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## Financial Results for the Three Months Ended June 30, 2016

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Nippon Life Insurance Company (the “Company”; President: Yoshinobu Tsutsui) announces financial results for the three months ended June 30, 2016.

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## 1. Business Highlights

### (1) Amount of Policies in Force and New Policies

#### • Policies in Force

	As of June 30, 2016				As of March 31, 2016	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2015 (%)	(100 million yen)	As a percentage of March 31, 2015 (%)		
Individual insurance	23,593	102.0	1,441,641	99.3	23,123	1,451,163
Individual annuities	3,561	101.0	220,095	100.9	3,525	218,107
Group insurance	—	—	940,816	100.8	—	932,899
Group annuities	—	—	124,342	100.5	—	123,757

Notes: 1. The amount of individual annuities is the total of (a) annuity funds at the start of annuity payments for policies prior to the start of annuity payments and (b) policy reserves for policies after the start of annuity payments.  
2. The amount of group annuities is the amount of the policy reserves.

#### • New Policies

	Three months ended June 30, 2016						Three months ended June 30, 2015			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2015 (%)	(100 million yen)	As a percentage of three months ended June 30, 2015 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	975	85.2	17,277	83.4	18,370	(1,092)	1,145	20,723	21,277	(554)
Individual annuities	71	149.2	4,184	141.4	4,165	18	48	2,958	2,936	22
Group insurance	—	—	2,380	313.4	2,380		—	759	759	
Group annuities	—	—	10	499.7	10		—	2	2	

Notes: 1. New policies include enrollment using the coverage enhancement system, and conversion indicates enrollment using the coverage revision system and partial coverage revision system.  
2. The number of policies includes policies that were converted into new policies.  
3. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.  
4. The amount of new policies for group annuities represents the first-time premium.

(2) Annualized Net Premium

• Policies in Force

(100 Million Yen, %)

	As of June 30, 2016		As of March 31, 2016
		As a percentage of March 31, 2015	
Individual insurance	25,459	99.9	25,486
Individual annuities	8,945	101.5	8,814
Total	34,405	100.3	34,300
Medical coverages, living benefits, and others	6,144	100.3	6,125

• New Policies

(100 Million Yen, %)

	Three months ended June 30, 2016		Three months ended June 30, 2015
		As a percentage of three months ended June 30, 2015	
Individual insurance	432	82.7	522
Individual annuities	213	192.5	111
Total	645	102.0	633
Medical coverages, living benefits, and others	110	89.5	123

- Notes: 1. The amount of annualized net premium is the annualized premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment policies, the amount is the total premium divided by the insured period).
2. The amount of medical coverages, living benefits, and others represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding disability benefits alone, but including specified illness and nursing care benefits).
3. Annualized new policy net premium includes net increases due to conversions.

## 2. Investment Management Performance (General Account)

### (1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2016		As of March 31, 2016	
	Amount	%	Amount	%
Cash, deposits, and call loans	9,161	1.5	10,037	1.6
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	3,851	0.6	4,199	0.7
Proprietary trading securities	—	—	—	—
Assets held in trust	15	0.0	19	0.0
Investments in securities:	490,810	79.6	501,337	80.8
Domestic bonds	230,485	37.4	233,548	37.6
Domestic stocks	75,148	12.2	81,076	13.1
Foreign securities:	168,496	27.3	171,581	27.6
Foreign bonds	133,949	21.7	134,251	21.6
Foreign stocks and other securities	34,546	5.6	37,330	6.0
Other securities	16,680	2.7	15,130	2.4
Loans:	80,134	13.0	81,214	13.1
Policy loans	6,839	1.1	6,958	1.1
Industrial and consumer loans	73,295	11.9	74,256	12.0
Real estate:	16,765	2.7	16,779	2.7
Investment property	10,793	1.8	10,796	1.7
Deferred tax assets	—	—	—	—
Other assets	15,542	2.5	7,206	1.2
Allowance for doubtful accounts	(34)	(0.0)	(35)	(0.0)
Total assets (general account):	616,248	100.0	620,758	100.0
Foreign currency-denominated assets	150,566	24.4	151,783	24.5

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities as cash received as collateral under securities lending transactions (¥120.2 billion and ¥661.8 billion as of June 30, 2016, and March 31, 2016, respectively).

