

FINANCIAL DATA

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CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

Nippon Life Insurance Company and its Consolidated Subsidiaries

As of March 31	Millions of Yen			Millions of
	2016	2015	2014	U.S. Dollars (Note 1)
ASSETS:				2016
Cash and deposits (Notes 5 and 6)	¥ 1,351,597	¥ 529,509	¥ 497,125	\$ 11,995
Call loans (Note 5)	120,000	572,600	349,400	1,064
Receivables under securities borrowing transactions	—	—	159,856	—
Monetary receivables purchased (Notes 5 and 6)	436,630	498,758	570,632	3,874
Assets held in trust (Note 6)	2,134	—	—	18
Investments in securities (Notes 5, 6, 8, 17 and 18)	56,100,232	49,898,791	44,411,714	497,872
Loans (Notes 6, 19 and 20)	9,456,217	8,333,838	8,488,309	83,920
Tangible fixed assets (Notes 7, 9, 17 and 22):	1,923,519	1,725,822	1,728,486	17,070
Land	1,299,727	1,173,623	1,185,348	11,534
Buildings	568,138	515,505	474,732	5,042
Lease assets	5,410	4,010	2,566	48
Construction in progress	25,448	7,985	42,930	225
Other tangible fixed assets	24,794	24,697	22,907	220
Intangible fixed assets:	177,404	167,618	176,733	1,574
Software	81,688	75,432	84,169	724
Lease assets	9	13	17	0
Other intangible fixed assets	95,706	92,171	92,546	849
Reinsurance receivables	856	636	503	7
Other assets	1,003,987	890,988	686,945	8,910
Deferred tax assets (Note 23)	4,918	4,648	4,619	43
Customers' liability for acceptances and guarantees	36,110	33,801	25,299	320
Allowance for doubtful accounts	(5,668)	(8,372)	(9,386)	(50)
Total assets	¥70,607,941	¥62,648,641	¥57,090,238	\$626,623

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

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 353,480	¥ 202,171	¥ 204,408	\$ 3,137
Policy reserves	57,490,828	49,202,876	47,517,202	510,213
Reserve for dividends to policyholders (mutual company) (Note 11)	1,015,013	1,037,472	1,070,852	9,007
Reserve for dividends to policyholders (limited company) (Note 12)	69,681	—	—	618
Subtotal	58,929,002	50,442,520	48,792,463	522,976
Reinsurance payables	761	557	377	6
Corporate bonds (Notes 6 and 13)	650,825	399,590	157,040	5,775
Other liabilities (Notes 6 and 14)	2,291,459	1,707,220	1,832,055	20,335
Accrued bonuses for directors and audit and supervisory board members	87	74	50	0
Net defined benefit liability (Note 15)	460,449	411,416	359,438	4,086
Accrued retirement benefits for directors and audit and supervisory board members	5,208	4,397	4,508	46
Reserve for program points	9,420	13,171	12,609	83
Reserve for price fluctuations in investments in securities	963,730	778,723	623,312	8,552
Deferred tax liabilities (Note 23)	697,450	1,223,642	340,794	6,189
Deferred tax liabilities for land revaluation	109,383	115,440	128,236	970
Acceptances and guarantees	36,110	33,801	25,299	320
Total liabilities	64,153,887	55,130,557	52,276,186	569,345
NET ASSETS:				
Foundation funds (Note 16)	200,000	200,000	250,000	1,774
Reserve for redemption of foundation funds (Note 16)	1,100,000	1,050,000	1,000,000	9,762
Reserve for revaluation	651	651	651	5
Consolidated surplus	630,790	541,573	477,329	5,598
Total foundation funds and others	1,931,441	1,792,225	1,727,980	17,140
Net unrealized gains on available-for-sale securities	4,721,039	6,023,903	3,261,140	41,897
Deferred losses on derivatives under hedge accounting	(123,921)	(231,060)	(134,156)	(1,099)
Land revaluation losses	(86,202)	(88,670)	(85,561)	(765)
Foreign currency translation adjustments	24,893	36,330	10,162	220
Remeasurement of defined benefit plans (Note 15)	(29,637)	(30,381)	20,085	(263)
Total accumulated other comprehensive income	4,506,171	5,710,121	3,071,671	39,990
Noncontrolling interests	16,440	15,736	14,399	145
Total net assets	6,454,053	7,518,084	4,814,051	57,277
Total liabilities and net assets	¥70,607,941	¥62,648,641	¥57,090,238	\$626,623

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

Business Performance Highlights

Nippon Life's Management Strategy

Initiatives for Stakeholders

Corporate Governance and Management of Nippon Life

Documents Related to Management

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2. Consolidated Statements of Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of
	2016	2015	2014	U.S. Dollars (Note 1)
ORDINARY INCOME:				
Revenues from insurance and reinsurance	¥6,262,042	¥5,370,865	¥4,860,167	\$55,573
Investment income:				
Interest, dividends, and other income	1,421,721	1,373,699	1,298,823	12,617
Gain from assets held in trust, net	—	4	5	—
Gain on sales of securities	95,288	242,571	260,538	845
Gain on redemptions of securities	7,121	5,039	350	63
Foreign exchange gains, net	—	—	1,703	—
Reversal of allowance for doubtful accounts	2,361	726	2,620	20
Other investment income	829	525	638	7
Gain from separate accounts, net	—	154,187	122,626	—
Subtotal	1,527,321	1,776,754	1,687,307	13,554
Other ordinary income	268,229	262,474	281,760	2,380
Total ordinary income	8,057,594	7,410,093	6,829,236	71,508
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,015,417	1,022,477	1,017,022	9,011
Annuity payments	851,543	839,921	857,662	7,557
Health and other benefits	780,732	748,368	797,618	6,928
Surrender benefits	890,886	959,865	839,852	7,906
Other refunds	408,104	387,696	292,927	3,621
Reinsurance premiums	2,090	1,701	1,487	18
Subtotal	3,948,774	3,960,031	3,806,572	35,044
Provision for policy reserves:				
Provision for reserve for outstanding claims	117,644	—	—	1,044
Provision for policy reserves	2,191,448	1,684,483	1,354,708	19,448
Provision for interest on reserve for dividends to policyholders (mutual company) (Note 11)	23,041	23,602	24,715	204
Provision for interest on reserve for dividends to policyholders (limited company) (Note 12)	8	—	—	0
Subtotal	2,332,142	1,708,085	1,379,423	20,697
Investment expenses:				
Interest expenses	16,547	10,342	8,138	146
Loss from assets held in trust, net	65	—	—	0
Loss on sales of securities	14,800	18,386	57,804	131
Loss on valuation of securities	36,748	3,258	22,285	326
Loss on redemptions of securities	23,947	21,595	24,635	212
Loss on derivative financial instruments, net	8,279	48,979	39,218	73
Foreign exchange losses, net	44,314	381	—	393
Write-offs of loans	28	20	42	0
Depreciation of rental real estate and other assets	16,011	14,917	14,993	142
Other investment expenses	27,180	25,982	22,136	241
Loss from separate accounts, net	43,585	—	—	386
Subtotal	231,508	143,863	189,255	2,054
Operating expenses (Note 21)	624,910	586,062	583,082	5,545
Other ordinary expenses	358,909	393,447	347,662	3,185
Total ordinary expenses	7,496,245	6,791,489	6,305,995	66,526
Ordinary profit	¥ 561,348	¥ 618,604	¥ 523,240	\$ 4,981

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 9,136	¥ 4,025	¥ 2,926	\$ 81
Gain on bargain purchase (Note 3)	102,957	—	—	913
Subtotal	112,093	4,025	2,926	994
Extraordinary losses:				
Loss on disposals of fixed assets	10,220	3,459	6,302	90
Impairment losses (Note 22)	5,886	19,908	4,728	52
Provision for reserve for price fluctuations in investments in securities	169,295	155,411	195,783	1,502
Loss on reduction entry of real estate	—	136	96	—
Contributions for assisting social public welfare	2,977	2,977	1,477	26
Loss on liquidation of subsidiaries and affiliates	—	—	2,726	—
Subtotal	188,380	181,891	211,114	1,671
Provision for reserve for dividends to policyholders (limited company)	4,452	—	—	39
Surplus before income taxes	480,609	440,738	315,051	4,265
Income taxes (Note 23):				
Current	120,484	172,542	144,657	1,069
Deferred	(45,007)	(41,146)	(77,778)	(399)
Total income taxes	75,476	131,396	66,878	669
Net surplus	405,132	309,342	248,173	3,595
Net surplus attributable to noncontrolling interests	1,669	1,271	1,020	14
Net surplus attributable to the parent company	¥403,463	¥308,070	¥247,152	\$3,580

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

3. Consolidated Statements of Comprehensive Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of
	2016	2015	2014	U.S. Dollars (Note 1)
Net surplus	¥ 405,132	¥ 309,342	¥248,173	\$ 3,595
Other comprehensive (loss) income (Note 24):	(1,214,850)	2,649,292	736,864	(10,781)
Net unrealized gains (losses) on available-for-sale securities	(1,300,313)	2,760,495	748,792	(11,539)
Deferred losses on derivatives under hedge accounting	107,139	(96,904)	(60,027)	950
Land revaluation losses	3,528	7,615	—	31
Foreign currency translation adjustments	(3,385)	17,321	46,137	(30)
Remeasurement of defined benefit plans	745	(50,466)	—	6
Share of other comprehensive (loss) income of associates accounted for under the equity method	(22,564)	11,230	1,961	(200)
Comprehensive (loss) income:	(809,717)	2,958,634	985,038	(7,185)
Comprehensive (loss) income attributable to the parent company	(811,399)	2,957,245	983,864	(7,200)
Comprehensive income attributable to noncontrolling interests	¥ 1,681	¥ 1,388	¥ 1,173	\$ 14

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				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2014					
Beginning balance	¥300,000	¥ 950,000	¥651	¥424,922	¥1,675,573
Cumulative effect of change in accounting policies				24,705	24,705
Beginning balance after reflecting accounting policy changes	300,000	950,000	651	449,627	1,700,279
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company) (Note 11)				(167,172)	(167,172)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(3,585)	(3,585)
Net surplus attributable to the parent company				247,152	247,152
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				1,080	1,080
Increase due to increase in number of associates accounted for under the equity method				225	225
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	27,701	27,701
Ending balance	¥250,000	¥1,000,000	¥651	¥477,329	¥1,727,980

	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 (Note 15)	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2014								
Beginning balance	¥2,509,186	¥ (74,128)	¥(84,481)	¥(37,957)	¥ —	¥2,312,619	¥13,278	¥4,001,471
Cumulative effect of change in accounting policies								24,705
Beginning balance after reflecting accounting policy changes	2,509,186	(74,128)	(84,481)	(37,957)	—	2,312,619	13,278	4,026,177
Increase/decrease:								
Additions to reserve for dividends to policyholders (mutual company) (Note 11)								(167,172)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(3,585)
Net surplus attributable to the parent company								247,152
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								1,080
Increase due to increase in number of associates accounted for under the equity method								225
Net change, excluding foundation funds and others	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	760,172
Net change	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	787,874
Ending balance	¥3,261,140	¥(134,156)	¥(85,561)	¥10,162	¥20,085	¥3,071,671	¥14,399	¥4,814,051

Business Performance Highlights

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	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
For the year ended March 31, 2015					
Beginning balance	¥250,000	¥1,000,000	¥651	¥ 477,329	¥1,727,980
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company) (Note 11)				(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							
	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 (Note 15)	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2015								
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) (Note 11)								(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	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	¥1,050,000	¥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) (Note 11)				(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	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 (Note 15)	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
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) (Note 11)								(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

	Millions of U.S. Dollars (Note 1)				
	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
For the year ended March 31, 2016					
Beginning balance	\$1,774	\$9,318	\$ 5	\$ 4,806	\$15,905
Increase/decrease:					
Issuance of foundation funds	443				443
Additions to reserve for dividends to policyholders (mutual company) (Note 11)				(2,283)	(2,283)
Additions to reserve for redemption of foundation funds		443		(443)	—
Interest on foundation funds				(17)	(17)
Net surplus attributable to the parent company				3,580	3,580
Redemption of foundation funds	(443)				(443)
Reversal of land revaluation losses				9	9
Change in scope of consolidation and equity method accounting				(57)	(57)
Change in the parent's ownership interest due to transactions with noncontrolling interests				3	3
Net change, excluding foundation funds and others					
Net change	—	443	—	791	1,235
Ending balance	\$1,774	\$9,762	\$ 5	\$ 5,598	\$17,140

	Millions of U.S. Dollars (Note 1)							
	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 (Note 15)	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2016								
Beginning balance	\$ 53,460	\$(2,050)	\$(786)	\$ 322	\$(269)	\$ 50,675	\$139	\$ 66,720
Increase/decrease:								
Issuance of foundation funds								443
Additions to reserve for dividends to policyholders (mutual company) (Note 11)								(2,283)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(17)
Net surplus attributable to the parent company								3,580
Redemption of foundation funds								(443)
Reversal of land revaluation losses								9
Change in scope of consolidation and equity method accounting								(57)
Change in the parent's ownership interest due to transactions with noncontrolling interests								3
Net change, excluding foundation funds and others	(11,562)	950	21	(101)	6	(10,684)	6	(10,678)
Net change	(11,562)	950	21	(101)	6	(10,684)	6	(9,442)
Ending balance	\$ 41,897	\$(1,099)	\$(765)	\$ 220	\$(263)	\$ 39,990	\$145	\$ 57,277

