

XIV. STOCK OPTIONS

1. The Account Used to Record Expenses Associated with Issuing Stock Options and the Amount Expensed

Operating expenses for the fiscal year ended March 31, 2018: ¥327 million
Operating expenses for the fiscal year ended March 31, 2019: Not applicable

2. Details of the Stock Options Granted

(1) 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 DL	11 directors (except outside directors) and 16 executive officers of DL	11 directors (except outside directors) and 17 executive officers of DL
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 DL	11 directors (except outside directors) and 18 executive officers of DL	10 directors (except directors serving as Audit & Supervisory Committee members) 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 (except directors serving as Audit & Supervisory Committee members) 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 (except 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.

(2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2019 and the total number of stock options is translated to the number of shares of common stock.

a) 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
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	69,000	165,200	115,100
Vested	—	—	—
Exercised	14,400	39,200	23,000
Forfeited	—	—	—
Outstanding at the end of the fiscal year	54,600	126,000	92,100

	The Dai-ichi Life Insurance Company, Limited		Dai-ichi Life Holdings, Inc.
	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights	1st 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	123,200	88,000	231,600
Vested	—	—	—
Exercised	24,000	10,900	24,500
Forfeited	—	—	—
Outstanding at the end of the fiscal year	99,200	77,100	207,100

	Dai-ichi Life Holdings, Inc. 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	208,900
Vested	—
Exercised	14,100
Forfeited	—
Outstanding at the end of the fiscal year	194,800

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.

b) 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
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,940 (US\$17)	¥1,942 (US\$17)	¥1,942 (US\$17)
Fair value at the grant date	¥885 (US\$7)	¥766 (US\$6)	¥1,300 (US\$11)

	The Dai-ichi Life Insurance Company, Limited		Dai-ichi Life Holdings, Inc.
	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights	1st Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,942 (US\$17)	¥1,941 (US\$17)	¥1,940 (US\$17)
Fair value at the grant date	¥1,366 (US\$12)	¥2,318 (US\$20)	¥1,344 (US\$12)

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Exercise price	¥1 per stock option
Average stock price at the time of exercise	¥1,937 (US\$17)
Fair value at the grant date	¥1,568 (US\$14)

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.

3. 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.

XV. DEFERRED TAX ACCOUNTING

1. Major Components of Deferred Tax Assets and Liabilities

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	496,111	525,235	4,732
Net defined benefits liabilities	148,075	150,063	1,352
Reserve for price fluctuations	54,678	60,953	549
Net unrealized gains (losses) on securities, net of tax	–	41,652	375
Others	101,004	84,287	759
Subtotal	799,869	862,192	7,768
Valuation allowances	(64,809)	(73,239)	(659)
Total	735,059	788,953	7,108
Deferred tax liabilities:			
Net unrealized gains (losses) on securities, net of tax	(857,498)	(863,200)	(7,777)
Evaluation difference related to business combination	(75,997)	(75,772)	(682)
Others	(158,221)	(143,884)	(1,296)
Total	(1,091,718)	(1,082,857)	(9,756)
Net deferred tax assets (liabilities)	(356,658)	(293,904)	(2,648)

2. The Principal Reasons for the Difference between the Statutory Effective Tax Rate and Actual Effective Tax Rate after Considering Deferred Taxes

	As of March 31,	
	2018	2019
Statutory effective tax rate	30.85%	–
(Adjustments)		
Decrease in deferred tax liabilities in relation to U.S. tax reform	(23.92%)	–
Permanent differences such as dividends received	(5.21%)	–
Decrease in valuation allowance	2.79%	–
Others	(1.11%)	–
Actual effective tax rate after considering deferred taxes	3.41%	–

Note: The note of the fiscal year ended March 31, 2019 is omitted because the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes was 5% or less than the statutory effective tax rate as of the end of the current fiscal year.

XVI. ASSET RETIREMENT OBLIGATIONS

1. Overview of Asset Retirement Obligations

The note is omitted because the balance of the asset retirement obligations as of the beginning and that as of the end of the current fiscal year were 1% or less than the total balance of the liabilities and the net assets as of the beginning and that as of the end of the current fiscal year, respectively.

XVII. BUSINESS COMBINATION AS A RESULT OF ACQUISITION

(1) Liberty Life Assurance Company of Boston

PLC, a consolidated subsidiary of the Company, acquired in-force blocks of individual insurance and annuities from Liberty Life Assurance Company of Boston under a reinsurance agreement started from May 1, 2018.

PLC recognized this transaction as the acquisition of business in accordance with Business Combinations, an Accounting Standards Codification (ASC) Topic 805 issued by the Financial Accounting Standards Board.

a) Overview of the business combination

i) Name and business of the counterparty

Company name: Liberty Life Assurance Company of Boston

Business: Individual insurance and annuities business

ii) Purpose of the business combination

Further enhancing the profitability of PLC, the Group aims for further growth and profit enhancement within North America.

b) Acquisition costs		
Consideration for the acquisition of in-force blocks	422	million US dollars
Acquisition costs	422	million US dollars
c) Major acquisition-related expenses		
Advisory fees, etc.	5	million US dollars
d) Assets received and liabilities assumed on the date of the business combination		
Total assets	13,683	million US dollars
[Securities	12,588	million US dollars]
Total liabilities	13,683	million US dollars
[Policy reserves and others	13,612	million US dollars]

(2) Asteron Life & Superannuation Limited

a) Overview of the business combination

i) Name and business of the acquired company

Company name: AsteronLife & Superannuation Limited (*)

Business: Life insurance and life insurance-related business

ii) Purpose of the business combination

Acquiring Asteron Life & Superannuation Limited, the Group aims for further growth and profit enhancement within Australia.

iii) Date of the business combination

February 28, 2019

iv) Legal form of the business combination

Purchase of shares for cash

v) Name of the acquired company after the business combination

Asteron Life & Superannuation Limited (*)

vi) Ratio of voting rights acquired

100%

vii) Main reason for determining the controlling company

TDLA, a subsidiary of the Company, owns the majority of the voting rights and thus clearly influences decision making of Asteron Life & Superannuation Limited (*).

(*) Asteron Life & Superannuation Limited changed its name from Suncorp Life & Superannuation Limited.

b) The period for which the results of the acquired company were included in the consolidated financial statements

From March 1, 2019 to March 31, 2019

c) Acquisition costs

Consideration paid in cash	681	million AU dollars
Acquisition costs	681	million AU dollars

d) Major acquisition-related expenses

Advisory fees, etc.	15	million AU dollars
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e) Amount of goodwill, reason to recognize goodwill, amortization method and period

No negative goodwill or goodwill has been recognized.

f) Assets received and liabilities assumed on the date of the business combination

Total assets	4,274	million AU dollars
[Securities	3,496	million AU dollars]
Total liabilities	3,593	million AU dollars
[Policy reserves and others	3,467	million AU dollars]

g) Allocation of acquisition cost

Since TDLA has not yet completed the allocation of acquisition cost, a tentative accounting treatment was made, based on reasonable information available at that point.

