May 22, 2024

Financial Results for the Fiscal Year Ended March 31, 2024

Nippon Life Insurance Company (the "Company"; President: Hiroshi Shimizu) announces financial results for the fiscal year ended March 31, 2024.

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The Company will submit the financial results for the fiscal year ended March 31, 2024 for discussion at the 77th annual meeting of the representatives of policyholders to be held on July 2, 2024. A summary of the results is provided below.

1. Business Highlights

(1) Annualized Premium

•Policies in Force

(100 Million Yen, %)

		As of March 31, 2024		As of March 31, 2023	
			As a percentage of March 31, 2023		As a percentage of March 31, 2022
Individual insurance		26,807	101.3	26,462	100.1
Individual annuities		10,594	96.7	10,954	97.3
Total		37,401	100.0	37,417	99.2
	Medical coverages, living benefits, and others	6,786	99.4	6,830	101.3

•New Policies

(100 Million Yen, %)

		Year ended March 31, 2024		Year ended March 31, 2023	
			As a percentage of March 31, 2023		As a percentage of March 31, 2022
Individual insurance		2,360	113.9	2,072	111.6
Individual annuities		227	80.8	282	32.0
Total		2,588	109.9	2,354	86.0
	Medical coverages, living benefits, and others	385	78.5	490	99.1

Notes:
1. The amount of annualized premium is the annualized premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for lump-sum payment 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 March 31, 2024				As of March 31, 2023			
	Number of policies		Amount of policies		Number of policies		Amount of policies	
	(thousands)	As a percentage of March 31, 2023 (%)	(100 million yen)	As a percentage of March 31, 2023 (%)	(thousands)	As a percentage of March 31, 2022 (%)	(100 million yen)	As a percentage of March 31, 2022 (%)
Individual insurance	30,737	99.8	1,198,859	96.7	30,814	101.1	1,239,244	97.2
Individual annuities	4,086	97.9	243,625	96.5	4,173	98.5	252,402	97.4
Group insurance	—	—	968,744	99.4	—	—	975,018	99.2
Group annuities	—	—	139,948	99.3	—	—	140,926	101.4

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

	Year ended March 31, 2024						Year ended March 31, 2023					
	Number of policies		Amount of policies				Number of policies		Amount of policies			
	(thousands)	As a percentage of March 31, 2023 (%)	(100 million yen)	As a percentage of March 31, 2023 (%)	New policies	Net increase (decrease) by conversion	(thousands)	As a percentage of March 31, 2022 (%)	(100 million yen)	As a percentage of March 31, 2022 (%)	New policies	Net increase (decrease) by conversion
Individual insurance	3,351	83.9	45,374	90.9	53,479	(8,105)	3,995	94.9	49,890	81.2	52,903	(3,012)
Individual annuities	121	98.4	6,227	86.0	6,508	(281)	123	44.0	7,237	35.2	7,364	(127)
Group insurance	—	—	6,094	68.1	6,094		—	—	8,944	412.4	8,944	
Group annuities	—	—	1	24.7	1		—	—	5	378.4	5	

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.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Year ended March 31, 2024		Year ended March 31, 2023	
		As a percentage of March 31, 2023		As a percentage of March 31, 2022
Revenues from insurance and reinsurance	52,973	114.0	46,479	107.9
Investment income	22,168	85.7	25,877	122.7
Benefits and other payments	43,558	106.3	40,992	110.5
Investment expenses	6,969	58.8	11,847	475.4
Ordinary profit	6,545	264.1	2,478	50.3

(4) Proposed Appropriations of Surplus

(100 Million Yen, %)

	Year ended March 31, 2024		Year ended March 31, 2023	
		As a percentage of March 31, 2023		As a percentage of March 31, 2022
Unappropriated surplus at the year-end	5,097	273.6	1,863	52.1
Provision of reserve for dividends to policyholders	2,645	145.4	1,819	91.0
Net surplus after deduction	2,470	2,818.7	87	3.8

(5) Total Assets

(100 Million Yen, %)

	As of March 31, 2024		As of March 31, 2023	
		As a percentage of March 31, 2023		As a percentage of March 31, 2022
Total assets	835,491	110.5	756,040	98.7

2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2024

(1) Investment Environment

In the fiscal year ended March 31, 2024, as overseas interest rates rose, reflecting persistently high inflation and firm business conditions, as well as protracted monetary tightening worldwide, Japan continued to see the yen generally weaken, mainly due to persistent divergence in domestic and overseas interest rates, despite a rise in domestic interest rates due to the Bank of Japan modifying its monetary easing policy. In addition, the outlook for the investment environment remained uncertain, due to factors such as ongoing uncertainties in various countries' monetary policies and the continuation of geopolitical risk.

- The Nikkei Stock Average at the start of the fiscal year was ¥28,188. Subsequently, the index surged significantly to a historically high-price range, owing mostly to large net buying by overseas investors reflecting factors such as expectations for Japan's economy to emerge from deflation, along with excellent earnings by domestic companies. The index finished at ¥40,369 at the end of March 2024.
- The yield rate on 10-year Japanese government bonds at the start of the fiscal year was 0.37%. Thereafter, domestic interest rates rose amid modifications to the Bank of Japan's monetary easing policy, including the Bank of Japan expanding flexibility in the conduct of yield curve control (YCC) in July and October, followed by ending negative interest rates and exiting YCC in March. The yield rate stood at 0.73% at the end of March 2024.
- The yen-dollar exchange rate at the start of the fiscal year was at the ¥133 level. Thereafter, the yen weakened against the dollar, mainly reflecting persistently high inflation in the United States and the Federal Reserve Board (FRB)'s extended monetary tightening in response to this inflation. The yen-dollar exchange rate stood at ¥151.41 at the end of March 2024.
  The yen-euro exchange rate at the start of the fiscal year was at the ¥143 level. Subsequently, the yen weakened against the euro, reflecting a growing interest rate divergence due to monetary policy differences between Japan and the euro zone. The yen-euro exchange rate was ¥163.24 at the end of March 2024.

(2) Investment Summary

The Company's general account assets increased by ¥7,865.8 billion compared with March 31, 2023, totaling ¥82,323.2 billion (10.6% increase compared with the previous fiscal year-end) as of March 31, 2024.

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

・The Company captured the opportunity of rising interest rates and accumulated additional outstanding domestic bond balances, taking into consideration the advantages against other yen interest rate assets.

・The Company focused on safe and stable prime lending by accurately assessing credit risks.

・For domestic stocks, the Company strove to enhance the profitability of its portfolio by replacing certain stocks, while focusing the Company's attention on corporate profitability and dividends from the mid- to long-term investing perspective.

・Regarding foreign securities, the Company invested in government and corporate bonds denominated in foreign currencies based on currency movements. Also, the Company invested in foreign bonds with foreign exchange hedges, taking into consideration the advantages against other yen interest rate assets.

(3) Status of Investment Income/Expense

Investment income was ¥2,088.9 billion, a decrease from ¥2,587.7 billion in the fiscal year ended March 31, 2023. The main factor behind this decrease was a decrease in gain on sales of securities.

Investment expenses amounted to ¥696.9 billion, a decrease from ¥1,178.3 billion in the fiscal year ended March 31, 2023. The main factor behind this decrease was a decrease in loss on sales of securities.

As a result, the Company's net investment income decreased by ¥17.3 billion, compared with the fiscal year ended March 31, 2023, to ¥1,391.9 billion.

(4) Investment Risk Management

Investment risk refers to risk of incurring losses when the value of the Company's assets and liabilities fluctuates. It can be categorized into market risk, credit risk, and real estate investment risk. The long-term nature of life insurance policies require a long-term approach based on liability characteristics to manage risks associated with investment. Hence, the Company seeks to manage its portfolio efficiently based on risk-return analyses that emphasize the importance of generating investment returns over the medium to long term.

The Company has, therefore, established the Investment Risk Management Department within the Risk Management Department and, by maintaining and upgrading its rigorous system for managing risks, the Company strives to limit losses to acceptable levels, while pursuing stable returns.

a.Market risk management

Market risk refers to risk of incurring losses when the fair value of invested assets and liabilities fluctuates due to factors, such as fluctuations in interest rates, exchange rates, or stock prices. To avoid excessive losses from financing and investment transactions, the Company manages market risk by setting and monitoring investment limits for each type of asset and holding purpose as necessary. Through these measures, the Company strives to build a portfolio with due consideration to the diversification of risk. In addition, to control the market risk of the Company's portfolio, the Company reasonably calculates the market value-at-risk and appropriately allocates assets within acceptable boundaries of risk.

b. Credit risk management

Credit risk refers to risk of incurring losses when the value of assets, primarily loans and bonds, declines due to deterioration of the financial condition of a party to whom credit has been extended. To manage credit risk, the Company has built a system to perform credit analysis, including strict assessment of individual transactions by the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns that the Company obtains are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country. In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the portfolio of the Company as a whole, and monitor whether the magnitude of risk stays within an appropriate range.

c.Real estate investment risk management

Real estate investment risk refers to risk of reduced returns caused by factors such as rent decline, as well as incurring losses when real estate values decline due to market deterioration and other factors. The Company's approach to manage real estate investment risk involves the rigorous examination of each investment by the Credit Department, which is independent of the departments handling investment and finance activities. The Company also adheres to a policy involving thresholds for investment returns and prices. This enables the Company to appropriately focus management efforts on properties with low profitability.

(5) Asset Liability Management

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

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of March 31, 2024		As of March 31, 2023	
	Amount	%	Amount	%
Cash, deposits, and call loans	9,706	1.2	8,990	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	1,187	0.1	1,245	0.2
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	700,929	85.1	624,904	83.9
Domestic bonds	305,711	37.1	301,563	40.5
Domestic stocks	145,694	17.7	102,536	13.8
Foreign securities:	218,239	26.5	189,544	25.5
Foreign bonds	118,261	14.4	100,729	13.5
Foreign stocks and other securities	99,977	12.1	88,814	11.9
Other securities	31,284	3.8	31,259	4.2
Loans:	80,482	9.8	77,946	10.5
Policy loans	4,229	0.5	4,378	0.6
Industrial and consumer loans	76,253	9.3	73,568	9.9
Real estate:	17,429	2.1	17,050	2.3
Investment property	11,566	1.4	11,095	1.5
Deferred tax assets	—	—	—	—
Other assets	13,596	1.7	14,523	2.0
Allowance for doubtful accounts	(99)	(0.0)	(85)	(0.0)
Total assets (general account):	823,232	100.0	744,574	100.0
Foreign currency-denominated assets	210,901	25.6	181,340	24.4

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

(2) Increases/Decreases in Assets

(100 Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Cash, deposits, and call loans	715	(853)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary receivables purchased	(57)	(258)
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	76,025	(13,274)
Domestic bonds	4,147	20,055
Domestic stocks	43,158	667
Foreign securities:	28,694	(31,512)
Foreign bonds	17,531	(37,030)
Foreign stocks and other securities	11,163	5,517
Other securities	25	(2,484)
Loans:	2,535	2,966
Policy loans	(149)	(195)
Industrial and consumer loans	2,685	3,161
Real estate:	378	92
Investment property	470	232
Deferred tax assets	—	—
Other assets	(926)	2,319
Allowance for doubtful accounts	(14)	(16)
Total assets (general account):	78,658	(9,024)
Foreign currency-denominated assets	29,561	(34,354)

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

(3) Investment Income

(100 Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest, dividends, and other income:	16,076	15,244
Interest on deposits and savings	90	30
Interest on securities and dividends	13,126	12,752
Interest on loans	1,601	1,222
Real estate rental income	1,136	1,121
Other income	121	116
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities:	3,153	10,093
Gain on sales of domestic bonds, including national government bonds	394	1,289
Gain on sales of domestic stocks and other securities	1,031	3,386
Gain on sales of foreign securities	1,727	5,409
Other gains	—	7
Gain on redemptions of securities	—	—
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	1,582	525
Reversal of allowance for doubtful accounts	—	—
Reversal of allowance for investment loss	69	3
Other investment income	8	10
Total	20,889	25,877

Note: For the fiscal year ended March 31, 2023, gains on the cancellations of investment trusts have been reclassified from interest, dividends, and other income to gain on sales of securities.

(4) Investment Expenses

(100 Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest expenses	429	374
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities:	2,758	8,743
Loss on sales of domestic bonds, including national government bonds	1,559	1,774
Loss on sales of domestic stocks and other securities	494	1,008
Loss on sales of foreign securities	704	5,960
Other losses	—	0
Loss on valuation of securities:	65	62
Loss on valuation of domestic bonds, including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	29	42
Loss on valuation of foreign securities	35	19
Other losses	0	0
Loss on redemptions of securities	—	—
Loss on derivative financial instruments, net	2,883	1,759
Foreign exchange losses, net	—	—
Provision for allowance for doubtful accounts	6	48
Provision for allowance for investment loss	—	—
Write-offs of loans	—	—
Depreciation of real estate for rental use and other assets	203	192
Other investment expenses	624	602
Total	6,969	11,783

(5) Investment Indicators

1) Yield on primary assets

(%)

	Year ended March 31, 2024	Year ended March 31, 2023
Cash, deposits, and call loans	0.13	0.12
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary receivables purchased	1.08	1.38
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	2.06	2.33
Domestic bonds	1.06	1.23
Domestic stocks	7.85	11.74
Foreign securities	2.63	2.35
Foreign bonds	2.22	(0.25)
Foreign stocks and other securities	3.12	5.94
Loans:	1.33	1.24
Industrial and consumer loans	1.17	1.04
Real estate:	2.49	2.48
Investment property	3.70	3.75
General account total:	2.00	2.08
Overseas investments	2.55	2.19

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

2) Daily average balance

(100 Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Cash, deposits, and call loans	8,507	8,493
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary receivables purchased	1,220	1,361
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	561,555	549,498
Domestic bonds	304,629	288,189
Domestic stocks	47,264	45,548
Foreign securities	180,864	182,788
Foreign bonds	98,512	106,076
Foreign stocks and other securities	82,351	76,711
Loans:	78,455	75,480
Industrial and consumer loans	74,152	71,012
Real estate:	17,210	17,063
Investment property	11,298	11,027
General account total:	694,535	678,241
Overseas investments	199,151	200,201

(6) Net Valuation Gains/Losses on Trading Securities

There were no net valuation gains/losses as of March 31, 2023 and 2024.

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

(100 Million Yen)

	As of March 31, 2024					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	275,836	266,231	(9,604)	10,579	(20,184)	270,389	277,247	6,857	17,340	(10,483)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	1,286	4,413	3,127	3,127	—	1,286	2,141	855	855	—
Available-for-sale securities:	276,501	403,006	126,504	133,420	(6,916)	266,348	339,389	73,040	80,864	(7,823)
Domestic bonds	32,602	32,277	(324)	1,147	(1,471)	32,676	33,432	756	1,178	(422)
Domestic stocks	40,337	136,116	95,778	96,049	(271)	39,699	95,854	56,155	57,014	(859)
Foreign securities:	174,158	204,333	30,175	33,933	(3,758)	161,665	177,985	16,320	21,667	(5,347)
Foreign bonds	100,000	116,500	16,500	17,661	(1,160)	91,399	99,423	8,023	10,464	(2,440)
Foreign stocks and other securities	74,158	87,833	13,674	16,271	(2,597)	70,265	78,562	8,296	11,203	(2,906)
Other securities	28,708	29,586	877	2,286	(1,408)	30,081	29,897	(183)	1,003	(1,187)
Monetary receivables purchased	254	252	(1)	4	(6)	149	143	(6)	0	(6)
Negotiable certificates of deposit	440	439	(0)	—	(0)	2,076	2,075	(0)	0	(0)
Total	553,624	673,652	120,027	147,128	(27,100)	538,024	618,778	80,753	99,060	(18,307)
Domestic bonds	306,035	295,919	(10,116)	11,531	(21,647)	300,807	308,320	7,512	18,407	(10,894)
Domestic stocks	40,337	136,116	95,778	96,049	(271)	39,699	95,854	56,155	57,014	(859)
Foreign securities:	176,903	210,386	33,482	37,241	(3,758)	164,098	181,351	17,253	22,607	(5,354)
Foreign bonds	101,468	118,150	16,682	17,843	(1,160)	92,555	100,659	8,103	10,551	(2,447)
Foreign stocks and other securities	75,435	92,235	16,799	19,397	(2,597)	71,542	80,692	9,149	12,056	(2,906)
Other securities	28,718	29,598	880	2,288	(1,408)	30,090	29,909	(181)	1,006	(1,187)
Monetary receivables purchased	1,189	1,192	2	17	(14)	1,252	1,266	14	25	(11)
Negotiable certificates of deposit	440	439	(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 March 31, 2024	As of March 31, 2023
Investments in subsidiaries and affiliates		20,665	14,757
Available-for-sale securities:		1,359	2,041
	Unlisted domestic stocks	558	561
	Unlisted foreign stocks	0	0
	Others	800	1,479
Total		22,024	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:
¥120.5 billion as of March 31, 2023, and ¥246.4 billion as of March 31, 2024.

(8) Fair Value Information of Assets Held in Trust

There were no ending balances as of March 31, 2023 and 2024.

・Assets Held in Trust for Trading Purposes

There were no ending balances as of March 31, 2023 and 2024.

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

There were no ending balances as of March 31, 2023 and 2024.

4. Policies in Force by Types of Benefits as of March 31, 2024

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Death protection	General	30,302	1,187,327	—	—	26,921	968,623	57,224	2,155,951
	Disaster	1,517	222,137	46	1,181	2,560	29,356	4,124	252,676
	Others	117	1,360	—	—	63	1,516	181	2,877
Pure endowment		434	11,532	4,086	243,625	6	120	4,528	255,278
Hospitalization coverage	Disaster	6,588	420	174	7	1,259	12	8,021	441
	Illness	6,583	419	172	7	—	—	6,756	427
	Others	4,541	324	40	1	52	0	4,635	326
Disability coverage		6,537	—	45	—	2,581	—	9,164	—
Surgical coverage		9,370	—	173	—	—	—	9,543	—

	Group annuities		Workers' asset-formation insurance/annuities		Total	
	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Pure endowment	8,735	139,948	133	4,148	8,869	144,096

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	755	36

	Disability income insurance	
	Number of policies (thousands)	Amount (100 million yen)
Disability income coverage	1,984	634

Notes:
1. The number of policies for "Group insurance," "Group annuities," "Workers' asset-formation insurance/annuities," "Medical care insurance," and "Disability income insurance" represents the number of insureds.
2. The amount of "Pure endowment" for "Individual annuities," "Group insurance" (annuity riders), and "Workers' asset-formation annuities" (excluding workers' asset-formation savings annuities) represents the total of (a) annuity resources at the start of the annuities for policies bound prior to the start of the annuity payments and (b) policy reserves for policies bound after the start of the annuity payments; and for "Group annuities," "Workers' asset-formation insurance," and workers' asset-formation savings annuities, which are included in "Workers' asset-formation insurance," it represents the amount of corresponding policy reserves.
3. The amount of "Hospitalization coverage" represents the amount of daily hospitalization benefits. General hospitalization insurance and income support insurance for continuous hospitalization represent the coverage per day.
4. The amount of "Hospitalization coverage" for medical care insurance represents the amount related to hospitalization from illness.
5. The amount of disability income insurance represents the amount of monthly disability benefits.
6. The number of insureds and amount of policies for reinsurance written were 18,000 and ¥21.6 billion, respectively.

