
Financial Results for the Nine Months Ended December 31, 2012

Nippon Life Insurance Company (the “Company” or the “Parent Company”; President: Yoshinobu Tsutsui) announces financial results for the nine months ended December 31, 2012.

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1. Business Highlights

(1) Amount of Policies in Force and New Policies

• Policies in Force

	As of December 31, 2012				As of March 31, 2012	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2012 (%)	(100 million yen)	As a percentage of March 31, 2012 (%)		
Individual insurance	13,896	122.6	1,572,262	96.8	11,339	1,623,854
Individual annuities	3,193	101.4	195,806	102.8	3,149	190,470
Group insurance	—	—	918,932	100.7	—	912,340
Group annuities	—	—	107,786	102.9	—	104,769

- Notes:
1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies bound prior to the start of annuity payments, and (b) policy reserves for policies bound after the start of annuity payments.
 2. The amount of group annuities is the amount of the policy reserves.
 3. On or after April 1, 2012, products that combine several insurance policies are presented with each insurance policy as one separate policy.
 4. If products that combine several insurance policies were presented as one item on or after April 1, 2012, the total number of individual insurance policies and individual annuities in force as of December 31, 2012 would be 14,432 thousand policies.

• New Policies

	Nine months ended December 31, 2012						Nine months ended December 31, 2011			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of nine months ended December 31, 2011 (%)	(100 million yen)	As a percentage of nine months ended December 31, 2011 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	3,544	459.6	55,992	110.3	58,822	(2,830)	771	50,778	56,234	(5,456)
Individual annuities	149	75.9	10,984	89.3	10,975	8	197	12,302	12,542	(239)
Group insurance	—	—	2,729	46.3	2,729		—	5,896	5,896	
Group annuities	—	—	68	382.3	68		—	17	17	

- Notes:
1. The number of policies includes policies that were converted into new policies.
 2. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
 3. The amount of new policies for group annuities represents the first time premium.
 4. On or after April 1, 2012, products that combine several insurance policies are presented with each insurance policy as one separate policy.
 5. If products that combine several insurance policies were presented as one item regarding products on or after April 1, 2012, the total number of new individual insurance policies and new individual annuities in the nine months ended December 31, 2012 would be 1,010 thousand policies.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

	As of December 31, 2012		As of March 31, 2012
		As a percentage of March 31, 2012	
Individual insurance	23,554	100.4	23,453
Individual annuities	8,344	101.7	8,204
Total	31,898	100.8	31,657
Medical coverages, living benefits and others	5,923	100.4	5,900

- New Policies

(100 Million Yen, %)

	Nine months ended December 31, 2012		Nine months ended December 31, 2011
		As a percentage of nine months ended December 31, 2011	
Individual insurance	1,564	102.7	1,524
Individual annuities	391	79.7	490
Total	1,955	97.1	2,014
Medical coverages, living benefits and others	304	111.6	273

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

2. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of December 31, 2012		As of March 31, 2012	
	Amount	%	Amount	%
Cash, deposits and call loans	4,652	0.9	5,914	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	499	0.1	2,119	0.4
Monetary receivables purchased	7,980	1.5	8,830	1.8
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	388,905	75.5	364,808	73.2
Domestic bonds	201,090	39.0	191,269	38.4
Domestic stocks	54,249	10.5	58,369	11.7
Foreign securities:	129,946	25.2	112,688	22.6
Foreign bonds	98,672	19.2	85,902	17.2
Foreign stocks and other securities	31,273	6.1	26,785	5.4
Other securities	3,619	0.7	2,481	0.5
Loans:	86,303	16.8	87,216	17.5
Policy loans	8,475	1.6	8,963	1.8
Industrial and consumer loans	77,827	15.1	78,252	15.7
Real estate:	16,950	3.3	17,270	3.5
Investment property	10,531	2.0	10,833	2.2
Deferred tax assets	2,984	0.6	4,669	0.9
Other assets	6,987	1.4	7,937	1.6
Allowance for doubtful accounts	(90)	(0.0)	(138)	(0.0)
Total assets (General account)	515,172	100.0	498,627	100.0
Foreign currency-denominated assets	107,342	20.8	93,621	18.8

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities (¥1,003.5 billion and ¥935.5 billion as of December 31, 2012 and March 31, 2012, respectively).

