
Financial Results for the Nine Months Ended December 31, 2023

Nippon Life Insurance Company (the “Company,” President: Hiroshi Shimizu) announces financial results for the nine months ended December 31, 2023.

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1. Business Highlights

(1) Annualized Premium

- Policies in Force

(100 Million Yen, %)

	As of December 31, 2023		As of March 31, 2023
		As a percentage of March 31, 2023	
Individual insurance	26,677	100.8	26,462
Individual annuities	10,712	97.8	10,954
Total	37,389	99.9	37,417
Medical coverages, living benefits, and others	6,807	99.7	6,830

- New Policies

(100 Million Yen, %)

	Nine months ended December 31, 2023		Nine months ended December 31, 2022
		As a percentage of nine months ended December 31, 2022	
Individual insurance	1,683	118.0	1,427
Individual annuities	182	81.4	224
Total	1,866	113.0	1,651
Medical coverages, living benefits, and others	297	96.1	309

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

(2) Amount of Policies in Force and New Policies

• Policies in Force

	As of December 31, 2023				As of March 31, 2023	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2023 (%)	(100 million yen)	As a percentage of March 31, 2023(%)		
Individual insurance	30,773	99.9	1,207,893	97.5	30,814	1,239,244
Individual annuities	4,119	98.7	248,463	98.4	4,173	252,402
Group insurance	—	—	974,270	99.9	—	975,018
Group annuities	—	—	140,222	99.5	—	140,926

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

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

• New Policies

	Nine months ended December 31, 2023						Nine months ended December 31, 2022			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of nine months ended December 31, 2022 (%)	(100 million yen)	As a percentage of nine months ended December 31, 2022 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	2,584	82.6	32,848	91.9	39,055	(6,207)	3,128	35,745	37,872	(2,127)
Individual annuities	94	100.8	4,930	87.5	5,138	(207)	94	5,634	5,707	(72)
Group insurance	—	—	5,726	68.5	5,726		—	8,364	8,364	
Group annuities	—	—	1	30.5	1		—	3	3	

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

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

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

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

2. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of December 31, 2023		As of March 31, 2023	
	Amount	%	Amount	%
Cash, deposits, and call loans	9,465	1.2	8,990	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	1,192	0.2	1,245	0.2
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	668,270	84.7	624,904	83.9
Domestic bonds	306,824	38.9	301,563	40.5
Domestic stocks	122,488	15.5	102,536	13.8
Foreign securities:	209,519	26.6	189,544	25.5
Foreign bonds	115,657	14.7	100,729	13.5
Foreign stocks and other securities	93,862	11.9	88,814	11.9
Other securities	29,436	3.7	31,259	4.2
Loans:	79,992	10.1	77,946	10.5
Policy loans	4,261	0.5	4,378	0.6
Industrial and consumer loans	75,731	9.6	73,568	9.9
Real estate:	17,243	2.2	17,050	2.3
Investment properties	11,361	1.4	11,095	1.5
Deferred tax assets	—	—	—	—
Other assets	12,834	1.6	14,523	2.0
Allowance for doubtful accounts	(76)	(0.0)	(85)	(0.0)
Total assets (general account):	788,921	100.0	744,574	100.0
Foreign currency-denominated assets	203,556	25.8	181,340	24.4

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

(2) Fair Value Information of Securities (Other Than Trading Securities)

(100 Million Yen)

		As of December 31, 2023					As of March 31, 2023				
		Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
	Policy-reserve-matching bonds	275,656	269,444	(6,212)	11,750	(17,962)	270,389	277,247	6,857	17,340	(10,483)
	Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
	Investments in subsidiaries and affiliates	1,286	3,950	2,664	2,664	—	1,286	2,141	855	855	—
	Available-for-sale securities:	275,300	372,948	97,647	104,332	(6,685)	266,348	339,389	73,040	80,864	(7,823)
	Domestic bonds	33,762	33,605	(156)	1,080	(1,237)	32,676	33,432	756	1,178	(422)
	Domestic stocks	39,797	112,911	73,113	73,550	(437)	39,699	95,854	56,155	57,014	(859)
	Foreign securities:	171,185	195,830	24,645	28,326	(3,681)	161,665	177,985	16,320	21,667	(5,347)
	Foreign bonds	100,501	113,982	13,481	14,768	(1,287)	91,399	99,423	8,023	10,464	(2,440)
	Foreign stocks and other securities	70,684	81,848	11,163	13,557	(2,393)	70,265	78,562	8,296	11,203	(2,906)
	Other securities	28,009	28,056	46	1,370	(1,323)	30,081	29,897	(183)	1,003	(1,187)
	Monetary receivables purchased	226	225	(1)	4	(6)	149	143	(6)	0	(6)
	Negotiable certificates of deposit	2,319	2,318	(0)	0	(0)	2,076	2,075	(0)	0	(0)
Total		552,243	646,342	94,099	118,747	(24,648)	538,024	618,778	80,753	99,060	(18,307)
	Domestic bonds	306,981	300,481	(6,500)	12,688	(19,189)	300,807	308,320	7,512	18,407	(10,894)
	Domestic stocks	39,797	112,911	73,113	73,550	(437)	39,699	95,854	56,155	57,014	(859)
	Foreign securities:	173,932	201,364	27,431	31,115	(3,684)	164,098	181,351	17,253	22,607	(5,354)
	Foreign bonds	101,971	115,577	13,605	14,896	(1,290)	92,555	100,659	8,103	10,551	(2,447)
	Foreign stocks and other securities	71,961	85,786	13,825	16,219	(2,393)	71,542	80,692	9,149	12,056	(2,906)
	Other securities	28,018	28,067	49	1,372	(1,323)	30,090	29,909	(181)	1,006	(1,187)
	Monetary receivables purchased	1,193	1,199	5	19	(14)	1,252	1,266	14	25	(11)
	Negotiable certificates of deposit	2,319	2,318	(0)	0	(0)	2,076	2,075	(0)	0	(0)

