FINANCIAL DATA

CONSOLIDATED FINANCIAL STATEMENTS

NONCONSOLIDATED FINANCIAL STATEMENTS

* All figures are rounded down to the nearest unit.

1. Consolidated Balance Sheets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars (Note 1)
As of March 31	**2017**	**2016**	**2015**	**2017**
ASSETS:				
Cash and deposits (Notes 5 and 6)	**¥ 1,337,969**	**¥ 1,351,597**	**¥ 529,509**	**$ 11,925**
Call loans	**270,000**	**120,000**	**572,600**	**2,406**
Monetary receivables purchased (Note 6)	**337,913**	**436,630**	**498,758**	**3,011**
Assets held in trust (Note 6)	**3,597**	**2,134**	**—**	**32**
Investments in securities (Notes 6, 8, 17 and 18)	**58,262,185**	**56,100,232**	**49,898,791**	**519,317**
Loans (Notes 6, 19 and 20)	**8,990,370**	**9,456,217**	**8,333,838**	**80,135**
Tangible fixed assets (Notes 7, 9 and 17)**:**	**1,868,153**	**1,923,519**	**1,725,822**	**16,651**
Land	1,253,286	1,299,727	1,173,623	11,171
Buildings	540,405	568,138	515,505	4,816
Lease assets	7,580	5,410	4,010	67
Construction in progress	40,311	25,448	7,985	359
Other tangible fixed assets	26,569	24,794	24,697	236
Intangible fixed assets:	**236,530**	**177,404**	**167,618**	**2,108**
Software	86,168	81,688	75,432	768
Goodwill	53,309	—	—	475
Lease assets	6	9	13	—
Other intangible fixed assets	97,045	95,706	92,171	865
Reinsurance receivables	**12,513**	**856**	**636**	**111**
Other assets	**1,104,003**	**1,003,987**	**890,988**	**9,840**
Deferred tax assets (Note 23)	**5,604**	**4,918**	**4,648**	**49**
Customers' liability for acceptances and guarantees	**39,935**	**36,110**	**33,801**	**355**
Allowance for doubtful accounts	**(4,483)**	**(5,668)**	**(8,372)**	**(39)**
Total assets	**¥72,464,294**	**¥70,607,941**	**¥62,648,641**	**$645,906**

As of March 31	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars (Note 1) 2017
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 394,243	¥ 353,480	¥ 202,171	$ 3,514
Policy reserves	58,930,878	57,490,828	49,202,876	525,277
Reserve for dividends to policyholders (mutual company) (Note 11)	1,001,102	1,015,013	1,037,472	8,923
Reserve for dividends to policyholders (limited company) (Note 12)	67,847	69,681	—	604
Subtotal	**60,394,071**	**58,929,002**	**50,442,520**	**538,319**
Reinsurance payables	**9,590**	**761**	**557**	**85**
Corporate bonds (Notes 6 and 13)	**920,825**	**650,825**	**399,590**	**8,207**
Other liabilities (Notes 6, 14 and 17)	**2,243,231**	**2,291,459**	**1,707,220**	**19,994**
Accrued bonuses for directors and audit and supervisory board members	**79**	**87**	**74**	**—**
Net defined benefit liability (Note 15)	**450,558**	**460,449**	**411,416**	**4,016**
Accrued retirement benefits for directors and audit and supervisory board members	**5,246**	**5,208**	**4,397**	**46**
Reserve for program points	**9,013**	**9,420**	**13,171**	**80**
Reserve for price fluctuations in investments in securities	**1,135,765**	**963,730**	**778,723**	**10,123**
Deferred tax liabilities (Note 23)	**620,563**	**697,450**	**1,223,642**	**5,531**
Deferred tax liabilities for land revaluation	**106,432**	**109,383**	**115,440**	**948**
Acceptances and guarantees	**39,935**	**36,110**	**33,801**	**355**
Total liabilities	**65,935,313**	**64,153,887**	**55,130,557**	**587,711**
NET ASSETS:				
Foundation funds (Note 16)	**150,000**	**200,000**	**200,000**	**1,337**
Reserve for redemption of foundation funds (Note 16)	**1,150,000**	**1,100,000**	**1,050,000**	**10,250**
Reserve for revaluation	**651**	**651**	**651**	**5**
Consolidated surplus	**622,388**	**630,790**	**541,573**	**5,547**
Total foundation funds and others	**1,923,039**	**1,931,441**	**1,792,225**	**17,140**
Net unrealized gains on available-for-sale securities	**4,588,092**	**4,721,039**	**6,023,903**	**40,895**
Deferred losses on derivatives under hedge accounting	**(65,262)**	**(123,921)**	**(231,060)**	**(581)**
Land revaluation losses	**(58,084)**	**(86,202)**	**(88,670)**	**(517)**
Foreign currency translation adjustments	**30,549**	**24,893**	**36,330**	**272**
Remeasurement of defined benefit plans	**(24,556)**	**(29,637)**	**(30,381)**	**(218)**
Total accumulated other comprehensive income	**4,470,738**	**4,506,171**	**5,710,121**	**39,849**
Noncontrolling interests	**135,203**	**16,440**	**15,736**	**1,205**
Total net assets	**6,528,981**	**6,454,053**	**7,518,084**	**58,195**
Total liabilities and net assets	**¥72,464,294**	**¥70,607,941**	**¥62,648,641**	**$645,906**

The accompanying notes are an integral part of the consolidated financial statements.

2. Consolidated Statements of Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	**2017**	**2016**	**2015**	**2017**
ORDINARY INCOME:				
Revenues from insurance and reinsurance	**¥5,236,045**	**¥6,262,042**	**¥5,370,865**	**$46,671**
Investment income:				
Interest, dividends, and other income	1,458,328	1,421,721	1,373,699	12,998
Gain from assets held in trust, net	—	—	4	—
Gain on sales of securities	287,182	95,288	242,571	2,559
Gain on redemptions of securities	6,000	7,121	5,039	53
Reversal of allowance for doubtful accounts	1,351	2,361	726	12
Other investment income	1,919	829	525	17
Gain from separate accounts, net	50,432	—	154,187	449
Subtotal	**1,805,215**	**1,527,321**	**1,776,754**	**16,090**
Other ordinary income	**260,555**	**268,229**	**262,474**	**2,322**
Total ordinary income	**7,301,817**	**8,057,594**	**7,410,093**	**65,084**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,226,875	1,015,417	1,022,477	10,935
Annuity payments	936,713	851,543	839,921	8,349
Health and other benefits	824,505	780,732	748,368	7,349
Surrender benefits	932,899	890,886	959,865	8,315
Other refunds	217,639	408,104	387,696	1,939
Reinsurance premiums	13,048	2,090	1,701	116
Subtotal	**4,151,681**	**3,948,774**	**3,960,031**	**37,005**
Provision for policy reserves:				
Provision for reserve for outstanding claims	30,975	117,644	—	276
Provision for policy reserves	1,125,720	2,191,448	1,684,483	10,034
Provision for interest on reserve for dividends to policyholders (mutual company)	22,458	23,041	23,602	200
Provision for interest on reserve for dividends to policyholders (limited company)	25	8	—	0
Subtotal	**1,179,180**	**2,332,142**	**1,708,085**	**10,510**
Investment expenses:				
Interest expenses	22,388	16,547	10,342	199
Loss from assets held in trust, net	1,976	65	—	17
Loss on trading securities	5,371	—	—	47
Loss on sales of securities	123,761	14,800	18,386	1,103
Loss on valuation of securities	27,868	36,748	3,258	248
Loss on redemptions of securities	32,974	23,947	21,595	293
Loss on derivative financial instruments, net	116,229	8,279	48,979	1,036
Foreign exchange losses, net	16,441	44,314	381	146
Write-offs of loans	55	28	20	0
Depreciation of rental real estate and other assets	17,834	16,011	14,917	158
Other investment expenses	30,224	27,180	25,982	269
Loss from separate accounts, net	—	43,585	—	—
Subtotal	**395,127**	**231,508**	**143,863**	**3,521**
Operating expenses (Note 21)	**708,262**	**624,910**	**586,062**	**6,313**
Other ordinary expenses	**339,179**	**358,909**	**393,447**	**3,023**
Total ordinary expenses	**6,773,431**	**7,496,245**	**6,791,489**	**60,374**
Ordinary profit	**¥ 528,385**	**¥ 561,348**	**¥ 618,604**	**$ 4,709**

For the years ended March 31	2017 (Millions of Yen)	2016	2015	2017 (Millions of U.S. Dollars (Note 1))
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 39,856	¥ 9,136	¥ 4,025	$ 355
Gain on bargain purchase (Note 3)	—	102,957	—	—
Subtotal	**39,856**	**112,093**	**4,025**	**355**
Extraordinary losses:				
Loss on disposals of fixed assets	16,018	10,220	3,459	142
Impairment losses (Note 22)	5,243	5,886	19,908	46
Provision for reserve for price fluctuations in investments in securities	172,034	169,295	155,411	1,533
Loss on reduction entry of real estate	2	—	136	0
Contributions for assisting social public welfare	2,977	2,977	2,977	26
Subtotal	**196,275**	**188,380**	**181,891**	**1,749**
Provision for reserve for dividends to policyholders (limited company)	**18,161**	**4,452**	**—**	**161**
Surplus before income taxes	**353,805**	**480,609**	**440,738**	**3,153**
Income taxes (Note 23)**:**				
Current	99,889	120,484	172,542	890
Deferred	(54,372)	(45,007)	(41,146)	(484)
Total income taxes	45,517	75,476	131,396	405
Net surplus	**308,288**	**405,132**	**309,342**	**2,747**
Net surplus attributable to noncontrolling interests	**6,319**	**1,669**	**1,271**	**56**
Net surplus attributable to the parent company	**¥301,969**	**¥403,463**	**¥308,070**	**$2,691**

The accompanying notes are an integral part of the consolidated financial statements.

Financial Data

3. Consolidated Statements of Comprehensive Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	**2017**	**2016**	**2015**	**2017**
Net surplus	¥ 308,288	¥ 405,132	¥ 309,342	$ 2,747
Other comprehensive (loss) income (Note 24):	(56,533)	(1,214,850)	2,649,292	(503)
Net unrealized gains on available-for-sale securities	(136,125)	(1,300,313)	2,760,495	(1,213)
Deferred losses on derivatives under hedge accounting	58,659	107,139	(96,904)	522
Land revaluation losses	—	3,528	7,615	—
Foreign currency translation adjustments	14,750	(3,385)	17,321	131
Remeasurement of defined benefit plans	4,730	745	(50,466)	42
Share of other comprehensive income (loss) of associates accounted for under the equity method	1,450	(22,564)	11,230	12
Comprehensive income (loss):	¥ 251,754	¥ (809,717)	¥2,958,634	$ 2,243
Comprehensive income (loss) attributable to the parent company	242,367	(811,399)	2,957,245	2,160
Comprehensive income attributable to noncontrolling interests	9,387	1,681	1,388	83

The accompanying notes are an integral part of the consolidated financial statements.

4. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen				
	Foundation funds and others				
For the year ended March 31, 2015	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥250,000	¥1,000,000	¥651	¥ 477,329	¥1,727,980
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(201,765)	(201,765)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(2,785)	(2,785)
Net surplus attributable to the parent company				308,070	308,070
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				10,724	10,724
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	64,244	64,244
Ending balance	¥200,000	¥1,050,000	¥651	¥ 541,573	¥1,792,225

	Millions of Yen							
	Accumulated other comprehensive income							
For the year ended March 31, 2015	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
Beginning balance	¥3,261,140	¥(134,156)	¥(85,561)	¥10,162	¥ 20,085	¥3,071,671	¥14,399	¥4,814,051
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(201,765)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(2,785)
Net surplus attributable to the parent company								308,070
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								10,724
Net change, excluding foundation funds and others	2,762,762	(96,904)	(3,108)	26,167	(50,466)	2,638,450	1,337	2,639,788
Net change	2,762,762	(96,904)	(3,108)	26,167	(50,466)	2,638,450	1,337	2,704,032
Ending balance	¥6,023,903	¥(231,060)	¥(88,670)	¥36,330	¥(30,381)	¥5,710,121	¥15,736	¥7,518,084

For the year ended March 31, 2016	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
	Millions of Yen — Foundation funds and others				
Beginning balance	¥200,000	¥1,050,000	¥651	¥ 541,573	¥1,792,225
Increase/decrease:					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders (mutual company)				(257,299)	(257,299)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,935)	(1,935)
Net surplus attributable to the parent company				403,463	403,463
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				1,060	1,060
Change in scope of consolidation and equity method accounting				(6,485)	(6,485)
Change in the parent's ownership interest due to transactions with noncontrolling interests				413	413
Net change, excluding foundation funds and others					
Net change	—	50,000	—	89,216	139,216
Ending balance	¥200,000	¥1,100,000	¥651	¥ 630,790	¥1,931,441

For the year ended March 31, 2016	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
	Millions of Yen — Accumulated other comprehensive income							
Beginning balance	¥ 6,023,903	¥(231,060)	¥(88,670)	¥ 36,330	¥(30,381)	¥ 5,710,121	¥15,736	¥ 7,518,084
Increase/decrease:								
Issuance of foundation funds								50,000
Additions to reserve for dividends to policyholders (mutual company)								(257,299)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,935)
Net surplus attributable to the parent company								403,463
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								1,060
Change in scope of consolidation and equity method accounting								(6,485)
Change in the parent's ownership interest due to transactions with noncontrolling interests								413
Net change, excluding foundation funds and others	(1,302,864)	107,139	2,468	(11,437)	743	(1,203,950)	703	(1,203,247)
Net change	(1,302,864)	107,139	2,468	(11,437)	743	(1,203,950)	703	(1,064,030)
Ending balance	¥ 4,721,039	¥(123,921)	¥(86,202)	¥ 24,893	¥(29,637)	¥ 4,506,171	¥16,440	¥ 6,454,053

For the year ended March 31, 2017	Millions of Yen Foundation funds and others Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥200,000	¥1,100,000	¥651	¥ 630,790	¥1,931,441
Cumulative effect of change in accounting policies				1,882	1,882
Beginning balance after reflecting accounting policy changes	200,000	1,100,000	651	632,673	1,933,324
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(229,857)	(229,857)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,698)	(1,698)
Net surplus attributable to the parent company				301,969	301,969
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				(28,117)	(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests				(2,580)	(2,580)
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	(10,284)	(10,284)
Ending balance	¥150,000	¥1,150,000	¥651	¥ 622,388	¥1,923,039

For the year ended March 31, 2017	Millions of Yen Accumulated other comprehensive income Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
Beginning balance	¥4,721,039	¥(123,921)	¥(86,202)	¥24,893	¥(29,637)	¥4,506,171	¥ 16,440	¥6,454,053
Cumulative effect of change in accounting policies							2	1,884
Beginning balance after reflecting accounting policy changes	4,721,039	(123,921)	(86,202)	24,893	(29,637)	4,506,171	16,442	6,455,938
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(229,857)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,698)
Net surplus attributable to the parent company								301,969
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests								(2,580)
Net change, excluding foundation funds and others	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	83,327
Net change	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	73,043
Ending balance	¥4,588,092	¥ (65,262)	¥(58,084)	¥30,549	¥(24,556)	¥4,470,738	¥135,203	¥6,528,981

For the year ended March 31, 2017	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
	Millions of U.S. Dollars (Note 1)				
	Foundation funds and others				
Beginning balance	$1,782	$ 9,804	$ 5	$ 5,622	$17,215
Cumulative effect of change in accounting policies				16	16
Beginning balance after reflecting accounting policy changes	1,782	9,804	5	5,639	17,232
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(2,048)	(2,048)
Additions to reserve for redemption of foundation funds		445		(445)	—
Interest on foundation funds				(15)	(15)
Net surplus attributable to the parent company				2,691	2,691
Redemption of foundation funds	(445)				(445)
Reversal of land revaluation losses				(250)	(250)
Change in the parent's ownership interest due to transactions with noncontrolling interests				(22)	(22)
Net change, excluding foundation funds and others					
Net change	(445)	445	—	(91)	(91)
Ending balance	$1,337	$10,250	$ 5	$ 5,547	$17,140

For the year ended March 31, 2017	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
	Millions of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							
Beginning balance	$42,080	$(1,104)	$(768)	$221	$(264)	$40,165	$ 146	$57,527
Cumulative effect of change in accounting policies							0	16
Beginning balance after reflecting accounting policy changes	42,080	(1,104)	(768)	221	(264)	40,165	146	57,544
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company)								(2,048)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(15)
Net surplus attributable to the parent company								2,691
Redemption of foundation funds								(445)
Reversal of land revaluation losses								(250)
Change in the parent's ownership interest due to transactions with noncontrolling interests								(22)
Net change, excluding foundation funds and others	(1,185)	522	250	50	45	(315)	1,058	742
Net change	(1,185)	522	250	50	45	(315)	1,058	651
Ending balance	$40,895	$ (581)	$(517)	$272	$(218)	$39,849	$1,205	$58,195

The accompanying notes are an integral part of the consolidated financial statements.

5. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars (Note 1) 2017
I Cash flows from operating activities:				
Surplus before income taxes	¥ 353,805	¥ 480,609	¥ 440,738	$ 3,153
Depreciation of rental real estate and other assets	17,834	16,011	14,917	158
Depreciation	53,632	47,273	47,265	478
Impairment losses	5,243	5,886	19,908	46
Amortization of goodwill	655	—	—	5
Gain on bargain purchase	—	(102,957)	—	—
Net increase (decrease) in reserve for outstanding claims	30,950	116,990	(2,774)	275
Net increase in policy reserves	1,124,400	2,192,346	1,685,475	10,022
Provision for interest on reserve for dividends to policyholders (mutual company)	22,458	23,041	23,602	200
Provision for interest on reserve for dividends to policyholders (limited company)	25	8	—	0
Provision for reserve for dividends to policyholders (limited company)	18,161	4,452	—	161
Net decrease in allowance for doubtful accounts	(1,442)	(2,454)	(806)	(12)
Net (decrease) increase in accrued bonuses for directors and audit and supervisory board members	(7)	12	24	(0)
Net decrease in net defined benefit liability	(3,313)	(6,914)	(7,387)	(29)
Net increase (decrease) in accrued retirement benefits for directors and audit and supervisory board members	37	90	(110)	0
Net increase in reserve for price fluctuations in investments in securities	172,034	169,295	155,411	1,533
Interest, dividends, and other income	(1,458,328)	(1,421,721)	(1,373,699)	(12,998)
Losses from assets held in trust, net	1,976	65	—	17
Net gains on investments in securities	(108,554)	(30,311)	(204,487)	(967)
Net losses on policy loans	119,409	132,085	145,484	1,064
Losses on derivative financial instruments, net	116,229	8,279	48,979	1,036
Interest expenses	22,388	16,547	10,342	199
Net foreign exchange losses	16,306	43,806	575	145
Net (gains) losses on tangible fixed assets	(23,604)	1,614	(35)	(210)
Losses (gains) on equity method investments	13,093	(984)	97	116
(Gains) losses from separate accounts, net	(50,432)	43,585	(154,187)	(449)
Net increase in reinsurance receivables	(1,513)	(139)	(108)	(13)
Net increase in other assets (excluding those related to investing activities and financing activities)	(27,039)	(55)	(29,642)	(241)
Net increase (decrease) in reinsurance payables	1,904	(365)	176	16
Net (decrease) increase in other liabilities (excluding those related to investing activities and financing activities)	(8,829)	13,294	16,530	(78)
Others, net	(60,522)	(91,580)	(38,642)	(539)
Subtotal	**346,961**	**1,657,813**	**797,645**	**3,092**
Interest, dividends, and other income received	1,514,948	1,454,091	1,394,428	13,503
Interest paid	(22,055)	(16,676)	(7,687)	(196)
Dividends paid to policyholders (mutual company)	(181,208)	(186,287)	(193,741)	(1,615)
Dividends paid to policyholders (limited company)	(20,020)	(6,878)	—	(178)
Others, net	10,344	4,518	4,659	92
Income taxes paid	(102,103)	(187,492)	(207,110)	(910)
Net cash provided by operating activities	**¥ 1,546,865**	**¥ 2,719,088**	**¥ 1,788,193**	**$ 13,787**

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	**2017**	**2016**	**2015**	**2017**
IICash flows from investing activities:				
Net decrease (increase) in deposits	¥ 504	¥ (400)	¥ 500	$ 4
Net decrease in receivables under securities borrowing transactions	—	—	159,856	—
Purchases of monetary receivables purchased	(3,000)	(23,342)	(17,500)	(26)
Proceeds from sales and redemptions of monetary receivables purchased	115,125	87,689	99,205	1,026
Purchases of assets held in trust	(4,700)	(2,000)	—	(41)
Proceeds from decrease in assets held in trust	1,260	—	—	11
Purchases of securities	(10,727,182)	(9,868,971)	(8,529,358)	(95,616)
Proceeds from sales and redemptions of securities	8,800,478	6,493,263	7,500,525	78,442
Disbursements for loans	(1,256,954)	(1,098,153)	(1,136,208)	(11,203)
Proceeds from collections of loans	1,613,276	1,251,891	1,186,604	14,379
Net (losses) gains from the settlement of derivative financial instruments	(151,832)	365,475	(731,311)	(1,353)
Net increase (decrease) in cash received as collateral under securities lending transactions	39,684	(114,618)	(272,701)	353
Others, net	(28,552)	70,872	33,147	(254)
① Total of investing activities	**(1,601,893)**	**(2,838,295)**	**(1,707,240)**	**(14,278)**
[I + II①]	**[(55,028)]**	**[(119,207)]**	**[80,953]**	**[(490)]**
Purchases of tangible fixed assets	(54,472)	(50,009)	(50,695)	(485)
Proceeds from sales of tangible fixed assets	102,076	31,879	8,299	909
Payments for acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	(88,249)	—	—	(786)
Proceeds from acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	—	222,986	—	—
Others, net	(41,186)	(30,251)	(25,162)	(367)
Net cash used in investing activities	**(1,683,724)**	**(2,663,689)**	**(1,774,799)**	**(15,007)**
III Cash flows from financing activities:				
Proceeds from debt borrowing	253,867	208,841	220,448	2,262
Repayments of debt	(288,594)	(195,942)	(213,616)	(2,572)
Proceeds from issuance of corporate bonds	270,000	251,235	242,550	2,406
Proceeds from issuance of foundation funds	—	50,000	—	—
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(445)
Interest on foundation funds	(1,698)	(1,935)	(2,785)	(15)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	58,198	—	—	518
Others, net	19,619	6,302	4,703	174
Net cash provided by financing activities	**261,392**	**268,500**	**201,300**	**2,329**
IV **Effect of exchange rate changes on cash and cash equivalents**	**6,339**	**(321)**	**(209)**	**56**
V **Net increase in cash and cash equivalents**	**130,873**	**323,578**	**214,485**	**1,166**
VI **Cash and cash equivalents at the beginning of the year**	**1,410,595**	**1,086,504**	**872,018**	**12,573**
VII **Net increase in cash and cash equivalents resulting from change in scope of consolidation**	**—**	**513**	**—**	**—**
VIII **Cash and cash equivalents at the end of the year** (Note 5)	**¥ 1,541,468**	**¥ 1,410,595**	**¥ 1,086,504**	**$ 13,739**

The accompanying notes are an integral part of the consolidated financial statements.

6. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and its Consolidated Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements. The information provided in the consolidated financial statements including the notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly.

(2) U.S. dollar amounts

Nippon Life prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥112.19=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2017. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥112.19=U.S.$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

i) *Consolidated subsidiaries*

The consolidated financial statements include the accounts of Nippon Life and its subsidiaries. Consolidated subsidiaries as of March 31, 2017, 2016 and 2015, are listed as follows:

Nissay Credit Guarantee Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Mitsui Life Insurance Company Limited (Japan) (from the fiscal year ended March 31, 2016)
Nippon Life Insurance Company of America (U.S.A.)
NLI Commercial Mortgage Fund, LLC (U.S.A.)
NLI Commercial Mortgage Fund II, LLC (U.S.A.)
NLI US Investments, Inc. (U.S.A.) (from the fiscal year ended March 31, 2016)
MLC Limited (Australia) (from the fiscal year ended March 31, 2017)
Nissay Computer Co., Ltd. (Japan) (up to the fiscal year ended March 31, 2015)

MLC Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2017 due to acquisition by the Company.

Nissay Computer Co., Ltd. has been removed from the scope of consolidation from the fiscal year ended March 31, 2016 as it was merged with the Company's subsidiary Nissay Information Technology Co., Ltd.

NLI US Investments, Inc. has become more significant to the Company and has therefore been included within the scope of consolidation from the fiscal year ended March 31, 2016.

Mitsui Life Insurance Company Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2016 due to acquisition by the Company.

The major subsidiaries excluded from consolidation are Nippon Life Global Investors Americas, Inc., Nissay Trading Corporation, and Nissay Card Service Co., Ltd.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the fiscal years ended March 31, 2017, 2016 and 2015, are immaterial. This exclusion from consolidation does not prevent a reasonable assessment of the financial position of the Company and its subsidiaries and the result of their operations.

ii) *Affiliates*

Affiliates accounted for under the equity method as of March 31, 2017, 2016 and 2015, are listed as follows:

The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
PanAgora Asset Management, Inc. (U.S.A.) (from the fiscal year ended March 31, 2016)
Nissay-Greatwall Life Insurance Co., Ltd. (China)
Bangkok Life Assurance Public Company Limited (Thailand)
Reliance Nippon Life Insurance Company Limited (India)
Reliance Nippon Life Asset Management Limited (India) (from the fiscal year ended March 31, 2016)
Post Advisory Group, LLC (U.S.A.) (from the fiscal year ended March 31, 2016)
PT Sequis (Indonesia) (from the fiscal year ended March 31, 2016)
PT Asuransi Jiwa Sequis Life (Indonesia) (from the fiscal year ended March 31, 2016)

PanAgora Asset Management, Inc., Reliance Capital Asset Management Limited, Post Advisory Group, LLC, PT Sequis, and PT Asuransi Jiwa Sequis Life have become more significant to the Company and have therefore been included within the scope of equity method accounting from the fiscal year ended March 31, 2016.

The subsidiaries not consolidated, such as Nippon Life Global Investors Americas, Inc., and Nissay Trading Corporation, and affiliates other than those listed above, such as SL Towers Co., Ltd. are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the fiscal years ended March 31, 2017, 2016 and 2015, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2017, 2016 and 2015, was as follows:

	2017	2016	2015
Consolidated subsidiaries	11	10	9
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	10	10	5

iii) *The fiscal year-end dates of consolidated subsidiaries*

The fiscal year-end date of consolidated overseas subsidiaries is September 30 and December 31. In preparing the consolidated financial statements, consolidated overseas subsidiaries with the fiscal year-end date of September 30 are consolidated using financial statements based on a provisional closing of accounts as of December 31. Consolidated overseas subsidiaries with a closing date of December 31 are consolidated using financial statements based on the fiscal year-end of accounts as of December 31.

Necessary adjustments are made to reflect significant transactions that occurred between the Company's fiscal year-end date of March 31 and December 31.

iv) *Valuation of assets and liabilities of consolidated subsidiaries*

Assets and liabilities of consolidated subsidiaries acquired by the Company are initially measured at fair value as of the date of the acquisition.

v) *Amortization of goodwill*

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method are amortized under the straight-line method over 20 years.

However, for items that are immaterial, the total amount of goodwill is expensed as incurred.

vi) All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits/losses included in assets/liabilities resulting from transactions within the group are eliminated.

(2) Business combinations

From the fiscal year ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (The Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and other standards and guidance.

Major accounting changes are as follows:

(a) *Transactions with a noncontrolling interest*

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of the noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary.

Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statements of income. Under the revised accounting standard, such difference is accounted for as consolidated surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheets*

In the consolidated balance sheets, "minority interests" under the previous accounting standard is changed to "noncontrolling interests" under the revised accounting standard.

(c) *Presentation of the consolidated statements of income*

In the consolidated statements of income, "surplus before minority interests" under the previous accounting standard is changed to "net surplus" under the revised accounting standard, and "net surplus" under the previous accounting standard is changed to "net surplus attributable to the parent company" under the revised accounting standard.

(d) *Acquisition-related costs*

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination.

Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The Company applied the revised accounting standards and guidance for the above changes, effective April 1, 2015. The revised accounting standards and guidance for (a) transactions with a noncontrolling interest and (d) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheets and (c) presentation of the consolidated statements of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

In the consolidated statements of cash flows for the fiscal year ended March 31, 2016, cash flows relating to acquisitions or sales of shares of subsidiaries that do not result in a change in scope of consolidation are presented under financing activities, and cash flows relating to expenses for the acquisition of subsidiaries are presented under operating activities.

As a result, ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2016, each decreased by ¥1,075 million.

(3) Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(4) Securities and hedging activities

1) Securities of the Company and certain consolidated subsidiaries (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" ASBJ Statement No. 10) and securities within assets held in trust) are valued as follows:
   - i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.
   - ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).
   - iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).
   - iv) Investments in subsidiaries and affiliates that are not consolidated nor accounted for under the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.
   - v) Available-for-sale securities
     - a. Regarding securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated by using the moving average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (the cost basis is calculated by using the moving average method).
     - b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.
2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, are recorded as a separate component of net assets.

Hedge accounting is applied by the Company and certain consolidated subsidiaries based on the following methods:

1) The Company and certain consolidated subsidiaries mainly apply the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.
2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Loans, foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds, foreign currency-denominated stocks and other foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

3) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the internal risk management policies of the Company and certain consolidated subsidiaries.
4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.

(5) Policy-reserve-matching bonds

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.

(6) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

Moreover, translation differences related to bonds included in translation differences of foreign currency-denominated available-for-sale securities held by certain consolidated subsidiaries are recorded as foreign exchange gains/losses, net, while translation differences related to other foreign currency-denominated available-for-sale securities are recorded as a separate component of net assets.

(7) Tangible fixed assets

1) Tangible fixed assets are depreciated based on the following methods:
   a. Tangible fixed assets (except for lease assets)
      (i) Buildings
      Straight-line method.
      (ii) Assets other than the above
      Primarily the declining-balance method.
      Certain other tangible fixed assets with an acquisition price of less than ¥200,000 of the Company and certain consolidated subsidiaries are depreciated over a 3 year period on a straight-line basis.
   b. Lease assets
      (i) Lease assets related to financial leases where ownership is transferred
      The same depreciation method applied to owned fixed assets.
      (ii) Lease assets related to financial leases where ownership is not transferred
      Straight-line method based on lease period.

   The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

2) Revaluation of land used in the operations of the Company is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

Revaluation date	March 31, 2002
Revaluation methodology	The amount is calculated by using the listed value of the land and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

(8) Software

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (3 to 5 years).

(9) Leases

Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

Financial leases where the Company or a consolidated subsidiary is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior are accounted for under the accounting treatment applied to ordinary operating leases.

Regarding financial leases where the Company or a consolidated subsidiary is the lessor and ownership is not transferred, if any, the Company recognizes income and expense at the time of receiving the lease fee as other ordinary income and other ordinary expenses, respectively.

(10) Allowance for doubtful accounts

1) An allowance for doubtful accounts for the Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   i) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at 4) below).
   ii) An allowance for loans to borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

iii) An allowance for loans to borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.

2) All credits extended by the Company are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
3) For consolidated subsidiaries, the Company records the allowance amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥703 million (U.S.$6 million) (including ¥112 million (U.S.$0 million) of credits secured and/or guaranteed), ¥1,333 million (including ¥175 million of credits secured and/or guaranteed) and ¥743 million (including ¥197 million of credits secured and/or guaranteed) as of March 31, 2017, 2016 and 2015, respectively.

(11) Accrued bonuses for directors and audit and supervisory board members

Accrued bonuses for directors and audit and supervisory board members are recognized based on amounts estimated to be paid.

(12) Net defined benefit liability

1) Net defined benefit liability is the amount of retirement benefit obligations prepared for payment of employee retirement benefits less pension plan assets, based on the projected amounts as of March 31, 2017, 2016 and 2015.
2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2017, 2016 and 2015, are as follows:
   i) Attribution method for estimated retirement benefits: Benefit formula basis
   ii) Period of amortizing actuarial gains/losses: 5 years
   iii) Period of amortizing prior service costs: 5 years

(13) Accrued retirement benefits for directors and audit and supervisory board members

Accrued retirement benefits for directors and audit and supervisory board members are recognized based on estimated payment amounts under internal rules.

(14) Reserve for program points

A reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

(15) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(16) Accounting for consumption taxes

Consumption taxes and local consumption taxes of the Company and certain consolidated subsidiaries are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

(17) Policy reserves

Policy reserves of the Company and certain consolidated subsidiaries are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures*.
2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures*.

** Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.*

Additional policy reserve amounts are included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

Policy reserves of consolidated overseas life insurance companies are recorded as the amounts computed in accordance with the accounting standards of each country, such as Australian accounting standards.

(18) Revenue recognition

Insurance premiums of the Company and certain consolidated subsidiaries are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

Insurance premiums of consolidated overseas subsidiaries with a regular due date are recognized on a due basis and insurance premiums due but not collected are recognized as revenues.

(19) Policy acquisition costs

Policy acquisition costs of the Company and certain consolidated subsidiaries are recorded to expense as incurred.

Policy acquisition costs of certain consolidated overseas subsidiaries are deferred and amortized over the period that the policy will generate profits.

(20) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

(21) New accounting standards

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within consolidated surplus or accumulated other comprehensive income at the beginning of the reporting period.

Following the new guidance, the Company and certain consolidated subsidiaries partially revised their accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,884 million (U.S.$16 million), consolidated surplus increased by ¥1,882 million (U.S.$16 million) and noncontrolling interests increased by ¥2 million (U.S.$0 million).

3. Business Combination

Matters concerning business combinations through acquisition are as follows:

(1) MLC Limited (for the fiscal year ended March 31, 2017)

1) Overview of the business combination
   a. Name and business of the acquiree
      Name: MLC Limited
      Business: Life insurance business
   b. Main reasons for executing the business combination
      The Australian life insurance market is forecast to realize high rates of growth over the long term. By entering this market, the Company aims to sustainably expand policyholders' benefits through enhancing steady and sustainable operating profit bases of overseas insurance businesses.
   c. Business combination date
      October 1, 2016 (deemed acquisition date)
   d. Legal form of the business combination
      Share acquisition for cash consideration
   e. Name of company after business combination
      MLC Limited
   f. Percentage of voting rights acquired
      80%
   g. Main rationale for determining the acquirer
      The main rationale for the Company being the acquirer is that the Company will clearly control the decision-making body of the acquiree based on majority ownership of voting rights.
2) Period for which the acquiree's business results were included in the consolidated statements of income for the fiscal year ended March 31, 2017
   From October 1, 2016 to December 31, 2016
3) Acquisition cost
   Consideration for acquisition: payment in cash
   ¥176,246 million (U.S.$1,570 million)
   Acquisition cost
   ¥176,246 million (U.S.$1,570 million)
   The figure is a provisional amount as part of the consideration for acquisition has not yet been determined.
4) Description and amount of main acquisition-related costs
   Advisory fees
   ¥3,161 million (U.S.$28 million)
5) Amount and rationale for recognizing goodwill, and amortization method and period
   a. Amount of goodwill recognized
      ¥49,299 million (U.S.$439 million)
      The figure is a provisional amount as the acquisition cost has not yet been determined.

b. Rationale for recognizing goodwill

Goodwill was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed were lower than the acquisition cost.

c. Amortization method and period

Straight-line amortization over 20 years

6) Amounts of the assets acquired and the liabilities assumed on the business combination date and their main components

Total assets: ¥470,920 million (U.S.$4,197 million)
(including investments in securities of ¥333,130 million (U.S.$2,969 million))
Total liabilities: ¥318,876 million (U.S.$2,842 million)
(including policy reserves and other reserves of ¥297,715 million (U.S.$2,653 million))

7) Estimated impact on the consolidated statements of income for the fiscal year ended March 31, 2017, assuming the business combination had been completed at the beginning of the fiscal year (unaudited)

The estimated amounts of the impact are total ordinary income of ¥483,456 million (U.S.$4,309 million), ordinary profit of ¥32,924 million (U.S.$293 million), and net surplus attributable to the parent company of ¥14,564 million (U.S.$129 million). The estimated amounts of the impact represent total ordinary income, ordinary profit and net surplus attributable to the parent company calculated based on the annual financial statements for the year ended September 2016 prepared by MLC Limited. The amounts include the amortization of goodwill recognized at the time of the business combination.

