

Overview of Financial Results for the Fiscal Year Ended March 31, 2025

May 23, 2025
Nippon Life Insurance Company

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Group company**

① Highlights


Group

Insurance and service revenue *


¥8,389.5 billion
 (This includes ¥7,861.3 billion in revenues from insurance and reinsurance)
 [-5.6% YoY]

- Decreased mainly due to a decrease in sales through Nippon Life's financial institution over-the-counter distribution channel and the sales representative channel, along with decreases in sales at Nippon Wealth Life and Taiju Life, while Nichii Holdings is newly consolidated during the year.


Core operating profit


¥1,010.9 billion
 [+32.3% YoY]

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

Individual insurance/annuities Domestic life insurance

Annualized new premium


¥492.7 billion
 [-5.7% YoY]

- Decreased mainly due to decreases in Nippon Life's financial institution over-the-counter distribution channel and the sales representative as well as a decrease at Nippon Wealth Life.

Annualized premium in force


¥4,822.2 billion
 [vs end-FY2023 +1.4%]

- Increased mainly due to increases at Nippon Wealth Life and Hanasaku Life, while there was a decrease at Nippon Life.

Group

Business outlook for FY2025

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 the expansion of overseas insurance business in line with the Group's business development.

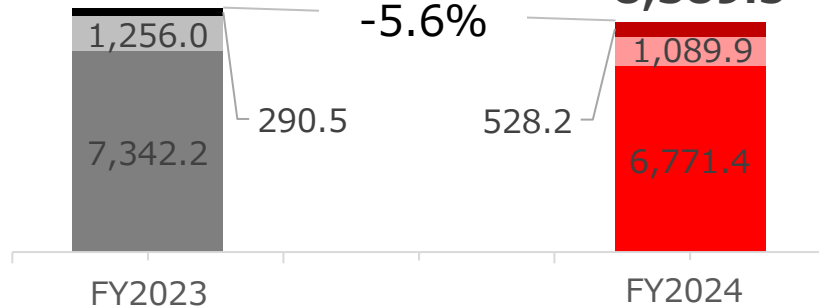
* Nippon Life's unique metric combining revenues from insurance and reinsurance with other ordinary income.

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

② Insurance and service revenue / Core operating profit

Insurance and service revenue (Billions of Yen)

8,888.8
-5.6%
8,389.5



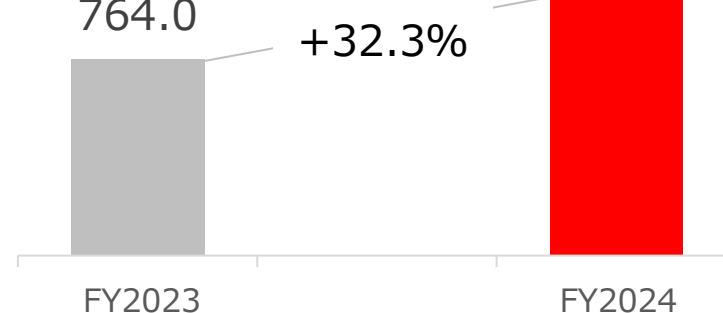
Insurance premiums
Reinsurance revenue
Other ordinary income

Insurance premiums
Reinsurance revenue
Other ordinary income

	FY2024	vs FY2023
Insurance and service revenue	8,389.5	-5.6%
Revenues from insurance and reinsurance	7,861.3	-8.6%
Insurance premiums	6,771.4	-7.8%
Reinsurance revenue	1,089.9	-13.2%
Nippon Life	4,794.6	-9.5%
Taiju Life	824.8	-11.2%
Nippon Wealth Life	1,887.5	-8.5%
Hanasaku Life	69.0	+68.4%
MLC	233.5	+5.7%
Other ordinary income	528.2	+81.8%
Nichii Holdings	230.8	—

Core operating profit (Billions of Yen)

764.0
+32.3%
1,010.9



	FY2024	vs FY2023
Core operating profit	1,010.9	+32.3%
Investment yield margin	551.2	+93.6%
Net insurance-related gains	434.9	-5.2%
Nippon Life	920.4	+29.9%
Taiju Life	17.8	+22.6%
Nippon Wealth Life	57.4	+53.4%
Hanasaku Life	-9.5	+44.8%
MLC	-9.0	(-¥9.0 billion)*
Nichii Holdings	8.0	—

※ 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 life 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, excluding 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.

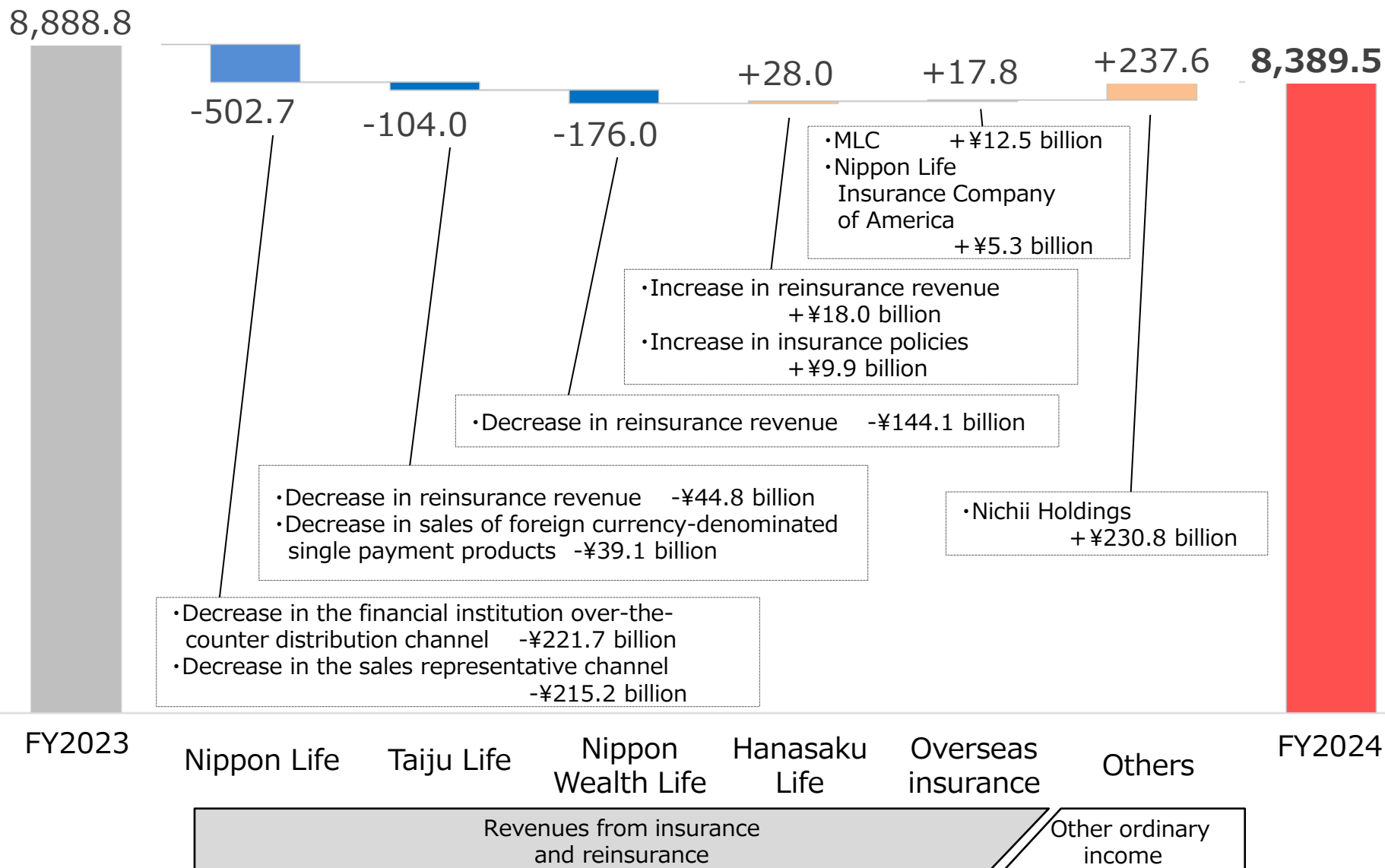
※ Figures for Nichii Holdings constitute results achieved subsequent to consolidation (from July 2024 onward).
 * Figures in parentheses show the year-on-year change in amounts because the increase rate is over ±1,000%.