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			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
I Cash flows from operating activities:				
Surplus before income taxes	¥ 480,609	¥ 440,738	¥ 315,051	\$ 4,265
Depreciation of rental real estate and other assets	16,011	14,917	14,993	142
Depreciation	47,273	47,265	47,536	419
Impairment losses	5,886	19,908	4,728	52
Gain on bargain purchase	(102,957)	—	—	(913)
Net increase (decrease) in reserve for outstanding claims	116,990	(2,774)	(3,772)	1,038
Net increase in policy reserves	2,192,346	1,685,475	1,354,061	19,456
Provision for interest on reserve for dividends to policyholders (mutual company)	23,041	23,602	24,715	204
Provision for interest on reserve for dividends to policyholders (limited company)	8	—	—	0
Provision for reserve for dividends to policyholders (limited company)	4,452	—	—	39
Net decrease in allowance for doubtful accounts	(2,454)	(806)	(2,680)	(21)
Net increase (decrease) in accrued bonuses for directors and audit and supervisory board members	12	24	(2)	0
Net decrease in net defined benefit liability	(6,914)	(7,387)	(11,806)	(61)
Net increase (decrease) in accrued retirement benefits for directors and audit and supervisory board members	90	(110)	36	0
Net increase in reserve for price fluctuations in investments in securities	169,295	155,411	195,783	1,502
Interest, dividends, and other income	(1,421,721)	(1,373,699)	(1,298,823)	(12,617)
Losses from assets held in trust, net	65	—	—	0
Net gains on investments in securities	(30,311)	(204,487)	(156,181)	(269)
Net losses on policy loans	132,085	145,484	163,453	1,172
Losses on derivative financial instruments, net	8,279	48,979	39,218	73
Interest expenses	16,547	10,342	8,138	146
Net foreign exchange losses (gains)	43,806	575	(1,641)	388
Net losses (gains) on tangible fixed assets	1,614	(35)	3,707	14
(Gains) losses on equity method investments	(984)	97	(1,980)	(8)
Losses (gains) from separate accounts, net	43,585	(154,187)	(122,626)	386
Losses on liquidation of subsidiaries and affiliates	—	—	2,726	—
Net increase in reinsurance receivables	(139)	(108)	(87)	(1)
Net increase in other assets (excluding those related to investing activities and financing activities)	(55)	(29,642)	(11,079)	(0)
Net (decrease) increase in reinsurance payables	(365)	176	61	(3)
Net increase (decrease) in other liabilities (excluding those related to investing activities and financing activities)	13,294	16,530	(26,479)	117
Others, net	(91,580)	(38,642)	(7,142)	(812)
Subtotal	1,657,813	797,645	529,907	14,712
Interest, dividends, and other income received	1,454,091	1,394,428	1,301,927	12,904
Interest paid	(16,676)	(7,687)	(8,146)	(147)
Dividends paid to policyholders (mutual company)	(186,287)	(193,741)	(194,119)	(1,653)
Dividends paid to policyholders (limited company)	(6,878)	—	—	(61)
Others, net	4,518	4,659	6,562	40
Income taxes paid	(187,492)	(207,110)	(114,690)	(1,663)
Net cash provided by operating activities	¥ 2,719,088	¥ 1,788,193	¥ 1,521,441	\$ 24,131

Business Performance Highlights

Nippon Life's Management Strategy

Initiatives for Stakeholders

Corporate Governance and Management of Nippon Life

Documents Related to Management

Financial Data

Operational Data

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
II Cash flows from investing activities:				
Net (increase) decrease in deposits	¥ (400)	¥ 500	¥ 1,099	\$ (3)
Net decrease (increase) in receivables under securities borrowing transactions	—	159,856	(9,146)	—
Purchases of monetary receivables purchased	(23,342)	(17,500)	(22,300)	(207)
Proceeds from sales and redemptions of monetary receivables purchased	87,689	99,205	103,904	778
Purchases of assets held in trust	(2,000)	—	—	(17)
Purchases of securities	(9,868,971)	(8,529,358)	(8,881,679)	(87,584)
Proceeds from sales and redemptions of securities	6,493,263	7,500,525	8,748,961	57,625
Disbursements for loans	(1,098,153)	(1,136,208)	(1,369,346)	(9,745)
Proceeds from collections of loans	1,251,891	1,186,604	1,280,328	11,110
Net gains (losses) from the settlement of derivative financial instruments	365,475	(731,311)	(805,208)	3,243
Net decrease in cash received as collateral under securities lending transactions	(114,618)	(272,701)	(409,330)	(1,017)
Others, net	70,872	33,147	(128)	628
① Total of investing activities	(2,838,295)	(1,707,240)	(1,362,845)	(25,188)
[I + II①]	[(119,207)]	[80,953]	[158,595]	[(1,057)]
Purchases of tangible fixed assets	(50,009)	(50,695)	(101,879)	(443)
Proceeds from sales of tangible fixed assets	31,879	8,299	28,804	282
Proceeds from acquisition of subsidiary's shares with change in scope of consolidation (Notes 3 and 4)	222,986	—	—	1,978
Others, net	(30,251)	(25,162)	(25,937)	(268)
Net cash used in investing activities	(2,663,689)	(1,774,799)	(1,461,858)	(23,639)
III Cash flows from financing activities:				
Proceeds from debt borrowing	208,841	220,448	216,289	1,853
Repayments of debt	(195,942)	(213,616)	(214,367)	(1,738)
Proceeds from issuance of corporate bonds	251,235	242,550	—	2,229
Proceeds from issuance of foundation funds	50,000	—	—	443
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(443)
Interest on foundation funds	(1,935)	(2,785)	(3,585)	(17)
Others, net	6,302	4,703	25,802	55
Net cash provided by (used in) financing activities	268,500	201,300	(25,861)	2,382
IV Effect of exchange rate changes on cash and cash equivalents	(321)	(209)	17,513	(2)
V Net increase in cash and cash equivalents	323,578	214,485	51,234	2,871
VI Cash and cash equivalents at the beginning of the year	1,086,504	872,018	820,784	9,642
VII Net increase in cash and cash equivalents resulting from change in scope of consolidation	513	—	—	4
VIII Cash and cash equivalents at the end of the year (Note 5)	¥ 1,410,595	¥ 1,086,504	¥ 872,018	\$ 12,518

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 that required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry. 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) United States 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 ¥112.68=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2016. 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 ¥112.68=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, 2016, 2015 and 2014, 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)

Nissay Computer Co., Ltd. (Japan) (up to the fiscal year ended March 31, 2015)

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, 2016, 2015 and 2014, 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, 2016, 2015 and 2014, 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 Life Insurance Company Limited (India)
- Reliance Capital 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, 2016, 2015 and 2014, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2016, 2015 and 2014, was as follows:

	2016	2015	2014
Consolidated subsidiaries	10	9	9
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	10	5	5

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

The fiscal years of consolidated overseas subsidiaries end on December 31. The consolidated financial statements are prepared using data as of December 31, and 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) 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.

(3) 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" (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 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 (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 (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 and certain consolidated subsidiaries; 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 and other instruments and certain foreign currency-denominated stocks; 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 and other instruments, and foreign currency-denominated stocks
Equity forward contracts	Domestic stocks

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

(4) 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.

(5) 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.

(6) Tangible fixed assets

- Tangible fixed assets are depreciated based on the following methods:
 - Tangible fixed assets (except for lease assets)
 - Buildings
Straight-line method.
 - 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.
 - Lease assets
 - Lease assets related to financial leases where ownership is transferred
The same depreciation method applied to owned fixed assets.
 - 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.

- 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 land listed value 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.

(7) Software

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

(8) 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.

(9) 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 ¥1,333 million (U.S.\$11 million) (including ¥175 million (U.S.\$1 million) of credits secured and/or guaranteed), ¥743 million (including ¥197 million of credits secured and/or guaranteed) and ¥1,082 million (including ¥288 million of credits secured and/or guaranteed) as of March 31, 2016, 2015 and 2014, respectively.

(10) 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.

(11) 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, 2016, 2015 and 2014.
- 2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2016, 2015 and 2014, 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

From the fiscal year ended March 31, 2014, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25). The revised accounting standard permits companies to change the calculation method of retirement benefit obligations and service costs from the start of fiscal years beginning on or after April 1, 2013. Accordingly, from the fiscal year ended March 31, 2014, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis. At the end of the fiscal year ended March 31, 2014, the amount of retirement benefit obligations minus pension assets was recorded as net defined benefit liability, and unrecognized actuarial gains/losses and unrecognized prior service costs were recorded in the net defined benefit liability.

With respect to the application of the revised accounting standard, in accordance with Article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in consolidated surplus as of the beginning of the fiscal year ended March 31, 2014. Furthermore, at the end of the fiscal year ended March 31, 2014, the amount of the impact of recording the amount of retirement benefit obligations minus pension assets as a net defined benefit liability was recorded as a remeasurement of defined benefit plans under total accumulated other comprehensive income.

As a result, consolidated surplus as of April 1, 2013 increased by ¥24,705 million, while ordinary profit and surplus before income taxes increased by

¥1,558 million. Furthermore, as of March 31, 2014, the Company recorded net defined benefit liability of ¥359,438 million and total accumulated other comprehensive income of ¥20,085 million.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(19) 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.

(20) New accounting standards

From the fiscal year ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (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 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 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 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 and 2014 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 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 (U.S.\$9 million).

3. Business Combination

Matters concerning business combinations through acquisition are as follows:

(1) Mitsui Life Insurance Company Limited

- 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.
 - 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 (U.S.\$2,968 million)
Acquisition cost
¥334,473 million (U.S.\$2,968 million)
 - 4) Description and amount of main acquisition-related costs
Advisory fees
¥1,075 million (U.S.\$9 million)
 - 5) Amount and rationale for recognizing gain on bargain purchase
 - a. Amount of gain on bargain purchase recognized
¥102,957 million (U.S.\$913 million)
 - b. Rationale for recognizing gain on bargain purchase
Gain on bargain purchase was recognized because equity interest in the net amount of the assets acquired and the liabilities assumed exceeded the acquisition cost.
Of the difference between 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 (U.S.\$174 million) that is 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 plans to reduce its

liabilities by this amount and recognize 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 (U.S.\$65,863 million)

(including investments in securities of ¥5,151,265 million (U.S.\$45,715 million))

Total liabilities: ¥6,964,443 million (U.S.\$61,807 million)

(including policy reserves and other reserves of ¥6,202,014 million (U.S.\$55,040 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 (U.S.\$5,775 million), ordinary profit of ¥31,103 million (U.S.\$276 million), and net surplus attributable to the parent company of ¥15,148 million (U.S.\$134 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.

(2) MLC Limited

On October 27, 2015, the Company entered an agreement with National Australia Bank ("NAB") to commence procedures for acquiring 80% of the shares of the life insurance business of MLC Limited, a subsidiary of NAB. The Company plans to acquire the shares between September 2016 and December 2016. The acquisition cost of the shares is expected to be approximately A\$2,400 million. The Company has applied deferred hedge accounting on the foreign exchange forward contracts to hedge the exposures related to foreign exchange rate fluctuations on a certain portion of the acquisition cost.

