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## Financial Results for the Three Months Ended June 30, 2021

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Nippon Life Insurance Company (the “Company,” President: Hiroshi Shimizu) announces financial results for the three months ended June 30, 2021.

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## 1. Business Highlights

### (1) Annualized Premium

- Policies in Force

(100 Million Yen, %)

	As of June 30, 2021		As of March 31, 2021
		As a percentage of March 31, 2021	
Individual insurance	26,403	99.7	26,492
Individual annuities	10,929	100.4	10,889
Total	37,332	99.9	37,382
Medical coverages, living benefits, and others	6,661	100.4	6,638

- New Policies

(100 Million Yen, %)

	Three months ended June 30, 2021		Three months ended June 30, 2020
		As a percentage of three months ended June 30, 2020	
Individual insurance	417	258.8	161
Individual annuities	160	362.2	44
Total	577	281.1	205
Medical coverages, living benefits, and others	122	293.5	41

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

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

### • Policies in Force

	As of June 30, 2021				As of March 31, 2021	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2021 (%)	(100 million yen)	As a percentage of March 31, 2021 (%)		
Individual insurance	29,898	100.6	1,290,761	99.5	29,714	1,296,936
Individual annuities	4,146	100.2	252,596	100.4	4,137	251,483
Group insurance	—	—	998,918	101.1	—	987,791
Group annuities	—	—	137,730	100.9	—	136,490

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

2. The amount of group annuities is the amount of the policy reserves.

### • New Policies

	Three months ended June 30, 2021						Three months ended June 30, 2020			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2019 (%)	(100 million yen)	As a percentage of three months ended June 30, 2019 (%)	New policies	Net increase (decrease) by conversion		(100 million yen)	New policies	Net increase (decrease) by conversion
Individual insurance	1,128	332.5	15,864	288.5	15,915	(50)	339	5,498	5,518	(19)
Individual annuities	53	366.7	3,678	354.9	3,670	8	14	1,036	1,036	0
Group insurance	—	—	1,220	71.2	1,220		—	1,713	1,713	
Group annuities	—	—	1	344.3	1		—	0	0	

Notes: 1. New policies include enrollment using the coverage enhancement system, and conversion indicates enrollment using the coverage revision system and partial coverage revision system.

2. The number of policies includes policies that were converted into new policies.

3. The amount of new policies and net increase in policies by conversion for individual annuities represent annuity resources at the start of annuity payments.

4. The amount of new policies for group annuities represents the first-time premium.

## 2. Investment Management Performance (General Account)

### (1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2021		As of March 31, 2021	
	Amount	%	Amount	%
Cash, deposits, and call loans	9,272	1.3	9,843	1.4
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	1,670	0.2	1,726	0.2
Proprietary trading securities	—	—	—	—
Assets held in trust	0	0.0	1	0.0
Investments in securities:	621,172	84.9	615,058	84.5
Domestic bonds	266,821	36.5	262,254	36.1
Domestic stocks	102,414	14.0	105,782	14.5
Foreign securities:	217,269	29.7	212,641	29.2
Foreign bonds	139,160	19.0	137,670	18.9
Foreign stocks and other securities	78,109	10.7	74,970	10.3
Other securities	34,666	4.7	34,379	4.7
Loans:	73,658	10.1	74,307	10.2
Policy loans	4,787	0.7	4,908	0.7
Industrial and consumer loans	68,871	9.4	69,398	9.5
Real estate:	16,988	2.3	16,866	2.3
Investment properties	10,844	1.5	10,707	1.5
Deferred tax assets	—	—	—	—
Other assets	8,578	1.2	9,748	1.3
Allowance for doubtful accounts	(74)	(0.0)	(82)	(0.0)
Total assets (general account):	731,266	100.0	727,469	100.0
Foreign currency-denominated assets	209,824	28.7	206,757	28.4

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

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

(100 Million Yen)

