

May 15, 2017

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## Financial Results for the Fiscal Year Ended March 31, 2017

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The Dai-ichi Life Insurance Company, Limited (the "Company"; President: Seiji Inagaki) announces its financial results for the fiscal year ended March 31, 2017.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2017.

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For further information please contact:

Corporate Planning Dept., The Dai-ichi Life Insurance Company, Limited TEL: +81-(0)50-3780-3119/7731
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Please note that this is an unofficial translation of the original disclosure in Japanese.

## Regarding the Figures Presented in this Document

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 2016 (current fiscal year), current Dai-ichi Life figures are presented. For fiscal year 2015 (previous fiscal year), former Dai-ichi Life figures are presented.

	Figures Presented
Fiscal year 2016	Current Dai-ichi Life figures as of March 31, 2017
Fiscal year 2015	Former Dai-ichi Life figures

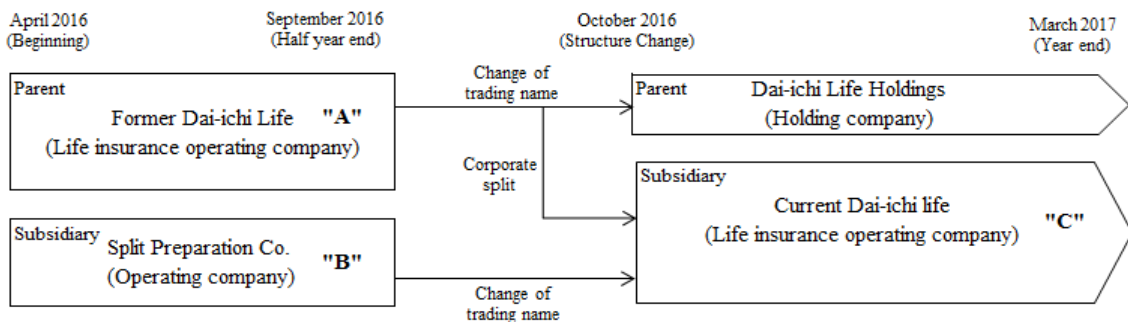
- Profit/loss etc. for a given period

For fiscal year 2016 (current fiscal year), the sum of former Dai-ichi Life and Dai-ichi Life Split Preparation Company results between April to September, 2016 and current Dai-ichi Life results between October, 2016 to March, 2017 are presented.

For fiscal year 2015 (previous fiscal year), former Dai-ichi Life results are presented.

	Figures Presented
Fiscal year 2016	Former Dai-ichi Life results (April to September, 2016) + Dai-ichi Life Split Preparation Company results (April to September, 2016) + Current Dai-ichi Life results (October, 2016 to March, 2017) [A+B+C]
Fiscal year 2015	Former Dai-ichi Life results

- (Notes)
- [A+B+C] is presented for reference and differs from statutory disclosure.
  - The sum of Dai-ichi Life Split Preparation Company and Current Dai-ichi Life results [B+C] are presented for Statement of Earnings in accordance with statutory disclosure standards.



# 1. Business Highlights

## (1) Annualized Net Premium

### Policies in Force

(billions of yen)

	As of March 31, 2016		As of March 31, 2017	
		% of March 31, 2015 total		% of March 31, 2016 total
Individual insurance	1,629.9	99.5	1,620.3	99.4
Individual annuities	435.0	108.9	526.9	121.1
Total	2,065.0	101.3	2,147.2	104.0
Medical and survival benefits	576.5	103.7	606.3	105.2

### New Policies

(billions of yen)

	As of March 31, 2016		As of March 31, 2017	
		% of March 31, 2015 total		% of March 31, 2016 total
Individual insurance	99.0	85.9	98.0	99.0
Individual annuities	41.6	137.6	98.1	235.8
Total	140.6	96.6	196.1	139.5
Medical and survival benefits	51.2	107.7	60.2	117.6

- Note: 1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.  
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 disability cause is excluded but causes such as specific illness and nursing care are included.  
3. New policies include net increase by conversion.

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

### Policies in Force

	As of March 31, 2016			
	Number of policies		Amount	
	(thousands)	% of March 31, 2015 total	(billions of yen)	% of March 31, 2015 total
Individual insurance	11,680	100.7	114,816.0	94.4
Individual annuities	1,650	106.9	9,905.6	106.6
Individual insurance and annuities	13,331	101.5	124,721.6	95.2
Group insurance	-	-	48,020.2	99.9
Group annuities	-	-	6,064.2	94.8

	As of March 31, 2017			
	Number of policies		Amount	
	(thousands)	% of March 31, 2016 total	(billions of yen)	% of March 31, 2016 total
Individual insurance	11,704	100.2	108,578.4	94.6
Individual annuities	1,964	119.0	11,481.3	115.9
Individual insurance and annuities	13,668	102.5	120,059.7	96.3
Group insurance	-	-	47,451.8	98.8
Group annuities	-	-	6,106.6	100.7

- Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.  
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.

### New Policies

	Year ended March 31, 2016					
	Number of policies		Amount			
	(thousands)	% of March 31, 2015 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2015 total
Individual insurance	1,004	95.3	2,254.3	4,152.6	(1,898.2)	60.1
Individual annuities	157	134.6	1,043.0	1,056.3	(13.2)	117.2
Individual insurance and annuities	1,161	99.2	3,297.4	5,208.9	(1,911.5)	71.0
Group insurance	-	-	162.4	162.4	-	39.2
Group annuities	-	-	0.2	0.2	-	240.8

	Year ended March 31, 2017					
	Number of policies		Amount			
	(thousands)	% of March 31, 2016 total	(billions of yen)	New Business	Net increase by conversion	% of March 31, 2016 total
Individual insurance	923	92.0	2,073.6	3,912.1	(1,838.5)	92.0
Individual annuities	365	231.9	2,009.1	2,021.1	(11.9)	192.6
Individual insurance and annuities	1,289	111.0	4,082.8	5,933.2	(1,850.4)	123.8
Group insurance	-	-	194.2	194.2	-	119.6
Group annuities	-	-	0.1	0.1	-	47.9

- Note: 1. Number of new policies is the sum of new business and policies after conversion.  
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.  
3. Amount of new policies for group annuities is equal to the initial premium payment.

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Amount of surrenders and lapses	5,065.7	4,568.9
Surrender and lapse rate (%)	3.87	3.66

Note: 1. The amount of lapses is not offset by the amount of lapses which are reinstated.

2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts.

(3) Profit and Loss Items

(millions of yen)

	Year Ended March 31, 2016		Year Ended March 31, 2017	
		% of March 31, 2015 total		% of March 31, 2016 total
Premium and other income	2,866,602	87.8	2,547,581	88.9
Investment income	1,060,017	90.3	1,072,049	101.1
Benefits and claims	2,681,396	98.6	2,327,502	86.8
Investment expenses	273,985	208.7	286,301	104.5
Ordinary profit	344,222	84.2	281,810	81.9

(4) Total Assets

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
		% of March 31, 2015 total		% of March 31, 2016 total
Total Assets	35,894,956	97.5	35,686,645	99.4

## 2. Policies in Force as of March 31, 2017 by Benefit

	Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Death benefits								
general	11,120	92,935.2	-	0.0	23,631	47,445.3	34,751	140,380.5
accidental	[ 3,191]	[ 12,712.7]	[ 1,163]	[ 365.3]	[ 2,778]	[ 1,431.4]	[ 7,132]	[ 14,509.4]
others	[ 0]	[ 0.0]	[ -]	[ -]	[ 65]	[ 61.9]	[ 65]	[ 61.9]
Survival benefits	583	15,643.1	1,964	11,481.3	8	6.5	2,556	27,131.0
Hospitalization benefits								
accidental	[ 8,718]	[ 45.4]	[ 59]	[ 0.2]	[ 1,400]	[ 0.8]	[ 10,178]	[ 46.5]
illness	[ 8,686]	[ 45.3]	[ 59]	[ 0.2]	[ 1]	[ 0.0]	[ 8,748]	[ 45.6]
others	[ 3,739]	[ 22.4]	[ 45]	[ 0.2]	[ 54]	[ 0.0]	[ 3,840]	[ 22.6]
Injury benefits	[ 6,375]	-	[ 71]	-	[ 2,468]	-	[ 8,915]	-
Surgery benefits	[ 7,864]	-	[ 59]	-	-	-	[ 7,924]	-

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)	Number (thousands)	Amount (billions of yen)
Survival benefits	8,446	6,106.6	74	265.7	41	93.1	8,562	6,465.4

	Medical care insurance	
	Number (thousands)	Amount (billions of yen)
Hospitalization benefits	389	0.8

	Group disability	
	Number (thousands)	Amount (billions of yen)
Disability benefits	22	2.0

Note:

- Figures in [ ] show numbers and amounts of additional benefits and of benefits to be paid from riders.
- Numbers of group insurance, group annuities, financial insurance, financial annuities, medical care insurance and group disability show the numbers of insureds.
- Amounts in 'Survival benefits' show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced for individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
- Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
- Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
- Amount in group disability insurance shows the amount of disability benefits paid per month.
- The number of insureds and amount of policies for reinsurance written were 105 thousand and 79.0 billion yen, respectively.