4. Additional Information for Consolidated Statements of Cash Flows

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	Millions of U.S. Dollars
Total assets	¥ 7,421,484	\$ 65,863
(including investments in securities of ¥5,151,265 million (U.S.\$45,715 million))		
Total liabilities	¥(6,964,443)	\$(61,807)
(including policy reserves and other reserves of ¥(6,202,014) million (U.S.\$(55,040) million))		
Gain on bargain purchase	¥ (102,957)	\$ (913)
Other liabilities	¥ (19,610)	\$ (174)
Acquisition cost of subsidiary's shares	¥ 334,473	\$ 2,968
Cash and cash equivalents of subsidiary	¥ 557,459	\$ 4,947
Net proceeds from acquisition of subsidiary's shares	¥ 222,986	\$ 1,978

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, 2016, 2015 and 2014, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Cash and deposits	¥1,351,597	¥ 529,509	¥497,125	\$11,995
Call loans	120,000	572,600	349,400	1,064
Monetary receivables purchased	21,998	36,996	26,996	195
Investments in securities	—	—	1,599	—
Time deposits with initial term of over 3 months to maturity and others	(83,000)	(52,601)	(3,103)	(736)
Cash and cash equivalents	¥1,410,595	¥1,086,504	¥872,018	\$12,518

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 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 Treatment 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 and certain consolidated subsidiaries; 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 and other instruments and certain foreign currency-denominated stocks; 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 hedge item 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 reasonably 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:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
	Balance sheet amount ^(*)	Fair value ^(*)	Difference	Balance sheet amount ^(*)	Fair value ^(*)	Difference	Balance sheet amount ^(*)	Fair value ^(*)	Difference	Balance sheet amount ^(*)	Fair value ^(*)	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 784,296	¥ 784,296	¥ —	¥ 313,499	¥ 313,499	¥ —	¥ 236,999	¥ 236,999	¥ —	\$ 6,960	\$ 6,960	\$ —
Available-for-sale securities	784,296	784,296	—	313,499	313,499	—	236,999	236,999	—	6,960	6,960	—
Monetary receivables purchased:	436,630	477,324	40,693	498,758	534,726	35,968	570,632	611,996	41,364	3,874	4,236	361
Held-to-maturity debt securities	3,942	4,813	870	—	—	—	—	—	—	34	42	7
Policy-reserve-matching bonds	394,343	434,166	39,822	459,891	495,860	35,968	542,574	583,939	41,364	3,499	3,853	353
Available-for-sale securities	38,344	38,344	—	38,866	38,866	—	28,057	28,057	—	340	340	—
Assets held in trust:	2,134	2,134	—	—	—	—	—	—	—	18	18	—
Trading securities	1,934	1,934	—	—	—	—	—	—	—	17	17	—
Available-for-sale securities	200	200	—	—	—	—	—	—	—	1	1	—
Investments in securities:	54,811,717	59,797,975	4,986,258	48,719,245	51,316,611	2,597,365	43,213,594	45,016,895	1,803,300	486,436	530,688	44,251
Trading securities	1,504,252	1,504,252	—	1,005,262	1,005,262	—	1,098,298	1,098,298	—	13,349	13,349	—
Held-to-maturity debt securities	50,592	51,300	708	49,201	49,339	137	47,077	47,315	237	448	455	6
Policy-reserve-matching bonds	22,117,306	27,057,693	4,940,386	20,214,005	22,796,569	2,582,564	19,593,801	21,352,447	1,758,645	196,284	240,128	43,844
Investments in subsidiaries and affiliates	21,762	66,925	45,163	22,810	37,474	14,663	17,361	61,779	44,417	193	593	400
Available-for-sale securities	31,117,803	31,117,803	—	27,427,965	27,427,965	—	22,457,054	22,457,054	—	276,160	276,160	—
Loans ^(*) :	9,452,673	9,855,076	402,402	8,327,360	8,660,317	332,956	8,481,445	8,748,579	267,133	83,889	87,460	3,571
Policy loans	758,908	758,908	—	736,402	736,402	—	782,113	782,113	—	6,735	6,735	—
Industrial and consumer loans	8,693,765	9,096,168	402,402	7,590,958	7,923,915	332,956	7,699,332	7,966,465	267,133	77,154	80,725	3,571
Derivative financial instruments ^(*) :	(44,934)	(44,934)	—	(215,282)	(215,282)	—	(278,716)	(278,716)	—	(398)	(398)	—
Hedge accounting not applied	18,856	18,856	—	515	515	—	(258)	(258)	—	167	167	—
Hedge accounting applied	(63,790)	(63,790)	—	(215,798)	(215,798)	—	(278,457)	(278,457)	—	(566)	(566)	—
Corporate bonds ^(*)	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(157,040)	(172,429)	(15,389)	(5,775)	(6,160)	(384)
Cash received as collateral under securities lending transactions ^(*)	(834,089)	(834,089)	—	(529,989)	(529,989)	—	(802,691)	(802,691)	—	(7,402)	(7,402)	—
Loans payable ^(*)	(244,107)	(245,740)	(1,632)	(82,988)	(82,686)	(301)	(74,606)	(74,390)	(215)	(2,166)	(2,180)	(14)

(*) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(*) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2016, 2015 and 2014, the fair value is the balance sheet amount after the impairment losses are deducted.

(*) 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.

(*) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.

(*) 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 are measured by deducting the estimated uncollectable 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 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.

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 without fair value are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥290,247 million (U.S.\$2,575 million), ¥240,764 million and ¥174,894 million for stocks of subsidiaries and affiliates and ¥998,267 million (U.S.\$8,859 million), ¥938,781 million and ¥1,023,225 million for available-for-sale securities as of March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014.

Valuation gains/losses included in profit and loss were gains of ¥38,615 million (U.S.\$342 million), ¥154,939 million and ¥110,562 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, 2016, 2015 and 2014, respectively.

2) Held-to-maturity debt securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
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	¥ 3,942	¥ 4,813	¥ 870	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 34	\$ 42	\$ 7
Domestic bonds	38,796	39,567	770	31,443	31,574	131	29,071	29,178	107	344	351	6
Foreign securities	820	822	2	5,693	5,758	65	8,480	8,645	165	7	7	0
Subtotal	43,558	45,203	1,644	37,136	37,333	196	37,551	37,824	272	386	401	14
Fair value does not exceed the balance sheet amount:												
Domestic bonds	—	—	—	1,004	1,003	(0)	2,799	2,797	(1)	—	—	—
Foreign securities	10,975	10,910	(65)	11,061	11,002	(58)	6,726	6,693	(33)	97	96	(0)
Subtotal	10,975	10,910	(65)	12,065	12,006	(59)	9,526	9,491	(35)	97	96	(0)
Total	¥54,534	¥56,113	¥1,579	¥49,201	¥49,339	¥137	¥47,077	¥47,315	¥237	\$483	\$497	\$14

3) Policy-reserve-matching bonds

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
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	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	¥ 541,392	¥ 582,823	¥ 41,430	\$ 3,488	\$ 3,842	\$ 353
Domestic bonds	22,038,824	26,975,735	4,936,910	20,047,635	22,626,539	2,578,904	19,100,466	20,863,889	1,763,422	195,587	239,401	43,813
Foreign securities	71,717	75,196	3,478	71,655	75,699	4,043	81,594	85,489	3,895	636	667	30
Subtotal	22,503,616	27,483,871	4,980,254	20,576,578	23,195,555	2,618,977	19,723,454	21,532,202	1,808,748	199,712	243,910	44,198
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	1,270	1,227	(42)	2,604	2,544	(60)	1,182	1,115	(66)	11	10	(0)
Domestic bonds	6,691	6,688	(3)	94,532	94,148	(383)	411,307	402,636	(8,671)	59	59	(0)
Foreign securities	72	72	(0)	181	180	(0)	432	431	(1)	0	0	(0)
Subtotal	8,034	7,988	(46)	97,318	96,874	(444)	412,922	404,183	(8,738)	71	70	(0)
Total	¥22,511,650	¥27,491,859	¥4,980,208	¥20,673,896	¥23,292,429	¥2,618,532	¥20,136,376	¥21,936,386	¥1,800,009	\$199,783	\$243,981	\$44,197

4) Available-for-sale securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
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)	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	¥ 85,000	¥ 85,000	¥ 0	\$ 3,863	\$ 3,863	\$ 0
Monetary receivables purchased	14,167	15,683	1,515	1,000	1,016	16	—	—	—	125	139	13
Domestic bonds	3,965,914	4,271,349	305,435	2,235,511	2,393,305	157,794	2,001,660	2,101,468	99,807	35,196	37,906	2,710
Domestic stocks	3,216,667	7,028,499	3,811,831	3,728,491	8,744,114	5,015,622	3,206,101	6,129,795	2,923,694	28,546	62,375	33,828
Foreign securities	12,449,748	14,909,025	2,459,277	11,576,691	14,706,905	3,130,213	9,744,502	11,450,124	1,705,621	110,487	132,312	21,825
Other securities	932,272	1,131,464	199,192	696,330	815,423	119,093	436,639	489,567	52,927	8,273	10,041	1,767
Subtotal	21,014,070	27,791,323	6,777,253	18,331,024	26,753,765	8,422,741	15,473,904	20,255,956	4,782,051	186,493	246,639	60,146
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	349,000	348,996	(3)	220,500	220,498	(1)	152,000	151,999	(0)	3,097	3,097	(0)
Monetary receivables purchased	22,663	22,661	(2)	37,852	37,850	(2)	28,061	28,057	(4)	201	201	(0)
Assets held in trust	200	200	—	—	—	—	—	—	—	1	1	—
Domestic bonds	51,657	50,454	(1,203)	125,848	125,038	(809)	58,373	57,292	(1,081)	458	447	(10)
Domestic stocks	1,132,054	922,078	(209,975)	216,198	192,876	(23,321)	875,983	782,058	(93,924)	10,046	8,183	(1,863)
Foreign securities	2,497,824	2,413,355	(84,469)	344,802	335,046	(9,756)	1,395,733	1,373,740	(21,993)	22,167	21,417	(749)
Other securities	406,896	391,574	(15,321)	115,756	115,255	(500)	74,252	73,006	(1,245)	3,611	3,475	(135)
Subtotal	4,460,297	4,149,321	(310,975)	1,060,958	1,026,565	(34,393)	2,584,405	2,466,155	(118,250)	39,583	36,823	(2,759)
Total	¥25,474,367	¥31,940,645	¥6,466,277	¥19,391,983	¥27,780,331	¥8,388,348	¥18,058,310	¥22,722,111	¥4,663,801	\$226,077	\$283,463	\$57,386

* Securities totaling ¥998,267 million (U.S.\$8,859 million), ¥938,781 million and ¥1,023,225 million, whose fair values are extremely difficult to determine, as of March 31, 2016, 2015 and 2014, respectively, are not included.

Impairment losses of ¥21,826 million (U.S.\$193 million), ¥17 million and ¥21,415 million were recognized for securities with a fair value during the fiscal years ended March 31, 2016, 2015 and 2014,

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, 2016	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):	¥ 784,300	¥ —	¥ —	¥ —	\$ 6,960	\$ —	\$ —	\$ —
Available-for-sale securities	784,300	—	—	—	6,960	—	—	—
Monetary receivables purchased:	24,625	5,574	48,916	355,472	218	49	434	3,154
Held-to-maturity debt securities	—	—	—	3,942	—	—	—	34
Policy-reserve-matching bonds	906	5,226	48,603	339,081	8	46	431	3,009
Available-for-sale securities	23,718	347	313	12,448	210	3	2	110
Investments in securities:	1,411,751	5,067,414	8,443,005	26,676,101	12,528	44,971	74,929	236,742
Held-to-maturity debt securities	12,507	33,224	1,360	3,356	110	294	12	29
Policy-reserve-matching bonds	735,737	1,508,254	3,681,496	16,005,141	6,529	13,385	32,672	142,040
Available-for-sale securities	663,506	3,525,935	4,760,149	10,667,603	5,888	31,291	42,244	94,671
Loans ^{(*)1}	1,044,471	3,215,568	2,278,581	2,087,892	9,269	28,537	20,221	18,529
Corporate bonds	—	—	—	650,825	—	—	—	5,775
Cash received as collateral under securities lending transactions	834,089	—	—	—	7,402	—	—	—
Loans payable ^{(*)2}	27,454	47,699	18,953	—	243	423	168	—

(*)1 Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥8,593 million (U.S.\$76 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 billion 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, 2014	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):	¥237,000	¥ —	¥ —	¥ —
Available-for-sale securities	237,000	—	—	—
Monetary receivables purchased:	35,326	14,018	58,109	462,371
Policy-reserve-matching bonds	8,326	14,018	57,049	462,371
Available-for-sale securities	27,000	—	1,059	—
Investments in securities:	847,147	4,812,991	5,556,733	22,206,240
Held-to-maturity debt securities	8,332	37,165	1,509	—
Policy-reserve-matching bonds	508,980	2,758,584	2,106,119	14,103,370
Available-for-sale securities	329,834	2,017,241	3,449,104	8,102,870
Loans	890,329	2,960,992	2,061,151	1,781,426
Corporate bonds	—	—	—	157,040
Cash received as collateral under securities lending transactions	802,691	—	—	—
Loans payable	36,688	28,803	9,114	—

* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥10,907 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

As of March 31	Millions of Yen								Millions of U.S. Dollars							
	2016				2015				2014				2016			
	Contract amount		Contract amount		Contract amount		Contract amount		Contract amount		Contract amount		Contract amount			
	Over 1 year	Fair value	Net losses	Over 1 year	Fair value	Net gains (losses)	Over 1 year	Fair value	Net gains (losses)	Over 1 year	Fair value	Net gains (losses)	Over 1 year	Fair value	Net losses	
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥1,000	¥1,000	¥ (0)	¥ (0)	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	\$ 8	\$ 8	\$(0)	\$(0)
Pay fixed interest rate / receive variable interest rate	2,500	2,500	(11)	(11)	—	—	—	—	—	—	—	—	22	22	(0)	(0)
Total				¥(12)			¥—					¥—				\$(0)