XVIII. REAL ESTATE FOR RENT

Certain domestic consolidated subsidiary owns a number of commercial buildings, including land, for rent in various locations including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2018 and 2019 were ¥32,603 million and ¥34,259 million (US\$308 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. Impairment losses on rental real estate as extraordinary losses for the fiscal year ended March 31, 2018 and 2019 were ¥11,505 million and ¥1,751 million (US\$15 million), respectively.

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

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance	795,164	804,603	7,249
Net change during year	9,438	10,305	92
Ending balance	804,603	814,908	7,342
Market value	958,825	1,015,543	9,149

Note: 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 included cost of acquisition of the real estate of ¥23,038 million, depreciation expense of ¥13,262 million, impairment loss of ¥11,505 million, sale of the real estate of ¥1,931 million, during the fiscal year ended March 31, 2018.
 Net change in carrying amount included cost of acquisition of the real estate of ¥43,151 million (US\$388 million), sale of the real estate of ¥20,901 million (US\$188 million), depreciation expense of ¥13,231 million (US\$119 million), impairment loss of ¥1,751 million (US\$15 million), during the fiscal year ended March 31, 2019.
 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.

XIX. SEGMENT INFORMATION AND OTHERS

1. Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available. The segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies in Japan and elsewhere as well as other subsidiaries and affiliated companies. These companies are subject to regulations of the Insurance Business Act. The Company's operations are therefore segmented based on the operations of its subsidiaries and affiliated companies and the Company's three reportable segments are the Domestic Life Insurance Business, the Overseas Insurance Business, and Other Business.

The Domestic Life Insurance Business consists of subsidiaries that engage in the life insurance business in Japan. The Overseas Insurance Business consists of subsidiaries and affiliated companies that engage in the insurance business overseas. The company and affiliated companies that do not operate either the Domestic Life Insurance Business or the Overseas Insurance Business are segmented as Other Business and mainly consist of the asset management related business.

(2) Method of calculating ordinary revenues, income or loss, assets and liabilities and others by reportable segment

The method of accounting for the reportable segments is the same as that described in "Principles of Consolidation".

Figures for reportable segment profit are based on ordinary profit.

Intersegment revenue is based on market prices.

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

For the fiscal year ended March 31, 2018:

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
	(Unit: million yen)					
Ordinary revenues (Note 1)	5,613,667	1,460,270	8,046	7,081,984	(44,157)	7,037,827
Intersegment transfers	2,614	1,242	56,545	60,402	(60,402)	–
Total	5,616,282	1,461,512	64,591	7,142,387	(104,559)	7,037,827
Segment income (loss)	411,592	60,104	48,272	519,970	(47,976)	471,994
Segment assets	43,922,781	9,458,921	1,783,437	55,165,139	(1,562,110)	53,603,028
Segment liabilities	40,869,167	8,535,223	486,363	49,890,754	(36,997)	49,853,756
Other relevant information						
Depreciation of real estate for rent and others	13,270	16	–	13,286	–	13,286
Depreciation	30,511	12,499	196	43,208	–	43,208
Amortization of goodwill	–	3,823	–	3,823	–	3,823
Interest and dividend income	955,142	242,371	50,220	1,247,733	(50,371)	1,197,362
Interest expenses	14,045	30,370	1,725	46,140	(2,274)	43,866
Equity in income of affiliates	–	2,131	3,396	5,528	–	5,528
Extraordinary gains	517	160	33,507	34,185	(3)	34,182
Extraordinary losses	34,248	170	–	34,419	(3)	34,416
(Impairment losses)	(11,589)	(–)	(–)	(11,589)	(–)	(11,589)
Taxes	84,056	(70,975)	(250)	12,831	–	12,831
Investments in affiliated companies	–	52,505	45,714	98,220	–	98,220
Increase in tangible fixed assets and intangible fixed assets	60,829	4,424	9	65,263	–	65,263

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

a) Adjustment for ordinary revenues of ¥(44,157) million was mainly related to ordinary expenses including provision for reserves for outstanding claims of ¥25,774 million and ordinary revenues including gains on money held in trust of ¥9,222 million reconciled to other ordinary revenues and losses on money held in trust in the Consolidated Statement of Earnings, respectively.

b) Adjustment for segment income (loss) of ¥(47,976) million was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

c) Adjustment for segment assets of ¥(1,562,110) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.

d) Adjustment for segment liabilities of ¥(36,997) million was mainly related to elimination of intersegment receivables and payables.

e) Adjustment for others was mainly related to elimination of intersegment transactions.

3. Segment profit is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

For the fiscal year ended March 31, 2019:

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
	(Unit: million yen)					
Ordinary revenues (Note 1)	5,931,313	1,341,382	11,207	7,283,903	(99,809)	7,184,093
Intersegment transfers	1,963	482	148,877	151,323	(151,323)	–
Total	5,933,276	1,341,864	160,085	7,435,226	(251,132)	7,184,093
Segment income (loss)	375,758	52,770	144,525	573,054	(140,109)	432,945
Segment assets	44,863,905	10,872,663	1,793,066	57,529,636	(1,588,375)	55,941,261
Segment liabilities	41,770,825	10,056,099	453,451	52,280,376	(52,707)	52,227,668
Other relevant information						
Depreciation of real estate for rent and others	13,240	14	–	13,254	–	13,254
Depreciation	30,640	20,231	42	50,914	–	50,914
Amortization of goodwill	–	4,390	–	4,390	–	4,390
Interest and dividend income	959,560	286,163	139,906	1,385,630	(141,374)	1,244,255
Interest expenses	12,858	29,877	1,719	44,455	(1,148)	43,306
Equity in income of affiliates	–	2,295	7,771	10,067	–	10,067
Extraordinary gains	2,472	39	–	2,512	–	2,512
Extraordinary losses	28,516	90	–	28,607	–	28,607
(Impairment losses)	(1,766)	(35)	(–)	(1,801)	(–)	(1,801)
Taxes	79,382	12,312	2,619	94,313	–	94,313
Investments in affiliated companies	–	49,524	141,599	191,123	–	191,123
Increase in tangible fixed assets and intangible fixed assets	82,337	10,562	60	92,961	–	92,961