Notes: 1. The table above includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

2. The above table excludes items such as stocks without market prices and entities such as partnerships.

[Book Value of Stocks without Market Prices and Entities Such as Partnerships]

(100 Million Yen)

	As of December 31, 2023	As of March 31, 2023
Investments in subsidiaries and affiliates	20,233	14,757
Available-for-sale securities:	1,371	2,041
Unlisted domestic stocks	557	561
Unlisted foreign stocks	0	0
Others	814	1,479
Total	21,604	16,799

Note: Of stocks without market prices and entities such as partnerships, the net gains (losses) on currency exchange valuation of assets denominated in foreign currencies were as follows: ¥175.7 billion and ¥120.5 billion as of December 31, 2023, and March 31, 2023, respectively.

(3) Fair Value Information of Assets Held in Trust

There were no ending balances as of December 31, 2023, and March 31, 2023.

3. Nonconsolidated Balance Sheets

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Assets:		
Cash and deposits	857,411	744,569
Call loans	341,556	426,706
Monetary receivables purchased	119,203	124,514
Investments in securities:	67,591,229	63,234,750
National government bonds	28,167,481	27,526,011
Local government bonds	883,793	905,096
Corporate bonds	1,977,919	2,029,531
Domestic stocks	12,291,323	10,312,131
Foreign securities	21,115,725	19,122,228
Loans:	7,999,227	7,794,689
Policy loans	426,107	437,868
Industrial and consumer loans	7,573,120	7,356,821
Tangible fixed assets	1,740,070	1,723,066
Intangible fixed assets	188,754	187,716
Reinsurance receivables	221	269
Other assets	1,209,551	1,342,332
Customers' liability for acceptances and guarantees	60,028	62,486
Allowance for doubtful accounts	(7,658)	(8,530)
Allowance for investment loss	(25,584)	(28,502)
Total assets	80,074,011	75,604,068
Liabilities:		
Policy reserves and other reserves:	61,813,673	60,951,264
Reserve for outstanding claims	187,607	203,782
Policy reserves	60,489,002	59,675,536
Reserve for dividends to policyholders	1,137,062	1,071,945
Reinsurance payables	301	394
Corporate bonds	1,400,719	1,263,265
Other liabilities:	5,955,646	4,283,512
Income taxes payable	2,673	—
Lease obligations	2,794	4,268
Asset retirement obligations	6,990	6,632
Other liabilities	5,943,188	4,272,612
Accrued bonuses for directors, and audit and supervisory board members	283	439
Accrued retirement benefits	381,249	378,333
Reserve for program points	8,753	8,444
Reserve for price fluctuations in investments in securities	1,621,296	1,584,428
Deferred tax liabilities	608,350	149,863
Deferred tax liabilities for land revaluation	98,803	99,350
Acceptances and guarantees	60,028	62,486
Total liabilities	71,949,107	68,781,784

3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,350,000
Reserve for revaluation	651	651
Surplus:	586,991	506,285
Legal reserve for deficiencies	21,855	21,282
Other surplus reserves:	565,136	485,003
Reserve for social public welfare assistance	351	351
Reserve for financial stability	221,917	221,917
Reserve for reduction entry of real estate	76,815	73,248
Reserve for reduction entry of real estate to be purchased	—	2,961
Other reserves	170	170
Unappropriated surplus	265,881	* 186,354
Total foundation funds and others	2,037,642	1,956,936
Net unrealized gains on available-for-sale securities	7,072,806	5,297,929
Deferred losses on derivatives under hedge accounting	(935,638)	(376,317)
Land revaluation losses	(49,907)	(56,264)
Total valuations, conversions, and others	6,087,261	4,865,347
Total net assets	8,124,903	6,822,283
Total liabilities and net assets	80,074,011	75,604,068

Note: *Unappropriated surplus on the condensed balance sheet as of March 31, 2023, represents the current-year unappropriated surplus.