	As of June 30, 2021					As of March 31, 2021				
	Book value	Fair value	Net gains/losses	Net gains/losses		Book value	Fair value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds*	241,622	271,536	29,913	31,444	(1,530)	236,738	266,508	29,770	31,228	(1,457)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	1,286	3,094	1,808	1,808	—	1,286	2,832	1,545	1,545	—
Available-for-sale securities:	273,760	367,620	93,859	95,539	(1,680)	274,542	366,376	91,833	93,716	(1,882)
Domestic bonds	26,077	28,068	1,991	2,031	(40)	26,563	28,422	1,858	1,928	(70)
Domestic stocks	39,583	96,477	56,894	58,023	(1,129)	41,173	99,816	58,642	59,650	(1,088)
Foreign securities:	175,241	207,938	32,697	33,107	(410)	174,309	203,603	29,293	29,947	(653)
Foreign bonds	116,617	137,726	21,109	21,363	(254)	116,729	136,239	19,510	19,968	(457)
Foreign stocks and other securities	58,624	70,212	11,588	11,743	(155)	57,580	67,363	9,783	9,979	(195)
Other securities	31,183	33,453	2,269	2,370	(100)	31,136	33,167	2,031	2,181	(150)
Monetary receivables purchased	213	220	6	6	(0)	218	225	6	7	(0)
Negotiable certificates of deposit	1,461	1,460	(0)	0	(0)	1,140	1,139	(0)	0	(0)
Total	516,669	642,250	125,581	128,791	(3,210)	512,567	635,717	123,150	126,490	(3,340)
Domestic bonds	264,830	296,551	31,720	33,289	(1,569)	260,395	291,846	31,450	32,976	(1,526)
Domestic stocks	39,583	96,477	56,894	58,023	(1,129)	41,173	99,816	58,642	59,650	(1,008)
Foreign securities:	177,937	212,557	34,620	35,030	(410)	176,993	207,942	30,949	31,604	(655)
Foreign bonds	118,036	139,262	21,225	21,480	(255)	118,136	137,757	19,620	20,080	(459)
Foreign stocks and other securities	59,900	73,295	13,394	13,550	(155)	58,856	70,185	11,328	11,524	(195)
Other securities	31,193	33,464	2,271	2,372	(100)	31,145	33,178	2,033	2,183	(150)
Monetary receivables purchased	1,663	1,738	74	75	(0)	1,719	1,793	74	74	(0)
Negotiable certificates of deposit	1,461	1,460	(0)	0	(0)	1,140	1,139	(0)	0	(0)

Note: 1. The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.  
2. The above table excludes items such as stocks without market prices and entities such as partnerships.

\* Policy-reserve-matching bonds are measured at amortized cost using the moving average method. The cost of securities is amortized on a straight-line basis. 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 Japanese Institute of Certified Public Accountants.

[Book Value of Securities of Which Fair Value is Extremely Difficult to be Determined]

(100 Million Yen)

	As of June 30, 2021	As of March 31, 2021
Investments in subsidiaries and affiliates	12,080	11,795
Available-for-sale securities:	1,660	1,682
Unlisted domestic stocks (excluding over-the-counter stocks)	575	611
Unlisted foreign stocks (excluding over-the-counter stocks)	3	3
Others	1,082	1,068
Total	13,740	13,478

Note: Of securities whose fair value is extremely difficult to be determined, the net gains on currency exchange valuation of assets denominated in foreign currencies were as follows:

¥(12.9) billion as of June 30, 2021, and ¥(17.0) billion as of March 31, 2021.

(3) Fair Value Information of Assets Held in Trust

(100 Million Yen)

	As of June 30, 2021					As of March 31, 2021				
	Balance sheet amount	Fair value	Net gains/losses		Balance sheet amount	Fair value	Net gains/losses			
			Gains	Losses			Gains	Losses		
Assets held in trust	0	0	—	—	—	1	1	—	—	—

Notes: 1. Fair value is based on a price reasonably calculated by the trustee of the assets held in trust.

2. The balance sheet amounts include net gains/losses on derivative transactions within assets held in trust.

- Assets Held in Trust for Trading Purposes

(100 Million Yen)

	As of June 30, 2021		As of March 31, 2021	
	Balance sheet amount	Valuation gains (losses) included in profit and loss	Balance sheet amount	Valuation gains (losses) included in profit and loss
Assets held in trust for trading purposes	0	23	1	(253)

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

- Assets Held in Trust Classified as Policy-Reserve-Matching, Held-to-Maturity, and Available-for-Sale

There were no ending balances as of June 30, 2021, and March 31, 2021.

### 3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
<b>Assets:</b>		
Cash and deposits	833,235	861,580
Call loans	458,036	540,086
Monetary receivables purchased	167,042	172,601
Assets held in trust	56	135
Investments in securities:	62,875,708	62,230,764
National government bonds	23,821,988	23,352,796
Local government bonds	917,576	908,416
Corporate bonds	2,291,141	2,270,187
Domestic stocks	10,305,306	10,640,573
Foreign securities	21,925,448	21,470,903
Loans:	7,365,881	7,430,704
Policy loans	478,721	490,826
Industrial and consumer loans	6,887,160	6,939,877
Tangible fixed assets	1,721,719	1,710,689
Intangible fixed assets	189,922	189,726
Reinsurance receivables	339	350
Other assets	687,302	807,455
Customers' liability for acceptances and guarantees	73,442	71,228
Allowance for doubtful accounts	(7,458)	(8,219)
Allowance for investment loss	(33,609)	(32,879)
<b>Total assets</b>	<b>74,331,620</b>	<b>73,974,223</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	59,188,413	58,646,060
Reserve for outstanding claims	172,851	179,010
Policy reserves	57,811,517	57,420,217
Reserve for dividends to policyholders	1,204,043	1,046,832
Reinsurance payables	453	413
Corporate bonds	1,321,512	1,321,512
Other liabilities:	2,623,157	2,730,767
Income taxes payable	109,887	37,088
Lease obligations	5,682	6,756
Asset retirement obligations	6,303	5,426
Other liabilities	2,501,284	2,681,495
Accrued bonuses for directors, and audit and supervisory board members	578	433
Accrued retirement benefits	376,325	375,693
Reserve for program points	9,103	8,528
Reserve for price fluctuations in investments in securities	1,649,140	1,521,916
Deferred tax liabilities	791,705	877,504
Deferred tax liabilities for land revaluation	101,554	101,894
Acceptances and guarantees	73,442	71,228
<b>Total liabilities</b>	<b>66,135,387</b>	<b>65,655,953</b>