※ Total figures for insurance and service revenue 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.

③ Insurance and service revenue

(Billions of Yen)



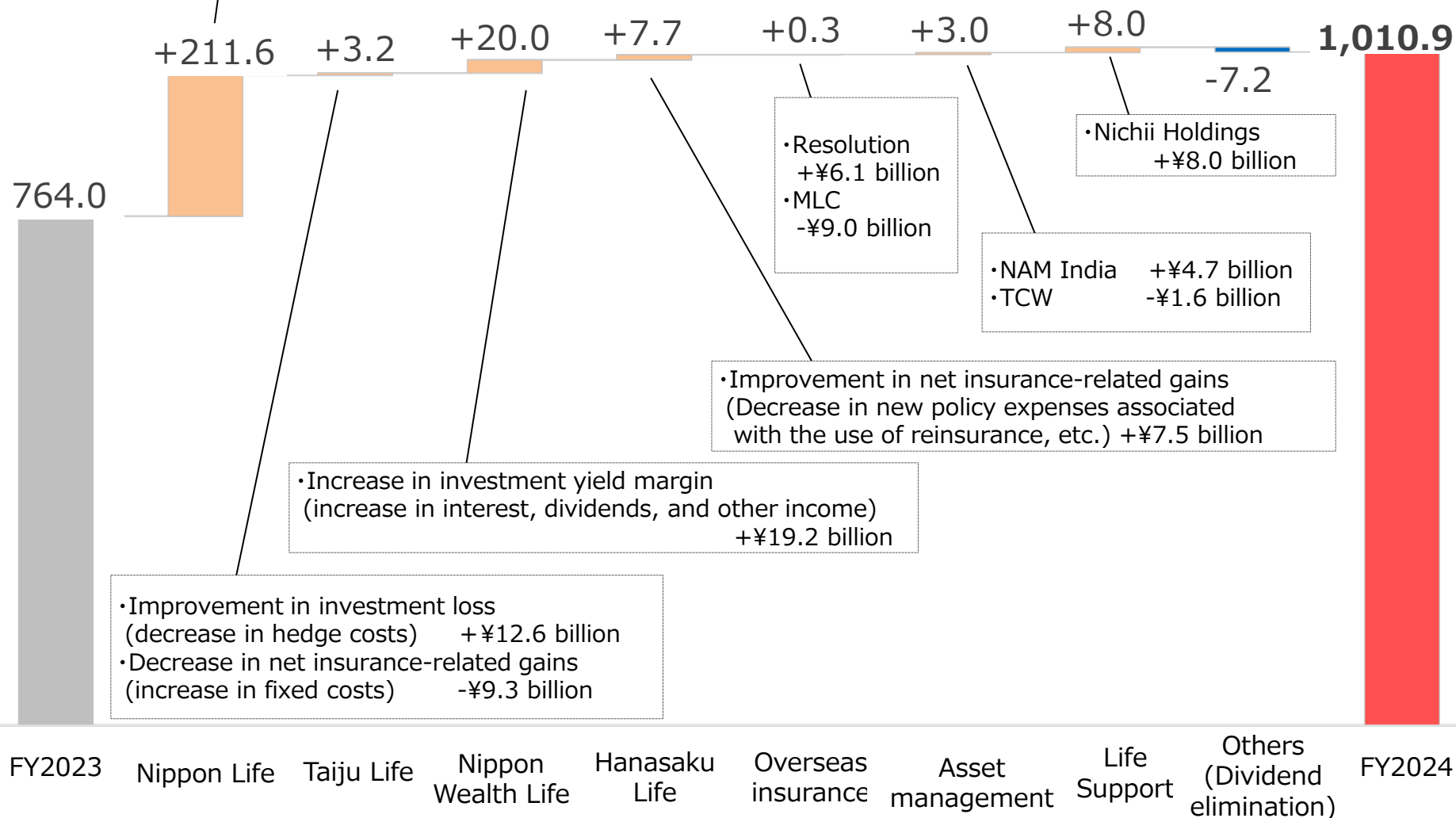
※ Total figures for insurance and service revenue are the sum of revenues from insurance and reinsurance and other ordinary incomes in the consolidated statement of income.

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

④ Core operating profit

•Increase in investment yield margin (increase in interest, dividends, and other income)
+ ¥234.4 billion

(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, excluding interest rate fluctuations.

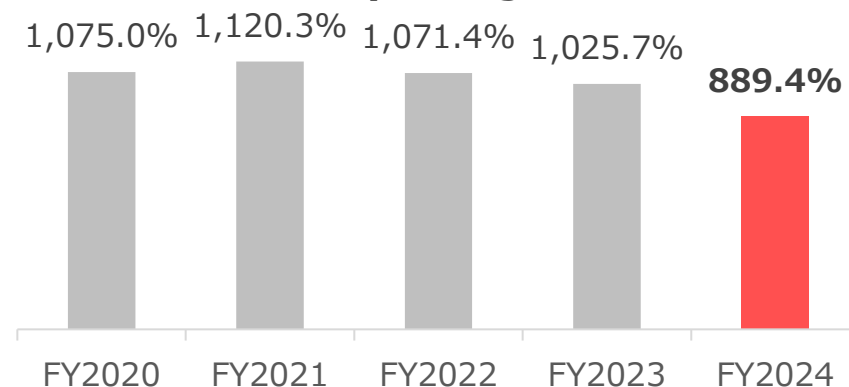
※ [Company names] NAM India: Nippon Life India Asset Management Limited, Resolution: Resolution Life Holdings Ltd.

※ 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 a decrease in unrealized gains on domestic stocks as well as domestic and overseas investments.
- Real net assets decreased compared to the end of FY2023 due to a decrease in unrealized gains on securities.

