
Financial Results for the Nine Months Ended December 31, 2014

Nippon Life Insurance Company (the “Company” or the “Parent Company”; President: Yoshinobu Tsutsui) announces financial results for the nine months ended December 31, 2014.

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1. Business Highlights

(1) Amount of Policies in Force and New Policies

• Policies in Force

	As of December 31, 2014				As of March 31, 2014	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2014 (%)	(100 million yen)	As a percentage of March 31, 2014 (%)		
Individual insurance	19,982	111.5	1,472,739	97.6	17,927	1,508,545
Individual annuities	3,435	101.3	214,968	102.2	3,392	210,413
Group insurance	—	—	929,473	101.0	—	920,591
Group annuities	—	—	116,416	102.8	—	113,270

- 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. 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, 2014, would be 14,765 thousand policies and as of March 31, 2014, would be 14,719 thousand policies.

• New Policies

	Nine months ended December 31, 2014						Nine months ended December 31, 2013			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of nine months ended December 31, 2013 (%)	(100 million yen)	As a percentage of nine months ended December 31, 2013 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	3,314	92.2	54,250	101.1	59,147	(4,897)	3,593	53,677	59,280	(5,602)
Individual annuities	158	86.6	11,485	86.0	11,345	140	182	13,351	13,048	303
Group insurance	—	—	5,762	121.8	5,762		—	4,731	4,731	
Group annuities	—	—	438	3,816.0	438		—	11	11	

- Notes:
1. New policies include enrollment using the coverage enhancement system and conversion indicates enrollment using the coverage revision system and partial coverage revision system.
 2. The number of policies includes policies that were converted into new policies.
 3. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
 4. The amount of new policies for group annuities represents the first time premium.
 5. If products that combine several insurance policies were presented as one item 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, 2014, would be 1,005 thousand policies and in the nine months ended December 31, 2013, would be 1,046 thousand policies.

(2) Annualized Net Premium

• Policies in Force

(100 Million Yen, %)

	As of December 31, 2014		As of March 31, 2014
		As a percentage of March 31, 2014	
Individual insurance	24,340	100.9	24,113
Individual annuities	8,605	100.4	8,574
Total	32,946	100.8	32,687
Medical coverages, living benefits, and others	5,988	100.5	5,957

• New Policies

(100 Million Yen, %)

	Nine months ended December 31, 2014		Nine months ended December 31, 2013
		As a percentage of nine months ended December 31, 2013	
Individual insurance	1,609	101.2	1,590
Individual annuities	426	95.9	444
Total	2,035	100.0	2,035
Medical coverages, living benefits, and others	307	98.0	313

- 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, 2014		As of March 31, 2014	
	Amount	%	Amount	%
Cash, deposits, and call loans	7,457	1.2	7,500	1.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	1,780	0.3	1,598	0.3
Monetary receivables purchased	5,250	0.9	5,706	1.0
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	479,249	79.8	432,707	77.9
Domestic bonds	223,759	37.3	216,668	39.0
Domestic stocks	81,916	13.6	71,456	12.9
Foreign securities:	164,985	27.5	138,760	25.0
Foreign bonds	124,321	20.7	102,258	18.4
Foreign stocks and other securities	40,664	6.8	36,501	6.6
Other securities	8,589	1.4	5,822	1.0
Loans:	83,427	13.9	85,289	15.4
Policy loans	7,462	1.2	7,822	1.4
Industrial and consumer loans	75,965	12.6	77,466	13.9
Real estate:	16,929	2.8	17,024	3.1
Investment property	10,800	1.8	10,705	1.9
Deferred tax assets	—	—	—	—
Other assets	6,648	1.1	5,876	1.1
Allowance for doubtful accounts	(65)	(0.0)	(70)	(0.0)
Total assets (general account):	600,678	100.0	555,633	100.0
Foreign currency-denominated assets	143,550	23.9	116,728	21.0

