

Achievement Highlights

Financial Highlights

Indicators Showing Major Business Performance Over the Past Five Years (Dai-ichi Life)

(Unit: billion yen)

Item	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015
Total assets	31,461.9	33,072.4	34,028.8	36,828.7	35,894.9
Balance of securities	25,333.4	27,161.9	28,005.1	30,673.3	30,250.1
Balance of loans	3,412.5	3,139.6	3,023.1	3,029.2	2,826.0
Separate account assets	1,115.6	1,230.7	1,243.4	1,259.4	1,042.8
Liabilities and net assets	31,461.9	33,072.4	34,028.8	36,828.7	35,894.9
Policy reserves and others	28,529.9	29,168.3	29,744.0	30,449.6	30,635.2
Balance of policy reserves	28,011.6	28,637.0	29,199.2	29,840.9	29,984.2
Amount of capital stock ^{*1}	420.4	420.4	420.4	686.2	686.2
Total number of shares outstanding ^{*2}	10 million shares	10 million shares	1,000 million shares	1,197 million shares	1,198 million shares
Annualized net premium from policies in-force ^{*3}	2,006.8	2,025.9	2,016.0	2,037.7	2,065.0
Individual insurance	1,682.8	1,663.1	1,640.1	1,638.3	1,629.9
Individual annuity insurance	323.9	362.7	375.9	399.3	435.0
Policy amount in-force ^{*4}	196,627.0	190,628.2	185,250.3	179,039.5	172,741.9
Individual insurance	138,597.9	133,344.7	128,094.8	121,655.7	114,816.0
Individual annuity insurance	7,537.5	8,516.8	8,798.3	9,291.5	9,905.6
Group insurance	50,491.5	48,766.6	48,357.1	48,092.2	48,020.2
Policy amount in-force for group annuity insurance ^{*5}	6,065.9	6,146.1	6,353.4	6,397.4	6,064.2
Ordinary revenues	4,398.2	4,315.9	4,384.6	4,798.4	4,265.7
Premium and other income	3,056.0	2,921.8	2,868.0	3,266.3	2,866.6
Ordinary expenses	4,154.4	4,142.1	4,077.0	4,389.7	3,921.5
Benefits and claims	2,508.7	2,467.7	2,439.1	2,718.1	2,681.3
Fundamental profit	302.4	314.5	399.8	458.2	465.4
Ordinary profit	243.7	173.8	307.6	408.7	344.2
Net income for the year	17.6	51.4	85.5	152.1	129.1
Solvency margin ratio ^{*6}	575.9%	715.2%	772.1%	913.2%	900.8%
Number of employees	56,852	56,976	55,603	54,090	54,617

*1: The amount of capital stock includes legal capital surplus.

*2: The Company conducted a 1:100 share split on October 1, 2013.

*3: Annualized net premium is calculated by applying multipliers for various payment terms to the premium per payment. In single premium contracts, for domestic business, the amount is calculated by dividing the premium by the duration of the policy.

*4: The policy amount in-force is the total policy amount in-force for individual insurance, individual annuity insurance, and group insurance.
For individual annuity insurance, the policy amount in-force is equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserves for an annuity for which payments have commenced.

*5: The policy amount in-force for group annuity insurance is equal to the amount of outstanding policy reserves.

*6: The figures for fiscal 2011 through fiscal 2015 are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Official Notification No. 50 of 1996.

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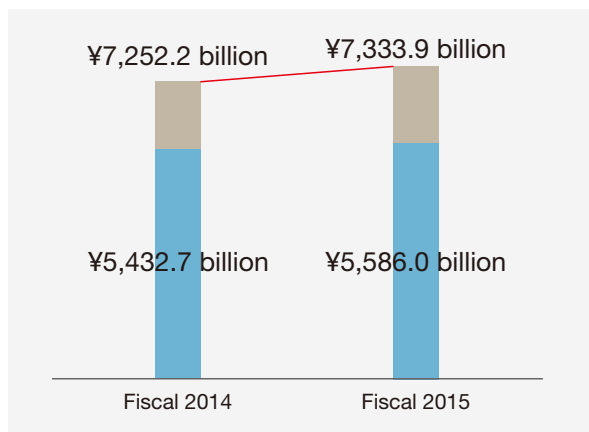
Review of Operations in the Most Recent Fiscal Year (Financial Highlights)

Consolidated Ordinary Revenues

¥7,333.9 billion (101.1% year on year)

Major factors for increase (decrease)

- Premium and other income increased, reflecting the consolidation of Protective Life.



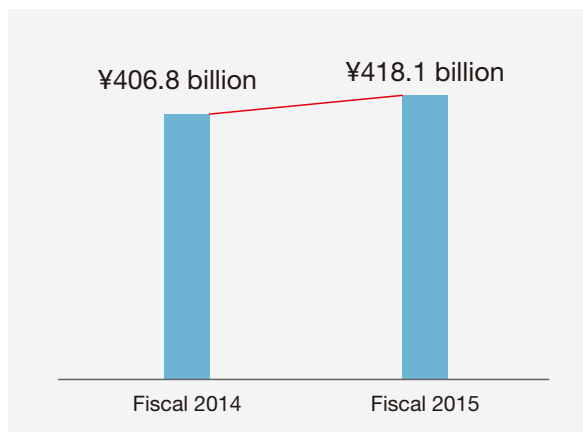
■ Premium and Other Income
■ Investment Income and other ordinary revenues

Consolidated Ordinary Profit

¥418.1 billion (102.8% year on year)

Major factors for increase (decrease)

- Consolidated ordinary revenues increased, reflecting the consolidation of Protective Life.



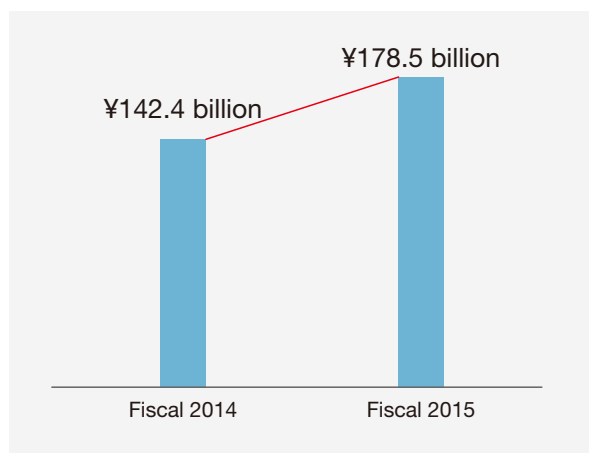
Note: Ordinary profit is the amount remaining after subtracting expenses (ordinary expenses) from revenues (ordinary revenues) that arise on a continuous basis each year from the core life insurance business.

