



# Data Section

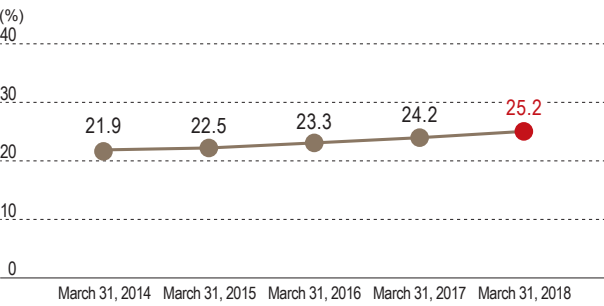
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## Non-financial Highlights

### Percentage of Women in Managerial Posts

25.2%

Up 1.0 percentage point year on year

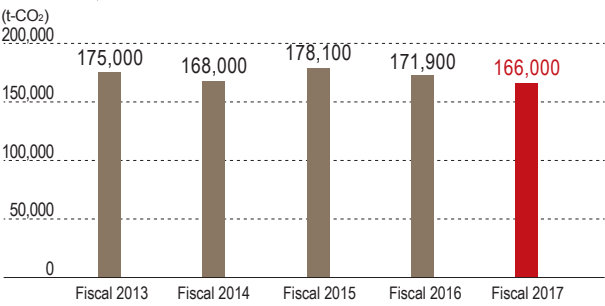


Note: Total of the Company and the three domestic insurance companies. Figures as of April 1 of the next fiscal year, which represent the percentage for the current fiscal year.

### CO2 Emissions

166,000t-CO<sub>2</sub>

Down 5,900 t-CO<sub>2</sub> year on year

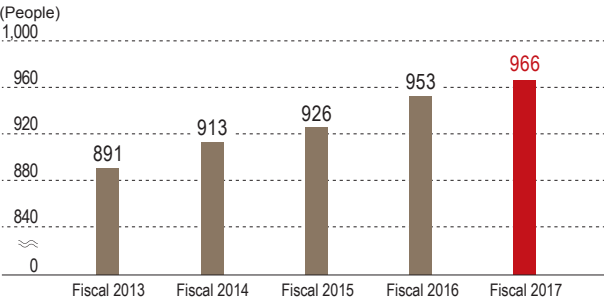


Note: Figures for fiscal 2013 and fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group. In Japan, as from fiscal 2017, calculation for CO<sub>2</sub> emissions is changed to a method using the conversion factor specified in the Act on Promotion of Global Warming Countermeasures for emissions of the given fiscal year. Figures for previous fiscal years are recalculated retroactively using this method.

### Number of Employees with Disabilities

966 people

Up by 13 people year on year

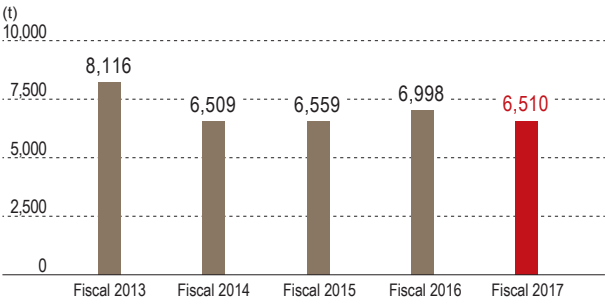


Note: Total of the Company, the three domestic insurance companies, Dai-ichi Life Business Services and Dai-ichi Life Information Systems. Figures as of April 1 of the next fiscal year, which represent persons for the current fiscal year.

### Total Paper Usage

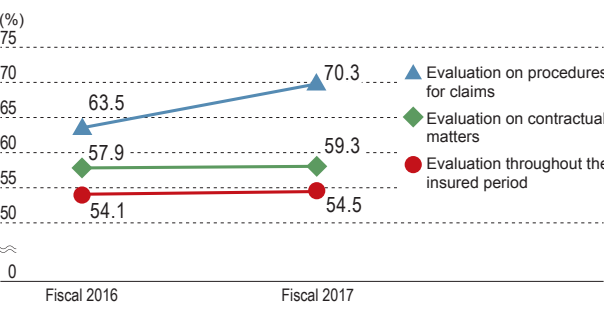
6,510t

Down 488 t year on year



Note: Figures for fiscal 2013 and fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group.

### Customer Satisfaction Survey by a Neutral Third Party Research Organization



Note: Figures for Dai-ichi Life only. Difference between positive and negative response percentages. Annual comparison before fiscal 2016 is not shown since surveys began to be conducted by a neutral third party research organization from fiscal 2016.

Assessment on Stewardship Activities of Dai-ichi Life



**A+**

Signatory of: **PRI** Principles for Responsible Investment

PRI is a global standard for responsible investment set forth by the United Nations. Dai-ichi Life was given the highest rank of A+ by PRI in an assessment on stewardship activities in fiscal 2017.

# Recognition from Society / Participation in External Initiatives

## Recognition from Society




Recipient	Organizer	Assessment/Award	Summary
Dai-ichi Life	Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21 <sup>st</sup> Century)	The Most Excellent Efforts (Minister of the Environment Award)	Dai-ichi Life received the Minister of the Environment Award for the first time in the life insurance industry, being evaluated for its advanced approach to investment based on social responsibility as institutional investor.
TAL	Association of Financial Advisers (AFA)	AFA/Strategic Insight 2017 Platinum Award for Life Company of the Year	TAL has won Platinum Life Company of the Year which is the most sought-after industry award for Australian life insurers. This award is assessed against overall key benchmarks such as financial strength and stability, market sales growth, premium rates and service quality. <div>  </div>
Dai-ichi Life Vietnam	Socialist Republic of Vietnam	The Third Class Labor Medal Award	Dai-ichi Life Vietnam was awarded the Third Class Labor Medal by Socialist Republic of Vietnam for the continuous CSR activities over the past years such as the sponsorship for free-of-charge surgeries to financially-challenged cataract patients, educational supports, and disaster reliefs. <div>  </div>
Star Union Dai-ichi Life	Institute of Directors (IOD), India	Golden Peacock Awards for Excellence in Corporate Governance	Star Union Dai-ichi Life received the Golden Peacock Award from the Institute of Directors (IOD), India, which was evaluated for excellence in corporate governance in 2017. <div>  </div>
Panin Dai-ichi Life	Investor	2017 The Best Life Insurance Company	Panin Dai-ichi Life, selected out of life insurance companies with total assets of between 1–15 trillion Indonesian rupiah, received the 2017 The Best Life Insurance Company award from Investor for its outstanding financial profile. <div>  </div>
OCEAN LIFE	AWEN - ASEAN Women Entrepreneurs Network	Thailand Outstanding ASEAN Women Entrepreneurs Awards 2017	OCEAN LIFE received the Thailand Outstanding ASEAN Women Entrepreneurs Awards 2017 as being a leading woman entrepreneur over the ASEAN Women Entrepreneurs Network as being leading the life insurance industry.

## Inclusion in the ESG Indices

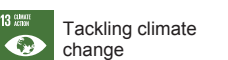
Dai-ichi life Holdings has been highly evaluated by ESG rating organizations in overseas and domestic, and we are incorporated into the following ESG indices (as of 2018 August).



## Participation in External Initiatives

External Initiatives	Summary
United Nations Global Compact (UNGC)	Dai-ichi Life Holdings signed the United Nations Global Compact in May 2014 and expresses support for it. <div>  </div>
Women's Empowerment Principles (WEPs)	Dai-ichi Life Holdings signed the Women's Empowerment Principles in December 2012 and endorsed the principles. <div>  </div>
Principles for Responsible Investment (PRI)	In the Dai-ichi Life Group, three companies including Dai-ichi Life, Asset Management One, Janus Henderson Group plc signed the Principles for Responsible Investment and endorsed the principles. <div>  </div>
Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21 <sup>st</sup> Century)	Principles for Financial Action for the 21 <sup>st</sup> Century are action guidelines for the overall CSR of financial institutions wishing to play a role and take responsibilities necessary for the formation of a sustainable society. Dai-ichi Life participated in the development of the principles as a member of the draft committee and signed up in November 2011. In addition, Neo First Life signed and endorsed the principles. <div>  </div>

### TOPICS Approach to Climate Change



The Dai-ichi Life Group considers climate change to be an important social issue and has been working to reduce CO<sub>2</sub> emissions. We have set a CO<sub>2</sub> emissions reduction target for the entire group (1% reduction compared with the previous year). In order to enhance the reliability of its CO<sub>2</sub> emissions performance data, We have received third-party assurance review from the Japan Quality Assurance Organization for Scope 1 (direct emissions from use of gas fuel), Scope 2 (indirect emissions from use of electricity) and Scope 3 (indirect emissions from other business activities) emissions, produced in fiscal 2017.

In addition, The Dai-ichi Life Group will deepen the analysis of the risks and opportunities that impact our life insurance business and asset management business. They include the impact on life and health as a result of natural disasters and infectious diseases caused by climate change as well as the impact on investment and loans due to policy changes accompanying the transition to a low-carbon society.



# Financial and Non-financial Data Since Demutualization (Fiscal 2010 - Fiscal 2017)

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
<b>Results of Operations</b>								
Ordinary revenues	4,571,556	4,931,781	5,283,989	6,044,955	7,252,242	7,333,947	6,456,796	7,037,827
Premium and other income	3,312,456	3,539,579	3,646,831	4,353,229	5,432,717	5,586,000	4,468,736	4,884,579
Investment income	922,787	1,035,662	1,335,120	1,320,066	1,444,012	1,344,852	1,626,177	1,802,626
Ordinary expenses	4,490,356	4,705,860	5,126,695	5,740,205	6,845,400	6,915,780	6,031,476	6,565,833
Benefits and claims	2,711,314	2,688,419	2,795,355	2,903,587	3,380,827	3,830,941	3,618,385	3,789,907
Provision for policy reserves and others	466,486	718,673	1,191,953	1,634,864	2,271,268	1,496,360	1,016,744	1,223,870
Investment expenses	444,681	380,315	221,738	234,950	168,935	524,041	342,102	548,957
Operating expenses	434,859	471,061	486,419	517,566	559,344	661,384	650,985	661,110
Ordinary profit	81,199	225,920	157,294	304,750	406,842	418,166	425,320	471,994
Provision for reserve for policyholder dividends	78,500	69,000	86,000	94,000	112,200	97,500	85,000	95,000
Net income attributable to shareholders of parent company	19,139	20,357	32,427	77,931	142,476	178,515	231,286	363,928
<b>Financial Condition</b>								
Total assets	32,297,862	33,468,670	35,694,411	37,705,176	49,837,202	49,924,922	51,985,850	53,603,028
Total liabilities	31,566,027	32,476,924	34,045,391	35,757,563	46,247,274	46,991,963	48,848,583	49,853,756
Policy reserves	29,039,453	29,862,729	31,012,539	32,574,923	41,634,712	42,922,534	43,740,238	44,597,717
Total net assets	731,835	991,745	1,649,020	1,947,613	3,589,927	2,932,959	3,137,266	3,749,271
Total shareholders' equity	548,928	569,253	563,340	628,538	1,029,622	1,129,262	1,300,756	1,589,623
Net unrealized gains (losses) on securities, net of tax	238,886	483,446	1,099,351	1,322,731	2,528,262	1,840,084	1,906,091	2,238,159
<b>Sales Results<sup>(1)</sup></b>								
Annualized net premium of new business	151,412	193,426	233,680	255,044	339,191	387,292	440,748	406,495
Annualized net premium from policies in force	2,161,819	2,262,768	2,347,721	2,437,469	3,217,095	3,396,202	3,633,488	3,671,198
<b>Corporate Value</b>								
Group European embedded value (EEV) (billions of yen) <sup>(2)</sup>	2,440.3	2,661.5	3,341.9	4,294.7	5,987.6	4,646.1	5,495.4	6,094.1
Value of new business (billions of yen) <sup>(2)</sup>	158.1	187.7	211.2	255.4	286.1	216.1	145.5	190.2
New business margin (%)	5.42	5.89	5.86	6.25	5.53	3.92	2.94	4.30
<b>Key Financial Indicators</b>								
Return on equity (ROE) (%)	2.3	2.4	2.5	4.3	5.1	5.5	7.6	10.6
Return on embedded value (RoEV) (%)	(13.7)	10.6	25.5	29.4	28.8	(21.9)	20.3	13.1
Consolidated solvency margin ratio (%)	547.7	563.2	702.4	756.9	818.2	763.8	749.2	838.3
Economic solvency ratio (%) <sup>(3)</sup>	-	-	-	-	147	98	151	170
Group adjusted profit (billions of yen)	-	-	100.0	116.0	214.7	204.6	210.1	243.2
<b>Per Share Indicators<sup>(4)</sup></b>								
Earnings per share (EPS) (yen)	19.17	20.61	32.75	78.58	124.94	150.53	196.62	310.69
Book value per share (BPS) (yen)	730.27	993.76	1,657.14	1,962.05	3,012.46	2,472.86	2,668.61	3,217.68
Dividends per share (DPS) (yen)	16	16	16	20	28	35	43	50
<b>Key Non-financial Indicators</b>								
Number of group employees (people)	59,356	60,305	60,771	59,512	60,647	61,446	62,606	62,943
Percentage of women in managerial posts (%) <sup>(5)</sup>	-	-	-	21.9	22.5	23.3	24.2	25.2
Number of employees with disabilities (people) <sup>(6)</sup>	848	846	865	891	913	926	953	966
CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) <sup>(7)</sup>	148,000	129,000	153,500	175,000	168,000	178,100	171,900	166,000
Total paper usage (t) <sup>(8)</sup>	9,954	9,922	9,849	8,116	6,509	6,559	6,998	6,510

- (1) Total of Dai-ichi Life, Dai-ichi Frontier Life for fiscal 2010. Total of Dai-ichi Life, Dai-ichi Frontier Life, TAL and Dai-ichi Life Vietnam for fiscal 2011 to fiscal 2013. Total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, TAL and Dai-ichi Life Vietnam for fiscal 2014. Total of Dai-ichi Life, Dai-ichi Frontier Life, Neo First Life, Protective, TAL and Dai-ichi Life Vietnam for fiscal 2015 and subsequent figures.
- (2) As from fiscal 2014, the extrapolation method beyond the last liquid data point of Japanese interest rate is changed from a method taking into account the yield curve of Japanese swap rate to a method using an ultimate forward rate.
- (3) From March 31, 2017, reflects expected rate of return on asset portfolio in valuation of insurance liabilities.
- (4) The Company conducted a 1:100 share split on October 1, 2013. Adjustments are made to per share indicators before the share split was conducted.
- (5) Total of the Company, the three domestic insurance companies, Figures as of April 1 of the next fiscal year, which represent the percentage for the current fiscal year.
- (6) Total of the Company, the three domestic insurance companies, Dai-ichi Life Business Services and Dai-ichi Life Information Systems. Figures as of April 1 of the next fiscal year, which represent the number of persons for the current fiscal year.
- (7) Figures for fiscal 2010 to fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group. In Japan, as from fiscal 2017, calculation for CO<sub>2</sub> emissions is changed to a method using the conversion factor specified in the Act on Promotion of Global Warming Countermeasures for emissions of the given fiscal year. Figures for previous fiscal years are recalculated retroactively using this method.
- (8) Figures for fiscal 2010 to fiscal 2014 are for Dai-ichi Life only. Fiscal 2015 and subsequent figures are totals for the Dai-ichi Life Group.



# Financial Analysis

## FY2015-2017 Reflecting on Our Previous Medium-term Management Plan

Since our demutualization and listing on the stock exchange in April 2010, the Dai-ichi Life Group has been diversifying its business and geographical distribution both in Japan and abroad in order to increase its corporate value through sustained growth amid major changes in the financial and economic environment. Under *D-Ambitious*, our medium-term management plan for the period from fiscal 2015 to fiscal 2017, we aimed to accelerate growth through three growth engines. In Japan, we established a domestic three-company structure to provide a variety of products and services to meet customer needs and that are applicable to the current financial and economic environment. For our overseas business, we built a balanced business portfolio which combines growth in emerging markets and stable profit contribution from developed markets. In the asset management business, we established a foundation for growth through the establishment of Asset Management One and Janus Henderson. In addition, in order to establish a management system that supports sustainable growth, we began full-scale operation of regional headquarters in

North America and Asia Pacific, and shifted to a holding company structure in October 2016.

One of the quantitative targets of the medium-term management plan was to increase annualized net premium from policies in-force, a top-line indicator, by 9% compared to the end of March 2015. We significantly surpassed our target by achieving an increase of 14.1% due to the success of our growth strategies both in Japan and abroad, as mentioned earlier. The target for Group adjusted profit, which is the source of shareholder returns, was 180.0 billion yen, well above the 100.0 billion yen target set in the previous medium-term management plan *Action D*. For fiscal year ended March 31, 2018, Group adjusted profit significantly surpassed our target at 243.2 billion yen, partly due to external factors such as the rise in the domestic and foreign stock prices. In light of increase in profit, we expect to maintain a dividend increase for the fifth consecutive year. For fiscal year ended March 31, 2018, we expect to achieve a total payout ratio of 40%, combined with a share repurchase of 39.0 billion yen.

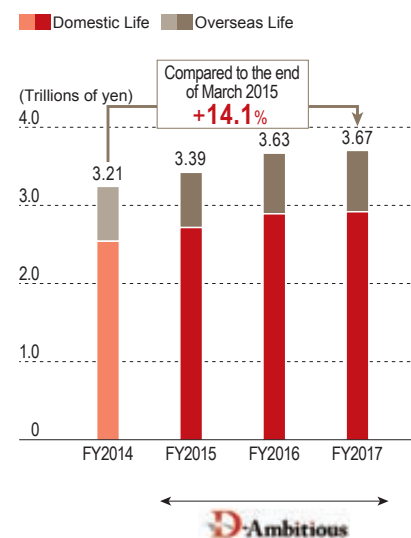


### Group Management Objectives (Quantitative Targets)

Top-line indicator and Group adjusted profit both surpass initial target  
Enhancement of shareholder returns in light of improvement in accounting income

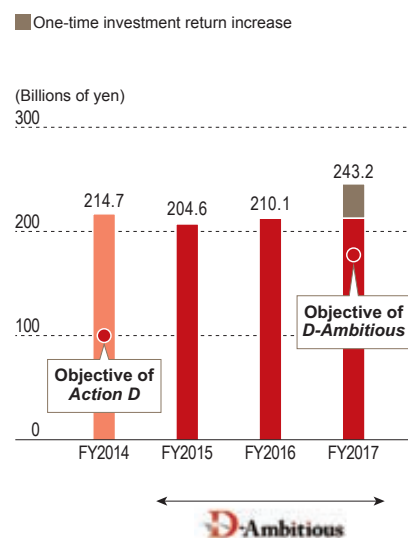
#### Group Annualized Net Premium In-force

Target for the end of FY2017 +9%  
(Up from end of FY2014)



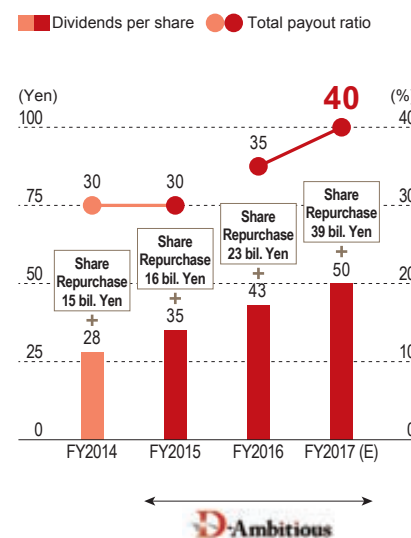
#### Group Adjusted Profit

Target for FY2017 180 billion yen



#### Total Payout Ratio

Target for 40% during the period of *D-Ambitious*



## Review of FY2017

### Economic and Financial Environment

In the fiscal year ended March 31, 2018, the global economy grew in both developed and emerging countries in light of improved economic conditions in manufacturing. Amid long-standing economic recovery, although financial markets became unstable at times due to speculation over the U.S. financial and monetary policies, the impact on the real economy was limited, and the global economy has progressed steadily.

The Japanese economy continued to expand, driven by increased exports and production. The household sector also followed a moderate recovery trend, and capital investment continued to increase because of a rebound in domestic and overseas demand and a shortage of labor. As a result, the economy recovered as it expanded. Regarding economies of the regions in which the Dai-ichi Life Group operates, in the U.S. the economy continued to expand due to factors such as increase in consumption. Emerging Asian economies recovered as the Chinese economy bottomed out and the global manufacturing sector performed strongly.

fiscal year. This was due mainly to a sharp decline in sales of individual annuities, which fell 52.4% as a result of the revision of premium rates. Meanwhile, annualized net premium of new business in the third-sector, including insurance policies for medical and nursing care, increased by 3.2% year on year.

### Dai-ichi Life Group's Operating Results

The Dai-ichi Life Group responded flexibly to the diversifying customer needs under the three brands in Japan. To meet strong demand for savings-type products, we offered single-premium foreign currency-denominated insurance and annuity products through Dai-ichi Frontier Life. Dai-ichi Life and Neo First Life developed and provided medical insurance and products for corporate clients. As a result, annualized net premium of new business of the three domestic companies decreased by 14.1% year on year, while annualized net premium of new business in the third-sector increased by 23.7% year on year. At Dai-ichi Life, sales of flagship protection-type products increased accounting for 80% of annualized net premium of new business.

As for our overseas business, Protective and TAL steadily increased sales of new policies, and Dai-ichi Life Vietnam expanded its alliance channels in addition to its individual agency channel. As a result, annualized net premium of new business of the three overseas life insurance companies increased by 26.5%. As a result, the Group's annualized net premium of new business decreased by only 7.8%.

### Industry Trends

In Japan, as the low-interest-rate environment continued, the standard rate of return, which is the criteria for accumulating standard policy reserve, was lowered from 0.75% to 0.25% in April 2017. As a result, there was a trend across the industry to review the premium rate of insurance policies. Although domestic life insurance companies focused on selling products such as death insurance, medical and nursing care insurance, annualized net premium of new business of all 41 life insurance companies declined 19.8% from the previous

#### Annualized Net Premium of New Business of 41 Life Insurance Companies in Japan

	Fiscal 2016	Fiscal 2017	Year-on-year
Individual Insurance	2.4	2.2	(7.8)%
Individual Annuities	0.8	0.4	(52.4)%
Total	3.3	2.6	(19.8)%
Third-sector	0.6	0.6	3.3 %

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

#### Annualized Net Premium of New Business of the Three Domestic Life Insurance Companies

	Fiscal 2016	Fiscal 2017	Year-on-year
Individual Insurance	129.2	175.9	36.1 %
Individual Annuities	242.6	143.4	(40.9)%
Total	371.9	319.4	(14.1)%
Third-sector	61.7	76.3	23.7 %

#### Group Annualized Net Premium of New Business

	Fiscal 2016	Fiscal 2017	Year-on-year
Domestic Life	371.9	319.4	(14.1)%
Overseas Life	68.8	87.0	26.5 %
Group Total	440.7	406.4	(7.8)%

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

Financial Results of the Dai-ichi Life Group

Consolidated ordinary revenues for the fiscal year ended March 31, 2018 increased by 9% from the previous fiscal year. The decline in premium income at Dai-ichi Life was more than offset by the increase in premium income from other group companies and the increase in income from interest and dividends at Dai-ichi Life due to the improvement in the financial and economic environment. Consolidated ordinary profit increased by 11% due to the aforementioned factors together with the improvement in net capital gains at Dai-ichi Life. Despite the increase in Dai-ichi Life's profit, Dai-ichi Frontier Life's profits declined due to a reversal of policy reserves related to market value adjustments reflecting rising foreign interest rates recorded in the previous fiscal year and provision for contingency reserves reflecting an increase in sales. For the overseas life insurance business, profit declined year on year due to the absence of one-time factors that had a positive effect on profit during the previous year.