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities as cash received as collateral under securities lending transactions (¥828.9 billion and ¥802.6 billion as of December 31, 2014, and March 31, 2014, 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, 2014					As of March 31, 2014				
	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	205,625	234,484	28,859	28,863	(3)	201,363	219,363	18,000	18,087	(87)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	515	438	438	—	77	617	540	540	—
Available-for-sale securities:	192,912	268,692	75,779	76,181	(402)	180,158	226,772	46,614	47,791	(1,177)
Domestic bonds	21,963	23,743	1,779	1,779	(0)	20,563	21,550	987	998	(10)
Domestic stocks	39,124	80,605	41,481	41,809	(328)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	122,155	153,483	31,328	31,402	(73)	111,097	127,931	16,834	17,049	(215)
Foreign bonds	101,054	123,572	22,518	22,523	(5)	90,312	101,438	11,126	11,315	(189)
Foreign stocks and other securities	21,101	29,911	8,810	8,878	(68)	20,785	26,493	5,708	5,733	(25)
Other securities	7,130	8,319	1,189	1,189	(0)	5,048	5,547	499	511	(12)
Monetary receivables purchased	389	389	0	0	(0)	280	280	(0)	—	(0)
Negotiable certificates of deposit	2,150	2,149	(0)	—	(0)	2,350	2,349	(0)	0	(0)
Total	398,615	503,692	105,077	105,483	(406)	381,599	446,754	65,154	66,419	(1,265)
Domestic bonds	221,979	252,175	30,196	30,199	(3)	215,680	234,215	18,534	18,632	(97)
Domestic stocks	39,124	80,605	41,481	41,809	(328)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	122,981	154,792	31,810	31,884	(73)	111,994	129,408	17,414	17,629	(215)
Foreign bonds	101,802	124,364	22,562	22,567	(5)	91,132	102,297	11,165	11,354	(189)
Foreign stocks and other securities	21,178	30,427	9,248	9,316	(68)	20,862	27,111	6,248	6,274	(25)
Other securities	7,130	8,319	1,189	1,189	(0)	5,048	5,547	499	511	(12)
Monetary receivables purchased	5,249	5,649	399	400	(0)	5,706	6,119	413	414	(0)
Negotiable certificates of deposit	2,150	2,149	(0)	—	(0)	2,350	2,349	(0)	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, 2014	As of March 31, 2014
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	2,808	2,319
Available-for-sale securities:	8,969	9,942
Unlisted domestic stocks (excluding over-the-counter stocks)	932	1,965
Unlisted foreign stocks (excluding over-the-counter stocks)	6,124	6,224
Unlisted foreign bonds	—	—
Others	1,912	1,751
Total	11,777	12,261

Note: Of securities without market value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows:
¥92.8 billion and ¥42.8 billion as of December 31, 2014, and March 31, 2014, respectively.

(3) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

No ending balance as of December 31, 2014, or March 31, 2014.

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

No ending balance as of December 31, 2014, or March 31, 2014.

3. Nonconsolidated Balance Sheets

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Assets:		
Cash and deposits	367,056	467,727
Call loans	480,100	349,400
Receivables under securities borrowing transactions	178,009	159,856
Monetary receivables purchased	525,004	570,632
Investments in securities:	49,052,552	44,369,012
National government bonds	18,403,489	17,578,858
Local government bonds	1,499,960	1,522,414
Corporate bonds	2,814,547	2,944,847
Domestic stocks	8,418,735	7,334,077
Foreign securities	16,919,134	14,258,244
Loans:	8,342,733	8,528,979
Policy loans	746,209	782,280
Industrial and consumer loans	7,596,524	7,746,698
Tangible fixed assets	1,708,341	1,718,217
Intangible fixed assets	170,165	179,292
Reinsurance receivables	92	260
Other assets	512,804	424,228
Customers' liability for acceptances and guarantees	33,466	30,137
Allowance for doubtful accounts	(6,511)	(7,024)
Total assets	61,363,815	56,790,719
Liabilities:		
Policy reserves and other reserves:	50,030,920	48,785,930
Reserve for outstanding claims	191,861	199,582
Policy reserves	48,744,476	47,515,496
Reserve for dividends to policyholders	1,094,582	1,070,852
Reinsurance payables	136	343
Corporate bonds	399,590	157,040
Other liabilities:	1,945,562	1,607,132
Cash received as collateral under securities lending transactions	828,917	802,691
Income taxes payable	43,817	101,948
Lease obligations	4,395	4,930
Asset retirement obligations	1,965	2,031
Other liabilities	1,066,467	695,531
Accrued bonuses for directors and audit and supervisory board members	34	50
Accrued retirement benefits	373,385	385,283
Accrued retirement benefits for directors and audit and supervisory board members	4,189	4,403
Reserve for program points	14,325	12,609
Reserve for price fluctuations in investments in securities	766,894	623,312
Deferred tax liabilities	1,058,034	328,632
Deferred tax liabilities for land revaluation	123,116	128,236
Acceptances and guarantees	33,466	30,137
Total liabilities	54,749,656	52,063,111

