

# Overview of Financial Results for the Six Months Ended September 30, 2024

November 25, 2024

Nippon Life Insurance Company

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Reference: Status of each  
Group company

## ① Highlights

## Group

**Insurance and service revenue\***  
**¥4,221.6 billion**


(This includes ¥3,995.6 billion in revenues  
from insurance and reinsurance)  
−0.4% YoY

- Remained flat in part due to decrease in sales through Nippon Life's financial institution over-the-counter distribution channel and group annuities, despite consolidation of Nichii Holdings.

**Core operating profit**

**¥486.6 billion**
+36.0% YoY

- Increased mainly due to an increase in interest, dividends, and other income at Nippon Life and Nippon Wealth Life.

**Annualized new premium**

**¥248.5 billion**
−1.8% YoY

- Decreased mainly due to decreases in Nippon Life's agency and financial institution over-the-counter distribution channels.

**Annualized premium in force**

**¥4,766.8 billion**
(vs end March-24 +0.2%)

- Remained flat mainly due to an increase at Nippon Wealth Life offsetting a decrease at Nippon Life.

**Business outlook for FY2024**

Decrease in revenue and  
increase in profit

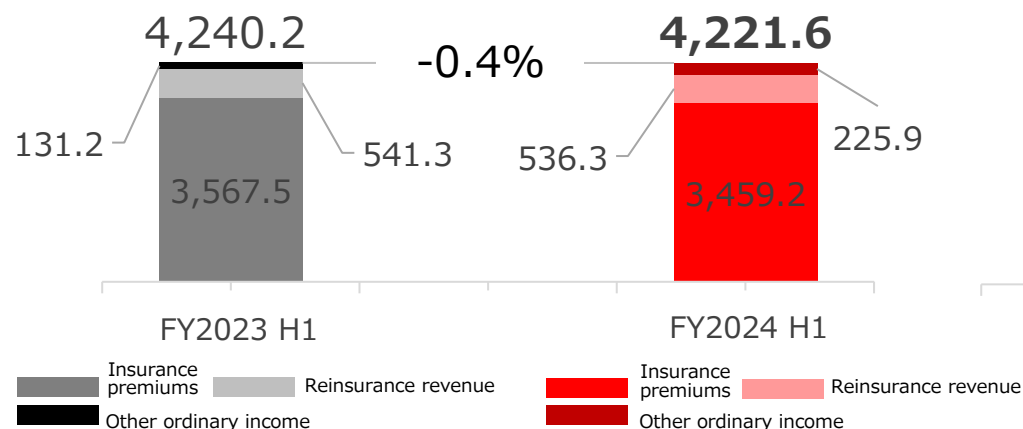
- Insurance and service revenue is expected to decrease mainly due to decreases at Nippon Life and Nippon Wealth Life.
- Core operating profit is expected to increase mainly due to an increase in interest, dividends, and other income.

**Domestic life insurance**  
 Individual insurance/annuities

## Group

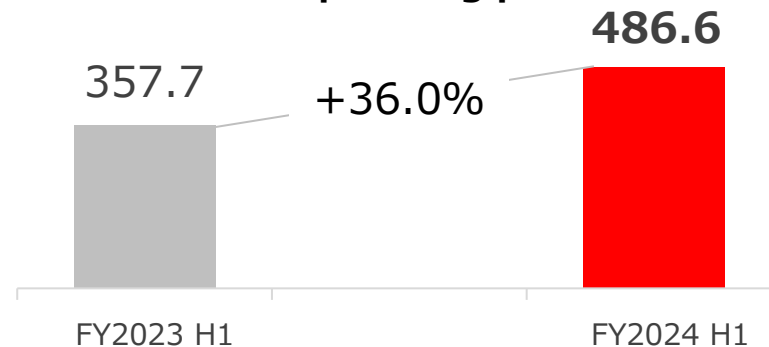
## ② Insurance and service revenue / Core operating profit

### Insurance and service revenue (Billions of Yen)



	FY2024 H1	YoY change
Insurance and service revenue	4,221.6	-0.4%
Revenues from insurance and reinsurance	3,995.6	-2.8%
Insurance premiums	3,459.2	-3.0%
Reinsurance revenue	536.3	-0.9%
Nippon Life	2,446.5	-6.1%
Taiju Life	413.5	+2.1%
Nippon Wealth Life	965.1	+0.9%
Hanasaku Life	30.3	+111.6%
MLC	114.8	+7.6%
Other ordinary income	225.9	+72.1%
Nichii Holdings	76.1	-

### Core operating profit (Billions of Yen)



	FY2024 H1	YoY change
Core operating profit	486.6	+36.0%
Investment yield margin	238.1	+82.2%
Net insurance-related gains	226.9	+4.9%
Nippon Life	432.4	+27.3%
Taiju Life	6.7	-6.6%
Nippon Wealth Life	31.5	+162.3%
Hanasaku Life	-5.5	+53.4%
MLC	2.1	-64.9%
Nichii Holdings	3.9	-

※ Total figures are calculated based on core operating profit of Nippon Life, Taiju Life, Nippon Wealth Life and Hanasaku Life, along with net income before taxes of overseas insurance subsidiaries and affiliates, as well as domestic and overseas asset management subsidiaries and affiliates, and Nichii Holdings, with adjustment based on the stock ownership ratio and some internal transactions. Also excludes interest rate fluctuations.

※ Investment yield margin and net insurance-related gains are based on total amount of domestic life insurance.

※ Figures for subsidiaries are calculated based on the stock ownership ratio during each fiscal year.