Net Income Attributable to Shareholders of Parent Company

¥178.5 billion (125.3% year on year)

Major factors for increase (decrease)

- Dai-ichi Frontier Life became profitable and the results of reflecting the consolidation of Protective Life.

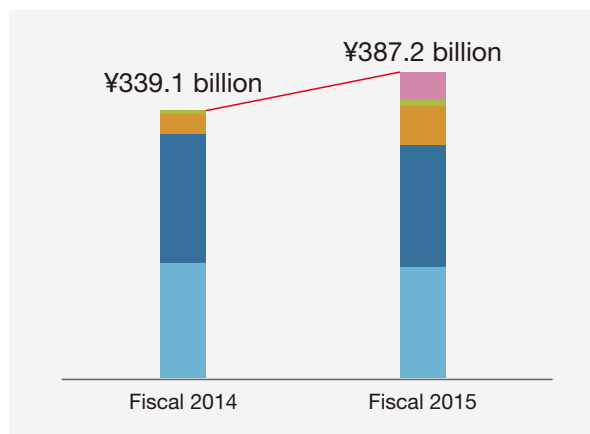


Annualized Net Premium for New Policies (Group)

¥**387.2** billion (114.2% year on year)

Major factors for increase (decrease)

- The results of Protective Life were incorporated.



■ Dai-ichi Life ■ Dai-ichi Frontier Life ■ Neo First Life
■ TAL ■ Dai-ichi Life Vietnam ■ Protective Life

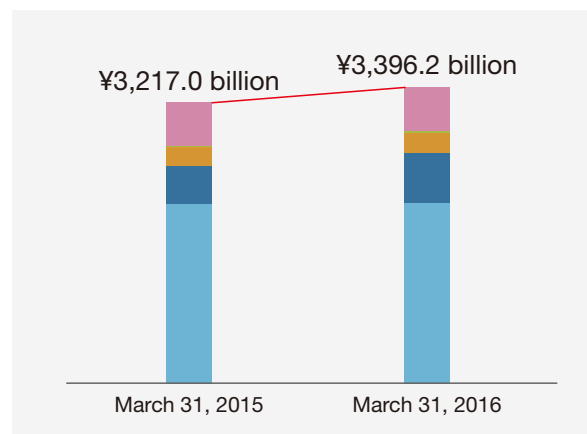
- Notes:** 1. For annualized net premiums for new policies of Neo First Life in fiscal 2014, actual results from July 2014 to March 2015 are stated.
2. For annualized net premiums for new policies of Protective Life in fiscal 2015, actual results from February to December 2015 are stated.
3. Including group insurance of TAL.

Annualized Net Premium from Policies In-force (Group)

¥**3,396.2** billion (105.6% year on year)

Major factors for increase (decrease)

- Strong sales of savings-type products at Dai-ichi Life and Dai-ichi Frontier Life



■ Dai-ichi Life ■ Dai-ichi Frontier Life ■ Neo First Life
■ TAL ■ Dai-ichi Life Vietnam ■ Protective Life

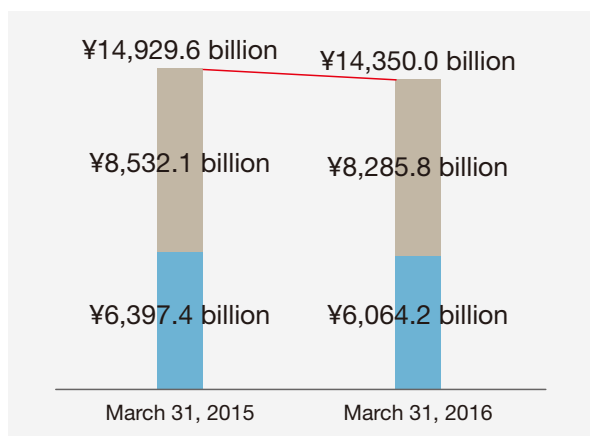
- Notes:** 1. For the annualized net premium from policies in-force of Neo First Life and Protective Life, actual results after making them wholly owned subsidiaries are stated.
2. Annualized net premium is calculated by applying multipliers for various payment terms to the premium per payment. In single premium contracts, for domestic business, the amount is calculated by dividing the premium by the duration of the policy.
3. Including group insurance of TAL.

Balance of Group Annuity Assets

¥**14,350.0** billion (96.1% year on year)

Major factors for increase (decrease)

- Declined slightly due to the outflow of assets under management associated with the dissolution of employees' pension funds.



■ Balance of the group annuity assets of DIAM
■ Group annuities

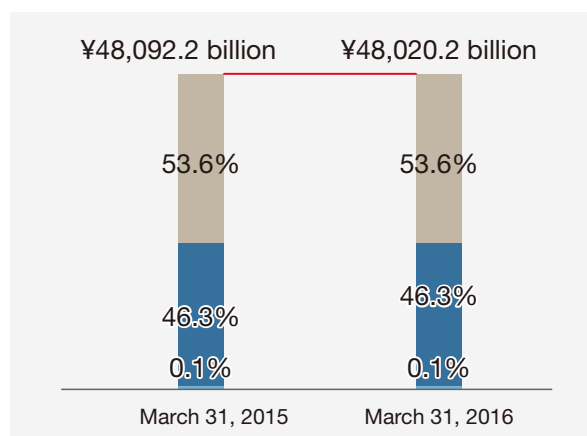
- Notes:** 1. Sum of policy amount in-force of group annuity insurance of Dai-ichi Life and the balance of group annuity assets of DIAM.
2. Balance of the group annuity assets of DIAM valued at market.
3. For group annuities, the amount of the policy reserves is stated.

Policy Amount In-force of Group Insurance

¥**48,020.2** billion (99.9% year on year)

Major factors for increase (decrease)

- Declined slightly mainly due to a fall in the number of groups that have group insurance associated with the revision of the welfare system, etc.