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

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

(100 Million Yen)

	As of December 31, 2012					As of March 31, 2012				
	Book value	Market value	Net gains/losses	Net gains/losses		Book value	Market value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds	190,039	202,615	12,575	12,874	(298)	182,286	193,926	11,639	11,891	(251)
Held-to-maturity debt securities	—	—	—	—	—	145	144	(0)	0	(0)
Investments in subsidiaries and affiliates	77	211	134	134	—	77	214	136	136	—
Available-for-sale securities:	175,218	196,012	20,794	25,850	(5,056)	165,586	180,852	15,265	20,679	(5,413)
Domestic bonds	18,572	19,217	644	697	(52)	17,244	17,726	482	559	(77)
Domestic stocks	43,475	51,854	8,379	13,036	(4,657)	46,524	55,969	9,444	13,893	(4,448)
Foreign securities:	106,804	118,541	11,737	11,965	(227)	96,247	101,665	5,418	6,151	(733)
Foreign bonds	88,621	97,853	9,232	9,369	(136)	80,957	85,080	4,122	4,601	(478)
Foreign stocks and other securities	18,183	20,688	2,504	2,596	(91)	15,289	16,585	1,295	1,550	(254)
Other securities	3,312	3,345	33	150	(117)	2,296	2,216	(79)	74	(153)
Monetary receivables purchased	633	633	(0)	—	(0)	763	763	(0)	0	(0)
Negotiable certificates of deposit	2,420	2,419	(0)	0	(0)	2,510	2,509	(0)	—	(0)
Total	365,335	398,840	33,504	38,859	(5,354)	348,095	375,137	27,042	32,708	(5,665)
Domestic bonds	200,445	213,157	12,712	13,053	(341)	190,787	202,447	11,660	11,981	(321)
Domestic stocks	43,475	51,854	8,379	13,036	(4,657)	46,524	55,969	9,444	13,893	(4,448)
Foreign securities:	107,700	119,607	11,906	12,136	(230)	97,146	102,726	5,580	6,316	(736)
Foreign bonds	89,440	98,707	9,267	9,406	(139)	81,779	85,927	4,147	4,629	(481)
Foreign stocks and other securities	18,260	20,899	2,639	2,730	(91)	15,366	16,799	1,432	1,687	(254)
Other securities	3,312	3,345	33	150	(117)	2,296	2,216	(79)	74	(153)
Monetary receivables purchased	7,981	8,454	473	480	(7)	8,830	9,267	436	441	(5)
Negotiable certificates of deposit	2,420	2,419	(0)	0	(0)	2,510	2,509	(0)	—	(0)

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

[Book Value of Securities Without Market Value]

(100 Million Yen)

	As of December 31, 2012	As of March 31, 2012
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	2,801	2,479
Available-for-sale securities:	10,376	10,398
Unlisted domestic stocks (excluding over-the-counter stocks)	2,016	2,022
Unlisted foreign stocks (excluding over-the-counter stocks)	6,825	6,927
Unlisted foreign bonds	—	—
Others	1,534	1,448
Total	13,177	12,877

Note: Of securities without market value, the net loss on currency valuation of assets denominated in foreign currencies was as follows:
¥(29.6 billion) and ¥(47.0 billion) as of December 31, 2012 and March 31, 2012, respectively.

(3) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

No ending balance as of December 31, 2012 or March 31, 2012.

- Assets Held in Trust Classified as Held-to-maturity, Policy-reserve-matching, and Others

No ending balance as of December 31, 2012 or March 31, 2012.

