By your side, for life

Dai-ichi Life Holdings, Inc.

Annual Report

2017

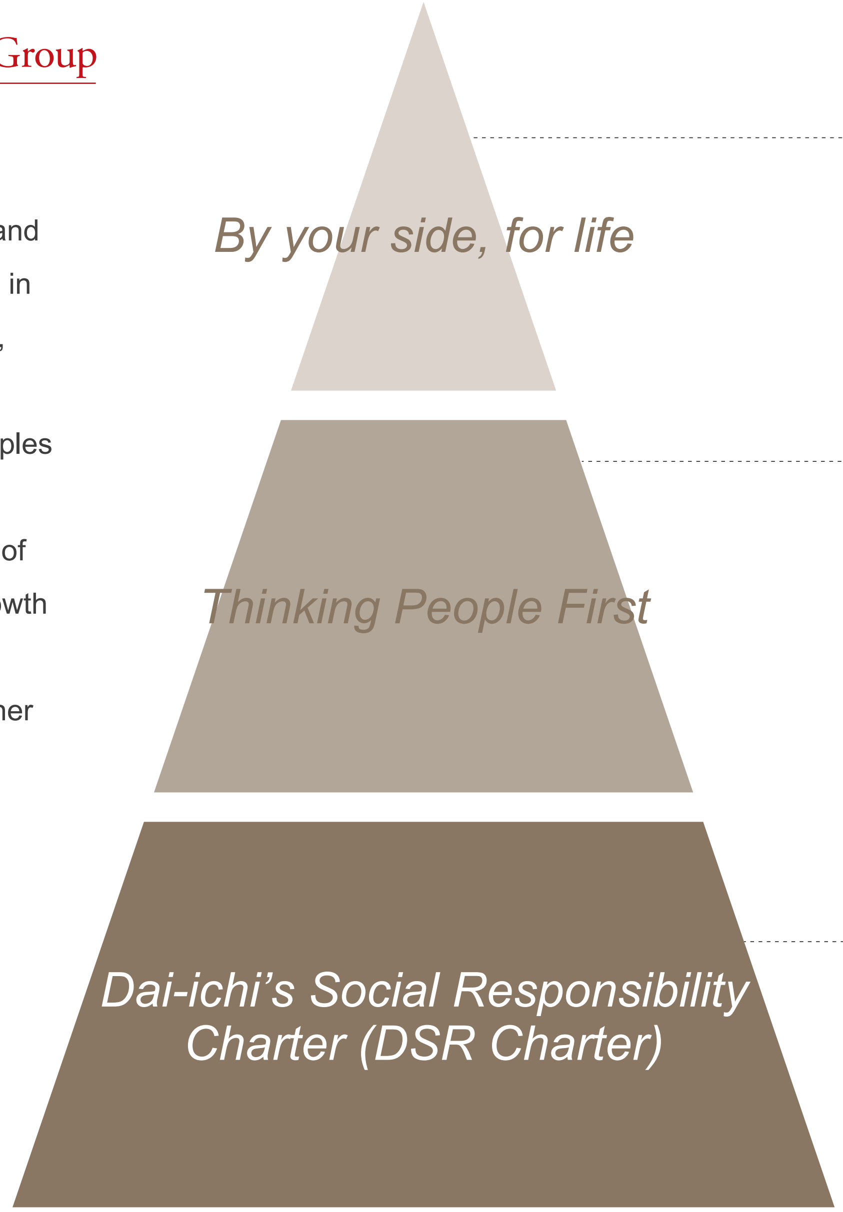
Integrated Report

Group Mission, Vision and Values

Principles of the Dai-ichi Life Group

The Group companies contribute to comfortable lives with peace of mind and the development of local communities in their respective regions and countries, providing life insurance and related services by sharing the Group's principles (Mission, Vision and Values).

We strive to maximize the value of the Group and aim for sustainable growth by sharing the Group's strategies with each company, moving forward together in the same direction.



Mission

Since our foundation in 1902, the Dai-ichi Life Group has always put our customers first. This philosophy continues to guide us as we move forward. We contribute to local communities by passing on peace of mind through the provision of life insurance and related services. As part of the Dai-ichi Life Group, all our companies will continue to stand by the side of our customers and their loved ones, for life.

Vision

We aim to be a company that thinks of people first, from the following four perspectives, aspiring to become the most highly regarded life insurance company by customers.

- **First in Quality**
- **First in Productivity**
- **First in Vital and Energetic Employees**
- **First in Growth Potential**

Values

The Dai-ichi Life Group will help build a sustainable society by adopting its corporate action principles "DSR Charter" so it can continue to meet the expectations of customers, society, shareholders, investors, and employees.

"DSR" stands for "Dai-ichi's Social Responsibility," a unique framework for using the PDCA cycle company-wide to continually improve management quality and satisfy our social responsibilities to all stakeholders, while increasing the corporate value of the Dai-ichi Life Group.

DSR Charter

- **Customer satisfaction**
- **Respect for human rights**
- **Social contribution**
- **Communication**
- **Diversity and inclusion**
- **Promoting health**
- **Compliance**
- **Environmental protection**
- **Creating sustainable corporate value**

CONTENTS

Value Creation of the Dai-ichi Life Group

Value Created by the Dai-ichi Life Group

Message from Management

Overview of Business

Corporate Governance

Human Capital Strategy

Corporate and Financial Data

Editorial Policy

This publication constitutes disclosure of "the status of the business and property" of the insurance company and subsidiary companies as stipulated in Article 271-25 of the Insurance Business Act and Article 210-10-2 of the Ordinance for Enforcement of the Insurance Business Act. It is intended to help our stakeholders better understand the Dai-ichi Life Group's passion and initiatives to realize our mission; "By your side, for life." We hope this report will foster a deeper understanding of the management challenges, strategies and initiatives for future growth for the Dai-ichi Life Group, as well as its efforts.

<Reference>

- International Integrated Reporting Council (IIRC) "International Integrated Reporting Framework"
- Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines"

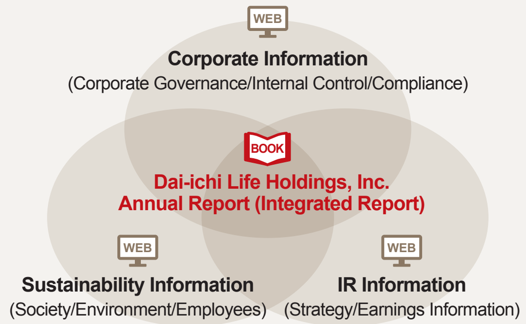
<Coverage of this Report>

- Period covered: April 1, 2016 to March 31, 2017 (including some activities on and after April 1, 2017)
- Organizations covered: Dai-ichi Life Holdings, Inc. and its subsidiaries and affiliates

Positioning of this Report

In order to provide understanding of the Dai-ichi Life Group, material information in this report is summarized. Please visit our website for further details.

▸ *http://www.dai-ichi-life-hd.com/en/*



Forward-looking Statements

Statements contained herein that relate to the future operating performance of the Company are forward-looking statements. Forward-looking statements may include – but are not limited to – words such as "believe," "anticipate," "plan," "strategy," "expect," "forecast," "predict,""possibility" and similar words that describe future operating activities, business performance, events or conditions. Forward-looking statements are based on judgments made by the Company's management based on information that is currently available to it and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Consequently, you are cautioned not to place undue reliance on forward-looking statements. The Company disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

Who We Are

Forging the future through innovation

Since our founding in 1902, the Dai-ichi Life Group has never failed to put customers first while demonstrating the spirit of innovation as needed as time shifts and society changes. In recent years, we have formed partnerships with domestic financial institutions, expanded our life insurance business to overseas markets, become the first major life insurance company in Japan to go public, and last year we transitioned to a holding company structure. These initiatives represent our effort to transform ourselves to carry out our mission in the society, offering peace of mind to our customers as we stand “By your side, for life.” Moving forward, in a time of dramatic change and complexity, we continue to demonstrate the spirit of innovation in order to provide “Peace of mind. In communities and around the world.” And we continue to take on challenges, creating an ideal future for our customers by forging the future through innovation.

Key Figures

History of the Dai-ichi Life Group

115 years

Strong Customer Base

Approx. 11 million*

*Total customers of three domestic life insurance companies

Number of Participants in Global Communication Programme

Approx. 1,700 employees*

*Cumulative total for the past five years

Diversification in Business and Operating Regions

The 3 Growth Engines

Domestic Life Insurance Business
- Dai-ichi Life
- Dai-ichi Frontier Life
- Neo First Life

Asset Management Business
- Asset Management One
- Janus Henderson Group

Overseas Life Insurance Business
- *U.S.A.* Protective Life
- *Australia* TAL
- *Vietnam* Dai-ichi Life Vietnam
- *India* Star Union Dai-ichi Life
- *Indonesia* Panin Dai-ichi Life
- *Thailand* Ocean Life

Governance to Support Global Business

A Holding Company and 2 Regional Headquarters

- *Japan* Dai-ichi Life Holdings, Inc.
- *U.S.A.* DLI NORTH AMERICA INC.
- *Singapore* DLI ASIA PACIFIC PTE. LTD.

Cooperating with business partners in 7 countries

- Mizuho Financial Group
- Sompo Japan Nipponkoa Insurance
- American Family Life Assurance Company of Columbus (Aflac)
- Resona Holdings
- Japan Post Insurance
- Costco Wholesale
- Qantas Assure
- Vietnam Post

Performance Data

Fiscal 2016

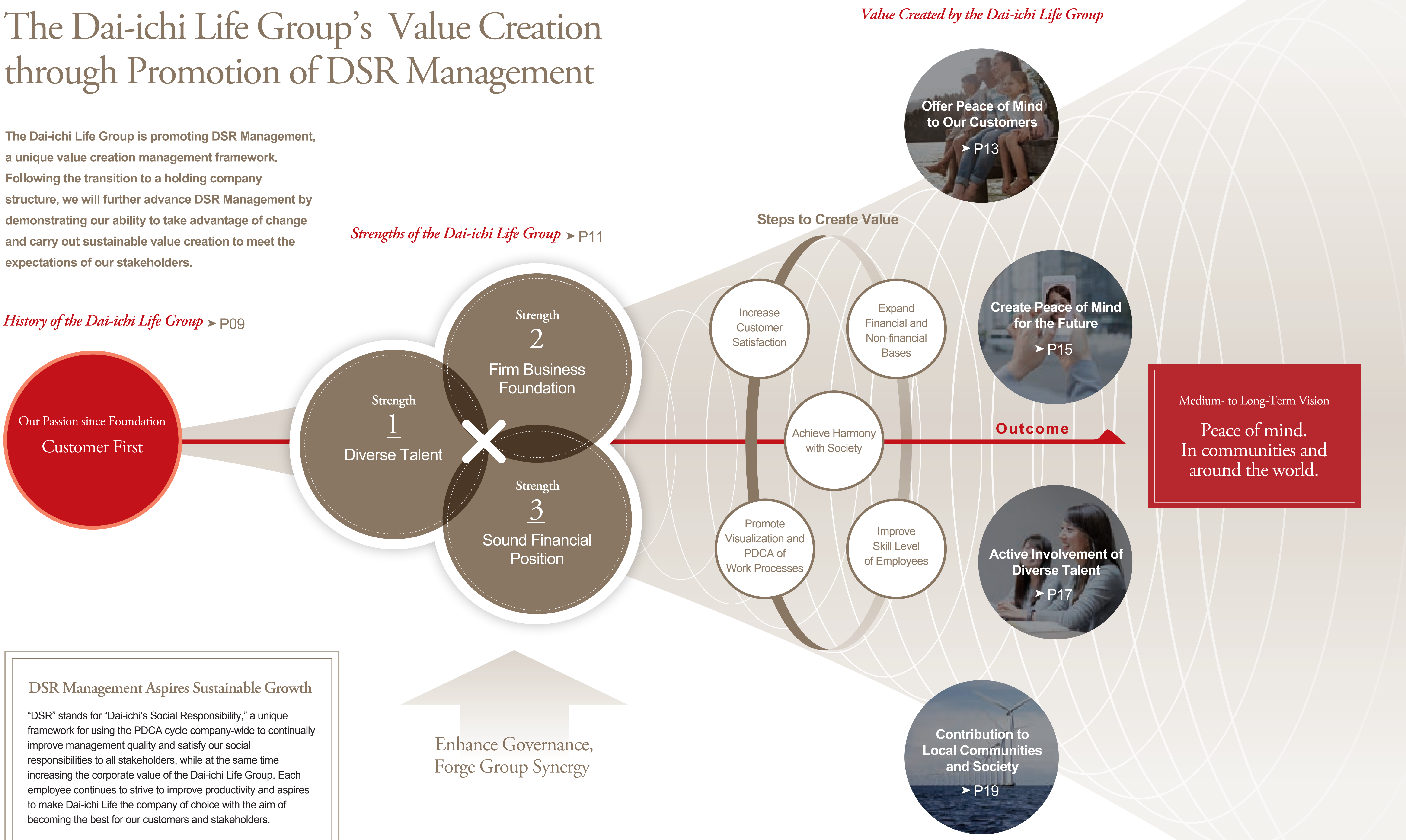
Net Income Attributable to Shareholders of Parent Company	Total Shareholder Payout*	Group European Embedded Value
231.2 billion yen	73.7 billion yen	5.4 trillion yen

Consolidated Solvency Margin Ratio	Insurance Claims and Benefits Paid (Consolidated)	Reduction in CO_2 Emissions (Group Basis)
749.2%	3.6 trillion yen	Down by 1,800 t-CO_2 year-on-year

*Total shareholder payout includes the upper limit of the Company’s stock repurchase of 23.0 billion yen resolved by the Board of Directors on May 15, 2017.

The Dai-ichi Life Group's Value Creation through Promotion of DSR Management

The Dai-ichi Life Group is promoting DSR Management, a unique value creation management framework. Following the transition to a holding company structure, we will further advance DSR Management by demonstrating our ability to take advantage of change and carry out sustainable value creation to meet the expectations of our stakeholders.



DSR Management Aspires Sustainable Growth

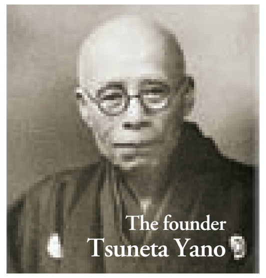
"DSR" stands for "Dai-ichi's Social Responsibility," a unique framework for using the PDCA cycle company-wide to continually improve management quality and satisfy our social responsibilities to all stakeholders, while at the same time increasing the corporate value of the Dai-ichi Life Group. Each employee continues to strive to improve productivity and aspires to make Dai-ichi Life the company of choice with the aim of becoming the best for our customers and stakeholders.

The Dai-ichi Life Group's "Customer First" Commitment

Management Philosophy Unchanged Since Foundation

Customer First

The "customer first" management philosophy set forth by the founder Tsuneta Yano and his words "the best rather than the largest" have been passed along throughout Dai-ichi Life's long history.



The founder Tsuneta Yano

Acceleration with the Transition to a Holding Company Structure

Ability to Take Advantage of Change

To be the best, we need to continue to adapt ourselves to social and environmental changes. We will demonstrate our ability to take advantage of change by foreseeing future trends with unsurpassed speed and forging the future for our customers, society and ourselves. We will strive to provide "Peace of mind. In communities and around the world.," by forging the future through innovation.

Dai-ichi Life Holdings

1902
Founded as Japan's First Mutual Company

1932
Second in the Industry

The sum insured of policies in-force reaches JPY 1 billion. Dai-ichi Life becomes the second-largest life insurance company in Japan.

1935
Establishment of "Hoseikai"

Established "Hoseikai" in order to help prevent and treat tuberculosis, which was the major cause of death in Japan at the time.

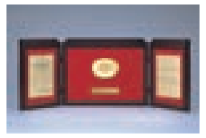
1950
Establishment of Public Health Award

In the immediate postwar period when the hygienic environment in Japan deteriorated, the Public Health Award was established to give thanks and respect to those who worked to improve health and hygiene. The Public Health Award marks the 69th year in 2017.

1997
Launch of Total Life Plan

Dai-ichi Life launched the concept of a Total Life Plan to comprehensively cover risks in customers' lives according to changes in their life stage.

2001
Winner of Japan Quality Award



2010
New Foundation as a Listed Company

2016
Transition to a Holding Company Structure

The Dai-ichi Life Group's History of Reform for the Past 10 Years

Diversification in Business and Operating Regions

	2007	2008	2011	2012	2013	2015	2016	2017	
Domestic Life Insurance Business	Dai-ichi Frontier Life commences business					Neo First Life commences business			Established three brands in the domestic life insurance market to respond to diversified customer needs
Overseas Life Insurance Business	Vietnam: Dai-ichi Life Vietnam becomes a subsidiary India: Establishes Star Union Dai-ichi Life	Thailand: Acquires share of OCEAN LIFE Australia: Acquires share of Tower Australia Group Limited (currently TAL Group)	Australia: Tower Australia Group Limited becomes a subsidiary		Indonesia: Acquires share of Panin Life (currently Panin Dai-ichi Life)	U.S.A.: Protective becomes a subsidiary Establishes regional headquarters in New York and Singapore			Established a balanced business portfolio in the advanced market and the growth market
Asset Management Business				Acquires share of Janus Capital Group Inc.			Asset Management One begins operations	Janus Henderson Group Plc begins operations	Established a trilateral business structure to cover three major asset management markets, i.e. Japan, the U.S.A. and Europe

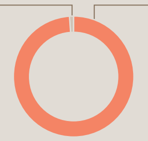
Strengths of the Dai-ichi Life Group that Drive Sustainable Value Creation

Human Capital

Our "customer first" philosophy and "spirit of innovation" are passed on to 70,000 employees with diverse talents

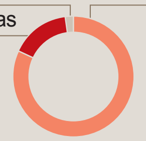
Group Employees by Region in 2007

Other / Japan



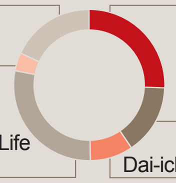
Group Employees by Region in 2017

Other / Overseas / Japan



Overseas employees increase by 10,000 in six countries

Overseas employees by subsidiaries



"High Expertise" and "Extensive Experience"

MDRT* Members

Japan 180 persons

Overseas 106 persons

Deep knowledge and experience in the field of life insurance and financial services

*Founded in 1927, Million Dollar Round Table (MDRT), The Premier Association of Financial Professionals(r), is a global, independent association of more than 62,000 of the world's leading life insurance and financial services professionals from more than 500 companies in 69 nations and territories. MDRT members demonstrate exceptional professional knowledge, strict ethical conduct and outstanding client service. MDRT membership is recognized internationally as the standard of excellence in the life insurance and financial services business. For more information, please visit mdrt.org.

Securities Analysts

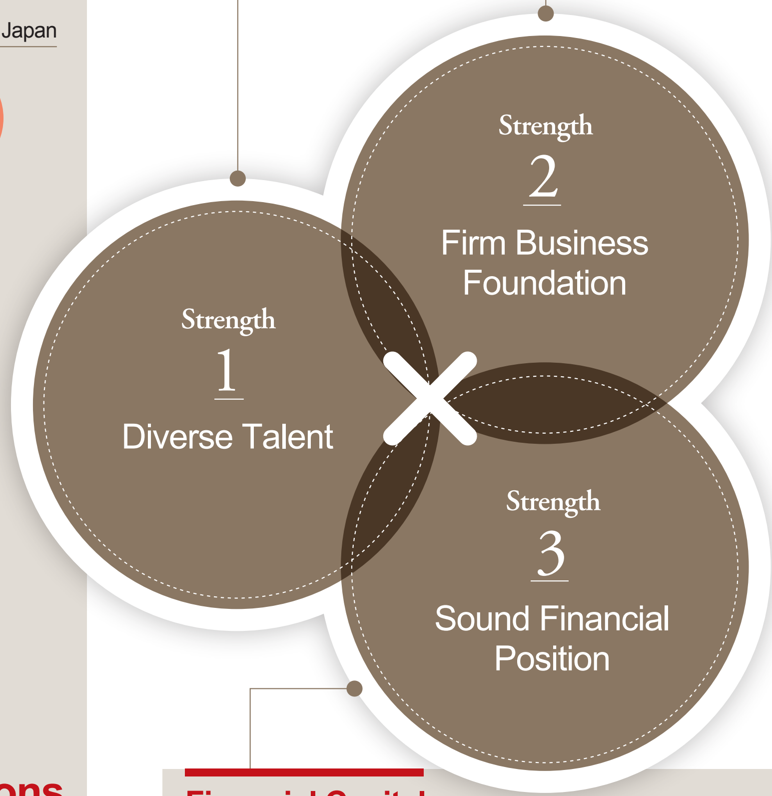
554 persons

Knowledge and experience in asset management

Protective Acquisition Business

55 deals in the past

Knowledge and experience in concluding M&A deals



Social and Relationship Capital

Developed into a well-known brand through a history of over a century

By your side, for life — DAI-ICHI LIFE — Dai-ichi Life Group 1902–

Protective 1907–

TAL 1869–

Various relationships with customers around the world

Strong Customer Base

Japan

No. of Policies in-force: Approx. 14.8 million

Corporate Customers: Approx. 150 thousand companies

U.S.A.

No. of Policies in-force: Approx. 8.3 million

Vietnam

No. of Policies in-force: Approx. 500 thousand

Australia

No. of Customers: Almost 4 million

One of the Largest Sales Representative Forces in Japan

No. of sales representatives: 44,611 persons

Diverse Sales Channels

Total Life Plan Designers	Wholesale
Independent Agents	Independent Advisors
Individual Insurance Agents	Securities Companies Banks
Independent Insurance Agents	Direct Sales

Various Business Partnerships

MIZUHO, SOMPO HOLDINGS Sompo Japan Nipponkoa, Aflac, RESONA, JAPAN POST INSURANCE, COSTCO WHOLESALE, QANTAS ASSURE, VIETNAM POST

Intellectual Capital

Sizable amount of medical big data

Approx. 1 billion data records (anonymous data)

Financial Capital

A sound financial position sufficient to accept risks of our customers

Consolidated Adjusted Net Assets

9,940.0 billion yen

Consolidated Solvency Margin Ratio

749.2%

Group European Embedded Value (EEV)

5,495.4 billion yen

Standard & Poor's (S&P)

A+ Insurer Financial Strength Rating*

*Rating of Dai-ichi Life as of the end of July 2017.

S&P's Evaluation of Our Enterprise Risk Management Framework

Adequate with Strong Risk Controls*

*As of the end of July 2017.

Economic Solvency Ratio

151%

What is the Economic Solvency Ratio?

The Dai-ichi Life Group calculates the economic solvency ratio (ESR) and utilizes it in enterprise risk management. ESR reflects the market value of assets and liabilities by taking into account factors such as recent interest rates and is an indicator of capital adequacy against certain levels of stress. It is expected that the international capital standards for insurers, currently under consideration, will be based on economic value.

Value Created by the Dai-ichi Life Group

The Dai-ichi Life Group provides diverse value to stakeholders through DSR Management. While embracing the common value of respecting each other, learning from each other, and growing together, good examples are shared among every employee. Such activities advances DSR Management further and leads to sustainable value creation that meets the expectations of our stakeholders.

FOCUS 1

For the Tomorrow of Our Customers

Standing "By your side, for life" with our customers; we have developed diverse insurance products and services in seven countries worldwide to offer each customer with peace of mind.

Insurance Claims and Benefits Paid (Consolidated)

3.6 trillion yen (Fiscal 2016)

Insurance claims and benefits paid by the Dai-ichi Life Group in fiscal 2016 were 3.6 trillion yen.
We support the daily lives of our customers through these payments.

FOCUS 2

Peace of Mind for the Future

The Dai-ichi Life Group promotes InsTech (Insurance Technology) as a top priority, strategic initiative to create new value.

Developed the KENKO-DAIICHI (Health First) app exclusively for smart phones

The app was released free of charge in March 2017 under the concept of living healthier and happier lives and supports the physical well-being of our customers.

Number of Business Partners Driving the InsTech Initiative

Over **20** companies

Actively taking in the development expertise and ideas of our business partners in healthcare, underwriting, and marketing to drive the InsTech initiative

Cross-industry Collaboration

accenture

JAPAN POST INSURANCE

TechFirm

TecPower

Panasonic

dentsu

Microsoft

日本調剤

NTT DATA

STONE & CHALK




FOCUS 3

Active Involvement of Diverse Talent

Based on the group vision of "Thinking people first," we are building an organization where diverse talent come together to play an active role in creating new value by respecting diversity and inclusion.

Number of Participants in Global Communication Programme

Approx. **1,700*** employees

* Cumulative total for the most recent five years

We promote group-wide talent exchange and develop global human capital to become competitive internationally. The Global Management Conference is one characteristic event where management teams from group companies around the world gather.




FOCUS 4

Contribution to Local Communities and Society

The Dai-ichi Life Group works together with local societies wherever the Group operates, tackling social issues with its management resources and expertise.

Providing school supplies
(India: Star Union Dai-ichi Life)

Indigenous community volunteer activities
(Australia: TAL)

Social Contribution Activities

Initiatives aimed at growing together with communities by solving issues they face are spreading around the world

Three Main Initiatives

- Promoting Health
- Creating an Affluent Next-Generation Society
- Environmental Preservation

Charity event: Heart Walk
(U.S.A.: Protective Life)

Major ESG Investments (Fiscal 2016)

Invested in an offshore wind farm project in Germany	Invested in the Feed Africa Bond to support Africa's agriculture and agricultural business	Invested in a health bond to support financing of health projects in Asia and the Pacific
Approx. 3.5 billion yen	Approx. 5.2 billion yen	Approx. 11.0 billion yen

To fulfill the social responsibilities as an institutional investor, Dai-ichi Life drafted ESG Investment Principles based on the DSR Charter. For ESG investment, we consider factors related to environmental protection, social contributions, and corporate governance while we secure profitability.

Pediatric cancer patient support utilizing SNS "Origami Hati Kami (Our wishes reflected in Origami)"
(Indonesia: Panin Dai-ichi Life)

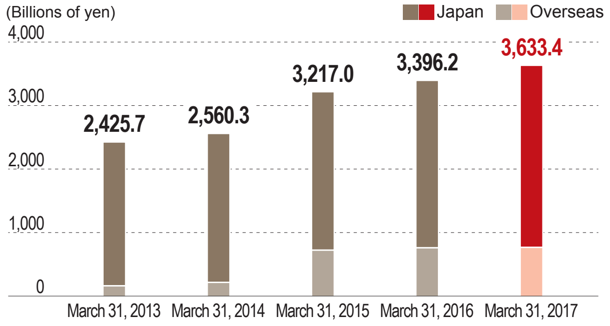
Marathon support project: Run with You
(Japan: Dai-ichi Life)

Financial Highlights

Annualized Net Premium from Policies In-force

3,633.4 billion yen

Up **7**% year on year

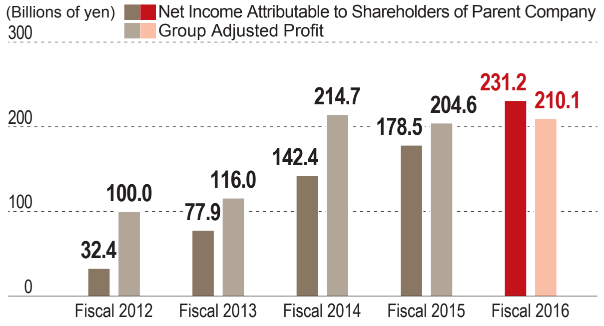


Annualized net premium from policies in-force is increasing steadily on the back of growth in needs for third-sector products, savings-type products in Japan, and contribution from the overseas life insurance business. For the fiscal year ended March 2017, the Group recorded strong sales of level-premium individual annuity, and third-sector sales expanded due to the introduction of new products, resulting in a 7% increase compared to the end of the previous fiscal year.

Net Income Attributable to Shareholders of Parent Company/Group Adjusted Profit

231.2 billion yen

Up **30**% year on year

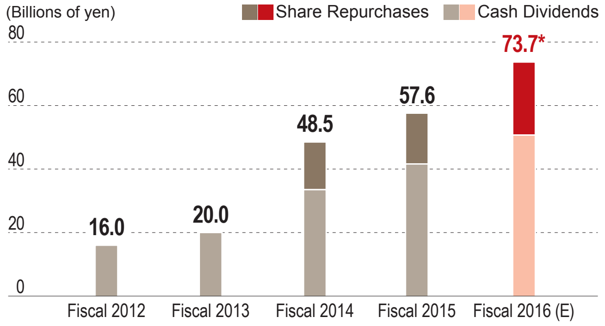


Net income attributable to shareholders of parent company is steadily increasing as a result of our efforts to diversify our business and operating regions. The fiscal year ended March 2017 was a difficult year due to a prolonged low-interest-rate business environment, but the Group managed to report profit growth of 30% compared to the previous fiscal year, including a reversal of policy reserves relating to market value adjustment at Dai-ichi Frontier Life.

Total Shareholder Payout* (Cash Dividends and Share Repurchase)

73.7 billion yen

Up **16.0** billion yen year on year



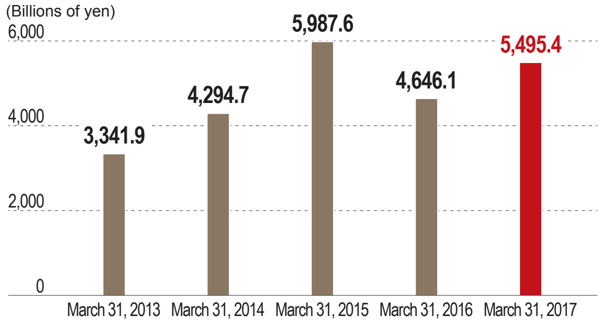
Total shareholder payout increased because, in addition to increased profit levels, we increased the total payout ratio. Dividends per share for the fiscal year ended March 2017 increased by 8 yen compared to the previous fiscal year to 43 yen. In addition, a resolution was made for share repurchases of a maximum of 23.0 billion yen.

*Total shareholder payout of 73.7 billion yen for the fiscal year ended March 2017 includes share repurchases of a maximum of 23.0 billion yen resolved by the Board of Directors on May 15, 2017.

Group European Embedded Value (EEV)

5,495.4 billion yen

RoEV **20.3**% (Fiscal 2016)



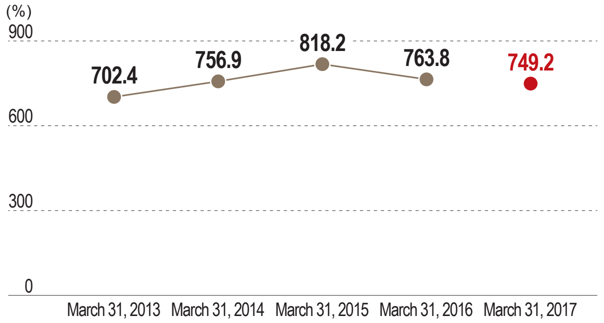
Group EEV is increasing because of improvements in the market environment and the value of new business. Group embedded value at the end of March 2017 increased compared to the end of the previous fiscal year by approximately 850 billion yen because of the accumulation of value of new business, rise in long-term interest rates in Japan, and an increase in stock prices.

WEB Please see the EV Report for further details on Group EEV.
http://www.dai-ichi-life-hd.com/en/investor/library/ev_report/index.html

Consolidated Solvency Margin Ratio

749.2%

Down **14.6** points year on year

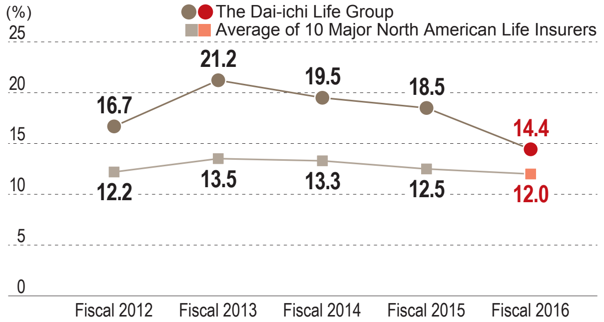


The consolidated solvency margin ratio was at the same level compared to the end of the previous fiscal year and continues to demonstrate a high level of financial soundness. The Company transitioned to a holding company structure in October 2016 and the consolidated solvency margin ratio as of the end of March 2017 represents that of the holding company.

Operating ROE

14.4%

ROE **7.6**% (Fiscal 2016)



Operating ROE, which represents the capital productivity of the Group, is at an adequate level compared to life insurance companies in North America that disclose similar indicators. For the fiscal year ended March 2017, operating ROE decreased to 14.4% compared to the previous fiscal year because of the increase in expenses for retirement benefit obligations due to low interest rates and strategic investment in our sales representative channel.

Rating Information*

Rating agencies publish credit ratings based on their independent opinions about the financial soundness of businesses. Through enterprise risk management (ERM) initiatives, the Dai-ichi Life Group ensures financial soundness, while at the same time, allocates capital to businesses with potentially higher profitability aiming to maximize capital efficiency and improve corporate value. These initiatives have been highly regarded by rating agencies.

*Ratings of Dai-ichi Life as of the end of July 2017.

Rating and Investment Information (R&I)

A+

Insurance Claims Paying Ability

Japan Credit Rating Agency (JCR)

A+

Ability to Pay Insurance Claims

Standard & Poor's (S&P)

A+

Insurer Financial Strength Rating

Fitch Ratings (Fitch)

A+

Insurer Financial Strength Rating

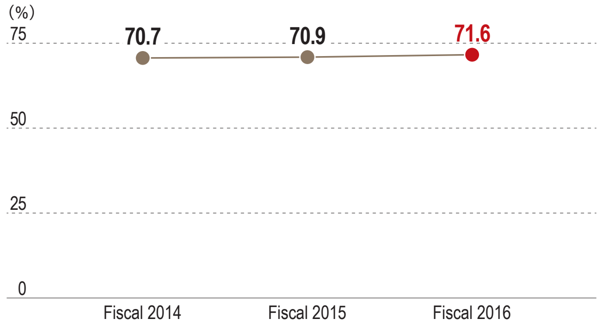
Note: The above ratings represent the opinions of the rating agencies, and do not guarantee the payment of insurance benefits, etc. The ratings may change at the discretion of the rating agencies.

Non-financial Highlights

Percentage of People Responding in the Affirmative in Customer Satisfaction Survey

71.6 %

Up **0.7** points year on year



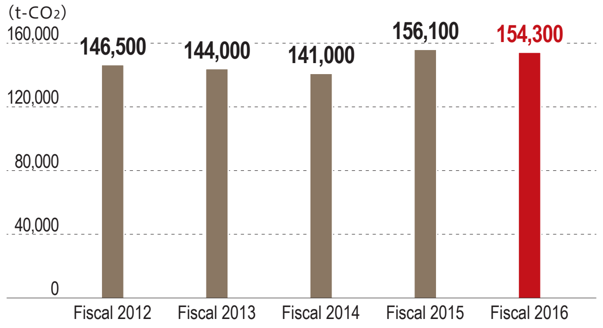
Each year, we conduct customer satisfaction survey as an indicator to measure the degree to which we are attaining our goal of customer satisfaction, as set forth in the DSR Charter. Survey results are reported to the Executive Management Board and the Board of Directors, and reflected in initiatives to improve customer satisfaction.

Note: Figures are for Dai-ichi Life only. Since survey methods were changed from fiscal 2014, annual comparison before fiscal 2014 are not shown.

CO_2 Emissions

154,300 t-CO_2

Down **1,800** t-CO_2 year on year



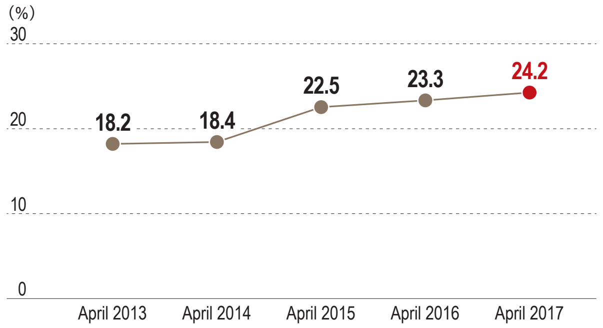
As an initiative for energy saving (reducing CO_2 emissions and electricity use), we take measures such as ensuring the efficient operation of equipment such as lights and air conditioners and encouraging energy-saving efforts by individual officers and employees on a company-wide basis. We also actively replace devices and equipment with those offering superior energy efficiency, helping to reduce the environmental impact.

Note: Data for fiscal 2012 to fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group.

Percentage of Women in Managerial Posts

24.2 %

Up **0.9** points year on year



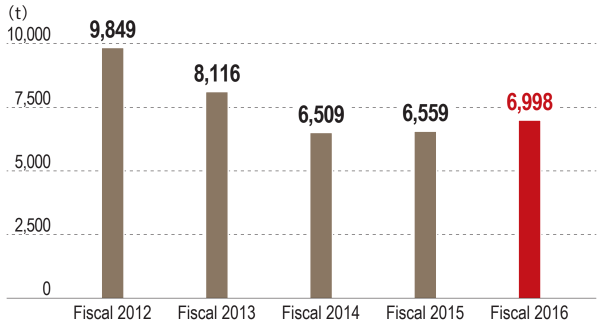
We are working to strengthen training and support systems, and creating a comfortable working environment for female employees, who comprise a large proportion of our employees. In the Medium-term Management Plan (fiscal 2015–fiscal 2017), we have established a target to increase the percentage of female managerial employees to more than 25% of all managerial staff by April 2018 and to more than 30% by the early 2020s.

Note: Data up to April 2014 are for Dai-ichi Life only. April 2015 and April 2016 data are for the three domestic life insurance companies. April 2017 data is for the Company and the three domestic life insurance companies.

Total Paper Usage

6,998 t

Up **439** t year on year



We are taking steps, both company-wide and all the way down to the level of individual employees, to cut our total paper usage by using electronic documents and promoting paperless meetings and other efforts. The year-on-year increase in total paper usage for fiscal 2016 was due mainly to the increase in printed notices relating to the transition to a holding company structure.

Note: Data for fiscal 2012 to fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group.

Inclusion in SRI Indices

Dai-ichi Life Holdings is incorporated into the FTSE4Good Index Series (UK) and the Morningstar Socially Responsible Investment Index (Japan), which are socially responsible investment (SRI) indices in Japan and overseas (as of July 2017).

TAL (Australia) Wins Six Awards from the AFA and Beddoes Institute

TAL has won six awards from the AFA and Beddoes Institute, which recognize the best insurers as rated by financial advisers, policyholders and claimants. Winners are judged based on results of in-depth research conducted by the Beddoes Institute and customer ratings from more than 2,100 consumers.

Panin Dai-ichi Life (Indonesia) 2016 The Best Life Insurance Company

Panin Dai-ichi Life, selected out of life insurance companies with total assets of between 5–15 trillion Indonesia rupiah, received the 2016 The Best Life Insurance Company award from *Investor* for its outstanding financial profile.

Ocean Life (Thailand) Receives The Best of DSD for Three Consecutive Years

Ocean Life received The Best of DSD (Employee Skill Development Award) for outstanding business operations for the development of employee skills for three consecutive years from the Ministry of Labour.