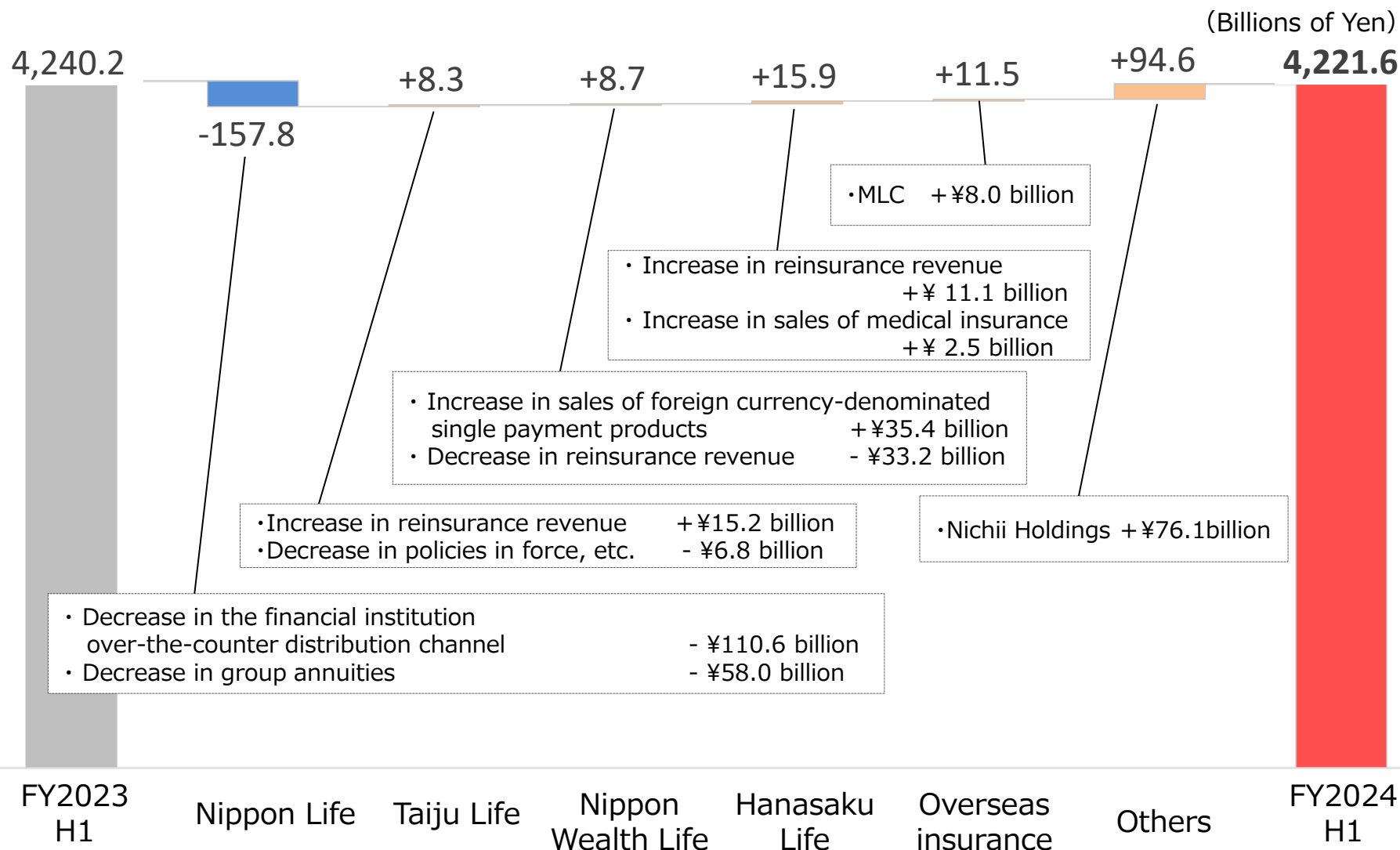
※ Figures for Nichii Holdings constitute results achieved subsequent to consolidation (from July 2024 onward).

※ Total figures for insurance and service revenues are the sum of revenues from insurance and reinsurance and other ordinary income in the consolidated statement of income.

※ Total figures for revenues from insurance and reinsurance are calculated using data from Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life, Nissay Plus SSI, MLC Limited (hereinafter, MLC), and Nippon Life Insurance Company of America.

※ Figures for Nichii Holdings constitute results achieved subsequent to consolidation (from July 2024 onward).

## ③ Insurance and service revenue

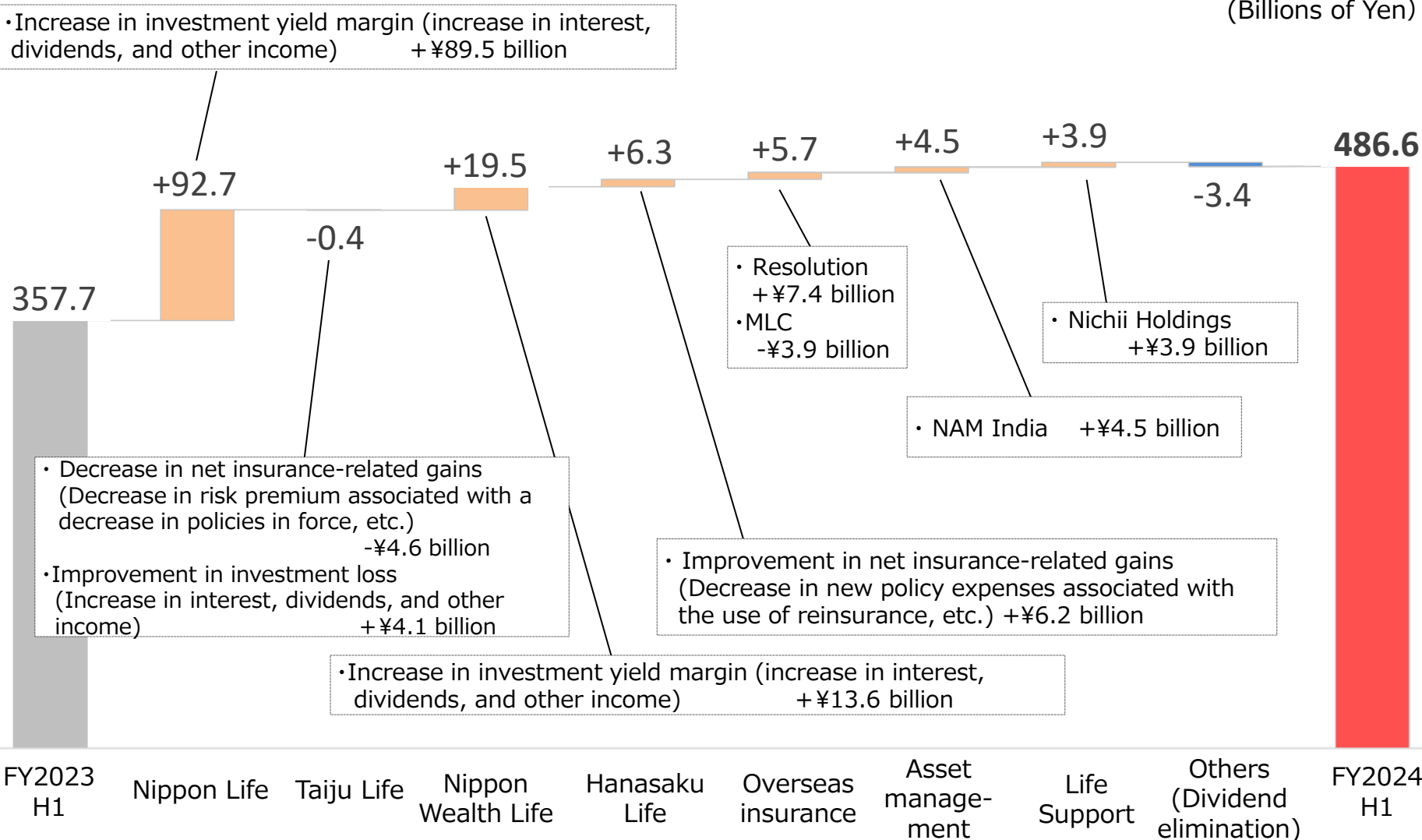


※ Total figures for insurance and service revenue are the sum of revenues from insurance and reinsurance and other ordinary income as described in the consolidated statement of income.

※ [Company name] Nichii Holdings: Nichii Holdings Co., Ltd.

## ④ Core operating profit

(Billions of Yen)



※ Total figures are calculated based on core operating profit of Nippon Life, Taiju Life, Nippon Wealth Life and Hanasaku Life, along with net income before taxes of overseas insurance subsidiaries and affiliates, domestic and overseas asset management subsidiaries and affiliates, and Nichii Holdings, with adjustment based on the stock ownership ratio and some internal transactions. Also excludes interest rate fluctuations.

