

Summary of Financial Results

Assets and Liabilities

Selected Balance Sheet Items

	As of March 31,			As of March 31,	
	2011	2012		2011	2012
	(billions of yen)			(billions of yen)	
Assets			Liabilities and Net Assets (Capital)		
Cash and deposits, call loans	441.1	440.9	Policy reserves and others	28,190.8	28,529.9
Monetary claims bought	291.1	294.3	Policy reserves	27,589.5	28,011.6
Money held in trust	21.1	20.6	Reserve for policyholder dividends	403.6	387.8
Securities	23,201.3	24,314.6	Subordinated bonds	149.1	148.6
Domestic bonds	13,434.9	15,541.6	Reserve for employees' retirement benefits	418.3	432.0
Domestic stocks	2,538.0	2,284.8	Reserve for price fluctuations	80.4	74.4
Foreign Securities	7,035.6	6,298.2	Deferred tax liabilities for land revaluation	123.6	95.6
Loans	3,627.4	3,412.5	Others	1,140.8	1,152.9
Policy loans	539.4	509.8	Total liabilities	30,103.2	30,433.5
Ordinary loans	3,087.9	2,902.7			
Real estate (Note 1)	1,290.7	1,249.1	Capital stock	210.2	210.2
Deferred tax assets	475.1	282.6	Capital surplus	210.2	210.2
Others	398.5	360.0	Legal capital surplus	210.2	210.2
Reserve for possible loan losses ..	(12.9)	(10.6)	Retained earnings	192.8	206.7
Total general account assets	29,733.8	30,364.2	Legal retained earnings	5.6	5.6
Foreign currency-denominated assets	5,435.2	4,669.6	Other retained earnings	187.2	201.1
Total separate account assets (Note 2)	1,135.7	1,097.6	Retained earnings brought forward	61.2	73.6
Total assets	30,869.6	31,461.9	Treasury stock	(20.4)	(16.7)
Notes:			Total shareholders' equity	592.8	610.3
1. The amount of real estate is the sum of the amounts of land, buildings, and construction in progress.			Net unrealized gains on securities, net of tax	237.5	479.4
2. Receivables generated from transactions involving general account assets are deducted under the Insurance Business Act.			Deferred hedge gains (losses)	1.2	(0.0)
			Reserve for land revaluation	(65.1)	(61.6)
			Total of valuation and translation adjustments	173.6	417.8
			Subscription rights to shares	–	0.1
			Total net assets	766.4	1,028.3
			Total liabilities and net assets	30,869.6	31,461.9
			For the details of the balance sheet, please refer to pages 106 and 107.		

In accordance with the plan for demutualization under Article 86 of the Insurance Business Act, the balance sheet (major items of net assets) was determined as in the table below at the time the organization was changed on April 1, 2010.

	Commencement of business on April 1, 2010 (billions of yen)
Capital stock	210.2
Capital surplus	210.2
Legal capital surplus	210.2
Retained earnings	184.2
Legal retained earnings	5.6
Other retained earnings	178.6
Retained earnings brought forward	64.1
Total shareholders' equity	604.6
Net unrealized gains on securities, net of tax	461.1
Deferred hedge gains (losses)	(2.0)
Reserve for land revaluation	(63.5)
Total of valuation and translation adjustments	395.6
Total net assets	1,000.3

■ Status of Assets

During the fiscal year ended March 31, 2012, Dai-ichi continued to position fixed income investments, including domestic bonds, as a core of its asset portfolio, so that they are consistent with its medium- to long-term investment policies. Meanwhile, Dai-ichi accumulated its policy reserve-matching bonds, centering on long-term and super long-term bonds, in an effort to promote ALM and enhance its profitability.

From fiscal 2010, Dai-ichi continues to appropriately manage the risk associated with its risk assets, such as domestic stocks and foreign securities, which it acquired primarily to diversify its investment portfolio and achieve higher profitability. In doing so, the Company takes market trends into account.

Outstanding general account assets as of March 31, 2012, increased by ¥630.4 billion from the end of the previous fiscal year, to ¥30,364.2 billion, primarily reflecting a rise in unrealized gains on securities. The balance of separate account assets decreased by ¥38.1 billion, to ¥1,097.6 billion. As a result, total assets climbed by ¥592.2 billion, to ¥31,461.9 billion.

Revenues and Expenditures

Selected Items on Statements of Earnings

	Years ended March 31,	
	2011	2012
	(billions of yen)	
Ordinary revenues:		
Premium and other income	3,056.5	3,056.0
Investment income	922.6	974.0
Other ordinary revenues	329.2	368.0
Total ordinary revenues	4,308.4	4,398.2
Ordinary expenses:		
Benefits and claims	2,625.0	2,508.7
Provision for policy reserves and others	322.5	431.6
Investment expenses	429.5	363.3
Operating expenses	424.6	415.6
Other ordinary expenses	427.6	435.0
Total ordinary expenses	4,229.5	4,154.4
Ordinary profit	78.9	243.7
Extraordinary gains	40.1	7.5
Extraordinary losses	11.8	35.9
Provision for reserve for policyholder dividends	78.5	69.0
Income before income taxes	28.6	146.3
Corporate income taxes:		
Current	25.9	24.7
Deferred	(14.2)	103.9
Total of corporate income taxes	11.7	128.7
Net income for the year	16.9	17.6

* For the details of the statements of earnings, please refer to pages 108 and 109.

■ Insurance-Related Income and Expenses (Premiums and Other Income, and Benefits and Claims)

Premium and other income were nearly flat from the previous fiscal year, at ¥3,056.0 billion, mainly attributable to a fall in the premiums for group annuities, although individual insurance premiums increased, reflecting an increase in premiums for single premium whole life insurance. Benefits and claims declined by ¥116.2 billion year on year, to ¥2,508.7 billion mainly due to declines in the surrender values of group annuities and other refunds.

■ Investment-Related Income and Expenses

Investment income increased by ¥51.3 billion from the previous fiscal year, to ¥974.0 billion, thanks to an increase in gains on the sale of securities such as domestic bonds and foreign bonds due to falling interest rates in Japan and overseas, as well as the recording of gains on investments in separate accounts.

Meanwhile, investment expenses declined by ¥66.2 billion year on year, to ¥363.3 billion, reflecting a decrease in losses on valuation of securities.

As a result, net investment income improved by ¥117.5 billion from the previous fiscal year, to ¥610.6 billion.

■ Provision for Reserve for Policyholder Dividends

The Company accumulated a reserve for policyholder dividends and provided ¥69.0 billion for the reserve in fiscal 2011.

The rate of policyholder dividends for fiscal 2011 was 62.0%. This is the ratio of the amount of the provision for the reserve for policyholder dividends (¥69.0 billion in fiscal 2011) to the surplus attributable to participating policyholders (¥111.2 billion in fiscal 2011), calculated based on earnings related to participating policies defined in the Articles of Incorporation.

■ Dividends to Shareholders

Public life insurance companies pay policyholder dividends and dividends to shareholders.

The policyholders of the mutual life insurance company are owners with the rights to receive policyholder dividends. Those rights are transferred to the public company after its demutualization. Our policy for policyholder dividends is included in the Articles of Incorporation under the Insurance Business Act, so that we aim to protect the rights of policyholders related to dividends.

We aim to provide stable returns to shareholders in the medium to long term, taking into account the need to enhance the soundness and strike a balance between dividends to shareholders and policyholder dividends. Specifically, we intend to determine a dividend level each year with a targeted dividend payout ratio of 20-30% based on our consolidated adjusted net income, while taking into account factors such as consolidated and non-consolidated financial results, the market environment, and regulatory changes.

