
Financial Results for the Fiscal Year Ended March 31, 2016

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Hiroshi Kanai) announces its financial results for the fiscal year ended March 31, 2016.

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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, 2015		As of March 31, 2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Individual insurance	106,965	184.5	164,202	153.5
Individual annuities	344,814	127.4	401,635	116.5
Total	451,779	137.5	565,838	125.2
Medical and survival benefits	-	-	-	-

New Policies

(millions of yen except percentages)

	Year Ended March 31, 2015		Year Ended March 31, 2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Individual insurance	54,103	110.0	67,069	124.0
Individual annuities	109,899	176.9	86,763	78.9
Total	164,003	147.3	153,832	93.8
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, 2015				As of March 31, 2016			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2014 total	(millions of yen)	% of March 31, 2014 total	(thousands)	% of March 31, 2015 total	(millions of yen)	% of March 31, 2015 total
Individual insurance	179	182.4	1,360,497	177.0	288	160.7	2,089,116	153.6
Individual annuities	580	131.6	3,544,134	139.2	696	120.0	4,091,675	115.4
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, 2015 total	(millions of yen)	% of March 31, 2015 total	New Business	Net increase from conversions
Year ended March 31, 2016						
Individual insurance	115	134.8	851,084	129.2	851,084	-
Individual annuities	145	78.5	911,163	75.4	911,163	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2015						
Individual insurance	85	/	658,557	/	658,557	-
Individual annuities	186	/	1,208,858	/	1,208,858	-
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, 2015		Year Ended March 31, 2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Premium and other income	1,899,783	150.1	1,873,070	98.6
Investment income	257,791	169.8	94,506	36.7
Benefits and claims	496,228	153.2	495,771	99.9
Investment expenses	52,066	145.2	197,129	378.6
Ordinary gain (loss)	(19,777)	124.4	29,657	-

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2015		As of March 31, 2016	
		% of March 31, 2014 total		% of March 31, 2015 total
Total Assets	4,937,267	145.5	6,132,279	124.2

2. Policies in Force as of March 31, 2016 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	288	2,089,116	-	-	-	-	288	2,089,116
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	696	4,091,675	-	-	696	4,091,675
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insurance / 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, 2016

A. Investment Environment

The Japanese economy experienced growth of a slow pace during the fiscal year ended March 31, 2016. Although capital investment has improved, foreign demand was weak and the recovery in individual consumption was modest, reflecting a slow down of income increase.

The U.S. economy, on the other hand, maintained steady growth mainly led by robust individual consumption backed by improved employment and income environment.

The European economy continued its moderate recovery owing to the enhanced monetary easing measures implemented by the European Central Bank (ECB), including buying government bonds.

Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

The ten-year Japanese government bond (JGB) yield maintained a downward trend due to the maintenance and enhancement of quantitative and qualitative monetary easing measures by the Bank of Japan (BOJ). In the second half of the fiscal year, JGB yields fell significantly below zero as a result of the introduction of a negative interest rate policy by the BOJ.

Yield on ten-year government bonds:	April 1, 2015	0.395%
	March 31, 2016	▲0.050%

[Domestic Stocks]

The Nikkei 225 temporarily rose to record levels since 1996, reaching a peak similar to that experienced during the IT bubble, due to a healthy growth in corporate earnings and an increasing trend of shareholder returns. The Nikkei 225 then went on a declining trend due to the global stock market slide caused by rising concerns over the Chinese economy and the appreciation of the yen following the Federal Reserve Board's (the Fed's) cautious stance towards raising interest rates.

Nikkei 225 Stock Average:	April 1, 2015	19,206
	March 31, 2016	16,758
TOPIX:	April 1, 2015	1,543
	March 31, 2016	1,347

[Foreign Currency]

After hovering around the ¥120 level, reflecting monetary policy differentials between the Fed and the BOJ (such as the Fed's decision to raise interest rates), the U.S. dollar depreciated against the yen and decreased to around ¥112. The depreciating trend of the U.S. dollar was mainly caused by the Fed's cautious stance towards raising interest rates, due to a) the rising concerns over slowing emerging economies and b) the financial market disturbances reflecting the collapse in oil prices.