Notes to the Nonconsolidated Balance Sheet as of December 31, 2023

1. The corporate tax, inhabitant tax, and income tax adjustments for the nine months ended December 31, 2023, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.
2. Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including lump-sum payment policies). Moreover, effective from the fiscal year ended March 31, 2022, the Company has expanded the scope of whole life insurance policies (including lump-sum payment policies) for which additional policy reserves will be provided. For such policies with premiums that have been paid and similar policies (including lump-sum payment policies), the Company has decided to successively provide these additional policy reserves over the next five years. As a result, the policy reserves increased by ¥41,154 million, while ordinary profit and surplus before income taxes decreased by ¥41,154 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the nine months ended December 31, 2023.
3. An appropriate amount of the reserve for incurred but not reported (IBNR) claims (insurance claims and benefits whose reasons for payment have not yet been reported, but whose reasons for payment stipulated by insurance policies are deemed to have already occurred) cannot be calculated pursuant to the calculation based on Article 1, Paragraph 1, Principles of the Ministry of Finance Public Notice No. 234 of 1998 (hereinafter, “the IBNR Notice”) due to the end of special treatment from May 8, 2023. Under these special treatment, payment was made for hospitalization and related benefits in cases where the insured was diagnosed with COVID-19 and recuperated at a lodging facility or at home under the supervision of a physician or other medical personnel (hereinafter, “deemed hospitalization”). Accordingly, the Company has recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1 of the IBNR Notice.

(Outline of calculation method)

The reserve amount is calculated using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice. As of September 30, 2023, the Company had calculated reserve amounts by classifying them as a reserve for IBNR claims related to deemed hospitalization and a reserve for IBNR claims related to reasons other than deemed hospitalization. However, as a result of ending the special treatment for hospitalization and related benefits in cases of deemed hospitalization during the three months ended June 30, 2023, the Company has shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

4. Changes in the reserve for dividends to policyholders for the nine months ended December 31, 2023, were as follows:

	Million Yen
	Nine months ended December 31, 2023
a. Balance at the beginning of the current fiscal year	1,071,945
b. Transfer to reserve from surplus for the previous fiscal year	181,910
c. Dividends paid to policyholders during the current nine-month period	132,584
d. Increase in interest	15,791
e. Balance at the end of the current nine-month period (a+b-c+d)	1,137,062

5. On November 28, 2023, the Company reached an agreement with BCPE Color Cayman, L.P. and Color Cayman Investments, LLC, both of which are indirectly owned by funds advised by Bain Capital Private Equity, L.P., and other shareholders wherein the Company would acquire 99.6% of shares outstanding in K.K. BCJ-43, which owns all shares of Nichii Holdings Co., Ltd.
6. The amount of securities lent under lending agreements was ¥1,495,201 million as of December 31, 2023.

4. Nonconsolidated Statements of Income

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Ordinary income:	5,487,388	5,347,056
Revenues from insurance and reinsurance:	3,857,732	3,327,632
Insurance premiums	3,856,818	3,326,810
Investment income:	1,541,535	1,945,564
Interest, dividends, and other income	1,138,165	1,120,885
Gain on sales of securities	251,376	787,132
Gain on separate accounts, net	61,855	—
Other ordinary income	88,119	73,858
Ordinary expenses:	5,141,743	5,189,730
Benefits and other payments:	3,112,135	3,005,559
Death and other claims	809,247	781,029
Annuity payments	603,420	577,681
Health and other benefits	552,597	645,649
Surrender benefits	956,644	883,078
Other refunds	188,993	116,783
Provision for policy reserves:	829,258	692,925
Provision for reserve for outstanding claims	—	33,853
Provision for policy reserves	813,466	643,098
Provision for interest on reserve for dividends to policyholders	15,791	15,974
Investment expenses:	596,717	906,711
Interest expenses	31,130	28,882
Loss on sales of securities	268,709	661,647
Loss on valuation of securities	4,757	16,431
Loss on derivative financial instruments, net	230,655	102,540
Loss on separate accounts, net	—	34,665
Operating expenses	426,560	424,051
Other ordinary expenses	177,072	160,482
Ordinary profit	345,644	157,325
Extraordinary gains:	5,418	14,266
Gain on disposals of fixed assets	5,418	2,267
Reversal of reserve for price fluctuations in investments in securities	—	11,999
Extraordinary losses:	50,931	13,629
Loss on disposals of fixed assets	6,804	4,285
Impairment losses	4,248	5,232
Provision for reserve for price fluctuations in investments in securities	36,868	—
Loss on tax purpose reduction entry of real estate	10	1,111
Contributions for assisting social public welfare	3,000	3,000
Surplus before income taxes	300,131	157,962
Income taxes - current	29,344	5,527
Income taxes - deferred	1,548	14,433
Total income taxes	30,892	19,960
Net surplus	269,239	138,001

Notes to the Nonconsolidated Statement of Income for the Nine Months Ended December 31, 2023

1. Previously, gain on cancellation of investment trusts was included in interest, dividends, and other income under investment income. However, gain on cancellation of investment trusts is substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the three months ended June 30, 2023, when system upgrades were completed, the Company decided to include gain on cancellation of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gain on cancellation of investment trusts of ¥188,184 million, which had previously been included in interest, dividends, and other income on the nonconsolidated statement of income for the nine months ended December 31, 2022, has been restated as gain on sales of securities.