These estimates do not represent the total ordinary income, ordinary profit and net surplus attributable to the parent company of MLC Limited assuming that the business combination had actually been completed at the beginning of the fiscal year ended March 31, 2017.

(2) Mitsui Life Insurance Company Limited (for the fiscal year ended March 31, 2016)

1) Overview of the business combination

a. Name and business of the acquiree

Name: Mitsui Life Insurance Company Limited (“Mitsui Life”)
Business: Life insurance business

b. Main reasons for executing the business combination

i. Further strengthen and develop the Company’s competitive sales representative channels through mutual cooperation.

ii. Establish channels and foundations through mutual cooperation to provide appropriate products through the bancassurance and agency areas, on the premise that adequate underwriting systems are established and maintained, in order to meet diversified customer needs in a flexible manner.

iii. In addition to i. and ii. above, mutually cooperate, share knowledge, and leverage synergies to grow as a group.

c. Business combination date

December 31, 2015 (deemed acquisition date)

d. Legal form of the business combination

Share acquisition through tender offer

e. Name of company after business combination

Mitsui Life Insurance Company Limited

f. Percentage of voting rights acquired

100%

The Company and Mitsui Life have agreed that, after Mitsui Life becomes a wholly owned subsidiary of the Company, 16% of the outstanding ordinary shares of Mitsui Life will be sold to Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsui Sumitomo Insurance Co., Ltd., Mitsui & Co., Ltd. and Mitsui Fudosan Co., Ltd. (collectively referred to as the “Post-Transaction Shareholders”) and approximately 1% of the outstanding ordinary shares of Mitsui Life are intended to be sold to other Mitsui group companies, in order to preserve and develop business relationships between Mitsui Life and Mitsui group companies.

Under the agreement above, the Company entered into a share transfer agreement concerning the outstanding ordinary shares of Mitsui Life with the Post-Transaction Shareholders and 14 other Mitsui group companies subsequent to March 31, 2016, and sold a total of 17.4% of the outstanding ordinary shares of Mitsui Life to these Mitsui group companies on April 28 and May 18, 2016.

g. Main rationale for determining the acquirer

The main rationale for the Company being the acquirer is that the Company will clearly control the decision-making body of the acquiree based on majority ownership of voting rights.

2) Period for which the acquiree’s business results were included in the consolidated statements of income for the fiscal year ended March 31, 2016

From January 1, 2016 to March 31, 2016

3) Acquisition cost

Consideration for acquisition: payment in cash
¥334,473 million
Acquisition cost
¥334,473 million

4) Description and amount of main acquisition-related costs

Advisory fees
¥1,075 million

5) Amount and rationale for recognizing gain on bargain purchase

a. Amount of gain on bargain purchase recognized

¥102,957 million

b. Rationale for recognizing gain on bargain purchase

Gain on bargain purchase was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed exceeded the acquisition cost.

Of the difference between the equity interest in the net amount of the assets acquired and the liabilities assumed and the acquisition cost, the Company recognized as liabilities the 16% equity interest of ¥19,610 million that was scheduled to be transferred to the

Post-Transaction Shareholders, based on the agreement described in (1) 1) f. of Note 3 above that 16% of the outstanding shares of Mitsui Life will be sold to the Post-Transaction Shareholders. Upon the completion of the transfer, the Company reduced its liabilities by this amount and recognized the transferred equity interest in the net amount of the assets acquired and the liabilities assumed as noncontrolling interests.

6) Amounts of the assets acquired and the liabilities assumed on the business combination date and their main components
Total assets: ¥7,421,484 million
(including investments in securities of ¥5,151,265 million)
Total liabilities: ¥6,964,443 million
(including policy reserves and other reserves of ¥6,202,014 million)

7) Estimated impact on the consolidated statements of income for the fiscal year ended March 31, 2016, assuming the business combination had been completed at the beginning of the fiscal year (unaudited)
The estimated amounts of the impact are total ordinary income of ¥650,789 million, ordinary profit of ¥31,103 million, and net surplus attributable to the parent company of ¥15,148 million.

The estimated amounts of the impact represent the respective differences between the total ordinary income and other earnings data calculated as if the business combination had been completed at the beginning of the fiscal year ended March 31, 2016, and the total ordinary income and other earnings data shown on the Company's consolidated statements of income for the fiscal year ended March 31, 2016.

4. Additional Information for Consolidated Statements of Cash Flows

(1) Acquisition of MLC Limited (for the fiscal year ended March 31, 2017)

The main components of the assets and liabilities of MLC Limited at acquisition date, following its conversion into a newly consolidated subsidiary through the acquisition of shares, and the relationship between the acquisition cost of the shares and net payments from the acquisition are as follows:

	Millions of Yen	Millions of U.S. Dollars
Total assets	¥ 470,920	$ 4,197
(including investments in securities of ¥333,130 million (U.S.$2,969 million))		
Goodwill	49,299	439
Total liabilities	(318,876)	(2,842)
(including policy reserves and other reserves of ¥(297,715) million (U.S.$(2,653) million))		
Foreign currency translation adjustments	5,311	47
Noncontrolling interests	(30,408)	(271)
Acquisition cost of subsidiary's shares	176,246	1,570
Cash and cash equivalents of subsidiary	87,997	784
Net payments from acquisition of subsidiary's shares	¥ 88,249	$ 786

(2) Acquisition of Mitsui Life Insurance Company Limited (for the fiscal year ended March 31, 2016)

The main components of the assets and liabilities of Mitsui Life Insurance Company Limited at acquisition date, following its conversion into a newly consolidated subsidiary through the acquisition of shares, and the relationship between the acquisition cost of the shares and net proceeds from the acquisition are as follows:

	Millions of Yen
Total assets	¥ 7,421,484
(including investments in securities of ¥5,151,265 million)	
Total liabilities	¥(6,964,443)
(including policy reserves and other reserves of ¥(6,202,014) million)	
Gain on bargain purchase	¥ (102,957)
Other liabilities	¥ (19,610)
Acquisition cost of subsidiary's shares	¥ 334,473
Cash and cash equivalents of subsidiary	¥ 557,459
Net proceeds from acquisition of subsidiary's shares	¥ 222,986

5. Cash and Cash Equivalents

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets as of March 31, 2017, 2016 and 2015, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Cash and deposits	¥1,337,969	¥1,351,597	¥ 529,509	$11,925
Call loans	270,000	120,000	572,600	2,406
Monetary receivables purchased	35,999	21,998	36,996	320
Time deposits with initial term of over 3 months to maturity and others	(102,500)	(83,000)	(52,601)	(913)
Cash and cash equivalents	¥1,541,468	¥1,410,595	¥1,086,504	$13,739

6. Financial Instruments

Regarding the investment of the general accounts of the Company and certain consolidated subsidiaries (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company and certain consolidated subsidiaries have built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay benefits and other payments in the future, the Company and certain consolidated subsidiaries have positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the core assets of the Company and certain consolidated subsidiaries and from the viewpoint of improving profit in the mid- to long-term, the Company and certain consolidated subsidiaries invest in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company and certain consolidated subsidiaries mainly use derivative transactions for managing asset investment risks. Specifically, the Company and certain consolidated subsidiaries use interest rate swaps for the interest rate-related investments of the Company and certain consolidated subsidiaries, foreign exchange forward contracts and currency options and swaps for the currency-related investments of the Company and certain consolidated subsidiaries, and equity forward contracts, equity index futures and equity index options for the equity-related investments of the Company and certain consolidated subsidiaries, and hedge accounting is applied with respect to a portion thereof.

The Company and certain consolidated subsidiaries mainly apply the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the internal risk management policies of the Company and certain consolidated subsidiaries.

Securities are mainly exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of incurring losses when the fair value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates, or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and corporate bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. It includes country risk. These risks are managed according to rules and regulations regarding investment risks.

To manage market risk, the Company and certain consolidated subsidiaries have implemented investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company and certain consolidated subsidiaries monitor and regularly report on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has developed a system to manage risk within acceptable levels in the event of a breach of the internal rules. Also, to manage market risk in the portfolio of the Company and certain consolidated subsidiaries, the Company and certain consolidated subsidiaries use a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company and certain consolidated subsidiaries have built a thorough monitoring system involving the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company and certain consolidated subsidiaries also continue to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns the Company and certain consolidated subsidiaries obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country. In addition, the Company and certain consolidated subsidiaries calculate credit value-at-risk as a measurement of the magnitude of credit risk across the portfolio of the Company and certain consolidated subsidiaries as a whole, and monitor whether the magnitude of risk stays within an appropriate range.

(1) Balance sheet amounts and fair values of major financial instruments and their differences are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 752,601	¥ 752,601	¥ —	¥ 784,296	¥ 784,296	¥ —	¥ 313,499	¥ 313,499	¥ —	$ 6,708	$ 6,708	$ —
Available-for-sale securities	752,601	752,601	—	784,296	784,296	—	313,499	313,499	—	6,708	6,708	—
Monetary receivables purchased:	337,913	366,297	28,383	436,630	477,324	40,693	498,758	534,726	35,968	3,011	3,264	252
Held-to-maturity debt securities	3,262	3,949	687	3,942	4,813	870	—	—	—	29	35	6
Policy-reserve-matching bonds	287,005	314,702	27,696	394,343	434,166	39,822	459,891	495,860	35,968	2,558	2,805	246
Available-for-sale securities	47,645	47,645	—	38,344	38,344	—	38,866	38,866	—	424	424	—
Assets held in trust:	3,597	3,597	—	2,134	2,134	—	—	—	—	32	32	—
Trading securities	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Available-for-sale securities	200	200	—	200	200	—	—	—	—	1	1	—
Investments in securities:	57,139,306	61,224,609	4,085,302	54,811,717	59,797,975	4,986,258	48,719,245	51,316,611	2,597,365	509,308	545,722	36,414
Trading securities	1,854,861	1,854,861	—	1,504,252	1,504,252	—	1,005,262	1,005,262	—	16,533	16,533	—
Held-to-maturity debt securities	45,676	46,132	455	50,592	51,300	708	49,201	49,339	137	407	411	4
Policy-reserve-matching bonds	21,345,239	25,375,088	4,029,849	22,117,306	27,057,693	4,940,386	20,214,005	22,796,569	2,582,564	190,259	226,179	35,919
Investments in subsidiaries and affiliates	32,594	87,590	54,996	21,762	66,925	45,163	22,810	37,474	14,663	290	780	490
Available-for-sale securities	33,860,935	33,860,935	—	31,117,803	31,117,803	—	27,427,965	27,427,965	—	301,817	301,817	—
Loans (*3):	8,987,810	9,318,744	330,933	9,452,673	9,855,076	402,402	8,327,360	8,660,317	332,956	80,112	83,062	2,949
Policy loans	710,377	710,377	—	758,908	758,908	—	736,402	736,402	—	6,331	6,331	—
Industrial and consumer loans	8,277,432	8,608,366	330,933	8,693,765	9,096,168	402,402	7,590,958	7,923,915	332,956	73,780	76,730	2,949
Derivative financial instruments (*4):	(47,524)	(47,524)	—	(44,934)	(44,934)	—	(215,282)	(215,282)	—	(423)	(423)	—
Hedge accounting not applied	16,186	16,186	—	18,856	18,856	—	515	515	—	144	144	—
Hedge accounting applied	(63,710)	(63,710)	—	(63,790)	(63,790)	—	(215,798)	(215,798)	—	(567)	(567)	—
Corporate bonds (*3, *5)	(920,825)	(968,282)	(47,457)	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(8,207)	(8,630)	(423)
Cash received as collateral under securities lending transactions (*5)	(873,773)	(873,773)	—	(834,089)	(834,089)	—	(529,989)	(529,989)	—	(7,788)	(7,788)	—
Loans payable (*3,*5)	(210,192)	(213,408)	(3,216)	(244,107)	(245,740)	(1,632)	(82,988)	(82,686)	301	(1,873)	(1,902)	(28)

*(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.*
*(*2) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2017, 2016 and 2015, the fair value is the balance sheet amount after the impairment losses are deducted.*
*(*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the fair values of loans, corporate bonds, and loans payable because they are accounted for as an integral part of the loans, corporate bonds, and loans payable that are the hedged items.*
*(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.*
*(*5) Corporate bonds, cash received as collateral under securities lending transactions, and loans payable are recorded in liabilities and presented in parentheses.*

(2) Fair value measurement methods for the major financial instruments of the Company and certain consolidated subsidiaries are as follows:

1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

i) Items with a market price

Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

ii) Items without a market price

Fair value is measured mainly by discounting future cash flows to present value.

2) Loans

i) Policy loans

Fair value is deemed to approximate book value, due to expected repayment periods, interest rate requirements, and other characteristics. These loans have no repayment date either in form or in substance because stated due dates can be extended if the loan amount is within a certain range of its surrender benefit. Thus, the book value is used as the fair value of the policy loans.

ii) Industrial and consumer loans

Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans.

Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.

Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the estimated uncollectible amount from the book value prior to direct write-offs.

3) Derivative financial instruments

i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

ii) Fair value of equity options is measured primarily by the liquidation value or closing market price on the balance sheet date or the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.

iii) Fair value of foreign exchange contracts and currency options is measured primarily based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates and discount rates obtained from financial institutions that are the counterparties in such transactions.

iv) Fair value of interest rate swaps and currency swaps is measured primarily based on present values calculated by discounting the differences between future cash inflows and outflows using published market interest rates and other data.

v) Fair value of forward contracts is measured primarily based on present values calculated by discounting future cash flows using published market interest rates and other data.

4) Assets held in trust

Fair value is based on a reasonably calculated price by the trustee of the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.

5) Corporate bonds

Corporate bonds are stated at fair value on the balance sheet date.

6) Cash received as collateral under securities lending transactions

The book value is used as fair value due to their short-term settlement.

7) Loans payable

Fair value of variable interest rate loans payable is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans payable. Fair value of fixed interest rate loans payable is measured mainly by discounting future cash flows to present value.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥280,608 million (U.S.$2,501 million), ¥290,247 million and ¥240,764 million for stocks of subsidiaries and affiliates and ¥842,270 million (U.S.$7,507 million), ¥998,267 million and ¥938,781 million for available-for-sale securities as of March 31, 2017, 2016 and 2015, respectively.

(4) Matters regarding securities and others by holding purpose are as follows:

1) Trading securities

Derivative financial instruments within assets held in trust, investments in securities for separate accounts and certain other securities are classified as trading securities as of March 31, 2017, 2016 and 2015.

Valuation gains/losses included in profit and loss were gains of ¥65,537 million (U.S.$584 million), ¥38,615 million and ¥154,939 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

2) Held-to-maturity debt securities

Balance sheet amounts, fair values and their differences by type are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 3,262	¥ 3,949	¥ 687	¥ 3,942	¥ 4,813	¥ 870	¥ —	¥ —	¥ —	$ 29	$ 35	$ 6
Domestic bonds	29,655	30,132	476	38,796	39,567	770	31,443	31,574	131	264	268	4
Foreign securities	7,808	7,823	14	820	822	2	5,693	5,758	65	69	69	0
Subtotal	40,727	41,905	1,178	43,558	45,203	1,644	37,136	37,333	196	363	373	10
Fair value does not exceed the balance sheet amount:												
Domestic bonds	—	—	—	—	—	—	1,004	1,003	(0)	—	—	—
Foreign securities	8,212	8,177	(35)	10,975	10,910	(65)	11,061	11,002	(58)	73	72	(0)
Subtotal	8,212	8,177	(35)	10,975	10,910	(65)	12,065	12,006	(59)	73	72	(0)
Total	¥48,939	¥50,082	¥1,142	¥54,534	¥56,113	¥1,579	¥49,201	¥49,339	¥137	$436	$446	$10

3) Policy-reserve-matching bonds

Balance sheet amounts, fair values and their differences by type are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	$ 2,524	$ 2,771	$ 247
Domestic bonds	20,991,083	25,031,367	4,040,284	22,038,824	26,975,735	4,936,910	20,047,635	22,626,539	2,578,904	187,102	223,115	36,012
Foreign securities	54,979	57,114	2,135	71,717	75,196	3,478	71,655	75,699	4,043	490	509	19
Subtotal	21,329,288	25,399,436	4,070,148	22,503,616	27,483,871	4,980,254	20,576,578	23,195,555	2,618,977	190,117	226,396	36,279
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	3,781	3,749	(31)	1,270	1,227	(42)	2,604	2,544	(60)	33	33	(0)
Domestic bonds	299,176	286,606	(12,569)	6,691	6,688	(3)	94,532	94,148	(383)	2,666	2,554	(112)
Foreign securities	—	—	—	72	72	(0)	181	180	(0)	—	—	—
Subtotal	302,957	290,355	(12,601)	8,034	7,988	(46)	97,318	96,874	(444)	2,700	2,588	(112)
Total	¥21,632,245	¥25,689,791	¥4,057,546	¥22,511,650	¥27,491,859	¥4,980,208	¥20,673,896	¥23,292,429	¥2,618,532	$192,817	$228,984	$36,166

4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts and their differences by type are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	$ 5,237	$ 5,237	$ 0
Monetary receivables purchased	10,074	11,180	1,106	14,167	15,683	1,515	1,000	1,016	16	89	99	9
Domestic bonds	3,454,533	3,674,457	219,923	3,965,914	4,271,349	305,435	2,235,511	2,393,305	157,794	30,791	32,752	1,960
Domestic stocks	3,416,428	7,825,582	4,409,153	3,216,667	7,028,499	3,811,831	3,728,491	8,744,114	5,015,622	30,452	69,752	39,300
Foreign securities	10,305,344	12,264,480	1,959,135	12,449,748	14,909,025	2,459,277	11,576,691	14,706,905	3,130,213	91,856	109,318	17,462
Other securities	940,019	1,109,657	169,637	932,272	1,131,464	199,192	696,330	815,423	119,093	8,378	9,890	1,512
Subtotal	18,714,000	25,472,958	6,758,958	21,014,070	27,791,323	6,777,253	18,331,024	26,753,765	8,422,741	166,806	227,051	60,245
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	165,000	164,999	(0)	349,000	348,996	(3)	220,500	220,498	(1)	1,470	1,470	(0)
Monetary receivables purchased	36,466	36,464	(1)	22,663	22,661	(2)	37,852	37,850	(2)	325	325	(0)
Assets held in trust	200	200	—	200	200	—	—	—	—	1	1	—
Domestic bonds	520,295	512,685	(7,609)	51,657	50,454	(1,203)	125,848	125,038	(809)	4,637	4,569	(67)
Domestic stocks	988,772	861,846	(126,925)	1,132,054	922,078	(209,975)	216,198	192,876	(23,321)	8,813	7,682	(1,131)
Foreign securities	7,122,665	6,796,288	(326,377)	2,497,824	2,413,355	(84,469)	344,802	335,046	(9,756)	63,487	60,578	(2,909)
Other securities	842,552	815,937	(26,615)	406,896	391,574	(15,321)	115,756	115,255	(500)	7,510	7,272	(237)
Subtotal	9,675,952	9,188,422	(487,529)	4,460,297	4,149,321	(310,975)	1,060,958	1,026,565	(34,393)	86,246	81,900	(4,345)
Total	¥28,389,953	¥34,661,381	¥6,271,428	¥25,474,367	¥31,940,645	¥6,466,277	¥19,391,983	¥27,780,331	¥8,388,348	$253,052	$308,952	$55,900

** Securities totaling ¥842,270 million (U.S.$7,507 million), ¥998,267 million and ¥938,781 million, whose fair values are extremely difficult to be determined, as of March 31, 2017, 2016 and 2015, respectively, are not included.*

Impairment losses of ¥13,788 million (U.S.$122 million), ¥21,826 million and ¥17 million were recognized for securities with a fair value during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

Regarding stocks (including foreign stocks) with fair values of the Company and certain consolidated subsidiaries, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last month of the fiscal year is substantial, impairment losses are recognized based on the fair value on the fiscal year-end date.