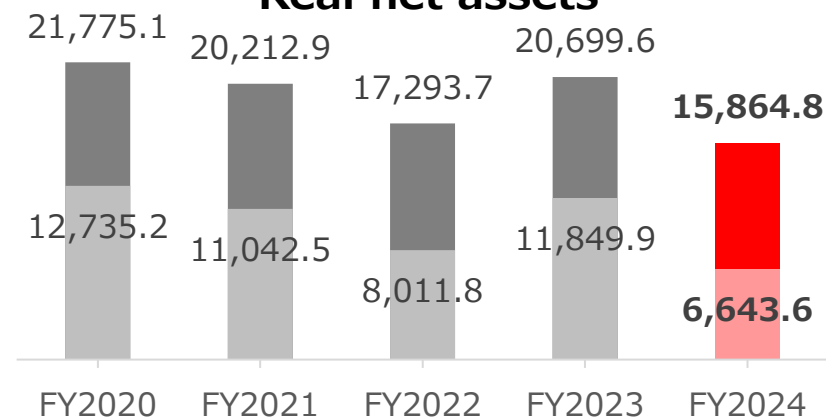
Solvency margin ratio



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

(Billions of yen)

Real net assets



Unrealized gains/losses on securities

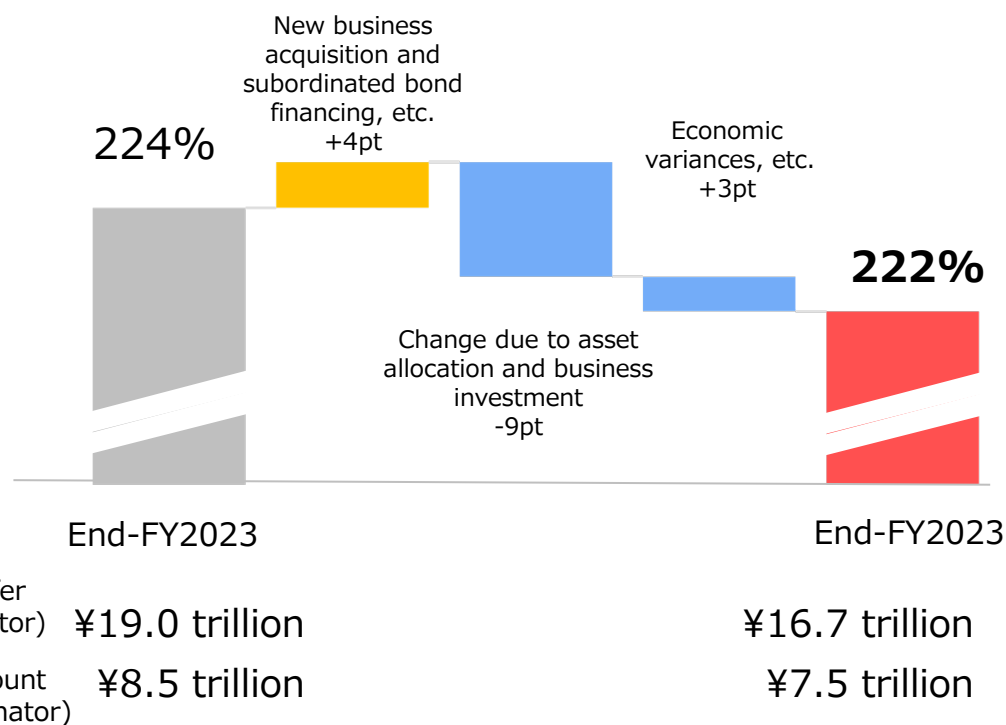
※ Unrealized gains/losses on securities are calculated from Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life, overseas life insurance subsidiaries and other consolidated subsidiaries.

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

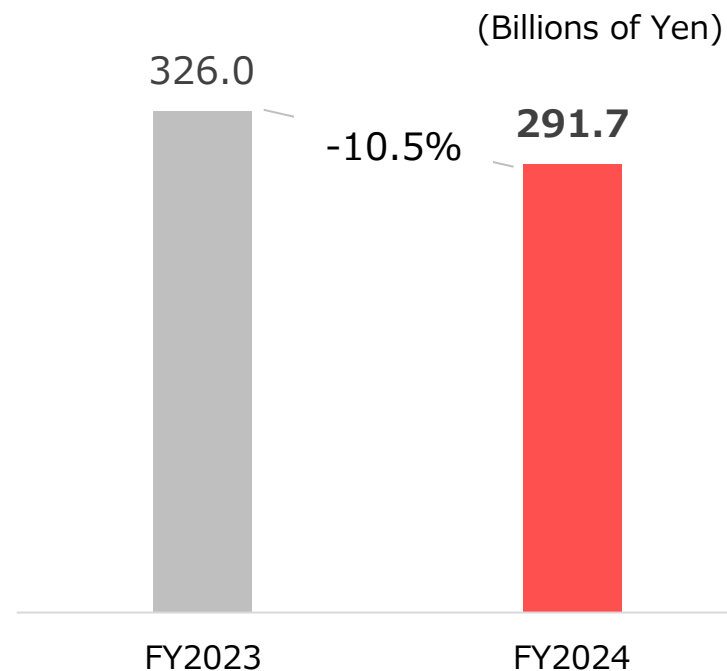
⑥ ESR / Value of new business

- Economic value-based solvency ratio (ESR) remained flat compared to the end of FY2023 due to the impact of business investment and other factors, while there was an increase due to new business acquisitions.
- Value of new business decreased compared to the previous fiscal year due to measures that contributed to reducing policyholders' effective insurance premiums burden, such as lowering individual premium rates and increasing policyholder dividends.

Economic value-based solvency ratio (ESR)



Value of new business



⑦ Statement of income / Balance sheet

Statement of income

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

(Billion of Yen)

	FY2024	vs FY2023
Ordinary income	11,003.5	-8.4%
Revenues from insurance and reinsurance	7,861.3	-8.6%
Investment income	2,614.0	-16.2%
Ordinary expenses	10,498.8	-8.1%
Benefits and other payments	6,819.1	+3.0%
Investment expenses	1,190.3	+26.1%
Operating expenses	1,044.8	+32.3%
Ordinary profit	504.7	-13.2%
Extraordinary gains and losses	-61.3	+4.7%
Net surplus (income)	435.4	+5.6%

Balance sheet

- Total assets decreased, while total liabilities increased compared to the end of FY2023.
- Net assets decreased compared to the end of FY2023.