Net income attributable to shareholders of parent company increased by 57% to 363.9 billion yen. In May 2017,

Janus Capital Group Inc. (approximately 20% share held by Dai-ichi Life Holdings Inc.) and Henderson Group plc merged and the Company recorded a share exchange gain of 33.5 billion yen. In addition, Protective recorded one-time gain of 90.1 billion yen from a re-measurement of deferred tax liabilities as a result of the reduction in U.S. corporate tax rates.

"Group adjusted profit" is the total of Group companies profit after adjustments for non-cash accounting items. Adjustments are made net of tax. The main item added is amortization of goodwill as a consolidation adjustment. Main items deducted are gains or losses on accounting for market value adjustment, net of tax at Dai-ichi Frontier Life, the effect of the U.S. corporate tax reduction at Protective and a share exchange gain as a consolidation adjustment. As a result of these adjustments, Group adjusted profit increased from 210.1 billion yen in the previous fiscal year to 243.2 billion yen.

Our annual cash dividend forecast is 50 yen per share (7 yen increase from the previous fiscal year), which is a 5 yen increase from our initial forecast of 45 yen per share. We also plan a share repurchase of 39.0 billion yen. Together with cash dividends, we expect total dividend payout ratio to reach 40%.

Performance Trends of Major Group Companies

(1) Dai-ichi Life

Fundamental profit, which represents profit from an insurance company's core business for a given fiscal period, increased from 391.6 billion yen to 429.0 billion yen. Positive spread improved but gains from core insurance activities declined compared to the previous fiscal year. In addition to factors such as the weaker yen and increase in investment returns, positive spread increased because of an increase in income from interest and dividends resulting from investment revenues from gains on distribution from mutual funds. The decline in gains from core insurance activities was due to the effect of provision for policy reserves to fill the gap between the company's assumed rate of return and standard rates that were revised from April 2017. As aforementioned, net capital gains also improved, and ordinary profit increased by 77.0 billion yen to 358.8 billion yen.

(2) Dai-ichi Frontier Life

Operating income, which represent Dai-ichi Frontier Life's essential profit, was up due to an increase in sales driven by an increase in sum insured of policies in-force. Market value adjustment related gains decreased compared to the previous year because the rise in interest rates was relatively low. This component was largely affected by the rise in interest rates at the end of 2016. Net income decreased due mainly to an increase in provision for contingency reserve because of an increase in sales of foreign-currency denominated products and increase in corporate tax payment after the utilization of tax losses carried forward during fiscal year ended March 31, 2017.

(3) Protective

Pre-tax adjusted operating income increased marginally from the previous fiscal year. The stable value segment benefited from a combination of higher account balances and improvement in investment income. For the life marketing and annuities segments, there was a positive impact from a favorable year on year comparison of the impact of deferred acquisition costs unlocking after a revision to the assumptions applied for calculating future profit. Earnings from the acquisitions business were down due to the expected runoff of in-force blocks business.

Single-premium immediate annuities benefits increased compared to the previous year and had a negative impact on the annuities segment. However, with respect to the overall business, earnings followed an upward trend.

Net income significantly increased due to one-time profit of 797.6 million U.S. dollars from a re-measurement of deferred tax liabilities as a result of the reduction in the U.S. corporate tax rate.

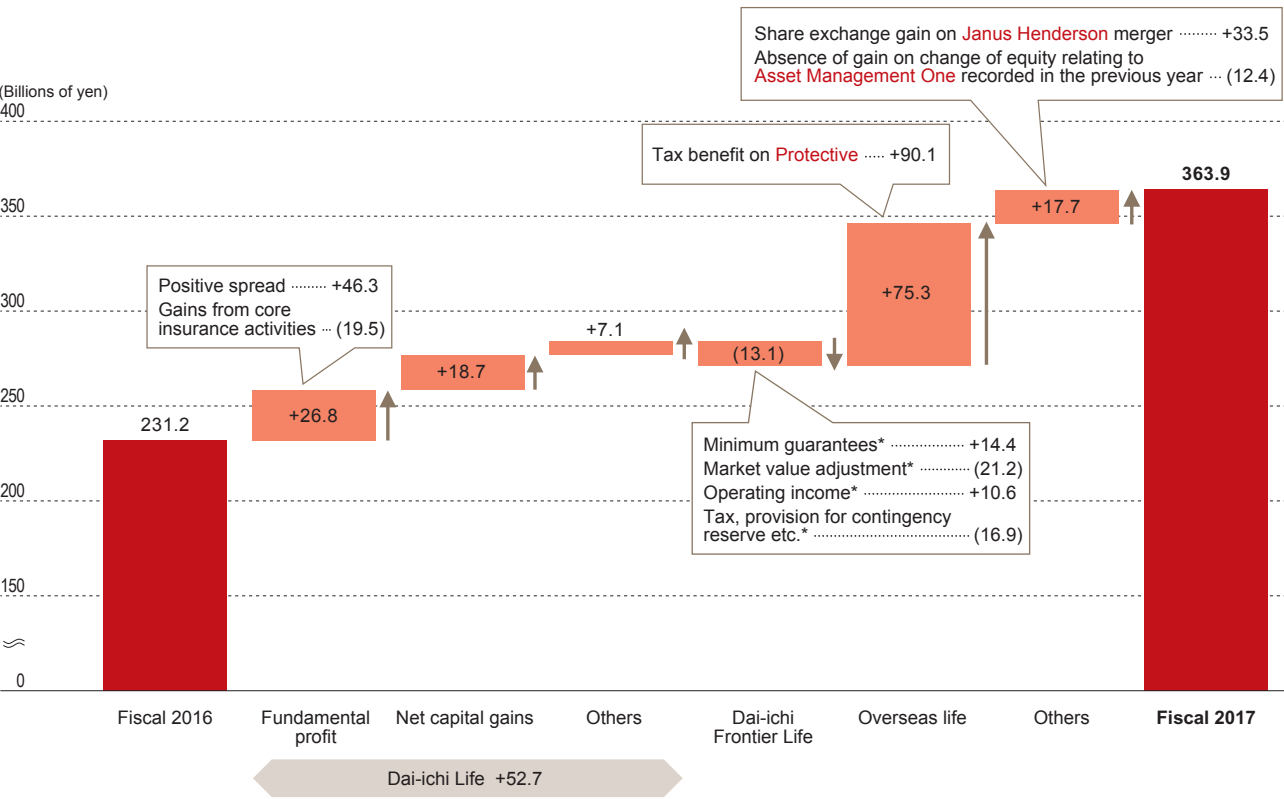
\* Presented based on figures denominated in U.S. dollars, the local currency.

(4) TAL

Ordinary revenues were driven by an increase in premium income of 7% year on year as sum insured of policies in-force accumulated. Income protection claim experience continues to require careful monitoring in light of the economic environment but because of efforts in cost control and price revision at individual segment, the company recorded a 2% improvement in underlying profit, which represents TAL's essential profit. Net income declined by 13% year on year due to factors including unfavorable investment income compared to the previous year.

\* Presented based on figures denominated in Australian dollars, the local currency.

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



\* Before tax figures

Economic Value Indicators

Group EEV as of March 31, 2018 was approximately 6 trillion yen. This was due to securing new policies and increase in unrealized gains on domestic stocks due to improvements in the financial environment such as the rise in domestic stock prices. Value of new business increased to 190.2 billion yen for fiscal year ended March 2018 due to a product portfolio shift to protection-type products at Dai-ichi Life and increase in sales at Neo First Life. Group new business margin also improved from 2.9% to 4.3% due mainly to Dai-ichi Life's shift to protection-type products. Items from "value of new business" through "non-economic assumptions change," amounting to approximately 470 billion yen in total, can be regarded as organic growth in EEV. The organic growth rate, or operating RoEV, was 8.8%. In addition, the annualized average growth over the eight years since demutualization is 11.5%, surpassing the Group target of 8%.

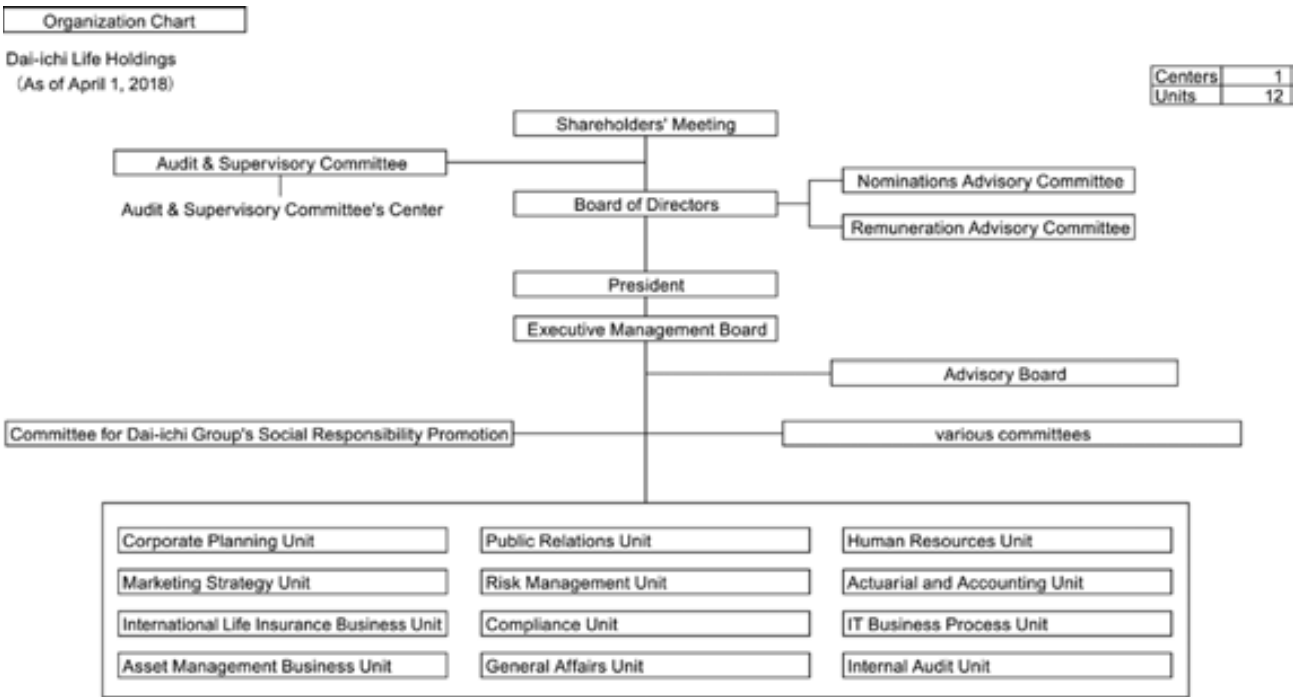
The economic solvency ratio (ESR) improved from the end of the previous fiscal of 151% to 170%. Accumulation of value of new business and increase in unrealized gains were the main factors that contributed to the increase. We aim for ESR between the range of 170% and 200% through risk controlling based on the business environment of each market and financial situation of each business over the medium- to long-term.

# 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	603 persons

## Management Organization



## Capital Stock and Number of Shares

### 1. Capital stock

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

### 2. Number of shares and shareholders

(As of March 31, 2018)

Number of shares authorized to be issued	4,000,000 thousand shares
Number of issued shares	1,198,023 thousand shares
Number of shareholders	774,428 persons

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

### 3. Type of issued shares

(As of March 31, 2018)

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, 2018)

Name of shareholders	Ownership in the Company	
	Shares held	Percentage
	thousands of shares	%
Japan Trustee Services Bank, Ltd. (Trust Account)	60,853	5.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	51,134	4.37
Mizuho Bank, Ltd.	45,000	3.84
GOLDMAN SACHS INTERNATIONAL	38,203	3.26
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	37,800	3.23
Japan Trustee Services Bank, Ltd. (Trust Account 9)	21,736	1.85
Japan Trustee Services Bank, Ltd. (Trust Account 5)	21,321	1.82
Sompo Japan Nipponkoa Insurance Inc.	20,000	1.71
STATE STREET BANK WEST CLIENT - TREATY 505234	19,947	1.70
Japan Trustee Services Bank, Ltd. (Trust Account 7)	17,923	1.53

(Notes) 1. The treasury stock held by the Company (28,960 thousands of shares) is excluded from the above Major Shareholders.  
2. Numbers of shares less than one thousand are disregarded.  
3. Percentage figures of ownership are calculated after deducting the number of treasury stock from the number of issued shares, and figures less than the second decimal place are disregarded.

5. Independent Auditor

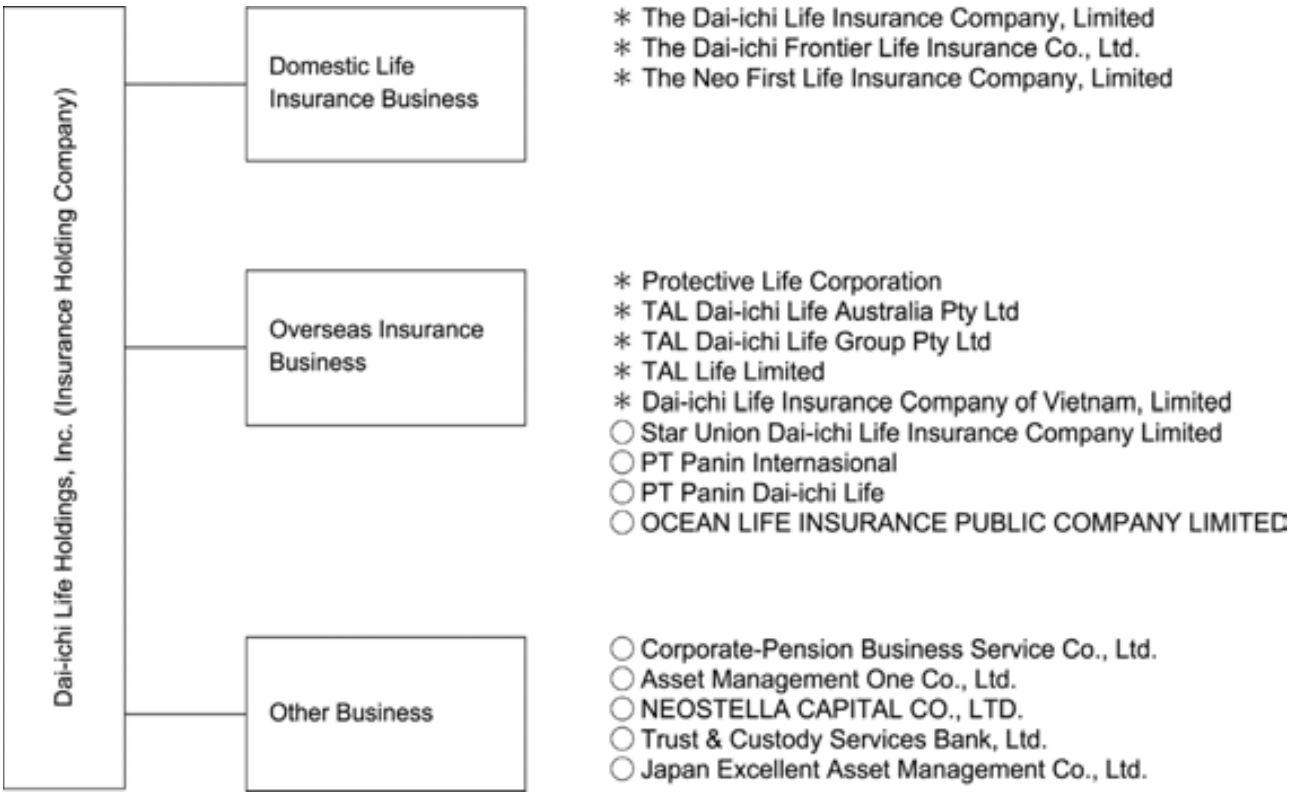
KPMG AZSA LLC

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

Main Businesses and Organization

Main businesses operated by the Company and its 79 subsidiaries and 27 affiliated companies, and the positioning of the group companies with respect to each of these businesses, are described as follows.

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



(Notes) 1. Company names of principal subsidiaries and affiliated companies are shown.  
2. Company names with " \* " are consolidated subsidiaries and "○" are affiliated companies under the equity method as of March 31, 2018.



## 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	27.6 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	1.630 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	5,407.5 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	6.0 billion JPY	Other business	0.0%	50.0%
Asset Management One Co., Ltd.	July 1, 1985	Chiyoda-ku, Tokyo	2.0 billion JPY	Other business	49.0%	0.0%
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	50.0 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%

(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,				
	2014	2015	2016	2017	2018
Ordinary revenues (million yen)	6,044,955	7,252,242	7,333,947	6,456,796	7,037,827
Ordinary profit (million yen)	304,750	406,842	418,166	425,320	471,994
Net income attributable to shareholders of parent company (million yen)	77,931	142,476	178,515	231,286	363,928
Comprehensive income (million yen)	300,180	1,384,315	(592,867)	264,969	684,757

	As of March 31,				
	2014	2015	2016	2017	2018
Total net assets (million yen)	1,947,613	3,589,927	2,932,959	3,137,266	3,749,271
Total assets (million yen)	37,705,176	49,837,202	49,924,922	51,985,850	53,603,028
Consolidated solvency margin ratio (%)	756.9	818.2	763.8	749.2	838.3

### Outline of business

Ordinary revenues for the fiscal year ended March 31, 2018 increased by 9.0% compared to the prior fiscal year to 7,037.8 billion yen, consisting of 4,884.5 billion yen (9.3% increase) of premium and other income, 1,802.6 billion yen (10.9% increase) of investment income, and 350.6 billion yen (3.1% decrease) of other ordinary revenues.

Meanwhile, the Group's ordinary expenses for the fiscal year ended March 31, 2018 increased by 8.9% compared to the prior fiscal year to 6,565.8 billion yen, consisting of 3,789.9 billion yen (4.7% increase) of benefits and claims, 1,223.8 billion yen (20.4% increase) of provision for policy reserves and others, 548.9 billion yen (60.5% increase) of investment expenses, 661.1 billion yen (1.6% increase) of operating expenses, and 341.9 billion yen (15.2% decrease) of other ordinary expenses.

Consequently, the Group's ordinary profit for the fiscal year ended March 31, 2018 increased by 11.0% compared to the prior fiscal year to 471.9 billion yen. Net income attributable to shareholders of parent company, which is ordinary profit after extraordinary gains and losses, provision for reserve for policyholder dividends and total of corporate income taxes, increased by 57.4% compared to the prior fiscal year to 363.9 billion yen due to the impact of a re-measurement of deferred tax liabilities as a result of a reduction in the United States corporate tax rate recognized at Protective Life Corporation.

Segment results were as follows:

#### (1) Domestic Life Insurance Business

Ordinary revenues for the domestic life insurance business increased compared to the prior fiscal year by 482.5 billion yen, or 9.4%, to 5,616.2 billion yen due mainly to an increase in sales of foreign currency-denominated products at The Dai-ichi Frontier Life Insurance Co., Ltd. Segment profit increased compared to the prior fiscal year by 71.7 billion yen, or 21.1%, to 411.5 billion yen due mainly to an increase in interest and dividends income at The Dai-ichi Life Insurance Company, Limited.

#### (2) Overseas insurance business

Ordinary revenues for the overseas insurance business increased compared to the prior fiscal year by 87.7 billion yen, or 6.4%, to 1,461.5 billion yen due mainly to Protective Life Corporation's improvements in investment income in light of the rise in stock prices in the United States. Segment profit decreased compared to the prior fiscal year by 25.8 billion yen, or 30.1%, to 60.1 billion yen due mainly to lower realized gain related to modified co-insurance contracts at Protective Life Corporation.

#### (3) Other business

Ordinary revenues for other business increased compared to the prior fiscal year by 22.8 billion yen, or 54.6%, to 64.5



billion yen mainly because of a share exchange gain recorded in relation to the merger between Janus Capital Group Inc., which was an affiliated company of Dai-ichi Life Holdings, Inc. and Henderson Group plc. Segment profit increased compared to the prior fiscal year by 27.5 billion yen, or 132.8%, to 48.2 billion yen.

