Note: This Convocation Notice is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.

Disclosures on the Company's website with the Convocation Notice of the Annual General Meeting of Shareholders for the 7th Fiscal Year

Principal Offices of the Corporate Group
Employees of the Corporate Group
Matters regarding Stock Acquisition Rights, etc.
System for Ensuring Appropriate Operations
Consolidated Statement of Changes in Net Assets
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Non-Consolidated Statement of Changes in Net Assets
Notes to Non-Consolidated Financial Statements

(from April 1, 2016 to March 31, 2017)

Dai-ichi Life Holdings, Inc.

The matters mentioned above are posted on the Company's website (http://www.dai-ichi-life-hd.com/investor/share/meeting/index.html) pursuant to the provisions of laws and regulations, and the provisions under Article 20 of the Articles of Incorporation of the Company.

Principal Offices of the Corporate Group

[The Company]

Company name	Office name	Location	Date of establishment
Dai-ichi Life Holdings, Inc.	Head Office	Chiyoda-ku, Tokyo	September 15, 1902

[Subsidiaries, etc.]

Sector	Company name	Office name	Location	Date of establishment
Domestic life insurance business	The Dai-ichi Life Insurance Company, Limited	Head Office	Chiyoda-ku, Tokyo	April 1, 2016
	The Dai-ichi Frontier Life Insurance Co., Ltd.	Head Office	Shinagawa -ku, Tokyo	December 1, 2006
	The Neo First Life Insurance Company, Limited	Head Office	Shinagawa-ku, Tokyo	April 23, 1999
Overseas insurance business	Protective Life Corporation	Head Office	Birmingham, U.S.A.	July 24, 1907
	TAL Dai-ichi Life Australia Pty Ltd	Head Office	Sydney, Australia	March 25, 2011
	Dai-ichi Life Insurance Company of Vietnam, Limited	Head Office	Ho Chi Minh, Vietnam	January 18, 2007

(Notes) 1. The above table includes the Company and its major consolidated subsidiaries, etc.
2. The “Date of establishment” represents the dates on which the companies were founded.

Employees of the Corporate Group

Sector	Previous fiscal year-end	**Current fiscal year-end**	Change
			Number of persons
Domestic life insurance business	55,022	**56,720**	1,698
Overseas insurance business	4,943	**5,344**	401
Other businesses	1,481	**542**	(939)
Total	61,446	**62,606**	1,160

(Notes) 1. The above table includes the Company and its consolidated subsidiaries, etc.
2. Though there was only one segment as of the previous fiscal year-end, the above numbers are stated as if three business segments had been established at that time.

Stock Acquisition Rights, etc.

(1) Stock Acquisition Rights, etc. of the Insurance Holding Company Held by the Directors and the Audit & Supervisory Committee Members of the Insurance Holding Company at the Current Fiscal Year-End

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors (excluding directors serving as Audit & Supervisory Committee members and Outside Directors)	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	629 (¥88,521)	62,900 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	8 persons
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	1,254 (¥76,638)	125,400 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	9 persons
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	749 (¥130,030)	74,900 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	9 persons
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	742 (¥136,600)	74,200 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	9 persons
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	494 (¥231,800)	49,400 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	10 persons
	1st Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in October 2016	663 (¥134,400)	66,300 shares of common stock (100 shares per stock acquisition right)		From October 19, 2016 to October 18, 2046	10 persons

Classification	Series	Number of stock acquisition rights (payment amount per share)	Class and number of shares to be issued upon exercise	Value of assets to be contributed upon exercise	Exercise period	Number of holders
Directors serving as Audit & Supervisory Committee members	1st Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2011	48 (¥88,521)	4,800 shares of common stock (100 shares per stock acquisition right)	¥1 per share	From August 17, 2011 to August 16, 2041	1 person
	2nd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2012	88 (¥76,638)	8,800 shares of common stock (100 shares per stock acquisition right)		From August 17, 2012 to August 16, 2042	1 person
	3rd Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2013	63 (¥130,030)	6,300 shares of common stock (100 shares per stock acquisition right)		From August 17, 2013 to August 16, 2043	1 person
	4th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2014	60 (¥136,600)	6,000 shares of common stock (100 shares per stock acquisition right)		From August 19, 2014 to August 18, 2044	1 person
	5th Series of Stock Acquisition Rights of The Dai-ichi Life Insurance Company, Limited Issued in August 2015	34 (¥231,800)	3,400 shares of common stock (100 shares per stock acquisition right)		From August 18, 2015 to August 17, 2045	1 person
Outside Directors (excluding directors serving as Audit & Supervisory Committee members)	-	-	-	-	-	-

(Notes) 1. A person to whom stock acquisition rights are allotted ("Allottee") may exercise stock acquisition rights only within 10 days from the day immediately following the date on which he/she loses status as both a director (except Audit & Supervisory Committee members) and an executive officer of the Company, as both a director and an executive officer of The Dai-ichi Life Insurance Company, Limited, as both a director and an executive officer of The Dai-ichi Frontier Life Insurance Co., Ltd., and as both a director and an executive officer of The Neo First Life Insurance Company, Limited. Upon the death of an Allottee, the heir(s) of such Allottee may succeed to and exercise any stock acquisition rights which have not been exercised as of the date of occurrence of any event constituting grounds for inheritance. However, matters such as conditions for the exercise of stock acquisition rights and the procedure for such exercise will be in accordance with the provisions of the stock acquisition right allotment agreement executed between the Company and each Allottee pursuant to any relevant resolution of the Board of Directors of the Company. Each Allottee must collectively exercise all of the stock acquisition rights allotted to the Allottee (or, if the Allottee has relinquished any stock acquisition right, then the stock acquisition rights remaining after such relinquishment) and may not exercise only a part thereof. An Allottee may not partly exercise any single stock acquisition right. Other conditions for the exercise of stock acquisition rights shall be stipulated in a stock acquisition rights allotment agreement to be concluded between the Company and the Allottee, based on resolutions of the Board of Directors of the Company.

2. With regard to the number of stock acquisition rights, etc. for directors serving as Audit & Supervisory Committee members, all of the stock acquisition rights were allotted to the directors of the former Dai-ichi Life before the shift to a holding company structure.

(2) Stock Acquisition Rights, etc. of the Insurance Holding Company Allotted to Employees during the Current Fiscal Year

<table>
<tr><th>Classification</th><th>Series</th><th>Number of stock acquisition rights (Payment amount per share)</th><th>Class and number of shares to be issued upon exercise</th><th>Value of assets to be contributed upon exercise</th><th>Exercise period</th><th>Number of holders</th></tr>
<tr><td>Employees (Executive Officers)</td><td rowspan="2">1st Series of Stock Acquisition Rights of Dai-ichi Life Holdings, Inc. Issued in October 2016</td><td>320 (¥134,400)</td><td>32,000 shares of common stock (100 shares per stock acquisition right)</td><td rowspan="2">¥1 per share</td><td>From October 19, 2016 to October 18, 2046</td><td>15 persons</td></tr>
<tr><td>Directors and employees at subsidiaries, etc.</td><td>1,713 (¥134,400)</td><td>171,300 shares of common stock (100 shares per stock acquisition right)</td><td>From October 19, 2016 to October 18, 2046</td><td>38 persons</td></tr>
</table>

(Note) The principal conditions for the exercise of stock acquisition rights are the same as those for “(1) Stock Acquisition Rights, etc. of the Insurance Holding Company Held by the Directors and the Audit & Supervisory Committee members of the Insurance Holding Company at the Current Fiscal Year-End.”

System for Ensuring Appropriate Operations

As a step to develop the Group's system for ensuring appropriate operations, the Board of Directors adopted a resolution to institute the Internal Control Policy for the Dai-ichi Life Group as of October 1, 2016, a summary of which is given below along with the implementation status of the internal control system.