(Billions of Yen)

	End-FY2024	vs end-FY2023
Total assets	96,342.6	-1.3%
Investments in securities	80,309.4	-1.6%
Loans	8,706.5	-2.3%
Tangible fixed assets	1,986.6	+4.7%
Total liabilities	87,652.2	+0.7%
Policy reserves and other reserves	75,343.4	+1.5%
Policy reserves	73,897.2	+1.4%
Reserve for price fluctuations	1,787.8	+3.2%
Net assets	8,690.3	-17.6%

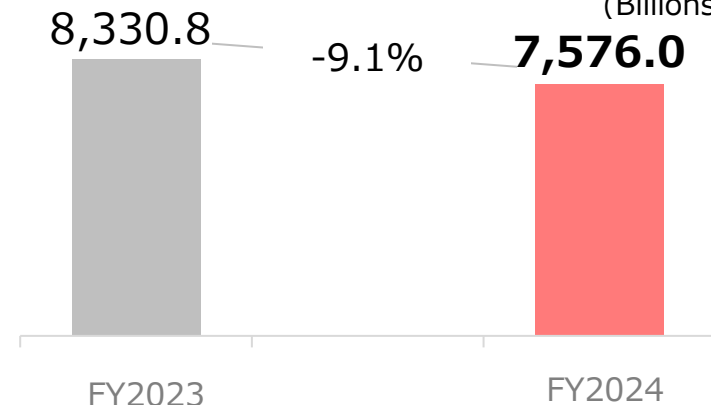
※ Net surplus (income) represents the amount of “Net surplus attributable to the parent company” in the consolidated statement of income.

① Revenues from insurance and reinsurance

- Revenues from insurance and reinsurance decreased mainly due to a decrease in the financial institution over-the-counter distribution channel and the sales representative channel.

Revenues from insurance and reinsurance (domestic total)

(Billions of Yen)



	FY2024 vs FY2023	
Revenues from insurance and reinsurance (domestic total)	7,576.0	-9.1%
Individual insurance and individual annuities	5,275.0	-8.8%
Sales representative channel	3,335.1	-6.7%
Agency channel	629.7	-2.4%
Financial institution over-the-counter distribution channel	1,310.0	-16.2%
Group insurance	291.0	+1.1%
Group annuities	925.8	-7.5%

※ 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.

(Billions of Yen, Millions of policies)

Individual insurance/annuities

	Annualized premiums		Number of policies	
	FY2024	vs FY2023	FY2024	vs FY2023
Domestic total	492.7	-5.7%	4.32	+9.3%
Primary coverage products*	68.6	-4.2%	3.51	+10.7%
Sales representative channel	194.6	-3.4%	3.82	+10.8%
Agency channel	78.2	-2.1%	0.29	+2.3%
Financial institution over-the-counter distribution channel	217.3	-9.2%	0.15	-20.9%
Nippon Life	233.9	-9.6%	3.80	+9.5%
Taiju Life	38.2	-4.3%	0.14	-4.0%
Nippon Wealth Life	204.3	-3.4%	0.12	-0.1%
Hanasaku Life	16.1	+34.4%	0.24	+20.8%

* Primary coverage products is 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 ¥502.1 billion.

③ Policies in force

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

Individual insurance/annuities

(Billions of Yen, Millions of policies)

	Annualized premiums		Number of policies	
	End- FY2024	vs end- FY2023	End- FY2024	vs end- FY2023
Domestic total	4,822.2	+ 1.4%	38.23	-0.5%
Primary coverage products*	1,295.4	-1.7%	24.90	-0.7%
Nippon Life	3,702.8	-1.0%	34.33	-1.4%
Taiju Life	508.9	-1.6%	2.50	-0.7%
Nippon Wealth Life	563.8	+ 21.3%	0.63	+ 20.6%
Hanasaku Life	46.6	+ 38.0%	0.75	+ 35.2%

* Primary coverage products is 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 ¥5,061.5 billion.

Group insurance/annuities

	Group insurance (Amount of coverage, etc.)		Group annuities (AUM, etc.)	
	End- FY2024	vs end- FY2023	End- FY2024	vs end- FY2023
Domestic total	107,217.2	-0.6%	20,085.7	+ 0.8%
Nippon Life	96,343.0	-0.5%	13,786.5	-1.5%
Taiju Life	10,874.2	-1.0%	573.1	-4.1%
Others	—	—	5,726.1	+ 7.6%

※Others consist of Nippon Wealth Life (¥1.2 billion), investment advisory balance of Nissay Asset Management (¥4,559.1 billion) and investment trusts in defined contribution pension plans (¥1,165.7 billion for Nippon Life's distributors).

④ Policyholder dividends (Nippon Life nonconsolidated basis)

- For individual insurance, Nippon Life's policy is to increase the investment yield margin dividend and the risk margin dividend.
- Regarding group insurance, our policy is to keep the group insurance dividend unchanged while increasing the group annuity dividend.
- Provision of reserve for dividends to policyholders, etc. is forecast at ¥301.6 billion, while the policyholder dividend payout ratio is forecast at 64%.

Individual insurance

- The investment yield margin dividend will **increase** by approx. ¥12.0 billion, and the risk margin dividend will **increase** by approx. ¥3.0 billion.
 - Number of eligible policies: Approx. 11 million
 - Amount of dividend : Approx. ¥100.0 billion

Group insurance and group annuities

- Group insurance dividends will be **unchanged**.
 - Number of eligible groups: Approx. 6,600
 - Amount of dividend : Approx. ¥120.0 billion
- Group annuity dividends will **increase**.
 - Number of eligible groups: Approx. 6,400
 - Amount of dividend : Approx. ¥65.0 billion

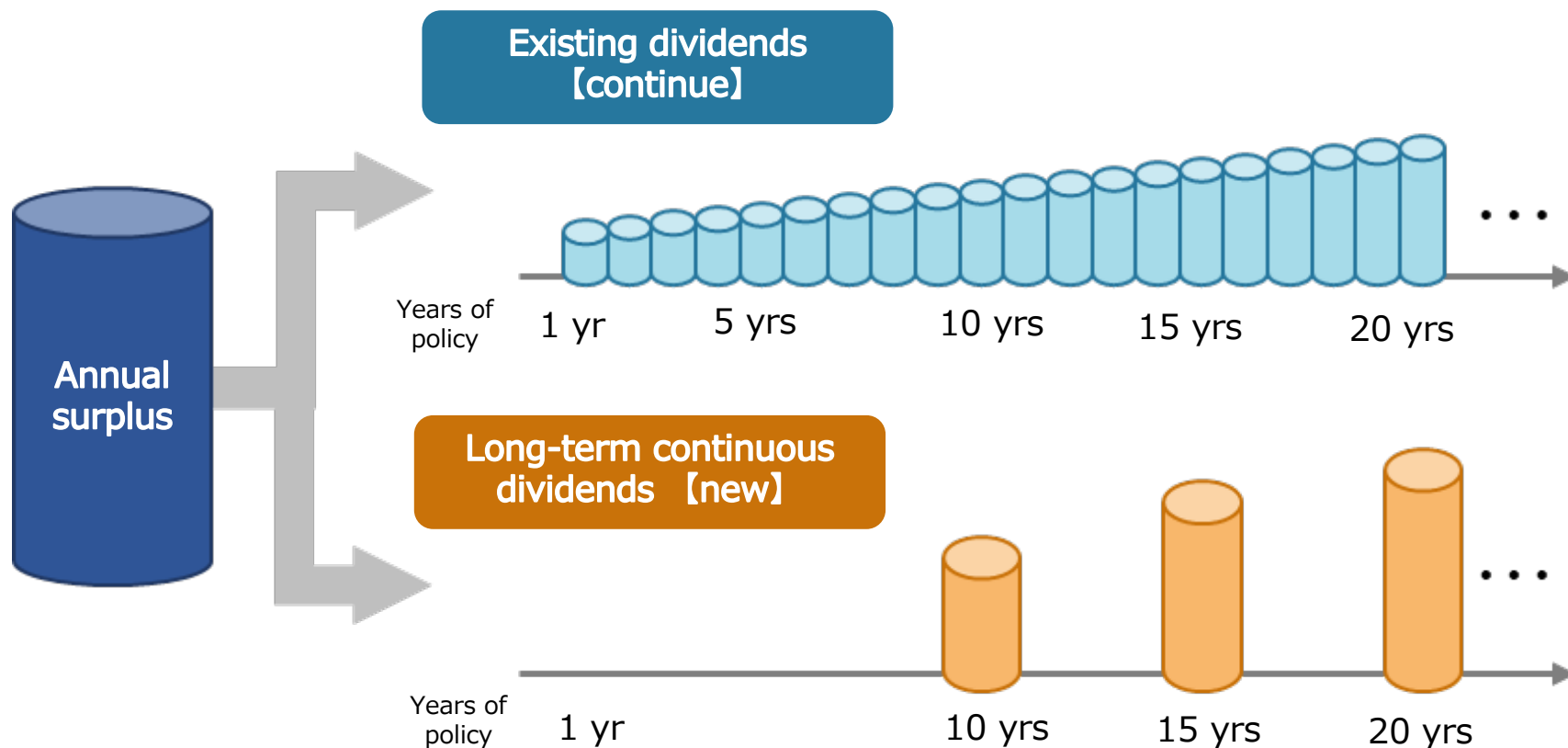
Total amount of dividend*: ¥301.6 billion (increased by ¥37.1 billion from FY2023)

