# Presentation of Financial Results for the Three Months Ended June 2016

August 9, 2016

The Dai-ichi Life Insurance Company, Limited

By your side, for life

DAI-ICHI LIFE

# Overview of the Group's Financial Results - Financial Results Highlights

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- Faced with lower interest rates, the Group elected to control the sale of single premium products at Dai-ichi Life and Dai-ichi Frontier Life. While new business on a Group basis declined, regular premium products at Dai-ichi Life and overseas life insurance business continued to experience favorable sales.

- The quarter was characterized by high volatility in financial markets due to unprecedented events such as Brexit. Dai-ichi Life actively protected itself by building its hedge position well before the referendum. Contribution from overseas life insurance businesses had an anchoring effect on the Group results. However, lower fundamental profit at Dai-ichi Life due to a stronger yen and other factors, and higher provisioning at Dai-ichi Frontier Life, all led to a decline in our bottom-line.

- Group embedded value (based on preliminary calculations) at the end of June 2016 decreased to 3.7 trillion yen impacted by lower interest rates. While the Group maintained an adequate solvency margin ratio as high as 785.0%, in July Dai-ichi Life issued 2.5 billion of USD perpetual subordinated notes, the largest issuance of its kind among Japanese insurance companies, to enhance its capital base.

# Overview of the Group's Financial Results - Consolidated Financial Results Highlights

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- **Ordinary revenues declined as the Group elected to control sales in reaction to lower interest rates**
- **Stronger yen and other factors affected bottom-line, yet in line with fiscal year guidance**

(billions of yen)

| | 3 months ended Jun-15 | 3 months ended Jun-16 (a) | Change | | <Reference> Forecasts as of May 13, 2016 (b) | Progress(a/b) |
|---|---|---|---|---|---|---|
| Consol. Ordinary revenues | 1,871.0 | 1,676.0 | (194.9) | (10%) | 6,460.0 | 26% |
| Non-consolidated | 1,160.0 | 1,022.1 | (137.9) | (12%) | 3,796.0 | 27% |
| Consol. Ordinary profit | 181.0 | 117.6 | (63.4) | (35%) | 406.0 | 29% |
| Non-consolidated | 135.9 | 120.2 | (15.7) | (12%) | 324.0 | 37% |
| Consol. Net Income(1) | 115.2 | 48.4 | (66.7) | (58%) | 197.0 | 25% |
| Non-consolidated | 76.8 | 59.3 | (17.5) | (23%) | 133.0 | 45% |

*(1) Figures of "Consol. Net Income" represent those of "Net income attributable to shareholders of parent company".*

# Overview of the Group's Financial Results - Consolidated Financial Information

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■ **Volatile financial market affected top-line and bottom-line but the results still fall in line with the fiscal year guidance, with overseas life insurance business supporting stability in earnings**

## Statement of Earnings (summarized)(1)

(billions of yen)

| | 3 months ended Jun-15 | 3 months ended Jun-16 | Change |
|---|---|---|---|
| Ordinary revenues | 1,871.0 | 1,676.0 | (194.9) |
| Premium and other income | 1,336.2 | 1,092.3 | (243.9) |
| Investment income | 444.6 | 382.6 | (61.9) |
| Interest and dividends | 252.4 | 255.9 | +3.5 |
| Gains on sale of securities | 99.3 | 56.9 | (42.4) |
| Derivative transaction gains | - | 39.5 | +39.5 |
| Gains on investments in separate accounts | 24.0 | - | (24.0) |
| Other ordinary revenues | 90.0 | 201.0 | +110.9 |
| Ordinary expenses | 1,689.9 | 1,558.4 | (131.5) |
| Benefits and claims | 1,090.0 | 892.2 | (197.7) |
| Provision for policy reserves and others | 298.1 | 2.1 | (296.0) |
| Investment expenses | 46.3 | 412.1 | +365.8 |
| Losses on sale of securities | 13.0 | 18.7 | +5.6 |
| Losses on valuation of securities | 1.4 | 9.4 | +7.9 |
| Derivative transaction losses | 11.0 | - | (11.0) |
| Losses on investments in separate accounts | - | 78.8 | +78.8 |
| Operating expenses | 145.2 | 150.3 | +5.1 |
| Ordinary profit | 181.0 | 117.6 | (63.4) |
| Extraordinary gains | 0.0 | 1.4 | +1.4 |
| Extraordinary losses | 5.8 | 15.9 | +10.1 |
| Provision for reserve for policyholder dividends | 22.9 | 25.9 | +2.9 |
| Income before income taxes, etc. | 152.2 | 77.1 | (75.1) |
| Total of corporate income taxes | 37.0 | 28.6 | (8.3) |
| Net income attributable to non-controlling interests | 0.0 | 0.0 | (0.0) |
| Net income attributable to shareholders of parent company | 115.2 | 48.4 | (66.7) |

## Balance Sheet (summarized)

(billions of yen)

| | As of Mar-16 | As of Jun-16 | Change |
|---|---|---|---|
| Total assets | 49,924.9 | 49,677.1 | (247.7) |
| Cash, deposits and call loans | 960.3 | 1,103.5 | +143.2 |
| Monetary claims bought | 239.2 | 230.6 | (8.6) |
| Securities | 41,560.0 | 40,914.4 | (645.5) |
| Loans | 3,715.5 | 3,622.4 | (93.0) |
| Tangible fixed assets | 1,178.8 | 1,158.1 | (20.6) |
| Deferred tax assets | 1.3 | 1.4 | +0.1 |
| Total liabilities | 46,991.9 | 46,834.5 | (157.4) |
| Policy reserves and others | 43,894.0 | 43,331.0 | (562.9) |
| Policy reserves | 42,922.5 | 42,408.4 | (514.1) |
| Net defined benefit liabilities | 443.8 | 443.8 | (0.0) |
| Reserve for price fluctuations | 155.2 | 159.9 | +4.7 |
| Deferred tax liabilities | 270.7 | 256.7 | (13.9) |
| Total net assets | 2,932.9 | 2,842.6 | (90.2) |
| Total shareholders' equity | 1,129.2 | 1,121.5 | (7.7) |
| Total accumulated other comprehensive income | 1,802.6 | 1,720.2 | (82.4) |
| Net unrealized gains on securities, net of tax | 1,840.0 | 1,798.3 | (41.7) |
| Reserve for land revaluation | (16.4) | (17.6) | (1.1) |

*(1) Gains (losses) on investments in separate accounts are offset by provision for (reversal of) policy reserves and accordingly they have no impact on ordinary profit.*

# Overview of the Group's Financial Results - Financial Results of each Group Company

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| | 【Dai-ichi Life】 billions of yen | | | 【Dai-ichi Frontier Life】 billions of yen | | | 【Protective Life (USA)】(1) millions of USD | | 【TAL (Australia)】(1) millions of AUD | | | 【Consolidated】 billions of yen | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3 months ended Jun-15 | 3 months ended Jun-16 | Change | 3 months ended Jun-15 | 3 months ended Jun-16 | Change | 2 months ended Mar-15 | 3 months ended Mar-16 | 3 months ended Jun-15 | 3 months ended Jun-16 | Change | 3 months ended Jun-15 | 3 months ended Jun-16 | Change |
| Ordinary revenues | 1,160.0 | 1,022.1 | (12%) | 489.0 | 451.3 | (8%) | 1,837 | 2,069 | 796 | 913 | +15% | 1,871.0 | 1,676.0 | (10%) |
| Premium and other income | 725.2 | 637.1 | (12%) | 431.7 | 233.2 | (46%) | 926 | 1,366 | 690 | 825 | +19% | 1,336.2 | 1,092.3 | (18%) |
| Investment income | 330.7 | 299.7 | (9%) | 57.3 | 32.1 | (44%) | 735 | 598 | 7 | 66 | +836% | 444.6 | 382.6 | (14%) |
| Ordinary expenses | 1,024.1 | 901.9 | (12%) | 454.6 | 472.3 | +4% | 1,744 | 1,897 | 768 | 848 | +10% | 1,689.9 | 1,558.4 | (8%) |
| Benefits and claims | 779.0 | 571.1 | (27%) | 148.7 | 143.2 | (4%) | 1,002 | 1,196 | 445 | 554 | +25% | 1,090.0 | 892.2 | (18%) |
| Provision for policy reserves and others | 2.1 | 43.5 | +1923% | 280.6 | -- | -- | 432 | 317 | 94 | 91 | (3%) | 298.1 | 2.1 | (99%) |
| Investment expenses | 65.5 | 99.6 | +52% | 1.8 | 313.4 | +17204% | 22 | 135 | 56 | 10 | (81%) | 46.3 | 412.1 | +789% |
| Operating expenses | 93.4 | 97.6 | +4% | 21.0 | 14.0 | (33%) | 114 | 189 | 148 | 165 | +11% | 145.2 | 150.3 | +4% |
| Ordinary profit (loss) | 135.9 | 120.2 | (12%) | 34.3 | (20.9) | -- | 92 | 172 | 28 | 64 | +129% | 181.0 | 117.6 | (35%) |
| Extraordinary gains | 0.0 | 1.4 | +1981% | -- | -- | -- | -- | -- | -- | -- | -- | 0.0 | 1.4 | +1859% |
| Extraordinary losses | 5.2 | 15.2 | +188% | 0.5 | 0.7 | +26% | -- | 0 | -- | 0 | -- | 5.8 | 15.9 | +172% |
| Net income(2) (loss) | 76.8 | 59.3 | (23%) | 30.9 | (21.7) | -- | 62 | 115 | 27 | 44 | +62% | 115.2 | 48.4 | (58%) |

*(1) Figures of Protective Life and TAL are disclosed after re-classifying items from Protective Life and TAL's financial statements under United States' and Australian accounting standards, respectively, to conform to Dai-ichi Life's disclosure standards. For consolidation, these financial statements are translated into Japanese yen at rates of 1USD=120.17 yen(Mar-15) and 112.68 yen(Mar-16),1AUD=93.93 yen(Jun-15) and 76.74 yen(Jun-16), respectively.*

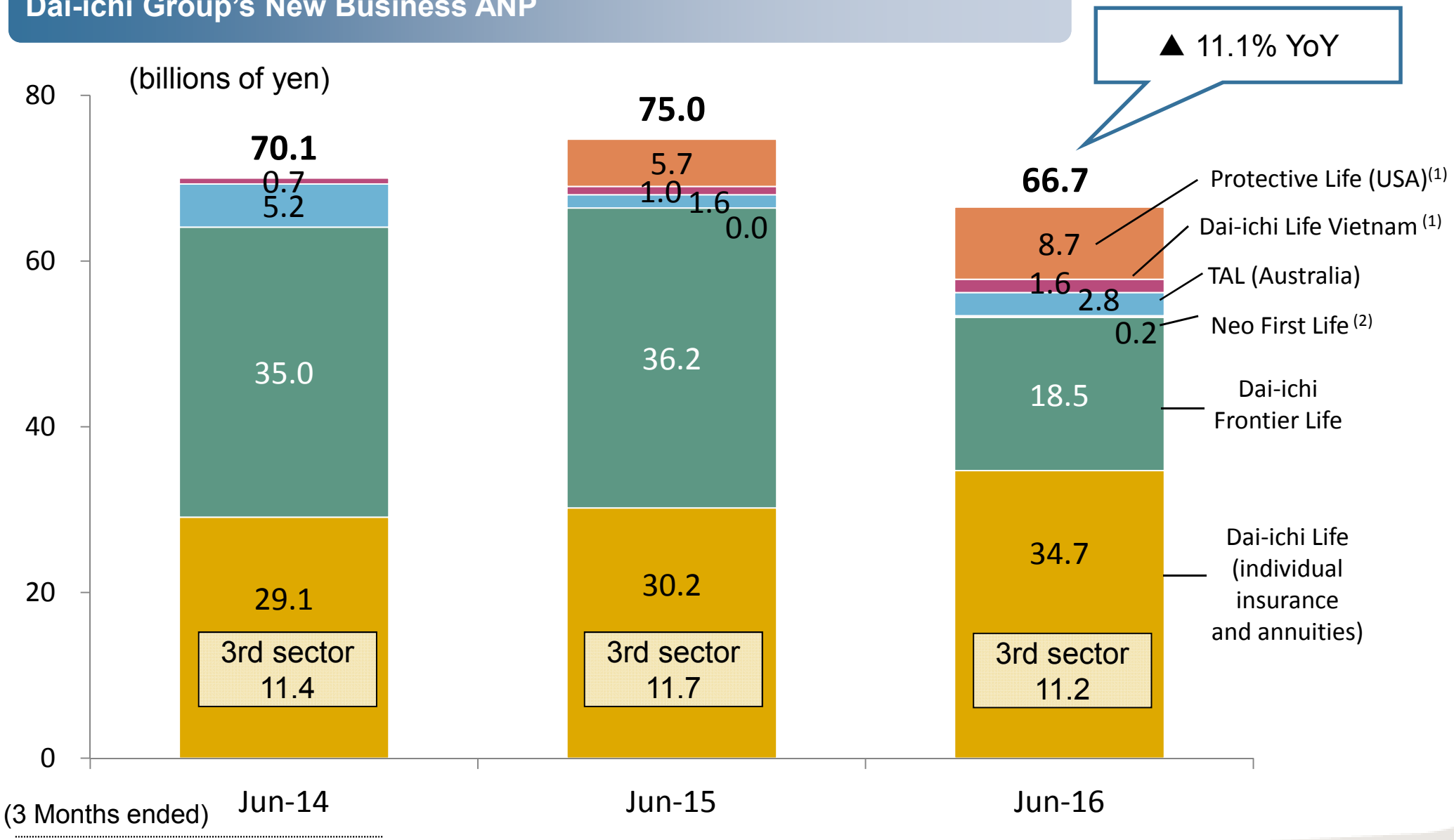
*(2) Figures of "Consolidated Net income (loss )" represent those of "Net income (loss) attributable to shareholders of parent company" .*

# Overview of the Group's Financial Results - Trends in New Business (ANP basis)

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## Dai-ichi Group's New Business ANP



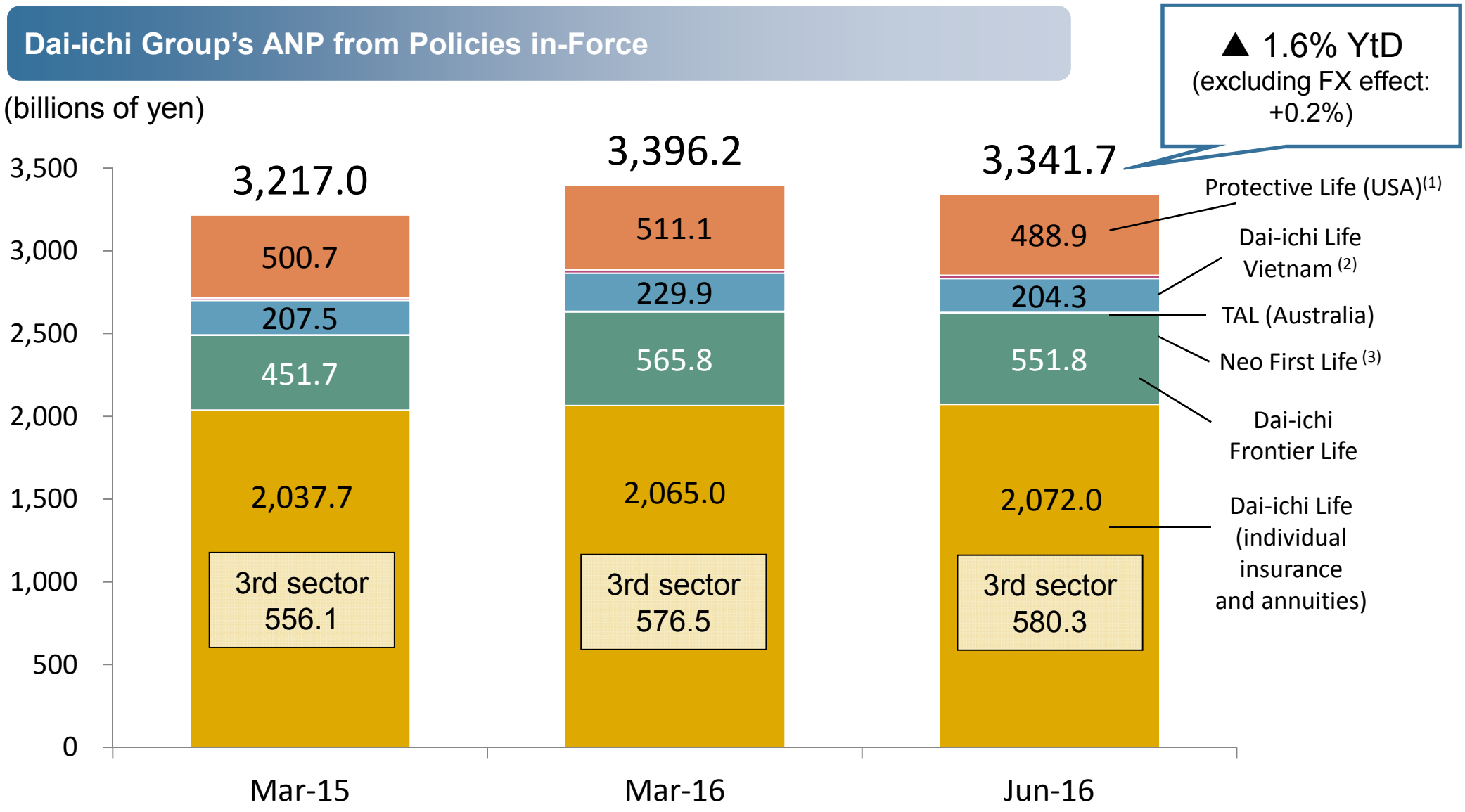

*(1) The fiscal year of Protective Life and Dai-ichi Life Vietnam ends on December 31.*
*(2) The figures of Protective Life are provided for the two months ended March 31, 2015 and for the three months ended March 31, 2016.*
*(3) The figures of Neo First Life are provided for the three months ended June 30, 2015 and for the three months ended June 30, 2016.*

# Overview of the Group's Financial Results - Trends in Policies in-Force (ANP basis)

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## Dai-ichi Group's ANP from Policies in-Force




(1) *The fiscal year of Protective Life ends on December 31. Protective was acquired effective February 1, 2015 and is reported on a one quarter lag. ANP from policies in-force of the company as of March 2015 represent those as of February 1, 2015 (date of acquisition).*

(2) *The fiscal year of Dai-ichi Life Vietnam ends on December 31. ANP from policies in-force of the company represent those as of December 2014, December 2015 and March 2016 were 15.5 billion yen, 20.3 billion yen and 20.3 billion yen, respectively*

