

## Company Information

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# NISSAY

## Annual Report

*Annual Report*

# 2020



“大切な人を想う”のいちばん近くで。

日本生命保険相互会社  
Nippon Life Insurance Company

## Main Business Details

### ◆ Company Purpose

Article 2 of the Articles of Incorporation stipulates the Company's purpose as pursuing business in the following areas:

- i) life insurance business,
- ii) provision of agency service or administration services to other insurance companies (including foreign insurers) or financial institutions, giving of guarantees for liabilities, and other businesses incidental to the businesses of the preceding items,
- iii) sale and purchase of government bonds, local government bonds or government guaranteed bonds, handling of the offering or administration and other businesses permitted under the Insurance Business Act of local government bonds, corporate bonds or other debentures, and other businesses which life insurance companies may conduct under the laws other than the Insurance Business Act and
- iv) other activities incidental to or relating to the matters referred to in each of the foregoing paragraphs

### ◆ Outline of Business

#### Life insurance business

- a. Underwriting insurance based on life insurance business licenses  
See pp. 9–13 for details regarding main insurance products.
- b. Asset management  
Assets, such as monies received as premiums, are mainly invested in the following:
  - 1) Loans: Call loans and loans extended to corporations and individuals
  - 2) Securities investment: Investment in securities (including foreign securities) and securities lending
  - 3) Real estate investment: Investment in real estate, including office buildings

#### Auxiliary and other businesses

- a. Acting as a proxy for other insurance companies and other financial institutions
- b. Provision of credit guarantees
- c. Sales of investment trusts
- d. Management and administration of defined contribution pension plans

## Company History

Nippon Life was founded as Nippon Life Assurance Co., Inc. in July 1889, and in 1891, the name was changed to Nippon Life Assurance Co., Ltd.

When the Company was founded, a premium table based on unique Japanese mortality statistics was created. At the same time, Nippon Life became the first Japanese life insurer to decide to offer profit dividends to policyholders, which embodied the spirit of mutual aid. And so, after its first major closing of books in 1898, Nippon Life paid the first policyholder dividends in Japan.

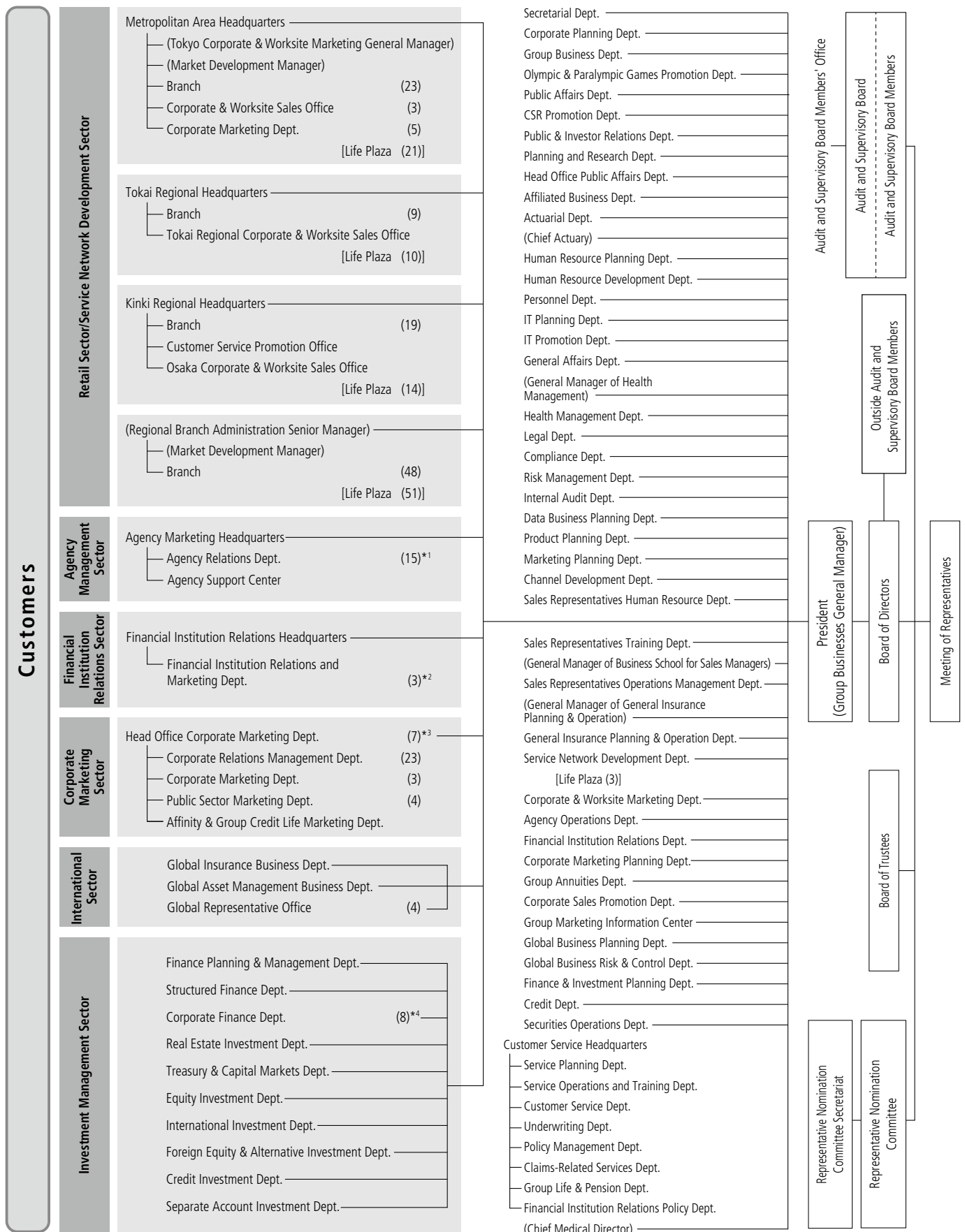
After World War II, the Company was reborn as Nippon Life Insurance Company in 1947 and continues to work to realize the philosophy of "co-existence, co-prosperity, and mutualism" as a mutual company.