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

b. Currency-related

As of March 31				Millions of Yen			Millions of U.S. Dollars	
Over-the-counter	Foreign exchange forward contracts	Sold		2016	2015	2014	2016	
			U.S. dollar	Contract amount	¥ 668,615	¥ 31,946	¥ 72,671	\$ 5,933
				Over 1 year	—	—	—	—
				Fair value	18,752	3	(406)	166
				Net gains (losses)	18,752	3	(406)	166
			Euro	Contract amount	462,073	52,841	79,330	4,100
				Over 1 year	—	—	—	—
				Fair value	(5,280)	801	(465)	(46)
				Net (losses) gains	(5,280)	801	(465)	(46)
			Subtotal including others	Contract amount	1,337,514	128,722	191,560	11,870
				Over 1 year	—	—	—	—
				Fair value	8,312	1,577	(1,241)	73
				Net gains (losses)	8,312	1,577	(1,241)	73
		Purchased	U.S. dollar	Contract amount	148,895	38,747	74,003	1,321
				Over 1 year	—	—	—	—
				Fair value	(383)	(282)	382	(3)
				Net (losses) gains	(383)	(282)	382	(3)
			Euro	Contract amount	19,934	31,021	41,009	176
				Over 1 year	—	—	—	—
				Fair value	290	(300)	137	2
				Net gains (losses)	290	(300)	137	2
			Subtotal including others	Contract amount	241,744	101,518	138,392	2,145
				Over 1 year	—	—	—	—
				Fair value	206	(1,024)	745	1
				Net gains (losses)	206	(1,024)	745	1
	Currency swaps		Australian dollar	Contract amount	72,700	—	—	645
				Over 1 year	72,700	—	—	645
				Fair value	(152)	—	—	(1)
				Net losses	(152)	—	—	(1)
			Subtotal	Contract amount	72,700	—	—	645
				Over 1 year	72,700	—	—	645
				Fair value	(152)	—	—	(1)
				Net losses	(152)	—	—	(1)
Total				Net gains (losses)	¥ 8,366	¥552	¥(496)	\$ 74

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

c. Equity-related

As of March 31				Millions of Yen			Millions of U.S. Dollars	
				2016	2015	2014	2016	
Exchange-traded	Equity index futures	Sold	Contract amount	¥ 6,726	¥22,669	¥12,476	\$ 59	
			Over 1 year	—	—	—	—	
			Fair value	(70)	(206)	(121)	(0)	
			Net losses	(70)	(206)	(121)	(0)	
	Purchased	Contract amount	26,631	7,155	9,811	236		
		Over 1 year	—	—	—	—		
		Fair value	231	31	277	2		
		Net gains	231	31	277	2		
Over-the-counter	Equity forward contracts	Sold	Contract amount	—	—	—	—	
			Over 1 year	—	—	—	—	
			Fair value	(25)	—	—	(0)	
			Net losses	(25)	—	—	(0)	
	Equity index forward contracts	Sold	Contract amount	8,345	—	—	74	
			Over 1 year	—	—	—	—	
			Fair value	(17)	—	—	(0)	
			Net losses	(17)	—	—	(0)	
	Equity options	Sold	Call	Contract amount	11,821	—	—	104
				Over 1 year	[0]	[—]	[—]	[0]
				Fair value	554	—	—	4
				Net losses	(554)	—	—	(4)
		Purchased	Call	Contract amount	34,514	295	227	306
				Over 1 year	[501]	[55]	[55]	[4]
				Fair value	104	138	81	0
				Net (losses) gains	(397)	82	25	(3)
Put	Put	Contract amount	52,612	—	—	466		
		Over 1 year	[11,468]	[—]	[—]	[101]		
		Fair value	11,283	—	—	100		
		Net losses	(184)	—	—	(1)		
Total		Net (losses) gains	¥ (1,018)	¥ (92)	¥ 181	\$ (9)		

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	Millions of Yen										Millions of U.S. Dollars					
	2016				2015				2014				2016			
	Contract amount		Fair value	Net gains	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains
Over 1 year		Over 1 year				Over 1 year				Over 1 year						
Exchange-traded:																
Bond futures:																
Sold	¥5,911	¥—	¥11	¥11	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	\$52	\$—	\$0	\$0
Total				¥11				¥—				¥—				\$0

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

e. Others

No ending balance as of March 31, 2016, 2015 or 2014.

ii) Hedge accounting applied

a. Interest rate-related

As of March 31	Millions of Yen								Millions of U.S. Dollars							
	2016				2015				2014				2016			
	Contract amount		Fair value		Contract amount		Fair value		Contract amount		Fair value		Contract amount		Fair value	
Over 1 year		Over 1 year				Over 1 year				Over 1 year						
Over-the-counter:																
Deferred hedge accounting (main hedged items: insurance liabilities):																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥175,000	¥175,000	¥7,019		¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	\$1,553	\$1,553	\$62	
Pay fixed interest rate / receive variable interest rate	263	263	4		—	—	—	—	—	—	—	—	2	2	0	

b. Currency-related

As of March 31	Millions of Yen										Millions of U.S. Dollars		
	2016		2015		2014		2016						
Over-the-counter	Fair value hedge accounting	Foreign exchange forward contacts	Sold	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	¥4,749,328	¥3,923,249	¥3,363,587	¥42,148			
						Over 1 year	—	—	—	—			
						Fair value	70,579	(980)	(17,640)	626			
						Contract amount	1,477,859	1,177,636	1,167,211	13,115			
						Over 1 year	—	—	—	—			
	Deferred hedge accounting	Foreign exchange forward contacts	Purchased	Call	Australian dollar	Foreign stock forecasted transaction (main hedged items)	Contract amount	56,256	—	—	499		
							Over 1 year	—	—	—	—		
							Fair value	2,393	—	—	21		
							Contract amount	56,256	—	—	499		
							Over 1 year	—	—	—	—		
Currency swaps	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Total including others	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	531,840	455,251	360,642	4,719			
						Over 1 year	511,318	446,215	360,642	4,537			
						Fair value	(106,043)	(168,560)	(69,508)	(941)			
						Contract amount	471,011	398,270	365,624	4,180			
						Over 1 year	444,971	388,559	365,624	3,948			
	Euro	Foreign currency-denominated bonds (main hedged items)	Total including others	Euro	Foreign currency-denominated bonds (main hedged items)	Fair value	(77,719)	(131,035)	(116,616)	(689)			
						Contract amount	1,121,771	956,429	775,154	9,955			
						Over 1 year	1,075,210	937,682	775,154	9,542			
						Fair value	(181,390)	(324,523)	(193,587)	(1,609)			
						Contract amount	56,256	—	—	499			

c. Equity-related

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2016		2015		2014		2016		2015		2014	
	Contract amount		Contract amount		Contract amount		Contract amount		Contract amount		Contract amount	
	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value
Over-the-counter:												
Fair value hedge accounting (main hedged items: stocks and other securities):												
Equity forward contracts:												
Sold:	¥204,474	¥—	¥(8,055)	¥40,731	¥—	¥(174)	¥—	¥—	¥—	\$1,814	\$—	\$(71)

d. Bond-related

No ending balance as of March 31, 2016, 2015 or 2014.

e. Others

No ending balance as of March 31, 2016, 2015 or 2014.

7. Disclosures about Fair Value of Investment Properties

The balance sheet amounts for investment properties were ¥1,306,252 million (U.S.\$11,592 million), ¥1,153,345 million and ¥1,141,146 million, with a fair value of ¥1,439,875 million (U.S.\$12,778 million), ¥1,231,926 million and ¥1,148 billion as of March 31, 2016, 2015 and 2014, 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 ¥670 million (U.S.\$5 million), ¥336 million and ¥359 million as of March 31, 2016, 2015 and 2014, respectively.

8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥1,471,565 million (U.S.\$13,059 million), ¥2,607,789 million and ¥2,808,047 million as of March 31, 2016, 2015 and 2014, 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 ¥78,662 million (U.S.\$698 million), ¥149,418 million and ¥259,102 million at fair value as of March 31, 2016, 2015 and 2014, respectively.

9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,185,661 million (U.S.\$10,522 million), ¥1,181,183 million and ¥1,155,636 million as of March 31, 2016, 2015 and 2014, respectively.

10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,727,775 million (U.S.\$15,333 million), ¥1,113,510 million and ¥1,227,398 million as of March 31, 2016, 2015 and

2014, 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, 2016, 2015 and 2014, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Balance at the beginning of the fiscal year	¥1,037,472	¥1,070,852	¥1,105,093	\$9,207
Transfer to reserve from surplus in the previous fiscal year	257,299	201,765	167,172	2,283
Dividends paid to policyholders during the fiscal year	(302,799)	(258,747)	(226,128)	(2,687)
Increase in interest	23,041	23,602	24,715	204
Balance at the end of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	\$9,007

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, 2016, 2015 and 2014, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Balance at the beginning of the current fiscal year	¥ —	¥—	¥—	\$ —
Dividends paid to policyholders during the fiscal year	(6,878)	—	—	(61)
Increase in interest	8	—	—	0
Provision for reserve for dividends to policyholders (limited company)	4,452	—	—	39
Increase due to change in scope of consolidation	72,097	—	—	639
Balance at the end of the current fiscal year	¥69,681	¥—	¥—	\$618

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 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

14. Other Liabilities

Other liabilities include subordinated loans payable of ¥150 billion (U.S.\$1,331 million), 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

	Millions of Yen				Millions of U.S. Dollars
	2016	2015	2014	2016	
Retirement benefit obligations at the beginning of the year	¥682,116	¥626,210	¥646,754	\$6,053	
Service costs	26,509	22,956	24,079	235	
Interest cost	4,205	9,997	10,326	37	
Actuarial losses (gains) accrued during the year	3,097	70,759	(6,606)	27	
Retirement benefit payments	(47,618)	(47,916)	(48,553)	(422)	
Increase due to change in scope of consolidation	68,924	—	—	611	
Others	113	108	55	1	
Retirement benefit obligations at the end of the year	¥737,348	¥682,116	¥626,055	\$6,543	

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

	Millions of Yen				Millions of U.S. Dollars
	2016	2015	2014	2016	
Pension plan assets at the beginning of the year	¥272,288	¥268,186	¥269,678	\$2,416	
Expected return on plan assets	4,441	4,290	4,314	39	
Actuarial gains accrued during the year	519	9,920	4,436	4	
Contributions by business proprietor	7,632	7,665	7,432	67	
Retirement benefit payments	(17,635)	(17,775)	(17,675)	(156)	
Increase due to change in scope of consolidation	11,476	—	—	101	
Pension plan assets at the end of the year	¥278,723	¥272,288	¥268,186	\$2,473	

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

	Millions of Yen				Millions of U.S. Dollars
	2016	2015	2014	2016	
Net defined benefit liability at the beginning of the year	¥1,588	¥1,414	¥1,318	\$14	
Benefit costs	287	273	325	2	
Retirement benefit payments	(87)	(99)	(73)	(0)	
Increase due to change in scope of consolidation	35	—	—	0	
Net defined benefit liability at the end of the year	¥1,824	¥1,588	¥1,569	\$16	

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, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Retirement benefit obligations for funded plans	¥318,307	¥ 311,041	¥ 285,269	\$2,824
Pension plan assets	(278,723)	(272,288)	(268,186)	(2,473)
	39,584	38,752	17,083	351
Retirement benefit obligations for non-Funded plans	420,865	372,663	342,355	3,735
Net defined benefit liability recorded in the consolidated balance sheets	460,449	411,416	359,438	4,086
Net defined benefit liability	460,449	411,416	359,438	4,086
Net defined benefit liability recorded in the consolidated balance sheets	¥460,449	¥ 411,416	¥ 359,438	\$4,086

5) Losses (gains) relating to retirement benefits

For the years ended March 31, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Service costs	¥26,509	¥22,956	¥24,079	\$235
Interest cost	4,205	9,997	10,326	37
Expected return on plan assets	(4,441)	(4,290)	(4,314)	(39)
Amortization of actuarial losses (gains) for the period	8,484	(6,049)	870	75
Amortization of prior service costs for the period	(4,368)	(4,765)	(4,765)	(38)
Benefit cost under the simplified valuation method	287	273	325	2
Other	113	108	55	1
Benefit cost for defined benefit plans	¥30,789	¥18,230	¥26,577	\$273

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

For the years ended March 31, 2016 and 2015	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2016	2016
Actuarial gains (losses)	¥ 5,906	¥(66,888)		\$ 52
Prior service costs	(4,368)	(4,765)		(38)
Total	¥ 1,538	¥(71,654)		\$ 13

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

For the years ended March 31, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Unrecognized actuarial losses (gains)	¥41,131	¥47,038	¥(19,850)	365
Unrecognized prior service costs	—	(4,368)	(9,133)	—
Total	¥41,131	¥42,670	¥(28,983)	365

8) Pension plan assets consist of the following:

	2016	2015	2014
General account of Nippon Life	50.6%	52.3%	54.3%
Domestic bonds	27.7%	26.9%	22.0%
Foreign securities	17.3%	17.3%	15.1%
Domestic stocks	2.5%	2.7%	4.4%
Cash and deposits	1.9%	0.8%	4.2%
Other	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, 2016, 2015 and 2014, are as follows:

	2016	2015	2014
Discount rate	0.6–0.7%	0.6%	1.6%
Long-term expected rate of return on plan assets	1.6–3.0%	1.6%	1.6%

(3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥2,720 million (U.S.\$24 million), ¥2,455 million and ¥2,470 million to defined contribution plans during the fiscal years ended March 31, 2016, 2015 and 2014, 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 billion (U.S.\$443 million), ¥50 billion and ¥50 billion 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, 2016, 2015 and 2014, respectively. ¥50 billion (U.S.\$443 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, 2016, were ¥1,378,644 million (U.S.\$12,235 million), ¥15,015 million (U.S.\$133 million), ¥252 million (U.S.\$2 million) and ¥51 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥847,561 million (U.S.\$7,521 million) as of March 31, 2016.

These amounts included ¥674,232 million (U.S.\$5,983 million) of investments in securities deposited and ¥834,194 million (U.S.\$7,403 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.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2014, were ¥1,790,241 million, ¥18,790 million, ¥252 million and ¥56 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥816,568 million as of March 31, 2014.