2. Real estate amount is the sum of land, buildings, and construction in progress.

## (2) Fair Value Information of Securities (With Fair Value, Other Than Trading Securities)

(100 Million Yen)

	As of June 30, 2016					As of March 31, 2016				
	Book value	Fair value	Net gains/losses	Net gains/losses		Book value	Fair value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds*	201,792	257,228	55,435	55,436	(0)	205,613	250,527	44,914	44,914	(0)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	560	483	483	—	77	669	592	592	—
Available-for-sale securities:	227,348	284,291	56,943	60,038	(3,094)	226,222	291,383	65,161	67,305	(2,143)
Domestic bonds	29,517	32,996	3,478	3,507	(29)	29,911	32,596	2,684	2,696	(11)
Domestic stocks	39,688	70,934	31,245	33,211	(1,965)	39,710	76,277	36,567	38,098	(1,531)
Foreign securities:	138,173	158,114	19,941	20,859	(917)	136,128	160,169	24,040	24,536	(496)
Foreign bonds	117,358	133,232	15,874	16,546	(672)	114,806	133,533	18,727	19,032	(304)
Foreign stocks and other securities	20,814	24,882	4,067	4,312	(245)	21,322	26,636	5,313	5,504	(191)
Other securities	14,055	16,332	2,276	2,457	(181)	12,913	14,781	1,867	1,972	(104)
Monetary receivables purchased	264	265	1	1	(0)	254	255	1	1	(0)
Negotiable certificates of deposit	5,649	5,649	0	0	(0)	7,303	7,302	(0)	0	(0)
Total	429,218	542,080	112,862	115,957	(3,095)	431,912	542,580	110,667	112,812	(2,144)
Domestic bonds	227,006	285,453	58,446	58,476	(29)	230,863	278,029	47,166	47,177	(11)
Domestic stocks	39,688	70,934	31,245	33,211	(1,965)	39,710	76,277	36,567	38,098	(1,531)
Foreign securities:	138,967	159,428	20,460	21,378	(917)	136,923	161,591	24,667	25,163	(496)
Foreign bonds	118,075	133,986	15,910	16,583	(672)	115,523	134,285	18,761	19,066	(304)
Foreign stocks and other securities	20,892	25,442	4,550	4,795	(245)	21,399	27,305	5,905	6,096	(191)
Other securities	14,055	16,332	2,276	2,457	(181)	12,913	14,781	1,867	1,972	(104)
Monetary receivables purchased	3,849	4,282	432	433	(0)	4,198	4,597	399	399	(0)
Negotiable certificates of deposit	5,649	5,649	0	0	(0)	7,303	7,302	(0)	0	(0)

Note: The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

\* Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line). Securities that are held for the purpose of matching the duration of outstanding liabilities within the subgroups (classified by insurance type, maturity period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

[Book Value of Securities without Fair Value]

(100 Million Yen)

	As of June 30, 2016	As of March 31, 2016
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	6,355	6,920
Available-for-sale securities:	7,808	8,637
Unlisted domestic stocks (excluding over-the-counter stocks)	1,044	1,047
Unlisted foreign stocks (excluding over-the-counter stocks)	4,357	5,257
Unlisted foreign bonds	—	—
Others	2,406	2,333
<b>Total</b>	<b>14,163</b>	<b>15,558</b>

Note: Of securities without fair value, the net (losses) gains on currency exchange valuation of assets denominated in foreign currencies were as follows:  
¥(14.1) billion and ¥37.4 billion as of June 30, 2016, and March 31, 2016, respectively.

(3) Fair Value Information of Assets Held in Trust

(100 Million Yen)

	As of June 30, 2016					As of March 31, 2016				
	Balance sheet amount	Fair value	Net gains/losses		Balance sheet amount	Fair value	Net gains/losses			
			Gains	Losses			Gains	Losses		
Assets held in trust	15	15	—	—	19	19	—	—		

Notes: 1. Fair value is based on a reasonably calculated price by the trustee of the assets held in trust.  
2. The balance sheet amount includes net gains/losses on derivative transactions within assets held in trust.