Awarded Position on the Climate "A List" by CDP for the First Time as a Financial Institution in Japan

Dai-ichi Life Holdings was selected for climate "A List" in the CDP Global Climate Change Report 2016 by, an international NGO, Carbon Disclosure Project, which analyzes and evaluates environmental efforts and information disclosure of companies. The climate "A List" identifies companies assessed as global leaders that take particularly excellent action in responding to global climate change.

Dai-ichi Life Vietnam (Vietnam) Receives Golden Dragon Award for Nine Consecutive Years

Dai-ichi Life Vietnam has been named "best life insurance company" for nine consecutive years from the *Vietnam Economic Times*, which honors and commends the efforts of foreign-invested enterprises (FIEs) for their ethical and effective business conduct, making positive contributions to the economic development of Vietnam.

Star Union Dai-ichi Life (India) Receives the Best Brands Award (Insurance)

Star Union Dai-ichi Life received the Best Brands Award from *The Economic Times* as a corporate brand highly regarded by business executives.

Dai-ichi Life (Japan) Ranks No. 1 as a Company Empowering Women in Japan

Dai-ichi Life was praised as a company with a comfortable and satisfying working environment based on surveys conducted by *Nikkei WOMAN* (Nikkei BP) on companies empowering women.

Message from the President

Forging the future through innovation to stand "By your side, for life"

Seiji Inagaki

President and Representative Director
Dai-ichi Life Holdings, Inc.

"Peace of Mind. In Communities and around the World."

The Dai-ichi Life Group has constantly pursued what's best for its customers and for society over its long history. This approach is now represented by our Group Mission "By your side, for life" and embraced by everyone even when our businesses have expanded worldwide. This has been made possible by the unwavering commitment of our predecessors to constantly innovate.

Having assumed the position as president in April 2017, my mission is to ensure we pass on this approach to pursue what's best for creating the future for our customers and society. At the same time, my role is to lead further innovation efforts together with the Group's leadership team.

The Group adopted the medium- to long-term vision "Peace of mind. In communities and around the world" when it started the medium-term management plan, "D-Ambitious," in fiscal 2015. Our goal is to become an insurance company that delivers what's best for every community and country where we operate and offers peace of mind to every customer. With this goal in mind, we are working group-wide to take on the challenges needed to achieve this vision.

Achieved Record High Profits Driven by Three Growth Engines

Fiscal 2016, the second year of our medium-term management plan, D-Ambitious, was represented by a challenging business climate with the Bank of Japan's introduction of a negative interest rate policy and worldwide political and economic uncertainty.

Nevertheless, the Dai-ichi Life Group's three growth engines (the domestic life insurance business, the overseas life insurance business, and the asset management business) were able to generate solid results on the back of the diversification of its businesses and geographic coverage as well as optimal risk controls. Even today, we are moving forward with our growth strategy.

Fiscal 2016 marked the sixth consecutive year the Dai-ichi Life Group has posted an increase in profits and a record high since our share listing. We also increased shareholder dividends for the fourth consecutive year as a result of our efforts to enhance shareholder returns.

Due to broad changes in the business climate since we started D-Ambitious, we decided to make changes and revised certain targets. We believe these are necessary in order to carry out sustained value creation by implementing our growth strategy with a medium- to long-term perspective, without being affected by short-term economic volatility. The fundamental aspects of the Dai-ichi Life Group's growth strategy remain unchanged. We will also firmly maintain the target of a 40% total payout ratio.

- See overview of business beginning on page 33 for details about the initiatives and progress of each business.
- See Q&A—Addressing Stakeholders' Questions—on page 31 for details about partial changes and revisions to our Medium-term Management Plan targets.

Toward Sustainable Growth in the Future

Leveraging Our Ability to Take Advantage of Change

The world is changing rapidly and growing more complex with advancements in science and technology. As a result, as symbolized by the term C to B (consumer-to-business), we have entered an era where customers with diverse values drive corporate activities and companies that fail to address the needs of these customers will be unable to grow.

Now is precisely the time to evolve the spirit of innovation we have cultivated. We take advantage of the changes by foreseeing future trends and forge the future. With strong conviction, we will achieve further growth by forging the future through innovation for our customers with unsurpassed speed and with a customer-centered approach.

Pursuing Further Value Creation and Group Synergies

How do we forge the future through innovation? We believe it is achievable through strengthening the businesses that comprise the three growth engines and introduction of InsTech, which refers to initiatives aimed at new innovation creation unique to the life insurance business, collectively as a group.

In the domestic life insurance business, while keeping an eye on the further diversification and growing sophistication of customer needs, we are engaged in various initiatives including the development of our sales rep channels, expansion of the insurance agent channel, and development of competitive products and services at our three brands. We will also quickly begin activities to raise efficiencies utilizing analysis of big data, improve productivity using our advanced consulting capabilities, and enhance competitiveness by providing new added value focused on health.

In the overseas life insurance business, we will work to develop new channels and make investments in order to support organic growth to boost earnings in the United States and Australia. We will also aim for further growth in Asian countries by examining the potential for expanding into the Mekong region, which is a promising growth market of the future, ahead of our peers.

In the asset management business, which is growing worldwide, we have established a global trilateral structure led by Asset Management One and Janus Henderson that covers Japan, the United States, and Europe, with an eye on further market growth. We will aim to achieve robust earnings growth supported by complementing the business in each market and achieving synergies of each company.

Additionally, in terms of InsTech, we will combine the vast amount of customer data retained by the Group with outside data to lead the industry in providing new value in products and services, in order to offer peace of mind to customers, whose needs are expected to become more diverse in the future.

The benefits of transitioning to a holding company structure will be leveraged when we forge the future with innovation. In addition to the flexible allocation of management resources and quicker decision-making at Group companies, we will pursue growth by utilizing the value creation synergies produced by exchanging diverse and talented personnel across the Group and sharing best practices.

Lastly

We will implement our various strategies with a medium- to long-term perspective while further reinforcing our group structure so that we are able to tackle the changes of tomorrow and forge the future through innovation. I kindly ask for your continuing support and guidance of the Dai-ichi Life Group as we move forward.

Q&A

Addressing Stakeholders' Questions

Seiji Inagaki
President and Representative Director
Dai-ichi Life Holdings, Inc.

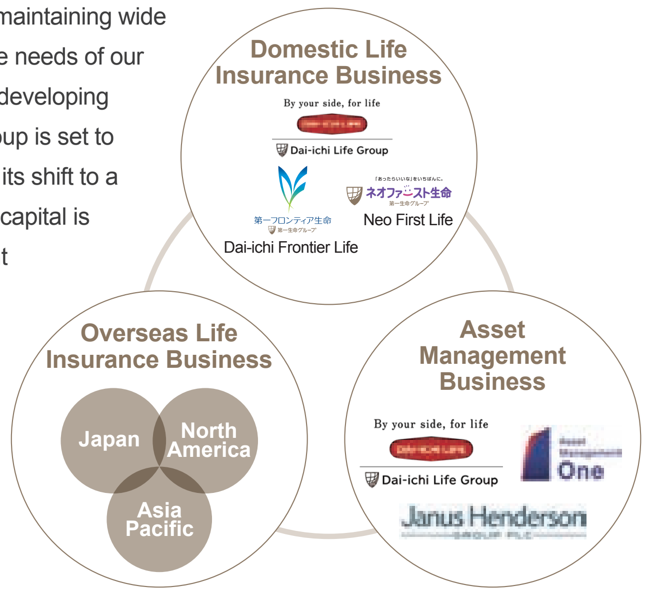
Q1 Please elaborate on the Dai-ichi Life Group's management strategies and capital policies under the low-interest-rate environment.

A1

Management Strategies

Starting from the medium-term management plan, D-Ambitious, the Group continues strengthening the domestic life insurance business, overseas life insurance business and asset management business, acknowledging them as the three growth engines of the Group.

The Group's growth strategy based on the three growth engines stands firm despite the headwinds for the domestic life insurance business, namely, sales of insurance policies and asset management on the back of persistently low interest rates, strengthened further with the introduction of a negative interest rate policy by the Bank of Japan from 2016. Rather, as the Group has pursued diversification in its fields and regions of business. I would say we are capable of controlling the headwinds. For example, the profit contribution from the overseas life insurance business increased significantly for the first two years of the management plan. The profit contribution from asset management business is expected to grow as two Group companies develop further access to markets in Japan, the United States and Europe. In the domestic life insurance business, we are managing core insurance profits, by maintaining wide range of products and services to cater to the needs of our customers, as well as investment profits, by developing sophisticated investment strategies. The Group is set to accelerate its growth by taking advantage of its shift to a holding company structure, making sure the capital is strategically allocated and agile management decisions are made. On top of the developments in existing businesses, the Group is aggressively developing its InsTech initiatives with partners from various backgrounds in order to tackle rapid and significant changes in the business environment and diversified customer needs.



Three Growth Engines

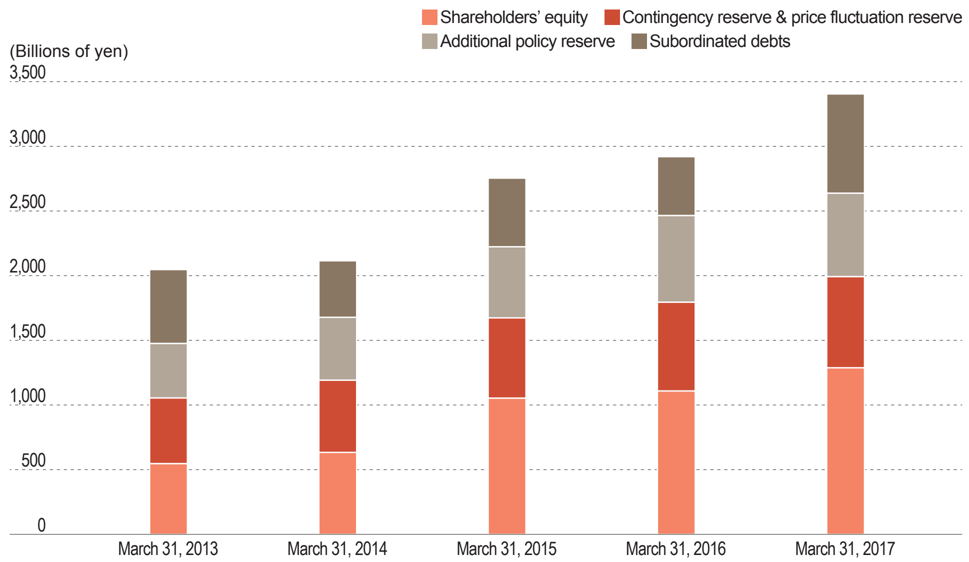
Capital Policies

The Dai-ichi Life Group practices enterprise risk management (ERM). ERM is a means of realizing improved capital efficiency and enhanced corporate value by allocating capital to businesses that promise higher profits, while ensuring financial strength by appropriately controlling risk.

During the fiscal year, Dai-ichi Life led the Group-wide initiative to manage interest rate risk with financial derivatives, controlling the sale of single-premium savings-type products and revising the discount rate applied to prepaid premiums. While the Group companies concentrated on improving the capital position by building cash flow from core businesses, Dai-ichi Life issued 2.5 billion US dollars in perpetual subordinated notes in July 2016, contributing to an improvement in the financial soundness of the Group.

The Group is committed to improving capital efficiency and corporate value in order to meet the expectations of stakeholders by building an optimal business portfolio and by improving the profitability of each business. In light of the headwinds in economic and financial markets, the Group continues to enhance initiatives based on the ERM framework and improve financial soundness in view of possible regulations for internationally active insurance groups.

Capital Base of the Dai-ichi Life Group



Q2 Why did the Group change targets of the medium-term management plan?

A2

Since the start of D-Ambitious in April 2015, the Dai-ichi Life Group has implemented initiatives building on its three growth engines, while strengthening the management and governance structure to support growth. During the period of the plan, the business environment went through a series of unexpected events, including monetary policy changes in Japan, and a referendum on EU membership in the United Kingdom. The Group reacted to the changes in the environment in a timely manner, controlling investment risks and increasing contributions from the overseas life insurance business, and the bottom line of the Group improved significantly compared to the previous medium-term management plan.

Having said that, the progress in some of the KPIs of the plan were affected because of the above financial conditions and factors outside our original assumptions, such as persistently low interest rates and a stronger yen against the US dollar. The Group believes it is not in the interest of the stakeholders to overreact to short-term fluctuations in the financial market, as it could lead to a negative spiral where excessive risk control affects the Group's ability to grow and generate earnings in the long run. In order to maintain positive initiatives on medium- to long-term growth strategies, the Group adjusted the KPIs of D-Ambitious, such as RoEV, the economic solvency ratio*1 and accounting profit.

Economic value indicators such as embedded value and the economic solvency ratio based on current economic conditions, which we believe are at an extreme level, assume that conditions stay the same well into the future and thus they put us in a difficult position if we have to offset the impact only through the underwriting of new insurance policies. The background of the targets reflects our belief that the Group will make it the highest priority to achieve capital efficiency above the cost of capital and improve the economic solvency ratio over the long term. So the Group considers these KPIs part of a medium- to long-term vision rather than as targets in three years. The significant changes in interest rates and foreign exchange rates caused us to revise our financial guidance for the fiscal year ending March 2018. On top of that, the Group took advantage of its transition to a holding company structure to redefine shareholder return indicator to group adjusted profit*2 in order to better reflect the result of cash flow management among the Group.

The Group strives to achieve sustainable growth rather than reacting to short-term fluctuations in economic conditions.

*1 The Dai-ichi Life Group calculates the economic solvency ratio (ESR) and utilizes it in enterprise risk management. ESR reflects the market value of assets and liabilities by taking into account factors such as recent interest rates and is an indicator of capital adequacy against certain levels of stress. It is expected that the international capital standards for insurers, currently under consideration, will be based on economic value.
*2 Please refer to Question 3 in the next page for details of group adjusted profit.

Group Medium- to Long-term Vision

Average EV Growth (RoEV)	Aim for average RoEV of over 8% during the medium- to long-term time frame
Economic Solvency Ratio (ESR)	Aim for 170%–200% during the medium- to long-term time frame

Group Management Objectives (Quantitative Targets)

Group In-force Annual Net Premium	Increment of 9% from March 2015 (as of March 2018)
Group Adjusted Profit	180 billion yen in fiscal 2017 (modified definition)
Total Payout Ratio Based on Group Adjusted Profit	40% during D-Ambitious

Q3 Please comment on your shareholder payout policy after the transition to a holding company structure.

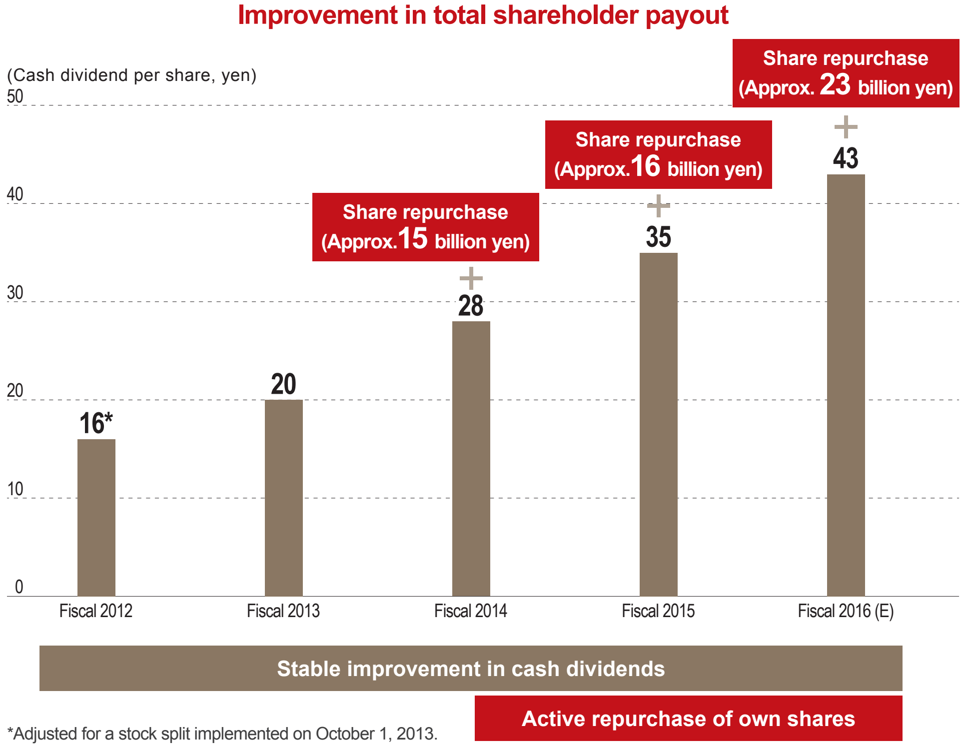
A3

Shareholder payout for the fiscal year ended March 2017 comprised a 43-yen-per-share cash dividend, an increase of 8 yen against previous year, and the repurchase of our own shares of up to 23.0 billion yen if completed as announced on May 15, 2017, representing an expected total shareholder payout of 35%. This represents the fourth consecutive year of increases in cash dividends and the third consecutive year of stock repurchases. The Group is committed to achieving a 40% total shareholder payout during the current medium-term management plan through the combination of stable cash dividends and share repurchases, taking into account financial results and the status of capital.

Shareholder payout for the fiscal year ended March 2017 was based on a revised definition of profit available for shareholder payout. As the Group went through a transition to a holding company structure, the Group decided to use the profit of Group companies with a cash backing as the basis of shareholder payout. The new indicator, "group adjusted profit," makes an adjustment for non-cash accounting items such as amortization for goodwill, valuation gains or losses on change in equities or step acquisitions or the reorganization of Group companies.

With the transition to a holding company structure, the Group is reinforcing cash flow management within the Group. That will enable the Group to effectively allocate capital within the Group, supporting growth and improving capital efficiency. That, we believe, will lead to a better appropriation of profits and better meet the expectations of stakeholders.

Shareholder Payout History



*Adjusted for a stock split implemented on October 1, 2013.

Domestic Life Insurance Business

Responding flexibly to the changing times and changes in customer needs based on a structure with three domestic life insurance companies to provide the best products and services through the best channels

Where We Are and Our Strategy in the Market

Japan's life insurance market is the second biggest in the world, after the United States, and it has continued to grow steadily over the past five years, at an average growth rate of 4% (based on annualized net premium from policies in-force).

It is estimated that Japan will face a super-aging society in 2025 with approximately 22 million people aged 75 or older, which is equivalent to just under 20% of the total population. While the shrinking of the death protection market accompanying the decline in the working-age population is a risk for the life insurance business, the increase in the elderly population has created new customer needs such as medical and nursing care, and savings. Furthermore, customer needs are also diversifying due to changes in the social structure and customer lifestyles, including the advancement of the aging population and the declining birth rate, a rise in the percentage of unmarried people, and a fall in the average number of people per household.

It is also possible that customer needs will change rapidly in the future due to technological progress, social innovations, and other factors.

In order to remain a life insurance company that customers can rely on, it is vital to respond to diverse needs as we stand "By your side, for life" with our customers while making innovations aimed at providing new products and services in anticipation of coming changes.

The Dai-ichi Life Group has built a structure of three domestic companies, namely Dai-ichi Life (primarily face-to-face channels), Dai-ichi Frontier Life (primarily over-the-counter sales at banks and securities companies) and Neo First Life (primarily banks and insurance agents) to respond quickly and accurately to changing customer needs.

Moreover, in order to provide customers with new products and services, we are making proactive efforts in our highest priority management strategy, InsTech (Insurance Technology), which leverages leading-edge technology.

• See InsTech initiatives for enhanced value creation (page 36) for details about initiatives related to InsTech.

Outline of Three-Company Structure in the Domestic Life Insurance Business

Customers' needs	High-quality consulting/high value-added services			Comparing products/ simple products and procedures	
Products	Products requiring consultation			Relatively simple products	
Sales channels	Banks/securities companies	Total Life Plan Designers (Sales representatives)	Insurance agents/ Walk-in shops	Banks	Direct sales
The Dai-ichi Life Group's presence	第一フロンティア生命 第一生命グループ Dai-ichi Frontier Life	By your side, for life DAI-ICHI LIFE Dai-ichi Life Group Dai-ichi Life	ネオファースト生命 第一生命グループ Neo First Life	Planning new entries	

Initiatives leveraging leading-edge technology INSTECH

Review of Operations for Fiscal 2016

Dai-ichi Life

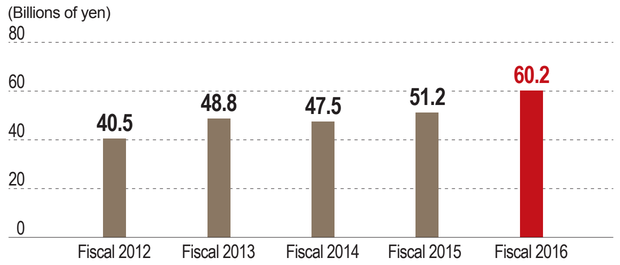
Upgrading Consulting Capabilities and Diversifying Sales Channels to Promote Sales of Protection-type Products

Dai-ichi Life upgraded the consulting capabilities of Total Life Plan Designers, mainly by revising its educational program and increased the number of Total Consultants specializing in consulting services at companies and government offices.

In addition, under the prolonged low-interest-rate environment, Dai-ichi Life strategically controlled sales of single-premium savings-type products while working to promote sales of protection-type products, including third-sector products (medical and nursing care) where customer needs are high.

As a result of these efforts, annualized net premium from new third-sector policies increased significantly, by 18% from the previous fiscal year.

Annualized Net Premium from New Third-sector Policies (Dai-ichi Life)



Dai-ichi Frontier Life

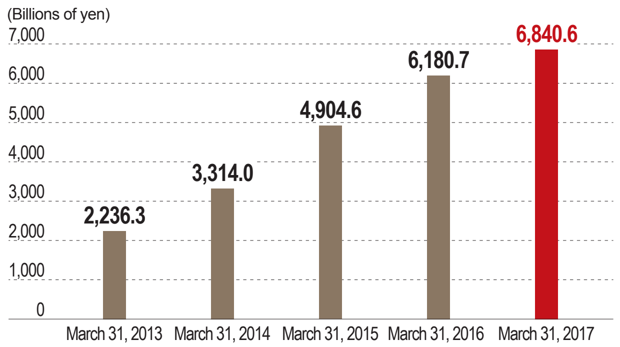
Developing the Industry's Best Product Lineup to Respond to Diverse Customer Needs

Dai-ichi Frontier Life further bolstered its product lineup and competitiveness by strategically controlling sales of yen-denominated fixed products while launching new foreign-currency-denominated fixed life insurance products where customer needs are high and redesigning foreign-currency-denominated variable products from the perspective of customers.

Dai-ichi Frontier Life also further strengthened its support for financial institutions while customer-first operations were developed, including the disclosure of sales commissions.

As a result of these efforts, the number of policies in-force topped one million in the ninth year of business and the total amount of policies in-force as of March 31, 2017 reached 6.8 trillion yen.

Policy Amount In-force (Dai-ichi Frontier Life)



Neo First Life

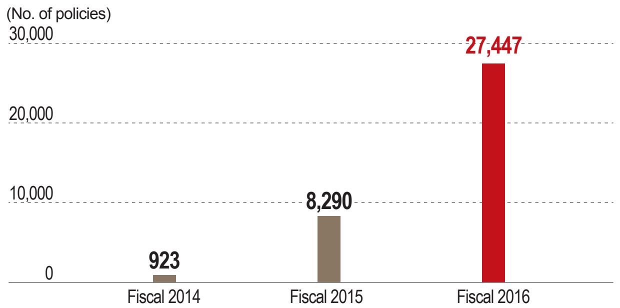
Identifying Agents' and Customers' Needs to Launch Differentiated Products in a Flexible Manner

Despite being the latest entrant among Japan's life insurance companies, Neo First Life, which commenced business in August 2015, achieved steady growth by launching distinctive products and increasing the number of commissioned agents such as banks and insurance shops.

In fiscal 2016, Neo First Life launched differentiated products based on use of the medical big data owned by the Dai-ichi Life Group and responding to the needs of financial institutions and agency partners. For example, the life insurance industry's first product using the policyholder's *Kenko Nenrei* (health age*) instead of his or her actual age was launched. As a result of these efforts, the number of new policies increased steadily.

**Kenko Nenrei* (health age) is a trademark registered by Japan Medical Data Center (JMDC).

Number of New Policies (Neo First Life)



Strategies for the Future

During the medium term management plan, D-Ambitious, the Group put a priority on improving the marketing, products and services and sales channels in order to build up the Group presence in the market. The initiatives led to improvements in efficiency indicators of sales representatives and sales by agents.

The Group continues to strengthen existing business lines. It implemented attractive features to the existing protection-type products to take advantage in changes in premiums in April 2017. In addition, Japan Post Insurance started sales of Dai-ichi Life's TOP PLAN EXCEED U annuity products for business owners.

Examples of improvement:

(1) Marketing
- Making commercial use of accumulated big data and base of 10 million customers

(2) Products and services
- Introduction of protection-type products for youth and female customers
- Introduction of annuity products addressing nursing care risk for business owners

(3) Sales channel
- Extension of training term for sales representatives from two years to five
- Increased the number of Total Consultants that specialize in sales at the workplace to more than 2,000
- Diversification of agent channels
- Sales of Dai-ichi Frontier Life products by Dai-ichi sales representatives

The business environment and competitive landscape of the domestic life insurance business could change dramatically on the back of persistently low interest rates and events such as revision of the standard life table, expected in April 2018. The Group has to be prepared for strategic pricing and product differentiation by its competitors. The Group continues to address various needs of its customers based on its customer-first strategies; Dai-ichi Life and Neo First Life address the various needs for protection-type products, and Dai-ichi Frontier Life addresses the consistent need for saving-type products. Through these strategies, the Group aims to grow the value of new business. The Group is also moving forward with InsTech initiatives to provide value-added products away from simple price competition while streamlining the business process.

Change in management and competitive environment

Reduced assumed rate of return (on level payment policies)
Revision of standard life table
Strategic pricing by competitors

Persistence of super-low interest rates
Differentiation of protection- type products by competitors

Rapid evolution of information and communication technologies could change existing business model

Possible acceleration of price competition

Strategies for the future

Dai-ichi Frontier Life / Dai-ichi Life / Neo First Life

- **Three domestic brands to address the various needs of customers**
- **Further strengthen sales of protection-type products**

Insurance × Technology

INSTECH

- **Value-added products rather than pricing**
- **Improvement in business process**

InsTech Initiatives for Enhanced Value Creation

The Group refers to initiatives to create unique innovation to life insurance business as "InsTech," representing a combination of the insurance business and technology, and promotes group-wide initiatives of strategic importance.

In 2016 the Group started to demonstrate its capabilities: Neo First Life introduced a new product that uses health age as a basis for premiums. Dai-ichi Life extended underwriting criteria based on medical big data analysis and developed the KENKO-DAIICHI app for enhanced value creation.

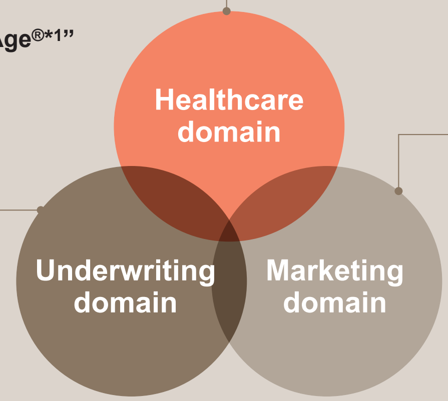
The Group continues to build an eco-system of companies with different backgrounds, to share information among group companies in the United States and Asia Pacific regions, and aims to create innovation for the future of customers in three segments: healthcare, underwriting and marketing.

- Please refer to page 37 for behind-the-scenes information on the development of the KENKO-DAIICHI app.

Value Creation through InsTech

カ ラ ダ 革 命

Premium based on "Health Age®*1"
An Industry First*2



Reviewed underwriting standards through medical big data analysis
Number of new policies grew by approx. 8,000*3 annually

KENKO-DAIICHI App
Approx. 600k Downloads*4

No. 1 **iPhone** Healthcare/Fitness Category

No. 1 **Android** Health & Fitness Category

*1 *Kenko Nenrei* (health age) is a registered trademark of the Japan Medical Data Center.
*2 Based on research by the Company on products of life insurance companies that are members of the Life Insurance Association of Japan. (As of September 20, 2016)
*3 Annualized calculation based on fiscal 2016 results.
*4 As of July 31, 2017

InsTech Answering Future Customer Needs

Healthcare	Underwriting	Marketing
• New services and products to promote extension of a healthy life span • Co-research with medical institutions	• Optimization of underwriting criteria, risk management through analysis of big data • Simpler signing process, improved customer usability • Automation of underwriting process operation	• Create sales leads through analysis of policyholders' big data • Guiding optimal consultation for the customers

Creating the Future with InsTech

The Dai-ichi Life Group coined the term "InsTech" as a name for its initiatives to create innovation unique to the life insurance business from both the insurance and technology perspectives. As part of our initiatives, we launched the KENKO-DAIICHI (health first) app in March 2017. For this special feature, we interviewed Takako Kitahori, chief of the Marketing Strategy Unit, who headed this project, and Takero Hayashi of development partner Accenture Japan Ltd.

Takero Hayashi
Managing Director
Insurance Group
Financial Services
Accenture Japan Ltd

Takako Kitahori
Chief of the Marketing Strategy Unit
Dai-ichi Life Holdings, Inc.

Release of the KENKO-DAIICHI App for Encouraging People to Take the Lead in Their Health

—What does InsTech involve?

Kitahori "InsTech" is a phrase coined by Dai-ichi Life that combines the words "insurance" and "technology." We are currently developing products and services and ushering in business innovation in the three fields of "healthcare," "underwriting," and "marketing" with the goal of creating innovation unique to the life insurance business by harnessing technologies such as artificial intelligence (AI). Such initiatives are already being implemented by insurance companies in Europe and North America, so we decided to work with Accenture in promoting InsTech because of its global network and wealth of knowledge in best practices within various industries.

Hayashi Since Dai-ichi Life contacted us in 2015, we have visited leading companies outside of Japan together to observe their approaches and also exchanged ideas through a close-knit partnership. After clarifying the concept of InsTech, we set up a cross-functional project team, which resulted in the release of KENKO-DAIICHI, a dedicated smartphone app, as part of our efforts in the healthcare field.

Kitahori Life insurance companies must complement the social security system. This is why the basic concept behind the app was to create motivation for many people, not just customers of the Dai-ichi Life Group, to maintain or improve their health. We hope the app will serve as a gateway for people to maintain an interest and to take the initiative in their health.

Function 1
First app of its kind in Japan FaceAI
Facial photos taken with a smartphone are used to show changes in BMI and the appearance of one's future self

Function 2
Pedometer and BMI measurement

Function 3
Certain numbers of steps can be exchanged for coupons

Sped up Development Using an Eco-system Involving Many Companies

—How did you go about developing the app?

Kitahori One of the strengths of the Dai-ichi Life Group is its access to medical-related big data from its customer information data base. To utilize this and introduce InsTech, the project needed to bring together the strengths of many different companies and groups from inside and outside the Dai-ichi Life Group. Or, in other words, we needed to build an eco-system. In this sense, Accenture's network and coordinating abilities were extremely powerful.

Hayashi One of Accenture's strengths is its ability to deliver the same high-quality problem-solving services anywhere in the world. We work side by side with customers, including not only consulting, but also the selection of companies to promote strategy and the provision of specific IT solutions, to achieve highly visible results.

Kitahori One of the things we emphasized in developing the app was speed. After closely examining strategy and functional requirements internally, Accenture informed us about good practices and failures from other industries and outside Japan, which helped to elevate our planning.

Hayashi Later, Accenture took the lead in building an eco-system involving other industries and in app development. Harnessing our expertise and know-how, we completed development in the space of four months after taking a keen and nimble approach. Dai-ichi Life has a flat organization, so the fast-paced decision-making concerning all processes enabled this fast-paced timeline.

Paving the Way for a Better Future with the Concept of "Living Healthier and Happier Lives"

—What's next for the future?

Kitahori First, we would like to enhance KENKO-DAIICHI so that it meets the needs of users. At the same time, we would like to develop new products utilizing the big data of the Dai-ichi Life Group. For example, we will take an initiative to analyze the correlation between data on the number of steps and sleep time with data of medical exams and medical practitioner receipts by having Group employees use wearable terminals starting from October 2016. Also, we want to step up information sharing with our Group companies in the United States and Australia, which were among the first to use InsTech.

Furthermore, we hope to expand our partners. Recently, we concluded a business partnership with Nihon Chouzai Co., Ltd. and are working to deepen this relationship through the sale of insurance products and the development of apps for prescription drugs. In the future, we will consider developing solutions utilizing both companies' big data. We have also begun joint research with the National Cancer Center Japan and others.

Hayashi Through our work with Dai-ichi Life, Accenture recognizes that the concept "living healthier and happier lives" occupies an important meaning for the promotion of InsTech. Looking forward, we hope to create a better future by working together and capitalizing on our strengths.

Overseas Life Insurance Business

Building a business portfolio that strikes a balance between stable markets and growth markets

Where We Are and Our Strategy in the Market

The economic and business environment surrounding the life insurance market varies from one country to another. In developed markets, such as North America where the insurance penetration rate is high, stable growth is expected through economic growth and other factors. On the other hand, high growth is expected to continue in the future for emerging markets in Asia and other regions due to high economic growth and increases in insurance penetration rates.

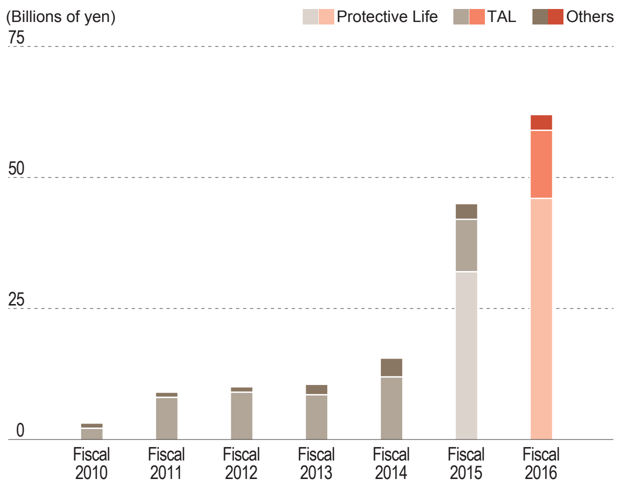
It has been 10 years since the establishment of Dai-ichi Life Vietnam, and our overseas life insurance business has now expanded into six countries in the Asia Pacific and North America regions. As a result, we have formed a well-balanced business portfolio that can benefit from both the growth of emerging markets and stable profit growth in developed markets, and the contribution of the overseas life insurance business to profits in the fiscal year ended March 31, 2017 accounted for 27% of consolidated net income.

The Dai-ichi Life Group strikes a balance between its growth strategy and capital policy through its efforts in ERM*1 that take into account the growth stage and capital level of each company while aiming for profit growth over the medium to long term. For instance, backed by its ample cash flow, the U.S. subsidiary Protective Life contributes to the Group by maintaining profit growth and dividends to the Company while continuing to invest in dynamic growth.

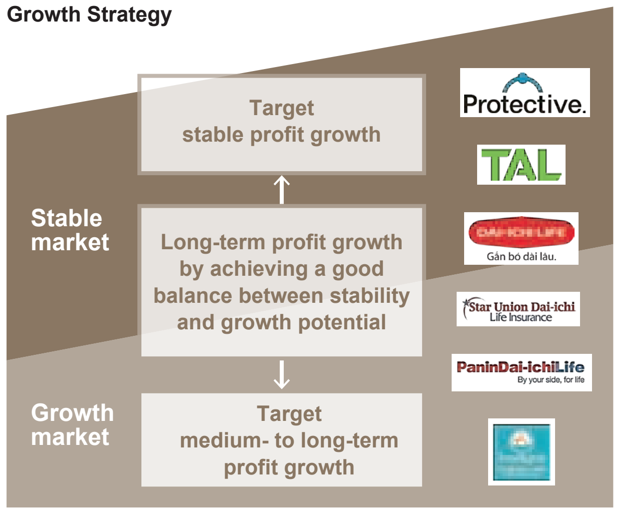
On the other hand, in each of the businesses in Asia, we have adopted strategies that emphasize profit growth in the medium to long term, and we engage in varied allocation and management of capital based on ERM such as investing the capital required for growth in principle while also considering the returns to the Company taking into account the capital level of each company.

*1 Enterprise risk management (ERM) is an effort to increase capital efficiency and corporate value by formulating strategies according to profits, capital and risks taking into account the types and characteristics of the risks.

Profit Growth in the Overseas Life Insurance Business



Growth Strategy



Review of Operations for Fiscal 2016

In developed markets, we worked to increase the contribution to Group profits by expanding business scale and other measures. Protective Life continued the acquisition business, which is one of its strengths, and demonstrated results including the December 2016 acquisition of United States Warranty Corp. (USWC), which operates an asset protection business*2 in 46 states in the U.S. Moreover, sales of individual insurance at Australian subsidiary TAL remained strong, and annualized net premium from policies in-force as of December 2016 topped the industry for the fourth year in a row in the Australian life insurance (protection-type products) market.

In emerging markets in Asia, we worked to accelerate growth, including increasing market share through the diversification and reinforcement of sales channels. As part of this, with the deregulation of the foreign ownership limitation, Dai-ichi Life Holdings increased its shareholding in Star Union Dai-ichi Life, an affiliated company based in India, from 26% to 45.94% anticipating further growth in the Indian life insurance market and the company itself. Furthermore, we established representative offices in Cambodia and Myanmar with the aim of carrying out market research as the foundation for new expansion in the Asian market.

*2 Asset protection business means non-life insurance business that compensates for expenses for machine failures, including automobile failures, and an amount equivalent to loan balances in the event of total loss.

Strategies for the Future

Over the past 10 years, we have established the foundations for growth in Asian emerging markets in addition to achieving the stabilization of the Group's business through expansion into developed countries. Moreover, we have executed a growth strategy while also steadily strengthening our business foundations through such means as developing global human capital and establishing regional headquarters.

Going forward, in addition to strengthening our existing sales channels while anticipating changes in the business environment and our market position, we will continue working to increase profit levels through collaboration with diverse business partners, utilization of InsTech, and further display of Group synergies.

Collaborating with Diverse Business Partners

U.S.A.
Protective Life

Protective.

Protective Life has contributed steadily to profits by combining retail business with acquisitions

What we have achieved in fiscal 2016
Promoted growth in the life insurance business through cross-selling with Costco Wholesale and major financial institutions in addition to strengthening existing sales channels. In the acquisition business, acquired in-force blocks of insurance from Genworth Financial, Inc. and acquired USWC.

What we'll strive to achieve
We will strengthen our foundations with the aim of organic growth by strengthening and expanding new alliances and utilizing InsTech. In the acquisition business, we will aim to further contribute to profits by continuing to make new acquisitions.

About Protective
- Established in 1907
- Became a wholly owned subsidiary in 2015
- No. of employees: 2,764 (Mar. 2017)
- Main office: Birmingham, Alabama, U.S.A.
- Main channel: General agents, stockbrokers & banks, direct response, etc.
- Main products: Universal life, fixed & variable annuities, indexed annuities, and asset protection, etc.
- Market share: 0.5% (Dec. 2015, net premium income basis)
- Market rank: No. 44 (Dec. 2015, net premium income basis)

Insurance Market in the United States
- Market size (2015): [Population 321.4M, GDP 18,089B USD, penetration (life) 3.05%]
- Other major players: Metlife, Prudential, AIG, etc.