■ Group Term Life Insurance
■ Group Credit Life Insurance
■ Others

Assets and Liabilities

(Consolidated) Fiscal 2014 (billion yen)

Assets		Liabilities	
Total assets	49,837.2	Total liabilities	46,247.2
Cash and deposits	873.4	Policy reserves and others	42,547.0
Call loans	380.4	Policy reserves	41,634.7
Securities	41,105.4	Reserve for price fluctuations	136.2
Loans	3,898.1	Net Assets	
		Total net assets	3,589.9

(Consolidated) Fiscal 2015 (billion yen)

Assets		Liabilities	
Total assets	49,924.9	Total liabilities	46,991.9
Cash and deposits	843.4	Policy reserves and others	43,894.0
Call loans	116.9	Policy reserves	42,922.5
Securities	41,560.0	Reserve for price fluctuations	155.2
Loans	3,715.5	Net Assets	
		Total net assets	2,932.9

(Non-consolidated) Fiscal 2014 (billion yen)

Assets		Liabilities	
Total assets	36,828.7	Total liabilities	33,277.4
Cash and deposits	663.4	Policy reserves and others	30,449.6
Call loans	355.3	Policy reserves	29,840.9
Securities	30,673.3	Reserve for price fluctuations	132.4
Loans	3,029.2	Net Assets	
		Total net assets	3,551.3

(Non-consolidated) Fiscal 2015 (billion yen)

Assets		Liabilities	
Total assets	35,894.9	Total liabilities	32,791.7
Cash and deposits	528.3	Policy reserves and others	30,635.2
Call loans	116.9	Policy reserves	29,984.2
Securities	30,250.1	Reserve for price fluctuations	148.4
Loans	2,826.0	Net Assets	
		Total net assets	3,103.1

Status of Assets

During fiscal 2015, Dai-ichi Life continued to position fixed income investments, including domestic bonds, as the core of its asset portfolio, so that they are consistent with its medium to long-term investment policies. Meanwhile, Dai-ichi Life curbed the accumulation of policy reserve matching bonds consisting primarily of super-long term government bonds, reflecting the continuation of the low interest rate environment. Considering investment efficiency with its fixed income assets, the Company stepped up investment in foreign currency-denominated bonds with currency hedges in an effort to enhance its Asset Liability Management ("ALM") strategy and increase its profitability.

In addition, the Company flexibly changed allocation in risk assets such as domestic stocks and foreign securities primarily to increase profitability through diversified investments while paying attention to market trends.

Total assets (non-consolidated) at the end of fiscal 2015 declined by ¥933.8 billion from the end of the previous fiscal year, to ¥35,894.9 billion, mainly due to a decrease in the market value of securities, chiefly reflecting falling stock prices and the appreciation of the yen.

Explanation of Major Liability Items

Policy Reserves and Others

Policy reserves and others consist of policy reserves, reserve for outstanding claims, and reserve for policyholder dividends.

Policy reserves are established for the fulfillment of insurance claims and other payments related to the Company's outstanding policies that are expected to be paid in the future. The reserve for outstanding claims is a reserve for potential claims such as insurance claims, other payments, and benefits that remained outstanding as of the balance sheet date. The reserve for policyholder dividends is a reserve used to fund the payment of policyholder dividends.

Accumulation Level of Policy Reserves

The accumulation level of policy reserves is determined by the accumulation method and actuarial assumptions.

Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life have accumulated standard policy reserves based on the criteria stipulated by the Insurance Business Act, etc., and have adopted the most conservative method among those required by law. Effective in fiscal 2007, Dai-ichi Life is also accumulating additional policy reserves for whole life insurance policies with a high assumed rate of return after the completion of premium payments to increase its financial stability.

Reserve for Price Fluctuations

Reserve for price fluctuations is a reserve the Company maintains in preparation for losses due to a fall in the price of assets such as stocks whose prices fluctuate rapidly.

Revenues and Expenditures

(Consolidated)

(billion yen)

	Fiscal 2014	Fiscal 2015
Ordinary revenues	7,252.2	7,333.9
Premium and other income	5,432.7	5,586.0
Investment income	1,444.0	1,344.8
Ordinary expenses	6,845.4	6,915.7
Benefits and claims	3,380.8	3,830.9
Provision for policy reserves and others	2,271.2	1,496.3
Investment expenses	168.9	524.0
Operating expenses	559.3	661.3
Ordinary profit	406.8	418.1
Extraordinary gains	3.3	0.3
Extraordinary losses	29.4	55.2
Net income ^{Note}	142.4	178.5

(Non-consolidated)

(billion yen)

	Fiscal 2014	Fiscal 2015
	4,798.4	4,265.7
	3,266.3	2,866.6
	1,174.4	1,060.0
	4,389.7	3,921.5
	2,718.1	2,681.3
	702.8	209.1
	131.2	273.9
	398.5	404.1
	408.7	344.2
	3.0	0.2
	27.2	52.2
	152.1	129.1

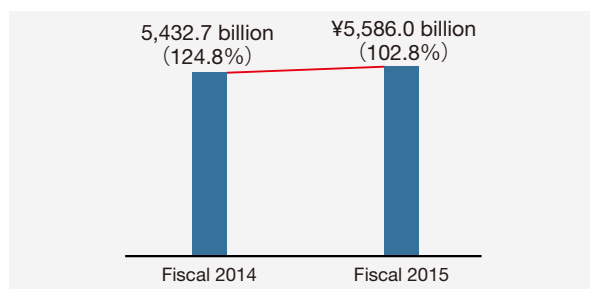
Note: For consolidated net income, net income attributable to shareholders of parent company is stated.

Premium and Other Income (Consolidated)

¥5,586.0 billion (102.8% year on year)

Major factors for increase (decrease)

- Results of Protective Life were reflected.

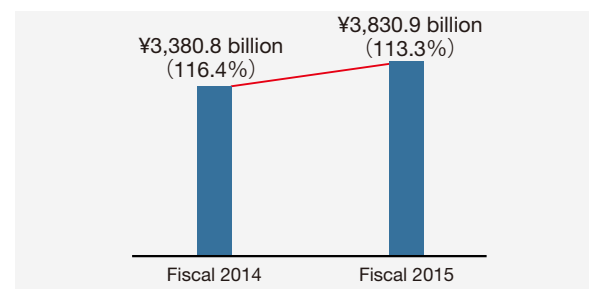


Benefits and Claims (Consolidated)

¥3,830.9 billion (113.3% year on year)

Major factors for increase (decrease)

- Results of Protective Life were reflected.