2. Impairment losses are as follows:

1) Method for grouping the assets

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

2) Recognition of impairment losses

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

3) Breakdown of asset groups for which impairment losses were recognized for the nine months ended December 31, 2023, is as follows:

	Million Yen		
Purpose of use	Land	Buildings	Total
Real estate for rental use	1,206	1,112	2,318
Idle properties	1,269	661	1,930
Total	2,475	1,773	4,248

4) Measurement of recoverable amount

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

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

5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Core operating profit (A)	456,330	323,924
Capital gains:	523,084	944,422
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities	251,376	787,132
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	85,773	36,723
Other capital gains	185,934	120,567
Capital losses:	579,090	855,314
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	268,709	661,647
Loss on valuation of securities	4,757	16,431
Loss on derivative financial instruments, net	230,655	102,540
Foreign exchange losses, net	—	—
Other capital losses	74,966	74,694
Net capital gains (losses) (B)	(56,006)	89,107
Core operating profit, including net capital gains (losses) (A+B)	400,324	413,031
Nonrecurring gains:	2,918	—
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	—	—
Other nonrecurring gains	2,918	—
Nonrecurring losses:	57,597	255,706
Reinsurance premiums	—	—
Provision for contingency reserve	16,249	55,190
Provision for specific allowance for doubtful accounts	194	3,812
Provision for allowance for specific overseas loans	—	—
Write-offs of loans	—	—
Other nonrecurring losses	41,154	196,703
Net nonrecurring losses (C)	(54,679)	(255,706)
Ordinary profit (A+B+C)	345,644	157,325

Note: For the nine months ended December 31, 2022, gain on cancellation of investment trusts has been restated as gain on sales of securities.

(Reference) Breakdown of “Other” items

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Core operating profit	(110,967)	(45,872)
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	12,714	11,604
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	62,252	63,090
Impact of movements in surrender benefits related to market value adjustment	(6,925)	(25,018)
Hedge cost related to foreign exchange	(179,009)	(95,548)
Other capital gains	185,934	120,567
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—
Impact of movements in surrender benefits related to market value adjustment	6,925	25,018
Hedge cost related to foreign exchange	179,009	95,548
Other capital losses	74,966	74,694
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	12,714	11,604
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	62,252	63,090
Impact of movements in surrender benefits related to market value adjustment	—	—
Hedge cost related to foreign exchange	—	—
Other nonrecurring gains	2,918	—
Reversal of allowance for investment loss	2,918	—
Other nonrecurring losses	41,154	196,703
Provision for allowance for investment loss	—	729
Provision for policy reserves pursuant to Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in Japan	41,154	195,973

6. Solvency Margin Ratio

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Solvency margin gross amount (A):	19,062,536	17,319,118
Foundation funds (<i>kikin</i>) and other reserve funds:	6,048,002	5,733,080
Foundation funds and others	2,037,642	1,774,760
Reserve for price fluctuations in investments in securities	1,621,296	1,584,428
Contingency reserve	2,146,607	2,130,358
General allowance for doubtful accounts	1,814	2,891
Others	240,640	240,640
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	7,916,932	6,297,574
Net unrealized gains on real estate × 85%	624,773	603,932
Excess of continued Zillmerized reserve	2,571,382	2,623,073
Qualifying subordinated debt	2,401,719	2,184,265
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(449,863)	(210,043)
Others	(50,408)	87,236
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	3,851,584	3,395,990
Underwriting risk (R ₁)	104,891	107,314
Underwriting risk of third-sector insurance (R ₈)	89,095	90,993
Anticipated yield risk (R ₂)	250,473	248,517
Minimum guarantee risk (R ₇)	5,211	5,256
Investment risk (R ₃)	3,511,681	3,065,938
Business management risk (R ₄)	79,227	70,360
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	989.8%	1,019.9%

- Notes: 1. The amounts and figures as of March 31, 2023 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.
For the amounts and figures as of December 31, 2023, calculations are made in accordance with these regulations, using a method the Company deems reasonable.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

7. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Individual variable insurance	107,682	100,199
Individual variable annuities	15,073	15,533
Group annuities	1,059,145	1,030,855
Separate account total	1,181,900	1,146,588

(2) Policies in Force

• Individual Variable Insurance

	As of December 31, 2023		As of March 31, 2023	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	9,497	8,900	9,685	6,667
Variable insurance (whole life type)	28,538	393,340	29,122	400,930
Total	38,035	402,241	38,807	407,598

• Individual Variable Annuities

	As of December 31, 2023		As of March 31, 2023	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	6,899	15,073	9,311	15,532

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Ordinary income	87,038	70,298
Ordinary profit	2,914	839
Net surplus attributable to the parent company	1,915	759
Comprehensive income	15,732	(18,540)

	As of December 31, 2023	As of March 31, 2023
Total assets	935,468	876,177
Solvency margin ratio	1,048.5%	1,072.4%

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

	As of December 31, 2023
Number of consolidated subsidiaries	15
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	17
Changes in significant subsidiaries and affiliates during the period	Please see (4) Policies for Preparing the Consolidated Financial Statements for the Nine Months Ended December 31, 2023

(3) Basis of Preparing the Consolidated Financial Statements for the Nine Months Ended December 31, 2023

Under Article 59-6 of the Ordinance for Enforcement of the Insurance Business Act, an insurance company shall, for each quarter, make an effort to disclose the matters which would serve as reference information for policyholders provided in Article 111, paragraph 6 of the Insurance Business Act and any other customers so that they may acquire knowledge on the status of business and properties of the insurance company, its subsidiaries, and others which are especially important. The consolidated financial statements for the nine months ended December 31, 2023, have been prepared based on the model format for the announcement of first-quarter and third-quarter financial results (the “Quarterly Reporting Model”) created by The Life Insurance Association of Japan and generally accepted standards for preparation of quarterly consolidated financial statements in Japan. However, the Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information. Accordingly, disclosures in the Quarterly Reporting Model differ from those prescribed by the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements.