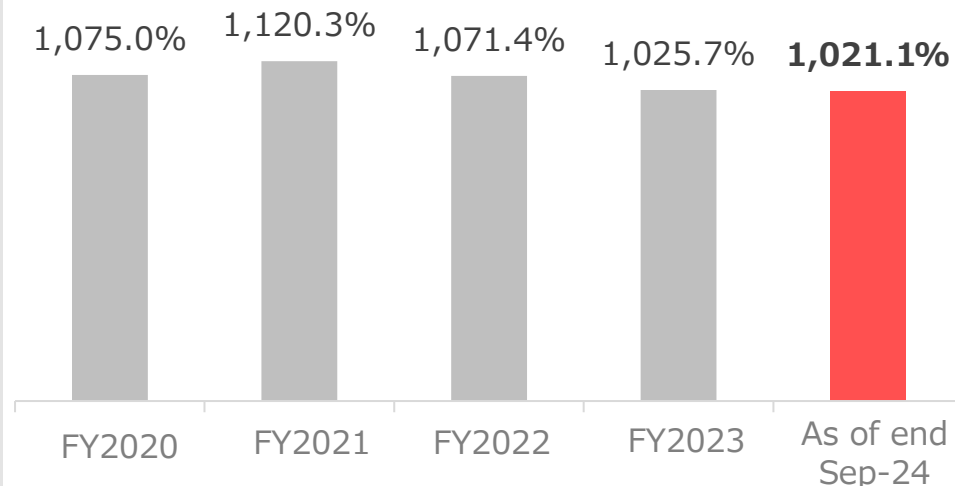
※ [Company names] NAM India: Nippon Life India Asset Management Limited, Resolution: Resolution Life Holdings Ltd., Nichii Holdings: Nichii Holdings Co., Ltd.

※ Figures for Nichii Holdings constitute results achieved subsequent to consolidation (from July 2024 onward).

## ⑤ Soundness

- Solvency margin ratio declined compared to the end of FY2023 due to factors such as an increase in goodwill associated with the consolidation of Nichii Holdings.
- Real net assets decreased compared to the end of FY2023 due to a decrease in unrealized gains on securities, among other factors.

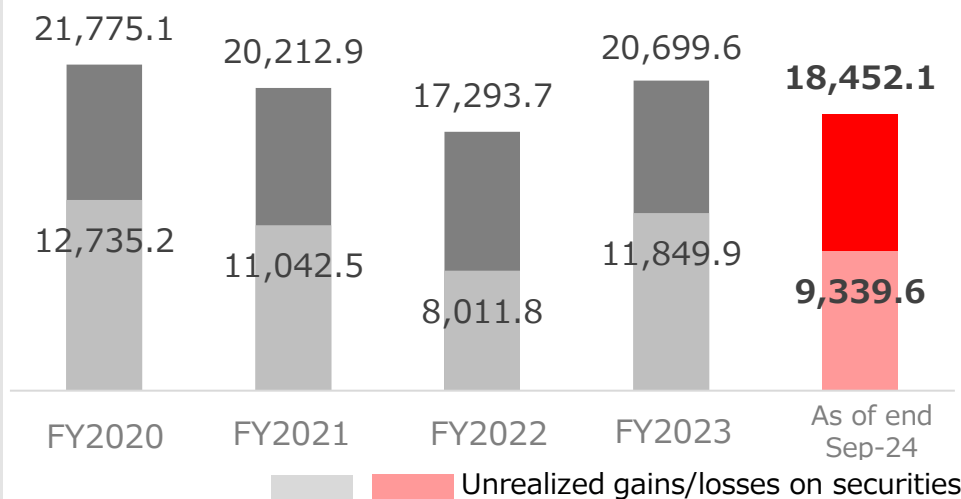
## Solvency margin ratio



※ MLC's figures are based on the new accounting standard since FY2022.

(Billions of yen)

## Real net assets



※ Unrealized gains/losses on securities are calculated from Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life, overseas life insurance subsidiaries and other consolidated subsidiaries.  
 ※ MLC's figures are based on the new accounting standard since FY2022.

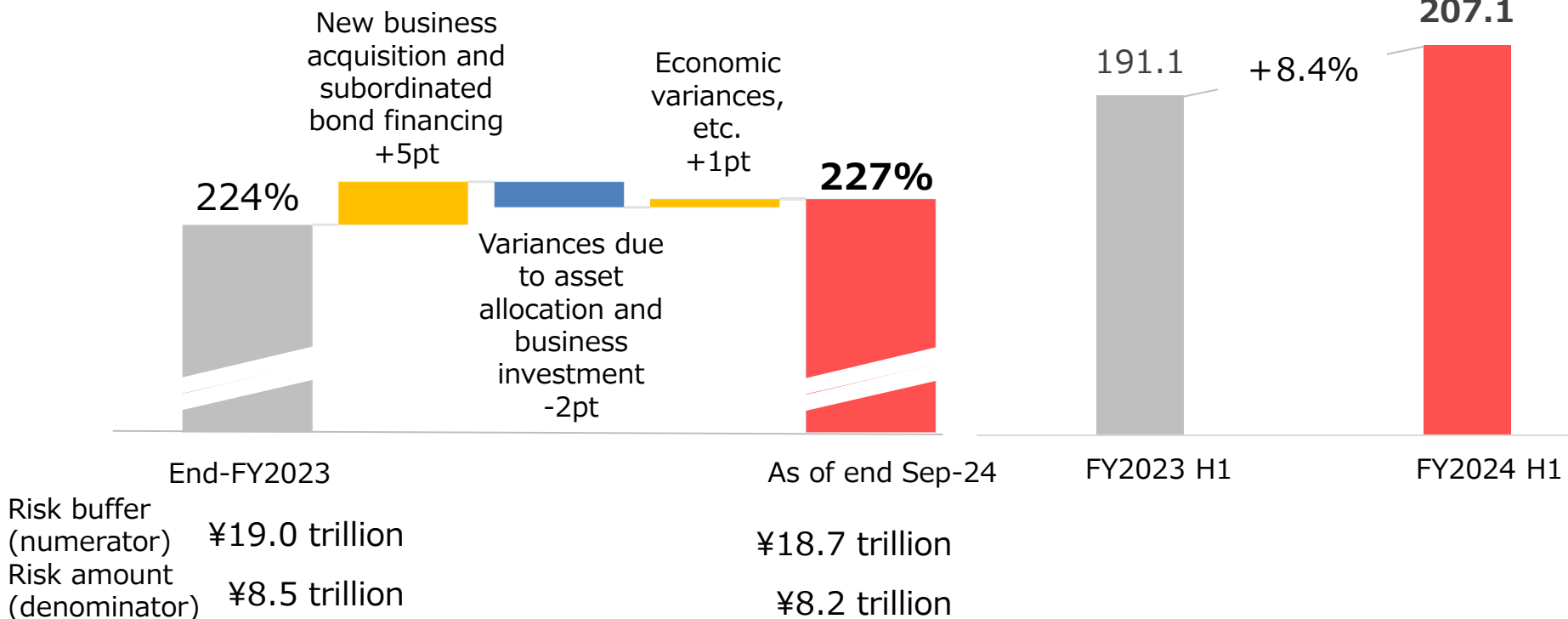
## ⑥ ESR/value of new business

- Economic value-based solvency ratio (ESR) increased compared to the end of FY2023 due to the impact of factors including variance associated with new business acquisition and subordinated bond financing, while there was a decrease due to business investment.
- Value of new business increased year on year due to the impact of rising interest rates and an increase at Nippon Wealth Life.