These amounts included ¥905,314 million of investments in securities deposited and ¥802,691 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2014.

18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥312,009 million (U.S.\$2,768 million), ¥263,575 million and ¥192,256 million as of March 31, 2016, 2015 and 2014, 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 ¥35,039 million (U.S.\$310 million), ¥38,417 million and ¥39,160 million as of March 31, 2016, 2015 and 2014, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,978 million (U.S.\$17 million) and ¥29,031 million (U.S.\$257 million), respectively, as of March 31, 2016, ¥2,181 million and ¥32,127 million, respectively, as of March 31, 2015 and ¥2,336 million and ¥32,074 million, respectively, as of March 31, 2014.

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. The balance of loans delinquent for over three months was ¥23 million as of March 31, 2014.

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 ¥4,029 million (U.S.\$35 million), ¥4,107 million and ¥4,726 million as of March 31, 2016, 2015 and 2014, 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 ¥867 million (U.S.\$7 million) and ¥465 million (U.S.\$4 million), respectively, as of March 31, 2016, ¥315 million and ¥427 million, respectively, as of March 31, 2015 and ¥356 million and ¥726 million, respectively, as of March 31, 2014.

20. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥113,822 million (U.S.\$1,010 million), ¥108,416 million and ¥98,655 million as of March 31, 2016, 2015 and 2014, 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 ¥97,723 million (U.S.\$867 million), ¥85,914 million and ¥85,750 million as of March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014.

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

For the year ended March 31, 2016

Purpose of use	Millions of Yen			
	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

Purpose of use	Millions of Yen			
	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, 2014

Purpose of use	Millions of Yen			
	Land	Land lease rights	Buildings and others	Total
Leased property	¥2,475	¥—	¥1,749	¥4,224
Idle property	373	14	116	504
Total	¥2,848	¥14	¥1,865	¥4,728

For the year ended March 31, 2016

Purpose of use	Millions of U.S. Dollars			
	Land	Land lease rights	Buildings and others	Total
Leased property	\$9	\$—	\$ 3	\$13
Idle property	13	—	25	38
Total	\$22	\$—	\$29	\$52

(4) Calculation method of recoverable amount

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

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

23. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Deferred tax assets	¥ 1,412,984	¥ 1,273,191	¥ 1,212,549	\$ 12,539
Valuation allowance for deferred tax assets	(119,017)	(39,693)	(55,380)	(1,056)
Subtotal	1,293,967	1,233,498	1,157,168	11,483
Deferred tax liabilities	(1,986,498)	(2,452,492)	(1,493,344)	(17,629)
Net deferred tax liabilities	¥ (692,531)	¥(1,218,994)	¥ (336,175)	\$ (6,145)

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Deferred tax assets:				
Policy reserves and other reserves	¥ 780,768	¥ 758,723	¥ 747,389	\$ 6,929
Reserve for price fluctuations in investments in securities	270,199	224,272	191,356	2,397
Net defined benefit liability	127,960	118,611	119,401	1,135
Allowance for doubtful accounts	1,969	2,738	3,192	17
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,826,119	2,404,751	1,435,895	16,206

(2) The statutory tax rate was 28.8% for the fiscal year ended March 31, 2016, 30.7% for the fiscal year ended March 31, 2015 and 33.2% for the fiscal year ended March 31, 2014. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2016	2015	2014
Reserve for dividends to policyholders (mutual company)	(13.8)%	(17.9)%	(21.2)%
Loss on valuation of securities	—	—	2.8 %
Impact from a change in the tax rate	6.6 %	16.2 %	2.9 %
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, deferred tax liabilities at the end of the period decreased by ¥25,345 million (U.S.\$224 million), deferred tax liabilities for land revaluation decreased by ¥3,528 million (U.S.\$31 million) and deferred tax assets decreased by ¥495 million (U.S.\$4 million), while net unrealized gains on available-for-sale securities increased by ¥58,488 million (U.S.\$519 million) and land revaluation losses increased by ¥3,528 million (U.S.\$31 million). At the same time, income taxes—deferred increased by ¥31,813 million (U.S.\$282 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, deferred tax liabilities at the end of the period 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.

In conjunction with the promulgation of the "Act for Partial Revision to the Income Tax Act" (Act No. 10 of 2014), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 33.2% was changed to 30.7% for collections and payments expected to be made in the period from April 1, 2014 to March 31, 2015.

As a result of this change, as of March 31, 2014, deferred tax liabilities increased by ¥8,478 million, net unrealized gains on available-for-sale securities increased by ¥598 million, and land revaluation losses increased by ¥1 million, while deferred tax assets decreased by ¥152 million and deferred tax liabilities for land revaluation decreased by ¥1

million. At the same time, income taxes—deferred increased by ¥9,231 million.

24. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2016, 2015 and 2014, were as follows:

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

For the year ended March 31, 2016

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities:				
Losses arising during the year	¥(1,861,999)			\$(16,524)
Reclassification adjustments to profit or loss	(34,354)	¥(1,896,354)	(304)	\$(16,829)
Deferred losses on derivatives under hedge accounting:				
Gains arising during the year	144,191			1,279
Reclassification adjustments to profit or loss	8,356	152,548	74	1,353
Foreign currency translation adjustments:				
Losses arising during the year	(3,385)			(30)
Reclassification adjustments to profit or loss	—	(3,385)	—	(30)
Remeasurement of defined benefit plans:				
Losses arising during the year	(2,560)			(22)
Reclassification adjustments to profit or loss	4,099	1,538	36	13
Share of other comprehensive loss of associates accounted for under the equity method:				
Losses arising during the year	(21,779)			(193)
Reclassification adjustments to profit or loss	(784)	(22,564)	(6)	(200)
Amount before income tax effect		(1,768,217)		(15,692)
Income tax effect		553,366		4,910
Total other comprehensive loss		¥(1,214,850)		\$(10,781)

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

For the year ended March 31, 2014

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Gains arising during the year	¥1,194,238	
Reclassification adjustments to profit or loss	(146,497)	¥1,047,740
Deferred losses on derivatives under hedge accounting:		
Losses arising during the year	(86,933)	
Reclassification adjustments to profit or loss	320	(86,613)
Foreign currency translation adjustments:		
Gains arising during the year	43,410	
Reclassification adjustments to profit or loss	2,726	46,137
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	2,203	
Reclassification adjustments to profit or loss	(241)	1,961
Amount before income tax effect		1,009,226
Income tax effect		(272,362)
Total other comprehensive income		¥ 736,864

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

For the year ended March 31, 2016

	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	¥(1,896,354)	¥596,040	¥(1,300,313)	\$(16,829)	\$5,289	\$(11,539)
Deferred losses on derivatives under hedge accounting	152,548	(45,409)	107,139	1,353	(402)	950
Land revaluation losses	—	3,528	3,528	—	31	31
Foreign currency translation adjustments	(3,385)	—	(3,385)	(30)	—	(30)
Remeasurement of defined benefit plans	1,538	(793)	745	13	(7)	6
Share of other comprehensive loss of associates accounted for under the equity method	(22,564)	—	(22,564)	(200)	—	(200)
Total other comprehensive loss	¥(1,768,217)	¥553,366	¥(1,214,850)	\$(15,692)	\$4,910	\$(10,781)

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

For the year ended March 31, 2014

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥1,047,740	¥(298,947)	¥748,792
Deferred losses on derivatives under hedge accounting	(86,613)	26,585	(60,027)
Foreign currency translation adjustments	46,137	—	46,137
Share of other comprehensive income of associates accounted for under the equity method	1,961	—	1,961
Total other comprehensive income	¥1,009,226	¥(272,362)	¥736,864

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 27, 2016, the Company issued corporate bonds as follows:

- 1) Yen-denominated subordinated and unsecured corporate bonds due 2046 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)

Issue price	100% of principal amount
Principal amount	¥70 billion (U.S.\$621 million)
Interest rate	A fixed rate of 0.94% per annum before April 27, 2026, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 27, 2046 (The corporate bonds are callable on April 27, 2026, 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) Yen-denominated subordinated and unsecured corporate bonds due 2051 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)

Issue price	100% of principal amount
Principal amount	¥30 billion (U.S.\$266 million)
Interest rate	A fixed rate of 1.12% per annum before April 27, 2031, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 27, 2051 (The corporate bonds are callable on April 27, 2031, 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) Under the agreement described in (1) 1) f. of Note 3, 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.

- (3) On May 26, 2016, the board of directors of Mitsui Life Insurance Company Limited, a consolidated subsidiary of the Company, passed a comprehensive resolution to issue subordinated and unsecured corporate bonds in Japan (subordinated term bonds and subordinated perpetual bonds) as follows:

Issue price	100% or more of principal amount		
Principal amount	Up to ¥100 billion (U.S.\$887 million) Within this range, corporate bonds may be issued multiple times.		
Interest rate ceiling	Subordinated term bonds	Initial 10 years	1.6%
		After the tenth year	Six-month JPY LIBOR plus 2.50%
	Subordinated perpetual bonds	Initial five years	1.4%
		After the fifth year	Six-month JPY LIBOR plus 2.50%
Issuance period	From July 1, 2016 to July 29, 2016		
Early redemption provisions, etc.	The corporate bonds may have early redemption provisions and optional redemption provisions, etc.		
Use of funds	Funds for repayment of loans		
Decision on terms and conditions of issuance	Decisions on all matters necessary for issuance of the corporate bonds are at the discretion of the president of Mitsui Life Insurance Company Limited within the above range.		

- (4) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2016, were approved as planned at the annual meeting of the representatives of policyholders held on July 5, 2016.

Business Performance Highlights

Nippon Life's Management Strategy

Initiatives for Stakeholders

Corporate Governance and Management of Nippon Life

Documents Related to Management

Financial Data

Operational Data

7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of
	2016	2015	2014	U.S. Dollars (Note 1)
ASSETS:				
Cash and deposits (Note 3):	¥ 953,962	¥ 492,198	¥ 467,727	\$ 8,466
Cash	288	268	310	2
Deposits	953,673	491,930	467,416	8,463
Call loans	120,000	572,600	349,400	1,064
Receivables under securities borrowing transactions	—	—	159,856	—
Monetary receivables purchased (Note 3)	419,915	498,758	570,632	3,726
Assets held in trust (Note 3)	1,934	—	—	17
Investments in securities (Notes 3, 5, 14 and 15):				
National government bonds	20,101,494	18,760,470	17,578,858	178,394
Local government bonds	1,284,844	1,441,843	1,522,414	11,402
Corporate bonds	2,490,960	2,783,481	2,944,847	22,106
Domestic stocks	8,285,950	9,311,147	7,334,077	73,535
Foreign securities	17,477,392	16,450,680	14,258,244	155,106
Other securities	1,656,754	1,091,615	730,571	14,703
Subtotal	51,297,396	49,839,240	44,369,012	455,248
Loans (Notes 3, 16 and 17):				
Policy loans	695,878	736,564	782,280	6,175
Industrial and consumer loans	7,425,606	7,621,055	7,746,698	65,899
Subtotal	8,121,484	8,357,620	8,528,979	72,075
Tangible fixed assets (Notes 4, 6, 14 and 22):				
Land	1,152,488	1,173,623	1,185,348	10,227
Buildings	500,025	514,952	474,175	4,437
Lease assets	6,209	5,007	3,740	55
Construction in progress	25,446	7,985	42,930	225
Other tangible fixed assets	10,708	11,679	12,020	95
Subtotal	1,694,878	1,713,248	1,718,217	15,041
Intangible fixed assets:				
Software	77,577	78,574	87,100	688
Other intangible fixed assets	91,938	91,821	92,191	815
Subtotal	169,515	170,395	179,292	1,504
Reinsurance receivables	496	445	260	4
Other assets:				
Accounts receivable	84,478	130,753	91,782	749
Prepaid expenses	10,484	9,412	7,871	93
Accrued income	266,865	265,437	255,976	2,368
Money on deposit	35,979	36,753	37,310	319
Deposits for futures transactions	9,099	8,849	5,753	80
Futures transactions variation margin	112	135	—	0
Derivative financial instruments (Note 3)	186,240	140,355	10,151	1,652
Suspense	33,751	4,845	6,331	299
Other assets	10,258	9,852	9,052	91
Subtotal	637,272	606,397	424,228	5,655
Customers' liability for acceptances and guarantees	40,503	38,686	30,137	359
Allowance for doubtful accounts	(3,524)	(6,585)	(7,024)	(31)
Total assets	¥63,453,836	¥62,283,004	¥56,790,719	\$563,133