	Reportable Segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
	(Unit: million US dollars)					
Ordinary revenues (Note 1)	53,440	12,085	100	65,626	(899)	64,727
Intersegment transfers	17	4	1,341	1,363	(1,363)	–
Total	53,457	12,089	1,442	66,990	(2,262)	64,727
Segment income (loss)	3,385	475	1,302	5,163	(1,262)	3,900
Segment assets	404,215	97,960	16,155	518,331	(14,310)	504,020
Segment liabilities	376,347	90,603	4,085	471,036	(474)	470,561
Other relevant information						
Depreciation of real estate for rent and others	119	0	–	119	–	119
Depreciation	276	182	0	458	–	458
Amortization of goodwill	–	39	–	39	–	39
Interest and dividend income	8,645	2,578	1,260	12,484	(1,273)	11,210
Interest expenses	115	269	15	400	(10)	390
Equity in income of affiliates	–	20	70	90	–	90
Extraordinary gains	22	0	–	22	–	22
Extraordinary losses	256	0	–	257	–	257
(Impairment losses)	(15)	(0)	(–)	(16)	(–)	(16)
Taxes	715	110	23	849	–	849
Investments in affiliated companies	–	446	1,275	1,721	–	1,721
Increase in tangible fixed assets and intangible fixed assets	741	95	0	837	–	837

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

a) Adjustment for ordinary revenues of ¥(99,809) million (US\$(899) million) was mainly related to ordinary revenues including other ordinary revenues of ¥73,367 million (US\$661 million) reconciled to provision for policy reserves and provision for reserves for outstanding claims in the Consolidated Statement of Earnings, respectively.

b) Adjustment for segment income (loss) of ¥(140,109) million (US\$(1,262) million) was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

c) Adjustment for segment assets of ¥(1,588,375) million (US\$(14,310) million) was mainly related to elimination of stocks of subsidiaries and affiliated companies.

d) Adjustment for segment liabilities of ¥(52,707) million (US\$(474) million) was mainly related to elimination of intersegment receivables and payables.

e) Adjustment for others was mainly related to elimination of intersegment transactions.

3. Segment profit is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

2. Other Related Information

For the fiscal year ended March 31, 2018:

(1) Product (Service) Segment Information

Year ended March 31, 2018	
(Unit: million yen)	
Premium and other income	
Domestic Life Insurance Business	3,954,540
Overseas Insurance Business	930,038
Other Business	–
Total	4,884,579

(2) Geographic Segment Information

a) Ordinary Revenues

Year ended March 31, 2018	
(Unit: million yen)	
Ordinary revenues	
Japan	5,329,138
United States of America	1,107,957
Other Areas	600,731
Total	7,037,827

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Geographic area is classified into "Japan," "United States of America" or "Other Areas" mainly based on locations of customers.

b) Tangible fixed assets

The geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets derive from its business unit in Japan.

(3) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

For the fiscal year ended March 31, 2019:

(1) Product (Service) Segment Information

Year ended March 31, 2019		
	(Unit: million yen)	(Unit: million US dollars)
Premium and other income		
Domestic Life Insurance Business	4,372,090	39,391
Overseas Insurance Business	971,925	8,756
Other Business	–	–
Total	5,344,016	48,148

(2) Geographic Segment Information

a) Ordinary Revenues

Year ended March 31, 2019		
	(Unit: million yen)	(Unit: million US dollars)
Ordinary revenues		
Japan	5,682,437	51,197
United States of America	971,261	8,750
Other Areas	530,394	4,778
Total	7,184,093	64,727

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Geographic area is classified into "Japan," "United States of America" or "Other Areas" mainly based on locations of customers.

b) Tangible fixed assets

The geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets derive from its business unit in Japan.

(3) Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

3. Impairment Losses on Fixed Assets by Reporting Segment

For the fiscal years ended March 31, 2018 and 2019

The information on impairment losses on fixed assets by reporting segment has been omitted as it is explained in the segment information section.

4. Amortization of Goodwill and Unamortized Amount of Goodwill by Reporting Segment

For the fiscal year ended March 31, 2018:

	Year ended March 31, 2018	
	(Unit: million yen)	
	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	–	–
Overseas Insurance Business	3,823	51,481
Other Business	–	–
Total	3,823	51,481

For the fiscal year ended March 31, 2019:

	Year ended March 31, 2019			
	(Unit: million yen)		(Unit: million US dollars)	
	Amortization of goodwill	Unamortized amount of goodwill	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	–	–	–	–
Overseas Insurance Business	4,390	48,926	39	440
Other Business	–	–	–	–
Total	4,390	48,926	39	440

5. Gain on Negative Goodwill by Reporting Segment

For the fiscal years ended March 31, 2018 and 2019

Not applicable

6. Related Party Transactions

For the fiscal years ended March 31, 2018 and 2019

There are no significant transactions to be disclosed.

XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2018	2019	2019
	(Unit: yen)		(Unit: US dollars)
Net assets per share	3,217.68	3,240.72	29.19
Net income per share	310.69	194.43	1.75
Diluted net income per share	310.45	194.29	1.75

Note: 1. Underlying basis for the calculation of the net income per share and the diluted net income per share was as follows:

	Year ended March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income attributable to shareholders of parent company	363,928	225,035	2,027
Net income attributable to other than shareholders of common stock	–	–	–
Net income attributable to shareholders of common stock	363,928	225,035	2,027
Average number of common stock outstanding	1,171,339	1,157,398	1,157,398
	thousand shares	thousand shares	thousand shares
Diluted net income per share			
Adjustments to net income	–	–	–
Increase in the number of common stock	935 thousand shares	850 thousand shares	850 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[935 thousand shares]	[850 thousand shares]	[850 thousand shares]
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect	–	–	–

Note: 2. Underlying basis for the calculation of the net assets per share was as follows:

	As of March 31,		
	2018	2019	2019
	(Unit: million yen)		(Unit: million US dollars)
Net assets	3,749,271	3,713,592	33,458
Adjustments	(1,348)	(1,162)	(10)
Subscription rights to shares	(1,348)	(1,162)	(10)
Net assets attributable to common stock	3,747,923	3,712,430	33,448
Number of outstanding common stock	1,164,792	1,145,557	1,145,557
	thousand shares	thousand shares	thousand shares

Note: 3. As described in the "Changes in Accounting Policies", ASU No. 2014-09 - Revenue from Contracts with Customers was adopted from the fiscal year ended March 31, 2019 and this update applied on a modified retrospective basis.