## Consolidated Balance Sheet

	(Unit: million yen)		(Unit: million US dollars)
	As of March 31,		
	2017	2018	2018
(ASSETS)			
Cash and deposits	881,965	891,285	8,389
Call loans	98,500	164,600	1,549
Monetary claims bought	198,294	195,133	1,836
Money held in trust	333,111	523,828	4,930
Securities	43,650,962	44,916,958	422,787
Loans	3,566,603	3,487,682	32,828
Tangible fixed assets	1,138,416	1,130,525	10,641
Land	775,384	773,762	7,283
Buildings	351,393	346,027	3,257
Leased assets	5,097	4,276	40
Construction in progress	691	97	0
Other tangible fixed assets	5,848	6,362	59
Intangible fixed assets	433,236	414,995	3,906
Software	71,933	86,422	813
Goodwill	57,938	51,481	484
Other intangible fixed assets	303,364	277,091	2,608
Reinsurance receivable	91,248	94,064	885
Other assets	1,492,098	1,676,172	15,777
Deferred tax assets	150	1,201	11
Customers' liabilities for acceptances and guarantees	103,786	108,514	1,021
Reserve for possible loan losses	(2,079)	(1,497)	(14)
Reserve for possible investment losses	(444)	(436)	(4)
Total assets	51,985,850	53,603,028	504,546
(LIABILITIES)			
Policy reserves and others	44,694,128	45,513,790	428,405
Reserves for outstanding claims	568,005	517,422	4,870
Policy reserves	43,740,238	44,597,717	419,782
Reserve for policyholder dividends	385,884	398,650	3,752
Reinsurance payable	208,621	218,791	2,059
Bonds payable	989,743	968,938	9,120
Other liabilities	1,852,035	1,998,151	18,807
Net defined benefit liabilities	421,560	413,189	3,889
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,498	1,384	13
Reserve for possible reimbursement of prescribed claims	800	900	8
Reserves under the special laws	174,677	195,797	1,842
Reserve for price fluctuations	174,677	195,797	1,842
Deferred tax liabilities	324,496	357,859	3,368
Deferred tax liabilities for land revaluation	77,236	76,438	719
Acceptances and guarantees	103,786	108,514	1,021
Total liabilities	48,848,583	49,853,756	469,255
(NET ASSETS)			
Capital stock	343,146	343,146	3,229
Capital surplus	329,740	329,653	3,102
Retained earnings	665,345	976,899	9,195
Treasury stock	(37,476)	(60,076)	(565)
Total shareholders' equity	1,300,756	1,589,623	14,962
Net unrealized gains (losses) on securities, net of tax	1,906,091	2,238,159	21,067
Deferred hedge gains (losses)	(25,243)	(9,649)	(90)
Reserve for land revaluation	(17,541)	(12,423)	(116)
Foreign currency translation adjustments	(8,178)	(49,201)	(463)
Accumulated remeasurements of defined benefit plans	(19,865)	(8,584)	(80)
Total accumulated other comprehensive income	1,835,262	2,158,300	20,315
Subscription rights to shares	1,247	1,348	12
Total net assets	3,137,266	3,749,271	35,290
Total liabilities and net assets	51,985,850	53,603,028	504,546

## Consolidated Statement of Earnings

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2017	2018	2018
ORDINARY REVENUES	6,456,796	7,037,827	66,244
Premium and other income	4,468,736	4,884,579	45,976
Investment income	1,626,177	1,802,626	16,967
Interest and dividends	1,107,793	1,197,362	11,270
Gains on investments in trading securities	138,124	214,470	2,018
Gains on sale of securities	223,704	236,702	2,227
Gains on redemption of securities	39,373	24,835	233
Reversal of reserve for possible loan losses	—	343	3
Other investment income	1,461	1,484	13
Gains on investments in separate accounts	115,719	127,428	1,199
Other ordinary revenues	361,883	350,621	3,300
ORDINARY EXPENSES	6,031,476	6,565,833	61,801
Benefits and claims	3,618,385	3,789,907	35,673
Claims	1,219,541	1,177,487	11,083
Annuities	635,941	656,046	6,175
Benefits	445,932	457,515	4,306
Surrender values	686,261	803,906	7,566
Other refunds	630,708	694,950	6,541
Provision for policy reserves and others	1,016,744	1,223,870	11,519
Provision for policy reserves	1,008,360	1,215,562	11,441
Provision for interest on policyholder dividends	8,384	8,308	78
Investment expenses	342,102	548,957	5,167
Interest expenses	40,902	43,866	412
Losses on money held in trust	12,236	1,244	11
Losses on sale of securities	94,260	115,943	1,091
Losses on valuation of securities	27,172	4,709	44
Losses on redemption of securities	2,900	4,338	40
Derivative transaction losses	29,464	78,917	742
Foreign exchange losses	73,705	245,255	2,308
Provision for reserve for possible loan losses	329	—	—
Provision for reserve for possible investment losses	21	205	1
Write-down of loans	737	992	9
Depreciation of real estate for rent and others	13,784	13,286	125
Other investment expenses	46,587	40,199	378
Operating expenses	650,985	661,110	6,222
Other ordinary expenses	403,258	341,986	3,218
Ordinary profit	425,320	471,994	4,442
EXTRAORDINARY GAINS	17,495	34,182	321
Gains on disposal of fixed assets	4,984	651	6
Gains on exchange of stocks of subsidiaries and affiliated companies	—	33,507	315
Gains on changes in equity	12,493	—	—
Other extraordinary gains	16	23	0
EXTRAORDINARY LOSSES	47,447	34,416	323
Losses on disposal of fixed assets	13,975	1,446	13
Impairment losses on fixed assets	13,742	11,589	109
Provision for reserve for price fluctuations	19,430	21,120	198
Other extraordinary losses	299	259	2
Provision for reserve for policyholder dividends	85,000	95,000	894
Income before income taxes	310,367	376,760	3,546
Corporate income taxes-current	68,151	113,588	1,069
Corporate income taxes-deferred	10,919	(100,757)	(948)
Total of corporate income taxes	79,071	12,831	120
Net Income	231,295	363,928	3,425
Net income attributable to non-controlling interests	9	—	—
Net income attributable to shareholders of parent company	231,286	363,928	3,425

## Consolidated Statement of Comprehensive Income

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2017	2018	2018
Net income	231,295	363,928	3,425
Other comprehensive income			
Net unrealized gains (losses) on securities, net of tax	65,641	335,075	3,153
Deferred hedge gains (losses)	(21,377)	15,579	146
Reserve for land revaluation	(27)	(3)	(0)
Foreign currency translation adjustments	(23,674)	(28,541)	(268)
Remeasurements of defined benefit plans, net of tax	13,859	11,288	106
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(748)	(12,568)	(118)
Total other comprehensive income	33,673	320,828	3,019
Comprehensive income	264,969	684,757	6,445
(Details)			
Attributable to shareholders of parent company	264,962	684,757	6,445
Attributable to non-controlling interests	7	—	—

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2017

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
Changes for the year					
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
Changes for the year				
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
Changes for the year					
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

Consolidated Statement of Changes in Net Assets (Continued)

Year ended March 31, 2018

Year ended March 31, 2018	(Unit: million yen)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	343,146	329,740	665,345	(37,476)	1,300,756
Changes for the year					
Dividends			(50,531)		(50,531)
Net income attributable to shareholders of parent company			363,928		363,928
Purchase of treasury stock				(22,999)	(22,999)
Disposal of treasury stock		(87)		400	312
Change in scope of consolidation					-
Change in scope of equity method					-
Transfer from reserve for land revaluation			(5,121)		(5,121)
Others			3,277		3,277
Net changes of items other than shareholders' equity					
Total changes for the year	-	(87)	311,553	(22,599)	288,866
Balance at the end of the year	343,146	329,653	976,899	(60,076)	1,589,623

	(Unit: million yen)			
	Accumulated other comprehensive income			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments
Balance at the beginning of the year	1,906,091	(25,243)	(17,541)	(8,178)
Changes for the year				
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	332,068	15,594	5,117	(41,023)
Total changes for the year	332,068	15,594	5,117	(41,023)
Balance at the end of the year	2,238,159	(9,649)	(12,423)	(49,201)

	(Unit: million yen)				
	Accumulated other comprehensive income				
	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	(19,865)	1,835,262	1,247	-	3,137,266
Changes for the year					
Dividends					(50,531)
Net income attributable to shareholders of parent company					363,928
Purchase of treasury stock					(22,999)
Disposal of treasury stock					312
Change in scope of consolidation					-
Change in scope of equity method					-
Transfer from reserve for land revaluation					(5,121)
Others					3,277
Net changes of items other than shareholders' equity	11,280	323,037	101	-	323,138
Total changes for the year	11,280	323,037	101	-	612,005
Balance at the end of the year	(8,584)	2,158,300	1,348	-	3,749,271



Year ended March 31, 2018

	(Unit: million US dollars)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	3,229	3,103	6,262	(352)	12,243
Changes for the year					
Dividends			(475)		(475)
Net income attributable to shareholders of parent company			3,425		3,425
Purchase of treasury stock				(216)	(216)
Disposal of treasury stock		(0)		3	2
Change in scope of consolidation					—
Change in scope of equity method					—
Transfer from reserve for land revaluation			(48)		(48)
Others			30		30
Net changes of items other than shareholders' equity					
Total changes for the year	—	(0)	2,932	(212)	2,718
Balance at the end of the year	3,229	3,102	9,195	(565)	14,962

	(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	17,941	(237)	(165)	(76)	
Changes for the year					
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	3,125	146	48	(386)	
Total changes for the year	3,125	146	48	(386)	
Balance at the end of the year	21,067	(90)	(116)	(463)	

	(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	(186)	17,274	11	—	29,529
Changes for the year					
Dividends					(475)
Net income attributable to shareholders of parent company					3,425
Purchase of treasury stock					(216)
Disposal of treasury stock					2
Change in scope of consolidation					—
Change in scope of equity method					—
Transfer from reserve for land revaluation					(48)
Others					30
Net changes of items other than shareholders' equity	106	3,040	0	—	3,041
Total changes for the year	106	3,040	0	—	5,760
Balance at the end of the year	(80)	20,315	12	—	35,290

## Consolidated Statement of Cash Flows

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2017	2018	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income taxes	310,367	376,760	3,546
Depreciation of real estate for rent and others	13,784	13,286	125
Depreciation	52,477	43,208	406
Impairment losses on fixed assets	13,742	11,589	109
Amortization of goodwill	3,600	3,823	35
Increase (decrease) in reserves for outstanding claims	(9,289)	(35,828)	(337)
Increase (decrease) in policy reserves	978,172	1,004,292	9,453
Provision for interest on policyholder dividends	8,384	8,308	78
Provision for (reversal of) reserve for policyholder dividends	85,000	95,000	894
Increase (decrease) in reserve for possible loan losses	392	(564)	(5)
Increase (decrease) in reserve for possible investment losses	21	(8)	(0)
Write-down of loans	737	992	9
Decrease (increase) in net defined benefit assets	182	—	—
Increase (decrease) in net defined benefit liabilities	42	8,378	78
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(379)	(114)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	—	100	0
Increase (decrease) in reserve for price fluctuations	19,430	21,120	198
Interest and dividends	(1,107,793)	(1,197,362)	(11,270)
Securities related losses (gains)	(392,587)	(478,445)	(4,503)
Interest expenses	40,902	43,866	412
Foreign exchange losses (gains)	73,705	245,255	2,308
Losses (gains) on disposal of fixed assets	8,810	595	5
Equity in losses (income) of affiliates	(6,424)	(5,528)	(52)
Gains on exchange of stocks of subsidiaries and affiliated companies	—	(33,507)	(315)
Losses (gains) on changes in equity	(12,493)	—	—
Decrease (increase) in reinsurance receivable	13,550	(6,147)	(57)
Decrease (increase) in other assets unrelated to investing and financing activities	(59,108)	(40,271)	(379)
Increase (decrease) in reinsurance payable	127,673	15,603	146
Increase (decrease) in other liabilities unrelated to investing and financing activities	(372)	159,932	1,505
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	(5,562)	(223)	(2)
Others, net	87,305	126,897	1,194
Subtotal	244,273	381,008	3,586
Interest and dividends received	1,290,823	1,356,311	12,766
Interest paid	(45,850)	(51,328)	(483)
Policyholder dividends paid	(98,201)	(90,542)	(852)
Others, net	86,799	(369,626)	(3,479)
Corporate income taxes paid	(101,035)	(56,686)	(533)
Net cash flows provided by (used in) operating activities	1,376,809	1,169,136	11,004
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of monetary claims bought	(27,915)	(29,134)	(274)
Proceeds from sale and redemption of monetary claims bought	61,957	32,648	307
Purchases of money held in trust	(267,918)	(355,628)	(3,347)
Proceeds from decrease in money held in trust	9,743	163,600	1,539
Purchases of securities	(8,191,513)	(9,663,806)	(90,962)
Proceeds from sale and redemption of securities	6,284,811	8,851,662	83,317
Origination of loans	(515,666)	(715,646)	(6,736)
Proceeds from collection of loans	625,331	757,822	7,133
Others, net	(205,412)	31,173	293
Total of net cash provided by (used in) investment transactions	(2,226,581)	(927,308)	(8,728)
Total of net cash provided by (used in) operating activities and investment transactions	(849,771)	241,828	2,276
Acquisition of tangible fixed assets	(39,785)	(35,547)	(334)
Proceeds from sale of tangible fixed assets	35,418	2,818	26
Acquisition of intangible fixed assets	(28,468)	(34,129)	(321)
Proceeds from sale of intangible fixed assets	12	—	—
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	(612)	—	—
Acquisition of stock of subsidiaries	—	(1,696)	(15)
Net cash flows provided by (used in) investing activities	(2,260,016)	(995,862)	(9,373)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

## I . BASIS FOR PRESENTATION

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

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

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥106.24=US\$1.00, the foreign exchange rate on March 31, 2018, 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, 2018 was sixty-one. The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited ("DLVN"), TAL Dai-ichi Life Australia Pty Ltd ("TDLA") and Protective Life Corporation.

Effective the fiscal year ended March 31, 2018, one subsidiary of TDLA was included in the scope of consolidation.

Effective the fiscal year ended March 31, 2018, one subsidiary of TDLA was excluded from the scope of consolidation as it had been liquidated.

The number of non-consolidated subsidiaries as of March 31, 2018 was eighteen. 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 eighteen non-consolidated subsidiaries as of March 31, 2018 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, 2018 was zero.

The number of affiliated companies under the equity method as of March 31, 2018 was twenty-three. 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, and PT Panin Internasional.

Effective the fiscal year ended March 31, 2018, one affiliated company of Asset Management One Co., Ltd. was excluded from the scope of the equity method as it had been sold.

As a result of the business integration with Henderson Group plc, effective the fiscal year ended March 31, 2018, the total twenty-four companies of Janus Capital Group Inc. were excluded from the scope of the equity method.

Effective the fiscal year ended March 31, 2018, one affiliated company of TDLA was excluded from the scope of the equity method as it had been 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., 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.

	(Unit: million yen)		(Unit: million US dollars)
	Year ended March 31,		
	2017	2018	2018
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	480,869	60,455	569
Repayment of borrowings	(70,841)	(79,665)	(749)
Proceeds from issuing bonds	540,634	62,176	585
Redemption of bonds	(24,622)	(62,545)	(588)
Repayment of financial lease obligations	(1,697)	(2,177)	(20)
Net increase (decrease) in short-term financing	41,882	9,862	92
Purchase of treasury stock	(15,999)	(22,999)	(216)
Cash dividends paid	(41,412)	(50,413)	(474)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	—	(114)	(1)
Others, net	1,273	0	0
Net cash flows provided by (used in) financing activities	910,086	(85,421)	(804)
Effect of exchange rate changes on cash and cash equivalents	(1,950)	(12,432)	(117)
Net increase (decrease) in cash and cash equivalents	24,928	75,419	709
Cash and cash equivalents at the beginning of the year	961,221	980,465	9,228
Increase (decrease) in cash and cash equivalents due to changes in the subsidiaries included in the scope of consolidation	(5,683)	—	—
Cash and cash equivalents at the end of the year	980,465	1,055,885	9,938

#### 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, 2017 and 2018 were ¥55 million and ¥6 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, 2018. The accounting treatment for retirement benefits is as follows.

##### a) Allocation of Estimated Retirement Benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2018.

##### b) Amortization of Actuarial Differences

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

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

##### (9) Reserve for Price Fluctuations

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



(10) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen

The Company and its domestic consolidated subsidiaries translate foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies which are not accounted for under the equity method are translated into yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Company's consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their fiscal year.

Translation adjustments associated with the consolidated overseas subsidiaries are included in foreign currency translation adjustments in the net assets section of the consolidated balance sheet.

For certain consolidated subsidiaries of the Company, changes in fair value of bonds included in foreign currency-denominated available-for-sale securities related to foreign currency-denominated insurance contracts are divided into two: changes in fair value due to changes in market prices in their original currencies are accounted for as "net unrealized gains (losses) on securities", and the remaining changes are reported in "foreign exchange gains (losses)".

(11) Hedge Accounting

a) Methods for Hedge Accounting

As for the Company and certain of its domestic consolidated subsidiaries, hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (ASBJ Statement No.10 issued on March 10, 2008). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps, foreign currency forward contracts and foreign currency-denominated monetary claims are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for bond over-the-counter options is used for hedges against interest-rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (Industry Audit Committee Report No. 26 issued by JICPA).

b) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Foreign currency-denominated monetary claims	Foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

c) Hedging Policies

The Company and certain of its domestic consolidated subsidiaries conduct hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

d) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of hedging instruments.

(12) Amortization of Goodwill

Goodwill is amortized over an effective period up to 20 years under the straight-line method. The entire amount is expensed as incurred if the amount is immaterial.

(13) Scope of Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of 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 Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(15) Policy Reserve

Policy reserves of the consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in a) and b) below. Policy reserves include additional policy reserves for some whole life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

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

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

(16) Policy Acquisition Costs

The costs of acquiring and renewing 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)

Incentive Programs for Employees

The Company conducts transactions by granting its stocks to its employees using trust scheme ("the Stock Granting Trust (J-ESOP)") to incentivize its employees to improve stock prices and financial results.

- a) Overview of the transactions
  - J-ESOP is a program to grant stocks of the Company to the managerial level employees who fulfill requirements under the Stock Granting Regulations of the Company and its group companies. The Company vests points to each managerial level employee based on her/his contribution, and vests stocks based on total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.
- b) While adopting "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts." (ASBJ PITF No. 30), the Company applies the same accounting treatment as before.
- c) Information related to the stocks of the Company which the trusts hold
  - i) Book value of the stocks of the Company within the trust as of March 31, 2017 and 2018 were ¥6,551 million and ¥6,455 million (US\$60 million), respectively. These stocks were recorded as the treasury stock in the total shareholders' equity.
  - ii) The number of stocks within the trust as of March 31, 2017 and 2018 were 4,334 thousand shares and 4,270 thousand shares, and the average number of stocks within the trust for the fiscal years ended March 31, 2017 and 2018 were 4,360 thousand shares and 4,294 thousand shares, respectively. The number of shares at the year-end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

### III. NOTES TO THE CONSOLIDATED BALANCE SHEET

#### 1. Assets Pledged as Collateral / Secured Liabilities

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

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Securities	657,830	657,654	6,190
Deposits	10,140	5,925	55
Securities and deposits pledged as collateral	667,971	663,579	6,246

The amounts of secured liabilities were as follows:

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Cash collateral for securities lending transactions	267,871	299,045	2,814

"Securities" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2017 and 2018 were ¥241,062 million and ¥251,489 million (US\$2,367 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, 2017 and 2018 were ¥2,094,089 million and ¥1,749,161 million (US\$16,464 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, 2017 and 2018

- 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, 2017 and 2018

- 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Stocks	139,662	107,197	1,009
Capital	47,468	62,952	592
Total	187,130	170,149	1,601

#### 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	89	115	1
Delinquent loans (*2)	2,608	2,537	23
Loans past due for three months or more (*3)	—	—	—
Restructured loans (*4)	59	52	0
Total	2,757	2,704	25

(\*1) Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or 4 of the Order for Enforcement of the Corporation Tax Act. Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

(\*2) Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

(\*3) Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

(\*4) Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

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

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Credits to bankrupt borrowers	2	3	0
Delinquent loans	53	3	0

#### 6. Commitment Line

As of March 31, 2017 and 2018, there were unused commitment line agreements under which the Company and its consolidated subsidiaries were the lenders of ¥132,635 million and ¥110,263 million (US\$1,037 million), respectively.

#### 7. Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets as of March 31, 2017 and 2018 were ¥610,773 million and ¥625,682 million (US\$5,889 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, 2017 and 2018 were ¥3,226,230 million and ¥3,260,643 million (US\$30,691 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Balance at the beginning of the year	390,701	385,884	3,632
Dividends paid during the year	(98,201)	(90,542)	(852)
Interest accrual during the year	8,384	8,308	78
Provision for reserve for policyholder dividends	85,000	95,000	894
Balance at the end of the year	385,884	398,650	3,752

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, 2017 and 2018 were ¥56,523 million and ¥56,369 million (US\$530 million), respectively. These obligations will be recognized as operating expenses for the years in which they are paid.

11. Revaluation of Land

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

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

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

12. Bonds Payable

As of March 31, 2017 and 2018, bonds payable included foreign currency-denominated subordinated bonds of ¥548,274 million and ¥551,872 million (US\$5,194 million), respectively, whose repayment is subordinated to other obligations.

Details of bonds payable were as follows:

Issuer	Description	Issuance date	Balance as of April 1, 2017	Balance as of March 31, 2018	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	476,277 [4,800 mil US\$]	476,277 [4,800 mil US\$]	From 4.00 to 7.25	None	Perpetual
(*)	Foreign currency (US dollar) denominated bonds (Note: 4)	From August 15, 1994 to January 15, 2016	441,468 [3,789 mil US\$]	417,065 [3,690 mil US\$]	From 3.88 to 8.45	None	From January 15, 2018 to July 15, 2052
Protective Life Corporation	Foreign currency (US dollar) denominated subordinated bonds (Note: 2)	August 10, 2017	51,395 [441 mil US\$]	55,967 [495 mil US\$]	5.35	None	August 10, 2052
TDLA	Foreign currency (Australian dollar) denominated subordinated bonds	March 31, 2017	20,601 [240 mil AUD]	19,627 [240 mil AUD]	6.00	None	March 31, 2027
Total	—	—	989,743	968,938	—	—	—

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. For the fiscal year ended March 31, 2018, US\$441 million of subordinated bonds were redeemed.  
3. Figures in [ ] are the amounts denominated in foreign currency.  
4. Foreign currency (US dollar) denominated bonds of ¥17,008 million yen (US\$160 million) are due in one year or less.  
5. The following table shows the maturities of long-term subordinated bonds for the 5 years subsequent to March 31, 2018

	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	16,950	45,200	—	—	—
	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	159	425	—	—	—

13. Subordinated Debt and Other liabilities

As of March 31, 2017 and 2018, other liabilities included subordinated debt of ¥283,000 million and ¥283,000 million (US\$2,663 million), respectively, whose repayment is subordinated to other obligations.

Details of borrowings and lease obligations were as follows:

Category	Balance as of April 1, 2017	Balance as of March 31, 2018	Average interest rate (%)	Maturity	Balance as of April 1, 2017	Balance as of March 31, 2018
			(Unit: million yen)		(Unit: million US dollars)	
Current portions of long-term borrowings	—	—	—	—	—	—
Current portions of lease obligations	2,029	1,571	—	—	19	14
Long-term borrowings (excluding current portion)	771,988	751,251	0.8	October 2019 ~ perpetual	7,266	7,071
Lease obligations (excluding current portion)	3,115	2,837	—	April 2019 ~ January 2023	29	26
Total	777,133	755,660	—	—	7,314	7,112

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, 2018. As for lease obligations, the average interest rate of is not presented above because interests of certain lease obligations are included in the total amount of lease payments.  
3. The following table shows the maturities of long-term borrowings (excluding the current portion or those without maturities) and lease obligations (excluding the current portion) for the 5 years subsequent to March 31, 2018:

	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	18,251	—	450,000	—
Lease obligations	1,178	954	607	96
	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	—	4,235	—
Lease obligations	11	8	5	0

14. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2017 and 2018, the market value of the securities which were not sold or pledged as collateral was ¥76,190 million and ¥129,588 million (US\$1,219 million), respectively. None of the securities were pledged as collateral as of March 31, 2017 and 2018, respectively.

15. Organizational Change Surplus

As of March 31, 2017 and 2018, the amounts of organizational change surplus stipulated in Article 91 of the Insurance Business Act were ¥117,776 million and ¥117,776 million (US\$1,108 million), respectively.