## **4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2017**

### **(1) Investment Environment**

- During the fiscal year ended March 31, 2017, the Japanese economy experienced low growth due to the slowdown of the recovery in individual incomes while the global economy recovered and exports increased.
- The U.S. economy slowed down mainly as a result of the correction in the corporate sector due to a strong U.S. dollar, while individual consumption kept expanding backed by an improved employment and income environment.
- The European economy continued its moderate recovery owing to the monetary easing measures implemented by the European Central Bank (ECB).
- Given the economic environment described above, the investment environment was as follows:

#### **[Domestic interest rates]**

- The ten-year Japanese government bond (JGB) yield once declined close to the -0.3% level, caused by the negative interest rate policy of the Bank of Japan (BOJ). After that, the JGB yield remained stable around zero, because the BOJ set an operating target for the long-term interest rate under the quantitative and qualitative monetary easing measures with yield curve control.

Yield on ten-year government bonds:	April 1, 2016	-0.050%
	March 31, 2017	0.065%

#### **[Domestic Stocks]**

- Although the Nikkei 225 fluctuated following unexpected events such as the Brexit referendum in the United Kingdom and the presidential election in the United States, it steadily increased due to a rise in U.S. stocks and the depreciation of the yen as a result of high expectations for the economic policies of the Trump administration.

Nikkei 225 Stock Average:	April 1, 2016	16,758
	March 31, 2017	18,909
TOPIX:	April 1, 2016	1,347
	March 31, 2017	1,512

#### **[Foreign Currency]**

- Although the dollar-yen exchange rate temporarily fell to the 100 level due to the cautious stance of the Federal Reserve Board (FRB) on the pace to raise interest rates, it increased above the 110 level due to high expectations of inflation in the United States and the FRB's additional rate hike.
- The euro-yen exchange rate also progressed while it strongly fluctuated due to the political events in the E.U. area.

yen /U.S. dollar:	April 1, 2016	¥112.68
	March 31, 2017	¥112.19
yen/euro:	April 1, 2016	¥127.70
	March 31, 2017	¥119.79

## (2) Investment Results

### [Asset Composition]

- Although the Company continued to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies, the Company refrained from purchasing Japanese government bonds. The Company also flexibly allocated to foreign currency-denominated bonds with currency hedges and expanded its investments in new areas, such as the infrastructure sector, in order to further enhance its Asset Liability Management (ALM) strategy and improve its profitability.
- The Company has flexibly changed the allocation of its risk assets (such as domestic stocks and foreign securities intended to promote diversification and to improve its profitability) by taking market trends into account.

- The table below summarizes the investment results of the Company's general account by asset class:

Assets	Investment results
Domestic bonds	<p><u>Decrease</u></p> <p>The overall balance of domestic bonds, mainly JGBs, decreased as a result of continuous limitation on accumulating policy- reserve- matching bonds which primarily consist of super long-term government bonds.</p> <p>Instead, the Company strived to improve investment yields by investing in credit risk products and securitized products.</p>
Loans	<p><u>Decrease</u></p> <p>The overall balance of loans decreased due mainly to contractual maturities. The Company also provided loans to secure adequate risk-adjusted credit spreads, while also paying attention to the credit spread trends in the bond market.</p>
Domestic stocks	<p><u>Increase*</u></p> <p>The overall balance of domestic stocks on a market value basis increased due to a rise in stock prices.</p> <p>The Company also invested in sectors/companies which are expected to grow in the mid-to-long term, taking into account the analyses of in-house analysts.</p>
Foreign bonds	<p><u>Increase</u></p> <p>The Company actively invested in foreign currency-denominated bonds with currency hedges in order to improve investment efficiency within its fixed income assets focusing on international interest spreads. As a result, the balance of foreign bonds increased.</p> <p>Moreover, the Company controlled risks by diversifying its portfolio by sector and currency and tried to improve investment efficiency.</p>
Foreign stocks	<p><u>Decrease*</u></p> <p>Although the Company invested in foreign stocks to enhance the total return of its asset portfolio and promote diversification, the overall balance of foreign stocks decreased due to redemption of preferred securities. The Company continued to focus on diversification by investment style and geographical composition of its foreign stock portfolio, utilizing both third-party asset managers and in-house managers.</p>
Real estate	<p><u>Decrease</u></p> <p>The balance of real estate decreased due to depreciation. In order to promote diversification for holding properties, the Company pursued investment in new residential properties and a replacement of holding assets based on operation status, region, elapsed years.</p>

Note: Underlined changes in assets above are described on a balance sheet amount basis.

\* Excluding the transfer of shares of domestic and foreign subsidiaries due to the shift to holding company structure in October 2016

[Investment income and expenses]

- Investment income decreased by ¥42.7 billion to ¥1,017.2 billion due mainly to a decrease in interest and dividends and gains on sale of securities
- Investment expenses increased by ¥43.8 billion to ¥286.3 billion due mainly to an increase in losses on sale of securities, valuation of securities and foreign exchanges, while derivative transaction losses decreased.
- As a result, net investment income decreased by ¥86.6 billion to ¥730.9 billion.

**(3) Investment Environment Outlook for the Fiscal Year Ending March 31, 2018**

- For the fiscal year ending March 31, 2018, the Company expects that the Japanese economy will be on track for a modest recovery supported by increases in exports and capital investment due to production improvements. In addition, the quantitative and qualitative monetary easing measures of the BOJ, which seek to maintain a long-term low interest rate environment, are expected to support the economy.
- The Company is paying attention to high volatility conditions due to high geopolitical risks or political events in the United States and Europe, such as the uncertainty about the effectiveness of U.S. policies and the United Kingdom's negotiations to leave the European Union.

[Domestic interest rates]

The Company assumes that domestic interest rates will remain low, as the BOJ is expected to maintain its quantitative and qualitative monetary easing measures for the long term, because it would be less likely for the inflation rate to achieve the 2% target for a while.

[Domestic stocks]

- The Company forecasts that improvement of corporate performance by global economic growth and the depreciation of the yen will support a rise in stock prices. The Company will pay attention to the increasing political risks and geopolitical risks in the West.

[Foreign currency]

- The Company anticipates depreciation of the yen against the U.S. dollar, as the Fed is expected to steadily raise interest rates, while the BOJ is expected to maintain or enhance its monetary easing measures for the long term. Also, the Company will closely monitor factors which raise uncertainty about foreign exchange rates, such as the monetary policy direction and geopolitical risk and others.
- For euro-yen exchange rates, the Company anticipates a depreciation of the yen, as ECB is expected to start tapering of quantitative easing based on the rise in the inflation rate in the West.



#### (4) Investment Policies for the Fiscal Year Ending March 31, 2018

- The Company will continue to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies. In addition, taking into account market trends, the Company will continue to provide loans and investments in new areas, while flexibly allocating assets, to diversify and improve the overall returns of its investment portfolio.
- The table below summarizes the expected investments of the Company's general account by asset class:

Assets	Investment policies
Domestic bonds	<u>Decrease</u> The Company will continue investing in domestic bonds as a core asset under its ALM strategy. Taking the current low interest rate environment into account, the Company will continue to refrain from purchasing Japanese government bonds. The Company will strive to expand its investments in infrastructure and project finance-related investments. When interest rates rise, the Company will accelerate its investments in bonds with longer durations (i.e. long-term bonds and super-long-term bonds) to further enhance its ALM.
Loans	<u>Decrease</u> While actively providing new loans to fulfill capital needs in growth areas, the overall loan balance of the Company is expected to decrease mainly due to contractual maturities. The Company intends to provide new loans by setting appropriate credit spreads, with attention to borrowers' profiles and credit spread levels in the corporate bond market.
Domestic stocks	<u>Depending on stock level</u> Taking into account appropriate risk control, the Company will flexibly change the allocation of domestic stocks, following market trends. In order to improve the profitability of the portfolio, the Company may replace some companies/sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued.
Foreign bonds	<u>Depending on the interest rate and exchange rate level</u> As for foreign currency-denominated bonds without currency hedges, the Company will flexibly change the allocation of this asset class based on exchange rate trends, while carefully monitoring the effect of diversification among risk assets. As for foreign currency-denominated bonds with currency hedges, the Company will also adjust the balance flexibly while carefully monitoring domestic and foreign interest rate differentials and flexibly change its overall balance.
Foreign stocks	<u>Increase</u> Taking market trends into account, the Company will increase its exposure to foreign stocks. In order to improve the profitability and stability of the portfolio, the Company also continues to seek regional diversification, as well as investment style diversification.

## (2) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	607,476	1.7	515,536	1.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	233,206	0.7	192,213	0.6
Trading account securities	-	-	-	-
Money held in trust	52,806	0.2	50,191	0.1
Securities	29,407,417	84.1	29,659,250	85.3
Domestic bonds	16,372,818	46.8	16,052,254	46.2
Domestic stocks	3,353,552	9.6	3,474,743	10.0
Foreign securities	9,091,602	26.0	9,512,246	27.3
Foreign bonds	6,907,918	19.8	8,260,182	23.7
Foreign stocks and other securities	2,183,683	6.2	1,252,063	3.6
Other securities	589,444	1.7	620,006	1.8
Loans	2,826,052	8.1	2,657,852	7.6
Policy loans	405,056	1.2	381,830	1.1
Ordinary loans	2,420,995	6.9	2,276,021	6.5
Real estate	1,157,543	3.3	1,116,371	3.2
Real estate for rent	784,749	2.2	773,479	2.2
Deferred tax assets	-	-	-	-
Others	688,292	2.0	592,762	1.7
Reserve for possible loan losses	(1,237)	(0.0)	(1,472)	(0.0)
Total	34,971,556	100.0	34,782,705	100.0
Foreign currency-denominated assets	7,661,764	21.9	8,407,769	24.2

Note: "Real estate" represents total amount of land, buildings and construction in progress.