As a result, net assets per share was decreased ¥8.92 (US\$0.08) during the fiscal year ended March 31, 2019. There was no significant impact on the figures in net income per share and diluted net income per share during the fiscal year ended March 31, 2019.

4. For the calculation of net income per share, the treasury stock which includes shares held by "the Stock Granting Trust (J-ESOP)" was excluded from the average number of common shares outstanding. The average number of treasury stocks during the year ended March 31, 2018 and 2019 was 4,294 thousand shares and 4,203 thousand shares, respectively. For the calculation of net assets per share, the treasury stock which includes shares held by the J-ESOP was excluded from the total number of issued and outstanding shares. The number of treasury stocks as of March 31, 2018 and 2019 was 4,270 thousand shares and 4,161 thousand shares, respectively.

XXI. SUBSEQUENT EVENTS

The board of directors of the Company resolved at its meeting held on May 15, 2019 to repurchase the Company's own shares under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Act, as follows.

(1) Reason for the Repurchase of the Company's own shares

To enhance shareholder return through the implementation of a flexible capital policy and the improvement of capital efficiency.

(2) Details of the Repurchase

- a) Class of shares to be repurchased
Shares of common stock
- b) Aggregate number of shares to be repurchased
Up to 28,000,000 shares
- c) Aggregate price of shares to be repurchased
Up to ¥28,000 million (US\$252 million)
- d) Period of repurchase of shares
From May 16, 2019 to March 31, 2020
- e) Method of repurchase of shares
Open-market repurchase by the trust method

XXII. (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2018	Six months ended September 30, 2018	Nine months ended December 31, 2018	Year ended March 31, 2019
Ordinary revenues (million yen)	1,687,535	3,596,965	5,289,316	7,184,093
Income before income taxes (million yen)	57,865	163,957	213,238	319,349
Net income attributable to shareholders of parent company (million yen)	41,435	116,334	150,850	225,035
Net income attributable to shareholders of parent company per share (yen)	35.57	99.94	129.92	194.43

	Three months ended June 30, 2018	Three months ended September 30, 2018	Three months ended December 31, 2018	Three months ended March 31, 2019
Net income attributable to shareholders of parent company per share (yen)	35.57	64.40	29.88	64.71

	Three months ended June 30, 2018	Six months ended September 30, 2018	Nine months ended December 31, 2018	Year ended March 31, 2019
Ordinary revenues (million US dollars)	15,204	32,408	47,655	64,727
Income before income taxes (million US dollars)	521	1,477	1,921	2,877
Net income attributable to shareholders of parent company (million US dollars)	373	1,048	1,359	2,027
Net income attributable to shareholders of parent company per share (US dollars)	0.32	0.90	1.17	1.75

	Three months ended June 30, 2018	Three months ended September 30, 2018	Three months ended December 31, 2018	Three months ended March 31, 2019
Net income attributable to shareholders of parent company per share (US dollars)	0.32	0.58	0.26	0.58

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Dai-ichi Life Holdings, Inc.:

We have audited the accompanying consolidated financial statements of Dai-ichi Life Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dai-ichi Life Holdings, Inc. and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

KPMG AZSA LLC

June 21, 2019
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Balance Sheet of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2019	2019
(ASSETS)		
Cash and deposits	461,554	4,158
Cash	170	1
Bank deposits	461,384	4,156
Call loans	335,500	3,022
Monetary claims bought	199,193	1,794
Money held in trust	24,747	222
Securities	30,755,525	277,101
Government bonds	13,789,754	124,243
Local government bonds	130,344	1,174
Corporate bonds	1,999,444	18,014
Stocks	3,560,534	32,079
Foreign securities	10,482,496	94,445
Other securities	792,950	7,144
Loans	2,348,201	21,156
Policy loans	340,424	3,067
Ordinary loans	2,007,776	18,089
Tangible fixed assets	1,122,873	10,116
Land	784,424	7,067
Buildings	333,188	3,001
Leased assets	2,219	19
Construction in progress	149	1
Other tangible fixed assets	2,892	26
Intangible fixed assets	106,939	963
Software	84,892	764
Other intangible fixed assets	22,047	198
Reinsurance receivable	2,762	24
Other assets	535,293	4,822
Accounts receivable	68,384	616
Prepaid expenses	12,881	116
Accrued revenue	165,820	1,494
Deposits	53,221	479
Margin money for futures trading	99,756	898
Differential account for futures trading	68	0
Derivatives	96,872	872
Suspense payment	4,801	43
Other assets	33,487	301
Customers' liabilities for acceptances and guarantees	55,515	500
Reserve for possible loan losses	(588)	(5)
Reserve for possible investment losses	(390)	(3)
Total assets	35,947,128	323,877

Balance Sheet of The Dai-ichi Life Insurance Company, Limited (Continued)

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2019	2019
(LIABILITIES)		
Policy reserves and others	30,882,605	278,246
Reserves for outstanding claims	130,650	1,177
Policy reserves	30,353,777	273,482
Reserve for policyholder dividends	398,178	3,587
Reinsurance payable	129,512	1,166
Subordinated bonds	476,277	4,291
Other liabilities	639,493	5,761
Payables under repurchase agreements	35,018	315
Long-term debt and other borrowings	283,000	2,549
Corporate income tax payable	14,743	132
Accounts payable	42,264	380
Accrued expenses	46,073	415
Unearned revenue	345	3
Deposits received	57,879	521
Guarantee deposits received	52,467	472
Derivatives	73,295	660
Collateral for financial instruments	18,797	169
Lease liabilities	2,392	21
Asset retirement obligations	2,432	21
Suspense receipt	2,483	22
Other liabilities	8,299	74
Reserve for employees' retirement benefits	400,632	3,609
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,298	11
Reserve for possible reimbursement of prescribed claims	900	8
Reserve for price fluctuations	198,453	1,788
Deferred tax liabilities	201,155	1,812
Deferred tax liabilities for land revaluation	76,023	684
Acceptances and guarantees	55,515	500
Total liabilities	33,061,866	297,881
(NET ASSETS)		
Capital stock	60,000	540
Capital surplus	420,000	3,784
Legal capital surplus	60,000	540
Other capital surplus	360,000	3,243
Retained earnings	204,144	1,839
Other retained earnings	204,144	1,839
Reserve for tax basis adjustments of real estate	2,228	20
Retained earnings brought forward	201,915	1,819
Total shareholders' equity	684,144	6,164
Net unrealized gains (losses) on securities, net of tax	2,211,147	19,922
Deferred hedge gains (losses)	3,457	31
Reserve for land revaluation	(13,488)	(121)
Total of valuation and translation adjustments	2,201,117	19,831
Total net assets	2,885,261	25,995
Total liabilities and net assets	35,947,128	323,877