#### IV. NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS

##### 1. Operating Expenses

Details of operating expenses for the fiscal years ended March 31, 2017 and 2018 were as follows:

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Sales activity expenses	273,935	282,630	2,660
Sales management expenses	79,450	95,253	896
General management expenses	297,598	283,227	2,665

##### 2. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the fiscal years ended March 31, 2017 and 2018 were as follows:

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Land	4,516	421	3
Buildings	447	199	1
Other tangible fixed assets	4	30	0
Other intangible fixed assets	16	—	—
Total	4,984	651	6

##### 3. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the fiscal years ended March 31, 2017 and 2018 were as follows:

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Land	6,267	327	3
Buildings	7,467	712	6
Leased assets	0	0	0
Other tangible fixed assets	59	205	1
Software	13	41	0
Other assets	166	158	1
Total	13,975	1,446	13

##### 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, 2017 and 2018 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, 2017 were as follows:

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

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

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(Unit: million yen)			(Unit: million US dollars)		
Real estate not in use	Chuo-ku, Tokyo and others	46	7,961	3,627	11,589	74	34	109

###### 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 2.41% and 2.34% for the years ended March 31, 2017 and 2018, 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Net unrealized gains (losses) on securities, net of tax			
Amount incurred during the year	129,849	488,128	4,594
Amount reclassified	(30,494)	(16,139)	(151)
Before tax adjustment	99,355	471,989	4,442
Tax effect	(33,714)	(136,914)	(1,288)
Net unrealized gains (losses) on securities, net of tax	65,641	335,075	3,153
Deferred hedge gains (losses)			
Amount incurred during the year	(29,783)	15,467	145
Amount reclassified	71	5,074	47
Amount adjusted for asset acquisition cost	(25)	1,158	10
Before tax adjustment	(29,737)	21,700	204
Tax effect	8,359	(6,121)	(57)
Deferred hedge gains (losses)	(21,377)	15,579	146
Reserve for land revaluation			
Amount incurred during the year	—	—	—
Amount reclassified	—	—	—
Before tax adjustment	—	—	—
Tax effect	(27)	(3)	(0)
Reserve for land revaluation	(27)	(3)	(0)
Foreign currency translation adjustments			
Amount incurred during the year	(23,674)	(28,541)	(268)
Amount reclassified	—	—	—
Before tax adjustment	(23,674)	(28,541)	(268)
Tax effect	—	—	—
Foreign currency translation adjustments	(23,674)	(28,541)	(268)
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the year	14,320	12,621	118
Amount reclassified	4,827	3,250	30
Before tax adjustment	19,148	15,871	149
Tax effect	(5,288)	(4,583)	(43)
Remeasurements of defined benefit plans, net of tax	13,859	11,288	106
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method			
Amount incurred during the year	(808)	(2,573)	(24)
Amount reclassified	60	(9,995)	(94)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(748)	(12,568)	(118)
Total other comprehensive income	33,673	320,828	3,019

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

### 1. 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 <sup>(*)</sup> ( <sup>(2)</sup> )( <sup>(3)</sup> )	12,368	11,695	1,190	22,873

(<sup>(1)</sup>) 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.

(<sup>(2)</sup>) The increase of 11,695 thousand shares of treasury stock was due to the repurchase of outstanding common stock.

(<sup>(3)</sup>) 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

		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 <sup>(*)</sup>	¥41,497 million
Dividends per share	¥35
Record date	March 31, 2016
Effective date	June 27, 2016
Dividend resource	Retained earnings

(<sup>(\*)</sup>) Total dividends did not include ¥192 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 <sup>(*)</sup>	¥50,531 million
Dividends per share	¥43
Record date	March 31, 2017
Effective date	June 27, 2017
Dividend resource	Retained earnings

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

## 2. For the Year Ended March 31, 2018

### (1) Type and Number of Shares Outstanding

	Year ended March 31, 2018			
	At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year
	(Unit: thousands of shares)			
Common stock <sup>(*)</sup>	1,198,023	—	—	1,198,023
Treasury stock <sup>(*)</sup> ( <sup>(3)</sup> )( <sup>(4)</sup> )	22,873	10,602	245	33,230

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

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

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

### (2) Stock Acquisition Rights

Issuer	Details	Balance as of March 31, 2018 (Unit: million yen)
The Company	Stock acquisition rights in the form of stock options	1,348(US\$12 million)

### (3) Dividends on Common Stock

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

Date of resolution	June 26, 2017 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥50,531 million (US\$475 million)
Dividends per share	¥43 (US\$0.40)
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.

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

Date of resolution	June 25, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends(*)	¥58,239 million (US\$548 million)
Dividends per share	¥50 (US\$0.47)
Record date	March 31, 2018
Effective date	June 26, 2018
Dividend resource	Retained earnings

(\*) Total dividends did not include ¥213 million (US\$2 million) of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

## VIII. LEASE TRANSACTIONS

### 1. Finance Leases (As Lessee)

For the fiscal years ended March 31, 2017 and 2018, 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, 2017 and 2018 were as follows:

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	3,569	12,413	116
Due after one year	26,245	16,707	157
Total	29,815	29,121	274

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Due within one year	14	293	2
Due after one year	394	3,845	36
Total	408	4,138	38

## VII. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 1. Reconciliations of cash and cash equivalents to consolidated balance sheet accounts

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

	As of March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Cash and deposits	881,965	891,285	8,389
Call loans	98,500	164,600	1,549
Cash and cash equivalents	980,465	1,055,885	9,938



## IX. FINANCIAL INSTRUMENTS AND OTHERS

### 1. Financial Instruments

#### (1) Policies in Utilizing Financial Instrument

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

The Group uses derivatives primarily to hedge market risks associated with its existing asset portfolio and to mitigate the risks associated with guaranteed minimum maturity benefits of individual variable annuity insurance.

With respect to financing, the Group has raised capital directly from the capital markets by issuing subordinated bonds as well as indirectly from banks in order to strengthen its capital base. To avoid impact from interest-rate fluctuations, the Group utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

#### (2) Financial Instruments Used and Their Risks

Securities included in financial assets of the Group, mainly stocks and bonds, are exposed to market fluctuation risk, credit risk and interest-rate risk and some of the securities denominated in foreign currency are exposed to foreign currency risk. Also, loans are exposed to credit risk arising from the defaults of obligors.

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

The Group utilizes a) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, b) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and c) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopts hedge accounting.

In addition, certain consolidated subsidiaries utilize a) interest rate swaps to hedge interest rate risk associated with certain insurance liabilities, under the "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators" (JICPA Industry Audit Committee Report No. 26), and b) foreign currency swaps to hedge foreign currency risks associated with funding agreements and adopts hedge accounting.

In applying the hedge accounting, in order to fulfill requirements stipulated in accounting standards such as the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10 issued on March 10, 2008), the Group has established investment policy and procedure guidelines and clarified the transactions to be hedged, the risk of underlying assets to be hedged and derivative instruments to be used, and conducted pre- and post-effectiveness tests of the transactions.

#### (3) Risk Management

The Group manages risk in accordance with a basic policy for risk management, rules for management procedures, etc. defined by the board of directors, etc.

##### a) Market risk management

Under the internal investment policy and market risk management policy, DL manages market risk by conducting mid- to long-term asset allocation in a manner appropriate to its liabilities. Therefore, it categorizes its portfolio into sub-groups, based on their investment purpose, and manages them taking into account each of their risk characteristics.

##### i) Interest rate risk

DL keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports its findings to the board of directors, etc.

##### ii) Currency risk

DL keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports its findings to the board of directors, etc.

##### iii) Fluctuation in market values

DL defines risk management policies and management procedures for each component of its overall portfolio, including securities, based on the risk characteristics of the categories, and sets and manages upper limits of each asset balance and asset allocation weight.

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

##### iv) Derivative transactions

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

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

DFLI utilizes derivatives in order to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities and hedge foreign currency risks associated with bonds. For derivatives used to reduce the risk associated with guaranteed minimum maturity benefits of individual variable annuities, in accordance with its internal regulations to manage the risks associated with its guaranteed minimum maturity benefits, it (i) assesses the hedge effectiveness of derivative transactions, (ii) manages gains and losses from derivative transactions on a daily basis, and (iii) periodically checks its progress on reducing the risk associated with its guaranteed minimum maturity benefits and measures estimated losses based on VaR (value-at-risk). The risk management section is in charge of managing overall risks including risks associated with the guaranteed minimum maturity benefits, and periodically reports the status of such management to the board of directors, etc.

##### b) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk-taking is restricted since front offices make investment within those caps. Policies and frameworks for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to its board of directors, etc. Additionally, the internal audit section has also checked credit management status.

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

The consolidated subsidiaries other than DL have established appropriate risk management systems in accordance with the Group's basic policy for risk management, etc.

#### (4) Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied. Also, for the contract value regarding derivative transactions described in "2. Fair Value of Financial Instruments", the "Notional amount/contract value" itself does not indicate market risk related to derivative transactions.

## 2. Fair Values of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2017 and 2018 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)
	(Unit: million yen)		
(1) Cash and deposits	881,965	881,965	—
(2) Call loans	98,500	98,500	—
(3) Monetary claims bought	198,294	198,294	—
(4) Money held in trust	333,111	333,111	—
(5) Securities			
a. Trading securities	5,171,157	5,171,157	—
b. Held-to-maturity bonds	369,012	369,239	226
c. Policy-reserve-matching bonds	15,033,383	17,895,895	2,862,511
d. Stocks of subsidiaries and affiliated companies	38,206	55,260	17,054
e. Available-for-sale securities	22,264,874	22,264,874	—
(6) Loans	3,566,603		
Reserves for possible loan losses <sup>(*)</sup>	(892)		
	3,565,711	3,683,457	117,746
<b>Total assets</b>	<b>47,954,216</b>	<b>50,951,755</b>	<b>2,997,538</b>
(1) Bonds payable	989,743	996,144	6,401
(2) Long-term borrowings	771,988	780,425	8,437
<b>Total liabilities</b>	<b>1,761,731</b>	<b>1,776,570</b>	<b>14,838</b>
Derivative transactions <sup>(*)</sup>			
a. Hedge accounting not applied	[26,955]	[26,955]	—
b. Hedge accounting applied	[156,757]	[159,730]	(2,972)
<b>Total derivative transactions</b>	<b>[183,713]</b>	<b>[186,685]</b>	<b>(2,972)</b>

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

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

	As of March 31, 2018					
	Carrying amount	Fair value	Gains (losses)	Carrying amount	Fair value	Gains (losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	891,285	891,285	—	8,389	8,389	—
(2) Call loans	164,600	164,600	—	1,549	1,549	—
(3) Monetary claims bought	195,133	195,133	—	1,836	1,836	—
(4) Money held in trust	523,828	523,828	—	4,930	4,930	—
(5) Securities						
a. Trading securities	5,103,308	5,103,308	—	48,035	48,035	—
b. Held-to-maturity bonds	355,877	366,225	10,348	3,349	3,447	97
c. Policy-reserve-matching bonds	15,654,655	18,521,357	2,866,701	147,351	174,335	26,983
d. Stocks of subsidiaries and affiliated companies	815	815	—	7	7	—
e. Available-for-sale securities	23,116,985	23,116,985	—	217,592	217,592	—
(6) Loans	3,487,682			32,828		
Reserves for possible loan losses <sup>(*)</sup>	(547)			(5)		
	3,487,134	3,600,132	112,997	32,823	33,886	1,063
<b>Total assets</b>	<b>49,493,625</b>	<b>52,483,672</b>	<b>2,990,047</b>	<b>465,866</b>	<b>494,010</b>	<b>28,144</b>
(1) Bonds payable	968,938	979,680	10,742	9,120	9,221	101
(2) Long-term borrowings	751,251	758,617	7,366	7,071	7,140	69
<b>Total liabilities</b>	<b>1,720,189</b>	<b>1,738,298</b>	<b>18,109</b>	<b>16,191</b>	<b>16,361</b>	<b>170</b>
Derivative transactions <sup>(*)</sup>						
a. Hedge accounting not applied	[46,347]	[46,347]	—	[436]	[436]	—
b. Hedge accounting applied	168,532	166,180	(2,351)	1,586	1,564	(22)
<b>Total derivative transactions</b>	<b>122,184</b>	<b>119,832</b>	<b>(2,351)</b>	<b>1,150</b>	<b>1,127</b>	<b>(22)</b>

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

(\*) 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 were as follows and are not included in the fair value of (5) Securities in Note 1

	As of March 31,		
	2017	2018	2018
	Carrying amount		(Unit: million US dollars)
	(Unit: million yen)		
1. Unlisted domestic stocks <sup>(*)</sup> ( <sup>(*)</sup> )	170,966	77,088	725
2. Unlisted foreign stocks <sup>(*)</sup> ( <sup>(*)</sup> )	58,542	64,022	602
3. Other foreign securities <sup>(*)</sup> ( <sup>(*)</sup> )	472,414	448,852	4,224
4. Other securities <sup>(*)</sup> ( <sup>(*)</sup> )	72,404	95,350	897
<b>Total</b>	<b>774,328</b>	<b>685,315</b>	<b>6,450</b>

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

(\*) For the fiscal years ended March 31, 2017 and 2018, impairment charges of ¥74 million and ¥375 million (US\$3 million), respectively, were recorded.

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

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
<b>Loans (*)</b>	<b>374,923</b>	<b>929,364</b>	<b>1,006,699</b>	<b>639,059</b>

(\*) 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 were not included. Also, ¥585,945 million of loans without maturities were not included.

As of March 31, 2018				
	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	889,905	1,384	—	—
Call loans	164,600	—	—	—
Monetary claims bought	6,000	3,025	—	179,789
Securities:				
Held-to-maturity bonds (bonds)	—	—	48,100	2,000
Held-to-maturity bonds(foreign securities)	—	—	100	297,642
Policy-reserve-matching bonds (bonds)	88,570	205,551	1,163,763	11,293,547
Policy-reserve-matching bonds (foreign securities)	26,616	235,355	2,156,388	348,441
Available-for-sale securities with maturities (bonds)	239,849	720,017	989,604	1,336,592
Available-for-sale securities with maturities (foreign securities)	414,887	2,290,618	3,530,330	5,984,501
Available-for-sale securities with maturities (other securities)	46,033	91,800	240,516	21,370
<b>Loans (*)</b>	<b>391,390</b>	<b>912,873</b>	<b>964,541</b>	<b>642,471</b>

As of March 31, 2018				
	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	8,376	13	—	—
Call loans	1,549	—	—	—
Monetary claims bought	56	28	—	1,692
Securities:				
Held-to-maturity bonds (bonds)	—	—	452	18
Held-to-maturity bonds(foreign securities)	—	—	0	2,801
Policy-reserve-matching bonds (bonds)	833	1,934	10,954	106,302
Policy-reserve-matching bonds (foreign securities)	250	2,215	20,297	3,279
Available-for-sale securities with maturities (bonds)	2,257	6,777	9,314	12,580
Available-for-sale securities with maturities (foreign securities)	3,905	21,560	33,229	56,330
Available-for-sale securities with maturities (other securities)	433	864	2,263	201
<b>Loans (*)</b>	<b>3,684</b>	<b>8,592</b>	<b>9,078</b>	<b>6,047</b>

(\*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounted to ¥86 million (US\$ 0 million) were not included. Also, ¥553,011 million (US\$5,205 million) of loans without maturities were not included.

Note 4: Scheduled maturities of bonds and long term borrowings

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 <sup>(*)1</sup>	—	17,473	46,596	—	—	419,593
Long term borrowings <sup>(*)2</sup>	—	—	19,185	19,803	450,000	—

(\*)1 ¥476,277 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, 2018						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(Unit: million yen)						
Bonds payable <sup>(*)1</sup>	16,950	45,200	—	—	—	406,806
Long term borrowings <sup>(*)2</sup>	—	18,251	—	450,000	—	—

As of March 31, 2018						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(Unit: million US dollars)						
Bonds payable <sup>(*)1</sup>	159	425	—	—	—	3,829
Long term borrowings <sup>(*)2</sup>	—	171	—	4,235	—	—

(\*)1 ¥476,277 million (US\$4,483 million) of bonds payable without maturities were not included.

(\*)2 ¥283,000 million (US\$2,663 million) of long term borrowings without maturities were not included.

## X. SECURITIES

### 1. Trading Securities

Year ended March 31,			
	2017	2018	2018
(Unit: million yen)			(Unit: million US dollars)
Gains (losses) on valuation of trading securities	86,628	110,962	1,044

### 2. Held-to-maturity Bonds

As of March 31, 2017			
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Held-to-maturity securities with unrealized gains:			
(1) Bonds	46,114	50,634	4,520
a. Government bonds	46,014	50,534	4,519
b. Local government bonds	—	—	—
c. Corporate bonds	100	100	0
(2) Foreign securities	246,492	250,032	3,539
a. Foreign bonds	246,492	250,032	3,539
Subtotal	292,607	300,667	8,059
Held-to-maturity securities with unrealized losses:			
(1) Bonds	200	197	(2)
a. Government bonds	—	—	—
b. Local government bonds	—	—	—
c. Corporate bonds	200	197	(2)
(2) Foreign securities	76,205	68,374	(7,830)
a. Foreign bonds	76,205	68,374	(7,830)
Subtotal	76,405	68,571	(7,833)
Total	369,012	369,239	226

As of March 31, 2018						
	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	48,230	52,090	3,860	453	490	36
a. Government bonds	46,316	50,160	3,844	435	472	36
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	1,913	1,929	16	18	18	0
(2) Foreign securities	227,681	236,336	8,654	2,143	2,224	81
a. Foreign bonds	227,681	236,336	8,654	2,143	2,224	81
Subtotal	275,912	288,427	12,515	2,597	2,714	117
Held-to-maturity securities with unrealized losses:						
(1) Bonds	311	309	(1)	2	2	(0)
a. Government bonds	—	—	—	—	—	—
b. Local government bonds	—	—	—	—	—	—
c. Corporate bonds	311	309	(1)	2	2	(0)
(2) Foreign securities	79,654	77,488	(2,165)	749	729	(20)
a. Foreign bonds	79,654	77,488	(2,165)	749	729	(20)
Subtotal	79,965	77,798	(2,166)	752	732	(20)
Total	355,877	366,225	10,348	3,349	3,447	97

### 3. Policy-reserve-matching Bonds

As of March 31, 2017			
	Carrying amount	Fair value	Unrealized gains (losses)
(Unit: million yen)			
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,278,630	15,115,009	2,836,379
a. Government bonds	11,593,476	14,367,524	2,774,047
b. Local government bonds	82,734	96,762	14,027
c. Corporate bonds	602,419	650,723	48,303
(2) Foreign Securities	1,607,541	1,672,229	64,687
a. Foreign bonds	1,607,541	1,672,229	64,687
Subtotal	13,886,172	16,787,238	2,901,066
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	459,414	438,114	(21,299)
a. Government bonds	356,006	337,018	(18,988)
b. Local government bonds	953	936	(16)
c. Corporate bonds	102,454	100,159	(2,294)
(2) Foreign Securities	687,796	670,541	(17,255)
a. Foreign bonds	687,796	670,541	(17,255)
Subtotal	1,147,211	1,108,656	(38,555)
Total	15,033,383	17,895,895	2,862,511

As of March 31, 2018						
	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	12,428,346	15,249,007	2,820,661	116,983	143,533	26,549
a. Government bonds	11,674,895	14,430,474	2,755,578	109,891	135,829	25,937
b. Local government bonds	98,910	113,682	14,772	931	1,070	139
c. Corporate bonds	654,540	704,851	50,310	6,160	6,634	473
(2) Foreign securities	2,077,420	2,153,077	75,657	19,554	20,266	712
a. Foreign bonds	2,077,420	2,153,077	75,657	19,554	20,266	712
Subtotal	14,505,766	17,402,084	2,896,318	136,537	163,799	27,262
Policy-reserve-matching bonds with unrealized losses:						
(1) Bonds	369,057	357,009	(12,047)	3,473	3,360	(113)
a. Government bonds	222,917	213,374	(9,543)	2,098	2,008	(89)
b. Local government bonds	325	321	(3)	3	3	(0)
c. Corporate bonds	145,815	143,314	(2,500)	1,372	1,348	(23)
(2) Foreign securities	779,831	762,262	(17,569)	7,340	7,174	(165)
a. Foreign bonds	779,831	762,262	(17,569)	7,340	7,174	(165)
Subtotal	1,148,889	1,119,272	(29,616)	10,814	10,535	(278)
Total	15,654,655	18,521,357	2,866,701	147,351	174,335	26,983

### 4. Available-for-sale Securities

As of March 31, 2017			
	Carrying amount	Acquisition cost	Unrealized gains (losses)
(Unit: million yen)			
Available-for-sale securities with unrealized gains:			
(1) Bonds	3,973,439	3,470,472	502,966
a. Government bonds	2,554,098	2,118,821	435,276
b. Local government bonds	31,009	28,960	2,048
c. Corporate bonds	1,388,331	1,322,689	65,641
(2) Domestic stocks	3,163,836	1,451,271	1,712,564
(3) Foreign securities	6,864,296	6,207,031	657,264
a. Foreign bonds	6,199,067	5,679,326	519,740
b. Other foreign securities	665,229	527,704	137,524
(4) Other securities	793,921	742,003	51,918
Subtotal	14,795,493	11,870,778	2,924,715
Available-for-sale securities with unrealized losses:			
(1) Bonds	440,817	449,358	(8,541)
a. Government bonds	4,695	4,809	(114)
b. Local government bonds	6,657	6,884	(226)
c. Corporate bonds	429,463	437,664	(8,200)
(2) Domestic stocks	171,701	196,399	(24,698)
(3) Foreign securities	6,901,688	7,245,367	(343,678)
a. Foreign bonds	6,636,465	6,967,034	(330,568)
b. Other foreign securities	265,222	278,332	(13,109)
(4) Other securities	203,465	207,229	(3,763)
Subtotal	7,717,673	8,098,355	(380,682)
Total	22,513,167	19,969,134	2,544,032

Note: Other securities include (1) certificates of deposit and (2) trust beneficiary rights, which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively. The aggregate acquisition cost and carrying amount of such certificates of deposit were ¥50,000 million and ¥49,998 million, respectively, as of March 31, 2017. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥192,393 million and ¥198,294 million, respectively, as of March 31, 2017.



			As of March 31, 2018			
	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	3,956,530	3,457,686	498,843	37,241	32,545	4,695
a. Government bonds	2,504,525	2,074,108	430,416	23,574	19,522	4,051
b. Local government bonds	27,044	25,338	1,706	254	238	16
c. Corporate bonds	1,424,960	1,358,239	66,720	13,412	12,784	628
(2) Domestic stocks	3,486,754	1,440,923	2,045,830	32,819	13,562	19,256
(3) Foreign securities	8,282,554	7,527,570	754,984	77,960	70,854	7,106
a. Foreign bonds	7,511,539	6,920,204	591,334	70,703	65,137	5,566
b. Other foreign securities	771,015	607,365	163,649	7,257	5,716	1,540
(4) Other securities	693,011	652,540	40,471	6,523	6,142	380
Subtotal	16,418,850	13,078,720	3,340,129	154,544	123,105	31,439
Available-for-sale securities with unrealized losses:						
(1) Bonds	324,112	333,599	(9,487)	3,050	3,140	(89)
a. Government bonds	377	431	(53)	3	4	(0)
b. Local government bonds	4,645	4,794	(148)	43	45	(1)
c. Corporate bonds	319,089	328,373	(9,284)	3,003	3,090	(87)
(2) Domestic stocks	167,505	197,398	(29,892)	1,576	1,858	(281)
(3) Foreign securities	6,251,956	6,481,700	(229,744)	58,847	61,009	(2,162)
a. Foreign bonds	5,778,549	5,986,462	(207,912)	54,391	56,348	(1,957)
b. Other foreign securities	473,406	495,238	(21,831)	4,456	4,661	(205)
(4) Other securities	199,689	203,853	(4,163)	1,879	1,918	(39)
Subtotal	6,943,264	7,216,551	(273,287)	65,354	67,926	(2,572)
Total	23,362,114	20,295,272	3,066,842	219,899	191,032	28,867

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\$470 million) and ¥49,995 million (US\$470 million), respectively, as of March 31, 2018. The aggregate acquisition cost and carrying amount of trust beneficiary rights were ¥188,874 million (US\$1,777 million) and ¥195,133 million (US\$1,836 million), respectively, as of March 31, 2018.