The yen's appreciation against the euro progressed, reflecting the movements of the dollar-yen exchange rates.

yen /U.S. dollar:	April 1, 2015	¥120.17
	March 31, 2016	¥112.68
yen/euro:	April 1, 2015	¥130.32
	March 31, 2016	¥127.70

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.

General account assets are invested primarily in yen-denominated bonds, and call loans, other money market instruments.

Foreign-currency denominated insurance are invested in 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 fixed-income assets, such as yen-denominated bonds, and call loans, other money market instruments. Foreign-currency denominated insurance are invested in foreign-currency denominated bonds. 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 94,506 million yen mainly due to interest and dividends (83,974 million yen), gains on sales of securities (8,936 million yen), and gains on redemption of securities (952 million yen). Investment expenses were 132,503 million yen mainly due to foreign exchange losses (126,521 million yen), derivative transaction losses (3,354 million yen), and losses on money held in trust (990 million yen) that incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities.

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2015		As of March 31, 2016	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	69,933	2.4	107,633	2.7
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,078	0.2	6,093	0.2
Trading account securities	-	-	-	-
Money held in trust	29,160	1.0	34,670	0.9
Securities	2,661,402	92.7	3,752,040	93.0
Domestic bonds	878,455	30.6	1,145,836	28.4
Domestic stocks	-	-	-	-
Foreign securities	1,499,467	52.2	2,347,130	58.2
Foreign bonds	1,494,409	52.1	2,339,221	58.0
Foreign stocks and other securities	5,057	0.2	7,908	0.2
Other securities	283,479	9.9	259,073	6.4
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	103,264	3.6	135,276	3.4
Reserve for possible loan losses	(15)	(0.0)	(8)	(0.0)
Total	2,869,824	100.0	4,035,705	100.0
Foreign currency-denominated assets	1,571,465	54.8	2,461,055	61.0

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash, deposits, and call loans	923	37,700
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	37	15
Trading account securities	-	-
Money held in trust	(2,540)	5,509
Securities	1,237,249	1,090,637
Domestic bonds	260,438	267,380
Domestic stocks	-	-
Foreign securities	751,739	847,662
Foreign bonds	749,442	844,812
Foreign stocks and other securities	2,296	2,850
Other securities	225,071	(24,405)
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	49,020	32,012
Reserve for possible loan losses	(6)	6
Total	1,284,685	1,165,880
Foreign currency-denominated assets	854,058	889,590

(4) Investment Income

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Interest and dividends	55,484	83,974
Interest from bank deposits	305	278
Interest and dividends from securities	55,063	83,557
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	115	138
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	636
Gains on sale of securities	15,110	8,936
Gains on sale of domestic bonds	1,158	1,408
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	13,951	7,527
Others	-	-
Gains on redemption of securities	746	952
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	-	6
Other investment income	-	-
Total	71,341	94,506

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Interest expenses	0	4
Losses on trading account securities	-	-
Losses on money held in trust	4,440	990
Losses on investment in trading securities	1,815	-
Losses on sale of securities	133	807
Losses on sale of domestic bonds	6	-
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	127	807
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	-	68
Derivative transaction losses	14,963	3,354
Foreign exchange losses	30,021	126,521
Provision for reserve for possible loan losses	6	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	686	756
Total	52,066	132,503

(6) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash, deposits, and call loans	(6.66)	(8.88)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	0.85	0.85
Trading account securities	-	-
Money held in trust	(14.42)	(4.48)
Securities	2.23	(0.74)
Domestic bonds	2.09	0.77
Domestic stocks	-	-
Foreign securities	2.26	(1.92)
Loans	-	-
Real Estate	-	-
Total	0.90	(1.11)
Foreign investments	1.52	(2.79)

Note: 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, 2015		As of March 31, 2016	
	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	34,218	(6,255)	42,578	(354)