<Internal Control Policy for the Dai-ichi Life Group>

Dai-ichi Life Holdings, Inc. (hereinafter "the Company") shall establish the Internal Control Policy for the Dai-ichi Life Group (comprising the Company and all of its subsidiaries and associated companies; "the Group") to define the general principle for establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.

1. System for Ensuring Proper Operations within the Group

The Company shall implement and manage systems for ensuring proper operations within the Group.

(1) The Company shall conduct business supervision of the Group companies in principle, based on the supervision category stipulated in the Business Supervision Regulations, according to individual Group companies' business specifics, size and importance in the Group's management strategy.

(2) The Company shall establish basic policies for maintaining and operating the Group internal control system, make these policies known to the Group companies and shall have each Group company establish its own basic policies conforming to its business characteristics.

(3) The Company shall establish rules for prior approval by the Company and reporting of the Group companies' important matters which affect the Group as a whole to the Company.

(4) The Company shall establish the Group's basic policies for management of intra-group transactions, collaborative operations and the equivalent and implement their management.

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

The Company shall implement and manage systems for ensuring the execution of professional duties in accordance with applicable laws, regulations and the Articles of Incorporation, etc.

(1) The Company shall establish a department supervising the Group compliance.

(2) The Company shall establish the Group's basic policies and implement systems for Group compliance.

(3) The Company shall have each Group company implement compliance systems and shall establish rules for prior approval by the Company and reporting of important compliance systems and misconducts by the Group companies to the Company.

(4) The Company shall report the operation status of the Group's compliance systems to the board of directors or equivalent organization to the board of directors.

(5) The Company shall establish the Group's basic policies for conflict of interest management and implement systems for such transactions.

(6) The Company shall establish the Group's basic policies and implement systems for the protection of information assets.

(7) The Company shall establish a department managing Group's actions against anti-social forces.

(8) The Company shall establish the Group's basic policies for actions against anti-social forces and implement systems for such actions, and act as an organization against anti-social forces to break relationships with anti-social forces and take proper action towards unreasonable request from anti-social forces, collaborating with outside specialist bodies.

3. System for Risk Management

The Company shall implement and manage systems to conduct Group’s risk management.

(1) The Company shall establish a department supervising the Group’s risk management and comprehensively assess and measure various risks to be controlled.
(2) The Company shall establish the Group's basic policies and implement systems for risk management.
(3) The Company shall have each Group company implement risk management systems and shall establish rules for prior approval by the Company and reporting for important risk management systems and risk events by the Group companies to the Company.
(4) The Company shall report the operation status of the Group’s risk management systems to the board of directors or equivalent organization to Board of Directors.
(5) The Company shall establish the Group's basic policies and implement systems for crisis management.

4. System for Ensuring Efficient Execution of Professional Duties

The Company shall implement systems for ensuring efficient execution of professional duties.

(1) The Company shall formulate a medium-term management plan of the Group and evaluate its progress appropriately.
(2) The Company shall construct an appropriate organizational structure, regulate division of responsibilities and authorities, and appropriately use and control its IT systems.
(3) The Company shall establish an Executive Management Board which discusses important management and executive issues.

5. System for Ensuring Appropriateness and Reliability of Financial Reporting

The Company shall implement systems for ensuring the appropriateness and reliability of consolidated financial reporting.

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

To preserve and manage information concerning the execution of directors' and executive officers’ duties, the Company shall establish systems necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings and written approvals containing material information.

7. Systems for the Execution of Duties of the Audit and Supervisory Committee

(1) The Company shall establish systems concerning directors and employees with duties to assist the Audit and Supervisory Committee as set out below.
   a. An office of the Audit and Supervisory Committee shall be set up and employees with duties to assist it shall be appointed.
   b. With respect to personnel transfer, evaluation and others for these employees, their independence from directors shall be ensured through deliberations with the Audit and Supervisory Committee.
   c. These employees shall engage in duties that they have been instructed to perform by the Audit and Supervisory Committee and in assist with work that is necessary for audits. They are authorized to collect necessary information.

(2) The Company shall establish systems for reporting to the Audit and Supervisory Committee as set out below.

a. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company, any director, executive officer or employee shall deliver a timely and appropriate report to the Audit and Supervisory Committee.

b. In the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules at any Group company or any event that causes or may cause severe damage to the Group company, any director, Audit and Supervisory Board member, executive officer or employee of the Group company or anyone notified by any of them shall deliver a timely and appropriate report to the Audit and Supervisory Committee.

c. The Company shall establish a system that prevents the delivery of any report to the Audit and Supervisory Committee pursuant to a. or b. from receiving any disadvantageous treatment for reason of the report.

(3) The Company shall also establish systems for ensuring effectiveness of audits conducted by Audit and Supervisory Committee as set out below.

a. Directors, executive officers and employees shall, upon request from the Audit and Supervisory Committee, establish a system under which a member of the Audit and Supervisory Committee may attend and make comments at any Board of Directors meeting or other important meeting of a Group company.

b. Directors, executive officers and employees shall, upon request from the Audit and Supervisory Committee, take appropriate action with respect to the minutes of any important meeting at a Group company or any decision document on which directors and executive officers have made a decision or any equivalent document.

c. Directors, executive officers and employees shall, upon request from the Audit and Supervisory Committee, report the matters relating to business execution and establish a system for proper reporting from any director, Audit and Supervisory Board member, executive officer or employee of a Group company to the Audit and Supervisory Committee.

d. The Company may not reject any claim for predetermined expenses requisite for any member of the Audit and Supervisory Committee to carry out his or her duties except where the expenses associated with the claim are deemed unnecessary to the execution of duties of the member of the Audit and Supervisory Committee.

8. Systems for Ensuring Effective Internal Audits

The Company shall establish a department, independent from other business operations, to supervise the Group’s internal audits, and establish basic policies and implement systems for the Group's internal audits.

9. Establishment and Revision

This Basic Policy shall be established and revised for each fiscal year by the Board of Directors. It shall be appropriately revised in accordance with environmental changes and other events.

Implementation Status of Internal Control System (Summary)

Items	Implementation Status of Internal Control System
1. Internal Control in General	Dai-ichi Life Holdings, Inc. (hereinafter “the Company”) has established the Internal Control Policy for the Dai-ichi Life Group and works on the establishment and operation of internal control system and framework of the Group in order to ensure effectiveness and efficiency of operation, and maintain and enhance its Group value.
2. System for Ensuring Proper Operations within the Group	In order to ensure appropriate operations within the Group, the Company has set the supervision category according to individual Group companies’ business specifics, size and importance in the Group’s management strategy. It conducts business supervision pursuant to global services agreements, etc. concluded with each of the Group companies. The Company has established basic policies for the Dai-ichi Life Group for important matters such as compliance and risk management in order to maintain and operate the Group internal control system, and makes these policies known to the Group companies. In addition, the Company has established and operated rules for prior approval by the Company of the Group companies’ important matters which affect the Group as a whole pursuant to global services agreements, etc.
3. System for Ensuring Execution of Professional Duties in Accordance with Applicable Laws, Regulations and the Articles of Incorporation	The Company has established a system whereby a Compliance Unit supervises matters related to the Group compliance and has enforced policies and regulations, including the Basic Compliance Policy for the Dai-ichi Life Group and Compliance Regulations for the Dai-ichi Life Group. In addition, the Company has in place a system whereby the Compliance Unit monitors the status of compliance promotion in each Group company based on reports, etc. from each Group company, and informs the Board of Directors, President, Executive Management Board, Audit and Supervisory Committee, etc. of problems and events occurring in each Group company according to their importance. Moreover, the Company has established a Group Compliance Committee in order to discuss important matters related to the development and promotion of a system for Group compliance and monitor the status of compliance promotion in each Group company. In addition to the above, the Company offered instructions and support to each Group company to improve education and training toward more sophisticated compliance systems and improved awareness of compliance in each Group company. With regard to the protection of information property, the Policy on Group Information Safekeeping stipulates the philosophies underlying the safekeeping of group information, and the Rules on Group Information Safekeeping stipulates more specific approval and reporting systems and other management practices. In order to deal with the increasing ingenuity of cyber-attacks, the Company has set out Group Rules for Handling Cyber Incidents. An Information Safekeeping Group has also been established within the Compliance Unit to provide a permanent organization for handling the safekeeping of information at Group companies. Information Safekeeping Group provided advice and support as needed based on considerations such as the business activities of each Group company and the quantity and nature of the information they hold. With regard to the handling of antisocial forces, the Company has established Group Antisocial Forces Handling Regulations in accordance with the Group Basic Policy on Handling of Antisocial Forces, which establishes basic approaches and policies to halt the development of any relationships with antisocial forces in order to prevent any damage. The Company has designated the General Affairs Unit to be in charge of streamlining and strengthening systems to block the development of any relationships with antisocial forces or to prevent damage that may occur, taking into account the attributes of each company in daily operations. Regular reporting was conducted to the Board of Directors and the Executive Management Board concerning the handling status of efforts to sever ties with antisocial forces.