### 3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,300,000
Reserve for revaluation	651	651
Surplus:	223,386	494,556
Legal reserve for deficiencies	19,988	18,993
Other surplus reserves:	203,398	475,563
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	3,351	351
Reserve for reduction entry of real estate	71,839	71,855
Reserve for reduction entry of real estate to be purchased	1,007	2,069
Other reserves	170	170
Unappropriated surplus	55,112	*329,199
Total foundation funds and others	1,674,037	1,895,208
Net unrealized gains on available-for-sale securities	6,783,136	6,642,100
Deferred losses on derivatives under hedge accounting	(202,622)	(161,590)
Land revaluation losses	(58,318)	(57,447)
Total valuations, conversions, and others	6,522,195	6,423,062
Total net assets	8,196,233	8,318,270
Total liabilities and net assets	74,331,620	73,974,223

\* Unappropriated surplus on the condensed balance sheet as of March 31, 2021, represents the current-year unappropriated surplus.



Notes to the Nonconsolidated Balance Sheet as of June 30, 2021

1. Effective from the three months ended June 30, 2021, the Company has applied the “Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019) (the “Accounting Standard for Fair Value Measurement”) and other related standards and has partially revised its method for measuring the fair value of financial instruments. In applying the Accounting Standard for Fair Value Measurement and other related standards, the Company has followed the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The Company has prospectively applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement and other related standards from the beginning of the three months ended June 30, 2021. As a result, effective from the three months ended June 30, 2021, stocks (including foreign stocks) classified as available-for-sale securities are measured at fair value on the last day of June. Previously, these stocks were measured at the average fair value based on quoted market prices during the period of one month before the last day of June.
2. As the proposed appropriation of surplus for the fiscal year ended March 31, 2021, was approved at the Meeting of Representatives held on July 2, 2021, it is included in the nonconsolidated balance sheet as of June 30, 2021. Details of the appropriation of surplus approved at the Meeting of Representatives are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2021	329,199
b. Reversal from voluntary surplus reserves	2,452
c. Appropriations:	331,652
Reserve for dividends to policyholders	276,006
Legal reserve for deficiencies	¥995
Reserve for redemption of foundation funds	50,000
Interest on foundation funds	¥277
Voluntary surplus reserves	4,374
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2021, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.
4. In accordance with the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force

(PITF) No. 39, March 31, 2020), the Company records the amounts of deferred tax assets and liabilities based on tax laws and regulations before their revision.

5. Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including single premium policies). For such policies with premiums that have been paid and similar policies (including single premium policies), the Company will gradually provide additional policy reserves over a three-year period. As a result, policy reserves increased by ¥31,431 million, while ordinary profit and surplus before income taxes decreased by ¥31,431 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been reserved in the three months ended June 30, 2021.
6. Changes in the reserve for dividends to policyholders for the three months ended June 30, 2021, were as follows:

	Million Yen
	<u>Three months ended June 30, 2021</u>
a. Balance at the beginning of the current fiscal year	1,046,832
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	276,006
c. Dividends paid to policyholders during the current three-month period	124,126
d. Increase in interest	¥ 5,331
e. Balance at the end of the current three-month period (a+b-c+d)	<u>1,204,043</u>

7. Following the amendment to the Articles of Incorporation approved by the Meeting of Representatives held on July 2, 2021, the Company conducted an offering of foundation funds as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 3, 2021.

a. Amount offered	<u>¥50,000 million</u>
b. Interest rate	<u>0.28% per annum from August 4, 2021 to August 3, 2026</u>
c. Repayment date	<u>August 3, 2026</u>
d. Use of funds (a+b-c)	<u>Foundation funds for a mutual company</u>

8. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on July 29, 2021.
9. The nonconsolidated balance sheet amount of securities lent under lending agreements was ¥2,494,946 million as of June 30, 2021.