The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

a. A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:

1. Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
2. The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(5) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 752,600	¥ —	¥ —	¥ —	$ 6,708	$ —	$ —	$ —
Available-for-sale securities	752,600	—	—	—	6,708	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	264,993	320	67	248	2,362
Held-to-maturity debt securities	—	—	—	3,262	—	—	—	29
Policy-reserve-matching bonds	—	7,373	27,631	251,656	—	65	246	2,243
Available-for-sale securities	36,000	240	223	10,074	320	2	1	89
Investments in securities:	1,101,601	4,660,991	9,960,948	27,670,693	9,819	41,545	88,786	246,641
Held-to-maturity debt securities	14,084	25,816	2,854	2,726	125	230	25	24
Policy-reserve-matching bonds	469,887	1,250,847	4,371,106	15,049,402	4,188	11,149	38,961	134,142
Available-for-sale securities	617,629	3,384,326	5,586,987	12,618,565	5,505	30,166	49,799	112,474
Loans (*1)	1,203,554	3,025,880	2,019,155	1,971,086	10,727	26,971	17,997	17,569
Corporate bonds	—	—	—	890,825	—	—	—	7,940
Cash received as collateral under securities lending transactions	873,773	—	—	—	7,788	—	—	—
Loans payable (*2)	31,269	59,808	19,113	—	278	533	170	—

*(*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,403 million (U.S.$57 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

*(*2) Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.*

As of March 31, 2016	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 784,300	¥ —	¥ —	¥ —
Available-for-sale securities	784,300	—	—	—
Monetary receivables purchased:	24,625	5,574	48,916	355,472
Held-to-maturity debt securities	—	—	—	3,942
Policy-reserve-matching bonds	906	5,226	48,603	339,081
Available-for-sale securities	23,718	347	313	12,448
Investments in securities:	1,411,751	5,067,414	8,443,005	26,676,101
Held-to-maturity debt securities	12,507	33,224	1,360	3,356
Policy-reserve-matching bonds	735,737	1,508,254	3,681,496	16,005,141
Available-for-sale securities	663,506	3,525,935	4,760,149	10,667,603
Loans (*1)	1,044,471	3,215,568	2,278,581	2,087,892
Corporate bonds	—	—	—	650,825
Cash received as collateral under securities lending transactions	834,089	—	—	—
Loans payable (*2)	27,454	47,699	18,953	—

*(*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥8,593 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

*(*2) Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.*

As of March 31, 2015	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥313,500	¥ —	¥ —	¥ —
Available-for-sale securities	313,500	—	—	—
Monetary receivables purchased:	42,040	2,094	61,379	392,605
Policy-reserve-matching bonds	5,040	2,094	60,527	391,605
Available-for-sale securities	37,000	—	851	1,000
Investments in securities:	925,782	5,165,746	6,268,357	23,494,898
Held-to-maturity debt securities	15,932	31,412	1,809	—
Policy-reserve-matching bonds	570,864	2,289,427	2,801,365	14,432,666
Available-for-sale securities	338,985	2,844,906	3,465,182	9,062,231
Loans	873,138	2,915,309	1,963,052	1,833,428
Corporate bonds	—	—	—	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—
Loans payable	35,194	36,047	11,746	—

** Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥11,000 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

(6) Data on fair value of derivative transactions

i) Hedge accounting not applied

a. Interest rate-related

	Millions of Yen												Millions of U.S. Dollars			
As of March 31	2017				2016				2015				2017			
	Contract amount	Over 1 year	Fair value	Net gains (losses)	Contract amount	Over 1 year	Fair value	Net losses	Contract amount	Over 1 year	Fair value	Net gains (losses)	Contract amount	Over 1 year	Fair value	Net gains (losses)
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥—	¥—	¥—	¥—	¥1,000	¥1,000	¥ (0)	¥ (0)	¥—	¥—	¥—	¥—	$—	$—	$—	$—
Pay fixed interest rate / receive variable interest rate	—	—	—	—	2,500	2,500	(11)	(11)	—	—	—	—	—	—	—	—
Total				¥—				¥(12)				¥—				$—

Note: Net gains (losses) represent the fair value.

b. Currency-related

					Millions of Yen			Millions of U.S. Dollars
As of March 31					**2017**	**2016**	**2015**	**2017**
Over-the-counter	**Foreign exchange forward contracts**	**Sold**	U.S. dollar	Contract amount	¥ 710,620	¥ 668,615	¥ 31,946	$ 6,334
				Over 1 year	—	—	—	—
				Fair value	(1,355)	18,752	3	(12)
				Net (losses) gains	(1,355)	18,752	3	(12)
			Euro	Contract amount	576,090	462,073	52,841	5,134
				Over 1 year	—	—	—	—
				Fair value	6,573	(5,280)	801	58
				Net gains (losses)	6,573	(5,280)	801	58
			Australian dollar	Contract amount	21,384	63,020	20,277	190
				Over 1 year	—	—	—	—
				Fair value	424	(1,175)	305	3
				Net gains (losses)	424	(1,175)	305	3
			British pound	Contract amount	18,434	58,561	16,730	164
				Over 1 year	—	—	—	—
				Fair value	119	(566)	414	1
				Net gains (losses)	119	(566)	414	1
			Others	Contract amount	8,391	85,243	6,926	74
				Over 1 year	—	—	—	—
				Fair value	53	(3,416)	52	0
				Net gains (losses)	53	(3,416)	52	0
			Subtotal	**Contract amount**	**1,334,921**	**1,337,514**	**128,722**	**11,898**
				Over 1 year	**—**	**—**	**—**	**—**
				Fair value	**5,814**	**8,312**	**1,577**	**51**
				Net gains	**5,814**	**8,312**	**1,577**	**51**
		Purchased	U.S. dollar	Contract amount	31,827	148,895	38,747	283
				Over 1 year	—	—	—	—
				Fair value	(74)	(383)	(282)	(0)
				Net losses	(74)	(383)	(282)	(0)
			Euro	Contract amount	19,559	19,934	31,021	174
				Over 1 year	—	—	—	—
				Fair value	(195)	290	(300)	(1)
				Net (losses) gains	(195)	290	(300)	(1)
			Australian dollar	Contract amount	2,842	32,965	14,837	25
				Over 1 year	—	—	—	—
				Fair value	10	191	(226)	0
				Net gains (losses)	10	191	(226)	0
			British pound	Contract amount	2,195	34,568	14,000	19
				Over 1 year	—	—	—	—
				Fair value	(4)	(11)	(216)	(0)
				Net losses	(4)	(11)	(216)	(0)
			Others	Contract amount	4,504	5,380	2,911	40
				Over 1 year	—	—	—	—
				Fair value	27	119	1	0
				Net gains	27	119	1	0
			Subtotal	**Contract amount**	**60,929**	**241,744**	**101,518**	**543**
				Over 1 year	**—**	**—**	**—**	**—**
				Fair value	**(236)**	**206**	**(1,024)**	**(2)**
				Net (losses) gains	**(236)**	**206**	**(1,024)**	**(2)**
	Currency swaps		¥ paid / A$ received	Contract amount	210,486	72,700	—	1,876
				Over 1 year	210,486	72,700	—	1,876
				Fair value	3,556	(613)	—	31
				Net gains (losses)	3,556	(613)	—	31
			Others	Contract amount	14,163	—	—	126
				Over 1 year	14,163	—	—	126
				Fair value	285	—	—	2
				Net gains	285	—	—	2
			Subtotal	**Contract amount**	**224,649**	**72,700**	**—**	**2,002**
				Over 1 year	**224,649**	**72,700**	**—**	**2,002**
				Fair value	**3,842**	**(613)**	**—**	**34**
				Net gains (losses)	**3,842**	**(613)**	**—**	**34**
Total				**Net gains**	**¥ 9,420**	**¥ 7,905**	**¥ 552**	**$ 83**

Note: Net gains (losses) represent the fair value.

c. Equity-related

					Millions of Yen			Millions of U.S. Dollars
As of March 31					**2017**	**2016**	**2015**	**2017**
Exchange-traded	**Equity index futures**	**Sold**		Contract amount	¥ 23,804	¥ 6,726	¥22,669	$ 212
				Over 1 year	—	—	—	—
				Fair value	170	(70)	(206)	1
				Net gains (losses)	170	(70)	(206)	1
		Purchased		Contract amount	21,768	26,631	7,155	194
				Over 1 year	—	—	—	—
				Fair value	(104)	231	31	(0)
				Net (losses) gains	(104)	231	31	(0)
	Equity index options	**Purchased**	**Put**	Contract amount	254,802	—	—	2,271
					[11,645]	[—]	[—]	[103]
				Over 1 year	56,727	—	—	505
					[4,098]	[—]	[—]	[36]
				Fair value	5,123	—	—	45
				Net losses	(6,522)	—	—	(58)
Over-the-counter	**Equity forward contracts**	**Sold**		Contract amount	—	—	—	—
				Over 1 year	—	—	—	—
				Fair value	(275)	(25)	—	(2)
				Net losses	(275)	(25)	—	(2)
	Equity index forward contracts	**Sold**		Contract amount	15,172	8,345	—	135
				Over 1 year	—	—	—	—
				Fair value	(1,651)	(17)	—	(14)
				Net losses	(1,651)	(17)	—	(14)
	Equity index options	**Sold**	**Call**	Contract amount	—	11,821	—	—
					[—]	[0]	[—]	[—]
				Over 1 year	—	—	—	—
					[—]	[—]	[—]	[—]
				Fair value	—	554	—	—
				Net losses	—	(554)	—	—
		Purchased	**Call**	Contract amount	10,270	34,514	295	91
					[58]	[501]	[55]	[0]
				Over 1 year	290	257	295	2
					[55]	[55]	[55]	[0]
				Fair value	136	104	138	1
				Net gains (losses)	77	(397)	82	0
			Put	Contract amount	36,551	52,612	—	325
					[7,524]	[11,468]	[—]	[67]
				Over 1 year	6,177	20,605	—	55
					[2,267]	[6,811]	[—]	[20]
				Fair value	3,306	11,283	—	29
				Net losses	(4,218)	(184)	—	(37)
Total				**Net losses**	**¥ (12,523)**	**¥ (1,018)**	**¥ (92)**	**$ (111)**

Notes: 1. [ ] shows option premiums reported on the consolidated balance sheets.
2. Net gains (losses) represent the fair value for futures transaction and forward agreements, and the difference between option premiums and fair value for equity options.

d. Bond-related

As of March 31	2017				2016				2015				2017			
	Millions of Yen												Millions of U.S. Dollars			
	Contract amount	Over 1 year	Fair value	Net gains (losses)	Contract amount	Over 1 year	Fair value	Net gains	Contract amount	Over 1 year	Fair value	Net gains (losses)	Contract amount	Over 1 year	Fair value	Net gains (losses)
Exchange-traded:																
Bond futures:																
Sold	¥ 49,997	¥—	¥ 85	¥ 85	¥5,911	¥—	¥11	¥ 11	¥—	¥—	¥—	¥—	$ 445	$—	$ 0	$ 0
Purchased	(12,587)	—	(24)	(24)	—	—	—	—	—	—	—	—	(112)	—	(0)	(0)
Total				¥ 60				¥ 11				¥—				$ 0

Note: Net gains (losses) represent the fair value.

e. Others

No ending balance as of March 31, 2017, 2016 or 2015.

ii) Hedge accounting applied

a. Interest rate-related

As of March 31	2017			2016			2015			2017		
	Millions of Yen									Millions of U.S. Dollars		
	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value	Contract amount	Over 1 year	Fair value
Over-the-counter:												
Deferred hedge accounting (main hedged items: insurance liabilities):												
Interest rate swaps												
Receive fixed interest rate / pay variable interest rate	¥344,000	¥344,000	¥(3,804)	¥175,000	¥175,000	¥7,019	¥—	¥—	¥—	$3,066	$3,066	$(33)
Deferred hedge accounting (main hedged items: loans):												
Interest rate swaps												
Receive fixed interest rate / pay variable interest rate	10,263	10,263	(83)	263	263	4	—	—	—	91	91	(0)

b. Currency-related

As of March 31								Millions of Yen 2017	Millions of Yen 2016	Millions of Yen 2015	Millions of U.S. Dollars 2017
Over-the-counter	**Fair value hedge accounting**	**Foreign exchange forward contacts**	**Sold**		U.S. dollar	**Foreign currency-denominated bonds (main hedged items)**	Contract amount	¥5,405,762	¥4,749,328	¥3,923,249	$48,183
							Over 1 year	—	—	—	—
							Fair value	42,281	70,579	(980)	376
					Euro		Contract amount	2,722,764	1,477,859	1,177,636	24,269
							Over 1 year	—	—	—	—
							Fair value	22,297	1,729	80,663	198
					Others		Contract amount	1,464,289	1,097,249	1,258,891	13,051
							Over 1 year	—	—	—	—
							Fair value	27,124	43,928	29,217	241
					Total		**Contract amount**	**9,592,816**	**7,324,437**	**6,359,778**	**85,505**
							Over 1 year	**—**	**—**	**—**	**—**
							Fair value	**91,703**	**116,237**	**108,900**	**817**
	Deferred hedge accounting	**Foreign exchange forward contacts**	**Purchased**	**Call**	Australian dollar	**Foreign stock fore-casted transac-tion (main hedged items)**	Contract amount	—	56,256	—	—
							Over 1 year	—	—	—	—
							Fair value	—	2,393	—	—
					Total		**Contract amount**	**—**	**56,256**	**—**	**—**
							Over 1 year	**—**	**—**	**—**	**—**
							Fair value	**—**	**2,393**	**—**	**—**
		Currency swaps			U.S. dollar paid / ¥ received	**Foreign currency-denominated bonds (main hedged items)**	Contract amount	532,388	531,840	455,251	4,745
							Over 1 year	495,649	511,318	446,215	4,417
							Fair value	(83,474)	(106,043)	(168,560)	(744)
					€ paid / ¥ received		Contract amount	471,264	471,011	398,270	4,200
							Over 1 year	466,075	444,971	388,559	4,154
							Fair value	(21,234)	(77,719)	(131,035)	(189)
					£ paid / ¥ received		Contract amount	118,919	118,919	102,907	1,059
							Over 1 year	118,919	118,919	102,907	1,059
							Fair value	18,038	2,371	(24,927)	160
					Total		**Contract amount**	**1,122,572**	**1,121,771**	**956,429**	**10,005**
							Over 1 year	**1,080,645**	**1,075,210**	**937,682**	**9,632**
							Fair value	**(86,670)**	**(181,390)**	**(324,523)**	**(772)**

c. Equity-related

As of March 31	Millions of Yen 2017 Contract amount	Over 1 year	Fair value	2016 Contract amount	Over 1 year	Fair value	2015 Contract amount	Over 1 year	Fair value	Millions of U.S. Dollars 2017 Contract amount	Over 1 year	Fair value
Over-the-counter:												
Fair value hedge accounting (main hedged items: domestic stocks):												
Equity forward contracts:												
Sold:	¥214,693	¥—	¥(64,855)	¥204,474	¥—	¥(8,055)	¥40,731	¥—	¥(174)	$1,913	$—	$(578)

d. Bond-related

No ending balance as of March 31, 2017, 2016 or 2015.

e. Others

No ending balance as of March 31, 2017, 2016 or 2015.

7. Disclosures about Fair Value of Investment Properties

The balance sheet amounts for investment properties were ¥1,255,358 million (U.S.$11,189 million), ¥1,306,252 million and ¥1,153,345 million, with a fair value of ¥1,436,985 million (U.S.$12,808 million), ¥1,439,875 million and ¥1,231,926 million as of March 31, 2017, 2016 and 2015, respectively.

The Company and certain consolidated subsidiaries own rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment properties were ¥515 million (U.S.$4 million), ¥670 million and ¥336 million as of March 31, 2017, 2016 and 2015, respectively.

8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,696,366 million (U.S.$24,033 million), ¥1,471,565 million and ¥2,607,789 million as of March 31, 2017, 2016 and 2015, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥601,117 million (U.S.$5,358 million), ¥78,662 million and ¥149,418 million at fair value as of March 31, 2017, 2016 and 2015, respectively.

9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,178,325 million (U.S.$10,502 million), ¥1,185,661 million and ¥1,181,183 million as of March 31, 2017, 2016 and 2015, respectively.

10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,598,901 million (U.S.$14,251 million), ¥1,727,775 million and ¥1,113,510 million as of March 31, 2017, 2016 and 2015, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the consolidated balance sheets.

11. Reserve for Dividends to Policyholders (mutual company)

A reserve for dividends to policyholders (mutual company) is recognized to reserve dividends to policyholders of the parent company, which is a mutual company.

Changes in the reserve for dividends to policyholders (mutual company) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	$ 9,047
Transfer to reserve from surplus in the previous fiscal year	229,857	257,299	201,765	2,048
Dividends paid to policyholders during the fiscal year	(266,227)	(302,799)	(258,747)	(2,373)
Increase in interest	22,458	23,041	23,602	200
Balance at the end of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	$ 8,923

12. Reserve for Dividends to Policyholders (limited company)

A reserve for dividends to policyholders (limited company) is recognized to reserve dividends to policyholders of subsidiaries, which are limited companies.