### Economic value-based solvency ratio (ESR)

### Value of new business

(Billions of Yen)





## ⑦ Statement of income/Balance sheet

## Statement of income

- Ordinary profit increased year on year.
- Net surplus increased year on year.

(Billions of Yen)

	FY2024 H1	YoY change
Ordinary income	5,566.2	-8.1%
Revenues from insurance and reinsurance	3,995.6	-2.8%
Investment income	1,344.6	-26.0%
Ordinary expenses	5,227.0	-11.6%
Benefits and other payments	3,432.7	+12.1%
Investment expenses	705.2	+8.3%
Operating expenses	485.3	+23.2%
Ordinary profit	339.1	+132.4%
Extraordinary gains and losses	-89.8	-214.2%
Net surplus (income)	200.7	+97.7%

※ Net surplus (income) represents the amount of net surplus attributable to the parent company.

## Balance sheet

- Total assets and liabilities decreased compared to the end of FY2023.
- Net assets decreased compared to the end of FY2023.

(Billions of Yen)

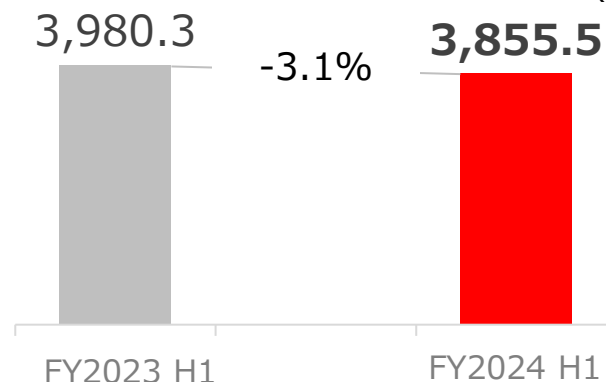
	As of end Sep-24	vs end- FY2023
Assets	95,967.4	-1.7%
Investments in securities	79,701.7	-2.4%
Loans	8,873.2	-0.4%
Tangible fixed assets	1,962.7	+3.5%
Liabilities	86,615.5	-0.5%
Policy reserves and other reserves	74,820.5	+0.8%
Policy reserves	73,301.9	+0.6%
Reserve for price fluctuations	1,817.8	+4.9%
Net assets	9,351.9	-11.3%

## ① Revenues from insurance and reinsurance

- Revenues from insurance and reinsurance decreased mainly due to a decrease in financial institution over-the-counter distribution channel resulting from lower sales of single payment products.
- Group annuities decreased due to the impact of factors such as a decline in undertaking administration of group annuities.

### Revenues from insurance and reinsurance (domestic total)

(Billions of Yen)



	FY2024 H1	YoY change
Revenues from insurance and reinsurance (domestic total)	3,855.5	-3.1%
Individual insurance and individual annuities	2,665.2	-2.1%
Sales representative channel	1,680.3	-0.2%
Agency channel	293.8	+5.2%
Financial institution over-the-counter distribution channel	691.1	-9.1%
Group insurance	150.7	+1.7%
Group annuities	504.7	-10.8%

※ Sum of figures of Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life and Nissay Plus SSI.

## ② New policies

- Annualized premiums on new policies for individual insurance and individual annuities decreased, while the number of new policies increased.

### Individual insurance/annuities

(Billions of Yen, Millions of policies)

	Annualized premiums		Number of policies	
	FY2024 H1	YoY change	FY2024 H1	YoY change
Domestic total	248.5	-1.8%	2.20	+9.5%
Primary coverage products*	34.2	-5.8%	1.83	+11.7%
Sales representative channel	95.8	+2.2%	1.96	+10.6%
Agency channel	35.9	-5.8%	0.13	+0.8%
Financial institution over-the-counter distribution channel	115.6	-4.2%	0.08	-16.1%
Nippon Life	114.7	-6.4%	1.95	+9.6%
Taiju Life	18.5	+1.0%	0.06	-6.2%
Nippon Wealth Life	108.9	+2.4%	0.06	+9.8%
Hanasaku Life	6.3	+10.4%	0.11	+20.7%

\* Primary coverage products are defined as products that guarantee death or living benefits and medical products (excluding whole life insurance and fixed long-term insurance, etc.). Number of policies is an estimate.

※ Annualized new premiums, including overseas, is approximately ¥253.5 billion.

### ③ Policies in force

- Annualized premiums associated with policies in force for individual insurance and individual annuities remained flat, while the number of policies in force decreased.
- Group insurance and annuities increased.

#### Individual insurance/annuities

(Billions of Yen, Millions of policies)

	Annualized premiums		Number of policies	
	As of end Sep-24	vs end-FY2023	As of end Sep-24	vs end-FY2023
Domestic total	4,766.8	+0.2%	38.21	-0.6%
Primary coverage products*	1,305.1	-0.9%	24.91	-0.6%
Nippon Life	3,710.1	-0.8%	34.47	-1.0%
Taiju Life	511.5	-1.1%	2.50	-0.6%
Nippon Wealth Life	506.5	+8.9%	0.58	+10.9%
Hanasaku Life	38.5	+14.1%	0.65	+16.1%

\* Primary coverage products are defined as products that guarantee death or living benefits and medical products (excluding whole life insurance and fixed long-term insurance, etc.).  
 Number of policies is an estimate.  
 ※ Annualized premiums in force, including overseas, is approximately ¥5,021.6 billion.

#### Group insurance/annuities

	Group insurance (Amount of coverage, etc.)		Group annuities (AUM, etc.)	
	As of end Sep-24	vs end-FY2023	As of end Sep-24	vs end-FY2023
Domestic total	108,598.6	+0.7%	20,282.1	+1.8%
Nippon Life	97,647.3	+0.8%	13,944.4	-0.4%
Taiju Life	1,0951.2	-0.3%	586.3	-1.9%
Others	-	-	5,751.3	+8.0%

※ Others consist of Nippon Wealth Life (¥1.2 billion), investment advisory balance of Nissay Asset Management (¥4,621.3 billion) and investment trusts in defined contribution pension plans (¥1,128.6 billion for Nippon Life's distributors).

## ① Business outlook for FY2024

- Insurance and service revenue is expected to decrease mainly due to decreases at Nippon Life and Nippon Wealth Life.
- Core operating profit is expected to increase mainly due to an increase in interest, dividends, and other income
- Annualized premium in force is expected to decrease and value of new business is expected to increase.

(Billions of Yen, Millions of Australian Dollars)

**Insurance and service income**  
**(Revenues from insurance, reinsurance**  
**and other ordinary income)**
**Core operating profit**
**Annualized premium**  
**in force**  
**(Domestic group)**

	FY2023 (Results)	FY2024 (Outlook)	FY2023 (Results)	FY2024 (Outlook)	FY2023 (Results)	FY2024 (Outlook)
<b>Group total</b>	<b>8,888.8</b>	<b>Approx. 7,890.0</b>	<b>764.0</b>	<b>Approx. 900.0</b>	<b>4,756.3</b>	<b>Approx. 4,800.0</b>
(Revenues from insurance and reinsurance)	(8,598.3)	(Approx. 7,360.0 )				
Nippon Life	5,411.4	Decrease	708.7	Increase	<b>Value of new business (Group)</b>	
Taiju Life	942.0	Decrease	14.5	Increase		
Nippon Wealth Life	2,067.2	Decrease	37.4	Increase		
Hanasaku Life	40.9	Increase	-17.2	Increase		
MLC (Millions of Australian Dollars)	1,858	Increase	-0	Decrease	FY2023 (Results)	FY2024 (Outlook)
					326.0	Approx. 360.0
Nichii Holdings	<302.8>*1	<Increase>*1	<15.9>*2	<Decrease>*2		

\*1 Nichii Holdings' net sales for FY2023 and the outlook for the change in net sales for FY2024 compared to FY2023 are presented.