5. Nonconsolidated Balance Sheets

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Assets:		
Cash and deposits:	**638,228**	**744,569**
Cash	45	69
Deposits	638,182	744,500
Call loans	**522,863**	**426,706**
Monetary receivables purchased	**118,792**	**124,514**
Investments in securities:	**70,958,137**	**63,234,750**
National government bonds	28,111,291	27,526,011
Local government bonds	876,418	905,096
Corporate bonds	1,955,106	2,029,531
Domestic stocks	14,617,481	10,312,131
Foreign securities	22,020,172	19,122,228
Other securities	3,377,666	3,339,751
Loans:	**8,048,276**	**7,794,689**
Policy loans	422,943	437,868
Industrial and consumer loans	7,625,333	7,356,821
Tangible fixed assets:	**1,758,423**	**1,723,066**
Land	1,127,336	1,137,664
Buildings	579,721	546,152
Lease assets	2,724	4,124
Construction in progress	35,869	21,217
Other tangible fixed assets	12,771	13,907
Intangible fixed assets:	**195,710**	**187,716**
Software	79,105	86,049
Other intangible fixed assets	116,605	101,666
Reinsurance receivables	**287**	**269**
Other assets:	**1,280,007**	**1,342,332**
Accounts receivable	122,588	220,050
Prepaid expenses	22,129	18,274
Accrued income	351,831	301,363
Money on deposit	32,298	31,905
Deposits for futures transactions	154,158	108,687
Futures transactions’ variation margin	7	371
Derivative financial instruments	126,489	247,094
Suspense payments	8,712	7,765
Other assets	461,792	406,820
Customers’ liability for acceptances and guarantees	**59,958**	**62,486**
Allowance for doubtful accounts	**(9,948)**	**(8,530)**
Allowance for investment loss	**(21,572)**	**(28,502)**
Total assets	**83,549,165**	**75,604,068**

5. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Liabilities:		
Policy reserves and other reserves:	**62,057,625**	**60,951,264**
Reserve for outstanding claims	203,995	203,782
Policy reserves	60,764,665	59,675,536
Reserve for dividends to policyholders	1,088,964	1,071,945
Reinsurance payables	**450**	**394**
Corporate bonds	**1,400,719**	**1,263,265**
Other liabilities:	**6,302,322**	**4,283,512**
Payables under repurchase agreements	2,962,898	1,951,398
Loans payable	1,005,133	937,308
Income taxes payable	4,595	—
Accounts payable	161,602	175,898
Accrued expenses	60,588	63,872
Deferred income	17,572	16,818
Deposits received	123,532	125,233
Guarantee deposits received	87,040	87,625
Futures transactions’ variation margin	1,285	129
Derivative financial instruments	1,853,948	839,853
Cash collateral received for financial instruments	—	52,672
Lease obligations	2,825	4,268
Asset retirement obligations	7,491	6,632
Suspense receipts	12,065	13,418
Other liabilities	1,742	8,383
Accrued bonuses for directors, and audit and supervisory board members	**425**	**439**
Accrued retirement benefits	**381,307**	**378,333**
Reserve for program points	**8,356**	**8,444**
Reserve for price fluctuations in investments in securities	**1,625,673**	**1,584,428**
Deferred tax liabilities	**1,366,338**	**149,863**
Deferred tax liabilities for land revaluation	**98,340**	**99,350**
Acceptances and guarantees	**59,958**	**62,486**
Total liabilities	**73,301,518**	**68,781,784**

5. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2024	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:	**830,890**	**506,285**
Legal reserve for deficiencies	21,855	21,282
Other surplus reserves:	809,035	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	509,780	186,354
Total foundation funds and others	**2,281,541**	**1,956,936**
Net unrealized gains on available-for-sale securities	**9,158,865**	**5,297,929**
Deferred losses on derivatives under hedge accounting	**(1,141,792)**	**(376,317)**
Land revaluation losses	**(50,967)**	**(56,264)**
Total valuations, conversions, and others	**7,966,105**	**4,865,347**
Total net assets	**10,247,646**	**6,822,283**
Total liabilities and net assets	**83,549,165**	**75,604,068**

Notes to the Nonconsolidated Balance Sheet as of March 31, 2024

1. (1) Securities (including items, such as deposits and monetary receivables purchased, which are treated as securities based on the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)) are valued as follows:

   1) Trading securities are stated at fair value at the balance sheet date. The moving average method is used for calculating cost of securities sold.
   2) Held-to-maturity debt securities are measured at amortized cost using the moving average method. The cost of securities is amortized on a straight-line basis.
   3) Policy-reserve-matching bonds are measured at amortized cost using the moving average method. The cost of bonds is amortized on a straight-line basis in accordance with the Industry Audit Committee Report No. 21, “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” issued by the JICPA.
   4) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.
   5) Available-for-sale securities

      a. Available-for-sale securities are measured at the fair value based mainly on market prices as of the balance sheet date (the cost of securities sold is calculated using the moving average method, and bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are measured at amortized cost using the moving average method, which is amortized on a straight-line basis.).

      b. Stocks and other securities without market prices are measured at cost using the moving average method.

   (2) Unrealized gains/losses of available-for-sale securities are recorded as a separate component of net assets.

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the subgroups classified by insurance type, payment method, maturity period, currency, and investment policy are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” issued by JICPA.

   The Company has specified the following types of insurance policies and set those as subcategories:

   1) All insurance policies for products other than single payment products and group annuities

2) All insurance policies for single payment products (denominated in yen) other than variable assumed interest rate-type insurance
3) All insurance policies for group annuities other than guaranteed fixed-term rate products
4) All single payment products (denominated in U.S. dollars) other than the foregoing
5) All single payment products (denominated in Australian dollars) other than the foregoing
6) All single payment products (denominated in euros) other than the foregoing

3. Derivative financial instruments are stated at fair value based on quoted market prices.

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

a. Tangible fixed assets (except for lease assets)

(i) Buildings
Straight-line method

(ii) Assets other than the above
Declining-balance method
Certain other tangible fixed assets with an acquisition cost of less than ¥200,000 are depreciated over three years on a straight-line basis.

b. Lease assets

(i) Lease assets related to financial leases that transfer ownership of the leased property to the lessee
The same depreciation method applied to fixed assets owned by the Company

(ii) Lease assets related to financial leases that do not transfer ownership of the leased property to the lessee
Straight-line method over the lease term

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

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

6. (1) An allowance for doubtful accounts is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-off/Provision Rule as follows:

1) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected

through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at (3) below).

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

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

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

(3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥85 million (including ¥45 million of credits secured and/or guaranteed) as of March 31, 2024.

7. To provide for losses on investments, an allowance for investment loss is recognized for stocks without market prices and measured at the amount of estimated losses that could arise in the future in accordance with the Company's internal Asset Valuation Regulation and Write-off/Provision Rule.

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

9. (1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets as of March 31, 2024, for future severance payments to employee that have been accrued as of the balance sheet date.

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

1) Attribution method for estimated retirement benefits: Benefit formula basis
2) Period of amortizing actuarial gains/losses: Five years
3) Period of amortizing prior service costs: Five years

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

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

12. Hedge accounting is applied based on the following methods:

1) The Company mainly applies the following hedge accounting methods:

・ The exceptional accounting treatment ("*Tokurei-shori*") is applied to interest rate swaps to hedge the cash flow volatility of certain loans denominated in Japanese yen and foreign currencies;

・ Deferred hedge accounting is applied to interest rate swaps to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments Related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the JICPA;

・ Deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") are applied to currency swaps to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, loans, and subordinated corporate bonds issued by the Company;

・ Fair value hedge accounting is applied to foreign exchange forward contracts to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds and other instruments; and

・Fair value hedge accounting is applied to equity forward contracts to hedge the price fluctuation exposures on certain domestic stocks.

2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Interest rate swaps	Foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds and other instruments
Equity forward contracts	Domestic stocks

The Company has applied the special treatment set forth in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force (PITF) No. 40, March 17, 2022) to certain interest rate swap transactions and currency swap transactions in connection with the replacement of interest rate indicators.

3) Effectiveness of hedging activities is mainly evaluated by a ratio analysis of fair value movement comparisons of the hedging instruments and hedged items in accordance with the Company's internal risk management policies.

13. All transactions are accounted for exclusive of consumption taxes and local consumption taxes; however, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

14. The Group Tax Sharing System is applied with the Company as the parent company of the Aggregation Group. As a result, the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021) has been followed for the accounting treatment of corporate tax and local corporate tax and the deferred tax accounting treatment related to those taxes.

15. Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. These reserves are accumulated in order to prepare for payments of future obligations based on insurance policies.
Insurance premiums reserves are recognized based on the following methodology.
In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for certain individual annuity policies and for certain whole life insurance policies.
    1) Reserves for policies subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner of the Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other policies are computed based on the net level premium method.
    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 ¥52,235 million, while ordinary profit and surplus before income taxes decreased by ¥52,235 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the fiscal year ended March 31, 2024.

16. 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 this 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.

(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 March 31, 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 fiscal year ended March 31, 2024, the Company has shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

17. Significant accounting estimates identified based on the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31) comprise valuations of investments in subsidiaries and affiliates.

    The value of investments in subsidiaries and affiliates recorded in the balance sheet as of March 31, 2024, was ¥2,195,159 million. If the actual value of the investments in subsidiaries and affiliates without market prices decreases sharply due to a deterioration in their financial condition, the Company would need to record a considerable impairment loss. For the valuation of investments in subsidiaries and affiliates that are life insurance companies, the Company uses the corporate valuation amounts for such subsidiaries and other entities as the actual value. The calculations of the corporate valuation amounts include assumptions about factors pertaining to the subsidiaries and other entities, such as their future business performance and how long they will be impacted by the COVID-19 pandemic. Accordingly, if those assumptions change, the value of the investments in subsidiaries and affiliates could be significantly impacted. For details, please see Note 4 in the notes to the consolidated statement of income for the fiscal year ended March 31, 2024.

18. Regarding the investment of the general accounts (except for separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company has built a portfolio geared toward mid- to long-term investment and formulated an investment plan, considering the outlook of the investment environment.

    Based on the plan above, in order to reliably perform benefits and other payments in the future, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invests in stocks and foreign securities. Also, the Company mainly uses derivative transactions for controlling asset or liability risks. Specifically, the Company uses interest rate swaps and interest rate swaptions for interest rate-related investments; foreign exchange forward contracts, currency options, and currency swaps for currency-related investments; and equity forward contracts, equity index futures, and equity options for equity-related investments. The Company applies hedge accounting to certain derivative transactions above.

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

To manage market risk, the Company has set investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company monitors and regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has developed a framework to control risk within acceptable levels in the event of a breach of the internal rules. Also, to control market risk in the Company's portfolio, it uses a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and appropriately allocates assets within acceptable boundaries of risk.

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

19. Matters concerning the fair value of financial instruments and related items are as follows:

Notes have been omitted for financial instruments whose fair values approximate their book values due to their short-term settlement.

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

(Million Yen)

	Balance sheet amount (*1)	Fair value (*2)	Difference
Monetary receivables purchased:	118,792	119,242	450
Policy-reserve-matching bonds	93,535	93,985	450
Available-for-sale securities	25,256	25,256	—
Investments in securities (*3, *4 and *5):	68,744,600	68,067,143	-677,456
Trading securities	865,153	865,153	—
Policy-reserve-matching bonds	27,519,415	26,529,187	-990,228
Investments in subsidiaries and affiliates	128,615	441,387	312,771
Available-for-sale securities	40,231,415	40,231,415	—
Loans (*6):	8,039,662	7,953,523	-86,139
Policy loans	422,798	422,798	—
Industrial and consumer loans	7,616,864	7,530,725	-86,139
Derivative financial instruments (*7):	(1,727,459)	(1,727,459)	—
Hedge accounting not applied	(8,364)	(8,364)	—
Hedge accounting applied	(1,719,094)	(1,719,094)	—
Corporate bonds (*6 and *8)	(1,400,719)	(1,384,468)	(-16,250)
Loans payable (*8)	(1,005,133)	(974,804)	(-30,328)

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amounts are presented net of the allowance.

(*2) For securities for which impairment losses were recognized in the fiscal year ended March 31, 2024, the fair value is the nonconsolidated balance sheet amount net of the impairment losses recognized.

(*3) Stocks without market prices, such as unlisted stocks, are not included in the above table. The amounts presented in the nonconsolidated balance sheet by holding purpose were ¥1,273,548 million for investments in subsidiaries and affiliates, and ¥55,892 million for available-for-sale securities as of March 31, 2024.

(*4) The balance of investments in partnerships and other entities is not included in the above table based on application of Paragraph 24-16 of the Fair Value Measurement Accounting Standard Implementation Guidance. The amount of such investments in partnerships and other entities presented in the nonconsolidated balance sheet was ¥884,096 million as of March 31, 2024.

(*5) The above table includes investment trusts to which Paragraph 24-3 or Paragraph 24-9 of the Fair Value Measurement Accounting Standard Implementation Guidance has been applied.

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

(*7) Receivables and payables generated by derivative financial instruments are offset and presented in net amounts. Net payables in total are presented in parentheses.

(*8) Corporate bonds and loans payable are recorded in liabilities and presented in parentheses.

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

1) Trading securities

Investments in securities for separate accounts are classified as trading securities. Valuation losses of those investments included in profit and loss were ¥69,396 million for the fiscal year ended March 31, 2024.

2) Held-to-maturity debt securities

There were no balances as of March 31, 2024.

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Monetary receivables purchased	74,477	75,778	1,300
	Domestic bonds	12,930,000	13,968,406	1,038,405
	Foreign securities	39,857	40,510	652
	Subtotal	13,044,336	14,084,695	1,040,358
Fair value does not exceed the balance sheet amount	Monetary receivables purchased	19,057	18,207	(849)
	Domestic bonds	14,413,334	12,395,754	(2,017,580)
	Foreign securities	136,222	124,516	(11,706)
	Subtotal	14,568,614	12,538,477	(2,030,136)
Total		27,612,950	26,623,172	(989,777)

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary receivables purchased	6,055	6,488	432
	Domestic bonds	1,280,940	1,395,667	114,727
	Domestic stocks	3,849,418	13,454,386	9,604,968
	Foreign securities	12,346,154	15,739,496	3,393,341
	Other securities	877,799	1,106,420	228,620
	Subtotal	18,360,368	31,702,458	13,342,090
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary receivables purchased	19,386	18,768	(617)
	Domestic bonds	1,979,276	1,832,100	(147,175)
	Domestic stocks	184,365	157,226	(27,139)
	Foreign securities	5,069,708	4,693,880	(375,827)
	Other securities	1,993,094	1,852,238	(140,856)
	Subtotal	9,245,831	8,554,214	(691,617)
Total		27,606,199	40,256,672	12,650,473

* Stocks without market prices of ¥55,892 million and the balance of investments in partnerships and other entities of ¥91,100 million are not included in the table above.

Impairment losses of ¥4,274 million were recognized for securities during the fiscal year ended March 31, 2024.

Regarding stocks (including foreign stocks), impairment losses are recognized for stocks whose fair value had declined significantly from the acquisition cost based on market prices and other valuations on the balance sheet date.

The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

a. A security for which the average fair value in the month preceding March 31, 2024, is 50%, or less of the acquisition cost.

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

i) The average fair value in the month preceding March 31, 2024, exceeds 50% but equal to or less than 70% of the acquisition cost.

ii) The historical market price, the business conditions of the issuing company, and other aspects are subject to certain requirements.

(3) Scheduled repayment amounts for the major monetary claims and liabilities, and redemption amounts for securities with maturities are as follows:

(Million Yen)

	Within one year	Over one year within five years	Over five years within 10 years	Over 10 years
Monetary receivables purchased:	8,033	6,758	25,180	80,936
Policy-reserve-matching bonds	33	6,758	17,985	68,701
Available-for-sale securities	8,000	—	7,195	12,235
Investments in securities:	1,292,526	8,163,615	9,175,068	35,193,178
Policy-reserve-matching bonds	671,053	3,020,776	3,058,242	21,116,225
Available-for-sale securities	621,472	5,142,838	6,116,825	14,076,952
Loans	978,765	2,472,935	2,025,215	2,142,427
Corporate bonds	—	—	—	1,400,719
Loans payable	4,133	—	—	1,001,000

* Financial instruments, such as policy loans, which do not have a stated maturity date, are not included in the table above. Also, loans to legally or substantially bankrupt borrowers, and borrowers who are not currently legally bankrupt but have a high probability of bankruptcy, amounting to ¥5,685 million, are not included.

20. (1) Matters concerning the breakdown of financial instruments by fair value level are as follows:

The fair value of financial instruments is classified into the following three levels according to the observability and significance of inputs used to measure fair value.

Fair Value Level 1: Fair value is measured using unadjusted quoted prices in active markets for identical assets or liabilities.

Fair Value Level 2: Fair value is measured using directly or indirectly observable inputs other than Level 1 inputs.

Fair Value Level 3: Fair value is measured using significant unobservable inputs.

If multiple inputs that have a significant effect on a fair value measurement are used, the fair value is classified as the level that is least significant to the fair value measurement from among the levels into which each of the inputs is classified.

a. Financial instruments whose amounts presented in the nonconsolidated balance sheet as of March 31, 2024, are measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased:	—	13,955	11,301	25,256
Available-for-sale securities	—	13,955	11,301	25,256
Investments in securities (*1):	20,110,782	18,896,103	392,575	39,399,461
Trading securities	397,498	467,655	—	865,153
Available-for-sale securities	19,713,284	18,428,447	392,575	38,534,307
Domestic bonds	2,177,885	1,049,881	—	3,227,767
National government bonds	2,177,885	—	—	2,177,885
Local government bonds	—	71,182	—	71,182
Corporate bonds	—	978,699	—	978,699
Domestic stocks	13,493,201	118,411	—	13,611,613
Foreign securities	4,042,196	14,328,960	392,575	18,763,732
Foreign bonds	2,883,588	8,373,909	392,575	11,650,072
Foreign stocks and other securities	1,158,608	5,955,051	—	7,113,660
Other securities	—	2,931,193	—	2,931,193
Derivative financial instruments (*2):	2,897	[1,730,356]	—	[1,727,459]
Interest rate-related	—	[312,258)	—	[312,258]
Currency-related	—	[1,414,973]	—	[1,414,973]
Others	2,897	[3,124]	—	[227]

(*1) The above table does not include investment trusts to which Paragraph 24-3 or Paragraph 24-9 of the Fair Value Measurement Accounting Standard Implementation Guidance has been applied. The amounts of such investment trusts presented in the nonconsolidated balance sheet were ¥1,652,225 million for investment trusts whose investment trust assets are financial instruments, and ¥45,813 million for investment trusts whose investment trust assets are real estate. The reconciliation of balances at the beginning of the current fiscal year and the balances as of March 31, 2024 is as follows.

(*2) Receivables and payables generated by derivative financial instruments are offset and presented in net amounts. Net payables are presented in parentheses.

(Million Yen)

	Investment trusts whose investment trust assets are financial instruments (*3)	Investment trust assets whose investment trust assets are real estate	Total
Balance at the beginning of the current fiscal year	1,379,977	39,600	1,419,577
Profit or loss for the fiscal year ended March 31, 2024	150,984	1,705	152,689
Recognized in net surplus (loss) (*4)	28,315	1,037	29,352
Recognized in valuations, conversions, and others (*5)	122,668	667	123,336
Purchases, sales, and redemptions	121,263	4,507	125,771
Transactions for which the application of Implementation Guidance Paragraph No. 24-3 or No. 24-9 has begun	—	—	—
Transactions for which the application of Implementation Guidance Paragraph No. 24-3 or No. 24-9 has been discontinued	—	—	—
Balance as of March 31, 2024	1,652,225	45,813	1,698,038
Unrealized gain or loss on investment trusts held as of March 31, 2024, recognized in profit or loss for the fiscal year ended March 31, 2024 (*4)	—	—	—

(*3) The amount of these investment trusts presented in the nonconsolidated balance sheet was ¥1,628,966 million as of March 31, 2024, mainly as the cancellation of some investment trusts is restricted after one month.