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, 2016					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	2,582,535	2,745,305	162,770	164,228	1,457
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,107,635	1,167,690	60,054	60,893	838
Domestic bonds	325,341	351,845	26,504	26,531	26
Domestic stocks	-	-	-	-	-
Foreign securities	531,655	550,677	19,021	19,532	510
Foreign bonds	531,655	550,677	19,021	19,532	510
Foreign stocks and other securities	-	-	-	-	-
Other securities	244,638	259,073	14,435	14,736	301
Monetary claims bought	6,000	6,093	93	93	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	3,690,170	3,912,996	222,825	225,121	2,295
Domestic bonds	1,119,332	1,218,220	98,888	99,105	216
Domestic stocks	-	-	-	-	-
Foreign securities	2,320,199	2,429,608	109,408	111,186	1,778
Foreign bonds	2,320,199	2,429,608	109,408	111,186	1,778
Foreign stocks and other securities	-	-	-	-	-
Other securities	244,638	259,073	14,435	14,736	301
Monetary claims bought	6,000	6,093	93	93	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2015					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	1,734,410	1,858,429	124,019	124,653	633
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	873,157	928,012	54,855	55,322	467
Domestic bonds	312,153	327,278	15,125	15,160	35
Domestic stocks	-	-	-	-	-
Foreign securities	290,869	311,176	20,306	20,459	153
Foreign bonds	290,869	311,176	20,306	20,459	153
Foreign stocks and other securities	-	-	-	-	-
Other securities	264,134	283,479	19,345	19,623	278
Monetary claims bought	6,000	6,078	78	78	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	2,607,567	2,786,442	178,874	179,975	1,101
Domestic bonds	863,330	897,320	33,990	34,543	553
Domestic stocks	-	-	-	-	-
Foreign securities	1,474,103	1,599,563	125,460	125,729	268
Foreign bonds	1,474,103	1,599,563	125,460	125,729	268
Foreign stocks and other securities	-	-	-	-	-
Other securities	264,134	283,479	19,345	19,623	278
Monetary claims bought	6,000	6,078	78	78	-
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, 2016	34,670	34,670	(990)	10	1,001
As of March 31, 2015	29,160	29,160	(4,440)	-	4,440

Note: 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, 2015		As of March 31, 2016	
	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	29,160	(4,440)	34,670	(990)

*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	As of		As of	As of
	March 31,	March 31,		March 31,	March 31,
	2015	2016		2015	2016
	Amount	Amount		Amount	Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	56,221	118,431	Policy reserves and others	4,811,634	5,948,138
Bank deposits	56,221	118,431	Reserves for outstanding claims	4,548	6,975
Call loans	25,100	-	Policy reserves	4,807,086	5,941,162
Monetary claims bought	6,078	6,093	Reinsurance payable	2,717	20,932
Money held in trust	29,160	34,670	Other liabilities	45,659	53,419
Securities	4,715,429	5,836,582	Corporate income tax payable	6	410
Government bonds	515,825	637,292	Accounts payable	23,817	22,958
Local government bonds	9,301	13,352	Accrued expenses	13,869	12,983
Corporate bonds	353,328	495,191	Deposits received	246	55
Foreign securities	1,510,440	2,363,646	Guarantee deposits received	195	3,665
Other securities	2,326,533	2,327,100	Differential account for futures trading	259	-
Tangible fixed assets	90	296	Derivatives	5,302	11,601
Leased assets	-	202	Lease liabilities	-	218
Other tangible fixed assets	90	94	Suspense receipts	1,960	1,526
Intangible fixed assets	581	2,710	Reserve for employees' retirement benefits	157	192
Software	580	2,709	Reserve for retirement benefits of directors, executive officers and corporate auditors	5	4
Other intangible fixed assets	0	0	Reserve for price fluctuations	3,781	6,773
Reinsurance receivables	66,537	72,577	Deferred tax liabilities	15,900	16,899
Other assets	38,083	60,926	Total liabilities	4,879,855	6,046,359
Accounts receivable	13,291	26,393	(NET ASSETS)		
Prepaid expenses	65	244	Capital stock	117,500	117,500
Accrued revenue	14,493	22,345	Capital surplus	67,500	67,500
Deposits	150	154	Legal capital surplus	67,500	67,500
Margin money for futures trading	2,158	3,313	Retained earnings	(166,542)	(142,234)
Defferential account for futures trading	-	99	Other retained earnings	(166,542)	(142,234)
Derivatives	6,267	6,391	Retained earnings brought forward	(166,542)	(142,234)
Suspense payments	1,263	1,302	Total shareholders' equity	18,457	42,765
Other assets	394	680	Net unrealized gains on securities, net of tax	38,954	43,155
Reserve for possible loan losses	(15)	(8)	Total of valuation and translation adjustments	38,954	43,155
Total assets	4,937,267	6,132,279	Total net assets	57,411	85,920
			Total liabilities and net assets	4,937,267	6,132,279

Notes to the Non-Consolidated Balance Sheet as of March 31,2016

- 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.

