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## Financial Results for the Three Months Ended June 30, 2015

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Nippon Life Insurance Company (the “Company”; President: Yoshinobu Tsutsui) announces financial results for the three months ended June 30, 2015.

[Contents]

### Financial Summary for the Three Months Ended June 30, 2015

1. Business Highlights	1
(1) Amount of Policies in Force and New Policies	1
(2) Annualized Net Premium	2
2. Investment Management Performance (General Account)	3
(1) Asset Composition	3
(2) Fair Value Information of Securities	4
(3) Fair Value Information of Assets Held in Trust	5
3. Nonconsolidated Balance Sheets	6
4. Nonconsolidated Statements of Income	10
5. Details of Ordinary Profit (Core Operating Profit)	12
6. Solvency Margin Ratio	13
7. Status of Separate Accounts	14
(1) Balance of Separate Account Assets	14
(2) Policies in Force	14
8. Status of the Company, Subsidiaries, and Affiliates	15
(1) Selected Financial Data for Major Operations	15
(2) Scope of Consolidation and Application of the Equity Method	15
(3) Policies of Presenting the Consolidated Financial Statements for the Three Months Ended June 30, 2015	15
(4) Consolidated Balance Sheets	16
(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	19
(6) Consolidated Solvency Margin Ratio	22
(7) Segment Information	23

## 1. Business Highlights

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

#### • Policies in Force

	As of June 30, 2015				As of March 31, 2015	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2015 (%)	(100 million yen)	As a percentage of March 31, 2015 (%)		
Individual insurance	21,310	103.3	1,459,169	99.5	20,635	1,466,493
Individual annuities	3,459	100.3	215,302	100.3	3,448	214,561
Group insurance	—	—	930,079	100.4	—	925,954
Group annuities	—	—	116,950	100.1	—	116,806

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.

#### • New Policies

	Three months ended June 30, 2015						Three months ended June 30, 2014			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2014 (%)	(100 million yen)	As a percentage of three months ended June 30, 2014 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	1,145	104.3	20,723	137.9	21,277	(554)	1,099	15,032	17,012	(1,979)
Individual annuities	48	88.2	2,958	80.1	2,936	22	54	3,693	3,636	56
Group insurance	—	—	759	19.2	759		—	3,952	3,952	
Group annuities	—	—	2	0.7	2		—	304	304	

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.

## (2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

	As of June 30, 2015		As of March 31, 2015
		As a percentage of March 31, 2015	
Individual insurance	24,673	100.3	24,591
Individual annuities	8,643	100.1	8,632
Total	33,316	100.3	33,224
Medical coverages, living benefits, and others	6,024	100.4	6,002

- New Policies

(100 Million Yen, %)

	Three months ended June 30, 2015		Three months ended June 30, 2014
		As a percentage of three months ended June 30, 2014	
Individual insurance	522	115.0	454
Individual annuities	111	84.8	130
Total	633	108.2	585
Medical coverages, living benefits, and others	123	127.9	96

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

## 2. Investment Management Performance (General Account)

### (1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2015		As of March 31, 2015	
	Amount	%	Amount	%
Cash, deposits, and call loans	8,529	1.4	10,047	1.6
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	4,779	0.8	4,987	0.8
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	494,926	80.4	488,339	79.8
Domestic bonds	226,358	36.8	226,544	37.0
Domestic stocks	94,656	15.4	90,752	14.8
Foreign securities:	163,488	26.6	161,449	26.4
Foreign bonds	122,782	19.9	120,772	19.7
Foreign stocks and other securities	40,705	6.6	40,676	6.6
Other securities	10,423	1.7	9,593	1.6
Loans:	82,792	13.5	83,576	13.7
Policy loans	7,259	1.2	7,365	1.2
Industrial and consumer loans	75,532	12.3	76,210	12.5
Real estate:	16,924	2.7	16,965	2.8
Investment property	10,789	1.8	10,799	1.8
Deferred tax assets	—	—	—	—
Other assets	7,643	1.2	7,844	1.3
Allowance for doubtful accounts	(60)	(0.0)	(65)	(0.0)
Total assets (general account):	615,535	100.0	611,694	100.0
Foreign currency-denominated assets	142,774	23.2	139,787	22.9

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 (¥486.9 billion and ¥529.9 billion as of June 30, 2015, and March 31, 2015, respectively).