Australia
TAL

TAL

TAL has demonstrated substantial growth in the market and held the No.1 position

What we have achieved in fiscal 2016
In addition to enhancing sales through the IFA channel and superannuation funds, we launched a partnership with Qantas Assure and enhanced the direct online business in order to reinforce our sales channels.

What we'll strive to achieve
We continue to strive for steady growth by constructing strong sales channels, increasing brand recognition, and product diversification.

About TAL
- Established in 1869 (Started as government life insurance office in New Zealand in 1869; then separated)
- Became an affiliate of Dai-ichi in 2008; then became a subsidiary in 2011
- No. of employees: 1,603 (Mar. 2017)
- Main office: Sydney, Australia
- Main channel: Individual financial advisor (IFA), Group (superannuation), and direct
- Main products: Risk products (death, income protection & TPD)
- Market share: 16.6%(Dec. 2016, In-force ANP basis)
- Market rank: No.1 (Dec. 2016, In-force ANP basis)

Insurance Market in Australia
- Market size (2015): [Population 23.9M, GDP 1,245B USD, penetration (life) 3.51%]
- An oligopolistic market: each top-6 company holds more than 10% market share (collectively approx. 75%).
- Other major players: AIA, AMP, NAB/MLC, CommInsure, etc.

Vietnam
Dai-ichi Life Vietnam

DAI-ICHI LIFE
Gắn bó dài lâu.

Its top line is growing due mainly to the strengthened individual agency channel and to the development of alternative channels

What we have achieved in fiscal 2016
Secured a stronger market position through the enhancement of the individual agency channel, launch of strategic products, and expansion to alternative channels.

What we'll strive to achieve
We aim for sustainable growth in premium income by strengthening and diversifying sales channels (including strategic business alliance with Vietnam Post and several banks) and developing products catering to market needs.

About Dai-ichi Life Vietnam
- Established in 1999 (Started as Bao Minh CMG, a JV of local company and Australian CMG)
- Became a subsidiary of Dai-ichi in 2007
- No. of employees: 977 (Mar. 2017), 64 thousand agents (part-time)
- Main office: Ho Chi Minh, Vietnam
- Main channel: Individual insurance agents, Vietnam Post, Bancassurance
- Main products: Universal, Endowment
- Market share: 10.5% (Dec. 2016, premium income basis)
- Market rank: No. 4 (Dec. 2016, premium income basis)

Insurance Market in Vietnam
- Market size (2015): [Population 93.4M, GDP 191B USD, penetration (life) 0.83%]
- An oligopolistic market: top 6 companies have approx. 90% market share.
- Other major players: Prudential (UK), Bao Viet, Manulife, etc.

India
Star Union Dai-ichi Life

Star Union Dai-ichi
Life Insurance

The Company has increased its shareholding in SUD. Now we are focusing on further growth by strengthening the bancassurance and individual insurance agent channels

What we have achieved in fiscal 2016
Enhanced the management of the bancassurance channel with JV partners, started new sales channel (fixed-salary sales reps), and strategically shifted the product portfolio for more stable premium income and increased profitability.

What we'll strive to achieve
We plan to expand our premium income base by (a) strengthening relationships with JV partners, (b) introducing a new sales channel, and (c) improving the efficiency of individual agents.

About Star Union Dai-ichi Life
- Established in 2009
- Became an affiliate of Dai-ichi in 2009 (Started operation as a JV with Dai-ichi, Bank of India and Union Bank of India)
- Ownership: 45.94%
- No. of employees: 3,051 (Mar. 2017)
- Main office: Navi Mumbai, India
- Main channel: Bancassurance, sales reps (fixed salary), and individual insurance agents
- Main products: Endowment, Annuity
- Market share: 1.79% (Dec. 2016, EPI basis, excl. LIC, a government company)
- Market rank: No. 13 (Dec. 2016, EPI basis, excl. LIC, a government company)

Insurance Market in India
- Market size (2015): [Population 1,313.0M, GDP 2,086B USD, penetration (life) 2.72%]
- A new market to foreign players: LIC has market share of 47% (Dec-2016, EPI basis)
- Other major players: ICICI Prudential (Pru-UK), SBI Life (Cardif), HDFC Life (standard life), etc.

Indonesia
Panin Dai-ichi Life

PaninDai-ichiLife
By your side, for life

Became our affiliate in 2013, now strengthening its infrastructure and channel

What we have achieved in fiscal 2016
In order to achieve sustainable growth, we worked on expanding our customer base and on improving sales channel efficiency through strengthening sales support for group banks and training for agents.

What we'll strive to achieve
We aim for an increase in profitability, by enhancing (a) the bancassurance business and (b) individual agents channels through an improved training system.

About Panin Dai-ichi Life
- Established in 1974
- Became an affiliate of Dai-ichi in 2013
- Ownership: 40%
- No. of employees: 389 (Mar. 2017), 6 thousand agents (part-time)
- Main office: Jakarta, Indonesia
- Main channel: Individual insurance agents, Bancassurance (mainly with Panin Bank)
- Main products: Unit-linked, investment-linked
- Market share: 2.2% (Dec. 2016, premium income basis)
- Market rank: No. 13 (Dec. 2016, premium income basis)

Insurance Market in Indonesia
- Market size (2015): [Population 257.9M, GDP 861B USD, penetration (life) 1.28%]
- A relatively oligopolistic market: top 10 companies have about 70% market share.
- Other major players: Prudential (UK), INDOLIFE, JIWASRAYA, AIA, etc.

Thailand
Ocean Life

For sustainable growth, strengthening the core individual agency channel

What we have achieved in fiscal 2016
As we aim for sustainable growth, from the latter half of 2016, we have strengthened our recruitment and training system for our main individual agency channel and started to develop new sales channels.

What we'll strive to achieve
We will continue to recruit capable personnel for the individual agency channel, construct a base for our growth strategy to expand to urban areas, and expand alternative channels including Thai Post in order to steadily expand our premium income base.

About Ocean Life
- Established in 1949 (Started as P&C company, entered into life insurance business in 1951, unbundled business in 1992)
- Became an affiliate of Dai-ichi in 2008
- Ownership: 24%
- No. of Employees: 1,934 (Mar. 2017), 14 thousand agents (part-time)
- Main office: Bangkok, Thailand
- Main channel: Individual insurance agent
- Main products: Endowment, Whole life, Annuity
- Market share: 2.2% (Dec. 2016, premium income basis)
- Market rank: No. 10 (Dec. 2016, premium income basis)

Insurance Market in Thailand
- Market size (2015): [Population 68.0M, GDP 395B USD, penetration (life) 3.70%]
- An oligopolistic market: Top 10 companies occupy most of the market.
- Other major players: AIA, Muang Thai Life (Ageas), Thai Life (Meiji Yasuda), Bangkok Life (Nippon), etc.

(Source of market size) Swiss Re, sigma No 3/2016

Dai-ichi Life Insurance Company of Vietnam

Building Presence in Ever Growing Vietnam Market

Overview of Dai-ichi Life Vietnam

Established	January 2007	**No. of agents***1	64 thousand
Headquarters	Ho Chi Minh	**Sales offices***1	199
No. of employees*1	977	**Premium income***2	27 billion yen

*1 As of March 2017 *2 For the year ended December 2016

Dai-ichi Life Vietnam has established itself as a major life insurance company over the past years.

Tran Dinh Quan

General Director, Dai-ichi Life Vietnam

Life Insurance Market Growing at more than 20% on average

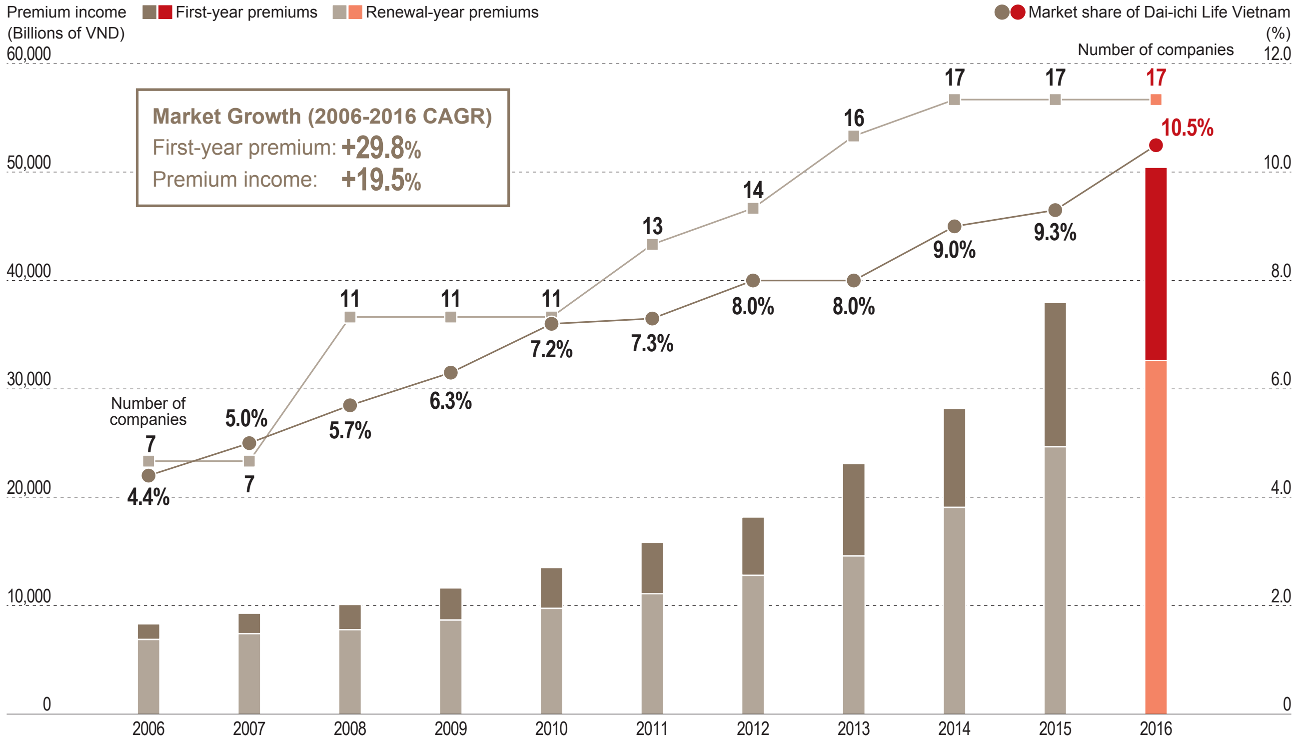
The Vietnamese economy has continued its robust growth since the early 21st century with a population reaching 90 million, of which 60% are aged under 30. Per-capita GDP exceeded 2,000 US dollars in 2014, and the economy is set to grow further.

For the past 10 years, the life insurance market in Vietnam has continued to grow at an average annual rate of more than 20%. Yet, life insurance covers only five million people, or about 6% of the population.

Dai-ichi Life Vietnam grew 10-fold in 10 years

The overseas life insurance business of the Dai-ichi Life Group started in Vietnam. Highlighted as the first step of the overseas life insurance business of the Group, Dai-ichi Life Vietnam has achieved remarkable growth in 10 years, and established itself as one of the major life insurance companies in the market. Premium income, for example, increased more than 10-fold to 27.0 billion yen in 2016 from 2.5 billion yen in 2007. The company's market share has increased from 4.4% to more than 10% over 10 years.

Life Insurance Market Growth in Vietnam



Initiatives of Dai-ichi Life Vietnam, Part I

Offering a wide range of products that capture customer needs

Huynh Huu Khang
Deputy General Director,
Dai-ichi Life Vietnam

Dai-ichi Life Vietnam always listens to input from customers and has developed insurance products that address customer needs. When the company started operations it had a limited ability to respond to customer needs but it has since evolved into offering saving- and protection-type insurance products. Now, the company develops and offers universal insurance products. As customers prefer flexibility, universal insurance became the company's flagship product, accounting for more than 50% of the sales. The company continues to develop optimal products for customers, offering annuities and medical riders, the first of their kind among Vietnamese life insurance companies.

Initiatives of Dai-ichi Life Vietnam, Part II

Focusing on developing customer contact

Dai-ichi Life Vietnam has evolved as individual insurance agents have become its core sales channel. The company continues to develop customer contacts in order to offer insurance products to more and more customers. In order to do so, it is strengthening the consulting capability of the agents and forming business alliances with state-owned Vietnam Post and local commercial banks.

Nguyen Thi Bich Hang
Vietnam MDRT representing
Dai-ichi Life Vietnam

TOPICS

Various activities to contribute to the development of local communities

Dai-ichi Life Vietnam has been highly recognized for its engagement in various social activities to contribute to the development of local communities. Notable contributions include "the Bridge Building Project—Million Bricks For a Happy Life," a project to build concrete bridges in rural areas which now improves the lives of 20 thousand people in 10 states in Vietnam. In 2015, the company was awarded the Corporate Social Responsibility Award by Asia Insurance Review (its second recognition since 2013, the first for an insurance company in Vietnam as well as in Asia). The company's other activities include funding support for cataracts surgeries, education and disaster-affected areas. To that end the company and Dai-ichi Life Holdings co-founded a CSR foundation, "For A Better Life Fund," in 2016.

Receiving Corporate Social Responsibility Award

Message from CEO of DLI Asia Pacific

Experience and expertise built in Vietnam help support growth in Group companies in Asia

Norimitsu Kawahara
Executive Officer, Dai-ichi Life Holdings, Inc.
CEO, DLI ASIA PACIFIC PTE. LTD.

The Dai-ichi Life Group started its overseas life insurance business in Vietnam in 2007 and it now conducts this business in six countries. The Group is strengthening the organization in order to manage and support local business through regional headquarters set up in the Asia Pacific and North American regions.

Dai-ichi Life Vietnam is our success case in Asia. The Group expects the Group companies to support each other, on top of its support from Japan, and Dai-ichi Life Vietnam to lead the region, with its ample experience and expertise and geographic closeness.

A life insurance company has the duty to supplement social security in the countries where it operates and the Group carries its mission to offer "Peace of mind. In communities and around the world.," which extends into each country in Asia. The Group continues to grow its overseas life insurance business while contributing to local communities in the region and the world.

Alliance between Regional Headquarters and Group Companies

Asset Management Business

Contributing to sustainable expansion in consolidated profits through sophisticated asset management and enhanced earnings power in the asset management business

Dai-ichi Life's Asset Management

Where We Are and Our Strategy in the Market

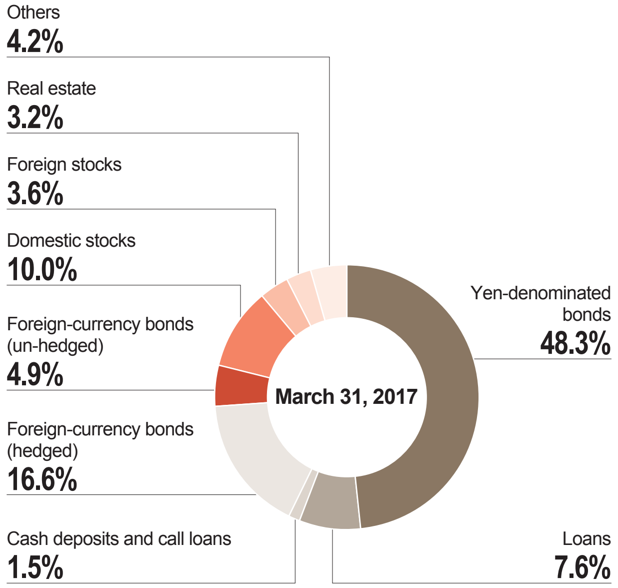
Dai-ichi Life conducts asset management with a focus on ALM based on the nature of its insurance policies (insurance liabilities), mainly investing in fixed-income assets in order to fulfill its obligation to pay out annuities, claims and benefits after a long period of time in a stable manner. We also strive to increase profitability by flexibly allocating capital to risk assets such as stocks by taking market trends into account, but only after ensuring the soundness of these assets.

Japan's long-term interest rates have remained at low levels since the Bank of Japan introduced its large-scale monetary easing measures in April 2013, which has made the asset management environment quite challenging for insurance companies. For this reason, in recent years, we have actively increased the balance of foreign currency-denominated bonds with currency hedges, invested in and financed new segments such as overseas infrastructure projects, and expanded the scope of countries whose bonds we purchase (35 countries as of March 2017), in order to bolster the earnings power of our asset management business. To respond to the needs to obtain stable revenue streams in a low-interest-rate environment, we are developing new products while utilizing the advanced asset management know-how of our Group company Asset Management One.

In addition, we are also focused on responsible investment as an institutional investor with an eye on its social responsibilities. As part of these efforts, we carry out stewardship activities that aim to enhance corporate value in a sustainable manner and ESG investment* that balances social responsibilities and profitability through the provision of capital.

*ESG investment: An approach to investment that considers environmental, social, and corporate governance (ESG) criteria.

Asset Portfolio (General Account)



Basic Strategy for Asset Management

Perception of environment	Basic strategy
Continuation of low interest rates in Japan	Bolster earnings power of asset management business (expand countries eligible for bonds investment and invest in new areas)
	Develop new products to fulfill demand for securing stable earnings
Rising expectations towards "responsible institutional investors"	Reinforce efforts in responsible investment (stewardship activities and ESG investment)

Review of Operations for Fiscal 2016

In fiscal 2016, we made selective investments in foreign currency-denominated bonds with currency hedges in order to increase the return from fixed-income assets given the low-interest-rate environment. As for risk assets, we allocated capital flexibly in view of potential political risk including trends surrounding Brexit and the U.S. presidential election. In new areas, we promoted investing and financing in infrastructure, aircraft finance and logistics facilities. We also reinforced our sourcing abilities by jointly developing new investment schemes together with other financial institutions.

We established the Responsible Investment Center and Responsible Investment Committee in April 2017 with the goal of further strengthening governance concerning responsible investment. Through these initiatives, we increased and stabilized profitability, marking the fourth consecutive fiscal year of positive spread since fiscal 2013.

Initiatives in New Areas During Fiscal 2016

Project finance	Infrastructure funds
Aircraft finance	Real estate (logistics facilities)

Investment in project finance to build and operate a hospital in the Republic of Turkey

Strategies for the Future

Dai-ichi Life expects the low-interest-rate environment to continue for some time because the Bank of Japan will maintain its monetary easing measures, including the negative-interest-rate policy. Nevertheless, we will further promote initiatives aimed at raising the level of our asset management, primarily strengthening the earnings power of our asset management featured in our strategy in the market.

While we believe that the possibility of interest rates rising dramatically and significantly is low for the foreseeable future, we monitor for signs of rising interest rates daily in preparation for any unexpected rises in interest rates and use derivatives to reduce risk. We also monitor for indications of deterioration in corporate earnings in preparation for a future recession. We will continually meet the expectations of stakeholders by securing stable earnings power through the aforementioned efforts to enhance the earnings power of our asset management and raising the level of our risk management.

Initiatives Aimed at Raising the Level of Our Asset Management

- Bolster profitability in a low-interest-rate environment
- Raise level of ALM and develop products to meet demand for securing stable earnings
- Maintain financial soundness
- Fulfill social responsibilities as an institutional investor
- Raise the level of the above initiatives by utilizing Group resources and HR development

Asset Management Business

Where We Are and Our Strategy in the Market

Asset management business at the Dai-ichi Life Group includes Asset Management One, which we co-founded with Mizuho Financial Group (Mizuho FG) in Japan, and Janus Henderson Group (Janus Henderson)* in overseas markets.

Household financial assets in Japan totaled 1,800 trillion yen as of March 2017, of which cash and deposit accounted for 900 trillion yen. It is expected that the asset management market will continue to grow in Japan as the government implements various legislation supporting personal wealth accumulation and changes in the social structure press for funds to shift to investment from savings. The growth expectation applies to markets in the United States and Europe, and the Group stands to benefit from growth in the asset management market around the world.

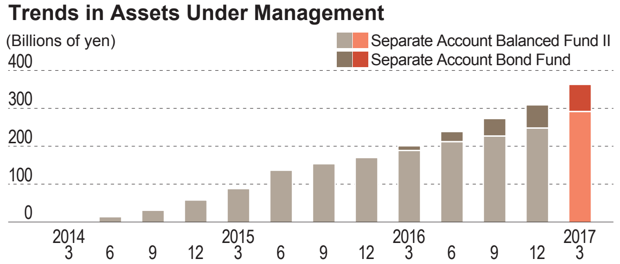
*Janus Henderson Group was founded in May 2017 as a result of a merger between Janus Capital Group, with which the Group made strategic investments and business alliance in 2012, and Henderson Group, a listed asset management company headquartered in the United Kingdom.

Review of Operations for Fiscal 2016

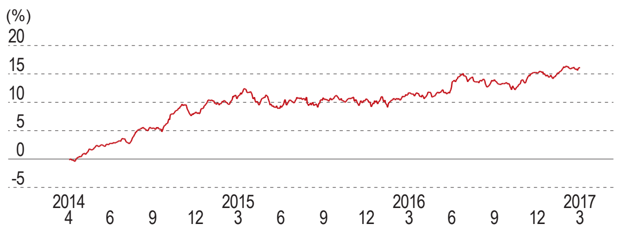
In October 2016 the Company and Mizuho FG established Asset Management One through the combination of DIAM, the asset management business of Mizuho Trust & Banking, Mizuho Asset Management and Shinko Asset Management. The move accelerated the effort to create synergies among the Group, namely, Asset Management One develops financial products for sale at Dai-ichi Life and Dai-ichi Frontier Life, and the Group promotes sales of Janus products in Japan.

For example, Dai-ichi Life and Asset Management One co-developed the Separate Account Bond Fund and the Separate Account Balanced Fund II. Assets under management for these products has maintained favorable performance since launch and now exceed 350 billion yen. The two companies continue to develop a separate account hybrid bond fund and a separate account pension liability fund for the domestic saving and annuity market. The separate account pension liability fund helps, on top of providing opportunities for excess return for corporate pension managers, minimize the valuation gap between pension assets and liabilities, thus helps minimize impact on corporate pension accounting. The solution was made possible with the expertise in asset liability management based on long-term insurance contracts at Dai-ichi Life.

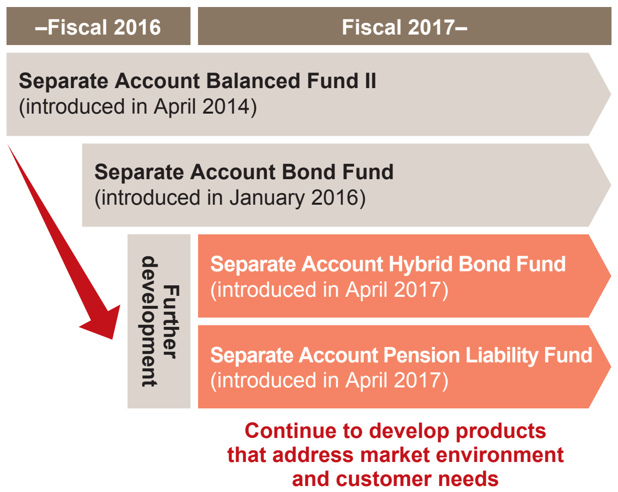
Trends in Assets Under Management



Performance of Separate Account Balanced Fund II



Development of Separate Account Products Utilizing Asset Management One



Strategies for the Future

The Dai-ichi Life Group today is set to benefit from the new growth opportunities on the back of the global trilateral structure in asset management business since the restructuring of Asset Management One in Japan and Janus Henderson in the United States and Europe.

The Group expects both Asset Management One and Janus Henderson to produce synergies through the mutual utilization of products and channels, in addition to organic growth in each market. The Group also expects life insurance companies within the Group to contribute further growth utilizing asset management resources at the two companies.

Global Trilateral Structure in Asset Management Business

TOPICS

The Merger between Janus Capital and Henderson Group

In October 2016, Janus Capital Group agreed to merge with Henderson Group, a listed asset management company in the United Kingdom. As a major shareholder, the Group believes the merger will complement both parties and create further opportunities for a growth on the back of wider range of products and sales channels, and has thus announced its support of the merger. The three companies further agreed the original strategic investment and business alliance with Janus Capital should extend into the new company after the merger.

In May 2017, with the help of strong leadership from two companies' management, the two companies successfully completed the merger and the combined company's shares began trading on New York Stock Exchange and Australian Stock Exchange.

Active Engagement Based on Our Stewardship Policy as a Responsible Institutional Investor

Miyuki Zeniya
General Manager
Responsible Investment Center
The Dai-ichi Life Insurance Company, Limited

As an institutional investor that manages roughly 3.5 trillion yen of Japanese stocks, Dai-ichi Life engages actively in stewardship activities that include dialogue with the companies it invests in and the exercising of voting rights. Through these stewardship activities, we encourage the companies we invest in to aim for sustainable growth, which helps to boost our equity investment return over the medium to long term.

In Fiscal 2017, Further Reinforced Our Stewardship Activities

Dai-ichi Life has always promoted responsible investments based on its social responsibilities as an institutional investor given the nature of the assets it manages as a life insurance company. Our responsible investments are based on stewardship activities that aim to enhance sustainable corporate value and ESG investment* that seeks to have both profitability and contribution to solving social issues stand together through providing funds.

In fiscal 2017, we established the Responsible Investment Center as an organization dedicated to stewardship activities and we established the Responsible Investment Committee to discuss and confirm important policies regarding our stewardship activities.

Stewardship activities require expertise and experience with corporate governance, in addition to knowledge unique to each industry and financial analysis skills. Therefore, the Responsible Investment Center is staffed mainly with former equity analysts, people who have experience with venture investments and knowledge in a broad range of industries, and people with in-depth understanding of corporate governance who have served as outside directors for other companies.

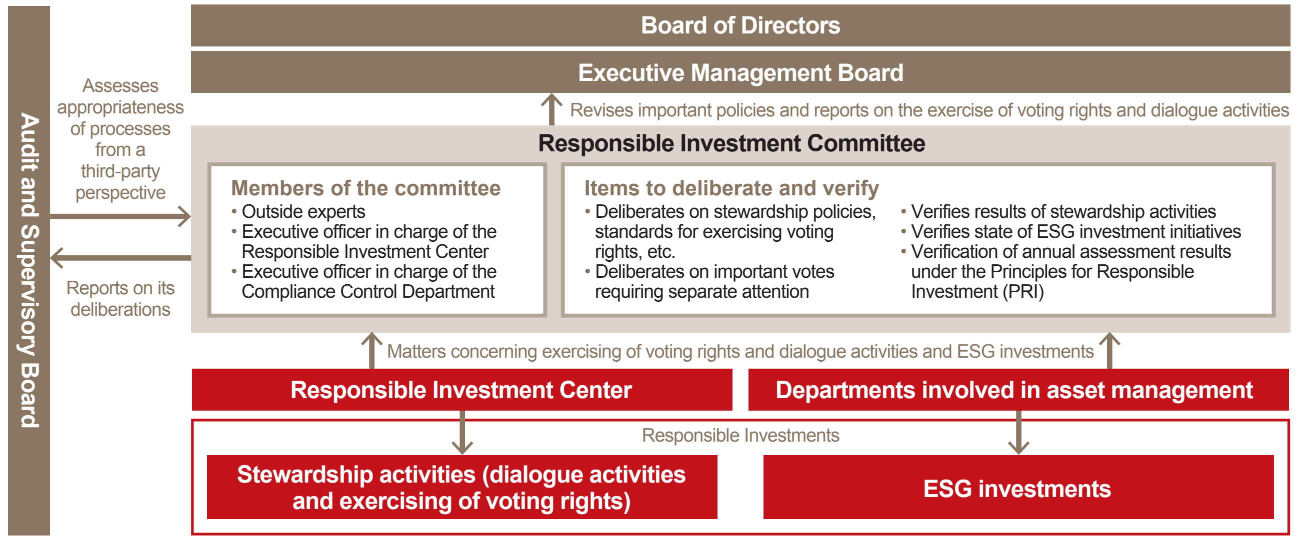
More than half of the members of the Responsible Investment Committee consist of outside experts. The committee discusses and confirms policies and regulations on stewardship activities and makes decisions on whether or not to approve important issues, which helps to enhance the effectiveness of our stewardship activities.

*ESG investment: an investment method that considers the elements of environmental, social and corporate governance (ESG) when investing.

Progress of Stewardship Activities

May 2014	Announced support of Japan's Stewardship Code
November 2015	Signed the UN Principles on Responsible Investment (PRI)
April 2017	Established the Responsible Investment Center and Responsible Investment Committee
May 2017	Established and released initiative policy for the revised version of the Stewardship Code (compliance with all principles and guidelines)
July 2017	Appointed two outside members to the Responsible Investment Committee

Implementation System for Stewardship Activities



Promoting Constructive and Purposeful Dialogue

Our stewardship activities emphasize constructive and purposeful dialogue from the standpoint of supporting the enhancement of corporate value and sustainable growth of the companies we invest in.

Themes of dialogue mainly include reinforcement of corporate governance, sustainable improvement of business performance and capital efficiency, and enhanced shareholder returns. Dialogue sessions with the companies we invest in mainly take place with the executive officer in charge of finance or management strategy. Some of the companies we have held dialogue with have since implemented measures aimed at enhancing corporate value, such as electing multiple independent outside directors, rebuilding unprofitable businesses and subsidiaries, and disclosing their capital policy.

Implementation Rate of Constructive and Purposeful Dialogue

	Fiscal 2015	Fiscal 2016
Based on number of companies	21%	24%
Based on market value of held stocks	62%	82%

Titles of Attendees

	Fiscal 2015	Fiscal 2016
Directors and executive officers	60%	70%
General managers, etc.	40%	30%

Exercising Voting Rights from the Perspective of Enhancing Medium- to Long-term Corporate Value

We exercise the voting rights on each investment from the standpoint of maintaining and enhancing medium- to long-term corporate value based on our dialogue with the company we have invested in, rather than making clear-cut and rigidly uniform decisions based solely on factors such as short-term business performance and the share price. However, voting rights are exercised following certain uniform criteria when it comes to important mechanisms on corporate governance. For example, we vote against proposals for the election of auditors who have had many years of tenure.

To enhance the transparency of the results following our exercising of voting rights, we disclose criteria used to determine which way to vote and in fiscal 2017 we began disclosing the results for each individual company and proposal.

Looking forward, as a responsible institutional investor, we will continue to engage actively in stewardship activities so as to encourage the companies we invest in to achieve sustainable growth and enhance medium- to long-term equity investment returns. At the same time, we will strive to contribute to vitalizing stock markets.

Corporate Governance

The Dai-ichi Life Group strives to achieve sustainable growth and enhancement of corporate value over the medium to long term by fulfilling the duties entrusted by its multi-stakeholders while strengthening corporate governance.

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.

WEB Basic Corporate Governance Policy/ Corporate Governance Report
http://www.dai-ichi-life-hd.com/en/about/control/governance/basic.html

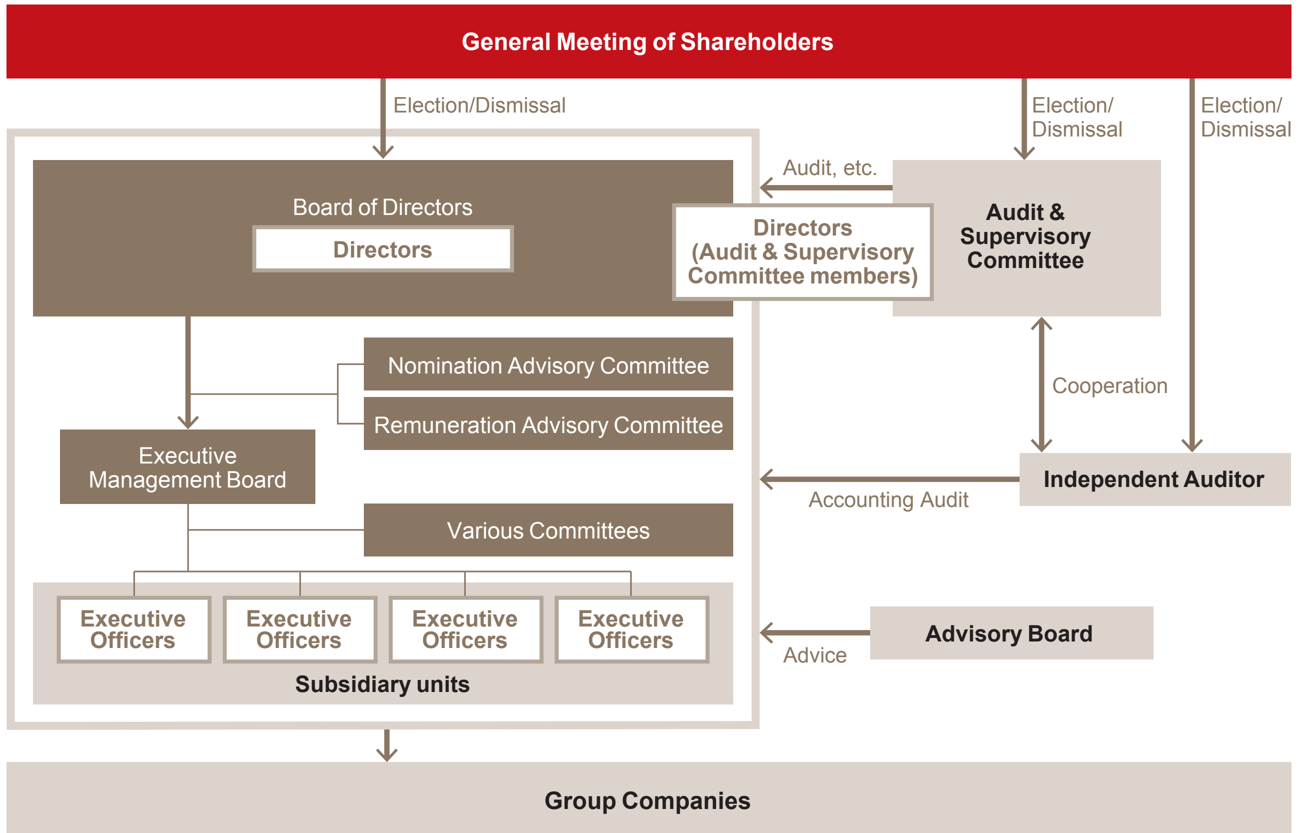
Overview of the Corporate Governance Structure

The Company has established an effective corporate governance structure taking into account an outside perspective by electing outside directors, adopting the executive officer system, and putting voluntary committees in place in addition to the Audit & Supervisory Committee.

Composition of Board of Directors

	Inside	Outside	Total
Directors	8 persons	2 persons	10 persons
Directors serving as Audit & Supervisory Committee members	2 persons	3 persons	5 persons
Total	10 persons	5 persons	15 persons

Management Control System



Board of Directors (Met 17 times during FY2016)

The Board of Directors is responsible for making important decisions on the Group's management strategy, management plan, etc. and supervises the execution of business operations. The Board of Directors consists of inside directors with knowledge and experience necessary to perform management in an accurate, fair, and efficient manner and outside directors with the deep insight, rich experience, and independence necessary to fully demonstrate supervisory functions. The number of outside directors makes up one-third or more, in principle.

Major themes for deliberation (examples)
- Formulation and implementation status of a medium-term management plan, etc.
- Risk-taking plans and cash flow plans
- Business plans of overseas life insurance subsidiaries
- Dialogue with shareholders and investors

Audit & Supervisory Committee (Met 10 times during FY2016)

As a body independent 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 viewpoint of legality and appropriateness. It is also responsible for supervisory functions over the Board of Directors by expressing opinions on nomination and remuneration. The Audit & Supervisory Committee includes a person who has adequate 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.


Audit & Supervisory Committee

Major themes for deliberation (examples)
- Progress of and process for formulating a medium-term management plan, etc.
- Status of improvement and enhancement of business administration and internal control system
- Election of the independent auditor
- Formation of opinions on the nomination, remuneration, etc. of Directors

Nomination Advisory Committee

To further enhance management transparency, a Nomination Advisory Committee is established as an independent advisory committee under the Board of Directors. The Nomination Advisory Committee is responsible for assessing the qualifications of candidates for directorships and deliberating and deciding on proposals for the election and dismissal of directors and executive officers, and then referring its proposals to the Board of Directors. The Nomination Advisory Committee is made up of the Chairman of the Board, President, and external appointees who constitute a majority of the committee members.

The Company ensures transparency and objectivity of the decision-making through the Nomination Advisory Committee stipulated in the Articles of Incorporation.

Remuneration Advisory Committee

To further enhance management transparency, a Remuneration Advisory Committee is established as an independent advisory committee under the Board of Directors. The Remuneration Advisory Committee is responsible for deliberating and deciding on proposals for matters relating to remuneration systems and then referring the proposals to the Board of Directors. The Remuneration Advisory Committee is made up of the Chairman of the Board, President, and external appointees who constitute a majority of the committee members.

The Company ensures transparency and objectivity of the decision-making through the Remuneration Advisory Committee stipulated in the Articles of Incorporation.

Executive Management Board (Met 28 times during FY2016)

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

Advisory Board

The Company has established an Advisory Board to obtain extensive advice from outside experts from a medium- and long-term perspective regarding general management matters for the purpose of further strengthening and enhancing governance.

Leadership (As of June 26, 2017)

Directors

Koichiro Watanabe
Representative Director, Chairman of the Board

Seiji Inagaki
Representative Director, President

Shigeo Tsuyuki
Representative Director, Vice Chairman

Satoru Tsutsumi
Representative Director, Vice President

Kazuma Ishii
Director, Senior Managing Executive Officer

Masao Taketomi
Director, Managing Executive Officer

Hideo Teramoto
Director

Takashi Kawashima
Director

George Olcott
Outside Director

Koichi Maeda
Outside Director

Directors

Morinobu Nagahama
Director (Senior Audit & Supervisory Committee Member (Full-Time))

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

Rieko Sato
Outside Director (Audit & Supervisory Committee Member)

Ungyong Shu
Outside Director (Audit & Supervisory Committee Member)

Koichi Masuda
Outside Director (Audit & Supervisory Committee Member)

Executive Officers

Kenji Sakurai
Vice President

Shinichi Aizawa
Senior Managing Executive Officer

Satoru Sato
Managing Executive Officer

Hideo Hatanaka
Managing Executive Officer

Yuji Tokuoka
Managing Executive Officer

Munehiro Uryu
Managing Executive Officer

Hiroshi Shoji
Managing Executive Officer

Tatsusaburo Yamamoto
Managing Executive Officer

Sumie Watanabe
Executive Officer

Norimitsu Kawahara
Executive Officer

Ichiro Okamoto
Executive Officer

Kyoichi Saito
Executive Officer

Hisashi Takada
Executive Officer

Hiroyuki Kanou
Executive Officer

Toshiaki Sumino
Executive Officer

Yasumasa Iwai
Executive Officer

Tomohiko Asano
Executive Officer

Outside Directors

In order to increase the effectiveness of corporate governance, the Company elects outside directors to enhance the management oversight function from an external perspective that is independent of the Company's management team.