Statement of Earnings of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2019	2019
Ordinary revenues	3,739,594	33,693
Premium and other income	2,314,938	20,857
Premium income	2,313,738	20,846
Reinsurance income	1,199	10
Investment income	1,140,412	10,274
Interest and dividends	805,121	7,254
Interest from bank deposits	7,086	63
Interest and dividends from securities	669,479	6,031
Interest from loans	46,172	416
Rental income	73,175	659
Other interest and dividends	9,208	82
Gains on sale of securities	274,737	2,475
Gains on redemption of securities	20,397	183
Reversal of reserve for possible loan losses	379	3
Other investment income	2,646	23
Gains on investments in separate accounts	37,130	334
Other ordinary revenues	284,243	2,560
Fund receipt for annuity rider of group insurance	390	3
Fund receipt for claim deposit payment	170,622	1,537
Reversal of reserves for outstanding claims	17,359	156
Transfer from policy reserves	53,441	481
Other ordinary revenues	42,431	382
Ordinary expenses	3,392,943	30,569
Benefits and claims	2,328,439	20,978
Claims	656,200	5,912
Annuities	514,125	4,632
Benefits	388,606	3,501
Surrender values	509,499	4,590
Other refunds	128,972	1,162
Ceding reinsurance commissions	131,035	1,180
Provision for policy reserves and others	8,265	74
Provision for interest on policyholder dividends	8,265	74
Investment expenses	360,777	3,250
Interest expenses	12,852	115
Losses on money held in trust	4,661	42
Losses on sale of securities	138,415	1,247
Losses on valuation of securities	7,852	70
Losses on redemption of securities	3,099	27
Derivative transaction losses	48,266	434
Foreign exchange losses	95,920	864
Provision for reserve for possible investment losses	37	0
Write-down of loans	37	0
Depreciation of real estate for rent and others	13,240	119
Other investment expenses	36,393	327
Operating expenses	390,287	3,516
Other ordinary expenses	305,173	2,749
Claim deposit payments	222,030	2,000
National and local taxes	27,653	249
Depreciation	29,058	261
Provision for reserve for employees' retirement benefits	7,403	66
Other ordinary expenses	19,027	171
Ordinary profit	346,651	3,123

Statement of Earnings of The Dai-ichi Life Insurance Company, Limited (Continued)

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2019	2019
Extraordinary gains	2,472	22
Gains on disposal of fixed assets	2,472	22
Extraordinary losses	23,038	207
Losses on disposal of fixed assets	3,993	35
Impairment losses on fixed assets	1,766	15
Provision for reserve for price fluctuations	17,000	153
Other extraordinary losses	279	2
Provision for reserve for policyholder dividends	87,500	788
Income before income taxes	238,584	2,149
Corporate income taxes-current	72,571	653
Corporate income taxes-deferred	(6,886)	(62)
Total of corporate income taxes	65,684	591
Net income	172,900	1,557

Statement of Cash Flows of The Dai-ichi Life Insurance Company, Limited

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2019	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	238,584	2,149
Depreciation of real estate for rent and others	13,240	119
Depreciation	29,058	261
Impairment losses on fixed assets	1,766	15
Increase (decrease) in reserves for outstanding claims	(17,359)	(156)
Increase (decrease) in policy reserves	(53,441)	(481)
Provision for interest on policyholder dividends	8,265	74
Provision for (reversal of) reserve for policyholder dividends	87,500	788
Increase (decrease) in reserve for possible loan losses	(406)	(3)
Increase (decrease) in reserve for possible investment losses	(46)	(0)
Write-down of loans	37	0
Increase (decrease) in reserve for employees' retirement benefits	7,683	69
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(85)	(0)
Increase (decrease) in reserve for price fluctuations	17,000	153
Interest and dividends	(805,121)	(7,254)
Securities related losses (gains)	(182,897)	(1,647)
Interest expenses	12,852	115
Foreign exchange losses (gains)	95,920	864
Losses (gains) on disposal of fixed assets	463	4
Decrease (increase) in reinsurance receivable	(252)	(2)
Decrease (increase) in other assets unrelated to investing and financing activities	(42,177)	(380)
Increase (decrease) in reinsurance payable	128,898	1,161
Increase (decrease) in other liabilities unrelated to investing and financing activities	(101,221)	(911)
Others, net	87,286	786
Subtotal	(474,449)	(4,274)
Interest and dividends received	827,885	7,459
Interest paid	(15,999)	(144)
Policyholder dividends paid	(96,237)	(867)
Others, net	11,940	107
Corporate income taxes paid	(123,411)	(1,111)
Net cash flows provided by (used in) operating activities	129,726	1,168
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(34,317)	(309)
Proceeds from sale and redemption of monetary claims bought	28,131	253
Purchases of money held in trust	(30,000)	(270)
Proceeds from decrease in money held in trust	59,853	539
Purchases of securities	(7,084,492)	(63,830)
Proceeds from sale and redemption of securities	7,354,019	66,258
Origination of loans	(620,307)	(5,588)
Proceeds from collection of loans	834,076	7,514
Others, net	(272,984)	(2,459)
Total of net cash provided by (used in) investment transactions	233,980	2,108
Total of net cash provided by (used in) operating activities and investment transactions	363,707	3,276
Acquisition of tangible fixed assets	(48,244)	(434)
Proceeds from sale of tangible fixed assets	22,736	204
Acquisition of intangible fixed assets	(30,143)	(271)
Proceeds from sale of intangible fixed assets	295	2
Proceeds from transfer of business	1,343	12
Net cash flows provided by (used in) investing activities	179,967	1,621
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of financial lease obligations	(1,234)	(11)
Net increase (decrease) in short-term financing	35,018	315
Cash dividends paid	(185,862)	(1,674)
Net cash flows provided by (used in) financing activities	(152,078)	(1,370)
Effect of exchange rate changes on cash and cash equivalents	808	7
Net increase (decrease) in cash and cash equivalents	158,424	1,427
Cash and cash equivalents at the beginning of the year	638,630	5,753
Cash and cash equivalents at the end of the year	797,054	7,181

Statement of Changes in Net Assets of The Dai-ichi Life Insurance Company, Limited

Year ended March 31, 2019

(Unit: million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	60,000	60,000	410,000	470,000
Changes for the year				
Dividends			(49,999)	(49,999)
Net income				
Transfer to reserve for tax basis adjustments of real estate				
Transfer from reserve for land revaluation				
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(49,999)	(49,999)
Balance at the end of the year	60,000	60,000	360,000	420,000