Policyholder dividend payout ratio: **64%**

* Sum of provision of reserve for dividends to policyholders and equalized reserve for dividends to policyholders.

Reference: Establishment of Long-term continuous dividends (Nippon Life consolidated)

- In addition to the existing policyholder dividends, a new “Long-term continuous dividends” will start from April 1, 2026.
- For FY2024, ¥10 billion has been accumulated in equalized reserve for dividends to policyholders to prepare for its establishment, which will be used as a dividend source upon the establishment.



① Business outlook for FY2025

- 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 the expansion of overseas insurance business in line with the Group's business development.
- Annualized premium in force is expected to increase, while value of new business is expected to decrease.

(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)	
	FY2024	FY2025 outlook	FY2024	FY2025 outlook	FY2024	FY2025 outlook
Group total	8,389.5	Approx. 7,980.0	1,010.9	Approx. 1,110.0	4,822.2	Approx. 4,840.0
(Revenues from insurance and reinsurance)	(7,861.3)	(Approx. 7,340.0)				
Nippon Life	4,906.5	Decrease	920.4	Flat	Value of new business (Group)	
Taiju Life	891.5	Decrease	17.8	Increase		
Nippon Wealth Life	1,895.4	Decrease	57.4	Decrease	FY2024	FY2025 outlook
Hanasaku Life	69.0	Increase	-9.5	Decrease		
MLC	233.9	Increase	-9.0	Increase	291.8	Approx. 270.0
Nichii Holdings	230.8 ^{*1}	Increase ^{*1}	8.0 ^{*2}	Increase ^{*2}		
Corebridge	-	-	-	<Newly consolidated>		

*1 For Nichii Holdings, net sales for FY2024 and FY2025 forecast for increase or decrease in net sales are shown.

*2 For Nichii Holdings, net income before taxes for FY2024 and FY2025 forecast for increase or decrease in net income before taxes are shown.

※ 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.

※ The Group total for revenues from insurance and reinsurance are calculated from Nippon Life, Taiju Life, Nippon Wealth Life, Hanasaku Life, Nissay Plus SSI, MLC, 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 and net income before taxes of overseas life insurance subsidiaries and affiliates and domestic and overseas asset management subsidiaries and affiliates, and Nichii Holdings, adjusted for the stock ownership ratio and some internal transactions, and excluding interest rate fluctuation factors.

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

※ [Company name] Corebridge: Corebridge Financial, Inc.

Reference: Outcomes for the numerical targets of Mid-Term Management Plan (2024-2026)

- While the Mid-Term Management Plan that started in FY2024 is progressing steadily, further efforts are required to achieve the plan.
- In FY2025, we will further accelerate our efforts across the group and focus on increasing the value of the domestic insurance business and strengthening group businesses.

Value provided to society

	End-FY2023	End-FY2024	Target (End-FY2026)
Number of customers (Domestic Group)	14.92 million	15.19 million	15.60 million
Customer satisfaction	95%	93%	+90% maintained
Number of corporate customers (Domestic Group)	340,000	340,000	350,000
Asset under management (Domestic Group)	¥109 trillion	¥109 trillion	¥112 trillion
(Reference: Group-wide)	¥118 trillion	¥119 trillion	¥121 trillion

Nippon Life Group's growth

	End-FY2023	End-FY2024	Target (End-FY2026)
Annualized premium in force (Domestic Group)	¥4.75 trillion	¥4.82 trillion	¥4.85 trillion
Value of new business (Group-wide)	¥326.0 billion	¥291.8 billion	¥350.0 billion
Core operating profit (Group-wide)	¥764.0 billion	¥1,010.9 billion	¥860.0 billion

Financial soundness and policyholder dividends

	End-FY2023	End-FY2024	Target (End-FY2026)
ESR (Group-wide)	224%	222%	200~270%
Policyholder dividend payout ratio (Nonconsolidated)	51%	64%	Steady at approx. 60%

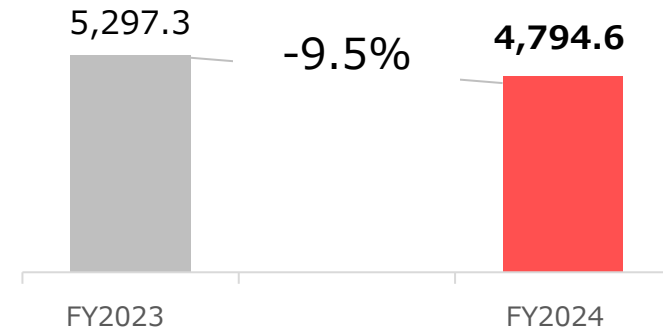
**Reference:
Status of each
Group company**

Nippon Life (nonconsolidated) : Revenue and profit

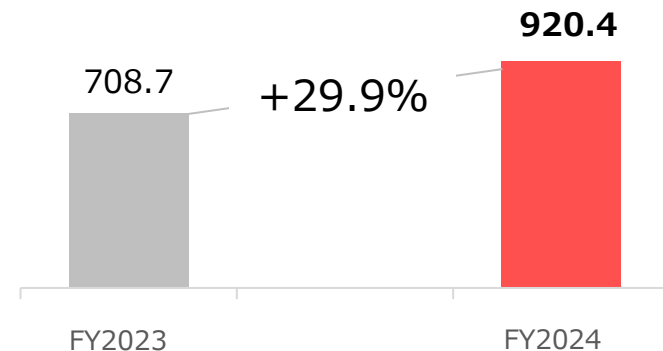
- Nippon Life's nonconsolidated core operating profit increased, while revenue decreased year on year.
- Revenues from insurance and reinsurance decreased mainly due to a decrease in the financial institution over-the-counter distribution channel and the sales representative channel.
- Core operating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

Revenues from insurance and reinsurance

(Billions of Yen)



Core operating profit



	FY2024	VS FY2023
Core operating profit	920.4	+ 29.9%
Investment yield margin	515.3	+ 83.5%
Net insurance-related gains*	405.1	- 5.3%

*Sum of the expense margin and risk margin.