#### 4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Ordinary income:	1,767,774	1,588,523
Revenues from insurance and reinsurance:	1,091,746	991,441
Insurance premiums	1,091,454	991,068
Investment income:	643,818	569,323
Interest, dividends, and other income	332,719	307,083
Gain on sales of securities	287,633	220,313
Gain on separate accounts, net	17,959	33,704
Other ordinary income	32,209	27,759
Ordinary expenses:	1,581,436	1,479,999
Benefits and other payments:	936,292	935,395
Death and other claims	252,332	239,917
Annuity payments	201,542	194,992
Health and other benefits	183,463	177,773
Surrender benefits	264,650	217,438
Other refunds	33,908	104,804
Provision for policy reserves:	396,630	258,541
Provision for policy reserves	391,299	253,180
Provision for interest on reserve for dividends to policyholders	5,331	5,360
Investment expenses:	49,151	94,473
Interest expenses	7,726	7,031
Loss from assets held in trust, net	78	26,554
Loss on sales of securities	14,294	1,071
Loss on valuation of securities	4,803	533
Loss on derivative financial instruments, net	1,134	40,710
Operating expenses	146,201	140,931
Other ordinary expenses	53,160	50,657
Ordinary profit	186,337	108,524
Extraordinary gains:	29	29
Gain on disposals of fixed assets	29	29
Extraordinary losses:	129,411	42,334
Loss on disposals of fixed assets	257	1,492
Impairment losses	1,930	2,420
Provision for reserve for price fluctuations in investments in securities	127,224	38,421
Surplus before income taxes	56,956	66,219
Income taxes – current	134,469	58,463
Income taxes – deferred	(131,754)	(52,622)
Total income taxes	2,714	5,840
Net surplus	54,241	60,378

Notes to the Nonconsolidated Statement of Income for the Three Months Ended June 30, 2021

1. Impairment losses are as follows:

1) Method for grouping the assets

Real estate for rental use and idle properties are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group for each operation.

2) Recognition of impairment losses

When a significant decrease in profitability or fair value of a certain asset group is noted, the book value is reduced to the recoverable amount, recognizing an impairment loss under extraordinary losses.

3) Breakdown of asset groups for which impairment losses were recognized for the three months ended June 30, 2021, is as follows:

	Million Yen		
Purpose of use	Land	Buildings	Total
Idle properties	1,342	587	1,930
Total	1,342	587	1,930

4) Measurement of recoverable amount

The recoverable amount is based on either the value in use or net selling price of the asset depending on the type of asset.

In principle, the value in use is determined as the discounted future cash flows using a discount rate of 3.0%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

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

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Core operating profit (A)	147,463	122,992
Capital gains:	292,496	227,490
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities	287,633	220,313
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	563	7,176
Other capital gains	4,299	—
Capital losses:	29,172	131,251
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	78	26,554
Loss on trading securities	—	—
Loss on sales of securities	14,294	1,071
Loss on valuation of securities	4,803	533
Loss on derivative financial instruments, net	1,134	40,710
Foreign exchange losses, net	—	—
Other capital losses	8,861	62,380
Net capital gains (B)	263,324	96,238
Core operating profit, including net capital gains (A+B)	410,788	219,230
Nonrecurring gains:	256	—
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	256	—
Other nonrecurring gains	—	—
Nonrecurring losses:	224,706	110,705
Reinsurance premiums	—	—
Provision for contingency reserve	192,545	81,141
Provision for specific allowance for doubtful accounts	—	882
Provision for allowance for specific overseas loans	—	—
Write-offs of loans	—	—
Other nonrecurring losses	32,161	28,682
Net nonrecurring losses (C)	(224,450)	(110,705)
Ordinary profit (A+B+C)	186,337	108,524

## (Reference) Breakdown of “Other” Items

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Core operating profit	4,561	62,380
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	3,599	4,808
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	(4,299)	56,088
Impact of movements in surrender benefits related to market value adjustment	5,261	1,484
Other capital gains	4,299	—
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	4,299	—
Impact of movements in surrender benefits related to market value adjustment	—	—
Other capital losses	8,861	62,380
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	3,599	4,808
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	56,088
Impact of movements in surrender benefits related to market value adjustment	5,261	1,484
Other nonrecurring gains	—	—
Reversal of allowance for investment loss	—	—
Other nonrecurring losses	32,161	28,682
Provision for allowance for investment loss	729	729
Provision for policy reserves pursuant to Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in Japan	31,431	27,953

## 6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
Solvency margin gross amount (A):	18,329,359	17,717,439
Foundation funds ( <i>kikin</i> ) and other reserve funds:	5,807,527	5,432,807
Foundation funds and others	1,674,037	1,618,924
Reserve for price fluctuations in investments in securities	1,649,140	1,521,916
Contingency reserve	2,237,209	2,044,663
General allowance for doubtful accounts	5,261	5,424
Others	241,878	241,878
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	8,148,377	8,042,164
Net unrealized gains on real estate × 85%	502,372	503,035
Excess of continued Zillmerized reserve	1,978,458	1,973,928
Qualifying subordinated debt	2,041,512	1,841,512
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(107,610)	(105,201)
Others	(41,276)	29,191
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	3,451,919	3,516,976
Underwriting risk (R <sub>1</sub> )	113,962	114,185
Underwriting risk of third-sector insurance (R <sub>8</sub> )	89,046	88,290
Anticipated yield risk (R <sub>2</sub> )	318,525	321,151
Minimum guarantee risk (R <sub>7</sub> )	5,365	5,378
Investment risk (R <sub>3</sub> )	3,050,381	3,111,675
Business management risk (R <sub>4</sub> )	71,545	72,813
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,061.9%	1,007.5%

Notes: 1. The amounts and figures as of March 31, 2021, in the table above are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996.