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

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

(100 Million Yen)

	As of June 30, 2015					As of March 31, 2015				
	Book value	Fair value	Net gains/losses	Net gains/losses		Book value	Fair value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds	205,898	229,851	23,952	23,986	(33)	206,738	232,924	26,185	26,189	(4)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	737	659	659	—	77	374	297	297	—
Available-for-sale securities:	199,867	284,036	84,169	84,654	(484)	193,376	277,227	83,850	84,192	(342)
Domestic bonds	24,139	25,569	1,429	1,435	(5)	23,553	25,123	1,569	1,577	(8)
Domestic stocks	39,433	93,265	53,831	53,998	(166)	39,445	89,364	49,919	50,152	(233)
Foreign securities:	124,626	152,396	27,769	28,060	(291)	118,896	150,095	31,198	31,295	(96)
Foreign bonds	103,018	122,064	19,046	19,227	(180)	97,520	120,054	22,534	22,550	(16)
Foreign stocks and other securities	21,608	30,331	8,723	8,833	(110)	21,376	30,041	8,664	8,744	(79)
Other securities	8,929	10,068	1,138	1,159	(20)	8,062	9,224	1,162	1,167	(4)
Monetary receivables purchased	387	388	0	0	(0)	388	388	0	0	(0)
Negotiable certificates of deposit	2,350	2,349	(0)	0	(0)	3,030	3,029	(0)	0	(0)
Total	405,843	514,625	108,782	109,300	(518)	400,192	510,526	110,333	110,680	(347)
Domestic bonds	224,929	249,949	25,020	25,059	(38)	224,975	252,330	27,354	27,366	(11)
Domestic stocks	39,433	93,265	53,831	53,998	(166)	39,445	89,364	49,919	50,152	(233)
Foreign securities:	125,422	153,888	28,466	28,757	(291)	119,692	151,229	31,537	31,633	(96)
Foreign bonds	103,736	122,819	19,083	19,264	(180)	98,238	120,813	22,574	22,591	(16)
Foreign stocks and other securities	21,685	31,068	9,383	9,493	(110)	21,453	30,415	8,962	9,041	(79)
Other securities	8,929	10,068	1,138	1,159	(20)	8,062	9,224	1,162	1,167	(4)
Monetary receivables purchased	4,779	5,103	324	324	(0)	4,987	5,347	359	360	(0)
Negotiable certificates of deposit	2,350	2,349	(0)	0	(0)	3,030	3,029	(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 June 30, 2015	As of March 31, 2015
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	2,986	2,928
Available-for-sale securities:	8,602	8,997
Unlisted domestic stocks (excluding over-the-counter stocks)	1,003	1,010
Unlisted foreign stocks (excluding over-the-counter stocks)	5,374	5,874
Unlisted foreign bonds	—	—
Others	2,225	2,113
Total	11,589	11,926

Note: Of securities without fair value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows:  
¥91.5 billion and ¥82.1 billion as of June 30, 2015, and March 31, 2015, respectively.

(3) Fair Value Information of Assets Held in Trust

No ending balance as of June 30, 2015, or March 31, 2015.

- Assets Held in Trust for Investment

No ending balance as of June 30, 2015, or March 31, 2015.

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

No ending balance as of June 30, 2015, or March 31, 2015.