- Assets Held in Trust for Trading Purposes

(100 Million Yen)

	As of June 30, 2016		As of March 31, 2016	
	Balance sheet amount	Valuation gains (losses) included in profit and loss	Balance sheet amount	Valuation gains (losses) included in profit and loss
Assets held in trust for trading purposes	15	4	19	(0)

Note: The balance sheet amounts and valuation gains (losses) included in profit and loss include net gains/losses on derivative transactions.

- Assets Held in Trust Classified as Policy-Reserve-Matching, Held-to-Maturity, and Available-for-Sale  
No ending balance as of June 30, 2016, or March 31, 2016.

### 3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
<b>Assets:</b>		
Cash and deposits	848,215	953,962
Call loans	230,000	120,000
Monetary receivables purchased	385,158	419,915
Assets held in trust	1,515	1,934
Investments in securities:	50,187,390	51,297,396
National government bonds	20,139,214	20,101,494
Local government bonds	1,106,986	1,284,844
Corporate bonds	2,384,225	2,490,960
Domestic stocks	7,669,894	8,285,950
Foreign securities	17,080,587	17,477,392
Loans:	8,013,490	8,121,484
Policy loans	683,968	695,878
Industrial and consumer loans	7,329,522	7,425,606
Tangible fixed assets	1,694,139	1,694,878
Intangible fixed assets	168,688	169,515
Reinsurance receivables	333	496
Other assets	1,398,311	637,272
Customers' liability for acceptances and guarantees	38,618	40,503
Allowance for doubtful accounts	(3,402)	(3,524)
<b>Total assets</b>	<b>62,962,458</b>	<b>63,453,836</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	53,174,314	52,767,560
Reserve for outstanding claims	311,287	316,631
Policy reserves	51,719,531	51,435,915
Reserve for dividends to policyholders	1,143,495	1,015,013
Reinsurance payables	363	572
Corporate bonds	750,825	650,825
Other liabilities:	1,489,144	1,627,269
Cash received as collateral under securities lending transactions	120,218	661,819
Income taxes payable	52,613	16,841
Lease obligations	6,370	6,257
Asset retirement obligations	2,329	2,322
Other liabilities	1,307,611	940,028
Accrued bonuses for directors and audit and supervisory board members	116	87
Accrued retirement benefits	359,059	358,762
Accrued retirement benefits for directors and audit and supervisory board members	4,499	4,391
Reserve for program points	10,078	9,420
Reserve for price fluctuations in investments in securities	988,356	947,384
Deferred tax liabilities	400,197	644,586
Deferred tax liabilities for land revaluation	108,870	109,383
Acceptances and guarantees	38,618	40,503
<b>Total liabilities</b>	<b>57,324,443</b>	<b>57,160,746</b>

### 3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
Net assets:		
Foundation funds	200,000	200,000
Reserve for redemption of foundation funds	1,150,000	1,100,000
Reserve for revaluation	651	651
Surplus:	259,758	479,830
Legal reserve for deficiencies	16,042	15,163
Other surplus reserves:	243,716	464,667
Equalized reserve for dividends to policyholders	50,000	50,000
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	3,305	305
Reserve for reduction entry of real estate	51,196	50,187
Reserve for reduction entry of real estate to be purchased	5,643	—
Other reserves	170	170
Unappropriated surplus	61,483	292,087
Total foundation funds and others	1,610,409	1,780,481
Net unrealized gains on available-for-sale securities	4,106,471	4,722,733
Deferred gains (losses) on derivatives under hedge accounting	3,592	(123,923)
Land revaluation losses	(82,457)	(86,202)
Total valuations, conversions, and others	4,027,606	4,512,608
Total net assets	5,638,015	6,293,089
Total liabilities and net assets	62,962,458	63,453,836