WEB Profile of Outside Directors/Number of Shares Held
http://www.dai-ichi-life-hd.com/en/about/company/executives/index.html

Reason for Appointment of Outside Directors and Attendance at the Meetings of the Board of Directors etc. (As of June 26, 2017)

Name	Significant Concurrent Positions Outside the Company	Assumption of Office	Reason of appointment	Attendance at the meetings of the Board of Directors (FY2016)
George Olcott 	Director, DENSO CORPORATION Director, Hitachi Chemical Company, Ltd.	Assumed office in June 2015	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. The Company believes he will continuously share his experience and expertise on oversight of corporate management. Therefore, we appointed him as an outside director.	Attended 17 Board of Directors meetings out of all 17 meetings held
Koichi Maeda 		Assumed office in October 2016	He has deep experience and insight gained through acting as business executive of highly public enterprises. He 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 continuously share his experience and expertise on oversight of corporate management. Therefore, we appointed him as an outside director.	Attended 7 Board of Directors meetings out of all 7 meetings held after his assumption of office
Rieko Sato 	Partner, Ishii Law Office Corporate Auditor, NTT DATA CORPORATION	Assumed office in June 2015	She is an experienced and trusted attorney, and she has had a wide range of experiences serving as outside corporate auditor of various corporations. She brought significant benefits to the Company by supervising management and advising on various legal matters of the Company based on her objective viewpoint. The Company believes she could continue to take advantage of her experience, etc. in audits and supervision of the Company's management. Therefore we appointed her as an outside director serving as Audit & Supervisory Committee member.	Attended 16 Board of Directors meetings out of all 17 meetings held Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held
Ungyong Shu 	President & CEO, Core Value Management, Co., Ltd. Director, DESCENTE LTD.	Assumed office in June 2015	He has a wide range of experiences as a managing director of financial institutions. He brought significant benefits to the Company by supervising and advising on various matters of corporate management based on his global and objective viewpoint. The Company believes he could continue to take advantage of his experience, etc. in audits and supervision of the Company's management. Therefore we appointed him as an outside director serving as Audit & Supervisory Committee member.	Attended 17 Board of Directors meetings out of all 17 meetings held Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held
Koichi Masuda 	Director, Audit & Supervisory Committee Member, The Daishi Bank, Ltd. Audit & Supervisory Board Member, Sumitomo Riko Company Limited	Assumed office in October 2016	He is an experienced and trusted certified public accountant, and he has had a wide range of experiences serving as outside corporate auditor and outside director (member of audit committee, and audit & supervisory committee) of various corporations. He brought significant benefits to the Company by supervising and advising on various financial matters of the Company based on his objective viewpoint. The Company believes he could continue to take advantage of his experience, etc. in audits and supervision of the Company's management. Therefore we appointed him as an outside director serving as Audit & Supervisory Committee member.	Attended 6 Board of Directors meetings out of all 7 meetings held after his assumption of office Attended 10 Audit & Supervisory Committee meetings out of all 10 meetings held after his assumption of office

The five outside directors are all independent officers.

Framework that Supports Corporate Governance

Election Standard, Term of Office, and Concurrent Position of Directors

Election Standard of Directors

The Company's Board of Directors shall elect candidates for inside directors who possess knowledge and experience, through which they are able to accurately, fairly and efficiently carry out the management of the Dai-ichi Life Group, and sufficient social credibility. Moreover, the Board of Directors shall, in principle, elect candidates for outside directors who satisfy the items described below to ensure that their supervisory functions are sufficiently performed.

- Those who possess superior views and extensive experience in certain sectors, including corporate management, risk management, compliance and internal control, corporate ethics, management quality, global management and macro policies
- Those who are considered to be independent from the management of the Company in light of the independence standards for outside directors that are separately set forth and disclosed

WEB Independence Standards for Outside Directors
http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html

Term of Office

The term for the office of 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 of outside directors, excluding those who also serve as members of the Audit & Supervisory Committee, shall be eight years.

On the other hand, the term for the office of 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 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 shall be twelve years.

Concurrent Positions

If any directors concurrently hold positions of officers, etc., of companies other than the Company, such concurrent positions shall be limited to the extent that they are able to fulfill their duty of care and the duty of loyalty. Moreover, the situation of important concurrent positions shall be disclosed every year.

Support to Outside Directors

To secure effective deliberations, outside Directors are provided with handouts prior to meetings of the Board of Directors and depending on the significance or urgency of a given agenda, outside Directors are briefed in advance. In addition, certain resolutions by the Board of Directors are made 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.

Examples of support to outside directors
- Hold meetings with management executives at key offices in and outside Japan
- Hold discussions with inside and outside officers relating to the Company's management strategy
- Attend internal corporate events
- Prior briefing on important agendas

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.

Examples of training for Directors
- Extensive training program upon assuming office
- Provide supporting documentation including examples of matters reported through media that could possibly affect the business

Remuneration of Officers

In deciding the remuneration of officers of the Company, the items described below shall be adopted as basic policies.

- Ensure transparency, fairness and objectivity for the remuneration of officers.
- Strengthen incentives for improved results by adopting performance-linked remuneration.
- Accomplish accountability by sharing returns with shareholders through remuneration linked to achievement levels based on indicators of the Company's results, and other targets, that have been determined in accordance with management strategies.
- When determining the amount of individual remuneration, the appropriateness of the amount of remuneration shall be judged by taking into account the type of industry and referring to the level of remuneration at suitably comparable companies.

The Structure of Remuneration for Directors

Remuneration of directors (excluding outside directors and directors who also serve as members of the Audit & Supervisory Committee) shall comprise fixed remuneration, corporate performance remuneration, divisional performance remuneration and stock remuneration-type stock options. Moreover, the remuneration of outside directors and directors who also serve as members of the Audit & Supervisory Committee shall comprise fixed remuneration alone. The level of remuneration shall be established primarily by using surveys conducted by third parties on remuneration of managers of domestic companies.

WEB Total Remuneration Paid to Each Category of Company Officer
http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html

Remuneration System by Category of Company Officer

	Directors		Directors (Audit & Supervisory Committee members)	Remarks
	Inside	Outside		
Fixed remuneration	○	○	○	Remuneration according to duties and responsibilities
Corporate performance remuneration	○	—	—	Tied to the level of achievement of performance indicators in a medium-term management plan
Divisional performance remuneration	○	—	—	Tied to the level of achievement of performance indicators of the division of which each Director is in charge
Stock remuneration-type stock options	○	—	—	Set as an incentive to achieve management objectives and enhance corporate value in the medium- to long-term

Self-evaluation Regarding the Effectiveness of the Board of Directors

To guarantee the effectiveness of decision-making, all Directors evaluate the activities and deliberations of the Board of Directors. In turn, the results of these evaluations are analyzed by a third party.

The survey conducted in fiscal 2016 indicates generally high scores were received for the activities of the Board of Directors and the overall proceedings of discussions. Nevertheless, we will continue to make improvements aimed at further enhancing the activities of the Board of Directors and the discussions held therein.

Evaluation process

- Respondents: All directors who are members of the Company's Board of Directors
- Response method: Anonymous
- Main assessment items:
  (i) Operation of the Board of Directors (general comments)
  (ii) Composition of the Board of Directors
  (iii) Support system for directors aimed at encouraging active discussion by the Board of Directors
  (iv) Encouraging communication among directors
  (v) Improving relationships with shareholders
  (vi) General effectiveness of the governance system and the Board of Directors
- Tallying of results: Responses to the questionnaire were sent directly to and summarized by external consultants, the results and assessment were reported to and analyzed by the Board of Directors.

Results of the Self-Assessment Survey regarding the Effectiveness of the Board of Directors (Summary)

As a result of the questionnaire survey, it was found that, overall, the operation of the Board of Directors and content of discussion was highly assessed.

- Discussion of medium- to long-term strategy and selection of the agenda have improved due to the transition to a holding company structure
- The support system for outside directors, such as the provision of information and opportunities to gain a deeper understanding of management, sending materials in advance, and providing explanations in advance, has improved compared to the results of the previous survey

Also, many outside directors and inside directors concurrently serving as outside officers for other companies responded that the Board of Directors of the Company is being operated effectively, indicating that it has been given a relatively high assessment. However, it was indicated that there is room for improvement regarding the following points.

- Further strengthening of the oversight function as a holding company
- Further promotion of well-focused operation such as clarification of points at issue in materials and explanations of matters and simplification of explanations in accordance with the content of proposals
- Strengthening of communication such as the exchange of information solely by outside directors

WEB Self-evaluation of the Board of Directors
http://www.dai-ichi-life-hd.com/en/about/control/governance/structure.html

For Stakeholders

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

We are taking measures to develop an environment in which the rights of shareholders are ensured and appropriately exercised.

Specific examples of activities toward securing the rights and equal treatment of shareholders

- 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 Meeting on days that avoid conflicting with shareholders' meetings of other companies
- Adopting an electronic voting rights execution platform for institutional investors
- Prompt disclosure of a summary of the minutes of the Meeting and the voting results
- Mailing the Notices of Resolutions (featuring enhanced content, including an interview with the President, starting in 2017)

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.

Specific examples of dialogue in fiscal 2016

- Individual interviews with institutional investors based inside and outside of Japan (around 400 times)
- Earnings results presentations for institutional investors and analysts (twice), conference calls (four times) and Analyst Day (once)
- Company briefings and seminars for individual investors (17 times)

Appropriate Collaboration with Stakeholders Other than Shareholders

We recognize our customers, local community and society, 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 our understanding of issues in our business activities.

WEB Stakeholder Communication
http://www.dai-ichi-life-hd.com/en/sustainability/group/stakeholder/index.html

Securing Appropriate Information Disclosure and Transparency

The Dai-ichi Life Group discloses information in a timely and appropriate manner following its Basic Information Disclosure Policy in an effort to ensure management transparency. 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.

Specific examples of information disclosure

- Financial results report
- Securities report
- Integrated report
- Embedded value report
- Corporate governance report
- Sustainability report

Shares Held for Strategic Purposes

In principle, shares shall be held for pure 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, not for pure investment purposes, that carry other important purposes in terms of the Group's business strategies, such as strengthening relations through business alliances.

Group companies shall examine the medium- to long-term economic rationale, the future outlook and other matters concerning major holdings of shares for strategic purposes and review the purposes and rationale of holding such shares at their meetings of the Board of Directors every fiscal year. The shareholdings for strategic purposes shall be sold in case the rationale of holding such shares, either in terms of strategic holding or for investment purposes, is not confirmed.

WEB Shares held for purposes other than investment
http://www.dai-ichi-life-hd.com/en/about/control/governance/reference.html

Establishment 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.

In addition, the Company conducts Control Self Assessment (CSA) to enhance the effectiveness of internal control. Through CSA, the Company identifies major risks in each operation, evaluates importance of the risks and the losses they may cause, and seeks to control risk and improve operations to ensure sound business operations.

WEB Internal Control Policy for the Dai-ichi Life Group
http://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 Execution of Duties of the Audit & Supervisory Committee
8. System for Ensuring Effective Internal Audits

Implementation Status of the Internal Control System

1. System for Ensuring Proper Operations within the Group

In order to ensure appropriate operations within the Group, the Company has set the supervision category according to individual Group companies' business specifics, size and importance in the Group's management strategy. The Company conducts business supervision pursuant to global services agreements, etc. concluded with each of the Group companies. The Company has established basic policies for the Dai-ichi Life Group for important matters such as compliance and risk management in order to maintain and operate the Group internal control system, and makes these policies known to the Group companies. In addition, the Company has established and operated rules for prior approval by the Company of the Group companies' important matters which affect the Group, pursuant to global services agreements, etc.

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

Basic Recognition

The Dai-ichi Life Group understands that complying with laws and regulations, its Articles of Incorporation, social standards, and rules in the market are the basis for conducting business activities. To fulfill its social responsibilities and public mission, the Company is developing systems to promote compliance in the group's business operations.

Policies and Regulations

The Dai-ichi Life Group has established the DSR Charter as its corporate action principles to continually meet the expectations of customers, society, shareholders, investors and employees for the purpose of contributing to the building of a sustainable society.

Based on this, our Internal Control Policy for the Dai-ichi Life Group includes basic matters concerning the development and management of a group compliance system. Under this basic policy, matters such as the basic approach to the promotion of group compliance are outlined in Basic Compliance Policy for the Dai-ichi Life Group, and specific approval and reporting systems as well as the management method are outlined in Compliance Regulations for the Dai-ichi Life Group.

Organizational Framework

The Company is endeavoring to develop and strengthen its compliance system as a Group by establishing the Compliance Unit, taking into account the attributes of each group company.

The Compliance Unit monitors the status of compliance promotion based on reports, etc. from each group company, and reports to the Board of Directors, the President, Executive Management Board, Audit & Supervisory Committee, etc. of incidents occurring in each Group company as required, according to their importance. The Internal Audit Unit conducts regular internal audits on the effectiveness and appropriateness of these measures.

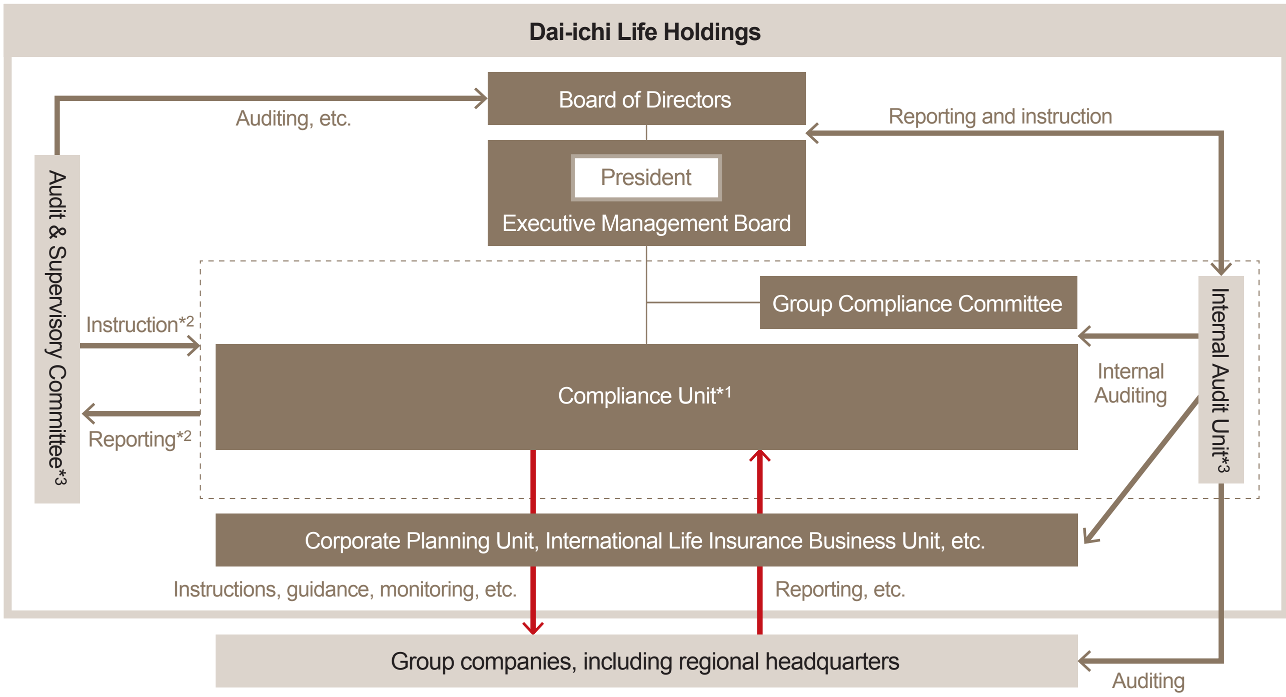
The Group Compliance Committee is established to discuss important matters concerning group compliance and compliance framework of each group company, and reports to the Executive Management Board, the President, and the Board of Directors, apart from regularly convening to monitor compliance status of group companies.

The Company has also established a hotline in the Compliance Unit and a consultation service (with external lawyers) in accordance with the Whistleblower Protection Act, to act as a channel through which employees from the Group can report and consult on compliance matters. The Company operates these systems with full respect for privacy so that the whistleblowers will not be subject to unfavorable treatment resulting from their whistleblowing or consultation.

Promotion of Compliance

At the Dai-ichi Life Group, Group companies set out annual plans such as compliance programs in accordance with the challenges identified for each fiscal year and take initiatives for each issue based on such plans, as well as checking the progress of such plans and revising their challenges as required to promote compliance in a plan-do-check-action (PDCA) cycle. In addition, each company enhances education and training to deepen knowledge of laws, regulations and internal rules, and to raise awareness of compliance.

Organizational Framework Concerning Compliance



*1 Compliance Unit coordinates with other units as appropriate.
*2 Dotted frame shows the entities which Audit & Supervisory Committee makes instruction to, and receives reporting from.
*3 Audit & Supervisory Committee and Internal Audit Unit coordinate with each other.

Information Asset Protection

Basic Recognition

The Dai-ichi Life Group recognizes that compliance with laws and internal regulations, undertaking appropriate measures for information asset protection, and defending information assets from cyber attacks or internal misconduct are the basis for gaining the trust of its customers, society, shareholders, investors and other stakeholders.

Policies and Regulations

Internal Control Policy for the Dai-ichi Life Group stipulates the core requirements for implementing practices that ensure the safekeeping of information in the group. This policy serves as the basis for Information Assets Protection and Management Policy for the Dai-ichi Life Group, the stipulations of which include the philosophies underlying the safekeeping of information, and also Information Assets Protection and Management Regulations for the Dai-ichi Life Group that stipulate specific approval and reporting framework and other management practices. Furthermore, in order to deal with increasingly sophisticated cyber-attacks, we have set out Group Cyber Incidents Response Regulations.

Organizational Framework for Information Asset Protection

The Company has established practices under which important matters relating to information asset protection are dealt with by the Group Compliance Committee. Information Security Management Group has been established within the Compliance Unit to provide a permanent organization for promoting appropriate safekeeping of information at group companies. In addition to providing advice and support as needed according to the attributes of each group company such as the quantity and nature of the information they hold, the Information Security Management Group is also involved in implementing appropriate management framework for information safekeeping at these companies.

The Internal Audit Unit conducts regular internal audits of how well these measures are operating and reports their findings to the Board of Directors and Executive Management Board.

Promotion of Information Safekeeping Practices

In accordance with the laws and regulations of relevant countries, the Dai-ichi Life Group has established a framework for the safekeeping of information by introducing security measures where needed and appropriate in order to prevent leakage, loss, or tampering of personal and other confidential information.

Handling of Antisocial Forces

Basic Recognition

All the Dai-ichi Life Group's organizations are united in their resolve to reject any coercion from antisocial forces that threatens the order and security of civil society or that disrupts sound economic and social development or corporate activities. The Dai-ichi Life Group is fully committed to halting the development of any relationships with these forces in all of its transactions to prevent any damage from occurring.

Policies and Regulations

In accordance with the Group Basic Policy on Handling of Antisocial Forces based on the Internal Control Policy for the Dai-ichi Life Group, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage, the Company has established Group Antisocial Forces Handling Regulations, strengthening its unified Group-wide stance towards eliminating antisocial forces.

Systems for Handling Antisocial Forces

The Company has designated the General Affairs Unit to be in charge of streamlining and strengthening systems to block the development of any relationships with antisocial forces or to prevent damage that may occur, taking into account the attributes of each company, in daily operations and has given guidance and support as required in taking an appropriate response as a group.

We regularly monitor the status of group companies and receive reports on initiatives to eliminate antisocial forces from group companies as Group-wide responses.

The Company has made preparations whereby in the event business with an antisocial force is identified, the matter is reported to a director or other officer in a timely and appropriate fashion and efforts are made to promptly cut off the ties in question. Top management is also appropriately involved through procedures including regular reporting to the Board of Directors concerning the handling status of efforts to sever ties with antisocial forces.

In addition, to ensure that we have no relations with and to prevent damage related to antisocial forces, the Company is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, National Center for Removal of Criminal Organizations, and lawyers.

3. System for Risk Management

Basic Recognition

To ensure sound and proper business operations and to ensure that we fulfill the obligations arising from our insurance policies, we identify and evaluate potential risks, take appropriate action based on the specific characteristics of each risk and comprehensively manage those risks. We are committed, on a group-wide basis, to improving soundness through the management and control of the financial base, including risk volume and capital.

We have also established a crisis management system and a risk management system to respond to catastrophes and large-scale disasters in addition to our everyday risk management system.

Policies and Regulations

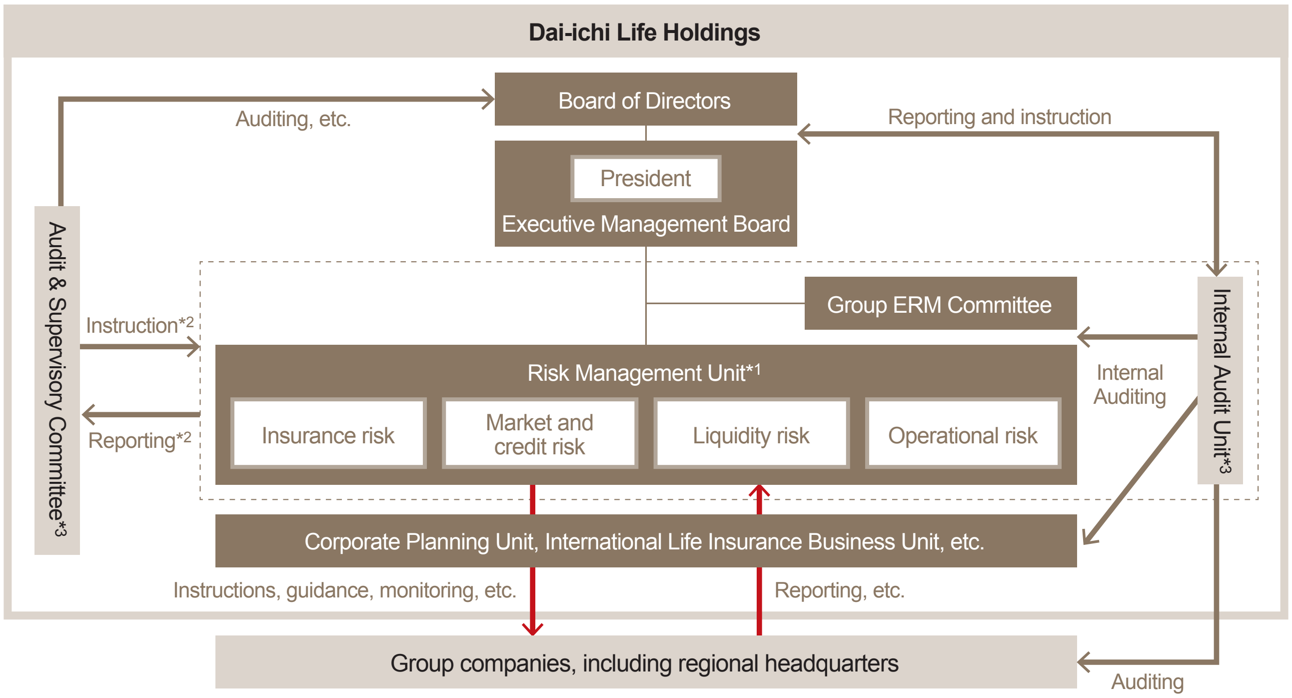
Our Internal Control Policy for the Dai-ichi Life Group includes our basic philosophy and policies regarding risk management. The approach used to manage each type of risk is developed in line with Risk Management Policy for the Dai-ichi Life Group. In addition, each of the risk management regulations and standards is translated into practical rules, following our series of Risk Management Regulations for the Dai-ichi Life Group.

Organizational Framework

To ensure the integrity and appropriate conduct of the group, the Risk Management Unit coordinates and implements group-wide policies for risk management in accordance with Risk Management Policy for the Dai-ichi Life Group. The Risk Management Unit also plays a central role in monitoring and controlling the status and integrity of risk management across the group, while also seeking to improve how risk management is exercised.

There is also a Group ERM Committee that sits regularly to formulate Risk Management Policy, monitor compliance, and conduct studies aimed at improving how risk management is exercised. The Internal Audit Unit assesses the effectiveness and appropriateness of this risk management infrastructure. An Audit & Supervisory Committee conducts audits of all aspects of risk management at the group, including management personnel.

Risk Management Framework



*1 Risk Management Unit coordinates with other units as appropriate.
*2 Dotted frame shows the entities which Audit & Supervisory Committee makes instruction to, and receives reporting from.
*3 Audit & Supervisory Committee and Internal Audit Unit coordinate with each other.

Implementation of ERM Practices

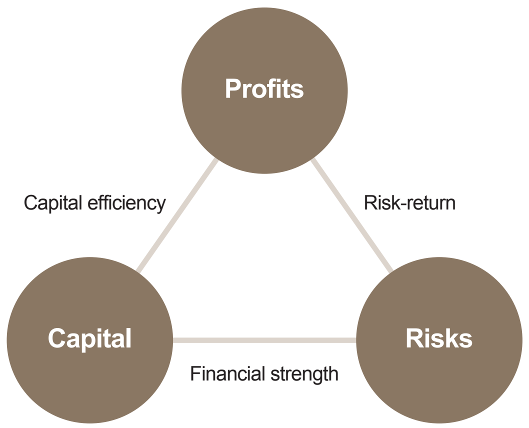
The Dai-ichi Life Group conducts enterprise risk management (ERM) whereby it undertakes its business activities based on business plans, capital strategy that reflects the current situation regarding capital, risks, and profits.

The Risk Management Unit assesses the suitability of business plans, capital strategy formulated as part of ERM, and also seeks to improve group risk management while also controlling capital, risks, and profits in an appropriate manner based on the presence, nature, and characteristics of risk through activities such as setting and managing margins for risk.

The Dai-ichi Life Group controls the integrity of the group through activities such as consolidating different types of risk and making capital provision on an economic value, book value, and regulatory basis. The management of risk on the basis of economic value is conducted using embedded value (an indicator used by life insurance companies to represent corporate value) and coherent risk assessment techniques.

To identify and evaluate aspects that are not captured by the model-based quantification of risk, stress testing is conducted using worst-case scenarios based on possible future events or actual past events, such as financial market panics or large natural disasters. This is then used as a basis for analyzing the factors that influence the integrity of the organization and reporting the results to the Board of Directors, Executive Management Board, and others, and for considering and implementing management and financial measures and ways to improve monitoring of market and other conditions as required.

Relationship Between Profits, Capital, and Risks



Crisis Management

The Company has a Group Crisis Management Policy and is pursuing a variety of crisis management responses by comprehensively identifying and managing the Group's crisis management status as well as developing a crisis management promotion system in normal times to prepare in advance for preventing crises and for reducing risks in preparation for expected crises.

Specifically, we work to avert crises by proactively detecting concerns about a crisis and instructing and alerting group companies and units, in addition to requiring group companies to report events that may cause a crisis. In addition, in times of crisis, we rapidly establish an initial response system, including a communication system, in order to promptly respond and accurately collect information during a crisis and to implement responses to resolve the crisis in cooperation with group companies.

4. System for Ensuring Efficient Execution of Professional Duties

The Company has formulated internal regulations related to decision-making, organization, and the division of responsibilities and authorities to ensure the efficient execution of professional duties by directors, executive officers and employees. The Company has also established an Executive Management Board which discusses important management and executive issues. The Company has also formulated a medium-term management plan for the Dai-ichi Life Group, and the Executive Management Board, etc. confirms and evaluates the performance of the plan.

5. System for Ensuring Appropriateness and Reliability of Financial Reporting

Internal Control Policy for the Dai-ichi Life Group stipulates the core requirements for implementing practices that ensure the reliability of financial reporting and timely and appropriate disclosures. Under this basic policy, the Company established Evaluation Regulations for Internal Control over Financial Reporting, which outlines procedures to appropriately evaluate internal control over financial reporting. In accordance with these policies and regulations, in order to ensure the reliability of financial reporting, we have developed and implemented an evaluation system for effectiveness of internal control over financial reporting.

We prepare an internal control report, which verifies that our internal control over financial reporting was effective and submit this report together with the annual securities report.

In addition, this internal control report with a base date as of March 31, 2017 was subject to an internal control audit by the accounting auditor with an assessment being expressed in the form of unqualified opinion.

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

To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company establishes internal regulations necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings such as the Board of Directors and the Executive Management Board, and written approvals containing material information, and preserve and manage information accordingly.

7. System for the Execution of Duties of the Audit & Supervisory Committee

The Company has a system in place to ensure the effectiveness of audits by the Audit & Supervisory Committee as follows.

- The Company set up the Audit & Supervisory Committee's Center and appointed employees to assist the Audit & Supervisory Committee. With respect to personnel transfer, evaluation and others for these employees, their independence from directors is ensured. These employees are authorized to collect information necessary for audit purpose.
- The Company has established the system for a timely and appropriate report to the Audit & Supervisory Committee in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company or Group companies. In addition, the operational status of the whistle-blowing system is regularly reported to Audit & Supervisory Committee members (full-time).
- The Company has established a system whereby Audit & Supervisory Committee members (full-time) attend important meetings and committees including meetings of the Executive Management Board, and verify the functional and operational status of the internal control system.

8. System for Ensuring Effective Internal Audits

Basic Recognition

To ensure the financial soundness and appropriate business operations of the Group as a whole, the Company recognizes that it is important for the internal audit section of the Company to conduct internal audits and provide advice for improvement as necessary to assure that all of the activities of the Group are appropriate and effective. The measures and practices necessary for ensuring effective internal audit have been put in place, including those for maintaining the independence of the internal audit section.

Policies and Regulations

The Company has stipulated the core philosophies and policies for internal audit in Internal Control Policy for the Dai-ichi Life Group and Internal Audit Policy for the Dai-ichi Life Group (the "Internal Audit Policy"). The Company has also established Internal Audit Regulations for the Dai-ichi Life Group in accordance with the Internal Audit Policy to define the principles of internal audit and to effectively and efficiently implement all the activities relating to Group's internal audit.

Organizational Framework

The Company has set up the Internal Audit Unit as an independent organization to ensure its effective checking function to other organizations. The Internal Audit Unit verifies and assesses the appropriateness and effectiveness of internal control framework and activities of the Group, identifies flaws, provides advice for improvement and reports to the Board of Directors, Executive Management Board, etc. on the results of internal audits.

Reporting to the Audit & Supervisory Committee

The Company has the Audit & Supervisory Committee in which external directors compose the majority of its members. The Internal Audit Unit conducts internal audits under audit policy, plans and perspectives of the Audit & Supervisory Committee, and reports to the Audit & Supervisory Committee on its internal audit plans and results.

Aiming to Build a Global Governance System that Achieves Sustainable Value Creation

The Dai-ichi Life Group has promoted business diversification and geographical diversification proactively, seeking to enhance its sustainable creation of value. We invited Nicholas E. Benes, Representative Director of The Board Director Training Institute of Japan—who has extensive knowledge in the area—to discuss the Dai-ichi Life Group's ideals for its future governance.

Seiji Inagaki (Right)
President and Representative Director

Toshiaki Sumino (Left)
Executive Officer,
Chief of Corporate Planning Unit

Nicholas E. Benes
Representative Director
The Board Director Training Institute of Japan

Morinobu Nagahama (Left)
Director (Senior Audit & Supervisory Committee Member (Full-Time))

Rieko Sato (Right)
Outside Director (Audit & Supervisory Committee Member)

Profile of Nicholas E. Benes

After obtaining a JD/MBA degree in the United States, Nicholas Benes joined the investment banking division of J.P. Morgan. He worked there for 11 years with responsibility in a variety of product areas. He subsequently established an M&A advisory boutique in Japan. In addition to serving as an outside director at numerous companies, in 2013 he proposed the creation of Japan's Corporate Governance Code. He currently serves as Representative Director of The Board Director Training Institute of Japan, which provides training and consulting for executives and directors with the aim of strengthening governance.

Building a governance system that supports the expansion and diversification of business

The Group transformed itself through demutualization and shifted to a holding company structure to respond swiftly and optimally to changes in the business environment

Benes Management at Dai-ichi Life has changed significantly over the past 10 years, with overseas expansion in 2007, demutualizing and listing in 2010, and shifting to a holding company structure in 2016. Could you explain the background to these changes?

Inagaki The domestic life insurance business environment has become increasingly challenging. Take the declining population and the introduction of the negative-interest-rate policy, for example. In this environment, the Group has promoted both business and geographical diversification in order to maintain its ability to sustainably create value. Specifically, we have created three domestic life insurance companies, expanded into the overseas life insurance business, including the Asia-Pacific region and the U.S., and strengthened our domestic and overseas asset management businesses. We have now become a diversified group with three domestic life insurance companies, six overseas life insurance companies, and two domestic and overseas asset management companies. We have continuously sought to develop the optimal governance system for tackling changes in the business environment and achieving healthy growth. The results of these efforts translated into the process of shifting from a mutual company to a stock company, and then to a holding company structure.

Benes What were the main objectives for shifting to a holding company structure?

Inagaki The Group aims to speed up growth through the reallocation of capital within the Group. Within the Group, an extremely large but mature domestic life insurance business co-exists with new businesses that have yet to grow to significant size. We opted for a holding company that can focus on governance of the entire Group, rather than giving a single operating company the role of appropriately and swiftly determining how much capital to allocate to each business. Another objective was to build the business foundation for executing bold strategies in the future. For example, whereas the business scope of subsidiaries of life insurance companies is strictly regulated under the Insurance Business Act, an insurance holding company can expand into a wide range of business.

Pursuing best practice as a company with an Audit & Supervisory Committee

Leveraging a sophisticated internal control system in pursuit of highly effective governance

Benes Could you explain the reasons why Dai-ichi Life Holdings chose to be a company with an Audit & Supervisory Committee?

Inagaki Before our final decision, there were differing opinions, and we had serious discussions with all

members of our board and senior executives. The reason why we finally decided to be a company with an Audit & Supervisory Committee was the belief that since the holding company's main duty is the management and administration of Group companies, it is best for its Board of Directors to act as a "monitoring board" focusing on supervisory functions.

Benes Do you think governance is working well, as a company with an Audit & Supervisory Committee?

Nagahama Yes. The Audit & Supervisory Committee at Dai-ichi Life Holdings strives to ensure highly effective governance. Once we launched the system, we wanted to run it as one having the best practices. We set high standards, taking into account the Companies Act and the expectations of society, and based on the know-how we have built up to date. I myself have been involved in the Company's internal control system for a long time, having also served as the officer in charge of internal auditing. At present, as the Chairman of the Audit & Supervisory

Committee, I am constantly working to increase the efficiency of supervision while utilizing the internal control system, including liaising between the internal audit units and our external audit firm.

Benes The life insurance business is based on long-term policies that run for several decades. Actuarial accounting is also complex, so a high level of expertise and a long-term management perspective is required. Is it difficult to deeply understand the business and make the supervisory functions work?

Nagahama At the Audit & Supervisory Committee, we take plenty of time to interview each executive officer. After identifying the business issues raised by each executive, we check whether and how these issues are actually addressed in the execution of duties by that person.

Sato In the beginning, I did not necessarily support adoption of the Audit & Supervisory Committee system. The corporate auditor (*kansayaku*) system is unique to Japan and is sometimes described as difficult for people from overseas to understand, but its corporate auditors are endowed with extremely strong authorities and an “independent decision-making” system in which each individual corporate auditor can request reports and carry out investigations. So, some argue that governance functions meaningfully because of this aspect. Compared to this, in the case of the Audit & Supervisory Committee, it is not the individual members who have the authority to investigate but the committee that makes such decisions, as a group.

Nevertheless, in the course of discussions, I came to recognize that an extremely sophisticated internal control system was already established at the Company. I realized that if it was linked well to the internal control system, the functions of the Audit & Supervisory Committee would be fulfilled when an issue was raised by an outside director, even if that person did not have an individual authority to investigate. Believing that Dai-ichi Life Holdings could achieve highly effective governance that would be a model to other companies with an Audit & Supervisory Committee if we “aim for best practice,” I supported adoption of the new system on that assumption. Now that we have made the transition, my concerns have been eliminated, and I actually think that we can check the

appropriateness of the execution of directorial duties more widely than regular corporate auditors.

Benes How do you make sure that the outside directors are informed well enough to maintain effective oversight?

Nagahama Since the establishment of the holding company in October 2016, the Board of Directors has met 12 times, and the Audit & Supervisory Committee has met more frequently. In addition to that, preliminary briefings are held for the outside directors, depending on the importance of the agenda items.

Sato Including some internal events we participate in so that we can understand the business better, I think we actually visit the Company about three times a month. Also, I do think that the outside directors are well informed, including the advance distribution of materials for the Board of Directors. Moreover, aside from meetings that are conducted internally, we have independently held “executive session” meetings that allow for free discussion between the outside board members, in order to deepen our understanding of agenda items and enhance discussions.

Benes That’s an extremely positive initiative. Exchanging opinions in such forums will stimulate discussion at the Board of Directors.

Inagaki I myself have served on the Board of Directors at U.S.-based Janus Capital Group (now Janus Henderson Group) as an outside director. We had onsite meetings once a quarter in principle, with video conferences held when necessary.

Benes There is also the approach of reducing the frequency of meetings while deepening debate at each individual meeting. Were there any other initiatives like that at the Janus Board of Directors that could be instructive?

Inagaki At the Audit Committee, which was a sub-committee to the Board of Directors, there were various innovations to enhance the effectiveness of governance. For example, the executive directors would leave the meeting to give the Audit Committee members, composed of the auditor and the outside directors, the opportunity to exchange opinions among themselves. I felt that it was a very sound organization. We hope to pursue the best governance for the Group while also learning from such cases at overseas companies.

Building a global management system in anticipation of the next generation

Focusing on securing and training diverse personnel as a true global company

Benes The overseas business has come to account for about 30% of consolidated net income in fiscal 2016, so having a global management structure will be even more important going forward. Could you explain under what kind of structure you currently use?

Sumino We supervise and support each overseas Group company through regional headquarters established in New York and Singapore. We hold an Executive Summit with the aim of sharing our corporate philosophy and values with overseas Group management. We also try to share information, strategies and policies at each level within the Group at events such as the Global Management Conference, where managers from each company get together.

Benes Are there any cases in which the management of overseas Group companies take part in the management of the holding company?

Inagaki At the moment, there are five executives who are treated as executive officers of the Company, and they take part onsite or by conference call when we deliberate on overseas strategy matters.

Benes Training the next generation of personnel to run the global business in the future is also important.

Sumino Exactly. In order to build up a diverse employee base, we are actively promoting mid-career employment and the employment of non-Japanese personnel, in addition to hiring new college graduates. While expanding the pool of human capital in this way, I hope that we will also be able to train people who can drive the overseas business, and develop candidates for next-generation executive positions in the process. We are also enhancing global employee interaction and training programs. In fiscal 2016, about 30 overseas Group employees

participated in interaction programs in Japan, and we plan to increase this number to around 50 in fiscal 2017. In conjunction with these efforts, I think we have to develop a multi-lingual internal information infrastructure, to support the globalization of our business.

Benes Speaking from my own experience, increasing diversity and cementing human networks within the Group will be a major advantage in remaining globally competitive. The individual strengths of talented personnel combined with human networks will surely help you to overcome the challenges you face to come up with new ideas.

“Respecting each other, learning from each other, growing together”

Benes I think that when you try to strengthen the supervisory and oversight functions for overseas Group companies, there is always a possibility of friction due to cultural differences and other factors. As a holding company, what approach do you take to this?