### 3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
<b>Assets:</b>		
Cash and deposits:	388,797	492,198
Call loans	547,200	572,600
Monetary receivables purchased	477,950	498,758
Investments in securities:	50,488,707	49,839,240
National government bonds	18,927,606	18,760,470
Local government bonds	1,402,850	1,441,843
Corporate bonds	2,628,311	2,783,481
Domestic stocks	9,707,684	9,311,147
Foreign securities	16,652,695	16,450,680
Loans:	8,279,237	8,357,620
Policy loans	725,985	736,564
Industrial and consumer loans	7,553,252	7,621,055
Tangible fixed assets	1,708,683	1,713,248
Intangible fixed assets	167,981	170,395
Reinsurance receivables	289	445
Other assets	584,016	606,397
Customers' liability for acceptances and guarantees	35,002	38,686
Allowance for doubtful accounts	(6,083)	(6,585)
<b>Total assets</b>	<b>62,671,783</b>	<b>62,283,004</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	50,879,805	50,436,716
Reserve for outstanding claims	192,660	197,929
Policy reserves	49,516,111	49,201,314
Reserve for dividends to policyholders	1,171,033	1,037,472
Reinsurance payables	383	523
Corporate bonds	474,590	399,590
Other liabilities:	1,475,400	1,451,427
Cash received as collateral under securities lending transactions	486,999	529,989
Income taxes payable	32,431	78,462
Lease obligations	4,965	5,512
Asset retirement obligations	2,165	1,966
Other liabilities	948,839	835,496
Accrued bonuses for directors and audit and supervisory board members	99	74
Accrued retirement benefits	364,427	365,302
Accrued retirement benefits for directors and audit and supervisory board members	4,371	4,274
Reserve for program points	13,845	13,171
Reserve for price fluctuations in investments in securities	818,594	778,723
Deferred tax liabilities	1,196,559	1,231,729
Deferred tax liabilities for land revaluation	115,344	115,440
Acceptances and guarantees	35,002	38,686
<b>Total liabilities</b>	<b>55,378,424</b>	<b>54,835,660</b>

### 3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
Net assets:		
Foundation funds	200,000	200,000
Reserve for redemption of foundation funds	1,100,000	1,050,000
Reserve for revaluation	651	651
Surplus:	261,156	499,954
Legal reserve for deficiencies	15,163	14,208
Other surplus reserves:	245,993	485,746
Equalized reserve for dividends to policyholders	50,000	50,000
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	3,282	282
Reserve for reduction entry of real estate	50,187	45,882
Reserve for reduction entry of real estate to be purchased	—	34
Other reserves	170	170
Unappropriated surplus	70,436	317,459
Total foundation funds and others	1,561,807	1,750,605
Net unrealized gains on available-for-sale securities, net of tax	6,050,910	6,016,469
Deferred losses on derivatives under hedge accounting, net of tax	(230,870)	(231,060)
Land revaluation losses	(88,489)	(88,670)
Total valuations, conversions, and others	5,731,550	5,696,737
Total net assets	7,293,358	7,447,343
Total liabilities and net assets	62,671,783	62,283,004

## Basis of Presenting the Nonconsolidated Balance Sheet as of June 30, 2015

1. As the proposed appropriation of surplus for the fiscal year ended March 31, 2015, was approved at the annual meeting of representatives of policyholders held on July 2, 2015, it is included in the nonconsolidated balance sheet as of June 30, 2015. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2015	¥317,459
b. Reversal from voluntary surplus reserves	¥635
c. Appropriations:	¥318,095
Reserve for dividends to policyholders	¥257,299
Legal reserve for deficiencies	¥955
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,935
Voluntary surplus reserves	¥7,906
d. Surplus carried forward (a+b-c)	—

2. The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2015, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.
3. Changes in the reserve for dividends to policyholders included in policy reserves for the three months ended June 30, 2015, were as follows:

	Million Yen
	Three months ended
	June 30, 2015
a. Balance at the beginning of the current fiscal year	¥1,037,472
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥257,299
c. Dividends to policyholders paid out in the current three-month period	¥129,513
d. Increase in interest	¥5,775
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,171,033

4. Following the change in the Articles of Incorporation approved by the Meeting of Representatives on July 2, 2015, the Company conducted an offering of foundation funds (*kikin*) as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 5, 2015.
  - a. Amount offered            ¥50,000 million
  - b. Interest rate            0.406% per annum from August 6, 2015, to August 5, 2019
  - c. Repayment date        Repayment of ¥50,000 million two working days prior to August 5, 2019
  - d. Use of funds            Foundation funds (*kikin*) for a mutual company
  
5. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2015.
  
