

Financial Results for the Six Months Ended September 30, 2015

The Neo First Life Insurance Co., Ltd. (the “Company”; President: Yuji Tokuoka) announces its financial results for the six months ended September 30, 2015.

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

1. Business Highlights

(1) Policies in Force and New Policies

- Policies in Force

	As of March 31, 2015		As of September 30, 2015			
	Number of policies	Amount (billions of yen)	Number of policies		Amount (billions of yen)	
				% of March 31, 2015 total		% of March 31, 2015 total
Individual insurance	41,041	648.8	40,426	98.5	617.7	95.2
Individual annuities	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

- New Policies

	Six months ended September 30, 2014				Six months ended September 30, 2015					
	Number of policies	Amount (billions of yen)			Number of policies		Amount (billions of yen)			
			New Business	Net increase from conversions		% of September 30, 2014	% of September 30, 2014	New Business	Net increase from conversions	
Individual insurance	695	9.5	9.5	—	1,156	166.3	0.3	3.4	0.3	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

(2) Annualized Net Premiums

- Policies in Force (millions of yen except percentages)

	As of March 31, 2015	As of September 30, 2015	% of March 31, 2015 total
Individual insurance	3,706	3,679	99.3
Individual annuities	—	—	—
Total	3,706	3,679	99.3
Medical and survival benefits	883	905	102.5

- New Policies (millions of yen except percentages)

	Six months ended September 30, 2014	Six months ended September 30, 2015	% of September 30, 2014
Individual insurance	43	44	100.4
Individual annuities	—	—	—
Total	43	44	100.4
Medical and survival benefits	11	40	354.0

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

(3) Profit and Loss Items (millions of yen except percentages)

	Six months ended September 30, 2014	Six months ended September 30, 2015	% of September 30, 2014
Premium and other income	1,961	1,902	97.0
Investment income	2	1	55.2
Benefits and claims	760	507	66.8
Investment expenses	0	0	71.8

(4) Total assets (millions of yen except percentages)

	As of March 31, 2015	As of September 30, 2015	% of March 31, 2015
Total Assets	5,571	32,829	589.2

2. Investment of General Account Assets for the Six Months Ended September 30, 2015

(1) Investment Environment

Prior to the six months ended September 30, 2015, the Japanese economy had been on track for recovery, backed by strong corporate earnings and stable exchange rates. However, during the six months under review, the economy began to slow on uncertainties over overseas market conditions, particularly those in China.

Looking at the financial environment, the Nikkei 225 rose from the 19,000 level at the end of March to more than 20,000 in May, reflecting a fall in the unemployment rate in the United States and improvements in various economic indicators. However, following this increase, the Nikkei 225 fell to the 17,000 range at the end of September, given spreading uncertainties over the global economy, including weak markets in emerging countries and rising uncertainties over the Chinese economy.

Meanwhile in the bond market, the yield of the 10-year Japanese government bond rose to the 0.5% level, fueled by talk of a rate hike in the United States and firm stock market conditions. However, with questions concerning the economic outlook for China and other overseas markets, the yield on the 10-year Japanese government bond fell to the low 0.3% range.

(2) Investment Policies

The Company worked to secure stable funds, paying attention to safety and cashability (liquidity). The Company does not hold securitized products as part of its assets under management.

(3) Investment Results

General account assets as of September 30, 2015 were ¥32,829 million. The balance of assets under management included deposits of ¥29,718 million, domestic bonds of ¥1,363 million, and other securities of ¥916 million. In investment income, interest and dividends were ¥1 million. In terms of investment expenses, interest expenses were ¥0 million.