(4) Policies for Preparing the Consolidated Financial Statements for the Nine Months Ended December 31, 2023

Equity method affiliates

Effective from the nine months ended December 31, 2023, Blackstone ISG Investment Partners – R (BMU) L.P. and Resolution Life Group Holdings Ltd. have been included within the scope of application of the equity method because they have assumed increased importance.

(5) Consolidated Balance Sheets

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Assets:		
Cash and deposits	1,990,851	1,590,868
Call loans	341,556	426,706
Monetary receivables purchased	244,381	244,146
Investments in securities	77,623,183	72,332,848
Loans	8,877,027	8,636,099
Tangible fixed assets	1,876,044	1,858,492
Intangible fixed assets	370,004	368,478
Reinsurance receivables	98,376	4,193
Other assets	2,037,189	2,043,278
Net defined benefit asset	1,298	1,276
Deferred tax assets	35,922	58,529
Customers' liability for acceptances and guarantees	60,077	62,523
Allowance for doubtful accounts	(9,084)	(9,728)
Total assets	93,546,829	87,617,712
Liabilities:		
Policy reserves and other reserves:	73,546,207	71,499,125
Reserve for outstanding claims	249,990	261,387
Policy reserves	72,111,900	70,114,744
Reserve for dividends to policyholders (mutual company)	1,137,062	1,071,945
Reserve for dividends to policyholders (limited company)	47,253	51,046
Reinsurance payables	16,596	20,475
Corporate bonds	1,516,319	1,378,865
Other liabilities	7,177,354	5,337,929
Accrued bonuses for directors, and audit and supervisory board members	283	439
Net defined benefit liability	437,310	437,909
Accrued retirement benefits for directors, and audit and supervisory board members	638	634
Reserve for program points	8,753	8,444
Reserve for price fluctuations in investments in securities	1,726,584	1,684,717
Deferred tax liabilities	621,220	139,712
Deferred tax liabilities for land revaluation	98,803	99,350
Acceptances and guarantees	60,077	62,523
Total liabilities	85,210,148	80,670,128

(5) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,350,000
Reserve for revaluation	651	651
Consolidated surplus	583,511	579,367
Total foundation funds and others	2,034,162	2,030,018
Net unrealized gains on available-for-sale securities	7,033,780	5,176,583
Deferred losses on derivatives under hedge accounting	(935,278)	(375,789)
Land revaluation losses	(49,907)	(56,264)
Foreign currency translation adjustments	121,311	53,170
Remeasurement of defined benefit plans	(4,008)	(5,938)
Total accumulated other comprehensive income	6,165,898	4,791,761
Share acquisition rights	1,671	1,921
Noncontrolling interests	134,947	123,883
Total net assets	8,336,680	6,947,584
Total liabilities and net assets	93,546,829	87,617,712

1. The Australian Accounting Standards Board has issued the accounting standard Insurance Contracts (hereinafter, "AASB 17"). AASB 17 has been applied to MLC Limited, the Company's consolidated subsidiary, from the three months ended June 30, 2023. This accounting standard establishes principles for the recognition, measurement, and presentation, etc. of insurance contracts. The relevant changes in accounting policies are retrospectively applied. Therefore, the consolidated financial statements for the year ended March 31, 2023, and the nine months ended December 31, 2022, have been retrospectively adjusted. As a result, ordinary profit and surplus before income taxes on the consolidated statement of income for the nine months ended December 31, 2022 increased by ¥34,313 million each, compared with amounts that would have been recorded before retrospective adjustment. The cumulative effect of these changes was reflected in net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the beginning balance of consolidated surplus for the fiscal year ended March 31, 2023 decreased by ¥98,993 million.
During the nine months ended December 31, 2023, it was determined that recalculating prior amounts would be appropriate because, among other reasons, the taxable income recorded based on the accounting policies adopted when applying AASB 17 are susceptible to the impact of interest rate fluctuations from the fiscal year ended March 31, 2023 onward, making it necessary to reflect the uncertainty associated with the alleviation of future tax burdens in the recoverability of deferred tax assets. As a result, regarding the amounts as of March 31, 2023 shown on the consolidated balance sheets for the nine months ended December 31, 2023, the balances as of the previous fiscal year-end in the consolidated balance sheets associated with the three months ended June 30, 2022, and the six months ended September 30, 2022 have been restated. This restatement mainly resulted in a decrease of ¥15,981 million in deferred tax assets and a decrease of ¥10,759 million in consolidated surplus. Furthermore, the cumulative effect of these changes, which was reflected in net assets at the beginning of the fiscal year ended March 31, 2023, decreased by ¥19,447 million.
2. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the nine months ended December 31, 2023, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders (mutual company) due to the appropriation of surplus in the current fiscal year.
3. The Company and its certain consolidated life insurance companies in Japan provided additional policy reserves in the nine months ended December 31, 2023. As a result, policy reserves increased by ¥47,079 million, while ordinary profit and surplus before income taxes decreased by ¥47,079 million.