(Unit: million yen)

	Shareholders' equity			
	Retained earnings			Total shareholders' equity
	Other retained earnings	Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the year	1,746	164,295	166,041	696,041
Changes for the year				
Dividends		(135,862)	(135,862)	(185,862)
Net income		172,900	172,900	172,900
Transfer to reserve for tax basis adjustments of real estate	482	(482)	-	-
Transfer from reserve for land revaluation		1,064	1,064	1,064
Net changes of items other than shareholders' equity				
Total changes for the year	482	37,620	38,102	(11,896)
Balance at the end of the year	2,228	201,915	204,144	684,144

(Unit: million yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	2,213,897	(9,256)	(12,423)	2,192,217	2,888,259
Changes for the year					
Dividends					(185,862)
Net income					172,900
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					1,064
Net changes of items other than shareholders' equity					8,899
Total changes for the year	(2,750)	12,714	(1,064)	8,899	(2,997)
Balance at the end of the year	2,211,147	3,457	(13,488)	2,201,117	2,885,261

Statement of Changes in Net Assets of The Dai-ichi Life Insurance Company, Limited (Continued)

Year ended March 31, 2019

(Unit: million US dollars)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	540	540	3,694	4,234
Changes for the year				
Dividends			(450)	(450)
Net income				
Transfer to reserve for tax basis adjustments of real estate				
Transfer from reserve for land revaluation				
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(450)	(450)
Balance at the end of the year	540	540	3,243	3,784

(Unit: million US dollars)

	Shareholders' equity			
	Retained earnings			Total shareholders' equity
	Other retained earnings	Retained earnings brought forward	Total retained earnings	
Balance at the beginning of the year	15	1,480	1,496	6,271
Changes for the year				
Dividends		(1,224)	(1,224)	(1,674)
Net income		1,557	1,557	1,557
Transfer to reserve for tax basis adjustments of real estate	4	(4)	-	-
Transfer from reserve for land revaluation		9	9	9
Net changes of items other than shareholders' equity				
Total changes for the year	4	338	343	(107)
Balance at the end of the year	20	1,819	1,839	6,164

(Unit: million US dollars)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	
Balance at the beginning of the year	19,946	(83)	(111)	19,751	26,022
Changes for the year					
Dividends					(1,674)
Net income					1,557
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					9
Net changes of items other than shareholders' equity					80
Total changes for the year	(24)	114	(9)	80	(27)
Balance at the end of the year	19,922	31	(121)	19,831	25,995

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

I . BASIS FOR PRESENTATION

The accompanying financial statements have been prepared from the accounts maintained by The Dai-ichi Life Insurance Company, Limited ("DL"). Certain items presented in the financial statements are reclassified for the convenience of readers outside Japan.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.99=US\$1.00, the foreign exchange rate on March 31, 2019, has been used for translation of the truncated figures in Japanese yen. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II . NOTES TO THE BALANCE SHEET AS OF MARCH 31, 2019

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Bonds

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

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

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

(4) Stocks of Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

a) Available-for-sale Securities 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 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 other securities are valued at cost determined by the moving average method.

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

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

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

The sub-groups of insurance products are:

- individual life insurance and annuities,
 - non-participating single premium whole life insurance (without duty of medical disclosure),
 - financial insurance and annuities, and
 - group annuities
- with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

(1) Date of revaluation: March 31, 2001

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2019 was ¥609,327 million (US\$5,489 million).

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

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2019 was ¥2 million (US\$ 0 million).

8. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2019.

Accounting treatment of retirement benefit obligations and retirement benefit expenses are as follows.

(1) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2019.

(2) Amortization of Actuarial Differences

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

9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of DL 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.

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

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

11. Reserve for Possible Reimbursement of Prescribed Claims

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

12. Reserve for Price Fluctuations

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

13. Hedge Accounting

(1) Methods for Hedge Accounting

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

DL conducts 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 the hedging instruments.

14. Calculation of National and Local Consumption Tax

DL 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 Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

15. Policy Reserve

Policy reserves of DL are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in (1) and (2) below. 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.

(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.

16. Policy Acquisition Costs

The costs of acquiring and renewing policies, which include agent commissions and certain other costs directly related to the acquisition of policies, are expensed when incurred as the Insurance Business Act in Japan does not permit insurance companies to defer and amortize these costs.

17. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

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

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

DL 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 adopt hedge accounting.

In addition, DL utilizes iv) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (JICPA Industry Audit Committee Report No. 26).

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

c) Risk Management

The risk management system of DL is as follows:

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 and specific risk management procedures, based on the risk characteristics of the categories, and set and manages upper limits of each asset balance and asset allocation weight.

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

(d) Derivative transactions

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

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, 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 framework for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to the board of directors, etc. Additionally, the internal audit section has also checked credit management status.

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

d) Supplementary Explanation for Fair Value of Financial Instruments

As 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 balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2019 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, 2019	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	461,554	461,554	-	4,158	4,158	-
(2) Call loans	335,500	335,500	-	3,022	3,022	-
(3) Monetary claims bought	199,193	199,193	-	1,794	1,794	-
(4) Money held in trust	24,747	24,747	-	222	222	-
(5) Securities						
a. Trading securities	865,794	865,794	-	7,800	7,800	-
b. Held-to-maturity bonds	46,617	49,940	3,322	420	449	29
c. Policy-reserve-matching bonds	11,954,527	14,922,259	2,967,732	107,708	134,446	26,738
d. Stocks of subsidiaries and affiliate companies	343	350	7	3	3	0
e. Available-for-sale securities	17,528,653	17,528,653	-	157,930	157,930	-
(6) Loans	2,348,201			21,156		
Reserve for possible loan losses (*1)	(167)			(1)		
	2,348,033	2,461,048	113,014	21,155	22,173	1,018
Total assets	33,764,966	36,849,043	3,084,077	304,216	332,003	27,786
(1) Bonds payable	476,277	481,044	4,767	4,291	4,334	42
(2) Payable under repurchase agreement	35,018	35,018	-	315	315	-
(3) Long-term borrowing	283,000	283,230	230	2,549	2,551	2
Total liabilities	794,295	799,293	4,997	7,156	7,201	45
Derivative transactions (* 2)						
a. Hedge accounting not applied	12,856	12,856	-	115	115	-
b. Hedge accounting applied	10,720	8,220	(2,500)	96	74	(22)
Total derivative transactions	23,577	21,076	(2,500)	212	189	(22)

(*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 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 the due date and their fair value is close to their 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.

(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 balance sheet minus reserve for possible loan losses at the end of the fiscal year. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as 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.

