May 28, 2015

Financial Results for the Fiscal Year Ended March 31, 2015

Nippon Life Insurance Company (the “Company”; President: Yoshinobu Tsutsui) announces financial results for the fiscal year ended March 31, 2015.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2015

The financial results of the Nippon Life Insurance Company for the fiscal year ended March 31, 2015, will be submitted to the 68th annual representative policyholders' meeting for resolution on July 2, 2015. Summaries of financial results are as follows.

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of March 31, 2015				As of March 31, 2014			
	Number of policies		Amount of policies		Number of policies		Amount of policies	
	(thousands)	As a percentage of March 31, 2014 (%)	(100 million yen)	As a percentage of March 31, 2014 (%)	(thousands)	As a percentage of March 31, 2013 (%)	(100 million yen)	As a percentage of March 31, 2013 (%)
Individual insurance	20,635	115.1	1,466,493	97.2	17,927	122.0	1,508,545	96.5
Individual annuities	3,448	101.6	214,561	102.0	3,392	105.6	210,413	106.9
Group insurance	—	—	925,954	100.6	—	—	920,591	100.1
Group annuities	—	—	116,806	103.1	—	—	113,270	103.8

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 March 31, 2015, would be 14,845 thousand policies and as of March 31, 2014, would be 14,719 thousand policies.

- New Policies

	Year ended March 31, 2015						Year ended March 31, 2014					
	Number of policies		Amount of policies				Number of policies		Amount of policies			
	(thousands)	As a percentage of March 31, 2014 (%)	(100 million yen)	As a percentage of March 31, 2014 (%)	New policies	Net increase by conversion	(thousands)	As a percentage of March 31, 2013 (%)	(100 million yen)	As a percentage of March 31, 2013 (%)	New policies	Net increase by conversion
Individual insurance	4,397	93.9	76,278	104.8	82,681	(6,403)	4,682	100.4	72,776	90.7	80,623	(7,846)
Individual annuities	211	61.7	15,381	63.2	15,230	151	342	165.2	24,318	158.7	23,875	443
Group insurance	—	—	6,587	110.4	6,587		—	—	5,967	155.6	5,967	
Group annuities	—	—	439	3,353.4	439		—	—	13	18.1	13	

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 fiscal year ended March 31, 2015, would be 1,384 thousand policies and in the fiscal year ended March 31, 2014, would be 1,498 thousand policies.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

		As of March 31, 2015		As of March 31, 2014	
			As a percentage of March 31, 2014		As a percentage of March 31, 2013
Individual insurance		24,591	102.0	24,113	101.5
Individual annuities		8,632	100.7	8,574	102.0
Total		33,224	101.6	32,687	101.6
	Medical coverages, living benefits, and others	6,002	100.7	5,957	100.6

- New Policies

(100 Million Yen, %)

		Year ended March 31, 2015		Year ended March 31, 2014	
			As a percentage of March 31, 2014		As a percentage of March 31, 2013
Individual insurance		2,308	105.9	2,179	97.2
Individual annuities		570	71.5	797	149.2
Total		2,878	96.7	2,977	107.3
	Medical coverages, living benefits, and others	411	100.2	410	102.6

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.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Year ended March 31, 2015		Year ended March 31, 2014	
		As a percentage of March 31, 2014		As a percentage of March 31, 2013
Revenues from insurance and reinsurance	53,371	110.6	48,255	90.3
Investment income	17,739	105.4	16,837	107.9
Benefits and other payments	39,321	104.1	37,782	104.5
Investment expenses	1,409	75.7	1,863	43.5
Ordinary profit	6,072	118.5	5,126	131.9

(4) Proposal for Appropriation of Unappropriated Surplus

(100 Million Yen, %)

	Year ended March 31, 2015		Year ended March 31, 2014	
		As a percentage of March 31, 2014		As a percentage of March 31, 2013
Current-year unappropriated surplus	3,174	101.9	3,116	134.9
Reserve for dividends to policyholders	2,572	127.5	2,017	120.7
Net surplus after deduction	607	55.0	1,105	168.4

(5) Total Assets

(100 Million Yen, %)

	As of March 31, 2015		As of March 31, 2014	
		As a percentage of March 31, 2014		As a percentage of March 31, 2013
Total assets	622,830	109.7	567,907	103.5

2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2015

(1) Investment Environment

In the fiscal year ended March 31, 2015, the Japanese economy declined in the first half of the fiscal year as domestic demand dropped on a fallback from a rush to buy ahead of a consumption tax rate hike in April 2014. In the second half of the fiscal year, economic conditions improved slightly, underpinned primarily by a modest increase in exports, as well as a rebound in consumer spending as the effect of the fallback gradually subsided.

- The Nikkei Stock Average started the fiscal year at ¥14,827. Thereafter, the index rose through September on the back of strong U.S. economic indicators and further depreciation of the yen. In early October, the index temporarily declined due to a risk avoidance trend in response to concerns about a global economic recession. However, the Nikkei Stock Average regained momentum through the fiscal year-end, supported by additional monetary easing by the Bank of Japan and expectations for capital inflows associated with public pension fund investment reforms in Japan. The index finished at ¥19,206 at the end of March.
- The yield rate on 10-year government bonds began the fiscal year at 0.64%. It then fell during the first half of the fiscal year in response to a decline in overseas interest rates due to expectations for additional easing by the European Central Bank amid continuing pressure from the Bank of Japan's government bond-buying operations. In the second half of the fiscal year, the yield rate continued to decrease in response to factors such as additional monetary easing by the Bank of Japan, a decline in global interest rate levels, and a drop in crude oil prices, briefly touching a record low at the 0.1% level in late January. The yield rate remained low through the fiscal year-end, albeit with a smaller decline after rebounding partially from the sharp drop earlier, finishing the fiscal year at 0.40% at the end of March.
- The yen-U.S. dollar exchange rate started at the ¥102 level, and continued to move in a narrow range. From August onward, however, the yen began to weaken against the U.S. dollar in reaction to an announcement by the governor of the Bank of Japan expressing tolerance for further yen depreciation coupled with forecasts for an early interest rate hike in the United States. Following additional easing by the Bank of Japan at the end of October, the yen depreciated further. Since the start of 2015, the yen continued to trade between the higher ¥110 range and the lower ¥120 range, finishing at ¥120.17 at the end of March. The yen-euro exchange rate started at the ¥141 level. Thereafter, the yen gradually appreciated against the euro in response to growing expectations for additional easing by the European Central Bank. However, additional easing by the Bank of Japan then turned the tide and the yen began weakening against the euro toward the end of 2014, briefly touching the ¥149 level in December. The yen started appreciating again from January due to a decision by the European Central Bank to conduct additional easing. The yen-euro rate finished at ¥130.32 at the end of March 2015.

(2) Investment Policy

The Company's general account assets increased by ¥5,606.1 billion compared to the end of the fiscal year ended March 31, 2014, totaling ¥61,169.4 billion as of March 31, 2015 (10.1% increase compared to the previous fiscal year-end).

The Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds, as its core assets. From the perspective of improving profits in the mid-to long-term, the Company invested in assets such as stocks and foreign securities within the scope of acceptable risk while taking into account business stability.

- The Company invested in bonds as sound assets that provide stable interest revenue.
- The Company focused on safe and stable prime lending by accurately assessing credit risks.
- For domestic stocks, the Company strove to enhance the profitability of its portfolio by replacing certain stocks, while focusing the Company's attention on the overall state including corporate profitability and dividends from the point of view of investing for the medium- to long-term.
- Regarding foreign securities, the Company invested in foreign currency-denominated bonds based on currency movements. Also, the Company invested in foreign bonds that hedge the risk of exchange rate fluctuations, taking into consideration the advantages of yen interest rate assets.

(3) Status of Investment Income/Expense

Investment income was ¥1,619.7 billion, up from ¥1,561.1 billion in the fiscal year ended March 31, 2014. This increase mainly reflected higher interest, dividends, and other income, mainly from foreign securities.

Investment expenses amounted to ¥140.9 billion, down from ¥186.3 billion in the fiscal year ended March 31, 2014. This decrease mainly reflected a lower loss on sales of securities, primarily from foreign securities.

As a result, the Company's asset management income and expense balance increased by ¥103.9 billion, compared to the previous fiscal year, to ¥1,478.7 billion.

(4) Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk, and real estate investment risk, refers to the risk of incurring losses when the fair value of assets and liabilities fluctuate. Because life insurance policies are long-term contracts, risk management from a long-term perspective that takes into account liability characteristics is necessary in asset management. Therefore, the Company endeavors to carry out efficient portfolio management primarily through risk-return analysis focused on medium- to long-term investment performance.

The Company has established an Investment Risk Management Department within its Risk Management Department to comprehensively manage investment risk, thereby thoroughly preparing a system to manage risk and pursue stable returns while keeping losses within an acceptable range.

a. Market risk management

Market risk refers to the risk of incurring losses when the fair value of assets and liabilities fluctuate due to such factors as fluctuations in interest rates, exchange rates, or stock prices. To manage market risk, the

Company believes it is important to curb excessive losses for each financing and investment transaction, along with controlling market risk for the Company's entire portfolio within acceptable levels.

- Establishing maximum holding ceilings

  To curb excessive losses on financing and investment transactions, the Company has implemented maximum holding ceilings based on the nature of the assets. Furthermore, the Company monitors and regularly reports to the Risk Management Committee regarding the status of compliance. The Company has also prepared a system to control risk to acceptable levels when there is a breach of the maximum holding ceilings.

- Measuring and managing fair value-at-risk

  To control market risk in the Company's entire portfolio, the Company uses a statistical analysis method to rationally calculate fair value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within a range of risk.

b. Credit risk management

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. It includes country risk. The Company believes that in managing credit risk it is important to examine each transaction rigorously, set terms appropriate to the level of credit risk involved, and analyze and evaluate accurately every facet of the risk in the portfolio as a whole.

- Managing credit risk in individual transactions

  The Company has built systems for rigorous examinations, involving a Credit Department independent of the departments handling financing and investment activities. To build a sound portfolio, the Company has established and monitored interest guidelines to ensure the returns the Company obtains are commensurate with the risks, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

- Measuring and managing credit value-at-risk

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

c. Real estate investment risk management

Real estate investment risk refers to the risk of reduced returns caused by factors such as rent fluctuations as well as the risk of incurring losses when real estate values decline due to market deterioration. The Company's approach to managing real estate investment risk involves rigorous examination of each investment by the Credit Department which is independent of the department actually handling the investment and finance activities. The Company has also developed a system involving warning levels for investment returns and price levels, which enables us to focus on specific properties whose profitability is suffering.

(5) ALM

For life insurance companies to carry out stable management in the long term, it is important to use the Asset/Liability Management (ALM) approach as a basis for understanding the situation of liabilities that pay future insurance benefits (policy reserves) and investment assets, as well as for adjusting investment periods. The Company analyzes and evaluates liability cash flows, risk of falling short of assumed interest rates, and level of allowed risk for each product, and decides the medium-to-long-term investment plan at the Managing Directors' Meetings and the Risk Management Committee Meetings.

(6) Self-Assessment and Allowance for Doubtful Accounts

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral. Assets are classified into four categories (Non categorized, II, III, or IV).