1889	○ Nippon Life Assurance Co., Inc. established	1975	○ New York Liaison Office opened (Renamed New York Representative Office in 1977) ○ Full transfer of Ryukyu Life Insurance
1891	○ Renamed Nippon Life Assurance Co., Ltd.	1979	○ Nippon Life Foundation established (Converted into a public interest incorporated foundation in 2010)
1898	○ Nippon Life paid out the first policyholder profit dividends in Japan	1981	○ Whole life insurance and whole life insurance with term life rider launched ○ London Representative Office opened
1899	○ Top in the industry for amount of policies in force	1982	○ Frankfurt Representative Office opened
1902	○ Moved to newly built headquarters at present location	1984	○ Nissay Leasing Co., Ltd. established
1924	○ Nippon Life Saiseikai Foundation established (Certified as a public interest incorporated foundation in 2012)	1985	○ Nissay BOT Investing Advisors established (Renamed Nissay Investment Advisors in 1989) ○ Singapore Representative Office opened (office converted into a local corporation in 2010)
1931	○ Nissay Hospital opened, attached to the Nippon Life Saiseikai Foundation (Renamed Nippon Life Hospital in 2018)	1987	○ Beijing Representative Office opened ○ Opening of Nissay Life Plaza Shinjuku (1st outlet)
1940	○ Japan's first "Ordinary insurance with dividend by profit source" launched	1988	○ Nissay Research Institute established ○ Corporate identity (CI) introduced
1942	○ Full transfer of Fuji Life Insurance	1989	100th Anniversary ○ NLI Research Institute (NLI RI) established ○ The Nissay Seirei Health & Welfare Foundation established (It became a public interest incorporated foundation in 2013)
1945	○ Full transfer of Aikoku Life Insurance		
1947	○ The Company reemerged as Nippon Life Insurance Company		
1950	○ Opening of the Nippon Life Insurance Baseball Stadium		
1959	○ "Kurashi no Hoken" (Endowment Insurance with Term Rider) launched		
1963	○ Nissay Theatre opened		
1964	○ The "Nissay Masterpiece Theatre" (Nissay Meisaku Gekijo) launched		
1973	○ Nissay Children's Culture Promotion Foundation established (Renamed Nissay Culture Foundation in 1993 and converted into a public interest incorporated foundation in 2009)		