#### 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, 2017 and 2018.

#### 6. Policy-reserve-matching Bonds Sold

Policy-reserve-matching bonds sold during the fiscal years ended March 31, 2017 and 2018 were as follows:

Year ended March 31, 2017			
	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)		
(1) Bonds	566,221	87,047	6,138
a. Government bonds	502,214	86,072	–
b. Local government bonds	20,640	–	2,559
c. Corporate bonds	43,366	975	3,578
(2) Foreign securities	45,376	785	1,590
a. Foreign bonds	45,376	785	1,590
b. Other foreign securities	–	–	–
Total	611,598	87,832	7,729

Year ended March 31, 2018						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
	(Unit: million yen)			(Unit: million US dollars)		
(1) Bonds	854,871	133,078	–	8,046	1,252	–
a. Government bonds	786,968	129,924	–	7,407	1,222	–
b. Local government bonds	–	–	–	–	–	–
c. Corporate bonds	67,903	3,153	–	639	29	–
(2) Foreign securities	86,579	2,224	1,193	814	20	11
a. Foreign bonds	86,579	2,224	1,193	814	20	11
b. Other foreign securities	–	–	–	–	–	–
Total	941,451	135,302	1,193	8,861	1,273	11

## 7. Available-for-sale Securities Sold

Available-for-sale securities sold during the fiscal years ended March 31, 2017 and 2018 were as follows:

Year ended March 31, 2017			
	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			
(1) Bonds	453,904	34,504	2,266
a. Government bonds	308,013	30,289	251
b. Local government bonds	—	—	—
c. Corporate bonds	145,890	4,215	2,014
(2) Domestic stocks	116,184	28,882	10,170
(3) Foreign securities	1,622,461	71,430	70,317
a. Foreign bonds	1,420,829	33,721	56,972
b. Other foreign securities	201,632	37,709	13,344
(4) Other securities	66,818	874	3,777
Total	2,259,368	135,692	86,531

Year ended March 31, 2018						
	Amounts sold	Realized gains	Realized losses	Amounts sold	Realized gains	Realized losses
(Unit: million yen)			(Unit: million US dollars)			
(1) Bonds	233,465	3,542	4,857	2,197	33	45
a. Government bonds	43,362	2,766	41	408	26	0
b. Local government bonds	3,386	—	145	31	—	1
c. Corporate bonds	186,716	776	4,670	1,757	7	43
(2) Domestic Stocks	163,978	43,140	5,203	1,543	406	48
(3) Foreign securities	4,423,122	46,198	101,671	41,633	434	956
a. Foreign bonds	4,020,781	13,751	91,082	37,846	129	857
b. Other foreign securities	402,340	32,446	10,589	3,787	305	99
(4) Other securities	121,062	8,519	3,017	1,139	80	28
Total	4,941,628	101,399	114,750	46,513	954	1,080

## 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, 2017 and 2018 were ¥27,098 million and ¥4,333 million (US\$40 million), respectively.

## XI. MONEY HELD IN TRUST

### 1. Money Held in Trust for Trading

As of March 31,			
	2017	2018	2018
		(Unit: million yen)	(Unit: million US dollars)
Carrying amount on the consolidated balance sheet	333,111	523,828	4,930
Gains (losses) on valuation of money held in trust	(14,321)	(9,234)	(86)

## XII. DERIVATIVE TRANSACTIONS

### 1. Derivative Transactions (Hedge Accounting Not Applied)

(1) Currency-related transactions				
As of March 31, 2017				
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	Gains (losses)
(Unit: million yen)				
Exchange-traded transactions:				
Currency futures:				
Sold	39,613	—	918	918
British pound / U.S. dollar	16,657	—	399	399
Euro / U.S. dollar	14,865	—	315	315
Yen / U.S. dollar	8,089	—	203	203
Over-the-counter transactions:				
Foreign currency forward contracts:				
Sold	1,287,415	—	(12,627)	(12,627)
U.S. dollar	521,976	—	(4,419)	(4,419)
Euro	342,932	—	(3,446)	(3,446)
Australian dollar	184,870	—	(4,414)	(4,414)
British pound	53,509	—	101	101
Canadian dollar	45,155	—	31	31
Others	138,970	—	(481)	(481)
Bought	1,056,823	—	5,344	5,344
U.S. dollar	611,750	—	3,685	3,685
Euro	348,741	—	(684)	(684)
Australian dollar	17,067	—	524	524
Canadian dollar	16,427	—	(153)	(153)
British pound	9,057	—	(26)	(26)
Others	53,778	—	1,999	1,999
Currency swaps:				
Receipts foreign currency, payments yen				
Australian dollar	117,326	117,326	3,634	3,634
Currency options:				
Sold:				
Call	93,491			
	[690]	—	—	690
U.S. dollar	93,491			
	[690]	—	—	690
Bought:				
Put	521,866			
	[7,321]	—	2,668	(4,652)
U.S. dollar	412,966			
	[6,656]	—	2,445	(4,210)
Euro	108,899			
	[664]	—	223	(441)
Total return swaps:				
Foreign currency index linked				
	177,858	177,858	(4,559)	(4,559)
Total	—	—	—	(11,251)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.  
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.  
(3) Fair value of currency swaps is calculated by discounting expected cash flows.  
(4) An option pricing model is used for fair value calculation of currency options or the prices quoted from counterparty financial institutions.  
(5) Fair value of total return swaps is based on fair value calculated by referred index of 31 March, 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)".

As of March 31, 2018								
	(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	28,969	—	(235)	(235)	272	—	(2)	(2)
Euro / U.S. dollar	11,619	—	(149)	(149)	109	—	(1)	(1)
British pound / U.S. dollar	9,799	—	(81)	(81)	92	—	(0)	(0)
Yen / U.S. dollar	7,549	—	(4)	(4)	71	—	(0)	(0)
Over-the-counter transactions:								
Foreign currency forward contracts:								
Sold	2,927,206	—	24,127	24,127	27,552	—	227	227
U.S. dollar	1,361,519	—	2,359	2,359	12,815	—	22	22
Euro	823,408	—	9,839	9,839	7,750	—	92	92
Australian dollar	380,165	—	10,185	10,185	3,578	—	95	95
Canadian dollar	95,171	—	731	731	895	—	6	6
British pound	69,310	—	(37)	(37)	652	—	(0)	(0)
Others	197,630	—	1,049	1,049	1,860	—	9	9
Bought	2,453,761	—	(28,940)	(28,940)	23,096	—	(272)	(272)
U.S. dollar	1,159,510	—	(7,469)	(7,469)	10,914	—	(70)	(70)
Euro	826,836	—	(17,325)	(17,325)	7,782	—	(163)	(163)
Australian dollar	212,084	—	(3,175)	(3,175)	1,996	—	(29)	(29)
Canadian dollar	58,128	—	(291)	(291)	547	—	(2)	(2)
British pound	15,169	—	18	18	142	—	0	0
Others	182,033	—	(696)	(696)	1,713	—	(6)	(6)
Currency swaps:								
Receipts foreign currency, payments yen	275,026	275,026	(3,886)	(3,886)	2,588	2,588	(36)	(36)
Australian dollar	275,026	275,026	(3,886)	(3,886)	2,588	2,588	(36)	(36)
Receipts foreign currency, payments foreign currency	43,359	43,359	(2)	(2)	408	408	(0)	(0)
Australian dollar / U.S. dollar	30,703	30,703	24	24	288	288	0	0
Australian dollar / Euro	12,656	12,656	(27)	(27)	119	119	(0)	(0)
Currency options:								
Sold:								
Put	251,112				2,363			
	[11,351]	—	9,466	1,885	[106]	—	89	17
U.S. dollar	251,112				2,363			
	[11,351]	—	9,466	1,885	[106]	—	89	17
Bought:								
Call	10,076				94			
	[—]	—	—	—	[—]	—	—	—
U.S. dollar	10,076				94			
	[—]	—	—	—	[—]	—	—	—
Put	719,375				6,771			
	[14,112]	—	16,130	2,017	[132]	—	151	18
U.S. dollar	708,956				6,673			
	[14,059]	—	16,130	2,070	[132]	—	151	19
British pound	10,418				98			
	[53]	—	—	(53)	[0]	—	—	(0)
Total return swaps:								
Foreign currency index linked								
	174,102	174,102	(8,828)	(8,828)	1,638	1,638	(83)	(83)
Total	—	—	—	(13,862)	—	—	—	(130)

Note: 1. (1) Fair value of currency futures listed above is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.  
(2) Forward exchange rates at the end of the year are used for fair value calculation of foreign currency forward contracts.

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

(2) Interest-related transactions				
As of March 31, 2017				
	(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	193,788	193,618	6,629	6,629
Receipts floating, payments fixed	52,254	52,254	131	131
Yen interest rate swaptions:				
Sold:				
Receipts floating, payments fixed	350,000 [1,672]	—	67	1,604
Bought:				
Receipts floating, payments fixed	1,176,210 [20,235]	881,210 [16,967]	2,311	(17,923)
Total	—	—	—	(9,558)

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

As of March 31, 2018								
	(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	333,912	333,912	6,657	6,657	3,142	3,142	62	62
Receipts floating, payments fixed	61,000	34,000	(2)	(2)	574	320	(0)	(0)
Yen interest rate swaptions:								
Sold:								
Receipts fixed, payments floating	10,000 [19]	—	19	(0)	94 [0]	—	0	(0)
Receipts floating, payments fixed	10,000 [39]	—	0	38	94 [0]	—	0	0
Bought:								
Receipts floating, payments fixed	1,155,425 [13,630]	705,000 [4,579]	2,270	(11,359)	10,875 [128]	6,635 [43]	21	(106)
Total	—	—	—	(4,666)	—	—	—	(43)

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

As of March 31, 2018								
	(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	333,912	333,912	6,657	6,657	3,142	3,142	62	62
Receipts floating, payments fixed	61,000	34,000	(2)	(2)	574	320	(0)	(0)
Yen interest rate swaptions:								
Sold:								
Receipts fixed, payments floating	10,000 [19]	—	19	(0)	94 [0]	—	0	(0)
Receipts floating, payments fixed	10,000 [39]	—	0	38	94 [0]	—	0	0
Bought:								
Receipts floating, payments fixed	1,155,425 [13,630]	705,000 [4,579]	2,270	(11,359)	10,875 [128]	6,635 [43]	21	(106)
Total	—	—	—	(4,666)	—	—	—	(43)

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

**(3) Stock-related transactions**

As of March 31, 2017				
	(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	20,849	—	223	223
Bought	25,313	—	(268)	(268)
Foreign currency-denominated stock index futures:				
Sold	107,669	—	120	120
Bought	21,439	—	126	126
Yen stock index options:				
Bought:				
Put	80,000			
	[2,362]	—	10	(2,352)
Foreign currency-denominated stock index options:				
Sold:				
Call	198,955			
	[9,315]	—	13,397	(4,082)
Bought:				
Call	193,410			
	[12,385]	—	17,289	4,904
Put	78,340	33,732		
	[4,629]	[1,785]	7,517	2,887
Others:				
Bought:				
Call	24	18		
	[15]	[14]	17	2
Over-the-counter transactions:				
Yen stock index options:				
Bought:				
Put	12,099	8,881		
	[2,743]	[2,190]	1,704	(1,038)
Foreign currency-denominated stock index options:				
Sold:				
Call	102,772			
	[3,993]	—	4,920	(926)
Bought:				
Call	101,902	2,072		
	[5,608]	[96]	6,905	1,297
Put	73,734	48,047		
	[13,623]	[8,463]	4,896	(8,726)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(7,834)</b>

Note: 1. Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.

2. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.

3. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".

As of March 31, 2018								
	(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	28,650	—	(675)	(675)	269	—	(6)	(6)
Bought	4,549	—	84	84	42	—	0	0
Foreign currency-denominated stock index futures:								
Sold	65,588	—	538	538	617	—	5	5
Bought	13,763	—	(228)	(228)	129	—	(2)	(2)
Yen stock index options:								
Bought:								
Put	161,575	4,081			1,520	38		
	[5,357]	[485]	4,036	(1,321)	[50]	[4]	37	(12)
Foreign currency-denominated stock index options:								
Sold:								
Call	295,687				2,783			
	[10,474]	—	23,961	(13,487)	[98]	—	225	(126)
Bought:								
Call	286,818				2,699			
	[15,147]	—	31,058	15,910	[142]	—	292	149
Put	121,723	35,107			1,145	330		
	[7,156]	[2,742]	6,189	(967)	[67]	[25]	58	(9)
Others:								
Bought:								
Call	17	17			0	0		
	[14]	[14]	22	8	[0]	[0]	0	0
Over-the-counter transactions:								
Yen stock index options:								
Bought:								
Put	8,615	8,615			81	81		
	[2,124]	[2,124]	807	(1,316)	[19]	[19]	7	(12)
Foreign currency-denominated stock index options:								
Sold:								
Call	56,060	148			527	1		
	[1,305]	[9]	2,910	(1,605)	[12]	[0]	27	(15)
Bought:								
Call	59,733	3,308			562	31		
	[2,466]	[158]	4,880	2,414	[23]	[1]	45	22
Put	62,584	46,509			589	437		
	[10,732]	[8,045]	3,491	(7,240)	[101]	[75]	32	(68)
Total return swaps:								
Foreign currency index linked	49,078	45,626	(20)	(20)	461	429	(0)	(0)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(7,907)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(74)</b>

Note: 1. (1) Yen stock index futures, foreign currency-denominated stock index futures, yen stock index options, foreign currency-denominated stock index options and Others  
Fair value is based on the closing exchange-traded prices and the prices quoted from counterparty financial institutions.

(2) Total return swaps

Fair value is based on the prices quoted from counterparty financial institutions.

2. Figures in [ ] are amounts of option premiums which are included in the consolidated balance sheet.

3. Fair value for forward contracts, and differences between the option premiums paid/received and fair value of the option for option transactions, are shown in "Gains (losses)".



**(4) Bond-related transactions**

As of March 31, 2017			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	9,298	(18)	(18)
Bought	103,370	172	172
Foreign currency-denominated bond futures:			
Sold	260,734	(921)	(921)
Bought	314,486	531	531
Over-the-counter transactions:			
Yen bond OTC options:			
Sold:			
Call	18,784		
	[47]	90	(42)
Put	99,556		
	[693]	496	197
Bought:			
Call	99,556		
	[453]	675	222
Put	18,784		
	[119]	160	41
Total	—	—	182

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, 2018						
	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	33,812	39	39	318	0	0
Bought	55,351	(19)	(19)	520	(0)	(0)
Foreign currency-denominated bond futures:						
Sold	580,577	(5,911)	(5,911)	5,464	(55)	(55)
Bought	764,296	7,244	7,244	7,194	68	68
Foreign currency-denominated bond futures options:						
Bought						
Call	50,995			479		
	[351]	531	179	[3]	4	1
Put	50,995			479		
	[298]	39	(258)	[2]	0	(2)
Over-the-counter transactions:						
Foreign currency-denominated bond forward contracts						
Sold	80,181	(512)	(512)	754	(4)	(4)
Bought	108,853	277	277	1,024	2	2
Yen bond OTC options:						
Sold:						
Call	4,977			46		
	[29]	41	(12)	[0]	0	(0)
Put	92,197			867		
	[422]	274	147	[3]	2	1
Bought:						
Call	92,197			867		
	[269]	458	189	[2]	4	1
Put	4,977			46		
	[44]	36	(8)	[0]	0	(0)
Total	—	—	1,354	—	—	12

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

**(5) Others****a) Credit Default Swaps and Embedded Derivatives**

As of March 31, 2017				
	(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	28,000	25,000	674	674
Bought protection	11,385	11,385	(119)	(119)
Others:				
Embedded derivatives	1,709,918	1,709,918	(52,131)	(52,131)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(51,577)</b>

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, 2018								
	(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	63,562	60,562	1,257	1,257	598	570	11	11
Bought protection	1,000	1,000	22	22	9	9	0	0
Others:								
Embedded derivatives	1,603,514	1,603,514	(70,612)	(70,612)	15,093	15,093	(664)	(664)
Total	—	—	—	(69,331)	—	—	—	(652)

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, 2017			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Currency futures:			
Sold	19,009	(242)	(242)
Euro / U.S. dollar	13,503	(104)	(104)
British pound / U.S. dollar	5,505	(138)	(138)
Bought	41,336	876	876
Yen / U.S. dollar	41,336	876	876
Over-the-counter transactions:			
Foreign currency forward contracts:			
Sold	118,513	1,371	1,371
U.S. dollar	79,750	794	794
Euro	23,097	464	464
British pound	6,534	121	121
Australian dollar	2,504	(40)	(40)
Canadian dollar	2,463	44	44
Others	4,163	(13)	(13)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>2,005</b>

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, 2018						
	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	19,617	99	99	184	0	0
Euro / U.S. dollar	14,067	111	111	132	1	1
British pound / U.S. dollar	5,550	(11)	(11)	52	(0)	(0)
Bought	41,819	(42)	(42)	393	(0)	(0)
Yen / U.S. dollar	41,819	(42)	(42)	393	(0)	(0)
Over-the-counter transactions:						
Foreign currency forward contracts:						
Sold	81,151	325	325	763	3	3
U.S. dollar	51,449	127	127	484	1	1
Euro	18,683	177	177	175	1	1
British pound	4,734	(19)	(19)	44	(0)	(0)
Canadian dollar	1,760	13	13	16	0	0
Australian dollar	1,592	22	22	14	0	0
Others	2,930	4	4	27	0	0
Bought	1,729	(5)	(5)	16	(0)	(0)
U.S. dollar	1,597	(4)	(4)	15	(0)	(0)
Euro	131	(0)	(0)	1	(0)	(0)
Total	—	—	377	—	—	3

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, 2017			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen stock index futures:			
Sold	58,946	972	972
Foreign currency-denominated stock index futures:			
Sold	59,483	(476)	(476)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>496</b>

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, 2018						
	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	42,283	(617)	(617)	397	(5)	(5)
Foreign currency-denominated stock index futures:						
Sold	44,281	1,224	1,224	416	11	11
<b>Total</b>	<b>—</b>	<b>—</b>	<b>606</b>	<b>—</b>	<b>—</b>	<b>5</b>

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, 2017			
	Notional amount/ contract value	Fair value	Gains (losses)
(Unit: million yen)			
Exchange-traded transactions:			
Yen bond futures:			
Sold	82,659	5	5
Foreign currency-denominated bond futures:			
Sold	132,238	(253)	(253)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>(247)</b>

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, 2018						
	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	54,284	6	6	510	0	0
Foreign currency-denominated bond futures:						
Sold	111,732	(1,082)	(1,082)	1,051	(10)	(10)
<b>Total</b>	<b>—</b>	<b>—</b>	<b>(1,075)</b>	<b>—</b>	<b>—</b>	<b>(10)</b>

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, 2017			
	(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	266,142	252,943	3,541
U.S. dollar	204,574	191,375	(953)
Euro	61,568	61,568	4,494
Currency swaps to hedge foreign currency risks associated with funding agreement:			
Receipts foreign currency, payments foreign currency	13,650	13,650	15
Norway krone / U.S. dollar	13,650	13,650	15
Fair value hedge:			
Foreign currency forward contracts to hedge foreign currency-denominated bonds:			
Sold	5,215,748	—	(140,242)
U.S. dollar	2,948,262	—	(81,896)
Euro	1,090,351	—	(8,294)
Australian dollar	415,851	—	(22,627)
Canadian dollar	138,358	—	(8,876)
British pound	125,768	—	(1,271)
Others	497,156	—	(17,274)
Bought	27,390	—	(42)
U.S. dollar	18,150	—	(157)
Euro	3,000	—	(43)
British pound	60	—	(1)
Australian dollar	0	—	0
Others	6,178	—	159
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)
Australian dollar	122,516	—	(*1)
U.S. dollar	81,866	—	(*1)
Others	110,465	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:			
Receipts foreign currency, payments yen	476,277	476,277	(*2)
Foreign currency-denominated bonds payable:			
U.S. dollar	476,277	476,277	(*2)
Receipts yen, payments foreign currency	38,521	38,521	(*2)
Foreign currency-denominated loans:			
U.S. dollar	32,557	32,557	(*2)
Euro	5,964	5,964	(*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, 2018						
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
	(Unit: million yen)			(Unit: million US dollars)		
Deferral hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated stocks (forecasted transactions):						
Bought	9,654	—	(508)	90	—	(4)
U.S. dollar	7,384	—	(439)	69	—	(4)
Others	2,270	—	(68)	21	—	(0)
Currency swaps to hedge foreign currency-denominated bonds:						
Receipts yen, payments foreign currency	273,422	250,038	16,595	2,573	2,353	156
U.S. dollar	199,735	176,351	17,303	1,880	1,659	162
Euro	61,568	61,568	(1,226)	579	579	(11)
British pound	12,119	12,119	517	114	114	4
Currency swaps to hedge foreign currency risks associated with funding agreement:						
Receipts foreign currency, payments foreign currency	13,241	13,241	679	124	124	6
Norway krone / U.S. dollar	13,241	13,241	679	124	124	6
Fair value hedge:						
Foreign currency forward contracts to hedge foreign currency-denominated bonds:						
Sold	5,252,956	—	163,366	49,444	—	1,537
U.S. dollar	2,792,212	—	100,027	26,282	—	941
Euro	1,422,032	—	28,035	13,385	—	263
Australian dollar	360,649	—	15,883	3,394	—	149
British pound	132,251	—	2,504	1,244	—	23
Canadian dollar	112,785	—	7,260	1,061	—	68
Others	433,024	—	9,654	4,075	—	90
Bought	118,466	—	(2,217)	1,115	—	(20)
U.S. dollar	118,253	—	(2,214)	1,113	—	(20)
Euro	83	—	(1)	0	—	(0)
British pound	62	—	(0)	0	—	(0)
Others	67	—	(1)	0	—	(0)
Currency options:						
Sold						
Call	93,057			875		
	[1,686]	—	824	[15]	—	7
U.S. dollar	93,057			875		
	[1,686]	—	824	[15]	—	7
Bought						
Put	93,057			875		
	[1,686]	—	1,958	[15]	—	18
U.S. dollar	93,057			875		
	[1,686]	—	1,958	[15]	—	18
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:						
Foreign currency forward contracts to hedge foreign currency-denominated term deposits:						
Sold	262,693	—	(*1)	2,472	—	(*1)
Australian dollar	119,405	—	(*1)	1,123	—	(*1)
U.S. dollar	32,904	—	(*1)	309	—	(*1)
Others	110,383	—	(*1)	1,038	—	(*1)
Currency swaps to hedge foreign currency-denominated bonds payable and loans:						
Receipts foreign currency, payments yen	476,277	476,277	(*2)	4,483	4,483	(*2)
Foreign currency-denominated bonds payable:						
U.S. dollar	476,277	476,277	(*2)	4,483	4,483	(*2)
Receipts yen, payments foreign currency	38,081	38,081	(*2)	358	358	(*2)
Foreign currency-denominated loans:						

U.S. dollar	32,116	32,116	(*2)	302	302	(*2)
Euro	5,964	5,964	(*2)	56	56	(*2)

Note: 1. Foreign currency forward contracts:  
Forward exchange rates at the end of the fiscal year are used for fair value calculation.