Items	Implementation Status of Internal Control System
4. System for Risk Management	(1) Risk Management Policies and Regulations Under the Internal Control Policy for the Dai-ichi Life Group, the Risk Management Policy for the Dai-ichi Life Group stipulates basic matters regarding Group risk management such as the processes undertaken for each type of risk, and the Risk Management Regulations for the Dai-ichi Life Group stipulate specific approval and reporting systems and managerial methods when implementing Group risk management, including more detailed managerial methods.
	(2) Risk Management Initiatives The Risk Management Unit coordinates and implements group-wide policies for risk management. The Risk Management Unit also plays a central role in monitoring and controlling the status and integrity of risk management across the group. There is also a Group ERM Committee that sits regularly to formulate risk management policy, monitor compliance, and conduct studies aimed at improving how risk management is exercised.
	(3) Promotion of ERM The Risk Management Unit assesses the suitability of business plans, capital strategy, and similar formulated as part of ERM, and also seeks to improve group risk management through activities such as setting and managing margins for risk.
5. System for Ensuring Efficient Execution of Professional Duties	The Company has formulated internal regulations related to decision-making, organization, and the division of responsibilities and authorities to ensure the efficient execution of professional duties by directors, executive officers and employees. The Company has also established an Executive Management Board which discusses important management and executive issues. The Company has also formulated a medium-term management plan for the Dai-ichi Life Group, and the Executive Management Board, etc. confirms and evaluates the performance of the plan.
6. System for Ensuring Appropriateness and Reliability of Financial Reporting	In accordance with the Financial Instruments and Exchange Act, the Company has developed and implemented an internal control system over financial reporting where the Company assesses the effectiveness of internal control regarding key processes related to financial reporting and financial report preparation system.
7. System for Preserving and Managing Information Concerning Execution of Directors' and Executive Officers' Duties	To preserve and manage information concerning the execution of directors' and executive officers' duties, the Company establishes internal regulations necessary for preserving information relating the execution of duties by the directors and executive officers, such as minutes of important meetings such as the Board of Directors and the Executive Management Board, and written approvals containing material information, and preserve and manage information accordingly.

Items	Implementation Status of Internal Control System
8. Systems for the Execution of Duties of the Audit and Supervisory Committee	In line with the shift to a company with a Board with Audit and Supervisory Committee, the Company has established the Audit and Supervisory Committee Regulations stipulating basic matters regarding the duties of the Audit and Supervisory Committee. The Company also has in place a system to ensure the effectiveness of audits by the Audit and Supervisory Committee. 1) The Company set up an office of the Audit and Supervisory Committee and appointed employees with duties to assist it. With respect to personnel transfer, evaluation and others for these employees, their independence from directors is ensured. These employees are authorized to collect information necessary for audit purpose under the supervision of the Audit and Supervisory Committee. 2) The Company adopts a whistle-blowing system in which the department in charge of internal control acts as the contact point. The operational status of said system is regularly reported to Audit and Supervisory Committee members (full-time). The Company has established a system for a timely and appropriate report to the Audit and Supervisory Committee in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company or Group companies. 3) The Company has established a system whereby Audit and Supervisory Committee members (full-time) attend important meetings and committees including meetings of the Executive Management Board, and verify the developmental and operational status of the internal control system. In addition, the Company has also established a system whereby matters for discussion from an auditing viewpoint are reported to Audit and Supervisory Committee members (full-time) or the Audit and Supervisory Committee to ensure the implementation of effective audits. 4) The Audit and Supervisory Committee members (full-time) regularly conduct interviews with directors, etc. to collect information, while inviting directors, etc. to the meetings of the Audit and Supervisory Committee to exchange opinions. In addition, the Audit and Supervisory Committee members (full-time) work to ensure the effectiveness and efficiency of audits by close collaboration with departments in charge of internal control, internal audit and the Independent Auditor, etc. through regular collection of information and exchange of opinions.
9. Systems for Ensuring Effective Internal Audits	(1) Policies and Regulations, etc. Associated with Internal Audits The Company has established basic approaches and policies for internal audits in the Internal Control Policy for the Dai-ichi Life Group and Internal Audit Policy for the Dai-ichi Life Group. The Company has also established Internal Audit Regulations for the Dai-ichi Life Group, Internal Audit Rules, and Internal Audit Work Regulations, all of which stipulate basic matters necessary for the smooth and effective implementation of internal audits for the Group.
	(2) Initiatives for Internal Audits To ensure the financial soundness and appropriate business operations of the Group as a whole, internal audits are conducted to assure that internal control framework and activities of the Group are appropriate and effective. The Company has set up the Internal Audit Unit as an independent organization to ensure its effective checking function to other organizations. The Internal Audit Unit verified and assessed the appropriateness and effectiveness of internal control framework and activities of the Group, identified flaws, provided advice for improvement and reports to the Board of Directors, Executive Management Board, etc. on the results of internal audits.

Following is a summary of the status of implementation of the internal control system before the shift to a holding company structure.

Implementation Status of Internal Control System (Summary)

Items	Implementation Status of Internal Control System
1. Compliance	(1) Policies and Regulations, etc. Designed to Promote Compliance The Company has distributed a Compliance Manual to all directors, executive officers and employees and has provided various training sessions on promoting the thorough acknowledgement of policies, regulations, etc. on compliance.
	(2) Compliance Initiatives The Compliance Committee held discussions on the execution of a company-wide compliance program, as well as issues, responses, etc. within the management frameworks established to cope with matters such as compliance with laws and regulations, insurance sales, and customer protection. The Compliance Committee discusses important matters and consults with the Board of Directors and the Executive Management Board, etc. The Company promotes a plan-do-check-action (PDCA) cycle, particularly among executives. In addition, the Company conducted its educational and training activities related to improved awareness of compliance such as training sessions for compliance managers, etc. and training sessions for all officers and employees.
2. Appropriate Insurance Sales	(1) Policy, Regulations, etc. Associated with Appropriate Insurance Sales The Company has distributed a Compliance Manual to Total Life Plan Designers and other workers engaging in insurance sales, as well as their managers, and has provided regular training programs toward thorough observation of rules and regulations related to insurance sales among them.
	(2) Initiatives Designed for Appropriate Insurance Sales The Accident Prevention Panel of General Managers, a subsidiary body of the Compliance Committee, discussed important matters related to appropriate insurance sales and reported the results of the discussions to the Compliance Committee. The Company has provided training programs in advance mainly to support the sales of products of Dai-ichi Frontier Life and new products, and has also monitored the occurrence of complaints, accidents, etc. In light of the objectives of the revised Insurance Business Act, in order to fulfill the obligation to understand the intentions of customers and provide information to customers, the Company has developed systems and other infrastructure, provided training programs to workers engaging in insurance sales and their managers, and continuously monitored the status of implementation of those training programs.
3. Information Property Protection	(1) Policy, Regulations, etc. Associated with the Protection of Information Property The Company has distributed a Compliance Manual and an Information Property Protection and Control Manual to all directors, executive officers and employees and has provided training programs on the theme of the thorough implementation of appropriate storage, control, and disposal of customer information, etc. toward thorough observation of rules and regulations related to the control and promotion of information property protection among all directors, executive officers and employees.
	(2) Initiatives Designed to Protect Information Property The Information Property Protection Working Group, a subsidiary body of the Compliance Committee, discussed important matters related to the promotion of information property protection and reported the results of the discussions to the Compliance Committee. In addition, based on the contents of the Act on the Protection of Personal Information, the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (the “Numbers Act”), guidelines associated with the protection of personal information in the financial industry, guidelines associated with the appropriate handling of specific personal information, and other regulations, the Company took ongoing initiatives in strengthening compliance with information handling rules through regular staff training and conducting regular inspections of compliance with the rules; regulating access to data inside the Company, and acquiring logs; and supervising and checking outsourcing service providers, including their subcontractors. The Company confirmed the appropriate handling of Individual Numbers (My Numbers) in each process for acquiring, using, storing, and disposing of the same through the regular monitoring of the handling of My Numbers after the enactment of the Numbers Act.