1991	<ul style="list-style-type: none"> <li>○ Nissay Capital Co., Ltd. established</li> <li>○ Nippon Life Insurance Company of America established</li> </ul>
1992	<ul style="list-style-type: none"> <li>○ <i>"Athlete"</i> (dread disease term rider) launched</li> <li>○ Nissay Million Tree-Planting Campaign began</li> </ul>
1993	<ul style="list-style-type: none"> <li>○ NISSAY NEW CREATION CO., LTD. established</li> <li>○ Nissay Green Foundation established (Foundation converted to a public interest incorporated foundation in 2011)</li> </ul>
1994	<ul style="list-style-type: none"> <li>○ Living needs benefit rider launched</li> </ul>
1995	<ul style="list-style-type: none"> <li>○ Nissay Investment Trust Co., Ltd. established</li> </ul>
1996	<ul style="list-style-type: none"> <li>○ Nissay General Insurance Co., Ltd. established</li> </ul>
1997	<ul style="list-style-type: none"> <li>○ Acquired an equity stake in Bangkok Life Assurance Limited</li> <li>○ <i>"Forward"</i> (illness &amp; disability term rider) launched</li> <li>○ Tie-up with Putnam Investments, LLC (USA)</li> </ul>
1998	<ul style="list-style-type: none"> <li>○ <i>"Nice Care"</i> (nursing care rider) launched</li> <li>○ Nissay Asset Management Investment Trust Corporation established through merger of Nissay Investment Advisors Co., Ltd. and Nissay Investment Trust Co., Ltd.</li> <li>○ Tie-up with Deutsche Bank</li> </ul>
1999	<ul style="list-style-type: none"> <li>110th Anniversary</li> <li>○ Nissay Insurance Accounts launched</li> <li>○ Nissay Information Technology Co., Ltd. established</li> </ul>
2000	<ul style="list-style-type: none"> <li>○ Separate Account Management Division spun off, then integrated with Investment Trust Advisors and renamed Nissay Asset Management Corporation</li> <li>○ The Master Trust Bank of Japan, Ltd. began operation</li> <li>○ Foundation funds (<i>kikin</i>) fundraising using securitization through Special Purpose Company (SPC)</li> </ul>
2001	<ul style="list-style-type: none"> <li>○ The Dowa Fire and Marine Insurance Company, Limited and Nissay General Insurance Co., Ltd. merged to form Nissay Dowa General Insurance Company, Limited (The company merged with Aioi Insurance Co., Ltd. in 2010 and was renamed as Aioi Nissay Dowa Insurance Co., Ltd.)</li> <li>○ <i>"Ikiru Chikara EX"</i> launched</li> <li>○ Life Care Partners Co., Ltd. established in cooperation with the Nichii Gakkan and Hitachi groups</li> <li>○ Corporate-Pension Business Service Co., Ltd., a joint venture with Daiichi Mutual Life Insurance Company (name changed to The Dai-ichi Life Insurance Company, Limited), established</li> <li>○ Nissay Call Center launched</li> </ul>
2002	<ul style="list-style-type: none"> <li>○ "Nissay Million Tree-Planting Campaign" goal of one million trees reached</li> <li>○ Individual variable annuities that are sold in banks launched</li> </ul>
2003	<ul style="list-style-type: none"> <li>○ Nissay Planting and Nurturing Forests for Future Generations Campaign, a forest protection campaign, launched</li> <li>○ Nissay-SVA Life Insurance Co., Ltd. established</li> </ul>
2004	<ul style="list-style-type: none"> <li>○ Bangkok Life became a Group company</li> <li>○ Tokyo Headquarters moved to the Marunouchi area</li> <li>○ <i>"My Dream"</i> (annuity with variable accumulation rate) launched</li> </ul>
2005	<ul style="list-style-type: none"> <li>○ <i>"Iryo Meijin EX"</i> (hospitalization and medical life insurance) launched</li> <li>○ <i>"Super Phoenix 100EX"</i> (term life insurance) launched</li> <li>○ <i>"Long Dream"</i> (single-payment whole life insurance with variable accumulation rate) launched</li> </ul>
2008	<ul style="list-style-type: none"> <li>○ Tie-up with Northwestern Mutual</li> <li>○ <i>"Mirai Support"</i> launched</li> <li>○ <i>"Platina Dream"</i> (Equity Indexed Annuity) launched</li> <li>○ More than seven million children invited to watch musicals at the "Nissay Masterpiece Theatre" (Nissay Meisaku Gekijo)</li> </ul>