Those as of June 30, 2021, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

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

## 7. Status of Separate Accounts

### (1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
Individual variable insurance	110,834	112,908
Individual variable annuities	29,606	32,223
Group annuities	1,064,483	1,082,174
Separate account total	1,204,924	1,227,305

### (2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2021		As of March 31, 2021	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	10,692	6,840	10,791	6,271
Variable insurance (whole life type)	30,414	423,192	30,608	425,701
Total	41,106	430,033	41,399	431,973

- Individual Variable Annuities

	As of June 30, 2021		As of March 31, 2021	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	22,575	29,606	27,164	32,221



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

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

(100 Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Ordinary income	21,110	20,099
Ordinary profit	1,981	1,232
Net surplus attributable to the parent company	513	676
Comprehensive income	2,110	12,682

	As of June 30, 2021	As of March 31, 2021
Total assets	859,646	855,899
Solvency margin ratio	1,134.2%	1,075.0%

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

	As of June 30, 2021
Number of consolidated subsidiaries	15
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	15
Changes in significant subsidiaries and affiliates during the period	None

### (3) Basis for Preparing the Consolidated Financial Statements for the Three Months Ended June 30, 2021

Under Article 59-6 of the Ordinance for Enforcement of the Insurance Business Act, an insurance company shall, for each quarter, make an effort to disclose the matters which would serve as reference information for policyholders provided in Article 111, paragraph 6 of the Insurance Business Act and any other customers so that they may acquire knowledge on the status of business and properties of the insurance company, its subsidiaries, and others which are especially important. In order to fulfill this obligation to endeavor to disclose information, the consolidated financial statements for the three months ended June 30, 2021, have been prepared based on the model format for the announcement of first-quarter and third-quarter financial results (the "Quarterly Reporting Model") created by The Life Insurance Association of Japan and generally accepted standards for the preparation of quarterly consolidated financial statements in Japan. The Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information. Accordingly, disclosures in the Quarterly Reporting Model differ from those prescribed by the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements.

### (4) Policies for Preparing the Consolidated Financial Statements for the Three Months Ended June 30, 2021

There have been no significant changes.

## (5) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
<b>Assets:</b>		
Cash and deposits	1,687,900	1,771,810
Call loans	458,036	540,086
Monetary receivables purchased	318,536	316,335
Assets held in trust	56	135
Investments in securities	71,477,744	70,741,631
Loans	8,351,558	8,423,975
Tangible fixed assets	1,950,832	1,941,042
Intangible fixed assets	383,239	385,669
Reinsurance receivables	12,006	26,705
Other assets	1,248,412	1,367,177
Net defined benefit asset	475	468
Deferred tax assets	11,504	13,538
Customers' liability for acceptances and guarantees	73,942	71,728
Allowance for doubtful accounts	(9,596)	(10,343)
<b>Total assets</b>	<b>85,964,648</b>	<b>85,589,960</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	68,833,221	68,266,939
Reserve for outstanding claims	243,860	249,222
Policy reserves	67,330,702	66,916,145
Reserve for dividends to policyholders (mutual company)	1,204,043	1,046,832
Reserve for dividends to policyholders (limited company)	54,615	54,738
Reinsurance payables	11,155	8,065
Corporate bonds	1,432,612	1,432,612
Other liabilities	3,686,645	3,871,138
Accrued bonuses for directors, and audit and supervisory board members	578	433
Net defined benefit liability	437,842	438,263
Accrued retirement benefits for directors, and audit and supervisory board members	679	689
Reserve for program points	9,103	8,528
Reserve for price fluctuations in investments in securities	1,739,280	1,610,738
Deferred tax liabilities	887,240	962,359
Deferred tax liabilities for land revaluation	101,554	101,894
Acceptances and guarantees	73,942	71,728
<b>Total liabilities</b>	<b>77,213,859</b>	<b>76,773,391</b>

## (5) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,300,000
Reserve for revaluation	651	651
Consolidated surplus	435,759	709,574
Total foundation funds and others	1,886,410	2,110,225
Net unrealized gains on available-for-sale securities	6,934,623	6,767,268
Deferred losses on derivatives under hedge accounting	(203,925)	(163,088)
Land revaluation losses	(58,318)	(57,447)
Foreign currency translation adjustments	(3,718)	(25,774)
Remeasurement of defined benefit plans	(5,936)	(6,511)
Total accumulated other comprehensive income	6,662,723	6,514,448
Share acquisition rights	1,383	1,349
Noncontrolling interests	200,271	190,546
Total net assets	8,750,789	8,816,569
Total liabilities and net assets	85,964,648	85,589,960