6. The amount of securities lent under lending agreements was ¥2,791,307 million as of June 30, 2015.

#### 4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Ordinary income:	1,694,147	1,774,553
Revenues from insurance and reinsurance:	1,270,030	1,251,766
Insurance premiums	1,269,942	1,251,670
Investment income:	386,260	471,871
Interest, dividends, and other income	323,669	307,008
Gain from assets held in trust, net	—	2
Gain on sales of securities	36,922	133,951
Gain from separate accounts, net	19,009	26,373
Other ordinary income	37,856	50,915
Ordinary expenses:	1,571,944	1,635,856
Benefits and other payments:	1,002,756	949,024
Death and other claims	242,391	261,264
Annuity payments	199,376	215,033
Health and other benefits	182,379	193,262
Surrender benefits	255,690	195,163
Other refunds	122,742	84,123
Provision for policy reserves:	320,571	437,982
Provision for policy reserves	314,796	432,031
Provision for interest on reserve for dividends to policyholders	5,775	5,950
Investment expenses:	39,020	34,853
Interest expenses	3,389	1,815
Loss on sales of securities	885	6,876
Loss on valuation of securities	188	6,050
Loss on derivative financial instruments, net	15,887	8,326
Operating expenses	140,871	139,559
Other ordinary expenses	68,723	74,436
Ordinary profit	122,202	138,697
Extraordinary gains:	13	258
Gain on disposals of fixed assets	13	258
Extraordinary losses:	43,045	65,757
Loss on disposals of fixed assets	2,223	355
Impairment losses	951	2,715
Provision for reserve for price fluctuations in investments in securities	39,871	62,687
Surplus before income taxes	79,170	73,198
Income taxes - current	48,003	82,273
Income taxes - deferred	(39,449)	(76,327)
Total income taxes	8,553	5,945
Net surplus	70,616	67,252

Notes to the Nonconsolidated Statement of Income for the Three Months Ended June 30, 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 three months ended June 30, 2015, is as follows:

Purpose of use	Million Yen		
	Land	Buildings	Total
Leased property	¥131	¥334	¥465
Idle property	¥406	¥78	¥485
Total	¥538	¥413	¥951

4) Calculation method of recoverable amount

The recoverable amount used for 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 or the discounted future cash flows.

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

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

(Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Core operating profit (A)	145,629	140,626
Capital gains:	36,922	134,155
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	—	2
Gain on trading securities	—	—
Gain on sales of securities	36,922	133,951
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	201
Other capital gains	—	—
Capital losses:	17,891	21,253
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	885	6,876
Loss on valuation of securities	188	6,050
Loss on derivative financial instruments, net	15,887	8,326
Foreign exchange losses, net	930	—
Other capital losses	—	—
Net capital gains (B)	19,031	112,901
Core operating profit including net capital gains (A+B)	164,661	253,528
Nonrecurring gains:	49	104
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	49	104
Other nonrecurring gains	—	—
Nonrecurring losses:	42,507	114,935
Reinsurance premiums	—	—
Provision for contingency reserve	42,486	114,935
Provision for specific allowance for doubtful accounts	—	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	21	—
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(42,458)	(114,830)
Ordinary profit (A+B+C)	122,202	138,697

## 6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
Solvency margin gross amount (A):	13,601,298	13,421,043
Foundation funds ( <i>kikin</i> ) and other reserve funds:	3,959,348	3,806,532
Foundation funds and others	1,561,807	1,491,371
Reserve for price fluctuations in investments in securities	818,594	778,723
Contingency reserve	1,292,734	1,250,248
General allowance for doubtful accounts	2,530	2,507
Others	283,681	283,681
Net unrealized gains on available-for-sale securities × 90%	7,616,125	7,581,433
Net unrealized gains on real estate × 85%	73,326	73,163
Excess of continued Zillmerized reserve	1,497,174	1,509,979
Qualifying subordinated debt	474,590	399,590
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(366)	(366)
Others	(18,900)	50,711
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,942,813	2,883,641
Underwriting risk (R <sub>1</sub> )	126,954	127,656
Underwriting risk of third-sector insurance (R <sub>8</sub> )	75,826	75,389
Anticipated yield risk (R <sub>2</sub> )	385,718	386,107
Minimum guarantee risk (R <sub>7</sub> )	5,796	5,820
Investment risk (R <sub>3</sub> )	2,482,615	2,424,023
Business management risk (R <sub>4</sub> )	61,538	60,379
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	924.3%	930.8%