## Basis of Presenting the Nonconsolidated Balance Sheet as of June 30, 2016

1. Effective from the three months ended June 30, 2016, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ\* Guidance No. 26, March 28, 2016) (hereinafter, the "Implementation Guidance on Recoverability") and has partially revised its accounting method of recoverability of deferred tax assets. With respect to the application of the Implementation Guidance on Recoverability, the Company has adopted the transitional treatments provided in Paragraph 49 (4) of the Implementation Guidance on Recoverability. Accordingly, the Company has calculated the difference between the amounts of deferred tax assets and deferred tax liabilities determined by applying Paragraph 49 (3), Items 1-3 of the Implementation Guidance on Recoverability as of the beginning of the three months ended June 30, 2016 (April 1, 2016), and the amounts of deferred tax assets and deferred tax liabilities as of the previous fiscal year end, and added the difference to surplus as of April 1, 2016.  
As a result, as of April 1, 2016, deferred tax assets increased by ¥1,873 million and unappropriated surplus increased by ¥1,873 million.

2. As the proposed appropriation of surplus for the fiscal year ended March 31, 2016, was approved at the annual meeting of representatives of policyholders held on July 5, 2016, it is included in the nonconsolidated balance sheet as of June 30, 2016. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2016	¥292,087
b. Reversal from voluntary surplus reserves	¥606
c. Appropriations:	¥292,693
Reserve for dividends to policyholders	¥229,857
Legal reserve for deficiencies	¥879
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,698
Voluntary surplus reserves	¥10,258
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2016, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.

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\* ASBJ: The Accounting Standards Board of Japan

4. Changes in the reserve for dividends to policyholders for the three months ended June 30, 2016, were as follows:

	Million Yen
	Three months ended June 30, 2016
a. Balance at the beginning of the current fiscal year	¥1,015,013
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥229,857
c. Dividends paid to policyholders during the current three-month period	¥106,996
d. Increase in interest	¥5,621
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,143,495

5. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2016.
6. The amount of securities lent under lending agreements was ¥1,619,680 million as of June 30, 2016.

#### 4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Ordinary income:	1,656,887	1,694,147
Revenues from insurance and reinsurance:	1,228,095	1,270,030
Insurance premiums	1,227,953	1,269,942
Investment income:	393,568	386,260
Interest, dividends, and other income	305,358	323,669
Gain from assets held in trust, net	480	—
Gain on sales of securities	83,655	36,922
Gain from separate accounts, net	—	19,009
Other ordinary income	35,222	37,856
Ordinary expenses:	1,544,638	1,571,944
Benefits and other payments:	943,597	1,002,756
Death and other claims	252,633	242,391
Annuity payments	210,042	199,376
Health and other benefits	177,642	182,379
Surrender benefits	196,511	255,690
Other refunds	106,625	122,742
Provision for policy reserves:	289,237	320,571
Provision for policy reserves	283,615	314,796
Provision for interest on reserve for dividends to policyholders	5,621	5,775
Investment expenses:	108,118	39,020
Interest expenses	4,572	3,389
Loss on sales of securities	9,371	885
Loss on valuation of securities	29,910	188
Loss on derivative financial instruments, net	19,603	15,887
Loss from separate accounts, net	26,195	—
Operating expenses	144,533	140,871
Other ordinary expenses	59,152	68,723
Ordinary profit	112,248	122,202
Extraordinary gains:	176	13
Gain on disposals of fixed assets	176	13
Extraordinary losses:	44,830	43,045
Loss on disposals of fixed assets	954	2,223
Impairment losses	2,903	951
Provision for reserve for price fluctuations in investments in securities	40,972	39,871
Surplus before income taxes	67,594	79,170
Income taxes - current	68,911	48,003
Income taxes - deferred	(64,407)	(39,449)
Total income taxes	4,503	8,553
Net surplus	63,090	70,616

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

2) Circumstances causing impairment losses

The Company observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the three months ended June 30, 2016, is as follows:

Purpose of use	Million Yen		
	Land	Buildings	Total
Leased property	¥1,547	¥458	¥2,005
Idle property	¥733	¥164	¥898
Total	¥2,280	¥622	¥2,903