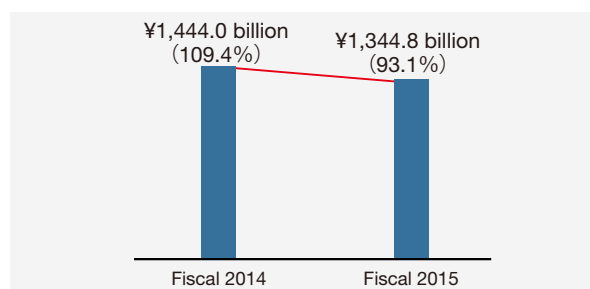
Investment Income (Consolidated)

¥1,344.8 billion (93.1% year on year)

Major factors for increase (decrease) in net investment income

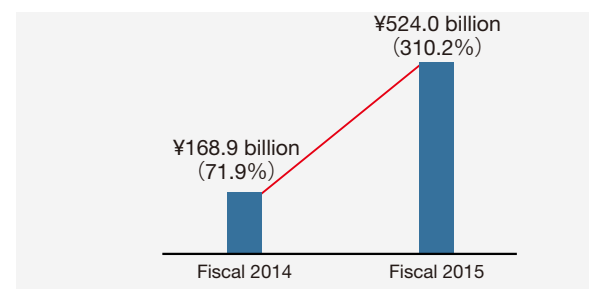
- Net investment income declined in fiscal 2015 because of the posting of a losses on investments in separate accounts due to the deterioration in the financial and economic environment, while gains on investments in separate accounts were recorded in fiscal 2014.

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



Investment Expenses (Consolidated)

¥524.0 billion (310.2% year on year)



Provision for Reserve for Policyholder Dividends

To pay policyholder dividends, the Company has accumulated a reserve for policyholder dividends. In fiscal 2015, the Company provided ¥97.5 billion for the reserve. The Company specified in its Articles of Incorporation that the rate of policyholder dividends shall be 20% or more, and the rate of policyholder dividends for fiscal 2015 was 46.5%.

Notes: 1. The rate of policyholder dividends is the ratio of provision for reserve for policyholder dividends (¥97.5 billion for fiscal 2015) to the amount (¥209.3 billion for fiscal 2015) equivalent to net income for the year (the amount before recording a provision for reserve for policyholder dividends) calculated by segmenting policies that pay policyholder dividends from profits and losses of policies.
2. See page 103 for information on the policyholder dividends in fiscal 2016.

Summary of Investment Results

Summary of General Account Assets^{*1}

Balance of Cash and Deposits Kept Low

While domestic interest rates remained low, Dai-ichi Life sought to improve investment efficiency by keeping the balance of cash and deposits low.

Domestic Bonds: Increase

Taking the low interest rate environment into consideration, the Company curbed the accumulation of investments in policy reserve-matching bonds consisting primarily of super-long term government bonds. The Company also sought to carefully select and diversify various credit risk products, including corporate bonds and securitized products, in accordance with its internal guidelines on risk-adjusted credit-spread^{*2}. As a result, the balance of domestic bonds increased.

Domestic Stocks: Decrease

The balance of domestic stocks decreased as a result of a fall in stock prices. To improve the profitability of the portfolio, the Company invested in the stocks of certain companies and sectors that can be expected to grow over the medium to long terms, based on corporate research by in-house analysts.

Foreign Bonds: Flat

The Company actively invested in foreign currency-denominated bonds with currency hedges, aiming to improve investment efficiency with its fixed income assets (focusing on international interest spreads), while flexibly changing the allocation of foreign currency-denominated bonds without currency hedges, taking into account market trends. As a result of this investment operation and the appreciation of the yen, the total balance of foreign bonds remained unchanged. Meanwhile, the Company also made efforts to improve its investment efficiency and to control risk by diversifying its portfolio by sector and currency.

Foreign Stocks: Decrease

The balance of foreign stocks decreased as a result of falling stock prices and the stronger yen although the Company increased the balance of foreign stocks in its portfolio to improve the portfolio's profitability and strengthen the diversification of its asset management. The Company continued to focus on diversification in terms of investment style and the geographical composition of its foreign stock portfolio, utilizing both third-party asset managers and in-house managers^{*3}.

Loans: Decrease

The total balance of loans decreased mainly due to contract maturities. The Company also provided loans to acquire excess returns by setting adequate risk-adjusted spreads, while paying attention to the credit spread trends in the bond market.

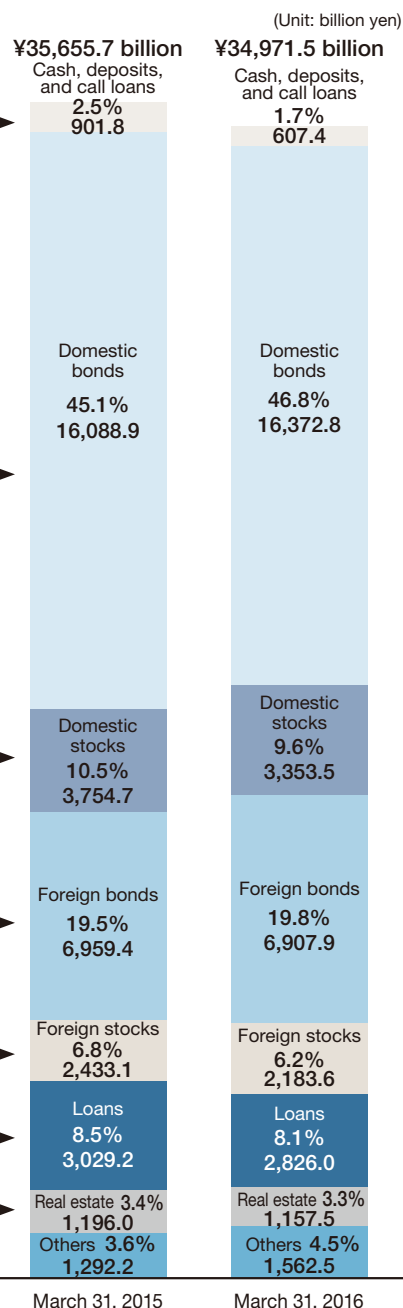
Real Estate: Flat

The Company sought to improve the profitability of the portfolio by renegotiating rents and improving occupancy rates in its existing real estate portfolio, in addition to investments in new properties including housing and the sale of unprofitable properties. The Company also took steps to increase the value of existing real estate by promoting its effective use through renovation and remodeling, etc.

Asset Investment Yield (general account)

	Fiscal 2014	Fiscal 2015
Rate of return of investment on fundamental profit	2.74%	2.76%
Investment yield	2.71%	2.50%

Rate of return of investment on fundamental profit = (Return of investment in fundamental profit – Interest on policyholder dividends)/Policy reserves
 Investment yield = Net investment income / Average daily balance of general account assets



*1: Changes in assets are based on the book value on the balance sheets.

*2: Credit spread
Yield in excess of the yield on government bonds

*3: In-house management
Asset management undertaken by the Company itself, without assigning the management to third-party investment managers.

