[Unofficial Translation]

May 15, 2018

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President and Representative Director
Dai-ichi Life Holdings, Inc.
Code: 8750 (TSE First section)

Supplementary Materials for the Fiscal Year Ended March 31, 2018
(The Dai-ichi Frontier Life Insurance Co., Ltd.)

May 15, 2018

Financial Results for the Fiscal Year Ended March 31, 2018

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the fiscal year ended March 31, 2018

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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

(millions of yen except percentages)

	As of March 31, 2017	% of March 31, 2016 total	As of March 31, 2018	% of March 31, 2017 total
Individual insurance	185,125	112.7	231,579	125.1
Individual annuities	527,625	131.4	498,429	94.5
Total	712,750	126.0	730,008	102.4
Medical and survival benefits	-	-	-	-

New Policies

(millions of yen except percentages)

	Year ended March 31, 2017	% of March 31, 2016 total	Year ended March 31, 2018	% of March 31, 2017 total
Individual insurance	29,667	44.2	65,170	219.7
Individual annuities	144,500	166.5	128,292	88.8
Total	174,167	113.2	193,462	111.1
Medical and survival benefits	-	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2017				As of March 31, 2018			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2016 total	(millions of yen)	% of March 31, 2016 total	(thousands)	% of March 31, 2017 total	(millions of yen)	% of March 31, 2017 total
Individual insurance	324	112.5	2,368,991	113.4	421	130.2	2,914,275	123.0
Individual annuities	754	108.3	4,471,695	109.3	844	112.0	4,704,366	105.2
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

New Policies

	Number of policies		Amount			
	(thousands)	% of March 31, 2017 total	(millions of yen)	% of March 31, 2017 total	New Business	Net increase from conversions
Year ended March 31, 2018						
Individual insurance	115	237.7	780,759	207.6	780,759	-
Individual annuities	142	160.6	671,592	127.0	671,592	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2017						
Individual insurance	48		376,092		376,092	-
Individual annuities	88		528,806		528,806	-
Group insurance	-		-		-	-
Group annuities	-		-		-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

(3) Profit and Loss Items

(millions of yen except percentages)

	Year ended March 31, 2017	% of March 31, 2016 total	Year ended March 31, 2018	% of March 31, 2017 total
Premium and other income	988,874	52.8	1,607,943	162.6
Investment income	194,174	205.5	201,497	103.8
Benefits and claims	555,592	112.1	784,889	141.3
Investment expenses	36,043	18.3	202,371	561.5
Ordinary gain (loss)	63,744	214.9	60,849	95.5

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2017	% of March 31, 2016 total	As of March 31, 2018	% of March 31, 2017 total
Total Assets	6,742,468	110.0	7,534,687	111.7

2. Policies in Force as of March 31, 2018 by Benefit Type

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	421	2,914,275	-	-	-	-	421	2,914,275
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	844	4,704,366	-	-	844	4,704,366
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insuarance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2018

A. Investment Environment

· During the fiscal year ended March 31, 2018, the Japanese economy continued to expand as capital investment improved against the backdrop of an increase in exports and corporate earnings due to global economic broadening, and personal consumption also increased gradually against the backdrop of an improvement in income.
· In the U.S., the U.S. economy remained strong, supported by continued growth in consumer spending as the employment and income environment improved, as well as an broadening in capital investment due to an optimistic outlook on the economic outlook against the backdrop of the enactment of the U.S. Tax Reform Act.
· The European economy was on an expansionary trend as exports improved, supported by the broadening of the global economy, and domestic demand also remained firm.
· Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]
· The yield on 10-year JGBs temporarily rose to above 0.1 percent in response to upward pressure on global interest rates. However, due to the Bank of Japan's quantitative and qualitative monetary easing policy, which operates long-term and short-term interest rates, JGB yields remained stable, centering on the range of 0% to 0.1%.