(*4) These amounts are included in investment income and investment expenses on the nonconsolidated statement of income for the fiscal year ended March 31, 2024.

(*5) These amounts are included in net unrealized gains on available-for-sale securities under total valuations, conversions, and others in the nonconsolidated balance sheet as of March 31, 2024.

b. Financial instruments whose amounts presented in the nonconsolidated balance sheet as of March 31, 2024, are not measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased:	—	—	93,985	93,985
Policy-reserve-matching bonds	—	—	93,985	93,985
Investments in securities	24,823,002	2,145,980	408	26,969,391
Policy-reserve-matching bonds	24,823,002	1,705,775	408	26,529,187
Domestic bonds	24,729,968	1,633,783	408	26,364,160
Foreign securities	93,034	71,992	—	165,026
Investments in subsidiaries and affiliates	—	440,204	—	440,204
Loans:	—	—	7,953,523	7,953,523
Policy loans	—	—	422,798	422,798
Industrial and consumer loans	—	—	7,530,725	7,530,725
Corporate bonds (*6)	—	(1,384,468)	—	(1,384,468)
Loans payable (*6)	—	(894,173)	(80,630)	(974,804)

(*6) Corporate bonds and loans payable are recorded in liabilities and presented in parentheses.

(2) Explanation of major valuation techniques and inputs used to measure the fair value of financial instruments is as follows;

1) Financial instruments classified as securities and monetary receivables purchased that are treated as securities based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

Financial instruments measurable by unadjusted quoted prices in active markets are classified as Fair Value Level 1. These instruments mainly include listed stocks and national government bonds. When financial instruments are measured using published quoted prices from inactive markets, such financial instruments are classified as Fair Value Level 2. These instruments mainly include local government bonds and corporate bonds. When published quoted prices are not available, fair value is measured mainly based on valuations obtained from external information vendors. When unobservable inputs are not used or their effect is insignificant, financial instruments are classified as Fair Value Level 2, and when significant unobservable inputs are used, they are classified as Fair Value Level 3. In addition, investment trusts are measured mainly based on published standard prices. No levels are assigned to investment trusts based on application of the transitional measures set forth in Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31).

2) Loans

a. Policy loans

Policy loans are classified as Fair Value Level 3. Book value is used as the fair value of policy loans, as the fair value is deemed to approximate their book value due to expected repayment periods, interest rate requirements, and other conditions. These loans have no repayment date based on characteristics, such as the loan amount being limited to the extent of the surrender benefit.

b. Industrial and consumer loans

Book value is used as the fair value of variable interest rate loans, as the fair value is deemed to approximate their book value unless there are major changes in the credit status of the borrower after loan execution because market interest rates are reflected in future cash flows over the short term. Meanwhile, with regard to fixed interest rate loans, the fair value, by loan category based on the type of loan, internal rating, and maturity term, is determined by discounting future cash flows to the present value using a discount rate reflecting market interest rates, which are adjusted for credit risk and other factors. In addition, this fair value is reflected in loans subject to designated hedge accounting (“*Furiate-shori*”) for currency swaps and exceptional accounting treatment (“*Tokurei-shori*”) for interest rate swaps.

For loans to bankrupt or substantially bankrupt borrowers, or borrowers who are not currently legally bankrupt, but have a high probability of bankruptcy, fair value is measured by deducting an estimated uncollectible amount determined by factors, such as the present value of future cash flows or the estimated collectible amount based on collateral or guarantees, from the book value directly before it is written down.

Each of the measured fair values is classified as Fair Value Level 3.

3) Derivative financial instruments

Derivative financial instruments for which unadjusted quoted prices are available in active markets are classified as Fair Value Level 1. These instruments mainly include bond futures and equity index futures. When published quoted prices are not available, fair value is measured mainly based on valuations obtained from external information vendors. When unobservable inputs are not used or their effect is insignificant, derivative financial instruments are classified as Fair Value Level 2, and when significant unobservable inputs are used, these instruments are classified as Fair Value Level 3.

4) Corporate bonds

Corporate bonds issued by the Company are classified as Fair Value Level 2, with market prices used as the fair value. In addition, this fair value is reflected in corporate bonds subject to designated hedge accounting (“Furiate-shori”) for currency swaps.

5) Loans payable

Book value is used as the fair value of variable interest rate loans payable. The fair value is deemed to approximate book value as there have been no major changes in the credit status of the Company after loan execution, and because market interest rates are reflected in future cash flows over the short term. Variable interest rate loans payable are classified as Fair Value Level 3. Meanwhile, the fair value of fixed interest rate loans payable is determined by discounting future cash flows to the present value using a discount rate reflecting interest rates that would be offered for similar borrowings, adjusted for the Company’s credit risk. Fixed interest rate loans payable are classified as Fair Value Level 3; however, loans payable financed by means of public offerings employing securitization schemes are classified as Fair Value Level 2. The market prices of the corporate bonds issued to back such loans payable are used as a fair value.

(3) Information on financial instruments classified as Fair Value Level 3 whose amounts presented in the nonconsolidated balance sheet as of March 31, 2024, are measured by fair value

1) Quantitative information on significant unobservable inputs used in measuring fair value

This note is omitted because the Company does not estimate inputs that it cannot observe independently.

2) Reconciliation of balances at the beginning of the current fiscal year and balances as of March 31, 2024 and unrealized gain or loss recognized in profit or loss for the fiscal year ended March 31, 2024.

(Million Yen)

	Monetary receivables purchased Other securities	Available-for-sale securities Other securities	Derivative financial instruments Interest-related
Balance at the beginning of the current fiscal year	765	182,698	112
Profit or loss for the fiscal year ended March 31, 2024	720	33,646	(112)
Recognized in net surplus (loss) (*1)	359	31,269	(112)
Recognized in valuations, conversions, and others (*2)	361	2,376	—
Purchases, sales, issuances, and settlements	9,816	176,230	—
Transfers to Fair Value Level 3	—	—	—
Transfers from Fair Value Level 3	—	—	—
Balance as of March 31, 2024	11,301	392,575	—
Unrealized gain or loss on financial instruments held as of March 31, 2024, recognized in profit or loss for the fiscal year ended March 31, 2024 (*1)	—	—	—

(*1) These amounts are included in investment income and investment expenses in the nonconsolidated statement of income for the fiscal year ended March 31, 2024.

(*2) These amounts are included in net unrealized gains on available-for-sale securities under valuations, conversions, and others in the nonconsolidated balance sheet as of March 31, 2024.

3) Explanation of the valuation process for fair value

The Company measures fair value based on a policy on fair value measurement determined internally. The Company ensures the suitability of the valuation techniques and inputs used to measure fair value, and the appropriateness of the fair value level classifications prescribed by the policy.

In determining fair value, the Company uses valuation models that can most appropriately reflect the features, characteristics, and risks of individual financial instruments. In addition, even when using quoted prices obtained from third parties, the Company verifies the suitability of such prices using appropriate methods, such as ensuring the appropriateness of the valuation techniques and inputs being used, and comparing those with fair values provided by other vendors.

4) Explanation of impact on fair value in case of change in significant unobservable inputs

This note is omitted because the Company does not estimate inputs that it cannot observe independently.

21. The balance sheet amount of investment and rental properties was ¥1,283,436 million, with a fair value of ¥1,861,435 million as of March 31, 2024.

The Company owns rental office buildings and commercial facilities, and the fair value of those properties as of March 31, 2024, is measured based mainly on the "Real Estate Appraisal Standards" in Japan.

The amount corresponding to asset retirement obligations that was included in the balance sheet amount of investment and rental properties was ¥5,067 million as of March 31, 2024.

22. (1) The total amount of bankrupt and quasi-bankrupt loans, doubtful loans, loans that are delinquent for over three months, and restructured loans, which were included in nonperforming assets, was ¥28,814 million as of March 31, 2024. The details of those balances were as follows:

1) The balance of bankrupt and quasi-bankrupt loans was ¥9,526 million as of March 31, 2024.
Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to certain reasons, including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.

2) The balance of doubtful loans was ¥17,684 million as of March 31, 2024.
Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the loan contract because of difficulties in the financial condition and business performance of debtors who are not yet legally bankrupt, and do not fall under bankrupt and quasi-bankrupt loans.

3) There is no balance of loans delinquent for over three months as of March 31, 2024.
Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement other than the loans classified as bankrupt and quasi-bankrupt loans, and doubtful loans.

4) The balance of restructured loans was ¥1,604 million as of March 31, 2024.
Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers, and do not fall under bankrupt and quasi-bankrupt loans, doubtful loans, and loans that are delinquent for over three months.

(2) Direct write-offs of loans decreased the balance of bankrupt and quasi-bankrupt loans by ¥85 million as of March 31, 2024.

23. The amount of accumulated depreciation of tangible fixed assets was ¥1,254,913 million as of March 31, 2024.

24. Separate account assets as provided in accordance with Article 118, Paragraph 1 of the Insurance Business Act were ¥1,225,873 million as of March 31, 2024, and a corresponding liability is recorded in the same amount.

25. The total amounts of receivables from and payables to subsidiaries and affiliates were ¥67,798 million

and ¥5,013 million, respectively, as of March 31, 2024.

26. Changes in the reserve for dividends to policyholders for the fiscal year ended March 31, 2024, were as follows:

		Million Yen
		Year ended March 31, 2024
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 fiscal year	185,866
d.	Increase in interest	20,975
e.	Balance at the end of the current fiscal year (a+b-c+d)	1,088,964

27. Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

The corporate bond issuance dates and callable dates for currency swaps under designated hedge accounting are as follows:

Issue date	Callable date
October 2014	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2017	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2020	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2021	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2021	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2023	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter

On April 16, 2024, the Company issued corporate bonds as follows:

Name	US dollar-denominated subordinated notes due 2054 with interest deferral options
Issue price	100% of par value
Total amount issued	US$1,320 million
Interest rate	A fixed rate of 5.95% per annum before April 2034 and a fixed rate reset with step-up thereafter (reset every 5 years).
Maturity	April 2054 The US dollar-denominated subordinated notes are callable on April 16, 2034 and every date which falls five, or a multiple of five, years thereafter, until the notes are fully redeemed at the discretion of Nippon Life, subject to prior approval by the regulatory authority, etc.
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

Designated hedge accounting has been applied to these bonds using the currency swap as a hedging instrument.

28. Other liabilities include subordinated loans payable of ¥1,001,000 million with special provisions that the fulfillment of obligations on the loans payable is subordinate to all other debt obligations.

29. Assets pledged as collateral in the form of investments in securities as of March 31, 2024, were ¥5,384,929 million. The total amount of liabilities covered by the assets pledged was ¥2,964,640 million as of March 31, 2024.
These amounts included ¥2,810,519 million of sale of securities under repurchase agreements, and ¥2,962,898 million of payables under repurchase agreements.

30. The total amount of stocks and investments in subsidiaries and affiliates was ¥2,195,159 million as of March 31, 2024.
In addition, 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.

31. The amount of securities lent under lending agreements was ¥1,648,643 million as of March 31, 2024.

32. Assets that the Company has a free disposal right to sell or re-pledge are marketable securities borrowed under lending agreements. These assets were held without being sold or re-pledged and totaled ¥148,977 million at fair value as of March 31, 2024.

33. The unused amount of commitments related to loans and similar loans agreements was ¥351,135 million as of March 31, 2024.

34. Information relating to retirement benefits is as follows:
(1) Summary of retirement benefit plans
The Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan, which are both defined benefit plans, for non-sales personnel and sales management personnel. The Company also has a defined contribution pension plan.
In addition, the Company has a lump-sum retirement payment plan and an in-house pension plan for sales representatives as a defined benefit plan.

(2) Defined benefit plans

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

		Million Yen
a.	Retirement benefit obligations at the beginning of the year	615,636
b.	Service costs	26,300
c.	Interest cost	3,693
d.	Actuarial losses accrued during the year	(2,313)
e.	Retirement benefit payments	(34,880)
f.	Retirement benefit obligations at the end of the year	608,436

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

		Million Yen
a.	Pension plan assets at the beginning of the year	231,267
b.	Expected return on plan assets	2,775
c.	Actuarial gains incurred during the year	12,986
d.	Contributions by the Company	5,606
e.	Retirement benefit payments	(13,478)
f.	Pension plan assets at the end of the year (a+b+c+d+e)	239,156

3) Reconciliation of retirement benefit obligations, plan assets, and accrued retirement benefits on the nonconsolidated balance sheet

		Million Yen
a.	Retirement benefit obligations for funded plans	230,036
b.	Plan assets	(239,156)
		(9,120)
c.	Retirement benefit obligations for nonfunded plans	378,399
d.	Unrecognized actuarial gains	10,710
e.	Unrecognized prior service costs	1,317
f.	Accrued retirement benefits (a+b+c+d+e)	381,307

4) Losses (gains) relating to retirement benefits

		Million Yen
a.	Service costs	26,300
b.	Interest cost	3,693
c.	Expected return on plan assets	(2,775)
d.	Amortization of actuarial losses for the period	4,080
e.	Prior service costs accrued during the year	(1,317)
f.	Benefit cost for defined benefit plans (a+b+c+d+e)	29,982

5) Plan assets consist of the following major asset categories:

a.	General account of life insurance	60.1%
b.	Cash and deposits	14.6%
c.	Foreign securities	14.2%
d.	Domestic bonds	10.1%
e.	Domestic stocks	1.0%
f.	Total (a+b+c+d+e)	100.0%

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

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

7) Matters relating to the basis for actuarial calculations

The major items in the basis for actuarial calculations as of March 31, 2024, are as follows:

a.	Discount rate	0.6%
b.	Long-term expected rate of return on plan assets	1.2%

(3) Defined contribution plans

The Company contributed ¥2,243 million to the defined contribution plans during the fiscal year ended March 31, 2024.

35. (1) Total deferred tax assets were ¥2,383,005 million and total deferred tax liabilities were ¥3,681,701 million as of March 31, 2024. The deferred tax assets were reduced by the valuation allowance of ¥67,642 million. The major components resulting in deferred tax assets were policy reserves and other reserves of ¥1,280,634 million, reserve for price fluctuations in investments in securities of ¥453,563 million, and deferred gains (losses) on derivatives under hedge accounting of ¥442,836 million. The major component resulting in deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥3,502,755 million.

(2) The effective statutory tax rate was 27.9% for the fiscal year ended March 31, 2024. The major factors for the difference between the effective statutory tax rate and the effective income tax rate after application of tax effect accounting were a decrease of 12.3% due to the amount of reserve for dividends to policyholders.

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

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

37. The amount of policy reserves provided for the portion of reinsurance (the “policy reserves for ceded reinsurance”) as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act was ¥170 million as of March 31, 2024.

39. The amount per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act was ¥8,017,723 million as of March 31, 2024.

6. Nonconsolidated Statements of Income

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary income:	**7,628,376**	**7,353,950**
Revenues from insurance and reinsurance:	**5,297,399**	**4,647,991**
Insurance premiums	5,296,086	4,646,819
Reinsurance revenue	1,312	1,172
Investment income:	**2,216,890**	**2,587,776**
Interest, dividends, and other income:	1,607,616	1,524,425
Interest on deposits and savings	9,032	3,004
Interest on securities and dividends	1,312,643	1,275,297
Interest on loans	160,146	122,250
Real estate rental income	113,658	112,193
Other income	12,135	11,679
Gain on sales of securities	315,349	1,009,350
Foreign exchange gains, net	158,236	52,582
Reversal of allowance for investment loss	6,930	364
Other investment income	842	1,053
Gain from separate accounts, net	127,915	—
Other ordinary income:	**114,085**	**118,182**
Income from annuity riders	3,975	5,971
Income from deferred benefits	67,934	71,018
Other ordinary income	42,176	41,192

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary expenses:	**6,973,813**	**7,106,065**
Benefits and other payments:	**4,355,896**	**4,099,273**
Death and other claims	1,080,315	1,073,139
Annuity payments	844,888	807,193
Health and other benefits	755,761	857,331
Surrender benefits	1,398,537	1,167,297
Other refunds	274,458	192,304
Reinsurance premiums	1,934	2,007
Provision for policy reserves:	**1,110,317**	**1,030,263**
Provision for reserve for outstanding claims	212	11,356
Provision for policy reserves	1,089,128	997,732
Provision for interest on reserve for dividends to policyholders	20,975	21,174
Investment expenses:	**696,982**	**1,184,701**
Interest expenses	42,900	37,477
Loss on sales of securities	275,812	874,392
Loss on valuation of securities	6,549	6,234
Loss on derivative financial instruments, net	288,339	175,940
Provision for allowance for doubtful accounts	614	4,855
Depreciation of real estate for rental use and other assets	20,320	19,286
Other investment expenses	62,446	60,204
Loss on separate accounts, net	—	6,310
Operating expenses	**564,342**	**565,673**
Other ordinary expenses:	**246,274**	**226,154**
Deferred benefit payments	109,799	93,968
Taxes	55,765	53,019
Depreciation	52,688	53,844
Provision for retirement benefits	2,973	129
Other ordinary expenses	25,048	25,191

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary profit	**654,562**	**247,884**
Extraordinary gains:	**5,549**	**8,427**
Gain on disposals of fixed assets	5,549	2,623
Reversal of reserve for price fluctuations in investments in securities	—	5,804
Extraordinary losses:	**62,184**	**53,430**
Loss on disposals of fixed assets	8,396	6,202
Impairment losses	9,506	11,465
Provision for reserve for price fluctuations in investments in securities	41,245	—
Loss on tax purpose reduction entry of real estate	36	1,208
Contributions for assisting social public welfare	3,000	3,000
Loss on valuation of shares of subsidiaries and associates	—	31,554
Surplus before income taxes	**597,927**	**202,882**
Income taxes — current	**49,675**	**29,564**
Income taxes — deferred	**36,174**	**(14,135)**
Total income taxes	**85,849**	**15,428**
Net surplus	**512,077**	**187,453**

Notes to the Nonconsolidated Statement of Income for the Fiscal Year Ended March 31, 2024

1. Previously gains on the cancellations of investment trusts were included in interest, dividends, and other income under investment income. However, gains on the cancellations of investment trusts are substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the fiscal year ended March 31, 2024, when systems upgrades were completed, the Company decided to include gains on the cancellation of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gains on the cancellations of investment trusts of ¥203,762 million, which had previously been included in interest, dividends, and other income on the nonconsolidated statement of income for the fiscal year ended March 31, 2023, have been restated as gain on sales of securities.

2. The Company uses the following methods to record revenues from insurance and reinsurance, and benefits and other payments.

   (1) Revenues from insurance and reinsurance (excluding revenues from reinsurance) are recorded as the amount of payments that have been received, in principle.

   (2) Benefits and other payments (excluding reinsurance premiums) are recorded as the amount of payments made with respect to policies for which an event that is a reason for payment of claims or benefits has occurred based on the policy clauses and the amount determined based on those policy clauses was paid.

3. The total income and expenses from transactions with subsidiaries and affiliates were ¥69,280 million and ¥41,387 million, respectively, for the fiscal year ended March 31, 2024.

4. Gain on sales of securities includes gains on the sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥39,499 million, ¥103,121 million, and ¥172,728 million, respectively, for the fiscal year ended March 31, 2024.

5. Loss on sales of securities includes losses on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥155,934 million, ¥49,424 million, and ¥70,453 million, respectively, for the fiscal year ended March 31, 2024.

6. Loss on valuation of securities includes losses on valuation of domestic stocks and foreign securities of ¥2,967 million and ¥3,581 million, respectively, for the fiscal year ended March 31, 2024.