3. Non-Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Assets:		
Cash and deposits	387,088	422,236
Call loans	122,300	212,300
Receivables under securities borrowing transactions	49,906	211,928
Monetary receivables purchased	798,092	883,070
Investments in securities:	39,904,651	37,522,761
National government bonds	15,785,140	14,668,001
Local government bonds	1,574,377	1,583,685
Corporate bonds	3,093,207	3,218,751
Domestic stocks	5,631,950	6,071,844
Foreign securities	13,325,096	11,608,261
Loans:	8,630,300	8,721,609
Policy loans	847,513	896,347
Industrial and consumer loans	7,782,786	7,825,262
Tangible fixed assets	1,712,557	1,750,402
Intangible fixed assets	184,168	200,172
Reinsurance receivables	87	222
Other assets	522,388	604,904
Deferred tax assets	298,425	466,934
Customers' liability for acceptances and guarantees	23,231	26,755
Allowance for doubtful accounts	(9,020)	(13,885)
Total assets	52,624,177	51,009,414
Liabilities:		
Policy reserves and other reserves:	46,768,562	45,775,051
Reserve for outstanding claims	193,668	206,634
Policy reserves	45,417,586	44,448,079
Reserve for dividends to policyholders	1,157,307	1,120,336
Reinsurance payables	134	335
Corporate bonds	157,040	—
Other liabilities:	1,923,691	1,790,476
Cash received as collateral under securities lending transactions	1,003,562	935,584
Lease obligations	3,775	4,565
Asset retirement obligations	2,027	2,012
Other liabilities	914,325	848,313
Accrued bonuses for directors and corporate auditors	35	53
Accrued retirement benefits	437,209	437,421
Accrued retirement benefits for directors and corporate auditors	4,331	4,564
Reserve for program points	9,234	7,238
Accrued losses from supporting closely related companies	—	397
Reserve for loss on disaster	436	739
Reserve for price fluctuations in investments in securities	356,563	333,710
Deferred tax liabilities for land revaluation	138,395	142,498
Acceptances and guarantees	23,231	26,755
Total liabilities	49,818,865	48,519,242

3. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Net assets:		
Foundation funds	300,000	300,000
Reserve for redemption of foundation funds	950,000	900,000
Reserve for revaluation	651	651
Surplus:	263,678	342,281
Legal reserve for deficiencies	12,571	11,889
Other surplus reserves:	251,107	330,392
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	286	213
Reserve for reduction entry of real estate	34,666	31,746
Other reserves	170	170
Unappropriated surplus	144,067	226,344
Total foundation funds and others	1,514,329	1,542,932
Net unrealized gains on available-for-sale securities, net of tax	1,416,642	1,021,724
Deferred losses on derivatives under hedge accounting	(52,175)	(6,969)
Land revaluation differences	(73,485)	(67,515)
Total valuations, conversions, and others	1,290,982	947,239
Total net assets	2,805,311	2,490,171
Total liabilities and net assets	52,624,177	51,009,414

Basis of Presenting the Non-Consolidated Balance Sheet as of December 31, 2012

1. Following the 2011 Japanese tax reform, the Company adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012 to which the declining balance method is applied, from the first quarter ended June 30, 2012. As a result, ordinary profit and surplus before income taxes increased by ¥269 million in comparison with the previous method.
2. The corporate tax, inhabitant tax, and income tax adjustments for the nine months ended December 31, 2012 are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to appropriation of surplus in the current fiscal year.
3. Changes in the reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2012 were as follows:

	Million Yen
	Nine months ended December 31, 2012
a. Balance at the beginning of the current fiscal year	¥1,120,336
b. Transfer to reserve from surplus in the previous fiscal year	¥167,313
c. Dividends to policyholders paid out in the current nine-month period	¥149,914
d. Increase in interest	¥19,571
e. Balance at the end of the current third quarter (a+b-c+d)	¥1,157,307

4. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the nine months ended December 31, 2012.
5. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of December 31, 2012.
6. The amount of securities lent under lending agreements was ¥2,728,828 million as of December 31, 2012.