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

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 316,631	¥ 197,929	¥ 199,582	\$ 2,810
Policy reserves (Notes 18 and 21)	51,435,915	49,201,314	47,515,496	456,477
Reserve for dividends to policyholders (Note 9)	1,015,013	1,037,472	1,070,852	9,007
Subtotal	52,767,560	50,436,716	48,785,930	468,295
Reinsurance payables	572	523	343	5
Corporate bonds (Notes 3 and 10)	650,825	399,590	157,040	5,775
Other liabilities:				
Cash received as collateral under securities lending transactions (Note 3)	661,819	529,989	802,691	5,873
Loans payable	25,057	10,649	9,127	222
Income taxes payable	16,841	78,462	101,948	149
Accounts payable	268,239	149,740	124,982	2,380
Accrued expenses	68,056	63,134	57,257	603
Deferred income	22,601	23,217	22,870	200
Deposits received	100,038	99,396	98,158	887
Guarantee deposits received	83,662	84,777	84,102	742
Futures transactions variation margin	368	22	296	3
Derivative financial instruments (Note 3)	255,165	355,637	288,867	2,264
Cash collateral received for financial instruments	100,406	33,074	—	891
Lease obligations	6,257	5,512	4,930	55
Asset retirement obligations	2,322	1,966	2,031	20
Suspense receipts	16,325	15,773	9,868	144
Other liabilities	105	73	—	0
Subtotal	1,627,269	1,451,427	1,607,132	14,441
Accrued bonuses for directors and audit and supervisory board members	87	74	50	0
Accrued retirement benefits (Note 12)	358,762	365,302	385,283	3,183
Accrued retirement benefits for directors and audit and supervisory board members	4,391	4,274	4,403	38
Reserve for program points	9,420	13,171	12,609	83
Reserve for price fluctuations in investments in securities	947,384	778,723	623,312	8,407
Deferred tax liabilities (Note 23)	644,586	1,231,729	328,632	5,720
Deferred tax liabilities for land revaluation	109,383	115,440	128,236	970
Acceptances and guarantees	40,503	38,686	30,137	359
Total liabilities	57,160,746	54,835,660	52,063,111	507,283
NET ASSETS:				
Foundation funds (Note 13)	200,000	200,000	250,000	1,774
Reserve for redemption of foundation funds (Note 13)	1,100,000	1,050,000	1,000,000	9,762
Reserve for revaluation	651	651	651	5
Surplus:				
Legal reserve for deficiencies	15,163	14,208	13,270	134
Other surplus reserves:	464,667	485,746	426,752	4,123
Equalized reserve for dividends to policyholders	50,000	50,000	—	443
Contingency funds	71,917	71,917	71,917	638
Reserve for social public welfare assistance	305	282	259	2
Reserve for reduction entry of real estate	50,187	45,882	42,693	445
Reserve for reduction entry of real estate to be purchased	—	34	33	—
Other reserves	170	170	170	1
Unappropriated surplus	292,087	317,459	311,679	2,592
Total surplus	479,830	499,954	440,022	4,258
Total foundation funds and others	1,780,481	1,750,605	1,690,674	15,801
Net unrealized gains on available-for-sale securities	4,722,733	6,016,469	3,256,652	41,912
Deferred losses on derivatives under hedge accounting	(123,923)	(231,060)	(134,156)	(1,099)
Land revaluation losses	(86,202)	(88,670)	(85,561)	(765)
Total valuations, conversions, and others	4,512,608	5,696,737	3,036,934	40,047
Total net assets	6,293,089	7,447,343	4,727,608	55,849
Total liabilities and net assets	¥63,453,836	¥62,283,004	¥56,790,719	\$563,133

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	2016	2015	2014	2016
ORDINARY INCOME:				
Revenues from insurance and reinsurance:				
Insurance premiums	¥6,079,922	¥5,336,204	¥4,824,669	\$53,957
Reinsurance revenue	993	913	907	8
Subtotal	6,080,915	5,337,118	4,825,577	53,966
Investment income (Note 20):				
Interest, dividends, and other income:				
Interest on deposits and savings	1,396,181	1,371,789	1,296,640	12,390
Interest on securities and dividends	251	276	268	2
Interest on loans	1,144,694	1,113,858	1,029,275	10,158
Real estate rental income	153,346	161,231	171,827	1,360
Other income	85,682	82,716	79,237	760
Gain from assets held in trust, net	12,206	13,706	16,031	108
Gain on sales of securities	—	4	5	—
Gain on redemptions of securities	94,194	242,024	260,438	835
Foreign exchange gains, net	7,104	5,023	248	63
Reversal of allowance for doubtful accounts	—	—	1,693	—
Other investment income	2,230	431	1,667	19
Gain from separate accounts, net	452	489	441	4
Subtotal	1,500,162	1,773,951	1,683,763	13,313
Other ordinary income:				
Income from annuity riders	10,297	7,329	7,836	91
Income from deferred benefits	118,134	126,913	153,912	1,048
Reversal of reserve for outstanding claims	—	1,652	4,266	—
Other ordinary income	35,367	46,729	38,733	313
Subtotal	163,799	182,625	204,748	1,453
Total ordinary income	7,744,877	7,293,695	6,714,089	68,733
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	966,870	1,022,096	1,016,847	8,580
Annuity payments	826,229	839,921	857,662	7,332
Health and other benefits	702,169	721,112	769,645	6,231
Surrender benefits	847,635	959,865	839,852	7,522
Other refunds	405,400	387,696	292,927	3,597
Reinsurance premiums	1,585	1,491	1,284	14
Subtotal	3,749,890	3,932,183	3,778,221	33,279
Provision for policy reserves:				
Provision for reserve for outstanding claims	118,701	—	—	1,053
Provision for policy reserves (Note 21)	2,234,601	1,685,817	1,354,233	19,831
Provision for interest on reserve for dividends to policyholders (Note 9)	23,041	23,602	24,715	204
Subtotal	2,376,344	1,709,420	1,378,948	21,089
Investment expenses (Note 20):				
Interest expenses	14,477	9,876	7,792	128
Loss from assets held in trust, net	65	—	—	0
Loss on sales of securities	13,596	18,357	57,738	120
Loss on valuation of securities	35,783	3,258	22,254	317
Loss on redemptions of securities	23,947	21,595	24,628	212
Loss on derivative financial instruments, net	55,888	46,342	36,508	495
Foreign exchange losses, net	91	417	—	0
Write-offs of loans	21	0	0	0
Depreciation of rental real estate and other assets	15,649	15,307	15,410	138
Other investment expenses	25,935	25,839	21,976	230
Loss from separate accounts, net	31,190	—	—	276
Subtotal	216,646	140,994	186,309	1,922
Operating expenses (Note 19)	574,672	563,371	561,860	5,100
Other ordinary expenses:				
Deferred benefit payments	178,733	232,820	197,808	1,586
Taxes	47,323	44,508	34,643	419
Depreciation	45,566	46,455	47,308	404
Other ordinary expenses	18,191	16,700	16,371	161
Subtotal	289,814	340,484	296,133	2,572
Total ordinary expenses	7,207,367	6,686,454	6,201,473	63,963
Ordinary profit	¥ 537,509	¥ 607,241	¥ 512,616	\$ 4,770

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2016	2015	2014	2016
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 8,608	¥ 4,025	¥ 2,750	\$ 76
Gain on liquidation of subsidiaries and affiliates	—	—	40,486	—
Subtotal	8,608	4,025	43,236	76
Extraordinary losses:				
Loss on disposals of fixed assets	9,887	3,423	6,252	87
Impairment losses (Note 22)	4,791	19,908	4,728	42
Provision for reserve for price fluctuations in investments in securities	168,661	155,411	195,783	1,496
Loss on reduction entry of real estate	—	136	96	—
Contributions for assisting social public welfare	2,977	2,977	1,477	26
Subtotal	186,317	181,855	208,338	1,653
Surplus before income taxes	359,800	429,411	347,515	3,193
Income taxes (Note 23):				
Current	113,646	167,465	142,385	1,008
Deferred	(41,895)	(41,811)	(79,286)	(371)
Total income taxes	71,750	125,653	63,098	636
Net surplus	¥288,049	¥303,758	¥284,416	\$2,556

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

9. Nonconsolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

For the year ended March 31, 2014	Millions of Yen											
	Foundation funds and others											Total foundation funds and others
	Surplus										Total surplus	
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Other surplus reserves				
Reserve for reduction entry of real estate to be purchased								Other reserves	Un-appropriated surplus			
Beginning balance	¥300,000	¥ 950,000	¥651	¥12,571	¥71,917	¥ 236	¥34,666	¥—	¥170	¥ 231,016	¥ 350,577	¥1,601,228
Cumulative effect of change in accounting policies										24,705	24,705	24,705
Beginning balance after reflecting accounting policy changes	300,000	950,000	651	12,571	71,917	236	34,666	—	170	255,722	375,282	1,625,934
Increase/decrease:												
Additions to reserve for dividends to policyholders (Note 9)										(167,172)	(167,172)	(167,172)
Additions to legal reserve for deficiencies				699						(699)	—	—
Additions to reserve for redemption of foundation funds		50,000								(50,000)	(50,000)	—
Interest on foundation funds										(3,585)	(3,585)	(3,585)
Net surplus										284,416	284,416	284,416
Redemption of foundation funds	(50,000)											(50,000)
Additions to reserve for social public welfare assistance						1,500				(1,500)	—	—
Reversal of reserve for social public welfare assistance						(1,477)				1,477	—	—
Additions to reserve for reduction entry of real estate							9,868			(9,868)	—	—
Reversal of reserve for reduction entry of real estate							(1,841)			1,841	—	—
Additions to reserve for reduction entry of real estate to be purchased								33		(33)	—	—
Reversal of land revaluation losses										1,080	1,080	1,080
Net change, excluding foundation funds and others												
Net change	(50,000)	50,000	—	699	—	23	8,027	33	—	55,957	64,740	64,740
Ending balance	¥250,000	¥1,000,000	¥651	¥13,270	¥71,917	¥ 259	¥42,693	¥33	¥170	¥ 311,679	¥ 440,022	¥1,690,674

For the year ended March 31, 2014	Millions of Yen				
	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
Beginning balance	¥2,508,046	¥ (74,128)	¥(84,481)	¥2,349,436	¥3,950,665
Cumulative effect of change in accounting policies					24,705
Beginning balance after reflecting accounting policy changes	2,508,046	(74,128)	(84,481)	2,349,436	3,975,371
Increase/decrease:					
Additions to reserve for dividends to policyholders (Note 9)					(167,172)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(3,585)
Net surplus					284,416
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					1,080
Net change, excluding foundation funds and others	748,605	(60,027)	(1,080)	687,497	687,497
Net change	748,605	(60,027)	(1,080)	687,497	752,237
Ending balance	¥3,256,652	¥(134,156)	¥(85,561)	¥3,036,934	¥4,727,608

For the year ended March 31, 2015	Millions of Yen												Total foundation funds and others
	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	
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 (Note 9)											(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

For the year ended March 31, 2015	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	¥3,256,652	¥(134,156)	¥(85,561)	¥3,036,934	¥4,727,608
Increase/decrease:					
Additions to reserve for dividends to policyholders (Note 9)					(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												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Other surplus reserves					Reserve for reduction entry of real estate to be purchased	Other reserves	Un-appropriated surplus	Total surplus
Equalized reserve for dividends to policyholders					Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate						
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 (Note 9)											(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 (Note 9)					(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

For the year ended March 31, 2016	Millions of U.S. Dollars (Note 1)												Total foundation funds and others
	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	
Beginning balance	\$1,774	\$9,318	\$ 5	\$126	\$443	\$638	\$ 2	\$407	\$ 0	\$ 1	\$ 2,817	\$ 4,436	\$15,536
Increase/decrease:													
Issuance of foundation funds	443												443
Additions to reserve for dividends to policyholders (Note 9)											(2,283)	(2,283)	(2,283)
Additions to legal reserve for deficiencies				8							(8)	—	—
Additions to reserve for redemption of foundation funds		443									(443)	(443)	—
Interest on foundation funds											(17)	(17)	(17)
Net surplus											2,556	2,556	2,556
Redemption of foundation funds	(443)												(443)
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								43			(43)	—	—
Reversal of reserve for reduction entry of real estate								(5)			5	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(0)		0	—	—
Reversal of land revaluation losses											9	9	9
Net change, excluding foundation funds and others											(225)	(178)	265
Net change	—	443	—	8	—	—	0	38	(0)	—	(225)	(178)	265
Ending balance	\$1,774	\$9,762	\$ 5	\$134	\$443	\$638	\$ 2	\$445	\$—	\$ 1	\$ 2,592	\$ 4,258	\$15,801

For the year ended March 31, 2016	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	\$ 53,394	\$(2,050)	\$(786)	\$ 50,556	\$ 66,092
Increase/decrease:					
Issuance of foundation funds					443
Additions to reserve for dividends to policyholders (Note 9)					(2,283)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(17)
Net surplus					2,556
Redemption of foundation funds					(443)
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					9
Net change, excluding foundation funds and others	(11,481)	950	21	(10,508)	(10,508)
Net change	(11,481)	950	21	(10,508)	(10,243)
Ending balance	\$ 41,912	\$(1,099)	\$(765)	\$ 40,047	\$ 55,849

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

10. Nonconsolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

For the years ended March 31	Thousands of Yen			Thousands of U.S. Dollars (Note 1)
	2016	2015	2014	2016
Unappropriated surplus	¥292,087,372	¥317,459,726	¥311,679,459	\$2,592,184
Reversal from voluntary surplus reserves:	606,072	635,726	677,396	5,378
Reversal of reserve for reduction entry of real estate	606,072	601,326	677,396	5,378
Reversal of reserve for reduction entry of real estate to be purchased	—	34,400	—	—
Total	¥292,693,444	¥318,095,453	¥312,356,855	\$2,597,563
Appropriations:	¥292,693,444	¥318,095,453	¥312,356,855	\$2,597,563
Reserve for dividends to policyholders	229,857,885	257,299,416	201,765,958	2,039,917
Net surplus	62,835,559	60,796,036	110,590,897	557,646
Legal reserve for deficiencies	879,000	955,000	938,000	7,800
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	443,734
Interest on foundation funds	1,698,000	1,935,000	2,785,000	15,069
Voluntary surplus reserves:	10,258,559	7,906,036	56,867,897	91,041
Equalized reserve for dividends to policyholders	—	—	50,000,000	—
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	26,624
Reserve for reduction entry of real estate	1,614,659	4,906,036	3,866,656	14,329
Reserve for reduction entry of real estate to be purchased	5,643,900	—	1,241	50,087
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, 2016 was 97.17%. 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 that required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry. 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) United States 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 ¥112.68=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2016. 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 ¥112.68=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 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 (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 (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 and other instruments and certain foreign currency-denominated stocks; 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 and other instruments, and foreign currency-denominated stocks
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 land listed value 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 ¥1,036 million (U.S.\$9 million) (including ¥124 million (U.S.\$1 million) of credits secured and/or guaranteed), ¥501 million (including ¥168 million of credits secured and/or guaranteed) and ¥703 million (including ¥240 million of credits secured and/or guaranteed) as of March 31, 2016, 2015 and 2014, respectively.