\*2 Nichii Holdings' net income before income taxes for FY2023 and the outlook for the change in net income before income taxes for FY2024 compared to FY2023 are presented.

※ Total figures for insurance and service income are the sum of revenues from insurance and reinsurance and other ordinary income as described in the consolidated statement of income.

※ The Group total is consolidated revenues from insurance and reinsurance from Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life, Nissay Plus SSI and Nippon Life Insurance Company of America.

※ The Group total for core operating profit is calculated from the core operating profit of Nippon Life, Taiju Life, Nippon Wealth Life, and Hanasaku Life, along with net income before taxes of overseas life insurance subsidiaries and affiliates and domestic and overseas asset management subsidiaries and affiliates, and Nichii Holdings, with adjustment based on the stock ownership ratio and some internal transactions. Also excludes interest rate fluctuations.

※ MLC's revenues from insurance and reinsurance are premium revenue. Core operating profit is calculated by multiplying net income before taxes (on a local currency basis) by the stock ownership ratio and excluding interest rate fluctuations, etc.

# [Reference] Status of progress on achieving the numerical targets of MTMP (2024-2026)

- Under the Mid-Term Management Plan launched in the current fiscal year, the Nippon Life Group has been implementing measures across 5 strategic directions (Enhance value of our insurance business in the domestic market; Offer peace of mind in the domestic market in an even more multidimensional way; Expand the global business; Advance the financial strategy to the next stage; Build a stronger business foundation), while keeping customer-oriented business operations in mind. Measures in each area are progressing largely in line with the plan.

## Value provided to society

	End- FY2023	End-Sep. FY2024	Target (End-FY2026)
<b>Number of customers (Domestic Group)</b>	14.92 million	14.93 million	15.60 million
<b>Number of corporate customers (Domestic Group)</b>	340,000	340,000	350,000
<b>Assets under management (Domestic Group)</b>	¥109 trillion	¥108 trillion	¥112 trillion
<b>(Reference: Group-wide)</b>	¥118 trillion	¥118 trillion	¥121 trillion

## Nippon Life Group's growth

	End- FY2023	End-Sep. FY2024	Target (End-FY2026)
<b>Annualized premium in force (Domestic Group)</b>	¥4.75 trillion	¥4.76 trillion	¥4.85 trillion
<b>Value of new business (Group-wide)</b>		(April-September) ¥207.1 billion	¥350.0 billion
<b>Core operating profit (Group-wide)</b>		(April-September) ¥486.6 billion	¥860.0 billion

## Financial soundness and policyholder dividends

	End- FY2023	End-Sep. FY2024	Target (End-FY2026)
<b>ESR (Group-wide)</b>	224%	227%	200~270%

\* Customer satisfaction and the policyholder dividend payout ratio are presented only when financial results are finalized at the end of the fiscal year.

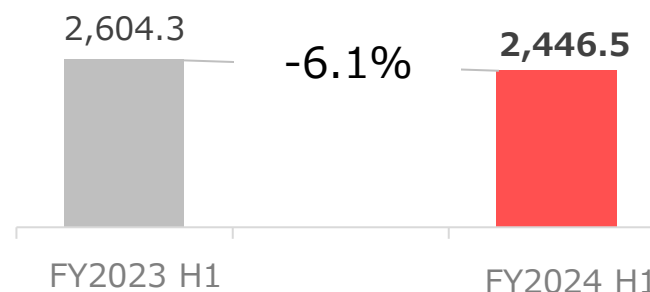
**Reference:  
Status of each  
Group company**

# Nippon Life (nonconsolidated): Revenue and profit

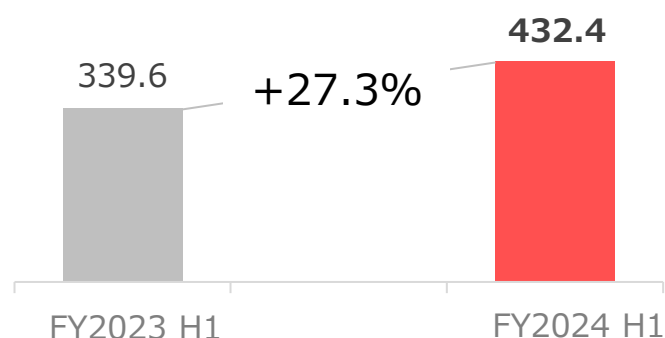
(Billions of Yen)

- Nippon Life's nonconsolidated core operating profit increased, while revenue decreased year on year.
- Revenues from insurance and reinsurance declined, mainly due to declines in the financial institution over-the-counter distribution channel and group annuities.
- Core operating profit increased, mainly due to an increase in interest, dividends, and other income.

## Revenues from insurance and reinsurance



## Core operating profit



	FY2024 H1	YoY change
Core operating profit	432.4	+27.3%
Investment yield margin	222.3	+67.4%
Net insurance-related gains*	210.1	+1.6%

\* Sum of the expense margin and risk margin.



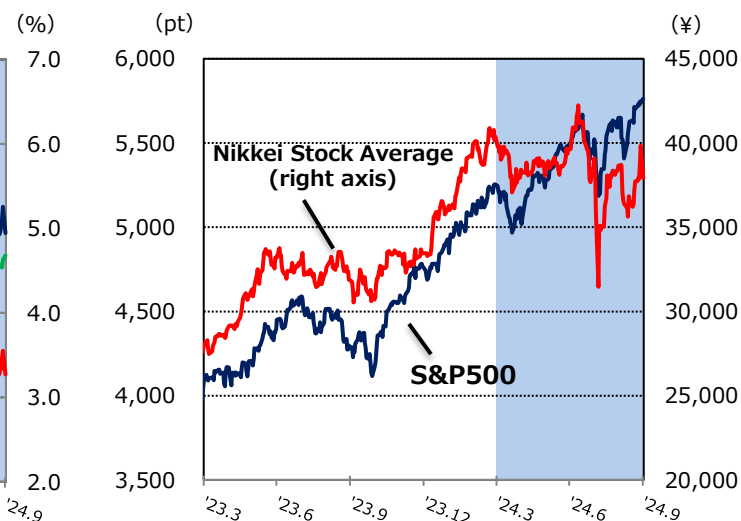
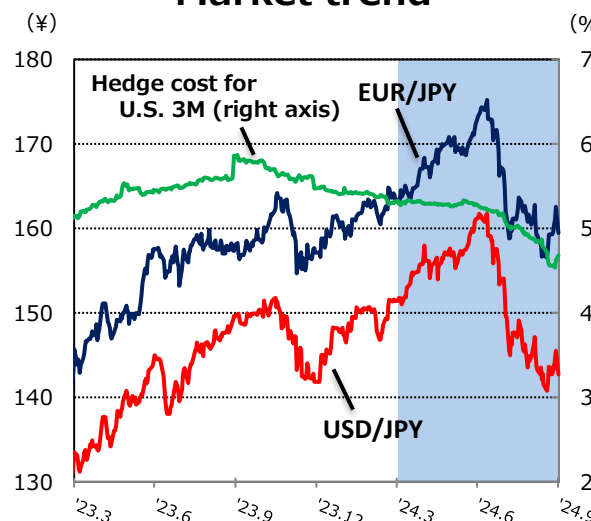
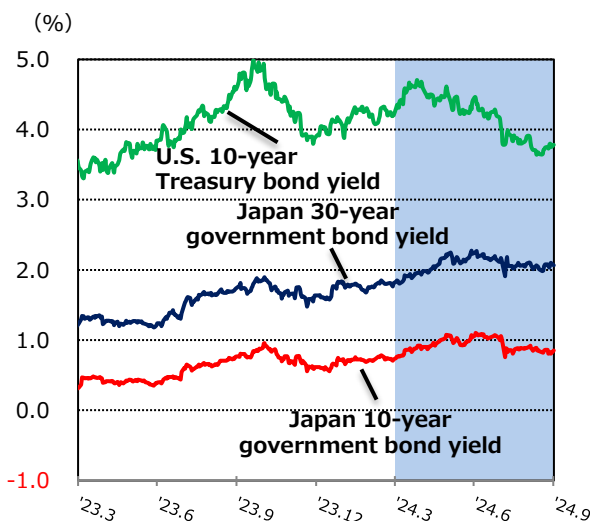
# Nippon Life (nonconsolidated): Asset management