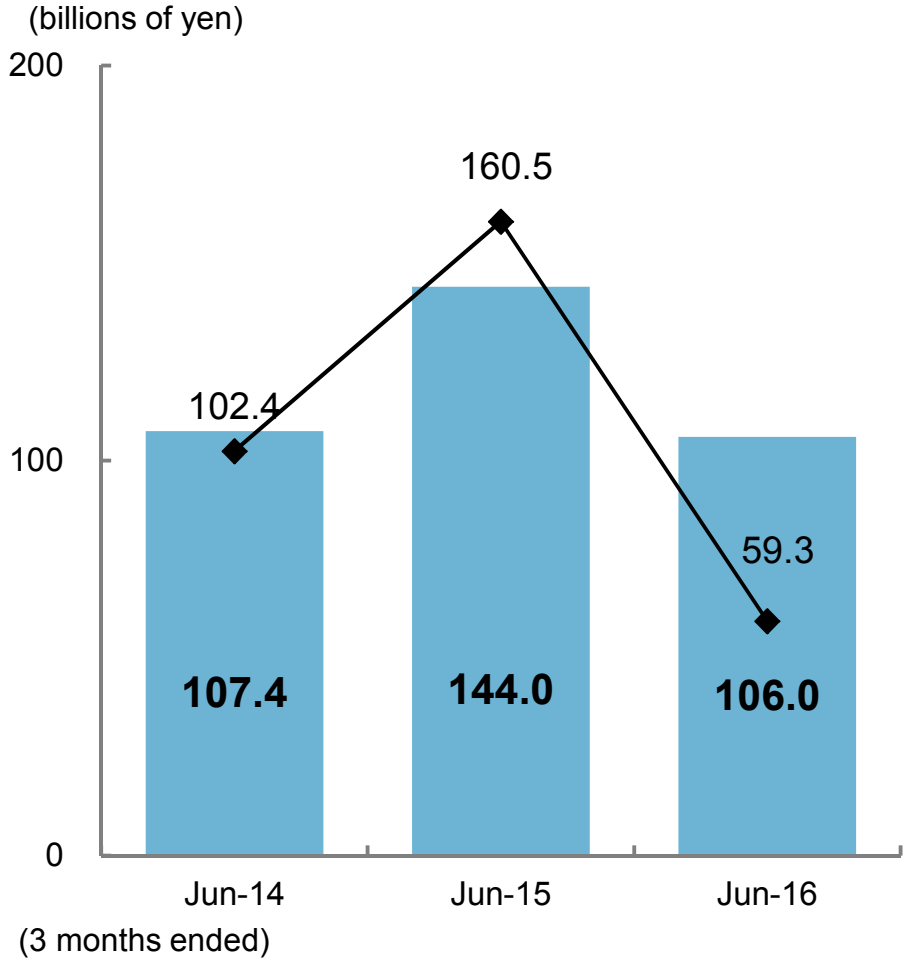
(3) *ANP from policies in-force of Neo First Life as of March 2015, March 2016 and June 2016 were 3.7 billion yen, 3.9 billion yen and 4.1 billion yen, respectively.*

# Overview of the Group's Financial Results - Fundamental Profit

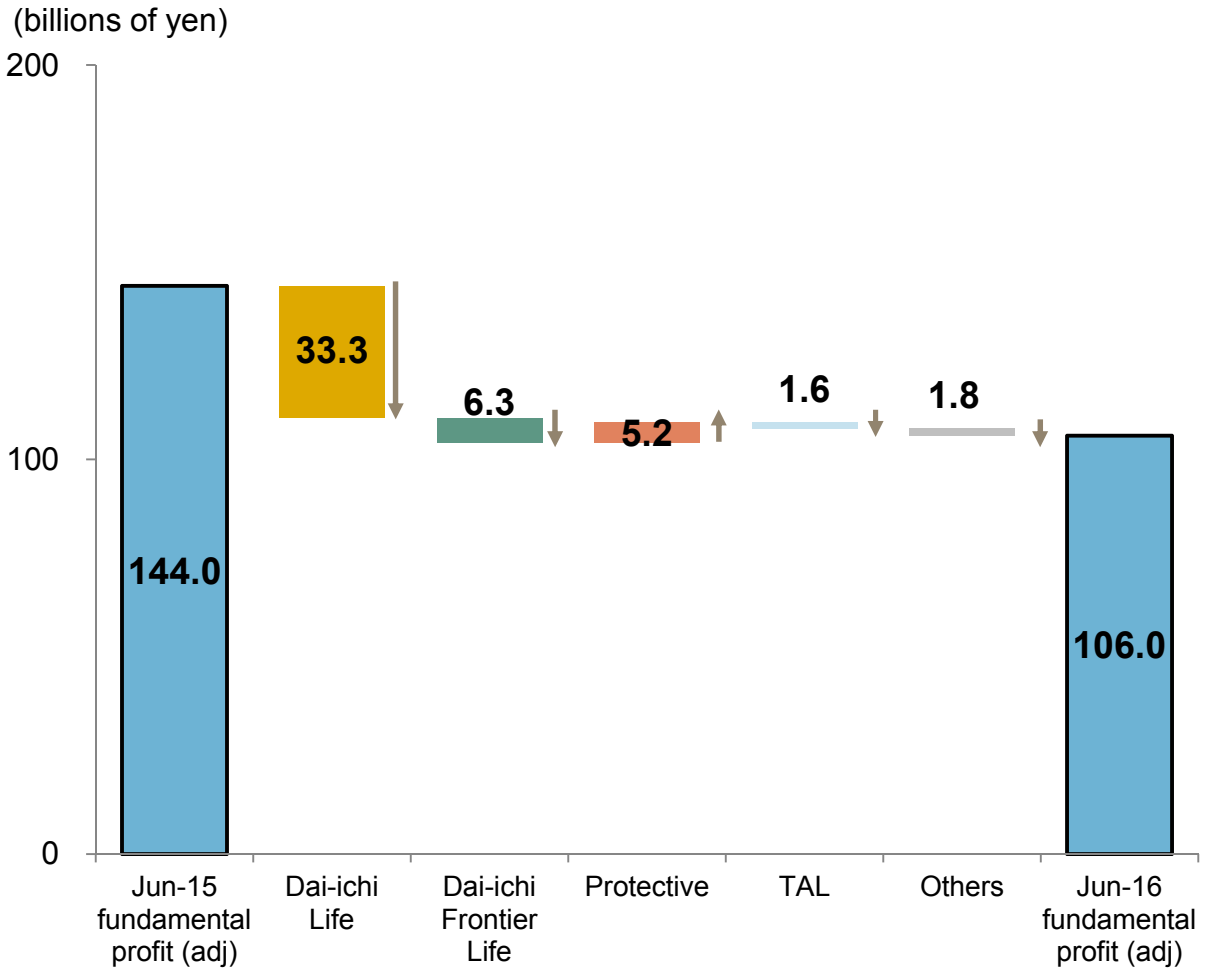
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## Fundamental Profit (1)(2)




## Movement Analysis of Adjusted Fundamental Profit (1)(2)




*(1) Sum of fundamental profit of Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life, Protective's operating income before tax, TAL's underlying profit before tax and Dai-ichi Life Vietnam's net income before tax (after partial elimination of intra-group transactions). The figures of Neo First Life are provided for the three months ended June 30, 2015 and for the three months ended June 30, 2016 and the figures of Protective Life are provided for the two months ended March 31, 2015 and for the three months ended March 31, 2016.*

*(2) Adjusted fundamental profit = (fundamental profit) ± (provision for (reversal of) policy reserve associated with minimum guarantee benefit risk of variable insurance) ± (provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance products)*
*Note: Provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance products excludes those parts that have no impact on the ordinary profit.*

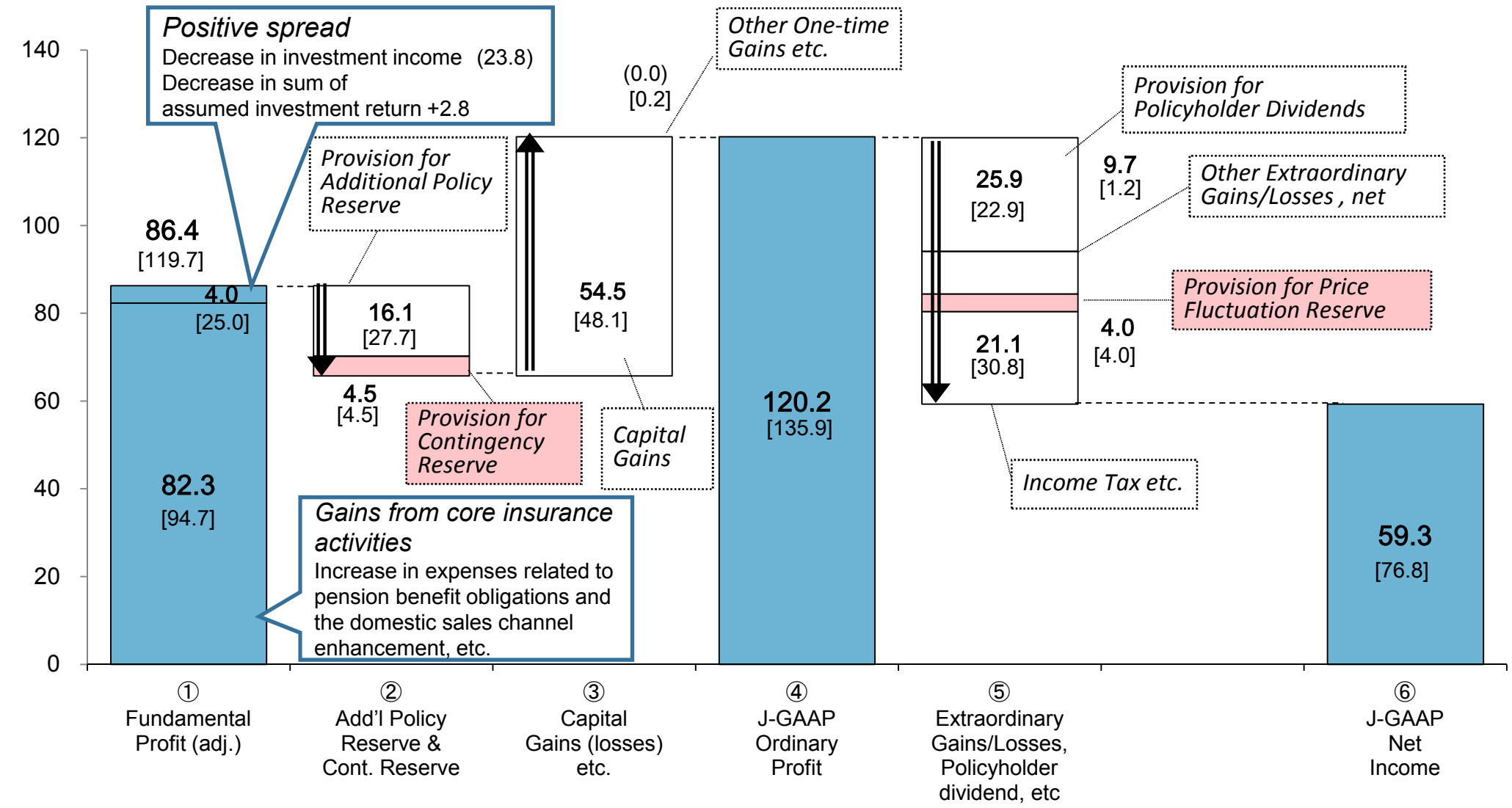
# Profit Structure of Dai-ichi Life (non-consolidated)

The breakdown of fundamental profit guidance of Dai-ichi Life is listed on page 26.

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(billions of yen)




*(1) Figures in [] are for previous comparable period.*

*(2) Adjusted fundamental profit = (fundamental profit) ± (provision for (reversal of) policy reserve associated with minimum guarantee benefit risk of variable insurance) ± (provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance products).*

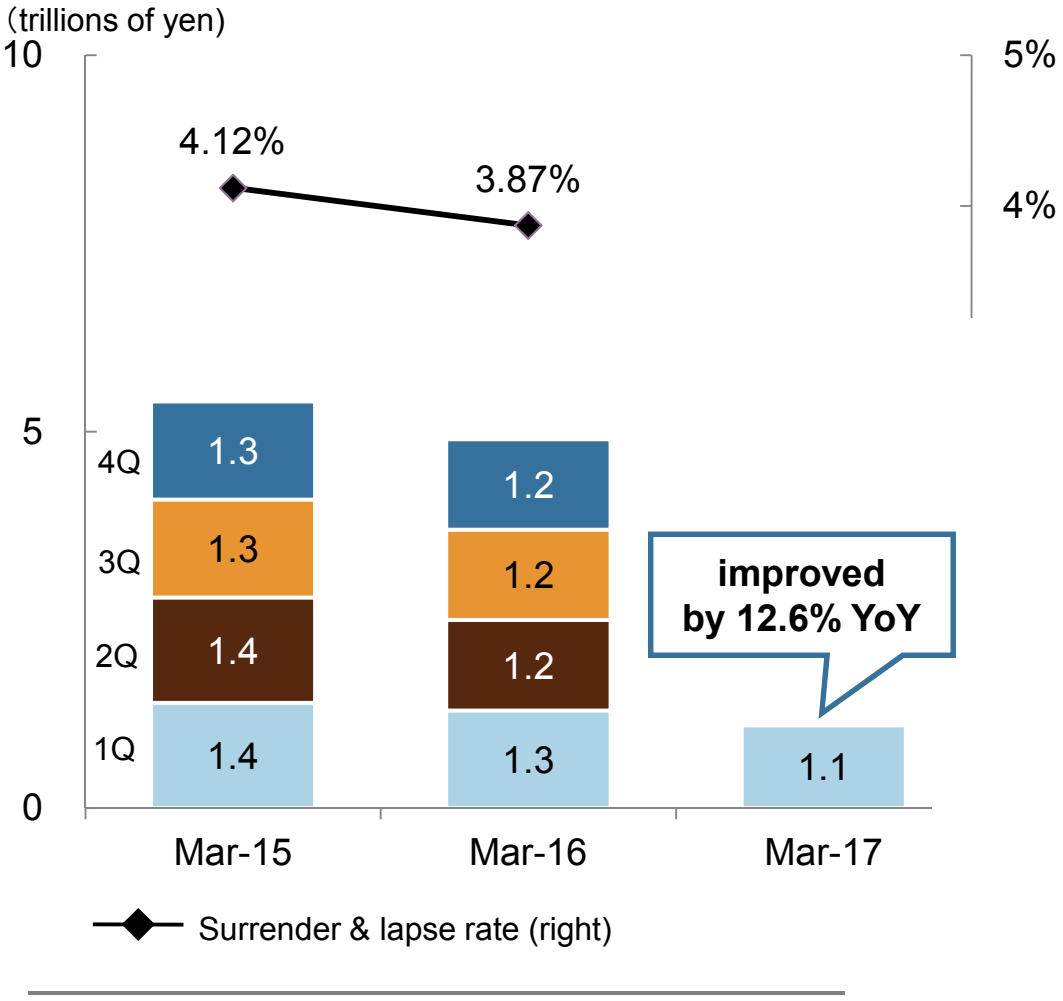
*Note: Provision for (reversal of) policy reserve associated with market value adjustments of fixed life insurance products excludes those parts that have no impact on the ordinary profit.*

# Dai-ichi Life's Results (non-consolidated) - Surrender and Lapse, Number of Sales Representatives and Productivity

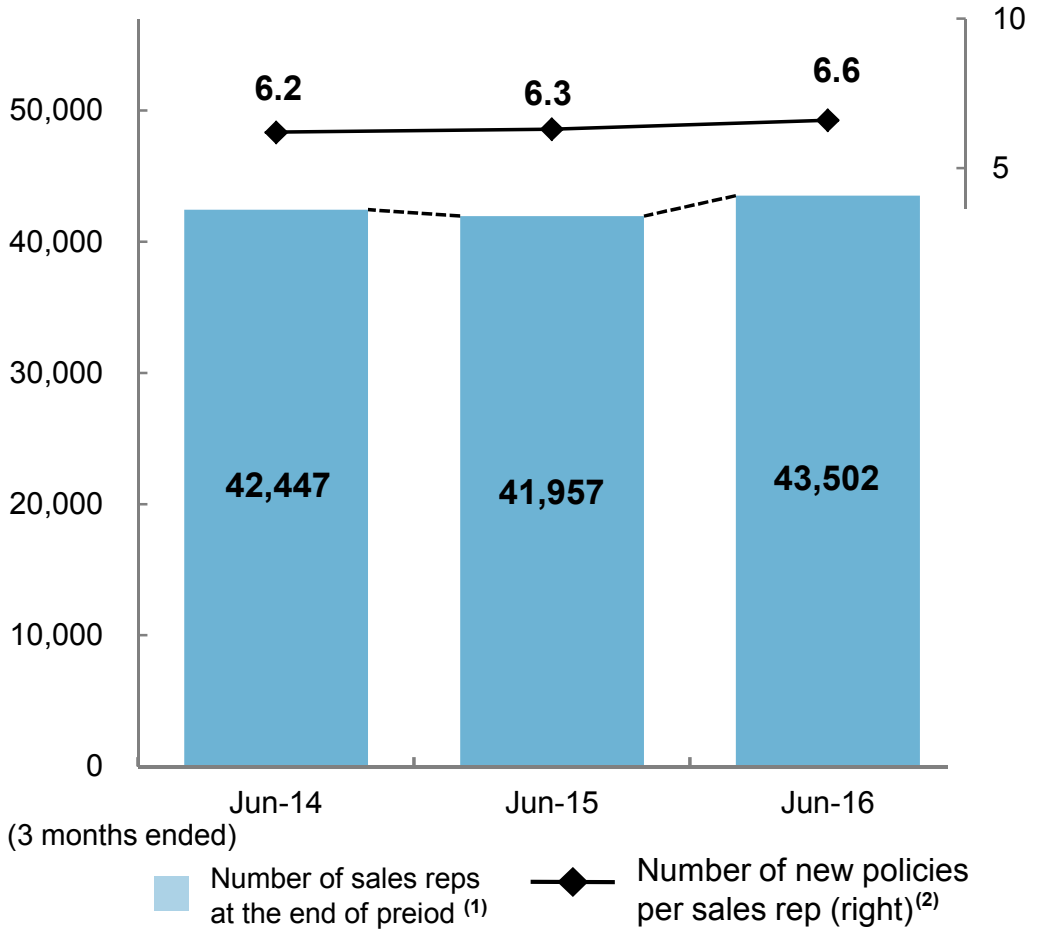
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## Surrender & Lapse (Individual Insurance & Annuities)




## Number of Sales Reps and Productivity




*(1) The number of sales representatives does not include those who are not full-time employees of Dai-ichi Life and are engaged mainly in ancillary work.*