Future Policies

The Company will continue to conduct its portfolio management focusing on fixed-income assets such as public and corporate bonds in an effort to ensure stable investment profit based on its medium- and long-term investment policy. Risk assets such as domestic stocks and foreign securities allocated primarily to increase the Company's earnings strength through diversified investment will be flexibly allocated while paying full attention to market trends.

Policyholder Dividends in Fiscal 2016

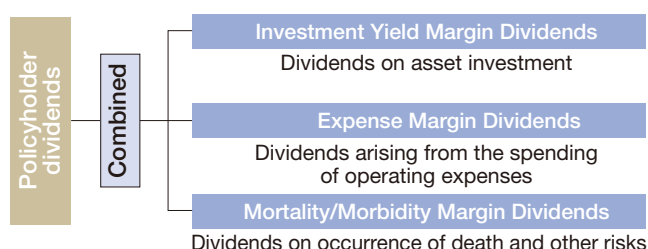
Overview of Policyholder Dividends in Fiscal 2016

Individual insurance/ individual annuities	The Company raised part of the mortality margin dividend scale. The investment yield margin dividend scale and the expense margin dividend scale remained unchanged from the standards of the previous year.
Group insurance	Policyholder dividends, including group term insurance, comprehensive welfare group term insurance, and group credit life insurance, remain unchanged from the standards of the previous year.
Group annuities	As a result of applying the investment performance in fiscal 2015, the investment yield margin dividend scale of products with an assumed investment yield of 1.25% and surrender charge and with a “special provision concerning the calculation of surrender charge according to market rates” will be 0.53%. Meanwhile, the investment yield margin dividend scale of these products without the special provision will be 0.38%, the investment yield margin dividend scale of products with an assumed investment yield of 1.25% and no surrender charge will be 0.12%, and the investment yield margin dividend scale of products with an assumed investment yield of 0.75% will be zero. Policyholder dividends for guaranteed fixed-term rate defined contribution annuity insurance are zero.

Scheme of policyholder dividends in individual insurance and individual annuities

Premiums are calculated based on three predetermined rates (assumed investment yield, assumed operating expense rate, and assumed rate of mortality/morbidity). A profit margin resulting from differences between the schedule or assumptions and actual rates in the annual settlement of accounts will be subject to payment to policyholders as policyholder dividends according to the details of individual policies. Policyholder dividends are calculated for each policy, taking into account both the base policy and riders. Negative dividends are counted as zero.

Scheme of policyholder dividends



Dividend types

● Annual dividend type

Policyholder dividends will be paid from the third year of the policy.

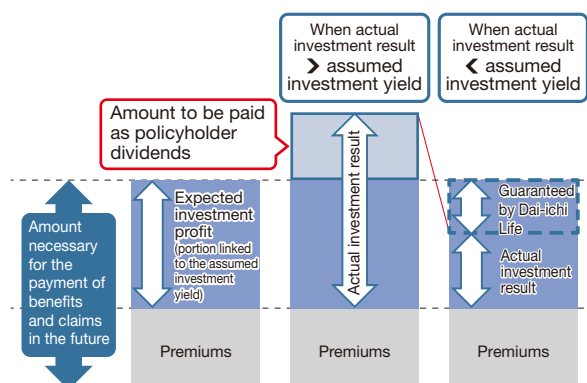
● Five-year (investment yield margin) dividend type

Policyholder dividends will be paid every five years starting from the sixth year of the policy.

In fiscal 2016, policyholder dividends for policies that started in fiscal 1996, 2001, 2006 and 2011 will be paid.

A certain amount of profit is assumed in advance in asset management, and life insurance premiums are determined by deducting the assumed amount of profit in the form of an assumed investment yield. If the actual result is below the assumption, policyholder dividends may not be paid. The agreed premiums will not change even when policyholder dividends cannot be paid.

Chart (example when considering only the assumed investment yield)



Investment yield margin dividend scale in fiscal 2016

The “investment yield margin dividend scale” is the difference between the standard yield for policyholder dividends determined by the Company based on asset investment condition and the assumed investment yield of each policy (gain on asset management assumed in advance).

Investment yield margin dividend scale in fiscal 2016 is as follows.

Investment yield margin dividend scale by assumed investment yield (example)

Assumed investment yield	5.5%	4.75%	3.75%	2.75%	2.15%	1.65%	1.15%
Investment yield margin dividend scale	(4.85%)	(3.9%)	(2.75%)	(1.65%)	(1.05%)	0.1%	0.6%

Investment yield margin dividends in the five-year (investment yield margin) dividend type are calculated by summing up those for five years, using the investment yield margin dividend scale from fiscal 2012 to fiscal 2016.

(Reference) Standard yields for policyholder dividends in fiscal 2016

Policies with the assumed investment yield of 2% or less: 1.75%
 Policies with the assumed investment yield of more than 2% and not more than 3%: 1.10%
 Policies with the assumed investment yield of more than 3% and not more than 4%: 1.00%
 Policies with the assumed investment yield of more than 4% and not more than 5%: 0.85%
 Policies with the assumed investment yield of more than 5%: 0.65%

However, some policies such as single premium endowment insurance and single premium whole life insurance may be different from the above.

Embedded Value

At the end of fiscal 2015 (The Dai-ichi Life Group)

¥4,646.1 billion

(At the end of fiscal year 2014: ¥5,987.6 billion)

(Dai-ichi Life on a non-consolidated basis)

At the end of fiscal year 2015:
¥4,441.4 billion

(At the end of fiscal year 2014: ¥5,908.8 billion)

The embedded value (EV) is one of the indicators representing the corporate value of life insurance companies. While it takes time to realize accounting profits under the existing statutory accounting for life insurance companies, it is believed that EV is able to reinforce financial information in statutory accounting as EV recognizes the contribution of future profits at the time of acquiring new policies.

The Dai-ichi Life Group has been disclosing EV in accordance with the European Embedded Value (EEV) Principles since the end of fiscal 2007. EEV at the end of fiscal 2015 declined from the end of the previous fiscal year to ¥4,646.1 billion, due to falling stock prices, the stronger yen and a significant decline in interest rates.