4. Non-Consolidated Statements of Income

(Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Ordinary income:	4,904,872	5,252,024
Revenues from insurance and reinsurance:	3,777,608	4,080,515
Insurance premiums	3,777,209	4,080,032
Investment income:	1,006,808	1,006,758
Interest, dividends, and other income	868,099	868,675
Gain on assets held in trust, net	10	11
Gain on sales of securities	92,496	133,201
Gain from separate accounts, net	40,827	—
Other ordinary income	120,455	164,750
Ordinary expenses:	4,691,504	4,921,205
Benefits and other payments:	2,637,874	2,863,490
Death and other claims	796,546	868,814
Annuity payments	500,064	473,473
Health and other benefits	582,159	557,867
Surrender benefits	613,343	768,946
Other refunds	145,061	193,688
Provision for policy reserves:	989,078	1,007,181
Provision for policy reserves	969,507	986,675
Provision for interest on reserve for dividends to policyholders	19,571	20,506
Investment expenses:	392,147	372,716
Interest expenses	2,741	2,083
Loss on sales of securities	42,428	108,102
Loss on valuation of securities	189,677	126,652
Loss on derivative financial instruments, net	104,151	7,680
Loss from separate accounts, net	—	76,429
Operating expenses	420,560	421,817
Other ordinary expenses	251,842	255,999
Ordinary profit	213,368	330,819
Extraordinary gains:	4,330	65,410
Gain on disposals of fixed assets	3,768	42
Reversal of reserve for price fluctuations in investments in securities	—	65,368
Reversal of reserve for loss on disaster	173	—
Other extraordinary gains	388	—
Extraordinary losses:	52,427	11,971
Loss on disposals of fixed assets	19,297	5,884
Impairment losses	8,850	4,632
Provision for reserve for price fluctuations in investments in securities	22,853	—
Contributions for assisting social public welfare	1,427	1,427
Loss on disaster	—	28
Surplus before income taxes	165,271	384,258
Income taxes - current	10,931	2,523
Income taxes - deferred	17,657	232,146
Total income taxes	28,588	234,669
Net surplus	136,682	149,588

Notes to the Non-Consolidated Statement of Income for the nine months ended December 31, 2012

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property are classified as one asset group per structure. 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 market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the nine months ended December 31, 2012 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥3,174	¥1,105	¥1,719	¥5,999
Idle property	¥1,424	¥30	¥1,396	¥2,850
Total	¥4,598	¥1,135	¥3,115	¥8,850

4) Calculation method of recoverable amount

The recoverable amount used in 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 in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Core operating profit (A)	364,187	384,934
Capital gains:	92,618	133,213
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	10	11
Gain on trading securities	—	—
Gain on sales of securities	92,496	133,201
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	111	—
Other capital gains	—	—
Capital losses:	336,257	250,704
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	42,428	108,102
Loss on valuation of securities	189,677	126,652
Loss on derivative financial instruments, net	104,151	7,680
Foreign exchange losses, net	—	8,269
Other capital losses	—	—
Net capital losses (B)	(243,639)	(117,491)
Core operating profit including net capital losses (A+B)	120,547	267,443
Non-recurring gains:	92,821	63,378
Reinsurance revenue	—	—
Reversal of contingency reserve	92,718	63,000
Reversal of specific allowance for doubtful accounts	103	378
Other non-recurring gains	—	—
Non-recurring losses:	1	3
Reinsurance premiums	—	—
Provision for contingency reserve	—	—
Provision for specific allowance for doubtful accounts	—	—
Provision of allowance for specific overseas debts	—	—
Write-off of loans	1	3
Other non-recurring losses	—	—
Non-recurring gains (C)	92,820	63,375
Ordinary profit (A+B+C)	213,368	330,819