7. Provision for policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥4 million for the fiscal year ended March 31, 2024.

8. Loss on derivative financial instruments, net includes net valuation losses of ¥48,065 million for the fiscal year ended March 31, 2024.

9. Impairment losses are as follows:

1) Method for grouping the assets

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

2) Recognition of impairment losses

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

3) Breakdown of asset groups for which impairment losses were recognized for the fiscal year ended March 31, 2024, is as follows:

(Million Yen)

Purpose of use	Land	Leasehold interests in land	Buildings	Total
Real estate for rental use	1,755	630	2,470	4,857
Idle properties	3,146	—	1,503	4,649
Total	4,901	630	3,974	9,506

4) Measurement of recoverable amount

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

7.Nonconsolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2024

(Million Yen)

	Foundation funds and others											
				Surplus								
					Other surplus reserves							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiencies	Reserve for social public welfare assistance	Reserve for financial stability	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	100,000	1,350,000	651	21,282	351	221,917	73,248	2,961	170	186,354	506,285	1,956,936
Increase/decrease:												
Additions to reserve for dividends to policyholders										(181,910)	(181,910)	(181,910)
Additions to legal reserve for deficiencies				573						(573)	—	—
Interest on foundation funds										(265)	(265)	(265)
Net surplus										512,077	512,077	512,077
Additions to reserve for social public welfare assistance					3,000					(3,000)	—	—
Reversal of reserve for social public welfare assistance					(3,000)					3,000	—	—
Additions to reserve for reduction entry of real estate							4,927			(4,927)	—	—
Reversal of reserve for reduction entry of real estate							(1,359)			1,359	—	—
Reversal of reserve for reduction entry of real estate to be purchased								(2,961)		2,961	—	—
Reversal of land revaluation losses										(5,297)	(5,297)	(5,297)
Net change, excluding foundation funds and others												
Net change	—	—	—	573	—	—	3,567	(2,961)	—	323,426	324,605	324,605
Ending balance	100,000	1,350,000	651	21,855	351	221,917	76,815	–	170	509,780	830,890	2,281,541

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

For the Year Ended March 31, 2024

	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
Beginning balance	5,297,929	(376,317)	(56,264)	4,865,347	6,822,283
Increase/decrease:					
Additions to reserve for dividends to policyholders					(181,910)
Additions to legal reserve for deficiencies					—
Interest on foundation funds					(265)
Net surplus					512,077
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(5,297)
Net change, excluding foundation funds and others	3,860,936	(765,475)	5,297	3,100,757	3,100,757
Net change	3,860,936	(765,475)	5,297	3,100,757	3,425,362
Ending balance	9,158,865	(1,141,792)	(50,967)	7,966,105	10,247,646

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

For the Year Ended March 31, 2023

(Million Yen)

	Foundation funds and others												
				Surplus									
					Other surplus reserves								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiencies	Contingency funds	Reserve for social public welfare assistance	Reserve for financial stability	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
Beginning balance	100,000	1,350,000	651	19,988	71,917	351	—	71,839	1,007	170	357,789	523,063	1,973,714
Increase/decrease:													
Additions to reserve for dividends to policyholders											(199,868)	(199,868)	(199,868)
Additions to legal reserve for deficiencies				1,294							(1,294)	—	—
Interest on foundation funds											(265)	(265)	(265)
Net surplus											187,453	187,453	187,453
Reversal of contingency funds					(71,917)						71,917	—	—
Additions to reserve for social public welfare assistance						3,000					(3,000)	—	—
Reversal of reserve for social public welfare assistance						(3,000)					3,000	—	—
Additions to reserve for financial stability							221,917				(221,917)	—	—
Additions to reserve for reduction entry of real estate								2,718			(2,718)	—	—
Reversal of reserve for reduction entry of real estate								(1,309)			1,309	—	—
Additions to reserve for reduction entry of real estate to be purchased									1,953		(1,953)	—	—
Reversal of land revaluation losses											(4,098)	(4,098)	(4,098)
Net change, excluding foundation funds and others													
Net change	—	—	—	1,294	(71,917)	—	221,917	1,408	1,953	—	(171,435)	(16,778)	(16,778)
Ending balance	100,000	1,350,000	651	21,282	—	351	221,917	73,248	2,961	170	186,354	506,285	1,956,936

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

For the Year Ended March 31, 2023

(Million Yen)

	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	
Beginning balance	6,112,896	(374,361)	(60,363)	5,678,172	7,651,886
Increase/decrease:					
Additions to reserve for dividends to policyholders					(199,868)
Additions to legal reserve for deficiencies					—
Interest on foundation funds					(265)
Net surplus					187,453
Reversal of contingency funds					—
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for financial stability					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(4,098)
Net change, excluding foundation funds and others	(814,967)	(1,956)	4,098	(812,824)	(812,824)
Net change	(814,967)	(1,956)	4,098	(812,824)	(829,603)
Ending balance	5,297,929	(376,317)	(56,264)	4,865,347	6,822,283

8. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

		Year ended March 31, 2024	Year ended March 31, 2023
Core operating profit (A)		708,743	498,828
Capital gains:		732,077	1,240,510
	Gain on proprietary trading securities	—	—
	Gain from assets held in trust, net	—	—
	Gain on trading securities	—	—
	Gain on sales of securities	315,349	1,009,350
	Gain on derivative financial instruments, net	—	—
	Foreign exchange gains, net	158,236	52,582
	Other capital gains	258,491	178,577
Capital losses:		734,486	1,141,691
	Loss on proprietary trading securities	—	—
	Loss from assets held in trust, net	—	—
	Loss on trading securities	—	—
	Loss on sales of securities	275,812	874,392
	Loss on valuation of securities	6,549	6,234
	Loss on derivative financial instruments, net	288,339	175,940
	Foreign exchange losses, net	—	—
	Other capital losses	163,785	85,124
Net capital gains/losses (B)		(2,408)	98,818
Core operating profit, including net capital losses (A+B)		706,334	597,647
Nonrecurring gains:		7,463	364
	Reinsurance revenue	—	—
	Reversal of contingency reserve	—	—
	Reversal of specific allowance for doubtful accounts	533	—
	Other nonrecurring gains	6,930	364
Nonrecurring losses:		59,235	350,127
	Reinsurance premiums	—	—
	Provision for contingency reserve	7,000	69,701
	Provision for specific allowance for doubtful accounts	—	3,876
	Provision for allowance for specific overseas loans	—	—
	Write-offs of loans	—	—
	Other nonrecurring losses	52,235	276,550
Net nonrecurring losses (C)		(51,772)	(349,762)
Ordinary profit (A+B+C)		654,562	247,884

Note: For the fiscal year ended March 31, 2023, gains on the cancellation of investment trusts have been restated as gain on sales of securities.

(Reference) Breakdown of “Other” items

(Million Yen)

		Year ended March 31, 2024	Year ended March 31, 2023
Core operating profit		(94,706)	(93,452)
	Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	16,660	15,506
	Impact of market exchange rate movements related to foreign currency-denominated insurance policies	147,125	69,617
	Impact of movements in surrender benefits related to market value adjustment	(17,105)	(26,697)
	Hedge cost related to foreign exchange	(241,386)	(151,880)
Other capital gains		258,491	178,577
	Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
	Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—
	Impact of movements in surrender benefits related to market value adjustment	17,105	26,697
	Hedge cost related to foreign exchange	241,386	151,880
Other capital losses		163,785	85,124
	Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	16,660	15,506
	Impact of market exchange rate movements related to foreign currency-denominated insurance policies	147,125	69,617
	Impact of movements in surrender benefits related to market value adjustment	—	—
	Hedge cost related to foreign exchange	—	—
Other nonrecurring gains		6,930	364
	Reversal of allowance for investment loss	6,930	364
Other nonrecurring losses		52,235	276,550
	Provision for allowance for investment loss	—	—
	Provision for additional policy reserves	52,235	276,550

9. Nonconsolidated Proposed Appropriations of Surplus

(Thousand Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Unappropriated surplus	509,780,820	186,354,600
Reversal from voluntary surplus reserve:	1,797,499	4,320,990
Reversal of equalized reserve for dividends to policyholders	—	—
Reversal of contingency funds	—	—
Reversal of reserve for reduction entry of real estate	1,797,499	1,359,689
Reversal of reserve for reduction entry of real estate to be purchased	—	2,961,301
Total	511,578,320	190,675,591
Appropriations:	511,578,320	190,675,591
Reserve for dividends to policyholders	264,517,435	181,910,514
Net surplus:	247,060,884	8,765,076
Legal reserve for deficiencies	1,535,000	573,000
Reserve for redemption of foundation funds	50,000,000	—
Interest on foundation funds	265,000	265,000
Voluntary surplus reserve:	195,260,884	7,927,076
Reserve for social public welfare assistance	3,000,000	3,000,000
Reserve for financial base	190,000,000	—
Reserve for reduction entry of real estate	2,260,884	4,927,076
Reserve for reduction entry of real estate to be purchased	—	—
Surplus carried forward	—	—

10. Status of Nonperforming Assets Based on the Insurance Business Act

(Million Yen, %)

	As of March 31, 2024	As of March 31, 2023
Bankrupt and quasi-bankrupt loans	9,526	10,041
Doubtful loans	17,684	18,064
Loans that are delinquent for over three months	—	50
Restructured loans	1,604	1,481
Subtotal [Percentage of total, %]	28,814 [0.29]	29,637 [0.33]
Normal loans	9,755,187	8,991,864
Total	9,784,002	9,021,502

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

Supplemental information on nonperforming assets based on the Insurance Business Act

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments, and customers’ liability for acceptances and guarantees.
- For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts as of March 31, 2024 and 2023, were ¥85 million and ¥1,975 million, respectively.

11. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023	Difference
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	4,039	2,891	1,147
(B) Specific allowance for doubtful accounts	5,909	5,638	270
(C) Allowance for specific overseas loans	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	5,994	7,614	(1,619)
(B) Reversal	6,527	3,737	2,790
[excluding reversals with write-offs]			
(C) Net provision	(533)	3,876	(4,409)
(3) Allowance for specific overseas loans			
(A) Number of countries	—	—	—
(B) Loan amount	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-offs	—	—	—

12. Solvency Margin Ratio

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Solvency margin gross amount (A)	21,614,981	17,319,118
Foundation funds (*kikin*) and other reserve funds:	6,036,219	5,733,080
Foundation funds and others	2,016,759	1,774,760
Reserve for price fluctuations in investments in securities	1,625,673	1,584,428
Contingency reserve	2,137,358	2,130,358
General allowance for doubtful accounts	4,039	2,891
Others	252,388	240,640
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	10,251,877	6,297,574
Net unrealized gains on real estate × 85%	665,395	603,932
Excess of continued Zillmerized reserve	2,548,820	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	(449,810)	(210,043)
Others	160,759	87,236
Total amount of risk (B) $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	4,410,879	3,395,990
Underwriting risk (R_1)	103,629	107,314
Underwriting risk of third-sector insurance (R_8)	88,558	90,993
Assumed interest rate risk (R_2)	249,260	248,517
Minimum guarantee risk (R_7)	5,177	5,256
Investment risk (R_3)	4,061,992	3,065,938
Business management risk (R_4)	90,172	70,360
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	980.0%	1,019.9%

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

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

Reference

Policy Reserve Valuation Method and Ratio for Individual Insurance and Annuities

	As of March 31, 2024	As of March 31, 2023
Policies subject to the standard policy reserve	Net level premium method	Net level premium method
Policies not subject to the standard policy reserve	Net level premium method	Net level premium method
Ratio (excluding contingency reserve)	100.0%	100.0%

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

2. The valuation ratio for policies subject to the standard policy reserve is calculated in accordance with the method that the Prime Minister prescribed by means of Ordinance No. 48 issued by the Ministry of Finance in 1996. The ratio for policies not subject to the standard policy reserve represents the ratio for the insurance premiums reserve calculated by the net level premium method and unearned premium.

13. Status of Separate Accounts as of March 31, 2024

(1) Balance of Separate Account Assets

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Individual variable insurance	119,704	100,199
Individual variable annuities	13,629	15,533
Group annuities	1,092,539	1,030,855
Separate account total	1,225,873	1,146,588

(2) Status of Separate Accounts for Individual Variable Insurance

1) Policies in Force

	As of March 31, 2024		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)	9,363	13,061	9,685	6,667
Variable insurance (whole life type)	28,261	391,125	29,122	400,930
Total	37,624	404,186	38,807	407,598

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

(Million Yen, %)

	As of March 31, 2024		As of March 31, 2023	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	2,079	1.7	3,051	3.0
Investments in securities:	99,429	83.1	91,138	91.0
Domestic bonds	22,942	19.2	17,984	17.9
Domestic stocks	8,596	7.2	12,904	12.9
Foreign securities:	36,751	30.7	31,513	31.5
Foreign bonds	3,091	2.6	2,773	2.8
Foreign stocks and other securities	33,659	28.1	28,740	28.7
Other securities	31,140	26.0	28,736	28.7
Loans	—	—	—	—
Others	18,194	15.2	6,009	6.0
Allowance for doubtful accounts	—	—	—	—
Total	119,704	100.0	100,199	100.0

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

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
	Amount	Amount
Interest, dividends, and other income	2,304	1,676
Gain on sales of securities	4,457	4,101
Gain on redemptions of securities	—	—
Gain on valuation of securities	17,810	(2,229)
Foreign exchange gains, net	446	524
Gain on derivative financial instruments, net	6,902	2,901
Other investment income	1	2
Loss on sales of securities	1,580	4,006
Loss on redemptions of securities	0	—
Loss on valuation of securities	(736)	(998)
Foreign exchange losses, net	153	269
Loss on derivative financial instruments, net	2,750	3,993
Other investment expenses	0	0
Net investment income	28,171	(295)

(3) Status of Separate Accounts for Individual Variable Annuities

1) Policies in Force

	As of March 31, 2024		As of March 31, 2023	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	3,851	13,627	9,311	15,532

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

(Million Yen, %)

	As of March 31, 2024		As of March 31, 2023	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	—	—	—	—
Investments in securities:	13,309	97.7	15,140	97.5
Domestic bonds	1,896	13.9	2,627	16.9
Domestic stocks	—	—	—	—
Foreign securities:	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	11,413	83.7	12,513	80.6
Loans	—	—	—	—
Others	319	2.3	392	2.5
Allowance for doubtful accounts	—	—	—	—
Total	13,629	100.0	15,533	100.0

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

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
	Amount	Amount
Interest, dividends, and other income	3,741	1,514
Gain on sales of securities	28	75
Gain on redemptions of securities	—	—
Gain on valuation of securities	2,064	(1,797)
Foreign exchange gains, net	—	—
Gain on derivative financial instruments, net	—	—
Other investment income	0	0
Loss on sales of securities	0	0
Loss on redemptions of securities	—	—
Loss on valuation of securities	75	55
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	—	—
Other investment expenses	0	0
Net investment income	5,757	(262)

14. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary income	120,088	96,262
Ordinary profit	5,813	1,710
Net surplus attributable to the parent company	4,124	1,421
Comprehensive income	37,732	(7,797)

	As of March 31, 2024	As of March 31, 2023
Total assets	975,961	876,177
Solvency margin ratio	1,025.7%	1,071.4%

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

	As of March 31, 2024
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 (3) Policies for Preparing the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024

(3) Policies for Preparing the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024

1) Consolidated subsidiaries

Number of consolidated subsidiaries: 15 entities

Nissay Credit Guarantee Co., Ltd.
Nissay Leasing Co., Ltd.
Nissay Capital Co., Ltd.
Nissay Asset Management Corporation
Nissay Information Technology Co., Ltd.
TAIJU LIFE INSURANCE COMPANY LIMITED
Nippon Wealth Life Insurance Company Limited
HANASAKU LIFE INSURANCE Co., Ltd.
Nissay Plus SSI Company Inc.
Nippon Life Insurance Company of America
Nippon Life Americas, Inc.
MLC Limited
Nippon Life India Asset Management Limited

Major unconsolidated subsidiaries are Nippon Life Global Investors Americas, Inc.; Nissay Trading Corporation; and Nissay Insurance Agency Co., Ltd.

Unconsolidated subsidiaries have minimal balances or amounts of total assets, revenue, net income, and surplus for the fiscal year ended March 31, 2024, which are immaterial enough to be excluded from consolidation given that they would not affect reasonable judgements to be made on the financial position and financial results of Nippon Life Group.

2) Equity-method affiliates

Number of unconsolidated equity-method affiliates: None

Number of affiliates accounted for under the equity method: 17 entities

Major affiliates accounted for under the equity method as of March 31, 2024, are listed as follows:

The Master Trust Bank of Japan, Ltd.
Corporate-Pension Business Service Co., Ltd.
Great Wall Changsheng Life Insurance Co., Ltd.
Bangkok Life Assurance Public Company Limited
Reliance Nippon Life Insurance Company Limited
Post Advisory Group, LLC
PT Sequis
PT Asuransi Jiwa Sequis Life

The TCW Group, Inc.
Grand Guardian Nippon Life Insurance Company Limited
Blackstone ISG Investment Partners – R (BMU) L.P.
Resolution Life Group Holdings Ltd.

Effective from the fiscal year ended March 31, 2024, Blackstone ISG Investment Partners – R (BMU) L.P. and Resolution Life Group Holdings Ltd. have been accounted for under the equity method because they have assumed increased importance.

Unconsolidated subsidiaries, including Nippon Life Global Investors Americas, Inc. and Nissay Trading Corporation, and affiliates other than those listed above, such as SL Towers Co., Ltd., are not accounted for under the equity method as respective and aggregate effects of such companies in the Company's consolidated net income and surplus for the fiscal year ended March 31, 2024, are immaterial.

3) Reporting date for consolidated subsidiaries

The reporting dates for consolidated overseas subsidiaries are December 31 and March 31. In preparing the consolidated financial statements, consolidated overseas subsidiaries with the reporting date of December 31 use the financial statements as of December 31, and necessary adjustments are made to reflect significant transactions that occurred between December 31 and the Company's reporting date of March 31.

4) Amortization of goodwill

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method ("goodwill and other assets") are amortized under the straight-line method over 20 years. However, for items that are immaterial, the total amount of goodwill is fully amortized as incurred.