Yield on ten-year government bonds:	April 1, 2017	0.065%
	March 31, 2018	0.040%

[U.S. Interest Rates and Foreign Currency]
The ten-year U.S. Treasury Note yield rose, as the Fed (Federal Reserve Board) repeated an interest hike, buoyed by a strong economy. On the foreign exchange market, on the other hand, the US dollar depreciated against the Yen , reflecting the concerns over a trade war driven by the U.S.

Yield on ten-year U.S. government bonds:	April 1, 2017	2.389%
	March 31, 2018	2.739%
yen/U.S. dollar:	April 1, 2017	¥112.19
	March 31, 2018	¥106.24

[Australian Interest Rates and Foreign Currency]
The ten-year Australian government bond yield fell, while the Yen appreciated against the Australian Dollar, due to the falling iron ore price, Austria's chief export item, and the inflation remaining below the target set by the Reserve Bank of Australia (RBA), as well as the rising concerns over a trade war.

Yield on ten-year Australian government bonds:	April 1, 2017	2.669%
	March 31, 2018	2.592%
yen/Australian dollar:	April 1, 2017	¥84.99
	March 31, 2018	¥81.66

B. Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. As to the yen- and foreign currency-denominated fixed products, those assets are primarily invested in yen-denominated bonds and foreign currency-denominated bonds.
Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

C. Investment Results

The Company invested primarily in those assets from which stable investment returns being expected, e.g. yen-denominated bonds, foreign currency-denominated bonds and short-term money market instruments. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.
As a result, investment income was 127,247 million yen mainly due to interest and dividends received (119,171 million yen), gains on sales of securities (4,965 million yen), and foreign exchange gains (3,109 million yen). Investment expenses were 202,371 million yen due mainly to losses on money held in trust (170,023 million yen), derivative transaction losses (11,586 million yen), and to losses on investment in trading securities (10,467 million yen).

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2017		As of March 31, 2018	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	102,516	2.2	162,743	3.0
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,081	0.1	4,024	0.1
Trading account securities	-	-	-	-
Money held in trust	282,919	6.1	464,480	8.5
Securities	4,094,184	88.7	4,701,518	86.1
Domestic bonds	1,145,301	24.8	1,210,923	22.2
Domestic stocks	-	-	-	-
Foreign securities	2,747,216	59.5	3,291,518	60.3
Foreign bonds	2,740,228	59.4	3,285,168	60.2
Foreign stocks and other securities	6,987	0.2	6,349	0.1
Other securities	201,666	4.4	199,077	3.6
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	127,642	2.8	127,435	2.3
Reserve for possible loan losses	(6)	(0.0)	(5)	(0.0)
Total	4,613,338	100.0	5,460,196	100.0
Foreign currency-denominated assets	2,900,997	62.9	3,552,440	65.1

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash, deposits, and call loans	(5,117)	60,226
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(12)	(2,056)
Trading account securities	-	-
Money held in trust	248,249	181,560
Securities	342,144	607,333
Domestic bonds	(534)	65,621
Domestic stocks	-	-
Foreign securities	400,086	544,301
Foreign bonds	401,006	544,939
Foreign stocks and other securities	(920)	(637)
Other securities	(57,406)	(2,589)
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	(7,634)	(206)
Reserve for possible loan losses	2	0
Total	577,633	846,857
Foreign currency-denominated assets	439,941	651,443

(4) Investment Income

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Interest and dividends	105,227	119,171
Interest from bank deposits	294	486
Interest and dividends from securities	104,540	118,363
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	392	321
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	19,833	4,965
Gains on sale of domestic bonds	12,678	2,255
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	7,154	2,710
Others	-	-
Gains on redemption of securities	1,115	3,109
Derivative transaction gains	-	-
Foreign exchange gains	7,063	-
Reversal of reserve for possible loan losses	2	0
Other investment income	-	-
Total	133,241	127,247

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Interest expenses	3	3
Losses on trading account securities	-	-
Losses on money held in trust	16,443	10,467
Losses on investment in trading securities	5,980	5,671
Losses on sale of securities	2,478	3,724
Losses on sale of domestic bonds	92	92
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	2,386	3,632
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	290	17
Derivative transaction losses	10,020	11,586
Foreign exchange losses	-	170,023
Provision for reserve for possible loan losses	-	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	826	877
Total	36,043	202,371