Items	Implementation Status of Internal Control System
4. Risk Management	(1) Risk Management Policies and Regulations Under the Basic Internal Control Policy, the approach used to manage each type of risk was developed in line with our series of Basic Risk Management Policies. In addition, each of the risk management regulations and standards was translated into practical rules, following our series of Basic Risk Management Policies.
	(2) Risk Management Initiatives For risks, the Company established a system whereby the operations of the Company are monitored by the section responsible according to the risk category, in obedience to our series of Basic Risk Management Policies. Furthermore, the Risk Management Department manages company-wide risk in an integrated manner in order to strengthen the system. The ERM Committee, Operational Risk Management Committee and System Risk Management Committee have been regularly held, and the members of management have shared information on individual risks. The status of risk management was regularly reported to the Board of Directors and the Executive Management Board.
	(3) Promotion of ERM When formulating a management plan and capital strategies as a risk management measure related to ERM, the Risk Management Department has examined the adequacy of the plan and the strategies. The Risk Management Department has also promoted the enhancement of the Group's risk management by setting and managing risk tolerance, etc.
5. Handling of Antisocial Forces	(1) Policies, Regulations, etc. Associated with the Handling of Antisocial Forces In accordance with the Basic Internal Control Policy, the Company established basic approaches and steps to halt the development of any relationships with antisocial forces and prevent any damage in its regulations regarding antisocial forces. Moreover, based on its Code of Conduct, the Company fully enforces these approaches and steps on officers and employees. By establishing detailed standards, the Company clearly articulated rules for directors, executive officers, and employees, as well as specific steps to halt the development of any relationships with antisocial forces and prevent any damage.
	(2) Initiatives for Handling Antisocial Forces The Company has designated the General Affairs Department as the section in charge and has strengthened the structure for halting the development of any relationships with antisocial forces and preventing any damage. The status of activities to block any relationships with antisocial groups was regularly reported to the Board of Directors and the Executive Management Board, etc. The Company is permanently committed to developing close cooperative systems with external specialist organizations, such as local police offices, the National Center for the Elimination of Boryokudan (Organized Crime Groups), and lawyers. Training sessions on the theme of halting the development of any relationships with antisocial forces, etc. were held for all directors, executive officers, and employees.
6. Ensuring the Appropriate Operations at Subsidiaries, etc.	(1) Policies and Regulations, etc. Associated with the Management of Subsidiaries, etc. The Company established regulations and rules such as Regulations on Management of Internal Control at Subsidiaries, etc. under the Basic Internal Control Policy to ensure sound and appropriate operations at its subsidiaries, etc. and to continuously improve their corporate value.
	(2) Initiatives for Management System for Subsidiaries, etc. Sections that are in charge of the management of subsidiaries, etc. and that are responsible for the internal control of subsidiaries, etc. provided instructions and support to build internal control systems and increase the effectiveness of internal control at subsidiaries, etc., in cooperation with other related departments in charge of internal control, etc. Also, in cooperation with the departments in charge of internal control, important matters were reported to the Company's Board of Directors, Executive Management Board, etc.
7. Actions Regarding Internal Control over Financial Reporting	(1) Policies and Regulations, etc. Associated with Internal Control over Financial Reporting Under the Basic Internal Control Policy, the Company established Evaluation Regulations for Internal Control over Financial Reporting, which outline procedures to appropriately evaluate internal control over financial reporting.
	(2) Actions Regarding Internal Control over Financial Reporting To ensure the reliability of its financial reporting, the Company evaluated the

Items	Implementation Status of Internal Control System
	effectiveness of its internal controls, such as important processes related to financial reporting and the system for preparing financial reports. The Company created an internal control report that states the results of this evaluation, and submitted this Report together with the annual securities report.
8. Internal Audit System	(1) Policies and Regulations, etc. Associated with Internal Audits Under the Basic Internal Control Policy, the Company established Internal Audit Rules, which stipulates basic matters related to internal audits. The Company has also established Internal Audit Work Regulations that provide implementation guidelines for internal audits.
	(2) Initiatives for Internal Audits The Internal Audit Department is an independent organ which verifies those departments receiving an internal audit. The Internal Audit Department examined the appropriateness and effectiveness of the Company's and subsidiaries' compliance, internal controls including risk management, and business operations in their overall management activities. The department also discovered and pointed out problems, assessed their internal controls, made proposals for improvements, and reported the results of its internal audits to the Board of Directors, the Executive Management Board, etc.
9. Initiatives concerning Audit by Audit and Supervisory Board Members	The Company stipulates in the Regulations for Audits of Audit and Supervisory Board Members the basic matters concerning duties of Audit and Supervisory Board members, and established a system to ensure the effectiveness of audits performed by the Audit and Supervisory Board members. 1) The Company adopts a whistle-blowing system in which the department in charge of internal control acts as the contact point. The operational status of said system was regularly reported to the Audit and Supervisory Board members (full-time) of the Company. The Company established a system whereby, in the event of any act that violates any law, ordinance, the Articles of Incorporation or other rules or any event that causes or may cause severe damage to the Company, a timely and appropriate report on the said act or event is delivered to the Audit and Supervisory Board members or the Audit and Supervisory Board. 2) The Company set the Audit and Supervisory Board Member's Center and appointed employees with duties to assist it. With respect to personnel transfer, evaluation and others for these employees, their independence from directors was ensured. These employees were authorized to collect necessary information under the supervision of the Audit and Supervisory Board members. 3) The Company established a system whereby the Audit and Supervisory Board members attend the meetings of the Board of Directors as well as important meetings and committees including the Executive Management Board and verify the developmental and operational status of the internal control system. In addition, the Company also established a system whereby matters for discussion from an auditing viewpoint are reported to Audit and Supervisory Board members (full-time) or the Audit and Supervisory Board to ensure the implementation of effective audits. 4) The Audit and Supervisory Board members (full-time) regularly conducted interviews with directors, etc. to collect information, while inviting directors, etc. to the meetings of the Audit and Supervisory Board to exchange opinions. In addition, the Audit and Supervisory Board members (full-time) worked to ensure the effectiveness and efficiency of audits by close collaboration with departments in charge of internal control, internal audit and the Independent Auditor, etc. through regular collection of information and exchange of opinions.

Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2017

(Unit: million yen)

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

(Unit: million yen)

	Accumulated other comprehensive income					
	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the year	1,840,084	(3,865)	(16,402)	16,570	(33,688)	1,802,698
Changes for the year						
Dividends						
Net income attributable to shareholders of parent company						
Purchase of treasury stock						
Disposal of treasury stock						
Change in scope of consolidation						
Change in scope of equity method						
Transfer from reserve for land revaluation						
Others						
Net changes of items other than shareholders' equity	66,007	(21,377)	(1,138)	(24,749)	13,822	32,564
Total changes for the year	66,007	(21,377)	(1,138)	(24,749)	13,822	32,564
Balance at the end of the year	1,906,091	(25,243)	(17,541)	(8,178)	(19,865)	1,835,262

(Unit: million yen)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	925	72	2,932,959
Changes for the year			
Dividends			(41,497)
Net income attributable to shareholders of parent company			231,286
Purchase of treasury stock			(15,999)
Disposal of treasury stock			1,389
Change in scope of consolidation			(2,548)
Change in scope of equity method			(1,478)
Transfer from reserve for land revaluation			1,111
Others			(767)
Net changes of items other than shareholders' equity	321	(72)	32,812
Total changes for the year	321	(72)	204,307
Balance at the end of the year	1,247	-	3,137,266

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

(GUIDELINES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries as of March 31, 2017: 61

The consolidated financial statements include the accounts of Dai-ichi Life Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively, "the Group"), including The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFLI"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Dai-ichi Life Insurance Company of Vietnam, Limited ("DLVN"), TAL Dai-ichi Life Australia Pty Ltd ("TDLA") and Protective Life Corporation.

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

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

(2) Number of non-consolidated subsidiaries as of March 31, 2017: 16

The main subsidiaries that are not consolidated for the purposes of financial reporting are The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K and First U Anonymous Association.

The sixteen non-consolidated subsidiaries as of March 31, 2017 had, individually and in the aggregate, a minimal impact on the consolidated financial statements in terms of total assets, sales, net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), cash flows, and others.

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries under the equity method as of March 31, 2017: 0

(2) The number of affiliated companies under the equity method as of March 31, 2017 :49

The affiliated companies included Asset Management One Co., Ltd., Trust & Custody Services Bank Ltd., Corporate-pension Business Service Co., Ltd., Japan Excellent Asset Management Co., Ltd., NEOSTELLA CAPITAL CO., LTD., OCEAN LIFE INSURANCE PUBLIC COMPANY LIMITED, Star Union Dai-ichi Life Insurance Company Limited, Janus Capital Group Inc. and PT Panin Internasional.

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

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

(3) The non-consolidated subsidiaries (The Dai-ichi Life Information Systems Co., Ltd., Dai-ichi Seimei Business Service K.K. and First U Anonymous Association and others), as well as affiliated companies (Mizuho-DL Financial Technology Co., Ltd., NEOSTELLA No. 1 Investment Limited Partnership, O.M. Building Management Co., Ltd., and others) were not accounted for under the equity method. These companies had, individually and in the aggregate, a minimal impact on the consolidated financial statements, in terms of the net income (loss) (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others.

3. Year-end Dates of Consolidated Subsidiaries

The closing date of domestic consolidated subsidiaries is March 31, whereas that of foreign consolidated subsidiaries is December 31 or March 31. Financial information as of those closing dates is used to prepare the consolidated financial statements, although necessary adjustments are made when significant transactions take place between the account closing date of an individual subsidiary and that of the consolidated financial statements.

4. Amortization of Goodwill

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

(NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2017)

1. Valuation Methods of Securities

Securities held by the Company and its consolidated subsidiaries including cash equivalents 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 Non-consolidated Subsidiaries and Affiliated Companies Not Accounted for under the Equity Method

Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are stated at cost determined by the moving average method.

(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 market 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 others are valued at cost determined by the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the consolidated statement of earnings.

Securities held by certain consolidated overseas subsidiaries are stated at cost determined by the first-in first-out.

2. Risk Management Policy of Policy-Reserve-Matching Bonds

Certain domestic consolidated subsidiaries categorize their insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulate their policies on investments and resource allocation based on the balance of the sub-groups. Moreover, they periodically check that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range.

The sub-groups of insurance products of DL are:

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.

The sub-groups of insurance products of DFLI are:

a) individual life insurance and annuities (yen-denominated, short-term),
b) individual life insurance and annuities (yen-denominated, long-term),
c) individual life insurance and annuities (U.S. dollar-denominated),
d) individual life insurance and annuities (Australian dollar-denominated), and
e) individual life insurance and annuities (New Zealand dollar-denominated), with the exception of certain types and contracts.

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 Article 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 of the Company and its domestic consolidated subsidiaries is calculated by the declining balance method (the depreciation of buildings (other than facilities attached to buildings and structures that were acquired on or before March 31, 2016) is calculated by the straight-line method).

Estimated useful lives of major assets are as follows:

Buildings	two to sixty years
Other tangible fixed assets	two to twenty years

Tangible fixed assets other than land and buildings that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated at equal amounts over three years.

With respect to tangible fixed assets that were acquired on or before March 31, 2007 and that were fully depreciated to their original depreciable limit, effective the fiscal year ended March 31, 2008, the remaining values are depreciated at equal amounts over five years from the following fiscal year of the year in which they reached the original depreciable limit.

Depreciation of tangible fixed assets owned by consolidated overseas subsidiaries is calculated by the straight-line method.

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

The Company and its consolidated subsidiaries use the straight-line method for amortization of intangible fixed assets excluding leased assets. Software for internal use is amortized by the straight-line method based on the estimated useful lives of two to eight years.

(3) Depreciation of Leased Assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero salvage value based on 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 ¥610,773 million.

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

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

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

7. Reserve for Possible Loan Losses

The reserve for possible loan losses of consolidated subsidiaries that operate a life insurance business in Japan is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the fiscal year ended March 31, 2017 was ¥55 million.

For the reserve for possible loan losses of the Company and its consolidated subsidiaries other than those that operate a life insurance business in Japan, the estimated amount of loan losses is provided principally by individually examining the recoverable amounts.

8. Reserve for Possible Investment Losses

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

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

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment in accordance with the internal policies of certain consolidated subsidiaries is provided.

10. 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.

11. Net Defined Benefit Liabilities and Net Defined Benefit Assets

For the net defined benefit liabilities, the amount is provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2017. The accounting treatment for retirement benefits is as follows.

(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 through a certain period (three or seven years) within the employees' average remaining service period, starting from the following year. Certain consolidated overseas subsidiaries applied corridor approach.

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

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

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

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

(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 hedging instruments.

14. Calculation of National and Local Consumption Tax

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

15. Policy Reserves

Policy reserves of the consolidated subsidiaries that operate a life insurance business in Japan are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as stated in (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.

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

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

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

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

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

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

18. Financial Instruments and Others

(1) Financial Instruments

a) Policies in Utilizing Financial Instruments

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

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

With respect to financing, the Group has raised capital directly from the capital markets by issuing subordinated bonds as well as indirectly from banks in order to strengthen its capital base.

To avoid impact from interest-rate fluctuations, the Group utilizes derivative transactions in hedging some of such financial liabilities and adopts hedge accounting.

b) Financial Instruments Used and Their Risks

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

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

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

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

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

c) Risk Management

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

i) Market Risk Management

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

(a) Interest-rate risk

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

(b) Currency risk

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

(c) Fluctuation in market values

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

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

(d) Derivative transactions

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

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

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

ii) Credit Risk Management

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

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

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

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

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

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

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

- **Assets**

a) Cash and deposits

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

b) Call loans

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

c) Monetary claims bought

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

d) Money held in trust

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

The fair value of derivative transactions included in money held in trust is based on the closing exchange-traded prices.

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. Additionally, notes for the securities for each investment purpose are described in “(3) Securities”.

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 the fair value of risk-monitored loans.

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

- **Liabilities**

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 borrowing. Also, certain of long-term borrowings are deemed to have fair value close to book value, taking into account interest rates. Therefore, their book value is recorded as the fair value.