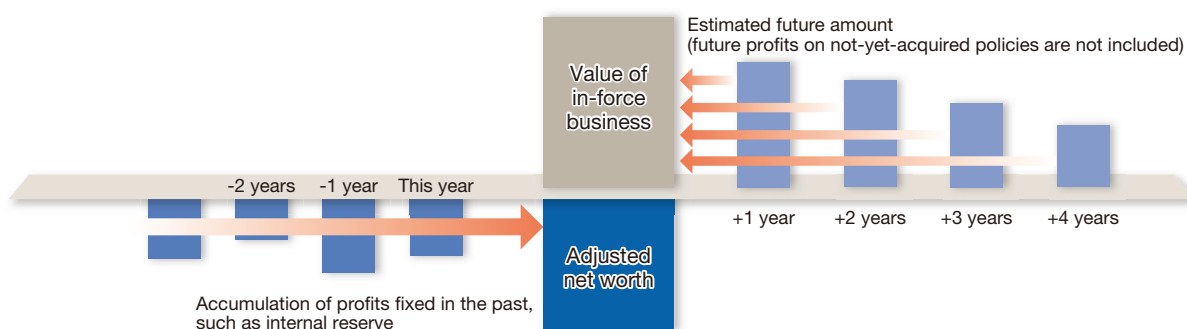
EEV of the Dai-ichi Life Group

(Unit: billion yen)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016
EEV	4,294.7	5,987.6	4,646.1
Adjusted net worth	3,431.3	5,540.8	6,287.3
Value of in-force business	863.3	446.8	(1,641.2)
Value of new business	255.4	286.1	216.1

Note: In light of trends in global regulations, the assumption of super-long-term interest rates was changed in fiscal 2015 in favor of adopting the ultimate forward rate for the Japanese yen. The ultimate forward rate is based on the concept that interest rates in the remote future will converge to a certain level (long-term equilibrium rate of interest). To make a consistent evaluation, figures for fiscal 2014 are also re-evaluated using the same method.

(EV Chart)



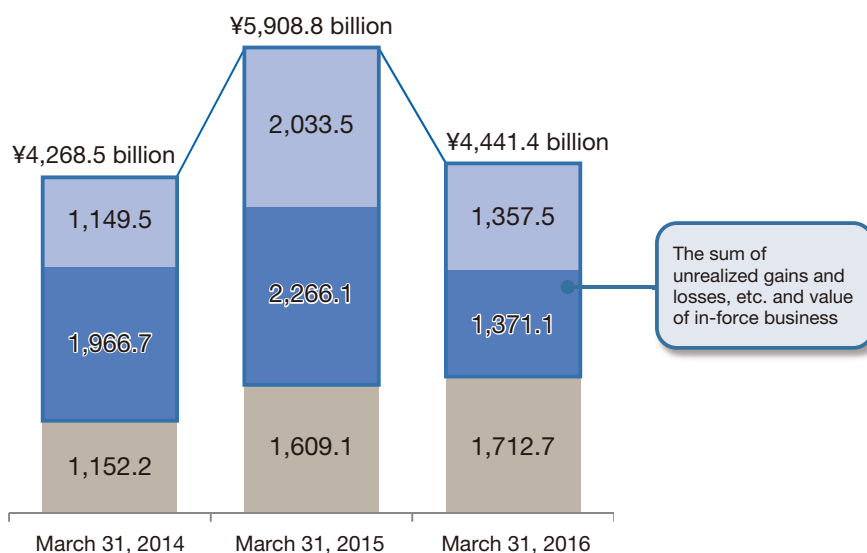
Note: This graph is for illustrative purposes only and does not pertain to actual results, etc.

Adjusted net worth	Adjusted net worth is calculated by adjusting the total net assets on the balance sheet mainly by adding retained earnings in liabilities, and unrealized gains and losses in assets not accounted for under the mark-to-market methodology.
Value of in-force business	The value of in-force business is the present value as at the year end of future after-tax profits arising from already-acquired policies in force in each fiscal year. For the discount rate and the investment yield, the interest rate of government bonds as of the fiscal year end is used.
Value of new business	The value of new business is the value at the time of sale, after all acquisition-related costs, of the new policies obtained during the fiscal year (one year).

■ EEV of Dai-ichi Life

EEV of Dai-ichi Life at the end of fiscal 2015 declined from the end of the previous fiscal year to ¥4,441.4 billion, reflecting the effect of falling interest rates.

Of EEV, the sum of unrealized gains and losses, etc. included in adjusted net worth and value of in-force business is deemed to be an amount that is expected to be realized as accounting profits in the future. The sum of unrealized gains and losses, etc. and the value of in-force business of Dai-ichi Life continues to stay positive, despite the effect of the financial environment.



■ : Unrealized gains and losses, etc. of other than fixed income assets.

■ : Unrealized gains and losses of fixed income assets* + Value of in-force business

■ : Total net assets on balance sheet + Internal reserves classified as liabilities

*Fixed income assets include yen-denominated bonds, foreign currency-denominated bonds with hedges, and loans.

The Dai-ichi Life Group requested a third party (an actuarial firm) with expertise in actuarial calculations to review the assumptions and calculation method, and provide a written opinion. For information on this written opinion and the details of the EEV of the Dai-ichi Life Group, please refer to the “Disclosure of European Embedded Value as of March 31, 2016” (http://www.dai-ichi-life.co.jp/english/investor/financial/results/2015/pdf/index_026.pdf) posted on the Company’s website.

The calculation of EV involves certain assumptions regarding future projections that are subject to risks and uncertainties. Actual future results may differ materially from the assumptions used in the EV calculations. Moreover, changes in assumptions might cause significant changes in future results. We therefore ask that full care be exercised when using or analyzing EV figures.

Fundamental Profit

For fiscal year 2015 (the Dai-ichi Life Group)

¥535.1 billion

(For fiscal year 2014: ¥472.0 billion)

(Dai-ichi Life on a non-consolidated basis)

For fiscal year 2015: ¥465.4 billion

(For fiscal year 2014: ¥458.2 billion)

Note: The value stated as the fundamental profit (the Dai-ichi Life Group) is obtained by offsetting the sum of fundamental profits 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).

Fundamental profit is an indicator that shows the profit and loss situation of the core insurance business of a life insurance company during the term under review. It consists of insurance-related income and expenditures such as premium income and payment of insurance claims and benefits and operating expenses, as well as investment-related income and expenditures centering on interests and dividends.

The fundamental profit for fiscal 2015 (the Dai-ichi Life Group) increased by ¥63.1 billion from the previous fiscal year, to ¥535.1 billion, which was primarily attributable to an improvement in investment income and a decrease in the total assumed investment return due to the accumulation of additional policy reserves.

Positive Spread (Negative Spread)

For fiscal year 2015
(Sum of domestic insurance companies)

¥106.4 billion

(Positive spread in fiscal 2014: ¥74.3 billion)

(Dai-ichi Life on a non-consolidated basis)

Positive spread in fiscal 2015: ¥97.8 billion

(Positive spread in fiscal 2014: ¥69.2 billion)

Insurance companies guarantee policyholders a certain level of return from their investments in advance, and calculate premiums by discounting the assumed investment income. This discount rate is called the assumed investment yield. For this reason, an insurance company needs to secure the sum equivalent to guaranteed investment return from investment returns and other income.