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

## 5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Core operating profit (A)	146,363	145,629
Capital gains:	94,425	36,922
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	480	—
Gain on trading securities	—	—
Gain on sales of securities	83,655	36,922
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	—
Other capital gains	10,288	—
Capital losses:	61,339	17,891
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	9,371	885
Loss on valuation of securities	29,910	188
Loss on derivative financial instruments, net	19,603	15,887
Foreign exchange losses, net	2,453	930
Other capital losses	—	—
Net capital gains (B)	33,085	19,031
Core operating profit, including net capital gains (A+B)	179,449	164,661
Nonrecurring gains:	11	49
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	11	49
Other nonrecurring gains	—	—
Nonrecurring losses:	67,212	42,507
Reinsurance premiums	—	—
Provision for contingency reserve	67,212	42,486
Provision for specific allowance for doubtful accounts	—	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	—	21
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(67,200)	(42,458)
Ordinary profit (A+B+C)	112,248	122,202

Note: During the three months ended June 30, 2016, the Company recorded the amount of foreign exchange gains and losses related to foreign currency-denominated insurance products as ¥(10,288) million in core operating profit and ¥10,288 million in other capital gains.

## 6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
Solvency margin gross amount (A):	11,759,807	12,172,555
Foundation funds ( <i>kikin</i> ) and other reserve funds:	4,334,179	4,164,622
Foundation funds and others	1,610,409	1,548,925
Reserve for price fluctuations in investments in securities	988,356	947,384
Contingency reserve	1,467,802	1,400,590
General allowance for doubtful accounts	1,640	1,751
Others	265,970	265,970
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5,105,939	5,719,951
Net unrealized gains on real estate × 85%	134,778	129,232
Excess of continued Zillmerized reserve	1,448,222	1,459,759
Qualifying subordinated debt	750,825	650,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(357)	(357)
Others	(13,778)	48,522
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,511,821	2,693,788
Underwriting risk (R <sub>1</sub> )	124,411	124,832
Underwriting risk of third-sector insurance (R <sub>8</sub> )	77,238	76,984
Anticipated yield risk (R <sub>2</sub> )	386,089	386,141
Minimum guarantee risk (R <sub>7</sub> )	5,770	5,759
Investment risk (R <sub>3</sub> )	2,058,635	2,237,530
Business management risk (R <sub>4</sub> )	53,042	56,624
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	936.3%	903.7%

Notes: 1. The amounts and figures as of March 31, 2016, in the table above 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 Public Notice No. 50 of 1996.

Those as of June 30, 2016, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

## 7. Status of Separate Accounts

### (1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
Individual variable insurance	107,680	113,805
Individual variable annuities	49,035	52,973
Group annuities	1,180,924	1,211,177
Separate account total	1,337,640	1,377,955

### (2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2016		As of March 31, 2016	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,612	7,661	1,627	7,735
Variable insurance (whole life type)	33,833	491,537	33,983	494,469
Total	35,445	499,198	35,610	502,204

- Individual Variable Annuities

	As of June 30, 2016		As of March 31, 2016	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	7,995	48,557	7,501	52,972

## 8. Status of the Company, Subsidiaries, and Affiliates

### (1) Selected Financial Data for Major Operations

(100 Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Ordinary income	19,185	17,153
Ordinary profit	1,167	1,232
Net surplus attributable to the parent company	622	702
Comprehensive (loss) income	(4,423)	1,013

	As of June 30, 2016	As of March 31, 2016
Total assets	702,427	706,079
Solvency margin ratio	<del>960.459.9%</del>	<del>922.74.4%</del>

### (2) Scope of Consolidation and Application of the Equity Method

	As of June 30, 2016
Number of consolidated subsidiaries	10
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	10
Changes in significant subsidiaries and affiliates during the period	None

### (3) Policies of Presenting the Consolidated Financial Statements for the Three Months Ended June 30, 2016

There have been no significant changes.