a) The Company

Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including lump-sum payment policies). Moreover, effective from the fiscal year ended March 31, 2022, the Company has expanded the scope of whole life insurance policies (including lump-sum payment policies) for which additional policy reserves will be provided. For such policies with premiums that have been paid and similar policies (including lump-sum payment policies), the Company has decided to successively provide these additional policy reserves over the next five years. As a result, policy reserves increased by ¥41,154 million, while ordinary profit and surplus before income taxes decreased by ¥41,154 million, compared with amounts that would have been recorded if the additional policy reserve amounts had not been reserved in the nine months ended December 31, 2023.

b) TAIJU LIFE INSURANCE COMPANY LIMITED

TAIJU LIFE INSURANCE COMPANY LIMITED has provided additional policy reserves to cover a possible deficiency in the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥5,925 million, while ordinary profit and deficit before income taxes decreased by ¥5,925 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been provided in the nine months ended December 31, 2023.

4. The Company and its certain consolidated subsidiaries cannot calculate an appropriate amount of the reserve for incurred but not reported (IBNR) claims (insurance claims and benefits whose reasons for payment have not yet been reported, but whose reasons for payment stipulated by insurance policies are deemed to have already occurred) pursuant to the calculation based on Article 1, Paragraph 1, Principles of the Ministry of Finance Public Notice No. 234 of 1998 (hereinafter, “the IBNR Notice”) due to the end of special treatment from May 8, 2023. Under these special treatment, payment was made for hospitalization and related benefits in cases where the insured was diagnosed with COVID-19 and recuperated at a lodging facility or at home under the supervision of a physician or other medical personnel (hereinafter, “deemed hospitalization”). Accordingly, the Company and its certain subsidiaries have recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1, of the IBNR Notice.

(Outline of calculation method)

The Company and its certain subsidiaries calculated the reserve amount using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice. As of March 31, 2023, the Company and its certain subsidiaries had calculated reserve amounts by classifying them as a reserve for IBNR claims related to deemed hospitalization and a reserve for IBNR claims related to reasons other than deemed hospitalization. However, as a result of ending the special treatment for hospitalization and related benefits in cases of deemed hospitalization during the three months ended June 30, 2023, the Company and its certain subsidiaries have shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

5. Changes in the reserve for dividends to policyholders (mutual company) for the nine months ended December 31, 2023, were as follows:

	Million Yen
	Nine months ended December 31, 2023
a. Balance at the beginning of the current fiscal year	1,071,945
b. Transfer to reserve from surplus for the previous fiscal year	181,910
c. Dividends paid to policyholders (mutual company) during the current nine-month period	132,584
d. Increase in interest	15,791
e. Balance at the end of the current nine-month period (a+b-c+d)	1,137,062

6. Changes in the reserve for dividends to policyholders (limited company) for the nine months ended December 31, 2023, were as follows:

	Million Yen
	Nine months ended December 31, 2023
a. Balance at the beginning of the current fiscal year	51,046
b. Dividends paid to policyholders (limited company) during the current nine-month period	12,367
c. Increase in interest	5
d. Provision for reserve for dividends to policyholders (limited company)	8,568
e. Balance at the end of the current nine-month period (a-b+c+d)	47,253

7. On November 28, 2023, the Company reached an agreement with BCPE Color Cayman, L.P. and Color Cayman Investments, LLC, both of which are indirectly owned by funds advised by Bain Capital Private Equity, L.P., and other shareholders wherein the Company would acquire 99.6% of shares outstanding in K.K. BCJ-43, which owns all shares of Nichii Holdings Co., Ltd.

8. The amount of securities lent under lending agreements was ¥ 1,856,619 million as of December 31, 2023.

9. TAIJU LIFE INSURANCE COMPANY LIMITED, Nippon Wealth Life Insurance Company Limited, and HANASAKU LIFE INSURANCE Co., Ltd., which are the Company's consolidated subsidiaries, have concluded modified coinsurance agreements.

TAIJU LIFE INSURANCE COMPANY LIMITED and Nippon Wealth Life Insurance Company Limited, which are the Company's consolidated subsidiaries, have concluded modified coinsurance agreements.

TAIJU LIFE INSURANCE COMPANY LIMITED has concluded a modified coinsurance agreement covering foreign currency-denominated single payment endowment insurance (U.S. dollar/Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar/Australian dollar). Through this modified coinsurance agreement, insurance risk has been transferred, and items including additional policy reserves or reversals associated with market price adjustments upon interest rate fluctuations are recorded as reinsurance revenue and presented in revenues from insurance and reinsurance. However, in cases where reinsurance revenue related to this modified coinsurance agreement is negative, the items are recorded as reinsurance premiums and presented as benefits and other payments. The outstanding balance of reinsurance payables related to these modified coinsurance agreements stood at ¥ 14,759 million as of December 31, 2023. The outstanding balance of the policy reserve component associated with the modified coinsurance agreements stood at ¥ 1,245,305 million as of December 31, 2023.