## (3) Changes (Increase/Decrease) in Assets (General Account)

(millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash, deposits, and call loans	(294,377)	(91,939)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(26,528)	(40,993)
Trading account securities	-	-
Money held in trust	16,683	(2,614)
Securities	(262,827)	251,833
Domestic bonds	283,848	(320,563)
Domestic stocks	(401,228)	121,191
Foreign securities	(300,965)	420,644
Foreign bonds	(51,535)	1,352,263
Foreign stocks and other securities	(249,429)	(931,619)
Other securities	155,518	30,561
Loans	(203,243)	(168,199)
Policy loans	(23,498)	(23,226)
Ordinary loans	(179,744)	(144,973)
Real estate	(38,485)	(41,171)
Real estate for rent	1,485	(11,270)
Deferred tax assets	-	-
Others	123,737	(95,530)
Reserve for possible loan losses	868	(235)
Total	(684,171)	(188,850)
Foreign currency-denominated assets	(119,056)	746,005

Note: "Real estate" represents total amount of land, buildings and construction in progress.

## (4) Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	%	Amount	%
Interest and dividends	802,203	75.7	773,506	76.0
Interest from bank deposits	11,213	1.1	7,416	0.7
Interest and dividends from securities	647,317	61.1	628,036	61.7
Interest from loans	62,387	5.9	56,405	5.5
Rental income	69,545	6.6	70,696	6.9
Other interest and dividends	11,738	1.1	10,951	1.1
Gains on trading account securities	-	-	-	-
Gains on money held in trust	-	-	4,207	0.4
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	211,921	20.0	200,059	19.7
Gains on sale of domestic bonds	6,598	0.6	108,873	10.7
Gains on sale of domestic stocks	38,011	3.6	29,609	2.9
Gains on sale of foreign securities	166,611	15.7	60,701	6.0
Others	698	0.1	874	0.1
Gains on redemption of securities	44,645	4.2	38,258	3.8
Derivative transaction gains	-	-	-	-
Foreign exchange gains	-	-	-	-
Reversal of reserve for possible loan losses	838	0.1	-	-
Reversal of reserve for possible investment losses	-	-	-	-
Other investment income	409	0.0	1,231	0.1
Total	1,060,017	100.0	1,017,262	100.0

## (5) Investment Expense (General Account)

(millions of yen)

	Year ended March 31, 2016		Year ended March 31, 2017	
	Amount	%	Amount	%
Interest expenses	15,242	6.3	12,995	4.5
Losses on trading account securities	-	-	-	-
Losses on money held in trust	791	0.3	-	-
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	62,457	25.8	91,167	31.8
Losses on sale of domestic bonds	464	0.2	8,311	2.9
Losses on sale of domestic stocks	5,017	2.1	12,105	4.2
Losses on sale of foreign securities	54,989	22.7	68,907	24.1
Others	1,987	0.8	1,842	0.6
Losses on valuation of securities	873	0.4	24,814	8.7
Losses on valuation of domestic bonds	-	-	589	0.2
Losses on valuation of domestic stocks	178	0.1	15,587	5.4
Losses on valuation of foreign securities	695	0.3	8,637	3.0
Others	-	-	-	-
Losses on redemption of securities	1,201	0.5	2,610	0.9
Derivative transaction losses	54,120	22.3	14,750	5.2
Foreign exchange losses	53,872	22.2	81,093	28.3
Provision for reserve for possible loan losses	-	-	248	0.1
Provision for reserve for possible investment losses	423	0.2	21	0.0
Write-down of loans	59	0.0	41	0.0
Depreciation of real estate for rent and others	14,165	5.8	13,765	4.8
Other investment expenses	39,209	16.2	44,794	15.6
Total	242,417	100.0	286,301	100.0

## (6) Net Investment Income (General Account)

(millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net investment income	817,600	730,960

## (7) Other Information on Investments (General Account)

### A. Rates of return (general account)

	(%)	
	Year ended March 31, 2016	Year ended March 31, 2017
Cash, deposits, and call loans	(0.22)	0.14
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	2.16	2.03
Trading account securities	-	-
Money held in trust	(1.70)	8.83
Securities	2.79	2.36
Domestic bonds	1.68	2.47
Domestic stocks	4.85	3.20
Foreign securities	4.24	2.05
Foreign bonds	4.06	1.71
Foreign stocks and other securities	4.74	3.73
Loans	2.17	2.03
Ordinary loans	1.76	1.61
Real estate	3.73	3.99
Total	2.50	2.21
Foreign investments	3.87	1.90

Note: 1. Rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.

2. "Foreign investments" include yen-denominated assets.

### B. Average daily balance (general account)

	(billions of yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
Cash, deposits, and call loans	740.8	652.2
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	234.4	205.1
Trading account securities	-	-
Money held in trust	46.6	47.6
Securities	26,494.8	27,105.2
Domestic bonds	15,794.0	15,736.6
Domestic stocks	2,018.8	1,937.6
Foreign securities	8,233.3	8,875.3
Foreign bonds	6,113.9	7,370.5
Foreign stocks and other securities	2,119.4	1,504.7
Loans	2,910.0	2,783.7
Ordinary loans	2,492.8	2,389.9
Real estate	792.7	791.6
Total	32,647.0	33,001.8
Foreign investments	8,997.5	9,617.5

Note: "Foreign investments" include yen-denominated assets.

C. Valuation gains and losses on trading securities (General account)

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	50,166	(4,459)	50,191	2,122
Trading account securities	-	-	-	-
Money held in trust	50,166	(4,459)	50,191	2,122

D. Fair value information on securities (General account) (securities with fair value except for trading securities)

(millions of yen)

		Book value	Fair value	Gains (losses)		
				Gains	Losses	
As of March 31, 2016						
	Held-to-maturity bonds	45,712	51,296	5,583	5,583	-
	Domestic bonds	45,712	51,296	5,583	5,583	-
	Foreign bonds	-	-	-	-	-
	Policy-reserve-matching bonds	12,027,685	15,449,932	3,422,247	3,422,586	339
	Domestic bonds	11,948,259	15,369,411	3,421,152	3,421,152	-
	Foreign bonds	79,425	80,520	1,095	1,434	339
	Stocks of subsidiaries and affiliates	26,570	61,653	35,082	35,101	18
	Available-for-sale securities	12,927,650	15,628,568	2,700,917	2,874,655	173,738
	Domestic bonds	3,782,592	4,378,846	596,253	596,857	603
	Domestic stocks	1,677,678	2,990,485	1,312,806	1,409,264	96,457
	Foreign securities	6,759,695	7,526,318	766,622	830,252	63,629
	Foreign bonds	6,150,829	6,828,492	677,663	714,258	36,594
	Foreign stocks and other securities	608,865	697,825	88,959	115,994	27,035
	Other securities	484,658	497,071	12,412	25,441	13,028
	Monetary claims bought	220,436	233,206	12,769	12,787	17
	Certificates of deposit	-	-	-	-	-
	Money held in trust	2,587	2,640	52	52	-
	Total	25,027,619	31,191,450	6,163,830	6,337,926	174,095
	Domestic bonds	15,776,565	19,799,554	4,022,989	4,023,592	603
	Domestic stocks	1,677,678	2,990,485	1,312,806	1,409,264	96,457
	Foreign securities	6,864,951	7,667,606	802,655	866,642	63,987
	Foreign bonds	6,230,255	6,909,013	678,758	715,692	36,933
	Foreign stocks and other securities	634,695	758,592	123,896	150,950	27,053
	Other securities	485,399	497,958	12,558	25,587	13,028
	Monetary claims bought	220,436	233,206	12,769	12,787	17
	Certificates of deposit	-	-	-	-	-
	Money held in trust	2,587	2,640	52	52	-
As of March 31, 2017						
	Held-to-maturity bonds	46,014	50,534	4,519	4,519	-
	Domestic bonds	46,014	50,534	4,519	4,519	-
	Foreign bonds	-	-	-	-	-
	Policy-reserve-matching bonds	12,001,580	14,764,373	2,762,792	2,782,071	19,278
	Domestic bonds	11,911,257	14,672,992	2,761,734	2,780,815	19,081
	Foreign bonds	90,322	91,380	1,058	1,255	197
	Stocks of subsidiaries and affiliates	304	302	(2)	7	10
	Available-for-sale securities	14,459,160	17,184,631	2,725,470	2,865,886	140,416
	Domestic bonds	3,617,249	4,094,982	477,733	485,227	7,493
	Domestic stocks	1,647,671	3,335,538	1,687,866	1,712,564	24,698
	Foreign securities	8,443,706	8,964,471	520,764	625,317	104,552
	Foreign bonds	7,776,125	8,169,860	393,734	488,696	94,961
	Foreign stocks and other securities	667,581	794,611	127,030	136,621	9,591
	Other securities	514,139	547,427	33,288	36,687	3,398
	Monetary claims bought	186,393	192,213	5,819	6,090	270
	Certificates of deposit	50,000	49,998	(1)	-	1
	Money held in trust	-	-	-	-	-
	Total	26,507,060	31,999,841	5,492,780	5,652,485	159,704
	Domestic bonds	15,574,521	18,818,509	3,243,987	3,270,562	26,575
	Domestic stocks	1,647,671	3,335,538	1,687,866	1,712,564	24,698
	Foreign securities	8,534,167	9,055,980	521,813	626,573	104,759
	Foreign bonds	7,866,447	8,261,240	394,793	489,951	95,158
	Foreign stocks and other securities	667,719	794,739	127,020	136,621	9,601
	Other securities	514,306	547,601	33,295	36,694	3,398
	Monetary claims bought	186,393	192,213	5,819	6,090	270
	Certificates of deposit	50,000	49,998	(1)	-	1
	Money held in trust	-	-	-	-	-