Nippon Life (nonconsolidated): Asset management

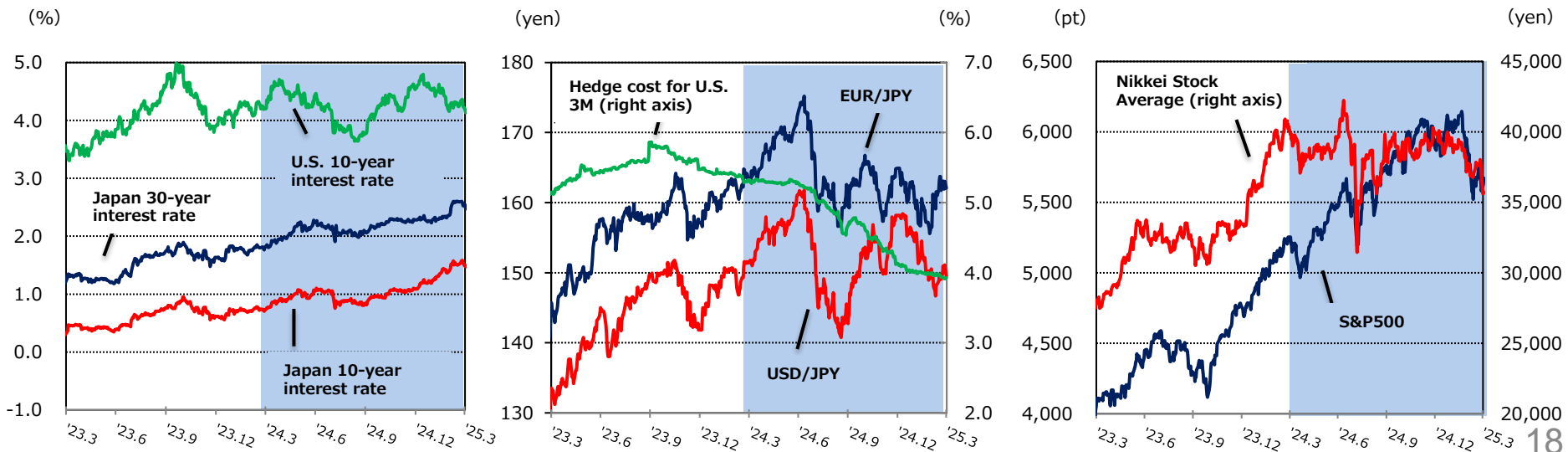
- Net investment income decreased year on year.
- Investment income increased mainly due to an increase in interest, dividends, and other income.
- Investment expenses increased mainly due to an increase in loss on sales of securities.

Net investment income (General account)

(Billions of Yen)

	FY2024	vs FY2023
Investment income	2,216.3	+127.3
Interest, dividends, and other income	1,826.9	+219.3
Gain on sales of securities	388.3	+72.9
Investment expenses	900.3	+203.3
Loss on sale of securities	502.0	+226.1
Loss on valuation of securities	2.5	-4.0
Loss on derivative financial instruments, net	217.4	-70.9
Foreign exchange losses	30.5	+30.5
Net investment income	1,315.9	-76.0

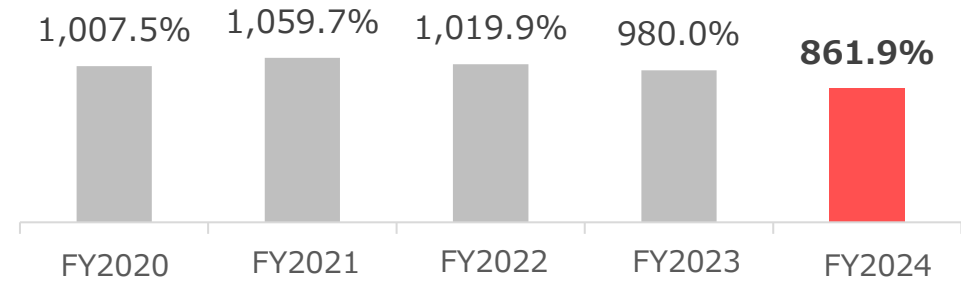
Market trend



Nippon Life (nonconsolidated): Soundness

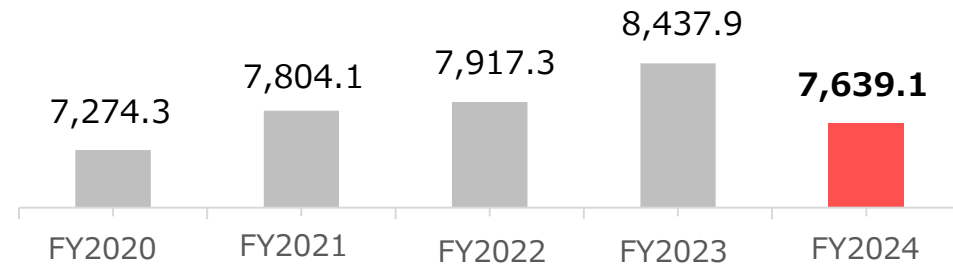
- Solvency margin ratio declined compared to the end of FY2023 due to factors such as a decrease in unrealized gains on domestic stocks and heightened risk incurred by subsidiaries, etc.
- Equity decreased compared to the end of FY2023, mainly due to the reversal of contingency reserves and the provision of additional policy reserves to further provide for negative spreads.
- Unrealized gains on securities decreased compared to the end of FY2023 mainly due to an increase in unrealized losses on domestic bonds and a decrease in unrealized gains on domestic stocks.