2009	<ul style="list-style-type: none"> <li>120th Anniversary</li> <li>○ <i>"My Medical Ex"</i> launched</li> <li>○ Nissay-SVA Life Insurance Co., Ltd. changed its joint venture partner to China Great Wall Asset Management Corporation and renamed the joint venture Nissay-Greatwall Life Insurance Co., Ltd.</li> </ul>
2010	<ul style="list-style-type: none"> <li>○ <i>"Zutto Motto Service"</i> launched</li> <li>○ Sales of <i>"Yume no Katachi"</i> started</li> </ul>
2011	<ul style="list-style-type: none"> <li>○ Invested in Reliance Life Insurance Company Limited and made it into a Group company (Renamed Reliance Nippon Life Insurance Company Limited in 2016)</li> </ul>
2012	<ul style="list-style-type: none"> <li>○ The three-year plan "the Future Creation Project" (2012–2014) started</li> <li>○ Nissay <i>"Mirai no Katachi"</i> launched</li> <li>○ Invested in Reliance Capital Asset Management Limited and made it into an affiliate company (Renamed Reliance Nippon Life Asset Management Limited in 2016)</li> <li>○ Issuance of US Dollar-denominated subordinated notes</li> </ul>
2013	<ul style="list-style-type: none"> <li>○ Nissay Educational Endowment Insurance launched</li> <li>○ <i>"Next Road"</i> launched</li> <li>○ <i>"Yume no Katachi Plus"</i> launched</li> </ul>
2014	<ul style="list-style-type: none"> <li>○ The "Nissay Masterpiece Series" (Nissay Meisaku Series) launched</li> <li>○ Invested in PT Asuransi Jiwa Sequis Life making it an affiliated company</li> </ul>
2015	<ul style="list-style-type: none"> <li>○ Three-year Medium-Term Management Plan <i>"Zen Shin (2015–2017)"</i> started</li> <li>○ Nissay <i>"Mirai no Katachi Itsutsu Boshi"</i> plan featuring dread disease insurance coverage with continuous support launched</li> <li>○ LifeSalon became a subsidiary</li> <li>○ <i>"Long Dream GOLD"</i> launched</li> <li>○ Established Nissay Realty Management Co., Ltd.</li> <li>○ Lifeplaza Partners Co., Ltd. made into a Group company</li> <li>○ Management integration with Mitsui Life Insurance Company Limited (Now TAIJU LIFE INSURANCE COMPANY LIMITED)</li> </ul>
2016	<ul style="list-style-type: none"> <li>○ <i>"Gran Age"</i> launched</li> <li>○ <i>"Wrap Dream"</i> launched</li> <li>○ <i>"ChouChou!"</i> launched</li> <li>○ MLC Limited into a subsidiary</li> </ul>
2017	<ul style="list-style-type: none"> <li>○ Start of the Medium-Term Management Plan <i>"Zen Shin –next stage– (2017–2020)"</i></li> <li>○ <i>"Platinum Phoenix"</i> launched</li> <li>○ Hoken 110 became a subsidiary</li> <li>○ <i>"Moshimonotoki no...Seikatsuhi"</i> launched</li> <li>○ <i>"Yume no Present"</i> launched</li> <li>○ Nippon Life invested in the US asset management firm, The TCW Group, Inc., and converted it into an affiliate</li> </ul>
2018	<ul style="list-style-type: none"> <li>○ Nissay <i>"Mirai no Katachi Daijobu,"</i> specific medical coverage launched</li> <li>○ Management integration with MassMutual Life Insurance Company (Now Nippon Wealth Life Insurance Company Limited)</li> <li>○ <i>"Long Dream GOLD 2"</i> launched</li> <li>○ LHL Co., Ltd. became a subsidiary</li> </ul>
2019	<ul style="list-style-type: none"> <li>130th Anniversary</li> <li>○ HANASAKU LIFE INSURANCE Co., Ltd. opened for business</li> <li>○ Nissay <i>"Mirai no Katachi NEW in 1,"</i> general hospitalization insurance launched</li> <li>○ <i>"Long Dream GOLD 3"</i> (single-payment whole life insurance with variable accumulation rate) launched</li> <li>○ Additional shares in Reliance Nippon Life Asset Management Limited acquired and made it a subsidiary (Renamed Nippon Life India Asset Management Limited in 2020)</li> <li>○ Invested in Grand Guardian Life Insurance Co., Ltd. and made it an affiliate (Renamed Grand Guardian Nippon Life Insurance Co., Ltd. in 2020)</li> <li>○ <i>"Yume no Present 2"</i> launched</li> </ul>
2020	<ul style="list-style-type: none"> <li>○ Nissay <i>"Mirai no Katachi Ninchisho Support Plus"</i> (dementia insurance) launched</li> </ul>