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2015		As of September 30, 2015	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	2,250	40.4	29,718	90.5
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	2,881	51.7	2,279	6.9
Domestic bonds	1,965	35.3	1,363	4.2
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	915	16.4	916	2.8
Loans	—	—	—	—
Real estate	—	—	—	—
Deferred tax assets	—	—	—	—
Others	441	7.9	833	2.5
Reserve for possible loan losses	(1)	(0.0)	(1)	(0.0)
Total	5,571	100.0	32,829	100.0
Foreign currency-denominated assets	—	—	—	—

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash, deposits, and call loans	217	27,468
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	(7)	(601)
Domestic bonds	(2)	(601)
Domestic stocks	(5)	—
Foreign securities	—	—
Foreign bonds	—	—
Foreign stocks and other securities	—	—
Other securities	0	0
Loans	—	—
Real estate	(5)	—
Deferred tax assets	—	—
Others	77	391
Reserve for possible loan losses	0	0
Total	282	27,258
Foreign currency-denominated assets	—	—

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest and dividends	1	1
Interest from bank deposits	—	—
Interest and dividends from securities	1	1
Interest from loans	—	—
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	—	—
Gains on investments in trading securities	—	—
Gains on sale of securities	0	—
Gains on sale of domestic bonds	—	—
Gains on sale of domestic stocks	0	—
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	0	0
Other investment income	—	—
Total	2	1

(4) Investment Expense

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest expenses	0	0
Losses on trading account securities	—	—
Losses on money held in trust	—	—
Losses on investments in trading securities	—	—
Losses on sale of securities	—	—
Losses on sale of domestic bonds	—	—
Losses on sale of domestic stocks	—	—
Losses on sale of foreign securities	—	—
Others	—	—
Losses on valuation of securities	—	—
Losses on valuation of domestic bonds	—	—
Losses on valuation of domestic stocks	—	—
Losses on valuation of foreign securities	—	—
Others	—	—
Losses on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	—	—
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	0	0

(5) Valuation Gains and Losses on Trading Securities

Not applicable.

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

(millions of yen)

	As of March 31, 2015					As of September 30, 2015				
	Book value	Fair value	Gains (losses)		Book value	Fair value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	—	—	—	—	—	—	—	—	—	
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	
Available-for-sale securities	2,879	2,881	2	2	0	2,277	2,279	2	2	—
Domestic bonds	1,963	1,965	2	2	0	1,361	1,363	2	2	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	915	915	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	2,879	2,881	2	2	0	2,277	2,279	2	2	—
Domestic bonds	1,963	1,965	2	2	0	1,361	1,363	2	2	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	915	915	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

- Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

(7) Fair Value Information on Money Held in Trust

Not applicable.

4. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2015 (Summarized)	As of September 30, 2015
	Amount	Amount
(ASSETS)		
Cash and deposits	2,250	29,718
Securities	2,881	2,279
[Government bonds]	[1,965]	[1,363]
Tangible fixed assets	64	249
Intangible fixed assets	0	4
Agency accounts receivable	0	—
Reinsurance receivables	1	2
Other assets	374	577
Other assets	374	577
Reserve for possible loan losses	(1)	(1)
Total assets	5,571	32,829
(LIABILITIES)		
Policy reserves and others	844	880
Reserves for outstanding claims	56	101
Policy reserves	787	778
Agency accounts payable	3	—
Reinsurance payable	30	31
Other liabilities	170	1,104
Corporate income tax payable	34	2
Lease liabilities	18	15
Other liabilities	117	1,086
Reserve for employees' retirement benefits	40	44
Reserve for price fluctuations	19	19
Deferred tax liabilities	0	0
Total liabilities	1,110	2,081
(NET ASSETS)		
Capital stock	10,100	25,100
Capital surplus	2,100	17,100
Legal capital surplus	2,100	17,100
Retained earnings	(7,740)	(11,453)
Other retained earnings	(7,740)	(11,453)
Retained earnings brought forward	(7,740)	(11,453)
Total shareholders' equity	4,459	30,746
Net unrealized gains on securities, net of tax	1	1
Total of valuation and transaction adjustments	1	1
Total net assets	4,461	30,748
Total liabilities and net assets	5,571	32,829

5. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
	Amount	Amount
ORDINARY REVENUES	2,015	1,922
Premium and other income	1,961	1,902
[Premium income]	[1,885]	[1,845]
Investment income	2	1
[Interest and dividends]	[1]	[1]
[Gains on sale of securities]	[0]	[—]
Other ordinary revenues	51	19
[Reversal of reserve for outstanding claims]	[41]	[—]
[Reversal of policy reserve]	[9]	[8]
ORDINARY EXPENSES	1,637	5,632
Benefits and claims	760	507
[Claims]	[586]	[310]
[Benefits]	[101]	[126]
[Other refunds]	[2]	[2]
Provision for policy reserves and others	—	45
Provision for reserves for outstanding claims	—	45
Investment expenses	0	0
[Interest expenses]	[0]	[0]
Operating expenses	831	4,925
Other ordinary expenses	46	153
ORDINARY PROFIT (LOSS)	377	(3,709)
EXTRAORDINARY LOSSES	0	0
Income (loss) before income taxes	377	(3,710)
Corporate income taxes - current	23	2
Total of corporate income taxes	23	2
Net income (loss) for the period	354	(3,712)

6. Unaudited Non-Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2014

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
Retained earnings brought forward				
Balance at the beginning of the year	10,100	2,100	(8,364)	3,835
Changes for the period				
Net income for the period			354	354
Net changes of items other than shareholders' equity				
Total changes for the period	—	—	354	354
Balance at the end of the period	10,100	2,100	(8,010)	4,189

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	1	1	3,837
Changes for the period			
Net income for the period			354
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes for the period	(0)	(0)	353
Balance at the end of the period	1	1	4,191

Six months ended September 30, 2015

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
Retained earnings brought forward				
Balance at the beginning of the year	10,100	2,100	(7,740)	4,459
Changes for the period				
Issuance of new shares	15,000	15,000		30,000
Net loss for the period			3,712	3,712
Net changes of items other than shareholders' equity				
Total changes for the period	15,000	15,000	(3,712)	26,287
Balance at the end of the period	25,100	17,100	(11,453)	30,746

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	1	1	4,461
Changes for the period			
Issuance of new shares			30,000
Net loss for the period			3,712
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes for the period	(0)	(0)	26,286
Balance at the end of the period	1	1	30,748

Notes to the Unaudited Non-Consolidated Balance Sheets

As of September 30, 2015

1. Valuation Methods of Securities

Available-for-sale securities which have market value are valued at fair value as of September 30, 2015 (cost is determined by the moving average method). For available-for-sale securities whose market values are extremely difficult to recognize, government and corporate bonds whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method, and 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 non-consolidated statement of earnings.

2. 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 and is computed by proportionally allocating the estimated depreciation for the fiscal year.

(2) 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 remaining value.

(3) Amortization of Intangible Fixed Assets Excluding Leased Assets

Amortization of software is calculated by the straight-line method, based on the estimated useful life of the software.

3. Reserve for Possible Loan Losses

To prepare for possible loan losses, the reserve for possible loan losses is calculated based on the asset quality assessment regulations, the internal rules for self-assessment, the write-offs and reserves recording regulations, and the internal rules for write-offs and reserves that have been established by the Company.

For loans to and claims on obligors for which the Company has serious concerns over their recoverability or whose value is assessed by the Company to have been damaged materially as a result of the assessment of individual loans or claims, the amount that is deemed necessary is provided.

4. Reserve for Employees' Retirement Benefits

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations as of September 30, 2015.

5. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

6. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-inclusion method.

7. Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

(1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the 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.

8. Calculation of National and Local Consumption Tax

Although the Company accounted for national and local consumption tax by the tax-exclusion method (expenses such as operating expenses are accounted for by the tax-inclusion method) in the past, in the current fiscal year the calculation of national and local consumption tax has been changed to the tax-inclusion method because the Company has become a tax-exempt business provider. The impact of this change on ordinary profit and loss before income taxes for the period is minor.

9. Difference between Value on Balance Sheet and Fair Value of Major Financial Assets

The differences between the value on the balance sheet and the fair value of major financial assets are as follows:

(millions of yen)

	Value on Balance Sheet	Fair Value	Difference
(1) Cash and deposits	29,718	29,718	—
(2) Securities	2,279	2,279	—
Available-for-sale securities	2,279	2,279	—

(1) Cash and deposits

The fair value of cash and deposits is calculated by the book value because the fair value is almost the same as the book value.