2. Currency swaps:  
Fair value of currency swaps is calculated by discounting expected cash flows or the price presented by counterparty financial institutions.

(\*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, 2017			
	(A) Notional amount/ contract value	Over 1 year included in (A)	Fair value
(Unit: million yen)			
Deferral hedge:			
Yen interest rate swaps to hedge loans and insurance liabilities:			
Receipts fixed, payments floating	603,000	603,000	(20,559)
Special hedge accounting:			
Yen interest rate swaps to hedge loans:			
Receipts fixed, payments floating	19,800	16,800	189
Yen interest rate swaps to hedge loans payable:			
Receipts floating, payments fixed	283,000	283,000	(3,161)

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, 2018						
	(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	604,000	604,000	(10,492)	5,685	5,685	(98)
Special hedge accounting:						
Yen interest rate swaps to hedge loans:						
Receipts fixed, payments floating	16,800	15,300	137	158	144	1
Yen interest rate swaps to hedge loans payable:						
Receipts floating, payments fixed	283,000	283,000	(2,489)	2,663	2,663	(23)

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

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, 2018				
	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	9,559	(24)	89	(0)

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, 2017		
	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	62,192	1,030
	[902]	
Bought:		
Put	62,192	313
	[902]	

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

As of March 31, 2018

Not applicable

**XIII. EMPLOYEES' RETIREMENT BENEFITS****1. Overview of Employees' Retirement Benefit Plan of the Group**

As a defined benefit plan for its sales representatives, DL has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension.

For its administrative personnel, DL has established and maintained a benefit plan consisting of defined benefit corporate pension and retirement lump sum grants as a defined benefit plan and defined contribution pension as a defined contribution plan.

Certain consolidated overseas subsidiaries have maintained their defined benefit plan and defined contribution plan.

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

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of the projected benefit obligations	738,116	730,381	6,874
Service cost	30,920	29,372	276
Interest cost	3,397	3,358	31
Accruals of actuarial (gains) and losses	3,413	6,961	65
Payment of retirement benefits	(37,925)	(34,665)	(326)
Decreases due to exclusion from consolidation	(4,750)	—	—
Others	(2,790)	(2,201)	(20)
Ending balance of the projected benefit obligation	730,381	733,207	6,901

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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Beginning balance of pension assets	295,038	308,821	2,906
Estimated return on assets	1,995	1,915	18
Accruals of actuarial (gains) and losses	17,922	19,717	185
Contributions from the employer	11,386	12,485	117
Payment of retirement benefits	(13,674)	(22,218)	(209)
Decreases due to exclusion from consolidation	(3,039)	—	—
Others	(807)	(704)	(6)
Ending balance of pension assets	308,821	320,017	3,012

**(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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Projected benefit obligation for funded pensions	414,199	412,373	3,881
Pension assets	(308,821)	(320,017)	(3,012)
	105,377	92,355	869
Projected benefit obligation for unfunded pensions	316,182	320,833	3,019
Net of assets and liabilities recorded in the consolidated balance sheet	421,560	413,189	3,889
Net defined benefit liabilities	421,560	413,189	3,889
Net defined benefit assets	—	—	—
Net of assets and liabilities recorded in the consolidated balance sheet	421,560	413,189	3,889

**(4) Amount of the components of retirement benefit expenses**

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Service cost	30,920	29,372	276
Interest cost	3,397	3,358	31
Expected return on assets	(1,995)	(1,915)	(18)
Expense of actuarial (gains) and losses	4,525	3,073	28
Others	435	257	2
Retirement benefit expenses for defined benefit plans	37,283	34,146	321

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

**(5) Remeasurements of defined benefit plans**

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

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Actuarial gains (losses)	19,148	15,871	149
Total	19,148	15,871	149

**(6) Accumulated remeasurements of defined benefit plans**

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

	Year ended March 31,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Unrecognized actuarial gains (losses)	27,444	11,575	108
Total	27,444	11,575	108

**(7) Pension assets**

a) The main components of the pension assets

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

	Year ended March 31,	
	2017	2018
Stocks	58%	59%
Assets under joint management	11%	15%
Bonds	11%	11%
Life insurance general account	8%	7%
Others	12%	8%
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, 2017 and 2018 were 51% and 50%, respectively.

b) The method of setting the expected long-term rate of return on pension assets

To determine the expected long-term rate of return on pension assets, the consolidated subsidiaries have taken into account the allocation of pension assets at present and in future, and long-term rate of return on a variety of assets that make up the pension assets at present and in future.

**(8) Calculation basis of actuarial gains and losses**

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

	Year ended March 31,	
	2017	2018
Discount rate	0.30 to 4.04%	0.30 to 3.55%
Expected long-term rate of return		
Defined benefit corporate pension	0.30 to 7.25%	0.30 to 7.00%
Employee pension trust	0.00%	0.00%

**3. Defined contribution plans**

Required amounts of contribution to defined contribution plans of consolidated subsidiaries for the fiscal years ended March 31, 2017 and 2018 were ¥2,447 million and ¥2,479 million (US\$23 million), respectively.

**XIV. STOCK OPTIONS****1. The account used to record expenses associated with issuing stock options and the amount expensed**

Operating expenses for the fiscal year ended March 31, 2017: ¥362 million

Operating expenses for the fiscal year ended March 31, 2018: ¥327 million (US\$3 million)

**2. Details of the stock options granted****(1) Details of the stock options**

	The Dai-ichi Life Insurance Company, Limited 1st Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 2nd Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 3rd Series of Stock Acquisition Rights
Granted persons	10 directors (except outside directors) and 16 executive officers of DL	11 directors (except outside directors) and 16 executive officers of DL	11 directors (except outside directors) and 17 executive officers of DL
Class and total number (*1)	169,800 shares of common stock	318,700 shares of common stock	183,700 shares of common stock
Grant date	August 16, 2011	August 16, 2012	August 16, 2013
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 17, 2011 to August 16, 2041	From August 17, 2012 to August 16, 2042	From August 17, 2013 to August 16, 2043

	The Dai-ichi Life Insurance Company, Limited 4th Series of Stock Acquisition Rights	The Dai-ichi Life Insurance Company, Limited 5th Series of Stock Acquisition Rights	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 17 executive officers of DL	11 directors (except outside directors) and 18 executive officers of DL	10 directors (except directors serving as Audit & Supervisory Committee members) and 15 executive officers of the Company, and 38 directors, etc. of the Company's subsidiaries
Class and total number (*1)	179,000 shares of common stock	110,600 shares of common stock	269,600 shares of common stock
Grant date	August 18, 2014	August 17, 2015	October 18, 2016
Vesting conditions	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.	The acquisition rights are vested on the above grant date.
Service period covered	N/A	N/A	N/A
Exercise period (*2)	From August 19, 2014 to August 18, 2044	From August 18, 2015 to August 17, 2045	From October 19, 2016 to October 18, 2046

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Granted persons	6 directors (except directors serving as Audit & Supervisory Committee members) and 15 executive officers of the Company, and 37 directors, etc. of the Company's subsidiaries
Class and total number (*1)	215,800 shares of common stock
Grant date	August 24, 2017
Vesting conditions	The acquisition rights are vested on the above grant date.
Service period covered	N/A
Exercise period (*2)	From August 25, 2017 to August 24, 2047

(\*1) It has been described in terms of the number of shares. The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

(\*2) A granted person can exercise stock acquisition rights only within 10 days from the day on which she/he loses status as any of a director (except director serving as Audit & Supervisory Committee member) or an executive officer of the Company, DL, DFLI and Neo First Life. For stock options granted before the shift to a holding company structure, the terms and conditions for the exercise period have been changed due to the shift to a holding company structure effective on October 1, 2016.

## (2) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2018 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	92,800	208,600	140,600
Vested	—	—	—
Exercised	23,800	43,400	25,500
Forfeited	—	—	—
Outstanding at the end of the fiscal year	69,000	165,200	115,100

	The Dai-ichi Life Insurance Company, Limited		Dai-ichi Life Holdings, Inc.
	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights	1st Series of Stock Acquisition Rights
Before vesting			
Outstanding at the end of prior fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding at the end of the fiscal year	—	—	—
After vesting			
Outstanding at the end of prior fiscal year	155,900	106,500	269,600
Vested	—	—	—
Exercised	32,700	18,500	38,000
Forfeited	—	—	—
Outstanding at the end of the fiscal year	123,200	88,000	231,600

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Before vesting	
Outstanding at the end of prior fiscal year	—
Granted	215,800
Forfeited	—
Vested	215,800
Outstanding at the end of the fiscal year	—
After vesting	
Outstanding at the end of prior fiscal year	—
Vested	215,800
Exercised	—
Forfeited	6,900
Outstanding at the end of the fiscal year	208,900

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	¥1,947 (US\$18)	¥1,947 (US\$18)	¥1,947 (US\$18)
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	¥1,947 (US\$18)	¥1,947 (US\$18)	¥1,947 (US\$18)
Fair value at the grant date	¥1,366 (US\$12)	¥2,318 (US\$20)	¥1,344 (US\$11)

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

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, 2018 were valued as follows:

### (1) Valuation method

Black-Scholes Model

### (2) Assumptions

Stock options granted for the fiscal year ended March 31, 2018

	Dai-ichi Life Holdings, Inc. 2nd Series of Stock Acquisition Rights
Expected volatility <sup>(*)1</sup>	37.378%
Expected durations <sup>(*)2</sup>	5 years
Expected dividends <sup>(*)3</sup>	¥45 (US\$0.42)
Risk-free interest rate <sup>(*)4</sup>	(0.096%)

<sup>(\*)1</sup> Computed based on the closing prices of common stock in each trading day from August 24, 2012 to August 23, 2017.

<sup>(\*)2</sup> Computed based on the average service period from the grant date to expected exercise date.

<sup>(\*)3</sup> Computed based on the expected dividend for the fiscal year ended March 31, 2018.

<sup>(\*)4</sup> 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Deferred tax assets:			
Policy reserves and others	483,812	496,111	4,669
Net defined benefits liabilities	158,240	148,075	1,393
Reserve for price fluctuations	48,798	54,678	514
Tax losses carried forward	58,388	35,577	334
Others	128,670	65,426	615
Subtotal	877,909	799,869	7,528
Valuation allowances	(54,668)	(64,809)	(610)
Total	823,241	735,059	6,918
Deferred tax liabilities:			
Net unrealized gains on securities, net of tax	(758,063)	(857,498)	(8,071)
Evaluation difference related to business combination	(152,819)	(75,997)	(715)
Others	(236,704)	(158,221)	(1,489)
Total	(1,147,586)	(1,091,718)	(10,275)
Net deferred tax assets (liabilities)	(324,345)	(356,658)	(3,357)

### 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,	
	2017	2018
Statutory effective tax rate	30.78%	30.85%
(Adjustments)		
Decrease in deferred tax liabilities in relation to U.S. tax reform	—	(23.92%)
Permanent differences such as dividends received	(0.63%)	(5.21%)
Decrease in valuation allowance	(2.47%)	2.79%
Others	(2.20%)	(1.11%)
Actual effective tax rate after considering deferred taxes	25.48%	3.41%

### 3. Adjustment of deferred tax assets and liabilities due to changes in effective statutory tax rate

The enactment of the U.S. tax reform act, Tax Cuts and Jobs Act of 2017, on December 22, 2017, reduces the federal corporate income tax rate which is applied to the Company's consolidated subsidiaries in the U.S. from 35% to 21%.

As a result of this change, deferred tax liabilities decreased by ¥90,134 million (US\$848 million) and corporate income taxes-deferred decreased by ¥90,134 million (US\$848 million) for the year ended March 31, 2018.

## 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. 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, 2017 and 2018 were ¥31,572 million and ¥32,603 million (US\$306 million), respectively. The rental income was included in investment income and the rental expense was included in investment expenses. Impairment losses on rental real estate as extraordinary losses for the fiscal year ended March 31, 2017 and 2018 were ¥5,167 million and ¥11,505 million (US\$108 million), respectively. Losses on sale on rental real estate as extraordinary losses was ¥8,593 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Carrying amount:			
Beginning balance	807,289	795,164	7,484
Net change during year	(12,124)	9,438	88
Ending balance	795,164	804,603	7,573
Market value	892,854	958,825	9,025

Note: 1. The carrying amount of rental real estate on the consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.  
2. Net change in carrying amount included cost of acquisition of the real estate of ¥33,544 million, sale of the real estate of ¥35,424 million, depreciation expense of ¥13,758 million, impairment loss of ¥5,167 million, during the fiscal year ended March 31, 2017.  
Net change in carrying amount included cost of acquisition of the real estate of ¥23,038 million (US\$216 million), depreciation expense of ¥13,262 million (US\$124 million), impairment loss of ¥11,505 million (US\$108 million), sale of the real estate of ¥1,931 million (US\$18 million), during the fiscal year ended March 31, 2018.  
3. Certain domestic consolidated subsidiaries calculate the market value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

## XVIII. 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.

#### (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, 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
Other relevant information						
Depreciation of real estate for rent and others	13,765	18	–	13,784	–	13,784
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 income of affiliates	–	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

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

2. Adjusted amounts were as follows.

- a) Adjustment for ordinary revenues of ¥(48,472) million was mainly related to ordinary expenses including provision for reserves for outstanding claims of ¥28,521 million and ordinary revenues including foreign exchange gains of ¥7,433 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 was mainly related to elimination of dividend income from subsidiaries and affiliated companies.
- c) Adjustment for segment assets of ¥(1,515,376) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.
- d) Adjustment for segment liabilities of ¥(11,299) million was mainly related to consolidation adjustments for deferred tax assets.
- e) Adjustment for others was mainly related to elimination of intersegment transactions.
3. Segment profit is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

For the fiscal year ended March 31, 2018:

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

	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)	52,839	13,745	75	66,660	(415)	66,244
Intersegment transfers	24	11	532	568	(568)	–
Total	52,864	13,756	607	67,228	(984)	66,244
Segment income (loss)	3,874	565	454	4,894	(451)	4,442
Segment assets	413,429	89,033	16,786	519,250	(14,703)	504,546
Segment liabilities	384,687	80,339	4,577	469,604	(348)	469,255
Other relevant information						
Depreciation of real estate for rent and others	124	0	–	125	–	125
Depreciation	287	117	1	406	–	406
Amortization of goodwill	–	35	–	35	–	35
Interest and dividend income	8,990	2,281	472	11,744	(474)	11,270
Interest expenses	132	285	16	434	(21)	412
Equity in income of affiliates	–	20	31	52	–	52
Extraordinary gains	4	1	315	321	(0)	321
Extraordinary losses	322	1	–	323	(0)	323
(Impairment losses)	(109)	(–)	(–)	(109)	(–)	(109)
Taxes	791	(668)	(2)	120	–	120
Investments in affiliated companies	–	494	430	924	–	924
Increase in tangible fixed assets and intangible fixed assets	572	41	0	614	–	614

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

2. Adjusted amounts were as follows.

- a) Adjustment for ordinary revenues of ¥(44,157) million (US\$(415) million) was mainly related to ordinary expenses including provision for reserves for outstanding claims of ¥25,774 million (US\$242 million) and ordinary revenues including gains on money held in trust of ¥9,222 million (US\$86 million) reconciled to other ordinary revenues and losses on money held in trust in the Consolidated Statement of Earnings, respectively.
- b) Adjustment for segment income (loss) of ¥(47,976) million (US\$(451) million) was mainly related to elimination of dividend income from subsidiaries and affiliated companies.
- c) Adjustment for segment assets of ¥(1,562,110) million (US\$(14,703) million) was mainly related to elimination of stocks of subsidiaries and affiliated companies.
- d) Adjustment for segment liabilities of ¥(36,997) million (US\$(348) million) was mainly related to consolidation adjustments for deferred tax assets.
- e) Adjustment for others was mainly related to elimination of intersegment transactions.
3. Segment profit is reconciled with Ordinary profit booked in the Consolidated Statement of Earnings.

## 2. Other Related Information

For the fiscal year ended March 31, 2017:

### (1) Product (Service) Segment Information

	Year ended March 31, 2017
	(Unit: million yen)
Premium and other income	
Domestic Life Insurance Business	3,541,241
Overseas Insurance Business	927,494
Other Business	—
Total	4,468,736

### (2) Geographic Segment Information

#### a) Ordinary Revenues

	Year ended March 31, 2017
	(Unit: million yen)
Ordinary revenues	
Japan	4,958,718
United States of America	1,040,457
Other Areas	457,620
Total	6,456,796

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, 2018:

### (1) Product (Service) Segment Information

	Year ended March 31, 2018	
	(Unit: million yen)	(Unit: million US dollars)
Premium and other income		
Domestic Life Insurance Business	3,954,540	37,222
Overseas Insurance Business	930,038	8,754
Other Business	—	—
Total	4,884,579	45,976

### (2) Geographic Segment Information

#### a) Ordinary Revenues

	Year ended March 31, 2018	
	(Unit: million yen)	(Unit: million US dollars)
Ordinary revenues		
Japan	5,329,138	50,161
United States of America	1,107,957	10,428
Other Areas	600,731	5,654
Total	7,037,827	66,244

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, 2017 and 2018

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, 2017:

	Year ended March 31, 2017	
	(Unit: million yen)	
	Amortization of goodwill	Unamortized amount of goodwill
Domestic Life Insurance Business	—	—
Overseas Insurance Business	3,600	57,938
Other Business	—	—
Total	3,600	57,938

For the fiscal year ended March 31, 2018:

	Year ended March 31, 2018		
	(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	3,823	51,481	35
Other Business	—	—	—
Total	3,823	51,481	35

## 5. Gain on Negative Goodwill by Reporting Segment

For the fiscal years ended March 31, 2017 and 2018

Not applicable

## 6. Related Party Transactions

For the fiscal years ended March 31, 2017 and 2018

There are no significant transactions to be disclosed.

## XIX. PER SHARE INFORMATION

	As of / Year ended March 31,		
	2017	2018	2018
	(Unit: yen)		(Unit: US dollars)
Net assets per share	2,668.61	3,217.68	30.28
Net income per share	196.62	310.69	2.92
Diluted net income per share	196.48	310.45	2.92

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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Net income per share			
Net income attributable to shareholders of parent company	231,286	363,928	3,425
Net income attributable to other than shareholders of common stock	—	—	—
Net income attributable to shareholders of common stock	231,286	363,928	3,425
Average number of common stock outstanding	1,176,333 thousand shares	1,171,339 thousand shares	1,171,339 thousand shares
Diluted net income per share			
Adjustments to net income	—	—	—
Increase in the number of common stock	838 thousand shares	935 thousand shares	935 thousand shares
[Increase in the number of common stock attributable to subscription rights to shares]	[838 thousand shares]	[935 thousand shares]	[935 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,		
	2017	2018	2018
	(Unit: million yen)		(Unit: million US dollars)
Net assets	3,137,266	3,749,271	35,290
Adjustments	(1,247)	(1,348)	(12)
Subscription rights to shares	(1,247)	(1,348)	(12)
Net assets attributable to common stock	3,136,019	3,747,923	35,277
Number of outstanding common stock	1,175,149 thousand shares	1,164,792 thousand shares	1,164,792 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, 2017 and 2018 was 4,585 thousand shares and 4,294 thousand shares, respectively. For the calculation of net assets per share, the treasury stock which includes shares held by the J-ESOP was excluded from the total number of issued and outstanding shares. The number of treasury stocks as of March 31, 2017 and 2018 was 4,334 thousand shares and 4,270 thousand shares, respectively.

## XX. SUBSEQUENT EVENTS

- The board of directors of the Company resolved at its meeting held on May 15, 2018 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

- Class of shares to be repurchased  
Shares of common stock
- Aggregate number of shares to be repurchased  
Up to 39,000,000 shares
- Aggregate price of shares to be repurchased  
Up to 39,000 million yen (US\$367 million)
- Period of repurchase of shares  
From May 16, 2018 to March 31, 2019
- Method of repurchase of shares  
Open-market repurchase by the trust method

- The Company made Janus Henderson Group plc ("Janus Henderson") an affiliated company on May 17, 2018.

### (1) Purpose of the Purchase of Janus Henderson's Shares

By making Janus Henderson, which has strong business presence in Europe and the United States, an affiliated company of the Company, the Company and its Group companies expect to strengthen Asset Management Business capability and expand its profitability by incorporating Janus Henderson's highprofit growth.

### (2) Company Profile of Janus Henderson

- Company name  
Janus Henderson Group plc
- Line of business  
Asset management
- Company size (as of March 31, 2018)  
Total assets under management: US\$371.9 billion (¥39,510 billion)

### (3) Timing of the Purchase of Janus Henderson's Shares

The Company has accumulated Janus Henderson's shares in the open market and through block trades from November 2017.

### (4) Details of Purchases of Janus Henderson's Shares

- Number of shares purchased

Number of shares held	17,168,922 shares
Number of shares purchased	13,500,000 shares
Number of total shares	30,668,922 shares
- Purchase price  
¥52,905 million
- The Company's shareholdings after completing the purchases (based on Janus Henderson's ordinary shares outstanding as of May 4, 2018)  
15.3%

## XXI. (Unaudited) QUARTERLY INFORMATION

	Three months ended June 30, 2017	Six months ended September 30, 2017	Nine months ended December 31, 2017	Year ended March 31, 2018
Ordinary revenues (million yen)	1,592,502	3,364,824	5,205,736	7,037,827
Income before income taxes (million yen)	104,783	188,525	291,876	376,760
Net income attributable to shareholders of parent company (million yen)	71,936	128,367	199,218	363,928
Net income attributable to shareholders of parent company per share (yen)	61.20	109.24	169.79	310.69

	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Three months ended March 31, 2018
Net income attributable to shareholders of parent company per share (yen)	61.20	48.03	60.57	141.34

	Three months ended June 30, 2017	Six months ended September 30, 2017	Nine months ended December 31, 2017	Year ended March 31, 2018
Ordinary revenues (million US dollars)	14,989	31,671	48,999	66,244
Income before income taxes (million US dollars)	986	1,774	2,747	3,546
Net income attributable to shareholders of parent company (million US dollars)	677	1,208	1,875	3,425
Net income attributable to shareholders of parent company per share (US dollars)	0.57	1.02	1.59	2.92

	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Three months ended March 31, 2018
Net income attributable to shareholders of parent company per share (US dollars)	0.57	0.45	0.57	1.33

## Independent Auditor's Report

**Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of Dai-ichi Life Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dai-ichi Life Holdings, Inc. and its consolidated subsidiaries as at March 31, 2018, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Other Matter**

The consolidated financial statements of Dai-ichi Life Holdings, Inc. and its consolidated subsidiaries as at and for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on June 26, 2017.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the consolidated financial statements.