(6) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash, deposits, and call loans	(4.68)	(8.88)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	0.85	0.86
Trading account securities	-	-
Money held in trust	(9.55)	(2.83)
Securities	3.24	(1.13)
Domestic bonds	2.00	0.65
Domestic stocks	-	-
Foreign securities	3.69	(2.00)
Loans	-	-
Real Estate	-	-
Total	2.22	(1.48)
Foreign investments	3.36	(2.43)

Notes: 1. Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

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

B. Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	289,907	(22,424)	470,830	(16,139)

Note: Figures in this table include money held in trust and other instruments classified as trading securities.

C. Fair Value Information on Securities (securities with fair value except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2018					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,654,359	3,769,152	114,792	134,863	20,071
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,014,320	1,044,833	30,513	36,623	6,109
Domestic bonds	311,958	325,496	13,537	14,243	706
Domestic stocks	-	-	-	-	-
Foreign securities	509,060	516,235	7,175	12,490	5,315
Foreign bonds	509,060	516,235	7,175	12,490	5,315
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	199,077	9,776	9,863	87
Monetary claims bought	4,000	4,024	24	24	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	4,668,679	4,813,985	145,305	171,486	26,181
Domestic bonds	1,197,386	1,271,024	73,638	76,847	3,208
Domestic stocks	-	-	-	-	-
Foreign securities	3,277,993	3,339,858	61,865	84,750	22,884
Foreign bonds	3,277,993	3,339,858	61,865	84,750	22,884
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	199,077	9,776	9,863	87
Monetary claims bought	4,000	4,024	24	24	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2017					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,031,803	3,131,521	99,718	118,995	19,276
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,037,399	1,061,474	24,074	35,385	11,310
Domestic bonds	301,841	318,513	16,672	17,118	445
Domestic stocks	-	-	-	-	-
Foreign securities	536,859	535,212	(1,646)	9,126	10,772
Foreign bonds	536,859	535,212	(1,646)	9,126	10,772
Foreign stocks and other securities	-	-	-	-	-
Other securities	192,699	201,666	8,967	9,059	92
Monetary claims bought	6,000	6,081	81	81	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	4,069,203	4,192,996	123,793	154,380	30,587
Domestic bonds	1,128,628	1,198,646	70,017	72,681	2,664
Domestic stocks	-	-	-	-	-
Foreign securities	2,741,875	2,786,602	44,727	72,558	27,830
Foreign bonds	2,741,875	2,786,602	44,727	72,558	27,830
Foreign stocks and other securities	-	-	-	-	-
Other securities	192,699	201,666	8,967	9,059	92
Monetary claims bought	6,000	6,081	81	81	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2018	464,480	464,480	(10,467)	3,805	14,272
As of March 31, 2017	282,919	282,919	(16,443)	4,128	20,572

Notes: 1. Fair value equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

2. Gains (losses) are valuation gains (losses) that were included in the statement of earnings.

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

(millions of yen)

	As of March 31, 2017		As of March 31, 2018	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	282,919	(16,443)	464,480	(10,467)

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust are as follows:

Not applicable.

4. Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
	Amount	Amount
(ASSETS)		
Cash and deposits	109,844	171,963
Cash	-	0
Bank deposits	109,844	171,963
Monetary claims bought	6,081	4,024
Money held in trust	282,919	464,480
Securities	6,214,999	6,765,295
Government bonds	585,775	561,774
Local government bonds	12,257	11,349
Corporate bonds	547,268	637,799
Foreign securities	2,762,780	3,305,183
Other securities	2,306,917	2,249,188
Tangible fixed assets	238	281
Leased assets	168	117
Other tangible fixed assets	69	163
Intangible fixed assets	4,009	5,503
Software	4,009	5,502
Other intangible fixed assets	0	0
Reinsurance receivables	61,104	56,274
Other assets	63,276	66,871
Accounts receivable	3,461	3,750
Prepaid expenses	307	433
Accrued revenue	26,925	30,921
Deposits	22,367	15,143
Margin money for futures trading	3,002	4,157
Defferential account for futures trading	-	541
Derivatives	5,942	9,571
Cash collateral paid for financial instruments	-	458
Suspense payments	867	1,458
Other assets	402	434
Reserve for possible loan losses	(6)	(5)
Total assets	6,742,468	7,534,687