- **Derivative 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 closing exchange-traded prices and the prices quoted from financial institutions, 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) …………….	170,966
(2) Unlisted foreign stocks (*1)(*2)…………………	58,542
(3) Other foreign securities (*1)(*2) ………………	472,414
(4) Other securities (*1)(*2) ………………………	72,404
Total	774,328

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

(Note 3) Scheduled redemptions of monetary claims and securities with maturities

As of March 31, 2017	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
		(Unit: million yen)		
Cash and deposits…………………..	881,462	127	377	-
Call loans……………………………	98,500	-	-	-
Monetary claims bought……………	5,000	6,536	2,582	178,261
Securities:				
Held-to-maturity bonds (bonds)……………………………	-	-	48,000	200
Held-to-maturity bonds (foreign securities)………………	-	-	-	312,309
Policy-reserve-matching bonds (bonds)…………………………	87,692	255,027	987,625	11,364,381
Policy-reserve-matching bonds (foreign securities)……………..	9,626	135,200	1,896,005	173,725
Available-for-sale securities with maturities (bonds)……………..	204,571	881,599	875,559	1,505,384
Available-for-sale securities with maturities (foreign securities)….	397,126	2,353,495	3,190,138	6,031,753
Available-for-sale securities with maturities (other securities)…….	2,434	146,638	237,955	5,344
Loans (*)………………………………	374,923	929,364	1,006,699	639,059

(*) Loans for which interest or principal payments cannot be forecasted, such as credit to bankrupt obligors, substantially bankrupt obligors and obligors at risk of bankruptcy, amounting to ¥124 million, were not included. Also, ¥585,945 million of loans without maturities were not included.

(Note 4) Scheduled maturities of bonds and long-term borrowings

As of March 31, 2017	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
				(Unit: million yen)		
Bonds payable (*1)	-	17,473	46,596	-	-	419,593
Long-term borrowings (*2)	-	-	19,185	19,803	450,000	-

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

(3) Securities

a) Trading securities

	Year ended March 31, 2017
	(Unit: million yen)
Gains (losses) on valuation of trading securities…………	86,628

b) Held-to-maturity Bonds

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

c) Policy-reserve-matching Bonds

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

d) Available-for-sale Securities

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

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

e) Held-to-maturity Bonds Sold

The Company and its consolidated subsidiaries sold no held-to-maturity bonds during the fiscal year ended March 31, 2017.

f) Policy-reserve-matching Bonds Sold

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

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

g) Available-for-sale Securities Sold

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

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

h) Securities Written Down

The Company and its consolidated subsidiaries write down the balance of certain available-for-sale securities with fair values i) when the fair value of such securities declines by 50% or more, of its purchase cost or ii) when the fair value of such securities without a certain level of creditworthiness declines by 30% or more, but less than 50%, of its purchase cost unless it is deemed that there is a possibility that the fair value of the security could recover to equal or exceed the purchase cost.

The aggregate amount written down from the balance of available-for-sale securities with fair value for the fiscal year ended March 31, 2017 was ¥27,098 million.

(4) Money Held in Trust

Money Held in Trust for Trading

As of March 31, 2017	(Unit: million yen)
Carrying amount………………………………………………….	333,111
Gains (losses) on valuation of money held in trust ………….	(14,321)

19. Real Estate for Rent

Certain domestic consolidated subsidiaries own 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. Certain domestic consolidated subsidiaries recorded losses on sale of ¥8,593 million on rental real estate as extraordinary losses and impairment loss of ¥5,167 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	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 consolidated balance sheet was acquisition costs net of accumulated depreciation and impairments.
(*2) Net change in carrying amount includes cost of acquisition of the real estate of ¥33,544 million, sale of the real estate of ¥35,424 million, depreciation expense of ¥13,758 million, impairment loss of ¥5,167 million during the fiscal year ended March 31, 2017.
(*3) Certain domestic consolidated subsidiaries calculate the fair value of the majority of the rental real estate based on real estate appraisal standards by an independent appraiser, and others based on the internal but reasonable estimates.

20. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of March 31, 2017 was ¥2,094,089 million.

21. 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 ¥2,757 million.

The amount of credits to bankrupt borrowers was ¥89 million, the amount of delinquent loans was ¥2,608 million, the Company and its consolidated subsidiaries held no amount of loans past due for three months or more, and the amount of restructured loans was ¥59 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.

22. 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 ¥3,226,230 million. Separate account liabilities were the same amount as the separate account assets.

23. 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
Dividends paid during the fiscal year	98,201
Interest accrual during the fiscal year	8,384
Provision for reserve for policyholder dividends	85,000
Balance at the end of the fiscal year	385,884

24. Stocks of Subsidiaries and Affliated Companies

The amounts of stocks of and stakes in non-consolidated subsidiaries and affiliated companies of the Company held were as follows:

(Unit: million yen)

Stocks	139,662
Capital	47,468
Total	187,130

25. Organizational 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.

26. Assets Pledged as Collateral / Secured Liabilities

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

(Unit: million yen)

Securities	657,830
Cash and deposits	10,140
Securities and cash and deposits pledged as collateral	667,971

The amount of secured liabilities was 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.

27. Net Assets per Share

The amount of net assets per share of the Company as of March 31, 2017 was ¥2,668.61.

28. Stock Options

(1) The account used to record expenses associated with issuing stock options and the amount expensed during the fiscal year ended March 31, 2017
Operating expenses: ¥362 million

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

a) Details of the stock options

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

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

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

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

b) Figures relating to the stock options

The following table covers stock options which existed during the fiscal year ended March 31, 2017 and the total number of stock options is translated to the number of shares of common stock.

i) Number of the stock options (shares)

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Before vesting					
Outstanding at the end of prior fiscal year	-	-	-	-	-
Granted	-	-	-	-	-
Forfeited	-	-	-	-	-
Vested	-	-	-	-	-
Outstanding at the end of the fiscal year	-	-	-	-	-
After vesting					
Outstanding at the end of prior fiscal year	98,700	219,400	146,900	163,200	110,600
Vested	-	-	-	-	-
Exercised	5,900	10,800	6,300	7,300	4,100
Forfeited	-	-	-	-	-
Outstanding at the end of the fiscal year	92,800	208,600	140,600	155,900	106,500

	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Before vesting	
Outstanding at the end of prior fiscal year	-
Granted	269,600
Forfeited	-
Vested	269,600
Outstanding at the end of the fiscal year	-
After vesting	
Outstanding at the end of prior fiscal year	-
Vested	269,600
Exercised	-
Forfeited	-
Outstanding at the end of the fiscal year	269,600

(Note) The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

ii) Price information

	The Dai-ichi Life Insurance Company, Limited				
	1st Series of Stock Acquisition Rights	2nd Series of Stock Acquisition Rights	3rd Series of Stock Acquisition Rights	4th Series of Stock Acquisition Rights	5th Series of Stock Acquisition Rights
Exercise price	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option	¥1 per stock option
Average stock price at the time of exercise	¥1,303	¥1,303	¥1,303	¥1,303	¥1,303
Fair value at the grant date	¥885	¥766	¥1,300	¥1,366	¥2,318

	Dai-ichi Life Holdings, Inc. 1st Series of Stock Acquisition Rights
Exercise price	¥1 per stock option
Average stock price at the time of exercise	-
Fair value at the grant date	¥1,344

(Note) The Company conducted a 1:100 share split on October 1, 2013. It is translated into the number of shares that takes into account the share split.

(3) Valuation method used for estimating fair value of stock options

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

a) Valuation method

Black-Scholes Model

b) Assumptions

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

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

(*1) Computed based on the closing prices of common stock in each trading day from October 18, 2013 to October 17, 2016.

(*2) Computed based on the average service period from the grant date to expected exercise date.

(*3) Computed based on the expected dividend for the fiscal year ended March 31, 2017.

(*4) Based on yields of Japanese government bonds for a term corresponding to the expected durations.

(4) Method to estimate the number of stock options vested

Only the actual number of forfeited stock options is considered, because it is difficult to rationally estimate the number of stock options to be forfeited in the future.