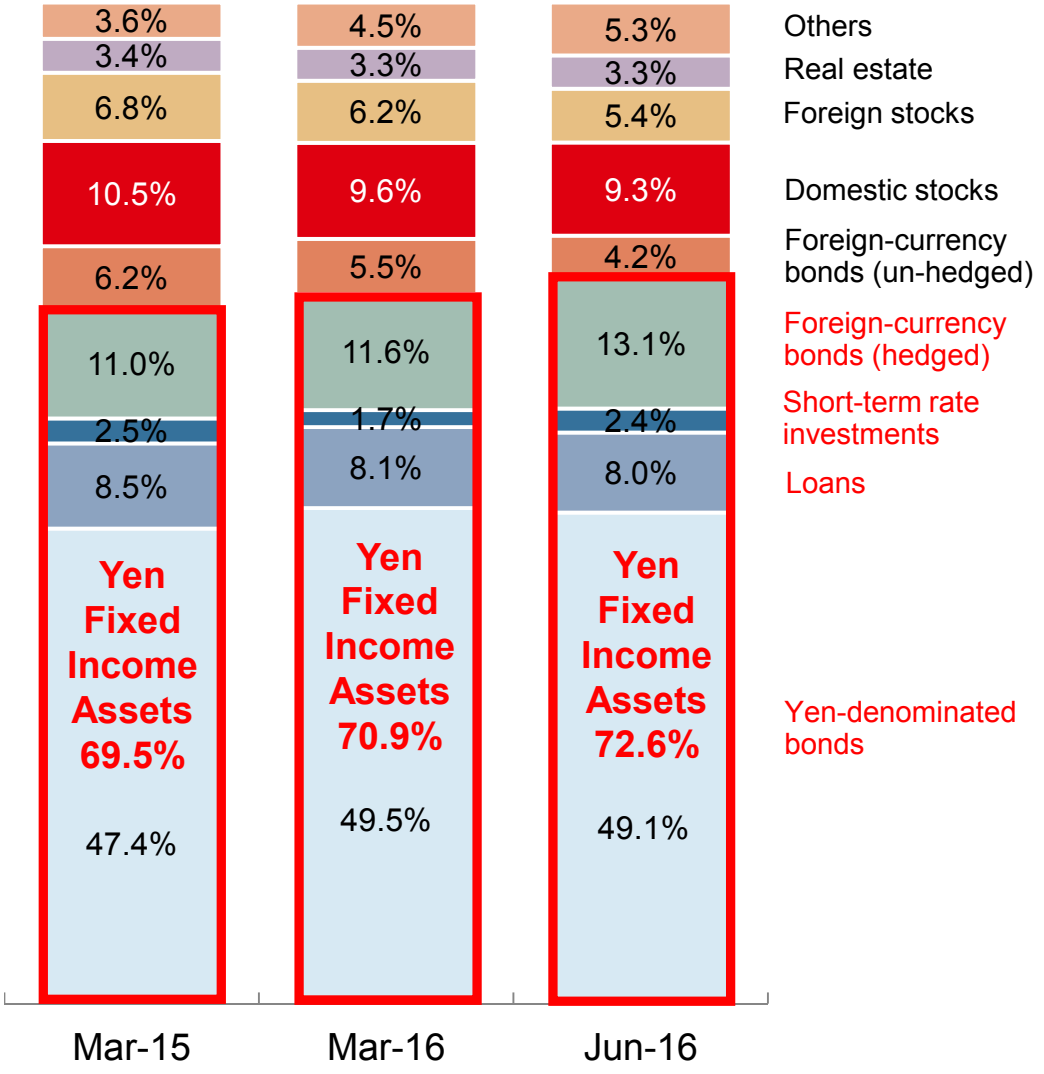
*(2) Calculated by dividing the number of new policies (incl. conversions) by the average number of sales representatives in each period.*

# Dai-ichi Life's Results (non-consolidated) - General Account Assets

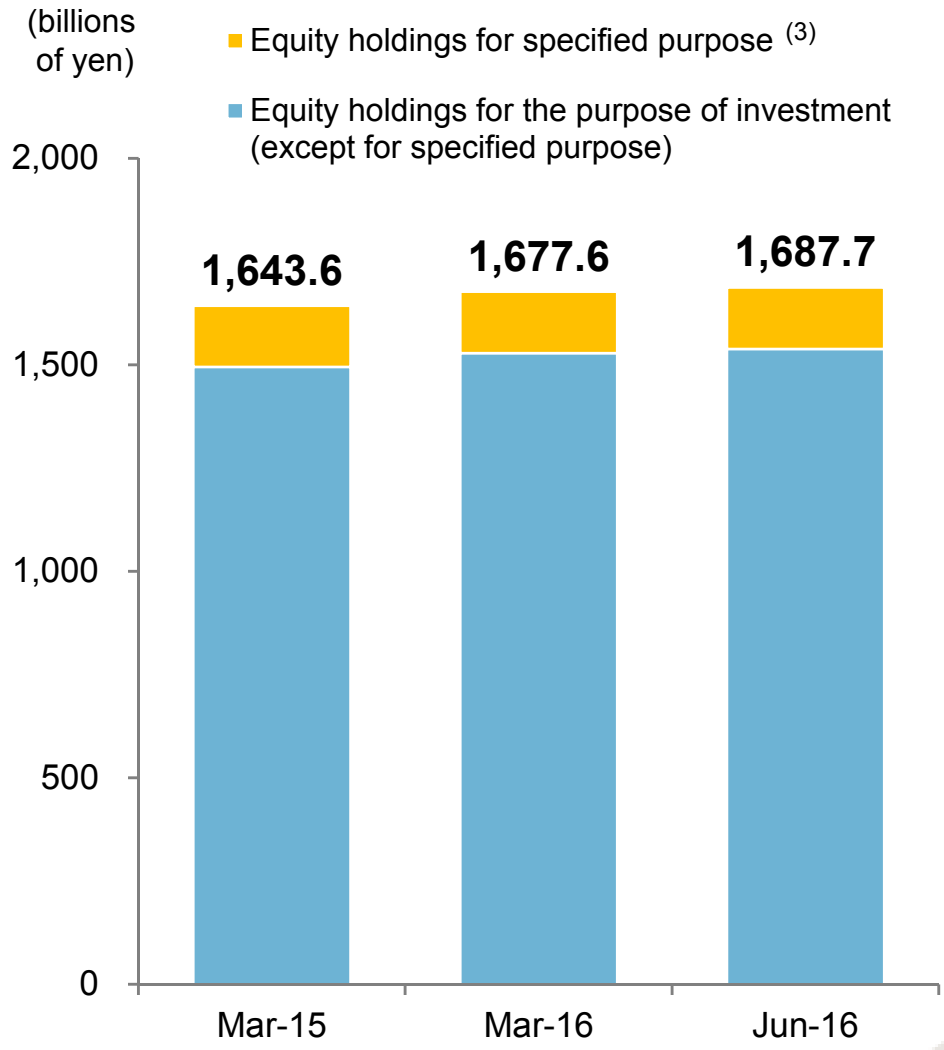
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## Asset Portfolio (General Account) (1)




## Book Value of Domestic Stocks (2)




(1) *Carrying amount - basis*
(2) *Book value of domestic stocks with fair value (excluding stocks of subsidiaries / affiliated companies and unlisted companies)*
(3) *Equity holdings other than those held solely for the purpose of investment (excluding stocks of unlisted companies and contributed to the retirement benefit trust)*

# Dai-ichi Life's Results (non-consolidated) - Status of Financial Soundness

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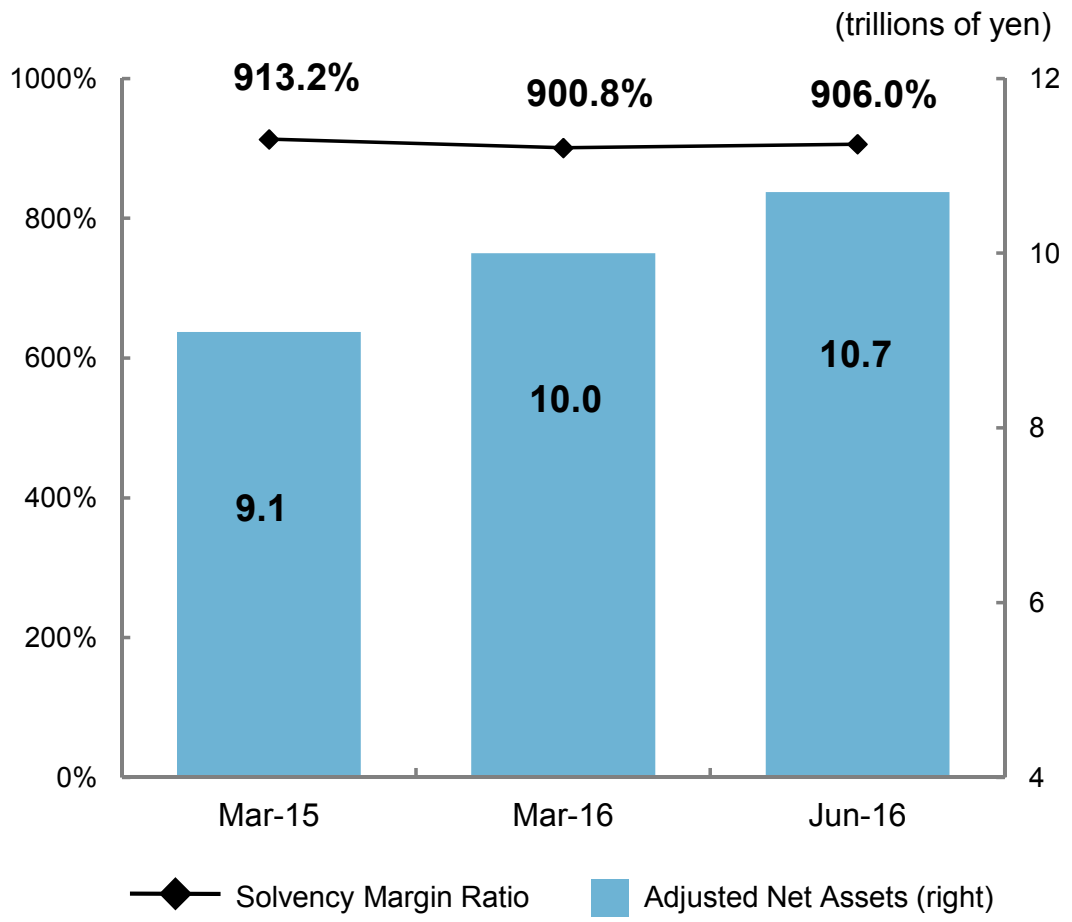
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## Unrealized Gains/Losses (General Account)

(billions of yen)

| | As of Mar-16 | As of Jun-16 | Change |
|---|---|---|---|
| Securities | 6,212.0 | 6,840.3 | +628.3 |
| Domestic bonds | 4,022.9 | 4,991.5 | +968.5 |
| Domestic stocks | 1,312.8 | 1,186.0 | (126.7) |
| Foreign bonds | 678.7 | 628.5 | (50.1) |
| Foreign stocks | 172.0 | 40.8 | (131.2) |
| Real estate | 130.3 | 133.5 | +3.2 |
| General Account total | 6,334.6 | 7,003.6 | +668.9 |

## Solvency Margin Ratio & Adjusted Net Assets




<Reference> Consolidated Solvency Margin Ratio
as of June 30, 2016: 785.0 %

# Consolidated Subsidiaries' Results - Dai-ichi Frontier Life

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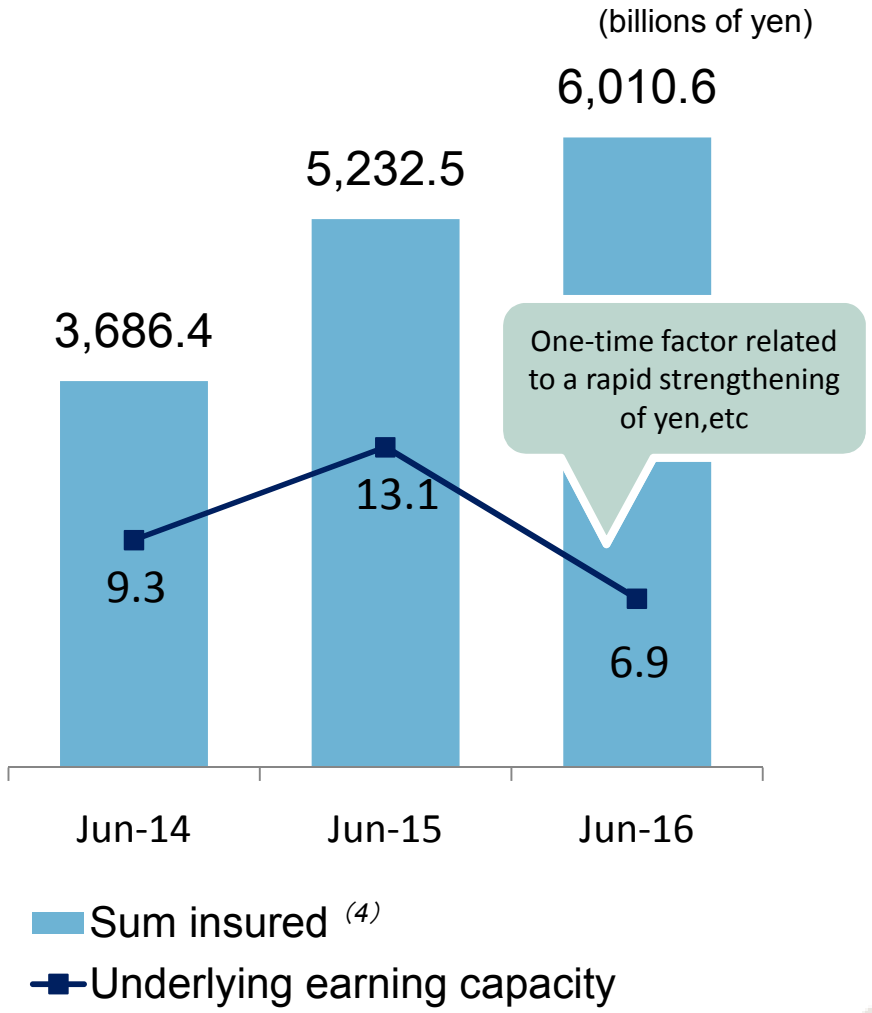
## Earnings

(billions of yen)

| | 3 months ended Jun-15 | 3 months ended Jun-16 |
|---|---|---|
| Ordinary revenues | 489.0 | 451.3 |
| Premium and other income(1) | 431.7 | 233.2 |
| Variable products | 46.9 | 15.5 |
| Fixed products (yen-denominated) | 65.4 | 4.0 |
| Fixed products (foreign currency-denominated) | 265.9 | 182.6 |
| Investment income | 57.3 | 32.1 |
| Hedge gains related to GMMB risk (A) | - | 17.6 |
| Ordinary expenses | 454.6 | 472.3 |
| Provision for policy reserves and others (negative indicates a reversal) (2) | 280.6 | (185.9) |
| Related to GMMB risk(B) | 1.7 | 31.6 |
| Related to market value adjustment (C)(3) | (17.9) | 14.9 |
| Contingency reserve (D) | (4.4) | (0.2) |
| Investment expenses | 1.8 | 313.4 |
| Hedge losses related to GMMB risk (E) | 2.8 | - |
| Ordinary profit (loss) | 34.3 | (20.9) |
| Net income (loss) | 30.9 | (21.7) |
| <Reference> Underlying earning capacity Net income - (A) + (B) + (C) + (D) + (E) | 13.1 | 6.9 |

(1) *Hybrid products combining fixed and variable portions are categorized in fixed products.*
(2) *Figures in 'Provision for policy reserves and others(negative indicates a reversal) ' include figures of reversal of reserves for outstanding claims and reversal of policy reserves which are showed in other ordinary revenues on the statement of earnings.*
(3) *Excludes those parts that have no impact on the ordinary profit*

## Sum Insured of Policies in-Force and Underlying Earning Capacity




(4) *Sum insured at the end of each period*

# Consolidated Subsidiaries' Results - Business Results of Protective

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## Earnings (1)(2)

(millions of USD)

| | 2 months ended Mar-15 | 3 months ended Mar-16 | |
|---|---|---|---|
| | Actual | Plan | Actual |
| Life Marketing | 3.4 | 16.2 | 13.7 |
| Acquisitions | 36.0 | 62.1 | 68.6 |
| Annuities | 38.1 | 55.6 | 53.6 |
| Stable Value | 6.1 | 7.3 | 14.4 |
| Asset Protection | 4.0 | 5.8 | 5.3 |
| Corporate & other | 1.8 | (18.8) | (13.7) |
| Pre-tax Operating Earnings | 89.7 | 128.2 | 142.0 |
| Realized Gain (Loss) on investments | (42.9) | n.a. | 83.1 |
| Realized Gain (Loss) on derivatives | 46.0 | n.a. | (53.3) |
| Tax | (29.9) | (43.6) | (56.4) |
| Net Income | 62.8 | 74.2 | 115.3 |

<Reference>

| | Mar-15 | | Mar-16 |
|---|---|---|---|
| JPY / USD exchange rate | 120.17 | n.a. | 112.68 |

[Life Marketing]
- Unfavorable mortality and other favorable items against plan.

[Acquisitions]
- Favorable spread and unfavorable mortality against plan.
- Closed blocks of business acquired from GLAIC (Genworth Life and Annuity Insurance Company) started to contribute to results.

[Annuities]
- Unfavorable variable annuity fee income and unfavorable spread etc., partially offset by favorable mortality against plan.

[Stable Value]
- Favorable spread and other favorable items against plan.

[Asset Protection]
- Net unfavorable claims experience against plan.