Inagaki The life insurance business is basically a local business, and it is a business that will not run well based on top-down instructions and orders alone. Koichiro Watanabe, Chairman of the Board, expressed the approach that forms the basis of the Company’s global management, in the concepts of “respecting each other,” “learning from each other,” and “growing together.” At a very fundamental level, I think that these concepts express the essence of good governance. The Dai-ichi Life Group has treasured this mindset since the days when it was a mutual company devoted to the domestic life insurance business. These concepts have remained alive after the Group has transformed itself through business and geographical diversification, and I would like to make sure that they will be resolutely passed on in the future.

Aiming to Promote Global Diversity

Hiroyuki Kanou
Executive Officer
Chief of Human Resources Unit
Dai-ichi Life Holdings, Inc.

At the Dai-ichi Life Group, 70,000 personnel work in seven countries around the world.

The Group has positioned acceptance of each other's differences (diversity and inclusion of human capital) as one of its management strategies based on the belief that it is a source of sustained growth, and we promote a workplace where people can thrive, regardless of gender, age, nationality, ethnicity, ability and disability, sexual orientation, gender identity, lifestyle and other factors.

As is referred to as Society 5.0 and Fourth Industrial Revolution, global change is occurring at unprecedented speed in modern society. In order to respond to such change with more agility than ever before and for the Dai-ichi Life Group to continue to grow, it is vital to leverage the diverse individuality and strengths of our 70,000 personnel and keep striving to further promote diversity and inclusion on a global basis.

As for initiatives to promote global diversity, we regularly hold Global Management Conferences (GMCs) and a Global Talent Exchange (G-TEX) to accelerate the exchange of human capital with overseas Group companies, to visualize and share the know-how of solving the problem and building foundation for further growth after putting strength and challenges of each company into perspective.

Moreover, as an example of promoting gender diversity, at Dai-ichi Life, for example, we are working to develop human capital so that female employees, who account for a large share of our workforce, will be able to reach their full potential. In particular, we provide systematic job level-specific training aimed at developing female leaders.

"Respecting each other, learning from each other, growing together"

Going forward, we will continue to forge the future with innovation by creating an environment that allows diverse individuality to shine through the entire Dai-ichi Life Group to provide scope for "value-creating synergies."

Aiming to Develop Global Human Capital

Part 01 Management Sharing Case Studies

We regularly hold Global Management Conferences (GMCs) where management from overseas Group companies come together to share best practices and discuss challenges. Diverse themes are raised at GMCs, including sales channels, product strategy, risk management and other areas. In addition to encouraging mutual understanding across officers and employees regardless of region, the GMCs promote the development of a corporate culture oriented toward the creation of Group synergies. Fiscal year 2017 marks the fifth anniversary since the start of GMC and a total of 400 people have attended so far. While being an important conference, it also serves as a valuable opportunity for leadership development of executives of Group companies.

GMC Operation Policy for Fiscal 2017

GMC	• **Continues in fiscal 2017** as a forum for management to share best practices and create synergies
RMC*	• **Continues in fiscal 2017** as a forum for more individual and specific problem-solving and promotion tailored to regional characteristics (hold mainly in Asian emerging countries under the leadership of the Asia Pacific regional headquarters)

*RMC: Regional Management Conference

Part 02 Exchanging Global Human Capital

In addition to dispatching expert human capital from Dai-ichi Life in order to support needs of overseas Group companies, we also run a Global Talent Exchange (G-TEX) under which we welcome talent from overseas Group companies to Dai-ichi Life departments on a short-term basis. The G-TEX program not only promotes language skills and cross-cultural understanding, but also develops human capital with the ability to play an active role on the global stage and develops human capital networking. It also helps Dai-ichi Life and other Group companies to learn from each other and make use of initiatives and functions in improving in their own organizations.

Aiming for Diverse Human Capital to Take Active Roles

Part 01 Promoting the Achievements of Female Employees

The entire Dai-ichi Life Group is striving to foster next-generation leaders with the goal of pursuing enhanced corporate value on a global basis and developing human capital capable of assuming the role of management leaders. Particularly, having female employees, who account for a large share of our workforce, take an active role in business is a major theme that we are committed to. For instance, our officers are striving to develop female leaders with executives as their mentors, and our female managers are playing a role in developing candidates to be the next generation of female managers.

Training System of Next-Generation Female Leaders

Level	Training system
General managers	President's seminar
Line managers	Next-Generation Female Manager Seminar
Managers	Strengthening of human capital development by departments aimed at training managers as line managers
Assistant managers	Next-Generation Female Leader Training

Commitments by executives

Development support by female employees of the higher rank

Percentage/Number of Female Managers

	April 2015	April 2016	April 2017
Percentage of female managers	22.5%	23.3%	24.2%
Number of female managers	808	836	873

Note: April 2015 and April 2016 figures for the three domestic life insurance companies (Dai-ichi Life, Dai-ichi Frontier Life, and Neo First Life), and April 2017 figures for the Company and the three domestic life insurance companies.

Part 02 Achieving Work-Life Balance

At the Dai-ichi Life Group, the two main pillars to promote work-life balance are enhancing our Family-Friendly System (measures to support the balance between work and family) and implementing measures for work-style reform. At Dai-ichi Life, the ratio of male employees taking childcare leave was 77.1% in fiscal 2016. In addition, we have introduced a telecommuting program to enable employees with a certain degree of work for which telecommuting is possible to have flexible work styles, and approximately 400 employees were taking advantage of this system as of April 2017.

Part 03 Strengthening the "Ability to Inspire"

At the management level, the "ability to inspire" to invigorate communication within the organization and capitalize on individuality is vital to becoming an organization where diverse human capital demonstrates individuality and can play an active role. At the Dai-ichi Life Group, we provide training for general managers. We have also compiled the 12 Fundamental Principles of the Inspiring Leader to promote changes in the awareness and conduct of managers.

Dai-ichi Life's 12 Fundamental Principles of the Inspiring Leader

1. To continue with unremitting efforts to increase his or her own integrity, wide-ranging education, and warm-heartedness as good model for the organization.
2. To talk about and share the ideal organizational vision in his or her own words to every team member.
3. To accept changes in the environment and diversity and take the initiative towards value creation and transformation of the organization.
4. To identify every team member's individuality, understand their qualities and aspirations, and provide support for their autonomous growth.
5. To believe in growth and allocate roles without fearing risk with a commitment to back up team members to the end.
6. Not to interfere excessively once having delegated, forgive minor mistakes, and look out for team members patiently.
7. Be cheerful and smile often, always consider the health and lives of team members, and be generous with words of gratitude.
8. To listen to the thoughts of every team member, respect different opinions, and enable free discussion.
9. To engage in repeated dialogue to ask questions and review rather than immediately informing team members about the correct answer.
10. To give praise as soon as he or she finds a positive point and provide every team member with the sense of fulfillment that they are being developed.
11. To understand the difference between rebuking and being angry, not to rebuke team members in front of others, and not to become angry indiscriminately.
12. To provide fair guidance with a warm heart and enthusiasm, and objective feedback without favoritism.

Part 04 Achieving Normalization

We proactively employ people with disabilities and create a comfortable working environment for them. As of June 2017, we employ 987 people with disabilities nationwide, or about 2.22% of our workforce. As one of our initiatives, we have established the Employment Counseling Service for People with Disabilities at Dai-ichi Life, creating a counseling system for anxieties and concerns at work. In addition, Dai-ichi Life Challenged, a special subsidiary of the Dai-ichi Life Group, has developed an extensive scope of operations, including cleaning, printing, and cafeteria operations. These operations are mainly carried out by employees with intellectual disabilities or mental disabilities. Furthermore, Dai-ichi Life Challenged provides support for the acquisition of qualifications that will help to improve the quality of operations, regardless of whether employees have a disability or not. Among the employees who engage in cafeteria operations, some have acquired the barista qualification and utilize these skills in their work.

Corporate and Financial Data

Table of Contents

Overview and Organization of the Insurance Holding Company

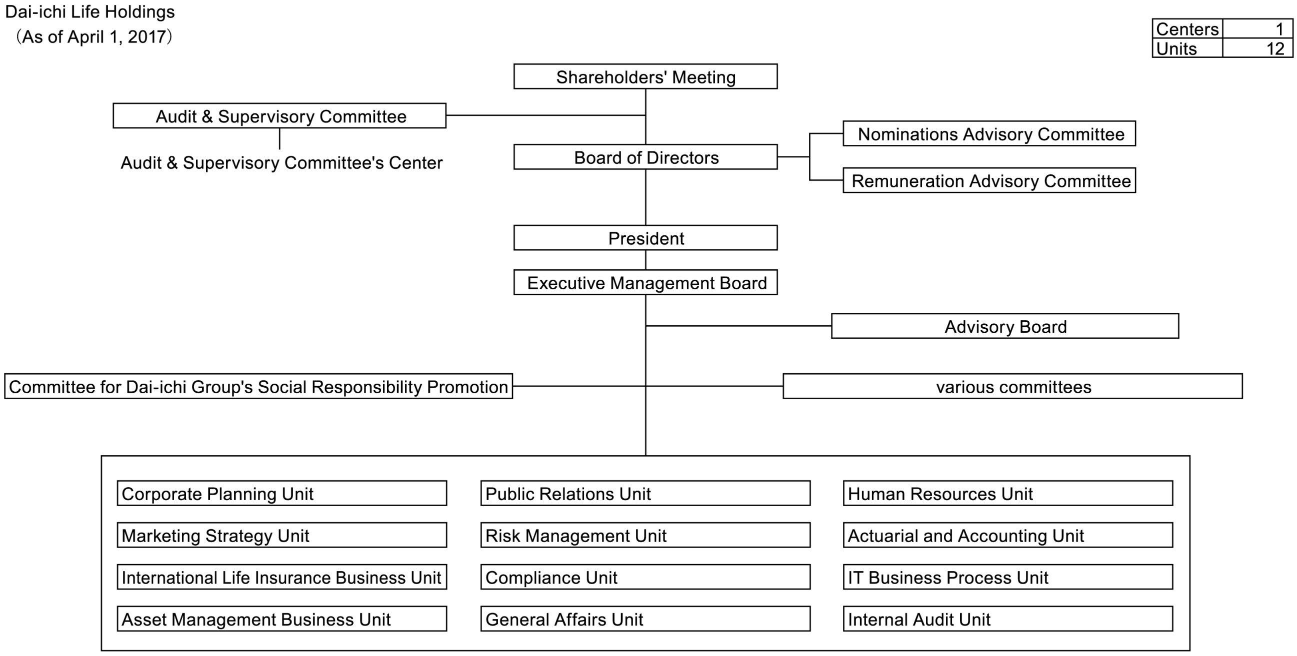
Corporate Profile

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	http://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	343.1 billion yen
Number of employees	542 persons

Management Organization

Organization Chart

Dai-ichi Life Holdings
（As of April 1, 2017）



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

2. Number of shares and shareholders

(As of March 31, 2017)

Number of shares authorized to be issued	4,000,000 thousand shares
Number of issued shares	1,198,023 thousand shares
Number of shareholders	804,651 persons

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

3. Type of issued shares

(As of March 31, 2017)

Type	Number of issued shares	Details
Common stock	1,198,023 thousand shares	—

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

4. Major Shareholders (Top 10)

(As of March 31, 2017)

Name of shareholders	Ownership in the Company	
	Shares held	Percentage
	thousands of shares	%
Japan Trustee Services Bank, Ltd. (Trust Account)	67,102	5.60
GOLDMAN SACHS INTERNATIONAL	50,585	4.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,590	3.97
Mizuho Bank, Ltd.	45,000	3.75
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	36,138	3.01
Japan Trustee Services Bank, Ltd. (Trust Account 5)	21,865	1.82
Sompo Japan Nipponkoa Insurance Inc.	20,000	1.66
THE BANK OF NEW YORK MELLON SA/NV 10	19,163	1.59
Japan Trustee Services Bank, Ltd. (Trust Account 1)	16,263	1.35
Japan Trustee Services Bank, Ltd. (Trust Account 2)	16,020	1.33

(Notes) 1. The treasury stock held by the Company (18,539 thousands of shares) is excluded from the above Major Shareholders.
2. Numbers of shares less than one thousand are disregarded.
3. Percentage figures less than the second decimal place are disregarded.

5. Independent Auditor

Ernst & Young ShinNihon LLC

(Note) The Company appointed KPMG AZSA LLC as an independent auditor at the Annual General Meeting of Shareholders for the 7th Fiscal Year which was held on June 26, 2017.

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

Main Businesses and Organization

Main businesses operated by the Company and its 77 subsidiaries and 54 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〉

Dai-ichi Life Holdings, Inc. (Insurance Holding Company)

- Domestic Life Insurance Business
  - ∗ The Dai-ichi Life Insurance Company, Limited
  - ∗ The Dai-ichi Frontier Life Insurance Co., Ltd.
  - ∗ The Neo First Life Insurance Company, Limited
- Overseas Insurance Business
  - ∗ Protective Life Corporation
  - ∗ TAL Dai-ichi Life Australia Pty Ltd
  - ∗ TAL Dai-ichi Life Group Pty Ltd
  - ∗ TAL Life Limited
  - ∗ Dai-ichi Life Insurance Company of Vietnam, Limited
  - ○ Star Union Dai-ichi Life Insurance Company Limited
  - ○ PT Panin Internasional
  - ○ PT Panin Dai-ichi Life
  - ○ OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED
- Other Business
  - ○ Corporate-Pension Business Service Co., Ltd.
  - ○ Asset Management One Co., Ltd.
  - ○ NEOSTELLA CAPITAL CO., LTD.
  - ○ Trust & Custody Services Bank, Ltd.
  - ○ Japan Excellent Asset Management Co., Ltd.
  - ○ Janus Capital Group Inc.

(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, 2017.

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	25.1 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	1.63 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%
Dai-ichi Life Insurance Company of Vietnam, Limited	January 18, 2007	Ho Chi Minh City, Vietnam	2,153.1 billion VND	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 billion JPY	Other business	0.0%	50.0%
Asset Management One Co., Ltd.	July 1, 1985	Chiyoda-ku, Tokyo	2 billion JPY	Other business	49.0%	0.0%
NEOSTELLA CAPITAL CO., LTD.	December 1, 1989	Chuo-ku, Tokyo	100 million JPY	Other business	0.0%	50.0%
Trust & Custody Services Bank, Ltd.	January 22, 2001	Chuo-ku, Tokyo	50 billion JPY	Other business	0.0%	16.0%
Japan Excellent Asset Management Co., Ltd.	April 14, 2005	Minato-ku, Tokyo	400 million JPY	Other business	0.0%	36.0%
Janus Capital Group Inc.	January 23, 1998	Denver, U.S.A.	1 million USD	Other business	19.7%	0.0%

(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."

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

Key Management Indicators

	Fiscal Year Ended March 31,				
	2013	2014	2015	2016	2017
Ordinary revenues (million yen)	5,283,989	6,044,955	7,252,242	7,333,947	6,456,796
Ordinary profit (million yen)	157,294	304,750	406,842	418,166	425,320
Net income attributable to shareholders of parent company (million yen)	32,427	77,931	142,476	178,515	231,286
Comprehensive income (million yen)	670,675	300,180	1,384,315	(592,867)	264,969

	As of March 31,				
	2013	2014	2015	2016	2017
Total net assets (million yen)	1,649,020	1,947,613	3,589,927	2,932,959	3,137,266
Total assets (million yen)	35,694,411	37,705,176	49,837,202	49,924,922	51,985,850
Consolidated solvency margin ratio (%)	702.4	756.9	818.2	763.8	749.2

Outline of business

Ordinary revenues for the fiscal year ended March 31, 2017 decreased by 12.0% compared to the prior fiscal year to 6,456.7 billion yen, consisting of 4,468.7 billion yen (20.0% decrease) of premium and other income, 1,626.1 billion yen (20.9% increase) of investment income, and 361.8 billion yen (10.2% decrease) of other ordinary revenues.

Meanwhile, the Group's ordinary expenses for the fiscal year ended March 31, 2017 decreased by 12.8% compared to the prior fiscal year to 6,031.4 billion yen, consisting of 3,618.3 billion yen (5.5% decrease) of benefits and claims, 1,016.7 billion yen (32.1% decrease) of provision for policy reserves and others, 342.1 billion yen (34.7% decrease) of investment expenses, 650.9 billion yen (1.6% decrease) of operating expenses, and 403.2 billion yen (0.1% increase) of other ordinary expenses.

Consequently, the Group's ordinary profit for the fiscal year ended March 31, 2017 increased by 1.7% compared to the prior fiscal year to 425.3 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, total of corporate income taxes, and net income attributable to non-controlling interests, increased by 29.6% compared to the prior fiscal year to 231.2 billion yen.

Segment results were as follows:

(1) Domestic Life Insurance Business

Ordinary revenues for the domestic life insurance business decreased compared to the prior fiscal year by 1,103.0 billion yen, or 17.7%, to 5,133.6 billion yen due mainly to controlled sales of yen-denominated single premium saving type products at The Dai-ichi Life Insurance Company, Limited and The Dai-ichi Frontier Life Insurance Co., Ltd. Segment profit decreased compared to the prior fiscal year by 26.9 billion yen, or 7.3%, to 339.8 billion yen due mainly to a decrease in fundamental profit of The Dai-ichi Life Insurance Company, Limited affected by the stronger yen and low interest rates.

(2) Overseas insurance business

Ordinary revenues for the overseas insurance business increased compared to the prior fiscal year by 251.9 billion yen, or 22.5%, to 1,373.7 billion yen due mainly to Protective Life Corporation's full-year consolidation against 11 months for the previous fiscal year and improvements in investment income for the overseas insurance business overall. Segment profit increased compared to the prior fiscal year by 25.5 billion yen, or 42.3%, to 85.9 billion yen due mainly to improvements in investment income for the overseas insurance business overall, improvement in profitability of the life insurance business at TAL Dai-ichi Life Australia Pty Ltd, and contribution to profit from acquisition of policy blocks at Protective Life Corporation.

(3) Other business

Ordinary revenues for other business increased compared to the prior fiscal year by 9.3 billion yen, or 28.9%, to 41.7 billion yen mainly because Dai-ichi Life Holdings, Inc. received dividends from its subsidiaries after the shift to a holding company structure in October 2016. Segment profit increased compared to the prior fiscal year by 15.7 billion yen, or 317.8%, to 20.7 billion yen.

Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2016	**2017**	**2017**
(ASSETS)			
Cash and deposits	843,405	881,965	7,861
Call loans	116,900	98,500	877
Monetary claims bought	239,299	198,294	1,767
Money held in trust	87,476	333,111	2,969
Securities	41,560,060	43,650,962	389,080
Loans	3,715,562	3,566,603	31,790
Tangible fixed assets	1,178,817	1,138,416	10,147
Land	795,829	775,384	6,911
Buildings	371,304	351,393	3,132
Leased assets	4,712	5,097	45
Construction in progress	2,402	691	6
Other tangible fixed assets	4,567	5,848	52
Intangible fixed assets	407,367	433,236	3,861
Software	63,268	71,933	641
Goodwill	54,832	57,938	516
Other intangible fixed assets	289,266	303,364	2,704
Reinsurance receivable	105,876	91,248	813
Other assets	1,573,118	1,492,098	13,299
Net defined benefit assets	764	–	–
Deferred tax assets	1,344	150	1
Customers' liabilities for acceptances and guarantees	97,056	103,786	925
Reserve for possible loan losses	(1,702)	(2,079)	(18)
Reserve for possible investment losses	(423)	(444)	(3)
Total assets	49,924,922	51,985,850	463,373
(LIABILITIES)			
Policy reserves and others	43,894,014	44,694,128	398,378
Reserves for outstanding claims	580,778	568,005	5,062
Policy reserves	42,922,534	43,740,238	389,876
Reserve for policyholder dividends	390,701	385,884	3,439
Reinsurance payable	75,883	208,621	1,859
Bonds payable	485,682	989,743	8,822
Other liabilities	1,486,611	1,852,035	16,508
Net defined benefit liabilities	443,842	421,560	3,757
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,886	1,498	13
Reserve for possible reimbursement of prescribed claims	800	800	7
Reserves under the special laws	155,246	174,677	1,556
Reserve for price fluctuations	155,246	174,677	1,556
Deferred tax liabilities	270,750	324,496	2,892
Deferred tax liabilities for land revaluation	80,189	77,236	688
Acceptances and guarantees	97,056	103,786	925
Total liabilities	46,991,963	48,848,583	435,409
(NET ASSETS)			
Capital stock	343,146	343,146	3,058
Capital surplus	330,105	329,740	2,939
Retained earnings	479,241	665,345	5,930
Treasury stock	(23,231)	(37,476)	(334)
Total shareholders' equity	1,129,262	1,300,756	11,594
Net unrealized gains (losses) on securities, net of tax	1,840,084	1,906,091	16,989
Deferred hedge gains (losses)	(3,865)	(25,243)	(225)
Reserve for land revaluation	(16,402)	(17,541)	(156)
Foreign currency translation adjustments	16,570	(8,178)	(72)
Accumulated remeasurements of defined benefit plans	(33,688)	(19,865)	(177)
Total accumulated other comprehensive income	1,802,698	1,835,262	16,358
Subscription rights to shares	925	1,247	11
Non-controlling interests	72	–	–
Total net assets	2,932,959	3,137,266	27,963
Total liabilities and net assets	49,924,922	51,985,850	463,373

Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2016	**2017**	**2017**
ORDINARY REVENUES	7,333,947	6,456,796	57,552
Premium and other income	5,586,000	4,468,736	39,831
Investment income	1,344,852	1,626,177	14,494
Interest and dividends	1,075,389	1,107,793	9,874
Gains on investments in trading securities	–	138,124	1,231
Gains on sale of securities	222,409	223,704	1,993
Gains on redemption of securities	45,598	39,373	350
Reversal of reserve for possible loan losses	844	–	–
Other investment income	612	1,461	13
Gains on investments in separate accounts	–	115,719	1,031
Other ordinary revenues	403,094	361,883	3,225
ORDINARY EXPENSES	6,915,780	6,031,476	53,761
Benefits and claims	3,830,941	3,618,385	32,252
Claims	1,079,990	1,219,541	10,870
Annuities	629,640	635,941	5,668
Benefits	461,503	445,932	3,974
Surrender values	809,069	686,261	6,116
Other refunds	850,738	630,708	5,621
Provision for policy reserves and others	1,496,360	1,016,744	9,062
Provision for reserves for outstanding claims	91,447	–	–
Provision for policy reserves	1,396,273	1,008,360	8,987
Provision for interest on policyholder dividends	8,639	8,384	74
Investment expenses	524,041	342,102	3,049
Interest expenses	29,536	40,902	364
Losses on money held in trust	1,782	12,236	109
Losses on investments in trading securities	36,943	–	–
Losses on sale of securities	64,289	94,260	840
Losses on valuation of securities	4,128	27,172	242
Losses on redemption of securities	1,269	2,900	25
Derivative transaction losses	53,857	29,464	262
Foreign exchange losses	180,451	73,705	656
Provision for reserve for possible loan losses	–	329	2
Provision for reserve for possible investment losses	423	21	0
Write-down of loans	233	737	6
Depreciation of real estate for rent and others	14,176	13,784	122
Other investment expenses	40,753	46,587	415
Losses on investments in separate accounts	96,194	–	–
Operating expenses	661,384	650,985	5,802
Other ordinary expenses	403,052	403,258	3,594
Ordinary profit	418,166	425,320	3,791
EXTRAORDINARY GAINS	308	17,495	155
Gains on disposal of fixed assets	287	4,984	44
Gains on changes in equity	–	12,493	111
Other extraordinary gains	20	16	0
EXTRAORDINARY LOSSES	55,272	47,447	422
Losses on disposal of fixed assets	1,310	13,975	124
Impairment losses on fixed assets	34,548	13,742	122
Provision for reserve for price fluctuations	18,992	19,430	173
Other extraordinary losses	421	299	2
Provision for reserve for policyholder dividends	97,500	85,000	757
Income before income taxes	265,702	310,367	2,766
Corporate income taxes-current	103,064	68,151	607
Corporate income taxes-deferred	(15,887)	10,919	97
Total of corporate income taxes	87,177	79,071	704
Net Income	178,524	231,295	2,061
Net income attributable to non-controlling interests	9	9	0
Net income attributable to shareholders of parent company	178,515	231,286	2,061

Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2016	**2017**	**2017**
Net income	178,524	231,295	2,061
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	(687,935)	65,641	585
Deferred hedge gains (losses)	8,170	(21,377)	(190)
Reserve for land revaluation	2,411	(27)	(0)
Foreign currency translation adjustments	(2,180)	(23,674)	(211)
Remeasurements of defined benefit plans, net of tax	(87,716)	13,859	123
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(4,142)	(748)	(6)
Total other comprehensive income	(771,392)	33,673	300
Comprehensive income	(592,867)	264,969	2,361
(Details)			
Attributable to shareholders of the parent company	(592,879)	264,962	2,361
Attributable to non-controlling interests	12	7	0

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2016

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,104	343,255	352,985	(9,723)	1,029,622
Cumulative effect of changes in accounting policies		(13,667)	(3,295)		(16,962)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,104	329,588	349,690	(9,723)	1,012,659
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares	42	42			84
Dividends			(33,359)		(33,359)
Net income attributable to shareholders of parent company			178,515		178,515
Purchase of treasury stock				(15,000)	(15,000)
Disposal of treasury stock		474		1,492	1,967
Change in scope of consolidation					–
Change in scope of equity method					–
Transfer from reserve for land revaluation			(14,609)		(14,609)
Others			(995)		(995)
Net changes of items other than shareholders' equity					
Total changes for the year	42	517	129,550	(13,507)	116,602
Balance at the end of the year	343,146	330,105	479,241	(23,231)	1,129,262

(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	2,528,262	(12,036)	(33,424)	22,654
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	2,528,262	(12,036)	(33,424)	22,654
Changes for the year				
Issuance of new shares - exercise of subscription rights to shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Change in scope of consolidation				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	(688,178)	8,170	17,021	(6,084)
Total changes for the year	(688,178)	8,170	17,021	(6,084)
Balance at the end of the year	1,840,084	(3,865)	(16,402)	16,570

(Unit: million yen)

	Accumulated other comprehensive income				
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	54,027	2,559,484	753	67	3,589,927
Cumulative effect of changes in accounting policies					(16,962)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	54,027	2,559,484	753	67	3,572,965
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares					84
Dividends					(33,359)
Net income attributable to shareholders of parent company					178,515
Purchase of treasury stock					(15,000)
Disposal of treasury stock					1,967
Change in scope of consolidation					–
Change in scope of equity method					–
Transfer from reserve for land revaluation					(14,609)
Others					(995)
Net changes of items other than shareholders' equity	(87,715)	(756,785)	171	5	(756,608)
Total changes for the year	(87,715)	(756,785)	171	5	(640,006)
Balance at the end of the year	(33,688)	1,802,698	925	72	2,932,959

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2017

(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	330,105	479,241	(23,231)	1,129,262
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	330,105	479,241	(23,231)	1,129,262
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares					–
Dividends			(41,497)		(41,497)
Net income attributable to shareholders of parent company			231,286		231,286
Purchase of treasury stock				(15,999)	(15,999)
Disposal of treasury stock		(364)		1,754	1,389
Change in scope of consolidation			(2,548)		(2,548)
Change in scope of equity method			(1,478)		(1,478)
Transfer from reserve for land revaluation			1,111		1,111
Others			(767)		(767)
Net changes of items other than shareholders' equity					
Total changes for the year	–	(364)	186,104	(14,245)	171,494
Balance at the end of the year	343,146	329,740	665,345	(37,476)	1,300,756

(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	1,840,084	(3,865)	(16,402)	16,570
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	1,840,084	(3,865)	(16,402)	16,570
Changes for the year				
Issuance of new shares - exercise of subscription rights to shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Change in scope of consolidation				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	66,007	(21,377)	(1,138)	(24,749)
Total changes for the year	66,007	(21,377)	(1,138)	(24,749)
Balance at the end of the year	1,906,091	(25,243)	(17,541)	(8,178)

(Unit: million yen)

	Accumulated other comprehensive income				
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	(33,688)	1,802,698	925	72	2,932,959
Cumulative effect of changes in accounting policies					–
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(33,688)	1,802,698	925	72	2,932,959
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares					–
Dividends					(41,497)
Net income attributable to shareholders of parent company					231,286
Purchase of treasury stock					(15,999)
Disposal of treasury stock					1,389
Change in scope of consolidation					(2,548)
Change in scope of equity method					(1,478)
Transfer from reserve for land revaluation					1,111
Others					(767)
Net changes of items other than shareholders' equity	13,822	32,564	321	(72)	32,812
Total changes for the year	13,822	32,564	321	(72)	204,307
Balance at the end of the year	(19,865)	1,835,262	1,247	–	3,137,266

Year ended March 31, 2017

(Unit: million US dollars)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	3,058	2,942	4,271	(207)	10,065
Cumulative effect of changes in accounting policies					–
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	3,058	2,942	4,271	(207)	10,065
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares					–
Dividends			(369)		(369)
Net income attributable to shareholders of parent company			2,061		2,061
Purchase of treasury stock				(142)	(142)
Disposal of treasury stock		(3)		15	12
Change in scope of consolidation			(22)		(22)
Change in scope of equity method			(13)		(13)
Transfer from reserve for land revaluation			9		9
Others			(6)		(6)
Net changes of items other than shareholders' equity					
Total changes for the year	–	(3)	1,658	(126)	1,528
Balance at the end of the year	3,058	2,939	5,930	(334)	11,594

(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	16,401	(34)	(146)	147
Cumulative effect of changes in accounting policies				
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	16,401	(34)	(146)	147
Changes for the year				
Issuance of new shares - exercise of subscription rights to shares				
Dividends				
Net income attributable to shareholders of parent company				
Purchase of treasury stock				
Disposal of treasury stock				
Change in scope of consolidation				
Change in scope of equity method				
Transfer from reserve for land revaluation				
Others				
Net changes of items other than shareholders' equity	588	(190)	(10)	(220)
Total changes for the year	588	(190)	(10)	(220)
Balance at the end of the year	16,989	(225)	(156)	(72)

(Unit: million US dollars)

	Accumulated other comprehensive income				
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	(300)	16,068	8	0	26,142
Cumulative effect of changes in accounting policies					–
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(300)	16,068	8	0	26,142
Changes for the year					
Issuance of new shares - exercise of subscription rights to shares					–
Dividends					(369)
Net income attributable to shareholders of parent company					2,061
Purchase of treasury stock					(142)
Disposal of treasury stock					12
Change in scope of consolidation					(22)
Change in scope of equity method					(13)
Transfer from reserve for land revaluation					9
Others					(6)
Net changes of items other than shareholders' equity	123	290	2	(0)	292
Total changes for the year	123	290	2	(0)	1,821
Balance at the end of the year	(177)	16,358	11	–	27,963

Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2016	**2017**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	265,702	310,367	2,766
Depreciation of rented real estate and others	14,176	13,784	122
Depreciation	49,623	52,477	467
Impairment losses on fixed assets	34,548	13,742	122
Amortization of goodwill	3,567	3,600	32
Increase (decrease) in reserves for outstanding claims	87,668	(9,289)	(82)
Increase (decrease) in policy reserves	1,261,466	978,172	8,718
Provision for interest on policyholder dividends	8,639	8,384	74
Provision for (reversal of) reserve for policyholder dividends	97,500	85,000	757
Increase (decrease) in reserve for possible loan losses	(418)	392	3
Increase (decrease) in reserve for possible investment losses	424	21	0
Write-down of loans	233	737	6
Decrease (increase) in net defined benefit assets	122	182	1
Increase (decrease) in net defined benefit liabilities	(10,816)	42	0
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(131)	(379)	(3)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	–	–
Increase (decrease) in reserve for price fluctuations	18,992	19,430	173
Interest and dividends	(1,075,389)	(1,107,793)	(9,874)
Securities related losses (gains)	(65,181)	(392,587)	(3,499)
Interest expenses	29,536	40,902	364
Foreign exchange losses (gains)	180,451	73,705	656
Losses (gains) on disposal of fixed assets	846	8,810	78
Equity in losses (income) of affiliates	(6,119)	(6,424)	(57)
Loss (gain) on changes in equity	–	(12,493)	(111)
Decrease (increase) in reinsurance receivable	(7,804)	13,550	120
Decrease (increase) in other assets unrelated to investing and financing activities	(44,454)	(59,108)	(526)
Increase (decrease) in reinsurance payable	20,744	127,673	1,138
Increase (decrease) in other liabilities unrelated to investing and financing activities	(46,653)	(372)	(3)
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	(6,707)	(5,562)	(49)
Others, net	140,905	87,305	778
Subtotal	951,573	244,273	2,177
Interest and dividends received	1,302,101	1,290,823	11,505
Interest paid	(36,019)	(45,850)	(408)
Policyholder dividends paid	(121,003)	(98,201)	(875)
Others, net	35,963	86,799	773
Corporate income taxes paid	(118,807)	(101,035)	(900)
Net cash flows provided by (used in) operating activities	2,013,807	1,376,809	12,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of monetary claims bought	(9,800)	(27,915)	(248)
Proceeds from sale and redemption of monetary claims bought	35,567	61,957	552
Purchases of money held in trust	(27,500)	(267,918)	(2,388)
Proceeds from decrease in money held in trust	3,000	9,743	86
Purchases of securities	(7,668,854)	(8,191,513)	(73,014)
Proceeds from sale and redemption of securities	5,513,007	6,284,811	56,019
Origination of loans	(457,401)	(515,666)	(4,596)
Proceeds from collection of loans	646,044	625,331	5,573
Others, net	(258,221)	(205,412)	(1,830)
Total of net cash provided by (used in) investment transactions	(2,224,157)	(2,226,581)	(19,846)
Total of net cash provided by (used in) operating activities and investment transactions	(210,350)	(849,771)	(7,574)
Acquisition of tangible fixed assets	(22,049)	(39,785)	(354)
Proceeds from sale of tangible fixed assets	1,856	35,418	315
Acquisition of intangible fixed assets	(21,327)	(28,468)	(253)
Proceeds from sale of intangible fixed assets	18	12	0
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	–	(612)	(5)
Net cash flows provided by (used in) investing activities	(2,265,659)	(2,260,016)	(20,144)

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2016	**2017**	**2017**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	322,801	480,869	4,286
Repayment of borrowings	(350,263)	(70,841)	(631)
Proceeds from issuing bonds	7,839	540,634	4,818
Redemption of bonds	(12,434)	(24,622)	(219)
Repayment of financial lease obligations	(1,726)	(1,697)	(15)
Net increase (decrease) in short-term financing	46,818	41,882	373
Purchase of treasury stock	(15,000)	(15,999)	(142)
Proceeds from disposal of treasury stock	1,879	1,280	11
Cash dividends paid	(33,346)	(41,412)	(369)
Others, net	(7)	(7)	(0)
Net cash flows provided by (used in) financing activities	(33,439)	910,086	8,112
Effect of exchange rate changes on cash and cash equivalents	(8,247)	(1,950)	(17)
Net increase (decrease) in cash and cash equivalents	(293,538)	24,928	222
Cash and cash equivalents at the beginning of the year	1,254,760	961,221	8,567
Increase (decrease) in cash and cash equivalents due to changes in the subsidiaries included in the scope of consolidation	–	(5,683)	(50)
Cash and cash equivalents at the end of the year	961,221	980,465	8,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2017

Ⅰ. BASIS FOR PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Dai-ichi Life Holdings, Inc. 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 ¥112.19=US$1.00, the foreign exchange rate on March 31, 2017, 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, 2017 was sixty-one. The consolidated financial statements include the accounts of Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited, TAL Dai-ichi Life Australia Pty Ltd and Protective Life Corporation.

Effective the fiscal year ended March 31, 2017, The Dai-ichi Life Insurance Company, Limited, which succeeded the Company's domestic life insurance business by way of a corporate split effective October 1, 2016, was included in the scope of consolidation. The Company changed its corporate name from The Dai-ichi Life Insurance Company, Limited to Dai-ichi Life Holdings, Inc.

Effective the fiscal year ended March 31, 2017, one subsidiary of TAL Dai-ichi Life Australia Pty Ltd and five subsidiaries of Protective Life Corporation were included in the scope of consolidation. The Dai-ichi Life Information Systems Co., Ltd. was excluded from the scope of consolidation because it had a minimal impact on the consolidated financial statements. Six subsidiaries of Protective Life Corporation were excluded from the scope of consolidation as they were liquidated.

The number of non-consolidated subsidiaries as of March 31, 2017 was sixteen. 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 sixteen non-consolidated subsidiaries as of March 31, 2017 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, 2017 was zero.

The number of affiliated companies under the equity method as of March 31, 2017 was forty-nine. The affiliated companies included Asset Management One Co., Ltd., Trust & Custody Services Bank 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, Janus Capital Group Inc. and PT Panin Internasional.

Effective October 1, 2016, DIAM Co., Ltd. merged with the asset management function of Mizuho Trust & Banking Co., Ltd., Mizuho Asset Management Co., Ltd., and Shinko Asset Management Co., Ltd. to incorporate Asset Management One Co., Ltd. As a result of the business integration, effective the fiscal year ended March 31, 2017, one subsidiary and one affiliated company of Asset Management One Co., Ltd. are included in the scope of the equity method.

Effective the fiscal year ended March 31, 2017, one affiliated company of Janus Capital Group Inc. was included in the scope of the equity method. Mizuho-DL Financial Technology Co., Ltd. was excluded from the scope of the equity method because it had a minimal impact on the consolidated financial statements. One subsidiary of Janus Capital Group Inc. was excluded from the scope of the equity method as it was liquidated.

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., NEOSTELLA No. 1 Investment Limited Partnership, 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. 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, 2016 and 2017 were ¥58 million and ¥55 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, 2017. 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 years ended March 31, 2017.

b) Amortization of Actuarial Differences

Actuarial differences are amortized under the straight-line method through a certain period (three or seven years) within the employees' average remaining service period, starting from the following year. Certain consolidated overseas subsidiaries applied corridor approach.

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

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)
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 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.

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

(15) Policy Reserves

Policy reserves of 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) Changes in Accounting Policies (Application of ASBJ PITF No. 32)

In accordance with the revision of the Corporation Tax Act, the Company and its domestic subsidiaries applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ PITF No. 32 issued on June 17, 2016) effective the fiscal year ended March 31, 2017, whereby the depreciation of facilities attached to buildings and structures acquired on and after April 1, 2016 was changed to the straight-line method from the declining balance method.

There was no significant impact on the figures in the consolidated financial statements for the fiscal year ended March 31, 2017.

(17) Policy Acquisition Costs

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

(Additional information)

(1) Changes in Accounting Policies (Application of ASBJ Guidance No. 26)

Effective the fiscal year ended March 31, 2017, the Company and its domestic consolidated subsidiaries applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 issued on March 28, 2016).