(Additional Information)

Effective the fiscal year ended March 31, 2016, the Company added individual insurance and annuities (NZ dollar-denominated) as a new sub-group in order to conduct appropriate duration control, taking into account debt situation, and thus promote moresophisticated ALM. This addition did not have any impact on profits or losses of the Company for the fiscal year ended March 31,2016.

- 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) Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method and is computed by proportionally allocating the estimated depreciation for the fiscal year. Other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in equal increments over three years.
 - (b) 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 remaining value.
- 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 yen-denominated amounts 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 loan 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 on the assessment results.
- 8 Reserve for employees' retirement benefits is provided based on the projected benefit obligations as of fiscal year-ended March 31, 2016. The amount is calculated using the simplified method which assumes the Company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

- 9 To provide for the retirement benefits of directors, executives and auditors seconded from the Dai-ichi Life Insurance Company (the parent company), which are payable to the parent company, the Company calculates its share of the relevant accrued benefits as of fiscal year-end pursuant to the parent company's regulations on retirement benefits. The amount is recorded in the reserve for retirement benefits of directors, executive officers and corporate auditors.
- 10 The reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
- 11 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.
- 12 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
- 13 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, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contracts).
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 value-at-risk (VaR).
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 value-at-risk (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 value-at-risk (VaR).
The risk management department reports regularly to the Board of Directors on the status of the Company's entire risk position, including guaranteed minimum benefit risk.

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	118,431	118,431	-
(2) Monetary claims bought	6,093	6,093	-
(3) Money held in trust	34,670	34,670	-
(4) Securities	5,836,852	5,999,353	162,770
(a) Trading securities	2,092,451	2,092,451	-
(b) Policy-reserve-matching bonds	2,582,535	2,745,305	162,770
(c) Other securities	1,161,596	1,161,596	-
Assets total	5,995,777	6,158,548	162,770
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(6,305)	(6,305)	-
Derivative transactions total	(6,305)	(6,305)	-

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, 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.

- 14 Accumulated depreciation on tangible fixed assets is 206 million yen.
- 15 Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of March 31, 2016 was 19,762 million yen.
- 16 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 2,097,835 million yen. Liabilities in separate accounts total the same amount.
- 17 The total amounts of receivables from and payables to subsidiaries and affiliated companies were 0 million yen and 32 million yen, respectively.
- 18 Deferred tax asset accruals are primarily attributable to policy and other reserves of 32,129 million yen and retained losses brought forward of 7,166 million yen. Deferred tax liability accruals are mainly attributable to net unrealized gains on securities of 16,899 million yen. Valuation allowance of 42,420 million yen were deducted from deferred tax assets.
- 19 The effective statutory tax rate for the fiscal year ended March 31, 2016, was 28.84%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was 8.84%. The difference was due mainly to the impact of allowance (-20.08%).

- 20 The value of assets (marketable securities) pledged as collateral is 51,325 million yen.
- 21 Assets for which rights held can be freely disposed of by means of sale or collateralization are available-for-sale securities that have been accepted as collateral of reinsurance dealings and derivative transactions, and in this year-end ownership was maintained for total market value of 40,905 million yen as of March 31, 2016, and the Company have no assets pledged as a re-collateral.
- 22 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 78 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 113,864 million yen.
- 23 As of fiscal year-end, the Company estimated that it would be required to contribute 3,240 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.
- 24 Net assets per share is 46,443,646.96 yen.
- 25 As of fiscal year-end, undepreciated balance of the fee of the reinsurance contract, which is defined in announcement No.50, 1-5, Ministry of Finance, 1996, is 77,228 million yen.