Changes in the reserve for dividends to policyholders (limited company) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥ 69,681	¥ —	¥—	$ 621
Dividends paid to policyholders during the fiscal year	(20,020)	(6,878)	—	(178)
Increase in interest	25	8	—	0
Provision for reserve for dividends to policyholders (limited company)	18,161	4,452	—	161
Increase due to change in scope of consolidation	—	72,097	—	—
Balance at the end of the fiscal year	¥ 67,847	¥69,681	¥—	$ 604

13. Corporate Bonds

Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

The corporate bonds are callable at the discretion of the issuer, subject to the approval of the regulatory authority and other conditions.

Balance as of March 31, 2017, 2016 and 2015

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2017	2016	2015	2017				
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2012	¥157,040 ($2,000 million)	¥157,040 ($2,000 million)	¥157,040 ($2,000 million)	$1,399	5.00%	None	October 2042	Each interest payment date on or after October 2022
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2014	242,550 ($2,250 million)	242,550 ($2,250 million)	242,550 ($2,250 million)	2,161	5.10%	None	October 2044	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	January 2016	176,235 ($1,500 million)	176,235 ($1,500 million)	— —	1,570	4.70%	None	January 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2015	75,000	75,000	—	668	1.52%	None	April 2045	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	70,000	—	—	623	0.94%	None	April 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	30,000	—	—	267	1.12%	None	April 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	75,000	—	—	668	0.91%	None	November 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	15,000	—	—	133	1.10%	None	November 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Mitsui Life	Perpetual subordinated corporate bond	July 2016	30,000	—	—	267	0.74%	None	No maturity date	Each interest payment date on or after July 2021
Mitsui Life	Subordinated corporate bonds	July 2016	50,000	—	—	445	0.86%	None	July 2046	Each interest payment date on or after July 2026
Total	—	—	¥920,825	¥650,825	¥399,590	$8,207	—	—	—	—

1. Figures enclosed in parentheses for the balances as of March 31, 2017, 2016 and 2015 are the balances in foreign currencies.
2. "Furiate-shori" for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on U.S. dollar-denominated subordinated corporate bonds.

14. Other Liabilities

Other liabilities include subordinated loans payable of ¥100,000 million (U.S.$891 million) and 150,000 million as of March 31, 2017 and 2016, respectively, which is subordinate to the fulfillment of all other debt obligations.

15. Net Defined Benefit Liability

(1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel and sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan. Certain consolidated subsidiaries mainly have a lump-sum retirement payment plan as a defined benefit plan and a defined contribution pension plan as a defined contribution plan.

(2) Defined benefit plan

1) Reconciliation of retirement benefit obligations at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Retirement benefit obligations at the beginning of the year	¥737,348	¥682,116	¥626,210	$6,572
Service costs	27,951	26,509	22,956	249
Interest cost	4,456	4,205	9,997	39
Actuarial losses accrued during the year	2,210	3,097	70,759	19
Retirement benefit payments	(51,779)	(47,618)	(47,916)	(461)
Increase due to change in scope of consolidation	—	68,924	—	—
Others	—	113	108	—
Retirement benefit obligations at the end of the year	¥720,187	¥737,348	¥682,116	$6,419

2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Pension plan assets at the beginning of the year	¥278,723	¥272,288	¥268,186	$2,484
Expected return on plan assets	4,613	4,441	4,290	41
Actuarial gains accrued during the year	187	519	9,920	1
Contributions by business proprietor	7,181	7,632	7,665	64
Retirement benefit payments	(19,091)	(17,635)	(17,775)	(170)
Increase due to change in scope of consolidation	—	11,476	—	—
Pension plan assets at the end of the year	¥271,613	¥278,723	¥272,288	$2,421

3) Reconciliation of net defined benefit liability at the beginning and end of the fiscal year under the simplified valuation method

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Net defined benefit liability at the beginning of the year	¥1,824	¥1,588	¥1,414	$16
Benefit costs	243	287	273	2
Retirement benefit payments	(82)	(87)	(99)	(0)
Increase due to change in scope of consolidation	—	35	—	—
Net defined benefit liability at the end of the year	¥1,984	¥1,824	¥1,588	$17

4) Reconciliation of retirement benefit obligations, pension plan assets, and net defined benefit liability on the consolidated balance sheets

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Retirement benefit obligations for funded plans	¥ 303,933	¥ 318,307	¥ 311,041	$ 2,709
Pension plan assets	(271,613)	(278,723)	(272,288)	(2,421)
	32,319	39,584	38,752	288
Retirement benefit obligations for nonfunded plans	418,238	420,865	372,663	3,727
Net defined benefit liability recorded in the consolidated balance sheets	¥ 450,558	¥ 460,449	¥ 411,416	$ 4,016
Net defined benefit liability	¥ 450,558	¥ 460,449	¥ 411,416	$ 4,016
Net defined benefit liability recorded in the consolidated balance sheets	¥ 450,558	¥ 460,449	¥ 411,416	$ 4,016

5) Losses (gains) relating to retirement benefits

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Service costs	¥27,951	¥26,509	¥22,956	$249
Interest cost	4,456	4,205	9,997	39
Expected return on plan assets	(4,613)	(4,441)	(4,290)	(41)
Amortization of actuarial losses (gains) for the period	8,599	8,484	(6,049)	76
Amortization of prior service costs for the period	—	(4,368)	(4,765)	—
Benefit cost under the simplified valuation method	243	287	273	2
Other	—	113	108	—
Benefit cost for defined benefit plans	¥36,636	¥30,789	¥18,230	$326

6) Breakdown of items included in other comprehensive income (before tax)

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars 2017
Actuarial gains (losses)	¥6,575	¥ 5,906	¥(66,888)	$ 58
Prior service costs	—	(4,368)	(4,765)	—
Total	¥6,575	¥ 1,538	¥(71,654)	$ 58

7) Breakdown of items included in total accumulated other comprehensive income (before tax)

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Unrecognized actuarial losses	¥34,555	¥41,131	¥47,038	$308
Unrecognized prior service costs	—	—	(4,368)	—
Total	¥34,555	¥41,131	¥42,670	$308

8) Pension plan assets consist of the following:

	2017	2016	2015
General account of Nippon Life	50.6%	50.6%	52.3%
Domestic bonds	24.6%	27.7%	26.9%
Foreign securities	20.3%	17.3%	17.3%
Domestic stocks	3.1%	2.5%	2.7%
Cash and deposits	1.4%	1.9%	0.8%
Other	0.0%	0.0%	—
Total	100.0%	100.0%	100.0%

9) Calculation method for long-term expected rate of return on plan assets

To determine the long-term expected rate of return on pension plan assets, the Company and certain consolidated subsidiaries take into consideration present and forecasted allocation of the pension plan assets, and present and long-term rates of return that are expected from the portfolio of assets that comprise the pension plan assets.

10) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations of the Company and certain consolidated subsidiaries as of March 31, 2017, 2016 and 2015, are as follows:

	2017	2016	2015
Discount rate	0.6–0.7%	0.6–0.7%	0.6%
Long-term expected rate of return on plan assets	1.6–3.0%	1.6–3.0%	1.6%

(3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥3,732 million (U.S.$33 million), ¥2,720 million and ¥2,455 million to defined contribution plans during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

16. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.$445 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2016.

17. Pledged Assets

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2017, were ¥1,645,929 million (U.S.$14,670 million), ¥22,471 million (U.S.$200 million), ¥252 million (U.S.$2 million) and ¥50 million (U.S.$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥895,060 million (U.S.$7,978 million) as of March 31, 2017.

These amounts included ¥894,171 million (U.S.$7,970 million) of investments in securities deposited and ¥873,822 million (U.S.$7,788 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2016, were ¥1,378,644 million, ¥15,015 million, ¥252 million and ¥51 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥847,561 million as of March 31, 2016.

These amounts included ¥674,232 million of investments in securities deposited and ¥834,194 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2016.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2015, were ¥1,482,181 million, ¥18,857 million, ¥252 million and ¥53 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥545,030 million as of March 31, 2015.

These amounts included ¥518,628 million of investments in securities deposited and ¥530,062 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2015.

18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥313,202 million (U.S.$2,791 million), ¥312,009 million and ¥263,575 million as of March 31, 2017, 2016 and 2015, respectively.

19. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥32,210 million (U.S.$287 million), ¥35,039 million and ¥38,417 million as of March 31, 2017, 2016 and 2015, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,771 million (U.S.$15 million) and ¥27,267 million (U.S.$243 million), respectively, as of March 31, 2017, ¥1,978 million and ¥29,031 million, respectively, as of March 31, 2016 and ¥2,181 million and ¥32,127 million, respectively, as of March 31, 2015.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for over three months as of March 31, 2016 and 2015.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥3,171 million (U.S.$28 million), ¥4,029 million and ¥4,107 million as of March 31, 2017, 2016 and 2015, respectively.

Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥442 million (U.S.$3 million) and ¥261 million (U.S.$2 million), respectively, as of March 31, 2017, ¥867 million and ¥465 million, respectively, as of March 31, 2016 and ¥315 million and ¥427 million, respectively, as of March 31, 2015.

20. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥184,905 million (U.S.$1,648 million), ¥113,822 million and ¥108,416 million as of March 31, 2017, 2016 and 2015, respectively.

21. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company and certain consolidated subsidiaries were estimated to be ¥93,194 million (U.S.$830 million), ¥97,723 million and ¥85,914 million as of March 31, 2017, 2016 and 2015, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

22. Impairment Losses

(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 for the fiscal years ended March 31, 2017, 2016 and 2015.

(3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2017

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥2,146	¥—	¥ 967	¥3,113
Idle property	1,644	—	484	2,129
Total	¥3,790	¥—	¥1,452	¥5,243

For the year ended March 31, 2016

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥1,080	¥—	¥ 439	¥1,520
Idle property	1,510	—	2,855	4,366
Total	¥2,591	¥—	¥3,295	¥5,886

For the year ended March 31, 2015

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	¥ 1,846	¥1,489	¥2,242	¥ 5,578
Idle property	13,700	—	628	14,329
Total	¥15,547	¥1,489	¥2,871	¥19,908

For the year ended March 31, 2017

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings and others	Total
Leased property	$19	$—	$ 8	$27
Idle property	14	—	4	18
Total	$33	$—	$12	$46

(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 rates used in the calculation of future cash flows are 4.0–4.4%, 4.0–4.9% and 4.0% for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

23. Deferred Tax Assets and Liabilities

(1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets	¥ 1,465,350	¥ 1,412,984	¥ 1,273,191	$ 13,061
Valuation allowance for deferred tax assets	(119,537)	(119,017)	(39,693)	(1,065)
Subtotal	1,345,813	1,293,967	1,233,498	11,995
Deferred tax liabilities	(1,960,772)	(1,986,498)	(2,452,492)	(17,477)
Net deferred tax liabilities	¥ (614,959)	¥ (692,531)	¥(1,218,994)	$ (5,481)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets:				
Policy reserves and other reserves	¥ 804,589	¥ 780,768	¥ 758,723	$ 7,171
Reserve for price fluctuations in investments in securities	317,474	270,199	224,272	2,829
Net defined benefit liability	126,237	127,960	118,611	1,125
Allowance for doubtful accounts	—	1,969	2,738	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,780,812	1,826,119	2,404,751	15,873

(2) The statutory tax rate was 28.2% for the fiscal year ended March 31, 2017, 28.8% for the fiscal year ended March 31, 2016 and 30.7% for the fiscal year ended March 31, 2015. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2017	2016	2015
Reserve for dividends to policyholders (mutual company)	(14.7)%	(13.8)%	(17.9)%
Impact from a change in the tax rate	—	6.6 %	16.2 %
Gain on bargain purchase	—	(6.2)%	—

(3) In conjunction with the enactment of the "Act for Partial Revision to the Income Tax Act" (Act No. 15 of 2016), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities was changed from 28.8% to 28.2% for collections and payments expected to be made in the period from April 1, 2016 to March 31, 2018, and to 27.9% for collections and payments expected to be made on or after April 1, 2018.

As a result of this change, as of March 31, 2016, deferred tax liabilities decreased by ¥25,345 million, deferred tax liabilities for land revaluation decreased by ¥3,528 million and deferred tax assets decreased by ¥495 million, while net unrealized gains on available-for-sale securities increased by ¥58,488 million and land revaluation losses increased by ¥3,528 million. At the same time, income taxes—deferred increased by ¥31,813 million.

In conjunction with the promulgation of the "Act for Partial Revision to the Income Tax Act" (Act No. 9 of 2015), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 30.7% was changed to 28.8%.

As a result of this change, as of March 31, 2015, deferred tax liabilities decreased by ¥81,543 million, deferred tax liabilities for land revaluation decreased by ¥7,615 million and deferred tax assets decreased by ¥1,082 million, while net unrealized gains on available-for-sale securities increased by ¥158,896 million and land revaluation losses increased by ¥7,615 million. At the same time, income taxes—deferred increased by ¥71,459 million.

24. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

(1) Reclassification adjustments to profit or loss relating to other comprehensive income (loss)

For the year ended March 31, 2017

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities:				
Losses arising during the year	¥(111,657)		$(995)	
Reclassification adjustments to profit or loss	(79,897)	¥(191,555)	(712)	$(1,707)
Deferred losses on derivatives under hedge accounting:				
Gains arising during the year	69,253		617	
Reclassification adjustments to profit or loss	12,161	81,414	108	725
Foreign currency translation adjustments:				
Gains arising during the year	14,750		131	
Reclassification adjustments to profit or loss	—	14,750	—	131
Remeasurement of defined benefit plans:				
Losses arising during the year	(2,012)		(17)	
Reclassification adjustments to profit or loss	8,588	6,575	76	58
Share of other comprehensive income of associates accounted for under the equity method:				
Gains arising during the year	3,198		28	
Reclassification adjustments to profit or loss	(1,748)	1,450	(15)	12
Amount before income tax effect		(87,363)		(778)
Income tax effect		30,829		274
Total other comprehensive loss		¥ (56,533)		$ (503)

For the year ended March 31, 2016

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Losses arising during the year	¥(1,861,999)	
Reclassification adjustments to profit or loss	(34,354)	¥(1,896,354)
Deferred losses on derivatives under hedge accounting:		
Gains arising during the year	144,191	
Reclassification adjustments to profit or loss	8,356	152,548
Foreign currency translation adjustments:		
Losses arising during the year	(3,385)	
Reclassification adjustments to profit or loss	—	(3,385)
Remeasurement of defined benefit plans:		
Losses arising during the year	(2,560)	
Reclassification adjustments to profit or loss	4,099	1,538
Share of other comprehensive loss of associates accounted for under the equity method:		
Losses arising during the year	(21,779)	
Reclassification adjustments to profit or loss	(784)	(22,564)
Amount before income tax effect		(1,768,217)
Income tax effect		553,366
Total other comprehensive loss		¥(1,214,850)

For the year ended March 31, 2015

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Gains arising during the year	¥3,939,987	
Reclassification adjustments to profit or loss	(205,480)	¥3,734,506
Deferred losses on derivatives under hedge accounting:		
Losses arising during the year	(134,408)	
Reclassification adjustments to profit or loss	3,472	(130,935)
Foreign currency translation adjustments:		
Gains arising during the year	17,321	
Reclassification adjustments to profit or loss	—	17,321
Remeasurement of defined benefit plans:		
Losses arising during the year	(60,814)	
Reclassification adjustments to profit or loss	(10,839)	(71,654)
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	11,917	
Reclassification adjustments to profit or loss	(686)	11,230
Amount before income tax effect		3,560,469
Income tax effect		(911,176)
Total other comprehensive income		¥2,649,292

(2) Income tax effect relating to other comprehensive (loss) income

For the year ended March 31, 2017

	Millions of Yen			Millions of U.S. Dollars		
	Before income tax effect	Income tax effect	After income tax effect	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥(191,555)	¥ 55,429	¥(136,125)	$(1,707)	$ 494	$(1,213)
Deferred losses on derivatives under hedge accounting	81,414	(22,755)	58,659	725	(202)	522
Foreign currency translation adjustments	14,750	—	14,750	131	—	131
Remeasurement of defined benefit plans	6,575	(1,844)	4,730	58	(16)	42
Share of other comprehensive income of associates accounted for under the equity method	1,450	—	1,450	12	—	12
Total other comprehensive loss	¥ (87,363)	¥ 30,829	¥ (56,533)	$ (778)	$ 274	$ (503)

For the year ended March 31, 2016

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥(1,896,354)	¥596,040	¥(1,300,313)
Deferred losses on derivatives under hedge accounting	152,548	(45,409)	107,139
Land revaluation losses	—	3,528	3,528
Foreign currency translation adjustments	(3,385)	—	(3,385)
Remeasurement of defined benefit plans	1,538	(793)	745
Share of other comprehensive loss of associates accounted for under the equity method	(22,564)	—	(22,564)
Total other comprehensive loss	¥(1,768,217)	¥553,366	¥(1,214,850)

For the year ended March 31, 2015

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥3,734,506	¥(974,010)	¥2,760,495
Deferred losses on derivatives under hedge accounting	(130,935)	34,031	(96,904)
Land revaluation losses	—	7,615	7,615
Foreign currency translation adjustments	17,321	—	17,321
Remeasurement of defined benefit plans	(71,654)	21,187	(50,466)
Share of other comprehensive income of associates accounted for under the equity method	11,230	—	11,230
Total other comprehensive income	¥3,560,469	¥(911,176)	¥2,649,292

25. Others

The following items are disclosed in the nonconsolidated financial statements and not required to be disclosed in the consolidated financial statements by the Japanese Insurance Business Act.

- Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act
- Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act
- Investment Income and Expenses
- Provision for Policy Reserves for Ceded Reinsurance

26. Subsequent Events

(1) On April 19, 2017, the Company issued corporate bonds as follows:

Yen-denominated subordinated and unsecured corporate bonds due 2047 with interest deferral options and call options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets with a restriction on a bond split)

Issue price	100% of principal amount
Principal amount	¥100,000 million (U.S.$891 million)
Interest rate	A fixed rate of 1.05% per annum before April 19, 2027, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 19, 2047 (The corporate bonds are callable on April 19, 2027, and on each fifth anniversary date thereafter at the discretion of the Company, subject to prior approval by the regulatory authority.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

(2) On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited ("Reliance Asset"), to acquire an additional equity interest of 4.43% in Reliance Asset (44.57% is owned by the Company as of March 31, 2017). This transaction was completed on July 13, 2017.