To ensure the objectivity of the self-assessment process, the Company has established a highly reliable framework that includes:

- Strict assessment standards based on the Inspection Manual for Insurance Companies of the Financial Services Agency
- Internal audit by the Auditing Department., which is independent from the groups handling the actual assessment
- External audit by external auditors (certified public accountants)

In the fiscal year ended March 31, 2015, the Company recorded an appropriate allowance for doubtful accounts according to the same allowance standards as the previous fiscal year.

Allowance for doubtful accounts standard:

- Allowance for "Normal" borrowers is provided under the general allowance for doubtful accounts, mainly based on actual loan losses in the previous fiscal year.
- Allowance for "On caution" borrowers is provided under the general allowance for doubtful accounts, mainly based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) for the previous three fiscal years.
  Regarding corporate loans to "Substandard" borrowers, the Company distinguishes between the portion that is not secured by collateral, guarantees, or others and calculates the actual loan loss ratio.
- Regarding the allowance for "Doubtful," "Quasi-Bankrupt," and "Bankrupt" borrowers, the necessary amount, concerning the balance calculated by subtracting estimated collectible amounts based on collateral and guarantees from total loans, is provided as a specific allowance for doubtful accounts. The portion for the amount in "Category IV" is directly deducted from the total loan amount.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of March 31, 2015		As of March 31, 2014	
	Amount	%	Amount	%
Cash, deposits, and call loans	10,047	1.6	7,500	1.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	1,598	0.3
Monetary receivables purchased	4,987	0.8	5,706	1.0
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	488,339	79.8	432,707	77.9
Domestic bonds	226,544	37.0	216,668	39.0
Domestic stocks	90,752	14.8	71,456	12.9
Foreign securities:	161,449	26.4	138,760	25.0
Foreign bonds	120,772	19.7	102,258	18.4
Foreign stocks and other securities	40,676	6.6	36,501	6.6
Other securities	9,593	1.6	5,822	1.0
Loans:	83,576	13.7	85,289	15.4
Policy loans	7,365	1.2	7,822	1.4
Industrial and consumer loans	76,210	12.5	77,466	13.9
Real estate:	16,965	2.8	17,024	3.1
Investment property	10,799	1.8	10,705	1.9
Deferred tax assets	—	—	—	—
Other assets	7,844	1.3	5,876	1.1
Allowance for doubtful accounts	(65)	(0.0)	(70)	(0.0)
Total assets (general account):	611,694	100.0	555,633	100.0
Foreign currency-denominated assets	139,787	22.9	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 (¥529.9 billion and ¥802.6 billion as of March 31, 2015, and March 31, 2014, respectively).

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

(2) Increases/Decreases in Assets

(100 Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash, deposits, and call loans	2,546	1,002
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	(1,598)	91
Monetary receivables purchased	(718)	(1,856)
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	55,632	20,694
Domestic bonds	9,876	7,762
Domestic stocks	19,296	4,708
Foreign securities:	22,688	6,772
Foreign bonds	18,514	4,048
Foreign stocks and other securities	4,174	2,723
Other securities	3,770	1,451
Loans:	(1,713)	(528)
Policy loans	(457)	(531)
Industrial and consumer loans	(1,256)	3
Real estate:	(58)	424
Investment property	94	435
Deferred tax assets	—	—
Other assets	1,967	(651)
Allowance for doubtful accounts	4	16
Total assets (general account):	56,061	19,193
Foreign currency-denominated assets	23,058	7,623

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows: ¥(272.7 billion) and ¥(409.3 billion) for the fiscal year ended March 31, 2015, and March 31, 2014, respectively.

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

(3) Investment Income

(100 Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Interest, dividends, and other income:	13,717	12,966
Interest on deposits and savings	2	2
Interest on securities and dividends	11,138	10,292
Interest on loans	1,612	1,718
Real estate rental income	827	792
Other income	137	160
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	0	0
Gain on trading securities	—	—
Gain on sales of securities:	2,420	2,604
Gain on sales of domestic bonds including national government bonds	129	168
Gain on sales of domestic stocks and other securities	2,167	2,394
Gain on sales of foreign securities	123	41
Other gains	—	—
Gain on redemptions of securities	50	2
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	16
Reversal of allowance for doubtful accounts	4	16
Other investment income	4	4
Total	16,197	15,611

(4) Investment Expenses

(100 Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Interest expenses	98	77
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities:	183	577
Loss on sales of domestic bonds including national government bonds	14	17
Loss on sales of domestic stocks and other securities	98	136
Loss on sales of foreign securities	69	422
Other losses	—	0
Loss on valuation of securities:	32	222
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	1	214
Loss on valuation of foreign securities	30	7
Other losses	0	0
Loss on redemptions of securities	215	246
Loss on derivative financial instruments, net	463	365
Foreign exchange losses, net	4	—
Provision for allowance for doubtful accounts	—	—
Write-offs of loans	0	0
Depreciation of rental real estate and other assets	153	154
Other investment expenses	258	219
Total	1,409	1,863

(5) Investment Indicators

1) Yield on primary assets

(%)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash, deposits, and call loans	0.09	0.14
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	0.08	0.09
Monetary receivables purchased	2.07	2.11
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	3.23	3.01
Domestic bonds	1.93	1.99
Domestic stocks	8.51	8.02
Foreign securities:	3.75	3.02
Foreign bonds	3.06	2.77
Foreign stocks and other securities	5.87	3.78
Loans:	1.94	2.02
Industrial and consumer loans	1.66	1.74
Real estate:	2.67	2.60
Investment property	4.22	4.16
General account total:	2.83	2.70
Overseas investments	3.66	2.98

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average book value balance.
2. The amount of overseas investments is the sum of assets denominated in foreign currencies and yen.

2) Daily average balance

(100 Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash, deposits, and call loans	5,216	3,927
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	2,556	1,438
Monetary receivables purchased	5,457	6,509
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	394,148	381,474
Domestic bonds	220,226	212,638
Domestic stocks	40,610	43,215
Foreign securities:	125,866	119,936
Foreign bonds	95,112	89,955
Foreign stocks and other securities	30,754	29,981
Loans:	83,958	85,718
Industrial and consumer loans	76,386	77,670
Real estate:	17,101	16,582
Investment property	10,839	10,297
General account total:	522,795	509,423
Overseas investments	130,854	124,585

(6) Net Valuation Gains/Losses on Trading Securities

No net valuation gains/losses as of March 31, 2015, or 2014.

(7) Fair value Information of Securities (With Fair value, Other Than Trading Securities)

(100 Million Yen)

	As of March 31, 2015					As of March 31, 2014				
	Book value	Fair value	Net gains/ losses	Gains	Losses	Book value	Fair value	Net gains/ losses	Gains	Losses
Policy-reserve-matching bonds	206,738	232,924	26,185	26,189	(4)	201,363	219,363	18,000	18,087	(87)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	374	297	297	—	77	617	540	540	—
Available-for-sale securities:	193,376	277,227	83,850	84,192	(342)	180,158	226,772	46,614	47,791	(1,177)
Domestic bonds	23,553	25,123	1,569	1,577	(8)	20,563	21,550	987	998	(10)
Domestic stocks	39,445	89,364	49,919	50,152	(233)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	118,896	150,095	31,198	31,295	(96)	111,097	127,931	16,834	17,049	(215)
Foreign bonds	97,520	120,054	22,534	22,550	(16)	90,312	101,438	11,126	11,315	(189)
Foreign stocks and other securities	21,376	30,041	8,664	8,744	(79)	20,785	26,493	5,708	5,733	(25)
Other securities	8,062	9,224	1,162	1,167	(4)	5,048	5,547	499	511	(12)
Monetary receivables purchased	388	388	0	0	(0)	280	280	(0)	—	(0)
Negotiable certificates of deposit	3,030	3,029	(0)	0	(0)	2,350	2,349	(0)	0	(0)
Total	400,192	510,526	110,333	110,680	(347)	381,599	446,754	65,154	66,419	(1,265)
Domestic bonds	224,975	252,330	27,354	27,366	(11)	215,680	234,215	18,534	18,632	(97)
Domestic stocks	39,445	89,364	49,919	50,152	(233)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	119,692	151,229	31,537	31,633	(96)	111,994	129,408	17,414	17,629	(215)
Foreign bonds	98,238	120,813	22,574	22,591	(16)	91,132	102,297	11,165	11,354	(189)
Foreign stocks and other securities	21,453	30,415	8,962	9,041	(79)	20,862	27,111	6,248	6,274	(25)
Other securities	8,062	9,224	1,162	1,167	(4)	5,048	5,547	499	511	(12)
Monetary receivables purchased	4,987	5,347	359	360	(0)	5,706	6,119	413	414	(0)
Negotiable certificates of deposit	3,030	3,029	(0)	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 Fair value]

(100 Million Yen)

		As of March 31, 2015	As of March 31, 2014
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		2,928	2,319
Available-for-sale securities:		8,997	9,942
	Unlisted domestic stocks (excluding over-the-counter stocks)	1,010	1,965
	Unlisted foreign stocks (excluding over-the-counter stocks)	5,874	6,224
	Unlisted foreign bonds	—	—
	Others	2,113	1,751
Total		11,926	12,261

Note: Of securities without fair value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows: ¥82.1 billion and ¥42.8 billion as of March 31, 2015, and March 31, 2014, respectively.

(8) Fair value Information of Assets Held in Trust

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

- Assets Held in Trust for Investment

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

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

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

4. Policies in Force by Type of Benefits as of March 31, 2015

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Death protection	General	20,481	1,462,595	—	—	26,667	925,802	47,149	2,388,398
	Disaster	3,943	208,297	141	2,252	2,885	33,757	6,970	244,307
	Others	196	2,355	—	—	71	1,006	267	3,362
Pure endowment		153	3,897	3,448	214,561	10	152	3,612	218,611
Hospitalization coverage	Disaster	6,946	444	299	13	1,418	15	8,664	473
	Illness	6,932	443	296	13	—	—	7,228	456
	Others	7,349	496	67	2	60	0	7,477	499
Disability coverage		7,149	—	73	—	2,602	—	9,825	—
Surgical coverage		10,489	—	296	—	—	—	10,786	—

	Group annuities		Workers' asset-formation insurance/annuities		Total	
	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Pure endowment	14,185	116,806	195	4,535	14,380	121,342

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	901	34

	Disability income insurance	
	Number of policies (thousands)	Amount (100 million yen)
Disability income coverage	130	226

Notes: 1. The number of policies for "Group insurance," "Group annuities," "Workers' asset-formation insurance/annuities," "Medical care insurance" (group type), and "Disability income insurance" represents the number of insureds.

2. The amount in "Pure endowment" for "Individual annuities," "Group insurance" (annuity riders), and "Workers' asset-formation annuities" (excluding workers' asset-formation savings annuities) represents the total of (a) annuity resources at the start of the annuities for policies bound prior to the start of the annuity payments and (b) policy reserves for policies bound after the start of the annuity payments. The amount in "Pure endowment" for "Group annuities," "Workers' asset-formation insurance," and workers' asset-formation savings annuities represents the amount of corresponding policy reserves.