*(1) Figures for the consolidated holding company, Protective Life Corporation (Protective). Protective's fiscal year ends on December 31 and that there is a 3-month lag when consolidating the company's results.*

*(2) Segment operating income (loss) is income before income tax, excluding realized gains and losses on investments and derivatives etc.*

# Consolidated Subsidiaries' Results - Business Results of TAL(1)

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## Earnings

(millions of AUD)

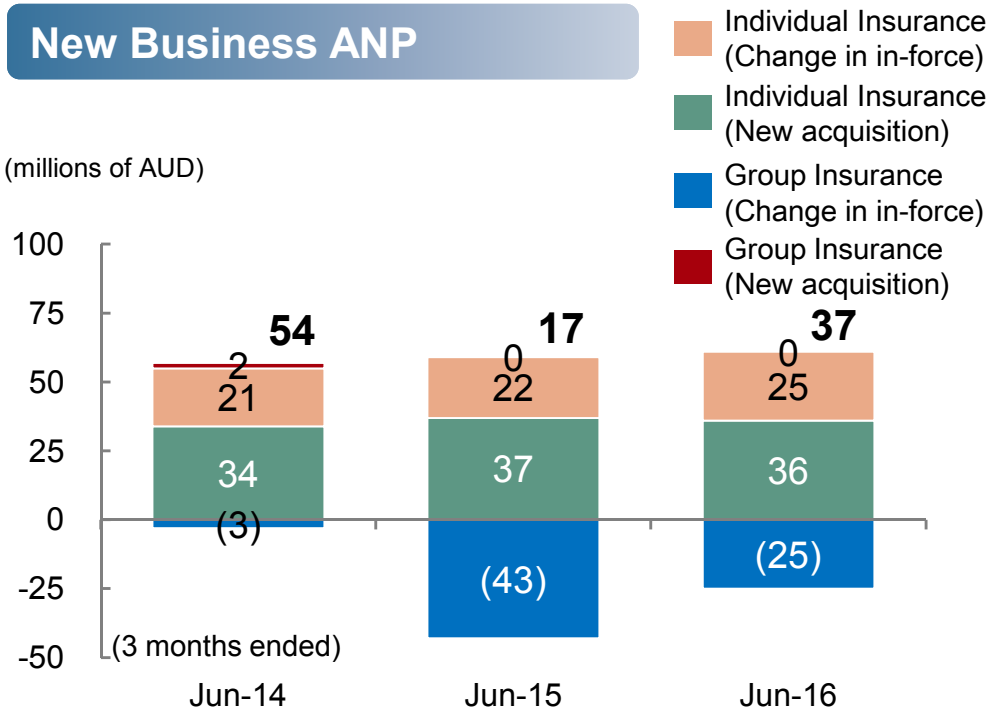
| | 3 months ended Jun-15 | 3 months ended Jun-16 | % Change |
|---|---|---|---|
| Ordinary revenues (2) | 796 | 913 | + 15% |
| Premium and other income (2) | 690 | 825 | + 19% |
| Ordinary profit (2) | 28 | 64 | + 129% |
| Net income (A) (2) | 27 | 44 | + 62% |
| Adjustments after tax (B) | 18 | (3) | |
| Discount rate changes | 6 | (9) | |
| Amortization charges | 5 | 5 | |
| Others | 6 | 1 | |
| Underlying profit (A + B) | 45 | 40 | (10%) |

<Reference>

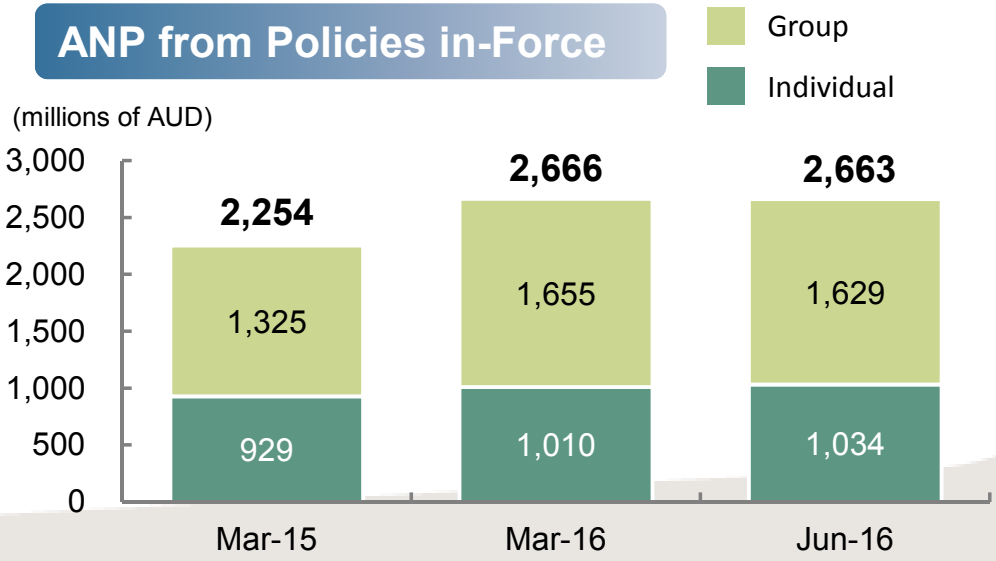
| | As of Jun-15 | As of Jun-16 |
|---|---|---|
| JPY/AUD exchange rate | 93.93 | 76.74 |

(1) *Figures for the consolidated holding company (i.e., TAL Dai-ichi Life Australia Pty Ltd).*
(2) *Disclosed after re-classifying items from TAL's financial statements under Australian accounting standards to conform to Dai-ichi Life's disclosure standards (excluding adjustments after tax and underlying profit).*

## New Business ANP




## ANP from Policies in-Force



# Earnings Guidance - Guidance for the Year Ending March 2017

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- **We maintain our original guidance as the first quarter results were in line with our annual forecasts**
- **While quarterly results reflected certain temporary gains and the Group needs to observe how the market develops, the Group will take additional measures to stabilize earnings of Dai-ichi Frontier Life.**

(billions of yen unless otherwise noted)

| | Year ended Mar-16 | Year ending Mar-17 | Change |
|---|---|---|---|
| **Ordinary revenues** | **7,333.9** | **6,460.0** | **(873.9)** |
| Dai-ichi Life non-consolidated(2) | 4,265.7 | 3,796.0 | (469.7) |
| Dai-ichi Frontier Life | 1,967.5 | 1,401.0 | (566.5) |
| Protective Life (millions of USD) | 6,784 | 8,460 | +1,675 |
| TAL (millions of AUD) | 3,231 | 3,900 | +668 |
| **Ordinary profit** | **418.1** | **406.0** | **(12.1)** |
| Dai-ichi Life non-consolidated | 344.2 | 324.0 | (20.2) |
| Dai-ichi Frontier Life | 29.6 | 21.0 | (8.6) |
| Protective Life (millions of USD) | 399 | 460 | +60 |
| TAL (millions of AUD) | 152 | 180 | +27 |
| **Net income (1)** | **178.5** | **197.0** | **+18.4** |
| Dai-ichi Life non-consolidated | 129.1 | 133.0 | 3.8 |
| Dai-ichi Frontier Life | 24.3 | 15.0 | (9.3) |
| Protective Life (millions of USD) | 268 | 300 | +31 |
| TAL (millions of AUD) | 119 | 120 | +0 |
| **Dividends per share (yen)** | **35** | **40** | **+5** |

*(1) Represents net income attributable to shareholders of parent company.*

*(2) Regarding Dai-ichi Life's transition to a holding company structure, please refer to page 27.*

(Reference) Fundamental Profit

| | | | |
|---|---|---|---|
| Dai-ichi Life Group | 535.1 | around 500.0 | (35.1) |
| Dai-ichi Life non-consolidated | 465.4 | around 380.0 | (85.4) |

# EEV – European Embedded Value (i)

By your side, for life

DAI-ICHI LIFE

- **Group EEV (preliminary calculation) decreased due mainly to lower interest rates**
- **While the Group maintained an adequate solvency margin ratio on a consolidated basis, in July, Dai-ichi Life issued 2.5 billion of USD perpetual subordinated notes, the largest issuance of its kind among Japanese insurance companies, to enhance its capital base.**

**EEV of the Group**

(preliminary calculation, billions of yen)

| | Mar-16 | Jun-16 | Change |
|---|---|---|---|
| EEV | 4,646.1 | ca. 3,730 | ca. (920) |
| Adjusted net worth | 6,287.3 | ca. 6,770 | ca. +480 |
| Value of in-force business | (1,641.2) | ca. (3,040) | ca. (1,400) |

# EEV – European Embedded Value (ii)

By your side, for life

DAI-ICHI LIFE

## Dai-ichi Life (stand alone)

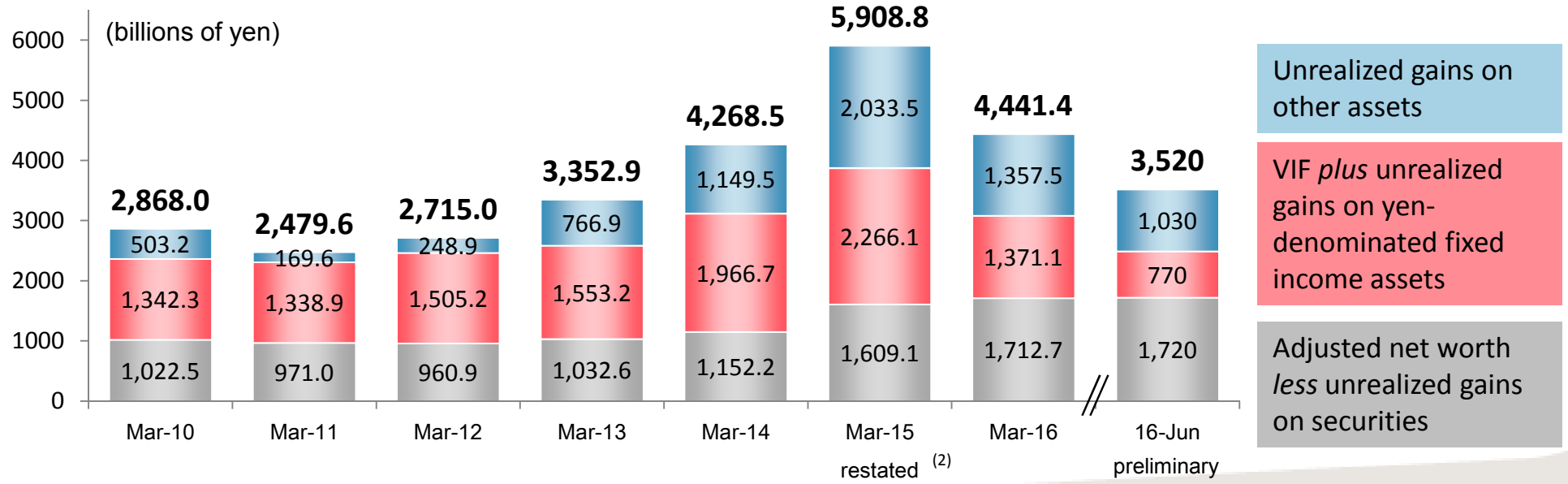
(preliminary calculation, billions of yen)

| | Mar-16 | Jun-16 | Change |
|---|---|---|---|
| EEV | 4,441.4 | ca. 3,520 | ca. (920) |
| Adjusted net worth | 6,483.3 | ca. 6,990 | ca. +510 |
| Value of in-force business | (2,041.9) | ca. (3,470) | ca. (1,430) |

Reclassification of EEV from ALM point of view

| | Mar-16 Restated | Jun-16 |
|---|---|---|
| E E V | 4,441.4 | ca. 3,520 |
| Unrealized gains on other assets | 1,357.5 | ca. 1,030 |
| VIF plus unrealized gains on Yen-denominated fixed income assets (1) | 1,371.1 | ca. 770 |
| Adjusted net worth less unrealized gains on securities | 1,712.7 | ca. 1,720 |

### EEV of Dai-ichi Life (stand alone) after reclassification




(1) *Yen-denominated fixed income assets include yen-denominated bonds, hedged foreign currency bonds and loans etc.*

(2) *EEV of Dai-ichi Life for Mar-15 is restated using the ultimate forward rate.*

# EEV – European Embedded Value (iii)

By your side, for life

DAI-ICHI LIFE

## Dai-ichi Frontier Life

(preliminary calculation, billions of yen)

| | Mar-16 | Jun-16 | Change |
|---|---|---|---|
| EEV | 303.2 | ca. 300 | ca. (10) |
| Adjusted net worth | 183.8 | ca. 230 | ca. +50 |
| Value of in-force business | 119.4 | ca. 60 | ca. (60) |

## Protective

(preliminary calculation, billions of yen)

| | Dec-15 | Mar-16 | Change |
|---|---|---|---|
| EEV | 551.2 | ca. 580 | ca. +30 |
| Adjusted net worth | 414.9 | ca. 350 | ca. (70) |
| Value of in-force business | 136.3 | ca. 230 | ca. +90 |

*Exchange rate for EEV as of Dec-15: JPY 120.61 to USD 1.00*
*Exchange rate for EEV as of Mar-16: JPY 112.68 to USD 1.00*

## Protective (in USD)

(preliminary calculation, millions of USD)

| | Dec-15 | Mar-16 | Change |
|---|---|---|---|
| EEV | 4,570 | ca. 5,100 | ca. +600 |
| Adjusted net worth | 3,440 | ca. 3,100 | ca. (300) |
| Value of in-force business | 1,130 | ca. 2,000 | ca. +900 |

## TAL

(preliminary calculation, billions of yen)

| | Mar-16 | Jun-16 | Change |
|---|---|---|---|
| EEV | 267.3 | ca. 250 | ca. (20) |
| Adjusted net worth | 135.9 | ca. 120 | ca. (10) |
| Value of in-force business | 131.3 | ca. 120 | ca. (10) |

*Exchange rate for EEV as of Mar-16: JPY 86.25 to AUD 1.00*
*Exchange rate for EEV as of Jun-16: JPY 76.74 to AUD 1.00*

## TAL (in AUD)

(preliminary calculation, millions of AUD)

| | Mar-16 | Jun-16 | Change |
|---|---|---|---|
| EEV | 3,099 | ca. 3,200 | ca. +100 |
| Adjusted net worth | 1,576 | ca. 1,600 | ca. +0 |
| Value of in-force business | 1,522 | ca. 1,600 | ca. +100 |

# Appendix

# Appendix –
# Summary Financial Statements (Dai-ichi Life non-consolidated)

By your side, for life

DAI-ICHI LIFE

## Statement of Earnings(1)

(billions of yen)

| | 3 months ended Jun-15 | 3 months ended Jun-16 | Change |
|---|---|---|---|
| Ordinary revenues | 1,160.0 | 1,022.1 | (137.9) |
| Premium and other income | 725.2 | 637.1 | (88.1) |
| Investment income | 330.7 | 299.7 | (31.0) |
| Interest and dividends | 203.3 | 184.8 | (18.4) |
| Gains on sale of securities | 93.8 | 54.0 | (39.7) |
| Derivative transaction gains | - | 55.5 | +55.5 |
| Gains on investments in separate accounts | 21.3 | - | (21.3) |
| Other ordinary revenues | 104.0 | 85.3 | (18.7) |
| Ordinary expenses | 1,024.1 | 901.9 | (122.2) |
| Benefits and claims | 779.0 | 571.1 | (207.9) |
| Provision for policy reserves and others | 2.1 | 43.5 | +41.4 |
| Investment expenses | 65.5 | 99.6 | +34.0 |
| Losses on sale of securities | 12.9 | 17.1 | +4.1 |
| Losses on valuation of securities | 1.4 | 9.1 | +7.6 |
| Derivative transaction losses | 19.2 | - | (19.2) |
| Losses on investments in separate accounts | - | 26.3 | +26.3 |
| Operating expenses | 93.4 | 97.6 | +4.1 |
| Ordinary profit | 135.9 | 120.2 | (15.7) |
| Extraordinary gains | 0.0 | 1.4 | +1.4 |
| Extraordinary losses | 5.2 | 15.2 | +9.9 |
| Provision for reserve for policyholder dividends | 22.9 | 25.9 | +2.9 |
| Income before income taxes | 107.7 | 80.5 | (27.2) |
| Total of corporate income taxes | 30.8 | 21.1 | (9.6) |
| Net income | 76.8 | 59.3 | (17.5) |

## Balance Sheet

(billions of yen)

| | As of Mar-16 | As of Jun-16 | Change |
|---|---|---|---|
| Total assets | 35,894.9 | 35,863.1 | (31.7) |
| Cash, deposits and call loans | 645.2 | 842.5 | +197.3 |
| Monetary claims bought | 233.2 | 224.5 | (8.6) |
| Securities | 30,250.1 | 29,714.0 | (536.0) |
| Loans | 2,826.0 | 2,789.7 | (36.3) |
| Tangible fixed assets | 1,164.1 | 1,144.7 | (19.3) |
| Total liabilities | 32,791.7 | 32,848.4 | +56.6 |
| Policy reserves and others | 30,635.2 | 30,657.0 | +21.8 |
| Policy reserves | 29,984.2 | 30,025.6 | +41.4 |
| Contingency reserve | 576.0 | 580.5 | +4.5 |
| Reserve for employees' retirement benefits | 377.9 | 380.1 | +2.1 |
| Reserve for price fluctuations | 148.4 | 152.4 | +4.0 |
| Deferred tax liabilities | 138.6 | 87.0 | (51.6) |
| Total net assets | 3,103.1 | 3,014.7 | (88.4) |
| Total shareholders' equity | 1,175.5 | 1,179.0 | +3.4 |
| Total of valuation and translation adjustments | 1,926.6 | 1,834.7 | (91.8) |
| Net unrealized gains (losses) on securities, net of tax | 1,946.9 | 1,827.8 | (119.1) |
| Reserve for land revaluation | (16.4) | (17.6) | (1.1) |

*(1) Gains (losses) on investments in separate accounts are offset by provision for (reversal of) policy reserves and accordingly they have no impact on ordinary profit.*

# Appendix –
# Summary Financial Statements (Dai-ichi Frontier Life )

By your side, for life

DAI-ICHI LIFE

## Statement of Earnings

(billions of yen)

| | 3 months ended Jun-15 | 3 months ended Jun-16 | Change |
|---|---|---|---|
| Ordinary revenues | 489.0 | 451.3 | (37.6) |
| Premium and other income | 431.7 | 233.2 | (198.5) |
| Investment income | 57.3 | 32.1 | (25.1) |
| Other ordinary revenues | 0.0 | 185.9 | +185.9 |
| Transfer from policy reserves | - | 185.8 | +185.8 |
| Ordinary expenses | 454.6 | 472.3 | +17.7 |
| Benefits and claims | 148.7 | 143.2 | (5.5) |
| Provision for policy reserves and others | 280.6 | - | (280.6) |
| Investment expenses | 1.8 | 313.4 | +311.6 |
| Operating expenses | 21.0 | 14.0 | (6.9) |
| Ordinary profit (loss) | 34.3 | (20.9) | (55.3) |
| Extraordinary gains (losses) | (0.5) | (0.7) | (0.1) |
| Income (loss) before income taxes | 33.8 | (21.7) | (55.5) |
| Total of corporate income taxes | 2.8 | 0.0 | (2.8) |
| Net income (loss) | 30.9 | (21.7) | (52.6) |

## Balance Sheet

(billions of yen)

| | As of Mar-16 | As of Jun-16 | Change |
|---|---|---|---|
| Total assets | 6,132.2 | 6,024.8 | (107.4) |
| Cash and deposits | 118.4 | 76.9 | (41.4) |
| Securities | 5,836.5 | 5,716.6 | (119.9) |
| Total liabilities | 6,046.3 | 5,943.5 | (102.7) |
| Policy reserves and others | 5,948.1 | 5,762.1 | (185.9) |
| Policy reserves | 5,941.1 | 5,755.3 | (185.8) |
| Contingency reserve | 114.6 | 114.3 | (0.2) |
| Total net assets | 85.9 | 81.2 | (4.6) |
| Total shareholders' equity | 42.7 | 21.0 | (21.7) |
| Capital stock | 117.5 | 117.5 | - |
| Capital surplus | 67.5 | 67.5 | - |
| Retained earnings | (142.2) | (163.9) | (21.7) |

# Appendix –
# Summary Financial Statements (Protective Life )

By your side, for life

DAI-ICHI LIFE

## Statement of Earnings (1)(2)

(millions of USD)

| | 2 months ended Mar-15 | 3 months ended Mar-16 |
|---|---|---|
| Ordinary revenues | 1,837 | 2,069 |
| Premium and other income | 926 | 1,366 |
| Investment income | 735 | 598 |
| Other ordinary revenues | 176 | 104 |
| Ordinary expenses | 1,744 | 1,897 |
| Benefits and claims | 1,002 | 1,196 |
| Provision for policy reserves and others | 432 | 317 |
| Investment expenses | 22 | 135 |
| Operating expenses | 114 | 189 |
| Other ordinary expenses | 172 | 57 |
| Ordinary profit | 92 | 172 |
| Total of corporate income taxes | 29 | 56 |
| Net income | 62 | 115 |