KPMG AZSA LLC

June 25, 2018  
Tokyo, Japan

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



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

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2018	2018
(ASSETS)		
Cash and deposits	474,030	4,461
Cash	173	1
Bank deposits	473,857	4,460
Call loans	164,600	1,549
Monetary claims bought	191,108	1,798
Money held in trust	59,348	558
Securities	30,961,195	291,426
Government bonds	14,011,465	131,885
Local government bonds	119,575	1,125
Corporate bonds	1,949,088	18,346
Stocks	3,883,612	36,555
Foreign securities	10,290,811	96,863
Other securities	706,641	6,651
Loans	2,562,316	24,118
Policy loans	358,340	3,372
Ordinary loans	2,203,976	20,745
Tangible fixed assets	1,116,133	10,505
Land	770,567	7,253
Buildings	338,612	3,187
Leased assets	3,966	37
Construction in progress	97	0
Other tangible fixed assets	2,889	27
Intangible fixed assets	99,255	934
Software	76,751	722
Other intangible fixed assets	22,503	211
Reinsurance receivable	2,500	23
Other assets	601,617	5,662
Accounts receivable	13,837	130
Prepaid expenses	12,328	116
Accrued revenue	162,982	1,534
Deposits	41,221	388
Margin money for futures trading	84,199	792
Derivatives	249,599	2,349
Suspense payment	5,899	55
Other assets	31,548	296
Customers' liabilities for acceptances and guarantees	108,514	1,021
Reserve for possible loan losses	(994)	(9)
Reserve for possible investment losses	(436)	(4)
Total assets	36,339,190	342,048

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

	(Unit: million yen)	(Unit: million US dollars)
	As of March 31,	
	2018	2018
(LIABILITIES)		
Policy reserves and others	30,953,878	291,358
Reserves for outstanding claims	148,009	1,393
Policy reserves	30,407,218	286,212
Reserve for policyholder dividends	398,650	3,752
Reinsurance payable	613	5
Bonds payable	476,277	4,483
Other liabilities	1,054,754	9,928
Collateral for securities lending transactions	272,984	2,569
Long-term debt and other borrowings	283,000	2,663
Corporate income tax payable	65,670	618
Accounts payable	59,595	560
Accrued expenses	46,898	441
Unearned revenue	648	6
Deposits received	56,752	534
Guarantee deposits received	52,556	494
Differential account for futures trading	9	0
Derivatives	73,820	694
Collateral for financial instruments	134,813	1,268
Lease liabilities	4,091	38
Asset retirement obligations	2,665	25
Suspense receipt	1,246	11
Reserve for employees' retirement benefits	392,948	3,698
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,384	13
Reserve for possible reimbursement of prescribed claims	900	8
Reserve for price fluctuations	181,453	1,707
Deferred tax liabilities	203,767	1,917
Deferred tax liabilities for land revaluation	76,438	719
Acceptances and guarantees	108,514	1,021
Total liabilities	33,450,931	314,861
(NET ASSETS)		
Capital stock	60,000	564
Capital surplus	470,000	4,423
Legal capital surplus	60,000	564
Other capital surplus	410,000	3,859
Retained earnings	166,041	1,562
Other retained earnings	166,041	1,562
Reserve for tax basis adjustments of real estate	1,746	16
Retained earnings brought forward	164,295	1,546
Total shareholders' equity	696,041	6,551
Net unrealized gains (losses) on securities, net of tax	2,213,897	20,838
Deferred hedge gains (losses)	(9,256)	(87)
Reserve for land revaluation	(12,423)	(116)
Total of valuation and translation adjustments	2,192,217	20,634
Total net assets	2,888,259	27,186
Total liabilities and net assets	36,339,190	342,048

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2018	2018
Ordinary revenues	3,791,933	35,692
Premium and other income	2,321,998	21,856
Premium income	2,321,134	21,848
Reinsurance income	864	8
Investment income	1,151,279	10,836
Interest and dividends	836,004	7,869
Interest from bank deposits	6,532	61
Interest and dividends from securities	695,803	6,549
Interest from loans	52,045	489
Rental income	71,352	671
Other interest and dividends	10,269	96
Gains on money held in trust	9,222	86
Gains on sale of securities	229,603	2,161
Gains on redemption of securities	21,669	203
Reversal of reserve for possible loan losses	259	2
Other investment income	1,341	12
Gains on investments in separate accounts	53,178	500
Other ordinary revenues	318,655	2,999
Fund receipt for annuity rider of group insurance	524	4
Fund receipt for claim deposit payment	207,277	1,951
Reversal of reserves for outstanding claims	81,689	768
Other ordinary revenues	29,163	274
Ordinary expenses	3,433,070	32,314
Benefits and claims	2,265,295	21,322
Claims	712,110	6,702
Annuities	497,368	4,681
Benefits	360,384	3,392
Surrender values	545,177	5,131
Other refunds	148,592	1,398
Ceding reinsurance commissions	1,661	15
Provision for policy reserves and others	166,356	1,565
Provision for policy reserves	158,048	1,487
Provision for interest on policyholder dividends	8,308	78
Investment expenses	290,370	2,733
Interest expenses	14,041	132
Losses on sale of securities	111,285	1,047
Losses on valuation of securities	825	7
Losses on redemption of securities	4,321	40
Derivative transaction losses	32,771	308
Foreign exchange losses	75,078	706
Provision for reserve for possible investment losses	205	1
Write-down of loans	43	0
Depreciation of real estate for rent and others	13,270	124
Other investment expenses	38,527	362
Operating expenses	408,621	3,846
Other ordinary expenses	302,427	2,846
Claim deposit payments	219,685	2,067
National and local taxes	28,229	265
Depreciation	29,371	276
Provision for reserve for employees' retirement benefits	11,820	111
Other ordinary expenses	13,320	125
Ordinary profit	358,863	3,377

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2018	2018
Extraordinary gains	514	4
Gains on disposal of fixed assets	514	4
Extraordinary losses	30,111	283
Losses on disposal of fixed assets	1,263	11
Impairment losses on fixed assets	11,589	109
Provision for reserve for price fluctuations	17,000	160
Other extraordinary losses	257	2
Provision for reserve for policyholder dividends	95,000	894
Income before income taxes	234,266	2,205
Corporate income taxes-current	86,344	812
Corporate income taxes-deferred	(21,983)	(206)
Total of corporate income taxes	64,360	605
Net income	169,905	1,599

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

	(Unit: million yen)	(Unit: million US dollars)
	Year ended March 31,	
	2018	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income taxes	234,266	2,205
Depreciation of real estate for rent and others	13,270	124
Depreciation	29,371	276
Impairment losses on fixed assets	11,589	109
Increase (decrease) in reserves for outstanding claims	(81,689)	(768)
Increase (decrease) in policy reserves	158,048	1,487
Provision for interest on policyholder dividends	8,308	78
Provision for (reversal of) reserve for policyholder dividends	95,000	894
Increase (decrease) in reserve for possible loan losses	(477)	(4)
Increase (decrease) in reserve for possible investment losses	(8)	(0)
Write-down of loans	43	0
Increase (decrease) in reserve for employees' retirement benefits	12,078	113
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(114)	(1)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	100	0
Increase (decrease) in reserve for price fluctuations	17,000	160
Interest and dividends	(836,004)	(7,869)
Securities related losses (gains)	(188,019)	(1,769)
Interest expenses	14,041	132
Foreign exchange losses (gains)	75,078	706
Losses (gains) on disposal of fixed assets	567	5
Decrease (increase) in reinsurance receivable	(267)	(2)
Decrease (increase) in other assets unrelated to investing and financing activities	(20,334)	(191)
Increase (decrease) in reinsurance payable	(127)	(1)
Increase (decrease) in other liabilities unrelated to investing and financing activities	131,065	1,233
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	(223)	(2)
Others, net	67,228	632
Subtotal	(260,208)	(2,449)
Interest and dividends received	871,106	8,199
Interest paid	(17,680)	(166)
Policyholder dividends paid	(90,542)	(852)
Others, net	(347,031)	(3,266)
Corporate income taxes paid	(38,852)	(365)
Net cash flows provided by (used in) operating activities	116,791	1,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of monetary claims bought	(29,134)	(274)
Proceeds from sale and redemption of monetary claims bought	30,648	288
Purchases of money held in trust	(200)	(1)
Proceeds from decrease in money held in trust	200	1
Purchases of securities	(7,243,587)	(68,181)
Proceeds from sale and redemption of securities	7,222,607	67,983
Origination of loans	(553,100)	(5,206)
Proceeds from collection of loans	646,919	6,089
Others, net	5,112	48
Total of net cash provided by (used in) investment transactions	79,465	747
Total of net cash provided by (used in) operating activities and investment transactions	196,256	1,847
Acquisition of tangible fixed assets	(33,679)	(317)
Proceeds from sale of tangible fixed assets	2,151	20
Acquisition of intangible fixed assets	(29,920)	(281)
Net cash flows provided by (used in) investing activities	18,015	169
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of financial lease obligations	(2,096)	(19)
Cash dividends paid	(29,972)	(282)
Others, net	(103)	(0)
Net cash flows provided by (used in) financing activities	(32,171)	(302)
Effect of exchange rate changes on cash and cash equivalents	(959)	(9)
Net increase (decrease) in cash and cash equivalents	101,676	957
Cash and cash equivalents at the beginning of the year	536,954	5,054
Cash and cash equivalents at the end of the year	638,630	6,011

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

Year ended March 31, 2018

	(Unit: million yen)			
	Shareholders' equity			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	60,000	60,000	410,000	470,000
Changes for the year				
Dividends				
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	-	-	-	-
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	Reserve for tax basis adjustments of real estate	Total retained earnings	
Balance at the beginning of the year	1,257	29,972	31,230	561,230
Changes for the year				
Dividends		(29,972)	(29,972)	(29,972)
Net income		169,905	169,905	169,905
Transfer to reserve for tax basis adjustments of real estate	488	(488)	-	-
Transfer from reserve for land revaluation		(5,121)	(5,121)	(5,121)
Net changes of items other than shareholders' equity				
Total changes for the year	488	134,322	134,811	134,811
Balance at the end of the year	1,746	164,295	166,041	696,041

	(Unit: million yen)			
	Valuation and translation adjustments			
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total net assets
Balance at the beginning of the year	1,963,267	(25,327)	(17,541)	2,481,628
Changes for the year				
Dividends				(29,972)
Net income				169,905
Transfer to reserve for tax basis adjustments of real estate				-
Transfer from reserve for land revaluation				(5,121)
Net changes of items other than shareholders' equity	250,629	16,071	5,117	271,818
Total changes for the year	250,629	16,071	5,117	406,630
Balance at the end of the year	2,213,897	(9,256)	(12,423)	2,888,259

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

Year ended March 31, 2018	(Unit: million US dollars)			
	Shareholders' equity			
	Capital stock	Capital surplus		Total capital surplus
		Legal capital surplus	Other capital surplus	
Balance at the beginning of the year	564	564	3,859	4,423
Changes for the year				
Dividends				
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	-	-	-	-
Balance at the end of the year	564	564	3,859	4,423

	(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	11	282	293	5,282
Changes for the year				
Dividends		(282)	(282)	(282)
Net income		1,599	1,599	1,599
Transfer to reserve for tax basis adjustments of real estate	4	(4)	-	-
Transfer from reserve for land revaluation		(48)	(48)	(48)
Net changes of items other than shareholders' equity				
Total changes for the year	4	1,264	1,268	1,268
Balance at the end of the year	16	1,546	1,562	6,551

	(Unit: million US dollars)			
	Valuation and translation adjustments			
	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	18,479	(238)	(165)	18,076
Changes for the year				
Dividends				(282)
Net income				1,599
Transfer to reserve for tax basis adjustments of real estate				-
Transfer from reserve for land revaluation				(48)
Net changes of items other than shareholders' equity	2,359	151	48	2,558
Total changes for the year	2,359	151	48	3,827
Balance at the end of the year	20,838	(87)	(116)	20,634

	(Unit: million US dollars)			
	Total net assets			
Balance at the beginning of the year				23,358
Changes for the year				
Dividends				(282)
Net income				1,599
Transfer to reserve for tax basis adjustments of real estate				-
Transfer from reserve for land revaluation				(48)
Net changes of items other than shareholders' equity	2,359	151	48	2,558
Total changes for the year	2,359	151	48	3,827
Balance at the end of the year	20,838	(87)	(116)	27,186

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2018

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 ¥106.24=US\$1.00, the foreign exchange rate on March 31, 2018, 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, 2018

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, 2018 was ¥621,852 million (US\$5,853 million).

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

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

## 7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2018 was ¥6 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, 2018.

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, 2018.

(2) Amortization of Actuarial Differences

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

## 9. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of DL is established for securities whose fair values are extremely difficult to recognize. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

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

## 11. Reserve for Possible Reimbursement of Prescribed Claims

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

## 12. Reserve for Price Fluctuations

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

### 13. Hedge Accounting

#### (1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan (ASBJ) Statement No. 10). Primarily, i) special hedge accounting and the deferral hedge method for interest rate swaps are used for cash flow hedges of certain loans, government and corporate bonds, loans payable and bonds payable; ii) the currency allotment method and the deferral hedge method using foreign currency swaps and foreign currency forward contracts are used for cash flow hedges against exchange rate fluctuations in certain foreign currency-denominated bonds, loans, loans payable and bonds payable and certain foreign currency-denominated term deposits and stocks (forecasted transaction); iii) the fair value hedge method using currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds; iv) the deferral hedge method for bond over-the-counter options is used for hedges against interest rate fluctuations in certain foreign currency-denominated bonds; v) the deferral hedge method and fair value hedge method using equity options and equity forward contracts are used for hedges against price fluctuations in the value of certain domestic stocks and foreign currency-denominated stocks (forecasted transaction), and vi) the deferral hedge method using interest rate swaps is used for hedges against interest rate fluctuations in certain insurance liabilities, under the “Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments to Insurance Operators” (Industry Audit Committee Report No. 26 issued by the JICPA).

#### (2) Hedging Instruments and Hedged Items

Hedging instruments	Hedged items
Interest rate swaps	Loans, government and corporate bonds, loans payable, bonds payable, insurance liabilities
Foreign currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, foreign currency-denominated loans payable, foreign currency-denominated bonds payable
Foreign currency forward contracts	Foreign currency-denominated bonds, foreign currency-denominated term deposits, foreign currency-denominated stocks (forecasted transaction)
Currency options	Foreign currency-denominated bonds
Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

#### (3) Hedging Policies

DL conducts hedging transactions with regard to certain market risk and foreign currency risk of underlying assets to be hedged, in accordance with the internal investment policy and procedure guidelines.

#### (4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair value of hedged items to those of the hedging instruments.

### 14. Calculation of National and Local Consumption Tax

DL accounts for national and local consumption tax by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accordance with the Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

### 15. Policy Reserve

Policy reserves of DL are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in (1) and (2) below. Policy reserves include additional policy reserves for some whole life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

(1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No.48, 1996).

(2) Reserves for other policies are established based on the net level premium method.

### 16. Policy Acquisition Costs

The costs of acquiring and renewing 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.

### 17. Financial Instruments and Others

#### (1) Financial Instruments

##### a) Policies in Utilizing Financial Instruments

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

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

With respect to financing, DL has raised capital directly from the capital markets by issuing subordinated bonds as well as indirectly from banks in order to strengthen its capital base. To avoid impact from interest rate fluctuations, DL utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

##### b) Financial Instruments Used and Their Risks

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

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

DL utilizes i) interest rate swaps to hedge interest rate risk associated with certain of its loans receivable and payable, ii) equity forward contracts to hedge market fluctuation risks associated with domestic stocks, and iii) foreign currency forward contracts, currency options and foreign currency swaps to hedge foreign currency risks associated with certain foreign currency-denominated bonds, foreign currency-denominated short-term deposits and foreign currency-denominated debts, etc. and adopt hedge accounting.

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

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

##### c) Risk Management

The risk management system of DL is as follows:

###### i) Market Risk Management

Under the internal investment policy and market risk management policy, DL manages market risk by conducting mid- to long-term asset allocation in a manner appropriate to its liabilities. Therefore, it categorizes its portfolio into sub-groups, based on their investment purpose, and manages them taking into account each of their risk characteristics.

###### (a) Interest rate risk

DL keeps track of interest rates and durations of its assets and liabilities, monitors its internal analyses on duration gap and interest rate sensitivity, and periodically reports its findings to the board of directors, etc.

###### (b) Currency risk

DL keeps track of currency composition of its financial assets and liabilities, conducts sensitivity analyses, and periodically reports its findings to the board of directors, etc.

###### (c) Fluctuation in market values

DL defines risk management policies and management procedures for each component of its overall portfolio, including securities and specific risk management procedures, based on the risk characteristics of the categories, and set and manages upper limits of each asset balance and asset allocation weight. Such management conditions are periodically reported by its risk management sections to the board of directors, etc.

(d) Derivative transactions

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

ii) Credit Risk Management

In accordance with the internal investment policy and credit risk management procedure guidelines, DL has established a credit management system related to loans, such as preliminary reviews on individual transactions, credit limit setting, credit information management, internal credit rating, attachment of guarantees and collateral, and follow-ups on problem loans. For corporate bond investment, the credit section sets investment caps on individual issuers taking into account internal credit ratings and other factors. Excessive risk-taking is restricted since front offices make investment within those caps. Policies and framework for large-lot borrowers have been formulated in order to prevent credit concentration by monitoring compliance, etc. That credit management has been conducted by the credit and risk management sections, and has been periodically reported to the board of directors, etc. Additionally, the internal audit section has also checked credit management status.

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

d) Supplementary Explanation for Fair Value of Financial Instruments

As well as the values based on market prices, fair value of financial instruments includes values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.

(2) Fair Values of Financial Instruments

The carrying amount on the balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2018 were as follows. The following tables do not include financial instruments whose fair value is extremely difficult to recognize. (Please refer to (Note 2))

As of March 31, 2018	Carrying amount	Fair value	Gains (Losses)	Carrying amount	Fair value	Gains (Losses)
	(Unit: million yen)			(Unit: million US dollars)		
(1) Cash and deposits	474,030	474,030	-	4,461	4,461	-
(2) Call loans	164,600	164,600	-	1,549	1,549	-
(3) Monetary claims bought	191,108	191,108	-	1,798	1,798	-
(4) Money held in trust	59,348	59,348	-	558	558	-
(5) Securities						
a. Trading securities	864,517	864,517	-	8,137	8,137	-
b. Held-to-maturity bonds	46,316	50,160	3,844	435	472	36
c. Policy-reserve-matching bonds	12,000,296	14,752,205	2,751,908	112,954	138,857	25,902
d. Stocks of subsidiaries and affiliate companies	-	-	-	-	-	-
e. Available-for-sale securities	17,492,065	17,492,065	-	164,646	164,646	-
(6) Loans	2,562,316			24,118		
Reserve for possible loan losses (*1)	(549)			(5)		
	2,561,767	2,683,428	121,660	24,113	25,258	1,145
<b>Total assets</b>	<b>33,854,051</b>	<b>36,731,465</b>	<b>2,877,413</b>	<b>318,656</b>	<b>345,740</b>	<b>27,084</b>
(1) Bonds payable	476,277	480,919	4,642	4,483	4,526	43
(2) Long-term borrowings	283,000	287,757	4,757	2,663	2,708	44
<b>Total liabilities</b>	<b>759,277</b>	<b>768,676</b>	<b>9,399</b>	<b>7,146</b>	<b>7,235</b>	<b>88</b>
Derivative transactions (* 2)						
a. Hedge accounting not applied	7,418	7,418	-	69	69	-
b. Hedge accounting applied	168,360	166,008	(2,351)	1,584	1,562	(22)
<b>Total derivative transactions</b>	<b>175,778</b>	<b>173,426</b>	<b>(2,351)</b>	<b>1,654</b>	<b>1,632</b>	<b>(22)</b>

(\*1) Excluding general reserves for possible loan losses and specific reserves for possible loan losses related to loans.

(\*2) Credits/debts from derivative transactions are presented on a net basis. Figures in [ ] are net debts.

(Note 1) Notes to Methods for Calculating Fair Value of Financial Instruments, Securities and Derivative Transactions

● Assets

(a) Cash and deposits

Since deposits are close to maturity or have no maturity and their fair value is close to the carrying amounts, fair value is based on the carrying amount.

(b) Call loans

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

(c) Monetary claims bought

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

(d) Money held in trust

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price.

(e) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership.

(f) Loans

The fair value of loans is calculated by discounting future cash flows of the subject loan, using interest rates corresponding to the internal credit rating and remaining period which are assumed to be applied to new loans to the subject borrower.

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the balance sheet minus reserve for possible loan losses at the end of the fiscal year. Therefore, that amount (the carrying amount on the balance sheet minus reserve for possible loan losses) is recorded as fair value of risk-monitored loans.

Also, loans without a due date because of their characteristics that their exposure is limited to the amount of their collaterals are deemed to have fair value close to book value, taking into account estimated repayment period and interest rates. Therefore, their book value is recorded as the fair value.

● Liabilities

(a) Bonds payable

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

(b) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting future cash flows, using interest rates corresponding to internal credit rating and remaining periods which are assumed to be applied to new borrowings.

● Derivative Transactions

The breakdown of derivative transactions is a) currency-related transactions; b) interest-related transactions; c) stock-related transactions; and d) bond-related transactions, etc. The fair value of the instruments is based on the prices on derivatives markets and the prices quoted from financial institutions, etc.

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

As of March 31, 2018	Carrying amount	
	(Unit: million yen)	(Unit: million US dollars)
1. Unlisted domestic stocks (*1)(*2)	42,506	400
2. Unlisted foreign stocks (*1)(*2)	23,641	222
3. Other foreign securities (*1)(*2)	396,500	3,732
4. Other securities (*1)(*2)	95,350	897
<b>Total</b>	<b>557,998</b>	<b>5,252</b>

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

(\*2) DL recorded impairment charges of ¥375 million (US\$3 million) for the fiscal year ended March 31, 2018.

**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, 2018 was ¥32,603 million (US\$306 million). The rental income was included in investment income and the rental expense was included in investment expenses. DL recorded impairment loss of ¥11,505 million (US\$108 million) on rental real estate as extraordinary losses for the fiscal year ended March 31, 2018.