(4) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Assets:		
Cash and deposits	**1,634,522**	**1,590,868**
Call loans	**522,863**	**426,706**
Monetary receivables purchased	**246,417**	**244,146**
Investments in securities	**81,628,564**	**72,332,848**
Loans	**8,911,985**	**8,636,099**
Tangible fixed assets:	**1,896,641**	**1,858,492**
Land	1,189,388	1,199,750
Buildings	624,804	592,624
Lease assets	6,386	6,028
Construction in progress	35,922	21,305
Other tangible fixed assets	40,139	38,784
Intangible fixed assets:	**383,334**	**368,478**
Software	103,359	111,347
Goodwill	83,910	80,049
Lease assets	19	23
Other intangible fixed assets	196,044	177,057
Reinsurance receivables	**125,362**	**4,193**
Other assets	**2,157,928**	**2,043,278**
Net defined benefit asset	**1,274**	**1,276**
Deferred tax assets	**37,762**	**58,529**
Customers' liability for acceptances and guarantees	**60,844**	**62,523**
Allowance for doubtful accounts	**(11,346)**	**(9,728)**
Total assets	**97,596,154**	**87,617,712**

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Liabilities:		
Policy reserves and other reserves:	**74,254,041**	**71,516,081**
Reserve for outstanding claims	269,478	261,387
Policy reserves	72,849,120	70,131,700
Reserve for dividends to policyholders (mutual company)	1,088,964	1,071,945
Reserve for dividends to policyholders (limited company)	46,477	51,046
Reinsurance payables	**27,190**	**20,475**
Corporate bonds	**1,516,319**	**1,378,865**
Other liabilities	**7,509,435**	**5,337,929**
Accrued bonuses for directors, and audit and supervisory board members	**425**	**439**
Net defined benefit liability	**419,981**	**437,909**
Accrued retirement benefits for directors, and audit and supervisory board members	**429**	**634**
Reserve for program points	**8,356**	**8,444**
Reserve for price fluctuations in investments in securities	**1,732,830**	**1,684,717**
Deferred tax liabilities	**1,421,439**	**139,712**
Deferred tax liabilities for land revaluation	**98,340**	**99,350**
Acceptances and guarantees	**60,844**	**62,523**
Total liabilities	**87,049,635**	**80,687,084**
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	**793,384**	**566,733**
Total foundation funds and others	**2,244,035**	**2,017,384**
Net unrealized gains on available-for-sale securities	**9,223,931**	**5,176,583**
Deferred losses on derivatives under hedge accounting	**(1,142,459)**	**(375,789)**
Land revaluation losses	**(50,967)**	**(56,264)**
Foreign currency translation adjustments	**118,139**	**52,239**
Remeasurement of defined benefit plans	**7,774**	**(5,938)**
Total accumulated other comprehensive income	**8,156,418**	**4,790,829**
Share acquisition rights	**1,509**	**1,921**
Noncontrolling interests	**144,554**	**120,492**
Total net assets	**10,546,518**	**6,930,628**
Total liabilities and net assets	**97,596,154**	**87,617,712**

Notes to the Consolidated Balance Sheets as of March 31, 2024

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 substantive subsidiary, from the fiscal year ended March 31, 2024. 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 have been retrospectively adjusted. As a result, ordinary profit and surplus before income taxes on the consolidated statement of income for the fiscal year ended March 31, 2023 increased by ¥28,709 million each, compared with amounts that would have been recorded before retrospective adjustment. In addition, on the consolidated statement of cash flows for the fiscal year ended March 31, 2023, surplus before income taxes increased by ¥28,709 million, while others, net under the subtotal for cash flows from operating activities decreased by ¥28,709 million. Furthermore, 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 in the fiscal year ended March 31, 2023 decreased by ¥111,626 million, while the beginning balance of consolidated surplus in the fiscal year ended March 31, 2024 decreased by ¥87,693 million.

   During the fiscal year ended March 31, 2024, it was determined that recalculating prior amounts would be appropriate because the taxable income recorded based on the accounting policies adopted when applying AASB 17 is 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. Another reason was that it has become clear that the calculation method for policy reserves and other reserves related to certain insurance products calculated by applying AASB 17 must be revised. As a result, regarding the amounts as of March 31, 2023 shown on the consolidated balance sheets in the consolidated financial statements for the fiscal year ended March 31, 2024, the balances as of the previous fiscal year-end in the consolidated balance sheets associated with the three months ended June 30, 2022, the six months ended September 30, 2022, and the nine months ended December 31, 2022 have been restated. For the three months ended June 30, 2022 and the six months ended September 30, 2022, the reversal of deferred tax assets and revision of the calculation method for policy reserves and other reserves mainly resulted in a decrease of ¥15,981 million in deferred tax assets, an increase of ¥16,956 million in policy reserves and other reserves, and a decrease of ¥23,393 million in consolidated surplus. Furthermore, the cumulative effect of these changes on consolidated surplus, which was reflected in net assets at the beginning of the fiscal year ended March 31, 2023, decreased by ¥32,080 million. For the nine months ended December 31, 2022, revision of the calculation method for policy reserves and other reserves mainly resulted in an increase of ¥16,956 million in policy reserves and other reserves and a decrease of ¥12,633 million in consolidated surplus. Furthermore, the cumulative effect of these changes on consolidated surplus, which was reflected in net assets at the beginning of the fiscal year ended March 31, 2023, decreased by ¥12,633 million.

2. (1) Securities of the Company and its certain subsidiaries (including items, such as deposits and monetary receivables purchased, which are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)) are valued as follows:

1) Trading securities are stated at fair value at the consolidated balance sheet date. The moving average method is used for calculating cost of securities sold.
2) Held-to-maturity debt securities are measured at amortized cost using the moving average method. The cost of securities is amortized on a straight-line basis.
3) Policy-reserve-matching bonds are measured at amortized cost using the moving average method. The cost of bonds is amortized on a straight-line basis in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.
4) Investments in subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.
5) Available-for-sale securities
   a. Available-for-sale securities are measured at fair value based mainly on market prices on the consolidated balance sheet date (cost of securities sold is calculated using the moving average method, and bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are measured at amortized cost using the moving average method, which is amortized on a straight-line basis).
   b. Stocks and other securities without market prices are measured at cost using the moving average method.

(2) Unrealized gains/losses of available-for-sale securities are recorded as a separate component of net assets.

3. Securities that are held for the purpose of matching the duration of outstanding liabilities within the subgroups classified by insurance type, payment method, maturity period, currency, and investment policy are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee

Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.
The Company has specified the following types of insurance policies and set those as subcategories:

(1) The Company

1) All insurance policies for products other than single payment products and group annuities
2) All insurance policies for single payment products (denominated in yen) other than variable assumed interest rate-type insurance
3) All insurance policies for group annuities other than guaranteed fixed-term rate products
4) All single payment products (denominated in U.S. dollars) other than the foregoing
5) All single payment products (denominated in Australian dollars) other than the foregoing
6) All single payment products (denominated in euros) other than the foregoing

(2) TAIJU LIFE INSURANCE COMPANY LIMITED

1) Whole life insurance and annuity insurance (up to 40 years) (the component of future cash flows generated from whole life insurance (including whole life insurance with term rider) and annuity insurance for up to 40 years)
2) Insured contributory pension plans (up to 27 years) (future cash flows generated from insured contributory pension plans for the period up to 27 years)
3) Subcategory 1 for foreign currency-denominated single payment endowment insurance (U.S. dollar) (foreign currency-denominated single payment endowment insurance (U.S. dollar) commencing from October 1, 2015, to September 30, 2019)
4) Subcategory 2 for foreign currency-denominated single payment endowment insurance (U.S. dollar) (foreign currency-denominated single payment endowment insurance (U.S. dollar) commencing on or after October 1, 2019)
5) Subcategory 1 for foreign currency-denominated single-payment endowment insurance (Australian dollar) (foreign currency-denominated single payment endowment insurance (Australian dollar) commencing from October 1, 2015, to September 30, 2019)
6) Subcategory 2 for foreign currency-denominated single payment endowment insurance (Australian dollar) (foreign currency-denominated single payment endowment insurance (Australian dollar) commencing on or after October 1, 2019)

(3) Nippon Wealth Life Insurance Company Limited

1) Individual insurance and individual annuity products (however, certain types of insurance are excluded)
2) Whole life cancer insurance and endowment insurance products
3) Single payment whole life insurance (fixed accumulation value type) products

4) Yen-denominated single payment products other than the above (however, certain insurance policies are excluded)

5) U.S. dollar-denominated products other than the above (however, certain insurance policies are excluded)

6) Australian dollar-denominated single payment annuity products other than the above (however, certain types of insurance are excluded)

(4) HANASAKU LIFE INSURANCE Co., Ltd.

All insurance policy groups are classified as a single subcategory, and securities that are held for the purpose of matching the duration of these outstanding insurance liabilities are classified as policy-reserve-matching bonds.

4. Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value based on quoted market prices.

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

a. Tangible fixed assets (except for lease assets)

(i) Buildings

Straight-line method.

(ii) Assets other than the above

Primarily, the declining-balance method.

Certain other tangible fixed assets with an acquisition cost of less than ¥200,000 of the Company and its certain consolidated subsidiaries are depreciated over three years on a straight-line basis.

b. Lease assets

(i) Lease assets related to financial leases that transfer ownership of the leased property to the lessee

The same depreciation method applied to self-owned fixed assets.

(ii) Lease assets other than the above

Straight-line method over the lease term

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

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen in accordance with the “Accounting Standards for Foreign Currency Transactions” (Business Accounting Council). Foreign currency-denominated available-for-sale securities of the Company with exchange rates that have significantly fluctuated and where those recoveries are not expected are converted to Japanese yen

using either the rate at the consolidated balance sheet date or the one-month average rate prior to the consolidated balance sheet date, whichever indicates a weaker yen. The translation difference is recorded as a loss on valuation of securities.
Translation differences related to bonds included in translation differences of foreign currency-denominated available-for-sale securities held by certain consolidated subsidiaries are recorded as foreign exchange gains/losses in net, while translation differences related to other foreign currency-denominated available-for-sale securities are recorded as a separate component of net assets.

7. (1) An allowance for doubtful accounts for the Company is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-off/Provision Rule as follows:

   1) An allowance for loans to borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through the disposal of collateral or the execution of guarantees from the balance of loans (as mentioned at (4) below).
   2) An allowance for loans to borrowers who are not currently legally bankrupt, but have a high possibility of bankruptcy is recognized at the amounts deemed necessary considering the borrowers’ overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   3) An allowance for loans to borrowers other than the above is provided based on the borrowers’ balance multiplied by the historical average percentage of bad debt for a certain period.

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

(3) For consolidated subsidiaries, the Company and its consolidated subsidiaries record allowance for doubtful accounts deemed necessary mainly in accordance with the Company’s internal Asset Valuation Regulation and Write-off/Provision Rule.

(4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥104 million (including ¥45 million of credits secured and/or guaranteed) as of March 31, 2024.

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

9. (1) Net defined benefit liability is recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets as of March 31, 2024, for future payment of employee retirement benefits that have been accrued.

   (2) Basis used for accounting for retirement benefits of the Company and its certain consolidated subsidiaries are as follows:
   1) Attribution method for estimated retirement benefits: Benefit formula basis
   2) Amortization period for actuarial gains/losses: 5 years
   3) Amortization period for prior service costs: 5 years

10. In order to provide for payments of retirement benefits to directors, and audit and supervisory board members at certain consolidated subsidiaries, accrued retirement benefits for directors, and audit and supervisory board members are recognized based on estimated payment amounts under internal rules.

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

12. A reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

13. In finance leases where the Company's consolidated subsidiary is the lessor that do not transfer ownership of the leased property to the lessee, the consolidated subsidiary recognizes sales revenue and cost of sales at the time of receiving the lease payments.

14. Hedge accounting is applied by the Company and its certain consolidated subsidiaries based on the following methods:
   1) The Company and its consolidated subsidiaries mainly apply the following hedge accounting methods:
      - The exceptional accounting treatment ("*Tokurei-shori*") is applied to interest rate swaps to hedge the cash flow volatility of certain loans denominated in foreign currencies;
      - Deferred hedge accounting is applied to interest rate swaps to hedge the interest rate fluctuation exposures on certain insurance policies, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry," issued by the JICPA;

- Deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") are applied to currency swaps to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, loans, and subordinated corporate bonds issued by the Company and its consolidates subsidiaries;
- Fair value hedge accounting is applied to foreign exchange forward contracts to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds and other instruments; and
- Fair value hedge accounting is applied to equity forward contracts to hedge the price fluctuation exposures on certain domestic stocks.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Interest rate swaps	Foreign currency-denominated loans, and insurance policies
Currency swaps	Foreign currency-denominated bonds, foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds
Foreign exchange forward contracts	Foreign currency-denominated bonds and other instruments
Equity forward contracts	Domestic stocks

The Company and its certain consolidated subsidiaries have applied the special treatment set forth in "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force (PITF) No. 40, March 17, 2022) to certain interest rate swap and currency swap transactions in connection with the replacement of interest rate indicators.

3) Effectiveness of hedging activities is mainly evaluated by a ratio analysis of fair value movement comparisons of the hedging instruments and hedged items in accordance with the internal risk management policies of the Company and its certain consolidated subsidiaries.

15. All transactions are accounted for exclusive of consumption taxes and local consumption taxes of the Company and its certain consolidated subsidiaries; however, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

16. The Company and certain subsidiaries have transitioned from the Consolidated Taxation System to the Group Tax Sharing System, with the Company serving as the tax sharing parent company. As a result, the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No.42, August 12, 2021) has been followed for the accounting treatment of corporate tax and local corporate tax and the deferred tax accounting treatment related to those taxes.

17. (1) Policy reserves of the Company and its consolidated subsidiaries that are domestic life insurance companies are reserves set forth in accordance with Article 116 of the Insurance Business Act. These reserves are accumulated in order to prepare for payments of future obligations based on insurance policies. Insurance premium reserves are recognized based on the following methodology. In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for certain individual annuity policies and for certain whole life insurance policies.

1) Reserves for policies subject to the standard policy reserve are calculated in accordance with the method prescribed by the Commissioner of the Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

2) Reserves for other policies are calculated based on the net level premium method.

In addition, the Company and some of its consolidated life insurance companies in Japan provided additional policy reserves in the fiscal year ended March 31, 2024. As a result, policy reserves increased by ¥60,526 million, while ordinary profit and surplus before income taxes decreased by ¥60,526 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, the policy reserves increased by ¥52,235 million, while ordinary profit and surplus before income taxes decreased by ¥52,235 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the fiscal year ended March 31, 2024.

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 ¥8,290 million, while ordinary profit and surplus before income taxes decreased by ¥8,290 million, compared with amounts that would have been recorded if the additional policy reserves had not been provided in the fiscal year ended March 31, 2024.

(2) Policy reserves of consolidated overseas life insurance companies are recorded as the amounts calculated in accordance with the accounting standards of each country, such as Australian accounting standards.

18. The Company and its certain consolidated substantive 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 this 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 consolidated substantive subsidiaries have recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1 of the IBNR Notice.

    (Outline of the 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 March 31, 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 fiscal year ended March 31, 2024, the Company has shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

19. Significant accounting estimates identified based on the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31) comprise valuations of goodwill and other assets. Goodwill and other assets recorded in the consolidated balance sheet as of March 31, 2024, comprise the following:

1) Goodwill	¥83,910 million
Nippon Life India Asset Management Limited	¥83,910 million
2) Goodwill equivalent	¥53,627 million
Reliance Nippon Life Insurance Company Limited	¥34,076 million
The TCW Group, Inc.	¥8,127 million
PT Sequis	¥11,424 million

For details on the accounting estimates used to conduct impairment assessments on goodwill and other assets, please see Note 4 in the notes to the consolidated statement of income for the fiscal year ended March 31, 2024.

20. Regarding the investment of the general accounts (except for separate accounts as provided in Article 118, Paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company and its certain consolidated subsidiaries have built a portfolio geared toward mid- to long-term investment and formulated an investment plan, considering the outlook of the investment environment.

Based on the plan above, in order to reliably perform benefits and other payments in the future, the Company and its certain consolidated subsidiaries have positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the core assets of the Company and its certain consolidated subsidiaries, and from the viewpoint of improving profit in the mid- to long-term, the Company and its certain consolidated subsidiaries invest in stocks and foreign securities. Also, the Company and certain consolidated subsidiaries mainly use derivative transactions for controlling asset or liability risks. Specifically, the Company and its certain consolidated subsidiaries use interest rate swaps and interest rate swaptions for interest rate-related investments; foreign exchange forward contracts, currency options, and currency swaps for currency- related investments; and equity forward contracts, equity index futures, and equity index options for equity-related investments. The Company and its certain consolidated subsidiaries apply hedge accounting to certain derivative transactions above.

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

To manage market risk, the Company and its certain consolidated subsidiaries have set investment limits based on the nature of the assets in order to avoid excessive losses from financing and investment transactions. In addition, the Company and its certain consolidated subsidiaries monitor and regularly report on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and have developed a framework to control risk within acceptable levels in the event of a breach of the internal rules. Also, to control market risk in the portfolio of the Company and its certain consolidated subsidiaries, they use a statistical analysis method to rationally calculate the market value-at-risk of the portfolio as a whole and appropriately allocate assets within acceptable boundaries of risk.

To manage credit risk, the Company and certain consolidated subsidiaries have built a system to perform credit analysis, including strict assessment of individual transactions by the Assessment Management Department, which is independent of the departments handling investment and finance activities. The Company and its certain consolidated subsidiaries also continue to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns that the Company and its certain consolidated subsidiaries obtain are commensurate with the risk; a system of internal ratings for classifying the creditworthiness of borrowers; and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country. In addition, the Company and its certain consolidated subsidiaries calculate credit value-at-risk as a measurement of the magnitude of credit risk across the portfolio of the Company and its certain consolidated subsidiaries as a whole, and monitor whether the magnitude of risk stays within an appropriate range.

21. Matters concerning the fair value of financial instruments and related items are as follows:
Notes have been omitted for financial instruments whose fair values approximate their book values due to their short-term settlement.

(1) Consolidated balance sheet amounts and fair values of major financial instruments, and their differences are as follows:

(Million Yen)

	Consolidated balance sheet amount (*1)	Fair value (*2)	Difference
Monetary receivables purchased:	246,417	245,500	(916)
Held-to-maturity debt securities	18,364	17,603	(760)
Policy-reserve-matching bonds	146,794	146,638	(155)
Available-for-sale securities	81,258	81,258	—
Investments in securities (*3, *4 and *5):	80,349,399	79,098,690	(1,250,708)
Trading securities	1,734,581	1,734,581	—
Held-to-maturity debt securities	609,260	594,837	(14,422)
Policy-reserve-matching bonds	33,789,266	32,551,899	(1,237,367)
Investments in subsidiaries and affiliates	45,243	46,325	1,081
Available-for-sale securities	44,171,046	44,171,046	—
Loans (*6):	8,903,002	8,801,168	(101,834)
Policy loans	461,187	461,187	—
Industrial and consumer loans	8,441,815	8,339,981	(101,834)
Derivative financial instruments (*7):	(1,774,838)	(1,774,838)	—
Hedge accounting not applied	(55,732)	(55,732)	—
Hedge accounting applied	(1,719,105)	(1,719,105)	—
Corporate bonds (*6 and *8)	(1,516,319)	(1,499,106)	(-17,212)
Loans payable (*8)	(1,146,208)	(1,115,797)	(-30,410)

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amounts are presented net of the allowance.

(*2) For securities for which impairment losses were recognized in the fiscal year ended March 31, 2024, the fair value is the consolidated balance sheet amount net of the impairment losses recognized.

(*3) Stocks without market prices, such as unlisted stocks, are not included in the above table. The amounts presented in the consolidated balance sheet for investments in securities were ¥289,605 million as of March 31, 2024.

(*4) The balance of investments in partnerships and other entities is not included in the above table based on application of Paragraph 24-16 of the Fair Value Measurement Accounting Standard Implementation Guidance. The amount of such investments in partnerships and other entities presented in the consolidated balance sheet was ¥989,559 million as of March 31, 2024.

(*5) The above table includes investment trusts to which Paragraph 24-3 or Paragraph 24-9 of the Fair Value Measurement Accounting Standard Implementation Guidance has been applied.

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

(*7) Receivables and payables generated by derivative financial instruments are offset and presented in net amounts. Net payables in total are presented in parentheses.

(*8) Corporate bonds and loans payable are recorded in liabilities and presented in parentheses.

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

1)Trading securities

Investments in securities for separate accounts are classified as trading securities. Valuation losses of those investments included in profit and loss were ¥121,524 million for the fiscal year ended March 31, 2024.