## Notes to the Consolidated Balance Sheet as of June 30, 2021

1. Effective from the three months ended June 30, 2021, the Company and certain subsidiaries have applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) (the “Accounting Standard for Fair Value Measurement”) and other related standards and have partially revised their method for measuring the fair value of financial instruments. In applying the Accounting Standard for Fair Value Measurement and other related standards, the Company and certain subsidiaries have followed the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The Company and certain subsidiaries have prospectively applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement and other related standards from the beginning of the three months ended June 30, 2021. As a result, from the three months ended June 30, 2021, stocks (including foreign stocks) classified as available-for-sale securities are measured at fair value on the last day of June. Previously, these stocks were measured at the average fair value based on quoted market prices during the period of one month before the last day of June.
2. As the proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2021, was approved at the Meeting of Representatives held on July 2, 2021, it is included in the consolidated balance sheet as of June 30, 2021. Details of the appropriation of surplus approved at the Meeting of Representatives are as follows.

	Million Yen
a. Unappropriated surplus as of March 31, 2021	329,199
b. Reversal from voluntary surplus reserves	2,452
c. Appropriations:	331,652
Reserve for dividends to policyholders (mutual company)	276,006
Legal reserve for deficiencies	¥995
Reserve for redemption of foundation funds	50,000
Interest on foundation funds	277
Voluntary surplus reserves	4,374
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the three months ended June 30, 2021, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders (mutual company) due to the appropriation of surplus in the current fiscal year.
4. In accordance with the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020), the

Company and certain subsidiaries applying the consolidated taxation system record the amounts of deferred tax assets and liabilities based on tax laws and regulations before their revision.

5. The Company and its certain consolidated life insurance companies in Japan provided additional policy reserves in the three months ended June 30, 2021. As a result, policy reserves increased by ¥34,489 million, while ordinary profit and surplus before income taxes decreased by ¥34,489 million.

a. The Company

Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including single premium policies). For such policies with premiums that have been paid and similar policies (including single premium policies), the Company will gradually provide additional policy reserves over a three-year period. As a result, policy reserves increased by ¥31,431 million, while ordinary profit and surplus before income taxes decreased by ¥31,431 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been reserved in the three months ended June 30, 2021.

b. TAIJU LIFE INSURANCE COMPANY LIMITED

TAIJU LIFE INSURANCE COMPANY LIMITED (“TAIJU LIFE”) has provided additional policy reserves to cover a possible deficiency in the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥3,057 million, while ordinary profit and surplus before income taxes decreased by ¥3,057 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been reserved in the three months ended June 30, 2021.

6. Changes in the reserve for dividends to policyholders of a mutual company for the three months ended June 30, 2021, were as follows:

	Million Yen
	Three months ended June 30, 2021
a. Balance at the beginning of the current fiscal year	1,046,832
b. Transfer to reserve based on the proposed appropriation of surplus for the previous fiscal year	276,006
c. Dividends paid to policyholders of mutual company during the current three-month period	124,126
d. Increase in interest	5,331
e. Balance at the end of the current three-month period (a+b-c+d)	<u>1,204,043</u>

7. Changes in the reserve for dividends to policyholders of a limited company for the three months ended June 30, 2021, were as follows:

	Million Yen
	Three months ended June 30, 2021
a. Balance at the beginning of the current fiscal year	54,738
b. Dividends paid to policyholders of limited company during the current three-month period	3,103
c. Increase in interest	¥2
d. Provision for reserve for dividends to policyholders (limited company)	2,977
e. Balance at the end of the current three-month period (a-b+c+d+e)	54,615

8. TAIJU LIFE, a consolidated subsidiary of the Company, issued domestic subordinated and unsecured corporate bonds (subordinated term bonds) on July 2, 2021, and conducted the early redemption of domestic subordinated and unsecured corporate bonds (subordinated perpetual bonds), which were part of its issued corporate bonds, on July 25, 2021, for the purposes of maintaining its financial soundness and reducing its interest rate burden.

Moreover, TAIJU LIFE concluded a subordinated loan agreement on August 5, 2021, with a loan execution date of August 10, 2021. On June 24, 2021, and July 1, 2021, TAIJU LIFE provided a lender with contractually required notices of intent to conduct optional repayment of loans payable on August 10, 2021, based on an existing subordinated loan agreement.

Interest expenses recorded for the corporate bonds redeemed early amounted to ¥220 million in the previous fiscal year and ¥55 million in the three months ended June 30, 2021. Additionally, interest expenses recorded for the loans payable to be optionally repaid amounted to ¥958 million in the previous fiscal year and ¥241 million in the three months ended June 30, 2021.