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

\* Carrying amount of securities whose fair value is deemed extremely difficult to recognize is as follows:

(millions of yen)

	As of March 31, 2016	As of March 31, 2017
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	1,100,671	58,751
Unlisted domestic stocks (except over-the-counter stocks)	236,944	12,684
Unlisted foreign stocks (except over-the-counter stocks)	783,945	-
Others	79,781	46,067
Available-for-sale securities	813,855	611,909
Unlisted domestic stocks (except over-the-counter stocks)	126,122	126,521
Unlisted foreign stocks (except over-the-counter stocks)	665,001	459,050
Unlisted foreign bonds	-	-
Others	22,731	26,337
Total	1,914,526	670,660

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.  
2. The amounts of foreign exchange valuation gains/losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: gain of 48,179 million yen as of March 31, 2016 and loss of 1,746 million yen as of March 31, 2017.

(Reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above, in addition to the figures in the table D, is as follows:

(millions of yen)

		Book value	Fair value	(millions of yen)	
				Gains (losses)	
				Gains	Losses
As of March 31, 2016					
Held-to-maturity bonds		45,712	51,296	5,583	-
Domestic bonds		45,712	51,296	5,583	-
Foreign bonds		-	-	-	-
Policy-reserve-matching bonds		12,027,685	15,449,932	3,422,247	339
Domestic bonds		11,948,259	15,369,411	3,421,152	-
Foreign bonds		79,425	80,520	1,095	339
Stocks of subsidiaries and affiliates		1,127,241	1,210,444	83,202	7,792
Domestic stocks		236,944	236,944	-	-
Foreign stocks		819,672	902,729	83,056	7,792
Other securities		70,625	70,770	145	-
Available-for-sale securities		13,741,506	16,442,484	2,700,977	173,738
Domestic bonds		3,782,592	4,378,846	596,253	603
Domestic stocks		1,803,801	3,116,608	1,312,806	96,457
Foreign securities		7,425,826	8,192,510	766,683	63,629
Foreign bonds		6,150,829	6,828,492	677,663	36,594
Foreign stocks and other securities		1,274,997	1,364,017	89,019	27,035
Other securities		506,260	518,673	12,412	13,028
Monetary claims bought		220,436	233,206	12,769	17
Certificates of deposit		-	-	-	-
Money held in trust		2,587	2,640	52	-
Total		26,942,146	33,154,157	6,212,010	181,870
Domestic bonds		15,776,565	19,799,554	4,022,989	603
Domestic stocks		2,040,745	3,353,552	1,312,806	96,457
Foreign securities		8,324,925	9,175,760	850,834	71,761
Foreign bonds		6,230,255	6,909,013	678,758	36,933
Foreign stocks and other securities		2,094,670	2,266,746	172,076	34,828
Other securities		576,885	589,444	12,558	13,028
Monetary claims bought		220,436	233,206	12,769	17
Certificates of deposit		-	-	-	-
Money held in trust		2,587	2,640	52	-
As of March 31, 2017					
Held-to-maturity bonds		46,014	50,534	4,519	-
Domestic bonds		46,014	50,534	4,519	-
Foreign bonds		-	-	-	-
Policy-reserve-matching bonds		12,001,580	14,764,373	2,762,792	19,278
Domestic bonds		11,911,257	14,672,992	2,761,734	19,081
Foreign bonds		90,322	91,380	1,058	197
Stocks of subsidiaries and affiliates		59,056	59,053	(2)	10
Domestic stocks		12,684	12,684	-	-
Foreign stocks		138	128	(10)	10
Other securities		46,233	46,241	7	-
Available-for-sale securities		15,071,069	17,794,794	2,723,724	142,162
Domestic bonds		3,617,249	4,094,982	477,733	7,493
Domestic stocks		1,774,192	3,462,059	1,687,866	24,698
Foreign securities		8,902,757	9,421,776	519,018	106,298
Foreign bonds		7,776,125	8,169,860	393,734	94,961
Foreign stocks and other securities		1,126,632	1,251,916	125,284	11,337
Other securities		540,476	573,764	33,288	3,398
Monetary claims bought		186,393	192,213	5,819	270
Certificates of deposit		50,000	49,998	(1)	1
Money held in trust		-	-	-	-
Total		27,177,721	32,668,755	5,491,034	161,451
Domestic bonds		15,574,521	18,818,509	3,243,987	26,575
Domestic stocks		1,786,877	3,474,743	1,687,866	24,698
Foreign securities		8,993,218	9,513,285	520,067	106,506
Foreign bonds		7,866,447	8,261,240	394,793	95,158
Foreign stocks and other securities		1,126,770	1,252,044	125,274	11,347
Other securities		586,710	620,006	33,295	3,398
Monetary claims bought		186,393	192,213	5,819	270
Certificates of deposit		50,000	49,998	(1)	1
Money held in trust		-	-	-	-

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

E. Fair value information on money held in trust (General account)

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2016	52,806	52,806	(4,407)	7,143	11,551
As of March 31, 2017	50,191	50,191	2,024	17,996	15,971

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.

"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

\* Information on money held in trust for investment purpose is as follows:

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	50,166	(4,459)	50,191	2,122

\* Information on money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale is as follows:

(millions of yen)

	As of March 31, 2016					As of March 31, 2017				
	Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust classified as held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as available-for-sale	2,587	2,640	52	52	-	-	-	-	-	-

F. Total net unrealized gains (losses) of general account assets

(millions of yen)

	As of March 31, 2016	As of March 31, 2017
Securities	6,212,010	5,491,034
Domestic bonds	4,022,989	3,243,987
Domestic stocks	1,312,806	1,687,866
Foreign securities	850,834	520,067
Foreign bonds	678,758	394,793
Foreign stocks and other securities	172,076	125,274
Other securities	12,558	33,295
Others	12,821	5,817
Real estate	130,341	166,723
Total (including others not listed above)	6,334,647	5,637,050

Note: 1. Only foreign exchange valuation gains (losses) are taken into account for foreign securities whose fair value is deemed extremely difficult to recognize.