## Balance Sheet (1)(2)

(millions of USD)

| | As of Dec-15 | As of Mar-16 | Change |
|---|---|---|---|
| Total assets | 68,493 | 72,826 | +4,332 |
| Cash and deposits | 397 | 354 | (42) |
| Securities | 50,843 | 54,774 | +3,930 |
| Loans | 7,360 | 7,375 | +14 |
| Tangible fixed assets | 113 | 111 | (2) |
| Intangible fixed assets | 2,663 | 2,896 | +232 |
| Goodwill | 732 | 732 | - |
| Other intangible fixed assets | 1,915 | 2,148 | +232 |
| Reinsurance receivable | 165 | 174 | +8 |
| Total liabilities | 63,912 | 67,781 | +3,869 |
| Policy reserves and others | 57,893 | 58,691 | +797 |
| Reinsurance payables | 244 | 247 | +3 |
| Bonds payable | 2,238 | 4,359 | +2,120 |
| Other liabilities | 2,409 | 3,011 | +601 |
| Total net assets | 4,581 | 5,044 | +463 |
| Total shareholders' equity | 5,822 | 5,848 | +26 |
| Total accumulated other comprehensive income | (1,241) | (803) | +437 |

*(1) Disclosed after re-classifying items from Protective Life's financial statements under U.S. accounting standards to conform to Dai-ichi Life's disclosure standards.*
*(2) The fiscal year of Protective Life ends on December 31. Protective was acquired effective February 1, 2015 and is reported on a one quarter lag.*

# Appendix –
# Summary Financial Statements (TAL)



## Statement of Earnings(1)(2)

(millions of AUD)

| | 3 months ended Jun-15 | 3 months ended Jun-16 | Change |
|---|---|---|---|
| Ordinary revenues | 796 | 913 | +117 |
| Premium and other income | 690 | 825 | +134 |
| Investment income | 7 | 66 | +59 |
| Other ordinary revenues | 98 | 21 | (77) |
| Ordinary expenses | 768 | 848 | +80 |
| Benefits and claims | 445 | 554 | +109 |
| Provision for policy reserves and others | 94 | 91 | (2) |
| Investment expenses | 56 | 10 | (45) |
| Operating expenses | 148 | 165 | +16 |
| Other ordinary expenses | 24 | 27 | +2 |
| Ordinary profit | 28 | 64 | +36 |
| Total of corporate income taxes | 0 | 20 | +19 |
| Net income | 27 | 44 | +16 |
| Underlying profit | 45 | 40 | (4) |

## Balance Sheet(1)(2)

(millions of AUD)

| | As of Mar-16 | As of Jun-16 | Change |
|---|---|---|---|
| Total assets | 7,043 | 7,083 | +39 |
| Cash and deposits | 1,358 | 1,371 | +13 |
| Securities | 2,859 | 2,880 | +21 |
| Tangible fixed assets | 0 | 0 | (0) |
| Intangible fixed assets | 1,207 | 1,199 | (7) |
| Goodwill | 786 | 786 | - |
| Other intangible fixed assets | 420 | 413 | (7) |
| Reinsurance receivable | 148 | 165 | +17 |
| Other assets | 1,470 | 1,464 | (5) |
| Total liabilities | 4,890 | 4,896 | +5 |
| Policy reserves and others | 3,491 | 3,536 | +45 |
| Reinsurance payables | 332 | 312 | (20) |
| Other liabilities | 978 | 945 | (32) |
| Deferred tax liabilities | 89 | 101 | +12 |
| Total net assets | 2,152 | 2,187 | +34 |
| Total shareholders' equity | 2,152 | 2,187 | +34 |
| Capital stock | 1,630 | 1,630 | - |
| Retained earnings | 522 | 556 | +34 |

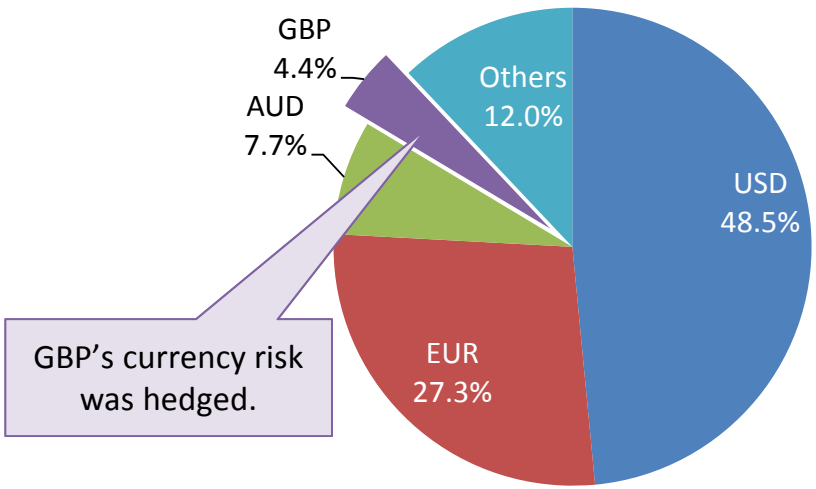
*(1) Figures for consolidated holding company (i.e., TAL Dai-ichi Life Australia Pty Ltd).*
*(2) Figures for TAL (excluding underlying profit) are disclosed after re-classifying items from TAL's financial statements under Australian accounting standards to conform to Dai-ichi Life's disclosure standards.*

# Appendix –
# Profile of Foreign Bonds and Stocks (Dai-ichi Life non-consolidated)

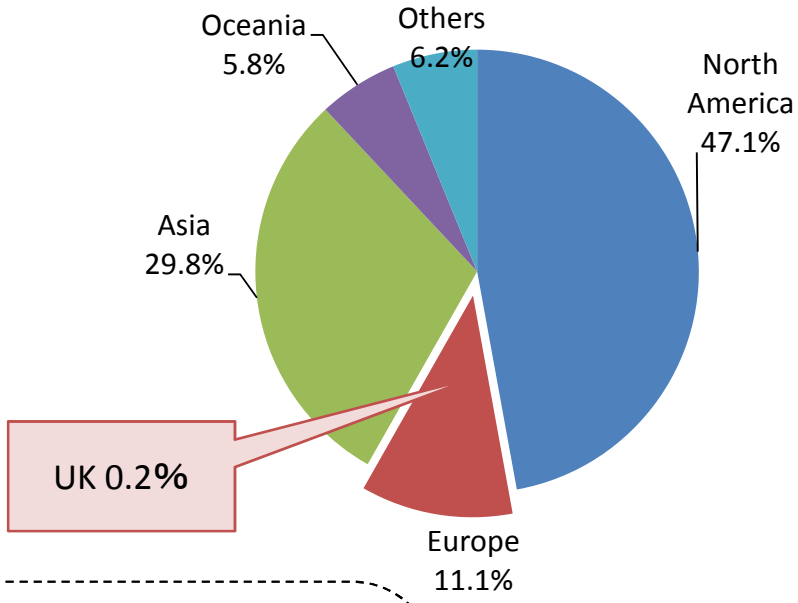
By your side, for life

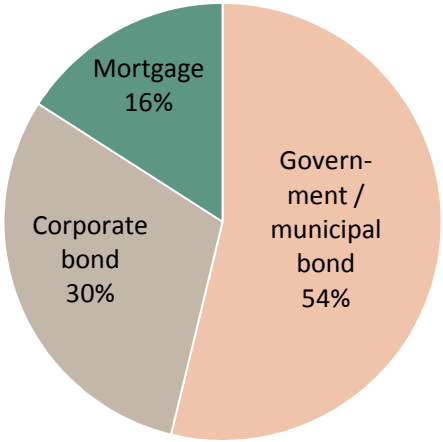
DAI-ICHI LIFE

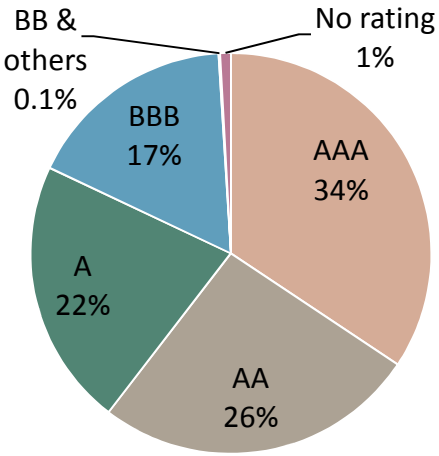
## Foreign Currency–denominated Bonds Portfolio (1) (2)(Jun-16)




## Foreign Stocks by Region(1) (3)




(1) *Carrying amount - basis*
(2) *Ratings are medium revaluation between S&P & Moody's, excluding mortgage*
(3) *Excluding stocks of subsidiaries and investment trust etc.*

# Dai-ichi Life non-consolidated: Sensitivities to Financial Markets

By your side, for life

DAI-ICHI LIFE

| | Sensitivities(1) | Breakeven Points(2) |
|---|---|---|
| Domestic stocks | Nikkei 225 1,000 yen change:<br><br>June 2016: ±170 billion yen<br>(March 2016: ±170 billion yen) | Nikkei 225<br><br>June 2016: 9,300 yen<br>(March 2016: 9,400 yen) |
| Domestic bonds | 10-year JGB Yield 10bp change:<br><br>June 2016: ±300 billion yen *<br>(March 2016: ±290 billion yen)<br><br>* Available-for-sale securities:<br>June 2016: ±40 billion yen<br>(March 2016: ±40 billion yen) | 10-year JGB Yield<br><br>June 2016: 1.4% *<br>(March 2016: 1.3%)<br><br>* Available-for-sale securities:<br>June 2016: 1.4%<br>(March 2016: 1.4%) |
| Foreign securities | JPY / USD 1 yen change:<br><br>June 2016: ±26 billion yen<br>(March 2016: ±29 billion yen) | JPY / USD<br><br>June 2016: $1 = 103 yen<br>(March 2016: 103 yen) |

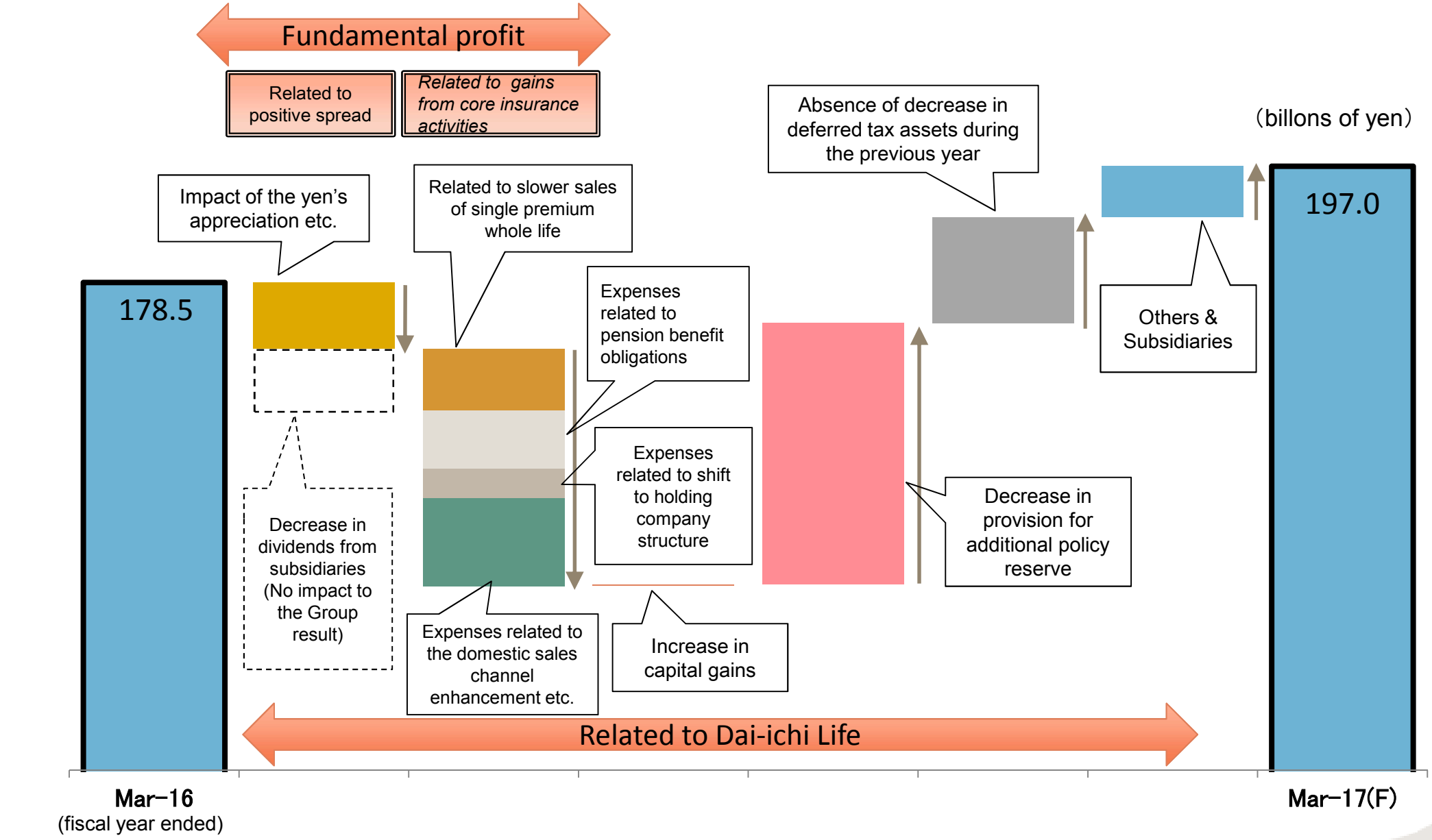
*(1) Sensitivities indicate the impact of fluctuations in the market value of related assets.*

*(2) Breakeven points indicate assumptions when unrealized gains or losses of the related assets would be zero. Figures for foreign securities are calculated for foreign exchange factors only, based on the JPY/USD exchange rate (assuming all are in USD).*

# [Reproduced] Analysis of the reasons for the increase/decrease in consolidated net income(1)

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DAI-ICHI LIFE



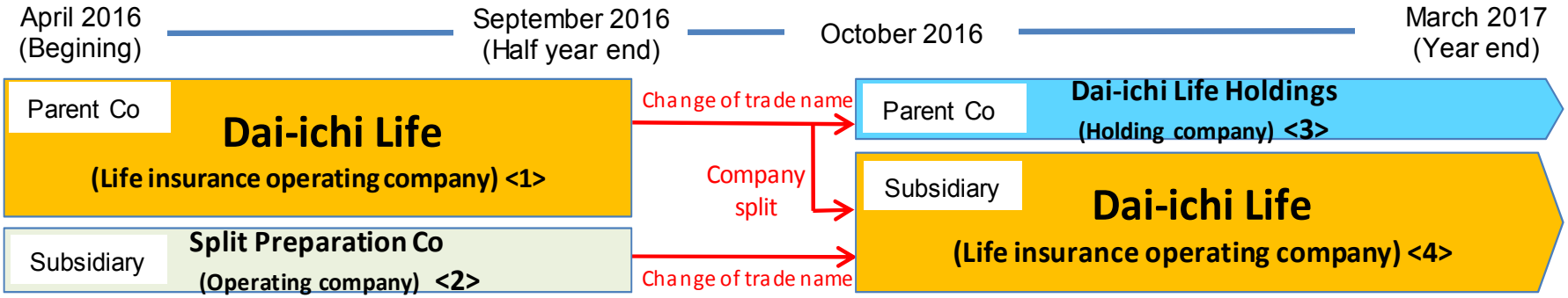

*(1) Figures of "Consol. Net Income" represent those of "Net income attributable to shareholders of parent company".*

# [Reproduced] Disclosure of Dai-ichi Life's Transition to a Holding Company Structure

By your side, for life

DAI-ICHI LIFE

- In this presentation the guidance for Dai-ichi Life as a life insurance operating company for the year ending March 2017 will be the sum of the results from current Dai-ichi Life <1> and Dai-ichi Life as a life operating company after the corporate split <4>. The impact of the results of the Split Preparation Company <2> will be marginal to the consolidated results.
- Dai-ichi Life as a parent company of the Group recognizes dividends received from its subsidiaries and affiliates, among others, in dividend and interest income. After the corporate split, Dai-ichi Life Holdings will hold shares in some of the subsidiaries and affiliates and thus recognize dividends from them. On the other hand, Dai-ichi Life, as a life operating company, will receive less dividends and interest. But there is no impact on a consolidated basis.
- In the ordinary course of business, Dai-ichi Life Holdings will recognize dividend income from its subsidiaries and affiliates, management fees, and holding company operating expenses. The guidance for Dai-ichi Life Holdings for the year ending March 31, 2017 is indicated in column <3> of the tables below.
- See page 28 for guidance on the listed holding company on a non-consolidated basis for the year ending March 31, 2017.




(billions of yen)

| Dai-ichi Life's forecast for the year ending March 31,2017 | |
|---|---|
| Ordinary revenues | 3,796 |
| Ordinary profit | 324 |
| Net income | 133 |

=

(billions of yen)

| Dai-ichi Life (current) <1> From April 1, 2016 to September 30, 2016 |
|---|
| 1,929 |
| 166 |
| 68 |

+

(billions of yen)

| Dai-ichi Life (new) <4> From October 1, 2016 to March 31, 2017 |
|---|
| 1,867 |
| 157 |
| 65 |

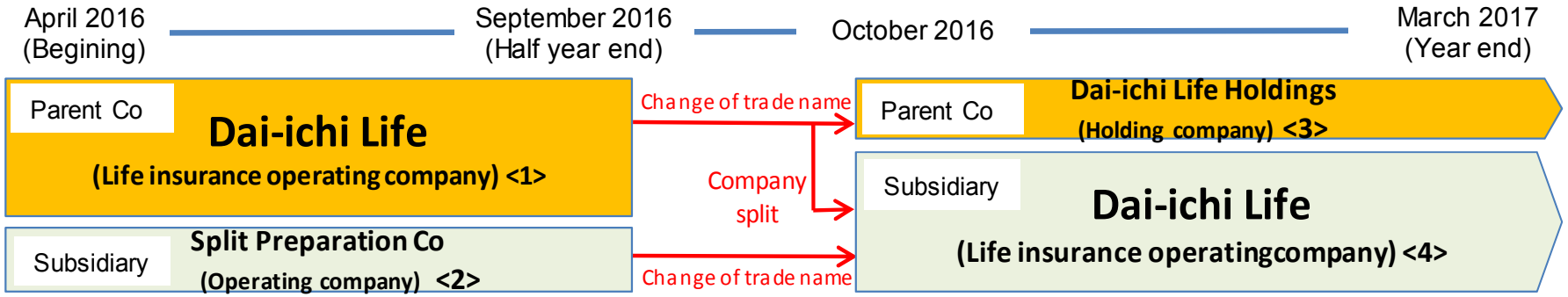
(billions of yen)

| Dai-ichi Life Holdings <3> From October 1, 2016 to March 31, 2017 |
|---|
| 18 |
| 12 |
| 12 |

# [Reproduced] Guidance for Non-consolidated Listed Entity

By your side, for life
DAI-ICHI LIFE

- Dai-ichi Life plans to shift to a holding company structure on October 1, 2016 by means of a corporate split. Prior to the split, Dai-ichi Life, as a parent company of the Group, reports consolidated results as a listed entity. On and after the split, Dai-ichi Life Holdings, a successor company, will be the listed entity and will report consolidated results.
- The guidance on the non-consolidated company basis for the year ending March 31, 2017 as a listed entity will be the sum of the results from Dai-ichi Life as a parent company <1> and the results of the holding company <3>.