## (4) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
<b>Assets:</b>		
Cash and deposits	1,355,386	1,351,597
Call loans	230,000	120,000
Monetary receivables purchased	400,977	436,630
Assets held in trust	1,715	2,134
Investments in securities	54,962,528	56,100,232
Loans	9,329,261	9,456,217
Tangible fixed assets	1,921,890	1,923,519
Intangible fixed assets	177,287	177,404
Reinsurance receivables	682	856
Other assets	1,824,553	1,003,987
Deferred tax assets	4,766	4,918
Customers' liability for acceptances and guarantees	39,225	36,110
Allowance for doubtful accounts	(5,531)	(5,668)
<b>Total assets</b>	<b>70,242,744</b>	<b>70,607,941</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	59,288,607	58,929,002
Reserve for outstanding claims	343,666	353,480
Policy reserves	57,732,272	57,490,828
Reserve for dividends to policyholders (mutual company)	1,143,495	1,015,013
Reserve for dividends to policyholders (limited company)	69,172	69,681
Reinsurance payables	815	761
Corporate bonds	750,825	650,825
Other liabilities	2,264,198	2,291,459
Accrued bonuses for directors and audit and supervisory board members	116	87
Net defined benefit liability	458,065	460,449
Accrued retirement benefits for directors and audit and supervisory board members	5,296	5,208
Reserve for program points	10,078	9,420
Reserve for price fluctuations in investments in securities	1,005,298	963,730
Deferred tax liabilities	451,539	697,450
Deferred tax liabilities for land revaluation	108,870	109,383
Acceptances and guarantees	39,225	36,110
<b>Total liabilities</b>	<b>64,382,937</b>	<b>64,153,887</b>

## (4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
Net assets:		
Foundation funds	200,000	200,000
Reserve for redemption of foundation funds	1,150,000	1,100,000
Reserve for revaluation	651	651
Consolidated surplus	407,289	630,790
Total foundation funds and others	1,757,940	1,931,441
Net unrealized gains on available-for-sale securities	4,110,886	4,721,039
Deferred gains (losses) on derivatives under hedge accounting	3,594	(123,921)
Land revaluation losses	(82,457)	(86,202)
Foreign currency translation adjustments	746	24,893
Remeasurement of defined benefit plans	(27,833)	(29,637)
Total accumulated other comprehensive income	4,004,936	4,506,171
Noncontrolling interests	96,929	16,440
Total net assets	5,859,806	6,454,053
Total liabilities and net assets	70,242,744	70,607,941

## Basis of Presenting the Consolidated Balance Sheet as of June 30, 2016

1. Effective from the three months ended June 30, 2016, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) (hereinafter, the "Implementation Guidance on Recoverability") and has partially revised its accounting method of recoverability of deferred tax assets. With respect to the application of the Implementation Guidance on Recoverability, the Company has adopted the transitional treatments provided in Paragraph 49 (4) of the Implementation Guidance on Recoverability. Accordingly, the Company has calculated the difference between the amounts of deferred tax assets and deferred tax liabilities determined by applying Paragraph 49 (3), Items 1-3 of the Implementation Guidance on Recoverability as of the beginning of the three months ended June 30, 2016 (April 1, 2016), and the amounts of deferred tax assets and deferred tax liabilities as of the previous fiscal year end, and added the difference to consolidated surplus as of April 1, 2016.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,881 million, consolidated surplus increased by ¥1,880 million and noncontrolling interests increased by ¥0 million.

2. As the proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2016, was approved at the annual meeting of representatives of policyholders held on July 5, 2016, it is included in the consolidated balance sheet as of June 30, 2016. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2016	¥292,087
b. Reversal from voluntary surplus reserves	¥606
c. Appropriations:	¥292,693
Reserve for dividends to policyholders (mutual company)	¥229,857
Legal reserve for deficiencies	¥879
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,698
Voluntary surplus reserves	¥10,258
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the three months ended June 30, 2016, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders (mutual company) due to the appropriation of surplus in the current fiscal year.
4. Changes in the reserve for dividends to policyholders (mutual company) for the three months ended June 30, 2016, were as follows:

Million Yen

Three months ended

June 30, 2016

a. Balance at the beginning of the current fiscal year	¥1,015,013
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥229,857
c. Dividends paid to policyholders (mutual company) during the current three-month period	¥106,996
d. Increase in interest	¥5,621
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,143,495

5. Changes in the reserve for dividends to policyholders (limited company) for the three months ended June 30, 2016, were as follows:

Million Yen

Three months ended

June 30, 2016

a. Balance at the beginning of the current fiscal year	¥69,681
b. Dividends paid to policyholders (limited company) during the current three-month period	¥4,751
c. Increase in interest	¥8
d. Provision for reserve for dividends to policyholders (limited company)	¥4,234
e. Balance at the end of the current three-month period (a-b+c+d)	¥69,172

6. Mitsui Life Insurance Company Limited (“Mitsui Life”), a consolidated subsidiary of the Company, passed a resolution on the issuance of corporate bonds and the borrowing of funds at its Board of Directors’ meeting held on May 26, 2016, and has executed those transactions as follows:

(1) Issuance of corporate bonds

1) Domestic subordinated and unsecured corporate bonds (subordinated perpetual bonds)

Issue date	July 25, 2016
Issue price	100% of principal amount
Principal amount	¥30.0 billion
Interest rate	A fixed rate of 0.74% per annum before July 25, 2021 A variable interest rate based on the 6-month Japanese yen LIBOR on or after July 26, 2021
Maturity	No maturity. (However, the corporate bonds are callable at the discretion of Mitsui Life on each interest payment date on or after

	July 25, 2021, subject to the approval of the regulatory authority and other conditions.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed.
Use of funds	Repayment of existing subordinated loans payable and general working capital

2) Domestic subordinated and unsecured corporate bonds (subordinated term bonds)

Issue date	July 25, 2016
Issue price	100% of principal amount
Principal amount	¥50.0 billion
Interest rate	A fixed rate of 0.86% per annum before July 25, 2026 A variable interest rate based on the 6-month Japanese yen LIBOR on or after July 26, 2026
Maturity	July 25, 2046 (The corporate bonds are callable at the discretion of Mitsui Life on each interest payment date on or after July 25, 2026, subject to the approval of the regulatory authority and other conditions.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed.
Use of funds	Repayment of existing subordinated loans payable and general working capital

(2) Borrowing of funds

Lenders	Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited
Amount of borrowings	¥100.0 billion
Interest rate	A variable interest rate based on the 6-month Japanese yen TIBOR (Tokyo Interbank Offered Rate)
Agreement date	August 5, 2016
Loan execution date	August 9, 2016
Maturity	No maturity. (However, the loan is callable at the discretion of Mitsui Life on each interest payment date on or after August 9, 2021, subject to the approval of the regulatory authority and other conditions.)
Collateral and guarantees	The loan is not secured or guaranteed.
Use of funds	Repayment of existing subordinated loans payable and general working capital

7. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2016.
8. The amount of securities lent under lending agreements was ¥1,921,886 million as of June 30, 2016.

## (5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## [Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Ordinary income:	1,918,508	1,715,354
Revenues from insurance and reinsurance	1,362,395	1,278,651
Investment income:	497,625	383,968
Interest, dividends, and other income	323,400	321,362
Gain from assets held in trust, net	480	—
Gain on sales of securities	94,145	36,937
Gain from separate accounts, net	—	19,009
Gain on derivative financial instruments, net	75,254	—
Other ordinary income	58,486	52,734
Ordinary expenses:	1,801,758	1,592,065
Benefits and other payments:	1,094,420	1,009,697
Death and other claims	298,820	242,475
Annuity payments	234,072	199,376
Health and other benefits	221,643	189,190
Surrender benefits	231,077	255,690
Other refunds	108,253	122,742
Provision for policy reserves:	246,994	320,270
Provision for policy reserves	241,364	314,494
Provision for interest on reserve for dividends to policyholders (mutual company)	5,621	5,775
Provision for interest on reserve for dividends to policyholders (limited company)	8	—
Investment expenses:	207,759	39,708
Interest expenses	5,915	3,389
Loss on sales of securities	9,641	885
Loss on valuation of securities	29,911	188
Loss on derivative financial instruments, net	—	16,664
Foreign exchange losses, net	108,960	937
Loss from separate accounts, net	35,747	—
Operating expenses	173,700	146,449
Other ordinary expenses	78,882	75,940
Ordinary profit	116,750	123,289