- Net investment income decreased year on year.
- Investment income increased mainly due to an increase in interest, dividends, and other income.
- Investment expenses increased, mainly due to an increase in foreign exchange losses.

## Net investment income (General account) (Billions of Yen)

	FY2024 H1	YoY change
Investment income	1,147.3	+14.1
Interest, dividends, and other income	885.4	+95.1
Gain on sales of securities	261.7	+40.3
Investment expenses	455.9	+26.3
Loss on sale of securities	184.6	-51.8
Loss on valuation of securities	4.3	+2.4
Loss on derivative financial instruments, net	140.2	+9.5
Foreign exchange losses	48.3	+48.3
Net investment income	691.3	-12.2

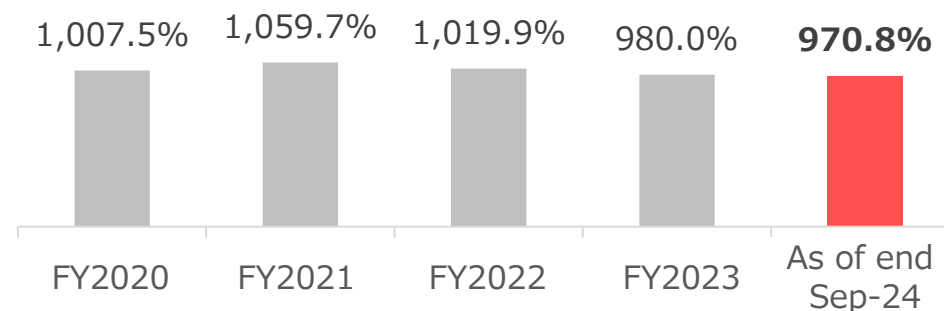
## Market trend



# Nippon Life (nonconsolidated): Soundness

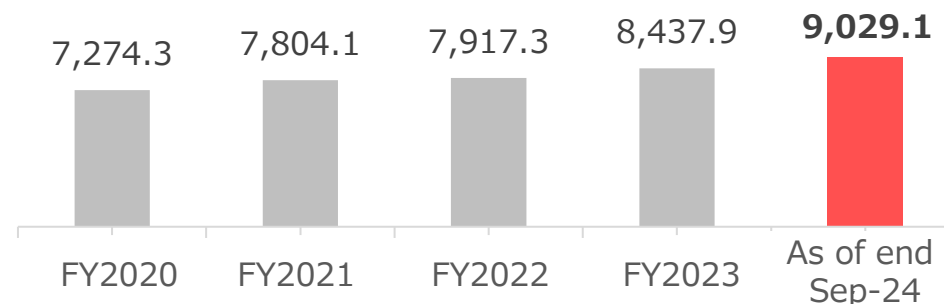
- Solvency margin ratio declined compared to the end of FY2023 due to factors such as heightened risk incurred by subsidiaries, etc., associated with the consolidation of Nichii Holdings.
- Unrealized gains on securities decreased compared to the end of FY2023 due to a decrease in domestic stock prices and an increase in domestic interest rates.

## Solvency margin ratio



## Equity

(Billions of Yen)



## Unrealized gains/losses on securities

(Billions of Yen)

	As of end Sep-24	vs end-FY2023
Investments in securities	9,632.7	- 2,370.0
Domestic bonds	- 2,018.8	- 1,007.2
Domestic stocks	8,332.0	- 1,245.7
Foreign securities	3,262.3	-85.9
Others	57.1	-31.1

※ Calculations exclude items such as stocks without market prices and entities such as partnerships.

## Nippon Life (nonconsolidated): Retention rate, numbers of agencies and sales representatives

	As of end Sep-24	vs end FY2023	YoY change	(Reference)	
				End- FY2023	End-FY2023 H1
New 6-month retention rate	97.5%	-	-	97.5%	97.5%
Total 13-month comprehensive retention rate	95.4%	-0.2pt	-0.5pt	95.6%	95.9%
Agencies	19,061	-101	-33	19,162	19,094
Financial institution	298	± 0	± 0	298	298
Sales representatives (people)	48,232	+ 295	-704	47,937	48,936

※ New 6-month retention rate represents the retention rate for new policies in the 6th month of monthly payments.

※ Total 13-month comprehensive retention rate represents the retention rate for the total of new and converted policies in the 13 month, including all premium payment methods of monthly, annual and single payment.

※ New 6-month retention rate as of end-FY2024 H1 is for new policies from September 2023 to February 2024.

※ New 6-month retention rate as of end-FY2023 covers new policies from September 2022 to August 2023.

※ New 6-month retention rate as of end-FY2023 H1 covers new policies from September 2022 to February 2023.

※ Total 13-month comprehensive retention rate as of end-FY2024 H1 covers new and converted policies from January to June 2023.

※ Total 13-month comprehensive retention rate as of end-FY2023 covers new and converted policies from January to December 2022.

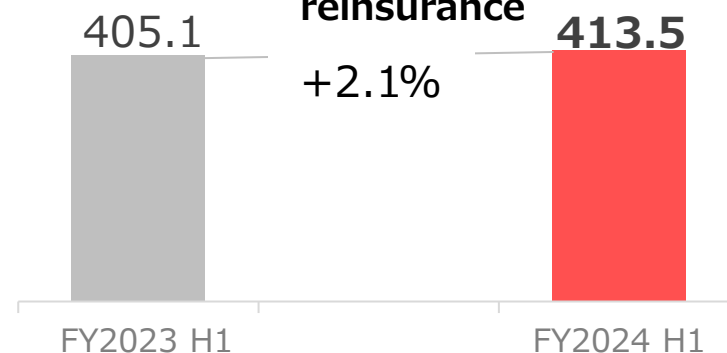
※ Total 13-month comprehensive retention rate as of end-FY2023 H1 covers new and converted policies from January to June 2022.