Nippon Wealth Life Insurance Company Limited records reinsurance revenue according to the timing of accrual of benefits and other payments for covered insurance products and to the ceding ratio for those products based on the reinsurance agreement. In addition, the ceding commission and policy reserve components are recorded according to the covered period and ceding ratio stipulated by the reinsurance agreement. These items are recorded as reinsurance premiums according to factors such as the timing of accrual of premiums for covered insurance products and the ceding ratio for those products based on the reinsurance agreement. The outstanding balance of unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996 was ¥ 92,789 million as of December 31, 2023. In addition, the outstanding

balance of reinsurance receivables related to these modified coinsurance agreements was ¥ 92,789 million as of December 31, 2023. Policy reserves include the reinsurance company's entrusted policy reserve of ¥ 690,648 million based on the modified coinsurance agreement.

HANASAKU LIFE INSURANCE Co., Ltd. records a portion of equivalent new policy expenses related to the original insurance policy as reinsurance revenue and records the same amount as unamortized ceding commissions under reinsurance receivables based on the reinsurance agreement. The outstanding balance of unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996 was ¥4,356 million as of December 31, 2023. In addition, policy reserves include the reinsurance company's entrusted policy reserve of ¥199 million based on these reinsurance agreements. The unamortized ceding commissions are amortized over the term of the reinsurance agreement according to the timing of accrual of premiums received from, and benefits and other payments paid out for, the original insurance policy covered by the reinsurance agreement and according to the ceding ratio for such policy.

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

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Ordinary income:	8,703,882	7,029,835
Revenues from insurance and reinsurance	6,433,124	4,611,001
Investment income:	2,083,631	2,243,463
Interest, dividends, and other income	1,320,223	1,276,384
Gain on trading securities	23,214	—
Gain on sales of securities	286,904	829,049
Foreign exchange gains, net	368,803	137,031
Gain from separate accounts, net	83,220	—
Other ordinary income	187,126	175,370
Ordinary expenses:	8,412,391	6,945,889
Benefits and other payments:	4,803,409	4,059,571
Death and other claims	945,226	909,057
Annuity payments	749,509	720,806
Health and other benefits	690,143	828,089
Surrender benefits	1,115,324	1,076,674
Other refunds	264,824	157,935
Provision for policy reserves:	1,984,567	965,876
Provision for reserve for outstanding claims	—	32,689
Provision for policy reserves	1,968,770	917,206
Provision for interest on reserve for dividends to policyholders (mutual company)	15,791	15,974
Provision for interest on reserve for dividends to policyholders (limited company)	5	6
Investment expenses:	776,129	1,102,926
Interest expenses	35,592	30,254
Loss on trading securities	—	39,176
Loss on sales of securities	284,943	682,366
Loss on valuation of securities	5,555	20,165
Loss on derivative financial instruments, net	385,999	221,596
Loss on separate accounts, net	—	42,977
Operating expenses	591,383	565,575
Other ordinary expenses	256,901	251,940
Ordinary profit	291,490	83,945

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Extraordinary gains:	5,439	11,438
Gain on disposals of fixed assets	5,421	3,776
Reversal of reserve for price fluctuations in investments in securities	—	7,644
Gain on reversal of share acquisition rights	18	18
Extraordinary losses:	56,058	14,534
Loss on disposals of fixed assets	6,927	5,120
Impairment losses	4,253	5,302
Provision for reserve for price fluctuations in investments in securities	41,866	—
Loss on tax purpose reduction entry of real estate	10	1,111
Contributions for assisting social public welfare	3,000	3,000
Provision for reserve for dividends to policyholders (limited company)	8,568	8,520
Surplus before income taxes	232,303	72,328
Income taxes—current	29,199	8,219
Income taxes—deferred	11,644	(19,712)
Total income taxes	40,843	(11,492)
Net surplus	191,460	83,821
Net surplus (deficit) attributable to noncontrolling interests	(98)	7,883
Net surplus attributable to the parent company	191,558	75,937

Notes to the Consolidated Statements of Income for the nine months ended December 31, 2023

1. Previously, the Company and its certain consolidated subsidiaries included gain on cancellation of investment trusts in interest, dividends, and other income under investment income. However, gain on cancellation of investment trusts is substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the three months ended June 30, 2023, when system upgrades were completed, the Company and its certain consolidated subsidiaries decided to include gain on cancellation of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gain on cancellation of investment trusts of ¥ 188,184 million, which had previously been included in interest, dividends, and other income on the consolidated statement of income for the nine months ended December 31, 2023, has been restated as gain on sales of securities.
2. The following is a breakdown of ordinary income and ordinary expenses for the nine months ended December 31, 2023.

(Million Yen)

Ordinary income items		Ordinary expenses items	
Ordinary income items	6,433,124	Benefits and other payments	4,803,409
Premiums	5,428,544	Death and other claims	945,226
Reinsurance revenue	1,004,580	Annuity payments	749,509
		Health and other benefits	690,143
		Surrender benefits	1,115,324
		Other refunds	264,824
		Reinsurance premiums	871,376
		Others	167,003

As stated in Note 1 of Notes to the Consolidated Balance Sheet as of December 31, 2023, AASB 17 has been applied to MLC Limited, the Company's consolidated subsidiary, from the three months ended June 30, 2023. Insurance revenue recorded by MLC Limited is restated as a revenue amount and recorded in revenues from insurance and reinsurance.