# Organization

(As of March 25, 2020)



Notes with additional information are provided at the top of the adjacent page.



※ Offices and Centers Installed inside Departments

Consumer Loan Planning Office (Finance Planning & Management Department)	Sales Material Inspection Office (Product Planning Department)	Regional Revitalization Support Office (Corporate & Worksite Marketing Department)
Store Planning Office (Real Estate Investment Department)	Healthcare Development Office (Marketing Planning Department)	Market Development Office (Corporate Marketing Planning Department)
Innovation Office (Corporate Planning Department)	<i>Shin Ikusei</i> Program Promotion Office (Sales Representatives Training Department)	Corporate Product Planning Office (Corporate Marketing Planning Department)
International Accounting and Actuarial Affairs Office (Planning and Research Department)	Business School for Sales Managers (Sales Representatives Training Department)	Corporate Sales Planning & Product Development Office (Corporate Marketing Planning Department)
<i>Kagayaki</i> Promotion Office (Human Resource Development Department)	Life Plaza Promotion Office (Service Network Development Department)	General <i>Kikin</i> Promotion Office (Group Annuities Department)
Digitalization Office (IT Promotion Department)	Corporate Sales Strategy Office (Corporate & Worksite Marketing Department)	General Insurance Planning & Services Office (Service Planning Department)
Sound Business Promotion Office (Compliance Department)	Sales Area Management Office (Corporate & Worksite Marketing Department)	Medical Research and Development Office (Service Planning Department)
Information Management Office (Compliance Department)	Corporate & Worksite Development Office (Corporate & Worksite Marketing Department)	Call Center (Customer Service Department)
Compliance Consultation Office (Compliance Department)	Public Sector Management Office (Corporate & Worksite Marketing Department)	Claims-Related Services Center (Claims-Related Services Department)
Administrative Risk Management Department (Risk Management Department)		Corporate Service Center (Group Life & Pension Department)
System Risk Management Department (Risk Management Department)		
Investment Risk Management Department (Risk Management Department)		

\*1: Fifteen Agency Relations Departments

1st Metropolitan Agency Relations Dept. (Tokyo)
2nd Metropolitan Agency Relations Dept. (Tokyo)
3rd Metropolitan Agency Relations Dept. (Tokyo)
4th Metropolitan Agency Relations Dept. (Tokyo)
5th Metropolitan Agency Relations Dept. (Yokohama)
6th Metropolitan Agency Relations Dept. (Saitama)
Hokkaido Agency Relations Dept. (Sapporo)
Tohoku Agency Relations Dept. (Sendai)
Hokuriku-Shinetsu Agency Relations Dept. (Nagano)
Tokai Agency Relations Dept. (Nagoya)
1st Kinki Agency Relations Dept. (Osaka)
2nd Kinki Agency Relations Dept. (Osaka)
3rd Kinki Agency Relations Dept. (Osaka)
West Japan Agency Relations Dept. (Okayama)
Kyushu Agency Relations Dept. (Fukuoka)