3. The amount in "Hospitalization coverage" represents the amount of daily hospitalization benefits.

4. The amount in "Hospitalization coverage" of medical care insurance represents the amount related to hospitalization from illness.

5. The amount in disability income insurance represents the amount of monthly disability benefit payments.

6. The number of insureds and amount of policies for reinsurance written were 42,000 people and ¥69.0 billion, respectively.

5. Nonconsolidated Balance Sheets

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Assets:		
Cash and deposits:	492,198	467,727
Cash	268	310
Deposits	491,930	467,416
Call loans	572,600	349,400
Receivables under securities borrowing transactions	—	159,856
Monetary receivables purchased	498,758	570,632
Investments in securities:	49,839,240	44,369,012
National government bonds	18,760,470	17,578,858
Local government bonds	1,441,843	1,522,414
Corporate bonds	2,783,481	2,944,847
Domestic stocks	9,311,147	7,334,077
Foreign securities	16,450,680	14,258,244
Other securities	1,091,615	730,571
Loans:	8,357,620	8,528,979
Policy loans	736,564	782,280
Industrial and consumer loans	7,621,055	7,746,698
Tangible fixed assets:	1,713,248	1,718,217
Land	1,173,623	1,185,348
Buildings	514,952	474,175
Lease assets	5,007	3,740
Construction in progress	7,985	42,930
Other tangible fixed assets	11,679	12,020
Intangible fixed assets:	170,395	179,292
Software	78,574	87,100
Other intangible fixed assets	91,821	92,191
Reinsurance receivables	445	260
Other assets:	606,397	424,228
Accounts receivable	130,753	91,782
Prepaid expenses	9,412	7,871
Accrued income	265,437	255,976
Money on deposit	36,753	37,310
Deposits for futures transactions	8,849	5,753
Futures transactions variation margin	135	—
Derivative financial instruments	140,355	10,151
Suspense	4,845	6,331
Other assets	9,852	9,052
Customers' liability for acceptances and guarantees	38,686	30,137
Allowance for doubtful accounts	(6,585)	(7,024)
Total assets	62,283,004	56,790,719

5. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Liabilities:		
Policy reserves and other reserves:	50,436,716	48,785,930
Reserve for outstanding claims	197,929	199,582
Policy reserves	49,201,314	47,515,496
Reserve for dividends to policyholders	1,037,472	1,070,852
Reinsurance payables	523	343
Corporate bonds	399,590	157,040
Other liabilities:	1,451,427	1,607,132
Cash received as collateral under securities lending transactions	529,989	802,691
Loans payable	10,649	9,127
Income taxes payable	78,462	101,948
Accounts payable	149,740	124,982
Accrued expenses	63,134	57,257
Deferred income	23,217	22,870
Deposits received	99,396	98,158
Guarantee deposits received	84,777	84,102
Futures transactions variation margin	22	296
Derivative financial instruments	355,637	288,867
Cash collateral received for financial instruments	33,074	—
Lease obligations	5,512	4,930
Asset retirement obligations	1,966	2,031
Suspense receipts	15,773	9,868
Other liabilities	73	—
Accrued bonuses for directors and audit and supervisory board members	74	50
Accrued retirement benefits	365,302	385,283
Accrued retirement benefits for directors and audit and supervisory board members	4,274	4,403
Reserve for program points	13,171	12,609
Reserve for price fluctuations in investments in securities	778,723	623,312
Deferred tax liabilities	1,231,729	328,632
Deferred tax liabilities for land revaluation	115,440	128,236
Acceptances and guarantees	38,686	30,137
Total liabilities	54,835,660	52,063,111

4. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2015	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:	499,954	440,022
Legal reserve for deficiencies	14,208	13,270
Other surplus reserves:	485,746	426,752
Equalized reserve for dividends to policyholders	50,000	—
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	282	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	317,459	311,679
Total foundation funds and others	1,750,605	1,690,674
Net unrealized gains on available–for–sale securities, net of tax	6,016,469	3,256,652
Deferred losses on derivatives under hedge accounting, net of tax	(231,060)	(134,156)
Land revaluation differences	(88,670)	(85,561)
Total valuations, conversions, and others	5,696,737	3,036,934
Total net assets	7,447,343	4,727,608
Total liabilities and net assets	62,283,004	56,790,719

Basis of Presenting the Nonconsolidated Balance Sheet as of March 31, 2015

1. (1) Securities (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ* Statement No. 10) and securities within assets held in trust) are valued as follows:

   1) Trading securities are stated at fair value on the balance sheet date. The moving-average method is used for calculating cost of sales.

   2) Held-to-maturity debt securities are valued using the moving-average method, net of accumulated amortization (straight-line).

   3) Policy-reserve-matching bonds are valued using the moving-average method, net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA**.

   4) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving-average method.

   5) Available-for-sale securities
      a. For securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving-average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (cost of sales is calculated by using the moving-average method).
      b. For securities of which the fair value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving-average method, net of accumulated amortization (straight-line). Other securities are valued using the moving-average method.

   (2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

* ASBJ: The Accounting Standards Board of Japan
** JICPA: Japanese Institute of Certified Public Accountants

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

3. Derivative financial instruments are stated at fair value.

4. (1) Tangible fixed assets are depreciated based on the following methods.
   a. Tangible fixed assets (except for lease assets)
      (i) Buildings
      Straight-line method.
      (ii) Assets other than the above
      Declining-balance method.
   b. Lease assets
      (i) Lease assets related to financial leases where ownership is transferred
      The same depreciation method applied to fixed assets owned by the Company.
      (ii) Lease assets related to financial leases where ownership is not transferred
      Straight-line method based on lease period.

   (2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

5. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
   Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

6. (1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   1) The allowance for loans from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (3) below).
   2) The allowance for loans from borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an

assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

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

(2) All credits are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥501 million (including ¥168 million of credits secured and/or guaranteed) as of March 31, 2015.

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

8. (1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments to employees on the balance sheet date of the current fiscal year.

(2) The accounting methods used for retirement benefit obligations and benefit costs are as follows:

1) Attribution method for estimated retirement benefits: Benefit formula basis
2) Period of amortizing actuarial differences: 5 years
3) Period of amortizing prior service costs: 5 years

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

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

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

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

13. Hedge accounting is applied based on the following method:
    1) The Company mainly applies fair value hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The Company also applies designated hedge accounting (*"Furiate-shori"*) for currency swaps for the foreign currency-denominated subordinated corporate bonds issued by the Company.

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

14. Consumption taxes and local consumption taxes are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of March 31, 2015.

15. Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology. In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

16. Regarding the investment of general accounts (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company has built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.
    Based on this, in order to reliably pay benefits and other payments in the future, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invests in stocks and foreign securities. Also, from the viewpoint of effective investment, the Company mainly uses derivative transactions for controlling asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate related investments, foreign exchange forward contracts, and currency

options and swaps for the Company's currency related investments, and hedge accounting is applied with respect to a portion thereof.

The Company mainly applies fair value hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The Company also applies designated hedge accounting ("*Furiate-shori*") for currency swaps for the foreign currency-denominated subordinated corporate bonds issued by the Company. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

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

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

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

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

(Million Yen)

	Balance sheet amount (*1)	Fair value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	302,999	302,999	—
Available-for-sale securities	302,999	302,999	—
Monetary receivables purchased	498,758	534,726	35,968
Policy-reserve-matching bonds	459,891	495,860	35,968
Available-for-sale securities	38,866	38,866	—
Securities:	48,607,816	51,220,143	2,612,327
Trading securities	1,005,262	1,005,262	—
Policy-reserve-matching bonds	20,214,005	22,796,569	2,582,564
Investments in subsidiaries and affiliates	7,711	37,474	29,763
Available-for-sale securities	27,380,837	27,380,837	—
Loans (*3):	8,352,241	8,684,140	331,898
Policy loans	736,402	736,402	—
Industrial and consumer loans	7,615,839	7,947,737	331,898
Derivative financial instruments (*4):	(215,282)	(215,282)	—
Hedge accounting not applied	515	515	—
Hedge accounting applied	(215,798)	(215,798)	—
Corporate bonds (*3,*5)	(399,590)	(417,493)	(17,903)
Cash received as collateral under securities lending transactions (*5)	(529,989)	(529,989)	—

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

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

(*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment (*"Tokurei-shori"*) or currency swaps under designated hedge accounting ("*Furiate-shori*") are included in the fair values of loans and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the hedged items.

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

(*5) Cash received as collateral under corporate bonds and securities lending transactions is recorded in liabilities and presented in brackets.

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

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

a. Items with a market price

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

b. Items without a market price

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

2) Loans

a. Policy loans

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

b. Industrial and consumer loans

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

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

Loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

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

b. Fair value of stock options is measured by the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.

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

d. Fair value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates and other data.

4) Corporate bonds

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

5) Cash received as collateral under securities lending transactions

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

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without fair value are not included in the securities in the table in (1) above. Balance sheet amounts by holding purpose were ¥292,859 million for stocks of subsidiaries and affiliates, and ¥938,564 million for available-for-sale securities as of March 31, 2015.

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

1) Trading securities

Investments in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥154,939 million for securities related to separate accounts.

2) Held-to-maturity debt securities

No ending balance as of March 31, 2015.

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Monetary receivables purchased	457,286	493,315	36,029
	Domestic bonds	20,047,635	22,626,539	2,578,904
	Foreign securities	71,655	75,699	4,043
	Subtotal	20,576,578	23,195,555	2,618,977
Fair value does not exceed the balance sheet amount	Monetary receivables purchased	2,604	2,544	(60)
	Domestic bonds	94,532	94,148	(383)
	Foreign securities	181	180	(0)
	Subtotal	97,318	96,874	(444)
Total		20,673,896	23,292,429	2,618,532

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	93,000	93,000	0
	Monetary receivables purchased	1,000	1,016	16
	Domestic bonds	2,231,394	2,389,176	157,781
	Domestic stocks	3,728,318	8,743,582	5,015,264
	Foreign securities	11,561,325	14,690,856	3,129,530
	Other securities	690,908	807,614	116,705
	Subtotal	18,305,947	26,725,246	8,419,299
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	210,000	209,998	(1)
	Monetary receivables purchased	37,852	37,850	(2)
	Domestic bonds	123,945	123,138	(807)
	Domestic stocks	216,198	192,876	(23,321)
	Foreign securities	328,342	318,709	(9,633)
	Other securities	115,380	114,883	(496)
	Subtotal	1,031,720	997,457	(34,263)
Total		19,337,667	27,722,703	8,385,035

* Items with ¥938,564 million whose fair value is extremely difficult to determine are not included.

¥17 million in impairment losses was recognized for items with a fair value during the fiscal year ended March 31, 2015.

Regarding stocks (including foreign stocks) with fair value, impairment losses are recognized for stocks whose fair value has fallen significantly from the acquisition price based on the average fair value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the fair value falls substantially and the fall in the fair value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the fair value on the balance sheet date.

The criteria by which the fair value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average fair value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

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

1. Average fair value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.
2. The historical fair value, the business condition of the issuing company, and other aspects are subject to certain requirements.

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

(Million Yen)

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

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

18. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,176,798 million, with a fair value of ¥1,260,401 million.
The Company owns rental office buildings and commercial facilities, the fair value of which at the fiscal year end is the amount measured based mainly on the "Real Estate Appraisal Standards."
The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥343 million.

19. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥38,297 million as of March 31, 2015.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,179 million and ¥32,009 million, respectively, as of March 31, 2015.
Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued for the loans since income as the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.

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

2) There were no loans that were delinquent for over three months as of March 31, 2015.
Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

3) The balance of restructured loans was ¥4,107 million as of March 31, 2015.
Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥277 million and ¥224 million, respectively, as of March 31, 2015.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,159,761 million as of March 31, 2015.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,113,510 million as of March 31, 2015, and a corresponding liability was recorded in the same amount.

22. The total amount of credits and debits to subsidiaries as of March 31, 2015, were ¥130,314 million and ¥3,545 million, respectively.

23. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2015, were as follows:

		Million Yen
		Year ended March 31, 2015
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 fiscal year	¥258,747
d.	Increase in interest	¥23,602
e.	Balance at the end of the current fiscal year (a+b-c+d)	¥1,037,472

24. Corporate bonds with liabilities are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations. The foreign currency-denominated subordinated corporate bonds issued in October 2012 are callable on each interest payment date on or after October 2022, and the foreign-currency-denominated subordinated corporate bonds issued in October 2014 are callable on the tenth anniversary date after the issue date, and on each fifth anniversary date thereafter at the discretion of the Company, subject to the approval of the regulatory authority and other conditions.

    On April 30, 2015, the Company issued corporate bonds as follows.

    1) Name
       JPY denominated subordinated and unsecured corporate bonds due 2045 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)
    2) Issue price
       100% of principal amount
    3) Issue amount
       ¥75.0 billion
    4) Interest rate
       A fixed rate of 1.52% per annum before April 30, 2025
       From April 30, 2025, a fixed rate with a step up, reset every five years.
    5) Maturity
       April 30, 2045. (However, the corporate bonds are callable on April 30, 2025 and every date that falls five or a multiple of five years thereafter at the discretion of Nippon Life, subject to prior approval by the regulatory authority.)
    6) Collateral and guarantees
       The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
    7) Use of funds
       General working capital

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

    The amount of assets pledged as collateral by securities included ¥518,628 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥530,062 million of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2015.

26. 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 March 31, 2015.

27. The total amount of stocks and investments in subsidiaries was ¥300,570 million as of March 31, 2015.

28. The amount of securities lent under lending agreements was ¥2,607,789 million as of March 31, 2015.

29. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥149,418 million at fair value as of March 31, 2015.

30. The amount of commitments related to loans and loans outstanding was ¥184,916 million as of March 31, 2015.

31. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Company is estimated to be ¥85,914 million as of March 31, 2015.
The amount contributed to the said corporation is recorded within operating expenses.

32. Information relating to retirement benefits is as follows:

(1) Outline of retirement benefit plans adopted by the Company

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

(2) Defined benefit plan

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

		Million Yen
		Year ended March 31, 2015
a.	Accrued retirement benefit obligations at the beginning of the year	¥624,485
b.	Service costs	¥22,839
c.	Interest cost	¥9,991
d.	Actuarial differences accrued during the year	¥70,734
e.	Retirement benefit payments	¥(47,790)
f.	Accrued retirement benefits at the end of the year (a+b+c+d+e)	¥680,261

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

		Million Yen
		Year ended March 31, 2015
a.	Pension plan assets at the beginning of the year	¥268,186
b.	Expected return on plan assets	¥4,290
c.	Actuarial differences accrued during the year	¥9,920
d.	Contributions by business proprietor	¥7,665
e.	Retirement benefit payments	¥(17,775)
f.	Pension plan assets at the end of the year (a+b+c+d+e)	¥272,288

3) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits

		Million Yen
		Year ended March 31, 2015
a.	Retirement benefit obligations for funded plans	¥311,041
b.	Pension plan assets	¥(272,288)
		¥38,752
c.	Retirement benefit obligations for non-funded plans	¥369,219
d.	Unrecognized actuarial differences	¥(47,038)
e.	Unrecognized prior service costs	¥4,368
f.	Accrued retirement benefits (a+b+c+d+e)	¥365,302

4) Gains (losses) relating to retirement benefits

		Million Yen
		Year ended March 31, 2015
a.	Service costs	¥22,839
b.	Interest cost	¥9,991
c.	Expected return on plan assets	¥(4,290)
d.	Amortization of actuarial differences for the period	¥(6,074)
e.	Amortization of prior service costs for the period	¥(4,765)
f.	Accrued retirement benefit obligations for defined benefit plans (a+b+c+d+e)	¥17,699

5) Breakdown of pension plan assets

a.	General account of Nippon Life	52.3%
b.	Domestic bonds	26.9%
c.	Foreign securities	17.3%
d.	Domestic stocks	2.7%
e.	Cash and deposits	0.8%
f.	Total (a+b+c+d+e)	100.0%

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

To determine the long-term expected rate of return on pension plan assets, the Company takes into consideration the present and forecasted dividends from pension plan assets, and the present and long-term rates of return that are expected from the diverse assets that comprise the pension plan assets.

7) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations at the end of the period are as follows:

a.	Discount rate	0.6%
b.	Long-term expected rate of return on plan assets	1.6%

(3) Defined contribution plans

The Company contributed ¥2,140 million to defined contribution plans during the fiscal year ended March 31, 2015.

33. (1) Total deferred tax assets were ¥1,254,315 million and total deferred tax liabilities were ¥2,447,032 million as of March 31, 2015. Among deferred tax assets, the deduction for the valuation allowance was ¥39,012 million. The major components causing deferred tax assets were policy reserves and other reserves of ¥758,723 million, reserve for price fluctuations in investments in securities of ¥224,272 million, accrued retirement benefits of ¥105,207 million, and allowance for doubtful accounts of ¥2,234 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥2,403,751 million.

(2) The statutory tax rate was 30.7% for the fiscal year ended March 31, 2015. The main factors in the difference between the statutory tax rate and the effective income tax rate were a decrease of 18.4% due to the amount of reserve for dividends to policyholders and an impact of 16.6% from a change in the tax rates.

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

As a result of this change, deferred tax liabilities at the end of the period decreased by ¥81,259 million, deferred tax liabilities for land revaluation by ¥7,615, while net unrealized gains on available-for-sale securities, net of tax increased by ¥158,817 million, land revaluation differences by ¥7,615 million. At the same time, income taxes – deferred increased by ¥71,392 million.

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

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

35. The amount of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act was ¥192 million as of March 31, 2015.

36. The amount per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act was ¥5,786,059 million as of March 31, 2015.

6. Nonconsolidated Statements of Income

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Ordinary income:	7,293,695	6,714,089
Revenues from insurance and reinsurance:	5,337,118	4,825,577
Insurance premiums	5,336,204	4,824,669
Reinsurance revenue	913	907
Investment income:	1,773,951	1,683,763
Interest, dividends, and other income:	1,371,789	1,296,640
Interest on deposits and savings	276	268
Interest on securities and dividends	1,113,858	1,029,275
Interest on loans	161,231	171,827
Real estate rental income	82,716	79,237
Other income	13,706	16,031
Gain from assets held in trust, net	4	5
Gain on sales of securities	242,024	260,438
Gain on redemptions of securities	5,023	248
Foreign exchange gains, net	—	1,693
Reversal of allowance for doubtful accounts	431	1,667
Other investment income	489	441
Gain from separate accounts, net	154,187	122,626
Other ordinary income:	182,625	204,748
Income from annuity riders	7,329	7,836
Income from deferred benefits	126,913	153,912
Reversal of reserve for outstanding claims	1,652	4,266
Other ordinary income	46,729	38,733

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Ordinary expenses:	6,686,454	6,201,473
Benefits and other payments:	3,932,183	3,778,221
Death and other claims	1,022,096	1,016,847
Annuity payments	839,921	857,662
Health and other benefits	721,112	769,645
Surrender benefits	959,865	839,852
Other refunds	387,696	292,927
Reinsurance premiums	1,491	1,284
Provision for policy reserves:	1,709,420	1,378,948
Provision for policy reserves	1,685,817	1,354,233
Provision for interest on reserve for dividends to policyholders	23,602	24,715
Investment expenses:	140,994	186,309
Interest expenses	9,876	7,792
Loss on sales of securities	18,357	57,738
Loss on valuation of securities	3,258	22,254
Loss on redemptions of securities	21,595	24,628
Loss on derivative financial instruments, net	46,342	36,508
Foreign exchange losses, net	417	—
Write-offs of loans	0	0
Depreciation of rental real estate and other assets	15,307	15,410
Other investment expenses	25,839	21,976
Operating expenses	563,371	561,860
Other ordinary expenses:	340,484	296,133
Deferred benefit payments	232,820	197,808
Taxes	44,508	34,643
Depreciation	46,455	47,308
Other ordinary expenses	16,700	16,371

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Ordinary profit	607,241	512,616
Extraordinary gains:	4,025	43,236
Gain on disposals of fixed assets	4,025	2,750
Gain on liquidation of subsidiaries and affiliates	—	40,486
Extraordinary losses:	181,855	208,338
Loss on disposals of fixed assets	3,423	6,252
Impairment losses	19,908	4,728
Provision for reserve for price fluctuations in investments in securities	155,411	195,783
Loss on reduction entry of real estate	136	96
Contributions for assisting social public welfare	2,977	1,477
Surplus before income taxes	429,411	347,515
Income taxes - current	167,465	142,385
Income taxes - deferred	(41,811)	(79,286)
Total income taxes	125,653	63,098
Net surplus	303,758	284,416

Notes to the Nonconsolidated Statement of Income for the Fiscal Year ended March 31, 2015

1. The total income and expenses from transactions with subsidiaries is ¥18,423 million and ¥29,908 million, respectively, for the fiscal year ended March 31, 2015.

2. Gain on sales of securities includes gains on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥12,929 million, ¥216,749 million, and ¥12,345 million, respectively, for the fiscal year ended March 31, 2015.

3. Loss on sales of securities includes losses on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥1,468 million, ¥9,889 million, and ¥6,998 million, respectively, for the fiscal year ended March 31, 2015.

4. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥113 million and ¥3,083 million, respectively, for the fiscal year ended March 31, 2015.

5. Reversal of policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥4 million for the fiscal year ended March 31, 2015.

6. Loss on derivative financial instruments, net, includes net valuation loss of ¥1,513 million for the fiscal year ended March 31, 2015.

7. 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 fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

   3) Breakdown of asset groups that recognized impairment losses for the fiscal year ended March 31, 2015, is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,846	¥1,489	¥2,242	¥5,578
Idle property	¥13,700	—	¥628	¥14,329

Total	¥15,547	¥1,489	¥2,871	¥19,908

4) Calculation method of recoverable amount

The recoverable amount used in the measurement of impairment losses is based on the value in use of the assets or the net realizable value upon sales of the assets.

