

Financial Results for the Fiscal Year Ended March 31, 2016

The Neo First Life Insurance Co., Ltd. (the “Company”; President: Yuji Tokuoka) announces its financial results for the fiscal year ended March 31, 2016.

[Contents]

Financial Results for the Fiscal Year Ended March 31, 2016

1. Business Highlights	P.1
2. Policies in Force as of March 31, 2016 by Benefit	P.3
3. Policyholder Dividends based on Financial Results for the Year ended March 31, 2016	P.3
4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2016.....	P.4
5. Unaudited Non-Consolidated Balance Sheet	P.10
6. Unaudited Non-Consolidated Statement of Earnings	P.13
7. Breakdown of Ordinary Profit (Fundamental Profit).....	P.15
8. Unaudited Non-Consolidated Statement of Changes in Net Assets	P.16
9. Disclosed Claims Based on Categories of Obligors	P.17
10. Risk-Monitored Loans	P.17
11. Solvency Margin Ratio	P.18
12. Status of Separate Account for the Fiscal Year Ended March 31, 2016.....	P.19
13. Consolidated Financial Summary	P.19

* 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	3,706	98.1	3,938	106.2
Individual annuities	—	—	—	—
Total	3,706	98.1	3,938	106.2
Medical and survival benefits	883	97.3	1,179	133.5

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	58	35.9	368	633.4
Individual annuities	—	—	—	—
Total	58	35.9	368	633.4
Medical and survival benefits	15	32.5	333	2,127.2

- Note: 1. Annualized net premium is calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms
2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which the disability cause is excluded but causes such as specific illness and nursing care are included.

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2015				As of March 31, 2016			
	Number of policies		Amount (billions of yen)		Number of policies		Amount (billions of yen)	
		% of March 31, 2014 total		% of March 31, 2014 total		% of March 31, 2015 total		% of March 31, 2015 total
Individual insurance	41,041	94.0	648.8	93.2	46,041	112.2	595.0	91.7
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—

New Policies

	Year ended March 31, 2015						Year ended March 31, 2016					
	Number of policies		Amount (billions of yen)				Number of policies		Amount (billions of yen)			
		% of March 31, 2014 total	% of March 31, 2014 total	New business	Net increase from conversions		% of March 31, 2015 total	% of March 31, 2015 total	New business	Net increase from conversions		
Individual insurance	923	36.9	12.5	36.4	12.5	—	8,290	898.2	4.1	33.2	4.1	—
Individual annuities	—	—	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—	—	—

(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	3,817	97.9	3,892	102.0
Investment income	4	88.9	2	58.5
Benefits and claims	1,336	83.1	1,343	100.6
Investment expenses	0	254.4	0	70.9
Ordinary profit (loss)	735	494.9	(7,109)	—

(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	5,571	110.7	29,771	534.3

2. Policies in Force as of March 31, 2016 by Benefit

(thousands, millions of yen)

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Amount	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Death benefits	General	46	595,049	—	—	—	—	46	595,049
	Accidental	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—
Survival benefits		0	1	—	—	—	—	0	1
Hospitalization benefits	Accidental	26	126	—	—	—	—	26	126
	Illness	26	126	—	—	—	—	26	126
	Others	50	225	—	—	—	—	50	225
Injury benefits		—	—	—	—	—	—	—	—
Surgery benefits		42	—	—	—	—	—	42	—
Disability benefits		8	1,414	—	—	—	—	8	1,414
Others		31	21,584	—	—	—	—	31	21,584

Note: 1. Amounts in “Hospitalization benefits” show the amount of hospitalization benefits to be paid per day.

2. Amounts in “Disability benefits” show the amount of disability benefits paid per month.

3. Amounts in “Others” show the amount of the diagnosis benefits of the cancer medical treatment rider and the specified illness diagnosis benefit rider.

3. Policyholder Dividends based on Financial Results for the Year ended March 31, 2016

As the Company deals only with nonparticipating individual insurance, there is no applicable item.

4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2016

(1) Investment of Assets for the Fiscal Year Ended March 31, 2016

(i) Investment Environment

During the fiscal year ended March 31, 2016, the Japanese economy was on track to recovery against the backdrop of strong corporate earnings and stable exchange rates, but continued to face an environment with a lasting sense of stagnation after the middle of the year, reflecting uncertainty about overseas economies, particularly in China, and the sharp appreciation of the yen.

Business confidence in the world economy also deteriorated after summer due to stronger uncertainty over the Chinese economy and the resulting downturn in the emerging markets, as well as weak resource prices centered on crude oils and mounting concerns about resource- and energy-related companies, although the global economy showed a strong recovery driven by the United States.