2) Held-to-maturity debt securities

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

(Million Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeds the consolidated balance sheet amount	Monetary receivables purchased	1,938	2,010	71
	Domestic bonds	57,725	58,493	767
	Foreign securities	142,503	145,681	3,177
	Subtotal	202,168	206,185	4,017
Fair value does not exceed the consolidated balance sheet amount	Monetary receivables purchased	16,425	15,592	(832)
	Domestic bonds	96,239	95,383	(856)
	Foreign securities	312,791	295,279	(17,511)
	Subtotal	425,456	406,256	(19,200)
Total		627,625	612,441	(15,183)

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeds the consolidated balance sheet amount	Monetary receivables purchased	99,589	101,320	1,731
	Domestic bonds	14,753,968	15,948,958	1,194,989
	Foreign securities	703,088	721,679	18,591
	Subtotal	15,556,646	16,771,959	1,215,313
Fair value does not exceed the consolidated balance sheet amount	Monetary receivables purchased	47,204	45,317	(1,886)
	Domestic bonds	15,942,560	13,745,117	(2,197,443)
	Foreign securities	2,389,649	2,136,144	(253,505)
	Subtotal	18,379,415	15,926,579	(2,452,835)
Total		33,936,061	32,698,538	(1,237,522)

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Consolidated balance sheet amount	Difference
Consolidated balance sheet amount exceeds acquisition cost or amortized cost	Monetary receivables purchased	10,512	10,997	485
	Domestic bonds	1,547,985	1,678,427	130,441
	Domestic stocks	4,082,979	13,980,182	9,897,202
	Foreign securities	13,801,651	17,335,502	3,533,850
	Other securities	918,798	1,162,787	243,989
	Subtotal	20,361,928	34,167,897	13,805,969
Consolidated balance sheet amount does not exceed acquisition cost or amortized cost	Monetary receivables purchased	72,292	70,260	(2,031)
	Domestic bonds	2,524,655	2,346,736	(177,919)
	Domestic stocks	281,626	223,694	(57,932)
	Foreign securities	5,984,189	5,523,624	(460,564)
	Other securities	2,070,216	1,920,090	(150,126)
	Subtotal	10,932,980	10,084,407	(848,573)
Total		31,294,908	44,252,305	12,957,396

* Stocks without market prices of ¥66,303 million and the balance of investments in partnerships and other entities of ¥194,262 million are not included in the table above.

Impairment losses of ¥4,274 million were recognized for securities during the fiscal year ended March 31, 2024.

Regarding stocks (including foreign stocks) of the Company and its certain consolidated subsidiaries, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition cost based on the average fair value as of March 31, 2024. The criteria by which the fair value of a stock is deemed to have declined significantly are as follows:

a. A security for which the average fair value in the month preceding March 31, 2024, is 50% or less of the acquisition cost.

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

(i) The average fair value in the month preceding March 31, 2024, exceeds 50%, but equal to or less than 70% of the acquisition cost.

(ii) The historical market price, the business conditions of the issuing company, and other aspects are subject to certain requirements.

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

(Million Yen)

	One year	Over one year within five years	Over five years within 10 years	Over 10 years
Monetary receivables purchased:	33,433	10,664	29,529	175,526
Held-to-maturity debt securities	—	1,000	423	16,505
Policy-reserve-matching bonds	33	7,630	18,304	120,752
Available-for-sale securities	33,400	2,033	10,800	38,268
Investment in securities:	1,638,840	9,524,696	11,454,739	41,370,940
Held-to-maturity debt securities	50,044	252,350	197,033	120,922
Policy-reserve-matching bonds	743,586	3,595,561	4,254,051	25,674,894
Available-for-sale securities	845,210	5,676,785	7,003,654	15,575,123
Loans (*1)	1,057,141	2,789,522	2,230,829	2,346,084
Corporate bonds (*2)	—	—	—	1,490,719
Loans payable	37,318	94,789	3,100	1,011,000

(*1) Assets, such as policy loans, which do not have a stated maturity date, are not included.
Also, ¥6,804 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt, but have a high probability of bankruptcy is not included.

(*2) Subordinated corporate bonds and others that do not have a stated maturity date are not included in the table above.

22. (1) Matters concerning the breakdown of financial instruments by fair value level are as follows:

The fair value of financial instruments is classified into the following three levels according to the observability and significance of inputs used to measure fair value.

Fair Value Level 1: Fair value is measured using unadjusted quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair value is measured using directly or indirectly observable inputs other than Level 1 inputs.

Fair Value Level 3: Fair value is measured using significant unobservable inputs.

If multiple inputs that have a significant effect on a fair value measurement are used, the fair value is classified as the level that is least significant to the fair value measurement from among the levels into which each of the inputs is classified.

a Financial instruments whose amounts presented in the consolidated balance sheet as of March 31, 2024, are measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased:	—	38,955	42,303	81,258
Available-for-sale securities	—	38,955	42,303	81,258
Investments in securities (*1):	21,980,232	21,716,079	496,560	44,192,872
Trading securities	774,633	959,947	—	1,734,581
Available-for-sale securities	21,205,598	20,756,132	496,560	42,458,290
Domestic bonds	2,561,197	1,463,966	—	4,025,164
National government bonds	2,561,197	—	—	2,561,197
Local government bonds	—	100,420	—	100,420
Corporate bonds	—	1,363,545	—	1,363,545
Domestic stocks	14,077,984	125,891	—	14,203,876
Foreign securities	4,545,254	16,134,002	496,261	21,175,518
Foreign bonds	3,347,992	9,985,610	496,261	13,829,864
Foreign stocks and other securities	1,197,261	6,148,392	—	7,345,654
Other securities	21,161	3,032,271	298	3,053,731
Derivative financial instruments (*2):	3,106	(1,780,528)	2,583	(1,774,838)
Interest rate-related	116	(315,270)	—	(315,154)
Currency-related	—	(1,466,723)	(548)	(1,467,272)
Others	2,989	1,465	3,131	7,587

(*1) The above table does not include investment trusts to which Paragraph 24-3 or Paragraph 24-9 of the Fair Value Measurement Accounting Standard Implementation Guidance has been applied. The amounts of such investment trusts presented in the consolidated balance sheet were ¥1,666,190 million for investment trusts whose investment trust assets are financial instruments, and ¥47,495 million for investment trusts whose investment trust assets are real estate. The reconciliation of balances at the beginning of the current fiscal year and the balances as of March 31, 2024 is as follows.

(*2) Receivables and payables generated by derivative financial instruments are offset and presented in net amounts. Net payables are presented in parentheses.

(Million Yen)

	Investment trusts whose investment trust assets are financial instruments (*3)	Investment trust assets whose investment trust assets are real estate	Total
Balance at the beginning of the current fiscal year	1,388,433	39,600	1,428,033
Profit or loss for the fiscal year ended March 31, 2024	152,271	1,704	153,975
Recognized in net surplus (loss) (*4)	28,353	1,037	29,391
Recognized in other comprehensive income (*5)	123,917	667	124,584
Purchases, sales, and redemptions	125,485	6,190	131,676
Transactions for which the application of Implementation Guidance Paragraph No. 24-3 or No. 24-9 has begun	—	—	—
Transactions for which the application of Implementation Guidance Paragraph No. 24-3 or No. 24-9 has been discontinued	—	—	—
Balance as of March 31, 2024	1,666,190	47,495	1,713,685
Unrealized gain or loss on investment trusts held as of March 31, 2024, recognized in profit or loss for the fiscal year ended March 31, 2023 (*4)	—	—	—

(*3) The amount of these investment trusts presented in the consolidated balance sheet was ¥1,642,931 million as of March 31, 2024, mainly as the cancellation of some investment trusts is restricted after one month.

(*4) These amounts are included in investment income and investment expenses on the consolidated statement of income for the fiscal year ended March 31, 2024.

(*5) These amounts are included in net unrealized gains on available-for-sale securities under other comprehensive income in the consolidated statement of comprehensive income for the fiscal year ended March 31, 2024.

b Financial instruments whose amounts presented in the consolidated balance sheet as of March 31, 2024, are not measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased:	—	—	164,242	164,242
Held-to-maturity debt securities	—	—	17,603	17,603
Policy-reserve-matching bonds	—	—	146,638	146,638
Investments in securities:	28,509,516	4,642,078	40,285	33,191,880
Monetary receivables purchased	94,381	460,580	39,876	594,837
Domestic bonds	40,804	113,072	—	153,877
Foreign securities	53,576	347,508	39,876	440,960
Policy-reserve-matching bonds	28,415,135	4,136,355	408	32,551,899
Domestic bonds	27,586,190	2,107,476	408	29,694,075
Foreign securities	828,945	2,028,879	—	2,857,824
Investments in subsidiaries and affiliates	—	45,142	—	45,142
Loans:	—	—	8,801,168	8,801,168
Policy loans	—	—	461,187	461,187
Industrial and consumer loans	—	—	8,339,981	8,339,981
Corporate bonds (*6)	—	(1,473,245)	(25,860)	(1,499,106)
Loans payable (*6)	—	(894,173)	(221,624)	(1,115,797)

(*6) Corporate bonds and loans payable are recorded in liabilities and presented in parentheses.

(2) Explanation of major valuation techniques and inputs used to measure the fair value of financial instruments of the Company and its certain consolidated subsidiaries are as follows:

1) Financial instruments classified as securities and monetary receivables purchased that are treated as securities based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

Financial instruments measurable by unadjusted quoted prices in active markets are classified as Fair Value Level 1. These instruments mainly include listed stocks, national government bonds, and listed investment trusts. When financial instruments are measured using published quoted prices from inactive markets, such financial instruments are classified as Fair Value Level 2. These instruments mainly include local government bonds and corporate bonds. When published quoted prices are not available, fair value is measured mainly based on valuations obtained from external information vendors or on net asset value per unit computed by management companies. When unobservable inputs are not used or their effect is insignificant, financial instruments are classified as Fair Value Level 2, and when significant unobservable inputs are used, they are classified as Fair Value Level 3.

2) Loans

a. Policy loans

Policy loans are classified as Fair Value Level 3. Book value is used as the fair value of policy loans, as the fair value is deemed to approximate their book value due to expected repayment periods, interest rate requirements, and other conditions. These loans have no repayment date based on characteristics, such as the loan amount being limited to the extent of the surrender benefit.

b. Industrial and consumer loans

Book value is used as the fair value of variable interest rate loans, as the fair value is deemed to approximate their book value unless there are major changes in the credit status of the borrower after loan execution because market interest rates are reflected in future cash flows over the short term. Meanwhile, with regard to fixed interest rate loans, the fair value, by loan category based on the type of loan, internal rating, and maturity term, is determined by discounting future cash flows to the present value using a discount rate reflecting market interest rates, which are adjusted for credit risk and other factors. In addition, this fair value is reflected in loans subject to designated hedge accounting (“*Furiate-shori*”) for currency swaps and exceptional accounting treatment (“*Tokurei-shori*”) for interest rate swaps.

For loans to bankrupt or substantially bankrupt borrowers, or borrowers who are not currently legally bankrupt, but have a high probability of bankruptcy, fair value is measured by deducting an estimated uncollectible amount determined by factors, such as the present value of future cash flows or the estimated collectible amount based on collateral or guarantees, from the book value directly before it is written down. Each of the measured fair values is classified as Level 3.

3) Derivative financial instruments

Derivative financial instruments for which unadjusted quoted prices are available in active markets are classified as Fair Value Level 1. These instruments mainly include bond futures and equity index futures. When published quoted prices are not available, valuations mainly obtained from external information vendors or valuations determined by the Company itself are used. When unobservable inputs are not used or their effect is insignificant, derivative financial instruments are classified as Fair Value Level 2, and when significant unobservable inputs are used, these instruments are classified as Fair Value Level 3.

4) Corporate bonds

Corporate bonds that use market prices as fair value are classified as Fair Value Level 2. Meanwhile, fixed interest rate corporate bonds whose fair value is determined by discounting future cash flows to the present value using a discount rate according to the expected remaining terms of the bonds are classified as Fair Value Level 3. In addition, this fair value is reflected in corporate bonds subject to designated hedge accounting (“*Furiate-shori*”) for currency swaps.

5) Loans payable

Book value is used as the fair value of variable interest rate loans payable. The fair value is deemed to approximate book value as there have been no major changes in the credit status of the Company after loan execution, and because market interest rates are reflected in future cash flows over the short term. Variable interest rate loans payable are classified as Fair Value Level 3. Meanwhile, the fair value of fixed interest rate loans payable is determined by discounting future cash flows to the present value using a discount rate reflecting interest rates that would be offered for similar borrowings, adjusted for the Company’s credit risk. Fixed interest rate loans payable are classified as Fair Value Level 3; however, loans payable financed by means of public offerings employing securitization schemes are classified as Fair Value Level 2. The market prices of the corporate bonds issued to back such loans payable are used as a fair value.

(3) Information on financial instruments classified as Fair Value Level 3 whose amounts presented in the consolidated balance sheet as of March 31, 2024, are measured by fair value

1) Quantitative information on significant unobservable inputs used in measuring fair value

This note is omitted because the Company does not estimate inputs that it cannot observe independently.

2) Reconciliation of balances at the beginning of the current fiscal year and balances as of March 31, 2024, and unrealized gain or loss recognized in profit or loss for the fiscal year ended March 31, 2024

(Million Yen)

	Monetary receivables purchased Other securities	Available-for-sale securities Other securities	Derivative financial instruments Interest-related	Derivative financial instruments Currency-related	Derivative financial instruments Others
Balance at the beginning of the current fiscal year	37,089	272,702	112	—	907
Profit or loss for the fiscal year ended March 31, 2024	165	42,238	(112)	(1,217)	2,075
Recognized in net surplus (loss) (*1)	231	41,961	(112)	(1,217)	2,075
Recognized in other comprehensive income (*2)	(66)	277	—	—	—
Purchases, sales, issuances, and settlements	5,048	183,599	—	669	149
Transfers to Fair Value Level 3 (*3)	—	—	—	—	—
Transfers from Fair Value Level 3 (*4)	—	(1,980)	—	—	—
Balance as of March 31, 2024	42,303	496,560	—	(548)	3,131
Unrealized gain or loss on financial instruments held as of March 31, 2024, recognized in profit or loss for the fiscal year ended March 31, 2024 (*1)	—	11,061	—	(548)	1,722

(*1) These amounts are included in investment income and investment expenses in the consolidated statement of income for the fiscal year ended March 31, 2024.

(*2) These amounts are included in net unrealized gains on available-for-sale securities under other comprehensive income in the consolidated statement of comprehensive income for the fiscal year ended March 31, 2024.

(*3) There is no transfer from Fair Value Level 1 or Fair Value Level 2 to Fair Value Level 3.

(*4) These transfers are from Fair Value Level 3 to Fair Value Level 1 or Fair Value Level 2 and resulted from changes in the observability of inputs used to measure fair value. These transfers were carried out at the beginning of or during the fiscal year ended March 31, 2024.

3) Explanation of the valuation process for fair value

The Company and its certain subsidiaries measure fair value based on a policy on fair value measurement determined internally. The Company and its certain subsidiaries ensure the suitability of the valuation techniques and inputs used to measure fair value, and the appropriateness of the fair value level classifications prescribed by the policy.

In determining fair value, the Company and its certain subsidiaries use valuation models that can most appropriately reflect the features, characteristics, and risks of individual financial instruments. In addition, even when using quoted prices obtained from third parties, the Company and its certain subsidiaries verify the suitability of such prices using appropriate methods, such as ensuring the appropriateness of the valuation techniques and inputs being used, and comparing those with fair values supplied by other vendors.

4) Explanation of impact on fair value in case of change in significant unobservable inputs

This note is omitted because the Company does not estimate inputs that it cannot observe independently.

23. The consolidated balance sheet amount for investment and rental properties was ¥1,342,372 million, with a fair value of ¥1,933,539 million as of March 31, 2024.

The Company and its certain consolidated subsidiaries own rental office buildings and commercial facilities, and the fair value of those properties as of March 31, 2024, is measured based mainly on the "Real Estate Appraisal Standards in Japan."

The amount corresponding to asset retirement obligations that was included in the consolidated balance sheet amounts of investment and rental properties was ¥5,066 million as of March 31, 2024.

24. (1) The total amount of bankrupt and quasi-bankrupt loans, doubtful loans, loans that are delinquent for over three months, and restructured loans, which were included in nonperforming assets, was ¥28,895 million as of March 31, 2024. The details of those balances were as follows:

1) The balance of bankrupt and quasi-bankrupt loans was ¥9,572 million as of March 31, 2024.

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

2) The balance of doubtful loans was ¥17,718 million as of March 31, 2024.

Doubtful loans are nonperforming assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the loan contract because of difficulties in the financial condition and business performance of debtors who are not yet legally bankrupt, and do not fall under bankrupt and quasi-bankrupt loans.

3) There is no balance of loans delinquent for over three months as of March 31, 2024.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement other than the loans classified as bankrupt and quasi-bankrupt loans, and doubtful loans.

4) The balance of restructured loans was ¥1,604 million as of March 31, 2024.

Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers, and do not fall under bankrupt and quasi-bankrupt loans, doubtful loans, and loans that are delinquent for over three months.

(2) Direct write-offs of loans decreased the balance of bankrupt and quasi-bankrupt loans by ¥104 million as of March 31, 2024.

25. The amount of accumulated depreciation of tangible fixed assets was ¥1,310,933 million as of March 31, 2024.

26. Separate account assets as provided in accordance with Article 118, Paragraph 1 of the Insurance Business Act were ¥1,481,606 million as of March 31, 2024, and a corresponding liability is recorded in the same amount.

27. Changes in the reserve for dividends to policyholders of a mutual company for the current fiscal year ended March 31, 2024, were as follows:

	Million Yen
	Year ended March 31, 2024
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 of a mutual company during the current fiscal year	185,866
d. Increase in interest	20,975
e. Balance at the end of the current fiscal year (a+b-c+d)	¥1,088,964

28. Changes in the reserve for dividends to policyholders of a limited company for the current fiscal year ended March 31, 2024, were as follows:

	Million Yen
	Year ended March 31, 2024
a. Balance at the beginning of the current fiscal year	¥51,046
b. Dividends paid to policyholders of a mutual company during the current fiscal year	16,382
c. Increase in interest	7
d. Provision for reserve for dividends to policyholders (limited company)	11,805
e. Balance at the end of the current fiscal year (a-b+c+d)	¥46,477

29. Corporate bonds within liabilities are subordinated corporate bonds with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.
The corporate bonds are callable at the discretion of the issuer, subject to the pre-approval of the regulatory authorities and other conditions.
The corporate bond issuance dates and callable dates for currency swaps under designated hedge accounting are as follows:

Issue date	Callable date
October 2014	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2016	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2017	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2020	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
January 2021	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2021	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
September 2023	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter

The Company also assumed the following corporate bonds on April 16, 2024.

Name	US dollar-denominated subordinated notes due 2054 with interest deferral options
Issue price	100% of par value
Total amount issued	US$1,320 million
Interest rate	A fixed rate of 5.95% per annum before April 2034 and a fixed rate reset with step-up thereafter (reset every 5 years).
Maturity	April 2054 The US dollar-denominated subordinated notes are callable on April 16, 2034 and every date which falls five, or a multiple of five, years thereafter, until the notes are fully redeemed at the discretion of Nippon Life, subject to prior approval by the regulatory authority, etc.
Collateral and guarantees	The corporate bonds are not secured or guaranteed, and there are no specific assets pledged for them.
Use of funds	General working capital

Designated hedge accounting has been applied to these bonds using the currency swap as a hedging instrument.

30. Other liabilities include subordinated loans payable of ¥1,011,000 million with special provisions that the fulfillment of obligations on the bonds is subordinate to all other debt obligations.

31. Assets pledged as collateral in the form of cash and deposits, investments in securities, and lease receivables as of March 31, 2024, were ¥34 million, ¥5,931,580 million, and ¥4,089 million, respectively. The total amount of liabilities covered by the assets pledged was ¥3,426,902 million as of March 31, 2024.
These amounts included ¥3,224,084 million of sale of securities under repurchase agreements and ¥3,375,905 million of payables under repurchase agreements, as well as ¥52,137 million in securities pledged and ¥45,662 million in cash received as collateral under securities lending transactions secured with cash as of March 31, 2024.

32. The total amount of stocks and investments in nonconsolidated subsidiaries and affiliates was ¥1,063,843 million.
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.

33. On May 16, 2024, the Company reached an agreement with Corebridge Financial, Inc. (hereinafter, "Corebridge") and its parent company, American International Group, Inc. to acquire approximately 20% of the shares of Corebridge.

1) Purpose of the share acquisition

The purpose of this share acquisition is to increase the Nippon Life Group's social significance by delivering insurance and peace of mind to more customers overseas, as well as to ensure the Company's long-term business and benefit its policyholders by accelerating the Company's geographical diversification of profit sources, through efforts to establish a business foundation in the U.S. life insurance market, which is the world's largest market and is expected to grow steadily in the future.

2) Overview of Corebridge

a. Company name	Corebridge Financial, Inc.
b. Business description	Life insurance business
c. Head Office location	Houston, Texas, USA
d. Net sales	US$18,878 million (approx. ¥2,677.4 billion) (Year ended December 31, 2023)
e. Total assets	US$379,270 million (approx. ¥53,791.8 billion) (Year ended December 31, 2023) *Yen denominated amounts in parentheses are calculated at an exchange rate of US$1=¥141.83 (based on the exchange rate as of December 31, 2023)

3) Schedule of share acquisition

The share acquisition is scheduled to be completed by the end of February 2025, subject to approval and other procedures by the relevant authorities.

4) Acquisition amount and number of shares to be acquired

Acquisition amount	Approx. US$3,838 million (approx. ¥594.8 billion) (Acquisition to be funded by cash on hand)
Number of shares to be acquired	121,956,256

*The yen denominated amount in parentheses is calculated at an exchange rate of US$1=¥155.

5) Matters concerning percentage of voting rights

Percentage of voting rights held before the acquisition	—
Percentage of voting rights held after the acquisition	Approx. 20%

34. Matters concerning stock options are as follows:

1) Stock option-related expenses and line items

(Million Yen)

Operating expenses	131

2) Gains related to the forfeiture of unexercised stock options and line items

(Million Yen)

Gain on reversal of share acquisition rights	18

3) Description of stock options

	Nippon Life India Asset Management Limited			
	2017 First Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2019 First Series of Share Acquisition Rights
Title and number of grantees	Representative Director: 1 Employees: 84	Representative Director: 1 Employees: 137	Representative Director: 1 Employees: 157	Representative Director: 1 Employees: 156
Number of stock options granted by class of shares (*1)	Common shares: 4,944,246	Common shares: 4,598,135	Common shares: 11,190,706	Common shares: 18,081,008
Grant date	August 8, 2017	April 25, 2018	April 29, 2019	July 29, 2019
Vesting conditions	25% of the stock options are vested every year after being granted. (*2)	25% of the stock options are vested every year after being granted.	25% of the stock options are vested every year after being granted.	25% of the stock options are vested every year after being granted.
Requisite service period	From the grant date to the date when the vesting conditions are satisfied	From the grant date to the date when the vesting conditions are satisfied	From the grant date to the date when the vesting conditions are satisfied	From the grant date to the date when the vesting conditions are satisfied
Exercise period	From August 8, 2018 to August 7, 2024	From April 25, 2019 to April 24, 2025	From April 29, 2020 to April 28, 2026	From July 29, 2020 to July 28, 2026

	Nippon Life India Asset Management Limited		
	2019 Second Series of Share Acquisition Rights	2019 Third Series of Share Acquisition Rights	2019 Forth Series of Share Acquisition Rights
Title and number of grantees	Representative Director: 1 Employees: 31	Employees: 203	Employees: 1
Number of stock options granted by class of shares (*1)	Common shares: 469,772	Common shares: 5,430,538	Common shares: 77,065
Grant date	June 10, 2020	July 19, 2021	August 7, 2021
Vesting conditions	25% of the stock options are vested every year after being granted.	25% of the stock options are vested every year after being granted.	25% of the stock options are vested every year after being granted.
Requisite service period	From the grant date to the date when the vesting conditions are satisfied	From the grant date to the date when the vesting conditions are satisfied	From the grant date to the date when the vesting conditions are satisfied
Exercise period	From June 10, 2021 to June 9, 2027	From July 19, 2022 to July 18, 2028	From August 7, 2022 to August 6, 2028

(*1) The number of stock options granted has been converted into the number of shares.

(*2) The stock options granted to the representative director will vest at once in three years after the grant date.

4) Volume and changes in stock options

a. Number of stock options

(Stock)

	Nippon Life India Asset Management Limited				
	2017 First Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2019 First Series of Share Acquisition Rights	2019 Second Series of Share Acquisition Right
Before vesting					
As of March 31, 2023	—	—	2,229,210	3,860,592	192,326
Granted	—	—	—	—	—
Forfeited	—	—	—	50,432	5,390
Vested	—	—	2,229,210	3,810,160	94,488
Outstanding	—	—	—	—	92,448
After vesting					
As of March 31, 2023	673,490	2,271,340	4,447,367	9,717,408	172,045
Vested	—	—	2,229,210	3,810,160	94,488
Exercised	373,875	949,042	3,156,925	1,856,048	36,630
Forfeited	32,895	90,302	298,541	199,708	8,402
Exercisable	266,720	1,231,996	3,221,111	11,471,812	221,501

	Nippon Life India Asset Management Limited	
	2019 Third Series of Share Acquisition Rights	2019 Forth Series of Share Acquisition Rights
Before vesting		
As of March 31, 2023	3,576,628	57,799
Granted	—	—
Forfeited	290,724	—
Vested	1,174,682	19,266
Outstanding	2,111,222	38,533
After vesting		
As of March 31, 2023	1,192,234	19,266
Vested	1,174,682	19,266
Exercised	450,766	—
Forfeited	115,182	—
Exercisable	1,800,968	38,532

b. Price information

(Rupee)

	Nippon Life India Asset Management Limited				
	2017 First Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2019 First Series of Share Acquisition Rights	2019 Second Series of Share Acquisition Right
Exercise price	204.25	256.10	202.35	223.32	247.60
Average stock price when exercised	388.80	401.66	396.52	401.90	409.38
Fair value on the grant date	10.82	45.71	38.94	43.06	65.51

	Nippon Life India Asset Management Limited	
	2019 Third Series of Share Acquisition Right	2019 Forth Series of Share Acquisition Right
Exercise price	372.71	389.28
Average stock price when exercised	478.10	—
Fair value on the grant date	85.73	78.29

5) Method of estimating fair valuation unit price of stock options

a. Method used

Black-Scholes option-pricing model

b. Principal parameters used in the option-pricing model and estimation method

	Nippon Life India Asset Management Limited				
	2017 First Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2019 First Series of Share Acquisition Rights	2019 Second Series of Share Acquisition Right
Expected volatility (*1)	13.92% to 20.81%	14.21%	16.66%	16.46%	16.17%
Expected remaining life (*2)	4.0 to 5.5 years	4.0 to 5.5 years	4.0 to 5.5 years	4.0 to 5.5 years	4.0 to 5.5 years
Expected dividends rates (*3)	3.09%	3.25%	2.97%	3.22%	1.98%
Risk-free interest rate (*4)	6.20% to 6.34%	7.06% to 7.15%	6.32% to 6.55%	6.22% to 6.45%	4.37% to 4.88%

	Nippon Life India Asset Management Limited	
	2019 Third Series of Share Acquisition Right	2019 Forth Series of Share Acquisition Right
Expected volatility (*1)	12.92%	12.92%
Expected remaining life (*2)	4.0 to 5.5 years	4.0 to 5.5 years
Expected dividends rates (*3)	2.54%	2.01%
Risk-free interest rate (*4)	5.49% to 5.99%	5.48% to 5.98%

(*1) Calculated based on indices provided by the National Stock Exchange of India.

(*2) The expected remaining life is calculated as a half of the sum of the shortest and longest exercisable periods after stock options are granted.

(*3) Expected dividend rates are based on historical dividend performance.

(*4) The risk-free interest rate is based on the yields on government bonds in India with remaining terms equal to the expected remaining life of the stock options.

6) Method of estimating the number of stock options vested

The estimate basically reflects only the actual number of forfeited stock options because it is difficult to reasonably estimate the actual number of stock options that will be forfeited in the future.

35. The amount of securities lent under lending agreements was ¥2,062,186 million as of March 31, 2024.

36. Assets that the Company has a free disposal right to sell or re-pledge are marketable securities borrowed under lending agreements. These assets were held without being sold or re-pledged and totaled ¥148,977 million at fair value as of March 31, 2024.

37. The unused amount of commitments related to loans and similar loan agreements was ¥261,135 million as of March 31, 2024.

38. Information relating to retirement benefits is as follows:

(1) Summary of retirement benefit plans

The Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan, which are both defined benefit plans, for non-sales personnel and sales management personnel. The Company also has a defined contribution pension plan as a defined contribution plan.

In addition, the Company has a lump-sum retirement payment plan and an in-house pension plan for sales representatives as a defined benefit plan.

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

(2) Defined benefit plans

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

	Million Yen Year ended March 31, 2024
a. Retirement benefit obligations at the beginning of the year	¥675,945
b. Service costs	28,591
c. Interest cost	4,120
d. Actuarial losses accrued during the year	(2,275)
e. Retirement benefit payments	(40,784)
f. Others	123
g. Retirement benefit obligations at the end of the year (a+b+c+d+e+f)	¥665,721

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

	Million Yen Year ended March 31, 2024
a. Pension plan assets at the beginning of the year	¥240,131
b. Expected return on plan assets	3,066
c. Actuarial gains incurred during the year	13,331
d. Contributions by the Company	5,770
e. Retirement benefit payments	(14,520)
f. Others	62
g. Pension plan assets at the end of the year (a+b+c+d+e+f)	¥247,843

3) Reconciliation of net defined benefit liability between the beginning and end of the fiscal year by computational short cut

	Million Yen Year ended March 31, 2024
a. Net defined benefit liability at the beginning of the year	¥818
b. Benefit costs	91
c. Retirement benefit payments	(80)
d. Net defined benefit liability at the end of the year (a+b+c)	¥829

4) Reconciliation of retirement benefit obligations, plan assets, and net defined benefit liability and asset in the consolidated balance sheet

	Million Yen Year ended March 31, 2024
a. Retirement benefit obligations for funded plans	¥237,347
b. Plan assets	(247,843)
	(10,496)
c. Retirement benefit obligations for nonfunded plans	429,203
d. Net defined benefit liability recorded in the consolidated balance sheet	418,707
e. Net defined benefit liability	419,981
f. Net defined benefit asset	(1,274)
g. Net defined benefit liability recorded in the consolidated balance sheet	¥418,707

5) Losses (gains) relating to retirement benefits

	Million Yen
	Year ended March 31, 2024
a. Service costs	¥28,591
b. Interest cost	4,120
c. Expected return on plan assets	(3,066)
d. Amortization of actuarial losses for the period	4,891
e. Amortization of prior service costs for the period	(1,317)
f. Benefit cost under the simplified valuation method	91
g. Others	54
h. Benefit cost for defined benefit plans (a+b+c+d+e+f+g)	¥33,364

6) Breakdown of items included in other comprehensive income

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

	Million Yen
	Year ended March 31, 2024
a. Actuarial losses	¥20,498
b. Prior service costs	(1,317)
c. Total (a+b)	¥19,180

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

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

	Million Yen
	Year ended March 31, 2024
a. Unrecognized actuarial losses	¥(9,131)
b. Unrecognized prior service costs	(1,317)
c. Total (a+b)	¥(10,449)

8) Plan assets consist of the following major asset categories:

a. General account of life insurance	58.2%
b. Domestic bonds	15.7%
c. Foreign securities	14.9%
d. Domestic stocks	10.2%
e. Cash and deposits	1.0%
f. Other	0.0%
g. Total (a+b+c+d+e+f)	100.0%

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

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

10) Matters relating to the basis for actuarial calculations

The major items in the basis for actuarial calculations of the Company and its certain consolidated subsidiaries as of March 31, 2024, are as follows:

a. Discount rate	0.4 to 7.2%
b. Long-term expected rate of return on plan assets	1.2 to 7.2%

(3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥5,499 million to the defined contribution plans during the fiscal year ended March 31, 2024.

39. (1) Total deferred tax assets were ¥2,606,148 million and total deferred tax liabilities were ¥3,857,137 million as of March 31, 2024. The deferred tax assets were reduced by the valuation allowance of ¥132,688 million. The major components resulting in deferred tax assets were policy reserves and other reserves of ¥1,342,541 million, reserve for price fluctuations in investments in securities of ¥483,517 million, and deferred gains (losses) on derivatives under hedge accounting of ¥443,376 million. The major component resulting in deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥3,581,525 million.

(2) The effective statutory tax rate was 27.9% for the fiscal year ended March 31, 2024. The major factors for the difference between the effective statutory tax rate and the effective income tax rate after application of tax effect accounting were a decrease of 14.6% in the amount of reserve for dividends to policyholders and an increase of 4.5% in the valuation allowance.

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

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

41. 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, the Company's consolidated subsidiary, 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 co-reinsurance 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. However, in cases where reinsurance revenue related to this modified co-reinsurance agreement is negative, the items are recorded as reinsurance premiums. The outstanding balance of reinsurance payables related to these modified co-reinsurance agreements stood at ¥9,335 million as of March 31, 2024. The outstanding balance of the policy reserve component associated with the modified co-reinsurance agreements stood at ¥1,318,532 million as of March 31, 2024.

Nippon Wealth Life Insurance Company 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. Reinsurance premiums are recorded 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 ¥114,677 million as of March 31, 2024. In addition, the outstanding balance of reinsurance receivables related to the modified coinsurance agreements was ¥114,677 million as of March 31, 2024. Policy reserves include the reinsurance company's entrusted policy reserve of ¥875,986 million based on the modified coinsurance agreement.

HANASAKU LIFE INSURANCE Co., Ltd. has concluded modified coinsurance agreements covering whole life medical insurance and related insurance products. Reinsurance revenue is recorded according to the timing of accrual of benefits and other payments for the original insurance policy and to the ceding ratio for such policy, based on the reinsurance agreement. In addition, for modified coninsurance agreements involving non-cash transactions, HANASAKU LIFE INSURANCE Co., Ltd. records as reinsurance revenue the amount received as a portion of equivalent new policy expenses related to the original insurance policy based on the reinsurance agreement. Concurrently, the same amount is recorded as unamortized ceding commissions under reinsurance receivables and is amortized over the term of the reinsurance policy. Reinsurance premiums are recorded according to factors such as the timing of accrual of premiums received from the original insurance policy covered by the reinsurance agreement and according to the ceding ratio for such policy, 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 ¥8,389 million as of March 31, 2024. In addition, policy reserves include the reinsurance company’s entrusted policy reserve of ¥680 million based on the modified coinsurance agreement.

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

[Consolidated Statements of Income]

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary income:	**12,008,823**	**9,626,264**
Revenues from insurance and reinsurance	**8,598,316**	**6,373,557**
Investment income:	**3,119,937**	**2,979,303**
Interest, dividends, and other income	1,875,713	1,740,012
Gain on trading securities	44,496	—
Gain on sales of securities	397,306	1,055,230
Gain on redemptions of securities	66	164
Foreign exchange gains, net	632,478	182,823
Other investment income	872	1,072
Gain on separate accounts, net	169,002	—
Other ordinary income	**290,569**	**273,403**
Ordinary expenses:	**11,427,426**	**9,455,185**
Benefits and other payments:	**6,623,108**	**5,536,439**
Death and other claims	1,266,814	1,248,325
Annuity payments	1,044,853	1,003,467
Health and other benefits	941,269	1,089,598
Surrender benefits	1,619,059	1,407,318
Other refunds	352,037	302,264
Reinsurance premiums	1,158,376	259,299
Other benefits and other payments	240,696	226,164
Provision for policy reserves:	**2,699,398**	**1,393,418**
Provision for reserve for outstanding claims	7,049	6,334
Provision for policy reserves	2,671,366	1,365,900
Provision for interest on reserve for dividends to policyholders (mutual company)	20,975	21,174
Provision for interest on reserve for dividends to policyholders (limited company)	7	8
Investment expenses:	**944,029**	**1,378,012**
Interest expenses	49,679	39,735
Loss on trading securities	—	31,675
Loss on sales of securities	292,591	899,493
Loss on valuation of securities	7,340	10,011
Loss on redemptions of securities	55	72
Loss on derivative financial instruments, net	507,070	301,425
Provision for allowance for doubtful accounts	825	4,315
Write-offs of loans	—	7
Depreciation of real estate to rental use and other assets	22,263	21,680
Other investment expenses	64,203	64,687
Loss on separate accounts, net	—	4,906
Operating expenses	**789,959**	**760,074**
Other ordinary expenses	**370,931**	**387,238**

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Ordinary profit	**581,396**	**171,079**
Extraordinary gains:	**5,574**	**4,444**
Gain on disposals of fixed assets	5,555	4,420
Gain on reversal of share acquisition rights	18	23
Extraordinary losses:	**69,993**	**23,422**
Loss on disposals of fixed assets	8,747	7,427
Impairment losses	10,096	11,645
Provision for reserve for price fluctuations in investments in securities	48,113	141
Loss on reduction entry of real estate	36	1,208
Contributions for assisting social public welfare	3,000	3,000
Provision for reserve for dividends to policyholders (limited company)	**11,805**	**11,593**
Surplus before income taxes	**505,171**	**140,507**
Income taxes - current	**52,632**	**21,537**
Income taxes - deferred	**43,737**	**(32,274)**
Total income taxes	**96,369**	**(10,736)**
Net surplus	**408,801**	**151,243**
Net surplus attributable to noncontrolling interests	**(3,683)**	**9,099**
Net surplus attributable to the parent company	**412,485**	**142,144**

Notes to the Consolidated Statement of Income for the Fiscal Year Ended March 31, 2024

1. Previously, the Company and its certain consolidated substantive subsidiaries included gains on the cancellations of investment trusts in interest, dividends, and other income under investment income. However, gains on the cancellations of investment trusts are substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the fiscal year ended March 31, 2024, when system upgrades were completed, the Company and its certain consolidated substantive subsidiaries decided to include gains on the cancellations of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gains on the cancellations of investment trusts of ¥203,762 million, which had previously been included in interest, dividends, and other income on the consolidated statement of income for the fiscal year ended March 31, 2023, have been restated as gain on sales of securities. In addition, on the consolidated statement of cash flow for the fiscal year ended March 31, 2023, gains on the cancellations of investment trusts of ¥203,762 million, which had previously been included in interest, dividends, and other income under cash flows from operating activities, have been restated as net gains on investments in securities under cash flows from operating activities.

2. The following is a breakdown of ordinary income and ordinary expenses for the fiscal year ended March 31, 2024:

(Million Yen)

Ordinary income items		Ordinary expenses items	
Revenues from insurance and reinsurance	8,598,316	Benefits and other payments	6,623,108
Premiums	7,342,245	Death and other claims	1,266,814
Reinsurance revenue	1,256,070	Annuity payments	1,044,853
		Health and other benefits	941,269
		Surrender benefits	1,619,059
		Other refunds	352,037
		Reinsurance premiums	1,158,376
		Other benefits and other payments	240,696

As stated in Note 1 of Notes to the Consolidated Balance Sheet as of March 31, 2024, AASB 17 has been applied to MLC Limited, the Company’s consolidated substantive subsidiary, from the fiscal year ended March 31, 2024. Based on the “Comprehensive Guidelines for Supervision of Insurance Companies” announced by the Financial Services Agency, insurance revenue recorded by MLC Limited is restated as a revenue amount and recorded in revenues from insurance and reinsurance.

3. The Company uses the following methods to record revenues from insurance and reinsurance, and benefits and other payments.

(1) Revenues from insurance and reinsurance (excluding reinsurance revenue) are recorded as the amount of payments that have been received, in principle.

(2) Benefits and other payments (excluding reinsurance premiums) are recorded as the amount of payments made with respect to policies for which an event that is a reason for payment of claims or

benefits has occurred based on the policy clauses and the amount determined based on those policy clauses was paid.

4. The main notes concerning impairment losses are as follows:

1) Method for grouping the assets

a. Real estate and other assets

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

b. Goodwill and other assets

Goodwill and other assets of the Company are classified as one asset group on a company basis, in principle.

To evaluate the equivalent amount of goodwill related to PT Sequis, PT Sequis and PT Asuransi Jiwa Sequis Life are classified into one asset group because PT Asuransi Jiwa Sequis Life, which is owned by PT Sequis as an intermediate holding company, substantially conducts business operations.

2) Identification of indicators of impairment

a. Real estate and other assets

The Company identifies indicators of impairment if the operating activities of an asset group result in loss in consecutive fiscal periods or there are events indicating that the asset may be impaired.

As of March 31, 2024, the Company identified indicators of impairment in certain asset groups because the conditions above were applicable.

b. Goodwill and other assets

The Company identifies indicators of impairment if any of the following conditions applies to an asset group:

(i) Profit or loss in the current period, or cash flows from operating activities are, or expected to be, negative for two consecutive fiscal periods.

(ii) Businesses or management strategies have been substantially revised from initial plans, and a continuing future deterioration in business performance that could lead to a large decline in actual value is expected.

(iii) A continuing future deterioration in business performance that could lead to a large decline in actual value is expected based on the outlook for a drastic or anticipated worsening of the business environment. As of March 31, 2024, the Company has identified indicators of impairment on goodwill related to Nippon Life India Asset Management Limited, the equivalent amount of goodwill related to Reliance Nippon Life Insurance Company Limited, and the equivalent amount of goodwill related to PT Sequis. The Company has identified indicators of impairment on the goodwill related to Nippon Life India Asset Management

Limited because of the large amount of goodwill, in accordance with Paragraph 109 of the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21).

3) Recognition and measurement of impairment losses

a. Real estate and other assets

Asset groups for which indicators of impairment are recognized are treated as follows. If the total amount of undiscounted cash flows from such an asset group is lower than the book value, an impairment loss is recognized and the book value is reduced to the recoverable amount. The recoverable amount is based on either the value in use or net selling price. In principle, the value in use is determined as the discounted future cash flows using a discount rate of 2.4-3.0%. Net selling price is determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or standard land prices.

As of March 31, 2024, the book values of certain asset groups for which indicators of impairment were recognized were reduced to the recoverable amounts, and impairment losses were recognized under extraordinary losses.

b. Goodwill and other assets

Asset groups for which indicators of impairment are recognized are treated as follows. If the total amount of undiscounted future cash flows from such an asset group is lower than the book value, the book value is reduced to the recoverable amount, with the reduction not to exceed the amount of goodwill and other assets. The recoverable amount is based on either the value in use or net selling price. The value in use is determined as the amount by discounting the future cash flows calculated based on future projections, medium-term management plans and other information for each asset group. Net selling price is determined based on the amount obtained by multiplying the market value of shares by the number of shares held.

In impairment assessments related to life insurance companies, the corporate valuation amount (the sum of Embedded Value ("EV") and the value of new business) may be used in some cases as an alternative to the undiscounted future cash flows and recoverable amount above, after ensuring that the requirements of the "Accounting Standard for Impairment of Fixed Assets" (Business Accounting Deliberation Council) are satisfied. EV is the sum of "adjusted net assets, reflecting necessary adjustments to the total amount of the net assets in the balance sheet" and "the value of existing policies that is the present value of future after-tax profits from policies in force." EV represents corporate value attributable to shareholders. It is used to grasp matters such as the shareholder value of limited insurance companies and the acquisition price of an acquiree company in M&A deals. Moreover, the value of new business represents "the present value of future after-tax profit from policies to be acquired in the future."

As of March 31, 2024, the Company used TEV as EV to determine the corporate valuation amounts related to Reliance Nippon Life Insurance Company Limited and PT Sequis, which are life insurance companies for which indications of impairment had been identified. TEV is a method for calculating EV that evaluates cash flow with a risk-adjusted discount rate. The calculation of the EV of those life insurance companies involves uncertainties in factors, such as future cash flows based on the projected acquisition of new insurance policies in each sales channel as the basis of the value of new business, discount rates, which are the basis of the calculation of the value of new business, and insurance-related actuarial assumptions, such as the lapse rates and the insurance accident rates, which are the basis for the calculation of EV. No impairment was recognized on the equivalent amount of goodwill related to Reliance Nippon Life Insurance Company Limited because its corporate valuation amount was higher than the book value.

No impairment was recognized on the equivalent amount of goodwill related to PT Sequis, because the undiscounted future cash flows were higher than the book value. The undiscounted future cash flows were calculated by adding the future after-tax profit from policies in force (undiscounted value of existing policies) and future after-tax profit from policies to be acquired in the future (undiscounted value of new business) to adjusted net assets.

As of March 31, 2024, the Company conducted an impairment test of goodwill related to Nippon Life India Asset Management Limited, for which indications of impairment had been identified. In this test, the total amount of undiscounted future cash flows and the book value of Nippon Life India Asset Management Limited were compared. The former was higher than the latter. In addition, a comparison of its market capitalization, as Nippon Life India Asset Management Limited is a listed company, and book value showed that its market capitalization was higher than its book value. Considering these and other factors, no impairment loss on goodwill related to Nippon Life India Asset Management Limited was recognized.

4) Breakdown of asset groups for which impairment losses were recognized for the fiscal year ended March 31, 2024, is as follows:

(Million Yen)

Purpose of use	Land	Leasehold interests in land	Buildings and others	Total
Real estate for rental use	1,763	630	3,052	5,446
Idle properties	3,146	—	1,503	4,649
Total	4,909	630	4,556	10,096

5. Reinsurance premiums presented in revenues from insurance and reinsurance of TAIJU LIFE INSURANCE COMPANY LIMITED, the Company’s consolidated subsidiary, include reinsurance premiums of ¥285,125 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). These reinsurance premiums include adjustment to policy reserves for ceded reinsurance (excluding additional

policy reserves (reversals) associated with market value adjustments and related items) of ¥193,402 million and additional policy reserves (reversals) associated with market value adjustments and related items of ¥10,690 million.

Reinsurance revenue presented in revenues from insurance and reinsurance of Nippon Wealth Life Insurance Company Limited, the Company’s consolidated subsidiary, includes a ¥112,048 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 ¥902,592 million in reinsurance revenue related to modified coinsurance agreements. This reinsurance revenue includes a ¥3,225 million increase in ceding commission and a ¥854,947 million increase in the policy reserve component (including a ¥106,730 million increase equivalent to additional provisions related to the standard policy reserve system). Reinsurance premiums presented in benefits and other payments include ¥794,162 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 substantive subsidiary, includes a ¥9,476 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¥1,087 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 decreased by ¥126,099 million each.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
Net surplus	**408,801**	**151,243**
Other comprehensive income:	**3,364,445**	**(930,946)**
Net unrealized gains on available-for-sale securities	4,043,936	(958,481)
Deferred gains on derivatives under hedge accounting	(765,493)	(1,932)
Foreign currency translation adjustments	39,641	22,111
Remeasurement of defined benefit plans	13,828	(3,426)
Share of other comprehensive loss of associates accounted for under the equity method	32,533	10,782
Comprehensive income:	**3,773,247**	**(779,702)**
Comprehensive income attributable to the parent company	3,746,824	(775,349)
Comprehensive income attributable to noncontrolling interests	26,422	(4,352)

Note to the Consolidated Statement of Comprehensive Income for the Fiscal Year Ended March 31, 2024

Breakdown of other comprehensive income is as follows:

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

(Million Yen)

Net unrealized gains on available-for-sale securities:		
Gains arising during the year	5,778,506	
Reclassification adjustments to profit or loss	(185,448)	5,593,057
Deferred losses on derivatives under hedge accounting:		
Losses arising during the year	(1,126,598)	
Reclassification adjustments to profit or loss	64,925	(1,061,673)
Foreign currency translation adjustments:		
Gains arising during the year	39,641	
Reclassification adjustments to profit or loss	—	39,641
Remeasurement of defined benefit plans:		
Gains arising during the year	15,606	
Reclassification adjustments to profit or loss	3,573	19,180
Share of other comprehensive income (loss) of associates accounted for under the equity method:		
Gains arising during the year	32,433	
Reclassification adjustments to profit or loss	99	32,533
Amount before income tax effect		4,622,739
Income tax effect		(1,258,293)
Total other comprehensive income		3,364,445

(2) Income tax effect relating to other comprehensive income

(Million Yen)

	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	5,593,057	(1,549,121)	4,043,936
Deferred losses on derivatives under hedge accounting	(1,061,673)	296,179	(765,493)
Foreign currency translation adjustments	39,641	—	39,641
Remeasurement of defined benefit plans	19,180	(5,352)	13,828
Share of other comprehensive income of associates accounted for under the equity method	32,533	—	32,533
Total other comprehensive income	4,622,739	(1,258,293)	3,364,445

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
I. **Cash flows from operating activities:**		
Surplus before income taxes	505,171	140,507
Depreciation of real estate for rental use and other assets	22,263	21,680
Depreciation	69,823	73,140
Impairment losses	10,096	11,645
Amortization of goodwill	5,206	5,028
Net indrease (decrease) in reserve for outstanding claims	7,803	5,678
Net increase in policy reserve	2,665,719	1,395,247
Provision for interest on reserve for dividends to policyholders (mutual company)	20,975	21,174
Provision for interest on reserve for dividends to policyholders (limited company)	7	8
Provision for reserve for dividends to policyholders (limited company)	11,805	11,593
Net (decrease) increase in allowance for doubtful accounts	717	4,122
Net increase in accrued bonuses for directors, and audit and supervisory board members	(14)	5
Net increase (decrease) in net defined benefit liability	1,256	(1,157)
Net decrease in accrued retirement benefits for directors, and audit and supervisory board members	(205)	(2)
Net increase in reserve for price fluctuations in investments in securities	48,113	141
Interest, dividends, and other income	(1,875,713)	(1,740,012)
Net gains on investments in securities	(97,385)	(145,816)
Net losses on policy loans	85,600	78,679
Losses on derivative financial instruments, net	507,070	301,425
Interest expenses	49,679	40,398
Net foreign exchange gains	(632,809)	(182,233)
Net (gains) losses on tangible fixed assets	4,687	6,925
Gains on equity method investments	(14,193)	26,025
Gains from separate accounts	(169,002)	4,906
Net decrease in reinsurance receivables	(121,147)	(3,058)
Net decrease (increase) in other assets (excluding those related to investing activities and financing activities)	(85,043)	(26,317)
Net increase in reinsurance payables	6,706	3,475
Net (decrease) increase in other liabilities (excluding those related to investing activities and financing activities)	11,180	3,605
Others, net	23,048	61,787
Subtotal	**1,061,417**	**118,605**
Interest, dividends, and other income received	1,818,296	1,742,488
Interest paid	(47,639)	(41,646)
Dividends paid to policyholders (mutual company)	(170,284)	(174,579)
Dividends paid to policyholders (limited company)	(16,382)	(13,852)
Others, net	3,317	(42,431)
Income taxes paid	51,938	(237,401)
Net cash provided by operating activities	**2,700,662**	**1,351,183**

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Year ended March 31, 2024	Year ended March 31, 2023
II. Cash flows from investing activities:		
Net increase (decrease) in deposits	(4,145)	662
Purchases of monetary receivables purchased	(36,731)	(4,090)
Proceeds from sales and redemptions of monetary receivables purchased	34,365	46,992
Purchases of securities	(10,039,454)	(13,801,236)
Proceeds from sales and redemptions of securities	7,755,469	14,045,711
Disbursements for loans	(1,795,398)	(1,707,572)
Proceeds from collections of loans	1,579,215	1,467,147
Net (losses) gains from the settlement of derivative financial instrument	(1,091,597)	(1,060,922)
Net increase in sales under repurchase agreements	1,001,245	(643,756)
Net (decrease) increase in cash received as collateral under securities lending transactions	(17,403)	23,957
Others, net	(174,320)	(157,592)
Total of asset management activities	**(2,788,755)**	**(1,790,699)**
[Sum of operating activities and asset management activities]	**[(88,092)]**	**[(439,516)]**
Purchases of tangible fixed assets	(113,393)	(68,163)
Proceeds from sales of tangible fixed assets	25,207	35,560
Others, net	(56,276)	(40,009)
Net cash used in investing activities	**(2,933,217)**	**(1,863,312)**
III. Cash flows from financing activities:		
Proceeds from debt borrowing	173,135	283,400
Repayments of debt	(82,910)	(74,976)
Proceeds from issuance of corporate bonds	137,454	—
Redemption of bonds	—	(157,040)
Interest payments on foundation funds	(265)	(265)
Others, net	(1,403)	8,132
Net cash provided by financing activities	226,010	59,251
IV. Effect of exchange rate changes on cash and cash equivalents	**22,099**	**46,160**
V. Net increase in cash and cash equivalents	**15,554**	**(406,716)**
VI. Cash and cash equivalents at the beginning of the year	**2,139,794**	**2,544,383**
VII. Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	**—**	**2,128**
VIII. Cash and cash equivalents at the end of the year	**2,155,349**	**2,139,794**

Note to the Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2024

1. Cash and cash equivalents

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

(7) Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2024

(Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	100,000	1,350,000	651	566,733	2,017,384
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(181,910)	(181,910)
Interest on foundation funds				(265)	(265)
Net surplus attributable to the parent company				412,485	412,485
Reversal of land revaluation losses				(5,297)	(5,297)
Change in the parent's ownership interest due to transactions with noncontrolling interests				1,638	1,638
Net change, excluding foundation funds and others					
Net change	—	—	—	226,651	226,651
Ending balance	100,000	1,350,000	651	793,384	2,244,035

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

For the Year Ended March 31, 2024

(Million Yen)

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasur-ements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	5,176,583	(375,789)	(56,264)	52,239	(5,938)	4,790,829	1,921	120,492	6,930,628
Increase/decrease:									
Additions to reserve for dividends to policyholders (mutual company)									(181,910)
Interest on foundation funds									(265)
Net surplus attributable to the parent company									412,485
Reversal of land revaluation losses									(5,297)
Change in the parent’s ownership interest due to transactions with noncontrolling interests									1,638
Net change, excluding foundation funds and others	4,047,348	(766,669)	5,297	65,900	13,712	3,365,588	(411)	24,062	3,389,239
Net change	4,047,348	(766,669)	5,297	65,900	13,712	3,365,588	(411)	24,062	3,615,890
Ending balance	9,223,931	(1,142,459)	(50,967)	118,139	7,774	8,156,418	1,509	144,554	10,546,518

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

For the Year Ended March 31, 2023

(Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	100,000	1,350,000	651	740,576	2,191,227
Cumulative effects of changes in accounting policies				(111,626)	(111,626)
Beginning balance reflecting changes in accounting policies	100,000	1,350,000	651	628,949	2,079,601
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(199,868)	(199,868)
Interest on foundation funds				(265)	(265)
Net surplus attributable to the parent company				142,144	142,144
Reversal of land revaluation losses				(4,098)	(4,098)
Changes in the scope of consolidation and application of the equity method				(390)	(390)
Change in the parent’s ownership interest due to transactions with noncontrolling interests				261	261
Net change, excluding foundation funds and others					
Net change	—	—	—	(62,216)	(62,216)
Ending balance	100,000	1,350,000	651	566,733	2,017,384

(7) Consolidated Statements of Changes in Net Assets (Continued)
For the Year Ended March 31, 2023

(Million Yen)

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasur-ements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	6,124,915	(375,170)	(60,363)	17,362	(2,518)	5,704,225	1,671	155,930	8,053,054
Cumulative effects of changes in accounting policies								(27,906)	(139,533)
Beginning balance reflecting changes in accounting policies	6,124,915	(375,170)	(60,363)	17,362	(2,518)	5,704,225	1,671	128,023	7,913,521
Increase/decrease:									
Additions to reserve for dividends to policyholders (mutual company)									(199,868)
Interest on foundation funds									(265)
Net surplus attributable to the parent company									142,144
Reversal of land revaluation losses									(4,098)
Change in the scope of consolidation and application of the equity method									(390)
Change in the parent's ownership interest due to transactions with noncontrolling interests									261
Net change, excluding foundation funds and others	(948,331)	(619)	4,098	34,876	(3,419)	(913,395)	249	(7,531)	(920,676)
Net change	(948,331)	(619)	4,098	34,876	(3,419)	(913,395)	249	(7,531)	(982,893)
Ending balance	5,176,583	(375,789)	(56,264)	52,239	(5,938)	4,790,829	1,921	120,492	6,930,628

Notes to Consolidated Statements of Changes in Net Assets

1. Matters concerning share acquisition rights

(Million Yen)

Classification	Breakdown of share acquisition rights	Balance as of March 31, 2024
Nippon Life India Asset Management Limited	Share acquisition rights provided as stock options	1,509

(8) Status of Nonperforming Assets Based on the Insurance Business Act (Consolidated)

(Million Yen, %)

	As of March 31, 2024	As of March 31, 2023
Bankrupt and quasi-bankrupt loans	9,572	10,059
Doubtful loans	17,718	18,103
Loans that are delinquent for over three months	—	50
Restructured loan	1,604	1,481
Subtotal	28,895	29,694
[Percent of total, %]	[0.25]	[0.28]
Normal loans	11,368,762	10,454,967
Total	11,397,657	10,484,661

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

Supplemental information on nonperforming assets based on the Insurance Business Act

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments, and customers' liability for acceptances and guarantees.
- For bankrupt and quasi-bankrupt loans, the estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the total loan amount. The estimated uncollectible amounts as of March 31, 2024 and 2023, were ¥104 million and ¥2,023 million, respectively.

(9) Consolidated Solvency Margin Ratio

(Million Yen)

	As of March 31, 2024	As of March 31, 2023
Solvency margin gross amount (A):	22,536,034	18,035,345
Foundation funds (*kikin*) and other reserve funds:	6,251,249	5,983,567
Foundation funds and others	1,997,150	1,830,934
Reserve for price fluctuations in investments in securities	1,732,830	1,684,717
Contingency reserve	2,263,258	2,223,034
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	5,015	3,636
Others	252,993	241,244
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	10,340,828	6,231,568
Net unrealized gains on real estate × 85%	701,888	635,862
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	10,724	(8,309)
Excess of continued Zillmerized reserve	2,844,977	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	(345,603)	(164,173)
Others	204,650	162,895
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	4,394,139	3,366,494
Underwriting risk (R_1)	188,389	179,782
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	102,987	104,336
Underwriting risk related to small amount and short-term insurance providers (R_9)	0	0
Assumed interest rate risk (R_2)	355,452	326,402
Minimum guarantee risk (R_7)	8,090	8,341
Investment risk (R_3)	3,929,039	2,948,138
Business management risk (R_4)	91,679	71,340
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	1,025.7%	1,071.4%

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

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

(10) Segment Information

For the fiscal years ended March 31, 2024 and 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.