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

3. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

## 4. Unaudited Balance Sheet

(millions of yen)					
	As of March 31, 2016	As of March 31, 2017		As of March 31, 2016	As of March 31, 2017
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
Cash and deposits	528,337	438,454	Policy reserves and others	30,635,217	30,864,753
Cash	196	166	Reserves for outstanding claims	260,304	229,698
Bank deposits	528,140	438,287	Policy reserves	29,984,210	30,249,170
Call loans	116,900	98,500	Reserve for policyholder dividends	390,701	385,884
Monetary claims bought	233,206	192,213	Reinsurance payable	684	741
Money held in trust	52,806	50,191	Subordinated bonds	215,727	476,277
Securities	30,250,119	30,498,102	Other liabilities	1,095,099	1,004,764
Government bonds	14,545,593	14,084,907	Collateral for securities lending transactions	473,284	267,871
Local government bonds	125,047	109,098	Long-term debt and other borrowings	286,277	283,000
Corporate bonds	1,910,798	2,023,985	Corporate income tax payable	28,307	9,967
Stocks	3,560,485	3,666,952	Accounts payable	77,232	43,804
Foreign securities	9,451,844	9,868,430	Accrued expenses	48,456	48,088
Other securities	656,349	744,727	Unearned revenue	728	684
Loans	2,826,052	2,657,852	Deposits received	53,528	55,287
Policy loans	405,056	381,830	Guarantee deposits received	51,110	50,260
Ordinary loans	2,420,995	2,276,021	Derivatives	60,808	231,126
Tangible fixed assets	1,164,183	1,124,412	Collateral for financial instruments	-	2,848
Land	792,101	772,021	Lease liabilities	4,393	4,956
Buildings	363,038	343,658	Asset retirement obligations	2,675	2,674
Leased assets	4,491	4,923	Suspense receipt	7,695	1,473
Construction in progress	2,402	691	Other liabilities	601	2,720
Other tangible fixed assets	2,149	3,117	Reserve for employees' retirement benefits	377,967	380,870
Intangible fixed assets	81,603	87,793	Reserve for retirement benefits of directors, executive officers and corporate auditors	1,868	1,498
Software	59,516	65,228	Reserve for possible reimbursement of prescribed claims	800	800
Other intangible fixed assets	22,086	22,564	Reserve for price fluctuations	148,453	164,453
Reinsurance receivable	4,434	2,260	Deferred tax liabilities	138,696	129,833
Other assets	541,917	434,994	Deferred tax liabilities for land revaluation	80,189	77,236
Accounts receivable	75,541	51,700	Acceptances and guarantees	97,056	103,786
Prepaid expenses	12,019	11,114	<b>Total liabilities</b>	<b>32,791,760</b>	<b>33,205,016</b>
Accrued revenue	155,664	156,736	<b>(NET ASSETS)</b>		
Deposits	40,545	41,368	Capital stock	343,146	60,000
Margin money for futures trading	57,785	65,173	Capital surplus	343,772	470,000
Differential account for futures trading	47	12	Legal capital surplus	343,146	60,000
Derivatives	179,189	73,403	Other capital surplus	625	410,000
Suspense payment	9,536	4,865	Retained earnings	511,892	31,230
Other assets	11,586	30,618	Legal retained earnings	5,600	-
Customers' liabilities for acceptances and guarantees	97,056	103,786	Other retained earnings	506,292	31,230
Reserve for possible loan losses	(1,237)	(1,472)	Fund for risk allowance	43,120	-
Reserve for possible investment losses	(423)	(444)	Fund for price fluctuation allowance	65,000	-
			Reserve for tax basis adjustments of real estate	25,517	1,257
			Retained earnings brought forward	372,655	29,972
			Treasury stock	(23,231)	-
			Total shareholders' equity	1,175,581	561,230
			Net unrealized gains (losses) on securities, net of tax	1,946,957	1,963,267
			Deferred hedge gains (losses)	(3,865)	(25,327)
			Reserve for land revaluation	(16,402)	(17,541)
			Total of valuation and translation adjustments	1,926,688	1,920,398
			Subscription rights to shares	925	-
			<b>Total net assets</b>	<b>3,103,195</b>	<b>2,481,628</b>
<b>Total assets</b>	<b>35,894,956</b>	<b>35,686,645</b>	<b>Total liabilities and net assets</b>	<b>35,894,956</b>	<b>35,686,645</b>



## 5. Unaudited Statement of Earnings

	(millions of yen)		
	Year ended March 31, 2016	Year ended March 31, 2017 *1	Year ended March 31, 2017 *2
<b>ORDINARY REVENUES</b>	<b>4,265,779</b>	<b>3,946,774</b>	<b>1,976,814</b>
Premium and other income	2,866,602	2,547,581	1,233,330
Premium income	2,865,384	2,546,708	1,232,824
Reinsurance income	1,218	873	505
Investment income	1,060,017	1,072,049	593,797
Interest and dividends	802,203	773,506	396,642
Interest from bank deposits	11,213	7,416	3,280
Interest and dividends from securities	647,317	628,036	324,755
Interest from loans	62,387	56,405	27,584
Rental income	69,545	70,696	35,676
Other interest and dividends	11,738	10,951	5,345
Gains on money held in trust	-	4,207	4,018
Gains on sale of securities	211,921	200,059	110,423
Gains on redemption of securities	44,645	38,258	17,445
Reversal of reserve for possible loan losses	838	-	-
Other investment income	409	1,231	674
Gains on investments in separate accounts	-	54,786	64,592
Other ordinary revenues	339,158	327,143	149,686
Fund receipt for annuity rider of group insurance	708	655	313
Fund receipt for claim deposit payment	301,478	270,929	137,930
Reversal of reserves for outstanding claims	-	30,606	-
Reversal of reserve for employees' retirement benefits	11,931	-	1,934
Other ordinary revenues	25,039	24,952	9,508
<b>ORDINARY EXPENSES</b>	<b>3,921,556</b>	<b>3,664,964</b>	<b>1,877,646</b>
Benefits and claims	2,681,396	2,327,502	1,182,154
Claims	709,000	773,749	385,341
Annuities	592,255	535,014	291,580
Benefits	381,741	361,388	175,674
Surrender values	584,186	507,647	247,083
Other refunds	412,606	147,966	81,528
Ceding reinsurance commissions	1,604	1,737	947
Provision for policy reserves and others	209,103	273,344	119,799
Provision for reserves for outstanding claims	57,227	-	7,814
Provision for policy reserves	143,236	264,959	107,827
Provision for interest on policyholder dividends	8,639	8,384	4,156
Investment expenses	273,985	286,301	203,865
Interest expenses	15,242	12,995	6,838
Losses on money held in trust	791	-	-
Losses on sale of securities	62,457	91,167	59,864
Losses on valuation of securities	873	24,814	15,307
Losses on redemption of securities	1,201	2,610	857
Derivative transaction losses	54,120	14,750	52,851
Foreign exchange losses	53,872	81,093	37,506
Provision for reserve for possible loan losses	-	248	349
Provision for reserve for possible investment losses	423	21	10
Write-down of loans	59	41	21
Depreciation of real estate for rent and others	14,165	13,765	6,788
Other investment expenses	39,209	44,794	23,470
Losses on investments in separate accounts	31,568	-	-
Operating expenses	404,114	422,089	213,205
Other ordinary expenses	352,956	355,726	158,622
Claim deposit payments	281,561	278,833	120,274
National and local taxes	28,411	33,160	18,666
Depreciation	32,770	30,892	15,151
Provision for reserve for employees' retirement benefits	-	2,603	-
Other ordinary expenses	10,213	10,235	4,529
<b>ORDINARY PROFIT</b>	<b>344,222</b>	<b>281,810</b>	<b>99,167</b>
<b>EXTRAORDINARY GAINS</b>	<b>286</b>	<b>4,976</b>	<b>508</b>
Gains on disposal of fixed assets	286	4,976	508
<b>EXTRAORDINARY LOSSES</b>	<b>52,274</b>	<b>43,934</b>	<b>19,605</b>
Losses on disposal of fixed assets	1,307	13,892	8,866
Impairment losses on fixed assets	34,548	13,742	2,438
Provision for reserve for price fluctuations	16,000	16,000	8,000
Other extraordinary losses	418	299	299
<b>Provision for reserve for policyholder dividends</b>	<b>97,500</b>	<b>85,000</b>	<b>40,000</b>
<b>Income before income taxes</b>	<b>194,734</b>	<b>157,851</b>	<b>40,071</b>
<b>Corporate income taxes-current</b>	<b>95,850</b>	<b>58,707</b>	<b>26,982</b>
<b>Corporate income taxes-deferred</b>	<b>(30,238)</b>	<b>(18,047)</b>	<b>(19,292)</b>
<b>Total of corporate income taxes</b>	<b>65,611</b>	<b>40,660</b>	<b>7,689</b>
<b>Net income</b>	<b>129,123</b>	<b>117,191</b>	<b>32,382</b>

\*1: The figures are the sum of "former Dai-ichi Life", the "Split Preparation Company", and "current Dai-ichi Life" results. [A+B+C]

\*2: The figures are the sum of the "Split Preparation Company" and "current Dai-ichi Life" results. [B+C]

Please refer to the page titled "Regarding the Figures Presented in this Document" for details.

## 6. Unaudited Statement of Changes in Net Assets

Year ended March 31, 2016

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	343,104	343,104	151	343,255	5,600	43,120	65,000	24,875	292,143
Changes for the year									
Issuance of new shares - exercise of subscription rights to shares	42	42		42					
Dividends				-					(33,359)
Net income				-					129,123
Purchase of treasury stock				-					
Disposal of treasury stock			474	474					
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate				-				297	(297)
Transfer to reserve for tax basis adjustments of real estate				-				470	(470)
Transfer from reserve for tax basis adjustments of real estate				-				(126)	126
Transfer from reserve for land revaluation				-					(14,609)
Net changes of items other than shareholders' equity									
Total changes for the year	42	42	474	517	-	-	-	641	80,512
Balance at the end of the year	343,146	343,146	625	343,772	5,600	43,120	65,000	25,517	372,655

(millions of yen)

	Shareholders' equity			Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments		
	Total retained earnings								
Balance at the beginning of the year	430,738	(9,723)	1,107,375	2,488,665	(12,036)	(33,424)	2,443,204	753	3,551,333
Changes for the year									
Issuance of new shares - exercise of subscription rights to shares	-		84						84
Dividends	(33,359)		(33,359)						(33,359)
Net income	129,123		129,123						129,123
Purchase of treasury stock	-	(15,000)	(15,000)						(15,000)
Disposal of treasury stock	-	1,492	1,967						1,967
Increase in reserve for tax basis adjustments of real estate resulting from changes in tax rate	-		-						-
Transfer to reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for land revaluation	(14,609)		(14,609)						(14,609)
Net changes of items other than shareholders' equity				(541,708)	8,170	17,021	(516,516)	171	(516,344)
Total changes for the year	81,153	(13,507)	68,206	(541,708)	8,170	17,021	(516,516)	171	(448,138)
Balance at the end of the year	511,892	(23,231)	1,175,581	1,946,957	(3,865)	(16,402)	1,926,688	925	3,103,195

Year ended March 31, 2017

(millions of 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

(millions of 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

## **I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2017**

### **1. Valuation Methods of Securities**

Securities held by the Company 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**

The Company 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 (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

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

(3) Depreciation of Leased Assets

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

(4) Accumulated Depreciation of Tangible Fixed Assets

The amount of accumulated depreciation of tangible fixed assets as of March 31, 2017 was ¥607,749 million.