The value in use is calculated in principle by discounting future cash flows at a rate of 4.0%. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

7. Nonconsolidated Statements of Changes in Net Assets

Year ended March 31, 2014 (Million Yen)

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

7. Nonconsolidated Statements of Changes in Net Assets (Continued)

Year ended March 31, 2014

(Million Yen)

	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Total valuations, conversions, and others	
Beginning balance	2,508,046	(74,128)	(84,481)	2,349,436	3,950,665
Cumulative effect of change in accounting policies					24,705
Beginning balance after reflecting accounting policy changes	2,508,046	(74,128)	(84,481)	2,349,436	3,975,371
Increase/decrease:					
Additions to reserve for dividends to policyholders					(167,172)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(3,585)
Net surplus					284,416
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation differences					1,080
Net change, excluding foundation funds and others	748,605	(60,027)	(1,080)	687,497	687,497
Net change	748,605	(60,027)	(1,080)	687,497	752,237
Ending balance	3,256,652	(134,156)	(85,561)	3,036,934	4,727,608

7. Nonconsolidated Statements of Changes in Net Assets (Continued)

Year ended March 31, 2015

(Million Yen)

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

7. Nonconsolidated Statements of Changes in Net Assets (Continued)

Year ended March 31, 2015

(Million Yen)

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

8. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

		Year ended March 31, 2015	Year ended March 31, 2014
Core operating profit (A)		679,090	592,445
Capital gains:		242,029	262,138
	Gain on proprietary trading securities	—	—
	Gain on assets held in trust, net	4	5
	Gain on trading securities	—	—
	Gain on sales of securities	242,024	260,438
	Gain on derivative financial instruments, net	—	—
	Foreign exchange gains, net	—	1,693
	Other capital gains	—	—
Capital losses:		68,376	116,502
	Loss on proprietary trading securities	—	—
	Loss on assets held in trust, net	—	—
	Loss on trading securities	—	—
	Loss on sales of securities	18,357	57,738
	Loss on valuation of securities	3,258	22,254
	Loss on derivative financial instruments, net	46,342	36,508
	Foreign exchange losses, net	417	—
	Other capital losses	—	—
Net capital gains (losses) (B)		173,652	145,635
Core operating profit including net capital gains (losses) (A+B)		852,743	738,081
Nonrecurring gains:		—	141
	Reinsurance revenue	—	—
	Reversal of contingency reserve	—	—
	Reversal of specific allowance for doubtful accounts	—	141
	Other nonrecurring gains	—	—
Nonrecurring losses:		245,501	225,606
	Reinsurance premiums	—	—
	Provision for contingency reserve	244,488	225,606
	Provision for specific allowance for doubtful accounts	1,012	—
	Provision for allowance for specific overseas debts	—	—
	Write-offs of loans	0	0
	Other nonrecurring losses	—	—
Nonrecurring losses (C)		(245,501)	(225,464)
Ordinary profit (A+B+C)		607,241	512,616

9. Proposal for Appropriation of Unappropriated Surplus

(Thousands Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Unappropriated surplus for the current year	317,459,726	311,679,459
Reversal from other surplus reserve:	635,726	677,396
Reversal of reserve for reduction entry of real estate	601,326	677,396
Reversal of reserve for reduction entry of real estate to be purchased	34,400	—
Total	318,095,453	312,356,855
Appropriations:	318,095,453	312,356,855
Reserve for dividends to policyholders	257,299,416	201,765,958
Net surplus:	60,796,036	110,590,897
Additions to legal reserve for deficiencies	955,000	938,000
Additions to reserve for redemption of foundation funds	50,000,000	50,000,000
Interest on foundation funds	1,935,000	2,785,000
Transfer to other surplus reserve:	7,906,036	56,867,897
Equalized reserve for dividends to policyholders	—	50,000,000
Reserve for social public welfare assistance	3,000,000	3,000,000
Reserve for reduction entry of real estate	4,906,036	3,866,656
Reserve for reduction entry of real estate to be purchased	—	1,241
Surplus carried forward	—	—

10. Status of Nonperforming Assets According to Borrower's Classification

(Million Yen, %)

	As of March 31, 2015	As of March 31, 2014
Bankrupt and quasi-bankrupt loans	10,598	11,686
Doubtful loans	23,610	22,596
Substandard loans	4,107	4,749
Subtotal	38,316	39,033
[Percent of total, %]	[0.35]	[0.34]
Normal loans	11,000,199	11,365,046
Total	11,038,516	11,404,080

Notes:
1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to reasons including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.
2. Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.
3. Substandard loans include loans that are delinquent for over three months or restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring. Examples of such concessions include reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).
4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.

Supplemental information for borrower's classification

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments and customer's liability for acceptances and guarantees.

- For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts as of March 31, 2015, and March 31, 2014, were ¥501 million and ¥703 million, respectively.

11. Status of Risk-Monitored Loans

(Million Yen, %)

	As of March 31, 2015	As of March 31, 2014
Loans to bankrupt borrowers	2,179	2,339
Delinquent loans	32,009	31,941
Loans that are delinquent for over three months	—	23
Restructured loans	4,107	4,726
Total	38,297	39,030
[Percent of total loans, %]	[0.46]	[0.46]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), the estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount directly deducted from loans to bankrupt borrowers and delinquent loans were ¥277 million and ¥224 million, respectively, as of March 31, 2015, and ¥299 million and ¥403 million, respectively, as of March 31, 2014.
2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued, including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.
3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.
4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.
5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from above).
6. Interest that is not accrued for loans of borrowers who are deemed to be bankrupt, quasi-bankrupt, or doubtful based on the results of asset self-assessment is not recorded as income.

12. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	2,507	3,952	(1,444)
(B) Specific allowance for doubtful accounts	4,078	3,072	1,006
(C) Allowance for specific overseas debts	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	4,580	3,775	804
(B) Reversal	3,567	3,917	(349)
[excluding reversals with write-offs]			
(C) Net provision	1,012	(141)	1,154
(3) Allowance for specific overseas debts			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-offs of loans	0	0	0

(Reference)

Status of Borrower Classification

(100 Million Yen, %)

	As of March 31, 2015		As of March 31, 2014	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-offs of category IV)	83,576	100.0	85,289	100.0
Noncategorized	82,911	99.2	84,241	98.8
Category II	631	0.8	1,027	1.2
Category III	33	0.0	21	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥2.9 billion and ¥1.8 billion as of March 31, 2015, and March 31, 2014, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥0.5 billion and ¥0.7 billion as of March 31, 2015, and March 31, 2014, respectively.

13. Solvency Margin Ratio

(Million Yen)

				As of March 31, 2015	As of March 31, 2014
Solvency margin gross amount (A):				13,421,043	9,437,173
	Foundation funds (*kikin*) and other reserve funds:			3,806,532	3,422,870
		Foundation funds and others		1,491,371	1,486,123
		Reserve for price fluctuations in investments in securities		778,723	623,312
		Contingency reserve		1,250,248	1,005,760
		General allowance for doubtful accounts		2,507	3,952
		Others		283,681	303,722
	Net unrealized gains on available-for-sale securities × 90%			7,581,433	4,221,212
	Net unrealized gains on real estate × 85%			73,163	28,567
	Excess of continued Zillmerized reserve			1,509,979	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			(366)	(428)
	Others			50,711	55,528
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$				2,883,641	2,422,583
	Underwriting risk (R_1)			127,656	131,177
	Underwriting risk of third-sector insurance (R_8)			75,389	74,655
	Anticipated yield risk (R_2)			386,107	389,635
	Minimum guarantee risk (R_7)			5,820	5,870
	Investment risk (R_3)			2,424,023	1,966,765
	Business management risk (R_4)			60,379	51,362
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$				930.8%	779.0%

Notes: 1. The amounts and figures 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.

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

(Reference)

Policy reserve valuation method and ratio for individual insurance and annuities

	As of March 31, 2015	As of March 31, 2014
Policies subject to the standard policy reserve	Net level premium method	Net level premium method
Policies not subject to the standard policy reserve	Net level premium method	Net level premium method
Ratio (excluding contingency reserve)	100.0%	100.0%

Notes: 1. Individual insurance and annuities are subject to the valuation method and ratio. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.

2. Regarding the valuation ratio, policies subject to the standard policy reserve represent the ratio in accordance with the method which the Prime Minister prescribed by means of Ordinance No. 48 issued by the Ministry of Finance in 1996.
Policies not subject to the standard policy reserve represent the ratio for the reserve calculated by the net level premium method and unearned premium.

14. Status of Separate Accounts for the Fiscal Year Ended March 31, 2015

(1) Balance of Separate Account Assets

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Individual variable insurance	131,518	116,835
Individual variable annuities	77,605	100,517
Group annuities	904,386	1,010,045
Separate account total	1,113,510	1,227,398

(2) Status of Separate Accounts for Individual Variable Insurance

1) Policies in Force

	As of March 31, 2015		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)	1,724	8,382	1,820	8,931
Variable insurance (whole life type)	34,665	513,177	35,433	531,558
Total	36,389	521,560	37,253	540,490

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Insurance)

(Million Yen, %)

	As of March 31, 2015		As of March 31, 2014	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	4,013	3.1	5,013	4.3
Investments in securities:	119,486	90.9	104,906	89.8
Domestic bonds	25,449	19.4	28,784	24.6
Domestic stocks	51,154	38.9	36,538	31.3
Foreign securities:	42,882	32.6	39,584	33.9
Foreign bonds	13,432	10.2	14,253	12.2
Foreign stocks and other securities	29,449	22.4	25,331	21.7
Other securities	—	—	—	—
Loans	—	—	—	—
Others	8,018	6.1	6,915	5.9
Allowance for doubtful accounts	—	—	—	—
Total	131,518	100.0	116,835	100.0

3) Investment Income and Expenses from Separate Accounts (Individual Variable Insurance)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
	Amount	Amount
Interest, dividends, and other income	2,228	2,097
Gain on sales of securities	10,153	11,538
Gain on redemptions of securities	0	—
Gain on valuation of securities	9,477	2,179
Foreign exchange gains, net	85	18
Gain on derivative financial instruments, net	1,631	—
Other investment income	15	8
Loss on sales of securities	1,499	1,286
Loss on redemptions of securities	0	0
Loss on valuation of securities	(213)	(720)
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	—	124
Other investment expenses	3	1
Net investment income	22,301	15,150

(3) Status of Separate Accounts for Individual Variable Annuities

1) Policies in Force

	As of March 31, 2015		As of March 31, 2014	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	10,443	77,604	14,505	100,516

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Annuities)

(Million Yen, %)

	As of March 31, 2015		As of March 31, 2014	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	—	—	—	—
Investments in securities:	75,228	96.9	97,993	97.5
Domestic bonds	13,859	17.9	17,947	17.9
Domestic stocks	—	—	—	—
Foreign securities:	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	61,368	79.1	80,045	79.6
Loans	—	—	—	—
Others	2,376	3.1	2,523	2.5
Allowance for doubtful accounts	—	—	—	—
Total	77,605	100.0	100,517	100.0

3) Investment Income and Expenses from Separate Accounts (Individual Variable Annuities)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
	Amount	Amount
Interest, dividends, and other income	8,600	7,973
Gain on sales of securities	789	861
Gain on redemptions of securities	—	—
Gain on valuation of securities	3,270	4,083
Foreign exchange gains, net	—	—
Gain on derivative financial instruments, net	—	—
Other investment income	0	0
Loss on sales of securities	2	10
Loss on redemptions of securities	—	—
Loss on valuation of securities	(28)	(141)
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	—	—
Other investment expenses	0	0
Net investment income	12,688	13,049

15. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Ordinary income	74,100	68,292
Ordinary profit	6,186	5,232
Net surplus	3,080	2,471
Comprehensive income	29,586	9,850

	As of March 31, 2015	As of March 31, 2014
Total assets	626,486	570,902
Solvency margin ratio	943.1%	795.5%

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

	As of March 31, 2015
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	None

(3) Policies of Presenting the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2015

1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and the Company's subsidiaries. Consolidated subsidiaries as of March 31, 2015, are listed as follows:

Nissay Computer Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)
Nissay Credit Guarantee Co., Ltd. (Japan)
Nippon Life Insurance Company of America (U.S.A.)
NLI Commercial Mortgage Fund, LLC (U.S.A.)
NLI Commercial Mortgage Fund II, LLC (U.S.A.)