In the financial market, the Federal Reserve Board (FRB) in the United States raised its key interest rate in December 2015 for the first time in 11.5 years, while the Bank of Japan (BOJ) announced the adoption of quantitative and qualitative monetary easing with negative interest rates in January 2016. In this environment, the yield of 10-year government bonds in Japan, which rose temporarily to more than 0.5%, remained in negative territory toward the end of the fiscal year. The Nikkei 225 rose temporarily to above the 20,000 level, but declined to 16,758.67 by the end of the fiscal year.

(ii) Investment Policies of the Company

The Company made efforts to secure stable funds while paying attention to safety and cashability (liquidity).

The Company does not hold securitized products at all, including those backed by subprime loans in the United States.

(iii) Investment Results

The balance of general account assets at the end of the fiscal year ended March 31, 2016 was ¥29,771 million, and the asset portfolio consisted of deposits of ¥26,739 million, bonds of ¥1,364 million and other securities of ¥916 million.

Net investment income came to ¥2 million.

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2015		As of March 31, 2016	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	2,250	40.4	26,739	89.8
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	2,881	51.7	2,280	7.7
Domestic bonds	1,965	35.3	1,364	4.6
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	915	16.4	916	3.1
Loans	—	—	—	—
Real estate	—	—	—	—
Deferred tax assets	—	—	—	—
Others	441	7.9	752	2.5
Reserve for possible loan losses	(1)	(0.0)	(1)	(0.0)
Total	5,571	100.0	29,771	100.0
Foreign currency-denominated assets	—	—	—	—

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash, deposits, and call loans	492	24,489
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	(9)	(600)
Domestic bonds	(4)	(601)
Domestic stocks	(5)	—
Foreign securities	—	—
Foreign bonds	—	—
Foreign stocks and other securities	—	—
Other securities	0	0
Loans	—	—
Real estate	(8)	—
Deferred tax assets	—	—
Others	64	311
Reserve for possible loan losses	0	0
Total	538	24,199
Foreign currency-denominated assets	—	—

(4) Investment Income

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Interest and dividends	3	2
Interest from bank deposits	—	—
Interest and dividends from securities	3	2
Interest from loans	—	—
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	0	—
Gains on sale of domestic bonds	—	—
Gains on sale of domestic stocks	0	—
Gains on sale of foreign securities	—	—
Others	—	—
Gain on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	0	0
Other investment income	—	—
Total	4	2

(5) Investment Expense

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Interest expenses	0	0
Losses on trading account securities	—	—
Losses on money held in trust	—	—
Losses on investment in trading securities	—	—
Losses on sale of securities	—	—
Losses on sale of domestic bonds	—	—
Losses on sale of domestic stocks	—	—
Losses on sale of foreign securities	—	—
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	—	—
Loss on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	—	—
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	0	0

(6) Other Information on Investments

(i) Rates of return

(%)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash, deposits, and call loans	—	—
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	0.13	0.09
Domestic bonds	0.16	0.13
Domestic stocks	57.33	—
Foreign securities	—	—
Loans	—	—
Real estate	—	—
Total of general account	0.07	0.01
Foreign investments	—	—

Note: The rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.

(ii) Valuation gains and losses on trading securities

Not applicable.

(3) Fair Value Information on Securities (securities with fair value except for trading securities)

(millions of yen)

	As of March 31, 2015					As of March 31, 2016				
	Book value	Fair Value	Gains (losses)			Book value	Fair Value	Gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity bonds	—	—	—	—	—	—	—	—	—	—
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	2,879	2,881	2	2	0	2,276	2,280	3	3	—
Domestic bonds	1,963	1,965	2	2	0	1,360	1,364	3	3	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	915	915	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	2,879	2,881	2	2	0	2,276	2,280	3	3	—
Domestic bonds	1,963	1,965	2	2	0	1,360	1,364	3	3	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	915	915	—	—	—	916	916	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

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

(millions of yen)

	As of March 31, 2015	As of March 31, 2016
Held-to-maturity bonds	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	—	—
Available-for-sale securities	—	—
Unlisted domestic stocks (except over-the-counter stocks)	—	—
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	—	—
Total	—	—

(4) Fair Value Information on Money Held in Trust
Not applicable.

5. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2015	As of March 31, 2016		As of March 31, 2015	As of March 31, 2016
	Amount	Amount		Amount	Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	2,250	26,739	Policy reserves and others	844	999
Deposits	2,250	26,739	Reserves for outstanding claims	56	116
Securities	2,881	2,280	Policy reserves	787	882
Government bonds	1,965	1,364	Agency accounts payable	3	—
Other securities	915	916	Reinsurance payable	30	28
Tangible fixed assets	64	221	Other liabilities	170	1,370
Leased assets	17	12	Corporate income tax payable	34	1
Other	46	209	Accounts payable	0	0
Intangible fixed assets	0	3	Accrued expenses	115	1,352
Software	0	3	Deposits received	1	1
Other	0	0	Lease liabilities	18	12
Agency accounts receivable	0	—	Suspense receipt	0	2
Reinsurance receivables	1	36	Reserve for employees' retirement benefits	40	6
Other assets	374	491	Reserves under special laws	19	20
Accounts receivable	168	215	Reserve for price fluctuations	19	20
Prepaid expenses	11	0	Deferred tax liabilities	0	1
Accrued revenue	0	0	Total liabilities	1,110	2,425
Deposits	127	130	(NET ASSETS)		
Suspense payments	2	1	Capital stock	10,100	25,100
Other assets	63	142	Capital surplus	2,100	17,100
Reserve for possible loan losses	(1)	(1)	Legal capital surplus	2,100	17,100
			Retained earnings	(7,740)	(14,856)
			Other retained earnings	(7,740)	(14,856)
			Retained earnings brought forward	(7,740)	(14,856)
			Total shareholders' equity	4,459	27,343
			Net unrealized gains on securities, net of tax	1	2
			Total of valuation and translation adjustments	1	2
			Total net assets	4,461	27,346
Total assets	5,571	29,771	Total liabilities and net assets	5,571	29,771

(Notes to Balance Sheet as of March 31, 2016)

- 1 Available-for-sale securities with market value are carried at fair value based on the market price as of March 31, 2016, with the cost determined by the moving average method. Of the available-for-sale securities whose market value is deemed extremely difficult to recognize, government and corporate bonds whose premium or discount represents the interest adjustment are valued at the amortized cost determined by the moving average method, and all other securities are valued at the cost determined by the moving average method.
Net realized gains or losses on these available-for-sale securities are presented as a separate component of net assets, and not in the non-consolidated statement of income.
- 2 The depreciation methods of depreciable assets are as follows:
 - (i) Depreciation of Tangible Fixed Assets Excluding Leased Assets
Depreciation of property, plant and equipment is calculated using the declining balance method.
 - (ii) Leased Assets
Depreciation for 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, with the lease period as the useful life.
 - (iii) Amortization of Intangible Fixed Assets Excluding Leased Assets
Software
The Company uses the straight-line method for the amortization of intangible assets based on the estimated useful life.
- 3 In preparation for losses arising from the write-off of loans, an allowance for doubtful accounts is provided based on the Asset Assessment Regulations, the Asset Assessment Manual, the Recording Regulations on Write-offs and Allowances, and the Write-offs and Allowances Manual established by the Company as follows:
Assessing individual receivables, the Company provides a necessary amount for receivables whose collectability the Company deems to be of serious concern or receivables whose value the Company deems to be seriously damaged.
- 4 For the provision for retirement benefits, the amount is provided based on the projected benefit obligations as of March 31, 2016.
- 5 A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.
- 6 The Company accounts for national and local consumption taxes using the tax-inclusion method.
- 7 The policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:
 - (i) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
 - (ii) Reserves for other policies are established based on the net level premium method.
- 8 Although the Company accounted for national and local consumption taxes using the tax-exclusion method (tax-inclusion method for operating and other expenses) in the past, this has been changed to the tax-inclusion method in the fiscal year ended March 31, 2016 as the Company became a tax-free business operator in the fiscal year ended March 31, 2016. This change will have a minimal impact on ordinary loss and loss before income taxes in the fiscal year ended March 31, 2016.
- 9 The basic policy of the Company is to aim for effective asset management conforming to the diversification of the investment environment and asset management by conducting appropriate income and risk management and working to strengthen risk management from the perspective of maintaining the soundness of business in asset management. Based on this policy, the Company manages assets by paying attention to their safety and cashability (liquidity).
As major financial products, securities are exposed to market risk and credit risk.
The Company manages the market risk by measuring its amount based on value-at-risk (VaR), which is a typical method of measurement. The Company also manages the credit risk by regularly surveying the credit standing of individual investments.