6. Solvency Margin Ratio

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Solvency margin gross amount (A):	6,456,206	5,892,084
Foundation funds (kikin) and other reserve funds:	2,892,641	2,824,109
Foundation funds and others	1,514,329	1,371,689
Reserve for price fluctuations in investments in securities	356,563	333,710
Contingency reserve	682,936	775,654
General allowance for doubtful accounts	5,211	9,454
Others	333,600	333,600
Net unrealized gains on available-for-sale securities × 90%	1,871,379	1,365,853
Net unrealized gains on real estate × 85%	8,610	9,974
Excess of continued Zillmerized reserve	1,614,950	1,659,986
Qualifying subordinated debt	157,040	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(1,328)	(532)
Others	(87,086)	32,693
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	1,986,352	2,078,230
Underwriting risk (R ₁)	136,451	139,799
Underwriting risk of third-sector insurance (R ₈)	74,237	73,383
Anticipated yield risk (R ₂)	396,913	401,939
Minimum guarantee risk (R ₇)	9,794	10,285
Investment risk (R ₃)	1,525,335	1,610,090
Business management risk (R ₄)	42,854	44,709
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	650.0%	567.0%

Notes: 1. The amounts and figures as of March 31, 2012 are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No.50 of 1996.

Those as of December 31, 2012 are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

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

7. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Individual variable insurance	99,485	101,973
Individual variable annuities	131,324	143,951
Group annuities	876,115	900,761
Separate account total	1,106,924	1,146,686

(2) Policies in Force

1) Individual Variable Insurance

	As of December 31, 2012		As of March 31, 2012	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,974	9,853	2,222	11,319
Variable insurance (whole life type)	36,287	552,819	36,782	566,758
Total	38,261	562,672	39,004	578,077

2) Individual Variable Annuities

	As of December 31, 2012		As of March 31, 2012	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	21,621	131,323	24,791	143,946

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Ordinary income	49,758	53,136
Ordinary profit	2,252	3,370
Net surplus	1,429	1,528
Comprehensive income (loss)	4,962	(1,872)

	As of December 31, 2012	As of March 31, 2012
Total assets	527,942	511,669
Solvency margin ratio	670.5%	583.1%

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

	As of December 31, 2012
Number of consolidated subsidiaries	10
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	4

(3) Policies of Presenting the Consolidated Financial Statements for the Nine Months Ended December 31, 2012

There have been no significant changes.

(4) Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Assets:		
Cash and deposits	425,125	479,071
Call loans	122,300	212,300
Receivables under securities borrowing transactions	49,906	211,928
Monetary receivables purchased	796,092	883,070
Investments in securities	39,854,536	37,465,182
Loans	8,549,682	8,639,833
Tangible fixed assets	1,746,239	1,770,412
Intangible fixed assets	181,851	196,386
Reinsurance receivables	257	485
Other assets	752,400	822,252
Deferred tax assets	304,755	476,521
Customers' liability for acceptances and guarantees	23,484	27,037
Allowance for doubtful accounts	(12,368)	(17,569)
Total assets	52,794,262	51,166,914
Liabilities:		
Policy reserves and other reserves:	46,772,984	45,778,374
Reserve for outstanding claims	196,849	208,643
Policy reserves	45,418,827	44,449,394
Reserve for dividends to policyholders	1,157,307	1,120,336
Reinsurance payables	174	360
Corporate bonds	157,040	—
Other liabilities	2,095,053	1,960,751
Accrued bonuses for directors and corporate auditors	35	53
Accrued retirement benefits	439,921	439,850
Accrued retirement benefits for directors and corporate auditors	4,417	4,681
Reserve for program points	9,234	7,238
Accrued losses from supporting closely related companies	—	397
Reserve for loss on disaster	436	739
Reserve for price fluctuations in investments in securities	356,563	333,710
Deferred tax liabilities	381	50
Deferred tax liabilities for land revaluation	138,395	142,498
Acceptances and guarantees	23,484	27,037
Total liabilities	49,998,121	48,695,744