(2) 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. In December 2010 the Company introduced "the Company's Trust-type Employee Shareholding Incentive Plan (E-Ship®)" to provide the employees with incentives to improve the corporate value of the Company in the medium- to long-term, but the trust was terminated in July 2016.

a) Overview of the transactions

i) J-ESOP

J-ESOP is a program to grant shares of common stock to the Company's managerial level employees who fulfill requirements under the Stock Granting Regulations of the Company. 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.

ii) E-Ship®

E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership (the "Partnership"). Under the E-Ship® plan, the Company sets up a trust through a trust bank. The trust estimates the number of shares of common stock of the Company which the Partnership is to acquire in 5 years and purchases the shares in advance. The Partnership buys shares of the Company from the trust periodically. At the end of the trust period, the Partnership's retained earnings, accumulation of net gains on sale of shares of the Company, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, the Company will pay off retained loss, accumulation of net losses on sale of the shares and any amount equivalent to the amount of outstanding debt at the end of the trust period, as it is to guarantee the debt of the trust needed to purchase the shares. The trust was terminated in July 2016.

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) J-ESOP

a. Book value of the stocks of the Company within the trust as of March 31, 2016 and 2017 were ¥6,672 million and ¥6,551 million (US$58 million). These stocks were recorded as the treasury stock in the total shareholders' equity.

b. The number of stocks within the trust as of March 31, 2016 and 2017 were 4,413 thousand shares and 4,334 thousand shares, and the average number of stocks within the trust for the fiscal years ended March 31, 2016 and 2017 were 4,437 thousand shares and 4,360 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

ii) E-Ship®

a. Book value of the stocks within the trust as of March 31, 2016 was ¥1,558 million. The trust held no stocks of the Company as of March 31, 2017. These stocks were recorded as the treasury stock in the total shareholders' equity.

b. The number of stocks of the Company within the trust as of March 31, 2016 was 1,076 thousand shares and the trust held no stocks of the Company as of March 31, 2017. The average number of stocks within the trust for the fiscal years ended March 31, 2016 and 2017 were 1,545 thousand shares and 224 thousand shares. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Securities	646,319	657,830	5,863
deposits	9,042	10,140	90
Securities and deposits pledged as collateral	655,362	667,971	5,953

The amounts of secured liabilities were as follows:

	As of March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions	473,284	267,871	2,387

"Securities" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2016 and 2017 were ¥381,453 million and ¥241,062 million (US$2,148 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, 2016 and 2017 were ¥2,250,315 million and ¥2,094,089 million (US$18,665 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, 2016 and 2017
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, 2016 and 2017
i) individual life insurance and annuities(yen-denominated, short-term), ii) individual life insurance and annuities(yen-denominated, long-term), iii) individual life insurance and annuities(U.S. dollar-denominated), iv) individual life insurance and annuities(Australian dollar-denominated), and v) individual life insurance and annuities(New Zealand dollar-denominated), with the exception of certain types and contracts.

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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Stocks	122,088	139,662	1,244
Capital	70,902	47,468	423
Total	192,990	187,130	1,667

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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	93	89	0
Delinquent loans	3,005	2,608	23
Loans past due for three months or more	–	–	–
Restructured loans	415	59	0
Total	3,513	2,757	24

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 or 4 of the Enforcement Ordinance 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.

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

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

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

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

	As of March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	2	2	0
Delinquent loans	56	53	0

6. Commitment Line

As of March 31, 2016 and 2017, there were unused commitment line agreements under which the Company and its consolidated subsidiaries were the lenders of ¥104,987 million and ¥132,635 million (US$1,182 million), respectively.

7. Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2016 and 2017 were ¥664,386 million and ¥610,773 million (US$5,444 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, 2016 and 2017 were ¥3,140,639 million and ¥3,226,230 million (US$28,756 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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year	405,566	390,701	3,482
Dividends paid during the year	(121,003)	(98,201)	(875)
Interest accrual during the year	8,639	8,384	74
Provision for reserve for policyholder dividends	97,500	85,000	757
Balance at the end of the year	390,701	385,884	3,439

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, 2016 and 2017 were ¥55,326 million and ¥56,523 million (US$503 million), respectively. These obligations will be recognized as operating expenses in 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 Enforcement Ordinance of the Act on Revaluation of Land (Publicly Issue Cabinet Order No. 119, March 31, 1998).

12. Bonds Payable

As of March 31, 2016 and 2017, bonds payable included foreign currency-denominated subordinated bonds of ¥269,852 million and ¥ 548,274 million (US$ 4,887 million), respectively, the repayment of which is subordinated to other obligations

Issuer	Description	Issuance date	Balance as of April 1, 2016	Balance as of March 31, 2017	Interest rate (%)	Collateral	Maturity date
			(Unit: million yen)				
DL	Foreign currency (US dollar) denominated perpetual subordinated bonds	From March 15, 2011 To July 20, 2016	215,727 [2,300 mil US$]	476,277 [4,800 mil US$]	From 4.00 to 7.25	None	Perpetual
(*)	Foreign currency (US dollar) denominated bonds	From August 15, 1994 To January 15, 2016	215,830 [1,789 mil US$]	441,468 [3,789 mil US$]	From 2.52 to 8.45	None	From January 15, 2018 To July 15, 2052
Protective Life Corporation	Foreign currency (US dollar) denominated subordinated bonds	From May 15, 2012 To August 15, 2012	54,125 [448 mil US$]	51,395 [441 mil US$]	From 6.00 to 6.25	None	From May 15, 2042 To September 1, 2042
TAL Dai-ichi Life Australia Pty Ltd	Foreign currency (Australian dollar) denominated subordinated bonds	March 31, 2017	–	20,601 [240 mil AUD]	6.00	None	March 31, 2027
Total	–	–	485,682	989,743	–	–	–

Note: 1. The above (*) represents the total of bonds issued by the following consolidated overseas subsidiaries: Protective Life Corporation, Golden Gate II Captive Insurance Company, Golden Gate V Captive Insurance Company, MONY Life Insurance Company and Golden Gate Captive Insurance Company.
2. Figures in [ ] are the principle amount in US dollars.
3. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2017

	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	–	17,473	46,596	–	–

	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 US dollars)				
Bonds payable	–	155	415	–	–

13. Subordinated Debt and Other liabilities

As of March 31, 2016 and 2017, other liabilities included subordinated debt of ¥283,000 million and ¥283,000 million (US$2,522 million), respectively, the repayment of which is subordinated to other obligations.

Category	Balance as of April 1, 2016	Balance as of March 31, 2017	Average interest rate (%)	Maturity	Balance as of April 1, 2016	Balance as of March 31, 2017
	(Unit: million yen)				(Unit: million US dollars)	
Current portions of long-term borrowings	3,277	–	–	–	29	–
Current portions of lease obligations	1,649	2,029	–	–	14	18
Long-term borrowings (excluding current portion)	360,772	771,988	0.8	October 2019 ~ perpetual	3,215	6,881
Lease obligations (excluding current portion)	2,981	3,115	–	April 2018 ~ March 2022	26	27
Total	368,681	777,133	–	–	3,286	6,926

Note: 1. Those borrowings and lease obligations 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, 2017. As for lease obligations, description is omitted since interest method is applied.
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, 2017:

	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	–	19,185	19,803	450,000
Lease obligations	1,284	875	651	303

	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 US dollars)			
Long-term borrowings	–	171	176	4,011
Lease obligations	11	7	5	2

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, 2016 and 2017, the market value of the securities which were not sold or pledged as collateral was ¥267,875 million and ¥76,190 (US$679 million), respectively. None of the securities were pledged as collateral as of March 31, 2016 and 2017, respectively.

15. Organizational Change Surplus

As of March 31, 2016 and 2017, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US$1,049 million), respectively.

IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

1. Operating Expenses

Details of operating expenses for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	301,337	273,935	2,441
Sales management expenses	78,029	79,450	708
General management expenses	282,016	297,598	2,652

2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Land	168	4,516	40
Buildings	103	447	3
Other tangible fixed assets	0	4	0
Other intangible fixed assets	14	16	0
Total	287	4,984	44

3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Land	784	6,267	55
Buildings	205	7,467	66
Leased assets	2	0	0
Other tangible fixed assets	140	59	0
Software	60	13	0
Other assets	116	166	1
Total	1,310	13,975	124

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, 2016 and 2017 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, 2016 were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Land Leasehold Rights	Buildings	Total
			(Unit: million yen)			
Real estate not in use	Fuchu City, Tokyo Prefecture and others	100	13,780	9	20,757	34,548

Impairment losses by asset group for the fiscal year ended March 31, 2017 were as follows:

Asset Group	Place	Number	Impairment Losses							
			Land	Land Leasehold Rights	Buildings	Total	Land	Land Leasehold Rights	Buildings	Total
			(Unit: million yen)				(Unit: million US dollars)			
Real estate not in use	Yokohama City, Kanagawa Prefecture and others	135	8,622	—	5,119	13,742	76	—	45	122

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 2.48% and 2.41% for the years ended March 31, 2016 and 2017, 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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	(863,473)	129,849	1,157
Amount reclassified	(154,986)	(30,494)	(271)
Before tax adjustment	(1,018,460)	99,355	885
Tax effect	330,525	(33,714)	(300)
Net unrealized gains (losses) on securities, net of tax	(687,935)	65,641	585
Deferred hedge gains (losses)			
Amount incurred during the year	10,659	(29,783)	(265)
Amount reclassified	851	71	0
Amount adjusted for asset acquisition cost	–	(25)	(0)
Before tax adjustment	11,511	(29,737)	(265)
Tax effect	(3,340)	8,359	74
Deferred hedge gains (losses)	8,170	(21,377)	(190)
Reserve for land revaluation			
Amount incurred during the year	–	–	–
Amount reclassified	–	–	–
Before tax adjustment	–	–	–
Tax effect	2,411	(27)	(0)
Reserve for land revaluation	2,411	(27)	(0)
Foreign currency translation adjustments			
Amount incurred during the year	(2,180)	(23,674)	(211)
Amount reclassified	–	–	–
Before tax adjustment	(2,180)	(23,674)	(211)
Tax effect	–	–	–
Foreign currency translation adjustments	(2,180)	(23,674)	(211)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	(112,409)	14,320	127
Amount reclassified	(10,053)	4,827	43
Before tax adjustment	(122,463)	19,148	170
Tax effect	34,746	(5,288)	(47)
Remeasurements of defined benefit plans, net of tax	(87,716)	13,859	123
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	(4,079)	(808)	(7)
Amount reclassified	(62)	60	0
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(4,142)	(748)	(6)
Total other comprehensive income	(771,392)	33,673	300

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

1. For the Year Ended March 31, 2016

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2016			
	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)	1,197,938	84	–	1,198,023
Treasury stock(*2)(*3)(*4)	6,518	6,878	1,028	12,368

(*1) The increase of 84 thousand shares of common stock is due to the exercise of stock acquisition rights (stock options).
(*2) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2016, includes 6,518 thousand shares and 5,490 thousand shares held by the trust fund through the J-ESOP and the trust fund for Dai-ichi Life Insurance Employee Stock Holding Partnership through the E-Ship®, respectively.
(*3) The increase of 6,878 thousand shares of treasury stock was due to the repurchase of outstanding common stock.
(*4) The 1,028 thousand share decrease in treasury stock represents the sum of (1) shares granted to eligible employees at retirement and (2) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2016 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	925

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2016

Date of resolution	June 23, 2015 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥33,359 million
Dividends per share	¥28
Record date	March 31, 2015
Effective date	June 24, 2015
Dividend resource	Retained earnings

(*) Total dividends did not include ¥182 million of dividends to the J-ESOP trust and the E-ship® trust, as DL recognized the shares held by those trusts as treasury shares.

b) Dividends, the record date of which was March 31, 2016, to be paid out in the year ending March 31, 2017

Date of resolution	June 24, 2016 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥41,497 million
Dividends per share	¥35
Record date	March 31, 2016
Effective date	June 27, 2016
Dividend resource	Retained earnings

(*) Total dividends did not include ¥192 million of dividends to the J-ESOP trust and the E-ship® trust, as DL recognized the shares held by those trusts as treasury shares.

2. For the Year Ended March 31, 2017

(1) Type and Number of Shares Outstanding

	Year ended March 31, 2017			
	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)	12,368	11,695	1,190	22,873

(*1) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2017, includes 5,490 thousand shares and 4,334 thousand shares held by the trust fund through the J-ESOP and the trust fund for Dai-ichi Life Insurance Employee Stock Holding Partnership through the E-Ship®, respectively. The Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership was terminated in July 2016.
(*2) The increase of 11,695 thousand shares of treasury stock was due to the repurchase of outstanding common stock.
(*3) The decrease of 1,190 thousand shares of treasury stock represents the sum of (1) 34 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 1,156 thousand shares granted to eligible employees at retirement by the J-ESOP and sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership.

(2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2017 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,247 (US$11 million)

(3) Dividends on Common Stock

a) Dividends paid during the fiscal year ended March 31, 2017

Date of resolution	June 24, 2016 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥41,497 million (US$369 million)
Dividends per share	¥35 (US$0.31)
Record date	March 31, 2016
Effective date	June 27, 2016
Dividend resource	Retained earnings

(*) Total dividends did not include ¥192 million (US$1 million) of dividends to the J-ESOP trust and the E-ship® trust, as the Company recognized the shares held by those trusts as treasury shares. The Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership was terminated in July 2016.

b) Dividends, the record date of which was March 31, 2017, to be paid out in the year ending March 31, 2018

Date of resolution	June 26, 2017 (at the Annual General Meeting of Shareholders to be held)
Type of shares	Common stock
Total dividends(*)	¥50,531 million (US$450 million)
Dividends per share	¥43 (US$0.38)
Record date	March 31, 2017
Effective date	June 27, 2017
Dividend resource	Retained earnings

(*) Total dividends did not include ¥186 million (US$1 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 were as follows:

	As of March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Cash and deposits	843,405	881,965	7,861
Call loans	116,900	98,500	877
Money market funds included in securities	916	–	–
Cash and cash equivalents	961,221	980,465	8,739

Ⅷ. LEASE TRANSACTIONS

1. Finance Leases (As lessee)

For the fiscal years ended March 31, 2016 and 2017, 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, 2016 and 2017 were as follows:

(As Lessee)

	As of March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	2,928	3,569	31
Due after one year	26,782	26,245	233
Total	29,711	29,815	265

(As Lessor)

	As of March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	8	14	0
Due after one year	247	394	3
Total	256	408	3

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 contract value itself does not indicate market risk related to derivative transactions.

2. Fair Value 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, 2016 and 2017 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, 2016		
	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)		
(1) Cash and deposits	843,405	843,411	6
(2) Call loans	116,900	116,900	–
(3) Monetary claims bought	239,299	239,299	–
(4) Money held in trust	87,476	87,476	–
(5) Securities			
a. Trading securities	5,157,337	5,157,337	–
b. Held-to-maturity bonds	117,272	113,410	(3,862)
c. Policy-reserve-matching bonds	14,610,220	18,195,238	3,585,018
d. Stocks of subsidiaries and affiliated companies	40,526	62,802	22,275
e. Available-for-sale securities	20,641,643	20,641,643	–
(6) Loans	3,715,562		
Reserves for possible loan losses (*1)	(549)		
	3,715,013	3,854,510	139,497
Total assets	45,569,095	49,312,031	3,742,935
(1) Bonds payable	485,682	497,702	12,019
(2) Long-term borrowings	364,050	366,516	2,466
Total liabilities	849,733	864,219	14,486
Derivative transactions (*2)			
a. Hedge accounting not applied	[24,791]	[24,791]	–
b. Hedge accounting applied	104,489	100,948	(3,540)
Total derivative transactions	79,698	76,157	(3,540)

(*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.

	As of March 31, 2017					
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	881,965	881,965	–	7,861	7,861	–
(2) Call loans	98,500	98,500	–	877	877	–
(3) Monetary claims bought	198,294	198,294	–	1,767	1,767	–
(4) Money held in trust	333,111	333,111	–	2,969	2,969	–
(5) Securities						
a. Trading securities	5,171,157	5,171,157	–	46,092	46,092	–
b. Held-to-maturity bonds	369,012	369,239	226	3,289	3,291	2
c. Policy-reserve-matching bonds	15,033,383	17,895,895	2,862,511	133,999	159,514	25,514
d. Stocks of subsidiaries and affiliated companies	38,206	55,260	17,054	340	492	152
e. Available-for–sale securities	22,264,874	22,264,874	–	198,456	198,456	–
(6) Loans	3,566,603			31,790		
Reserves for possible loan losses (*1)	(892)			(7)		
	3,565,711	3,683,457	117,746	31,782	32,832	1,049
Total assets	47,954,216	50,951,755	2,997,538	427,437	454,155	26,718
(1) Bonds payable	989,743	996,144	6,401	8,822	8,879	57
(2) Long-term borrowings	771,988	780,425	8,437	6,881	6,956	75
Total liabilities	1,761,731	1,776,570	14,838	15,703	15,835	132
Derivative transactions (*2)						
a. Hedge accounting not applied	[26,955]	[26,955]	–	[240]	[240]	–
b. Hedge accounting applied	[156,757]	[159,730]	(2,972)	[1,397]	[1,423]	(26)
Total derivative transactions	[183,713]	[186,685]	(2,972)	[1,637]	[1,664]	(26)

(*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

(1) 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.

(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) 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,		
	2016	2017	2017
	Carrying amount		
	(Unit: million yen)		(Unit: million US dollars)
1. Unlisted domestic stocks (*1)(*2)	161,949	170,966	1,523
2. Unlisted foreign stocks (*1)(*2)	46,950	58,542	521
3. Other foreign securities (*1)(*2)	692,672	472,414	4,210
4. Other securities (*1)(*2)	91,486	72,404	645
Total	993,059	774,328	6,901

(*1) These securities cannot be assigned a market value because of unavailability of tradable markets, and they are excluded from disclosure of market value information.
(*2) For the fiscal years ended March 31, 2016 and 2017, impairment charges of ¥21 million and ¥74 million (US$0 million), respectively, were recorded.

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

As of March 31, 2016

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million yen)			
Cash and deposits	842,670	335	399	–
Call loans	116,900	–	–	–
Monetary claims bought	12,000	11,000	–	203,454
Money held in trust (*1)	2,550	–	–	–
Securities:				
Held-to-maturity bonds (bonds)	–	–	47,900	–
Held-to-maturity bonds(foreign securities)	–	–	–	60,305
Policy-reserve-matching bonds (bonds)	62,635	318,002	771,693	11,536,628
Policy-reserve-matching bonds (foreign securities)	22,500	57,112	1,497,463	233,797
Available-for-sale securities with maturities (bonds)	353,235	1,133,089	537,277	1,802,166
Available-for-sale securities with maturities (foreign securities)	601,818	2,273,995	2,701,541	4,844,218
Available-for-sale securities with maturities (other securities)	17,389	101,700	283,211	15,088
Loans (*2)	408,915	977,330	991,702	682,284

(*1) Money held in trust without maturities amounted to ¥84,836 million was not included.

(*2) 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 ¥761 million were not included. Also, ¥616,770 million of loans without maturities were not included.

As of March 31, 2017

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million yen)			
Cash and deposits	881,462	127	377	–
Call loans	98,500	–	–	–
Monetary claims bought	5,000	6,536	2,582	178,261
Securities:				
Held-to-maturity bonds (bonds)	–	–	48,000	200
Held-to-maturity bonds(foreign securities)	–	–	–	312,309
Policy-reserve-matching bonds (bonds)	87,692	255,027	987,625	11,364,381
Policy-reserve-matching bonds (foreign securities)	9,626	135,200	1,896,005	173,725
Available-for-sale securities with maturities (bonds)	204,571	881,599	875,559	1,505,384
Available-for-sale securities with maturities (foreign securities)	397,126	2,353,495	3,190,138	6,031,753
Available-for-sale securities with maturities (other securities)	2,434	146,638	237,955	5,344
Loans (*)	374,923	929,364	1,006,699	639,059

As of March 31, 2017

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
	(Unit: million US dollars)			
Cash and deposits	7,856	1	3	–
Call loans	877	–	–	–
Monetary claims bought	44	58	23	1,588
Securities:				
Held-to-maturity bonds (bonds)	–	–	427	1
Held-to-maturity bonds(foreign securities)	–	–	–	2,783
Policy-reserve-matching bonds (bonds)	781	2,273	8,803	101,295
Policy-reserve-matching bonds (foreign securities)	85	1,205	16,899	1,548
Available-for-sale securities with maturities (bonds)	1,823	7,858	7,804	13,418
Available-for-sale securities with maturities (foreign securities)	3,539	20,977	28,435	53,763
Available-for-sale securities with maturities (other securities)	21	1,307	2,121	47
Loans (*)	3,341	8,283	8,973	5,696

(*) 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 ¥124 million (US$ 1 million) were not included. Also, ¥585,945 million (US$ 5,222 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

As of March 31, 2016

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(Unit: million yen)					
Bonds payable (*1)	–	–	18,091	48,244	–	159,118
Long term borrowings (*2)	3,277	–	–	19,276	58,495	–

(*1) ¥215,727 million of bonds payable without maturities were not included.
(*2) ¥283,000 million of long term borrowings without maturities were not included.

As of March 31, 2017

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(Unit: million yen)					
Bonds payable (*1)	–	17,473	46,596	–	–	419,593
Long term borrowings (*2)	–	–	19,185	19,803	450,000	–

As of March 31, 2017

	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 (*1)	–	155	415	–	–	3,740
Long term borrowings (*2)	–	–	171	176	4,011	–

(*1) ¥476,277 million (US$ 4,245 million) of bonds payable without maturities were not included.
(*2) ¥283,000 million (US$ 2,522 million) of long term borrowings without maturities were not included.

X. SECURITIES

1. Trading Securities

	Year ended March 31, 2016	Year ended March 31, 2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Gains (losses) on valuation of trading securities	(389,394)	86,628	772

2. Held-to-maturity Bonds

As of March 31, 2016

	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)		
Held-to-maturity securities with unrealized gains:			
(1) Bonds	45,712	51,296	5,583
a. Government bonds	45,712	51,296	5,583
b. Local government bonds	–	–	–
c. Corporate bonds	–	–	–
(2) Foreign securities	–	–	–
a. Foreign bonds	–	–	–
Subtotal	45,712	51,296	5,583
Held-to-maturity securities with unrealized losses:			
(1) Bonds	–	–	–
a. Government bonds	–	–	–
b. Local government bonds	–	–	–
c. Corporate bonds	–	–	–
(2) Foreign securities	71,559	62,114	(9,445)
a. Foreign bonds	71,559	62,114	(9,445)
Subtotal	71,559	62,114	(9,445)
Total	117,272	113,410	(3,862)

	As of March 31, 2017					
	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	46,114	50,634	4,520	411	451	40
a. Government bonds	46,014	50,534	4,519	410	450	40
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	100	100	0	0	0	0
(2) Foreign securities	246,492	250,032	3,539	2,197	2,228	31
a. Foreign bonds	246,492	250,032	3,539	2,197	2,228	31
Subtotal	292,607	300,667	8,059	2,608	2,679	71
Held-to-maturity securities with unrealized losses:						
(1) Bonds	200	197	(2)	1	1	(0)
a. Government bonds	–	–	–	–	–	–
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	200	197	(2)	1	1	(0)
(2) Foreign securities	76,205	68,374	(7,830)	679	609	(69)
a. Foreign bonds	76,205	68,374	(7,830)	679	609	(69)
Subtotal	76,405	68,571	(7,833)	681	611	(69)
Total	369,012	369,239	226	3,289	3,291	2

3. Policy-reserve-matching Bonds

	As of March 31, 2016		
	Carrying amount	Fair value	Unrealized gains (losses)
	(Unit: million yen)		
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,732,605	16,226,332	3,493,726
a. Government bonds	11,970,435	15,387,062	3,416,626
b. Local government bonds	88,042	105,430	17,387
c. Corporate bonds	674,127	733,839	59,712
(2) Foreign Securities	1,790,126	1,883,214	93,088
a. Foreign bonds	1,790,126	1,883,214	93,088
Subtotal	14,522,732	18,109,547	3,586,814
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	9,644	9,455	(189)
a. Government bonds	500	496	(4)
b. Local government bonds	327	323	(4)
c. Corporate bonds	8,816	8,635	(180)
(2) Foreign Securities	77,843	76,236	(1,606)
a. Foreign bonds	77,843	76,236	(1,606)
Subtotal	87,488	85,691	(1,796)
Total	14,610,220	18,195,238	3,585,018

As of March 31, 2017						
	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	12,278,630	15,115,009	2,836,379	109,444	134,726	25,281
a. Government bonds	11,593,476	14,367,524	2,774,047	103,337	128,064	24,726
b. Local government bonds	82,734	96,762	14,027	737	862	125
c. Corporate bonds	602,419	650,723	48,303	5,369	5,800	430
(2) Foreign securities	1,607,541	1,672,229	64,687	14,328	14,905	576
a. Foreign bonds	1,607,541	1,672,229	64,687	14,328	14,905	576
Subtotal	13,886,172	16,787,238	2,901,066	123,773	149,632	25,858
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	459,414	438,114	(21,299)	4,094	3,905	(189)
a. Government bonds	356,006	337,018	(18,988)	3,173	3,003	(169)
b. Local government bonds	953	936	(16)	8	8	(0)
c. Corporate bonds	102,454	100,159	(2,294)	913	892	(20)
(2) Foreign securities	687,796	670,541	(17,255)	6,130	5,976	(153)
a. Foreign bonds	687,796	670,541	(17,255)	6,130	5,976	(153)
Subtotal	1,147,211	1,108,656	(38,555)	10,225	9,881	(343)
Total	15,033,383	17,895,895	2,862,511	133,999	159,514	25,514

4. Available-for-sale Securities

As of March 31, 2016			
	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)		
Available-for-sale securities with unrealized gains:			
(1) Bonds	4,692,865	4,065,026	627,838
a. Government bonds	3,007,861	2,462,247	545,613
b. Local government bonds	47,178	44,485	2,693
c. Corporate bonds	1,637,825	1,558,293	79,531
(2) Domestic stocks	2,618,029	1,208,765	1,409,264
(3) Foreign securities	7,025,848	6,167,347	858,501
a. Foreign bonds	6,586,146	5,845,261	740,885
b. Other foreign securities	439,702	322,086	117,616
(4) Other securities	701,520	648,462	53,058
Subtotal	15,038,265	12,089,601	2,948,663
Available-for-sale securities with unrealized losses:			
(1) Bonds	39,190	40,299	(1,109)
a. Government bonds	8,722	8,784	(62)
b. Local government bonds	2,850	3,032	(181)
c. Corporate bonds	27,617	28,482	(865)
(2) Domestic stocks	372,455	468,913	(96,457)
(3) Foreign securities	5,136,192	5,564,987	(428,794)
a. Foreign bonds	4,755,249	5,156,003	(400,753)
b. Other foreign securities	380,942	408,983	(28,041)
(4) Other securities	294,840	308,187	(13,347)
Subtotal	5,842,678	6,382,388	(539,709)
Total	20,880,943	18,471,989	2,408,954

Note: Other securities include trust beneficiary rights, which were recorded as monetary claims bought on the consolidated balance sheet. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥226,436 million and ¥239,299 million, respectively, as of March 31, 2016.

	As of March 31, 2017					
	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	3,973,439	3,470,472	502,966	35,417	30,933	4,483
a. Government bonds	2,554,098	2,118,821	435,276	22,765	18,886	3,879
b. Local government bonds	31,009	28,960	2,048	276	258	18
c. Corporate bonds	1,388,331	1,322,689	65,641	12,374	11,789	585
(2) Domestic stocks	3,163,836	1,451,271	1,712,564	28,200	12,935	15,264
(3) Foreign securities	6,864,296	6,207,031	657,264	61,184	55,326	5,858
a. Foreign bonds	6,199,067	5,679,326	519,740	55,255	50,622	4,632
b. Other foreign securities	665,229	527,704	137,524	5,929	4,703	1,225
(4) Other securities	793,921	742,003	51,918	7,076	6,613	462
Subtotal	14,795,493	11,870,778	2,924,715	131,878	105,809	26,069
Available-for-sale securities with unrealized losses:						
(1) Bonds	440,817	449,358	(8,541)	3,929	4,005	(76)
a. Government bonds	4,695	4,809	(114)	41	42	(1)
b. Local government bonds	6,657	6,884	(226)	59	61	(2)
c. Corporate bonds	429,463	437,664	(8,200)	3,827	3,901	(73)
(2) Domestic stocks	171,701	196,399	(24,698)	1,530	1,750	(220)
(3) Foreign securities	6,901,688	7,245,367	(343,678)	61,517	64,581	(3,063)
a. Foreign bonds	6,636,465	6,967,034	(330,568)	59,153	62,100	(2,946)
b. Other foreign securities	265,222	278,332	(13,109)	2,364	2,480	(116)
(4) Other securities	203,465	207,229	(3,763)	1,813	1,847	(33)
Subtotal	7,717,673	8,098,355	(380,682)	68,791	72,184	(3,393)
Total	22,513,167	19,969,134	2,544,032	200,669	177,993	22,676

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 (US$445 million) and ¥49,998 million (US$445 million), respectively, as of March 31, 2017. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥192,393 million (US$1,714 million) and ¥198,294 million (US$1,767 million), respectively, as of March 31, 2017.

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, 2016 and 2017.

6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal years ended March 31, 2016 and 2017 were as follows:

	Year ended March 31, 2016		
	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)		
(1) Bonds	8,610	310	–
a. Government bonds	–	–	–
b. Local government bonds	–	–	–
c. Corporate bonds	8,610	310	–
(2) Foreign securities	51,836	2,007	192
a. Foreign bonds	51,836	2,007	192
b. Other foreign securities	–	–	–
Total	60,446	2,317	192

	Year ended March 31, 2017					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	566,221	87,047	6,138	5,046	775	54
a. Government bonds	502,214	86,072	–	4,476	767	–
b. Local government bonds	20,640	–	2,559	183	–	22
c. Corporate bonds	43,366	975	3,578	386	8	31
(2) Foreign securities	45,376	785	1,590	404	6	14
a. Foreign bonds	45,376	785	1,590	404	6	14
b. Other foreign securities	–	–	–	–	–	–
Total	611,598	87,832	7,729	5,451	782	68

7. Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal years ended March 31, 2016 and 2017 were as follows:

	Year ended March 31, 2016		
	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)		
(1) Bonds	321,360	7,697	464
a. Government bonds	228,109	6,438	190
b. Local government bonds	–	–	–
c. Corporate bonds	93,251	1,259	274
(2) Domestic stocks	104,291	34,591	4,406
(3) Foreign securities	2,391,246	173,683	56,628
a. Foreign bonds	2,125,406	112,586	38,354
b. Other foreign securities	265,839	61,096	18,273
(4) Other securities	88,544	4,119	2,598
Total	2,905,443	220,092	64,097

	Year ended March 31, 2017					
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	453,904	34,504	2,266	4,045	307	20
a. Government bonds	308,013	30,289	251	2,745	269	2
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	145,890	4,215	2,014	1,300	37	17
(2) Domestic Stocks	116,184	28,882	10,170	1,035	257	90
(3) Foreign securities	1,622,461	71,430	70,317	14,461	636	626
a. Foreign bonds	1,420,829	33,721	56,972	12,664	300	507
b. Other foreign securities	201,632	37,709	13,344	1,797	336	118
(4) Other securities	66,818	874	3,777	595	7	33
Total	2,259,368	135,692	86,531	20,138	1,209	771

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, 2016 and 2017 were ¥4,108 million and ¥ 27,098 million (US$241 million), respectively.

XI. MONEY HELD IN TRUST

1. Money Held in Trust for Trading

	As of March 31, 2016	As of March 31, 2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	84,836	333,111	2,969
Gains (losses) on valuation of money held in trust	(5,450)	(14,321)	(127)

2. Money Held in Trust Classified as Available-For-Sale

	As of March 31, 2016		
	Carrying amount	Acquisition cost	Unrealized gains (losses)
	(Unit: million yen)		
Money held in trust classified as available-for-sale with unrealized gains:			
Money held in trust classified as available-for-sale	2,640	2,587	52
Total	2,640	2,587	52

As of March 31, 2017

Not applicable

XII. DERIVATIVE TRANSACTIONS

1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions

	As of March 31, 2016			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
	(Unit: million yen)			
Exchange-traded transactions:				
Currency futures:				
Sold	33,002	–	166	166
Euro / U.S. dollar	14,551	–	10	10
British pound / U.S. dollar	12,818	–	290	290
Yen / U.S. dollar	5,631	–	(134)	(134)
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	1,519,781	–	13,123	13,123
U.S. dollar	620,059	–	16,987	16,987
Euro	407,142	–	3,216	3,216
Australian dollar	168,678	–	(5,508)	(5,508)
British pound	102,836	–	277	277
Canadian dollar	42,795	–	(253)	(253)
Others	178,269	–	(1,596)	(1,596)
Bought	881,113	–	(6,782)	(6,782)
U.S. dollar	466,897	–	(11,137)	(11,137)
Euro	131,026	–	1,145	1,145
Australian dollar	91,353	–	2,972	2,972
British pound	64,237	–	22	22
Canadian dollar	29,433	–	16	16
Others	98,164	–	198	198
Currency swaps:				
Receipts yen, payments foreign currency	1,560	–	(212)	(212)
Australian dollar	1,560	–	(212)	(212)
Currency options:				
Bought:				
Call	57,179			
	[722]	–	0	(722)
Euro	57,179			
	[722]	–	0	(722)
Put	241,613			
	[5,242]	–	3,440	(1,801)
U.S. dollar	219,498			
	[4,652]	–	3,435	(1,217)
Australian dollar	22,115			
	[589]	–	4	(584)
Total return swaps:				
Foreign currency index linked	226,706	226,706	(9,164)	(9,164)
Total	–	–	–	(5,394)

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 financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2016.
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, 2017							
	(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	39,613	–	918	918	353	–	8	8
British pound / U.S. dollar	16,657	–	399	399	148	–	3	3
Euro / U.S. dollar	14,865	–	315	315	132	–	2	2
Yen / U.S. dollar	8,089	–	203	203	72	–	1	1
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	1,287,415	–	(12,627)	(12,627)	11,475	–	(112)	(112)
U.S. dollar	521,976	–	(4,419)	(4,419)	4,652	–	(39)	(39)
Euro	342,932	–	(3,446)	(3,446)	3,056	–	(30)	(30)
Australian dollar	184,870	–	(4,414)	(4,414)	1,647	–	(39)	(39)
British pound	53,509	–	101	101	476	–	0	0
Canadian dollar	45,155	–	31	31	402	–	0	0
Others	138,970	–	(481)	(481)	1,238	–	(4)	(4)
Bought	1,056,823	–	5,344	5,344	9,419	–	47	47
U.S. dollar	611,750	–	3,685	3,685	5,452	–	32	32
Euro	348,741	–	(684)	(684)	3,108	–	(6)	(6)
Australian dollar	17,067	–	524	524	152	–	4	4
Canadian dollar	16,427	–	(153)	(153)	146	–	(1)	(1)
British pound	9,057	–	(26)	(26)	80	–	(0)	(0)
Others	53,778	–	1,999	1,999	479	–	17	17
Currency swaps:								
Receipts foreign currency, payments yen	117,326	117,326	3,634	3,634	1,045	1,045	32	32
Australian dollar	117,326	117,326	3,634	3,634	1,045	1,045	32	32
Currency options:								
Sold:								
Call	93,491				833			
	[690]	–	–	690	[6]	–	–	6
U.S. dollar	93,491				833			
	[690]	–	–	690	[6]	–	–	6
Bought:								
Put	521,866				4,651			
	[7,321]	–	2,668	(4,652)	[65]	–	23	(41)
U.S. dollar	412,966				3,680			
	[6,656]	–	2,445	(4,210)	[59]	–	21	(37)
Euro	108,899				970			
	[664]	–	223	(441)	[5]	–	1	(3)
Total return swaps:								
Foreign currency index linked	177,858	177,858	(4,559)	(4,559)	1,585	1,585	(40)	(40)
Total	–	–	–	(11,251)	–	–	–	(100)

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 financial institutions.
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 2017.
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, 2016			
	(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	505,940	505,940	5,852	5,852
Receipts floating, payments fixed	34,764	34,764	(194)	(194)
Yen interest rate swaptions:				
Sold:				
Receipts floating, payments fixed	350,000 [1,672]	350,000 [1,672]	983	689
Bought:				
Receipts fixed, payments floating	100,000 [2,457]	–	2,760	303
Receipts floating, payments fixed	1,177,137 [20,662]	1,097,137 [19,739]	6,963	(13,698)
Total	–	–	–	(7,048)

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 financial institutions.
(2) Fair value of yen interest rate swaptions is based on the prices quoted from 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, 2017							
	(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	193,788	193,618	6,629	6,629	1,727	1,725	59	59
Receipts floating, payments fixed	52,254	52,254	131	131	465	465	1	1
Yen interest rate swaptions:								
Sold:								
Receipts floating, payments fixed	350,000 [1,672]	–	67	1,604	3,119 [14]	–	0	14
Bought:								
Receipts floating, payments fixed	1,176,210 [20,235]	881,210 [16,967]	2,311	(17,923)	10,484 [180]	7,854 [151]	20	(159)
Total	–	–	–	(9,558)	–	–	–	(85)

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 financial institutions.
(2) An option pricing model is used for fair value calculation of yen interest rate swaptions or the prices quoted from 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)".