- Notes: 1. The amounts and figures as of March 31, 2015, are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996. Those as of June 30, 2015, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

## 7. Status of Separate Accounts

### (1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
Individual variable insurance	132,360	131,518
Individual variable annuities	71,019	77,605
Group annuities	914,826	904,386
Separate account total	1,118,205	1,113,510

### (2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2015		As of March 31, 2015	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,692	8,226	1,724	8,382
Variable insurance (whole life type)	34,480	508,715	34,665	513,177
Total	36,172	516,942	36,389	521,560

- Individual Variable Annuities

	As of June 30, 2015		As of March 31, 2015	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	9,505	71,015	10,443	77,604

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

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

(100 Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Ordinary income	17,153	17,936
Ordinary profit	1,232	1,400
Net surplus attributable to the Parent Company	702	675
Comprehensive income	1,013	3,593

Note: From the three months ended June 30, 2015, "net surplus (net loss)" has been presented as "net surplus (net loss) attributable to the Parent Company."

	As of June 30, 2015	As of March 31, 2015
Total assets	630,422	626,486
Solvency margin ratio	937.2%	943.1%

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

	As of June 30, 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	10
Changes in significant subsidiaries and affiliates during the period	<p>Additions: 6                      NLI US Investments, Inc.               PanAgora Asset Management, Inc.               Reliance Capital Asset Management Limited               Post Advisory Group, LLC               PT Asuransi Jiwa Sequis Life               PT Sequis</p> <p>Removals: 1                         Nissay Computer Co., Ltd.</p>

### (3) Policies of Presenting the Consolidated Financial Statements for the Three Months Ended June 30, 2015

#### 1. Consolidated subsidiaries

Nissay Computer Co., Ltd. has been removed from the scope of consolidation due to being merged with the Company's subsidiary Nissay Information Technology Co., Ltd.

NLI US Investments, Inc. has become more important to the Company, and has therefore been included within the scope of consolidation from the three months ended June 30, 2015.

#### 2. Affiliates

PanAgora Asset Management, Inc., Reliance Capital Asset Management Limited, Post Advisory Group, LLC, PT Asuransi Jiwa Sequis Life, and PT Sequis have become more important to the Company, and have therefore been included within the scope of consolidation as affiliates under the equity method from the three months ended June 30, 2015.

## (4) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
<b>Assets:</b>		
Cash and deposits	423,943	529,509
Call loans	547,200	572,600
Monetary receivables purchased	477,950	498,758
Investments in securities	50,548,471	49,898,791
Loans	8,256,441	8,333,838
Tangible fixed assets	1,721,479	1,725,822
Intangible fixed assets	165,264	167,618
Reinsurance receivables	456	636
Other assets	869,759	890,988
Deferred tax assets	4,009	4,648
Customers' liability for acceptances and guarantees	35,116	33,801
Allowance for doubtful accounts	(7,870)	(8,372)
<b>Total assets</b>	<b>63,042,223</b>	<b>62,648,641</b>
<b>Liabilities:</b>		
Policy reserves and other reserves:	50,885,207	50,442,520
Reserve for outstanding claims	196,646	202,171
Policy reserves	49,517,528	49,202,876
Reserve for dividends to policyholders	1,171,033	1,037,472
Reinsurance payables	417	557
Corporate bonds	474,590	399,590
Other liabilities	1,727,659	1,707,220
Accrued bonuses for directors and audit and supervisory board members	99	74
Net defined benefit liability	409,713	411,416
Accrued retirement benefits for directors and audit and supervisory board members	4,474	4,397
Reserve for program points	13,845	13,171
Reserve for price fluctuations in investments in securities	818,594	778,723
Deferred tax liabilities	1,189,021	1,223,642
Deferred tax liabilities for land revaluation	115,344	115,440
Acceptances and guarantees	35,116	33,801
<b>Total liabilities</b>	<b>55,674,085</b>	<b>55,130,557</b>
<b>Net assets:</b>		
Foundation funds	200,000	200,000
Reserve for redemption of foundation funds	1,100,000	1,050,000
Reserve for revaluation	651	651
Consolidated surplus	298,372	541,573
Total foundation funds and others	1,599,023	1,792,225
Net unrealized gains on available-for-sale securities, net of tax	6,057,588	6,023,903
Deferred losses on derivatives under hedge accounting, net of tax	(230,870)	(231,060)
Land revaluation losses	(88,489)	(88,670)
Foreign currency translation adjustments	44,571	36,330
Remeasurement of defined benefit plans	(29,722)	(30,381)
Total accumulated other comprehensive income	5,753,078	5,710,121
Non-controlling interests	16,036	15,736
<b>Total net assets</b>	<b>7,368,138</b>	<b>7,518,084</b>
<b>Total liabilities and net assets</b>	<b>63,042,223</b>	<b>62,648,641</b>

