

August 9, 2016

Financial Results for the Three Months Ended June 30, 2016

The Neo First Life Insurance Co., Ltd. (the “Company”; President: Yuji Tokuoka) announces its financial results for the three months ended June 30, 2016.

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* Amounts stated in tables and financial statements are rounded off to the unit. If there are numbers less than the unit, they are written as “0,” and if there is no relevant amount, etc., it is written as “-.” Rates are rounded.

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2016	As of June 30, 2016	% of March 31, 2016 total
Individual insurance	3,938	4,129	104.9
Individual annuities	—	—	—
Total	3,938	4,129	104.9
Medical and survival benefits	1,179	1,374	116.5

New Policies

(millions of yen except percentages)

	Three months ended June 30, 2015	Three months ended June 30, 2016	% of June 30, 2015 total
Individual insurance	0	226	273,279.0
Individual annuities	—	—	—
Total	0	226	273,279.0
Medical and survival benefits	0	208	348,666.2

- Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment.
2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which the disability cause is excluded but causes such as specific illness and nursing care are included.

(2) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2016		As of June 30, 2016			
	Number of policies	Amount (billions of yen)	Number of policies		Amount (billions of yen)	
				% of March 31, 2016 total		% of March 31, 2016 total
Individual insurance	46,061	595.0	49,778	108.1	583.7	98.1
Individual annuities	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

New Policies

	Three months ended June 30, 2015				Three months ended June 30, 2016					
	Number of policies	Amount (billions of yen)			Number of policies		Amount (billions of yen)			
			New Business	Net increase by conversions		% of June 30, 2015	% of June 30, 2015	New Business	Net increase by conversions	
Individual insurance	1	0.0	0.0	—	4,572	457,200.0	2.2	44,926.0	2.2	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

2. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2016		As of June 30, 2016	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	26,739	89.8	24,940	89.3
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	2,280	7.7	2,280	8.2
Domestic bonds	1,364	4.6	1,364	4.9
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	916	3.1	916	3.3
Loans	—	—	—	—
Real estate	—	—	—	—
Deferred tax assets	—	—	—	—
Others	752	2.5	709	2.5
Reserve for possible loan losses	(1)	(0.0)	(1)	(0.0)
Total	29,771	100.0	27,930	100.0
Foreign currency-denominated assets	—	—	—	—

(2) Fair Value Information on Securities (securities with fair value except for trading securities)

(millions of yen)

	As of March 31, 2016					As of June 30, 2016				
	Book value	Fair Value	Gains (losses)			Book value	Fair Value	Gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	2,276	2,280	3	3	—	2,276	2,280	4	4	—
Domestic bonds	1,360	1,364	3	3	—	1,360	1,364	4	4	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	916	916	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	2,276	2,280	3	3	—	2,276	2,280	4	4	—
Domestic bonds	1,360	1,364	3	3	—	1,360	1,364	4	4	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	916	916	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

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

- Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows:
Not applicable.

(3) Fair Value Information on Money Held in Trust

Not applicable.

3. Unaudited Quarterly Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2016 (summarized)	As of June 30, 2016
	Amount	Amount
(ASSETS)		
Cash and deposits	26,739	24,940
Securities	2,280	2,280
[Government bonds]	[1,364]	[1,364]
Tangible fixed assets	221	214
Intangible fixed assets	3	4
Reinsurance receivables	36	33
Other assets	491	458
Reserve for possible loan losses	(1)	(1)
Total assets	29,771	27,930
(LIABILITIES)		
Policy reserves and others	999	1,136
Reserves for outstanding claims	116	151
Policy reserves	882	985
Reinsurance payable	28	29
Other liabilities	1,370	987
Corporate income tax payable	1	1
Lease liabilities	12	10
Other liabilities	1,356	974
Reserve for employees' retirement benefits	6	12
Reserve for price fluctuations	20	20
Deferred tax liabilities	1	1
Total liabilities	2,425	2,186
(NET ASSETS)		
Capital stock	25,100	25,100
Capital surplus	17,100	17,100
Legal capital surplus	17,100	17,100
Retained earnings	(14,856)	(16,459)
Other retained earnings	(14,856)	(16,459)
Retained earnings brought forward	(14,856)	(16,459)
Total shareholders' equity	27,343	25,740
Net unrealized gains (losses) on securities, net of tax	2	2
Total of valuation and translation adjustments	2	2
Total net assets	27,346	25,743
Total liabilities and net assets	29,771	27,930