3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Net assets:		
Foundation funds	200,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Surplus:	406,834	440,022
Legal reserve for deficiencies	14,208	13,270
Other surplus reserves:	392,626	426,752
Equalized reserve for dividends to policyholders	50,000	—
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	332	259
Reserve for reduction entry of real estate	45,882	42,693
Reserve for reduction entry of real estate to be purchased	34	33
Other reserves	170	170
Unappropriated surplus	224,289	311,679
Total foundation funds and others	1,657,485	1,690,674
Net unrealized gains on available-for-sale securities, net of tax	5,303,183	3,256,652
Deferred losses on derivatives under hedge accounting, net of tax	(250,190)	(134,156)
Land revaluation differences	(96,320)	(85,561)
Total valuations, conversions, and others	4,956,673	3,036,934
Total net assets	6,614,158	4,727,608
Total liabilities and net assets	61,363,815	56,790,719

Basis of Presenting the Nonconsolidated Balance Sheet as of December 31, 2014

1. The corporate tax, inhabitant tax, and income tax adjustments for the nine months ended December 31, 2014, 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.
2. Changes in the reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2014, were as follows:

	Million Yen
	Nine months ended December 31, 2014
a. Balance at the beginning of the current fiscal year	¥1,070,852
b. Transfer to reserve from surplus in the previous fiscal year	¥201,765
c. Dividends to policyholders paid out in the current nine-month period	¥195,876
d. Increase in interest	¥17,840
e. Balance at the end of the current nine-month period (a+b-c+d)	¥1,094,582

3. 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, 2014.
4. The amount of securities lent under lending agreements was ¥2,985,154 million as of December 31, 2014.
5. The Company applied designated hedge accounting (“*Furiate-shori*”) for currency swaps to the foreign-currency-denominated subordinated notes issued on October 16, 2014. These notes are callable on October 16, 2024, and every date which falls five or a multiple of five years thereafter until the notes are fully redeemed at the discretion of the Company, subject to the approval of the regulatory authority and other conditions.

4. Nonconsolidated Statements of Income

(Million Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Ordinary income:	5,109,685	4,971,465
Revenues from insurance and reinsurance:	3,683,003	3,523,245
Insurance premiums	3,682,632	3,522,730
Investment income:	1,312,954	1,321,226
Interest, dividends, and other income	965,609	926,446
Gain from assets held in trust, net	4	5
Gain on sales of securities	214,020	252,996
Gain from separate accounts, net	127,966	138,852
Other ordinary income	113,727	126,993
Ordinary expenses:	4,718,104	4,590,322
Benefits and other payments:	2,723,333	2,792,325
Death and other claims	763,797	758,962
Annuity payments	619,964	636,059
Health and other benefits	512,339	548,376
Surrender benefits	592,371	646,356
Other refunds	234,189	201,856
Provision for policy reserves:	1,246,820	1,048,835
Provision for policy reserves	1,228,979	1,030,133
Provision for interest on reserve for dividends to policyholders	17,840	18,701
Investment expenses:	106,595	122,755
Interest expenses	6,627	5,901
Loss on sales of securities	13,657	35,948
Loss on valuation of securities	974	4,736
Loss on derivative financial instruments, net	41,272	29,326
Operating expenses	419,745	416,500
Other ordinary expenses	221,609	209,905
Ordinary profit	391,581	381,143
Extraordinary gains:	3,541	2,588
Gain on disposals of fixed assets	3,541	2,588
Extraordinary losses:	167,701	194,564
Loss on disposals of fixed assets	1,682	4,660
Impairment losses	19,509	1,268
Provision for reserve for price fluctuations in investments in securities	143,582	187,208
Contributions for assisting social public welfare	2,927	1,427
Surplus before income taxes	227,421	189,167
Income taxes - current	130,102	134,059
Income taxes - deferred	(113,283)	(98,496)
Total income taxes	16,818	35,562
Net surplus	210,603	153,604