(2) Securities

The fair value of securities is calculated by the market value as of September 30, 2015.

As of September 30, 2015

10. Accumulated Depreciation of Tangible Fixed Assets
Accumulated depreciation of tangible fixed assets as of September 30, 2015 was ¥79 million.
11. Reinsurance
There is no amount that falls under the reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”). The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥56 million.
12. Obligations to the Life Insurance Policyholders Protection Corporation of Japan
The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥83 million as of September 30, 2015. These obligations will be recognized as operating expenses in the period in which they are paid.
13. Amounts are rounded down to the nearest unit.

Notes to the Unaudited Non-Consolidated Statements of Earnings

Six months ended September 30, 2015

1. Reinsurance
In calculating the reversal of reserves for outstanding claims, there was no provision for reserves for outstanding claims reinsured that was subtracted. In calculating the provision for policy reserves, a reversal of policy reserves reinsured of ¥1 million was subtracted.
2. Interest and Dividends
Interest and dividends for the six months ended September 30, 2015 were interest and dividends from securities of ¥1 million.
3. Net Income per Share
Net income per share for the six months ended September 30, 2015 was ¥3,629.64.
4. Amounts are rounded down to the nearest unit.

Notes to the Unaudited Non-Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2015

1. Type and Number of Shares Outstanding

(Unit: thousands of shares)

	At the beginning of the fiscal year ending March 31, 2016	Increase	Decrease	As of September 30, 2015
Shares outstanding				
Common stock	400	2,000	—	2,400

The increase of 2,000 thousand shares of common stock represents an increase due to the issuance of new shares to The Dai-ichi Life Insurance Co., Ltd.

2. Stock Acquisition Rights and Own Stock Acquisition Rights
Not applicable.
3. Dividends on Common Stocks
Not applicable.
4. Amounts are rounded down to the nearest unit.

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Fundamental profit A	361	(3,729)
Capital gains	0	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	0	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Others	—	—
Capital losses	—	—
Losses on money held in trust	—	—
Losses on investment in trading securities	—	—
Losses on sale of securities	—	—
Losses on valuation of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Others	—	—
Net capital gains (losses) B	0	—
Fundamental profit plus net capital gains (losses) A + B	362	(3,729)
Other one-time gains	15	20
Reinsurance income	—	—
Reversal of contingency reserve	15	20
Reversal of specific reserve for possible loan losses	0	0
Others	—	—
Other one-time losses	—	—
Ceding reinsurance commissions	—	—
Provision for contingency reserve	—	—
Provision for specific reserve for possible loan losses	—	—
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	15	20
Ordinary profit (loss) A + B + C	377	(3,709)

8. Disclosed Claims Based on Categories of Obligors

Not applicable.

9. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Total solvency margin (A)	4,936	31,204
Common stock, etc.	4,459	30,746
Reserve for price fluctuations	19	19
Contingency reserve	455	435
General reserve for possible loan losses	—	—
Net unrealized gains on securities (before tax) × 90%	2	1
Net unrealized gains (losses) on real estate × 85%	—	—
Policy reserves in excess of surrender values	—	—
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	—
Excluded items	—	—
Others	—	—
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	478	582
Insurance risk R1	369	351
3rd sector insurance risk R8	84	81
Assumed investment yield risk R2	0	0
Guaranteed minimum benefit risk R7	—	—
Investment risk R3	89	352
Business risk R4	16	23
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,064.1%	10,721.2%

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

<Reference> Actual difference between assets and liabilities

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Total amount that is to be reported in assets (1)	5,571	32,829
Amount calculated based on total amount that is to be reported in liabilities (2)	634	1,624
Actual difference between assets and liabilities (1) - (2)	4,937	31,205

Note: There are no corresponding items in held-to-maturity bonds and policy-reserve-matching bonds.

11. Status of Separate Account

Not applicable.

12. Consolidated Financial Summary

Not applicable.