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

	(Unit: million yen)	(Unit: million US dollars)
Carrying amount		
Beginning balance	795,164	7,484
Net change for the year	9,438	88
Ending balance	804,603	7,573
Fair value	958,825	9,025

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

(\*2) Net change in the carrying amount included cost of acquisition of the real estate of ¥23,038 million (US\$216 million), depreciation expense of ¥13,262 million (US\$124 million), impairment loss of ¥11,505 million (US\$108 million) and sale of the real estate of ¥1,931 million (US\$18 million).

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

**19. Securities Lending**

Securities lent under lending agreements are included in the balance sheet. The total balance of securities lent as of March 31, 2018 was ¥1,578,947 million (US\$14,862 million).

**20. Problem Loans**

As of March 31, 2018, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Credits to bankrupt borrowers (*1)	115	1
Delinquent loans (*2)	2,537	23
Loans past due for three months or more (*3)	-	-
Restructured loans (*4)	4	0
Total	2,657	25

(\*1) Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order 97, 1965). Interest accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

(\*2) Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

(\*3) Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those classified as credits to bankrupt borrowers or delinquent loans.

(\*4) Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in Note 7, the decreases in credits to bankrupt borrowers and delinquent loans were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Credits to bankrupt borrowers	3	0
Delinquent loans	3	0

**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, 2018, was ¥1,185,829 million (US\$11,161 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, 2018, were ¥31,602 million (US\$297 million) and ¥5,164 million (US\$48 million), respectively.

**23. Deferred Tax Accounting**

(1) Major components of deferred tax assets and liabilities as of March 31, 2018

	(Unit: million yen)	(Unit: million US dollars)
Deferred tax assets:		
Policy reserves and others	461,670	4,345
Reserve for employees' retirement benefits	133,757	1,259
Reserve for price fluctuations	50,661	476
Impairment losses	11,857	111
Losses on valuation of securities	5,539	52
Others	24,807	233
Subtotal	688,293	6,478
Valuation allowances	(12,318)	(115)
Total	675,975	6,362

Deferred tax liabilities:

Net unrealized gains on securities, net of tax	(847,380)	(7,976)
Reserve for tax basis adjustments of real estate	(9,683)	(91)
Accrued dividend receivables	(8,665)	(81)
Others	(14,012)	(131)
Total	(879,742)	(8,280)
Net deferred tax liabilities	(203,767)	(1,917)

(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, 2018

Statutory tax rate	28.16%
(Adjustments)	
Decrease in valuation allowances	(0.64%)
Others	(0.05%)
Actual effective tax rate after considering deferred taxes	27.47%

**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	4,235



**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	385,884	3,632
Dividends paid during the fiscal year	90,542	852
Interest accrual during the fiscal year	8,308	78
Provision for reserve for policyholder dividends	95,000	894
Balance at the end of the fiscal year	398,650	3,752

**26. Stocks of Subsidiaries and Affiliated Companies**

The amount of stocks of subsidiaries and affiliated companies of DL held as of March 31, 2018 was ¥74,923 million (US\$705 million).

**27. Organization Change Surplus**

As of March 31, 2018, the amount of organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US\$1,108 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	265,609	2,500
Cash and deposits	86	0
Securities and cash and deposits pledged as collateral	265,696	2,500

The amount of secured liabilities were as follows:

	(Unit: million yen)	(Unit: million US dollars)
Cash collateral for securities lending transactions	272,984	2,569

"Securities" pledged as collateral for securities lending transactions with cash collateral as of March 31, 2018 was ¥226,296 million (US\$2,130 million).

**29. Reinsurance**

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Ordinance (hereinafter "reserves for outstanding claims reinsured"), was ¥2 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, 2018 was ¥481,376,520.53 (US\$4,531,028.99).

**31. Employees' Retirement Benefits****(1) Overview of Employees' Retirement Benefit Plan**

As a defined benefit plan for its sales representatives, DL has established and maintained a benefit plan consisting of retirement lump sum grants and company administered pension.

For its administrative personnel, DL has established and maintained a benefit plan consisting of defined benefit corporate pension and retirement lump sum grants as a defined benefit plan and defined contribution pension as a defined contribution plan.

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

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of the projected benefit obligations	693,819	6,530
b. Service cost	27,862	262
c. Interest cost	2,078	19
d. Accruals of actuarial (gains) and losses	3,073	28
e. Payment of retirement benefits	(32,659)	(307)
f. Others	(1,109)	(10)
g. Ending balance of the projected benefit obligation (a + b + c + d + e + f)	693,065	6,523

**b) Reconciliations of beginning and ending balances of pension assets**

	(Unit: million yen)	(Unit: million US dollars)
a. Beginning balance of pension assets	285,308	2,685
b. Estimated return on assets	381	3
c. Accruals of actuarial (gains) and losses	17,928	168
d. Contribution from the employer	7,129	67
e. Payment of retirement benefits	(20,215)	(190)
f. Ending balance of pension assets (a + b + c + d + e)	290,532	2,734

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

	(Unit: million yen)	(Unit: million US dollars)
a. Projected benefit obligation of funded pensions	378,425	3,561
b. Pension assets	(290,532)	(2,734)
c. Subtotal (a + b)	87,892	827
d. Projected benefit obligation for unfunded pensions	314,639	2,961
e. Unrecognized actuarial differences	(9,583)	(90)
f. Net of assets and liabilities recorded in the balance sheet (c + d + e)	392,948	3,698

**d) Amount of the components of retirement benefit expenses**

	(Unit: million yen)	(Unit: million US dollars)
a. Service cost	27,862	262
b. Interest cost	2,078	19
c. Expected return on assets	(381)	(3)
d. Amortization of unrecognized actuarial differences	3,001	28
e. Others	257	2
f. Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	32,818	308

e) Pension assets

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

Stocks	59%
Asset under joint management	16%
Bonds	9%
Life insurance general account	8%
Others	8%
<b>Total</b>	<b>100%</b>

The proportion of retirement benefit trust to total pension assets that has been set for the retirement lump sum grants as of March 31, 2018 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, 2018 were as follows:

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

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2018 was ¥1,556 million (US\$14 million).

**32. Securities Borrowing**

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2018 was ¥64,444 million (US\$606 million), among which none of the securities were pledged as collateral.

**33. Commitment Line**

As of March 31, 2018, there were unused commitment line agreements under which DL was the lender of ¥45,592 million (US\$429 million).

**34. Subordinated Debt**

As of March 31, 2018, other liabilities included subordinated debt of ¥283,000 million (US\$2,663 million), whose repayment is subordinated to other obligations.

**35. Subordinated Bonds**

As of March 31, 2018, bonds payable included foreign currency-denominated subordinated bonds of ¥476,277 million (US\$4,483 million), whose repayment is subordinated to other obligations.

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

The estimated future obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2018 were ¥47,606 million (US\$448 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, 2018

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥5,378 million (US\$50 million) and ¥21,048 million (US\$198 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 ¥134,364 million (US\$1,264 million), ¥51,614 million (US\$485 million), ¥43,579 million (US\$410 million) and ¥44 million (US\$ 0 million), respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥4,765 million (US\$44 million), ¥7,997 million (US\$75 million), ¥98,299 million (US\$925 million) and ¥222 million (US\$2 million), respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥741 million (US\$6 million) and ¥83 million (US\$ 0 million), respectively.

**3. Reinsurance**

In calculating the reversal of reserves for outstanding claims, a reversal of reserves for outstanding claims reinsured of ¥3 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 ¥1,232 million (US\$11 million).

**5. Derivative Transaction Gains/Losses**

Derivative transaction losses included gains on valuation of ¥11,784 million (US\$110 million).

**6. Net Income per Share**

Net income per share for the fiscal year ended March 31, 2018 was ¥28,317,569.09 (US\$266,543.38). 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, 2018 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, 2018 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			Chuo City, Tokyo and others	46	7,961	3,627	11,589	74	34	109

(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 2.34% for the fiscal year ended March 31, 2018 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, 2018

##### 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

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

	As of March 31,	
	2018	2018
	(Unit: million yen)	(Unit: million US dollars)
Cash and deposits	474,030	4,461
Call loans	164,600	1,549
Cash and cash equivalents	638,630	6,011

#### V. NOTES TO THE STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2018

##### 1. Number of Shares Outstanding

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
Common Stock	6,000	-	-	6,000

##### 2. Dividends on Common Stock

(1) Dividends paid during the fiscal year ended March 31, 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\$282 million)
Dividends per share	¥4,995,400 (US\$47,019)
Record date	March 31, 2017
Effective date	June 22, 2017
Dividend resource	Retained earnings

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

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥135,862 million (US\$1,278 million)
Dividends per share	¥22,643,700 (US\$213,137)
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Retained earnings

Date of resolution	June 20, 2018 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥49,999 million (US\$470 million)
Dividends per share	¥8,333,300 (US\$78,438)
Record date	March 31, 2018
Effective date	June 21, 2018
Dividend resource	Capital surplus

#### Independent Auditor's Report



##### Independent Auditor's Report

To the Board of Directors of The Dai-ichi Life Insurance Company, Limited:

We have audited the accompanying financial statements of The Dai-ichi Life Insurance Company, Limited, which comprise the balance sheet as at March 31, 2018, and the statement of earnings, the statement of cash flows and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

##### **Management's Responsibility for the Financial Statements**

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

##### **Auditor's Responsibility**

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

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

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

##### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Dai-ichi Life Insurance Company, Limited as at March 31, 2018, and its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

##### **Convenience Translation**

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2018 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I to the financial statements.

KPMG AZSA LLC

June 5, 2018  
Tokyo, Japan

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



Unaudited Balance Sheet

(Unit: million yen)					
	As of March 31, 2017	As of March 31, 2018		As of March 31, 2017	As of March 31, 2018
(ASSETS)			(LIABILITIES)		
Cash and deposits	438,454	474,030	Policy reserves and others	30,864,753	30,953,878
Cash	166	173	Reserves for outstanding claims	229,698	148,009
Bank deposits	438,287	473,857	Policy reserves	30,249,170	30,407,218
Call loans	98,500	164,600	Reserve for policyholder dividends	385,884	398,650
Monetary claims bought	192,213	191,108	Reinsurance payable	741	613
Money held in trust	50,191	59,348	Subordinated bonds	476,277	476,277
Securities	30,498,102	30,961,195	Other liabilities	1,004,764	1,054,754
Government bonds	14,084,907	14,011,465	Collateral for securities lending transactions	267,871	272,984
Local government bonds	109,098	119,575	Long-term debt and other borrowings	283,000	283,000
Corporate bonds	2,023,985	1,949,088	Corporate income tax payable	9,967	65,670
Stocks	3,666,952	3,883,612	Accounts payable	43,804	59,595
Foreign securities	9,868,430	10,290,811	Accrued expenses	48,088	46,898
Other securities	744,727	706,641	Unearned revenue	684	648
Loans	2,657,852	2,562,316	Deposits received	55,287	56,752
Policy loans	381,830	358,340	Guarantee deposits received	50,260	52,556
Ordinary loans	2,276,021	2,203,976	Differential account for futures trading	-	9
Tangible fixed assets	1,124,412	1,116,133	Derivatives	231,126	73,820
Land	772,021	770,567	Collateral for financial instruments	2,848	134,813
Buildings	343,658	338,612	Lease liabilities	4,956	4,091
Leased assets	4,923	3,966	Asset retirement obligations	2,674	2,665
Construction in progress	691	97	Suspense receipt	1,473	1,246
Other tangible fixed assets	3,117	2,889	Other liabilities	2,720	-
Intangible fixed assets	87,793	99,255	Reserve for employees' retirement benefits	380,870	392,948
Software	65,228	76,751	Reserve for retirement benefits of directors, executive officers and corporate auditors	1,498	1,384
Other intangible fixed assets	22,564	22,503	Reserve for possible reimbursement of prescribed claims	800	900
Reinsurance receivable	2,260	2,500	Reserve for price fluctuations	164,453	181,453
Other assets	434,994	601,617	Deferred tax liabilities	129,833	203,767
Accounts receivable	51,700	13,837	Deferred tax liabilities for land revaluation	77,236	76,438
Prepaid expenses	11,114	12,328	Acceptances and guarantees	103,786	108,514
Accrued revenue	156,736	162,982	<b>Total liabilities</b>	<b>33,205,016</b>	<b>33,450,931</b>
Deposits	41,368	41,221	(NET ASSETS)		
Margin money for futures trading	65,173	84,199	Capital stock	60,000	60,000
Differential account for futures trading	12	-	Capital surplus	470,000	470,000
Derivatives	73,403	249,599	Legal capital surplus	60,000	60,000
Suspense payment	4,865	5,899	Other capital surplus	410,000	410,000
Other assets	30,618	31,548	Retained earnings	31,230	166,041
Customers' liabilities for acceptances and guarantees	103,786	108,514	Other retained earnings	31,230	166,041
Reserve for possible loan losses	(1,472)	(994)	Reserve for tax basis adjustments of real estate	1,257	1,746
Reserve for possible investment losses	(444)	(436)	Retained earnings brought forward	29,972	164,295
			Total shareholders' equity	561,230	696,041
			Net unrealized gains (losses) on securities, net of tax	1,963,267	2,213,897
			Deferred hedge gains (losses)	(25,327)	(9,256)
			Reserve for land revaluation	(17,541)	(12,423)
			Total of valuation and translation adjustments	1,920,398	2,192,217
			<b>Total net assets</b>	<b>2,481,628</b>	<b>2,888,259</b>
<b>Total assets</b>	<b>35,686,645</b>	<b>36,339,190</b>	<b>Total liabilities and net assets</b>	<b>35,686,645</b>	<b>36,339,190</b>

(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 document are defined below.

<Figures Presented>

- Ending balance of a given fiscal year

For fiscal year 2017 (current fiscal year) and 2016 (previous fiscal year), current Dai-ichi Life figures are presented.

	Figures Presented
Fiscal year 2017	Current Dai-ichi Life figures as of March 31, 2018
Fiscal year 2016	Current Dai-ichi Life figures as of March 31, 2017

- Profit/loss etc. for a given period

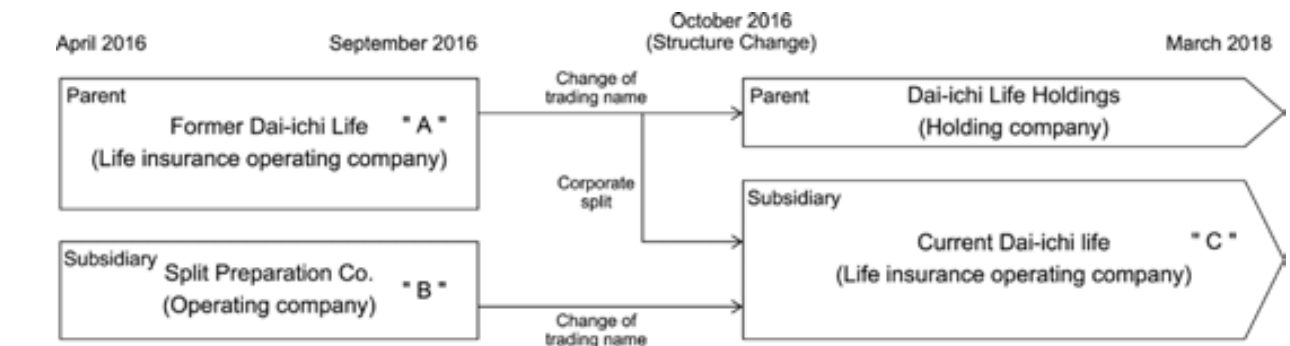
For fiscal year 2017 (current fiscal year), current Dai-ichi Life results are presented.

For fiscal year 2016 (previous 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.

	Figures Presented
Fiscal year 2017	Current Dai-ichi Life results (April, 2017 to March, 2018)
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]

(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 Statement of Earnings

(Unit: million yen)

	Year ended March 31, 2017	Year ended March 31, 2018
<b>ORDINARY REVENUES</b>	<b>3,946,774</b>	<b>3,791,933</b>
Premium and other income	2,547,581	2,321,998
Premium income	2,546,708	2,321,134
Reinsurance income	873	864
Investment income	1,072,049	1,151,279
Interest and dividends	773,506	836,004
Interest from bank deposits	7,416	6,532
Interest and dividends from securities	628,036	695,803
Interest from loans	56,405	52,045
Rental income	70,696	71,352
Other interest and dividends	10,951	10,269
Gains on money held in trust	4,207	9,222
Gains on sale of securities	200,059	229,603
Gains on redemption of securities	38,258	21,669
Reversal of reserve for possible loan losses	—	259
Other investment income	1,231	1,341
Gains on investments in separate accounts	54,786	53,178
Other ordinary revenues	327,143	318,655
Fund receipt for annuity rider of group insurance	655	524
Fund receipt for claim deposit payment	270,929	207,277
Reversal of reserves for outstanding claims	30,606	81,689
Other ordinary revenues	24,952	29,163
<b>ORDINARY EXPENSES</b>	<b>3,664,964</b>	<b>3,433,070</b>
Benefits and claims	2,327,502	2,265,295
Claims	773,749	712,110
Annuities	535,014	497,368
Benefits	361,388	360,384
Surrender values	507,647	545,177
Other refunds	147,966	148,592
Ceding reinsurance commissions	1,737	1,661
Provision for policy reserves and others	273,344	166,356
Provision for policy reserves	264,959	158,048
Provision for interest on policyholder dividends	8,384	8,308
Investment expenses	286,301	290,370
Interest expenses	12,995	14,041
Losses on sale of securities	91,167	111,285
Losses on valuation of securities	24,814	825
Losses on redemption of securities	2,610	4,321
Derivative transaction losses	14,750	32,771
Foreign exchange losses	81,093	75,078
Provision for reserve for possible loan losses	248	—
Provision for reserve for possible investment losses	21	205
Write-down of loans	41	43
Depreciation of real estate for rent and others	13,765	13,270
Other investment expenses	44,794	38,527
Operating expenses	422,089	408,621
Other ordinary expenses	355,726	302,427
Claim deposit payments	278,833	219,685
National and local taxes	33,160	28,229
Depreciation	30,892	29,371
Provision for reserve for employees' retirement benefits	2,603	11,820
Other ordinary expenses	10,235	13,320
<b>ORDINARY PROFIT</b>	<b>281,810</b>	<b>358,863</b>
<b>EXTRAORDINARY GAINS</b>	<b>4,976</b>	<b>514</b>
Gains on disposal of fixed assets	4,976	514
<b>EXTRAORDINARY LOSSES</b>	<b>43,934</b>	<b>30,111</b>
Losses on disposal of fixed assets	13,892	1,263
Impairment losses on fixed assets	13,742	11,589
Provision for reserve for price fluctuations	16,000	17,000
Other extraordinary losses	299	257
<b>Provision for reserve for policyholder dividends</b>	<b>85,000</b>	<b>95,000</b>
<b>Income before income taxes</b>	<b>157,851</b>	<b>234,266</b>
<b>Corporate income taxes-current</b>	<b>58,707</b>	<b>86,344</b>
<b>Corporate income taxes-deferred</b>	<b>(18,047)</b>	<b>(21,983)</b>
<b>Total of corporate income taxes</b>	<b>40,660</b>	<b>64,360</b>
<b>Net income</b>	<b>117,191</b>	<b>169,905</b>

## Unaudited Statement of Changes in Net Assets

Year ended March 31, 2017

(Unit: million yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other 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	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				Total net assets
	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 retained earnings						
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

Unaudited Statement of Changes in Net Assets (Continued)

Year ended March 31, 2018

(Unit: million yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	60,000	60,000	410,000	470,000	1,257	29,972
Changes for the year						
Dividends						(29,972)
Net income						169,905
Transfer to reserve for tax basis adjustments of real estate					488	(488)
Transfer from reserve for land revaluation						(5,121)
Net changes of items other than shareholders' equity						
Total changes for the year	-	-	-	-	488	134,322
Balance at the end of the year	60,000	60,000	410,000	470,000	1,746	164,295

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	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 retained earnings						
Balance at the beginning of the year	31,230	561,230	1,963,267	(25,327)	(17,541)	1,920,398	2,481,628
Changes for the year							
Dividends	(29,972)	(29,972)					(29,972)
Net income	169,905	169,905					169,905
Transfer to reserve for tax basis adjustments of real estate	—	—					—
Transfer from reserve for land revaluation	(5,121)	(5,121)					(5,121)
Net changes of items other than shareholders' equity			250,629	16,071	5,117	271,818	271,818
Total changes for the year	134,811	134,811	250,629	16,071	5,117	271,818	406,630
Balance at the end of the year	166,041	696,041	2,213,897	(9,256)	(12,423)	2,192,217	2,888,259

Solvency Margin Ratio

(1) Dai-ichi Life Holdings, Inc.  
Consolidated Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	6,374,047	7,291,806
Common stock, etc. (*1)	909,692	1,223,916
Reserve for price fluctuations	174,677	195,797
Contingency reserve	709,561	721,146
Catastrophe loss reserve	—	—
General reserve for possible loan losses	743	487
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax) ) × 90% (*2)	2,362,536	2,799,571
Net unrealized gains (losses) on real estate × 85% (*2)	113,883	155,521
Sum of unrecognized actuarial differences and unrecognized past service cost	(27,389)	(11,591)
Policy reserves in excess of surrender values	2,226,914	2,320,038
Qualifying subordinated debt	759,277	759,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(708,484)	(749,638)
Excluded items	(171,860)	(165,060)
Others	24,495	42,340
Total risk $\sqrt{(\sqrt{R_1^2+R_2^2+R_3^2+R_4^2}+(R_5+R_6+R_7)^2)+R_8+R_9}$ (B)	1,701,499	1,739,555
Insurance risk $R_1$	122,026	120,255
General insurance risk $R_5$	4,904	5,264
Catastrophe risk $R_6$	2,038	2,087
3rd sector insurance risk $R_8$	192,012	201,344
Small amount and short-term insurance risk $R_9$	—	—
Assumed investment yield risk $R_2$	255,068	253,235
Guaranteed minimum benefit risk $R_7$ (*3)	84,459	81,046
Investment risk $R_3$	1,290,918	1,332,508
Business risk $R_4$	39,028	39,914
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	749.2%	838.3%

\*1: Expected disbursements of capital to outside the Company and accumulated other comprehensive income, etc. are excluded.

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

Note: The above figures are calculated based on Article 210-11-3 and 210-11-4 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

## (2) The Dai-ichi Life Insurance Company, Limited

### Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	5,936,832	6,328,252
Total risk (B)	1,396,021	1,435,172
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	850.5%	881.8%

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

### Consolidated Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	5,858,298	6,251,712
Total risk (B)	1,379,562	1,413,924
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	849.2%	884.3%

Note: The figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.

## (3) The Dai-ichi Frontier Life Insurance Co., Ltd.

### Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	421,078	472,720
Total risk (B)	146,034	164,541
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	576.6%	574.5%

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.

## (4) The Neo First Life Insurance Company, Limited

### Solvency Margin Ratio

(Unit: million yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	21,919	21,825
Total risk (B)	574	831
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	7,636.9%	5,250.4%

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.