The major subsidiaries excluded from consolidation are NLI International Inc., Nissay Card Service Co., Ltd. and Nissay Trading Corporation.

The respective and aggregate effects of the companies that are excluded from consolidation, based on total assets, revenues, net income, and surplus for the fiscal year ended March 31, 2015, are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and the Company's subsidiaries and the result of their operations.

2) Affiliates

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

The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
Nissay-Greatwall Life Insurance Co., Ltd. (China)
Reliance Life Insurance Company Limited (India)
Bangkok Life Assurance Public Company Limited (Thailand)

The subsidiaries not consolidated, e.g., NLI International Inc., Nissay Card Service Co., Ltd., and others, and affiliates other than those listed above, e.g., Reliance Capital Asset Management Limited, and others, are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the fiscal year ended March 31, 2015, are immaterial.

The numbers of consolidated subsidiaries and affiliates as of March 31, 2015, were as follows:

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

3) Closing dates of consolidated subsidiaries

The closing date of consolidated overseas subsidiaries is December 31. The consolidated financial statements are prepared using data as of the closing date, and necessary adjustments are made to reflect important transactions that occurred between the closing date and the consolidated balance sheet date.

4) Amortization of goodwill

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

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

(4) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Assets:		
Cash and deposits	529,509	497,125
Call loans	572,600	349,400
Receivables under securities borrowing transactions	—	159,856
Monetary receivables purchased	498,758	570,632
Investments in securities	49,898,791	44,411,714
Loans	8,333,838	8,488,309
Tangible fixed assets:	1,725,822	1,728,486
Land	1,173,623	1,185,348
Buildings	515,505	474,732
Lease assets	4,010	2,566
Construction in progress	7,985	42,930
Other tangible fixed assets	24,697	22,907
Intangible fixed assets:	167,618	176,733
Software	75,432	84,169
Lease assets	13	17
Other intangible fixed assets	92,171	92,546
Reinsurance receivables	636	503
Other assets	890,988	686,945
Deferred tax assets	4,648	4,619
Customers’ liability for acceptances and guarantees	33,801	25,299
Allowance for doubtful accounts	(8,372)	(9,386)
Total assets	62,648,641	57,090,238

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Liabilities:		
Policy reserves and other reserves:	50,442,520	48,792,463
Reserve for outstanding claims	202,171	204,408
Policy reserves	49,202,876	47,517,202
Reserve for dividends to policyholders	1,037,472	1,070,852
Reinsurance payables	557	377
Corporate bonds	399,590	157,040
Other liabilities	1,707,220	1,832,055
Accrued bonuses for directors and audit and supervisory board members	74	50
Net defined benefit liability	411,416	359,438
Accrued retirement benefits for directors and audit and supervisory board members	4,397	4,508
Reserve for program points	13,171	12,609
Reserve for price fluctuations in investments in securities	778,723	623,312
Deferred tax liabilities	1,223,642	340,794
Deferred tax liabilities for land revaluation	115,440	128,236
Acceptances and guarantees	33,801	25,299
Total liabilities	55,130,557	52,276,186
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	541,573	477,329
Total foundation funds and others	1,792,225	1,727,980
Net unrealized gains on available-for-sale securities, net of tax	6,023,903	3,261,140
Deferred losses on derivatives under hedge accounting, net of tax	(231,060)	(134,156)
Land revaluation differences	(88,670)	(85,561)
Foreign currency translation adjustments	36,330	10,162
Remeasurement of defined benefit plans	(30,381)	20,085
Total accumulated other comprehensive income	5,710,121	3,071,671
Minority interests	15,736	14,399
Total net assets	7,518,084	4,814,051
Total liabilities and net assets	62,648,641	57,090,238

Basis of Presenting the Consolidated Balance Sheet as of March 31, 2015

1. (1) Securities of the Company (including items such as deposits and monetary receivables purchased, which are treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10) and securities within assets held in trust) are valued as follows:

    1) Trading securities are stated at fair value on the balance sheet date. The moving-average method is used for calculating cost of sales.

    2) Held-to-maturity debt securities are valued using the moving-average method, net of accumulated amortization (straight-line).

    3) Policy-reserve-matching bonds are valued using the moving-average method, net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

    4) Investments in subsidiaries and affiliates that are not consolidated nor accounted for by the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving-average method.

    5) Available-for-sale securities

        a. For securities with a fair value, stocks (including foreign stocks) are valued by using the average fair value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving-average method). Other securities with a fair value are valued by using the fair value on the balance sheet date (cost of sales is calculated by using the moving-average method).

        b. For securities of which the fair value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving-average method, net of accumulated amortization (straight-line). Other securities are valued using the moving-average method.

   (2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

3. Derivative financial instruments are stated at fair value.

4. (1) Tangible fixed assets are depreciated based on the following methods.

   a. Tangible fixed assets of the Company (except for lease assets)

      (i) Buildings

      Straight-line method.

      (ii) Assets other than the above

      Declining-balance method.

   b. Lease assets of the Company

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

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

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

      Straight-line method based on lease period.

   c. Tangible fixed assets of consolidated subsidiaries

      Depreciated based mainly on the straight-line method.

   (2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

5. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
   Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

6. (1) An allowance for doubtful accounts of the Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.

   1) The allowance for loans from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (4) below).

2) The allowance for loans from borrowers who are not currently legally bankrupt, but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

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

(2) All credits of the Company are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) For consolidated subsidiaries, the Company records amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.

(4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥743 million (including ¥197 million of credits secured and/or guaranteed) as of March 31, 2015.

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

8. (1) Net defined benefit liability is the amount of retirement benefit obligations prepared for payment of employee retirement benefits less pension plan assets, based on the projected amounts at the end of the current fiscal year.

(2) The accounting methods of the Company used for retirement benefits are as follows:

1) Attribution method for estimated retirement benefits: Benefit formula basis

2) Period of amortizing actuarial differences: 5 years

3) Period of amortizing prior service costs: 5 years

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

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

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

12. Financial leases where ownership is not transferred are capitalized based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).
For financial leases where the Company or a consolidated subsidiary is the lessor, and ownership is not transferred, if any, the Company recognizes the sales amount and cost of sales at the time of receiving the lease fee.

13. Hedge accounting of the Company is applied based on the following method:
    1) The Company mainly applies fair value hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment (*“Tokurei-shori”*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*“Furiate-shori”*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The Company also applies designated hedge accounting (*“Furiate-shori”*) for currency swaps for subordinated corporate bonds denominated in foreign currencies.

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

14. Consumption taxes and local consumption taxes of the Company are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of March 31, 2015.

15. Policy reserves of the Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology. In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

16. Regarding the investment of the Company’s general accounts (except separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the

Company has built a portfolio geared towards mid- to long-term investment and formulated an investment plan considering the outlook of the investment environment.

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

The Company mainly applies fair value hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The Company also applies designated hedge accounting ("*Furiate-shori*") for currency swaps for the foreign currency-denominated subordinated corporate bonds issued by the Company. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

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

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

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

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

(Million Yen)

	Balance sheet amount (*1)	Fair value (*2)	Difference
Cash and deposits (negotiable certificates of deposit):	313,499	313,499	—
Available-for-sale securities	313,499	313,499	—
Monetary receivables purchased:	498,758	534,726	35,968
Policy-reserve-matching bonds	459,891	495,860	35,968
Available-for-sale securities	38,866	38,866	—
Securities:	48,719,245	51,316,611	2,597,365
Trading securities	1,005,262	1,005,262	—
Held-to-maturity debt securities	49,201	49,339	137
Policy-reserve-matching bonds	20,214,005	22,796,569	2,582,564
Investments in subsidiaries and affiliates	22,810	37,474	14,663
Available-for-sale securities	27,427,965	27,427,965	—
Loans (*3):	8,327,360	8,660,317	332,956
Policy loans	736,402	736,402	—
Industrial and consumer loans	7,590,958	7,923,915	332,956
Derivative financial instruments (*4):	(215,282)	(215,282)	—
Hedge accounting not applied	515	515	—
Hedge accounting applied	(215,798)	(215,798)	—
Corporate bonds (*3,*5)	(399,590)	(417,493)	(17,903)
Cash received as collateral under securities lending transactions (*5)	(529,989)	(529,989)	—

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

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

(*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment (*"Tokurei-shori"*) or currency swaps under designated hedge accounting ("*Furiate-shori*") are included in the fair values of loans and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the hedged items.

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

(*5) Cash received as collateral under corporate bonds and securities lending transactions is recorded in liabilities and presented in brackets.

(2) Fair value measurement methods for the Company's major financial instruments are as follows:

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

a. Items with a market price

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

b. Items without a market price

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

2) Loans

a. Policy loans

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

b. Industrial and consumer loans

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

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

Loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

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

b. Fair value of stock options is measured by the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.

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

d. Fair value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates and other data.

4) Corporate bonds

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

5) Cash received as collateral under securities lending transactions

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

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without fair value are not included in the securities in the table in (1) above.

Balance sheet amounts by holding purpose were ¥240,764 million for stocks of subsidiaries and affiliates, and ¥938,781 million for available-for-sale securities as of March 31, 2015.

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

1) Trading securities

Investments in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥154,939 million for securities related to separate accounts.

2) Held-to-maturity debt securities

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

(Million Yen)

	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	31,443	31,574	131
	Foreign securities	5,693	5,758	65
	Subtotal	37,136	37,333	196
Fair value does not exceed the balance sheet amount	Domestic bonds	1,004	1,003	(0)
	Foreign securities	11,061	11,002	(58)
	Subtotal	12,065	12,006	(59)
Total		49,201	49,339	137

3) Policy-reserve-matching bonds

Balance sheet amounts, fair values, and their differences by type are as follows: (Million Yen)

	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Monetary receivables purchased	457,286	493,315	36,029
	Domestic bonds	20,047,635	22,626,539	2,578,904
	Foreign securities	71,655	75,699	4,043
	Subtotal	20,576,578	23,195,555	2,618,977
Fair value does not exceed the balance sheet amount	Monetary receivables purchased	2,604	2,544	(60)
	Domestic bonds	94,532	94,148	(383)
	Foreign securities	181	180	(0)
	Subtotal	97,318	96,874	(444)
Total		20,673,896	23,292,429	2,618,532

4) Available-for-sale securities

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

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	93,000	93,000	0
	Monetary receivables purchased	1,000	1,016	16
	Domestic bonds	2,235,511	2,393,305	157,794
	Domestic stocks	3,728,491	8,744,114	5,015,622
	Foreign securities	11,576,691	14,706,905	3,130,213
	Other securities	696,330	815,423	119,093
	Subtotal	18,331,024	26,753,765	8,422,741
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	220,500	220,498	(1)
	Monetary receivables purchased	37,852	37,850	(2)
	Domestic bonds	125,848	125,038	(809)
	Domestic stocks	216,198	192,876	(23,321)
	Foreign securities	344,802	335,046	(9,756)
	Other securities	115,756	115,255	(500)
	Subtotal	1,060,958	1,026,565	(34,393)
Total		19,391,983	27,780,331	8,388,348

* Items with ¥938,781 million whose fair value is extremely difficult to determine are not included.