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Net assets:		
Foundation funds	300,000	300,000
Reserve for redemption of foundation funds	950,000	900,000
Reserve for revaluation	651	651
Consolidated surplus	306,960	379,311
Total foundation funds and others	1,557,611	1,579,962
Net unrealized gains on available-for-sale securities, net of tax	1,417,662	1,022,171
Deferred losses on derivatives under hedge accounting	(52,175)	(6,969)
Land revaluation differences	(73,485)	(67,515)
Foreign currency translation adjustments	(66,030)	(68,619)
Total accumulated other comprehensive income	1,225,972	879,066
Minority interests	12,558	12,141
Total net assets	2,796,141	2,471,169
Total liabilities and net assets	52,794,262	51,166,914

Basis of Presenting the Consolidated Balance Sheet as of December 31, 2012

1. Following the 2011 Japanese tax reform, the Parent Company and its domestic consolidated subsidiaries adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012 to which the declining balance method is applied, from the first quarter ended June 30, 2012. As a result, ordinary profit and surplus before income taxes and minority interests increased by ¥277 million in comparison with the previous method.
2. The corporate tax, inhabitant tax, and income tax adjustments of the Parent Company for the nine months ended December 31, 2012 are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to appropriation of surplus in the current fiscal year.
3. Changes in the reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2012 were as follows:

	Million Yen
	Nine months ended December 31, 2012
a. Balance at the beginning of the current fiscal year	¥1,120,336
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥167,313
c. Dividends to policyholders paid out in the current nine-month period	¥149,914
d. Increase in interest	¥19,571
e. Balance at the end of the current third quarter (a+b-c+d)	¥1,157,307

4. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the nine months ended December 31, 2012.
5. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of December 31, 2012.
6. The amount of securities lent under lending agreements was ¥2,728,828 million as of December 31, 2012.

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

[Consolidated Statements of Income]

(Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Ordinary income:	4,975,889	5,313,601
Revenues from insurance and reinsurance	3,794,959	4,095,786
Investment income:	1,019,768	1,011,475
Interest, dividends, and other income	872,595	873,002
Gain on assets held in trust, net	10	11
Gain on sales of securities	92,623	133,203
Gain from separate accounts, net	40,827	—
Other ordinary income	161,161	206,339
Ordinary expenses:	4,750,676	4,976,514
Benefits and other payments:	2,650,228	2,874,677
Death and other claims	796,733	868,967
Annuity payments	500,064	473,473
Health and other benefits	594,202	568,767
Surrender benefits	613,343	768,946
Other refunds	145,061	193,688
Provision for policy reserves:	990,365	1,007,351
Provision for policy reserves	970,794	986,844
Provision for interest on reserve for dividends to policyholders	19,571	20,506
Investment expenses:	396,237	375,235
Interest expenses	2,963	2,411
Loss on sales of securities	42,870	108,104
Loss on valuation of securities	189,888	126,670
Loss on derivative financial instruments, net	105,490	9,109
Loss from separate accounts, net	—	76,429
Operating expenses	433,275	434,565
Other ordinary expenses	280,569	284,684
Ordinary profit	225,212	337,086

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Extraordinary gains:	4,330	65,503
Gain on disposals of fixed assets	3,768	42
Reversal of reserve for price fluctuations in investments in securities	—	65,368
Reversal of reserve for loss on disaster	173	—
Other extraordinary gains	388	92
Extraordinary losses:	52,437	11,999
Loss on disposals of fixed assets	19,306	5,912
Impairment losses	8,850	4,632
Provision for reserve for price fluctuations in investments in securities	22,853	—
Contributions for assisting social public welfare	1,427	1,427
Loss on disaster	—	28
Surplus before income taxes and minority interests	177,106	390,590
Income taxes - current	12,704	4,933
Income taxes - deferred	21,037	232,229
Total income taxes	33,742	237,162
Surplus before minority interests	143,364	153,427
Minority interests	429	543
Net surplus	142,934	152,883