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

The Company translated 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 were 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 the Company 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, 2017 was ¥55 million.

#### **8. Reserve for Employees' Retirement Benefits**

For the reserve for employees' retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of March 31, 2017.

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

##### **(1) Allocation of Estimated Retirement Benefits**

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefit for the fiscal year ended March 31, 2017.

##### **(2) Amortization of Actuarial Differences**

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

#### **9. Reserve for Possible Investment Losses**

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

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

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

#### **11. Reserve for Possible Reimbursement of Prescribed Claims**

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

#### **12. Reserve for Price Fluctuations**

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

#### **13. Methods for Hedge Accounting**

##### **(1) Methods for Hedge Accounting**

Hedging transactions are accounted for in accordance with the "Accounting Standards for Financial Instruments" (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 over-the-counter options on bonds is used for hedges against interest rate fluctuations in certain foreign currency-denominated bonds; and 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 Japanese Institute of Certified Public Accountants (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

The Company 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**

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

## **15. Policy Reserve**

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

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

## **16. Changes in Accounting Policies (Application of ASBJ Guidance No. 26)**

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

## **17. Financial Instruments and Others**

### (1) Financial Instruments

#### a) Policies in Utilizing Financial Instruments

In an effort to manage investment assets in a manner appropriate to liabilities, which arise from the insurance policies underwritten, the company 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 Company holds fixed income investments, including bonds and loans, as the core of its asset portfolio. While placing its financial soundness first, the Company also holds stocks and foreign securities within its tolerable risk to enhance its profitability and facilitate diversification of investment risks.

The Company 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, the Company 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 Company 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 the Company, 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.

The Company 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.

The Company 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, the company 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), the Company 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 the Company is as follows:

i) Market Risk Management

Under the internal investment policy and market risk management policy, the Company 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

The Company 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

The Company 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

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

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

d) Supplementary Explanation for Fair Value of Financial Instruments

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

(2) Fair Value of Financial Instruments

The carrying amount on the balance sheet, fair value and differences between carrying amount and fair value as of March 31, 2017 were as follows. The following tables do not include financial instruments whose fair value is extremely difficult to recognize. (Please refer to (Note 2))

As of March 31, 2017	Carrying amount	Fair value	Gains (Losses)
(Unit: million yen)			
(1) Cash and deposits .....	438,454	438,454	-
(2) Call loans .....	98,500	98,500	-
(3) Monetary claims bought .....	192,213	192,213	-
(4) Money held in trust .....	50,191	50,191	-
(5) Securities			
a. Trading securities .....	838,851	838,851	-
b. Held-to-maturity bonds .....	46,014	50,534	4,519
c. Policy-reserve-matching bonds .....	12,001,580	14,764,373	2,762,792
d. Stock of subsidiaries and affiliate companies ..	321	302	(19)
e. Available-for-sale securities .....	16,942,419	16,942,419	-
(6) Loans .....	2,657,852		
Reserve for possible loan losses (*1) .....	(808)		
	2,657,043	2,798,441	141,397
Total assets .....	33,265,591	36,174,282	2,908,690
(1) Bonds payable .....	476,277	492,576	16,299
(2) Long-term borrowings .....	283,000	288,019	5,019
Total liabilities .....	759,277	780,596	21,319
Derivative transactions (* 2)			
a. Hedge accounting not applied .....	[949]	[949]	-
b. Hedge accounting applied .....	[156,773]	[159,745]	[2,972]
Total derivative transactions .....	[157,722]	[160,694]	[2,972]

(\*1) Excluding general reserves for possible loan losses and 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 prices.

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

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

As of March 31, 2017	Carrying amount (Unit: million yen)
1. Unlisted domestic stocks (*1)(*2) .....	139,205
2. Unlisted foreign stocks (*1)(*2).....	20,604
3. Other foreign securities (*1)(*2) .....	436,700
4. Other securities (*1)(*2) .....	72,404
<b>Total</b>	<b>668,914</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 market value information.

(\*2) The Company recorded impairment charges of ¥66 million for the fiscal year ended March 31, 2017

## 18. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2017 was ¥17,175 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded loss on sale of ¥(8,187) million on rental real estate as extraordinary losses and impairment loss of ¥2,426 million on rental real estate as extraordinary losses for the fiscal year ended March 31, 2017.

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

Fiscal year ended March 31, 2017	(Unit: million yen)
Carrying amount	
Beginning balance .....	-
Net change during year .....	795,164
Ending balance .....	795,164
Fair value	892,854

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

(\*2)Net change in the carrying amount includes transfer of real estate from Dai-ichi Life Holdings, Inc. of ¥815,927 million, cost of acquisition of the real estate of ¥12,404 million, sale of the real estate of ¥28,778 million, depreciation expense of ¥6,784 million, and impairment loss of ¥2,426 million.

(\*3)The Company 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, 2017 was ¥1,807,980 million.

## 20. Problem Loans

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

The amount of credits to bankrupt borrowers was ¥89 million, the amount of delinquent loans was ¥2,608 million, and the Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥5 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3, (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.

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

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

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other

agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

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

## **21. Assets and Liabilities Held in Separate Accounts**

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥1,096,578 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 were ¥1,466 million and ¥5,316 million, respectively.

## **23. Deferred Tax Accounting**

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

(Unit: million yen)

Deferred tax assets:	
Policy reserves and others .....	450,261
Reserve for employees' retirement benefits .....	130,433
Reserve for price fluctuations .....	45,935
Impairment losses .....	11,652
Losses on valuation of securities .....	6,489
Others .....	23,232
Subtotal .....	668,005
Valuation allowances .....	(13,808)
Total .....	654,196
Deferred tax liabilities:	
Net unrealized gains on securities, net of tax .....	(750,808)
Reserve for tax basis adjustments of real estate .....	(10,272)
Accrued dividend receivables .....	(7,818)
Others .....	(15,131)
Total .....	(784,030)
Net deferred tax liabilities .....	(129,833)

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

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

## **24. Contingent Liabilities**

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

(Unit: million yen)

Dai-ichi Life Holdings, Inc. ....	450,000
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## **25. Changes in Reserve for Policyholder Dividends**

Changes in reserve for policyholder dividends were as follows:

(Unit: million yen)

Balance at the beginning of the fiscal year .....	—
Transfer from Dai-ichi Life Holdings, Inc. ....	383,071
Dividends paid during the fiscal year .....	(41,342)
Interest accrual during the fiscal year .....	4,156

Provision for reserve for policyholder dividends.....	40,000
Balance at the end of the fiscal year.....	385,884

## **26. Stock of Subsidiaries and Affiliated Companies**

The amount of stocks of subsidiaries and affiliated companies of the Company held as of March 31, 2017 was ¥59,073 million.

## **27. Organization Change Surplus**

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

## **28. Assets Pledged as Collateral / Secured Liabilities**

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

	(Unit: million yen)
Securities .....	333,839
Cash and deposits .....	86
Securities and cash and deposits pledged as collateral ...	333,926

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Cash collateral for securities lending transactions .....	267,871

“Securities” pledged as collateral for securities lending transactions with cash collateral as of March 31, 2017 was ¥241,062 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 ¥6 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.

## **30. Net Assets per Share**

The amount of net assets per share of the Company as of March 31, 2017 was ¥413,604,802.16.

## **31. Transaction under Common Control**

### **(1) Overview of the transaction**

#### **a) Name and description of the businesses subject to the transaction**

Domestic life insurance business

#### **b) Date of business combination**

October 1, 2016

#### **c) Legal form of business combination**

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

#### **d) Name of the company after the combination**

The Dai-ichi Life Insurance Company, Limited

#### **e) Other matters regarding the overview of the transaction**

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

### **(2) Overview of the accounting treatment**

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

### 32. Employees' Retirement Benefits

#### (1) Overview of Employees' Retirement Benefit Plan

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

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

#### (2) Defined Benefit Plans

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

(Unit: million yen)

a.	Beginning balance of the projected benefit obligations .....	-
b.	Carried over from Dai-ichi Life Holdings, Inc. ....	692,315
c.	Service cost .....	14,617
d.	Interest cost .....	1,040
e.	Accruals of actuarial (gains) and losses .....	2,235
f.	Payment of retirement benefits .....	(16,495)
g.	Others .....	106
h.	<u>Ending balance of the projected benefit obligation (a + b + c + d + e + f + g).....</u>	<u>693,819</u>

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

(Unit: million yen)

a.	Beginning balance of pension assets .....	-
b.	Carried over from Dai-ichi Life Holdings, Inc.....	264,260
c.	Estimated return on assets .....	187
d.	Accruals of actuarial (gains) and losses .....	17,685
e.	Contribution from the employer .....	7,080
f.	Payment of retirement benefits .....	(3,905)
g.	<u>Ending balance of pension assets (a + b + c + d + e + f).....</u>	<u>285,308</u>

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

(Unit: million yen)

a.	Projected benefit obligation for funded pensions .....	383,234
b.	<u>Pension assets .....</u>	<u>(285,308)</u>
c.	Subtotal (a + b) .....	97,925
d.	<u>Projected benefit obligation for unfunded pensions .....</u>	<u>310,585</u>
e.	<u>Unrecognized actuarial differences .....</u>	<u>(27,640)</u>
f.	<u>Net of assets and liabilities recorded in the balance sheet (c + d + e).....</u>	<u>380,870</u>

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

(Unit: million yen)

a.	Service cost .....	14,617
b.	Interest cost .....	1,040
c.	Expected return on assets .....	(187)
d.	Amortization of unrecognized actuarial differences .....	2,266
e.	Others .....	299
f.	<u>Retirement benefit expenses for defined benefit plans (a + b + c + d + e).....</u>	<u>18,035</u>

##### e) Pension assets

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

Stocks .....	58%
Asset under joint management.....	12%
Bonds .....	9%
Life insurance general account .....	8%
Others .....	13%
<u>Total .....</u>	<u>100%</u>

The proportion of retirement benefit trust to total pension assets that has been set for the retirement lump sum grants as of March 31, 2017 was 55%.