(3) Stock-related transactions

	As of March 31, 2016			
	(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	28,975	–	6	6
Bought	8,238	–	(4)	(4)
Foreign currency-denominated stock index futures:				
Sold	72,213	–	(517)	(517)
Bought	17,149	–	185	185
Yen stock index options:				
Sold:				
Call	59,972			
	[144]	–	2	141
Bought:				
Put	99,990			
	[6,366]	–	53	(6,312)
Foreign currency-denominated stock index options:				
Sold:				
Call	130,893			
	[5,070]	–	2,407	2,663
Bought:				
Call	106,155			
	[6,098]	–	4,077	(2,021)
Put	68,308	27,307		
	[8,079]	[5,868]	7,050	(1,029)
Others:				
Bought:				
Call	29	18		
	[36]	[15]	41	5
Over-the-counter transactions:				
Equity forward contracts to hedge domestic stocks:				
Bought:	9,784	–	(112)	(112)
Yen stock index options:				
Bought:				
Put	11,760	11,613		
	[2,671]	[2,645]	1,603	(1,068)
Foreign currency-denominated stock index options:				
Sold:				
Call	46,420			
	[1,590]	–	401	1,188
Bought:				
Call	45,323			
	[2,145]	–	801	(1,343)
Put	75,132	71,614		
	[13,971]	[13,479]	8,695	(5,276)
Total	–	–	–	(13,494)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options and foreign currency-denominated stock index options
Fair value is based on the closing exchange-traded prices and the prices quoted from financial institutions.
(2) Equity forward contracts
Fair value is based on the market price of underlying assets, interest rates and expected dividends, etc.
(3) Others
Fair value is based on the prices quoted from 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, 2017							
	(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	20,849	–	223	223	185	–	1	1
Bought	25,313	–	(268)	(268)	225	–	(2)	(2)
Foreign currency-denominated stock index futures:								
Sold	107,669	–	120	120	959	–	1	1
Bought	21,439	–	126	126	191	–	1	1
Yen stock index options:								
Bought:								
Put	80,000				713			
	[2,362]	–	10	(2,352)	[21]	–	0	(20)
Foreign currency-denominated stock index options:								
Sold:								
Call	198,955				1,773			
	[9,315]	–	13,397	(4,082)	[83]	–	119	(36)
Bought:								
Call	193,410				1,723			
	[12,385]	–	17,289	4,904	[110]	–	154	43
Put	78,340	33,732			698	300		
	[4,629]	[1,785]	7,517	2,887	[41]	[15]	67	25
Others:								
Bought:								
Call	24	18			0	0		
	[15]	[14]	17	2	[0]	[0]	0	0
Over-the-counter transactions:								
Yen stock index options:								
Bought:								
Put	12,099	8,881			107	79		
	[2,743]	[2,190]	1,704	(1,038)	[24]	[19]	15	(9)
Foreign currency-denominated stock index options:								
Sold:								
Call	102,772				916			
	[3,993]	–	4,920	(926)	[35]	–	43	(8)
Bought:								
Call	101,902	2,072			908	18		
	[5,608]	[96]	6,905	1,297	[49]	[0]	61	11
Put	73,734	48,047			657	428		
	[13,623]	[8,463]	4,896	(8,726)	[121]	[75]	43	(77)
Total	–	–	–	(7,834)	–	–	–	(69)

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options and foreign currency-denominated stock index options
Fair value is based on the closing exchange-traded prices and the prices quoted from financial institutions.
(2) Others
Fair value is based on the prices quoted from 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, 2016		
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen bond futures:			
Sold	21,057	26	26
Bought	52,395	(46)	(46)
Foreign currency-denominated bond futures:			
Sold	31,459	65	65
Bought	287,460	(25)	(25)
Over-the-counter transactions:			
Yen bond OTC options:			
Sold:			
Call	40,994		
	[191]	522	(331)
Put	45,379		
	[112]	113	(1)
Bought:			
Call	45,379		
	[101]	91	(9)
Put	40,994		
	[235]	109	(126)
Total	–	–	(447)

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 yen bond OTC options 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 futures 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, 2017					
	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	9,298	(18)	(18)	82	(0)	(0)
Bought	103,370	172	172	921	1	1
Foreign currency-denominated bond futures:						
Sold	260,734	(921)	(921)	2,324	(8)	(8)
Bought	314,486	531	531	2,803	4	4
Over-the-counter transactions:						
Yen bond OTC options:						
Sold:						
Call	18,784			167		
	[47]	90	(42)	[0]	0	(0)
Put	99,556			887		
	[693]	496	197	[6]	4	1
Bought:						
Call	99,556			887		
	[453]	675	222	[4]	6	1
Put	18,784			167		
	[119]	160	41	[1]	1	0
Total	–	–	182	–	–	1

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 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 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, 2016			
	(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	24,500	24,500	529	529
Others:				
Embedded derivatives	1,690,449	1,690,449	(58,945)	(58,945)
Total	–	–	–	(58,416)

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, 2017							
	(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	28,000	25,000	674	674	249	222	6	6
Bought protection	11,385	11,385	(119)	(119)	101	101	(1)	(1)
Others:								
Embedded derivatives	1,709,918	1,709,918	(52,131)	(52,131)	15,241	15,241	(464)	(464)
Total	–	–	–	(51,577)	–	–	–	(459)

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, 2016		
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Currency futures:			
Sold	18,533	(495)	(495)
(Euro / U.S. dollar)	12,810	(434)	(434)
(British pound / U.S. dollar)	5,722	(60)	(60)
Bought	38,187	(18)	(18)
(Yen / U.S. dollar)	38,187	(18)	(18)
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	122,921	1,027	1,027
U.S. dollar	81,267	1,244	1,244
Euro	24,191	(35)	(35)
British pound	7,738	158	158
Australian dollar	2,512	(141)	(141)
Canadian dollar	2,456	(117)	(117)
Others	4,754	(81)	(81)
Bought	1,462	2	2
U.S. dollar	1,462	2	2
Total	–	–	516

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, 2017					
	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	19,009	(242)	(242)	169	(2)	(2)
(Euro / U.S. dollar)	13,503	(104)	(104)	120	(0)	(0)
(British pound / U.S. dollar)	5,505	(138)	(138)	49	(1)	(1)
Bought	41,336	876	876	368	7	7
(Yen / U.S. dollar)	41,336	876	876	368	7	7
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	118,513	1,371	1,371	1,056	12	12
U.S. dollar	79,750	794	794	710	7	7
Euro	23,097	464	464	205	4	4
British pound	6,534	121	121	58	1	1
Australian dollar	2,504	(40)	(40)	22	(0)	(0)
Canadian dollar	2,463	44	44	21	0	0
Others	4,163	(13)	(13)	37	(0)	(0)
Total	–	–	2,005	–	–	17

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, 2016		
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen stock index futures:			
Sold	57,326	(292)	(292)
Foreign currency-denominated stock index futures:			
Sold	59,460	(1,341)	(1,341)
Total	–	–	(1,634)

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, 2017					
	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	58,946	972	972	525	8	8
Foreign currency-denominated stock index futures:						
Sold	59,483	(476)	(476)	530	(4)	(4)
Total	–	–	496	–	–	4

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, 2016		
	Notional amount/ contract value	Fair value	Gains (losses)
	(Unit: million yen)		
Exchange-traded transactions:			
Yen bond futures:			
Sold	72,556	(67)	(67)
Foreign currency-denominated bond futures:			
Sold	119,272	90	90
Total	–	–	22

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, 2017					
	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	82,659	5	5	736	0	0
Foreign currency-denominated bond futures:						
Sold	132,238	(253)	(253)	1,178	(2)	(2)
Total	–	–	(247)	–	–	(2)

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, 2016		
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)		
Deferral hedge:			
Currency swaps to hedge foreign currency-denominated bonds:			
Receipts yen, payments foreign currency	205,817	205,817	(887)
U.S. dollar	155,920	155,920	(2,941)
Euro	49,897	49,897	2,053
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	3,609,448	–	108,567
U.S. dollar	1,794,006	–	54,939
Euro	961,588	–	43,872
Australian dollar	301,556	–	(10,043)
British pound	158,245	–	8,654
Canadian dollar	18,773	–	(1,015)
Others	375,277	–	12,160
Bought	2,895	–	(108)
U.S. dollar	2,203	–	(114)
Euro	248	–	(4)
British pound	159	–	(17)
Australian dollar	2	–	0
Others	281	–	27
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	473,975	–	(*1)
Australian dollar	179,108	–	(*1)
U.S. dollar	124,888	–	(*1)
Others	169,978	–	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts foreign currency, payments yen	215,727	215,727	(*2)
Foreign currency-denominated bonds payable:			
U.S. dollar	215,727	215,727	(*2)
Receipts yen, payments foreign currency	33,402	33,402	(*2)
Foreign currency-denominated loans:			
U.S. dollar	33,402	33,402	(*2)

Note: 1. Currency swaps:
Fair value of currency swaps is calculated by discounting expected cash flows.
2. Foreign currency forward contracts:
Forward exchange rates at the end of the fiscal year are used for fair value calculation.
(*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) 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.

	As of March 31, 2017					
	(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:						
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments foreign currency	266,142	252,943	3,541	2,372	2,254	31
U.S. dollar	204,574	191,375	(953)	1,823	1,705	(8)
Euro	61,568	61,568	4,494	548	548	40
Currency swaps to hedge foreign currency risks associated with funding agreement:						
Receipts foreign currency, payments foreign currency	13,650	13,650	15	121	121	0
Norway krone/U.S. dollar	13,650	13,650	15	121	121	0
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	5,215,748	–	(140,242)	46,490	–	(1,250)
U.S. dollar	2,948,262	–	(81,896)	26,279	–	(729)
Euro	1,090,351	–	(8,294)	9,718	–	(73)
Australian dollar	415,851	–	(22,627)	3,706	–	(201)
Canadian dollar	138,358	–	(8,876)	1,233	–	(79)
British pound	125,768	–	(1,271)	1,121	–	(11)
Others	497,156	–	(17,274)	4,431	–	(153)
Bought	27,390	–	(42)	244	–	(0)
U.S. dollar	18,150	–	(157)	161	–	(1)
Euro	3,000	–	(43)	26	–	(0)
British pound	60	–	(1)	0	–	(0)
Australian dollar	0	–	0	0	–	0
Others	6,178	–	159	55	–	1
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	314,849	–	(*1)	2,806	–	(*1)
Australian dollar	122,516	–	(*1)	1,092	–	(*1)
U.S. dollar	81,866	–	(*1)	729	–	(*1)
Others	110,465	–	(*1)	984	–	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency, payments yen	476,277	476,277	(*2)	4,245	4,245	(*2)
Foreign currency-denominated bonds payable:						
U.S. dollar	476,277	476,277	(*2)	4,245	4,245	(*2)
Receipts yen, payments foreign currency	38,521	38,521	(*2)	343	343	(*2)
Foreign currency-denominated loans:						
U.S. dollar	32,557	32,557	(*2)	290	290	(*2)
Euro	5,964	5,964	(*2)	53	53	(*2)

Note: 1. Currency swaps:
Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.
2. Foreign currency forward contracts:
Forward exchange rates at the end of the fiscal year are used for fair value calculation.
(*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) 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) Interest-related transactions

	As of March 31, 2016		
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)		
Special hedge accounting:			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	15,800	11,800	482
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed	283,000	283,000	(4,022)

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, 2017					
	(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	603,000	603,000	(20,559)	5,374	5,374	(183)
Special hedge accounting:						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	19,800	16,800	189	176	149	1
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed	283,000	283,000	(3,161)	2,522	2,522	(28)

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

(3) Stock-related transactions

	As of March 31, 2016	
	Notional amount/ contract value	Fair value
	(Unit: million yen)	
Fair value hedge:		
Equity forward contracts to hedge domestic stocks:		
Sold	10,288	194

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, 2017			
	Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
	(Unit: million yen)		(Unit: million US dollars)	
Fair value hedge:				
Equity forward contracts to hedge domestic stocks:				
Sold	26,264	1,246	234	11

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.

(4) Bond-related transactions

	As of March 31, 2016	
	Notional amount/ contract value	Fair value
	(Unit: million yen)	
Deferral hedge:		
Foreign currency-denominated bonds OTC options to hedge foreign currency-denominated bonds:		
Sold:		
Call	114,736	
	[2,265]	3,837
Bought:		
Put	114,736	
	[2,265]	561

Note: 1. Fair value listed above is the prices calculated by the option pricing model or the prices quoted from financial institutions.
2. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
3. There were no transactions with maturity of more than one year in the table above.

	As of March 31, 2017			
	Notional amount/ contract value	Fair value	Notional amount/ contract value	Fair value
	(Unit: million yen)		(Unit: million US dollars)	
Deferral hedge:				
Foreign currency-denominated bonds OTC options to hedge foreign currency-denominated bonds:				
Sold:				
Call	62,192		554	
	[902]	1,030	[8]	9
Bought:	62,192		554	
Put	[902]	313	[8]	2

Note: 1. Fair value listed above is the prices calculated by the option pricing model or the prices quoted from financial institutions.
2. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.
3. There were no transactions with maturity of more than one year in the table above.

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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations	650,196	738,116	6,579
Service cost	25,554	30,920	275
Interest cost	11,612	3,397	30
Accruals of actuarial (gains) and losses	86,221	3,413	30
Payment of retirement benefits	(34,970)	(37,925)	(338)
Decreases due to exclusion from consolidation	–	(4,750)	(42)
Others	(496)	(2,790)	(24)
Ending balance of the projected benefit obligation	738,116	730,381	6,510

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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets	319,579	295,038	2,629
Estimated return on assets	3,797	1,995	17
Accruals of actuarial (gains) and losses	(26,447)	17,922	159
Contributions from the employer	7,675	11,386	101
Payment of retirement benefits	(10,042)	(13,674)	(121)
Decreases due to exclusion from consolidation	–	(3,039)	(27)
Others	476	(807)	(7)
Ending balance of pension assets	295,038	308,821	2,752

(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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation for funded pensions	422,745	414,199	3,691
Pension assets	(295,038)	(308,821)	(2,752)
	127,706	105,377	939
Projected benefit obligation for unfunded pensions	315,371	316,182	2,818
Net of assets and liabilities recorded in the consolidated balance sheet	443,077	421,560	3,757
Net defined benefit liabilities	443,842	421,560	3,757
Net defined benefit assets	(764)	–	–
Net of assets and liabilities recorded in the consolidated balance sheet	443,077	421,560	3,757

(4) Amount of the components of retirement benefit expenses

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Service cost	25,554	30,920	275
Interest cost	11,612	3,397	30
Expected return on assets	(3,797)	(1,995)	(17)
Expense of actuarial (gains) and losses	(10,118)	4,525	40
Others	418	435	3
Retirement benefit expenses for defined benefit plans	23,670	37,283	332

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) is as follows:

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Actuarial gains (losses)	(122,463)	19,148	170
Total	(122,463)	19,148	170

(6) Accumulated remeasurements of defined benefit plans

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

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized actuarial gains (losses)	46,579	27,444	244
Total	46,579	27,444	244

(7) Pension assets

a) The main components of the pension assets

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

	Year ended March 31,	
	2016	2017
Stocks	55%	58%
Bonds	14%	11%
Asset under joint management	14%	11%
Life insurance general account	9%	8%
Others	8%	12%
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, 2016 and 2017 were 49% and 51%, 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 are as follows:

	Year ended March 31,	
	2016	2017
Discount rate	0.30 to 4.29%	0.30 to 4.04%
Expected long-term rate of return		
Defined benefit corporate pension	1.00 to 7.25%	0.30 to 7.25%
Employee pension trust	0.00%	0.00%

3. Defined contribution plans

Required amount of contribution to defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2016 and 2017 is ¥2,360 million and ¥2,447 million (US$ 21 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, 2016: ¥256 million
Operating expenses for the fiscal year ended March 31, 2017: ¥362 million (US$3 million)

2. Details of the stock options granted for the fiscal year ended March 31, 2017

(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

(*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, 2017 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	98,700	219,400	146,900
Vested	–	–	–
Exercised	5,900	10,800	6,300
Forfeited	–	–	–
Outstanding at the end of the fiscal year	92,800	208,600	140,600

	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	–	–	269,600
Forfeited	–	–	–
Vested	–	–	269,600
Outstanding at the end of the fiscal year	–	–	–
After vesting			
Outstanding at the end of prior fiscal year	163,200	110,600	–
Vested	–	–	269,600
Exercised	7,300	4,100	–
Forfeited	–	–	–
Outstanding at the end of the fiscal year	155,900	106,500	269,600

Note: 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.

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	¥1,303 (US$11)	¥1,303 (US$11)	¥1,303 (US$11)
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	¥1,303 (US$11)	¥1,303 (US$11)	¥– (US$–)
Fair value at the grant date	¥1,366 (US$12)	¥2,318 (US$20)	¥1,344 (US$11)

Note: 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.

3. Valuation method used for estimating fair value of stock options

Stock options granted for the fiscal year ended March 31, 2017 were valued as follows:

(1) Valuation method

Black-Scholes Model

(2) Assumptions

Stock options granted for the fiscal year ended March 31, 2017

	Dai-ichi Life Holdings, Inc.
	1st Series of Stock Acquisition Rights
Expected volatility (*1)	38.522%
Expected durations (*2)	3 years
Expected dividends (*3)	¥40 (US$0.35)
Risk-free interest rate (*4)	(0.254%)

(*1) Computed based on the closing prices of common stock in each trading day from October 18, 2013 to October 17, 2016.
(*2) Computed based on the average service period from the grant date to expected exercise date.
(*3) Computed based on the expected dividend for the fiscal year ended March 31, 2017.
(*4) Based on yields of Japanese government bonds for a term corresponding to the expected durations.

4. 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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	468,506	483,812	4,312
Net defined benefits liabilities	165,437	158,240	1,410
Tax losses carried forward	16,012	58,388	520
Reserve for price fluctuations	43,386	48,798	434
Net unrealized losses on securities, net of tax	80,994	41,173	366
Others	132,625	87,497	779
Subtotal	906,963	877,909	7,825
Valuation allowances	(73,109)	(54,668)	(487)
Total	833,854	823,241	7,337
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(761,560)	(758,063)	(6,756)
Evaluation difference related to business combination	(182,284)	(152,819)	(1,362)
Others	(159,415)	(236,704)	(2,109)
Total	(1,103,259)	(1,147,586)	(10,228)
Net deferred tax assets (liabilities)	(269,405)	(324,345)	(2,891)

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,	
	2016	2017
Statutory effective tax rate	28.76%	30.78%
(Adjustments)		
Difference in statutory effective tax rate due to a shift to a holding company structure	—	(2.62%)
Decrease in valuation allowance	(0.68%)	(2.47%)
Others	4.73%	(0.21%)
Actual effective tax rate after considering deferred taxes	32.81%	25.48%

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 COMBINATIONS

1. Transaction under Common Control

(1) Overview of the transaction

a) Name and description of the businesses subject to the transaction
Domestic life insurance business

b) Date of business combination
October 1, 2016

c) Legal form of business combination
Absorption-type corporate split with the Company and The Dai-ichi Life Insurance Company, Limited (trading name changed from The Dai-ichi Life Split Preparation Company, Limited on October 1, 2016) as the successor company

d) Name of the company after the combination
The Dai-ichi Life Insurance Company, Limited (a consolidated subsidiary of the Company)

e) Other matters regarding the overview of the transaction
The Company has so far made progress in diversifying its business inside and outside of Japan. It developed growth strategies aimed to expand share in the domestic life insurance market while at the same time accelerated the expansion of the overseas life insurance business in order to expand profit contribution from outside Japan as well. By recognizing the challenges under such environment, the shift was made to a holding company structure on October 1, 2016. The Dai-ichi Life group will step up its efforts for sustainable growth through "flexible allocation of business resources within the group," "create a governance structure that contributes to swift business decision-making at subsidiaries," and "implement fundamental reforms to group management."

(2) Overview of the accounting treatment

The business combination was treated as a transaction under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

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, 2016 and 2017 were ¥29,557 million and ¥31,572 million (US$281 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. Impairment loss on rental real estate as extraordinary losses for the fiscal year ended March 31, 2016 and 2017 were ¥3,419 million and ¥5,167 million (US$46 million). Losses on sale on rental real estate as extraordinary losses was ¥8,593 million (US$76 million) for the fiscal year ended March 31, 2017.

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

	Year ended March 31,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance	803,708	807,289	7,195
Net change during year	3,580	(12,124)	(108)
Ending balance	807,289	795,164	7,087
Market value	864,061	892,854	7,958

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 includes cost of acquisition of the real estate of ¥16,526 million, depreciation expense of ¥14,153 million, impairment loss of ¥3,419 million, sale of the real estate of ¥2,325 million, during the fiscal year ended March 31, 2016. Net change in carrying amount includes cost of acquisition of the real estate of ¥33,544 million (US$298 million), sale of the real estate of ¥35,424 million (US$315 million), depreciation expense of ¥13,758 million (US$122 million), impairment loss of ¥5,167 million (US$46 million) during the fiscal year ended March 31, 2017.

3. Certain domestic consolidated subsidiaries calculate the fair 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. Subsidiaries 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.

(Change in reportable segments)

There was only one reportable segment of the Company until the end of the interim consolidated accounting period. However, with the transition to a holding company structure on October 1, 2016, the Company is dedicated to the business management of its subsidiaries and affiliated companies. The Company's operations are therefore segmented based on the operations of its subsidiaries and affiliated companies and the Company newly set three reportable segments which are the Domestic Life Insurance Business, the Overseas Insurance Business, and Other Business.

Segment information for the previous consolidated fiscal year is prepared based on the classification following the change and is shown in "Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment." Segment information for the current fiscal year is prepared under the basis that the change in reportable segments was applied at the beginning of the fiscal year.

(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, 2016:

	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)	6,220,481	1,118,925	10,692	7,350,099	(16,152)	7,333,947
Intersegment transfers	16,299	2,906	21,719	40,925	(40,925)	–
Total	6,236,780	1,121,832	32,411	7,391,025	(57,077)	7,333,947
Segment income (loss)	366,736	60,364	4,962	432,063	(13,896)	418,166
Segment assets	42,108,210	8,789,854	40,650	50,938,715	(1,013,792)	49,924,922
Segment liabilities	38,888,321	8,117,347	5,927	47,011,596	(19,632)	46,991,963
Others						
Depreciation	33,088	17,108	1	50,199	(575)	49,623
Amortization of goodwill	–	3,567	–	3,567	–	3,567
Interest and dividend income	886,100	205,546	5	1,091,652	(16,262)	1,075,389
Interest expenses	15,247	16,394	0	31,641	(2,105)	29,536
Equity in net income of affiliated companies	–	1,698	4,420	6,119	–	6,119
Extraordinary gains	286	21	–	308	–	308
Extraordinary losses	55,268	3	0	55,272	–	55,272
(Impairment losses)	(34,548)	(–)	(–)	(34,548)	(–)	(34,548)
Taxes	67,957	18,899	261	87,119	57	87,177
Investments in affiliated companies	–	41,358	73,614	114,972	–	114,972
Increase in tangible fixed assets and intangible fixed assets	44,197	1,741	104	46,043	–	46,043

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Adjusted amounts are as follows.
a) Adjustment for ordinary revenues of ¥(16,152) million is mainly related to ordinary revenues including reversal of policy reserves of ¥8,340 million and derivative transaction gains of ¥3,617 million reconciled to ordinary expenses in the Consolidated Statement of Earnings.
b) Adjustment for segment income (loss) of ¥(13,896) million is mainly related to elimination of dividend income from subsidiaries and affiliated companies.
c) Adjustment for segment assets of ¥(1,013,792) million is mainly related to elimination of stocks of subsidiaries and affiliated companies.
d) Adjustment for segment liabilities of ¥(19,632) million is mainly related to consolidation adjustments for deferred tax assets.
e) Adjustment for others is 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, 2017:

	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)	5,125,695	1,371,436	8,137	6,505,269	(48,472)	6,456,796
Intersegment transfers	7,998	2,356	33,642	43,998	(43,998)	–
Total	5,133,694	1,373,792	41,780	6,549,268	(92,471)	6,456,796
Segment income (loss)	339,801	85,926	20,733	446,461	(21,141)	425,320
Segment assets	42,462,352	9,281,194	1,757,680	53,501,227	(1,515,376)	51,985,850
Segment liabilities	39,867,640	8,537,599	454,642	48,859,883	(11,299)	48,848,583
Others						
Depreciation	31,441	21,051	267	52,760	(283)	52,477
Amortization of goodwill	–	3,600	–	3,600	–	3,600
Interest and dividend income	878,698	235,986	16,406	1,131,092	(23,299)	1,107,793
Interest expenses	12,998	29,764	842	43,605	(2,702)	40,902
Equity in net income of affiliated companies	–	1,611	4,812	6,424	–	6,424
Extraordinary gains	4,988	25	12,493	17,507	(12)	17,495
Extraordinary losses	47,383	69	6	47,460	(12)	47,447
(Impairment losses)	(13,742)	(–)	(–)	(13,742)	(–)	(13,742)
Taxes	50,805	28,889	(641)	79,053	18	79,071
Investments in affiliated companies	–	52,888	79,740	132,628	–	132,628
Increase in tangible fixed assets and intangible fixed assets	68,607	3,151	63	71,822	–	71,822

	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)	45,687	12,224	72	57,984	(432)	57,552
Intersegment transfers	71	21	299	392	(392)	–
Total	45,758	12,245	372	58,376	(824)	57,552
Segment income (loss)	3,028	765	184	3,979	(188)	3,791
Segment assets	378,486	82,727	15,666	476,880	(13,507)	463,373
Segment liabilities	355,358	76,099	4,052	435,510	(100)	435,409
Others						
Depreciation	280	187	2	470	(2)	467
Amortization of goodwill	–	32	–	32	–	32
Interest and dividend income	7,832	2,103	146	10,081	(207)	9,874
Interest expenses	115	265	7	388	(24)	364
Equity in net income of affiliated companies	–	14	42	57	–	57
Extraordinary gains	44	0	111	156	(0)	155
Extraordinary losses	422	0	0	423	(0)	422
(Impairment losses)	(122)	(–)	(–)	(122)	(–)	(122)
Taxes	452	257	(5)	704	0	704
Investments in affiliated companies	–	471	710	1,182	–	1,182
Increase in tangible fixed assets and intangible fixed assets	611	28	0	640	–	640

Note: 1. Ordinary revenues, instead of sales, are presented here.
2. Adjusted amounts are as follows.
a) Adjustment for ordinary revenues of ¥(48,472) million (US$(432) million) is mainly related to ordinary expenses including provision for reserves for outstanding claims of ¥28,521 million (US$254 million) and ordinary revenues including foreign exchange gains of ¥7,433 million yen (US$66 million) reconciled to other ordinary revenues and foreign exchange losses in the Consolidated Statement of Earnings, respectively.
b) Adjustment for segment income (loss) of ¥(21,141) million (US$(188) million) is mainly related to elimination of dividend income from subsidiaries and affiliated companies.
c) Adjustment for segment assets of ¥(1,515,376) million (US$(13,507) million) is mainly related to elimination of stocks of subsidiaries and affiliated companies.
d) Adjustment for segment liabilities of ¥(11,299) million (US$(100) million) is mainly related to consolidation adjustments for deferred tax assets.
e) Adjustment for others is 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, 2016:

(1) Product (Service) Segment Information

	Year ended March 31, 2016
	(Unit: million yen)
Premium and other income	
Domestic Life Insurance Business	4,743,536
Overseas Insurance Business	842,464
Other Business	–
Total	5,586,000

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2016
	(Unit: million yen)
Ordinary revenues	
Japan	6,018,832
United States of America	822,867
Other Areas	492,247
Total	7,333,947

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, 2017:

(1) Product (Service) Segment Information

	Year ended March 31, 2017	
	(Unit: million yen)	(Unit: million US dollars)
Premium and other income		
Domestic Life Insurance Business	3,541,241	31,564
Overseas Insurance Business	927,494	8,267
Other Business	–	–
Total	4,468,736	39,831

(2) Geographic Segment Information

a) Ordinary Revenues

	Year ended March 31, 2017	
	(Unit: million yen)	(Unit: million US dollars)
Ordinary revenues		
Japan	4,958,718	44,199
United States of America	1,040,457	9,274
Other Areas	457,620	4,078
Total	6,456,796	57,552

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, 2016 and 2017

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, 2016:

	Year ended March 31, 2016	
	(Unit: million yen)	
	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	–	–
Overseas Insurance Business	3,567	54,832
Other Business	–	–
Total	3,567	54,832

For the fiscal year ended March 31, 2017:

	Year ended March 31, 2017			
	(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	3,600	57,938	32	516
Other Business	–	–	–	–
Total	3,600	57,938	32	516

5. Gain on Negative Goodwill by Reporting Segment

For the fiscal years ended March 31, 2016 and 2017

Not applicable

6. Related Party Transactions

For the fiscal years ended March 31, 2016 and 2017

There are no significant transactions to be disclosed.

XX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2016	2017	2017
	(Unit: yen)		(Unit: US dollars)
Net assets per share	2,472.86	2,668.61	23.78
Net income per share	150.53	196.62	1.75
Diluted net income per share	150.44	196.48	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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income attributable to shareholders of parent company	178,515	231,286	2,061
Net income attributable to other than shareholders of common stock	–	–	–
Net income attributable to shareholders of common stock	178,515	231,286	2,061
Average number of common stock outstanding	1,185,939 thousand shares	1,176,333 thousand shares	1,176,333 thousand shares
Diluted net income per share			
Adjustments to net income	–	–	–
Increase in the number of common stock	701 thousand shares	838 thousand shares	838 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[701 thousand shares]	[838 thousand shares]	[838 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,		
	2016	2017	2017
	(Unit: million yen)		(Unit: million US dollars)
Net assets	2,932,959	3,137,266	27,963
Adjustments	(998)	(1,247)	(11)
Subscription rights to shares	(925)	(1,247)	(11)
Non-controlling interests	(72)	(-)	(-)
Net assets attributable to common stock	2,931,960	3,136,019	27,952
Number of outstanding common stock	1,185,654 thousand shares	1,175,149 thousand shares	1,175,149 thousand shares

Note: 3. For the calculation of net income per share, the treasury stock which includes shares held by (1) "the Stock Granting Trust (J-ESOP)" and (2) "the Company's Trust-type Employee Shareholding Incentive Plan (E-Ship®)" was excluded from the average number of common shares outstanding. The Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership was terminated in July 2016.The average number of treasury stocks during the year ended March 31, 2016 and 2017 was 5,982 thousand shares and 4,585 thousand shares, respectively. For the calculation of net assets per share, the treasury stock which includes shares held by the J-ESOP and the E-ship® was excluded from the total number of issued and outstanding shares. The number of treasury stocks as of March 31, 2016 and 2017 was 5,490 thousand shares and 4,334 thousand shares, respectively.

XXI. SUBSEQUENT EVENTS

1. The board of directors of the Company resolved at its meeting held on May 15, 2017 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 23,000,000 shares

c) Aggregate price of shares to be repurchased

Up to 23,000 million yen (US$205 million)

d) Period of repurchase of shares

From May 16, 2017 to March 31, 2018

e) Method of repurchase of shares

Open-market repurchase by the trust method

2. The Company announced that its U.S. asset management affiliate, Janus Capital Group, Inc. ("Janus") and Henderson Group plc ("Henderson"), a U.K. asset manager have completed the merger of equals on May 30, 2017 under the merger agreement publicly disclosed on October 3, 2016. The name of combined company is Janus Henderson Group plc ("Janus Henderson"). Ownership of Janus Henderson by the Company is 8.6% and excluded from the scope of affiliated companies.

XXII. (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2016	Six months ended September 30, 2016	Nine months ended December 31, 2016	Year ended March 31, 2017
Ordinary revenues (million yen)	1,676,078	3,190,111	4,728,691	6,456,796
Income before income taxes (million yen)	77,140	153,927	246,393	310,367
Net income attributable to shareholders of parent company(million yen)	48,444	106,037	183,507	231,286
Net income attributable to shareholders of parent company per share (yen)	41.06	90.05	155.95	196.62

	Three months ended June 30, 2016	Three months ended September 30, 2016	Three months ended December 31, 2016	Three months ended March 31, 2017
Net income attributable to shareholders of parent company per share (yen)	41.06	49.01	65.92	40.66

	Three months ended June 30, 2016	Six months ended September 30, 2016	Nine months ended December 31, 2016	Year ended March 31, 2017
Ordinary revenues (million US dollars)	14,939	28,434	42,148	57,552
Income before income taxes (million US dollars)	687	1,372	2,196	2,766
Net income attributable to shareholders of parent company (million US dollars)	431	945	1,635	2,061
Net income attributable to shareholders of parent company per share (US dollars)	0.36	0.80	1.39	1.75

	Three months ended June 30, 2016	Three months ended September 30, 2016	Three months ended December 31, 2016	Three months ended March 31, 2017
Net income attributable to shareholders of parent company per share (US dollars)	0.36	0.43	0.58	0.36

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Independent Auditor's Report

The Board of Directors
Dai-ichi Life Holdings, Inc.

We have audited the accompanying consolidated financial statements of Dai-ichi Life Holdings, Inc. (formerly The Dai-ichi Life Insurance Company, Limited) and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2017, and the consolidated statements of earnings, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 referred to above present fairly, in all material respects, the consolidated financial position of Dai-ichi Life Holdings, Inc. (formerly The Dai-ichi Life Insurance Company, Limited) and its consolidated subsidiaries as of March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note I.

Ernst & Young ShinNihon LLC

June 26, 2017

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

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2017	2017
(ASSETS)		
Cash and deposits	438,454	3,908
Cash	166	1
Bank deposits	438,287	3,906
Call loans	98,500	877
Monetary claims bought	192,213	1,713
Money held in trust	50,191	447
Securities	30,498,102	271,843
Government bonds	14,084,907	125,545
Local government bonds	109,098	972
Corporate bonds	2,023,985	18,040
Stocks	3,666,952	32,685
Foreign securities	9,868,430	87,961
Other securities	744,727	6,638
Loans	2,657,852	23,690
Policy loans	381,830	3,403
Ordinary loans	2,276,021	20,287
Tangible fixed assets	1,124,412	10,022
Land	772,021	6,881
Buildings	343,658	3,063
Leased assets	4,923	43
Construction in progress	691	6
Other tangible fixed assets	3,117	27
Intangible fixed assets	87,793	782
Software	65,228	581
Other intangible fixed assets	22,564	201
Reinsurance receivable	2,260	20
Other assets	434,994	3,877
Accounts receivable	51,700	460
Prepaid expenses	11,114	99
Accrued revenue	156,736	1,397
Deposits	41,368	368
Margin money for futures trading	65,173	580
Differential account for futures trading	12	0
Derivatives	73,403	654
Suspense payment	4,865	43
Other assets	30,618	272
Customers' liabilities for acceptances and guarantees	103,786	925
Reserve for possible loan losses	(1,472)	(13)
Reserve for possible investment losses	(444)	(3)
Total assets	35,686,645	318,091

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

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2017	2017
(LIABILITIES)		
Policy reserves and others	30,864,753	275,111
Reserves for outstanding claims	229,698	2,047
Policy reserves	30,249,170	269,624
Reserve for policyholder dividends	385,884	3,439
Reinsurance payable	741	6
Bonds payable	476,277	4,245
Other liabilities	1,004,764	8,955
Collateral for securities lending transactions	267,871	2,387
Long-term debt and other borrowings	283,000	2,522
Corporate income tax payable	9,967	88
Accounts payable	43,804	390
Accrued expenses	48,088	428
Unearned revenue	684	6
Deposits received	55,287	492
Guarantee deposits received	50,260	447
Derivatives	231,126	2,060
Collateral for financial instruments	2,848	25
Lease liabilities	4,956	44
Asset retirement obligations	2,674	23
Suspense receipt	1,473	13
Other liabilities	2,720	24
Reserve for employees' retirement benefits	380,870	3,394
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,498	13
Reserve for possible reimbursement of prescribed claims	800	7
Reserve for price fluctuations	164,453	1,465
Deferred tax liabilities	129,833	1,157
Deferred tax liabilities for land revaluation	77,236	688
Acceptances and guarantees	103,786	925
Total liabilities	33,205,016	295,971
(NET ASSETS)		
Capital stock	60,000	534
Capital surplus	470,000	4,189
Legal capital surplus	60,000	534
Other capital surplus	410,000	3,654
Retained earnings	31,230	278
Other retained earnings	31,230	278
Reserve for tax basis adjustments of real estate	1,257	11
Retained earnings brought forward	29,972	267
Total shareholders' equity	561,230	5,002
Net unrealized gains (losses) on securities, net of tax	1,963,267	17,499
Deferred hedge gains (losses)	(25,327)	(225)
Reserve for land revaluation	(17,541)	(156)
Total of valuation and translation adjustments	1,920,398	17,117
Total net assets	2,481,628	22,119
Total liabilities and net assets	35,686,645	318,091

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2017	2017
Ordinary revenues	1,976,814	17,620
Premium and other income	1,233,330	10,993
Premium income	1,232,824	10,988
Reinsurance income	505	4
Investment income	593,797	5,292
Interest and dividends	396,642	3,535
Interest from bank deposits	3,280	29
Interest and dividends from securities	324,755	2,894
Interest from loans	27,584	245
Rental income	35,676	317
Other interest and dividends	5,345	47
Gains on money held in trust	4,018	35
Gains on sale of securities	110,423	984
Gains on redemption of securities	17,445	155
Other investment income	674	6
Gains on investments in separate accounts	64,592	575
Other ordinary revenues	149,686	1,334
Fund receipt for annuity rider of group insurance	313	2
Fund receipt for claim deposit payment	137,930	1,229
Reversal of reserve for employees' retirement benefits	1,934	17
Other ordinary revenues	9,508	84
Ordinary expenses	1,877,646	16,736
Benefits and claims	1,182,154	10,537
Claims	385,341	3,434
Annuities	291,580	2,598
Benefits	175,674	1,565
Surrender values	247,083	2,202
Other refunds	81,528	726
Ceding reinsurance commissions	947	8
Provision for policy reserves and others	119,799	1,067
Provision for reserves for outstanding claims	7,814	69
Provision for policy reserves	107,827	961
Provision for interest on policyholder dividends	4,156	37
Investment expenses	203,865	1,817
Interest expenses	6,838	60
Losses on sale of securities	59,864	533
Losses on valuation of securities	15,307	136
Losses on redemption of securities	857	7
Derivative transaction losses	52,851	471
Foreign exchange losses	37,506	334
Provision for reserve for possible loan losses	349	3
Provision for reserve for possible investment losses	10	0
Write-down of loans	21	0
Depreciation of real estate for rent and others	6,788	60
Other investment expenses	23,470	209
Operating expenses	213,205	1,900
Other ordinary expenses	158,622	1,413
Claim deposit payments	120,274	1,072
National and local taxes	18,666	166
Depreciation	15,151	135
Other ordinary expenses	4,529	40
Ordinary profit	99,167	883

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2017	2017
Extraordinary gains	508	4
Gains on disposal of fixed assets	508	4
Extraordinary losses	19,605	174
Losses on disposal of fixed assets	8,866	79
Impairment losses on fixed assets	2,438	21
Provision for reserve for price fluctuations	8,000	71
Other extraordinary losses	299	2
Provision for reserve for policyholder dividends	40,000	356
Income before income taxes	40,071	357
Corporate income taxes-current	26,982	240
Corporate income taxes-deferred	(19,292)	(171)
Total of corporate income taxes	7,689	68
Net income for the year	32,382	288

Trading name changed from "The Dai-ichi Life Split Preparation Company, Limited" to "The Dai-ichi Life Insurance Company, Limited" on October 1, 2016. The figures are the sum of "The Dai-ichi Life Split Preparation Company, Limited" and "The Dai-ichi Life Insurance Company, Limited" results.