## Basis of Presenting the Consolidated Balance Sheet as of June 30, 2015

1. From the three months ended June 30, 2015, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013), and the “Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013 ),” and other standards. As a result, the Company has changed its accounting treatment so that the difference due to changes in the Company’s equity interest in the subsidiaries over which the Company continues to exercise control are recorded as consolidated surplus, and expenses related to acquisitions are recorded as expenses for the fiscal year in which they are incurred. In addition, the method of presentation of net surplus has been changed, along with a change in presentation from minority interests to non-controlling interests.

In applying the Accounting Standard for Business Combinations and other standards, the Company has adopted the transitional treatments provided in Paragraph 58-2 (4) of the "Accounting Standard for Business Combinations", Paragraph 44-5 (4) of the "Accounting Standard for Consolidated Financial Statements", and Paragraph 57-4 (4) of the "Accounting Standard for Business Divestitures", and will apply these treatments prospectively from the beginning of the three months ended June 30, 2015.

Furthermore, the adoption of these standards and transitional treatments had no impact on the amounts of the Consolidated Balance Sheet and the Consolidated Statement of Income as of June 30, 2015 and for the three months ended June 30, 2015.

2. As the proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2015, was approved at the annual meeting of representatives of policyholders held on July 2, 2015, it is included in the consolidated balance sheet as of June 30, 2015. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2015	¥317,459
b. Reversal from voluntary surplus reserves	¥635
c. Appropriations:	¥318,095
Reserve for dividends to policyholders	¥257,299
Legal reserve for deficiencies	¥955
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥1,935
Voluntary surplus reserves	¥7,906
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the three months ended June 30, 2015, are calculated based on the assumption of accumulations and reversals of the reserve for reduction

entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.

4. Changes in the reserve for dividends to policyholders included in policy reserves for the three months ended June 30, 2015, were as follows:

	Million Yen
	Three months ended June 30, 2015
a. Balance at the beginning of the current fiscal year	¥1,037,472
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥257,299
c. Dividends to policyholders paid out in the current three-month period	¥129,513
d. Increase in interest	¥5,775
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,171,033

5. Following the change in the Articles of Incorporation approved by the Meeting of Representatives on July 2, 2015, the Company conducted an offering of foundation funds (*kikin*) as follows, pursuant to Article 60 of the Insurance Business Act, for which payment was completed on August 5, 2015.
- |                   |   |
|-------------------|---|
| a. Amount offered | ¥50,000 million   |
| b. Interest rate  | 0.406% per annum from August 6, 2015, to August 5, 2019               |
| c. Repayment date | Repayment of ¥50,000 million two working days prior to August 5, 2019 |
| d. Use of funds   | Foundation funds ( <i>kikin</i> ) for a mutual company                |
6. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 3, 2015.
7. The amount of securities lent under lending agreements was ¥2,791,307 million as of June 30, 2015.