(billions of yen)

| Dai-ichi Life's forecast ( as a listed company) for the year ending March 31,2017 | |
|---|---|
| Ordinary revenues | 1,947 |
| Ordinary profit | 179 |
| Net income | 81 |

=

(billions of yen)

| Dai-ichi Life (current) <1> From April 1, 2016 to September 30, 2016 |
|---|
| 1,929 |
| 166 |
| 68 |

+

(billions of yen)

| Dai-ichi Life Holdings <3> From October 1, 2016 to March 31, 2017 |
|---|
| 18 |
| 12 |
| 12 |

## Investor Contact

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## Disclaimer

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August 9, 2016

Koichiro Watanabe
President and Representative Director
The Dai-ichi Life Insurance Company, Limited
Code: 8750 (TSE First section)

# (Unofficial Translation) Summary of Financial Results for the Three Months Ended June 30, 2016

**1. Sales Results**

(millions of yen except percentages)

| | Three months ended / as of June 30, 2016 | | | Three months ended / as of June 30, 2015 | Year ended / as of March 31, 2016 |
|---|---|---|---|---|---|
| | | Increase (decrease) as % of June 30, 2015 | Increase (decrease) as % of March 31, 2016 | | |
| Annualized net premium of new policies (sum of group companies) | 66,701 | (11.1%) | - | 75,011 | 387,292 |
| DL | 34,705 | + 14.7% | - | 30,266 | 140,645 |
| Medical and survival benefits | 11,291 | (3.5%) | - | 11,700 | 51,249 |
| Annualized net premium of policies in force (sum of group companies) | 3,341,793 | + 2.5% | (1.6%) | 3,258,985 | 3,396,202 |
| DL | 2,072,083 | + 1.6% | + 0.3% | 2,039,391 | 2,065,032 |
| Medical and survival benefits | 580,387 | + 3.6% | + 0.7% | 560,255 | 576,556 |
| Premium and other income (consolidated basis) | 1,092,356 | (18.3%) | - | 1,336,290 | 5,586,000 |
| DL | 637,133 | (12.1%) | - | 725,243 | 2,866,602 |
| Individual insurance and annuities | 442,393 | (2.4%) | - | 453,235 | 1,923,189 |
| Group insurance and annuities | 186,116 | (29.3%) | - | 263,091 | 908,513 |
| Sum insured of new policies (sum of DL, DFL and Neo First Life) | 967,909 | (10.9%) | - | 1,086,033 | 5,063,879 |
| DL | 751,767 | + 9.8% | - | 684,407 | 3,297,473 |
| Sum insured of policies in force (sum of DL, DFL and Neo First Life) | 129,948,250 | (3.9%) | (1.2%) | 135,158,449 | 131,497,494 |
| DL | 123,353,899 | (4.6%) | (1.1%) | 129,293,752 | 124,721,652 |
| Amount of surrenders and lapses (sum of DL, DFL and Neo First Life) | 1,205,420 | (15.2%) | - | 1,422,023 | 5,288,048 |
| DL | 1,162,959 | (12.6%) | - | 1,331,314 | 5,065,766 |
| Surrender and lapse rate (sum of DL, DFL and Neo First Life) | 0.92% | - | - | 1.04% | 3.87% |
| DL | 0.93% | - | - | 1.02% | 3.87% |

*Note: 1. "group companies" represents The Dai-ichi Life Insurance Company, Limited ("DL"), The Dai-ichi Frontier Life Insurance Co., Ltd. ("DFL"), The Neo First Life Insurance Company, Limited ("Neo First Life"), Protective Life Corporation ("Protective Life"), TAL Dai-ichi Life Australia Pty Ltd ("TAL") and Dai-ichi Life Insurance Company of Vietnam, Limited ("Dai-ichi Life Vietnam").*

*2. The fiscal year of Protective Life and Dai-ichi Life Vietnam ends on December 31.*

*3. Figures of ANP of new policies and ANP of policies in force include Protective Life's non-life insurance premium and TAL's group insurance premium. The details are as follows:*

*[Protective Life]*

*Three months ended / as of June 30, 2015 — ANP of new policies : 5,718 million yen (including 1,618 million yen of non-life insurance premium).*
*ANP of policies in force : 508,521 million yen (including 27,622 million yen of non-life insurance premium).*
*Year ended / as of March 31, 2016 — ANP of new policies : 35,685 million yen (including 8,931 million yen of non-life insurance premium).*
*ANP of policies in force : 511,128 million yen (including 28,574 million yen of non-life insurance premium).*
*Three months ended / as of June 30, 2016 — ANP of new policies : 8,713 million yen (including 2,200 million yen of non-life insurance premium).*
*ANP of policies in force : 488,988 million yen (including 26,684 million yen of non-life insurance premium).*

*[TAL]*

*Three months ended / as of June 30, 2015 — ANP of new policies : 1,686 million yen (including (4,026 million) yen of group insurance premium).*
*ANP of policies in force : 209,976 million yen (including 120,432 million yen of group insurance premium).*
*Year ended / as of March 31, 2016 — ANP of new policies : 49,484 million yen (including 29,484 million yen of group insurance premium).*
*ANP of policies in force : 229,956 million yen (including 142,765 million yen of group insurance premium).*
*Three months ended / as of June 30, 2016 — ANP of new policies : 2,846 million yen (including (1,939 million) yen of group insurance premium).*
*ANP of policies in force : 204,384 million yen (including 125,013 million yen of group insurance premium).*

** TAL's ANP of new policies includes the impact of premium revision related to policies in force.*

*4. "Individual insurance and annuities" and "Group insurance and annuities" as a breakdown of "Premium and other income" do not include reinsurance premium.*

*5. Figures of "Sum insured of new policies", "Sum insured of policies in force", "Amount of surrenders and lapses" and "Surrender and lapse rate" represent those for sums of individual insurance and annuities.*

*6. The amounts of surrenders and lapses are not offset by the amounts of lapses which are reinstated. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force policies.*

**2. Assets**

**(Consolidated Basis)**

| | As of June 30, 2016 | | As of March 31, 2016 |
|---|---|---|---|
| | | Increase (decrease) as % of March 31, 2016 | |
| Total assets (billions of yen) | 49,677.1 | (0.5%) | 49,924.9 |
| Adjusted net assets (billions of yen) | 11,096.5 | + 8.5% | 10,227.9 |
| Solvency margin ratio | 785.0% | + 21.2 points | 763.8% |

*Note: Adjusted net assets and solvency margin ratio as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement into account.*

**(DL)**

| | As of June 30, 2016 | | As of March 31, 2016 |
|---|---|---|---|
| | | Increase (decrease) as % of March 31, 2016 | |
| Total assets (billions of yen) | 35,863.1 | (0.1%) | 35,894.9 |
| Adjusted net assets (billions of yen) | 10,763.2 | + 6.9% | 10,072.9 |
| (Adjusted net assets) / (general account assets) | 30.8% | - | 28.8% |
| Solvency margin ratio | 906.0% | + 5.2 points | 900.8% |

*Note: Adjusted net assets and solvency margin ratio as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement into account.*

**3. Fundamental Profit**

(millions of yen except percentages)

| | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|
| | | Increase (decrease) as % of June 30, 2015 | | |
| Fundamental profit (sum of group companies) | 59,343 | (63.0%) | 160,527 | 535,139 |
| Fundamental profit (sum of DL, DFL and Neo First Life) | 41,690 | (71.5%) | 146,227 | 467,443 |
| Fundamental profit (DL) | 86,363 | (28.0%) | 120,006 | 465,441 |
| Fundamental profit (DFL) | (43,072) | - | 26,168 | 9,138 |
| Fundamental profit (Neo First Life) | (1,600) | - | 53 | (7,136) |
| Fundamental profit (sum of overseas group companies) | 17,653 | + 23.5% | 14,299 | 67,696 |

*Note: "sum of group companies" represents the figure of DL, DFL and Neo First Life's fundamental profit plus Protective Life's operating income plus TAL's underlying profit before tax plus Dai-ichi Life Vietnam's net income before tax (after partial elimination of intra-group transactions).*

**4. Breakdown of Fundamental Profit**

(Sum of DL, DFL and Neo First Life) (millions of yen except percentages)

| | | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|---|
| | | | Increase (decrease) as % of June 30, 2015 | | |
| Fundamental profit | | 41,690 | (71.5%) | 146,227 | 467,443 |
| | Provision for / reversal of policy reserve associated with guaranteed minimum maturity benefits etc. | (46,656) | - | 16,527 | (39,558) |
| | Fundamental profit excluding effect of provision for / reversal of policy reserve associated with guaranteed minimum maturity benefits etc. | 88,347 | (31.9%) | 129,700 | 507,001 |

*Note: Policy reserve associated with guaranteed minimum maturity benefits etc. represents a policy reserve associated with guaranteed minimum maturity benefit risk of variable insurance and a policy reserve associated with market value adjustments of fixed life insurance products. An increase (decrease) in such reserve reduces (increases) fundamental profit.*

(DL) (millions of yen except percentages)

| | | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|---|
| | | | Increase (decrease) as % of June 30, 2015 | | |
| Fundamental profit | | 86,363 | (28.0%) | 120,006 | 465,441 |
| | Provision for / reversal of policy reserve associated with guaranteed minimum maturity benefits etc. | (37) | - | 272 | 439 |
| | Fundamental profit excluding effect of provision for / reversal of policy reserve associated with guaranteed minimum maturity benefits etc. | 86,401 | (27.8%) | 119,733 | 465,001 |

**5. Policy Reserves and Other Reserves** (millions of yen)

| | | As of June 30, 2016 | | As of March 31, 2016 |
|---|---|---|---|---|
| | | | Increase (decrease) compared to March 31, 2016 | |
| Policy reserve (excluding contingency reserve) | | 29,445,059 | + 36,943 | 29,408,116 |
| | General account (excluding contingency reserve) | 28,460,607 | + 71,149 | 28,389,457 |
| | Separate account (excluding contingency reserve) | 984,452 | (34,206) | 1,018,659 |
| Reserve for price fluctuations | | 152,453 | + 4,000 | 148,453 |
| Contingency reserve | | 580,593 | + 4,500 | 576,093 |
| Fund for risk allowance | | 43,120 | - | 43,120 |
| Fund for price fluctuation allowance | | 65,000 | - | 65,000 |

*Note: Non-consolidated basis (DL)*

**6. Unrealized Gains/Losses** (millions of yen)

| | | As of June 30, 2016 | | As of March 31, 2016 |
|---|---|---|---|---|
| | | | Increase (decrease) compared to March 31, 2016 | |
| Securities | | 6,840,325 | + 628,315 | 6,212,010 |
| | Domestic stocks | 1,186,077 | (126,729) | 1,312,806 |
| | Domestic bonds | 4,991,544 | + 968,555 | 4,022,989 |
| | Foreign securities | 669,398 | (181,436) | 850,834 |
| Real estate | | 133,544 | + 3,202 | 130,341 |
| Total unrealized gains (losses) | | 7,003,625 | + 668,977 | 6,334,647 |

*Note: 1. Unrealized gains on real estate shown above represent pre-revaluation value of real estate, including land leasing rights, located in Japan.*
*2. Non-consolidated basis (DL)*

**7. Level of Indices where Unrealized Gains/Losses on Assets are Break-even**

| | As of June 30, 2016 |
|---|---|
| Nikkei 225 | Approx. 9,300 |
| TOPIX | Approx. 750 pts |
| Domestic bonds | Approx. 1.4 % |
| Foreign securities | Approx. 103 yen per USD |

*Note: 1. For domestic stocks, calculated based on valuation method of stocks, fully linked with Nikkei 225 and TOPIX.*
*2. For domestic bonds, rounded to one decimal place, calculated based on newly-issued 10-year government bond yields.*
*3. For foreign securities, calculated based on dollar-yen rate (assuming all are in dollars).*
*4. Non-consolidated basis (DL)*

**8. Over-the-counter Sales by Financial Institutions (Sum of DL and DFL)**

| | | | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|---|---|
| | | | | Increase (decrease) as % of June 30, 2015 | | |
| Variable annuities | Number of new policies | | 16,823 | (55.7%) | 37,944 | 132,755 |
| | Premium from new policies | (millions of yen) | 88,676 | (61.4%) | 229,931 | 775,443 |
| Fixed annuities | Number of new policies | | 3,677 | 27.2% | 2,890 | 12,912 |
| | Premium from new policies | (millions of yen) | 17,016 | 17.6% | 14,466 | 61,252 |

*Note: Financial institutions include banks, securities companies, trust banks and credit unions.*

| | | | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|---|---|
| | | | | Increase (decrease) as % of June 30, 2015 | | |
| Single premium variable whole life insurance | Number of new policies | | 4,397 | +212.7% | 1,406 | 39,358 |
| | Premium from new policies | (millions of yen) | 32,503 | +194.4% | 11,041 | 284,624 |
| Single premium fixed whole life insurance | Number of new policies | | 7,845 | (53.0%) | 16,691 | 74,755 |
| | Premium from new policies | (millions of yen) | 60,995 | (49.7%) | 121,319 | 550,027 |

*Note: Financial institutions include banks, securities companies, trust banks and credit unions.*

August 9, 2016

# Financial Results for the Three Months Ended June 30, 2016

The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the three months ended June 30, 2016.

[Contents]


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For further information please contact:

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

# 1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(billions of yen)

| | As of March 31, 2016 | As of June 30, 2016 | |
|---|---|---|---|
| | | | % of March 31, 2016 total |
| Individual insurance | 1,629.9 | 1,624.1 | 99.6 |
| Individual annuities | 435.0 | 447.9 | 103.0 |
| Total | 2,065.0 | 2,072.0 | 100.3 |
| Medical and survival benefits | 576.5 | 580.3 | 100.7 |

New Policies

(billions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 | |
|---|---|---|---|
| | | | % of June 30, 2015 total |
| Individual insurance | 22.8 | 20.4 | 89.4 |
| Individual annuities | 7.4 | 14.2 | 192.4 |
| Total | 30.2 | 34.7 | 114.7 |
| Medical and survival benefits | 11.7 | 11.2 | 96.5 |

Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

2. Annualized net premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

3. "New policies" include net increase by conversion.

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

Policies in Force

| | As of March 31, 2016 | | As of June 30, 2016 | | | |
|---|---|---|---|---|---|---|
| | Number of policies (thousands) | Amount (billions of yen) | Number of policies (thousands) | % of March 31, 2016 total | Amount (billions of yen) | % of March 31, 2016 total |
| Individual insurance | 11,680 | 114,816.0 | 11,695 | 100.1 | 113,226.6 | 98.6 |
| Individual annuities | 1,650 | 9,905.6 | 1,692 | 102.5 | 10,127.2 | 102.2 |
| Individual insurance and annuities | 13,331 | 124,721.6 | 13,388 | 100.4 | 123,353.8 | 98.9 |
| Group insurance | - | 48,020.2 | - | - | 48,136.1 | 100.2 |
| Group annuities | - | 6,064.2 | - | - | 6,025.1 | 99.4 |

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

New Policies

| | Number of policies | | Amount | | | |
|---|---|---|---|---|---|---|
| | (thousands) | % of June 30, 2015 total | (billions of yen) | New Business | Net increase by conversion | % of June 30, 2015 total |
| Three months ended June 30, 2015 | | | | | | |
| Individual insurance | 234 | | 480.5 | 941.5 | (460.9) | |
| Individual annuities | 29 | | 203.8 | 206.8 | (3.0) | |
| Individual insurance and annuities | 263 | | 684.4 | 1,148.4 | (464.0) | |
| Group insurance | - | | 17.7 | 17.7 | - | |
| Group annuities | - | | 0.1 | 0.1 | - | |
| Three months ended June 30, 2016 | | | | | | |
| Individual insurance | 230 | 98.7 | 430.1 | 862.4 | (432.2) | 89.5 |
| Individual annuities | 54 | 180.8 | 321.5 | 324.0 | (2.4) | 157.8 |
| Individual insurance and annuities | 285 | 108.0 | 751.7 | 1,186.4 | (434.7) | 109.8 |
| Group insurance | - | - | 27.2 | 27.2 | - | 153.4 |
| Group annuities | - | - | 0.0 | 0.0 | - | 44.2 |

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

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|
| Amount of surrenders and lapses | 1,331.3 | 1,162.9 |
| Surrender and lapse rate (%) | 1.02 | 0.93 |

Note: 1. The amount of lapses is not offset by the amount of lapses which are reinstated.
2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts.

## 2. Investment Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

| | As of March 31, 2016 | | As of June 30, 2016 | |
|---|---|---|---|---|
| | Carrying amount | % | Carrying amount | % |
| Cash, deposits, and call loans | 607,476 | 1.7 | 825,393 | 2.4 |
| Securities repurchased under resale agreements | - | - | - | - |
| Deposit paid for securities borrowing transactions | - | - | - | - |
| Monetary claims bought | 233,206 | 0.7 | 224,519 | 0.6 |
| Trading account securities | - | - | - | - |
| Money held in trust | 52,806 | 0.2 | 47,917 | 0.1 |
| Securities | 29,407,417 | 84.1 | 28,912,974 | 82.6 |
| Domestic bonds | 16,372,818 | 46.8 | 16,290,424 | 46.6 |
| Domestic stocks | 3,353,552 | 9.6 | 3,236,921 | 9.3 |
| Foreign securities | 9,091,602 | 26.0 | 8,843,448 | 25.3 |
| Foreign bonds | 6,907,918 | 19.8 | 6,969,862 | 19.9 |
| Foreign stocks and other securities | 2,183,683 | 6.2 | 1,873,585 | 5.4 |
| Other securities | 589,444 | 1.7 | 542,180 | 1.5 |
| Loans | 2,826,052 | 8.1 | 2,789,737 | 8.0 |
| Policy loans | 405,056 | 1.2 | 400,422 | 1.1 |
| Ordinary loans | 2,420,995 | 6.9 | 2,389,315 | 6.8 |
| Real estate | 1,157,543 | 3.3 | 1,138,082 | 3.3 |
| Real estate for rent | 784,749 | 2.2 | 778,615 | 2.2 |
| Deferred tax assets | - | - | - | - |
| Others | 688,292 | 2.0 | 1,055,513 | 3.0 |
| Reserve for possible loan losses | (1,237) | (0.0) | (1,220) | (0.0) |
| Total | 34,971,556 | 100.0 | 34,992,916 | 100.0 |
| Foreign currency-denominated assets | 7,661,764 | 21.9 | 7,981,650 | 22.8 |

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

(2) Fair Value Information on Securities (General Account)
(securities with fair value except for trading securities)