(8) 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.

(9) 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, 2016, 2015 and 2014.
- 2) The accounting methods used for retirement benefits as of March 31, 2016, 2015 and 2014, 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

From the fiscal year ended March 31, 2014, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25). The revised accounting standard permits companies to change the calculation method of retirement benefit obligations and service costs from the start of fiscal years beginning on or after April 1, 2013. Accordingly, from the fiscal year ended March 31, 2014, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis.

With respect to the application of the revised accounting standard, in accordance with Article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in unappropriated surplus as of the beginning of the fiscal year ended March 31, 2014.

As a result, unappropriated surplus as of April 1, 2013 increased by ¥24,705 million. Ordinary profit and surplus before income taxes increased by ¥1,558 million.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(17) 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.

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 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 and other instruments and certain foreign currency-denominated stocks; 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 reasonably 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:

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
	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):	¥ 730,296	¥ 730,296	¥ —	¥ 302,999	¥ 302,999	¥ —	¥ 234,999	¥ 234,999	¥ —	\$ 6,481	\$ 6,481	\$ —
Available-for-sale securities	730,296	730,296	—	302,999	302,999	—	234,999	234,999	—	6,481	6,481	—
Monetary receivables purchased:	419,915	459,737	39,822	498,758	534,726	35,968	570,632	611,996	41,364	3,726	4,080	353
Policy-reserve-matching bonds	394,343	434,166	39,822	459,891	495,860	35,968	542,574	583,939	41,364	3,499	3,853	353
Available-for-sale securities	25,571	25,571	—	38,866	38,866	—	28,057	28,057	—	226	226	—
Assets held in trust:	1,934	1,934	—	—	—	—	—	—	—	17	17	—
Trading securities	1,934	1,934	—	—	—	—	—	—	—	17	17	—
Investments in securities:	49,720,820	54,231,642	4,510,822	48,607,816	51,220,143	2,612,327	43,113,992	44,926,705	1,812,713	441,256	481,288	40,032
Trading securities	1,163,644	1,163,644	—	1,005,262	1,005,262	—	1,098,298	1,098,298	—	10,326	10,326	—
Policy-reserve-matching bonds	20,166,986	24,618,594	4,451,607	20,214,005	22,796,569	2,582,564	19,593,801	21,352,447	1,758,645	178,975	218,482	39,506
Investments in subsidiaries and affiliates	7,711	66,925	59,214	7,711	37,474	29,763	7,711	61,779	54,068	68	593	525
Available-for-sale securities	28,382,478	28,382,478	—	27,380,837	27,380,837	—	22,414,180	22,414,180	—	251,885	251,885	—
Loans ⁽³⁾ :	8,119,085	8,499,268	380,182	8,327,360	8,660,317	332,956	8,523,357	8,791,565	268,207	72,054	75,428	3,373
Policy loans	695,710	695,710	—	736,402	736,402	—	782,113	782,113	—	6,174	6,174	—
Industrial and consumer loans	7,423,374	7,803,557	380,182	7,590,958	7,923,915	332,956	7,741,243	8,009,451	268,207	65,880	69,254	3,373
Derivative financial instruments ⁽⁴⁾ :	(68,924)	(68,924)	—	(215,282)	(215,282)	—	(278,716)	(278,716)	—	(611)	(611)	—
Hedge accounting not applied	(5,129)	(5,129)	—	515	515	—	(258)	(258)	—	(45)	(45)	—
Hedge accounting applied	(63,794)	(63,794)	—	(215,798)	(215,798)	—	(278,457)	(278,457)	—	(566)	(566)	—
Corporate bonds ^{(3),(5)}	(650,825)	(694,144)	(43,319)	(399,590)	(417,493)	(17,903)	(157,040)	(172,429)	(15,389)	(5,775)	(6,160)	(384)
Cash received as collateral under securities lending transactions ⁽⁵⁾	¥ (661,819)	¥ (661,819)	¥ —	¥ (529,989)	¥ (529,989)	¥ —	¥ (802,691)	¥ (802,691)	¥ —	\$ (5,873)	\$ (5,873)	\$ —

(*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, 2016, 2015 and 2014, 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 are measured by deducting the estimated uncollectable 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 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 without fair value are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥692,045 million (U.S.\$6,141 million), ¥292,859 million and ¥231,983 million for stocks of subsidiaries and affiliates, and ¥884,530 million (U.S.\$7,849 million), ¥938,564 million and ¥1,023,037 million for available-for-sale securities as of March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014.

Valuation gains/losses included in profit and loss were gains of ¥60,459 million (U.S.\$536 million), ¥154,939 million and ¥110,562 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, 2016, 2015 and 2014, respectively.

2) Held-to-maturity debt securities

No ending balance as of March 31, 2016, 2015 and 2014.

3) Policy-reserve-matching bonds

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
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	¥ 393,073	¥ 432,939	¥ 39,865	¥ 457,286	¥ 493,315	¥ 36,029	¥ 541,392	¥ 582,823	¥ 41,430	\$ 3,488	\$ 3,842	\$ 353
Domestic bonds	20,088,505	24,536,637	4,448,132	20,047,635	22,626,539	2,578,904	19,100,466	20,863,889	1,763,422	178,279	217,755	39,475
Foreign securities	71,717	75,196	3,478	71,655	75,699	4,043	81,594	85,489	3,895	636	667	30
Subtotal	20,553,296	25,044,772	4,491,476	20,576,578	23,195,555	2,618,977	19,723,454	21,532,202	1,808,748	182,404	222,264	39,860
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	1,270	1,227	(42)	2,604	2,544	(60)	1,182	1,115	(66)	11	10	(0)
Domestic bonds	6,691	6,688	(3)	94,532	94,148	(383)	411,307	402,636	(8,671)	59	59	(0)
Foreign securities	72	72	(0)	181	180	(0)	432	431	(1)	0	0	(0)
Subtotal	8,034	7,988	(46)	97,318	96,874	(444)	412,922	404,183	(8,738)	71	70	(0)
Total	¥20,561,330	¥25,052,761	¥4,491,430	¥20,673,896	¥23,292,429	¥2,618,532	¥20,136,376	¥21,936,386	¥1,800,009	\$182,475	\$222,335	\$39,860

4) Available-for-sale securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2016			2015			2014			2016		
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)	¥ 435,300	¥ 435,300	¥ 0	¥ 93,000	¥ 93,000	¥ 0	¥ 85,000	¥ 85,000	¥ 0	\$ 3,863	\$ 3,863	\$ 0
Monetary receivables purchased	2,800	2,910	109	1,000	1,016	16	—	—	—	24	25	0
Domestic bonds	2,956,078	3,225,730	269,652	2,231,394	2,389,176	157,781	1,998,843	2,098,646	99,802	26,234	28,627	2,393
Domestic stocks	3,195,109	7,004,981	3,809,871	3,728,318	8,743,582	5,015,264	3,205,936	6,129,206	2,923,269	28,355	62,167	33,811
Foreign securities	12,142,241	14,595,873	2,453,632	11,561,325	14,690,856	3,129,530	9,732,154	11,437,129	1,704,975	107,758	129,533	21,775
Other securities	927,801	1,125,046	197,244	690,908	807,614	116,705	431,137	482,272	51,134	8,233	9,984	1,750
Subtotal	19,659,331	26,389,841	6,730,510	18,305,947	26,725,246	8,419,299	15,453,071	20,232,254	4,779,182	174,470	234,201	59,731
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	295,000	294,996	(3)	210,000	209,998	(1)	150,000	149,999	(0)	2,618	2,617	(0)
Monetary receivables purchased	22,663	22,661	(2)	37,852	37,850	(2)	28,061	28,057	(4)	201	201	(0)
Domestic bonds	35,096	33,928	(1,168)	123,945	123,138	(807)	57,473	56,392	(1,081)	311	301	(10)
Domestic stocks	775,903	622,773	(153,129)	216,198	192,876	(23,321)	875,973	782,049	(93,923)	6,885	5,526	(1,358)
Foreign securities	1,470,650	1,421,049	(49,600)	328,342	318,709	(9,633)	1,377,572	1,356,047	(21,525)	13,051	12,611	(440)
Other securities	363,557	353,093	(10,463)	115,380	114,883	(496)	73,669	72,437	(1,231)	3,226	3,133	(92)
Subtotal	2,962,871	2,748,504	(214,367)	1,031,720	997,457	(34,263)	2,562,750	2,444,983	(117,767)	26,294	24,392	(1,902)
Total	¥22,622,202	¥29,138,346	¥6,516,143	¥19,337,667	¥27,722,703	¥8,385,035	¥18,015,822	¥22,677,237	¥4,661,415	\$200,765	\$258,593	\$57,828

* Securities totaling ¥884,530 million (U.S.\$7,849 million), ¥938,564 million and ¥1,023,037 million, whose fair values are extremely difficult to determine, as of March 31, 2016, 2015 and 2014, respectively, are not included.

Impairment losses of ¥20,872 million (U.S.\$185 million), ¥17 million and ¥21,401 million were recognized for securities with a fair value during the fiscal years ended March 31, 2016, 2015 and 2014, 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 rec-

ognized 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, 2016	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):	¥ 730,300	¥ —	¥ —	¥ —	\$ 6,481	\$ —	\$ —	\$ —
Available-for-sale securities	730,300	—	—	—	6,481	—	—	—
Monetary receivables purchased:	22,906	5,574	48,916	341,881	203	49	434	3,034
Policy-reserve-matching bonds	906	5,226	48,603	339,081	8	46	431	3,009
Available-for-sale securities	22,000	347	313	2,800	195	3	2	24
Investments in securities:	1,270,229	4,647,137	7,506,881	24,212,185	11,272	41,241	66,621	214,875
Policy-reserve-matching bonds	735,737	1,484,954	3,644,856	14,177,081	6,529	13,178	32,346	125,817
Available-for-sale securities	534,491	3,162,182	3,862,025	10,035,103	4,743	28,063	34,274	89,058
Loans	893,864	2,826,287	1,892,944	1,806,345	7,932	25,082	16,799	16,030
Corporate bonds	—	—	—	650,825	—	—	—	5,775
Cash received as collateral under securities lending transactions	661,819	—	—	—	5,873	—	—	—

* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥5,427 million (U.S.\$48 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.

As of March 31, 2014	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):	¥235,000	¥ —	¥ —	¥ —
Available-for-sale securities	235,000	—	—	—
Monetary receivables purchased:	35,326	14,018	58,109	462,371
Policy-reserve-matching bonds	8,326	14,018	57,049	462,371
Available-for-sale securities	27,000	—	1,059	—
Investments in securities:	823,819	4,760,898	5,547,656	22,202,625
Policy-reserve-matching bonds	508,980	2,758,584	2,106,119	14,103,370
Available-for-sale securities	314,839	2,002,314	3,441,537	8,099,255
Loans	911,003	2,991,945	2,056,098	1,778,876
Corporate bonds	—	—	—	157,040
Cash received as collateral under securities lending transactions	802,691	—	—	—

* Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥7,174 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 ¥1,179,406 million (U.S.\$10,466 million), ¥1,176,798 million and ¥1,164,094 million, with a fair value of ¥1,314,932 million (U.S.\$11,669 million), ¥1,260,401 million and ¥1,174,628 million as of March 31, 2016, 2015 and 2014, 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 ¥644 million (U.S.\$5 million), ¥343 million and ¥366 million as of March 31, 2016, 2015 and 2014, respectively.

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥1,246,128 million (U.S.\$11,058 million), ¥2,607,789 million and ¥2,808,047 million as of March 31, 2016, 2015 and 2014, 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 ¥78,662 million (U.S.\$698 million), ¥149,418 million and ¥259,102 million at fair value as of March 31, 2016, 2015 and 2014, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,164,872 million (U.S.\$10,337 million), ¥1,159,761 million and ¥1,132,867 million as of March 31, 2016, 2015 and 2014, respectively.