¥17 million in impairment losses was recognized for items with a fair value during the fiscal year ended March 31, 2015.

Regarding stocks (including foreign stocks) with fair value of the Company, impairment losses are recognized for stocks whose fair value has fallen significantly from the acquisition price based on the average fair value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the fair value falls substantially and the fall in the fair value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the fair value on the balance sheet date.

The criteria by which the fair value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average fair value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

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

1. Average fair value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.
2. The historical fair value, the business condition of the issuing company, and other aspects are subject to certain requirements.

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

(Million Yen)

	1 year or under	Over 1 year, under 5 years	Over 5 years, under10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	313,500	—	—	—
Available-for-sale securities	313,500	—	—	—
Monetary receivables purchased:	42,040	2,094	61,379	392,605
Policy-reserve-matching bonds	5,040	2,094	60,527	391,605
Available-for-sale securities	37,000	—	851	1,000
Securities:	925,782	5,165,746	6,268,357	23,494,898
Held-to-maturity debt securities	15,932	31,412	1,809	—
Policy-reserve-matching bonds	570,864	2,289,427	2,801,365	14,432,666
Available-for-sale securities	338,985	2,844,906	3,465,182	9,062,231
Loans	873,138	2,915,309	1,963,052	1,833,428
Corporate bonds	—	—	—	399,590
Cash received as collateral under securities lending transactions	529,989	—	—	—

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

18. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,153,345 million, with a fair value of ¥1,231,926 million.
The Company owns rental office buildings and commercial facilities, the fair value of which at the fiscal year end is the amount measured based mainly on the "Real Estate Appraisal Standards."
The amount corresponding to asset retirement obligations, which are included in the balance sheet amounts of investment and rental properties is ¥336 million.

19. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥38,417 million as of March 31, 2015.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,181 million and ¥32,127 million, respectively, as of March 31, 2015.
Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued for the loans since income as the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.
Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

2) There were no loans that were delinquent for over three months as of March 31, 2015.
Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

3) The balance of restructured loans was ¥4,107 million as of March 31, 2015.
Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥315 million and ¥427 million, respectively, as of March 31, 2015.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,181,183 million as of March 31, 2015.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,113,510 million as of March 31, 2015, and a corresponding liability was recorded in the same amount.

22. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2015, were as follows:

	Million Yen
	Year ended March 31, 2015
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 fiscal year	¥258,747
d. Increase in interest	¥23,602
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,037,472

23. Corporate bonds with liabilities are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

The foreign currency-denominated subordinated corporate bonds issued in October 2012 are callable on each interest payment date on or after October 2022, and the foreign-currency-denominated subordinated corporate bonds issued in October 2014 are callable on the tenth anniversary date after the issue date, and on each fifth anniversary date thereafter at the discretion of the Company, subject to the approval of the regulatory authority and other conditions.

On April 30, 2015, the Company issued corporate bonds as follows.

1) Name

JPY denominated subordinated and unsecured corporate bonds due 2045 with interest deferral options (the corporate bonds were first issued to qualified institutional investors and a small number of investors in domestic securities markets)

2) Issue price

100% of principal amount

3) Issue amount

¥75.0 billion

4) Interest rate

A fixed rate of 1.52% per annum before April 30, 2025

From April 30, 2025, a fixed rate with a step up, reset every five years.

5) Maturity

April 30, 2045. (However, the corporate bonds are callable on April 30, 2025 and every date that falls five or a multiple of five years thereafter at the discretion of Nippon Life, subject to prior approval by the regulatory authority.)

6) Collateral and guarantees

The corporate bonds are not secured or guaranteed, and there are no particular assets reserved for them.

7) Use of funds

General working capital

24. Assets pledged as collateral by securities, lease receivables and investments in lease, land, and buildings as of March 31, 2015, were ¥1,482,181 million, ¥18,857 million, ¥252 million, and ¥53 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2015, was ¥545,030 million.
The amount of assets pledged as collateral by securities included ¥518,628 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥530,062 million of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2015.

25. At a meeting of the Board of Directors on May 26, 2015, the Company resolved to put forward a proposal to amend part of the Articles of Incorporation in connection with an issuance of foundation funds (kikin) of ¥50,000 million during the year ending March 31, 2016. The proposal will be put forward for approval at the Meeting of Representatives scheduled to be held on July 2.

26. 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 March 31, 2015.

27. The total amount of stocks and investments in nonconsolidated subsidiaries and affiliates was ¥263,575 million as of March 31, 2015.

28. The amount of securities lent under lending agreements was ¥2,607,789 million as of March 31, 2015.

29. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥149,418 million at fair value as of March 31, 2015.

30. The amount of commitments related to loans and loans outstanding was ¥108,416 million as of March 31, 2015.

31. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Company is estimated to be ¥85,914 million as of March 31, 2015.
The amount contributed to the said corporation is recorded within operating expenses.

32. Information relating to retirement benefits is as follows.

(1) Outline of retirement benefit plans adopted by the Company

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel, and sales management personnel, etc.

In terms of defined contribution plans, the Company has a defined contribution pension plan.

The Company has a defined benefit plan for sales representatives, etc. in the form of a lump-sum retirement payment plan and an in-house pension plan.

The main consolidated subsidiaries have a lump-sum retirement payment plan as a defined benefit plan and a defined contribution pension plan as a defined contribution plan.

(2) Defined benefit plan

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

		Million Yen
		Year ended March 31, 2015
a.	Accrued retirement benefit obligations at the beginning of the year	¥626,210
b.	Service costs	¥22,956
c.	Interest cost	¥9,997
d.	Actuarial differences accrued during the year	¥70,759
e.	Retirement benefit payments	¥(47,916)
f.	Others	¥108
g.	Accrued retirement benefits at the end of the year (a+b+c+d+e+f)	¥682,116

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

		Million Yen
		Year ended March 31, 2015
a.	Pension plan assets at the beginning of the year	¥268,186
b.	Expected return on plan assets	¥4,290
c.	Actuarial differences accrued during the year	¥9,920
d.	Contributions by business proprietor	¥7,665
e.	Retirement benefit payments	¥(17,775)
f.	Pension plan assets at the end of the year (a+b+c+d+e)	¥272,288

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

	Million Yen
	Year ended March 31, 2015
a. Net defined benefit liability at the beginning of the year	¥1,414
b. Benefit costs	¥273
c. Retirement benefit payments	¥(99)
d. Net defined benefit liability at the end of the year (a+b+c)	¥1,588

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

	Million Yen
	Year ended March 31, 2015
a. Retirement benefit obligations for funded plans	¥311,041
b. Pension plan assets	¥(272,288)
	¥38,752
c. Retirement benefit obligations for non-funded plans	¥372,663
d. Net defined benefit liability recorded in the balance sheet	¥411,416
e. Net defined benefit liability	¥411,416
f. Net defined benefit liability recorded in the balance sheet	¥411,416

5) Gains (losses) relating to retirement benefits

	Million Yen
	Year ended March 31, 2015
a. Service costs	¥22,956
b. Interest cost	¥9,997
c. Expected return on plan assets	¥(4,290)
d. Amortization of actuarial differences for the period	¥(6,049)
e. Amortization of prior service costs for the period	¥(4,765)
f. Benefit cost under the simplified valuation method	¥273
g. Other	¥108
h. Accrued retirement benefit obligations for defined benefit plans (a+b+c+d+e+f+g)	¥18,230

6) Breakdown of items included in other comprehensive income.

The breakdown of items included in other comprehensive income (before tax) is as follows:

	Million Yen
	Year ended March 31, 2015
a. Actuarial differences	¥(66,888)
b. Prior service costs	¥(4,765)
c. Total (a+b)	¥(71,654)

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

The breakdown of items included in total accumulated other comprehensive income (before tax) is as follows:

	Million Yen
	Year ended March 31, 2015
a. Unrecognized actuarial differences	¥47,038
b. Unrecognized prior service costs	¥(4,368)
c. Total (a+b)	¥42,670

8) Breakdown of pension plan assets

a. General account of Nippon Life	52.3%
b. Domestic bonds	26.9%
c. Foreign securities	17.3%
d. Domestic stocks	2.7%
e. Cash and deposits	0.8%
f. Total (a+b+c+d+e)	100.0%

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

To determine the long-term expected rate of return on pension plan assets, the Company takes into consideration the present and forecasted dividends from pension plan assets, and the present and long-term rates of return that are expected from the diverse assets that comprise the pension plan assets.

10) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations at the end of the period are as follows.

a. Discount rate	0.6%
b. Long-term expected rate of return on plan assets	1.6%

(3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥2,455 million to defined contribution plans during the fiscal year ended March 31, 2015.

33. (1) Total deferred tax assets were ¥1,273,191 million and total deferred tax liabilities were ¥2,452,492 million as of March 31, 2015. Among deferred tax assets, the deduction for the valuation allowance was ¥39,693 million. The major components causing deferred tax assets were policy reserves and other reserves of ¥758,723 million, reserve for price fluctuations in investments in securities of ¥224,272 million, net defined benefit liability of ¥118,611 million, and allowance for doubtful accounts of ¥2,738 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥2,404,751 million.

(2) The statutory tax rate was 30.7% for the fiscal year ended March 31, 2015. The main factors in the difference between the statutory tax rate and the effective income tax rate were a decrease of 17.9% due to the amount of reserve for dividends to policyholders and an impact of 16.2% from changes in tax rates.