Notes to the Consolidated Statement of Income for the nine months ended December 31, 2012

1. Impairment losses are as follows:

1) Method for grouping the assets

Leased property and idle property are classified as one asset group per structure. 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 market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the nine months ended December 31, 2012 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥3,174	¥1,105	¥1,719	¥5,999
Idle property	¥1,424	¥30	¥1,396	¥2,850
Total	¥4,598	¥1,135	¥3,115	¥8,850

4) Calculation method of recoverable amount

The recoverable amount used in 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 in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

2. The total amount of depreciation of rental real estate and other assets and depreciation and amortization for the nine months ended December 31, 2012 was ¥62,014 million. There was no amortization of goodwill for the nine months ended December 31, 2012.

3. NLI Properties West, Inc., a consolidated subsidiary, transferred leased property it held in the U.S. on November 30 and December 10, 2012. As the end of the third quarter for NLI Properties West, Inc. is September 30 and the consolidated financial statements as of and for the nine months ended December 31, 2012 were prepared using data as of and for the nine months ended September 30, 2012, the effect of this transfer has not been reflected. However, the amount of gain on the transfer is expected to be recorded in the current fiscal year as extraordinary gains.

[Consolidated Statements of Comprehensive Income (Loss)]

(Million Yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Surplus before minority interests	143,364	153,427
Other comprehensive income (loss):	352,901	(340,641)
Net unrealized gains on available-for-sale securities, net of tax	395,451	(365,582)
Deferred losses on derivatives under hedge accounting	(45,206)	8,425
Land revaluation differences	(11)	25,506
Foreign currency translation adjustments	3,427	(5,973)
Share of other comprehensive loss of associates accounted for under the equity method	(759)	(3,017)
Comprehensive income (loss):	496,265	(187,214)
Comprehensive income (loss) attributable to the Parent Company	495,797	(187,685)
Comprehensive income attributable to minority interests	467	470

(6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of December 31, 2012	As of March 31, 2012
Solvency margin gross amount (A):	6,435,157	5,883,034
Foundation funds (kikin) and other reserve funds:	2,958,166	2,882,927
Foundation funds and others	1,577,032	1,427,666
Reserve for price fluctuations in investments in securities	356,563	333,710
Contingency reserve	682,936	775,654
Extraordinary contingency reserves	—	—
General allowance for doubtful accounts	8,033	12,295
Others	333,600	333,600
Net unrealized gains on available-for-sale securities × 90%	1,870,232	1,364,200
Net unrealized gains on real estate × 85%	16,307	16,958
Excess of continued Zillmerized reserve	1,614,950	1,659,986
Qualifying subordinated debt	157,040	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(94,419)	(73,732)
Others	(87,121)	32,693
Total amount of risk: $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B):	1,919,310	2,017,780
Underwriting risk (R ₁)	136,451	139,799
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	—	—
Underwriting risk of third-sector insurance (R ₈)	75,726	74,872
Underwriting risk related to small amount and short-term insurance providers (R ₉)	—	—
Anticipated yield risk (R ₂)	396,913	401,939
Minimum guarantee risk (R ₇)	9,794	10,285
Investment risk (R ₃)	1,459,018	1,550,305
Business management risk (R ₄)	41,558	43,544
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	670.5%	583.1%

Notes: 1. The amounts and figures as of March 31, 2012 are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No. 23 of 2011.

Those as of December 31, 2012 are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

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

(7) Segment Information

For the nine months ended December 31, 2012, the Company and the Company's consolidated subsidiaries engaged in insurance and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information is omitted because there are no other significant segments to report.