If actual investment returns and other income are sufficient for the total assumed investment return, the state is called a positive spread, and if it is short, the difference is called a negative spread.

● Calculation Formula for Positive (Negative) Spread Amount (For Dai-ichi Life on a non-consolidated basis)

Positive spread amount (¥97.8 billion)	$= \left(\frac{\text{Actual rate of investment return on fundamental profit}^{*1}}{(2.76\%)} - \frac{\text{Average assumed investment yield}^{*2}}{(2.41\%)} \right) \times \left(\frac{\text{Policy reserves for general account}^{*3}}{(\text{¥27,886.3 billion})} \right)$
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*1: Actual investment yield on fundamental profit = (return of investment in fundamental profit^{*4} – interest on policyholder dividends^{*5}) / policy reserves for general accounts

*4: Return of investment in fundamental profit = (interest and dividends + gains on redemption of securities + other investment income) – (interest expenses + losses on redemption of securities + provision for general reserve for possible loan losses + depreciation of real estate for rent and others + other investment expenses)

*5: Interest on policyholder dividends refers to interest on dividends reserved at the insurance company, which is recorded in the income statement as Provision for Interest on Policyholder Dividends.

*2: Average assumed investment yield is calculated by dividing the numerator as assumed interest (general accounts only) by the denominator as policy reserves in general accounts

*3: Policy reserves in general accounts represents the earned policy reserve calculated for policy reserves in general accounts less the contingency reserve, which is calculated as follows: (policy reserves at the beginning of the period + policy reserves at the end of the period – assumed interest) × $\frac{1}{2}$

Solvency Margin Ratio

At the end of fiscal year 2015 (For Dai-ichi Life on a non-consolidated basis)

900.8%

(At the end of fiscal year 2014: 913.2%)

At the end of fiscal year 2015 (Consolidated)

763.8%

(At the end of fiscal year 2014: 818.2%)

The solvency margin ratio is one of the indicators used by the supervising administrative agency to ascertain the extent to which an insurance company can meet payment obligations in the event risks exceed the normally anticipated level.

Specifically, the ratio is the index that shows how diverse risks are covered by the total of capital and other internal reserves, as well as by unrealized gains on securities and other assets (solvency margin total), when exposed to risks greater than normally anticipated. The diverse risks may include those involved in the payment for claims and other benefits and investment risks. A solvency margin ratio exceeding 200% is one indication that an insurance company has met the standards for general financial stability.

The non-consolidated solvency margin ratio of the Company at the end of fiscal 2015 was 900.8%, a slight decline from the level at the end of the previous fiscal year due to a decrease in unrealized gains on securities based on the stronger yen and lower stock prices.

● Method for calculating the solvency margin ratio

$$\text{Solvency Margin Ratio} = \frac{\text{Total solvency margin amount}}{\text{Total risk amount} \times \frac{1}{2}} \times 100\%$$

Adjusted Net Assets

At the end of fiscal year 2015 (For Dai-ichi Life on a non-consolidated basis)

¥10,072.9 billion

(At the end of fiscal year 2014: ¥9,101.2 billion)

At the end of fiscal year 2015 (Consolidated)

¥10,227.9 billion

(At the end of fiscal year 2014: ¥9,430.7 billion)

Adjusted net assets are real net worth derived by subtracting non-capital adjusted liabilities^{*2} from adjusted assets at fair market value^{*1}. They serve as one of the indicators used by the supervising administrative agency to ascertain the financial soundness of insurance companies.

The non-consolidated adjusted net assets of the Company at the end of fiscal 2015 increased from the end of the previous fiscal year to ¥10,072.9 billion, mainly due to an increase in unrealized gains on policy-reserve-matching bonds associated with falling interest rates in Japan.

^{*1}: Adjusted assets represent assets reported in the balance sheet plus unrealized gains/losses and other off-balance-sheet assets.

^{*2}: Adjusted liabilities are calculated by deducting various reserves and allowances from on-balance-sheet liabilities.

Note: If adjusted net assets fall into negative territory, the Company could receive a suspension of operations notice from the supervisory authorities.

Unrealized Gains (Losses) on General Account Assets

At the end of fiscal year 2015

¥6,334.6 billion

(At the end of fiscal year 2014: ¥5,550.7 billion)

Total Net Unrealized Gains (Losses) on General Account Assets (Unit: billion yen)

Item	Fiscal 2014	Fiscal 2015
Securities	5,491.7	6,212.0
Domestic bonds	2,236.8	4,022.9
Domestic stocks	1,785.6	1,312.8
Foreign securities ^{*1}	1,400.8	850.8
Foreign bonds	1,011.6	678.7
Foreign stocks and other securities	389.2	172.0
Other securities	54.4	12.5
Others ^{*2}	13.8	12.8
Real estate ^{*3}	75.5	130.3
Total (including others not listed above) ^{*4}	5,550.7	6,334.6

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

*2: "Others" includes assets that are considered appropriate to handle as securities, as defined in the Financial Instruments and Exchange Act.

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

*4: Unrealized gains (losses) on loans and buildings are not recorded.

Unrealized gains and losses represent differences between the fair value of assets (securities, real estate, etc.) held and their book value.

Unrealized gains act as a defense against the different types of risks to which Dai-ichi Life is exposed and leave more room for risk-taking in investments, making a substantial contribution to the increase in profitability.

Unrealized gains on securities as of March 31, 2016 increased by ¥720.3 billion from the end of the previous fiscal year to ¥6,212.0 billion, mainly reflecting lower interest rates in Japan. Unrealized gains on real estate (land, etc.) increased by ¥54.7 billion from a year earlier, to ¥130.3 billion. As a result, total unrealized gains on all general account assets increased by ¥783.9 billion, to ¥6,334.6 billion.

Ratings

As of June 30, 2016

Rating and Investment Information
(R&I)

A+

(Rating on Insurance
Claims Paying Ability)

Japan Credit Rating Agency
(JCR)

A+

(Rating on Ability to
Pay Insurance Claims)

Standard & Poor's
(S&P)

A+

(Insurer Financial
Strength Rating)

Fitch Ratings
(Fitch)

A+

(Insurer Financial
Strength Rating)

Note: The above ratings represent the opinions of the rating agencies, and do not guarantee the payment of insurance benefits, etc. The ratings may change at the discretion of the rating agencies.

Ratings are given and published by independent third-party agencies primarily as their opinions about the financial soundness of businesses. Ratings for life insurance companies usually represent the degree of certainty with which insurance claims, annuities, etc. are paid in accordance with the policies involved.