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

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

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

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

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

[Consolidated Statements of Income]

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Ordinary income:	7,410,093	6,829,236
Revenues from insurance and reinsurance	5,370,865	4,860,167
Investment income:	1,776,754	1,687,307
Interest, dividends, and other income	1,373,699	1,298,823
Gain from assets held in trust, net	4	5
Gain on sales of securities	242,571	260,538
Gain on redemptions of securities	5,039	350
Foreign exchange gains, net	—	1,703
Reversal of allowance for doubtful accounts	726	2,620
Other investment income	525	638
Gain from separate accounts, net	154,187	122,626
Other ordinary income	262,474	281,760
Ordinary expenses:	6,791,489	6,305,995
Benefits and other payments:	3,960,031	3,806,572
Death and other claims	1,022,477	1,017,022
Annuity payments	839,921	857,662
Health and other benefits	748,368	797,618
Surrender benefits	959,865	839,852
Other refunds	387,696	292,927
Reinsurance premiums	1,701	1,487
Provision for policy reserves:	1,708,085	1,379,423
Provision for policy reserves	1,684,483	1,354,708
Provision for interest on reserve for dividends to policyholders	23,602	24,715
Investment expenses:	143,863	189,255
Interest expenses	10,342	8,138
Loss on sales of securities	18,386	57,804
Loss on valuation of securities	3,258	22,285
Loss on redemptions of securities	21,595	24,635
Loss on derivative financial instruments, net	48,979	39,218
Foreign exchange losses, net	381	—
Write-offs of loans	20	42
Depreciation of rental real estate and other assets	14,917	14,993
Other investment expenses	25,982	22,136
Operating expenses	586,062	583,082
Other ordinary expenses	393,447	347,662
Ordinary profit	618,604	523,240

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Extraordinary gains:	4,025	2,926
Gain on disposals of fixed assets	4,025	2,926
Extraordinary losses:	181,891	211,114
Loss on disposals of fixed assets	3,459	6,302
Impairment losses	19,908	4,728
Provision for reserve for price fluctuations in investments in securities	155,411	195,783
Loss on reduction entry of real estate	136	96
Contributions for assisting social public welfare	2,977	1,477
Loss on liquidation of subsidiaries and affiliates	—	2,726
Surplus before income taxes and minority interests	440,738	315,051
Income taxes - current	172,542	144,657
Income taxes - deferred	(41,146)	(77,778)
Total income taxes	131,396	66,878
Surplus before minority interests	309,342	248,173
Minority interests	1,271	1,020
Net surplus	308,070	247,152

Notes to the Consolidated Statement of Income for the Fiscal Year ended March 31, 2015

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 fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount, and impairment losses were recognized as extraordinary losses.

    3) Breakdown of asset groups that recognized impairment losses for the fiscal year ended March 31, 2015, is as follows:

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

    4) Calculation method of recoverable amount

    The recoverable amount used in the measurement of impairment losses is based on the value in use of the assets or the net realizable value upon sales of the assets.

    The value in use is calculated in principle by discounting future cash flows at a rate of 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Surplus before minority interests	309,342	248,173
Other comprehensive income:	2,649,292	736,864
Net unrealized gains on available-for-sale securities, net of tax	2,760,495	748,792
Deferred losses on derivatives under hedge accounting, net of tax	(96,904)	(60,027)
Land revaluation differences	7,615	—
Foreign currency translation adjustments	17,321	46,137
Remeasurement of defined benefit plans	(50,466)	—
Share of other comprehensive income of associates accounted for under the equity method	11,230	1,961
Comprehensive income:	2,958,634	985,038
Comprehensive income attributable to the Parent Company	2,957,245	983,864
Comprehensive income attributable to minority interests	1,388	1,173

Basis of Presenting the Consolidated Statement of Comprehensive Income for the Fiscal Year Ended March 31, 2015

Breakdown of other comprehensive income was as follows:

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

(Million Yen)

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

(2) Income tax effect relating to other comprehensive income

(Million Yen)

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

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
I. Cash flows from operating activities:		
Surplus before income taxes and minority interests	440,738	315,051
Depreciation of rental real estate and other assets	14,917	14,993
Depreciation	47,265	47,536
Impairment losses	19,908	4,728
Net decrease in reserve for outstanding claims	(2,774)	(3,772)
Net increase in policy reserves	1,685,475	1,354,061
Provision for interest on reserve for dividends to policyholders	23,602	24,715
Net decrease in allowance for doubtful accounts	(806)	(2,680)
Net increase (decrease) in accrued bonuses for directors and audit and supervisory board members	24	(2)
Net decrease in net defined benefit liability	(7,387)	(11,806)
Net (decrease) increase in accrued retirement benefits for directors and audit and supervisory board members	(110)	36
Net increase in reserve for price fluctuations in investments in securities	155,411	195,783
Interest, dividends, and other income	(1,373,699)	(1,298,823)
Net gains on investments in securities	(204,487)	(156,181)
Net losses on policy loans	145,484	163,453
Losses on derivative financial instruments, net	48,979	39,218
Interest expenses	10,342	8,138
Net foreign exchange losses (gains)	575	(1,641)
Net (gains) losses on tangible fixed assets	(35)	3,707
Investment losses (gains) on equity method	97	(1,980)
Gains from separate accounts, net	(154,187)	(122,626)
Losses on liquidation of subsidiaries and affiliates	—	2,726
Net increase in reinsurance receivables	(108)	(87)
Net increase in other assets (excluding those related to investing activities and financing activities)	(29,642)	(11,079)
Net increase in reinsurance payables	176	61
Net increase (decrease) in other liabilities (excluding those related to investing activities and financing activities)	16,530	(26,479)
Others, net	(38,642)	(7,142)
Subtotal	797,645	529,907
Interest, dividends, and other income received	1,394,428	1,301,927
Interest paid	(7,687)	(8,146)
Dividends to policyholders paid	(193,741)	(194,119)
Others, net	4,659	6,562
Income taxes paid	(207,110)	(114,690)
Net cash provided by operating activities	1,788,193	1,521,441

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Year ended March 31, 2015	Year ended March 31, 2014
II. Cash flows from investing activities:		
Net decrease in deposits	500	1,099
Net decrease (increase) in receivables under securities borrowing transactions	159,856	(9,146)
Purchases of monetary receivables purchased	(17,500)	(22,300)
Proceeds from sales and redemptions of monetary receivables purchased	99,205	103,904
Purchases of securities	(8,529,358)	(8,881,679)
Proceeds from sales and redemptions of securities	7,500,525	8,748,961
Disbursements for loans	(1,136,208)	(1,369,346)
Proceeds from collections of loans	1,186,604	1,280,328
Net losses from the settlement of derivative financial instruments	(731,311)	(805,208)
Net decrease increase in cash received as collateral under securities lending transactions	(272,701)	(409,330)
Others, net	33,147	(128)
①Total of investment activities	(1,707,240)	(1,362,845)
[I + II①]	[80,953]	[158,595]
Purchases of tangible fixed assets	(50,695)	(101,879)
Proceeds from sales of tangible fixed assets	8,299	28,804
Others, net	(25,162)	(25,937)
Net cash used in investing activities	(1,774,799)	(1,461,858)
III. Cash flows from financing activities:		
Proceeds from debt borrowing	220,448	216,289
Repayments of debt	(213,616)	(214,367)
Proceeds from issuance of corporate bonds	242,550	—
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(2,785)	(3,585)
Others, net	4,703	25,802
Net cash provided by (used in) financing activities	201,300	(25,861)
IV. Effect of exchange rate changes on cash and cash equivalents	(209)	17,513
V. Net increase in cash and cash equivalents	214,485	51,234
VI. Cash and cash equivalents at the beginning of the year	872,018	820,784
VII. Cash and cash equivalents at the end of the period	1,086,504	872,018

Basis of Presenting the Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2015

Cash and cash equivalents

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

(7) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2014 (Million Yen)

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

(Million Yen)

	Accumulated other comprehensive income (loss)						Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Foreign currency translation adjustments	Remeasur-ements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	2,509,186	(74,128)	(84,481)	(37,957)	—	2,312,619	13,278	4,001,471
Cumulative effect of change in accounting policies								24,705
Beginning balance after reflecting accounting policy changes	2,509,186	(74,128)	(84,481)	(37,957)	—	2,312,619	13,278	4,026,177
Increase/decrease								
Additions to reserve for dividends to policyholders								(167,172)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(3,585)
Net surplus								247,152
Redemption of foundation funds								(50,000)
Reversal of land revaluation differences								1,080
Increase due to increase in associates accounted for under the equity method								225
Net change, excluding foundation funds and others	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	760,172
Net change	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	787,874
Ending balance	3,261,140	(134,156)	(85,561)	10,162	20,085	3,071,671	14,399	4,814,051

(7) Consolidated Statements of Changes in Net Assets (Continued)

Year ended March 31, 2015 (Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	250,000	1,000,000	651	477,329	1,727,980
Increase/decrease:					
Additions to reserve for dividends to policyholders				(201,765)	(201,765)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(2,785)	(2,785)
Net surplus				308,070	308,070
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				10,724	10,724
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	64,244	64,244
Ending balance	200,000	1,050,000	651	541,573	1,792,225

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

(8) Status of Nonperforming Assets According to Borrower's Classification (Consolidated)

(Million Yen, %)

	As of March 31, 2015	As of March 31, 2014
Bankrupt and quasi-bankrupt loans	10,650	11,728
Doubtful loans	23,678	22,685
Substandard loans	4,107	4,749
Subtotal	38,436	39,163
[Percent of total, %]	[0.35]	[0.34]
Normal loans	10,971,009	11,318,802
Total	11,009,446	11,357,965

Notes: 1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to reason including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.

2. Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.

3. Substandard loans include loans that are delinquent for over three months or restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring. Examples of such concessions include reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).

4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.

Supplemental information for borrower's classification

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments and customer's liability for acceptances and guarantees.
- For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts as of March 31, 2015, and March 31, 2014, were ¥743 million and ¥1,082 million, respectively.

(9) Status of Risk-Monitored Loans (Consolidated)

(Million Yen, %)

	As of March 31, 2015	As of March 31, 2014
Loans to bankrupt borrowers	2,181	2,336
Delinquent loans	32,127	32,074
Loans that are delinquent for over three months	—	23
Restructured loans	4,107	4,726
Total	38,417	39,160
[Percent of total loans, %]	[0.46]	[0.46]

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), the estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
The amount directly deducted from loans to bankrupt borrowers and delinquent loans were ¥315 million and ¥427 million, respectively, as of March 31, 2015, and ¥356 million and ¥726 million, respectively, as of March 31, 2014.

2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued, including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.

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

4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.

5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from above).

6. Interest that is not accrued for loans of borrowers who are deemed to be bankrupt, quasi-bankrupt, or doubtful based on the results of asset self-assessment is not recorded as income.

(10) Consolidated Solvency Margin Ratio

(Million Yen)

	As of March 31, 2015	As of March 31, 2014
Solvency margin gross amount (A):	13,303,975	9,434,311
Foundation funds (*kikin*) and other reserve funds:	3,876,544	3,486,074
Foundation funds and others	1,559,750	1,547,207
Reserve for price fluctuations in investments in securities	778,723	623,312
Contingency reserve	1,250,248	1,005,760
Extraordinary contingency funds	—	—
General allowance for doubtful accounts	4,139	6,071
Others	283,681	303,722
Net unrealized gains on available-for-sale securities × 90%	7,594,244	4,225,944
Net unrealized (losses) gains on real estate × 85%	73,241	28,638
Net unrecognized actuarial differences and unrecognized prior service costs	(42,670)	28,983
Excess of continued Zillmerized reserve	1,509,979	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	(157,665)	(100,279)
Others	50,711	55,528
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	2,821,315	2,371,701
Underwriting risk (R_1)	127,656	131,177
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	78,260	77,619
Underwriting risk related to small amount and short-term insurance providers (R_9)	—	—
Anticipated yield risk (R_2)	386,107	389,635
Minimum guarantee risk (R_7)	5,820	5,870
Investment risk (R_3)	2,362,494	1,916,372
Business management risk (R_4)	59,206	50,413
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$	943.1%	795.5%

Notes: 1. The amounts and figures 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.

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

(11) Segment Information

For the years ended March 31, 2015 and March 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.