The carrying amounts on the balance sheet, the fair values and differences of major financial assets are as follows:

(millions of yen)

	Carrying amount on the balance sheet	Fair Value	Difference
(1) Cash and deposits	26,739	26,739	—
(2) Securities	2,280	2,280	—
Available-for-sale securities	2,280	2,280	—

(1) Cash and deposits

As the fair value is almost the same as the carrying amount, cash and deposits are calculated using the carrying amount.

(2) Securities

Securities are valued using the market value, etc. at the end of March 2016.

- 10 The accumulated depreciation of property, plant and equipment as of March 31, 2016 was ¥116 million.
- 11 The total amount of payables to subsidiaries and affiliated companies was ¥9 million.
- 12 The total amounts of deferred tax assets and deferred tax liabilities were ¥2,533 million and ¥1 million, respectively, as of March 31, 2016. The full amount of deferred tax assets is subtracted as valuation allowances.
The major components of deferred tax assets were insurance policy reserves of ¥137 million, the amount of excess depreciation of ¥1,218 million and tax losses carried forward of ¥1,158 million. The major component of deferred tax liabilities was net unrealized gains on securities, net of tax. Associated with the enactment of the Act for Partial Revision of the Income Tax Act, etc. and the Act for Partial Revision of the Local Tax Act, etc. by the Diet on March 29, 2016, the statutory tax rates that will be applied to a fiscal year that will begin on or after April 1, 2016 and a fiscal year that will begin on or after April 1, 2018 have been changed to 28.24% and 28.00%, respectively. The impact of this change on deferred tax liabilities as of March 31, 2016 is minimal.
The actual effective tax rate for the fiscal year ended March 31, 2016 was -0.06%, and the major component of the difference from the statutory tax rate of 28.84% was -28.81% for valuation allowances.
- 13 The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”) was ¥10 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥55 million.
- 14 The amount of net assets per share of the Company was ¥11,394.23.
- 15 The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥83 million as of March 31, 2016.
These obligations will be recognized as operating expenses in the period in which they are paid.
- 16 As a defined benefit plan, the Company has established and maintained retirement lump sum grants. The Company has applied the simplified method in calculating their projected benefit obligations, and the provision for retirement benefits was ¥6 million.
- 17 Amounts are rounded down to the nearest unit.

6. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Year ended	Year ended
	March 31, 2015	March 31, 2016
	Amount	Amount
ORDINARY REVENUES	3,945	3,940
Premium and other income	3,817	3,892
Premium income	3,736	3,796
Reinsurance income	81	96
Investment income	4	2
Interest, dividends	3	2
Interest and dividends from securities	3	2
Reversal of reserve for possible loan losses	0	0
Other ordinary revenues	123	45
Reversal of reserve for employees' retirement benefits	—	34
Other	0	10
ORDINARY EXPENSES	3,210	11,049
Benefits and claims	1,336	1,343
Claims	977	964
Benefits	222	245
Other refunds	4	5
Ceding reinsurance commissions	131	128
Provision for policy reserves and other	—	154
Provision for reserves for outstanding claims	—	60
Provision for policy reserves	—	94
Investment expenses	0	0
Interest expenses	0	0
Operating expenses	1,793	9,346
Other ordinary expenses	79	203
National and local taxes	18	125
Depreciation	42	67
Reserve for employees' retirement benefits	2	—
Other ordinary expenses	16	11
ORDINARY PROFIT (LOSS)	735	(7,109)
EXTRAORDINARY GAINS	0	—
Gains on disposal of fixed assets	0	—
EXTRAORDINARY LOSSES	72	2
Losses on disposal of fixed assets	58	1
Impairment losses on fixed assets	0	0
Provision for reserve for price fluctuations	0	0
Other extraordinary losses	13	—
Income (loss) before income taxes	662	(7,111)
Corporate income taxes - current	38	4
Total of corporate income taxes	38	4
Net income (loss) for the year	624	(7,116)

(Notes to Statement of Income)

- 1 The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥0 million and ¥3,414 million, respectively.
- 2 In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of ¥10 million was subtracted.
In calculating the provision for policy reserves, a reversal of reserves for policy reserves reinsured of ¥2 million was added.
- 3 The amount of loss per share was ¥4,157.98.
- 4 The total amount of retirement benefit expenses was ¥6 million.
- 5 Transactions with related parties were as follows:

(millions of yen)

Type	Name of company	Percentage of voting rights held	Relationship with related party	Content of transactions	Amount of transactions	Item	Ending balance
Parent company	The Dai-ichi Life Insurance Company, Limited	Owned Direct 100%	Acceptance of officers and seconded employees, etc.	Underwriting of capital increase (Note 1)	30,000	—	—
				Transfer of computer systems (Note 2)	2,947	—	—

(Note 1) Capital increase through private placement conducted by the Company was underwritten by The Dai-ichi Life Insurance Company, Limited for ¥15,000 per share.