Solvency margin ratio



Equity

(Billions of Yen)



Unrealized gains/losses on securities

(Billions of Yen)

	End-FY2024	vs end-FY2023
Investment in securities	7,361.9	-4,640.7
Domestic bonds	-3,595.5	-2,583.9
Domestic stocks	7,940.8	-1,636.9
Foreign securities	3,078.4	-269.8
Others	-61.7	-150.0

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

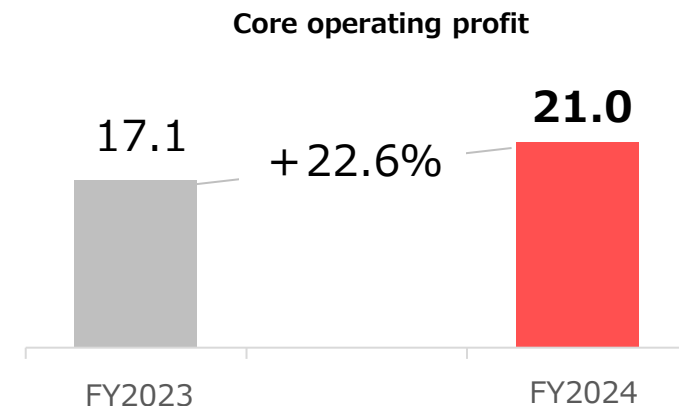
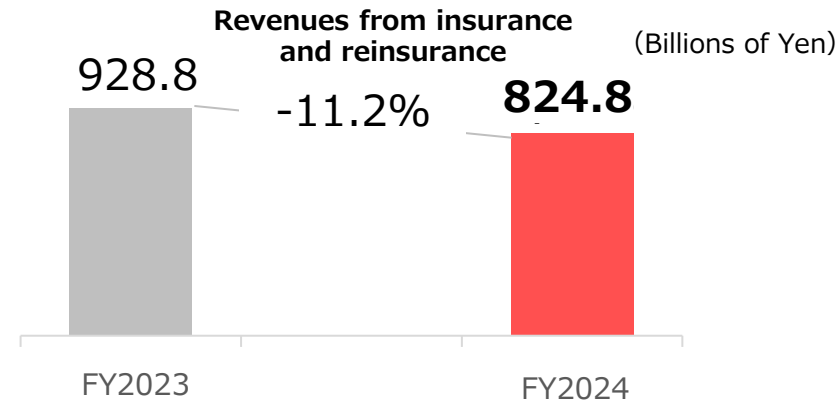
Nippon Life (nonconsolidated): Retention rate, numbers of agencies and sales representatives

	End- FY2024	vs end- FY2023	(Reference) End-FY2023
New 6-month retention rate	97.7%	+0.2pt	97.5%
Total 13-month comprehensive retention rate	95.4%	-0.2pt	95.6%
Agencies	19,125	-37	19,162
Financial institution	296	-2	298
Sales representatives (people)	47,867	-70	47,937

- ※ 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 is the total for new and converted policies and represents the retention rate in the 13 month, including all premium payment methods of monthly, annual and single payment.
- ※ New 6-month retention rate as of end-FY2024 covers new policies from September 2023 to August 2024.
- ※ New 6-month retention rate as of end-FY2023 covers new policies from September 2022 to August 2023.
- ※ Total 13-month comprehensive retention rate as of end-FY2024 covers new and converted policies from January to December 2023.
- ※ Total 13-month comprehensive retention rate as of end-FY2023 covers new and converted policies from January to December 2022.

Taiju Life

- Revenue decreased and core operating profit increased year on year.
- Revenues from insurance and reinsurance decreased mainly due to a decrease in sales of foreign currency-denominated single payment products.
- Core operating profit increased due to an improvement in investment loss, mainly due to a decrease in net insurance-related gains associated with an increase in fixed costs, etc., and a decrease in hedge cost.



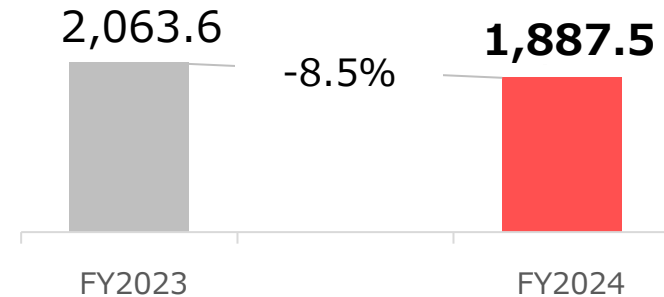
	FY2024	vs FY2023
Core operating profit	21.0	+22.6%
Investment yield margin	-25.2	+37.1%
Net insurance-related gains*	46.2	-19.2%

* Sum of the expense margin and risk margin.
 ※ Nonconsolidated figures are shown.

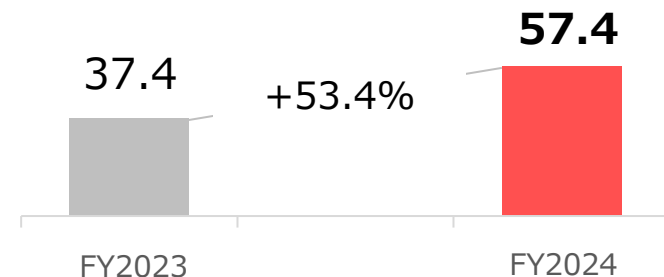
Nippon Wealth Life

- Revenue decreased and core operating profit increased year on year.
- Revenues from insurance and reinsurance decreased mainly due to a decrease in reinsurance revenue resulting from the change in approach for ceded reinsurance.
- Core operating profit increased mainly due to an increase in interest, dividends, and other income.

Revenues from insurance and reinsurance (Billions of Yen)



Core operating profit



	FY2024	vs FY2023
Core operating profit	57.4	+ 53.4%
Investment yield margin	57.0	+ 50.9%
Net insurance-related gains ^{*1}	0.4	(Profit increase) ^{*2}

* 1 Sum of the expense margin and risk margin.

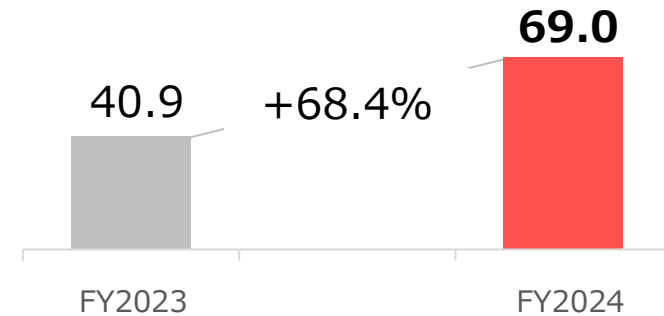
* 2 Variance cannot be calculated because the figures of FY2024 were positive, whereas those of FY2023 were negative.

※ Nonconsolidated figures are shown.

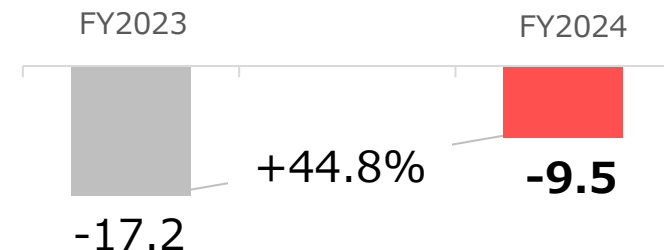
Hanasaku Life

- Revenue and core operating profit increased year on year.
- Revenues from insurance and reinsurance mainly due to an increase in reinsurance revenue and an increase in sales of products such as medical insurance.
- 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, among other factors, while an increase in operating expenses and other charges from business expansion.