Notes to the Nonconsolidated Statement of Income for the Nine Months Ended December 31, 2014

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, 2014, is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥1,846	¥1,489	¥2,088	¥5,424
Idle property	¥13,579	—	¥505	¥14,085
Total	¥15,426	¥1,489	¥2,594	¥19,509

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, 2014	Nine months ended December 31, 2013
Core operating profit (A)	439,882	392,818
Capital gains:	214,024	254,584
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	4	5
Gain on trading securities	—	—
Gain on sales of securities	214,020	252,996
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	1,582
Other capital gains	—	—
Capital losses:	55,977	70,012
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	13,657	35,948
Loss on valuation of securities	974	4,736
Loss on derivative financial instruments, net	41,272	29,326
Foreign exchange losses, net	73	—
Other capital losses	—	—
Net capital gains (losses) (B)	158,046	184,572
Core operating profit including net capital gains (losses) (A+B)	597,929	577,390
Nonrecurring gains:	—	128
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	—	128
Other nonrecurring gains	—	—
Nonrecurring losses:	206,347	196,376
Reinsurance premiums	—	—
Provision for contingency reserve	205,651	196,376
Provision for specific allowance for doubtful accounts	696	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	0	—
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(206,347)	(196,247)
Ordinary profit (A+B+C)	391,581	381,143

6. Solvency Margin Ratio

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Solvency margin gross amount (A):	12,628,690	9,437,173
Foundation funds (<i>kikin</i>) and other reserve funds:	3,942,295	3,422,870
Foundation funds and others	1,657,485	1,486,123
Reserve for price fluctuations in investments in securities	766,894	623,312
Contingency reserve	1,211,411	1,005,760
General allowance for doubtful accounts	2,780	3,952
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	6,863,164	4,221,212
Net unrealized (losses) gains on real estate × 85%	16,764	28,567
Excess of continued Zillmerized reserve	1,520,370	1,552,382
Qualifying subordinated debt	399,590	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(938)	(428)
Others	(112,555)	55,528
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,704,828	2,422,583
Underwriting risk (R ₁)	128,780	131,177
Underwriting risk of third-sector insurance (R ₈)	75,378	74,655
Anticipated yield risk (R ₂)	387,184	389,635
Minimum guarantee risk (R ₇)	5,836	5,870
Investment risk (R ₃)	2,247,040	1,966,765
Business management risk (R ₄)	56,884	51,362
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	933.7%	779.0%

Notes: 1. The amounts and figures as of March 31, 2014, 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, 2014, 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 for the Nine Months Ended December 31, 2014

(1) Balance of Separate Account Assets

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Individual variable insurance	130,217	116,835
Individual variable annuities	84,955	100,517
Group annuities	1,080,758	1,010,045
Separate account total	1,295,931	1,227,398

(2) Policies in Force

- Individual Variable Insurance

	As of December 31, 2014		As of March 31, 2014	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,755	8,542	1,820	8,931
Variable insurance (whole life type)	34,880	517,409	35,433	531,558
Total	36,635	525,952	37,253	540,490

- Individual Variable Annuities

	As of December 31, 2014		As of March 31, 2014	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	11,577	84,938	14,505	100,516

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Ordinary income	51,843	50,471
Ordinary profit	3,973	3,888
Net surplus	2,126	1,572
Comprehensive income	21,514	9,851

	As of December 31, 2014	As of March 31, 2014
Total assets	616,794	570,902
Solvency margin ratio	952.0%	795.5%

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

	As of December 31, 2014
Number of consolidated subsidiaries	9
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	5
Changes in significant subsidiaries and affiliates during the period	0

(3) Policies of Presenting the Consolidated Financial Statements for the Nine Months Ended December 31, 2014

There have been no significant changes.