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
	Amount	Amount
ORDINARY REVENUES	2,157,598	1,967,582
Premium and other income	1,899,783	1,873,070
Premium income	1,715,580	1,679,591
Reinsurance income	184,202	193,478
Investment income	257,791	94,506
Interest and dividends	55,484	83,974
Interest from bank deposits	305	278
Interest and dividends from securities	55,063	83,557
Other interest and dividends	115	138
Gains on investment in trading securities	-	636
Gains on sale of securities	15,110	8,936
Gains on redemption of securities	746	952
Reversal of reserve for possible loan losses	-	6
Gains on investment in separate accounts	186,450	-
Other ordinary revenues	23	6
Other ordinary revenues	23	6
ORDINARY EXPENSES	2,177,375	1,937,925
Benefits and claims	496,228	495,771
Claims	13,686	23,354
Annuities	42,155	18,980
Benefits	33,789	43,980
Surrender values	256,803	191,562
Other refunds	3,571	4,397
Ceding reinsurance commissions	146,222	213,496
Provision for policy reserves and other	1,523,264	1,136,503
Provision for reserves for outstanding claims	2,063	2,427
Provision for policy reserves	1,521,200	1,134,076
Investment expenses	52,066	197,129
Interest expenses	0	4
Losses on money held in trust	4,440	990
Losses on investment in trading securities	1,815	-
Losses on sale of securities	133	807
Losses on redemption of securities	-	68
Derivative transaction losses	14,963	3,354
Foreign exchange losses	30,021	126,521
Provision for reserves for possible loan losses	6	-
Other investment expenses	686	756
Losses on investment in separate accounts	-	64,626
Operating expenses	95,240	97,297
Other ordinary expenses	10,575	11,223
National and local taxes	10,466	10,937
Depreciation	81	251
Provision for reserves for employees' retirement benefits	25	35
Other ordinary expenses	2	0
ORDINARY GAIN (LOSS)	(19,777)	29,657
EXTRAORDINARY LOSSES	2,124	2,992
Losses on disposal of fixed assets	57	-
Provision for reserves for price fluctuations	2,067	2,992
Gain (loss) before income taxes	(21,901)	26,665
Corporate income taxes - current	9	2,356
Total of corporate income taxes	9	2,356
Net income (loss) for the year	(21,910)	24,308

Notes to the Non-Consolidated Statement of Earnings for the fiscal year ended March 31, 2016

- 1 The total amounts of revenues and expenses from transactions with affiliated companies were 0 million yen and 322 million yen, respectively.
- 2 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 1,408 million yen and 7,527 million yen, respectively.
- 3 Losses on sale of securities included losses on sales of foreign securities of 807 million yen.
- 4 In calculating the provision of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of 74 million yen was added as an adjustment. In calculating the provision for policy reserves, provision of reserve for outstanding claims reinsured of 90,184 million yen was deducted.
- 5 The main component of gains on investments in trading securities was a valuation gain of 636 million yen.
- 6 Losses on money held in trust included a valuation loss of 990 million yen.
- 7 Derivative transaction losses included a valuation loss of 6,174 million yen.
- 8 Net income per share for the fiscal year was 13,139,583.08 yen.
- 9 Reinsurance income includes the increase of 29,612 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.
- 10 Ceding reinsurance commissions includes the decrease of 12,707 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.

6. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2015	Year ended March 31, 2016
Fundamental profit	A	(6,310)	9,138
Capital gains		50,946	146,522
Gains on money held in trust		-	-
Gains on investment in trading securities		-	636
Gains on sale of securities		15,110	8,936
Derivative transaction gains		-	-
Foreign exchange gains		-	-
Others		35,836	136,949
Capital losses		51,373	131,674
Losses on money held in trust		4,440	990
Losses on investment in trading securities		1,815	-
Losses on sale of securities		133	807
Losses on valuation of securities		-	-
Derivative transaction losses		14,963	3,354
Foreign exchange losses		30,021	126,521
Others		-	-
Net capital gains (losses)	B	(426)	14,848
Fundamental profit plus net capital gains (losses)	A + B	(6,737)	23,987
Other one-time gains		-	5,669
Reinsurance income		-	-
Reversal of contingency reserve		-	5,669
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		13,040	-
Ceding reinsurance commissions		-	-
Provision for contingency reserve		13,040	-
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	(13,040)	5,669
Ordinary profit (loss)	A + B + C	(19,777)	29,657

Note: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2015	Year ended March 31, 2016
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	(35,836)	(136,949)

2. Other capital gains include the amount below.

	Year ended March 31, 2015	Year ended March 31, 2016
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	35,836	136,949

3. Gains (losses) on money held in trust and gains (losses) on investment in trading securities are attributable to investments 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.

7. Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2016

(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	(166,542)	18,457
Changes for the year				
Net gain (loss)			24,308	24,308
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	24,308	24,308
Balance at the end of the year	117,500	67,500	(142,234)	42,765

	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	38,954	38,954	57,411
Changes for the year			
Net gain (loss)			24,308
Net changes of items other than shareholders' equity	4,200	4,200	4,200
Total changes for the year	4,200	4,200	28,508
Balance at the end of the year	43,155	43,155	85,920

Year ended March 31, 2015

(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	(144,632)	40,367
Changes for the year				
Net gain (loss)			(21,910)	(21,910)
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	(21,910)	(21,910)
Balance at the end of the year	117,500	67,500	(166,542)	18,457

	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	7,961	7,961	48,329
Changes for the year			
Net gain (loss)			(21,910)
Net changes of items other than shareholders' equity	30,993	30,993	30,993
Total changes for the year	30,993	30,993	9,082
Balance at the end of the year	38,954	38,954	57,411

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2016

1. Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2015	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2016
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, 2015	As of March 31, 2016
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	-	19,769
Total	-	19,769

- Note: 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, 2014	As of March 31, 2015
Total solvency margin (A)	315,968	348,758
Common stock, etc.	18,457	42,765
Reserve for price fluctuations	3,781	6,773
Contingency reserve	120,314	114,644
General reserve for possible loan losses	15	8
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	49,369	54,049
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	124,030	188,894
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	(53,056)
Excluded items	-	(5,320)
Other	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	99,834	133,391
Insurance risk R_1	37	46
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	25,630	29,556
Guaranteed minimum benefit risk R_7	26,562	24,180
Investment risk R_3	44,732	75,767
Business risk R_4	2,908	3,886
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	632.9%	522.9%

*: Multiplied by 100% if losses.

Note: 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, 2016

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2015	As of March 31, 2016
Individual variable insurance	2,847	45,597
Individual variable annuities	2,065,843	2,052,238
Group annuities	-	-
Separate account total	2,068,691	2,097,835

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2015		As of March 31, 2016	
	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)	0	11,009	40	294,847
Total	0	11,009	40	294,847

Notes: Individual variable insurance that is partly managed in general account are included.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2015		As of March 31, 2016	
	Amount	%	Amount	%
Cash, deposits, and call loans	40	1.4	1,345	3.0
Securities	2,777	97.5	43,951	96.4
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	2,777	97.5	43,951	96.4
Loans	-	-	-	-
Others	29	1.0	300	0.7
Reserve for possible loan losses	-	-	-	-
Total	2,847	100.0	45,597	100.0

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

(millions of yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016
Interest and dividends	89	41
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	86	405
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	0	0
Net investment income	175	447

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2015		As of March 31, 2016	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	462	2,943,208	576	3,501,656

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. Individual variable annuities that are partly managed in general account are included.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2015		As of March 31, 2016	
	Amount	%	Amount	%
Cash, deposits, and call loans	11,347	0.5	9,451	0.5
Securities	2,051,249	99.3	2,040,591	99.4
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	10,972	0.5	16,515	0.8
Foreign bonds	-	-	-	-
Foreign stocks and other securities	10,972	0.5	16,515	0.8
Other securities	2,040,276	98.8	2,024,075	98.6
Loans	-	-	-	-
Others	3,246	0.2	2,194	0.1
Reserve for possible loan losses	-	-	-	-
Total	2,065,843	100.0	2,052,238	100.0

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

(millions of yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016
Interest and dividends	50,369	43,161
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	135,912	-
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	107,651
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	7	583
Net investment income	186,274	(65,073)

12. Consolidated Financial Summary

Not applicable.