• **Liabilities**

(a) Bonds payable

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

(b) Payables under repurchase agreement

Since payables under repurchase agreements are close to the due date and their fair value is close to their carrying amounts, fair value of payables under repurchase agreements is based on their 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.

• **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 prices on derivatives markets and the prices quoted from financial institutions, etc.

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

As of March 31, 2019	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
1. Unlisted domestic stocks (*1)(*2)	45,944	413
2. Unlisted foreign stocks (*1)(*2)	24,207	218
3. Other foreign securities (*1)(*2)	185,000	1,666
4. Other securities (*1)(*2)	104,437	940
Total	359,588	3,239

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

(*2) DL recorded impairment charges of ¥836 million (US\$7 million) for the fiscal year ended March 31, 2019.

18. Real Estate for Rent

DL owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2019 was ¥34,259 million (US\$308 million). The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss of ¥1,751 million (US\$15 million) on rental real estate as extraordinary losses for the fiscal year ended March 31, 2019.

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

Carrying amount	(Unit: million yen)	(Unit: million US dollars)
	Beginning balance	804,603
Net change for the year	10,305	92
Ending balance	814,908	7,342
Fair value	1,015,543	9,149

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

(*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥43,151 million (US\$388 million), sale of the real estate of ¥20,901 million (US\$188 million), depreciation expense of ¥13,231 million (US\$119 million) and impairment of ¥1,751 million (US\$15 million).

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

19. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2019 was ¥2,145,862 million (US\$19,333 million).

20. Problem Loans

As of March 31, 2019, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	88	0
Delinquent loans (*2)	3,816	34
Loans past due for three months or more (*3)	-	-
Restructured loans (*4)	-	-
Total	3,905	35

(*1) 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 Order for Enforcement of the Corporation Tax Act (Cabinet Order 97, 1965). Interest accruals of such loans are suspended since the principal or interest on such loans is unlikely to be collected.

(*2) 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.

(*3) 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.

(*4) 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)	(Unit: million US dollars)
Credits to bankrupt borrowers	2	0
Delinquent loans	-	-

21. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2019, was ¥1,256,560 million (US\$11,321 million). Separate account liabilities were the same amount as the separate account assets.

22. Receivables from and Payables to Subsidiaries and Affiliated Companies

The total amounts of receivables from and payables to subsidiaries and affiliated companies as of March 31, 2019, were ¥48,279 million (US\$434 million) and ¥4,653 million (US\$41 million), respectively.

23. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2019

	(Unit: million yen)	(Unit: million US dollars)
Deferred tax assets:		
Policy reserves and others	463,834	4,179
Reserve for employees' retirement benefits	135,903	1,224
Reserve for price fluctuations	55,408	499
Impairment losses	8,599	77
Losses on valuation of securities	6,144	55
Others	17,517	157
Subtotal	687,407	6,193
Valuation allowances	(12,223)	(110)
Total	675,183	6,083
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	(844,848)	(7,611)
Reserve for tax basis adjustments of real estate	(9,820)	(88)
Accrued dividend receivables	(9,054)	(81)
Others	(12,615)	(113)
Total	(876,339)	(7,895)
Net deferred tax liabilities	(201,155)	(1,812)

(2) The principal reasons for the difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2019

The difference between the statutory effective tax rate and actual effective tax rate after considering deferred taxes was 5% or less than statutory effective tax rate, therefore the principle reason of the difference is omitted.

24. Contingent Liabilities

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

	(Unit: million yen)	(Unit: million US dollars)
Dai-ichi Life Holdings, Inc.	315,009	2,838

25. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Balance at the beginning of the fiscal year	398,650	3,591
Dividends paid during the fiscal year	96,237	867
Interest accrual during the fiscal year	8,265	74
Provision for reserve for policyholder dividends	87,500	788
Balance at the end of the fiscal year	398,178	3,587

26. Stocks of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies of DL held as of March 31, 2019 was ¥70,664 million (US\$636 million).

27. Organization Change Surplus

As of March 31, 2019, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US\$1,061 million).

28. Assets Pledged as Collateral / Secured Liabilities

The amounts of assets pledged as collateral were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Securities	74,409	670
Land	261	2
Cash and deposits	86	0
Buildings	38	0
Assets pledged as collateral	74,796	673

The amount of secured liabilities were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Payables under repurchase agreements	35,018	315
Guarantee deposits received	21	0
Secured liabilities	35,039	315

"Securities" mentioned above included ¥30,159 million (US\$271 million) of Securities which were sold under repurchase agreements, as of March 31, 2019.

29. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter "reserves for outstanding claims reinsured"), was ¥26 million (US\$0 million). The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance (hereinafter "policy reserves reinsured") was ¥98,654 million (US\$888 million).

30. Net Assets per Share

The amount of net assets per share of DL as of March 31, 2019 was ¥480,876,998.30 (US\$4,332,615.53).

31. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan

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.

(2) Defined Benefit Plans

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

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of the projected benefit obligations	693,065	6,244
b. Service cost	28,164	253
c. Interest cost	2,076	18
d. Accruals of actuarial (gains) and losses	2,183	19
e. Payment of retirement benefits	(33,058)	(297)
f. Others	(1,121)	(10)
g. Ending balance of the projected benefit obligation (a + b + c + d + e + f)	691,309	6,228

b) Reconciliations of beginning and ending balances of pension assets

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of pension assets	290,532	2,617
b. Estimated return on assets	389	3
c. Accruals of actuarial (gains) and losses	488	4
d. Contribution from the employer	7,059	63
e. Payment of retirement benefits	(20,436)	(184)
f. Ending balance of pension assets (a + b + c + d + e)	278,033	2,505

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

	(Unit: million yen)	(Unit: million US dollars)
a. Projected benefit obligation of funded pensions	372,927	3,360
b. Pension assets	(278,033)	(2,505)
c. Subtotal (a + b)	94,893	854
d. Projected benefit obligation for unfunded pensions	318,381	2,868
e. Unrecognized actuarial differences	(12,643)	(113)
f. Net of assets and liabilities recorded in the balance sheet (c + d + e)	400,632	3,609

d) Amount of the components of retirement benefit expenses

	(Unit: million yen)	(Unit: million US dollars)
a. Service cost	28,164	253
b. Interest cost	2,076	18
c. Expected return on assets	(389)	(3)
d. Amortization of unrecognized actuarial differences	(1,508)	(13)
e. Others	279	2
f. Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	28,621	257

e) Pension assets

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

Stocks	59%
Asset under joint management	20%
Bonds	8%
Life insurance general account	5%
Others	7%
Total	100%

The proportion of retirement benefit trust to total pension assets that has been set for the retirement lump sum grants as of March 31, 2019 was 53%.

f) 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, DL has taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2019 were as follows:

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

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2019 was ¥1,542 million (US\$13 million).