(4) Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Assets:		
Cash and deposits	394,932	497,125
Call loans	480,100	349,400
Receivables under securities borrowing transactions	178,009	159,856
Monetary receivables purchased	525,004	570,632
Investments in securities	49,102,731	44,411,714
Loans	8,299,208	8,488,309
Tangible fixed assets	1,720,964	1,728,486
Intangible fixed assets	168,651	176,733
Reinsurance receivables	270	503
Other assets	780,851	686,945
Deferred tax assets	3,817	4,619
Customers' liability for acceptances and guarantees	33,605	25,299
Allowance for doubtful accounts	(8,672)	(9,386)
Total assets	61,679,474	57,090,238
Liabilities:		
Policy reserves and other reserves:	50,036,181	48,792,463
Reserve for outstanding claims	195,553	204,408
Policy reserves	48,746,044	47,517,202
Reserve for dividends to policyholders	1,094,582	1,070,852
Reinsurance payables	169	377
Corporate bonds	399,590	157,040
Other liabilities	2,166,773	1,832,055
Accrued bonuses for directors and audit and supervisory board members	34	50
Net defined benefit liability	355,958	359,438
Accrued retirement benefits for directors and audit and supervisory board members	4,306	4,508
Reserve for program points	14,325	12,609
Reserve for price fluctuations in investments in securities	766,894	623,312
Deferred tax liabilities	1,067,652	340,794
Deferred tax liabilities for land revaluation	123,116	128,236
Acceptances and guarantees	33,605	25,299
Total liabilities	54,968,607	52,276,186

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Net assets:		
Foundation funds	200,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Consolidated surplus	446,143	477,329
Total foundation funds and others	1,696,794	1,727,980
Net unrealized gains on available-for-sale securities, net of tax	5,310,647	3,261,140
Deferred losses on derivatives under hedge accounting, net of tax	(250,190)	(134,156)
Land revaluation differences	(96,320)	(85,561)
Foreign currency translation adjustments	20,316	10,162
Remeasurement of defined benefit plans	14,451	20,085
Total accumulated other comprehensive income	4,998,905	3,071,671
Minority interests	15,167	14,399
Total net assets	6,710,867	4,814,051
Total liabilities and net assets	61,679,474	57,090,238

Basis of Presenting the Consolidated Balance Sheet as of December 31, 2014

1. The corporate tax, inhabitant tax, and income tax adjustments of the Parent Company for the nine months ended December 31, 2014, 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.
2. Changes in the reserve for dividends to policyholders included in policy reserves for the nine months ended December 31, 2014, were as follows:

	Million Yen
	Nine months ended December 31, 2014
a. Balance at the beginning of the current fiscal year	¥1,070,852
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥201,765
c. Dividends to policyholders paid out in the current nine-month period	¥195,876
d. Increase in interest	¥17,840
e. Balance at the end of the current nine-month period (a+b-c+d)	¥1,094,582

3. The Parent 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, 2014.
4. The amount of securities lent under lending agreements was ¥2,985,154 million as of December 31, 2014.
5. The Parent Company applied designated hedge accounting (“*Furiate-shori*”) for currency swaps to the foreign-currency-denominated subordinated notes issued on October 16, 2014. These notes are callable on October 16, 2024, and every date which falls five or a multiple of five years thereafter until the notes are fully redeemed at the discretion of the Parent Company, subject to the approval of the regulatory authority and other conditions.