(millions of yen)

| | Book value | Fair value | Gains (losses) | | |
|---|---|---|---|---|---|
| | | | | Gains | Losses |
| As of March 31, 2016 | | | | | |
| Held-to-maturity bonds | 45,712 | 51,296 | 5,583 | 5,583 | - |
| Domestic bonds | 45,712 | 51,296 | 5,583 | 5,583 | - |
| Foreign bonds | - | - | - | - | - |
| Policy-reserve-matching bonds | 12,027,685 | 15,449,932 | 3,422,247 | 3,422,586 | 339 |
| Domestic bonds | 11,948,259 | 15,369,411 | 3,421,152 | 3,421,152 | - |
| Foreign bonds | 79,425 | 80,520 | 1,095 | 1,434 | 339 |
| Stocks of subsidiaries and affiliated companies | 26,570 | 61,653 | 35,082 | 35,101 | 18 |
| Available-for-sale securities | 12,927,650 | 15,628,568 | 2,700,917 | 2,874,655 | 173,738 |
| Domestic bonds | 3,782,592 | 4,378,846 | 596,253 | 596,857 | 603 |
| Domestic stocks | 1,677,678 | 2,990,485 | 1,312,806 | 1,409,264 | 96,457 |
| Foreign securities | 6,759,695 | 7,526,318 | 766,622 | 830,252 | 63,629 |
| Foreign bonds | 6,150,829 | 6,828,492 | 677,663 | 714,258 | 36,594 |
| Foreign stocks and other securities | 608,865 | 697,825 | 88,959 | 115,994 | 27,035 |
| Other securities | 484,658 | 497,071 | 12,412 | 25,441 | 13,028 |
| Monetary claims bought | 220,436 | 233,206 | 12,769 | 12,787 | 17 |
| Certificates of deposit | - | - | - | - | - |
| Money held in trust | 2,587 | 2,640 | 52 | 52 | - |
| Total | 25,027,619 | 31,191,450 | 6,163,830 | 6,337,926 | 174,095 |
| Domestic bonds | 15,776,565 | 19,799,554 | 4,022,989 | 4,023,592 | 603 |
| Domestic stocks | 1,677,678 | 2,990,485 | 1,312,806 | 1,409,264 | 96,457 |
| Foreign securities | 6,864,951 | 7,667,606 | 802,655 | 866,642 | 63,987 |
| Foreign bonds | 6,230,255 | 6,909,013 | 678,758 | 715,692 | 36,933 |
| Foreign stocks and other securities | 634,695 | 758,592 | 123,896 | 150,950 | 27,053 |
| Other securities | 485,399 | 497,958 | 12,558 | 25,587 | 13,028 |
| Monetary claims bought | 220,436 | 233,206 | 12,769 | 12,787 | 17 |
| Certificates of deposit | - | - | - | - | - |
| Money held in trust | 2,587 | 2,640 | 52 | 52 | - |
| As of June 30, 2016 | | | | | |
| Held-to-maturity bonds | 45,788 | 51,722 | 5,934 | 5,934 | - |
| Domestic bonds | 45,788 | 51,722 | 5,934 | 5,934 | - |
| Foreign bonds | - | - | - | - | - |
| Policy-reserve-matching bonds | 12,037,073 | 16,337,122 | 4,300,048 | 4,300,048 | - |
| Domestic bonds | 11,946,648 | 16,243,751 | 4,297,102 | 4,297,102 | - |
| Foreign bonds | 90,424 | 93,371 | 2,946 | 2,946 | - |
| Stocks of subsidiaries and affiliated companies | 26,355 | 53,341 | 26,986 | 27,008 | 22 |
| Available-for-sale securities | 12,880,488 | 15,416,455 | 2,535,967 | 2,802,105 | 266,137 |
| Domestic bonds | 3,609,480 | 4,297,987 | 688,507 | 690,149 | 1,642 |
| Domestic stocks | 1,687,716 | 2,873,793 | 1,186,077 | 1,297,613 | 111,536 |
| Foreign securities | 6,798,746 | 7,466,822 | 668,076 | 787,800 | 119,724 |
| Foreign bonds | 6,253,811 | 6,879,437 | 625,625 | 709,450 | 83,824 |
| Foreign stocks and other securities | 544,934 | 587,384 | 42,450 | 78,349 | 35,899 |
| Other securities | 470,104 | 450,939 | (19,164) | 13,829 | 32,993 |
| Monetary claims bought | 211,854 | 224,519 | 12,665 | 12,712 | 47 |
| Certificates of deposit | 100,000 | 99,992 | (7) | - | 7 |
| Money held in trust | 2,587 | 2,402 | (185) | - | 185 |
| Total | 24,989,705 | 31,858,642 | 6,868,936 | 7,135,096 | 266,160 |
| Domestic bonds | 15,601,916 | 20,593,460 | 4,991,544 | 4,993,186 | 1,642 |
| Domestic stocks | 1,687,716 | 2,873,793 | 1,186,077 | 1,297,613 | 111,536 |
| Foreign securities | 6,914,987 | 7,612,996 | 698,008 | 817,755 | 119,746 |
| Foreign bonds | 6,344,236 | 6,972,808 | 628,572 | 712,396 | 83,824 |
| Foreign stocks and other securities | 570,750 | 640,187 | 69,436 | 105,358 | 35,922 |
| Other securities | 470,642 | 451,478 | (19,164) | 13,829 | 32,993 |
| Monetary claims bought | 211,854 | 224,519 | 12,665 | 12,712 | 47 |
| Certificates of deposit | 100,000 | 99,992 | (7) | - | 7 |
| Money held in trust | 2,587 | 2,402 | (185) | - | 185 |

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

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

(millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Held-to-maturity bonds | - | - |
| Unlisted foreign bonds | - | - |
| Others | - | - |
| Policy-reserve-matching bonds | - | - |
| Stocks of subsidiaries and affiliated companies | 1,100,671 | 1,100,493 |
| Unlisted domestic stocks (except over-the-counter stocks) | 236,944 | 237,044 |
| Unlisted foreign stocks (except over-the-counter stocks) | 783,945 | 783,945 |
| Others | 79,781 | 79,504 |
| Available-for-sale securities | 813,855 | 613,839 |
| Unlisted domestic stocks (except over-the-counter stocks) | 126,122 | 126,084 |
| Unlisted foreign stocks (except over-the-counter stocks) | 665,001 | 465,001 |
| Unlisted foreign bonds | - | - |
| Others | 22,731 | 22,753 |
| Total | 1,914,526 | 1,714,333 |

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

2. The amounts of foreign exchange valuation gains (losses) on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows:
gain of 48,179 million yen as of March 31, 2016 and loss of 28,610 million yen as of June 30, 2016.

(3) Fair Value Information on Money Held in Trust (General Account)

(millions of yen)

| | Carrying amount on the balance sheet | Fair value | Gains (losses) | | |
|---|---|---|---|---|---|
| | | | | Gains | Losses |
| As of March 31, 2016 | 52,806 | 52,806 | (4,407) | 7,143 | 11,551 |
| As of June 30, 2016 | 47,917 | 47,917 | (2,061) | 9,592 | 11,653 |

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.
"Gains (losses)" include gains (losses) from derivative transactions within the trusts.

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

(millions of yen)

| | As of March 31, 2016 | | As of June 30, 2016 | |
|---|---|---|---|---|
| | Carrying amount on the balance sheet | Valuation gains (losses) included in the statement of earnings | Carrying amount on the balance sheet | Valuation gains (losses) included in the statement of earnings |
| Money held in trust for investment purpose | 50,166 | (4,459) | 45,514 | (1,778) |

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

(millions of yen)

| | As of March 31, 2016 | | | | | As of June 30, 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book Value | Fair value | Gains (losses) | | | Book Value | Fair value | Gains (losses) | | |
| | | | | Gains | Losses | | | | Gains | Losses |
| Money held in trust classified as held-to-maturity | - | - | - | - | - | - | - | - | - | - |
| Money held in trust classified as policy-reserve-matching | - | - | - | - | - | - | - | - | - | - |
| Money held in trust classified as available-for-sale | 2,587 | 2,640 | 52 | 52 | - | 2,587 | 2,402 | (185) | - | 185 |

## 3. Unaudited Quarterly Non-Consolidated Balance Sheet

(millions of yen)

| | As of March 31, 2016 (summarized) | As of June 30, 2016 |
|---|---|---|
| (ASSETS) | | |
| Cash and deposits | 528,337 | 756,667 |
| Call loans | 116,900 | 85,900 |
| Monetary claims bought | 233,206 | 224,519 |
| Money held in trust | 52,806 | 47,917 |
| Securities | 30,250,119 | 29,714,093 |
| [ Government bonds ] | [ 14,545,593 ] | [ 14,437,441 ] |
| [ Local government bonds ] | [ 125,047 ] | [ 124,859 ] |
| [ Corporate bonds ] | [ 1,910,798 ] | [ 1,932,837 ] |
| [ Stocks ] | [ 3,560,485 ] | [ 3,421,013 ] |
| [ Foreign securities ] | [ 9,451,844 ] | [ 9,183,302 ] |
| Loans | 2,826,052 | 2,789,737 |
| Policy loans | 405,056 | 400,422 |
| Ordinary loans | 2,420,995 | 2,389,315 |
| Tangible fixed assets | 1,164,183 | 1,144,799 |
| Intangible fixed assets | 81,603 | 82,198 |
| Reinsurance receivable | 4,434 | 2,945 |
| Other assets | 541,917 | 908,485 |
| Customers' liabilities for acceptances and guarantees | 97,056 | 107,528 |
| Reserve for possible loan losses | (1,237) | (1,220) |
| Reserve for possible investment losses | (423) | (397) |
| Total assets | 35,894,956 | 35,863,175 |
| (LIABILITIES) | | |
| Policy reserves and others | 30,635,217 | 30,657,023 |
| Reserves for outstanding claims | 260,304 | 250,324 |
| Policy reserves | 29,984,210 | 30,025,653 |
| Reserve for policyholder dividends | 390,701 | 381,045 |
| Reinsurance payable | 684 | 778 |
| Subordinated bonds | 215,727 | 215,727 |
| Other liabilities | 1,095,099 | 1,166,242 |
| Corporate income tax payable | 28,307 | 32,291 |
| Lease liabilities | 4,393 | 4,208 |
| Asset retirement obligations | 2,675 | 2,685 |
| Other liabilities | 1,059,723 | 1,127,057 |
| Reserve for employees' retirement benefits | 377,967 | 380,124 |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 1,868 | 1,825 |
| Reserve for possible reimbursement of prescribed claims | 800 | 668 |
| Reserve for price fluctuations | 148,453 | 152,453 |
| Deferred tax liabilities | 138,696 | 87,060 |
| Deferred tax liabilities for land revaluation | 80,189 | 78,990 |
| Acceptances and guarantees | 97,056 | 107,528 |
| Total liabilities | 32,791,760 | 32,848,423 |
| (NET ASSETS) | | |
| Capital stock | 343,146 | 343,146 |
| Capital surplus | 343,772 | 343,693 |
| Legal capital surplus | 343,146 | 343,146 |
| Other capital surplus | 625 | 546 |
| Retained earnings | 511,892 | 530,942 |
| Legal retained earnings | 5,600 | 5,600 |
| Other retained earnings | 506,292 | 525,342 |
| Fund for risk allowance | 43,120 | 43,120 |
| Fund for price fluctuation allowance | 65,000 | 65,000 |
| Reserve for tax basis adjustments of real estate | 25,517 | 25,683 |
| Retained earnings brought forward | 372,655 | 391,538 |
| Treasury stock | (23,231) | (38,709) |
| Total shareholders' equity | 1,175,581 | 1,179,073 |
| Net unrealized gains (losses) on securities, net of tax | 1,946,957 | 1,827,837 |
| Deferred hedge gains (losses) | (3,865) | 24,557 |
| Reserve for land revaluation | (16,402) | (17,601) |
| Total of valuation and translation adjustments | 1,926,688 | 1,834,793 |
| Subscription rights to shares | 925 | 884 |
| Total net assets | 3,103,195 | 3,014,752 |
| Total liabilities and net assets | 35,894,956 | 35,863,175 |

## 4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|
| ORDINARY REVENUES | 1,160,076 | 1,022,150 |
| Premium and other income | 725,243 | 637,133 |
| [ Premium income ] | [ 725,084 ] | [ 636,971 ] |
| Investment income | 330,737 | 299,710 |
| [ Interest and dividends ] | [ 203,370 ] | [ 184,881 ] |
| [ Gains on money held in trust ] | [ 2,155 ] | [ - ] |
| [ Gains on sale of securities ] | [ 93,809 ] | [ 54,057 ] |
| [ Derivative transaction gains ] | [ - ] | [ 55,534 ] |
| [ Gains on investments in separate accounts ] | [ 21,353 ] | [ - ] |
| Other ordinary revenues | 104,094 | 85,305 |
| [ Reversal of reserves for outstanding claims ] | [ 932 ] | [ 9,979 ] |
| [ Transfer from policy reserves ] | [ 31,121 ] | [ - ] |
| ORDINARY EXPENSES | 1,024,159 | 901,934 |
| Benefits and claims | 779,063 | 571,161 |
| [ Claims ] | [ 174,345 ] | [ 190,077 ] |
| [ Annuities ] | [ 146,431 ] | [ 119,186 ] |
| [ Benefits ] | [ 103,485 ] | [ 99,641 ] |
| [ Surrender values ] | [ 187,828 ] | [ 121,550 ] |
| [ Other refunds ] | [ 166,633 ] | [ 40,320 ] |
| Provision for policy reserves and others | 2,154 | 43,573 |
| Provision for policy reserves | - | 41,443 |
| Provision for interest on policyholder dividends | 2,154 | 2,129 |
| Investment expenses | 65,574 | 99,646 |
| [ Interest expenses ] | [ 4,371 ] | [ 2,704 ] |
| [ Losses on money held in trust ] | [ - ] | [ 521 ] |
| [ Losses on sale of securities ] | [ 12,926 ] | [ 17,117 ] |
| [ Losses on valuation of securities ] | [ 1,473 ] | [ 9,144 ] |
| [ Derivative transaction losses ] | [ 19,205 ] | [ - ] |
| [ Losses on investments in separate accounts ] | [ - ] | [ 26,368 ] |
| Operating expenses | 93,468 | 97,606 |
| Other ordinary expenses | 83,898 | 89,946 |
| ORDINARY PROFIT | 135,917 | 120,215 |
| EXTRAORDINARY GAINS | 71 | 1,487 |
| Gains on disposal of fixed assets | 71 | 1,487 |
| EXTRAORDINARY LOSSES | 5,289 | 15,208 |
| Losses on disposal of fixed assets | 144 | 1,277 |
| Impairment losses on fixed assets | 1,145 | 9,931 |
| Provision for reserve for price fluctuations | 4,000 | 4,000 |
| Provision for reserve for policyholder dividends | 22,988 | 25,985 |
| Income before income taxes | 107,711 | 80,509 |
| Corporate income taxes-current | 38,681 | 32,414 |
| Corporate income taxes-deferred | (7,858) | (11,265) |
| Total of corporate income taxes | 30,823 | 21,148 |
| Net income | 76,888 | 59,361 |

# NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2016

## I. NOTES TO UNAUDITED QUARTERLY NON-CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF JUNE 30, 2016

### 1. Additional Information

Effective the three months ended June 30, 2016, the Company applied the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Statement No.26 issued on March 28, 2016).

### 2. Changes in Accounting Policies

Effective the three months ended June 30, 2016, 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 improvements 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 consolidated financial statements for the three months ended June 30, 2016 are immaterial.

### 3. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of June 30, 2016 was ¥2,869,170 million.

### 4. 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 ending March 31, 2017..... | 390,701 |
| Dividend payment…….. | (37,771) |
| Interest accrual……... | 2,129 |
| Provision for reserve for policyholder dividends ……. | 25,985 |
| Balance as of June 30, 2016……...…..... | 381,045 |

### 5. Purchase of treasury stock

The Company purchased its shares in accordance with the resolution made at the meeting of its board of directors held on May 13, 2016, under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

As a result, treasury stock increased by ¥15,999 million for the three months ended June 30, 2016 and the amount of treasury stock was ¥38,709 million as of June 30, 2016.

### 6. Subsequent Event

The Company issued U.S. dollar-denominated step-up callable perpetual subordinated notes with interest deferral options (the "Notes") as below.

(1) Type

U.S. dollar-denominated step-up callable perpetual subordinated notes with interest deferral options

(2) Principal amount

USD 2.5 billion

(3) Issue price (amount paid)

99% of principal amount

(4) Issue price (offering price)

100% of principal amount

(5) Interest rate

Fixed rate of 4.00% per annum until July 2026 and floating rate with step-up thereafter.

(6) Maturity

None (perpetual). The Notes are callable on each interest payment date on or after July 2026 at the discretion of the Company, subject to prior government approval, etc.

(7) Listing securities exchange

Singapore Exchange Limited

(8) Issue date

July 20, 2016

(9) Collateral and guarantees

The Notes have no collateral or guarantees and there are no assets especially retained for the reimbursement of the Notes.

(10) Use of proceeds from the Notes

For general corporate purposes

(11) Others

Regarding the Notes, the Company hedges against exchange rate fluctuation risks until July 2026 using foreign currency swaps.

## II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED JUNE 30, 2016

### 1. Net Income per Share

Net income per share for the three months ended June 30, 2016 was ¥50.31. Diluted net income per share for the same period was ¥50.28.

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

(millions of yen)

| | | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|---|
| Fundamental revenues | | 1,096,292 | 912,545 |
| Premium and other income | | 725,243 | 637,133 |
| Investment income | | 234,745 | 190,105 |
| [Interest and dividends] | | 203,370 | 184,881 |
| Other ordinary revenues | | 136,303 | 85,305 |
| Fundamental expense | | 976,286 | 826,181 |
| Benefits and claims | | 779,063 | 571,161 |
| Provision for policy reserves and others | | 2,154 | 22,874 |
| Investment expenses | | 17,702 | 44,592 |
| Operating expenses | | 93,468 | 97,606 |
| Other ordinary expenses | | 83,898 | 89,946 |
| Fundamental profit | ***A*** | 120,006 | 86,363 |
| Capital gains | | 95,965 | 109,592 |
| Gains on money held in trust | | 2,155 | - |
| Gains on investments in trading securities | | - | - |
| Gains on sale of securities | | 93,809 | 54,057 |
| Derivative transaction gains | | - | 55,534 |
| Foreign exchange gains | | - | - |
| Others | | - | - |
| Capital losses | | 47,854 | 55,051 |
| Losses on money held in trust | | - | 521 |
| Losses on investments in trading securities | | - | - |
| Losses on sale of securities | | 12,926 | 17,117 |
| Losses on valuation of securities | | 1,473 | 9,144 |
| Derivative transaction losses | | 19,205 | - |
| Foreign exchange losses | | 14,248 | 28,267 |
| Others | | - | - |
| Net capital gains (losses) | ***B*** | 48,111 | 54,541 |
| Fundamental profit plus net capital gains (losses) | ***A + B*** | 168,117 | 140,904 |
| Other one-time gains | | 26 | 12 |
| Reinsurance income | | - | - |
| Reversal of contingency reserve | | - | - |
| Reversal of specific reserve for possible loan losses | | 26 | (13) |
| Others | | - | 26 |
| Other one-time losses | | 32,226 | 20,702 |
| Ceding reinsurance commissions | | - | - |
| Provision for contingency reserve | | 4,500 | 4,500 |
| Provision for specific reserve for possible loan losses | | - | - |
| Provision for specific reserve for loans to refinancing countries | | - | - |
| Write-down of loans | | 18 | 3 |
| Others | | 27,708 | 16,198 |
| Other one-time profits | ***C*** | (32,199) | (20,689) |
| Ordinary profit | ***A + B + C*** | 135,917 | 120,215 |

Note 1: "Others" in "Other one-time gains" represents the reversal of reserve for possible investment losses (For the three months ended June 30, 2016: 26 million yen).