III. NOTES TO THE STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,688 million (US\$51 million) and ¥20,265 million (US\$182 million), respectively.

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥129,070 million (US\$1,162 million), ¥69,097 million (US\$622 million), ¥75,817 million (US\$683 million) and ¥751 million (US\$6 million), respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥8,658 million (US\$78 million), ¥8,819 million (US\$79 million), ¥120,326 million (US\$1,084 million) and ¥611 million (US\$5 million), respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥7,514 million (US\$67 million) and ¥338 million (US\$3 million), respectively.

3. Reinsurance

In calculating the reversal of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥24 million (US\$ 0 million) was added. In calculating the reversal of policy reserves, a provision for reserves for policy reserves reinsured of ¥98,654 million (US\$888 million) was added.

4. Gains/Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥5,590 million (US\$50 million).

5. Derivative Transaction Gains/Losses

Derivative transaction losses included losses on valuation of ¥8,808 million (US\$79 million).

6. Net Income per Share

Net income per share for the fiscal year ended March 31, 2019 was ¥28,816,757.07 (US\$259,633.81). Diluted net income per share for the same period is not presented because there were no existing diluted shares.

7. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2019 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, DL 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, 2019 were as follows:

Asset Group	Place	Number	Impairment Losses			Impairment Losses		
			Land	Buildings	Total	Land	Buildings	Total
			(Unit: million yen)			(Unit: million US dollars)		
Real estate not in use	Niigata city, Niigata Prefecture and others	20	1,052	714	1,766	9	6	15

(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 2.28% for the fiscal year ended March 31, 2019 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.

32. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2019 was ¥59,021 million (US\$531 million), among which none of the securities were pledged as collateral.

33. Commitment Line

As of March 31, 2019, there were unused commitment line agreements under which DL was the lender of ¥63,367 million (US\$570 million).

34. Subordinated Debt

As of March 31, 2019, other liabilities included subordinated debt of ¥283,000 million (US\$2,549 million), whose repayment is subordinated to other obligations.

35. Subordinated Bonds

As of March 31, 2019, bonds payable included foreign currency-denominated subordinated bonds of ¥476,277 million (US\$4,291 million), whose repayment is subordinated to other obligations.

36. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The estimated future obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2019 were ¥45,066 million (US\$406 million). These obligations will be recognized as operating expenses in the period in which they are paid.

IV. NOTES TO THE STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2019

1. **Scope of Cash and Cash Equivalents**

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

2. **Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts**

Details of reconciliation of cash and cash equivalents to balance sheet accounts were as follows:

	As of March 31,	
	2019 (Unit: million yen)	2019 (Unit: million US dollars)
Cash and deposits	461,554	4,158
Call loans	335,500	3,022
Cash and cash equivalents	797,054	7,181

V. NOTES TO THE STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2019

1. **Number of Shares Outstanding**

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
Common Stock	6,000	-	-	6,000

2. **Dividends on Common Stock**

(1) Dividends paid during the fiscal year ended March 31, 2019

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥135,862 million (US\$1,224 million)
Dividends per share	¥22,643,700 (US\$204,015)
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Retained earnings

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million (US\$450 million)
Dividends per share	¥8,333,300 (US\$75,081)
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Capital surplus

(2) Dividends, the record date of which was March 31, 2019, to be paid out in the year ending March 31, 2020

Date of resolution	June 18, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥137,148 million (US\$1,235 million)
Dividends per share	¥22,858,000 (US\$205,946)
Record date	March 31, 2019
Effective date	June 19, 2019
Dividend resource	Retained earnings

Date of resolution	June 18, 2019 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million (US\$450 million)
Dividends per share	¥8,333,300 (US\$75,081)
Record date	March 31, 2019
Effective date	June 19, 2019
Dividend resource	Capital surplus

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of The Dai-ichi Life Insurance Company, Limited:

We have audited the accompanying financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the balance sheet as at March 31, 2019, and the statement of earnings, the statement of cash flows and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Insurance Business Act and related rules and regulations and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Dai-ichi Life Insurance Company, Limited as at March 31, 2019, and its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the financial statements.

KPMG AZSA LLC

May 30, 2019
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Solvency Margin Ratio

(1) Dai-ichi Life Holdings, Inc. Consolidated Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	7,291,806	7,334,485
Common stock, etc. (*1)	1,223,916	1,314,711
Reserve for price fluctuations	195,797	218,259
Contingency reserve	721,146	730,962
Catastrophe loss reserve	—	—
General reserve for possible loan losses	487	100
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (*2)	2,799,571	2,639,363
Net unrealized gains (losses) on real estate × 85% (*2)	155,521	199,850
Sum of unrecognized actuarial differences and unrecognized past service cost	(11,591)	(15,103)
Policy reserves in excess of surrender values	2,320,038	2,334,583
Qualifying subordinated debt	759,277	844,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(749,638)	(728,756)
Excluded items	(165,060)	(265,089)
Others	42,340	61,326
Total risk $\sqrt{R_1^2+R_2^2+R_3^2+R_4^2+R_5^2+R_6^2+R_7^2+R_8^2+R_9^2}+R_4$ (B)	1,739,555	1,686,480
Insurance risk R ₁	120,255	123,221
General insurance risk R ₅	5,264	5,906
Catastrophe risk R ₆	2,087	1,592
3rd sector insurance risk R ₈	201,344	194,479
Small amount and short-term insurance risk R ₉	—	—
Assumed investment yield risk R ₂	253,235	261,882
Guaranteed minimum benefit risk R ₇ (*3)	81,046	72,822
Investment risk R ₃	1,332,508	1,280,399
Business risk R ₄	39,914	38,806
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	838.3%	869.7%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The above figures are calculated based on Article 210-11-3 and 210-11-4 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

(2) The Dai-ichi Life Insurance Company, Limited

Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	6,328,252	6,397,977
Total risk (B)	1,435,172	1,318,040
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	881.8%	970.8%

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

Consolidated Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	6,251,712	6,318,688
Total risk (B)	1,413,924	1,296,925
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	884.3%	974.4%

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

(3) The Dai-ichi Frontier Life Insurance Co., Ltd.

Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	472,720	520,279
Total risk (B)	164,541	205,244
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	574.5%	506.9%

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

(4) The Neo First Life Insurance Company, Limited

Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	21,825	29,541
Total risk (B)	831	1,884
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	5,250.4%	3,134.3%

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