29. Transactions under Common Control

(1) Overview of the transaction

a) Name and description of the business 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 in which the Company was the splitting company and The Dai-ichi Life Insurance Company, Limited (trading name changed from The Dai-ichi Life Split Preparation Company, Limited effective October 1, 2016) was the successor company

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

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

(2) Overview of the accounting treatment

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

30. Employees' Retirement Benefits

(1) Overview of Employees' Retirement Benefit Plan of the Group

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

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

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

(2) Defined Benefit Plans

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

(Unit: million yen)

a.	Beginning balance of the projected benefit obligations	738,116
b.	Service cost	30,920
c.	Interest cost	3,397
d.	Accruals of actuarial (gains) and losses	3,413
e.	Payment of retirement benefits	(37,925)
f.	Decrease due to exclusion from consolidation	(4,750)
g.	Others	(2,790)
h.	Ending balance of the projected benefit obligation (a + b + c + d + e + f + g)	730,381

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

b) Reconciliations of beginning and ending balances of pension assets

		(Unit: million yen)
a.	Beginning balance of pension assets	295,038
b.	Estimated return on assets	1,995
c.	Accruals of actuarial (gains) and losses	17,922
d.	Contribution from the employer	11,386
e.	Payment of retirement benefits	(13,674)
f.	Decrease due to exclusion from consolidation	(3,039)
g.	Others	(807)
h.	Ending balance of pension assets (a + b + c + d + e+ f + g)	308,821

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 consolidated balance sheet

		(Unit: million yen)
a.	Projected benefit obligation for funded pensions	414,199
b.	Pension assets	(308,821)
c.	Subtotal (a + b)	105,377
d.	Projected benefit obligation for unfunded pensions	316,182
e.	Net of assets and liabilities recorded in the consolidated balance sheet (c + d)	421,560
f.	Net defined benefit liabilities	421,560
g.	Net defined benefit assets	—
h.	Net of assets and liabilities recorded in the consolidated balance sheet (f + g)	421,560

d) Amount of the components of retirement benefit expenses

		(Unit: million yen)
a.	Service cost	30,920
b.	Interest cost	3,397
c.	Expected return on assets	(1,995)
d.	Expense of actuarial (gains) and losses	4,525
e.	Others	435
f.	Retirement benefit expenses for defined benefit plans (a + b + c + d + e)	37,283

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

e) Remeasurements of defined benefit plans

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

		(Unit: million yen)
a.	Actuarial gains (losses)	19,148
b.	Total	19,148

f) Accumulated remeasurements of defined benefit plans

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

		(Unit: million yen)
a.	Unrecognized actuarial gains (losses)	27,444
b.	Total	27,444

g) Pension assets

i) The main components of the pension assets

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

Stocks	58%
Bonds	11%
Asset under joint management	11%
Life insurance general account	8%
Others	12%
Total	100%

The proportion of retirement benefit trust to total pension assets that has been set for the unfunded retirement benefit plans as of March 31, 2017 was 51%.

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

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

h) 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% to 4.04%
Expected long-term rate of return	
Defined benefit corporate pension ………………………	0.30% to 7.25%
Employee pension trust …………………………………	0.00%

(3) Defined Contribution Plans

Required amount of contribution to defined contribution plans of consolidated subsidiaries for the fiscal year ended March 31, 2017 is ¥2,447 million.

31. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of March 31, 2017, the market value of the securities which were not sold or pledged as collateral was ¥76,190 million. None of the securities were pledged as collateral as of March 31, 2017.

32. Commitment Line

As of March 31, 2017, there were unused commitment line agreements, under which the Company and its consolidated subsidiaries were the lenders, of ¥132,635 million.

33. Subordinated Debt and Other Liabilities

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

34. Bonds Payable

As of March 31, 2017, bonds payable included foreign currency-denominated subordinated bonds of ¥548,274 million, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of consolidated companies that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2017 were ¥56,523 million. These obligations will be recognized as operating expenses in the years in which they are paid.

36. Incentive Programs for Employees

The Company conducts transactions by granting its stocks to its employees using trust schemes (“the Stock Granting Trust (J-ESOP)” to incentivize its employees to improve stock prices and financial results. In December 2010 the Company introduced “the Company’s Trust-type Employee Shareholding Incentive Plan (E-Ship®)”) to provide the employees with incentives to improve the corporate value of the Company in the medium- to long-term, but the trust was terminated in July 2016.

(1) Overview of the transactions

a) J-ESOP

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

The Company vests points to each managerial level employee based on her/his contribution, and vests stocks based on total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from book of the Company.

b) E-Ship®

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

The trust was terminated in July 2016.

(2) While adopting “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts.” (ASBJ PITF No. 30), the Company applies the same accounting treatment as before.

(3) Information related to the stocks of the Company which the trusts hold

a) J-ESOP

i) Book value of the stocks of the Company within the trust as of March 31, 2017 was ¥6,551 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.

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

b) E-Ship®

i) The trust held no stocks of the Company as of March 31, 2017.

ii) The average number of stocks within the trust for the fiscal year ended March 31, 2017 was 224 thousand shares. The average number of stocks was included in the treasury stock, which is deducted when calculating per-share information.

(NOTES TO THE CONSOLIDATED STATEMENT OF EARNINGS FOR THE FISCAL YEAR ENDED MARCH 31, 2017)

1. Net Income per Share

Net income per share for the fiscal year ended March 31, 2017 was ¥196.62. Diluted net income per share for the same period was ¥196.48.

2. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets of the consolidated subsidiaries that operate a life insurance business in Japan for the 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 for each consolidated company. Each property for rent and property not in use, which is not used for insurance business purposes, is deemed to be an independent asset group.

(2) Background for Recognition of Impairment Losses

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

(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 Prefecture 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.

(NOTES TO THE CONSOLIDATED 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
		(Unit: thousand shares)		
Common stock………………	1,198,023	-	-	1,198,023
Treasury stock (*1)(*2)(*3)..	12,368	11,695	1,190	22,873

(*1) Treasury stock at the beginning and the end of the fiscal year ended March 31, 2017, includes 5,490 thousand shares and 4,334 thousand shares held by the trust fund through the J-ESOP and the trust fund for Dai-ichi Life Insurance Employee Stock Holding Partnership through the E-Ship®, respectively. The Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership was terminated in July 2016.

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

(*3) The decrease of 1,190 thousand shares of treasury stock represents the sum of (1) 34 thousand shares due to the exercise of stock acquisition rights (stock options) and (2) 1,156 thousand shares granted to eligible employees at retirement by the J-ESOP and sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership.

2. Stock Acquisition Rights

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

3. Dividends on Common Stock

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

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

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

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

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

(Note) Total dividends did not include ¥186 million of dividends to the J-ESOP trust, as the Company recognized the shares held by the trust as treasury shares.

Non-Consolidated Statement of Changes in Net Assets for the Fiscal Year Ended March 31, 2017

(Unit: million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the year	343,146	343,146	625	343,772	5,600	43,120	65,000	25,517	372,655	511,892
Changes for the year										
Dividends				-					(41,497)	(41,497)
Net income				-					101,910	101,910
Purchase of treasury stock				-						-
Disposal of treasury stock			(364)	(364)						-
Transfer from fund for risk allowance				-		(43,120)			43,120	-
Transfer to reserve for tax basis adjustments of real estate				-				254	(254)	-
Transfer from reserve for tax basis adjustments of real estate				-				(25,771)	25,771	-
Transfer from reserve for land revaluation				-					2,263	2,263
Net changes of items other than shareholders' equity										
Total changes for the year	-	-	(364)	(364)	-	(43,120)	-	(25,517)	131,313	62,675
Balance at the end of the year	343,146	343,146	261	343,408	5,600	-	65,000	-	503,968	574,568

(Unit: million yen)

	Shareholders' equity		Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total valuation and translation adjustments		
Balance at the beginning of the year	(23,231)	1,175,581	1,946,957	(3,865)	(16,402)	1,926,688	925	3,103,195
Changes for the year								
Dividends		(41,497)						(41,497)
Net income		101,910						101,910
Purchase of treasury stock	(15,999)	(15,999)						(15,999)
Disposal of treasury stock	1,754	1,389						1,389
Transfer from fund for risk allowance		-						-
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		2,263						2,263
Net changes of items other than shareholders' equity			(1,946,957)	3,865	16,402	(1,926,688)	321	(1,926,367)
Total changes for the year	(14,245)	48,065	(1,946,957)	3,865	16,402	(1,926,688)	321	(1,878,302)
Balance at the end of the year	(37,476)	1,223,646	-	-	-	-	1,247	1,224,893

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

(NOTES TO SIGNIFICANT ACCOUNTING POLICIES)

1. Valuation Methods of Assets

(1) Valuation Methods of Securities

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

2. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is calculated by the declining balance method.