3. Impairment losses are as follows:
 - 1) Method for grouping the assets
Real estate for rental use and idle properties of the Company and certain consolidated subsidiaries are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group for each operation.
 - 2) Recognition of impairment losses
When a significant decrease in profitability or fair value of a certain asset group is noted, the book value is reduced to the recoverable amount, recognizing an impairment loss under extraordinary losses.
 - 3) Breakdown of asset groups for which impairment losses were recognized for the nine months ended December 31, 2023, is as follows:

	Million Yen		
Purpose of use	Land	Buildings	Total
Real estate for rental use	1,210	1,112	2,322
Idle properties	1,269	661	1,930
Total	2,480	1,773	4,253

4) Measurement of recoverable amount

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

In principle, the value in use is determined as the discounted future cash flows using a discount rate of 2.4% to 3.0%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

4. The total amount of depreciation of real estate for rental use and other assets for the nine months ended December 31, 2023, was ¥ 66,102 million. Amortization of goodwill for the nine months ended December 31, 2023, was ¥ 3,860 million.

5. Reinsurance revenue presented in revenues from insurance and reinsurance of TAIJU LIFE INSURANCE COMPANY LIMITED, the Company’s consolidated subsidiary, include reinsurance revenue of ¥ 228,030 million related to modified coinsurance agreements for foreign currency-denominated single payment endowment insurance (U.S. dollar and Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar and Australian dollar). This reinsurance revenue includes adjustment to policy reserves for ceded reinsurance (excluding additional policy reserves (reversals) associated with market value adjustments and related items) of ¥ 167,970 million and additional policy reserves (reversals) associated with market value adjustments and related items of ¥ 5,137 million.

Reinsurance revenue presented in revenues from insurance and reinsurance of Nippon Wealth Life Insurance Company Limited, the Company’s consolidated subsidiary, includes a ¥ 90,160 million increase in unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996. In addition, it includes ¥ 732,324 million in reinsurance revenue related to modified coinsurance agreements. This reinsurance revenue includes a ¥ 2,391 million increase in ceding commission and a ¥ 699,397 million increase in the policy reserve component (including a ¥ 90,368 million increase equivalent to additional provisions related to the standard policy reserve system). Reinsurance premiums presented in benefits and other payments include ¥ 640,279 million in reinsurance premiums related to modified coinsurance agreements.

Reinsurance revenue presented in revenues from insurance and reinsurance of HANASAKU LIFE INSURANCE Co., Ltd., the Company’s consolidated subsidiary, includes a ¥ 4,397 million increase in unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996. In addition, reinsurance premiums presented in benefits and other payments include a ¥ 41 million decrease in unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996.

Through these reinsurance items, ordinary profit and surplus before income taxes increased by ¥ 100,348 million each.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Net surplus	191,460	83,821
Other comprehensive income:	1,381,817	(1,937,840)
Net unrealized gains on available-for-sale securities	1,866,690	(1,883,781)
Deferred gains (losses) on derivatives under hedge accounting	(559,358)	(127,199)
Foreign currency translation adjustments	57,636	52,669
Remeasurement of defined benefit plans	2,007	1,345
Share of other comprehensive loss of associates accounted for under the equity method	14,842	19,124
Comprehensive income:	1,573,277	(1,854,019)
Comprehensive income attributable to the parent company	1,559,338	(1,845,069)
Comprehensive income attributable to noncontrolling interests	13,939	(8,949)

(7) Consolidated Solvency Margin Ratio

(Million Yen)

	As of December 31, 2023	As of March 31, 2023
Solvency margin gross amount (A):	19,932,827	18,051,370
Foundation funds (<i>kikin</i>) and other reserve funds:	6,278,184	5,999,592
Foundation funds and others	2,043,588	1,846,959
Reserve for price fluctuations in investments in securities	1,726,584	1,684,717
Contingency reserve	2,263,803	2,223,034
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	2,764	3,636
Others	241,444	241,244
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	7,951,604	6,231,568
Net unrealized gains on real estate × 85%	658,949	635,862
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	(5,647)	(8,309)
Excess of continued Zillmerized reserve	2,853,545	2,884,069
Qualifying subordinated debt	2,527,319	2,309,865
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(334,710)	(164,173)
Others	3,582	162,895
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	3,801,922	3,366,494
Underwriting risk (R ₁)	176,430	179,782
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	0	—
Underwriting risk of third-sector insurance (R ₈)	102,940	104,336
Underwriting risk related to small amount and short-term insurance providers (R ₉)	0	0
Anticipated yield risk (R ₂)	349,338	326,402
Minimum guarantee risk (R ₇)	8,203	8,341
Investment risk (R ₃)	3,354,061	2,948,138
Business management risk (R ₄)	79,819	71,340
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,048.5%	1,072.4%

- Notes: 1. The amounts and figures as of March 31, 2023 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. For amounts and figures as of December 31, 2023, calculations are made in accordance with these regulations, using a method the Company deems reasonable.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.
3. Australian Accounting Standards Board standard AASB 17, applied to MLC Limited from fiscal 2023, was applied retrospectively at the end of fiscal 2022.

(8) Segment Information

For the nine months ended December 31, 2023, the Company and its consolidated subsidiaries engaged in insurance business and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to be reported.