## (5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## [Consolidated Statements of Income] (Continued)

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Extraordinary gains:	235	13
Gain on disposals of fixed assets	235	13
Extraordinary losses:	45,539	43,046
Loss on disposals of fixed assets	991	2,224
Impairment losses	2,979	951
Provision for reserve for price fluctuations in investments in securities	41,567	39,871
Provision for reserve for dividends to policyholders (limited company)	4,234	—
Surplus before income taxes	67,211	80,257
Income taxes - current	71,156	48,694
Income taxes - deferred	(67,402)	(39,002)
Total income taxes	3,754	9,691
Net surplus	63,457	70,565
Net surplus attributable to noncontrolling interests	1,222	350
Net surplus attributable to the parent company	62,235	70,215



Notes to the Consolidated Statement of Income for the Three Months Ended June 30, 2016

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property of the Company and certain consolidated subsidiaries are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

2) Circumstances causing impairment losses

The Company and certain consolidated subsidiaries observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the three months ended June 30, 2016, is as follows:

Purpose of use	Million Yen		
	Land	Buildings and others	Total
Leased property	¥1,557	¥459	¥2,016
Idle property	¥766	¥195	¥962
Total	¥2,324	¥655	¥2,979

4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is 4.0%-4.9%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

2. The total amount of depreciation of rental real estate and other assets and depreciation and amortization for the three months ended June 30, 2016, was ¥16,478 million. There was no amortization of goodwill for the three months ended June 30, 2016.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Net surplus	63,457	70,565
Other comprehensive (loss) income:	(505,790)	30,802
Net unrealized gains on available-for-sale securities	(614,403)	34,520
Deferred gains (losses) on derivatives under hedge accounting	127,516	190
Land revaluation losses	263	—
Foreign currency translation adjustments	(7,984)	(565)
Remeasurement of defined benefit plans	1,545	658
Share of other comprehensive loss of associates accounted for under the equity method	(12,728)	(4,001)
Comprehensive (loss) income:	(442,333)	101,367
Comprehensive (loss) income attributable to the parent company	(442,480)	101,019
Comprehensive income attributable to noncontrolling interests	147	348

## (6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2016	As of March 31, 2016
Solvency margin gross amount (A):	12,158,492	12,479,088
Foundation funds ( <i>kikin</i> ) and other reserve funds:	4,636,000	4,390,194
Foundation funds and others	1,869,210	1,730,592
Reserve for price fluctuations in investments in securities	1,005,298	963,730
Contingency reserve	1,491,295	1,425,637
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	3,314	3,441
Others	266,881	266,792
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5,119,991	5,730,365
Net unrealized gains on real estate × 85%	137,686	131,422
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	(38,626)	(41,133)
Excess of continued Zillmerized reserve	1,591,506	1,604,361
Qualifying subordinated debt	900,825	800,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(198,276)	(205,561)
Others	9,384	68,614
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	<u>2,531,896</u> 2,533,167	<u>2,699,833</u> 2,704,855
Underwriting risk (R <sub>1</sub> )	144,887	145,594
General underwriting risk (R <sub>5</sub> )	—	—
Huge disaster risk (R <sub>6</sub> )	—	—
Underwriting risk of third-sector insurance (R <sub>8</sub> )	87,793	87,509
Underwriting risk related to small amount and short-term insurance providers (R <sub>9</sub> )	—	—
Anticipated yield risk (R <sub>2</sub> )	446,052	446,886
Minimum guarantee risk (R <sub>7</sub> )	15,858	16,854
Investment risk (R <sub>3</sub> )	2,00 <u>65,296</u> 044	2,1 <u>68,484</u> 73,426
Business management risk (R <sub>4</sub> )	<u>543,017</u> 992	57, <u>405</u> 306
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	<u>959.960</u> .4%	<u>922.74</u> .4%

Notes: 1. The amounts and figures as of March 31, 2016, in the table above are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Public Notice No. 23 of 2011.

Those as of June 30, 2016, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(7) Segment Information

For the three months ended June 30, 2016, the Company and its consolidated subsidiaries engaged in insurance business and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.