- (1) Issuance of domestic subordinated and unsecured corporate bonds (subordinated term bonds)

a. Issue date	<u>July 2, 2021</u>
b. Issue price	<u>100% of principal amount</u>
c. Principal amount	<u>¥40.0 billion</u>
d. Interest rate	<u>A fixed rate of 0.74% per annum up to July 2, 2026</u> <u>A variable interest rate based on the five-year Japanese government bond yield on or after July 3, 2026, with a step-up thereafter (reset every five years)</u>
e. Maturity	<u>July 2, 2051 (The corporate bonds are callable at the discretion of TAIJU LIFE on any interest reset date on or after July 2, 2026, subject to the prior approval of regulatory authorities and other conditions.)</u>
f. Collateral and guarantees	<u>The corporate bonds are not secured or guaranteed.</u>
g. Use of funds	<u>Early redemption of existing subordinated bonds and repayment of existing subordinated loans payable</u>

(2) Early redemption of domestic subordinated and unsecured corporate bonds (subordinated perpetual bonds)

a. Redemption date	July 25, 2021
b. Redemption amount	¥30.0 billion
c. Redemption method	Early redemption of the full amount of the unredeemed balance

(3) Conclusion of subordinated loan agreement

a. Lender	Sumitomo Mitsui Trust Bank, Limited
b. Amount of loan	¥10.0 billion
c. Interest rate	A variable interest rate based on the five-year yen swap rate with step-up thereafter (reset every five years)
d. Agreement date	August 5, 2021
e. Loan execution date	August 10, 2021
f. Maturity	August 10, 2051 (Early repayment is possible at the discretion of TAIJU LIFE on each interest payment date in August 2026, August 2031, August 2036, August 2041, and August 2046, subject to the prior approval of regulatory authorities and other conditions.)
g. Collateral and guarantees	The loan is not secured or guaranteed.
h. Use of funds	Optional repayment of existing subordinated loans payable

(4) Optional repayment of loans payable based on subordinated loan agreement

a. Notice dates	June 24, 2021 and July 1, 2021
b. Repayment date	August 10, 2021
c. Repayment amount	¥100.0 billion
d. Repayment method	Optional repayment of the full amount of the unrepaid balance

9. Following the amendment to the Articles of Incorporation approved by the Meeting of Representatives held on July 2, 2021, the Company conducted an offering of foundation funds as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 3, 2021.

a. Amount offered	¥50,000 million
b. Interest rate	0.28% per annum from August 4, 2021 to August 3, 2026
c. Repayment date	August 3, 2026
d. Use of funds (a+b-c)	Foundation funds for a mutual company

10. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on July 29, 2021.
11. The consolidated balance sheet amount of securities lent under lending agreements was ¥2,650,533 million as of June 30, 2021.
12. TAIJU LIFE, the Company's consolidated subsidiary, has concluded modified coinsurance agreements covering foreign currency-denominated single payment endowment insurance (U.S. dollar and Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar and Australian dollar).

Through this modified co-reinsurance agreement, insurance risk has been transferred, and items including the amounts equivalent to additional policy reserves or reversals associated with market value adjustments upon interest rate fluctuations are recorded as reinsurance revenue and presented in revenues from insurance and reinsurance. However, in cases where reinsurance revenue related to this modified co-reinsurance agreement is negative, the items are recorded as reinsurance premiums and presented in benefits and other payments.

The outstanding balance of reinsurance accounts payable related to this modified co-reinsurance agreement stood at ¥254 million as of June 30, 2021. The outstanding balance of the policy reserve component associated with the modified co-reinsurance agreement stood at ¥769,987 million as of June 30, 2021.



(6) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
 [Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Ordinary income:	2,111,072	2,009,995
Revenues from insurance and reinsurance	1,356,908	1,228,877
Investment income:	694,046	725,538
Interest, dividends, and other income	368,107	345,223
Gain on sales of securities	297,225	227,376
Foreign exchange gains, net	—	106,933
Gain on separate accounts, net	22,665	44,636
Other ordinary income	60,116	55,579
Ordinary expenses:	1,912,883	1,886,768
Benefits and other payments:	1,164,971	1,133,208
Death and other claims	306,488	297,590
Annuity payments	247,303	239,966
Health and other benefits	230,271	220,528
Surrender benefits	310,517	258,233
Other refunds	37,788	106,960
Provision for policy reserves:	397,727	383,037
Provision for policy reserves	392,393	377,673
Provision for interest on reserve for dividends to policyholders (mutual company)	5,331	5,360
Provision for interest on reserve for dividends to policyholders (limited company)	2	2
Investment expenses:	74,548	107,892
Interest expenses	8,127	7,697
Loss from assets held in trust, net	78	26,554
Loss on trading securities	7,538	9,732
Loss on sales of securities	14,666	3,325
Loss on valuation of securities	4,896	1,220
Loss on derivative financial instruments, net	4,892	39,626
Foreign exchange losses, net	12,230	—
Operating expenses	200,923	192,174
Other ordinary expenses	74,712	70,455
Ordinary profit	198,188	123,226