# Taiju Life

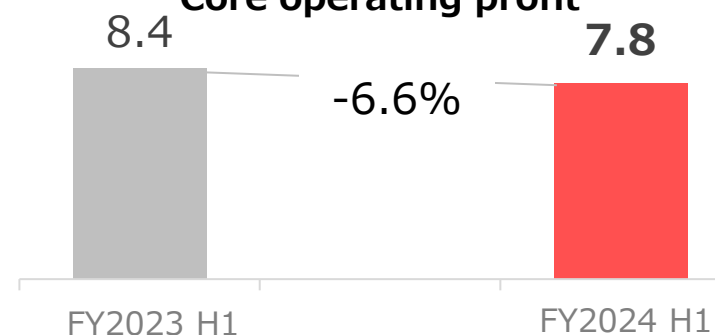
(Billions of Yen)

- Revenue increased and profit decreased year on year.
- Revenues from insurance and reinsurance increased due to factors that include an increase in reinsurance revenue.
- Core operating profit decreased due to a decrease in net insurance-related gains caused by factors such as a decrease in risk premium associated with a decrease in policies in force, while the investment loss improved.

## Revenues from insurance and reinsurance



## Core operating profit



	FY2024 H1	YoY change
Core operating profit	7.8	-6.6%
Investment yield margin	-16.2	+23.1%
Net insurance-related gains*	24.1	-18.4%

\* Sum of the expense margin and risk margin.

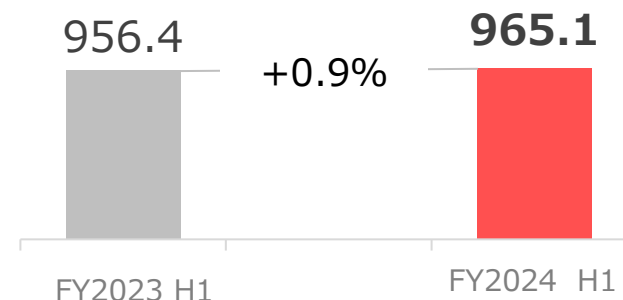
※ Nonconsolidated figures are shown.

# Nippon Wealth Life

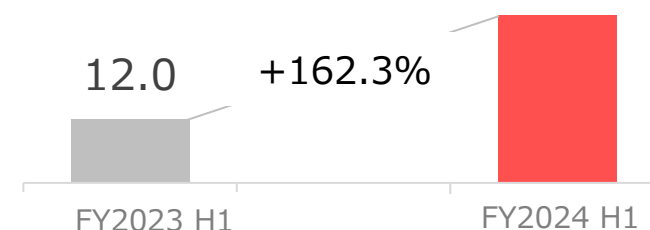
- Revenue and profit increased year on year.
- Revenues from insurance and reinsurance increased, mainly due to an increase in sales of foreign currency-denominated single payment products.
- Core operating profit increased, mainly due to an increase in interest, dividends, and other income.

(Billions of Yen)

## Revenues from insurance and reinsurance



## Core operating profit



	FY2024 H1	YoY change
Core operating profit	31.5	+162.3%
Investment yield margin	29.5	+86.5%
Net insurance-related gains*	1.9	(Profit increased)* <sup>2</sup>

\*1 Sum of the expense margin and risk margin.

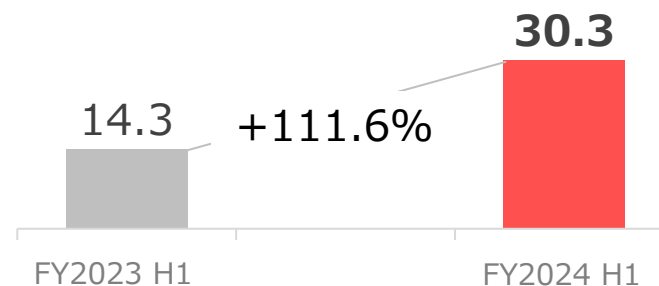
\*2 Variance cannot be calculated because the figures of FY2024 H1 were positive, whereas those of FY2023 H1 were negative.

※ Nonconsolidated figures are shown.

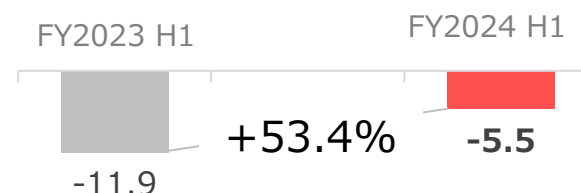
# Hanasaku Life

- Revenue and profit increased year on year.
- Revenues from insurance and reinsurance increased mainly due to an increase in sales of products such as medical insurance and an increase in reinsurance revenue.
- Core operating profit improved mainly due to an increase in net insurance-related gains accompanying a decrease in new policy expenses associated with the use of reinsurance, etc., which offset an increase in operating expenses, etc. from business expansion.

## Revenues from insurance and reinsurance (Billions of Yen)



## Core operating profit



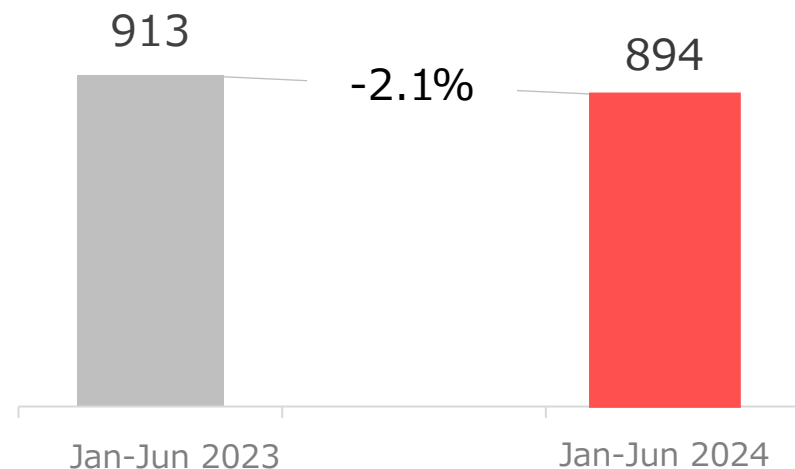
	FY2024 H1	YoY change
Core operating profit	-5.5	+53.4%
Investment yield margin	0.1	+191.8%
Net insurance-related gains*	-5.6	+52.4%

\* Sum of the expense margin and risk margin.

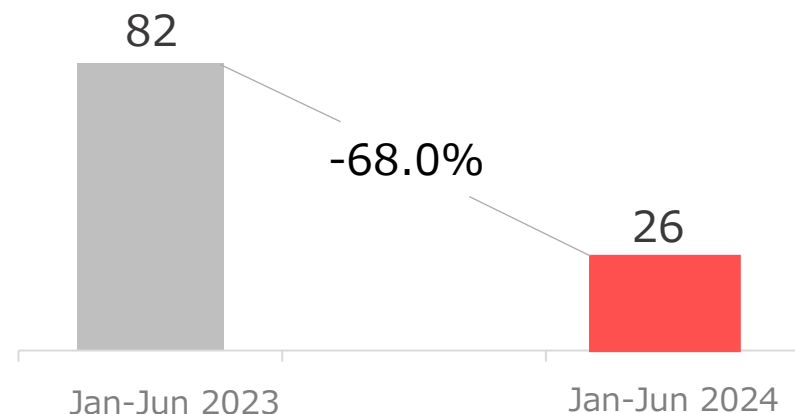
※ Nonconsolidated figures are shown.