	As of March 31, 2017	As of March 31, 2018
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	6,419,066	7,110,390
Reserves for outstanding claims	9,176	12,524
Policy reserves	6,409,889	7,097,865
Reinsurance payable	156,167	166,033
Other liabilities	39,930	83,312
Payable under securities lending transactions	-	11,060
Corporate income tax payable	3,203	5,692
Accounts payable	14,755	29,898
Accrued expenses	5,814	11,379
Deposits received	44	56
Guarantee deposits received	4,910	3,155
Differential account for futures trading	203	-
Derivatives	7,869	17,176
Cash collateral received for financial instruments	-	312
Lease liabilities	182	127
Suspense receipts	2,947	4,454
Reserve for price fluctuations	10,216	14,340
Deferred tax liabilities	6,766	8,568
Total liabilities	6,632,147	7,382,645
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(91,987)	(54,903)
Other retained earnings	(91,987)	(54,903)
Retained earnings brought forward	(91,987)	(54,903)
Total shareholders' equity	93,012	130,096
Net unrealized gains on securities, net of tax	17,307	21,944
Total of valuation and translation adjustments	17,307	21,944
Total net assets	110,320	152,041
Total liabilities and net assets	6,742,468	7,534,687

Notes to the Non-Consolidated Balance Sheet as of March 31,2018

1 Securities (including monetary claims bought which is equivalent to marketable securities and marketable securities managed as trust assets in money held in trust) are valued as follows :
(a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
(b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
(c) Other securities with fair values are valued at fair value using market prices as of the end of the year (sales cost is calculated with the moving-average method). Securities for which it is not practicable to determine fair value are recorded on the balance sheet at acquisition cost.
Valuation differences on other securities are reported as a component of net assets.

2 Risk management policies regarding policy-reserve matching bonds are as follows:
The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:
(a) Individual insurance and annuities (JP yen-denominated, short term)
(b) Individual insurance and annuities (JP yen-denominated, long term)
(c) Individual insurance and annuities (US dollar-denominated)
(d) Individual insurance and annuities (AUS dollar-denominated)
(e) Individual insurance and annuities (NZ dollar-denominated)

with the exception of certain types and policies.

3 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are reported at fair value.

4 Depreciation of tangible fixed assets is as follows:
(a) Tangible fixed assets (excluding leased assets)
Declining balance method is applied. However, o ther tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
(b) Leased assets
Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life .

5 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.

6 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses. "

7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based

8 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.

9 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.

10 Policy reserves are those reserves set aside in accord with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method

11 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. To mitigate the guaranteed minimum benefit risk on individual variable annuities and for the purpose of hedging against the foreign exchange risk on the bond holdings, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contract, etc.). The Company's holdings of financial instruments, mainly securities and derivatives, are subject to market risk and credit risk.

Market Risk Management: Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring VaR (value-at-Risk) .

Credit Risk Management: Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the Company measures VaR as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company's policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its VaR .

The risk management department reports regularly to the Board of Directors on the status of the Company's entire risk position.

Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	171,963	170,963	-
(2) Monetary claims bought	4,024	4,024	-
(3) Money held in trust	464,480	464,480	-
(4) Securities	6,765,295	6,880,087	(114,792)
(a) Trading securities	2,070,126	2,070,126	-
(b) Policy-reserve-matching bonds	3,654,359	3,769,152	(114,792)
(c) Other securities	1,040,808	1,040,808	-
Assets total	7,405,762	7,520,555	(114,792)
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(7,696)	(7,696)	-
Derivative transactions total	(7,696)	(7,696)	-

Note: Derivative transactions include those attributable to money held in trust and foreign securities (investment trusts). Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Cash and deposits
Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.
(b) Monetary claims bought
Fair value of monetary claims bought is based on the reasonably calculated price.
(c) Money held in trust
Information on securities and derivative transactions appear below in "(d) Securities" and "(e) Derivative transactions," respectively.
(d) Securities
Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.
(e) Derivative transactions

For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value. For currency swap contracts , interest rate swap contracts and Credit default swap contracts, the amounts discounted to present value are used as fair value. For total return swap contracts, the amounts calculated by using indices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

12 Accumulated depreciation on tangible fixed assets is 302 million yen.

13 Securities lent under lending agreements are included in the non-consolidated balance sheet. Total balance of securities lent as of March 31, 2018 was 170,213 million yen.

14 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 2,074,814 million yen. Liabilities in separate accounts total the same amount.

15 The total amounts of receivables from and payables to subsidiaries and affiliated companies were 47 million yen.

16 Deferred tax assets totaled 39,321 million yen, while deferred tax liabilities totaled 8,834 million yen.Of deferred tax assets, 39,054 million yen was deducted as the amount of valuation reserves.
The deferred tax assets were primarily due to policy reserves and others of 34,216 million yen and reserve for price fluctuations of 4,015 million yen, while the deferred tax liabilities were primarily the result of net unrealized gains on securities, net of tax of 8,568 million yen.

17 The effective statutory tax rate for the fiscal year ended March 31, 2018, was 28.24%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was 34.62%. The difference was due mainly to the impact of a valuation allowance (-6.35%).

18 The value of assets (marketable securities) pledged as collateral is 79,232 million yen.The amounts of secured liabilities were 11,060 millionyen.

19 Assets for which the Company has the right freely to dispose of by means of sale or collateralization, are available-for-sale securities that have been accepted as collateral for reinsurance dealings and derivative transactions. The fair value of these assets in the Company's holding without exercising the said right of disposal as of the end of March 31, 2018 is 65,143 million yen. None of these assets have been pledged by the Company.

20 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3 of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 120 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1 of said Ordinance ("ceding reinsurance policy reserves") amount to 260,670 million yen.

21 As of fiscal year end (March 31, 2018) , the Company estimated that it would be required to contribute 8,695 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.

22 Net assets per share is 82,184,706.25 yen.

23 As of fiscal year end (March 31, 2018) , undepreciated balance of the fee of the reinsurance contract, as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5, is 61,621 million yen.

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
	Amount	Amount
ORDINARY REVENUES	1,183,254	1,809,449
Premium and other income	988,874	1,607,943
Premium income	865,301	1,366,691
Reinsurance income	123,573	241,251
Investment income	194,174	201,497
Interest and dividends	105,227	119,171
Interest from bank deposits	294	486
Interest and dividends from securities	104,540	118,363
Other interest and dividends	392	321
Gains on sale of securities	19,833	4,965
Gains on redemption of securities	1,115	3,109
Foreign exchange gains	7,063	-
Reversal of reserve for possible loan losses	2	0
Gains on investment in separate accounts	60,932	74,249
Other ordinary revenues	205	8
Reversal of reserves for employees' retirement benefits	192	-
Other ordinary revenues	13	8
ORDINARY EXPENSES	1,119,509	1,748,600
Benefits and claims	555,592	784,889
Claims	33,287	46,366
Annuities	84,148	143,236
Benefits	49,092	57,542
Surrender values	145,651	229,176
Other refunds	2,850	6,092
Ceding reinsurance commissions	240,562	302,474
Provision for policy reserves and other	470,928	691,324
Provision for reserves for outstanding claims	2,201	3,348
Provision for policy reserves	468,727	687,975
Investment expenses	36,043	202,371
Interest expenses	3	3
Losses on money held in trust	16,443	10,467
Losses on investment in trading securities	5,980	5,671
Losses on sale of securities	2,478	3,724
Losses on redemption of securities	290	17
Derivative transaction losses	10,020	11,586
Foreign exchange losses	-	170,023
Other investment expenses	826	877
Operating expenses	51,212	61,452
Other ordinary expenses	5,732	8,562
National and local taxes	5,258	7,493
Depreciation	473	1,068
Other ordinary expenses	0	0
ORDINARY GAIN	63,744	60,849
EXTRAORDINARY LOSSES	3,448	4,124
Losses on disposal of fixed assets	5	0
Provision for reserves for price fluctuations	3,443	4,124
Gain before income taxes	60,295	56,725
Corporate income taxes - current	10,048	19,640
Total of corporate income taxes	10,048	19,640
Net income for the year	50,247	37,084