\*3: Seven Head Office Corporate Marketing Departments

Head Office 1st Corporate Marketing Dept. (Tokyo)	Head Office East Japan Corporate Marketing Dept. (Sapporo)
1st Corporate Relations Management Dept. (Tokyo)	Hokkaido Corporate Relations Management Dept. (Sapporo)
2nd Corporate Relations Management Dept. (Tokyo)	Tohoku Corporate Relations Management Dept. (Sendai)
3rd Corporate Relations Management Dept. (Tokyo)	Head Office Tokai Corporate Marketing Dept. (Nagoya)
4th Corporate Relations Management Dept. (Tokyo)	1st Tokai Corporate Relations Management Dept. (Nagoya)
9th Corporate Relations Management Dept. (Tokyo)	2nd Tokai Corporate Relations Management Dept. (Kariya)
Head Office 2nd Corporate Marketing Dept. (Tokyo)	Tokai Corporate Sales Dept. (Nagoya)
5th Corporate Relations Management Dept. (Tokyo)	Head Office Osaka Corporate Marketing Dept. (Osaka)
6th Corporate Relations Management Dept. (Tokyo)	1st Osaka Corporate Relations Management Dept. (Osaka)
7th Corporate Relations Management Dept. (Tokyo)	2nd Osaka Corporate Relations Management Dept. (Osaka)
8th Corporate Relations Management Dept. (Tokyo)	3rd Osaka Corporate Relations Management Dept. (Osaka)
10th Corporate Relations Management Dept. (Tokyo)	Kyoto Corporate Relations Management Dept. (Kyoto)
11th Corporate Relations Management Dept. (Tokyo)	Kobe Corporate Relations Management Dept. (Kobe)
12th Corporate Relations Management Dept. (Tokyo)	Hiroshima Corporate Relations Management Dept. (Hiroshima)
Head Office 3rd Corporate Marketing Dept. (Tokyo)	1st Osaka Corporate Sales Dept. (Osaka)
1st Public Sector Marketing Dept. (Tokyo)	2nd Osaka Corporate Sales Dept. (Osaka)
2nd Public Sector Marketing Dept. (Tokyo)	Osaka Public Sector Marketing Dept. (Osaka)
3rd Public Sector Marketing Dept. (Tokyo)	Head Office Kyushu Corporate Marketing Dept. (Fukuoka)
Affinity & Group Credit Life Marketing Dept. (Tokyo)	Kyushu Corporate Relations Management Dept. (Fukuoka)

\*2: Three Financial Institution Relations and Marketing Departments

1st Financial Institutions Relations Dept. (Tokyo)
2nd Financial Institutions Relations Dept. (Tokyo)
Osaka Financial Institutions Relations Dept. (Osaka)

\*4: Eight Corporate Finance Departments

1st Corporate Finance Dept. (Tokyo)	Corporate Finance Dept. (Tokyo)
2nd Corporate Finance Dept. (Tokyo)	Tokai Area Corporate Finance Dept. (Nagoya)
3rd Corporate Finance Dept. (Tokyo)	Osaka Corporate Finance Dept. (Osaka)
Metropolitan Area Corporate Finance Dept. (Tokyo)	Kyushu Area Corporate Finance Dept. (Fukuoka)

◆ Branch Organization

	(Unit: Number)		
As of April 1	2020	2019	2018
Branches	99	99	99
Branch Offices	9	9	9
Sales Offices	1,526	1,533	1,536
Global Representative Offices	4	4	4
Agencies	18,266	17,493	16,536

Notes: 1. Branches are organizations that mainly specialize in sales activities targeting urban corporate worksite sales locations.  
2. Agencies include sales agencies at banks and other financial institutions.