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

[Consolidated Statements of Income]

(Million Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Ordinary income:	5,184,316	5,047,159
Revenues from insurance and reinsurance	3,708,103	3,548,320
Investment income:	1,314,156	1,323,205
Interest, dividends, and other income	966,506	927,661
Gain from assets held in trust, net	4	5
Gain on sales of securities	214,531	253,118
Gain from separate accounts, net	127,966	138,852
Other ordinary income	162,056	175,633
Ordinary expenses:	4,786,967	4,658,322
Benefits and other payments:	2,744,389	2,812,537
Death and other claims	764,112	759,090
Annuity payments	619,964	636,059
Health and other benefits	532,924	568,316
Surrender benefits	592,371	646,356
Other refunds	234,189	201,856
Provision for policy reserves:	1,245,408	1,049,362
Provision for policy reserves	1,227,567	1,030,660
Provision for interest on reserve for dividends to policyholders	17,840	18,701
Investment expenses:	108,478	124,792
Interest expenses	6,910	6,082
Loss on sales of securities	13,679	36,019
Loss on valuation of securities	974	4,753
Loss on derivative financial instruments, net	43,175	31,312
Operating expenses	435,253	431,032
Other ordinary expenses	253,437	240,597
Ordinary profit	397,349	388,837
Extraordinary gains:	3,541	2,598
Gain on disposals of fixed assets	3,541	2,598
Extraordinary losses:	167,709	194,604
Loss on disposals of fixed assets	1,690	4,701
Impairment losses	19,509	1,268
Provision for reserve for price fluctuations in investments in securities	143,582	187,208
Contributions for assisting social public welfare	2,927	1,427
Surplus before income taxes and minority interests	233,181	196,830
Income taxes - current	132,541	135,654
Income taxes - deferred	(112,746)	(96,777)
Total income taxes	19,795	38,876
Surplus before minority interests	213,386	157,953
Minority interests	779	710
Net surplus	212,606	157,243

Notes to the Consolidated Statement of Income for the Nine Months Ended December 31, 2014

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, 2014, is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥1,846	¥1,489	¥2,088	¥5,424
Idle property	¥13,579	—	¥505	¥14,085
Total	¥15,426	¥1,489	¥2,594	¥19,509

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, 2014, was ¥45,697 million. There was no amortization of goodwill for the nine months ended December 31, 2014.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Surplus before minority interests	213,386	157,953
Other comprehensive income:	1,938,031	827,171
Net unrealized gains on available-for-sale securities, net of tax	2,046,930	863,808
Deferred losses on derivatives under hedge accounting, net of tax	(116,033)	(65,743)
Land revaluation differences	—	(20)
Foreign currency translation adjustments	4,251	27,789
Remeasurement of defined benefit plans	(5,634)	—
Share of other comprehensive income of associates accounted for under the equity method	8,518	1,336
Comprehensive income:	2,151,418	985,125
Comprehensive income attributable to the Parent Company	2,150,598	984,335
Comprehensive income attributable to minority interests	819	789

(6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of December 31, 2014	As of March 31, 2014
Solvency margin gross amount (A):	12,578,581	9,434,311
Foundation funds (<i>kikin</i>) and other reserve funds:	4,008,204	3,486,074
Foundation funds and others	1,721,422	1,547,207
Reserve for price fluctuations in investments in securities	766,894	623,312
Contingency reserve	1,211,411	1,005,760
Extraordinary contingency funds	—	—
General allowance for doubtful accounts	4,753	6,071
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	6,868,441	4,225,944
Net unrealized (losses) gains on real estate × 85%	16,835	28,638
Net unrecognized actuarial differences and unrecognized prior service costs	20,854	28,983
Excess of continued Zillmerized reserve	1,520,370	1,552,382
Qualifying subordinated debt	399,590	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(143,095)	(100,279)
Others	(112,618)	55,528
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	2,642,429	2,371,701
Underwriting risk (R ₁)	128,780	131,177
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	—	—
Underwriting risk of third-sector insurance (R ₈)	78,342	77,619
Underwriting risk related to small amount and short-term insurance providers (R ₉)	—	—
Anticipated yield risk (R ₂)	387,184	389,635
Minimum guarantee risk (R ₇)	5,836	5,870
Investment risk (R ₃)	2,185,391	1,916,372
Business management risk (R ₄)	55,710	50,413
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	952.0%	795.5%

Notes: 1. The amounts and figures as of March 31, 2014, 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, 2014, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. From March 31, 2014, this is calculated, including “Net unrecognized actuarial differences and unrecognized prior service costs.”

3. 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, 2014, the Company and its 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 and its related information are omitted because there are no other significant segments to report.