Notes to the Non-Consolidated Statement of Earnings for the fiscal year ended March 31, 2018

1 The total amounts of revenues and expenses from transactions with affiliated companies were 0 million yen and 251 million yen, respectively.

2 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 2,255 million yen and 2,710 million yen, respectively.

3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 92 million yen and 3,632 million yen, respectively.

4 In calculating the provision for reserves for outstanding claims , a reversal of reserves for outstanding ceding insurance claims of 7 million yen was added as an adjustment. In calculating the provision for policy reserves, provision for ceding reinsurance reserves of 31,943 million yen was deducted.

5 The main component of losses on investments in trading securities was a valuation loss of 5,671 million yen.

6 Losses on money held in trust included a valuation loss of 10,467 million yen.

7 Derivative transaction losses included a valuation gain of 5,677 million yen.

8 Net income per share for the fiscal year ended March 31, 2018 was 20,045,483.24 yen.

9 Reinsurance income includes 11,561 million yen increase in the undepreciated balance of the fee of reinsurance contract , as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5 .

10 Ceding reinsurance commissions includes 20,383 million yen decrease in the undepreciated balance of the fee of reinsurance contract , as stipulated in the Ministry of Finance Notification No. 50, 1996, Article 1, Paragraph 5 .

6. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2017	Year ended March 31, 2018
Fundamental profit	A	57,248	68,459
Capital gains		56,151	200,874
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		19,833	4,965
Derivative transaction gains		-	-
Foreign exchange gains		7,063	-
Others		29,255	195,909
Capital losses		49,329	201,473
Losses on money held in trust		16,443	10,467
Losses on investment in trading securities		5,980	5,671
Losses on sale of securities		2,478	3,724
Losses on valuation of securities		-	-
Derivative transaction losses		10,020	11,586
Foreign exchange losses		-	170,023
Others		14,406	-
Net capital gains (losses)	B	6,822	(598)
Fundamental profit plus net capital gains (losses)	A + B	64,070	67,860
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		326	7,011
Ceding reinsurance commissions		-	-
Provision for contingency reserve		326	7,011
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(326)	(7,011)
Ordinary profit (loss)	A + B + C	63,744	60,849

Notes: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2017	Year ended March 31, 2018
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	(29,255)	(3,605)
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	14,406	(192,303)

2. Other capital gains include the amount below.

	Year ended March 31, 2017	Year ended March 31, 2018
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	29,255	3,605
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	-	192,303

3. Other capital losses include the amount below.

	Year ended March 31, 2017	Year ended March 31, 2018
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	14,406	-

4. The Company invests in derivative financial instruments (including investments in money held in trust, foreign securities (investment trusts)) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities. These transactions are included in gains (losses) on money held in trust and gains (losses) on investment in trading securities.

5.Effective from the fiscal year ending March 31, 2017, the reporting method of the breakdown of ordinary profit has been changed, reflecting the impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA). The figures for the first quarter of the preceding fiscal year ended March 2017 have also been recalculated and restated accordingly. Consequently, fundamental profit for the first quarter of the preceding fiscal year decreased by 29,255 million yen, while net capital gains(losses) increased by 29,255 million yen compared to those before the change.

7. Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2018

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(91,987)	93,012
Changes for the year				
Net gain			37,084	37,084
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	37,084	37,084
Balance at the end of the year	117,500	67,500	(54,903)	130,096

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	17,307	17,307	110,320
Changes for the year			
Net gain			37,084
Net changes of items other than shareholders' equity	4,636	4,636	4,636
Total changes for the year	4,636	4,636	41,721
Balance at the end of the year	21,944	21,944	152,041

Year ended March 31, 2017

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(142,234)	42,765
Changes for the year				
Net gain			50,247	50,247
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	50,247	50,247
Balance at the end of the year	117,500	67,500	(91,987)	93,012

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	43,155	43,155	85,920
Changes for the year			
Net gain			50,247
Net changes of items other than shareholders' equity	(25,847)	(25,847)	(25,847)
Total changes for the year	(25,847)	(25,847)	24,399
Balance at the end of the year	17,307	17,307	110,320

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2018

1. Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2017	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2018
Outstanding shares				
Common stock	1,850	-	-	1,850

8. Disclosed Claims Based on Categories of Obligors

(millions of yen except percentages)

	As of March 31, 2017	As of March 31, 2018
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	286,164	170,227
Total	286,164	170,227

Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.

4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2017	As of March 31, 2018
Total solvency margin	(A)	421,078	472,720
Common stock, etc.		93,012	130,096
Reserve for price fluctuations		10,216	14,340
Contingency reserve		114,970	121,982
General reserve for possible loan losses		6	5
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *		21,667	27,461
Net unrealized gains (losses) on real estate × 85% *		-	-
Policy reserves in excess of surrender values		207,553	183,277
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		(21,188)	-
Excluded items		(5,160)	(4,443)
Other		-	-
Total Risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	(B)	146,034	164,541
Insurance risk	R_1	66	79
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	31,404	39,633
Guaranteed minimum benefit risk	R_7	21,955	19,145
Investment risk	R_3	88,419	100,967
Business risk	R_4	4,255	4,794
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		576.6%	574.5%

*: Multiplied by 100% if losses.

Notes: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

2. Guaranteed minimum benefit risk is calculated by the standard method.

11. Status of Separate Account for the Fiscal Year ended March 31, 2018

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Individual variable insurance	63,438	56,994
Individual variable annuities	2,066,212	2,017,819
Group annuities	-	-
Separate account total	2,129,651	2,074,814

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2017		As of March 31, 2018	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	54	427,003	54	441,301
Total	54	427,003	54	441,301

Note: The outstanding policies in force for individual variable insurance include those managed in general account.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2017		As of March 31, 2018	
	Amount	%	Amount	%
Cash, deposits, and call loans	371	0.6	357	0.6
Securities	63,002	99.3	56,613	99.3
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	63,002	99.3	56,613	99.3
Loans	-	-	-	-
Others	64	0.1	23	0.0
Reserve for possible loan losses	-	-	-	-
Total	63,438	100.0	56,994	100.0

C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Interest and dividends	182	12,292
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	8,505	4,842
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	9	0
Net investment income	8,678	17,133

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2017		As of March 31, 2018	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	617	3,742,986	624	3,663,591

Notes: 1. Total policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. The outstanding policies in force for individual variable annuities include those managed in general account.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2017		As of March 31, 2018	
	Amount	%	Amount	%
Cash, deposits, and call loans	6,955	0.3	8,861	0.4
Securities	2,057,813	99.6	2,007,162	99.5
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	15,564	0.8	13,665	0.7
Foreign bonds	-	-	-	-
Foreign stocks and other securities	15,564	0.8	13,665	0.7
Other securities	2,042,248	98.8	1,993,497	98.8
Loans	-	-	-	-
Others	1,444	0.1	1,794	0.1
Reserve for possible loan losses	-	-	-	-
Total	2,066,212	100.0	2,017,819	100.0

C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Interest and dividends	24,496	43,953
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	28,802	13,971
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	1,044	808
Net investment income	52,254	57,116

12. Consolidated Financial Summary

Not applicable.