(2) Amortization of Intangible Fixed Assets

The Company uses the straight-line method for amortization of intangible fixed assets.

3. Other Basic Accounting Policies for Preparing Financial Statements

(1) Accounting Treatment of Deferred Assets

Stock delivery expenses are amortized at equal amounts over three years.

(2) 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 prepaid expenses and amortized equally over five years in accordance with the Order for Enforcement of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

4. Changes in Accounting Policy

Effective the fiscal year ended March 31, 2017, the Company applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (PITF No. 32 issued on June 17, 2016) in accordance with the revision of the Corporation Tax Act, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

The effects of this change on the financial statements for the fiscal year ended March 31, 2017 are immaterial.

(ADDITIONAL INFORMATION)

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

2. With respect to transactions granting the Company's stocks to its employees using trust schemes, notes are omitted because the same contents are stated in the consolidated financial statements.

3. The Company engaged in the domestic life insurance business until September 30, 2016 during the fiscal year ended March 31, 2017, but effective on October 1, 2016, the domestic life insurance business was succeeded by The Dai-ichi Life Insurance Company, Limited (whose corporate name was changed from The Dai-ichi Life Split Preparation Company, Limited effective on October 1, 2016) through a corporate split. Effective on October 1, 2016, the Company became a holding company with the business purpose of managing the group's operating companies. Since the shift in business structure took place during the fiscal year, the business results, etc. of the domestic life insurance business on or before September 30, 2016 were presented in accordance with the Company Accounting Ordinance (Ordinance of the Ministry of Justice No. 13 of 2006) and the Ordinance for Enforcement of the Insurance Business Act (Ordinance of the Ministry of Finance No. 5 of 1996). Meanwhile, the business results, etc. of the holding company on or after October 1, 2016 were presented in accordance with the Company Accounting Ordinance (Ordinance of the Ministry of Justice No. 13 of 2006).

(NOTES TO NON-CONSOLIDATED BALANCE SHEET)

1. Accumulated Depreciation of Tangible Fixed Assets

   The accumulated depreciation of tangible fixed assets was ¥59 million.

2. Receivables from and Payables to Subsidiaries and Affiliated Companies

	(Unit: million yen)
Short-term receivables ………………………………………………………………..	137
Short-term payables …………………………………………………………………..	1,187

3. Changes in Reserve for Policyholder Dividends

   Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the year ………………………………………………..	390,701
Dividend payment during the year………………………………………………..…..	56,858
Interest accrual ……………………………………………….….	4,228
Provision for reserve for policyholder dividends …………………………………...	45,000
Amount succeeded by The Dai-ichi Life Insurance Company, Limited ………….	383,071
Balance at the end of the year ………………………………………………….....	-

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF EARNINGS)

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

	(Unit: million yen)
Sales revenues………………………………………………………………………	21,826
Sales expenses ……………………………………………………………………..	1,051
Ordinary revenues ……………………………….………………………………	10,061
Ordinary expenses ………..………………………………………………………...	10,934

2. Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥48,358 million, ¥3,358 million, ¥37,129 million and ¥788 million, respectively.

3. Losses on sale of securities included losses on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥263 million, ¥3,961 million, ¥26,205 million and ¥873 million, respectively.

4. Losses on valuation of securities included losses on valuation of domestic bonds, domestic stocks and foreign securities of ¥589 million, ¥342 million and ¥8,574 million, respectively.

5. Gains on money held in trust included losses on valuation of securities of ¥1,716 million.

6. Derivative transaction gains included valuation gains of ¥22,747 million.

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

(NOTES TO THE NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS)

Class and number of treasury stock as of March 31, 2017

Shares of common stock …………………………………………	22,873,600

(NOTES TO DEFERRED TAX ACCOUNTING)

1. Major components of deferred tax assets and deferred tax liabilities

(Unit: million yen)

Deferred tax assets:	
Shares of subsidiaries and affiliates ………………………………	502,526
Losses on valuation of securities …………………………………..	11,816
Others ………………………………………………………………	360
Deferred tax assets (subtotal) ……………………………………	514,703
Valuation allowances ………………………………………………..	(514,666)
Total deferred tax assets ……………………………………	36
Deferred tax liabilities:	
Enterprise taxes receivable ………..……………………………….	(4)
Total deferred tax liabilities………………………………………….	(4)
Deferred tax assets, net …………………………………….	31

2. The principal reasons for the difference between the statutory effective tax rate and the actual effective tax rate after considering deferred taxes

Statutory effective tax rate …………………………………………….	30.78%
(Adjustments)	
Difference in statutory effective tax rate due to a shift to a holding company structure …………………………………………………..	(2.62)%
Dividend income and other items excluded from taxable revenue ..	(4.36)%
Others …………………………………………………………………	0.19%
Actual effective tax rate after considering deferred taxes …………	23.99%

(NOTES TO BUSINESS COMBINATIONS)

With respect to transactions under common control, etc., notes are omitted because the same contents are stated in the consolidated financial statements.

(NOTES TO PER SHARE INFORMATION)

(Unit: yen)

Net assets per share …………………………………………………………..	1,041.27
Net income per share ………………………………………………………………	86.63

(Reference) Executive Officers, excluding those who concurrently served as Directors, were as follows as of March 31, 2017.

Name	Positions and responsibilities
Hiroshi Kanai	Senior Managing Executive Officer In charge of: The matters regarding The Dai-ichi Frontier Life Insurance Co., Ltd.
Kenji Sakurai	Senior Managing Executive Officer In charge of: The matters regarding Individual Life Insurance Business of The Dai-ichi Life Insurance Company, Limited
Koichi Maruno	Senior Managing Executive Officer In charge of: The matters regarding Corporate Life Insurance Business of The Dai-ichi Life Insurance Company, Limited
Shinichi Aizawa	Managing Executive Officer In charge of: International Life Insurance Business Unit (the matters regarding North America) Chief General Manager, North America
Satoru Sato	Managing Executive Officer In charge of: IT Business Process Unit
Masao Taketomi	Managing Executive Officer In charge of: General Affairs Unit (the matters regarding Secretarial Group), Human Resources Unit Chief of Human Resources Unit
Hideo Hatanaka	Managing Executive Officer In charge of: Internal Audit Unit
Yuji Tokuoka	Executive Officer In charge of: The matters regarding The Neo First Life Insurance Company, Limited
Munehiro Uryu	Executive Officer In charge of: Marketing Strategy Unit
Hiroshi Shoji	Executive Officer In charge of: Actuarial and Accounting Unit Chief of Actuarial and Accounting Unit
Tatsusaburo Yamamoto	Executive Officer In charge of: Asset Management Business Unit Chief of Asset Management Business Unit
Sumie Watanabe	Executive Officer In charge of: Human Resources Unit (the matters regarding Group Diversity and Inclusion, joint oversight with Mr. Taketomi)
Norimitsu Kawahara	Executive Officer In charge of: International Life Insurance Business Unit (the matters regarding Asia Pacific) Chief General Manager, Asia Pacific
Ichiro Okamoto	Executive Officer In charge of: Public Relations Unit
Kyoichi Saito	Executive Officer In charge of: Compliance Unit, General Affairs Unit (except for the matters regarding Secretarial Group)
Hisashi Takada	Executive Officer In charge of: Risk Management Unit
Toshiaki Sumino	Executive Officer In charge of: Corporate Planning Unit Chief of Corporate Planning Unit