4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
	Amount	Amount
ORDINARY REVENUES	1,000	1,093
Premium and other income	980	1,091
[Premium income]	[926]	[1,050]
Investment income	0	0
[Interest and dividends]	[0]	[0]
Other ordinary revenues	19	0
[Transfer from policy reserves]	[8]	[—]
ORDINARY EXPENSES	935	2,693
Benefits and claims	285	405
[Claims]	[188]	[316]
[Benefits]	[58]	[57]
[Other refunds]	[1]	[2]
Provision for policy reserves and others	44	137
Provision for reserves for outstanding claims	44	34
Provision for policy reserves	—	102
Investment expenses	0	0
[Interest expenses]	[0]	[0]
Operating expenses	579	2,117
Other ordinary expenses	26	33
ORDINARY PROFIT (LOSS)	64	(1,600)
EXTRAORDINARY LOSSES	0	0
Provision for reserve for price fluctuations	0	0
Income (loss) before income taxes	64	(1,600)
Corporate income taxes - current	2	1
Total of corporate income taxes	2	1
Net income (loss)	61	(1,602)

Notes to the Unaudited Non-Consolidated Balance Sheet

As of June 30, 2016

1. Dividends paid
Not applicable.
2. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statements of Earnings

Three months ended June 30, 2016

1. Net loss per share for the three months ended June 30, 2016 was ¥667.79.
2. Amounts are rounded off to the unit stated.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Three months ended June 30, 2015	Three months ended June 30, 2016
Fundamental profit	A	53	(1,600)
Capital gains		—	—
Gains on money held in trust		—	—
Gains on investment in trading securities		—	—
Gains on sale of securities		—	—
Derivative transaction gains		—	—
Foreign exchange gains		—	—
Others		—	—
Capital losses		—	—
Losses on money held in trust		—	—
Losses on investment in trading securities		—	—
Losses on sale of securities		—	—
Losses on valuation of securities		—	—
Derivative transaction losses		—	—
Foreign exchange losses		—	—
Others		—	—
Net capital gains (losses)	B	—	—
Fundamental profit plus net capital gains (losses) A + B		53	(1,600)
Other one-time gains		11	0
Reinsurance income		—	—
Reversal of contingency reserve		11	—
Reversal of specific reserve for possible loan losses		0	0
Others		—	—
Other one-time losses		—	0
Ceding reinsurance commissions		—	—
Provision for contingency reserve		—	0
Provision for specific reserve for possible loan losses		—	—
Provision for specific reserve for loans to refinancing countries		—	—
Write-down of loans		—	—
Others		—	—
Other one-time profits (losses)	C	11	(0)
Ordinary profit (loss)	A + B + C	64	(1,600)

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2016	As of June 30, 2016
Total solvency margin (A)	27,795	26,194
Common stock, etc.	27,343	25,740
Reserve for price fluctuations	20	20
Contingency reserve	428	429
General reserve for possible loan losses	—	—
(Net unrealized gains on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (Multiplied by 100% if losses)	3	3
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	—	—
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	—
Brought-in capital, etc.	—	—
Excluded items	—	—
Others	—	—
Total Risk	557	546
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)		
Insurance risk R1	336	329
3rd sector insurance risk R8	89	98
Assumed investment yield risk R2	0	0
Guaranteed minimum benefit risk R7	—	—
Investment risk R3	323	305
Business risk R4	22	21
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	9,969.9%	9,580.6%

Note: The figures as of March 31, 2016 are calculated based on Articles 86 and 87 of the Enforcement Regulations of the Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

7. Status of Separate Account

Not applicable.

8. Consolidated Financial Summary

Not applicable.