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

## [Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Ordinary income:	1,715,354	1,793,663
Revenues from insurance and reinsurance	1,278,651	1,260,552
Investment income:	383,968	471,442
Interest, dividends, and other income	321,362	306,829
Gain from assets held in trust, net	—	2
Gain on sales of securities	36,937	134,016
Gain from separate accounts, net	19,009	26,373
Other ordinary income	52,734	61,668
Ordinary expenses:	1,592,065	1,653,618
Benefits and other payments:	1,009,697	956,253
Death and other claims	242,475	261,314
Annuity payments	199,376	215,033
Health and other benefits	189,190	200,384
Surrender benefits	255,690	195,163
Other refunds	122,742	84,123
Provision for policy reserves:	320,270	437,576
Provision for policy reserves	314,494	431,625
Provision for interest on reserve for dividends to policyholders	5,775	5,950
Investment expenses:	39,708	35,589
Interest expenses	3,389	1,816
Loss on sales of securities	885	6,876
Loss on valuation of securities	188	6,050
Loss on derivative financial instruments, net	16,664	9,042
Operating expenses	146,449	144,476
Other ordinary expenses	75,940	79,721
Ordinary profit	123,289	140,044
Extraordinary gains:	13	258
Gain on disposals of fixed assets	13	258
Extraordinary losses:	43,046	65,757
Loss on disposals of fixed assets	2,224	355
Impairment losses	951	2,715
Provision for reserve for price fluctuations in investments in securities	39,871	62,687
Surplus before income taxes	80,257	74,545
Income taxes - current	48,694	82,605
Income taxes - deferred	(39,002)	(75,902)
Total income taxes	9,691	6,703
Net surplus	70,565	67,842
Net surplus attributable to non-controlling interests	350	341
Net surplus attributable to the Parent Company	70,215	67,500

## Notes to the Consolidated Statement of Income for the Three Months Ended June 30, 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 three months ended June 30, 2015, is as follows:

Purpose of use	Million Yen		
	Land	Buildings	Total
Leased property	¥131	¥334	¥465
Idle property	¥406	¥78	¥485
Total	¥538	¥413	¥951

#### 4) Calculation method of recoverable amount

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

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

### 2. The total amount of depreciation of rental real estate and other assets and depreciation and amortization for the three months ended June 30, 2015, was ¥14,432 million. There was no amortization of goodwill for the three months ended June 30, 2015.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Net surplus	70,565	67,842
Other comprehensive income:	30,802	291,513
Net unrealized gains on available-for-sale securities, net of tax	34,520	289,259
Deferred losses on derivatives under hedge accounting, net of tax	190	8,210
Foreign currency translation adjustments	(565)	(3,841)
Remeasurement of defined benefit plans	658	(1,878)
Share of other comprehensive loss of associates accounted for under the equity method	(4,001)	(237)
Comprehensive income:	101,367	359,355
Comprehensive income attributable to the Parent Company	101,019	359,009
Comprehensive income attributable to non-controlling interests	348	345

## (6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2015	As of March 31, 2015
Solvency margin gross amount (A):	13,489,569	13,303,975
Foundation funds ( <i>kikin</i> ) and other reserve funds:	4,025,187	3,876,544
Foundation funds and others	1,626,013	1,559,750
Reserve for price fluctuations in investments in securities	818,594	778,723
Contingency reserve	1,292,734	1,250,248
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	4,163	4,139
Others	283,681	283,681
Net unrealized gains on available-for-sale securities × 90%	7,629,044	7,594,244
Net unrealized gains on real estate × 85%	73,403	73,241
Total amount of net unrecognized actuarial losses and unrecognized prior service costs	(41,744)	(42,670)
Excess of continued Zillmerized reserve	1,497,174	1,509,979
Qualifying subordinated debt	474,590	399,590
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(149,129)	(157,665)
Others	(18,956)	50,711
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	2,878,572	2,821,315
Underwriting risk (R <sub>1</sub> )	126,954	127,656
General underwriting risk (R <sub>5</sub> )	—	—
Huge disaster risk (R <sub>6</sub> )	—	—
Underwriting risk of third-sector insurance (R <sub>8</sub> )	78,697	78,260
Underwriting risk related to small amount and short-term insurance providers (R <sub>9</sub> )	—	—
Anticipated yield risk (R <sub>2</sub> )	385,718	386,107
Minimum guarantee risk (R <sub>7</sub> )	5,796	5,820
Investment risk (R <sub>3</sub> )	2,419,216	2,362,494
Business management risk (R <sub>4</sub> )	60,327	59,206
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	937.2%	943.1%

Notes: 1. The amounts and figures as of March 31, 2015, are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Public Notice No. 23 of 2011.

Those as of June 30, 2015, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

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

(11) Segment Information

For the three months ended June 30, 2015, 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.