Revenues from insurance and reinsurance (Billions of Yen)



Core operating profit

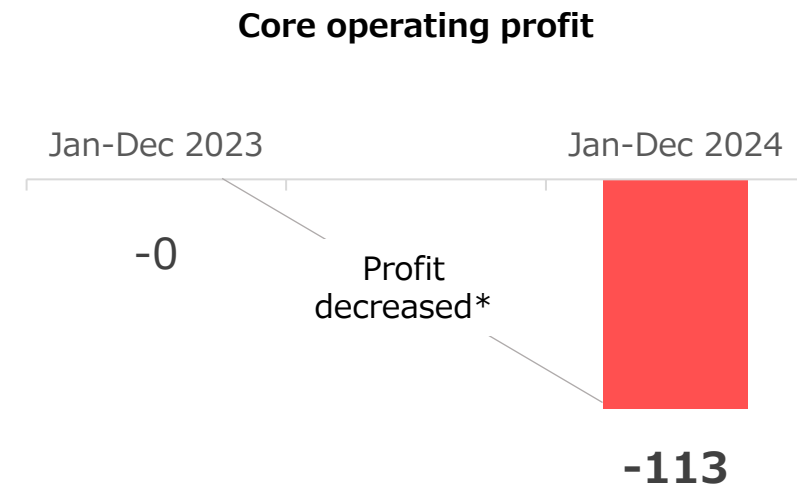
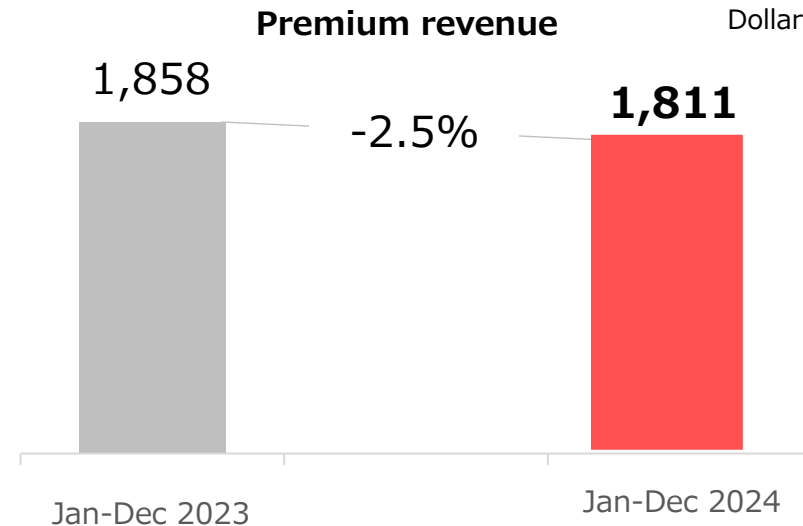


	FY2024	VS FY2023
Core operating profit	-9.5	+44.8%
Investment yield margin	0.3	+155.4%
Net insurance-related gains*	-9.8	+43.2%

* Sum of the expense margin and risk margin.

※ Nonconsolidated figures are shown.

- Premium revenue and core operating profit decreased compared to Jan-Dec 2023.
- Premium revenue decreased mainly due to a decrease in revenue in group insurance.
- Core operating profit decreased mainly due to an increase in payments in individual insurance and the resulting change in expected future payments reflected in the current year's profit and loss.

(Millions of Australian
Dollars)

※ Nonconsolidated figures are shown.

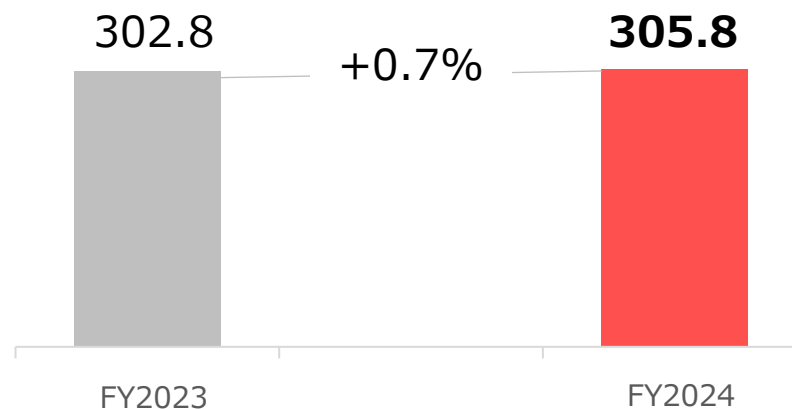
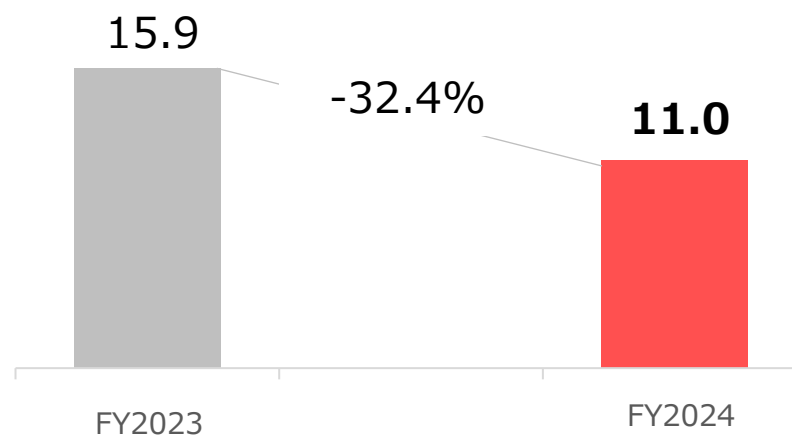
※ Premium revenue is shown based on an earned basis in accordance with Japanese accounting standards (the former accounting standard).

* It is not presented as a percentage change as the change is over ±1,000%.

- Net sales increased, while net income before taxes decreased year on year.
- Net sales increased across the three main business domains of medical-related, long-term care and childcare.
- Net income before taxes decreased due to factors that include lower non-operating income, as well as a decrease in operating income caused by higher personnel expenses.

Net sales

(Billions of Yen)

**Net income before taxes**

※ Consolidated figures of Nichii Holdings 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*1 of assets and liabilities held.

Risk buffer (the numerator of ESR):

The risk buffer refers to the capital available to mitigate 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; bonds held to maturity; policy-reserve-matching bonds; loans; unrealized gains and losses on assets such as 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*2 and the risk margin*3.

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*4. The same assumptions are used to calculate unrealized gains and losses on insurance liabilities as of March 31, 2025.

*1 Refers to the present value of future cash flows derived from valuations consistent with market prices, or methodologies using market-consistent principles, techniques, and parameters.
*2 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.
*3 The amount necessary to set aside for fluctuations in future cash flows related to insurance policies.
*4 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.*5

(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*6 and extrapolate using the Smith-Wilson method so that the forward rate from the 31st year onward, with the 30th 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 March 31, 2025

Period	Yen	U.S. dollar	Australian dollars
10 years	1.5%	4.3%	4.5%
20 years	2.3%	4.8%	5.0%
30 years	2.7%	4.6%	5.3%

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.

*5 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.
*6 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.