(3) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2017, were approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.

(4) During the annual meeting of the representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.$445 million) during the fiscal year ending March 31, 2018.

7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars (Note 1) 2017
ASSETS:				
Cash and deposits (Note 3):	**¥ 917,055**	**¥ 953,962**	**¥ 492,198**	**$ 8,174**
Cash	270	288	268	2
Deposits	916,784	953,673	491,930	8,171
Call loans	**270,000**	**120,000**	**572,600**	**2,406**
Monetary receivables purchased (Note 3)	**326,256**	**419,915**	**498,758**	**2,908**
Assets held in trust (Note 3)	**3,397**	**1,934**	**—**	**30**
Investments in securities (Notes 3, 5, 14 and 15):				
National government bonds	19,724,839	20,101,494	18,760,470	175,816
Local government bonds	959,375	1,284,844	1,441,843	8,551
Corporate bonds	2,290,236	2,490,960	2,783,481	20,413
Domestic stocks	8,879,181	8,285,950	9,311,147	79,144
Foreign securities	19,201,698	17,477,392	16,450,680	171,153
Other securities	1,969,730	1,656,754	1,091,615	17,557
Subtotal	**53,025,060**	**51,297,396**	**49,839,240**	**472,636**
Loans (Notes 3, 16 and 17):				
Policy loans	654,701	695,878	736,564	5,835
Industrial and consumer loans	7,094,826	7,425,606	7,621,055	63,239
Subtotal	**7,749,527**	**8,121,484**	**8,357,620**	**69,075**
Tangible fixed assets (Notes 4, 6 and 14):				
Land	1,107,241	1,152,488	1,173,623	9,869
Buildings	471,770	500,025	514,952	4,205
Lease assets	11,738	6,209	5,007	104
Construction in progress	40,283	25,446	7,985	359
Other tangible fixed assets	9,968	10,708	11,679	88
Subtotal	**1,641,001**	**1,694,878**	**1,713,248**	**14,626**
Intangible fixed assets:				
Software	80,949	77,577	78,574	721
Other intangible fixed assets	92,353	91,938	91,821	823
Subtotal	**173,302**	**169,515**	**170,395**	**1,544**
Reinsurance receivables	**523**	**496**	**445**	**4**
Other assets:				
Accounts receivable	79,970	84,478	130,753	712
Prepaid expenses	13,651	10,484	9,412	121
Accrued income	279,876	266,865	265,437	2,494
Money on deposit	34,280	35,979	36,753	305
Deposits for futures transactions	10,371	9,099	8,849	92
Futures transactions variation margin	34	112	135	0
Derivative financial instruments (Note 3)	218,327	186,240	140,355	1,946
Suspense	20,412	33,751	4,845	181
Other assets	34,789	10,258	9,852	310
Subtotal	**691,712**	**637,272**	**606,397**	**6,165**
Customers' liability for acceptances and guarantees	**44,267**	**40,503**	**38,686**	**394**
Allowance for doubtful accounts	**(2,882)**	**(3,524)**	**(6,585)**	**(25)**
Allowance for investment loss	**(25,219)**	**—**	**—**	**(224)**
Total assets	**¥64,814,005**	**¥63,453,836**	**¥62,283,004**	**$577,716**

As of March 31	2017 (Millions of Yen)	2016 (Millions of Yen)	2015 (Millions of Yen)	2017 (Millions of U.S. Dollars (Note 1))
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 347,747	¥ 316,631	¥ 197,929	$ 3,099
Policy reserves (Note 18)	52,650,294	51,435,915	49,201,314	469,295
Reserve for dividends to policyholders (Note 9)	1,001,102	1,015,013	1,037,472	8,923
Subtotal	**53,999,143**	**52,767,560**	**50,436,716**	**481,318**
Reinsurance payables	**605**	**572**	**523**	**5**
Corporate bonds (Notes 3 and 10)	**840,825**	**650,825**	**399,590**	**7,494**
Other liabilities:				
Cash received as collateral under securities lending transactions (Notes 3 and 14)	674,067	661,819	529,989	6,008
Loans payable	26,649	25,057	10,649	237
Income taxes payable	8,020	16,841	78,462	71
Accounts payable	195,211	268,239	149,740	1,740
Accrued expenses	63,839	68,056	63,134	569
Deferred income	19,100	22,601	23,217	170
Deposits received	102,065	100,038	99,396	909
Guarantee deposits received	78,799	83,662	84,777	702
Futures transactions variation margin	17	368	22	0
Derivative financial instruments (Note 3)	270,838	255,165	355,637	2,414
Cash collateral received for financial instruments	103,383	100,406	33,074	921
Lease obligations	11,835	6,257	5,512	105
Asset retirement obligations	2,191	2,322	1,966	19
Suspense receipts	11,085	16,325	15,773	98
Other liabilities	48	105	73	0
Subtotal	**1,567,152**	**1,627,269**	**1,451,427**	**13,968**
Accrued bonuses for directors and audit and supervisory board members	**79**	**87**	**74**	**0**
Accrued retirement benefits (Note 12)	**358,630**	**358,762**	**365,302**	**3,196**
Accrued retirement benefits for directors and audit and supervisory board members	**4,498**	**4,391**	**4,274**	**40**
Reserve for program points	**9,013**	**9,420**	**13,171**	**80**
Reserve for price fluctuations in investments in securities	**1,116,795**	**947,384**	**778,723**	**9,954**
Deferred tax liabilities (Note 23)	**563,323**	**644,586**	**1,231,729**	**5,021**
Deferred tax liabilities for land revaluation	**106,432**	**109,383**	**115,440**	**948**
Acceptances and guarantees	**44,267**	**40,503**	**38,686**	**394**
Total liabilities	**58,610,767**	**57,160,746**	**54,835,660**	**522,424**
NET ASSETS:				
Foundation funds (Note 13)	**150,000**	**200,000**	**200,000**	**1,337**
Reserve for redemption of foundation funds (Note 13)	**1,150,000**	**1,100,000**	**1,050,000**	**10,250**
Reserve for revaluation	**651**	**651**	**651**	**5**
Surplus:				
Legal reserve for deficiencies	16,042	15,163	14,208	142
Other surplus reserves:	424,593	464,667	485,746	3,784
Equalized reserve for dividends to policyholders	50,000	50,000	50,000	445
Contingency funds	71,917	71,917	71,917	641
Reserve for social public welfare assistance	328	305	282	2
Reserve for reduction entry of real estate	51,196	50,187	45,882	456
Reserve for reduction entry of real estate to be purchased	5,643	—	34	50
Other reserves	170	170	170	1
Unappropriated surplus	245,337	292,087	317,459	2,186
Total surplus	**440,635**	**479,830**	**499,954**	**3,927**
Total foundation funds and others	**1,741,286**	**1,780,481**	**1,750,605**	**15,520**
Net unrealized gains on available-for-sale securities	**4,585,298**	**4,722,733**	**6,016,469**	**40,870**
Deferred losses on derivatives under hedge accounting	**(65,262)**	**(123,923)**	**(231,060)**	**(581)**
Land revaluation losses	**(58,084)**	**(86,202)**	**(88,670)**	**(517)**
Total valuations, conversions, and others	**4,461,951**	**4,512,608**	**5,696,737**	**39,771**
Total net assets	**6,203,237**	**6,293,089**	**7,447,343**	**55,292**
Total liabilities and net assets	**¥64,814,005**	**¥63,453,836**	**¥62,283,004**	**$577,716**

The accompanying notes are an integral part of the nonconsolidated financial statements.

8. Nonconsolidated Statements of Income

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	**2017**	**2016**	**2015**	**2017**
ORDINARY INCOME:				
Revenues from insurance and reinsurance:				
Insurance premiums	¥4,646,209	¥6,079,922	¥5,336,204	$41,413
Reinsurance revenue	1,125	993	913	10
Subtotal	**4,647,334**	**6,080,915**	**5,337,118**	**41,423**
Investment income (Note 20)**:**				
Interest, dividends, and other income:	1,365,628	1,396,181	1,371,789	12,172
Interest on deposits and savings	76	251	276	0
Interest on securities and dividends	1,127,836	1,144,694	1,113,858	10,052
Interest on loans	141,124	153,346	161,231	1,257
Real estate rental income	84,499	85,682	82,716	753
Other income	12,092	12,206	13,706	107
Gain from assets held in trust, net	—	—	4	—
Gain on sales of securities	254,013	94,194	242,024	2,264
Gain on redemptions of securities	5,805	7,104	5,023	51
Reversal of allowance for doubtful accounts	742	2,230	431	6
Other investment income	702	452	489	6
Gain from separate accounts, net	35,072	—	154,187	312
Subtotal	**1,661,965**	**1,500,162**	**1,773,951**	**14,813**
Other ordinary income:				
Income from annuity riders	9,442	10,297	7,329	84
Income from deferred benefits	106,290	118,134	126,913	947
Reversal of reserve for outstanding claims	—	—	1,652	—
Other ordinary income	27,642	35,367	46,729	246
Subtotal	**143,375**	**163,799**	**182,625**	**1,277**
Total ordinary income	**6,452,675**	**7,744,877**	**7,293,695**	**57,515**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,018,393	966,870	1,022,096	9,077
Annuity payments	836,311	826,229	839,921	7,454
Health and other benefits	658,966	702,169	721,112	5,873
Surrender benefits	801,780	847,635	959,865	7,146
Other refunds	212,024	405,400	387,696	1,889
Reinsurance premiums	1,754	1,585	1,491	15
Subtotal	**3,529,231**	**3,749,890**	**3,932,183**	**31,457**
Provision for policy reserves:				
Provision for reserve for outstanding claims	31,116	118,701	—	277
Provision for policy reserves (Note 21)	1,214,378	2,234,601	1,685,817	10,824
Provision for interest on reserve for dividends to policyholders	22,458	23,041	23,602	200
Subtotal	**1,267,952**	**2,376,344**	**1,709,420**	**11,301**
Investment expenses (Note 20)**:**				
Interest expenses	18,996	14,477	9,876	169
Loss from assets held in trust, net	1,976	65	—	17
Loss on sales of securities	118,770	13,596	18,357	1,058
Loss on valuation of securities	27,738	35,783	3,258	247
Loss on redemptions of securities	32,958	23,947	21,595	293
Loss on derivative financial instruments, net	119,127	55,888	46,342	1,061
Foreign exchange losses, net	1,209	91	417	10
Provision for allowance for investment loss	25,219	—	—	224
Write-offs of loans	—	21	0	—
Depreciation of rental real estate and other assets	15,337	15,649	15,307	136
Other investment expenses	26,670	25,935	25,839	237
Loss from separate accounts, net	—	31,190	—	—
Subtotal	**388,005**	**216,646**	**140,994**	**3,458**
Operating expenses (Note 19)	**572,159**	**574,672**	**563,371**	**5,099**
Other ordinary expenses:				
Deferred benefit payments	126,767	178,733	232,820	1,129
Taxes	44,541	47,323	44,508	397
Depreciation	47,578	45,566	46,455	424
Other ordinary expenses	17,974	18,191	16,700	160
Subtotal	**236,861**	**289,814**	**340,484**	**2,111**
Total ordinary expenses	**5,994,211**	**7,207,367**	**6,686,454**	**53,429**
Ordinary profit	**¥ 458,464**	**¥ 537,509**	**¥ 607,241**	**$ 4,086**

For the years ended March 31	Millions of Yen 2017	2016	2015	Millions of U.S. Dollars (Note 1) 2017
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 38,895	¥ 8,608	¥ 4,025	$ 346
Subtotal	**38,895**	**8,608**	**4,025**	**346**
Extraordinary losses:				
Loss on disposals of fixed assets	14,630	9,887	3,423	130
Impairment losses (Note 22)	4,328	4,791	19,908	38
Provision for reserve for price fluctuations in investments in securities	169,411	168,661	155,411	1,510
Loss on reduction entry of real estate	2	—	136	0
Contributions for assisting social public welfare	2,977	2,977	2,977	26
Subtotal	**191,348**	**186,317**	**181,855**	**1,705**
Surplus before income taxes	**306,011**	**359,800**	**429,411**	**2,727**
Income taxes (Note 23)**:**				
Current	86,280	113,646	167,465	769
Deferred	(48,873)	(41,895)	(41,811)	(435)
Total income taxes	37,406	71,750	125,653	333
Net surplus	**¥268,604**	**¥288,049**	**¥303,758**	**$2,394**

The accompanying notes are an integral part of the nonconsolidated financial statements.

9. Nonconsolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

	Millions of Yen												
	Foundation funds and others												
				Surplus									
					Other surplus reserves								
For the year ended March 31, 2015	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	¥250,000	¥1,000,000	¥651	¥13,270	¥ —	¥71,917	¥ 259	¥42,693	¥33	¥170	¥ 311,679	¥ 440,022	¥1,690,674
Increase/decrease:													
Additions to reserve for dividends to policyholders											(201,765)	(201,765)	(201,765)
Additions to legal reserve for deficiencies				938							(938)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(2,785)	(2,785)	(2,785)
Net surplus											303,758	303,758	303,758
Redemption of foundation funds	(50,000)												(50,000)
Additions to equalized reserve for dividends to policyholders					50,000						(50,000)	—	—
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								3,866			(3,866)	—	—
Reversal of reserve for reduction entry of real estate								(677)			677	—	—
Additions to reserve for reduction entry of real estate to be purchased									1		(1)	—	—
Reversal of land revaluation losses											10,724	10,724	10,724
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	938	50,000	—	23	3,189	1	—	5,780	59,931	59,931
Ending balance	¥200,000	¥1,050,000	¥651	¥14,208	¥50,000	¥71,917	¥ 282	¥45,882	¥34	¥170	¥ 317,459	¥ 499,954	¥1,750,605

	Millions of Yen				
	Valuations, conversions, and others				
For the year ended March 31, 2015	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	¥3,256,652	¥(134,156)	¥(85,561)	¥3,036,934	¥4,727,608
Increase/decrease:					
Additions to reserve for dividends to policyholders					(201,765)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(2,785)
Net surplus					303,758
Redemption of foundation funds					(50,000)
Additions to equalized reserve for dividends to policyholders					—
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					10,724
Net change, excluding foundation funds and others	2,759,816	(96,904)	(3,108)	2,659,803	2,659,803
Net change	2,759,816	(96,904)	(3,108)	2,659,803	2,719,735
Ending balance	¥6,016,469	¥(231,060)	¥(88,670)	¥5,696,737	¥7,447,343

For the year ended March 31, 2016	Millions of Yen												
	Foundation funds and others												
				Surplus									
					Other surplus reserves								
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	¥200,000	¥1,050,000	¥651	¥14,208	¥50,000	¥71,917	¥ 282	¥45,882	¥ 34	¥170	¥ 317,459	¥ 499,954	¥1,750,605
Increase/decrease:													
Issuance of foundation funds	50,000												50,000
Additions to reserve for dividends to policyholders											(257,299)	(257,299)	(257,299)
Additions to legal reserve for deficiencies				955							(955)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,935)	(1,935)	(1,935)
Net surplus											288,049	288,049	288,049
Redemption of foundation funds	(50,000)												(50,000)
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								4,906			(4,906)	—	—
Reversal of reserve for reduction entry of real estate								(601)			601	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(34)		34	—	—
Reversal of land revaluation losses											1,060	1,060	1,060
Net change, excluding foundation funds and others													
Net change	—	50,000	—	955	—	—	23	4,304	(34)	—	(25,372)	(20,124)	29,875
Ending balance	¥200,000	¥1,100,000	¥651	¥15,163	¥50,000	¥71,917	¥ 305	¥50,187	¥ —	¥170	¥ 292,087	¥ 479,830	¥1,780,481

For the year ended March 31, 2016	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	¥ 6,016,469	¥(231,060)	¥(88,670)	¥ 5,696,737	¥ 7,447,343
Increase/decrease:					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(257,299)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,935)
Net surplus					288,049
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					1,060
Net change, excluding foundation funds and others	(1,293,735)	107,137	2,468	(1,184,129)	(1,184,129)
Net change	(1,293,735)	107,137	2,468	(1,184,129)	(1,154,253)
Ending balance	¥ 4,722,733	¥(123,923)	¥(86,202)	¥ 4,512,608	¥ 6,293,089

	Millions of Yen												
	Foundation funds and others												
				Surplus									
					Other surplus reserves								
For the year ended March 31, 2017	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	¥200,000	¥1,100,000	¥651	¥15,163	¥50,000	¥71,917	¥ 305	¥50,187	¥ —	¥170	¥ 292,087	¥ 479,830	¥1,780,481
Cumulative effect of change in accounting policies											1,873	1,873	1,873
Beginning balance after reflecting accounting policy changes	200,000	1,100,000	651	15,163	50,000	71,917	305	50,187	—	170	293,960	481,703	1,782,355
Increase/decrease:													
Additions to reserve for dividends to policyholders											(229,857)	(229,857)	(229,857)
Additions to legal reserve for deficiencies				879							(879)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,698)	(1,698)	(1,698)
Net surplus											268,604	268,604	268,604
Redemption of foundation funds	(50,000)												(50,000)
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								1,614			(1,614)	—	—
Reversal of reserve for reduction entry of real estate								(606)			606	—	—
Additions to reserve for reduction entry of real estate to be purchased									5,643		(5,643)	—	—
Reversal of land revaluation losses											(28,117)	(28,117)	(28,117)
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	879	—	—	23	1,008	5,643	—	(48,623)	(41,068)	(41,068)
Ending balance	¥150,000	¥1,150,000	¥651	¥16,042	¥50,000	¥71,917	¥ 328	¥51,196	¥5,643	¥170	¥ 245,337	¥ 440,635	¥1,741,286

For the year ended March 31, 2017	Millions of Yen Valuations, conversions, and others Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	¥4,722,733	¥(123,923)	¥(86,202)	¥4,512,608	¥6,293,089
Cumulative effect of change in accounting policies					1,873
Beginning balance after reflecting accounting policy changes	4,722,733	(123,923)	(86,202)	4,512,608	6,294,963
Increase/decrease:					
Additions to reserve for dividends to policyholders					(229,857)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,698)
Net surplus					268,604
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(28,117)
Net change, excluding foundation funds and others	(137,434)	58,660	28,117	(50,656)	(50,656)
Net change	(137,434)	58,660	28,117	(50,656)	(91,725)
Ending balance	¥4,585,298	¥ (65,262)	¥(58,084)	¥4,461,951	¥6,203,237

	Millions of U.S. Dollars (Note 1)												
	Foundation funds and others												
				Surplus									
					Other surplus reserves								
For the year ended March 31, 2017	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	$1,782	$ 9,804	$ 5	$135	$445	$641	$ 2	$447	$—	$ 1	$ 2,603	$ 4,276	$15,870
Cumulative effect of change in accounting policies											16	16	16
Beginning balance after reflecting accounting policy changes	1,782	9,804	5	135	445	641	2	447	—	1	2,620	4,293	15,886
Increase/decrease:													
Additions to reserve for dividends to policyholders											(2,048)	(2,048)	(2,048)
Additions to legal reserve for deficiencies				7							(7)	—	—
Additions to reserve for redemption of foundation funds		445									(445)	(445)	—
Interest on foundation funds											(15)	(15)	(15)
Net surplus											2,394	2,394	2,394
Redemption of foundation funds	(445)												(445)
Additions to reserve for social public welfare assistance							26				(26)	—	—
Reversal of reserve for social public welfare assistance							(26)				26	—	—
Additions to reserve for reduction entry of real estate								14			(14)	—	—
Reversal of reserve for reduction entry of real estate								(5)			5	—	—
Additions to reserve for reduction entry of real estate to be purchased									50		(50)	—	—
Reversal of land revaluation losses											(250)	(250)	(250)
Net change, excluding foundation funds and others													
Net change	(445)	445	—	7	—	—	0	8	50	—	(433)	(366)	(366)
Ending balance	$1,337	$10,250	$ 5	$142	$445	$641	$ 2	$456	$50	$ 1	$ 2,186	$ 3,927	$15,520

For the year ended March 31, 2017	Millions of U.S. Dollars (Note 1)				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
Beginning balance	$42,095	$(1,104)	$(768)	$40,222	$56,093
Cumulative effect of change in accounting policies					16
Beginning balance after reflecting accounting policy changes	42,095	(1,104)	(768)	40,222	56,109
Increase/decrease:					
Additions to reserve for dividends to policyholders					(2,048)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(15)
Net surplus					2,394
Redemption of foundation funds					(445)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(250)
Net change, excluding foundation funds and others	(1,225)	522	250	(451)	(451)
Net change	(1,225)	522	250	(451)	(817)
Ending balance	$40,870	$ (581)	$(517)	$39,771	$55,292

The accompanying notes are an integral part of the nonconsolidated financial statements.

10. Nonconsolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

	Thousands of Yen			Thousands of U.S. Dollars (Note 1)
For the years ended March 31	**2017**	**2016**	**2015**	**2017**
Unappropriated surplus	**¥245,337,320**	**¥292,087,372**	**¥317,459,726**	**$2,186,802**
Reversal from voluntary surplus reserves:	**18,578,397**	**606,072**	**635,726**	**165,597**
Reversal of equalized reserve for dividends to policyholders	10,000,000	—	—	89,134
Reversal of reserve for reduction entry of real estate	2,942,005	606,072	601,326	26,223
Reversal of reserve for reduction entry of real estate to be purchased	5,636,391	—	34,400	50,239
Total	**¥263,915,718**	**¥292,693,444**	**¥318,095,453**	**$2,352,399**
Appropriations:	**¥263,915,718**	**¥292,693,444**	**¥318,095,453**	**$2,352,399**
Reserve for dividends to policyholders	184,086,582	229,857,885	257,299,416	1,640,846
Net surplus	79,829,135	62,835,559	60,796,036	711,553
Legal reserve for deficiencies	762,000	879,000	955,000	6,792
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	445,672
Interest on foundation funds	1,198,000	1,698,000	1,935,000	10,678
Voluntary surplus reserves:	27,869,135	10,258,559	7,906,036	248,410
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	26,740
Reserve for reduction entry of real estate	1,453,954	1,614,659	4,906,036	12,959
Reserve for reduction entry of real estate to be purchased	23,415,180	5,643,900	—	208,710
Surplus carried forward	**—**	**—**	**—**	**—**

Of the surplus available for disposition, a minimum ratio for the reserve for dividends to policyholders needs to be established in the Articles of Incorporation.
Nippon Life applies mutatis mutandis Article 30-6 of the Ordinance for Enforcement of the Insurance Business Act in the Articles of Incorporation and has established the ratio (20/100) stipulated in said Article 30-6 as the minimum ratio in the Articles of Incorporation. The ratio of provision of the appropriation of surplus in the fiscal year ended March 31, 2017 was 91.43%.
Amounts of less than one thousand yen and one thousand U.S. dollars have been eliminated in the table above.

11. Notes to the Nonconsolidated Financial Statements

Nippon Life Insurance Company

1. Basis of Presenting the Nonconsolidated Financial Statements

(1) Accounting principles and presentation

The accompanying nonconsolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying nonconsolidated financial statements of Nippon Life are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of Nippon Life as a part of the disclosures required by the Japanese Commercial Code and the Insurance Business Act, they are not provided herein. The information provided in the nonconsolidated financial statements including the notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly. As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, nonconsolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

(2) U.S. dollar amounts

Nippon Life prepares its nonconsolidated financial statements in Japanese yen. The U.S. dollar amounts included in the nonconsolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥112.19=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2017. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥112.19=U.S.$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Securities and hedging activities

1) Securities (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" (The Accounting Standards Board of Japan (ASBJ) Statement No. 10) and securities within assets held in trust) are valued as follows:
   - i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.
   - ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).
   - iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).
   - iv) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.
   - v) Available-for-sale securities
     - a. Regarding securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated by using the moving average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (the cost basis is calculated by using the moving average method).
     - b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.
2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, are recorded as a separate component of net assets.

Hedge accounting is applied based on the following methods:

1) The Company mainly applies the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign

currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Loans, foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds, foreign currency-denominated stocks and other foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

3) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the Company's internal risk management policies.

4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.

(2) Policy-reserve-matching bonds

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.

(3) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

(4) Tangible fixed assets

1) Tangible fixed assets are depreciated based on the following methods:

a. Tangible fixed assets (except for lease assets)

(i) Buildings

Straight-line method.

(ii) Assets other than the above

Declining-balance method.

Certain other tangible fixed assets with an acquisition price of less than ¥200,000 are depreciated over a 3 year period on a straight-line basis.

b. Lease assets

(i) Lease assets related to financial leases where ownership is transferred

The same depreciation method applied to fixed assets owned by the Company.

(ii) Lease assets related to financial leases where ownership is not transferred

Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

2) Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

Revaluation date	March 31, 2002
Revaluation methodology	The amount is calculated by using the listed value of the land and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

(5) Software

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (5 years).

(6) Leases

Financial leases where ownership is not transferred are capitalized based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior are accounted for under the accounting treatment applied to ordinary operating leases.

(7) Allowance for doubtful accounts

1) An allowance for doubtful accounts is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.
   i) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at 3) below).
   ii) An allowance for loans to borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers’ overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   iii) An allowance for loans to borrowers other than the above is provided based on the borrowers’ balance multiplied by the historical average (of a certain period) percentage of bad debt.
2) All credits are assessed by responsible sections in accordance with the Company’s internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥531 million (U.S.$4 million) (including ¥94 million (U.S.$0 million) of credits secured and/or guaranteed), ¥1,036 million (including ¥124 million of credits secured and/or guaranteed) and ¥501 million (including ¥168 million of credits secured and/or guaranteed) as of March 31, 2017, 2016 and 2015, respectively.

(8) Allowance for investment loss

To provide for losses on investments, an allowance for investment loss is recognized for the securities of which the fair value is extremely difficult to be determined and which are expected to have loss in future, and measured at the amount of the estimated losses that could arise in the future in accordance with the Company’s internal Asset Valuation Regulation and Write-off/Provision Rule.

(9) Accrued bonuses for directors and audit and supervisory board members

Accrued bonuses for directors and audit and supervisory board members are recognized based on amounts estimated to be paid.

(10) Accrued retirement benefits

1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments to employee on the balance sheet date as of March 31, 2017, 2016 and 2015.
2) The accounting methods used for retirement benefits as of March 31, 2017, 2016 and 2015, are as follows:
   i) Attribution method for estimated retirement benefits: Benefit formula basis
   ii) Period of amortizing actuarial gains/losses: 5 years
   iii) Period of amortizing prior service costs: 5 years

(11) Accrued retirement benefits for directors and audit and supervisory board members

Accrued retirement benefits for directors and audit and supervisory board members are recognized based on estimated payment amounts under internal rules.

(12) Reserve for program points

A reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

(13) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(14) Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

(15) Policy reserves

Policy reserves of the Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates

locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures*.

2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures*.

** Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.*

Additional policy reserve amounts are included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

(16) Revenue recognition

Regarding revenues, insurance premiums are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

(17) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(18) Income taxes

The provision for income taxes is computed based on the pretax income included in the nonconsolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

(19) New accounting standards

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within unappropriated surplus or valuations, conversions and others at the beginning of the reporting period.

Following the new guidance, the Company partially revised its accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,873 million (U.S.$16 million) and unappropriated surplus increased by ¥1,873 million (U.S.$16 million).

3. Financial Instruments

Regarding the investment of general accounts (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company has built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay benefits and other payments in the future, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invests in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company mainly uses derivative transactions for managing asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate-related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency-related investments, and equity forward contracts, equity index futures and equity index options for the Company's equity-related investments, and hedge accounting is applied with respect to a portion thereof.

The Company mainly applies the following hedge accounting methods: The exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting and deferred hedge accounting for foreign exchange forward contracts are applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated stocks and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the Company's internal risk management policies.

Securities are mainly exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of incurring losses when the fair value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates, or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and corporate bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. It includes country risk. These risks are managed according to rules and regulations regarding investment risks.

To manage market risk, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company monitors and regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has developed a system to manage risk within acceptable levels in the event of a breach of the internal rules. Also, to manage market risk in the Company's portfolio, the Company uses a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built a thorough monitoring system involving the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns the Company obtains are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country.

In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitors whether the magnitude of risk stays within an appropriate range.

(1) Balance sheet amounts and fair values of major financial instruments and their differences are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference	Balance sheet amount (*1)	Fair value (*2)	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 697,601	¥ 697,601	¥ —	¥ 730,296	¥ 730,296	¥ —	¥ 302,999	¥ 302,999	¥ —	$ 6,218	$ 6,218	$ —
Available-for-sale securities	697,601	697,601	—	730,296	730,296	—	302,999	302,999	—	6,218	6,218	—
Monetary receivables purchased:	326,256	353,953	27,696	419,915	459,737	39,822	498,758	534,726	35,968	2,908	3,154	246
Policy-reserve-matching bonds	287,005	314,702	27,696	394,343	434,166	39,822	459,891	495,860	35,968	2,558	2,805	246
Available-for-sale securities	39,251	39,251	—	25,571	25,571	—	38,866	38,866	—	349	349	—
Assets held in trust:	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Trading securities	3,397	3,397	—	1,934	1,934	—	—	—	—	30	30	—
Investments in securities:	51,461,932	55,179,731	3,717,799	49,720,820	54,231,642	4,510,822	48,607,816	51,220,143	2,612,327	458,703	491,841	33,138
Trading securities	1,153,506	1,153,506	—	1,163,644	1,163,644	—	1,005,262	1,005,262	—	10,281	10,281	—
Policy-reserve-matching bonds	19,372,276	23,016,736	3,644,459	20,166,986	24,618,594	4,451,607	20,214,005	22,796,569	2,582,564	172,673	205,158	32,484
Investments in subsidiaries and affiliates	14,251	87,590	73,339	7,711	66,925	59,214	7,711	37,474	29,763	127	780	653
Available-for-sale securities	30,921,898	30,921,898	—	28,382,478	28,382,478	—	27,380,837	27,380,837	—	275,620	275,620	—
Loans (*3):	7,747,748	8,060,437	312,689	8,119,085	8,499,268	380,182	8,327,360	8,660,317	332,956	69,059	71,846	2,787
Policy loans	654,537	654,537	—	695,710	695,710	—	736,402	736,402	—	5,834	5,834	—
Industrial and consumer loans	7,093,210	7,405,899	312,689	7,423,374	7,803,557	380,182	7,590,958	7,923,915	332,956	63,224	66,012	2,787
Derivative financial instruments (*4):	(52,511)	(52,511)	—	(68,924)	(68,924)	—	(215,282)	(215,282)	—	(468)	(468)	—
Hedge accounting not applied	11,201	11,201	—	(5,129)	(5,129)	—	515	515	—	99	99	—
Hedge accounting applied	(63,713)	(63,713)	—	(63,794)	(63,794)	—	(215,798)	(215,798)	—	(567)	(567)	—
Corporate bonds (*3, *5)	(840,825)	(890,476)	(49,651)	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(7,494)	(7,937)	(442)
Cash received as collateral under securities lending transactions (*5)	(674,067)	(674,067)	—	(661,819)	(661,819)	—	(529,989)	(529,989)	—	(6,008)	(6,008)	—

*(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.*
*(*2) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2017, 2016 and 2015, the fair value is the balance sheet amount after the impairment losses are deducted.*
*(*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the fair values of loans and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the hedged items.*
*(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.*
*(*5) Corporate bonds and cash received as collateral under securities lending transactions are recorded in liabilities and presented in parentheses.*

(2) Fair value measurement methods for major financial instruments are as follows:

1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

i) Items with a market price

Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

ii) Items without a market price

Fair value is measured mainly by discounting future cash flows to present value.

2) Loans

i) Policy loans

Fair value is deemed to approximate book value, due to expected repayment periods, interest rate requirements, and other characteristics. These loans have no repayment date either in form or in substance because stated due dates can be extended if the loan amount is within a certain range of its surrender benefit. Thus, the book value is used as the fair value of the policy loans.

ii) Industrial and consumer loans

Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans.

Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.

Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the estimated uncollectible amount from the book value prior to direct write-offs.

3) Derivative financial instruments

i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

ii) Fair value of equity options is measured by the liquidation value or closing market price on the balance sheet date or the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.

iii) Fair value of foreign exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates and discount rates obtained from financial institutions that are the counterparties in such transactions.

iv) Fair value of interest rate swaps and currency swaps is measured based on present values calculated by discounting the differences between future cash inflows and outflows using published market interest rates and other data.

v) Fair value of forward contracts is measured based on present values calculated by discounting future cash flows using published market interest rates and other data.

4) Assets held in trust

Fair value is based on a reasonably calculated price by the trustee of the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.

5) Corporate bonds

Corporate bonds are stated at fair value on the balance sheet date.

6) Cash received as collateral under securities lending transactions

The book value is used as fair value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥823,477 million (U.S.$7,340 million), ¥692,045 million and ¥292,859 million for stocks of subsidiaries and affiliates, and ¥739,650 million (U.S.$6,592 million), ¥884,530 million and ¥938,564 million for available-for-sale securities as of March 31, 2017, 2016 and 2015, respectively.

(4) Matters regarding securities and others by holding purpose are as follows:

1) Trading securities

Derivative financial instruments within assets held in trust and investments in securities for separate accounts are classified as trading securities as of March 31, 2017, 2016 and 2015.

Valuation gains/losses included in profit and loss were gains of ¥69,952 million (U.S.$623 million), ¥60,459 million and ¥154,939 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

2) Held-to-maturity debt securities

No ending balance as of March 31, 2017, 2016 and 2015.

3) Policy-reserve-matching bonds

Balance sheet amounts, fair values and their differences by type are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 283,224	¥ 310,953	¥ 27,728	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	$ 2,524	$ 2,771	$ 247
Domestic bonds	19,055,356	22,707,836	3,652,479	20,088,505	24,536,637	4,448,132	20,047,635	22,626,539	2,578,904	169,848	202,405	32,556
Foreign securities	54,979	57,114	2,135	71,717	75,196	3,478	71,655	75,699	4,043	490	509	19
Subtotal	19,393,560	23,075,904	3,682,343	20,553,296	25,044,772	4,491,476	20,576,578	23,195,555	2,618,977	172,863	205,685	32,822
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	3,781	3,749	(31)	1,270	1,227	(42)	2,604	2,544	(60)	33	33	(0)
Domestic bonds	261,940	251,784	(10,155)	6,691	6,688	(3)	94,532	94,148	(383)	2,334	2,244	(90)
Foreign securities	—	—	—	72	72	(0)	181	180	(0)	—	—	—
Subtotal	265,721	255,534	(10,187)	8,034	7,988	(46)	97,318	96,874	(444)	2,368	2,277	(90)
Total	¥19,659,282	¥23,331,438	¥3,672,156	¥20,561,330	¥25,052,761	¥4,491,430	¥20,673,896	¥23,292,429	¥2,618,532	$175,232	$207,963	$32,731

4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts and their differences by type are as follows:

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2017			2016			2015			2017		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 587,600	¥ 587,601	¥ 1	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	$ 5,237	$ 5,237	$ 0
Monetary receivables purchased	2,717	2,786	68	2,800	2,910	109	1,000	1,016	16	24	24	0
Domestic bonds	2,523,610	2,718,192	194,582	2,956,078	3,225,730	269,652	2,231,394	2,389,176	157,781	22,494	24,228	1,734
Domestic stocks	3,283,750	7,671,718	4,387,968	3,195,109	7,004,981	3,809,871	3,728,318	8,743,582	5,015,264	29,269	68,381	39,111
Foreign securities	10,020,827	11,973,295	1,952,467	12,142,241	14,595,873	2,453,632	11,561,325	14,690,856	3,129,530	89,320	106,723	17,403
Other securities	905,547	1,072,503	166,956	927,801	1,125,046	197,244	690,908	807,614	116,705	8,071	9,559	1,488
Subtotal	17,324,053	24,026,098	6,702,045	19,659,331	26,389,841	6,730,510	18,305,947	26,725,246	8,419,299	154,417	214,155	59,738
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	110,000	109,999	(0)	295,000	294,996	(3)	210,000	209,998	(1)	980	980	(0)
Monetary receivables purchased	36,466	36,464	(1)	22,663	22,661	(2)	37,852	37,850	(2)	325	325	(0)
Domestic bonds	431,162	424,690	(6,472)	35,096	33,928	(1,168)	123,945	123,138	(807)	3,843	3,785	(57)
Domestic stocks	743,549	649,817	(93,732)	775,903	622,773	(153,129)	216,198	192,876	(23,321)	6,627	5,792	(835)
Foreign securities	5,911,682	5,661,076	(250,605)	1,470,650	1,421,049	(49,600)	328,342	318,709	(9,633)	52,693	50,459	(2,233)
Other securities	773,892	750,603	(23,288)	363,557	353,093	(10,463)	115,380	114,883	(496)	6,898	6,690	(207)
Subtotal	8,006,753	7,632,652	(374,101)	2,962,871	2,748,504	(214,367)	1,031,720	997,457	(34,263)	71,367	68,033	(3,334)
Total	¥25,330,807	¥31,658,751	¥6,327,943	¥22,622,202	¥29,138,346	¥6,516,143	¥19,337,667	¥27,722,703	¥8,385,035	$225,784	$282,188	$56,403

** Securities totaling ¥739,650 million (U.S.$6,592 million), ¥884,530 million and ¥938,564 million, whose fair values are extremely difficult to be determined, as of March 31, 2017, 2016 and 2015, respectively, are not included.*

Impairment losses of ¥13,659 million (U.S.$121 million), ¥20,872 million and ¥17 million were recognized for securities with a fair value during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

Regarding stocks (including foreign stocks) with fair values, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last month of the fiscal year is substantial, impairment losses are recognized based on the fair value on the fiscal year-end date.