## (6) [Consolidated Statements of Income] (Continued)

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Extraordinary gains:	117	264
Gain on disposals of fixed assets	117	262
Gain on reversal of share acquisition rights	0	1
Extraordinary losses:	130,808	43,673
Loss on disposals of fixed assets	335	1,552
Impairment losses	1,930	2,420
Provision for reserve for price fluctuations in investments in securities	128,542	39,700
Provision for reserve for dividends to policyholders (limited company)	2,977	3,055
Surplus before income taxes	64,520	76,762
Income taxes - current	141,780	64,243
Income taxes - deferred	(131,287)	(57,491)
Total income taxes	10,492	6,752
Net surplus	54,027	70,010
Net surplus attributable to noncontrolling interests	2,725	2,402
Net surplus attributable to the parent company	51,302	67,607

Notes to the Consolidated Statement of Income for the Three Months Ended June 30, 2021

1. Impairment losses are as follows:

1) Method for grouping the assets

Real estate for rental use and idle properties of the Company and certain consolidated subsidiaries are classified as one asset group per property. Real estate and other assets utilized for insurance business operations are classified into one asset group for the whole insurance business.

2) Recognition of impairment losses

When a significant decrease in profitability or fair value of a certain asset group is noted, the book value is reduced to the recoverable amount, recognizing an impairment loss under extraordinary losses.

3) Breakdown of asset groups for which impairment losses were recognized for the three months ended June 30, 2021, is as follows:

Purpose of use	Million Yen		
	Land	Buildings and others	Total
Idle properties	1,342	587	1,930
Total	1,342	587	1,930

4) Measurement of recoverable amount

The recoverable amount is based on either the value in use or net selling price of the asset.

In principle, the value in use is determined as the discounted future cash flows using a discount rate of 3.0%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

2. The total amount of depreciation of real estate for rental use and other assets for the three months ended June 30, 2021, was ¥22,047 million. Amortization of goodwill for the three months ended June 30, 2021, was ¥1,101 million.

3. Reinsurance revenue presented in revenues from insurance and reinsurance of TAIJU LIFE, the Company’s consolidated subsidiary, includes reinsurance revenue of ¥4,793 million related to modified co-reinsurance agreements for foreign currency-denominated single payment endowment insurance (U.S. dollar and Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar and Australian dollar). This revenue includes adjustment to policy reserves for ceded reinsurance (excluding the amount equivalent to policy reserve reversals associated with market value adjustments) of ¥10,035 million and the amount equivalent to policy reserve reversals associated with market price adjustments of ¥15,586 million. Through this reinsurance, ordinary profit and surplus before income taxes decreased by ¥15,572 million each.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2020
Net surplus	54,027	70,010
Other comprehensive income:	157,019	1,198,229
Net unrealized gains on available-for-sale securities	172,730	1,291,416
Deferred losses on derivatives under hedge accounting	(40,923)	(51,730)
Foreign currency translation adjustments	19,442	(29,177)
Remeasurement of defined benefit plans	602	935
Share of other comprehensive income (loss) of associates accounted for under the equity method	5,167	(13,213)
Comprehensive income:	211,046	1,268,240
Comprehensive income attributable to the parent company	200,449	1,259,168
Comprehensive income attributable to noncontrolling interests	10,597	9,071

## (7) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2021	As of March 31, 2021
Solvency margin gross amount (A):	19,429,856	18,769,664
Foundation funds ( <i>kikin</i> ) and other reserve funds:	6,244,646	5,855,281
Foundation funds and others	1,953,587	1,886,255
Reserve for price fluctuations in investments in securities	1,739,280	1,610,738
Contingency reserve	2,302,266	2,108,769
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	6,972	7,024
Others	242,538	242,492
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	8,345,070	8,205,330
Net unrealized gains on real estate × 85%	525,149	525,281
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	(8,309)	(9,105)
Excess of continued Zillmerized reserve	2,221,294	2,222,953
Qualifying subordinated debt	2,252,612	2,052,612
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(197,127)	(194,637)
Others	46,520	111,949
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	3,426,061	3,491,780
Underwriting risk (R <sub>1</sub> )	206,877	203,942
General underwriting risk (R <sub>5</sub> )	—	—
Huge disaster risk (R <sub>6</sub> )	—	—
Underwriting risk of third-sector insurance (R <sub>8</sub> )	101,191	100,313
Underwriting risk related to small amount and short-term insurance providers (R <sub>9</sub> )	—	—
Anticipated yield risk (R <sub>2</sub> )	384,312	387,157
Minimum guarantee risk (R <sub>7</sub> )	8,644	8,792
Investment risk (R <sub>3</sub> )	2,945,981	3,008,094
Business management risk (R <sub>4</sub> )	72,940	74,165
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,134.2%	1,075.0%

- Notes: 1. The amounts and figures as of March 31, 2021, in the table above are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Public Notice No. 23 of 2011. Those as of June 30, 2021, 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.

(8) Segment Information

For the three months ended June 30, 2021, the Company and its consolidated subsidiaries engaged in insurance business and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to be reported.