2: "Others" in "Other one-time losses" represents the amount of the additional policy reserves provided (For the three months ended June 30, 2015: 27,708 million yen, For the three months ended June 30, 2016: 16,198 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

## 6. Solvency Margin Ratio

(millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Total solvency margin ***(A)*** | 6,741,736 | 6,748,767 |
| Common stock, etc. *1 | 1,132,993 | 1,179,904 |
| Reserve for price fluctuations | 148,453 | 152,453 |
| Contingency reserve | 576,093 | 580,593 |
| General reserve for possible loan losses | 487 | 457 |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *2 | 2,426,025 | 2,292,221 |
| Net unrealized gains (losses) on real estate × 85% *2 | 82,189 | 84,383 |
| Policy reserves in excess of surrender values | 1,932,954 | 1,947,665 |
| Qualifying subordinated debt | 498,727 | 498,727 |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | (56,028) | (13,479) |
| Excluded items | (199,507) | (199,507) |
| Others | 199,348 | 225,348 |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ ***(B)*** | 1,496,746 | 1,489,652 |
| Insurance risk $R_1$ | 74,483 | 73,627 |
| 3rd sector insurance risk $R_8$ | 172,591 | 173,251 |
| Assumed investment yield risk $R_2$ | 233,024 | 231,534 |
| Guaranteed minimum benefit risk $R_7$ *3 | 3,341 | 3,410 |
| Investment risk $R_3$ | 1,205,585 | 1,199,989 |
| Business risk $R_4$ | 33,780 | 33,636 |
| Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$ | 900.8% | 906.0% |

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The figures as of March 31, 2016 are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.
The figures as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

## 7. Status of Separate Account

(1) Separate Account Assets by Product

(millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Individual variable insurance | 56,211 | 51,510 |
| Individual variable annuities | 60,298 | 52,292 |
| Group annuities | 926,292 | 906,896 |
| Separate account total | 1,042,803 | 1,010,699 |

(2) Sum Insured of Policies in Force of Individual Variable Insurance and Annuities (Separate Account)

A. Individual variable insurance

(millions of yen except number of policies)

| | As of March 31, 2016 | | As of June 30, 2016 | |
|---|---|---|---|---|
| | Number of policies | Amount | Number of policies | Amount |
| Individual variable insurance (term life) | 147 | 727 | 148 | 733 |
| Individual variable insurance (whole life) | 43,567 | 269,119 | 43,393 | 268,053 |
| Total | 43,714 | 269,847 | 43,541 | 268,787 |

Note: Policies in force include term life riders.

B. Individual variable annuities

(millions of yen except number of policies)

| | As of March 31, 2016 | | As of June 30, 2016 | |
|---|---|---|---|---|
| | Number of policies | Amount | Number of policies | Amount |
| Individual variable annuities | 15,442 | 86,159 | 14,671 | 79,924 |

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

## 8. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|
| Ordinary revenues | 1,871,005 | 1,676,078 |
| Ordinary profit | 181,034 | 117,615 |
| Net income attributable to shareholders of parent company | 115,223 | 48,444 |
| Comprehensive income | (49,198) | (32,848) |

(millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Total assets | 49,924,922 | 49,677,192 |
| Solvency margin ratio | 763.8% | 785.0% |

(2) Scope of Consolidation and Application of Equity Method

| | As of June 30, 2016 |
|---|---|
| Number of consolidated subsidiaries | 61 |
| Number of non-consolidated subsidiaries accounted for under the equity method | 0 |
| Number of affiliates accounted for under the equity method | 49 |

For information regarding changes in subsidiaries and affiliates, please refer to "I. Guidelines for Preparation of Unaudited Quarterly Consolidated Financial Statements".

(3) Unaudited Consolidated Balance Sheet

(millions of yen)

| | As of March 31, 2016 (summarized) | As of June 30, 2016 |
|---|---|---|
| ASSETS | | |
| Cash and deposits | 843,405 | 1,017,646 |
| Call loans | 116,900 | 85,900 |
| Monetary claims bought | 239,299 | 230,627 |
| Money held in trust | 87,476 | 152,420 |
| Securities | 41,560,060 | 40,914,483 |
| Loans | 3,715,562 | 3,622,471 |
| Tangible fixed assets | 1,178,817 | 1,158,162 |
| Intangible fixed assets | 407,367 | 407,951 |
| Reinsurance receivable | 105,876 | 95,351 |
| Other assets | 1,573,118 | 1,884,713 |
| Net defined benefit assets | 764 | 742 |
| Deferred tax assets | 1,344 | 1,486 |
| Customers' liabilities for acceptances and guarantees | 97,056 | 107,528 |
| Reserve for possible loan losses | (1,702) | (1,896) |
| Reserve for possible investment losses | (423) | (397) |
| Total assets | 49,924,922 | 49,677,192 |
| LIABILITIES | | |
| Policy reserves and others | 43,894,014 | 43,331,085 |
| Reserves for outstanding claims | 580,778 | 541,616 |
| Policy reserves | 42,922,534 | 42,408,424 |
| Reserve for policyholder dividends | 390,701 | 381,045 |
| Reinsurance payable | 75,883 | 120,423 |
| Bonds payable | 485,682 | 706,915 |
| Other liabilities | 1,486,611 | 1,626,477 |
| Net defined benefit liabilities | 443,842 | 443,827 |
| Reserve for retirement benefits of directors, executive officers and corporate auditors | 1,886 | 1,839 |
| Reserve for possible reimbursement of prescribed claims | 800 | 668 |
| Reserve for price fluctuations | 155,246 | 159,973 |
| Deferred tax liabilities | 270,750 | 256,771 |
| Deferred tax liabilities for land revaluation | 80,189 | 78,990 |
| Acceptances and guarantees | 97,056 | 107,528 |
| Total liabilities | 46,991,963 | 46,834,501 |
| NET ASSETS | | |
| Capital stock | 343,146 | 343,146 |
| Capital surplus | 330,105 | 330,026 |
| Retained earnings | 479,241 | 487,059 |
| Treasury stock | (23,231) | (38,709) |
| Total shareholders' equity | 1,129,262 | 1,121,523 |
| Net unrealized gains (losses) on securities, net of tax | 1,840,084 | 1,798,317 |
| Deferred hedge gains (losses) | (3,865) | 24,557 |
| Reserve for land revaluation | (16,402) | (17,601) |
| Foreign currency translation adjustments | 16,570 | (52,135) |
| Accumulated remeasurements of defined benefit plans | (33,688) | (32,925) |
| Total accumulated other comprehensive income | 1,802,698 | 1,720,212 |
| Subscription rights to shares | 925 | 884 |
| Non-controlling interests | 72 | 70 |
| Total net assets | 2,932,959 | 2,842,690 |
| Total liabilities and net assets | 49,924,922 | 49,677,192 |

(4) Unaudited Consolidated Statements of Earnings and Comprehensive Income

[Unaudited Consolidated Statements of Earnings]

(millions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|
| ORDINARY REVENUES | 1,871,005 | 1,676,078 |
| Premium and other income | 1,336,290 | 1,092,356 |
| Investment income | 444,625 | 382,666 |
| [ Interest and dividends ] | [ 252,437 ] | [ 255,951 ] |
| [ Gains on money held in trust ] | [ 774 ] | [ 4,847 ] |
| [ Gains on investments in trading securities ] | [ 44,287 ] | [ 19,962 ] |
| [ Gains on sale of securities ] | [ 99,368 ] | [ 56,937 ] |
| [ Derivative transaction gains ] | [ - ] | [ 39,551 ] |
| [ Gains on investments in separate accounts ] | [ 24,042 ] | [ - ] |
| Other ordinary revenues | 90,089 | 201,055 |
| ORDINARY EXPENSES | 1,689,970 | 1,558,462 |
| Benefits and claims | 1,090,011 | 892,237 |
| [ Claims ] | [ 255,826 ] | [ 295,982 ] |
| [ Annuities ] | [ 176,201 ] | [ 128,252 ] |
| [ Benefits ] | [ 121,519 ] | [ 118,601 ] |
| [ Surrender values ] | [ 281,475 ] | [ 167,073 ] |
| Provision for policy reserves and others | 298,173 | 2,129 |
| Provision for policy reserves | 296,018 | - |
| Provision for interest on policyholder dividends | 2,154 | 2,129 |
| Investment expenses | 46,360 | 412,182 |
| [ Interest expenses ] | [ 6,862 ] | [ 8,895 ] |
| [ Losses on sale of securities ] | [ 13,075 ] | [ 18,753 ] |
| [ Losses on valuation of securities ] | [ 1,473 ] | [ 9,439 ] |
| [ Derivative transaction losses ] | [ 11,092 ] | [ - ] |
| [ Losses on investments in separate accounts ] | [ - ] | [ 78,806 ] |
| Operating expenses | 145,207 | 150,374 |
| Other ordinary expenses | 110,218 | 101,538 |
| Ordinary profit | 181,034 | 117,615 |
| EXTRAORDINARY GAINS | 76 | 1,490 |
| Gains on disposal of fixed assets | 71 | 1,487 |
| Other extraordinary gains | 4 | 3 |
| EXTRAORDINARY LOSSES | 5,874 | 15,981 |
| Losses on disposal of fixed assets | 144 | 1,322 |
| Impairment losses on fixed assets | 1,145 | 9,931 |
| Provision for reserve for price fluctuations | 4,583 | 4,727 |
| Other extraordinary losses | 2 | 0 |
| Provision for reserve for policyholder dividends | 22,988 | 25,985 |
| Income before income taxes | 152,247 | 77,140 |
| Corporate income taxes-current | 42,907 | 27,481 |
| Corporate income taxes-deferred | (5,889) | 1,208 |
| Total of corporate income taxes | 37,017 | 28,690 |
| Net income | 115,230 | 48,450 |
| Net income attributable to non-controlling interests | 6 | 5 |
| Net income attributable to shareholders of parent company | 115,223 | 48,444 |

[Unaudited Consolidated Statements of Comprehensive Income]

(millions of yen)

| | Three months ended June 30, 2015 | Three months ended June 30, 2016 |
|---|---|---|
| Net income | 115,230 | 48,450 |
| Other comprehensive income | (164,428) | (81,299) |
| Net unrealized gains (losses) on securities, net of tax | (173,571) | (42,843) |
| Deferred hedge gains (losses) | (1,339) | 28,423 |
| Reserve for land revaluation | - | (12) |
| Foreign currency translation adjustments | 13,676 | (64,648) |
| Remeasurements of defined benefit plans, net of tax | (1,803) | 759 |
| Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method | (1,391) | (2,977) |
| Comprehensive income | (49,198) | (32,848) |
| Attributable to shareholders of the parent company | (49,205) | (32,854) |
| Attributable to non-controlling interests | 7 | 5 |

# NOTES TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 2016

## I. GUIDELINES FOR PREPARATION OF UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company made no significant changes to the preparation of the quarterly consolidated financial statements.

## II. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED BALANCE SHEET AND SHAREHOLDERS' EQUITY, ETC. AS OF JUNE 30, 2016

### 1. Additional Information

Effective the three months ended June 30, 2016, the Parent Company and its domestic consolidated subsidiaries applied the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Statement No.26 issued on March 28, 2016).

### 2. Changes in Accounting Policies

Effective the three months ended June 30, 2016, the Parent Company and its domestic consolidated subsidiaries 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 improvements 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 consolidated financial statements for the three months ended June 30, 2016 are immaterial.

### 3. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of June 30, 2016 was ¥2,928,040 million.

### 4. 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 ending March 31, 2017…… | 390,701 |
| Dividend payment……..... | (37,771) |
| Interest accrual……... | 2,129 |
| Provision for reserve for policyholder dividends ……. | 25,985 |
| Balance as of June 30, 2016……. | 381,045 |

**5. Dividends on Common Stock**

| | |
|---|---|
| Date of resolution | June 24, 2016 (at the Annual General Meeting of Shareholders) |
| Type of shares | Common stock |
| Total dividends | ¥41,497 million |
| Dividend 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 Stock Granting Trust and the Trust-type Employee Stockholding Incentive Plan, as the Parent Company recognized the shares held by those trusts as treasury shares.

**6. Purchase of treasury stock**

The Parent Company purchased its shares in accordance with the resolution made at the meeting of its board of directors held on May 13, 2016, under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same.

As a result, treasury stock increased by ¥15,999 million for the three months ended June 30, 2016 and the amount of treasury stock was ¥38,709 million as of June 30, 2016.

**7. Subsequent Event**

The Parent Company issued U.S. dollar-denominated step-up callable perpetual subordinated notes with interest deferral options (the "Notes") as below.

(1) Type

U.S. dollar-denominated step-up callable perpetual subordinated notes (with interest deferral options)

(2) Principal amount

USD 2.5 billion

(3) Issue price (amount paid)

99% of principal amount

(4) Issue price (offering price)

100% of principal amount

(5) Interest rate

Fixed rate of 4.00% per annum until July 2026 and floating rate with step-up thereafter

(6) Maturity

None (perpetual). The Notes are callable on each interest payment date on or after July 2026 at the discretion of the Parent Company, subject to prior government approval, etc.

(7) Listing securities exchange

Singapore Exchange Limited

(8) Issue date

July 20, 2016

(9) Collateral and guarantees

The Notes have no collateral or guarantees and there are no assets especially retained for the reimbursement of the Notes.

(10) Use of proceeds from the Notes

For general corporate purposes

(11) Others

Regarding the Notes, the Parent Company hedges against exchange rate fluctuation risks until July 2026 using foreign currency swaps.

## III. NOTES TO UNAUDITED QUARTERLY CONSOLIDATED STATEMENT OF EARNINGS FOR THE THREE MONTHS ENDED JUNE 30, 2016

### 1. Calculation of Tax

Income taxes of certain consolidated subsidiaries of the Parent Company are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to income before income taxes for the three months ended June 30, 2016. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2016, after taking into account the effect of deferred tax accounting.

### 2. Net Income per Share

Net income per share for the three months ended June 30, 2016 was ¥41.06. Diluted net income per share for the same period was ¥41.03.

### 3. Depreciation and Amortization

For the three months ended June 30, 2016, (1) depreciation of real estate for rent and others totaled ¥3,454 million, (2) depreciation (including the depreciation of intangible fixed assets other than goodwill) totaled ¥12,529 million, and (3) amortization of goodwill was ¥799 million.

(5) Consolidated Solvency Margin Ratio

(millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Total solvency margin ***(A)*** | 6,037,031 | 6,128,964 |
| Common stock, etc. *1 | 763,044 | 798,943 |
| Reserve for price fluctuations | 155,246 | 159,973 |
| Contingency reserve | 691,167 | 695,404 |
| Catastrophe loss reserve | - | - |
| General reserve for possible loan losses | 495 | 467 |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax) ) × 90% *2 | 2,270,855 | 2,240,316 |
| Net unrealized gains (losses) on real estate × 85% *2 | 82,189 | 84,383 |
| Sum of unrecognized actuarial differences and unrecognized past service cost | (46,579) | (45,532) |
| Policy reserves in excess of surrender values | 2,121,848 | 2,123,801 |
| Qualifying subordinated debt | 498,727 | 498,727 |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | (521,349) | (476,956) |
| Excluded items | (177,962) | (175,911) |
| Others | 199,348 | 225,348 |
| Total risk $\sqrt{\left(\sqrt{R_1^2+R_5^2}+R_8+R_9\right)^2+(R_2+R_3+R_7)^2}+R_4+R_6$ ***(B)*** | 1,580,596 | 1,561,446 |
| Insurance risk $R_1$ | 122,410 | 120,681 |
| General insurance risk $R_5$ | 5,006 | 4,677 |
| Catastrophe risk $R_6$ | 1,844 | 1,740 |
| 3rd sector insurance risk $R_8$ | 186,234 | 185,858 |
| Small amount and short-term insurance risk $R_9$ | - | - |
| Assumed investment yield risk $R_2$ | 262,581 | 257,941 |
| Guaranteed minimum benefit risk $R_7$ *3 | 87,783 | 77,823 |
| Investment risk $R_3$ | 1,160,636 | 1,156,658 |
| Business risk $R_4$ | 36,529 | 36,107 |
| Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$ | 763.8% | 785.0% |

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: The figures as of March 31, 2016 are calculated based on Article 86-2 and 88 of the Enforcement Regulations of Insurance Business Ac and Notification of the Financial Services Agency No. 23, 2011.
The figures as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

(6) Status of Insurance Claims Paying Ability of Insurance Subsidiaries
(Solvency Margin Ratio)

The Dai-ichi Frontier Life Insurance Company (millions of yen)

| | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|
| Total solvency margin ***(A)*** | 348,758 | 326,987 |
| Common stock, etc. | 42,765 | 21,030 |
| Reserve for price fluctuations | 6,773 | 7,500 |
| Contingency reserve | 114,644 | 114,381 |
| General reserve for possible loan losses | 8 | 10 |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% * | 54,049 | 75,393 |
| Net unrealized gains (losses) on real estate × 85% * | - | - |
| Policy reserves in excess of surrender values | 188,894 | 176,135 |
| Qualifying subordinated debt | - | - |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | (53,056) | (61,935) |
| Excluded items | (5,320) | (5,528) |
| Others | - | - |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ ***(B)*** | 133,391 | 128,581 |
| Insurance risk $R_1$ | 46 | 39 |
| 3rd sector insurance risk $R_8$ | - | - |
| Assumed investment yield risk $R_2$ | 29,556 | 26,407 |
| Guaranteed minimum benefit risk $R_7$ | 24,180 | 18,129 |
| Investment risk $R_3$ | 75,767 | 80,297 |
| Business risk $R_4$ | 3,886 | 3,746 |
| Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$ | 522.9% | 508.6% |

*: Multiplied by 100% if losses.

Note: 1. The figures as of March 31, 2016 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.
The figures as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.
2. Guaranteed minimum benefit risk is calculated by the standard method.

The Neo First Life Insurance Company (millions of yen)

| | | As of March 31, 2016 | As of June 30, 2016 |
|---|---|---|---|
| Total solvency margin | ***(A)*** | 27,795 | 26,194 |
| Common stock, etc. | | 27,343 | 25,740 |
| Reserve for price fluctuations | | 20 | 20 |
| Contingency reserve | | 428 | 429 |
| General reserve for possible loan losses | | - | - |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% * | | 3 | 3 |
| Net unrealized gains (losses) on real estate × 85% * | | - | - |
| Policy reserves in excess of surrender values | | - | - |
| Qualifying subordinated debt | | - | - |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | | - | - |
| Excluded items | | - | - |
| Others | | - | - |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ | ***(B)*** | 557 | 546 |
| Insurance risk | $R_1$ | 336 | 329 |
| 3rd sector insurance risk | $R_8$ | 89 | 98 |
| Assumed investment yield risk | $R_2$ | 0 | 0 |
| Guaranteed minimum benefit risk | $R_7$ | - | - |
| Investment risk | $R_3$ | 323 | 305 |
| Business risk | $R_4$ | 22 | 21 |
| Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$ | | 9,969.9% | 9,580.6% |

*: Multiplied by 100% if losses.

Note: The figures as of March 31, 2016 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.
The figures as of June 30, 2016 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

## (7) Segment Information

The Company on a consolidated basis did not operate any businesses categorized in segments other than its own core life insurance business, and therefore segment information was omitted.