The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

a. A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.
b. A security that meets both of the following criteria:
   1. Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
   2. The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(5) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2017	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 697,600	¥ —	¥ —	¥ —	$6,218	$ —	$ —	$ —
Available-for-sale securities	697,600	—	—	—	6,218	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	254,374	320	67	248	2,267
Policy-reserve-matching bonds	—	7,373	27,631	251,656	—	65	246	2,243
Available-for-sale securities	36,000	240	223	2,717	320	2	1	24
Investments in securities:	996,932	4,189,432	8,961,694	25,165,526	8,886	37,342	79,879	224,311
Policy-reserve-matching bonds	469,887	1,238,127	4,250,506	13,302,332	4,188	11,035	37,886	118,569
Available-for-sale securities	527,045	2,951,304	4,711,187	11,863,193	4,697	26,306	41,992	105,741
Loans	1,068,023	2,688,067	1,633,464	1,700,346	9,519	23,959	14,559	15,155
Corporate bonds	—	—	—	840,825	—	—	—	7,494
Cash received as collateral under securities lending transactions	674,067	—	—	—	6,008	—	—	—

** Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥3,919 million (U.S.$34 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

As of March 31, 2016	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 730,300	¥ —	¥ —	¥ —
Available-for-sale securities	730,300	—	—	—
Monetary receivables purchased:	22,906	5,574	48,916	341,881
Policy-reserve-matching bonds	906	5,226	48,603	339,081
Available-for-sale securities	22,000	347	313	2,800
Investments in securities:	1,270,229	4,647,137	7,506,881	24,212,185
Policy-reserve-matching bonds	735,737	1,484,954	3,644,856	14,177,081
Available-for-sale securities	534,491	3,162,182	3,862,025	10,035,103
Loans	893,864	2,826,287	1,892,944	1,806,345
Corporate bonds	—	—	—	650,825
Cash received as collateral under securities lending transactions	661,819	—	—	—

** Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥5,427 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

As of March 31, 2015	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥303,000	¥ —	¥ —	¥ —
Available-for-sale securities	303,000	—	—	—
Monetary receivables purchased:	42,040	2,094	61,379	392,605
Policy-reserve-matching bonds	5,040	2,094	60,527	391,605
Available-for-sale securities	37,000	—	851	1,000
Investments in securities:	897,067	5,114,528	6,258,606	23,491,609
Policy-reserve-matching bonds	570,864	2,289,427	2,801,365	14,432,666
Available-for-sale securities	326,203	2,825,100	3,457,240	9,058,942
Loans	887,826	2,937,264	1,955,871	1,830,903
Corporate bonds	—	—	—	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—

** Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥7,657 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.*

4. Disclosures about Fair Value of Investment Properties

The balance sheet amounts for investment properties were ¥1,126,760 million (U.S.$10,043 million), ¥1,179,406 million and ¥1,176,798 million, with a fair value of ¥1,307,396 million (U.S.$11,653 million), ¥1,314,932 million and ¥1,260,401 million as of March 31, 2017, 2016 and 2015, respectively. The Company owns rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment properties were ¥492 million (U.S.$4 million), ¥644 million and ¥343 million as of March 31, 2017, 2016 and 2015, respectively.

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,423,266 million (U.S.$21,599 million), ¥1,246,128 million and ¥2,607,789 million as of March 31, 2017, 2016 and 2015, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥601,117 million (U.S.$5,358 million), ¥78,662 million and ¥149,418 million at fair value as of March 31, 2017, 2016 and 2015, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,152,571 million (U.S.$10,273 million), ¥1,164,872 million and ¥1,159,761 million as of March 31, 2017, 2016 and 2015, respectively.

7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,315,792 million (U.S.$11,728 million), ¥1,377,955 million and ¥1,113,510 million as of March 31, 2017, 2016 and 2015, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the nonconsolidated balance sheets.

8. Monetary Receivables from and Monetary Liabilities to Subsidiaries and Affiliates

The total amounts of credits and debits to subsidiaries and affiliates as of March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Monetary receivables	¥90,028	¥107,868	¥130,314	$802
Monetary liabilities	3,852	4,773	3,545	34

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Balance at the beginning of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	$ 9,047
Transfer to reserve from surplus in the previous fiscal year	229,857	257,299	201,765	2,048
Dividends paid to policyholders during the fiscal year	(266,227)	(302,799)	(258,747)	(2,373)
Increase in interest	22,458	23,041	23,602	200
Balance at the end of the fiscal year	¥1,001,102	¥1,015,013	¥1,037,472	$ 8,923

10. Corporate Bonds

Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

The corporate bonds are callable at the discretion of the Company, subject to the approval of the regulatory authority and other conditions.

Issue date	Callable date
October 2012	Each interest payment date on or after October 2022
October 2014	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
April 2015	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
April 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
November 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter

11. Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act

The amounts per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥4,520,687 million (U.S.$40,294 million), ¥4,599,461 million and ¥5,786,059 million as of March 31, 2017, 2016 and 2015, respectively.

12. Accrued Retirement Benefits

(1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel and sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan.

(2) Defined benefit plan

1) Reconciliation of retirement benefit obligations at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations at the beginning of the year	¥665,416	¥680,261	¥624,485	$5,931
Service costs	25,826	25,910	22,839	230
Interest cost	3,992	4,081	9,991	35
Actuarial losses accrued during the year	1,375	1,092	70,734	12
Retirement benefit payments	(45,331)	(45,930)	(47,790)	(404)
Retirement benefit obligations at the end of the year	¥651,278	¥665,416	¥680,261	$5,805

2) Reconciliation of pension plan assets at the beginning and end of the fiscal year

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Pension plan assets at the beginning of the year	¥267,698	¥272,288	¥268,186	$2,386
Expected return on plan assets	4,283	4,356	4,290	38
Actuarial gains accrued during the year	398	708	9,920	3
Contributions by business proprietor	6,223	7,632	7,665	55
Retirement benefit payments	(17,734)	(17,287)	(17,775)	(158)
Pension plan assets at the end of the year	¥260,869	¥267,698	¥272,288	$2,325

3) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits on the nonconsolidated balance sheets

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Retirement benefit obligations for funded plans	¥ 290,160	¥ 303,256	¥ 311,041	$ 2,586
Pension plan assets	(260,869)	(267,698)	(272,288)	(2,325)
	29,291	35,558	38,752	261
Retirement benefit obligations for nonfunded plans	361,117	362,159	369,219	3,218
Unrecognized actuarial gains	(31,777)	(38,954)	(47,038)	(283)
Unrecognized prior service costs	—	—	4,368	—
Accrued retirement benefits	¥ 358,630	¥ 358,762	¥ 365,302	$ 3,196

4) Losses (gains) relating to retirement benefits

For the years ended March 31, 2017, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Service costs	¥25,826	¥25,910	¥22,839	$230
Interest cost	3,992	4,081	9,991	35
Expected return on plan assets	(4,283)	(4,356)	(4,290)	(38)
Amortization of actuarial losses (gains) for the period	8,152	8,467	(6,074)	72
Amortization of prior service costs for the period	—	(4,368)	(4,765)	—
Benefit cost for defined benefit plans	¥33,688	¥29,735	¥17,699	$300

5) Pension plan assets consist of the following:

	2017	2016	2015
General account of Nippon Life	52.3%	52.3%	52.3%
Domestic bonds	23.2%	26.3%	26.9%
Foreign securities	20.4%	17.2%	17.3%
Domestic stocks	2.7%	2.1%	2.7%
Cash and deposits	1.4%	2.0%	0.8%
Total	100.0%	100.0%	100.0%

6) Calculation method for long-term expected rate of return on plan assets
To determine the long-term expected rate of return on pension plan assets, the Company takes into consideration present and forecasted allocation of the pension plan assets, and present and long-term rates of return that are expected from the portfolio of assets that comprise the pension plan assets.

7) Matters relating to the basis for actuarial calculations
The main items in the basis for actuarial calculations as of March 31, 2017, 2016 and 2015, are as follows:

	2017	2016	2015
Discount rate	0.6%	0.6%	0.6%
Long-term expected rate of return on plan assets	1.6%	1.6%	1.6%

(3) Defined contribution plans
The Company contributed ¥2,166 million (U.S.$19 million), ¥2,119 million and ¥2,140 million to defined contribution plans during the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

13. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.$445 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2016.

14. Pledged Assets

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2017, were ¥1,402,770 million (U.S.$12,503 million), ¥252 million (U.S.$2 million) and ¥50 million (U.S.$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥674,122 million (U.S.$6,008 million) as of March 31, 2017.

These amounts included ¥726,324 million (U.S.$6,474 million) of investments in securities deposited and ¥674,116 million (U.S.$6,008 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2016, were ¥1,141,231 million, ¥252 million and ¥51 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥661,932 million as of March 31, 2016.

These amounts included ¥538,627 million of investments in securities deposited and ¥661,924 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2016.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2015, were ¥1,482,181 million, ¥252 million and ¥53 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥530,074 million as of March 31, 2015.

These amounts included ¥518,628 million of investments in securities deposited and ¥530,062 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2015.

15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥837,729 million (U.S.$7,467 million), ¥699,757 million and ¥300,570 million as of March 31, 2017, 2016 and 2015, respectively.

16. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥32,058 million (U.S.$285 million), ¥34,827 million and ¥38,297 million as of March 31, 2017, 2016 and 2015, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,764 million (U.S.$15 million) and ¥27,122 million (U.S.$241 million), respectively, as of March 31, 2017, ¥1,969 million and ¥28,828 million, respectively, as of March 31, 2016 and ¥2,179 million and ¥32,009 million, respectively, as of March 31, 2015.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for over three months as of March 31, 2017, 2016 and 2015.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥3,171 million (U.S.$28 million), ¥4,029 million and ¥4,107 million as of March 31, 2017, 2016 and 2015, respectively.

Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥399 million (U.S.$3 million) and ¥132 million (U.S.$1 million), respectively, as of March 31, 2017, ¥843 million and ¥192 million, respectively, as of March 31, 2016 and ¥277 million and ¥224 million, respectively, as of March 31, 2015.

17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥249,880 million (U.S.$2,227 million), ¥185,322 million and ¥184,916 million as of March 31, 2017, 2016 and 2015, respectively.

18. Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act

The amounts of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act were ¥275 million (U.S.$2 million), ¥215 million and ¥192 million as of March 31, 2017, 2016 and 2015, respectively.

19. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥81,509 million (U.S.$726 million), ¥85,754 million and ¥85,914 million as of March 31, 2017, 2016 and 2015, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

20. Investment Income and Expenses

The major components of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic bonds including national government bonds	¥ 27,575	¥12,616	¥ 12,929	$ 245
Domestic stocks and other securities	194,152	75,975	216,749	1,730
Foreign securities	32,285	5,602	12,345	287

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic bonds including national government bonds	¥ 1,184	¥ 612	¥1,468	$ 10
Domestic stocks and other securities	8,182	656	9,889	72
Foreign securities	109,395	12,318	6,998	975

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Domestic stocks and other securities	¥13,662	¥14,640	¥ 113	$121
Foreign securities	14,023	20,937	3,083	124

Loss from assets held in trust, net included net valuation losses of ¥1,974 million (U.S.$17 million), for the fiscal year ended March 31, 2017.

Loss on derivative financial instruments, net included net valuation losses of ¥11,045 million (U.S.$98 million), losses of ¥8,050 million and gains of ¥1,513 million for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

21. Provision for Policy Reserves for Ceded Reinsurance

Provision for policy reserves for ceded reinsurance that was deducted from the calculation of provision for policy reserves was ¥60 million (U.S.$0 million), ¥22 million and ¥4 million for the fiscal years ended March 31, 2017, 2016 and 2015, respectively.

22. Impairment Losses

(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 for the fiscal years ended March 31, 2017, 2016 and 2015.

(3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2017

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,866	¥—	¥608	¥2,475
Idle property	1,484	—	368	1,852
Total	¥3,351	¥—	¥976	¥4,328

For the year ended March 31, 2016

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,013	¥—	¥ 439	¥1,452
Idle property	1,237	—	2,100	3,338
Total	¥2,251	¥—	¥2,540	¥4,791

For the year ended March 31, 2015

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 1,846	¥1,489	¥2,242	¥ 5,578
Idle property	13,700	—	628	14,329
Total	¥15,547	¥1,489	¥2,871	¥19,908

For the year ended March 31, 2017

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$16	$—	$5	$22
Idle property	13	—	3	16
Total	$29	$—	$8	$38

(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% for the fiscal years ended March 31, 2017, 2016 and 2015. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

23. Deferred Tax Assets and Liabilities

(1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets	¥ 1,330,324	¥ 1,266,576	¥ 1,254,315	$ 11,857
Valuation allowance for deferred tax assets	(53,509)	(47,177)	(39,012)	(476)
Subtotal	1,276,815	1,219,399	1,215,303	11,380
Deferred tax liabilities	(1,840,138)	(1,863,984)	(2,447,032)	(16,401)
Net deferred tax liabilities	¥ (563,323)	¥ (644,585)	¥(1,231,729)	$ (5,021)

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Deferred tax assets:				
Policy reserves and other reserves	¥ 785,164	¥ 763,273	¥ 758,723	$ 6,998
Reserve for price fluctuations in investments in securities	312,176	265,635	224,272	2,782
Accrued retirement benefits	100,141	100,256	105,207	892
Allowance for doubtful accounts	—	—	2,234	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,764,473	¥1,808,376	¥2,403,751	$15,727

(2) The statutory tax rate was 28.2% for the fiscal year ended March 31, 2017, 28.8% for the fiscal year ended March 31, 2016 and 30.7% for the fiscal year ended March 31, 2015. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2017	2016	2015
Reserve for dividends to policyholders	(17.0)%	(18.4)%	(18.4)%
Impact from a change in the tax rate	—	9.4 %	16.6 %

(3) In conjunction with the enactment of the "Act for Partial Revision to the Income Tax Act" (Act No. 15 of 2016), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities was changed from 28.8% to 28.2% for collections and payments expected to be made in the period from April 1, 2016 to March 31, 2018, and to 27.9% for collections and payments expected to be made on or after April 1, 2018.

As a result of this change, as of March 31, 2016, deferred tax liabilities decreased by ¥23,274 million and deferred tax liabilities for land revaluation decreased by ¥3,528 million, while net unrealized gains on available-for-sale securities increased by ¥58,521 million and land revaluation losses increased by ¥3,528 million. At the same time, income taxes—deferred increased by ¥33,771 million.

In conjunction with the promulgation of the "Act for Partial Revision to the Income Tax Act" (Act No. 9 of 2015), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 30.7% was changed to 28.8%.

As a result of this change, as of March 31, 2015, deferred tax liabilities decreased by ¥81,259 million and deferred tax liabilities for land revaluation decreased by ¥7,615 million, while net unrealized gains on available-for-sale securities increased by ¥158,817 million and land revaluation losses increased by ¥7,615 million. At the same time, income taxes—deferred increased by ¥71,392 million.

24. Transactions with Subsidiaries and Affiliates

The total income and expenses from transactions with subsidiaries and affiliates for the fiscal years ended March 31, 2017, 2016 and 2015, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2017	2016	2015	2017
Total income	¥33,263	¥17,168	¥18,423	$296
Total expenses	34,913	33,135	29,908	311

25. Subsequent Events

(1) On April 19, 2017, the Company issued corporate bonds as follows:

Yen-denominated subordinated and unsecured corporate bonds due 2047 with interest deferral options and call options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets with a restriction on a bond split)

Issue price	100% of principal amount
Principal amount	¥100,000 million (U.S.$891 million)
Interest rate	A fixed rate of 1.05% per annum before April 19, 2027, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 19, 2047 (The corporate bonds are callable on April 19, 2027, and on each fifth anniversary date thereafter at the discretion of the Company, subject to prior approval by the regulatory authority.)
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

(2) On May 24, 2017, the Company reached an agreement with Reliance Capital Limited, the parent company of Reliance Nippon Life Asset Management Limited ("Reliance Asset"), to acquire an additional equity interest of 4.43% in Reliance Asset (44.57% is owned by the Company as of March 31, 2017). This transaction was completed on July 13, 2017.

(3) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2017, were approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.

(4) During the annual meeting of the representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.$445 million) during the fiscal year ending March 31, 2018.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2017, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2017, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 1(1) to the consolidated financial statements, the information provided in the consolidated financial statements including notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 23, 2017
(July 13, 2017 as to (2), (3) and (4) of Note 26)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying nonconsolidated balance sheets of Nippon Life Insurance Company as of March 31, 2017, 2016 and 2015, and the related nonconsolidated statements of income, and changes in net assets, and the nonconsolidated proposed appropriations of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these nonconsolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Life Insurance Company as of March 31, 2017, 2016 and 2015, and the results of its operations for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 1(1) to the nonconsolidated financial statements, the information provided in the nonconsolidated financial statements including notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the nonconsolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 19, 2017
(July 13, 2017 as to (2), (3) and (4) of Note 25)

Member of
Deloitte Touche Tohmatsu Limited