As shown above, the Company has received high ratings from all of the rating agencies.

Status of DSR Management Promotion

DSR Management Promotion System

Our DSR management initiatives are promoted by the “Committee for Dai-ichi’s Social Responsibility Promotion,” chaired by the president. Under the committee’s umbrella, four special committees are established to address core challenges in DSR Management to increase the effectiveness of each initiative. Furthermore, as part of efforts to improve management quality and create value continuously through the PDCA cycle, we have set up Branch DSR Committees at each of our branch offices, and Unit Office DSR Committees at each of our unit offices.



List of Indexes to Work on

Category	Indexes to Work on	Explanation of the Index	Fiscal 2014	Fiscal 2015	Target
Quality Assurance	Percentage of positive responses of the total satisfaction in the customer satisfaction survey	Total percentage of responses “very satisfied,” “satisfied” and “somewhat satisfied” in the online questionnaire given to individual customers	70.7%	70.9%	Improved from a year earlier
	Number of customer complaints	—	51,253	46,929	— ^{*1}
Corporate Citizenship and Environmental Activities	Percentage of volunteer activities involvement	Percentage of departments where 50% or more of employees (or 50 employees or more) in the department participate in volunteer work (head office)	50.0%	65.4%	Fiscal 2016 70%
	CO ₂ emissions	Total CO ₂ emissions ^{*2} from the Company’s investment property, business-use property, and welfare property	141,000 t-CO ₂	137,500 t-CO ₂	Fiscal 2017 154,560 t-CO ₂ ^{*3}
	Total paper usage	Total amount of paper used at the Group companies (photocopy paper, pamphlets, policy illustration (policy overview), etc.)	6,509 t	6,291 t	Fiscal 2017 6,388t ^{*3}
Promoting Health	Percentage of employees maintaining a desirable body weight	Percentage of employees with a BMI ^{*4} score of less than 25	Male: 70.6% Female: 77.9%	Male: 70.7% Female: 77.5%	Fiscal 2017 ^{*5} Male: 71.1% Female: 79.2%
	Percentage of employees doing regular exercise	Percentage of employees continuing more than 30-minute exercise twice or more per week for one year or more	Male: 34.7% Female: 27.1%	Male: 36.6% Female: 27.3%	Fiscal 2017 ^{*5} Male: 36.8% Female: 29.1%
	Smoking rate	Percentage of smokers	Male: 31.0% Female: 27.6%	Male: 30.7% Female: 26.5%	Fiscal 2017 ^{*5} Male: 24.7% Female: 22.4%
Employee Satisfaction and Diversity & Inclusion	Results of employee satisfaction survey	The average of major items (5 points in full marks) in a questionnaire sent to employees of the Company	3.51	3.58	Fiscal 2017 ^{*6} 3.62
	Percentage of females in managerial posts	Percentage of women in managerial positions (department head or equivalent and section chief or equivalent)	22.5% ^{*7}	23.3% ^{*7}	April 2018 ^{*7} 25% or more
	Percentage of employees with disabilities	Percentage of employees as of June 1 in the following year	2.25%	2.23%	— ^{*8}

*1: The Company strives to improve its business by using customer feedback (customer complaints) without setting a quantitative target.

*2: Calculated based on the provisions of Article 7, paragraph 3 of the Act on the Rational Use of Energy (“Energy-saving Act”). The fiscal 2009 coefficient is applied to total emissions in each fiscal year.

*3: Targets in the 2015-2017 Medium-term Environmental Effort Plan. The targets for CO₂ emissions and total paper use were exceeded, and the Company continues to take steps to achieve further reductions.

*4: BMI is the degree of obesity calculated from height and weight (BMI of 25 or more is classified as obesity).

*5: The targets in the Medium-Term Health Enhancement Plan for fiscal 2015 to fiscal 2017 (Percentage of employees engaging in regular exercise: Because the target was exceeded among males, a new target for fiscal 2016 has been set up). The target is set by counting backward and dividing the target for 2022 in the Healthy Japan 21 (second campaign) of the Ministry of Health, Labour and Welfare proportionally into the relevant periods.

*6: The employee satisfaction survey is positioned as a tool to help quantitatively understand the current situation and effect of activities and facilitate problem solving.

*7: Includes domestic life insurance companies in the Group (Dai-ichi Life, Dai-ichi Frontier Life and Neo First Life)

*8: The percentage of employees with disabilities is one in compliance with the statutory rate of disability employment.

Status of DSR Management Promotion

Participation in External Initiatives

Dai-ichi Life promotes activities aiming to achieve a sustainable society through participation in domestic and overseas initiatives.

■ The United Nations Global Compact (UNGC)

The UNGC is a set of principles on the behavior for human rights, labour, the environment, and anti-corruption, proposed by the former UN Secretary General Kofi Annan. It encourages participating companies to behave as good members of society, aiming to achieve sustainable growth. Dai-ichi Life joined the initiative in May 2014.



Network Japan
WE SUPPORT

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

■ Women's Empowerment Principles (WEPs)

The Women's Empowerment Principles (WEPs), a joint initiative of United Nations Global Compact (UNGC) and UN Women, are a set of comprehensive principles that offer guidance to business on how to empower women in the workplace, marketplace and community. The 7 principles were developed from real life business practice and seek to elaborate the gender dimension of good corporate citizenship, the UNGC's 10 principles, and businesses' role in sustainable development. Dai-ichi Life signed the CEO Statement of Support for the Women's Empowerment Principles in December 2012.



■ Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)

The Principles for Financial Action for the 21st Century provide action guidelines for the overall CSR of financial institutions wishing to play a role and take responsibilities necessary for the formation of sustainable society. Dai-ichi Life participated in the development of the principles as a member of the draft committee and signed up in November 2011.



■ The United Nations Principles for Responsible Investment (PRI)

PRI is an initiative to propose incorporating ESG (Environmental, Social and Governance) issues into the investment decision-making process to institutional investors in order to realize a sustainable society.

In the Dai-ichi Life Group, four companies (Dai-ichi Life, DIAM Co., Ltd.*, Janus Capital Management LLC and INTECH Investment Management LLC) agree on the PRI and have signed it.

*DIAM Co., Ltd. is to become Asset Management One Co., Ltd., a new company established through integration with asset management companies and departments of Mizuho Financial Group (the asset management department of Mizuho Trust & Banking Co., Ltd., Mizuho Asset Management Co., Ltd. and Shinko Asset Management Co., Ltd.), on October 1, 2016.

Signatory of:

