
Financial Results for the Six Months Ended September 30, 2024

Nippon Life Insurance Company (the “Company,” President: Hiroshi Shimizu) announces financial results for the six months ended September 30, 2024.

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Attached: Supplementary Materials for the Six Months Ended September 30, 2024

1. Business Highlights

(1) Annualized Premium

- Policies in Force

(100 Million Yen, %)

	As of September 30, 2024		As of March 31, 2024
		As a percentage of March 31, 2024	
Individual insurance	26,683	99.5	26,807
Individual annuities	10,417	98.3	10,594
Total	37,101	99.2	37,401
Medical coverages, living benefits, and others	6,791	100.1	6,786

- New Policies

(100 Million Yen, %)

	Six months ended September 30, 2024		Six months ended September 30, 2023
		As a percentage of six months ended September 30, 2023	
Individual insurance	1,060	95.9	1,105
Individual annuities	87	72.2	121
Total	1,147	93.6	1,226
Medical coverages, living benefits, and others	213	108.1	197

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

(2) Amount of Policies in Force and New Policies

• Policies in Force

	As of September 30, 2024				As of March 31, 2024	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2024 (%)	(100 million yen)	As a percentage of March 31, 2024 (%)		
Individual insurance	30,437	99.0	1,163,912	97.1	30,737	1,198,859
Individual annuities	4,035	98.8	240,296	98.6	4,086	243,625
Group insurance	—	—	976,473	100.8	—	968,744
Group annuities	—	—	139,444	99.6	—	139,948

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

	Six months ended September 30, 2024						Six months ended September 30, 2023			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of six months ended September 30, 2023 (%)	(100 million yen)	As a percentage of six months ended September 30, 2023 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	1,905	110.6	8,394	39.6	20,765	(12,370)	1,723	21,223	25,486	(4,263)
Individual annuities	50	81.6	2,454	74.6	2,665	(211)	62	3,291	3,418	(127)
Group insurance	—	—	704	13.6	704		—	5,168	5,168	
Group annuities	—	—	2	322.6	2		—	0	0	

Notes: 1. New policies include enrollment using the coverage enhancement system, and conversion indicates enrollment using the coverage revision system and partial coverage revision system.
2. The number of policies includes policies that were converted into new policies.
3. The amount of new policies and net increase in policies by conversion for individual annuities represent annuity resources at the start of annuity payments.
4. The amount of new policies for group annuities represents the first-time premium.

2. Overview of General Accounts Asset Management for the Six Months Ended September 30, 2024

(1) Investment Environment

In the six months ended September 30, 2024, overseas interest rates decreased due to factors such as the start of interest rate cuts in response to lower inflation in Europe and the U.S. In contrast, Japan saw a rise in domestic interest rates, driven primarily by heightened expectations for the Bank of Japan's normalization of monetary policy. Under these conditions, the investment environment remained uncertain, marked by significant exchange rate fluctuations driven by both domestic and overseas monetary policy trends and supply-demand factors such as the yen carry trade, as well as major volatility in domestic and foreign stocks due to business conditions and exchange rate trends.

- The Nikkei Stock Average at the start of the fiscal year was ¥39,800. Subsequently, the index performed well, supported by the Tokyo Stock Exchange's governance reforms and expectations for improved corporate business performance due to the weaker yen. At one point, the index exceeded ¥42,000, reaching an all-time high. Thereafter, rising concerns over a potential slowdown in U.S. business conditions pushed the index down. The index finished at ¥37,919 at the end of September 2024.
- The yield rate on 10-year Japanese government bonds at the start of the fiscal year was at the 0.7% level. The yield rate then followed an upward trend, driven by growing expectations for the Bank of Japan to normalize monetary policy. Subsequently, although interest rates experienced downward pressure due to concerns about a recession in the U.S., interest rates rose compared to the start of the fiscal year. The yield rate stood at 0.85% at the end of September 2024.
- The yen-dollar exchange rate at the start of the fiscal year was at the ¥151 level. Thereafter, the yen weakened against the dollar, mainly due to supply-demand factors, reaching the ¥160 mark in early July, its weakest level in approximately 37.5 years. Subsequently, the yen strengthened at one point to around ¥140 to the dollar, due to factors such as the Bank of Japan's interest rate hike and rising concerns about a U.S. recession. The yen-dollar exchange rate stood at ¥142.73 at the end of September 2024.
The yen-euro exchange rate at the start of the fiscal year was at the ¥163 level. Subsequently, the yen weakened against the euro, similar to its performance against the dollar. However, from mid-July, the yen began to strengthen against the euro. The yen-euro exchange rate was ¥159.43 at the end of September 2024.

(2) Investment Policy

Based on the Company's Asset Liability Management philosophy of comprehensively controlling assets and liabilities, the Company has built a portfolio geared towards medium- to long-term investment and formulated an investment plan taking into account the investment environment outlook.

Specifically, to provide the stable rate of return that the Company promised to policyholders in the long term, 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. Also, while focusing on improving its profitability and increasing profits for policyholders from a medium- to long-term viewpoint and taking into account business stability, the Company has invested in stocks and foreign securities within the acceptable risk. From the perspective of diversifying profit-making opportunities, while continuously paying enough attention to asset allocation and risks, the Company is steadily pursuing investments that can yield surplus income, such as corporate bonds and securitized products, as well as investments in private equities and foreign real estate and infrastructure.

(3) Status of Investment Income/Expense

Investment income was ¥1,147.3 billion, an increase from ¥1,133.2 billion in the six months ended September 30, 2023. The main factor behind this increase was an increase in interest, dividends, and other income.

Investment expenses amounted to ¥455.9 billion, an increase from ¥429.6 billion in the six months ended September 30, 2023. The main factor behind this increase was an increase in foreign exchange losses, net. As a result, the Company's net investment income decreased by ¥12.2 billion, compared with the same period of the previous fiscal year, to ¥691.3 billion.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of September 30, 2024		As of March 31, 2024	
	Amount	%	Amount	%
Cash, deposits, and call loans	9,498	1.2	9,706	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	1,025	0.1	1,187	0.1
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	680,067	84.5	700,929	85.1
Domestic bonds	306,283	38.0	305,711	37.1
Domestic stocks	135,320	16.8	145,694	17.7
Foreign securities:	211,754	26.3	218,239	26.5
Foreign bonds	112,551	14.0	118,261	14.4
Foreign stocks and other securities	99,203	12.3	99,977	12.1
Other securities	26,710	3.3	31,284	3.8
Loans:	80,283	10.0	80,482	9.8
Policy loans	4,124	0.5	4,229	0.5
Industrial and consumer loans	76,158	9.5	76,253	9.3
Real estate:	17,345	2.2	17,429	2.1
Investment properties	11,551	1.4	11,566	1.4
Deferred tax assets	—	—	—	—
Other assets	17,153	2.1	13,596	1.7
Allowance for doubtful accounts	(84)	(0.0)	(99)	(0.0)
Total assets (general account):	805,289	100.0	823,232	100.0
Foreign currency-denominated assets	204,921	25.4	210,901	25.6

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

(2) Increases/Decreases in Assets

(100 Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Cash, deposits, and call loans	(207)	(207)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary receivables purchased	(162)	6
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	(20,861)	30,599
Domestic bonds	571	4,564
Domestic stocks	(10,374)	16,723
Foreign securities:	(6,485)	12,502
Foreign bonds	(5,710)	10,288
Foreign stocks and other securities	(774)	2,214
Other securities	(4,574)	(3,230)
Loans:	(199)	2,652
Policy loans	(104)	(82)
Industrial and consumer loans	(95)	2,735
Real estate:	(84)	66
Investment properties	(15)	162
Deferred tax assets	—	—
Other assets	3,557	1,901
Allowance for doubtful accounts	14	10
Total assets (general account):	(17,943)	34,988
Foreign currency-denominated assets	(5,979)	16,751

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

(3) Investment Income

(100 Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Interest, dividends, and other income:	8,854	7,902
Interest on deposits and savings	58	34
Interest on securities and dividends	7,299	6,463
Interest on loans	852	773
Real estate rental income	584	572
Other income	58	58
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities:	2,617	2,214
Gain on sales of domestic bonds, including national government bonds	268	374
Gain on sales of domestic stocks and other securities	1,732	873
Gain on sales of foreign securities	616	966
Other gains	—	—
Gain on redemptions of securities	—	—
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	1,139
Reversal of allowance for doubtful accounts	—	10
Reversal of allowance for investment loss	—	62
Other investment income	1	3
Total	11,473	11,332

(4) Investment Expenses

(100 Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Interest expenses	271	199
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities:	1,846	2,364
Loss on sales of domestic bonds, including national government bonds	1,110	1,413
Loss on sales of domestic stocks and other securities	368	443
Loss on sales of foreign securities	367	507
Other losses	—	—
Loss on valuation of securities:	43	18
Loss on valuation of domestic bonds, including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	40	18
Loss on valuation of foreign securities	2	—
Other losses	—	—
Loss on redemptions of securities	—	—
Loss on derivative financial instruments, net	1,402	1,307
Foreign exchange losses, net	483	—
Provision for allowance for doubtful accounts	28	—
Provision for allowance for investment loss	43	—
Write-offs of loans	—	—
Depreciation of real estate for rental use and other assets	107	100
Other investment expenses	332	306
Total	4,559	4,296

(5) Net Valuation Gains/Losses on Trading Securities

There were no such net valuation gains/losses as of September 30, 2024, and March 31, 2024.

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

(100 Million Yen)

		As of September 30, 2024					As of March 31, 2024				
		Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
	Policy-reserve-matching bonds	275,338	256,422	(18,915)	7,736	(26,652)	275,836	266,231	(9,604)	10,579	(20,184)
	Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
	Investments in subsidiaries and affiliates	1,286	5,604	4,318	4,318	—	1,286	4,413	3,127	3,127	—
	Available-for-sale securities:	268,962	379,886	110,924	118,962	(8,038)	276,501	403,006	126,504	133,420	(6,916)
	Domestic bonds	34,287	33,113	(1,174)	947	(2,121)	32,602	32,277	(324)	1,147	(1,471)
	Domestic stocks	40,343	123,664	83,320	83,781	(460)	40,337	136,116	95,778	96,049	(271)
	Foreign securities:	169,529	197,738	28,208	32,008	(3,799)	174,158	204,333	30,175	33,933	(3,758)
	Foreign bonds	96,438	111,119	14,681	15,906	(1,224)	100,000	116,500	16,500	17,661	(1,160)
	Foreign stocks and other securities	73,091	86,618	13,527	16,101	(2,574)	74,158	87,833	13,674	16,271	(2,597)
	Other securities	24,208	24,771	562	2,219	(1,656)	28,708	29,586	877	2,286	(1,408)
	Monetary receivables purchased	152	158	6	6	(0)	254	252	(1)	4	(6)
	Negotiable certificates of deposit	440	440	0	0	(0)	440	439	(0)	—	(0)
Total		545,586	641,913	96,327	131,017	(34,690)	553,624	673,652	120,027	147,128	(27,100)
	Domestic bonds	307,457	287,268	(20,188)	8,573	(28,762)	306,035	295,919	(10,116)	11,531	(21,647)
	Domestic stocks	40,343	123,664	83,320	83,781	(460)	40,337	136,116	95,778	96,049	(271)
	Foreign securities:	172,108	204,731	32,623	36,425	(3,802)	176,903	210,386	33,482	37,241	(3,758)
	Foreign bonds	97,740	112,519	14,779	16,006	(1,227)	101,468	118,150	16,682	17,843	(1,160)
	Foreign stocks and other securities	74,368	92,211	17,843	20,418	(2,574)	75,435	92,235	16,799	19,397	(2,597)
	Other securities	24,217	24,782	565	2,221	(1,656)	28,718	29,598	880	2,288	(1,408)
	Monetary receivables purchased	1,019	1,025	6	15	(9)	1,189	1,192	2	17	(14)
	Negotiable certificates of deposit	440	440	0	0	(0)	440	439	(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 September 30, 2024	As of March 31, 2024
Investments in subsidiaries and affiliates	23,411	20,665
Available-for-sale securities:	1,395	1,359
Unlisted domestic stocks	570	558
Unlisted foreign stocks	—	0
Others	825	800
Total	24,806	22,024

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: ¥182.4 billion and ¥246.4 billion as of September 30, 2024, and March 31, 2024, respectively.

(7) Fair Value Information of Assets Held in Trust

There were no ending balances as of September 30, 2024, and March 31, 2024.

- Assets Held in Trust for Trading Purposes

There were no ending balances as of September 30, 2024, and March 31, 2024.

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

There were no ending balances as of September 30, 2024, and March 31, 2024.

4. Nonconsolidated Balance Sheets

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Assets:		
Cash and deposits	438,373	638,228
Call loans	773,704	522,863
Monetary receivables purchased	102,551	118,792
Investments in securities:	68,834,762	70,958,137
National government bonds	(28,311,824)	(28,111,291)
Local government bonds	(840,642)	(876,418)
Corporate bonds	(1,829,684)	(1,955,106)
Domestic stocks	(13,578,571)	(14,617,481)
Foreign securities	(21,364,436)	(22,020,172)
Loans:	8,028,313	8,048,276
Policy loans	412,496	422,943
Industrial and consumer loans	7,615,817	7,625,333
Tangible fixed assets	1,751,003	1,758,423
Intangible fixed assets	204,035	195,710
Reinsurance receivables	151	287
Other assets	1,565,568	1,280,007
Customers' liability for acceptances and guarantees	50,882	59,958
Allowance for doubtful accounts	(8,457)	(9,948)
Allowance for investment loss	(25,949)	(21,572)
Total assets	81,714,939	83,549,165
Liabilities:		
Policy reserves and other reserves:	62,411,430	62,057,625
Reserve for outstanding claims	194,639	203,995
Policy reserves	61,001,336	60,764,665
Reserve for dividends to policyholders	1,215,454	1,088,964
Reinsurance payables	195	450
Corporate bonds	1,600,936	1,400,719
Other liabilities:	5,604,576	6,302,322
Income taxes payable	57,859	4,595
Lease obligations	3,132	2,825
Asset retirement obligations	7,567	7,491
Other liabilities	5,536,017	6,287,410
Accrued bonuses for directors, and audit and supervisory board members	142	425
Accrued retirement benefits	380,866	381,307
Reserve for program points	7,894	8,356
Reserve for price fluctuations in investments in securities	1,707,128	1,625,673
Deferred tax liabilities	862,470	1,366,338
Deferred tax liabilities for land revaluation	97,511	98,340
Acceptances and guarantees	50,882	59,958
Total liabilities	72,724,036	73,301,518

4. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Net assets:		
Foundation funds	50,000	100,000
Reserve for redemption of foundation funds	1,400,000	1,350,000
Reserve for revaluation	651	651
Surplus:	704,273	830,890
Legal reserve for deficiencies	23,390	21,855
Other surplus reserves:	680,883	809,035
Reserve for social public welfare assistance	718	351
Reserve for financial stability	411,917	221,917
Reserve for reduction entry of real estate	77,279	76,815
Other reserves	170	170
Unappropriated surplus	190,798	509,780
Total foundation funds and others	2,154,924	2,281,541
Net unrealized gains on available-for-sale securities	8,028,299	9,158,865
Deferred losses on derivatives under hedge accounting	(1,140,633)	(1,141,792)
Land revaluation losses	(51,688)	(50,967)
Total valuations, conversions, and others	6,835,978	7,966,105
Total net assets	8,990,902	10,247,646
Total liabilities and net assets	81,714,939	83,549,165

Note: * Unappropriated surplus on the condensed balance sheet as of March 31, 2024, represents the current-year unappropriated surplus.

Notes to the Nonconsolidated Balance Sheet as of September 30, 2024

1. Effective from the six months ended September 30, 2024, the Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) (the “2022 Revised Accounting Standard”) and other related standards. Accordingly, the Company has revised the accounting classifications of corporate tax and inhabitant tax for current income, which are levied on items such as valuation differences arising from the revaluation of assets and liabilities. In applying the 2022 Revised Accounting Standard and other related standards, the Company has followed the transitional treatment set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard. The Company applied the new accounting policies set forth in the 2022 Revised Accounting Standard from the beginning of the six months ended September 30, 2024.
2. (1) Securities (including items, such as deposits and monetary receivables purchased which are treated as securities based on ASBJ Statement No. 10) are measured as follows:
 - 1) Trading securities are measured 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 using the straight-line method.
 - 3) Policy-reserve-matching bonds are measured at amortized cost using the moving average method. The cost of bonds is amortized using the straight-line method 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 measured at cost using the moving average method.
 - 5) Available-for-sale securities
 - a. Securities are measured at fair value based mainly on market prices on the last day of September (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 using the straight-line method).
 - b. Stocks and other securities of which market prices are not available are measured at cost based on moving averages.
- (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) 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 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

4. Derivative financial instruments are measured 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

Declining-balance method

Certain other tangible fixed assets with an acquisition cost of less than ¥200,000 are depreciated over three years using the straight-line method

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.

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 with exchange rates which 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.

7. (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.
An allowance for loans to borrowers whose future business results are expected to worsen in case of a sudden event that has a large impact on economic conditions is recognized based on the estimated amount of impact on credit risk that has not yet been reflected in the borrowers' financial information and other disclosures.
- (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 ¥4,473 million (including ¥51 million of credits secured and/or guaranteed) as of September 30, 2024.
8. 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.
9. Accrued bonuses for directors, and audit and supervisory board members are recognized based on amounts estimated to be paid.
10. (1) Accrued retirement benefits are recognized based on the estimated amounts of projected benefit obligations and the fair value of pension plan assets as of March 31, 2025, for future severance payments to employees 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

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. 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 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 and deferred hedge accounting are 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 as well as certain foreign currency-denominated stocks (forecasted transactions);
- Fair value hedge accounting is applied to currency options to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds; 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

<u>Hedging instruments</u>	<u>Hedged items</u>
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, foreign currency-denominated stocks (forecasted transactions)
Currency options	Foreign currency-denominated bonds
Equity forward contracts	Domestic stocks

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.

14. 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 using the straight-line method. Consumption taxes other than deferred consumption taxes are expensed as incurred.

15. The Japanese Group Relief 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 Practical Issues Task Force (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.

16. 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 ¥99,243 million, while ordinary profit and surplus before income taxes decreased by ¥99,243 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the six months ended September 30, 2024.

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

The reserve amount is calculated using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice.

18. The corporate tax, inhabitant tax, and income tax adjustments for the six months ended September 30, 2024, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.

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:	102,551	102,560	8
Policy-reserve-matching bonds	86,653	86,661	8
Available-for-sale securities	15,898	15,898	—
Investments in securities (*3, *4, *5):	66,345,476	64,872,795	(1,472,680)
Trading securities	827,969	827,969	—
Policy-reserve-matching bonds	27,460,137	25,555,580	(1,904,557)
Investments in subsidiaries and affiliates	128,615	560,492	431,877
Available-for-sale securities	37,928,753	37,928,753	—
Loans (*6):	8,021,187	7,848,339	(172,848)
Policy loans	412,354	412,354	—
Industrial and consumer loans	7,608,832	7,435,984	(172,848)
Derivative financial instruments (*7):	(1,434,479)	(1,434,479)	—
Hedge accounting not applied	50,313	50,313	—
Hedge accounting applied	(1,484,793)	(1,484,793)	—
Corporate bonds (*6 and *8)	(1,600,936)	(1,573,826)	(27,110)
Loans payable (*8)	(1,076,000)	(1,038,275)	(37,725)

(*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 six months ended September 30, 2024, the fair value is the 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 ¥1,480,085 million for investments in subsidiaries and affiliates, and ¥57,042 million for available-for-sale securities as of September 30, 2024.

(*4) The balance of investments in entities such as partnerships 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 entities such as partnerships presented in the nonconsolidated balance sheet was ¥952,158 million as of September 30, 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 are presented in parentheses.

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

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

1) Trading securities

Investment in securities for separate accounts are classified as trading securities. Valuation losses of those investments included in profit and loss were ¥(15,142) million for the six months ended September 30, 2024.

2) Held-to-maturity debt securities

There were no balances as of September 30, 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	58,558	59,491	932
	Domestic bonds	11,772,294	12,534,907	762,612
	Foreign securities	54,324	56,329	2,005
	Subtotal	11,885,178	12,650,728	765,550
Fair value does not exceed the balance sheet amount	Monetary receivables purchased	28,094	27,170	(923)
	Domestic bonds	15,544,685	12,880,665	(2,664,020)
	Foreign securities	88,833	83,677	(5,155)
	Subtotal	15,661,612	12,991,513	(2,670,099)
Total		27,546,791	25,642,241	(1,904,549)

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	9,621	10,249	628
	Domestic bonds	1,496,739	1,591,493	94,754
	Domestic stocks	3,772,885	12,151,035	8,378,149
	Foreign securities	11,821,636	15,022,468	3,200,831
	Other securities	892,752	1,114,654	221,901
	Subtotal	17,993,635	29,889,902	11,896,267
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary receivables purchased	5,654	5,648	(5)
	Domestic bonds	1,932,009	1,719,826	(212,182)
	Domestic stocks	261,496	215,427	(46,068)
	Foreign securities	5,131,341	4,751,399	(379,941)
	Other securities	1,528,085	1,362,446	(165,638)
	Subtotal	8,858,586	8,054,749	(803,836)
Total		26,852,221	37,944,651	11,092,430

* Stocks without market prices of ¥57,042 million and the balance of investments in entities such as partnerships of ¥91,085 million are not included in the table above.

Impairment losses of ¥3,774 million were recognized for securities during the six months ended September 30, 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 last day of September.

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 September 30, 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 September 30, 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.

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.

1) Financial instruments whose amounts presented in the nonconsolidated balance sheet as of September 30, 2024, are measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased	—	4,998	10,899	15,898
Available-for-sale securities	—	4,998	10,899	15,898
Securities (*1)	18,726,937	17,960,249	375,385	37,062,572
Trading securities	378,019	449,949	—	827,969
Available-for-sale securities	18,348,917	17,510,299	375,385	36,234,602
Domestic bonds	2,326,015	985,304	—	3,311,320
National government bonds	2,326,015	—	—	2,326,015
Local government bonds	—	70,874	—	70,874
Corporate bonds	—	914,430	—	914,430
Domestic stocks	12,258,687	107,776	—	12,366,463
Foreign securities	3,764,214	13,970,389	375,385	18,109,990
Foreign bonds	2,693,251	8,043,350	375,385	11,111,987
Foreign stocks and other securities	1,070,962	5,927,039	—	6,998,002
Other securities	—	2,446,828	—	2,446,828
Derivative financial instruments (*2)	2,852	(1,437,332)	—	(1,434,479)
Interest rate-related	—	(317,416)	—	(317,416)
Currency-related	—	(1,121,475)	—	(1,121,475)
Others	2,852	1,559	—	4,411

(*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 ¥1,647,459 million for investment trusts whose investment trust assets are financial instruments, and ¥47,621 million for investment trust whose investment trust assets are real estate. The reconciliation of balances at the beginning of the current fiscal year and the balances as of September 30, 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 trusts whose investment trust assets are real estate	Total
Balance at the beginning of the current fiscal year	1,652,225	45,813	1,698,038
Profit or loss for the six months ended September 30, 2024	(55,693)	(720)	(56,414)
Recognized in net surplus (loss) (*4)	(3,614)	13	(3,600)
Recognized in valuations, conversions, and others (*5)	(52,078)	(734)	(52,813)
Purchases, sales, and redemptions	50,927	2,529	53,456
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 September 30, 2024	1,647,459	47,621	1,695,080
Unrealized gain or loss on investment trusts held as of September 30, 2024, recognized in profit or loss for the six months ended September 30, 2024 (*4)	—	—	—

(*3) The amount of these investment trusts presented in the nonconsolidated balance sheet was ¥1,623,876 million as of September 30, 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 six months ended September 30, 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 September 30, 2024.

2) Financial instruments whose amounts presented in the nonconsolidated balance sheet as of September 30, 2023, are not measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased:	—	—	86,661	86,661
Policy-reserve-matching bonds	—	—	86,661	86,661
Investments in securities:	23,980,557	2,134,000	328	26,114,886
Policy-reserve-matching bonds	23,980,557	1,574,694	328	25,555,580
Domestic bonds	23,889,819	1,525,425	328	25,415,572
Foreign securities	90,738	49,269	—	140,007
Investments in subsidiaries and affiliates	—	559,306	—	559,306
Loans:	—	—	7,848,339	7,848,339
Policy loans	—	—	412,354	412,354
Industrial and consumer loans	—	—	7,435,984	7,435,984
Corporate bonds (*6)	—	(1,573,826)	—	(1,573,826)
Loans payable (*6)	—	(962,212)	(76,063)	(1,038,275)

(*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 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. For unlisted investment trusts, fair value is measured mainly based on net asset value computed by management companies. When unobservable inputs are not used or their effect is insignificant, or when there are no significant restrictions on cancellations and other procedures for investment trusts, 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 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, 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 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 (“*Furitate-shori*”) for currency swaps.

5) Loans payable

For variable interest rate loans, because 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 market interest rates are reflected in future cash flows over the short term, book value is used as the fair value of such loans payable and they are classified as 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. For this reason, fixed interest rate loans payable are classified as Fair Value Level 3; however, with regard to loans payable financed by means of public offerings employing securitization schemes, because the market prices of the corporate bonds issued to back such loans payable are used as fair value, such loans payable are classified as Fair Value Level 2.

(3) Information on financial instruments classified as Level 3 whose amounts presented in the nonconsolidated balance sheet as of September 30, 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 September 30, 2024, and unrealized gain or loss recognized in profit or loss for the six months ended September 30, 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	11,301	392,575	—
Profit or loss for the six months ended September 30, 2024	(330)	(19,550)	—
Recognized in net surplus (loss) (*1)	(590)	(6,574)	—
Recognized in valuations, conversions, and others (*2)	259	(12,976)	—
Purchases, sales, issuances, and settlements	(71)	2,360	—
Transfers to Fair Value Level 3	—	—	—
Transfers from Fair Value Level 3	—	—	—
Balance as of September 30, 2024	10,899	375,385	—
Unrealized gain or loss on financial instruments held as of September 30, 2024, recognized in profit or loss for the six months ended September 30, 2024 (*1)	—	—	—

(*1) These amounts are included in investment income and investment expenses in the nonconsolidated statement of income for the six months ended September 30, 2024.

(*2) 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 September 30, 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. As of September 30, 2024, there were no significant changes in the balance sheet amounts and fair values of investment and rental properties from the end of the previous fiscal year.

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 ¥29,896 million as of September 30, 2024. The details of those balances were as follows:

- 1) The balance of bankrupt and quasi-bankrupt loans was ¥11,166 million as of September 30, 2024.
Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans to debtors 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 ¥16,952 million as of September 30, 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 were no loans delinquent for over three months as of September 30, 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 ¥1,776 million as of September 30, 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 the estimated uncollectible amounts of loans decreased the balance of bankrupt and quasi-bankrupt loans by ¥4,473 million as of September 30, 2024.
23. The amount of accumulated depreciation of tangible fixed assets was ¥1,246,687 million as of September 30, 2024.
24. Separate account assets as provided in accordance with Article 118, Paragraph 1 of the Insurance Business Act were ¥1,185,991 million as of September 30, 2024, and a corresponding liability is recorded in the same amount.

25. Changes in the reserve for dividends to policyholders for the six months ended September 30, 2023, were as follows:

	Million Yen
	Six months ended September 30, 2024
a. Balance at the beginning of the current fiscal year	1,088,964
b. Transfer to reserve from surplus for the previous fiscal year	264,517
c. Dividends paid to policyholders during the current six-month period	148,432
d. Increase in interest	10,405
e. Balance at the end of the current six-month period (a+b-c+d)	1,215,454

26. 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 Company's 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
April 2024	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter

Furthermore, the Company conducted the early redemption of corporate bonds on October 16, 2024, as follows.

Interest expenses recorded for the corporate bonds redeemed early amounted to ¥5,826 million in the previous fiscal year, and ¥2,897 million in the six months ended September 30, 2024.

Name of corporate bonds	U.S.-dollar denominated subordinated corporate bonds due 2044 (with an optional interest payment deferral provision)
Issue date	October 16, 2014
Early redemption value	100 percent of par value
Early redemption amount	USD 2,250 million
Early redemption method	Early redemption of the full amount of the unredeemed balance

27. Other liabilities include subordinated loans payable of ¥1,076,000 million with special provisions that the fulfillment of obligations on the loans payable is subordinate to all other debt obligations.
28. Assets pledged as collateral in the form of investments in securities as of September 30, 2024 were ¥4,618,037 million. The total amount of liabilities covered by the assets pledged was ¥2,238,600 million as of September 30, 2024.
These amounts included ¥2,234,022 million of sale of securities under repurchase agreements and ¥2,221,515 million of payables under repurchase agreements as of September 30, 2024.
29. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.
30. The total amount of stocks and investments in subsidiaries and affiliates was ¥2,469,773 million as of September 30, 2024.
31. The amount of securities lent under lending agreements was ¥1,864,820 million as of September 30, 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 ¥148,618 million at fair value as of September 30, 2024.
33. The unused amount of commitments related to loans and similar loans agreements was ¥329,936 million as of September 30, 2024.
34. 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 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.

35. 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 ¥144 million as of September 30, 2024.

5. Nonconsolidated Statements of Income

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Ordinary income:	3,650,982	3,836,204
Revenues from insurance and reinsurance:	2,446,509	2,604,372
Insurance premiums	2,445,986	2,603,791
Investment income:	1,147,368	1,174,336
Interest, dividends, and other income	885,408	790,283
Gain on sales of securities	261,766	221,401
Gain on separate accounts, net	—	41,109
Other ordinary income	57,104	57,495
Ordinary expenses:	3,357,142	3,610,790
Benefits and other payments:	2,239,379	2,102,748
Death and other claims	518,938	538,031
Annuity payments	405,094	386,489
Health and other benefits	410,818	382,681
Surrender benefits	769,001	677,460
Other refunds	134,719	117,256
Provision for policy reserves:	247,076	674,182
Provision for policy reserves	236,671	663,687
Provision for interest on reserve for dividends to policyholders	10,405	10,494
Investment expenses:	461,587	429,632
Interest expenses	27,137	19,901
Loss on sales of securities	184,638	236,468
Loss on valuation of securities	4,305	1,896
Loss on derivative financial instruments, net	140,217	130,707
Loss on separate accounts, net	5,606	—
Operating expenses	294,112	286,656
Other ordinary expenses	114,986	117,570
Ordinary profit	293,840	225,413
Extraordinary gains:	3,150	5,369
Gain on disposals of fixed assets	3,150	5,369
Extraordinary losses:	89,476	30,683
Loss on disposals of fixed assets	1,206	5,264
Impairment losses	4,181	3,400
Provision for reserve for price fluctuations in investments in securities	81,455	19,018
Contributions for assisting social public welfare	2,633	3,000
Surplus before income taxes	207,513	200,099
Income taxes - current	96,145	1,949
Income taxes - deferred	(76,075)	20,271
Total income taxes	20,069	22,220
Net surplus	187,444	177,879

Notes to the Nonconsolidated Statement of Income for the Six Months Ended September 30, 2024

1. 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.
2. Gain on sales of securities includes gains on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥26,864 million, ¥173,225 million, and ¥61,676million, respectively, for the six months ended September 30, 2024.
3. Loss on sales of securities includes losses on sales of domestic bonds, including national government bonds, domestic stocks and other securities, and foreign securities of ¥111,040 million, ¥36,843 million, and ¥36,753 million, respectively, for the six months ended September 30, 2024.
4. Loss on valuation of securities includes loss on valuation of domestic stocks and other securities of ¥4,010 million and loss on valuation of foreign securities of ¥295 million for the six months ended September 30, 2024.
5. Provision for policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥26 million for the six months ended September 30, 2024.
6. Breakdown of interest, dividends, and other income for the six months ended September 30, 2024, is as follows:

	Million Yen
	Six months ended September 30, 2024
Interest on deposits and savings	5,837
Interest on securities and dividends	729,961
Interest on loans	85,259
Real estate rental income	58,475
Other income	5,875
Total	885,408

7. Impairment losses are as follows:

1) Method for grouping the assets

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

2) Recognition of impairment losses

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

3) Breakdown of asset groups for which impairment losses were recognized for the six months ended September 30, 2024, is as follows:

Purpose of use	Million Yen		
	Land	Buildings	Total
Real estate for rental use	676	1,007	1,684
Idle properties	1,965	531	2,497
Total	2,642	1,538	4,181

4) Measurement of recoverable amount

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

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

6. Nonconsolidated Statements of Changes in Net Assets

For the six months ended September 30, 2024

(Million Yen)

	Foundation funds and others										
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiencies	Surplus						Total foundation funds and others
					Other surplus reserves					Total surplus	
					Reserve for social public welfare assistance	Reserve for financial stability	Reserve for reduction entry of real estate	Other reserves	Unappropriated surplus		
Beginning balance	100,000	1,350,000	651	21,855	351	221,917	76,815	170	509,780	830,890	2,281,541
Increase/decrease:											
Additions to reserve for dividends to policyholders									(264,517)	(264,517)	(264,517)
Additions to legal reserve for deficiencies				1,535					(1,535)	—	—
Additions to reserve for redemption of foundation funds		50,000							(50,000)	(50,000)	—
Interest on foundation funds									(265)	(265)	(265)
Net surplus									187,444	187,444	187,444
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for social public welfare assistance					3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance					(2,633)				2,633	—	—
Additions to reserve for financial stability						190,000			(190,000)	—	—
Additions to reserve for reduction entry of real estate							2,260		(2,260)	—	—
Reversal of reserve for reduction entry of real estate							(1,797)		1,797	—	—
Reversal of land revaluation losses									720	720	720
Net change, excluding foundation funds and others											
Net change	(50,000)	50,000	—	1,535	366	190,000	463	—	(318,982)	(126,617)	(126,617)
Ending balance	50,000	1,400,000	651	23,390	718	411,917	77,279	170	190,798	704,273	2,154,924

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

For the six months ended September 30, 2024

(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	9,158,865	(1,141,792)	(50,967)	7,966,105	10,247,646
Increase/decrease:					
Additions to reserve for dividends to policyholders					(264,517)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(265)
Net surplus					187,444
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for financial stability					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Reversal of land revaluation losses					720
Net change, excluding foundation funds and others	(1,130,565)	1,159	(720)	(1,130,127)	(1,130,127)
Net change	(1,130,565)	1,159	(720)	(1,130,127)	(1,256,744)
Ending balance	8,028,299	(1,140,633)	(51,688)	6,835,978	8,990,902

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

For the six months ended September 30, 2023

(Million Yen)

	(Million Yen)											
	Foundation funds and others											
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus								Total foundation funds and others
Legal reserve for deficiencies				Other surplus reserves						Total surplus		
	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						
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										177,879	177,879	177,879
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										(6,923)	(6,923)	(6,923)
Net change, excluding foundation funds and others												
Net change	—	—	—	573	—	—	3,567	(2,961)	—	(12,399)	(11,219)	(11,219)
Ending balance	100,000	1,350,000	651	21,855	351	221,917	76,815	—	170	173,955	495,065	1,945,716

	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					177,879
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate					—
Reversal of land revaluation losses					(6,923)
Net change, excluding foundation funds and others	1,307,854	(474,500)	6,923	840,277	840,277
Net change	1,307,854	(474,500)	6,923	840,277	829,057
Ending balance	6,605,783	(850,817)	(49,340)	5,705,625	7,651,341

7. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Core operating profit (A)	432,430	339,661
Capital gains:	449,613	460,194
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities	261,766	221,401
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	113,994
Other capital gains	187,846	124,798
Capital losses:	383,141	506,442
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	184,638	236,468
Loss on valuation of securities	4,305	1,896
Loss on derivative financial instruments, net	140,217	130,707
Foreign exchange losses, net	48,335	—
Other capital losses	5,645	137,369
Net capital gains (losses) (B)	66,471	(46,247)
Core operating profit, including net capital gains (losses) (A+B)	498,902	293,414
Nonrecurring gains:	—	6,200
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	—	—
Other nonrecurring gains	—	6,200
Nonrecurring losses:	205,062	74,201
Reinsurance premiums	—	—
Provision for contingency reserve	97,472	45,926
Provision for specific allowance for doubtful accounts	3,969	252
Provision for allowance for specific overseas loans	—	—
Write-offs of loans	—	—
Other nonrecurring losses	103,621	28,023
Net nonrecurring losses (C)	(205,062)	(68,000)
Ordinary profit (A+B+C)	293,840	225,413

(Reference) Breakdown of “Other” items

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Core operating profit	(182,201)	12,570
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	5,645	8,545
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	(60,004)	128,823
Impact of movements in surrender benefits related to market value adjustment	(13,459)	(4,299)
Hedge cost related to foreign exchange	(114,383)	(120,499)
Other capital gains	187,846	124,798
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	60,004	—
Impact of movements in surrender benefits related to market value adjustment	13,459	4,299
Hedge cost related to foreign exchange	114,383	120,499
Other capital losses	5,645	137,369
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	5,645	8,545
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	128,823
Impact of movements in surrender benefits related to market value adjustment	—	—
Hedge cost related to foreign exchange	—	—
Other nonrecurring gains	—	6,200
Reversal of allowance for investment loss	—	6,200
Other nonrecurring losses	103,621	28,023
Provision for allowance for investment loss	4,377	—
Provision for policy reserves pursuant to Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in Japan	99,243	28,023

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

(Million Yen, %)

	As of September 30, 2024	As of March 31, 2024
Bankrupt and quasi-bankrupt loans	11,166	9,526
Doubtful loans	16,952	17,684
Loans that are delinquent for over three months	—	—
Restructured loans	1,776	1,604
Subtotal	29,896	28,814
[Percentage of total, %]	[0.30]	[0.29]
Normal loans	9,945,122	9,755,187
Total	9,975,018	9,784,002

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 September 30, 2024, and March 31, 2024, were ¥4,473 million and ¥85 million, respectively.

9. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Six months ended September 30, 2024	Year ended March 31, 2024	Difference
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	2,967	4,039	(1,071)
(B) Specific allowance for doubtful accounts	5,489	5,909	(419)
(C) Allowance for specific overseas loans	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	9,963	5,994	3,969
(B) Reversal	5,994	6,527	(533)
[excluding reversals with write-offs]			
(C) Net provision	3,969	(533)	4,502
(3) Allowance for specific overseas loans			
(A) Number of countries	—	—	—
(B) Loan amount	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-offs	—	—	—

10. Solvency Margin Ratio

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Solvency margin total amount (A):	20,717,418	21,614,981
Foundation funds (<i>kikin</i>) and other reserve funds:	6,352,240	6,036,219
Foundation funds and others	2,154,924	2,016,759
Reserve for price fluctuations in investments in securities	1,707,128	1,625,673
Contingency reserve	2,234,830	2,137,358
General allowance for doubtful accounts	2,967	4,039
Others	252,388	252,388
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90% (if losses, × 100%)	8,877,774	10,251,877
Net unrealized gains on real estate × 85% (if losses, × 100%)	664,529	665,395
Excess of continued Zillmerized reserve	2,563,815	2,548,820
Qualifying subordinated debt	2,676,936	2,401,719
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deductions	(451,104)	(449,810)
Others	33,226	160,759
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	4,268,010	4,410,879
Underwriting risk (R ₁)	102,773	103,629
Underwriting risk of third-sector insurance (R ₈)	88,791	88,558
Anticipated yield risk (R ₂)	239,338	249,260
Minimum guarantee risk (R ₇)	5,117	5,177
Investment risk (R ₃)	3,931,807	4,061,992
Business management risk (R ₄)	87,356	90,172
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.8%	980.0%

- Notes: 1. The amounts and figures in the table above are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk

11. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Individual variable insurance	112,206	119,704
Individual variable annuities	11,455	13,629
Group annuities	1,062,328	1,092,539
Separate account total	1,185,991	1,225,873

(2) Policies in Force

- Individual Variable Insurance

	As of September 30, 2024		As of March 31, 2024	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	9,204	10,449	9,363	13,061
Variable insurance (whole life type)	27,816	383,295	28,261	391,125
Total	37,020	393,745	37,624	404,186

- Individual Variable Annuities

	As of September 30, 2024		As of March 31, 2024	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	3,143	11,455	3,851	13,627

12. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Ordinary income	55,662	60,565
Ordinary profit	3,391	1,459
Net surplus attributable to the parent company	2,007	1,015
Comprehensive income	(8,780)	9,850

	As of September 30, 2024	As of March 31, 2024
Total assets	959,674	975,961
Solvency margin ratio	1,021.1%	1,025.7%

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

	As of September 30, 2024
Number of consolidated subsidiaries	22
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 Six Months Ended September 30, 2024

(3) Policies for Preparing the Consolidated Financial Statements for the Six Months Ended September 30, 2024

1) Consolidated subsidiaries

Number of consolidated subsidiaries: 22 entities

Major consolidated subsidiaries:

Nissay Credit Guarantee Co., Ltd. (Japan)

Nissay Leasing Co., Ltd. (Japan)

Nissay Capital Co., Ltd. (Japan)

Nissay Asset Management Corporation (Japan)

Nissay Information Technology Co., Ltd. (Japan)

TAIJU LIFE INSURANCE COMPANY LIMITED (Japan)

Nippon Wealth Life Insurance Company Limited (Japan)

HANASAKU LIFE INSURANCE Co., Ltd. (Japan)

Nissay Plus SSI Company Inc. (Japan)

Nichii Holdings Co., Ltd.

Nippon Life Insurance Company of America (U.S.A.)

Nippon life Americas, Inc. (U.S.A.)

MLC Limited (Australia)

Nippon Life India Asset Management Limited (India)

Effective from the six months ended September 30, 2024, seven companies, comprising Nippon Life Livelihood Support Co., Ltd., as well as Nichii Holdings Co., Ltd. and its five group companies, have been included in the scope of consolidation in connection with the acquisition of shares of Nippon Life Livelihood Support Co., Ltd.

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

Unconsolidated subsidiaries have minimal balances or amounts of total assets, revenue, net income, and surplus for the six months ended September 30, 2024, which are immaterial enough to be excluded from consolidation given that they would not affect reasonable judgments 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:

The Master Trust Bank of Japan, Ltd. (Japan)

Corporate-Pension Business Service Co., Ltd. (Japan)

Great Wall Changsheng Life Insurance Co., Ltd. (China)

Bangkok Life Assurance Public Company Limited (Thailand)

Reliance Nippon Life Insurance Company Limited (India)

Post Advisory Group, LLC (U.S.A.)

PT Sequis (Indonesia)

PT Asuransi Jiwa Sequis Life (Indonesia)

The TCW Group, Inc. (U.S.A.)

Grand Guardian Nippon Life Insurance Company Limited (Myanmar)

Blackstone ISG Investment Partners – R (BMU) L.P.

Resolution Life Group Holdings Ltd.

Unconsolidated subsidiaries, including Nippon Life Global Investors Americas, Inc. and Nissay Trading Corporation, as well as 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 on the Company's consolidated net income and surplus for the six months ended September 30, 2024, are immaterial.

3) Reporting date for consolidated subsidiaries

The interim reporting dates for consolidated overseas subsidiaries are June 30 and September 30. In preparing the interim consolidated financial statements, consolidated overseas subsidiaries with interim reporting date of June 30 are consolidated using the interim financial statements as of and for the interim period ended June 30, and necessary adjustments are made to reflect significant transactions that occurred between June 30 and September 30, the Company's interim reporting date.

(4) Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Assets:		
Cash and deposits	898,548	1,634,522
Call loans	875,704	522,863
Monetary receivables purchased	218,755	246,417
Investments in securities	79,701,781	81,628,564
Loans	8,873,286	8,911,985
Tangible fixed assets	1,962,762	1,896,641
Intangible fixed assets	643,922	383,334
Reinsurance receivables	159,577	125,362
Other assets	2,552,621	2,157,928
Net defined benefit asset	1,424	1,274
Deferred tax assets	37,268	37,762
Customers' liability for acceptances and guarantees	51,615	60,844
Allowance for doubtful accounts	(9,838)	(11,346)
Total assets	95,967,430	97,596,154
Liabilities:		
Policy reserves and other reserves:	74,820,579	74,254,041
Reserve for outstanding claims	257,279	269,478
Policy reserves	73,301,932	72,849,120
Reserve for dividends to policyholders (mutual company)	1,215,454	1,088,964
Reserve for dividends to policyholders (limited company)	45,911	46,477
Reinsurance payables	10,125	27,190
Corporate bonds	1,716,536	1,516,319
Other liabilities	6,741,615	7,509,435
Accrued bonuses for directors, and audit and supervisory board members	142	425
Net defined benefit liability	427,356	419,981
Accrued retirement benefits for directors, and audit and supervisory board members	374	429
Reserve for program points	7,894	8,356
Reserve for price fluctuations in investments in securities	1,817,846	1,732,830
Deferred tax liabilities	923,910	1,421,439
Deferred tax liabilities for land revaluation	97,511	98,340
Acceptances and guarantees	51,615	60,844
Total liabilities	86,615,508	87,049,635
Net assets:		
Foundation funds	50,000	100,000
Reserve for redemption of foundation funds	1,400,000	1,350,000
Reserve for revaluation	651	651
Consolidated surplus	680,960	793,384
Total foundation funds and others	2,131,611	2,244,035
Net unrealized gains on available-for-sale securities	8,089,480	9,223,931
Deferred losses on derivatives under hedge accounting	(1,141,024)	(1,142,459)
Land revaluation losses	(51,688)	(50,967)
Foreign currency translation adjustments	166,641	118,139
Remeasurement of defined benefit plans	7,672	7,774
Total accumulated other comprehensive income	7,071,081	8,156,418
Share acquisition rights	1,597	1,509
Noncontrolling interests	147,630	144,554
Total net assets	9,351,921	10,546,518
Total liabilities and net assets	95,967,430	97,596,154

1. Effective from the six months ended September 30, 2024, the Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) (the “2022 Revised Accounting Standard”) and other related standards. Accordingly, the Company has revised the accounting classifications of corporate tax and inhabitant tax for current income, which are levied on items such as valuation differences arising from the revaluation of assets and liabilities. In applying the 2022 Revised Accounting Standard and other related standards, the Company has followed the transitional treatment set forth the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard. The Company applied the new accounting policies set forth in the 2022 Revised Accounting Standard from the beginning of the six months ended September 30, 2024.
2. (1) Securities of the Company and its certain consolidated 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 measured as follows:
 - 1) Trading securities are measured 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 using the straight-line method.
 - 3) Policy-reserve-matching bonds are measured at amortized cost using the moving average method. The cost of bonds is amortized using the straight-line method 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 measured at cost using the moving average method.
 - 5) Available-for-sale securities
 - a. Securities are measured at fair value based mainly on market prices on the last day of September (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 using the straight-line method).
 - b. Stocks and other securities of which market prices are not available are measured at cost based on moving averages.

- (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 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 (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 (certain insurance policies are excluded)
- 5) U.S. dollar-denominated products other than the above (certain insurance policies are excluded)
- 6) Australian dollar-denominated single payment annuity products other than the above (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 are measured 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 using the straight-line method.

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 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.

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 ¥4,516 million (including ¥60 million of credits secured and/or guaranteed) as of September 30, 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, 2025, for future payment of employee retirement benefits that have been accrued as of the balance sheet date.
- (2) Basis used for accounting for retirement benefits of the Company and its certain consolidated subsidiaries is as follows:
- 1) Attribution method for estimated retirement benefits: Benefit formula basis
 - 2) Amortizing period for actuarial gains/losses: Five years
 - 3) Amortizing period for prior service costs: Five years
10. Accrued retirement benefits for directors are recorded as estimated payment amounts under internal rules in order to prepare for payment of accrued benefits to directors including those at a subset of consolidated subsidiaries and subsidiary corporations.
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 sale 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 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 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 fluctuations on certain foreign currency-denominated bonds, loans, and subordinated corporate bonds issued by the Company;
 - Fair value hedge accounting and deferred hedge accounting are 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 as well as certain foreign currency-denominated stocks (forecasted transactions);

- Fair value hedge accounting is applied to currency options to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds; 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

<u>Hedging instruments</u>	<u>Hedged items</u>
Interest rate swaps	Loans, 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, foreign currency-denominated stocks (forecasted transactions)
Currency options	Foreign currency-denominated bonds
Equity forward contracts	Domestic stocks

- 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 using the straight-line method. Consumption taxes other than deferred consumption taxes are expensed as incurred in the six months ended September 30, 2024.

16. The Company and certain subsidiaries have applied 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 its certain consolidated life insurance companies in Japan provided additional policy reserves in the six months ended September 30, 2024. As a result, policy reserves increased by ¥103,190 million, while ordinary profit and surplus before income taxes decreased by ¥103,190 million.

a) The Company

Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including lump-sum payment policies). Moreover, effective from the fiscal year ended March 31, 2022, the Company has expanded the scope of whole life insurance policies (including lump-sum payment policies) for which additional policy reserves will be provided. For such policies with premiums that have been paid and similar policies (including lump-sum payment policies), the Company has decided to successively provide these additional policy reserves over the next five years. As a result, policy reserves increased by ¥99,243million, while ordinary profit and surplus before income taxes decreased by ¥99,243 million, compared with amounts that would have been recorded if the additional policy reserve amounts had not been reserved in the six months ended September 30, 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 ¥3,946 million, while ordinary profit decreased by ¥3,946 million and deficit before income taxes increased by ¥3,946 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been provided in the six months ended September 30, 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 subsidiaries cannot calculate an appropriate amount of the reserve for incurred but not reported (IBNR) claims (insurance claims and benefits whose reasons for payment have not yet

been reported, but whose reasons for payment stipulated by insurance policies are deemed to have already occurred) pursuant to the calculation based on Article 1, Paragraph 1, Principles of the Ministry of Finance Public Notice No. 234 of 1998 (hereinafter, “the IBNR Notice”) due to the end of special treatment from May 8, 2023. Under these special treatments, payment was made for hospitalization and related benefits in cases where the insured was diagnosed with COVID-19 and recuperated at a lodging facility or at home under the supervision of a physician or other medical personnel (hereinafter, “deemed hospitalization”). Accordingly, the Company and its certain subsidiaries have recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1, of the IBNR Notice.

(Outline of calculation method)

The Company and its certain subsidiaries calculated the reserve amount using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice.

19. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the six months ended September 30, 2024, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders (mutual company) due to the appropriation of surplus in the current fiscal year.

20. 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:	218,755	217,225	-1,529
Held-to-maturity debt securities	17,696	16,912	-783
Policy-reserve-matching bonds	137,212	136,466	-745
Available-for-sale securities	63,846	63,846	—
Investments in securities (*3, *4, and *5):	78,333,400	76,166,750	-2,166,650
Trading securities	1,721,148	1,721,148	—
Held-to-maturity debt securities	684,499	674,417	-10,082
Policy-reserve-matching bonds	33,857,215	31,698,310	-2,158,904
Investments in subsidiaries and affiliates	47,161	49,497	2,336
Available-for-sale securities	42,023,375	42,023,375	—
Loans (*6):	8,865,781	8,671,370	-194,411
Policy loans	449,422	449,422	—
Industrial and consumer loans	8,416,359	8,221,947	-194,411
Derivative financial instruments (*7):	(1,425,823)	(1,425,823)	—
Hedge accounting not applied	63,380	63,380	—
Hedge accounting applied	(1,489,203)	(1,489,203)	—
Corporate bonds (*6 and *8)	(1,716,536)	(1,688,384)	(-28,152)
Loans payable (*8)	(1,301,350)	(1,263,133)	(-38,217)

(*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 six months ended September 30, 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 amount presented in the consolidated balance sheet was ¥312,404 million as of September 30, 2024.

(*4) The balance of investments in entities such as partnerships 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 entities such as partnerships presented in the consolidated balance sheet was ¥1,055,768 million as of September 30, 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 concerning securities and others by holding purpose are as follows:

1) Trading securities

Investments in securities for separate accounts and certain other securities are classified as trading securities. Valuation gains of those instruments included in profit and loss were ¥(18,784) million for the six months ended September 30, 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	1,904	1,955	50
	Domestic bonds	53,761	55,096	1,334
	Foreign securities	272,422	279,706	7,284
	Subtotal	328,088	336,759	8,670
Fair value does not exceed the consolidated balance sheet amount	Monetary receivables purchased	15,791	14,957	(834)
	Domestic bonds	113,562	109,875	(3,686)
	Foreign securities	244,752	229,738	(15,014)
	Subtotal	374,107	354,571	(19,535)
Total		702,195	691,330	(10,865)

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	77,475	78,712	1,237
	Domestic bonds	13,439,958	14,319,096	879,138
	Foreign securities	1,159,842	1,206,500	46,658
	Subtotal	14,677,275	15,604,309	927,033
Fair value does not exceed the consolidated balance sheet amount	Monetary receivables purchased	59,737	57,754	(1,983)
	Domestic bonds	17,216,253	14,314,640	(2,901,612)
	Foreign securities	2,041,162	1,858,074	(183,088)
	Subtotal	19,317,152	16,230,468	(3,086,684)
Total		33,994,428	31,834,777	(2,159,650)

4) Available-for-sale securities

Acquisition cost or amortized cost, and 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	13,985	14,621	635
	Domestic bonds	1,713,031	1,821,360	108,329
	Domestic stocks	3,997,949	12,640,902	8,642,952
	Foreign securities	13,507,529	16,842,686	3,335,157
	Other securities	925,117	1,154,367	229,249
	Subtotal	20,157,613	32,473,938	12,316,325
Consolidated balance sheet amount does not exceed acquisition cost or amortized cost	Monetary receivables purchased	50,632	49,224	(1,407)
	Domestic bonds	2,613,184	2,365,146	(248,037)
	Domestic stocks	365,473	290,115	(75,358)
	Foreign securities	5,908,963	5,463,727	(445,235)
	Other securities	1,618,972	1,445,068	(173,903)
	Subtotal	10,557,226	9,613,283	(943,942)
Total		30,714,840	42,087,222	11,372,382

* Stocks without market prices of ¥64,513 million and the balance of investments in entities such as partnerships of ¥192,006 million are not included in the table above.

Impairment losses of ¥3,774 million were recognized during the six months ended September 30, 2024.

Regarding stocks (including foreign stocks) with fair values of the Company and certain consolidated subsidiaries, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition cost based on market prices and other valuations on the last day of September.

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

- A security for which the average fair value in the month preceding September 30, 2024, is 50% or less of the acquisition cost.
- The average fair value in the month preceding September 30, 2024, exceeds 50%, but equal to or less than 70% of the acquisition cost.

21. (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 September 30, 2024, are measured by fair value

	(Million Yen)			
	Level 1	Level 2	Level 3	Total
Monetary receivables purchased	—	24,498	39,347	63,846
Available-for-sale securities	—	24,498	39,347	63,846
Securities (*1)	20,711,852	20,837,341	474,964	42,024,157
Trading securities	752,926	968,222	—	1,721,148
Available-for-sale securities	19,958,925	19,869,119	474,964	40,303,009
Domestic bonds	2,783,025	1,403,481	—	4,186,507
National government bonds	2,783,025	—	—	2,783,025
Local government bonds	—	111,601	—	111,601
Corporate bonds	—	1,291,880	—	1,291,880
Domestic stocks	12,815,702	115,315	—	12,931,018
Foreign securities	4,331,799	15,812,576	474,646	20,619,023
Foreign bonds	3,204,293	9,609,694	474,646	13,288,634
Foreign stocks and other securities	1,127,506	6,202,882	—	7,330,388
Other securities	28,399	2,537,744	317	2,566,460
Derivative financial instruments (*2)	2,124	(1,431,340)	3,392	(1,425,823)
Interest rate-related	(289)	(311,132)	—	(311,422)
Currency-related	—	(1,125,610)	1,269	(1,124,341)
Others	2,414	5,403	2,122	9,940

(*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 ¥1,665,477 million for investment trusts whose investment trust assets are financial instruments, and ¥49,322 million for investments 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 September 30, 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	1,666,190	47,495	1,713,685
Profit or loss for the six months ended September 30, 2024	(56,561)	(702)	(57,263)
Recognized in net surplus (loss) (*4)	(3,584)	13	(3,570)
Recognized in other comprehensive income (*5)	(52,976)	(716)	(53,692)
Purchases, sales, and redemptions	62,345	2,529	64,874
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 September 30, 2024	1,671,974	49,322	1,721,296
Unrealized gain or loss on investment trusts held as of September 30, 2024, recognized in profit or loss for the six months ended September 30, 2024 (*4)	1	—	1

(*3) The amount of these investment trusts presented in the consolidated balance sheet was ¥1,640,892 million as of September 30, 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 six months ended September 30, 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 six months ended September 30, 2024.

b. Financial instruments whose amounts presented in the consolidated balance sheet as of September 30, 2024, are not measured by fair value

(Million Yen)

	Level 1	Level 2	Level 3	Total
Monetary receivables purchased	—	—	153,379	153,379
Held-to-maturity debt securities	—	—	16,912	16,912
Policy-reserve-matching bonds	—	—	136,466	136,466
Investments in securities:	27,615,206	4,776,778	29,055	32,421,040
Held-to-maturity debt securities	92,353	554,050	28,014	674,417
Domestic bonds	38,681	126,290	—	164,972
Foreign securities	53,671	427,759	28,014	509,445
Policy-reserve-matching bonds	27,522,852	4,174,417	1,040	31,698,310
Domestic bonds	26,668,954	1,964,453	328	28,633,736
Foreign securities	853,898	2,209,963	712	3,064,574
Investments in subsidiaries and affiliates	—	48,311	—	48,311
Loans:	—	—	8,671,370	8,671,370
Policy loans	—	—	449,422	449,422
Industrial and consumer loans	—	—	8,221,947	8,221,947
Corporate bonds (*6)	—	(1,662,621)	(25,762)	(1,688,384)
Loans payable (*6)	—	(1,038,616)	(224,516)	(1,263,133)

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

- (2) Explanation of major valuation techniques and inputs used by the Company and its certain subsidiaries 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 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. However, for investment trusts that have no published quotation prices, unlisted investment trusts without significant restrictions on cancellation or other terms are classified as Fair Value Level 2.

- 2) Loans

- a. Policy loans

Policy loans are classified as 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 (*"Furitate-shori"*) for currency swaps.

5) Loans payable

For variable interest rate loans, because 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 market interest rates are reflected in future cash flows over the short term, book value is used as the fair value of such loans payable and they are classified as 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. For this reason, fixed interest rate loans payable are classified as Fair Value Level 3; however, with regard to loans payable financed by means of public offerings employing securitization schemes, because the market prices of the corporate bonds issued to back such loans payable are used as fair value, such loans payable are classified as Fair Value Level 2.

(3) Information on financial instruments classified as Level 3 whose amounts presented in the consolidated balance sheet as of September 30, 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 September 30, 2024, and unrealized gain or loss recognized in profit or loss for the six months ended September 30, 2024:

(Million Yen)

	Monetary receivables purchased Other securities	Available-for-sale securities Other securities	Derivative financial instruments Currency-related	Derivative financial instruments Others
Balance at the beginning of the current fiscal year	42,303	496,560	(548)	3,131
Profit or loss for the six months ended September 30, 2024	(391)	(21,567)	677	(1,112)
Recognized in net surplus (loss) (*1)	(618)	(11,630)	677	(1,112)
Recognized in other comprehensive income (*2)	226	(9,937)	—	—
Purchases, sales, issuances, and settlements	(2,564)	(28)	1,140	102
Transfers to Fair Value Level 3 (*3)	—	—	—	—
Transfers from Fair Value Level 3 (*4)	—	—	—	—
Balance as of September 30, 2024	39,347	474,964	1,269	2,122
Unrealized gain or loss on financial instruments held as of September 30, 2024, recognized in profit or loss for the six months ended September 30, 2024 (*1)	—	(4,783)	1,817	610

(*1) These amounts are included in investment income and investment expenses in the consolidated statement of income for the six months ended September 30, 2024.

(*2) These amounts are included in net unrealized gains on available-for-sale securities under other comprehensive income in the consolidated balance sheet as of September 30, 2024.

(*3) There were no transfers from Fair Value Level 1 or Fair Value Level 2 to Fair Value Level 3.

(*4) There were no transfers from Fair Value Level 3 to Fair Value Level 1 or Fair Value Level 2.

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 a change in significant unobservable inputs

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

22. As of September 30, 2024, there were no significant changes in the consolidated balance sheet amounts and fair values of investment and rental properties from the end of the previous fiscal year.
23. (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 ¥30,564 million as of September 30, 2024. The details of those balances were as follows:
- 1) The balance of bankrupt and quasi-bankrupt loans were ¥11,193 million, as of September 30, 2024. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans to debtors 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 ¥17,593 million as of September 30, 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 are no loans that are delinquent for over three months. 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 ¥1,776 million as of September 30, 2024. Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers, and do not fall under bankrupt and quasi-bankrupt loans, doubtful loans, and loans delinquent for over three months.
- (2) Direct write-offs of the estimated uncollectible amounts of loans decreased the balance of bankrupt and quasi-bankrupt loans by ¥4,516 million, as of September 30, 2024.
24. The amount of accumulated depreciation of tangible fixed assets was ¥1,370,380 million as of September 30, 2024.
25. Separate account assets as provided in accordance with Article 118, Paragraph 1 of the Insurance Business Act were ¥1,430,154 million as of September 30, 2024, and a corresponding liability is recorded in the same amount.

26. Changes in the reserve for dividends to policyholders (mutual company) for the six months ended September 30, 2024, were as follows:

	Million Yen
	Six months ended September 30, 2024
a. Balance at the beginning of the current fiscal year	1,088,964
b. Transfer to reserve from surplus for the previous fiscal year	264,517
c. Dividends paid to policyholders (mutual company) during the current six-month period	148,432
d. Increase in interest	10,405
e. Balance at the end of the current six-month period (a+b+c+d)	1,215,454

27. Changes in the reserve for dividends to policyholders (limited company) for the six months ended September 30, 2024, were as follows:

	Million Yen
	Six months ended September 30, 2024
a. Balance at the beginning of the current fiscal year	46,477
b. Dividends paid to policyholders (limited company) during the current six-month period	6,350
c. Increase in interest	3
d. Provision for reserve for dividends to policyholders (limited company)	5,782
e. Balance at the end of the current six-month period (a-b+c+d)	45,911

28. 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 Company's 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
April 2024	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter

Furthermore, the Company conducted the early redemption of corporate bonds on October 16, 2024, as follows. Interest expenses recorded for the corporate bonds redeemed early amounted to ¥5,826 million in the previous fiscal year, and ¥2,897 million in the six months ended September 30, 2024.

Name of corporate bonds	U.S.-dollar denominated subordinated corporate bonds due 2044 (with an optional interest payment deferral provision)
Issue date	October 16, 2014
Early redemption value	100 percent of par value
Early redemption amount	USD 2,250 million
Early redemption method	Early redemption of the full amount of the unredeemed balance

29. Other liabilities include subordinated loans payable of ¥1,086,000 million with special provisions that the fulfillment of obligations on the loans payable is subordinate to all other debt obligations.
30. Assets pledged as collateral in the form of investments in securities and lease receivables as of September 30, 2024, were ¥4,851,824 million and ¥4,188 million, respectively. The total amount of liabilities covered by the assets pledged was ¥2,399,939 million as of September 30, 2024.
These amounts included ¥2,322,989 million of sale of securities under repurchase agreements and ¥2,305,106 million of payables under repurchase agreements, as well as ¥77,897 million in securities pledged and ¥74,169 million in cash received as collateral under securities lending transactions secured with cash as of September 30, 2024.
31. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.
32. The total amount of stocks and investments in nonconsolidated subsidiaries and affiliates was ¥1,143,937 million.
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) US\$379,270 million (approx. ¥53,791.8 billion) (Year ended December 31, 2023)
e. Total assets	*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	375

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

	(Million Yen)
Gain on reversal of share acquisition rights	3

3) Description of stock options

	Nippon Life India Asset Management Limited	
	2023 First Series of ESOP Share Acquisition Rights	2023 First Series of RSU Share Acquisition Rights
Title and number of grantees	Representative Director: 1 Employees: 184	Employees: 183
Number of stock options granted by class of shares (*)	Common shares: 2,877,566	Common shares: 753,350
Grant date	April 24, 2024	April 24, 2024
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
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
Exercise period	From April 24, 2025 to April 23, 2031	From April 24, 2025 to April 23, 2031
Exercise price	499.76	10.00
Fair value on the grant date	171.16	503.92

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

35. Matters concerning business combinations through acquisitions are as follows:

At a meeting of the Board of Directors held on November 28, 2023, the Company passed a resolution to acquire shares of K.K. BCJ-43, which owns all shares of Nichii Holdings Co., Ltd. (hereinafter, “Nichii Holdings”). The Company acquired the shares of BCJ-43 on June 3, 2024.

1) Overview of the business combination

a. Name and business of the acquiree

Name of the acquiree K.K. BCJ-43

Business Ownership and management of shares of Nichii Holdings

b. Main reasons for executing the business combination Nichii Holdings has operated through its core company Nichiigakkan Co., Ltd., which has carried out the contracted medical administration, nursing, and child care businesses since its founding, and has established strong long-term positions in each of these markets. The Company and Nichii Holdings have collaborated in various domains. By increasing operational activity, productivity, and sustainability through this transaction, the Company aims to provide further comfort to its customers and to realize a society in which all generations can live comfortably.

c. Business combination date

June 3, 2024 (The deemed acquisition date is June 30, 2024)

d. Legal form of the business combination

Share acquisition for cash consideration

e. Name of the company after business combination

Nippon Life Livelihood Support Co., Ltd.

f. Percentage of voting rights acquired

99.5%

g. Financing method for payment

Own funds

h. Main rationale for determining the acquirer

The Company has acquired 99.5% of the voting rights through a share acquisition for cash consideration.

2) Period for which the acquiree's business results were included in the consolidated statement of income for the six months ended September 30, 2024

From July 1, 2024 to September 30, 2024

3) Acquisition cost and breakdown by type of consideration

Consideration for acquisition Cash ¥205,021 million

Acquisition cost ¥205,021 million

4) Description and amount of main acquisition-related costs

Advisory fees and others ¥3,610 million

5) Amount of and reasons for recognizing goodwill, and amortization method and period

a. Amount of goodwill

¥210,112 million

b. Reasons for goodwill

Goodwill was recognized because the acquisition cost exceeded the fair value of net assets at the time of the business combination.

c. Amortization method and period

Straight-line amortization over 20 years

6) Amounts of assets acquired and liabilities assumed and their main components

Total assets ¥223,482 million

(including the amount allocated to intangible assets other than goodwill of ¥57,697 million)

Total liabilities ¥228,430 million

(including borrowings of ¥76,405 million)

7) Amount of acquisition cost allocated to intangible assets other than goodwill and amortization period

Amount allocated to intangible assets other than goodwill: ¥57,697 million Amortization period: 20 years
(including customer-related assets of ¥57,697 million and amortization period of 20 years)

8) Estimated amount of impact on the consolidated statement of income for the six months ended September 30, 2024, and calculation method, assuming that the business combination was completed at the beginning of the six months ended September 30, 2024

Ordinary income: ¥152,116 million

Ordinary profit: ¥2,405 million

Net surplus (deficit) attributable to the parent company: ¥(491) million

(Calculation method for estimate)

The estimated amount of the impact represents ordinary income, ordinary profit, and net surplus attributable to the parent company calculated as if the business combination had been completed at the

beginning of the six months ended September 30, 2024. Additionally, amortization amounts are calculated based on the assumption that the goodwill and intangible assets recognized at the time of the business combination were accounted for at the beginning of the six months ended September 30, 2024. These estimates have not been audited.

9) Other

The Company has transferred 1.0% of the shares outstanding of Nippon Life Livelihood Support Co., Ltd. it has acquired to Nissay Information Technology Co., Ltd. (hereinafter, “Nissay Information Technology”), which is the Company’s consolidated subsidiary. As a result, the percentage of voting rights owned by the Company became 98.1%. Nippon Life, Nissay Information Technology, and Nichii Holdings will engage in a three-way strategic collaboration to promote DX (digital transformation) in the nursing care, medical-related, and child care domains.

36. The amount of securities lent under lending agreements was ¥2,290,622 million as of September 30, 2024.
37. 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 ¥148,618 million at fair value as of September 30, 2024.
38. The unused amount of commitments related to loans and similar loan agreements was ¥239,936 million as of September 30, 2024.
39. 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 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.

40. TAIJU LIFE INSURANCE COMPANY LIMITED and Nippon Wealth Life Insurance Company Limited, which are the Company’s consolidated subsidiaries, have concluded modified coinsurance agreements. TAIJU LIFE INSURANCE COMPANY LIMITED has concluded a modified coinsurance agreement covering foreign currency-denominated single payment endowment insurance (U.S. dollar/Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar/Australian dollar). Through this modified coinsurance agreement, insurance risk has been transferred, and items including additional policy reserves or reversals associated with market price adjustments upon interest rate fluctuations are recorded as reinsurance revenue and presented in revenues from insurance and reinsurance. However, in cases where reinsurance revenue

related to this modified coinsurance agreement is negative, the items are recorded as reinsurance premiums and presented as benefits and other payments. The outstanding balance of reinsurance payables related to these modified coinsurance agreements stood at ¥224 million as of September 30, 2024. The outstanding balance of the policy reserve component associated with the modified coinsurance agreements stood at ¥1,338,079 million as of September 30, 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 premiums 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 ¥141,582 million as of September 30, 2024. In addition, the outstanding balance of reinsurance receivables related to these modified coinsurance agreements was ¥141,582 million as of September 30, 2024. Policy reserves include the reinsurance company's entrusted policy reserve of ¥1,155,125 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 coinsurance 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 ¥16,084 million as of September 30, 2024. In addition, policy reserves include the reinsurance company's entrusted policy reserve of ¥2,366 million based on the modified coinsurance agreement.

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

[Consolidated Statements of Income]

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Ordinary income:	5,566,224	6,056,503
Revenues from insurance and reinsurance	3,995,684	4,108,939
Investment income:	1,344,606	1,816,266
Interest, dividends, and other income	1,041,680	911,999
Gain on trading securities	13,005	19,124
Gain on sales of securities	289,602	239,144
Foreign exchange gains, net	—	587,464
Gain from separate accounts, net	—	57,361
Other ordinary income	225,934	131,297
Ordinary expenses:	5,227,091	5,910,566
Benefits and other payments:	3,432,700	3,061,515
Death and other claims	615,516	623,857
Annuity payments	506,238	482,187
Health and other benefits	526,680	472,852
Surrender benefits	896,362	780,403
Other refunds	140,257	119,435
Provision for policy reserves:	417,133	1,627,892
Provision for policy reserves	406,724	1,617,394
Provision for interest on reserve for dividends to policyholders (mutual company)	10,405	10,494
Provision for interest on reserve for dividends to policyholders (limited company)	3	3
Investment expenses:	705,211	651,318
Interest expenses	34,038	22,645
Loss on sales of securities	192,982	251,768
Loss on valuation of securities	4,800	1,946
Loss on derivative financial instruments, net	107,104	332,595
Foreign exchange losses, net	310,405	—
Loss on separate accounts, net	7,083	—
Operating expenses	485,351	393,864
Other ordinary expenses	186,695	175,975
Ordinary profit	339,132	145,937

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Extraordinary gains:	3,262	5,387
Gain on disposals of fixed assets	3,258	5,371
Gain on reversal of share acquisition rights	3	15
Extraordinary losses:	93,119	33,988
Loss on disposals of fixed assets	1,264	5,319
Impairment losses	4,206	3,405
Provision for reserve for price fluctuations in investments in securities	85,015	22,263
Contributions for assisting social public welfare	2,633	3,000
Provision for reserve for dividends to policyholders (limited company)	5,782	5,725
Surplus before income taxes	243,493	111,611
Income taxes—current	114,802	7,105
Income taxes—deferred	(77,276)	1,332
Total income taxes	37,525	8,437
Net surplus	205,967	103,173
Net surplus (deficit) attributable to noncontrolling interests	5,229	1,654
Net surplus attributable to the parent company	200,737	101,518

Notes to the Consolidated Statements of Income for the six months ended September 30, 2024

1. The following is a breakdown of ordinary income and ordinary expenses for the six months ended September 30, 2024.

(Million Yen)

Ordinary income items		Ordinary expenses items	
Ordinary income items	3,995,684	Benefits and other payments	3,432,700
Premiums	3,459,284	Death and other claims	615,516
Reinsurance revenue	536,399	Annuity payments	506,238
		Health and other benefits	526,680
		Surrender benefits	896,362
		Other refunds	140,257
		Reinsurance premiums	630,951
		Others	116,693

MLC Limited, the Company's consolidated subsidiary, has applied the accounting standard "Insurance Contracts" issued by the Australian Accounting Standards Board. Based on the "Comprehensive Guidelines for Supervision of Insurance Companies" announced by the Financial Services Agency, insurance revenue recorded by MLC Limited is reclassified as a written amount and recorded in revenues from insurance and reinsurance.

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

- 3) Breakdown of asset groups for which impairment losses were recognized for the six months ended September 30, 2024, is as follows:

Purpose of use	Million Yen		Total
	Land	Buildings	
Real estate for rental use	676	1,032	1,708
Idle properties	1,965	531	2,497
Total	2,642	1,563	4,206

- 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% to 3.3%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

4. Reinsurance revenue presented in revenues from insurance and reinsurance of TAIJU LIFE INSURANCE COMPANY LIMITED, the Company’s consolidated subsidiary, include reinsurance revenue of ¥122,891 million related to modified coinsurance agreements for foreign currency-denominated single payment endowment insurance (U.S. dollar and Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar and Australian dollar). This reinsurance revenue includes adjustment to policy reserves for ceded reinsurance (excluding additional policy reserves (reversals) associated with market value adjustments and related items) of ¥62,080 million and additional policy reserves (reversals) associated with market value adjustments and related items of ¥9,073 million.

Reinsurance revenue presented in revenues from insurance and reinsurance of Nippon Wealth Life Insurance Company Limited, the Company’s consolidated subsidiary, includes a ¥26,904 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 ¥368,084 million in reinsurance revenue related to modified coinsurance agreements. This reinsurance revenue includes a ¥1,616 million increase in ceding commission and a ¥329,990 million increase in the policy reserve component (including a ¥34,521 million increase equivalent to additional provisions related to the standard policy reserve system). Reinsurance premiums presented in benefits and other payments include ¥333,937 million in reinsurance premiums related to modified coinsurance agreements.

Reinsurance revenue presented in revenues from insurance and reinsurance of HANASAKU LIFE INSURANCE Co., Ltd., the Company’s consolidated subsidiary, includes a ¥10,940 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 ¥3,245 million decrease in unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996.

Through these reinsurance items, ordinary profit and surplus before income taxes increased by ¥50,746 million each.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Net surplus	205,967	103,173
Other comprehensive income:	(1,083,981)	881,906
Net unrealized gains on available-for-sale securities	(1,124,902)	1,287,962
Deferred gains (losses) on derivatives under hedge accounting	1,162	(474,666)
Foreign currency translation adjustments	15,791	50,114
Remeasurement of defined benefit plans	(64)	1,338
Share of other comprehensive loss of associates accounted for under the equity method	24,031	17,156
Comprehensive income:	(878,014)	985,079
Comprehensive income attributable to the parent company	(883,878)	974,949
Comprehensive income attributable to noncontrolling interests	5,863	10,130

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
I. Cash flows from operating activities:		
Surplus before income taxes	243,493	111,611
Depreciation of real estate for rental use and other assets	11,760	10,966
Depreciation	35,655	33,752
Impairment losses	4,206	3,405
Amortization of goodwill	5,348	2,544
Net decrease in reserve for outstanding claims	(12,919)	(7,948)
Net increase in policy reserve	405,113	1,616,062
Provision for interest on reserve for dividends to policyholders (mutual company)	10,405	10,494
Provision for interest on reserve for dividends to policyholders (limited company)	3	3
Provision for reserve for dividends to policyholders (limited company)	5,782	5,725
Net increase in allowance for doubtful accounts	2,762	(808)
Net decrease in accrued bonuses for directors, and audit and supervisory board members	(283)	(297)
Net increase in net defined benefit liability	(1,008)	1,116
Net decrease in accrued retirement benefits for directors, and audit and supervisory board members	(55)	2
Net increase in reserve for price fluctuations in investments in securities	85,015	22,263
Interest, dividends, and other income	(1,041,680)	(911,999)
Net (gains) losses on investments in securities	(91,446)	14,539
Interest expenses	34,038	22,645
Net (gains) losses on tangible fixed assets	(1,870)	401
Gains from separate accounts	7,083	(57,361)
Others, net	(288,536)	(288,215)
Subtotal	(10,060)	588,902
Interest, dividends, and other income received	1,013,890	869,907
Interest paid	(30,325)	(20,409)
Dividends paid to policyholders (mutual company)	(100,246)	(75,911)
Dividends paid to policyholders (limited company)	(6,350)	(8,475)
Others, net	(24,735)	(26,873)
Income taxes paid	(114,392)	80,125
Net cash provided by operating activities	727,779	1,407,265

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
II. Cash flows from investing activities:		
Net (increase) decrease in deposits	5,038	(181)
Purchases of monetary receivables purchased	(11,336)	(8,918)
Proceeds from sales and redemptions of monetary receivables purchased	36,170	19,811
Purchases of securities	(4,481,844)	(5,888,080)
Proceeds from sales and redemptions of securities	4,447,131	4,848,517
Disbursements for loans	(753,955)	(999,415)
Proceeds from collections of loans	718,111	810,948
Others, net	(1,006,991)	(297,237)
Total of asset management activities	(1,047,674)	(1,514,555)
[Sum of operating activities and asset management activities]	(319,895)	(107,290)
Purchases of tangible fixed assets	(24,915)	(57,302)
Proceeds from sales of tangible fixed assets	8,303	21,136
Payment for acquisition of subsidiary's shares resulting in change in scope of consolidation	(186,551)	—
Others, net	(28,598)	(23,653)
Net cash used in investing activities	(1,279,436)	(1,574,375)
III. Cash flows from financing activities:		
Proceeds from debt borrowing	108,840	119,400
Repayments of debt	(29,978)	(36,699)
Proceeds from issuance of corporate bonds	200,217	137,454
Redemption of foundation funds	(50,000)	—
Interest payments on foundation funds	(265)	(265)
Others, net	(23,382)	(14,251)
Net cash provided by financing activities	205,431	205,637
IV. Effect of exchange rate changes on cash and cash equivalents	(22,365)	27,442
V. Net (decrease) increase in cash and cash equivalents	(368,591)	65,970
VI. Cash and cash equivalents at the beginning of the period	2,155,349	2,139,794
VIII. Cash and cash equivalents at the end of the period	1,786,758	2,205,764

Notes to the Consolidated Statement of Cash Flows for the Six Months Ended September 30, 2024

1. Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows for the six months ended September 30, 2024, 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.

2. Main components of assets and liabilities of newly consolidated subsidiaries due to acquisition of shares

Major assets and liabilities of seven companies that were newly consolidated due to the acquisition of shares, comprising Nippon Life Livelihood Support Co., Ltd., as well as Nichii Holdings Co., Ltd. and its five group companies, at the time of acquisition, as well as the acquisition cost and net payment for the acquisition of the shares, are as follows:

	(Million Yen)
Total assets:	223,482
Goodwill	210,112
Total liabilities:	(228,430)
Noncontrolling interests	<u>(142)</u>
Acquisition cost for shares of consolidated subsidiaries	205,021
Cash and equivalents of consolidated subsidiaries	<u>(18,470)</u>
Net payments for acquisition of shares of consolidated subsidiaries	<u>186,551</u>

(7) Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 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	793,384	2,244,035
Increase/decrease:					
Additions to reserve for dividends to policyholders (mutual company)				(264,517)	(264,517)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(265)	(265)
Net surplus attributable to the parent company				200,737	200,737
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				720	720
Change in ownership interest of the parent due to transactions with noncontrolling interests				899	899
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	(112,424)	(112,424)
Ending balance	50,000	1,400,000	651	680,960	2,131,611

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

For the six months ended September 30, 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	9,223,931	(1,142,459)	(50,967)	118,139	7,774	8,156,418	1,509	144,554	10,546,518
Increase/decrease:									
Additions to reserve for dividends to policyholders (mutual company)									(264,517)
Additions to reserve for redemption of foundation funds									—
Interest on foundation funds									(265)
Net surplus attributable to the parent company									200,737
Redemption of foundation funds									(50,000)
Reversal of land revaluation losses									720
Change in ownership interest of the parent due to transactions with noncontrolling interests									899
Net change, excluding foundation funds and others	(1,134,451)	1,435	(720)	48,501	(101)	(1,085,336)	87	3,076	(1,082,172)
Net change	(1,134,451)	1,435	(720)	48,501	(101)	(1,085,336)	87	3,076	(1,194,597)
Ending balance	8,089,480	(1,141,024)	(51,688)	166,641	7,672	7,071,081	1,597	147,630	9,351,921

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

For the six months ended September 30, 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	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				101,518	101,518
Reversal of land revaluation losses				(6,923)	(6,923)
Change in ownership interest of the parent due to transactions with noncontrolling interests				375	375
Net change, excluding foundation funds and others					
Net change	—	—	—	(87,205)	(87,205)
Ending balance	100,000	1,350,000	651	479,528	1,930,179

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

For the six months ended September 30, 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	Remeasurements 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									101,518
Reversal of land revaluation losses									(6,923)
Change in ownership interest of the parent due to transactions with noncontrolling interests									375
Net change, excluding foundation funds and others	1,289,100	(474,646)	6,923	79,299	1,286	901,963	(29)	8,182	910,115
Net change	1,289,100	(474,646)	6,923	79,299	1,286	901,963	(29)	8,182	822,910
Ending balance	6,465,683	(850,436)	(49,340)	131,538	(4,651)	5,692,793	1,891	128,674	7,753,538

Notes to Statements of Changes in Net Assets for the Six Months Ended September 30, 2024

1. Matters concerning share acquisition rights

(Million Yen)

Classification	Breakdown of share acquisition rights	Balance as of September 30, 2024
Nippon Life India Asset Management Limited	Share acquisition rights provided as stock options	1,597

(8) Consolidated Solvency Margin Ratio

(Million Yen)

	As of September 30, 2024	As of March 31, 2024
Solvency margin total amount (A):	21,428,955	22,536,034
Foundation funds (<i>kikin</i>) and other reserve funds:	6,347,728	6,251,249
Foundation funds and others	1,902,964	1,997,150
Reserve for price fluctuations in investments in securities	1,817,846	1,732,830
Contingency reserve	2,369,847	2,263,258
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	3,890	5,015
Others	253,179	252,993
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90% (if losses, × 100%)	8,974,670	10,340,828
Net unrealized gains on real estate × 85% (if losses, × 100%)	700,611	701,888
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	10,391	10,724
Excess of continued Zillmerized reserve	2,856,047	2,844,977
Qualifying subordinated debt	2,802,536	2,527,319
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deductions	(349,906)	(345,603)
Others	86,876	204,650
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	4,197,155	4,394,139
Underwriting risk (R_1)	190,683	188,389
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	103,481	102,987
Underwriting risk related to small amount and short-term insurance providers (R_9)	3	0
Anticipated yield risk (R_2)	352,970	355,452
Minimum guarantee risk (R_7)	8,020	8,090
Investment risk (R_3)	3,737,764	3,929,039
Business management risk (R_4)	87,858	91,679
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,021.1%	1,025.7%

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.

(9) Segment Information

For the six months ended September 30, 2024, 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.