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

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

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2017 are as follows:

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

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2017 is ¥781 million.

### **33. Securities Borrowing**

Of securities borrowed under borrowing agreements, the market value of the securities which can be sold or pledged as collateral but were not sold nor pledged as of March 31, 2017 was ¥37,642 million, among which none of the securities were pledged as collateral.

### **34. Commitment Line**

As of March 31, 2017, there were unused commitment line agreements under which the Company was the lender of ¥33,002 million.

### **35. Subordinated Debt**

As of March 31, 2017, other liabilities included subordinated debt of ¥283,000 million, the repayment of which is subordinated to other obligations.

### **36. Subordinated Bonds**

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

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

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

## II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥2,788 million and ¥11,926 million, respectively.

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥60,514 million, ¥26,251 million, ¥23,571 million and ¥86 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥8,048 million, ¥8,144 million, ¥42,702 million and ¥969 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥15,244 million and ¥62 million, respectively.

### 3. Reinsurance

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

### 4. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥3,838 million.

### 5. Derivative Transaction Gains/Losses

Derivative transaction losses included valuation losses of ¥25,302 million.

### 6. Net Income per Share

Net income per share for the fiscal year ended March 31, 2017 was ¥10,776,077.48. Diluted net income per share for the same period is not presented because there were no existing diluted shares.

### 7. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2017 were as follows:

#### (1) Method of Grouping Assets

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

#### (2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

#### (3) Breakdown of Impairment Losses

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

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

#### (4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.41% for the fiscal year ended March 31, 2017 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.



### III. NOTES TO THE UNAUDITED STATEMENT OF CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

#### 1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	At the end of the fiscal year
Common Stock	10	5,990	-	6,000

(\*) Due to the transition to a holding company structure on October 1, 2016, Dai-ichi Life Holdings, Inc. (trading name changed from The Dai-ichi Life Insurance Company, Limited on October 1, 2016) succeeded the domestic life insurance business of the Company. As a result, outstanding share of common stock increased by 5,990 and the number of outstanding shares as of March 31, 2017 was 6,000.

#### 2. Dividends on Common Stock

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

Date of resolution	June 21, 2017 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥29,972 million
Dividends per share	¥4,995,400
Record date	March 31, 2017
Effective date	June 22, 2017
Dividend resource	Retained earnings

## REFERENCE INFORMATION

The figures below are the sum of former Dai-ichi Life, the Split Preparation Company, and current Dai-ichi Life [A+B+C].

Please refer to the page titled "Regarding the Figures Presented in this Document" for details.

### I. NOTES TO THE UNAUDITED BALANCE SHEET AS OF MARCH 31, 2017

#### 1. Real Estate for Rent

The Company owns a number of commercial buildings, including land, for rent in various locations, including Tokyo. Net rental income from such real estate for rent for the fiscal year ended March 31, 2017, was ¥31,572 million. The rental income was included in investment income and the rental expense was included in investment expenses. The Company recorded loss on sale of ¥(8,593) million on rental real estate as extraordinary loss and impairment loss of ¥5,167 million on rental real estate for rent as extraordinary losses for the fiscal year ended March 31, 2017.

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

Fiscal year ended March 31, 2017	(Unit: million yen)
Carrying amount	
Beginning balance .....	807,289
Net change during year .....	(12,124)
Ending balance .....	795,164
Fair value	892,854

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

(\*2)Net change in the carrying amount includes cost of acquisition of the real estate of ¥33,544 million, sale of the real estate of ¥35,424 million, depreciation expense of ¥13,758 million, and impairment loss of ¥5,167 million.

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

#### 2. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year .....	390,701
Dividend paid during the fiscal year.....	(98,201)
Interest accrual during the fiscal year .....	8,384
Provision for reserve for policyholder dividends.....	85,000
Balance the end of the fiscal year.....	385,884

#### 3. Employees' Retirement Benefits

##### (1) Overview of Employees' Retirement Benefit Plan

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

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

(2) Defined Benefit Plans

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

(Unit: million yen)

a.	Beginning balance of the projected benefit obligations .....	694,154
b.	Service cost .....	28,941
c.	Interest cost .....	2,080
d.	Accruals of actuarial (gains) and losses .....	2,235
e.	Payment of retirement benefits .....	(32,402)
f.	Others .....	(1,188)
g.	<u>Ending balance of the projected benefit obligation (a + b + c + d + e + f).....</u>	<u>693,819</u>

b) Reconciliations of beginning and ending balances of pension assets

(Unit: million yen)

a.	Beginning balance of pension assets .....	268,370
b.	Estimated return on assets .....	374
c.	Accruals of actuarial (gains) and losses .....	17,685
d.	Contribution from the employer .....	7,080
e.	Payment of retirement benefits .....	(8,202)
f.	<u>Ending balance of pension assets (a + b + c + d + e).....</u>	<u>285,308</u>

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

(Unit: million yen)

a.	Projected benefit obligation for funded pensions .....	383,234
b.	<u>Pension assets .....</u>	<u>(285,308)</u>
c.	Subtotal (a + b) .....	97,925
d.	<u>Projected benefit obligation for unfunded pensions .....</u>	<u>310,585</u>
e.	<u>Unrecognized actuarial differences .....</u>	<u>(27,640)</u>
f.	<u>Net of assets and liabilities recorded in the balance sheet (c + d + e).....</u>	<u>380,870</u>

d) Amount of the components of retirement benefit expenses

(Unit: million yen)

a.	Service cost .....	28,941
b.	Interest cost .....	2,080
c.	Expected return on assets .....	(374)
d.	Amortization of unrecognized actuarial differences .....	4,533
e.	Others .....	299
f.	<u>Retirement benefit expenses for defined benefit plans (a + b + c + d + e).....</u>	<u>35,479</u>

e) Pension assets

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

Stocks .....	58%
Asset under joint management .....	12%
Bonds.....	9%
Life insurance general account .....	8%
Others .....	13%
<u>Total .....</u>	<u>100%</u>

The proportion of retirement benefit trust to total pension assets that has been set for the retirement lump sum grants as of March 31, 2017 was 55%.

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

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

g) Calculation basis of actuarial gains and losses

Major assumptions of basis of actuarial calculation as of March 31, 2017 are as follows:

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

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(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans for the fiscal year ended March 31, 2017 is ¥1,573 million.

## II. NOTES TO THE UNAUDITED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥12,849 million and ¥22,861 million, respectively.

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥108,873 million, ¥29,609 million, ¥60,701 million and ¥874 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥8,311 million, ¥12,105 million, ¥68,907 million and ¥1,842 million, respectively.

Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks and foreign securities of ¥589 million, ¥15,587 million and ¥8,637 million, respectively.

### 3. Reinsurance

In calculating the reversal of reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥1 million was added. In calculating the provision for policy reserves, a provision for reserves for policy reserves reinsured of ¥0 million was subtracted.

### 4. Gains/Losses on Money Held in Trust

Gains on money held in trust included gains on valuation of securities of ¥2,121 million.

### 5. Derivative Transaction Gains/Losses

Derivative transaction losses included valuation losses of ¥2,555 million.

### 6. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the fiscal year ended March 31, 2017 were as follows:

#### (1) Method of Grouping Assets

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

#### (2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value of some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such write-off as impairment losses in extraordinary losses.