(Note 2) The price and other transactions terms were decided by taking into account the current market value and similar transactions. The amount of transactions includes consumption taxes.

- 6 Amounts are rounded down to the nearest unit.

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Fundamental profit (loss) A	701	(7,136)
Capital gains	0	—
Gains on money held in trust	—	—
Gains on investments in trading securities	—	—
Gains on sale of securities	0	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Others	—	—
Capital losses	—	—
Losses on money held in trust	—	—
Losses on investment in trading securities	—	—
Losses on sale of securities	—	—
Losses on valuation of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Others	—	—
Net capital gains (losses) B	0	—
Fundamental profit plus net capital gains (losses) A + B	701	(7,136)
Other one-time gains	33	27
Reinsurance income	—	—
Reversal of contingency reserve	33	26
Reversal of specific reserve for possible loan losses	0	0
Others	—	—
Other one-time losses	—	—
Ceding reinsurance commissions	—	—
Provision for contingency reserve	—	—
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	33	27
Ordinary profit (loss) A + B + C	735	(7,109)

8. Unaudited Non-Consolidated Statement of Changes in Net Assets

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	10,100	2,100	(8,364)	3,835
Changes for the year				
Net income for the year			624	624
Net changes of items other than shareholders' equity				
Total changes for the year	—	—	624	624
Balance at the end of the year	10,100	2,100	(7,740)	4,459

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	1	1	3,837
Changes for the year			
Net income for the year			624
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes for the year	(0)	(0)	624
Balance at the end of the year	1	1	4,461

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	10,100	2,100	(7,740)	4,459
Changes for the year				
Issuance of new shares	15,000	15,000		30,000
Net loss for the year			7,116	7,116
Net changes of items other than shareholders' equity				
Total changes for the year	15,000	15,000	(7,116)	22,883
Balance at the end of the year	25,100	17,100	(14,856)	27,343

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	1	1	4,461
Changes for the year			
Issuance of new shares			30,000
Net loss for the year			7,116
Net changes of items other than shareholders' equity	1	1	1
Total changes for the year	1	1	22,884
Balance at the end of the year	2	2	27,346

(Notes to the Year ended March 31, 2016)

1. Type and Number of Shares Outstanding

(thousand shares)

	At the beginning of the fiscal year ended March 31, 2016	Increase	Decrease	As of March 31, 2016
Shares outstanding				
Common stock	400	2,000	—	2,400

The 2,000 thousand share increase in common stock represents the issuance of new shares to The Dai-ichi Life Insurance Company, Limited.

2. Subscription Rights to Shares and Own Subscription Rights to Shares

Not applicable.

3. Payment of Dividends

Not applicable.

4. Amounts are rounded down to the nearest unit.

9. Disclosed Claims Based on Categories of Obligors

Not applicable.

10. Risk-Monitored Loans

Not applicable.

11. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2015	As of March 31, 2016
Total solvency margin (A)	4,936	27,795
Common stock, etc.	4,459	27,343
Reserve for price fluctuations	19	20
Contingency reserve	455	428
General reserve for possible loan losses	—	—
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90%	2	3
Net unrealized gains (losses) on real estate × 85%	—	—
Policy reserves in excess of surrender values	—	—
Qualifying subordinated debt	—	—
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	—	—
Brought-in capital, etc.	—	—
Excluded items	—	—
Others	—	—
Total Risk	478	557
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)		
Insurance risk R ₁	369	336
3rd sector insurance risk R ₈	84	89
Assumed investment yield risk R ₂	0	0
Guaranteed minimum benefit risk R ₇	—	—
Investment risk R ₃	89	323
Business risk R ₄	16	22
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,064.1%	9,969.9%

(Note) The figures are calculated based on Articles 86, 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

<Reference> Substantive difference between assets and liabilities

(millions of yen)

	As of March 31, 2015	As of March 31, 2016
Total amount that should be recorded in assets (1)	5,571	29,771
Amount calculated based on the total amount that should be recorded in liabilities (2)	634	1,927
Substantive difference between assets and liabilities (1) – (2)	4,937	27,844

(Note) There is no item applicable to held-to-maturity bonds and policy-reserve-matching bonds.

12. Status of Separate Account for the Fiscal Year Ended March 31, 2016

Not applicable.

13. Consolidated Financial Summary

Not applicable.