- Premium revenue and core operating profit decreased compared to Jan-Jun 2023.
- Premium revenue decreased mainly due to a decrease in revenue in group insurance.
- Core operating profit decreased following an increase in payments in individual insurance.

## Premium revenue (Millions of Australian Dollars)



## Core operating profit



※ Nonconsolidated figures are shown.

※ For H1 earnings, Nippon Life's consolidated performance reflects MLC's results for January to June.

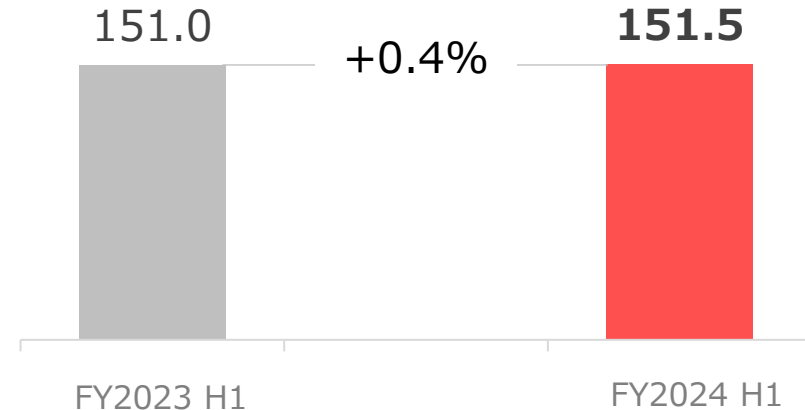
※ Premium revenue is shown based on an earned basis in accordance with Japanese accounting standards (the former accounting standard).

# Nichii Holdings

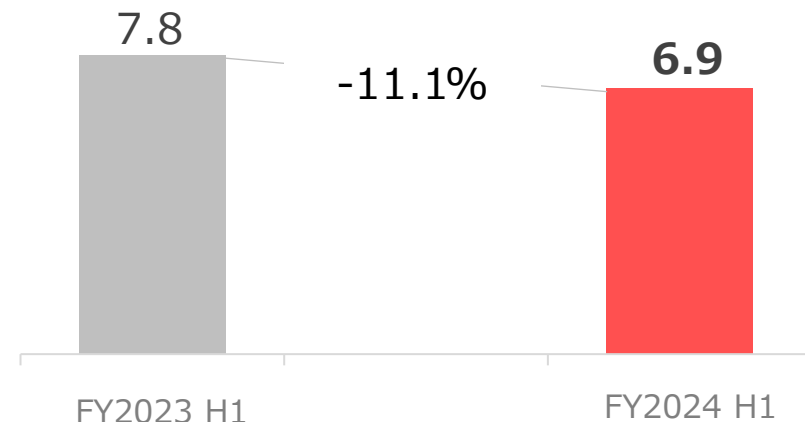
- Net sales increased and net income before taxes decreased year on year.
- Net sales remained flat, due partly to an increase in facility admissions in the Long-Term Care Business, among other factors.
- Net income before taxes decreased due to factors that include lower non-operating income, caused by higher personnel expenses as well as a decrease in operating income.

## Net sales

(Billions of Yen)



## Net income before taxes



※ Nonconsolidated figures are shown.



## 1. Definition and overview

### ESR (Economic Solvency Ratio):

A ratio that shows the sufficiency of capital (risk buffer) relative to the amount of risk of the entire Group. The amount of risk and the risk buffer are calculated based on the economic value<sup>\*1</sup> of assets and liabilities held.

### Risk buffer (the numerator of ESR):

The risk buffer refers to the capital available to address risk. It is calculated as the sum of net assets shown on the consolidated balance sheet and internal reserves with liability characteristics, such as the reserve for price fluctuations in investments in securities and the contingency reserve; subordinated debt; unrealized gains and losses on assets such as bonds held to maturity, policy-reserve-matching bonds, loans, and real estate; and unrealized gains and losses on insurance liabilities; and deducting from this amount the surplus to be appropriated and intangible assets such as goodwill.

Additionally, unrealized gains and losses on insurance liabilities are calculated as the present value of future profits arising from in-force business, less the time value of options and guarantees<sup>\*2</sup> and the risk margin<sup>\*3</sup>.

### Amount of risk (the denominator of ESR):

The amount of risk represents a statistical valuation of the losses that could occur as a result of changes in the environment surrounding Nippon Life. It measures life insurance risk, catastrophe risk, market risk, credit risk, and operational risk. The amount of risk is measured as the maximum loss that could occur with a 99.5% confidence level during the following year using methodologies such as Value at Risk (VaR).

### Value of new business:

The value of new business represents the present value of future profits arising from new insurance policies written (including policy conversions) during the fiscal period<sup>\*4</sup>. The same assumptions are used to calculate unrealized gains and losses on insurance liabilities.

<sup>\*1</sup> The present value of future cash flows derived from valuations consistent with market prices, or methodologies using market-consistent principles, techniques, and parameters.

<sup>\*2</sup> Represents the costs associated with guarantees made by an insurance company to provide financial security and protection even during adverse economic conditions, such as minimum interest rate and benefit guarantees.

<sup>\*3</sup> The amount necessary to set aside for fluctuations in future cash flows related to insurance policies.

<sup>\*4</sup> The time value of options and guarantees for new business has also been deducted from value of new business.

## 2. Assumptions

### Economic assumptions

#### (a) Risk-free rate

Government bond yields as of the valuation date are used as the reference rates<sup>\*5</sup>.

#### (b) Discount rates

The discount rates are set for each period based on categories covering the period of cash flow generation in years.

#### Category 1 (0 to 30th year)

Add the expected rate of return to the spot rate (risk-free rate) of government bonds in the same currency as the liabilities.

#### Category 2 (from the 31st to 60th year)

Set an assumed UFR<sup>\*6</sup> and extrapolate using the Smith-Wilson method so that the forward rate from the 31<sup>st</sup> year onward, with the 30<sup>th</sup> year as the initial year of extrapolation, becomes the UFR over a 30-year period.

#### Category 3 (from the 61st year onward)

Set the UFR as the forward rate.

(Reference) Government bond yield rates as of the end of September 2024

Period	Yen	U.S. dollar	Australian dollar
10 years	0.9%	3.8%	4.0%
20 years	1.8%	4.3%	4.6%
30 years	2.3%	4.2%	4.8%

### Non-economic assumptions

Future cash flows such as premiums, operating expenses, claims and benefits, surrender benefits, and policyholder dividends are projected for each type of insurance, considering factors such as improvement in the mortality rate and inflation rate based on the historical payment record and other conditions.

<sup>\*5</sup> However, economic assumptions as of the last day of the policy anniversary month or the end of the three-month period that the policy anniversary month falls under are used to determine the value of new business for certain products.

<sup>\*6</sup> When determining the present value of liabilities with ultra-long-term maturities for which market interest rates cannot be observed, interest rates for ultra-long-term maturities are estimated based on the principle that the forward rate will converge at a certain level (the Ultimate Forward Rate, or UFR). The UFR is 2.9% for the yen interest rate, 3.5% for the U.S. dollar, and 4.0% for the Australian dollar.