#### (3) Breakdown of Impairment Losses

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

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

#### (4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.41% for the fiscal year ended March 31, 2017 was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

## 7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)		
	Year ended March 31, 2016	Year ended March 31, 2017
Fundamental revenues	4,071,163	3,742,507
Premium and other income	2,866,602	2,547,581
Investment income	847,917	867,782
[Interest and dividends]	802,203	773,506
Other ordinary revenues	356,643	327,143
Fundamental expense	3,605,721	3,350,308
Benefits and claims	2,681,396	2,327,502
Provision for policy reserves and others	65,867	170,574
Investment expenses	101,387	74,415
Operating expenses	404,114	422,089
Other ordinary expenses	352,956	355,726
Fundamental profit <b>A</b>	465,441	392,199
Capital gains	211,921	204,266
Gains on money held in trust	-	4,207
Gains on investments in trading securities	-	-
Gains on sale of securities	211,921	200,059
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others	-	-
Capital losses	172,115	211,825
Losses on money held in trust	791	-
Losses on investments in trading securities	-	-
Losses on sale of securities	62,457	91,167
Losses on valuation of securities	873	24,814
Derivative transaction losses	54,120	14,750
Foreign exchange losses	53,872	81,093
Others	-	-
Net capital gains <b>B</b>	39,805	(7,558)
Fundamental profit plus net capital gains <b>A + B</b>	505,247	384,640
Other one-time gains	179	-
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	179	-
Others	-	-
Other one-time losses	161,204	102,830
Ceding reinsurance commissions	-	-
Provision for contingency reserve	18,000	18,000
Provision for specific reserve for possible loan losses	-	(1)
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	59	41
Others	143,144	84,791
Other one-time profits <b>C</b>	(161,024)	(102,830)
Ordinary profit <b>A + B + C</b>	344,222	281,810

Note : "Others" in "Other one-time losses" represents the sum of the amount of provision for reserve for possible investment losses (the fiscal year ended March 31, 2016: 423 million yen, the fiscal year ended March 31, 2017: 21 million yen) and the amount of the additional policy reserves provided (the fiscal year ended March 31, 2016: 142,721 million yen, the fiscal year ended March 31, 2017: 84,770 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

## 8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2016	As of March 31, 2017
Claims against bankrupt and quasi-bankrupt obligors	129	128
Claims with collection risk	2,969	2,569
Claims for special attention	437	24
Subtotal	3,536	2,722
[Percentage]	[ 0.07%]	[ 0.06%]
Claims against normal obligors	5,169,698	4,584,681
Total	5,173,234	4,587,404

- Note:
1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
  2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
  3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
  4. Claims against normal obligors are all other loans.

## 9. Risk-Monitored Loans

(millions of yen)

	As of March 31, 2016	As of March 31, 2017
Credits to bankrupt borrowers	93	89
Delinquent loans	3,005	2,608
Loans past due for three months or more	-	-
Restructured loans	415	5
Total	3,513	2,703
[Percentage of total loans]	[ 0.12%]	[ 0.10%]

- Note:
1. 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 write-offs relating to bankrupt borrowers in the fiscal years ended March 31, 2016 and March 31, 2017 were 2 million yen and 2 million yen, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2016 and March 31, 2017 were 56 million yen and 53 million yen, respectively.
  2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
  3. 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.
  4. 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 loans classified as credits to bankrupt borrowers or delinquent loans.
  5. 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.

## 10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2016	As of March 31, 2017
Total solvency margin <b>(A)</b>	6,741,736	5,936,832
Common stock, etc. <sup>*1</sup>	1,132,993	527,591
Reserve for price fluctuations	148,453	164,453
Contingency reserve	576,093	594,093
General reserve for possible loan losses	487	737
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% <sup>*2</sup>	2,426,025	2,446,154
Net unrealized gains (losses) on real estate × 85% <sup>*2</sup>	82,189	113,883
Policy reserves in excess of surrender values	1,932,954	2,019,361
Qualifying subordinated debt	498,727	759,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(56,028)	(709,214)
Excluded items	(199,507)	(4,000)
Others	199,348	24,495
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ <b>(B)</b>	1,496,746	1,396,021
Insurance risk $R_1$	74,483	70,408
3rd sector insurance risk $R_8$	172,591	177,428
Assumed investment yield risk $R_2$	233,024	223,664
Guaranteed minimum benefit risk $R_7$ <sup>*3</sup>	3,341	3,215
Investment risk $R_3$	1,205,585	1,114,653
Business risk $R_4$	33,780	31,787
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	900.8%	850.5%

\*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

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.



## (Reference) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2017
Total solvency margin <b>(A)</b>	5,858,298
Common stock, etc. *1	532,465
Reserve for price fluctuations	164,453
Contingency reserve	594,093
Catastrophe loss reserve	-
General reserve for possible loan losses	737
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax) ) × 90% *2	2,446,154
Net unrealized gains (losses) on real estate × 85% *2	113,883
Sum of unrecognized actuarial differences and unrecognized past service cost	(27,581)
Policy reserves in excess of surrender values	2,019,361
Qualifying subordinated debt	759,277
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(709,214)
Excluded items	(59,827)
Others	24,495
Total risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ <b>(B)</b>	1,379,562
Insurance risk $R_1$	70,408
General insurance risk $R_5$	-
Catastrophe risk $R_6$	-
3rd sector insurance risk $R_8$	177,428
Small amount and short-term insurance risk $R_9$	-
Assumed investment yield risk $R_2$	223,664
Guaranteed minimum benefit risk $R_7$ *3	3,215
Investment risk $R_3$	1,098,246
Business risk $R_4$	31,459
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	849.2%

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

\*2: Multiplied by 100% if losses.

\*3: Calculated by standard method.

- Note: 1. The above figures are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Act, and Notification of the Financial Services Agency No. 23, 2011.
2. Following the transition to a holding company structure in October 2016, non-consolidated subsidiaries, etc. of current Dai-ichi Life are included in the calculation of consolidated solvency margin ratio.

## 11. Status of Separate Account for the Fiscal Year Ended March 31, 2017

### (1) Separate Account Assets by Product

	(millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Individual variable insurance	56,211	55,680
Individual variable annuities	60,298	47,116
Group annuities	926,292	993,781
Separate account total	1,042,803	1,096,578

### (2) Individual Variable Insurance (Separate Account)

#### A. Policies in force

	As of March 31, 2016		As of March 31, 2017	
	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	147	727	129	629
Variable insurance (whole life)	43,567	269,119	42,827	264,207
Total	43,714	269,847	42,956	264,837

Note: Policies in force include term life riders.

#### B. Breakdown of separate account assets for individual variable insurance

	As of March 31, 2016		As of March 31, 2017	
	Amount	%	Amount	%
Cash, deposits, and call loans	3	0.0	4	0.0
Securities	52,206	92.9	52,739	94.7
Domestic bonds	14,117	25.1	15,272	27.4
Domestic stocks	16,841	30.0	17,123	30.8
Foreign securities	21,246	37.8	20,343	36.5
Foreign bonds	6,338	11.3	5,184	9.3
Foreign stocks and other securities	14,907	26.5	15,158	27.2
Other securities	-	-	-	-
Loans	-	-	-	-
Others	4,002	7.1	2,936	5.3
Reserve for possible loan losses	-	-	-	-
Total	56,211	100.0	55,680	100.0

C. Investment gains and losses of separate account for individual variable insurance

(millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Interest and dividends	1,022	916
Gains on sale of securities	3,936	3,409
Gains on redemption of securities	-	-
Gains on valuation of securities	6,123	13,930
Foreign exchange gains	175	197
Derivative transaction gains	17	36
Other investment income	1	1
Losses on sale of securities	1,462	1,811
Losses on redemption of securities	-	0
Losses on valuation of securities	12,061	12,468
Foreign exchange losses	143	233
Derivative transaction losses	13	44
Other investment expenses	0	1
Net investment income	(2,405)	3,934

D. Fair value information on securities in separate account for individual variable insurance

\* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	52,206	(5,938)	52,739	1,462

\* Fair value information on money held in trust

The Company had no balance as of March 31, 2016 or March 31, 2017.

### (3) Individual Variable Annuities (Separate Account)

#### A. Sum insured of policies in force

(millions of yen except number of policies)

	As of March 31, 2016		As of March 31, 2017	
	Number	Amount	Number	Amount
Individual variable annuities	15,442	86,159	12,828	68,599

Note: Sum insured of policies in force includes that of annuities for which payments have commenced.

#### B. Breakdown of separate account assets for individual variable annuities

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	%	Amount	%
Cash, deposits, and call loans	869	1.4	576	1.2
Securities	57,556	95.5	44,759	95.0
Domestic bonds	6,848	11.4	7,116	15.1
Domestic stocks	5,267	8.7	5,721	12.1
Foreign securities	4,417	7.3	3,034	6.4
Foreign bonds	1,472	2.4	1,197	2.5
Foreign stocks and other securities	2,945	4.9	1,836	3.9
Other securities	41,022	68.0	28,885	61.3
Loans	-	-	-	-
Others	1,872	3.1	1,780	3.8
Reserve for possible loan losses	-	-	-	-
Total	60,298	100.0	47,116	100.0

C. Investment gains and losses of separate account for individual variable annuities

(millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Interest and dividends	11,263	5,423
Gains on sales of securities	966	719
Gains on redemption of securities	-	-
Gains on valuation of securities	14,356	23,042
Foreign exchange gains	10	12
Derivative transaction gains	-	-
Other investment income	0	0
Losses on sales of securities	272	353
Losses on redemption of securities	-	-
Losses on valuation of securities	29,179	25,690
Foreign exchange losses	8	16
Derivative transaction losses	-	-
Other investment expenses	34	53
Net investment income	(2,897)	3,083

D. Fair value information on securities in separate account for individual variable annuities

\* Valuation gains (losses) of trading securities

(millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	57,556	(14,822)	44,759	(2,648)

\* Fair value information on money held in trust

The Company had no balance as of March 31, 2016 or March 31, 2017.

## **12. Consolidated Financial Summary**

Not applicable