7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,377,955 million (U.S.\$12,228 million), ¥1,113,510 million and ¥1,227,398 million as of March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Monetary receivables	¥107,868	¥130,314	¥139,879	\$957
Monetary liabilities	4,773	3,545	3,932	42

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2016, 2015 and 2014, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Balance at the beginning of the fiscal year	¥1,037,472	¥1,070,852	¥1,105,093	\$9,207
Transfer to reserve from surplus in the previous fiscal year	257,299	201,765	167,172	2,283
Dividends paid to policyholders during the fiscal year	(302,799)	(258,747)	(226,128)	(2,687)
Increase in interest	23,041	23,602	24,715	204
Balance at the end of the fiscal year	¥1,015,013	¥1,037,472	¥1,070,852	\$9,007

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

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 ¥4,599,461 million (U.S.\$40,818 million), ¥5,786,059 million and ¥3,123,147 million as of March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Retirement benefit obligations at the beginning of the year	¥680,261	¥624,485	¥645,377	\$6,037
Service costs	25,910	22,839	23,883	229
Interest cost	4,081	9,991	10,326	36
Actuarial losses (gains) accrued during the year	1,092	70,734	(6,606)	9
Retirement benefit payments	(45,930)	(47,790)	(48,494)	(407)
Retirement benefit obligations at the end of the year	¥665,416	¥680,261	¥624,485	\$5,905

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

For the years ended March 31, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Pension plan assets at the beginning of the year	¥272,288	¥268,186	¥269,678	\$2,416
Expected return on plan assets	4,356	4,290	4,314	38
Actuarial gains accrued during the year	708	9,920	4,436	6
Contributions by business proprietor	7,632	7,665	7,432	67
Retirement benefit payments	(17,287)	(17,775)	(17,675)	(153)
Pension plan assets at the end of the year	¥267,698	¥272,288	¥268,186	\$2,375

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

For the years ended March 31, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Retirement benefit obligations for funded plans	¥ 303,256	¥ 311,041	¥ 285,269	\$ 2,691
Pension plan assets	(267,698)	(272,288)	(268,186)	(2,375)
	35,558	38,752	17,083	315
Retirement benefit obligations for non-funded plans	362,159	369,219	339,216	3,214
Unrecognized actuarial (gains) losses	(38,954)	(47,038)	19,850	(345)
Unrecognized prior service costs	—	4,368	9,133	—
Accrued retirement benefits	¥ 358,762	¥ 365,302	¥ 385,283	\$ 3,183

4) Losses (gains) relating to retirement benefits

For the years ended March 31, 2016, 2015 and 2014	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Service costs	¥25,910	¥22,839	¥23,883	\$229
Interest cost	4,081	9,991	10,326	36
Expected return on plan assets	(4,356)	(4,290)	(4,314)	(38)
Amortization of actuarial losses (gains) for the period	8,467	(6,074)	870	75
Amortization of prior service costs for the period	(4,368)	(4,765)	(4,765)	(38)
Benefit cost for defined benefit plans	¥29,735	¥17,699	¥26,000	\$263

5) Pension plan assets consist of the following:

	2016	2015	2014
General account of Nippon Life	52.3%	52.3%	54.3%
Domestic bonds	26.3%	26.9%	22.0%
Foreign securities	17.2%	17.3%	15.1%
Domestic stocks	2.1%	2.7%	4.4%
Cash and deposits	2.0%	0.8%	4.2%
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, 2016, 2015 and 2014, are as follows:

	2016	2015	2014
Discount rate	0.6%	0.6%	1.6%
Long-term expected rate of return on plan assets	1.6%	1.6%	1.6%

(3) Defined contribution plans

The Company contributed ¥2,119 million (U.S.\$18 million), ¥2,140 million and ¥2,161 million to defined contribution plans during the fiscal years ended March 31, 2016, 2015 and 2014, 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 billion (U.S.\$443 million), ¥50 billion and ¥50 billion 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, 2016, 2015 and 2014, respectively. ¥50 billion (U.S.\$443 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, 2016, were ¥1,141,231 million (U.S.\$10,128 million), ¥252 million (U.S.\$2 million) and ¥51 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥661,932 million (U.S.\$5,874 million) as of March 31, 2016.

These amounts included ¥538,627 million (U.S.\$4,780 million) of investments in securities deposited and ¥661,924 million (U.S.\$5,874 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.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2014, were ¥1,790,241 million, ¥252 million and ¥56 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥802,706 million as of March 31, 2014.

These amounts included ¥905,314 million of investments in securities deposited and ¥802,691 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2014.

15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥699,757 million (U.S.\$6,210 million), ¥300,570 million and ¥239,694 million as of March 31, 2016, 2015 and 2014, respectively.

Matters concerning the sale and acquisition of shares of subsidiaries and affiliates are as follows:

MLC Limited

On October 27, 2015, the Company entered an agreement with National Australia Bank ("NAB") to commence procedures for acquiring 80% of the shares of the life insurance business of MLC Limited, a subsidiary of NAB. The Company plans to acquire the shares between September 2016 and December 2016. The acquisition cost of the shares is expected to be approximately A\$2,400 million. The Company has applied deferred hedge accounting on the foreign exchange forward contracts to hedge the exposures related to foreign exchange rate fluctuations on a certain portion of the acquisition cost.

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 ¥34,827 million (U.S.\$309 million), ¥38,297 million and ¥39,030 million as of March 31, 2016, 2015 and 2014, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,969 million (U.S.\$17 million) and ¥28,828 million (U.S.\$255 million), respectively, as of March 31, 2016, ¥2,179 million and ¥32,009 million, respectively, as of March 31, 2015 and ¥2,339 million and ¥31,941 million, respectively, as of March 31, 2014.

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. The balance of loans delinquent for over three months was ¥23 million as of March 31, 2014.

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 ¥4,029 million (U.S.\$35 million), ¥4,107 million and ¥4,726 million as of March 31, 2016, 2015 and 2014, 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 ¥843 million (U.S.\$7 million) and ¥192 million (U.S.\$1 million), respectively, as of March 31, 2016, ¥277 million and ¥224 million, respectively, as of March 31, 2015 and ¥299 million and ¥403 million, respectively, as of March 31, 2014.

17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥185,322 million (U.S.\$1,644 million), ¥184,916 million and ¥179,531 million as of March 31, 2016, 2015 and 2014, 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 ¥215 million (U.S.\$1 million), ¥192 million and ¥188 million as of March 31, 2016, 2015 and 2014, 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 ¥85,754 million (U.S.\$761 million), ¥85,914 million and ¥85,750 million as of March 31, 2016, 2015 and 2014, 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
	2016	2015	2014	2016
Domestic bonds including national government bonds	¥12,616	¥12,929	¥16,879	\$111
Domestic stocks and other securities	75,975	216,749	239,424	674
Foreign securities	5,602	12,345	4,135	49

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Domestic bonds including national government bonds	¥612	¥1,468	¥1,774	\$5
Domestic stocks and other securities	656	9,889	13,678	5
Foreign securities	12,318	6,998	42,277	109

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Domestic stocks and other securities	¥14,640	¥113	¥21,477	\$129
Foreign securities	20,937	3,083	713	185

Loss from assets held in trust, net included net valuation losses of ¥65 million (U.S.\$0 million), for the fiscal year ended March 31, 2016.

Loss on derivative financial instruments, net included net valuation losses of ¥8,050 million (U.S.\$71 million), gains of ¥1,513 million and gains of ¥2,709 million for the fiscal years ended March 31, 2016, 2015 and 2014, 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 ¥22 million (U.S.\$0 million), ¥4 million and ¥8 million for the fiscal years ended March 31, 2016, 2015 and 2014, 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, 2016, 2015 and 2014.

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

For the year ended March 31, 2016

Purpose of use	Millions of Yen			
	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

Purpose of use	Millions of Yen			
	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, 2014

Purpose of use	Millions of Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥2,475	¥—	¥1,749	¥4,224
Idle property	373	14	116	504
Total	¥2,848	¥14	¥1,865	¥4,728

For the year ended March 31, 2016

Purpose of use	Millions of U.S. Dollars			
	Land	Land lease rights	Buildings	Total
Leased property	\$ 8	\$—	\$ 3	\$12
Idle property	10	—	18	29
Total	\$19	\$—	\$22	\$42

(4) Calculation method of recoverable amount

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

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

23. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Deferred tax assets	¥ 1,266,576	¥ 1,254,315	¥ 1,206,414	\$ 11,240
Valuation allowance for deferred tax assets	(47,177)	(39,012)	(55,202)	(418)
Subtotal	1,219,399	1,215,303	1,151,212	10,821
Deferred tax liabilities	(1,863,984)	(2,447,032)	(1,479,843)	(16,542)
Net deferred tax liabilities	¥ (644,585)	¥(1,231,729)	¥ (328,631)	\$ (5,720)

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

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Deferred tax assets:				
Policy reserves and other reserves	¥ 763,273	¥ 758,723	¥ 747,389	\$ 6,773
Reserve for price fluctuations in investments in securities	265,635	224,272	191,356	2,357
Accrued retirement benefits	100,256	105,207	118,282	889
Allowance for doubtful accounts	—	2,234	2,575	—
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,808,376	¥2,403,751	¥1,434,983	\$16,048

(2) The statutory tax rate was 28.8% for the fiscal year ended March 31, 2016, 30.7% for the fiscal year ended March 31, 2015 and 33.2% for the fiscal year ended March 31, 2014. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2016	2015	2014
Reserve for dividends to policyholders	(18.4)%	(18.4)%	(19.3)%
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, deferred tax liabilities at the end of the period decreased by ¥23,274 million (U.S.\$206 million) and deferred tax liabilities for land revaluation decreased by ¥3,528 million (U.S.\$31 million), while net unrealized gains on available-for-sale securities increased by ¥58,521 million (U.S.\$519 million) and land revaluation losses

increased by ¥3,528 million (U.S. \$31 million). At the same time, income taxes—deferred increased by ¥33,771 million (U.S.\$299 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.

In conjunction with the promulgation of the “Act for Partial Revision to the Income Tax Act” (Act No. 10 of 2014), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 33.2% was changed to 30.7% for collections and payments expected to be made in the period from April 1, 2014 to March 31, 2015.

As a result of this change, as of March 31, 2014, deferred tax liabilities increased by ¥8,487 million, net unrealized gains on available-for-sale securities increased by ¥582 million, and land revaluation losses increased by ¥1 million, while deferred tax liabilities for land revaluation decreased by ¥1 million. At the same time, income taxes—deferred increased by ¥9,070 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, 2016, 2015 and 2014, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2016	2015	2014	2016
Total income	¥17,168	¥18,423	¥53,430	\$152
Total expenses	33,135	29,908	29,359	294

25. Transactions with Related Parties

For the fiscal year ended March 31, 2014

Transactions with related parties are as follows:

Subsidiaries:	
Type:	Subsidiary
Company name:	NLI Properties West, Inc.
Location:	Delaware, U.S.A. (New York, U.S.A.)
Capital as of March 31, 2014:	\$290 million
Main business:	Acquisition, management, disposal, and mortgage lending services for real estate for lease
Percentage of shareholder voting rights:	—*
Nature of relationship between parties:	—*
Details of transaction: Gain on liquidation of subsidiaries and affiliates*	
Transaction amount for the fiscal year ended March 31, 2014:	¥40,486 million

* NLI Properties West, Inc. was liquidated in February 2014. Gain on liquidation of subsidiaries and affiliates represents a liquidation dividend from this company.

26. Subsequent Events

(1) On April 27, 2016, the Company issued corporate bonds as follows:

- Yen-denominated subordinated and unsecured corporate bonds due 2046 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)

Issue price	100% of principal amount
Principal amount	¥70 billion (U.S.\$621 million)
Interest rate	A fixed rate of 0.94% per annum before April 27, 2026, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 27, 2046 (The corporate bonds are callable on April 27, 2026, 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

- Yen-denominated subordinated and unsecured corporate bonds due 2051 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)

Issue price	100% of principal amount
Principal amount	¥30 billion (U.S.\$266 million)
Interest rate	A fixed rate of 1.12% per annum before April 27, 2031, and a fixed rate with step-up thereafter (reset every 5 years).
Maturity	April 27, 2051 (The corporate bonds are callable on April 27, 2031, 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) The Company entered into a share transfer agreement concerning the outstanding ordinary shares of Mitsui Life Insurance Company Limited, a consolidated subsidiary of the Company, with Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsui Sumitomo Insurance Co., Ltd., Mitsui & Co., Ltd., Mitsui Fudosan Co., Ltd. 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.

(3) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2016, were approved as planned at the annual meeting of the representatives of policyholders held on July 5, 2016.

Deloitte.

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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, 2016, 2015 and 2014, 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, 2016, 2015 and 2014, 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 that required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry. 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.



May 24, 2016
(July 5, 2016 as to (3) and (4) of Note 26)

Member of
Deloitte Touche Tohmatsu Limited



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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, 2016, 2015 and 2014, 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, 2016, 2015 and 2014, 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 that required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry. 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.

May 19, 2016
 (July 5, 2016 as to (3) of Note 26)

Member of
 Deloitte Touche Tohmatsu Limited