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2017	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	40,071	357
Depreciation of rented real estate and others	6,788	60
Depreciation	15,151	135
Impairment losses on fixed assets	2,438	21
Increase (decrease) in reserves for outstanding claims	7,814	69
Increase (decrease) in policy reserves	107,827	961
Provision for interest on policyholder dividends	4,156	37
Provision for (reversal of) reserve for policyholder dividends	40,000	356
Increase (decrease) in reserve for possible loan losses	336	2
Increase (decrease) in reserve for possible investment losses	10	0
Write-down of loans	21	0
Increase (decrease) in reserve for employees' retirement benefits	(1,635)	(14)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(286)	(2)
Increase (decrease) in reserve for price fluctuations	8,000	71
Interest and dividends	(396,642)	(3,535)
Securities related losses (gains)	(116,431)	(1,037)
Interest expenses	6,838	60
Foreign exchange losses (gains)	37,506	334
Losses (gains) on disposal of fixed assets	8,312	74
Decrease (increase) in reinsurance receivable	91	0
Decrease (increase) in other assets unrelated to investing and financing activities	(4,274)	(38)
Increase (decrease) in reinsurance payable	139	1
Increase (decrease) in other liabilities unrelated to investing and financing activities	11,058	98
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	(6)	(0)
Others, net	72,630	647
Subtotal	(150,081)	(1,337)
Interest and dividends received	399,274	3,558
Interest paid	(7,947)	(70)
Policyholder dividends paid	(41,342)	(368)
Others, net	(246,985)	(2,201)
Corporate income taxes paid	(8,199)	(73)
Net cash flows provided by (used in) operating activities	(55,282)	(492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(16,014)	(142)
Proceeds from sale and redemption of monetary claims bought	33,900	302
Proceeds from decrease in money held in trust	2,518	22
Purchases of securities	(2,872,479)	(25,603)
Proceeds from sale and redemption of securities	2,539,993	22,640
Origination of loans	(146,697)	(1,307)
Proceeds from collection of loans	295,908	2,637
Others, net	89,380	796
Total of net cash provided by (used in) investment transactions	(73,489)	(655)
Total of net cash provided by (used in) operating activities and investment transactions	(128,772)	(1,147)
Acquisition of tangible fixed assets	(15,773)	(140)
Proceeds from sale of tangible fixed assets	21,027	187
Acquisition of intangible fixed assets	(13,433)	(119)
Proceeds from sale of intangible fixed assets	11	0
Net cash flows provided by (used in) investing activities	(81,658)	(727)

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2017	**2017**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of financial lease obligations	(808)	(7)
Net cash flows provided by (used in) financing activities	(808)	(7)
Effect of exchange rate changes on cash and cash equivalents	990	8
Net increase (decrease) in cash and cash equivalents	(136,759)	(1,218)
Cash and cash equivalents at the beginning of the year	100	0
Increase (decrease) in cash and cash equivalents due to corporate split	673,613	6,004
Cash and cash equivalents at the end of the year	536,954	4,786

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

Year ended March 31, 2017

(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	100	–	–	–
Changes for the year				
Increase due to corporate split	59,900	60,000	410,000	470,000
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	59,900	60,000	410,000	470,000
Balance at the end of the year	60,000	60,000	410,000	470,000

(Unit: million yen)

	Shareholders' equity			
	Retained earnings			Total shareholders' equity
	Other retained earnings		Total retained earnings	
	Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year	–	–	–	100
Changes for the year				
Increase due to corporate split				529,900
Net income		32,382	32,382	32,382
Transfer to reserve for tax basis adjustments of real estate	1,257	(1,257)		–
Transfer from reserve for land revaluation		(1,151)	(1,151)	(1,151)
Net changes of items other than shareholders' equity				
Total changes for the year	1,257	29,972	31,230	561,130
Balance at the end of the year	1,257	29,972	31,230	561,230

(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	–	–	–	–	100
Changes for the year					
Increase due to corporate split					529,900
Net income					32,382
Transfer to reserve for tax basis adjustments of real estate					–
Transfer from reserve for land revaluation					(1,151)
Net changes of items other than shareholders' equity	1,963,267	(25,327)	(17,541)	1,920,398	1,920,398
Total changes for the year	1,963,267	(25,327)	(17,541)	1,920,398	2,481,528
Balance at the end of the year	1,963,267	(25,327)	(17,541)	1,920,398	2,481,628

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

Year ended March 31, 2017

(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	0	–	–	–
Changes for the year				
Increase due to corporate split	533	534	3,654	4,189
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	533	534	3,654	4,189
Balance at the end of the year	534	534	3,654	4,189

(Unit: million US dollars)

	Shareholders' equity			
	Retained earnings			Total shareholders' equity
	Other retained earnings		Total retained earnings	
	Reserve for tax basis adjustments of real estate	Retained earnings brought forward		
Balance at the beginning of the year	–	–	–	0
Changes for the year				
Increase due to corporate split				4,723
Net income		288	288	288
Transfer to reserve for tax basis adjustments of real estate	11	(11)		-
Transfer from reserve for land revaluation		(10)	(10)	(10)
Net changes of items other than shareholders' equity				
Total changes for the year	11	267	278	5,001
Balance at the end of the year	11	267	278	5,002

(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	–	–	–	–	0
Changes for the year					
Increase due to corporate split					4,723
Net income					288
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					(10)
Net changes of items other than shareholders' equity	17,499	(225)	(156)	17,117	17,117
Total changes for the year	17,499	(225)	(156)	17,117	22,118
Balance at the end of the year	17,499	(225)	(156)	17,117	22,119

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2017

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 ¥112.19=US$1.00, the foreign exchange rate on March 31, 2017, 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, 2017

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

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, 2017 was ¥607,749 million (US$ 5,417 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 and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2017 was ¥55 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, 2017.

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, 2017.

(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.

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. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (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 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 Ordinance 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. Changes in Accounting Policies (Application of ASBJ Guidance No. 26)

Effective the fiscal year ended March 31, 2017, DL applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 issued on March 28, 2016).

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 relating to loans and bonds to raise capital 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 applies hedge accounting and 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 sets and manages upper limits of each asset balance and asset allocation weight.

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

(d) Derivative transactions

For derivative transactions, DL has established internal check system by segregating i) 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 Value of Financial Instruments

The carrying amount on the balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2017 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, 2017	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
		(Unit: million yen)			(Unit: million US dollars)	
(1) Cash and deposits	438,454	438,454	–	3,908	3,908	–
(2) Call loans	98,500	98,500	–	877	877	–
(3) Monetary claims bought	192,213	192,213	–	1,713	1,713	–
(4) Money held in trust	50,191	50,191	–	447	447	–
(5) Securities						
a. Trading securities	838,851	838,851	–	7,477	7,477	–
b. Held-to-maturity bonds	46,014	50,534	4,519	410	450	40
c. Policy-reserve-matching bonds	12,001,580	14,764,373	2,762,792	106,975	131,601	24,626
d. Stocks of subsidiaries and affiliate companies	321	302	(19)	2	2	(0)
e. Available-for-sale securities	16,942,419	16,942,419	–	151,015	151,015	–
(6) Loans	2,657,852			23,690		
Reserve for possible loan losses (*1)	(808)			(7)		
	2,657,043	2,798,441	141,397	23,683	24,943	1,260
Total assets	33,265,591	36,174,282	2,908,690	296,511	322,437	25,926
(1) Bonds payable	476,277	492,576	16,299	4,245	4,390	145
(2) Long-term borrowings	283,000	288,019	5,019	2,522	2,567	44
Total liabilities	759,277	780,596	21,319	6,767	6,957	190
Derivative transactions (* 2)						
a. Hedge accounting not applied	[949]	[949]	–	[8]	[8]	–
b. Hedge accounting applied	[156,773]	[159,745]	(2,972)	[1,397]	[1,423]	(26)
Total derivative transactions	[157,722]	[160,694]	(2,972)	[1,405]	[1,432]	(26)

(*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

(1) 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.

(2) 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.

(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.

(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.

(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 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 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) 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 (foreign currency forward contracts, currency options, etc.); b) interest-related transactions (interest rate futures, interest rate swaps, etc.); c) stock-related transactions (yen stock index futures, foreign currency-denominated stock index futures, etc.); and d) bond-related transactions (yen bond futures, foreign currency-denominated bond futures, etc.). The fair value of the instruments is based on the prices on derivatives markets and the prices quoted from financial institution, etc.

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

As of March 31, 2017	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
1. Unlisted domestic stocks (*1)(*2)	139,205	1,240
2. Unlisted foreign stocks (*1)(*2)	20,604	183
3. Other foreign securities (*1)(*2)	436,700	3,892
4. Other securities (*1)(*2)	72,404	645
Total	668,914	5,962

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

(*2) DL recorded impairment charges of ¥66 million (US$ 0 million) for the fiscal year ended March 31, 2017.

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, 2017 was ¥17,175 million (US$ 153 million). The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded loss on sale of ¥8,187 million (US$ 72 million) on rental real estate as extraordinary losses and impairment loss of ¥2,426 million (US$ 21 million) on rental real estate as extraordinary losses for the fiscal year ended March 31, 2017.

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

Fiscal year ended March 31, 2017		
	(Unit: million yen)	(Unit: million US dollars)
Carrying amount		
Beginning balance	–	–
Net change during year	795,164	7,087
Ending balance	795,164	7,087
Fair value	892,854	7,958

(*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 includes transfer of real estate from Dai-ichi Life Holdings, Inc. of ¥815,927 million (US$ 7,272 million), cost of acquisition of the real estate of ¥12,404 million (US$ 110 million), sale of the real estate of ¥28,778 million (US$ 256 million), depreciation expense of ¥6,784 million (US$ 60 million), and impairment loss of ¥2,426 million (US$ 21 million).

(*3) DL calculates the fair 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.

19. Securities Lending

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2017 was ¥1,807,980 million (US$ 16,115 million).

20. Problem Loans

As of March 31, 2017, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥2,703 million (US$ 24 million).

The amount of credits to bankrupt borrowers was ¥89 million (US$ 0 million), the amount of delinquent loans was ¥2,608 million (US$ 23 million), and DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥5 million (US$ 0 million).

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 or 4 of the Enforcement Ordinance 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.

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

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

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

As a result of the direct write-off of loans described in Note 7, decreases in credits to bankrupt borrowers and delinquent loans were ¥2 million (US$ 0 million) and ¥53 million (US$ 0 million), respectively.

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, 2017 was ¥1,096,578 million (US$ 9,774 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, 2017 were ¥1,466 million (US$ 13 million) and ¥5,316 million (US$ 47 million), respectively.

23. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2017

	(Unit: million yen)	(Unit: million US dollars)
Deferred tax assets:		
Policy reserves and others	450,261	4,013
Reserve for employees' retirement benefits	130,433	1,162
Reserve for price fluctuations	45,935	409
Impairment losses	11,652	103
Losses on valuation of securities	6,489	57
Others	23,232	207
Subtotal	668,005	5,954
Valuation allowances	(13,808)	(123)
Total	654,196	5,831
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	(750,808)	(6,692)
Reserve for tax basis adjustments of real estate	(10,272)	(91)
Accrued dividend receivables	(7,818)	(69)
Others	(15,131)	(134)
Total	(784,030)	(6,988)
Net deferred tax liabilities	(129,833)	(1,157)

(2) The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2017

Statutory tax rate	28.16%
(Adjustments)	
Decrease in valuation allowances	(8.53%)
Others	(0.44%)
Actual effective tax rate after considering deferred taxes	19.19%

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.	450,000	4,011

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	–	–
Transfer from Dai-ichi Life Holdings, Inc.	383,071	3,414
Dividends paid during the fiscal year	(41,342)	(368)
Interest accrual during the fiscal year	4,156	37
Provision for reserve for policyholder dividends	40,000	356
Balance at the end of the fiscal year	385,884	3,439

26. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies DL held as of March 31, 2017 was ¥59,073 million (US$ 526 million).

27. Organization Change Surplus

As of March 31, 2017, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US$ 1,049 million).

28. Assets Pledged as Collateral / Secured Liabilities

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

	(Unit: million yen)	(Unit: million US dollars)
Securities	333,839	2,975
Cash and deposits	86	0
Securities and cash and deposits pledged as collateral	333,926	2,976

The amounts of secured liabilities were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Cash collateral for securities lending transactions	267,871	2,387

"Securities" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2017 was ¥241,062 million (US$ 2,148 million).

29. Reinsurance

As of March 31, 2017, 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 ¥6 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 ¥0 million (US$ 0 million).

30. Net Assets per Share

The amount of net assets per share of DL as of March 31, 2017 was ¥413,604,802.16 (US$ 3,686,645).

31. Transaction under Common Control

(1) Overview of the transaction

a) Name and description of the businesses subject to the transaction
Domestic life insurance business

b) Date of business combination
October 1, 2016

c) Legal form of business combination
Absorption-type corporate split with the parent of DL, Dai-ichi Life Holdings, Inc. (trading name changed from The Dai-ichi Life Insurance Company, Limited on October 1, 2016) as the split company and DL as the successor company

d) Name of the company after the combination
The Dai-ichi Life Insurance Company, Limited

e) Other matters regarding the overview of the transaction
The parent of DL, Dai-ichi Life Holdings, Inc. has so far made progress in diversifying its business inside and outside of Japan. It developed growth strategies aimed to expand share in the domestic life insurance market while at the same time accelerated the expansion of the overseas life insurance business in order to expand profit contribution from outside Japan as well. By recognizing the challenges under such environment, the shift was made to a holding company structure on October 1, 2016. The Dai-ichi Life group will step up its efforts for sustainable growth through "flexible allocation of business resources within the group," "create a governance structure that contributes to swift business decision-making at subsidiaries," and "implement fundamental reforms to group management."

(2) Overview of the accounting treatment

The business combination was treated as a transaction under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

32. 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	–	–
b.	Carried over from Dai-ichi Life Holdings, Inc.	692,315	6,170
c.	Service cost	14,617	130
d.	Interest cost	1,040	9
e.	Accruals of actuarial (gains) and losses	2,235	19
f.	Payment of retirement benefits	(16,495)	(147)
g.	Others	106	0
h.	Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)	693,819	6,184

b) Reconciliations of beginning and ending balances of pension assets

		(Unit: million yen)	(Unit: million US dollars)
a.	Beginning balance of pension assets	–	–
b.	Carried over from Dai-ichi Life Holdings, Inc.	264,260	2,355
c.	Expected return on assets	187	1
d.	Accruals of actuarial (gains) and losses	17,685	157
e.	Contribution from the employer	7,080	63
f.	Payment of retirement benefits	(3,905)	(34)
g.	Ending balance of pension assets (a + b + c + d + e+ f)	285,308	2,543

c) Reconciliations of year-end balance of projected benefit obligations and pension assets, and reserve for employee's retirement benefits that has been recorded in the balance sheet

		(Unit: million yen)	(Unit: million US dollars)
a.	Projected benefit obligation of funded pensions	383,234	3,415
b.	Pension assets	(285,308)	(2,543)
c.	Subtotal (a + b)	97,925	872
d.	Projected benefit obligation of unfunded pensions	310,585	2,768
e.	Unrecognized actuarial differences	(27,640)	(246)
f.	Reserve for employee's retirement benefits recorded in the balance sheet (c + d + e)	380,870	3,394

d) Amount of the components of retirement benefit expenses

		(Unit: million yen)	(Unit: million US dollars)
a.	Service cost	14,617	130
b.	Interest cost	1,040	9
c.	Expected return on assets	(187)	(1)
d.	Amortization of unrecognized actuarial differences	2,266	20
e.	Others	299	2
f.	Retirement benefit expenses of defined benefit plans (a + b + c + d + e)	18,035	160

e) The main components of the pension assets

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

Stocks	58%
Asset under joint management	12%
Bonds	9%
Life insurance general account	8%
Others	13%
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, 2017 was 55%.

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, 2017 are 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, 2017 is ¥781 million (US$ 6 million).

33. Securities Borrowing

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were neither sold nor pledged as of March 31, 2017 was ¥37,642 million (US$ 335 million), among which none of the securities were pledged as collateral.

34. Commitment Line

As of March 31, 2017, there were unused commitment line agreements under which DL is the lender of ¥33,002 million (US$ 294 million).

35. Subordinated Debt

As of March 31, 2017, other liabilities included subordinated debt of ¥283,000 million (US$ 2,522 million), the repayment of which is subordinated to other obligations.

36. Subordinated Bonds

As of March 31, 2017, bonds payable included foreign currency-denominated subordinated bonds of ¥476,277 million (US$ 4,245 million), the repayment of which is subordinated to other obligations.

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2017 were ¥49,711 million (US$ 443 million). These obligations will be recognized as operating expenses in the period in which they are paid.

Ⅲ. NOTES TO THE STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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 ¥2,788 million (US$ 24 million) and ¥11,926 million (US$ 106 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 ¥60,514 million (US$ 539 million), ¥26,251 million (US$ 233 million), ¥23,571 million (US$ 210 million) and ¥86 million (US$ 0 million), respectively.

Losses on sale of securities included losses on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥8,048 million (US$ 71 million), ¥8,144 million (US$ 72 million), ¥42,702 million (US$ 380 million) and ¥969 million (US$ 8 million), respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥15,244 million (US$ 135 million) and ¥62 million (US$ 0 million), respectively.

3. Reinsurance

In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥2 million (US$ 0 million) was subtracted. In calculating the provision for policy reserves, a provision for reserves for policy reserves reinsured of ¥0 million (US$ 0 million) was subtracted.

4. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥3,838 million (US$ 34 million).

5. Derivative Transaction Gains/Losses

Derivative transaction losses included valuation losses of ¥25,302 million (US$ 225 million).

6. Net Income per Share

Net income per share for the fiscal year ended March 31, 2017 was ¥10,776,077.48 (US$ 96,052). 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, 2017 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, 2017 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(Unit: million yen)			(Unit: million US dollars)		
Real estate not in use	Yokohama City, Kanagawa and others	26	1,730	708	2,438	15	6	21

(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 2.41% for the fiscal year ended March 31, 2017 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.

IV. NOTES TO THE STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows consist of the following items contained in the balance sheet: cash and deposits, call loans, commercial paper included in monetary claims bought, money market funds included in securities, and overdrafts included in long-term debt and other borrowings.

2. Reconciliation of cash and cash equivalents to balance sheet accounts was as follows:

	As of March 31,	
	2017	2017
	(Unit: million yen)	(Unit: million US dollars)
Cash and deposits	438,454	3,908
Call loans	98,500	877
Cash and cash equivalents	536,954	4,786

V. NOTES TO THE STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

1. Type and 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	10	5,990	–	6,000

(*) Due to the transition to a holding company structure on October 1, 2016, Dai-ichi Life Holdings, Inc. (trading name changed from The Dai-ichi Life Insurance Company, Limited on October 1, 2016) split the domestic life insurance business to DL. As a result, outstanding share of common stock increased by 5,990 and the number of outstanding shares as of March 31, 2017 was 6,000.

2. Dividends on Common Stock

Dividends, the record date of which was March 31, 2017, to be paid out in the year ending March 31, 2018

Date of resolution	June 21, 2017 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥29,972 million (US$ 267 million)
Dividends per share	¥4,995,400 (US$ 44,526)
Record date	March 31, 2017
Effective date	June 22, 2017
Dividend resource	Retained earnings

Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
The Dai-ichi Life Insurance Company, Limited

We have audited the accompanying non-consolidated financial statements of The Dai-ichi Life Insurance Company, Limited (formerly The Dai-ichi Life Split Preparation Company, Limited), which comprise the non-consolidated balance sheet as of March 31, 2017, and the non-consolidated statements of earnings, cash flows, and changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the Insurance Business Act and related rules and regulations and accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-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 non-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 plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. The purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. 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 non-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 non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited (formerly The Dai-ichi Life Split Preparation Company, Limited) as of March 31, 2017, and its non-consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of its non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying non-consolidated financial statements have been properly translated on the basis described in Note I.

Ernst & Young ShinNihon LLC

May 31, 2017

(Reference) The Dai-ichi Life Insurance Company, Limited business results comparable with the previous fiscal year

The Dai-ichi Life Insurance Company, Limited ("former Dai-ichi Life": "A" as shown below) changed its trading name to Dai-ichi Life Holdings, Inc. on October 1, 2016 and changed its business purpose to managing the business activities of its group companies etc.

The domestic life insurance business of former Dai-ichi Life is succeeded by The Dai-ichi Life Insurance Company, Limited* ("current Dai-ichi Life": "C" as shown below) by means of corporate split.

*Trading name changed from The Dai-ichi Life Split Preparation Company, Limited ("B" as shown below) on October 1, 2016.

For the purpose of presenting comparable business results with the previous fiscal year, the figures presented in this section are defined below.

<Figures Presented>

・Ending balance of a given fiscal year

For fiscal year 2016 (current fiscal year), current Dai-ichi Life figures are presented. For fiscal year 2015 (previous fiscal year), former Dai-ichi Life figures are presented.

	Figures Presented
Fiscal year 2016	Current Dai-ichi Life figures as of March 31, 2017
Fiscal year 2015	Former Dai-ichi Life figures

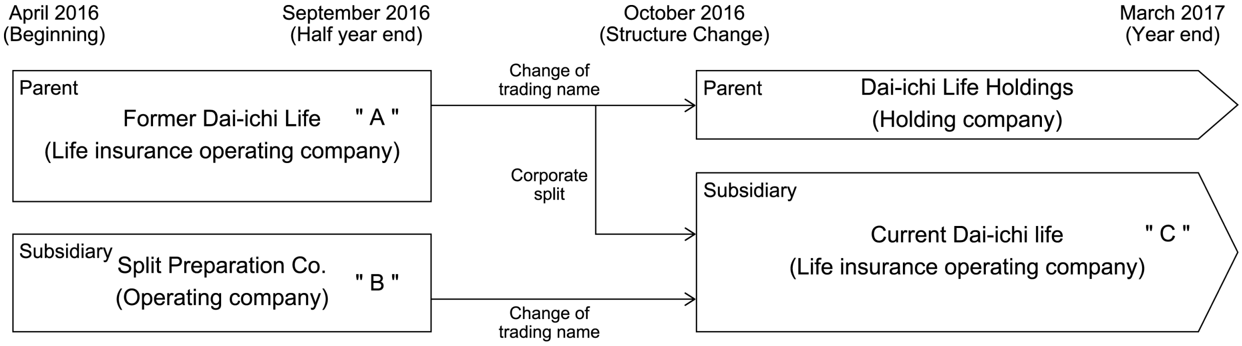
・Profit/loss etc. for a given period

For fiscal year 2016 (current fiscal year), the sum of former Dai-ichi Life and Dai-ichi Life Split Preparation Company results between April to September, 2016 and current Dai-ichi Life results between October, 2016 to March, 2017 are presented.

For fiscal year 2015 (previous fiscal year), former Dai-ichi Life results are presented.

	Figures Presented
Fiscal year 2016	Former Dai-ichi Life results (April to September, 2016) + Dai-ichi Life Split Preparation Company results (April to September, 2016) + Current Dai-ichi Life results (October, 2016 to March, 2017) [A+B+C]
Fiscal year 2015	Former Dai-ichi Life results

(Notes) ・[A+B+C] is presented for reference and differs from statutory disclosure.
・The sum of Dai-ichi Life Split Preparation Company and Current Dai-ichi Life results [B+C] are presented for Statement of Earnings in accordance with statutory disclosure standards.



Unaudited Balance Sheet

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017		As of March 31, 2016	As of March 31, 2017
(ASSETS)			(LIABILITIES)		
Cash and deposits	528,337	438,454	Policy reserves and others	30,635,217	30,864,753
Cash	196	166	Reserves for outstanding claims	260,304	229,698
Bank deposits	528,140	438,287	Policy reserves	29,984,210	30,249,170
Call loans	116,900	98,500	Reserve for policyholder dividends	390,701	385,884
Monetary claims bought	233,206	192,213	Reinsurance payable	684	741
Money held in trust	52,806	50,191	Subordinated bonds	215,727	476,277
Securities	30,250,119	30,498,102	Other liabilities	1,095,099	1,004,764
Government bonds	14,545,593	14,084,907	Collateral for securities lending transactions	473,284	267,871
Local government bonds	125,047	109,098	Long-term debt and other borrowings	286,277	283,000
Corporate bonds	1,910,798	2,023,985	Corporate income tax payable	28,307	9,967
Stocks	3,560,485	3,666,952	Accounts payable	77,232	43,804
Foreign securities	9,451,844	9,868,430	Accrued expenses	48,456	48,088
Other securities	656,349	744,727	Unearned revenue	728	684
Loans	2,826,052	2,657,852	Deposits received	53,528	55,287
Policy loans	405,056	381,830	Guarantee deposits received	51,110	50,260
Ordinary loans	2,420,995	2,276,021	Derivatives	60,808	231,126
Tangible fixed assets	1,164,183	1,124,412	Collateral for financial instruments	–	2,848
Land	792,101	772,021	Lease liabilities	4,393	4,956
Buildings	363,038	343,658	Asset retirement obligations	2,675	2,674
Leased assets	4,491	4,923	Suspense receipt	7,695	1,473
Construction in progress	2,402	691	Other liabilities	601	2,720
Other tangible fixed assets	2,149	3,117	Reserve for employees' retirement benefits	377,967	380,870
Intangible fixed assets	81,603	87,793	Reserve for retirement benefits of directors, executive officers and corporate auditors	1,868	1,498
Software	59,516	65,228	Reserve for possible reimbursement of prescribed claims	800	800
Other intangible fixed assets	22,086	22,564	Reserve for price fluctuations	148,453	164,453
Reinsurance receivable	4,434	2,260	Deferred tax liabilities	138,696	129,833
Other assets	541,917	434,994	Deferred tax liabilities for land revaluation	80,189	77,236
Accounts receivable	75,541	51,700	Acceptances and guarantees	97,056	103,786
Prepaid expenses	12,019	11,114	**Total liabilities**	**32,791,760**	**33,205,016**
Accrued revenue	155,664	156,736	(NET ASSETS)		
Deposits	40,545	41,368	Capital stock	343,146	60,000
Margin money for futures trading	57,785	65,173	Capital surplus	343,772	470,000
Differential account for futures trading	47	12	Legal capital surplus	343,146	60,000
Derivatives	179,189	73,403	Other capital surplus	625	410,000
Suspense payment	9,536	4,865	Retained earnings	511,892	31,230
Other assets	11,586	30,618	Legal retained earnings	5,600	–
Customers' liabilities for acceptances and guarantees	97,056	103,786	Other retained earnings	506,292	31,230
Reserve for possible loan losses	(1,237)	(1,472)	Fund for risk allowance	43,120	–
Reserve for possible investment losses	(423)	(444)	Fund for price fluctuation allowance	65,000	–
			Reserve for tax basis adjustments of real estate	25,517	1,257
			Retained earnings brought forward	372,655	29,972
			Treasury stock	(23,231)	–
			Total shareholders' equity	1,175,581	561,230
			Net unrealized gains (losses) on securities, net of tax	1,946,957	1,963,267
			Deferred hedge gains (losses)	(3,865)	(25,327)
			Reserve for land revaluation	(16,402)	(17,541)
			Total of valuation and translation adjustments	1,926,688	1,920,398
			Subscription rights to shares	925	–
			Total net assets	**3,103,195**	**2,481,628**
Total assets	**35,894,956**	**35,686,645**	**Total liabilities and net assets**	**35,894,956**	**35,686,645**

Unaudited Statement of Earnings

(Unit: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017 *1	Year ended March 31, 2017 *2
ORDINARY REVENUES	**4,265,779**	**3,946,774**	**1,976,814**
Premium and other income	2,866,602	2,547,581	1,233,330
Premium income	2,865,384	2,546,708	1,232,824
Reinsurance income	1,218	873	505
Investment income	1,060,017	1,072,049	593,797
Interest and dividends	802,203	773,506	396,642
Interest from bank deposits	11,213	7,416	3,280
Interest and dividends from securities	647,317	628,036	324,755
Interest from loans	62,387	56,405	27,584
Rental income	69,545	70,696	35,676
Other interest and dividends	11,738	10,951	5,345
Gains on money held in trust	–	4,207	4,018
Gains on sale of securities	211,921	200,059	110,423
Gains on redemption of securities	44,645	38,258	17,445
Reversal of reserve for possible loan losses	838	–	–
Other investment income	409	1,231	674
Gains on investments in separate accounts	–	54,786	64,592
Other ordinary revenues	339,158	327,143	149,686
Fund receipt for annuity rider of group insurance	708	655	313
Fund receipt for claim deposit payment	301,478	270,929	137,930
Reversal of reserves for outstanding claims	–	30,606	–
Reversal of reserve for employees' retirement benefits	11,931	–	1,934
Other ordinary revenues	25,039	24,952	9,508
ORDINARY EXPENSES	**3,921,556**	**3,664,964**	**1,877,646**
Benefits and claims	2,681,396	2,327,502	1,182,154
Claims	709,000	773,749	385,341
Annuities	592,255	535,014	291,580
Benefits	381,741	361,388	175,674
Surrender values	584,186	507,647	247,083
Other refunds	412,606	147,966	81,528
Ceding reinsurance commissions	1,604	1,737	947
Provision for policy reserves and others	209,103	273,344	119,799
Provision for reserves for outstanding claims	57,227	–	7,814
Provision for policy reserves	143,236	264,959	107,827
Provision for interest on policyholder dividends	8,639	8,384	4,156
Investment expenses	273,985	286,301	203,865
Interest expenses	15,242	12,995	6,838
Losses on money held in trust	791	–	–
Losses on sale of securities	62,457	91,167	59,864
Losses on valuation of securities	873	24,814	15,307
Losses on redemption of securities	1,201	2,610	857
Derivative transaction losses	54,120	14,750	52,851
Foreign exchange losses	53,872	81,093	37,506
Provision for reserve for possible loan losses	–	248	349
Provision for reserve for possible investment losses	423	21	10
Write-down of loans	59	41	21
Depreciation of real estate for rent and others	14,165	13,765	6,788
Other investment expenses	39,209	44,794	23,470
Losses on investments in separate accounts	31,568	–	–
Operating expenses	404,114	422,089	213,205
Other ordinary expenses	352,956	355,726	158,622
Claim deposit payments	281,561	278,833	120,274
National and local taxes	28,411	33,160	18,666
Depreciation	32,770	30,892	15,151
Provision for reserve for employees' retirement benefits	–	2,603	–
Other ordinary expenses	10,213	10,235	4,529
ORDINARY PROFIT	**344,222**	**281,810**	**99,167**
EXTRAORDINARY GAINS	**286**	**4,976**	**508**
Gains on disposal of fixed assets	286	4,976	508
EXTRAORDINARY LOSSES	**52,274**	**43,934**	**19,605**
Losses on disposal of fixed assets	1,307	13,892	8,866
Impairment losses on fixed assets	34,548	13,742	2,438
Provision for reserve for price fluctuations	16,000	16,000	8,000
Other extraordinary losses	418	299	299
Provision for reserve for policyholder dividends	**97,500**	**85,000**	**40,000**
Income before income taxes	**194,734**	**157,851**	**40,071**
Corporate income taxes-current	**95,850**	**58,707**	**26,982**
Corporate income taxes-deferred	**(30,238)**	**(18,047)**	**(19,292)**
Total of corporate income taxes	**65,611**	**40,660**	**7,689**
Net income	**129,123**	**117,191**	**32,382**

*1: The figures are the sum of "former Dai-ichi Life", the "Split Preparation Company", and "current Dai-ichi Life" results. [A+B+C]
*2: The figures are the sum of the "Split Preparation Company" and "current Dai-ichi Life" results. [B+C]
Please refer to the page titled "(Reference) The Dai-ichi Life Insurance Company, Limited business results comparable with the previous fiscal year" for details.

Unaudited Statement of Changes in Net Assets

Year ended March 31, 2016

(Unit: million yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	343,104	343,104	151	343,255	5,600	43,120	65,000	24,875	292,143
Changes for the year									
Issuance of new shares - exercise of subscription rights to shares	42	42		42					
Dividends				–					(33,359)
Net income				–					129,123
Purchase of treasury stock				–					
Disposal of treasury stock			474	474					
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate				–				297	(297)
Transfer to reserve for tax basis adjustments of real estate				–				470	(470)
Transfer from reserve for tax basis adjustments of real estate				–				(126)	126
Transfer from reserve for land revaluation				–					(14,609)
Net changes of items other than shareholders' equity									
Total changes for the year	42	42	474	517	–	–	–	641	80,512
Balance at the end of the year	343,146	343,146	625	343,772	5,600	43,120	65,000	25,517	372,655

(Unit: million yen)

	Shareholders' equity			Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Retained earnings								
	Total retained earnings	Treasury stock	Total shareholders' equity	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	430,738	(9,723)	1,107,375	2,488,665	(12,036)	(33,424)	2,443,204	753	3,551,333
Changes for the year									
Issuance of new shares - exercise of subscription rights to shares	–		84						84
Dividends	(33,359)		(33,359)						(33,359)
Net income	129,123		129,123						129,123
Purchase of treasury stock	–	(15,000)	(15,000)						(15,000)
Disposal of treasury stock	–	1,492	1,967						1,967
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	–		–						–
Transfer to reserve for tax basis adjustments of real estate	–		–						–
Transfer from reserve for tax basis adjustments of real estate	–		–						–
Transfer from reserve for land revaluation	(14,609)		(14,609)						(14,609)
Net changes of items other than shareholders' equity				(541,708)	8,170	17,021	(516,516)	171	(516,344)
Total changes for the year	81,153	(13,507)	68,206	(541,708)	8,170	17,021	(516,516)	171	(448,138)
Balance at the end of the year	511,892	(23,231)	1,175,581	1,946,957	(3,865)	(16,402)	1,926,688	925	3,103,195

Unaudited Statement of Changes in Net Assets (Continued)

Year ended March 31, 2017

(Unit: million yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
					Other retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	100	–	–	–	–	–
Changes for the year						
Increase due to corporate split	59,900	60,000	410,000	470,000		
Net income						32,382
Transfer to reserve for tax basis adjustments of real estate					1,257	(1,257)
Transfer from reserve for land revaluation						(1,151)
Net changes of items other than shareholders' equity						
Total changes for the year	59,900	60,000	410,000	470,000	1,257	29,972
Balance at the end of the year	60,000	60,000	410,000	470,000	1,257	29,972

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments				
	Retained earnings						
	Total retained earnings	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments	Total net assets
Balance at the beginning of the year	–	100	–	–	–	–	100
Changes for the year							
Increase due to corporate split		529,900					529,900
Net income	32,382	32,382					32,382
Transfer to reserve for tax basis adjustments of real estate		–					–
Transfer from reserve for land revaluation	(1,151)	(1,151)					(1,151)
Net changes of items other than shareholders' equity			1,963,267	(25,327)	(17,541)	1,920,398	1,920,398
Total changes for the year	31,230	561,130	1,963,267	(25,327)	(17,541)	1,920,398	2,481,528
Balance at the end of the year	31,230	561,230	1,963,267	(25,327)	(17,541)	1,920,398	2,481,628

REFERENCE INFORMATION

The figures below are the sum of former Dai-ichi Life, the Split Preparation Company, and current Dai-ichi Life [A+B+C].

Please refer to the page titled "(Reference) The Dai-ichi Life Insurance Company, Limited business results comparable with the previous fiscal year" for details.

Ⅰ. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2017

1. 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, 2017, was ¥31,572 million. The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded loss on sale of ¥(8,593) million on rental real estate as extraordinary loss and impairment loss of ¥5,167 million on rental real estate for rent as extraordinary losses for the fiscal year ended March 31, 2017.

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

Fiscal year ended March 31, 2017	(Unit: million yen)
Carrying amount	
Beginning balance	807,289
Net change during year	(12,124)
Ending balance	795,164
Fair value	892,854

(*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 includes cost of acquisition of the real estate of ¥33,544 million, sale of the real estate of ¥35,424 million, depreciation expense of ¥13,758 million, and impairment loss of ¥5,167 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.

2. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year	390,701
Dividend paid during the fiscal year	(98,201)
Interest accrual during the fiscal year	8,384
Provision for reserve for policyholder dividends	85,000
Balance the end of the fiscal year	385,884

3. 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)

a.	Beginning balance of the projected benefit obligations	694,154
b.	Service cost	28,941
c.	Interest cost	2,080
d.	Accruals of actuarial (gains) and losses	2,235
e.	Payment of retirement benefits	(32,402)
f.	Others	(1,188)
g.	Ending balance of the projected benefit obligation (a + b + c + d + e + f)	693,819

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of pension assets	268,370
b.	Estimated return on assets	374
c.	Accruals of actuarial (gains) and losses	17,685
d.	Contribution from the employer	7,080
e.	Payment of retirement benefits	(8,202)
f.	Ending balance of pension assets (a + b + c + d + e)	285,308

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)

a.	Projected benefit obligation for funded pensions	383,234
b.	Pension assets	(285,308)
c.	Subtotal (a + b)	97,925
d.	Projected benefit obligation for unfunded pensions	310,585
e.	Unrecognized actuarial differences	(27,640)
f.	Net of assets and liabilities recorded in the balance sheet (c + d + e)	380,870

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service cost	28,941
b.	Interest cost	2,080
c.	Expected return on assets	(374)
d.	Amortization of unrecognized actuarial differences	4,533
e.	Others	299
f.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	35,479

e) Pension assets

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

Stocks	58%
Asset under joint management	12%
Bonds	9%
Life insurance general account	8%
Others	13%
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, 2017 was 55%.

f) The method for 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, 2017 are 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, 2017 is ¥1,573 million.

Ⅱ. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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 ¥12,849 million and ¥22,861 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 ¥108,873 million, ¥29,609 million, ¥60,701 million and ¥874 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥8,311 million, ¥12,105 million, ¥68,907 million and ¥1,842 million, respectively.

Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks and foreign securities of ¥589 million, ¥15,587 million and ¥8,637 million, respectively.

3. Reinsurance

In calculating the reversal of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥1 million was added. In calculating the provision for policy reserves, a provision for reserves for policy reserves reinsured of ¥0 million was subtracted.

4. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥2,121 million.

5. Derivative Transaction Gains/Losses

Derivative transaction losses included valuation losses of ¥2,555 million.

6. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2017 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, 2017 were as follows:

Asset Group	Place	Number	Impairment Losses		
			Land	Buildings	Total
			(Unit: million yen)		
Real estate not in use	Yokohama City, Kanagawa and others	135	8,622	5,119	13,742

(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 2.41% for the fiscal year ended March 31, 2017 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.

Solvency Margin Ratio

(1) Dai-ichi Life Holdings, Inc.

Consolidated Solvency Margin Ratio

(Unit: million yen)

		As of March 31, 2016	As of March 31, 2016
Total solvency margin (A)		6,037,031	6,374,047
	Common stock, etc. (*1)	763,044	909,692
	Reserve for price fluctuations	155,246	174,677
	Contingency reserve	691,167	709,561
	Catastrophe loss reserve	—	—
	General reserve for possible loan losses	495	743
	(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (*2)	2,270,855	2,362,536
	Net unrealized gains (losses) on real estate × 85% (*2)	82,189	113,883
	Sum of unrecognized actuarial differences and unrecognized past service cost	(46,579)	(27,389)
	Policy reserves in excess of surrender values	2,121,848	2,226,914
	Qualifying subordinated debt	498,727	759,277
	Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(521,349)	(708,484)
	Excluded items	(177,962)	(171,860)
	Others	199,348	24,495
Total risk $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$ (B)		1,580,596	1,701,499
	Insurance risk R_1	122,410	122,026
	General insurance risk R_5	5,006	4,904
	Catastrophe risk R_6	1,844	2,038
	3rd sector insurance risk R_8	186,234	192,012
	Small amount and short-term insurance risk R_9	—	—
	Assumed investment yield risk R_2	262,581	255,068
	Guaranteed minimum benefit risk R_7 (*3)	87,783	84,459
	Investment risk R_3	1,160,636	1,290,918
	Business risk R_4	36,529	39,028
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		763.8%	749.2%

*1: Expected disbursements from capital 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 as of March 31, 2016 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. The above figures as of March 31, 2017 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, 2016	As of March 31, 2017
Total solvency margin (A)	6,741,736	5,936,832
Total risk (B)	1,496,746	1,396,021
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	900.8%	850.5%

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, 2016	As of March 31, 2017
Total solvency margin (A)	—	5,858,298
Total risk (B)	—	1,379,562
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	—	849.2%

Note: 1. The above 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.

2. Following the transition to a holding company structure in October 2016, non-consolidated subsidiaries, etc. of current Dai-ichi Life are included in the calculation of consolidated solvency margin ratio.

(3) The Dai-ichi Frontier Life Insurance Co., Ltd.

Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
Total solvency margin (A)	348,758	421,078
Total risk (B)	133,391	146,034
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	522.9%	576.6%

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, 2016	As of March 31, 2017
Total solvency margin (A)	27,795	21,919
Total risk (B)	557	574
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	9,969.9%	7,636.9%

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.

Dai-ichi Life Holdings