# Status of Employees and Executives/Accounting Audits

## ◆ Number of Employees by Job Function

	Number of employees (As of March 31)			Number of new employees (Fiscal years ended March 31)		
	2020	2019	2018	2020	2019	2018
<b>Total non-sales personnel</b>	<b>19,425</b>	<b>19,392</b>	<b>19,515</b>	<b>1,723</b>	<b>1,801</b>	<b>1,528</b>
<b>Male</b>	<b>5,106</b>	<b>5,102</b>	<b>5,168</b>	<b>371</b>	<b>413</b>	<b>371</b>
<b>Female</b>	<b>14,319</b>	<b>14,290</b>	<b>14,347</b>	<b>1,352</b>	<b>1,388</b>	<b>1,157</b>
Managerial track	3,926	3,889	3,968	175	167	173
Area management positions	1,444	1,391	1,342	77	74	74
Area operations positions	6,567	6,593	5,798	460	448	20
<b>Total sales representatives</b>	<b>55,132</b>	<b>53,868</b>	<b>52,356</b>	<b>10,422</b>	<b>10,956</b>	<b>10,104</b>
<b>Male</b>	<b>2,044</b>	<b>2,067</b>	<b>2,079</b>	<b>97</b>	<b>105</b>	<b>69</b>
<b>Female</b>	<b>53,088</b>	<b>51,801</b>	<b>50,277</b>	<b>10,325</b>	<b>10,851</b>	<b>10,035</b>
Sales management positions	1,978	1,962	1,950	97	103	65
Male	1,767	1,771	1,763	97	103	65
Female	211	191	187	0	0	0
Sales representatives	53,154	51,906	50,406	10,325	10,853	10,039
Male	277	296	316	0	2	4
Female	52,877	51,610	50,090	10,325	10,851	10,035
<b>Total</b>	<b>74,557</b>	<b>73,260</b>	<b>71,871</b>	<b>12,145</b>	<b>12,757</b>	<b>11,632</b>
<b>Male</b>	<b>7,150</b>	<b>7,169</b>	<b>7,247</b>	<b>468</b>	<b>518</b>	<b>440</b>
<b>Female</b>	<b>67,407</b>	<b>66,091</b>	<b>64,624</b>	<b>11,677</b>	<b>12,239</b>	<b>11,192</b>

Notes: 1. All figures were calculated on March 31 of each fiscal year.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,184 employees as of March 31, 2020 and 1,304 employees as of March 31, 2019)

## ◆ Average Age and Years of Service

As of March 31	Average age (Years)			Average years of service (Years)		
	2020	2019	2018	2020	2019	2018
<b>Total non-sales personnel</b>	<b>45.1</b>	<b>44.8</b>	<b>44.5</b>	<b>12.0</b>	<b>11.8</b>	<b>11.6</b>
<b>Male</b>	<b>45.3</b>	<b>45.0</b>	<b>44.6</b>	<b>15.1</b>	<b>14.8</b>	<b>14.7</b>
<b>Female</b>	<b>45.0</b>	<b>44.7</b>	<b>44.4</b>	<b>10.9</b>	<b>10.8</b>	<b>10.5</b>
Managerial track	41.0	40.8	40.5	18.1	17.9	17.7
Area management positions	38.5	38.5	38.3	16.5	16.6	16.5
Area operations positions	40.8	40.7	40.4	13.6	13.8	15.4
<b>Total sales representatives</b>	<b>44.7</b>	<b>44.9</b>	<b>45.1</b>	<b>9.7</b>	<b>9.8</b>	<b>9.9</b>
<b>Male</b>	<b>41.7</b>	<b>42.0</b>	<b>42.6</b>	<b>17.5</b>	<b>17.7</b>	<b>18.2</b>
<b>Female</b>	<b>44.9</b>	<b>45.0</b>	<b>45.2</b>	<b>9.4</b>	<b>9.5</b>	<b>9.5</b>
Sales management positions	39.9	40.3	40.8	16.9	17.2	17.8
Male	39.3	39.7	40.3	16.3	16.7	17.3
Female	45.6	45.6	46.0	22.2	22.3	22.3
Sales representatives	44.9	45.1	45.2	9.5	9.5	9.6
Male	57.3	56.2	55.3	25.1	24.0	22.9
Female	44.9	45.0	45.2	9.4	9.4	9.5
<b>Total</b>	<b>44.8</b>	<b>44.9</b>	<b>44.9</b>	<b>10.3</b>	<b>10.3</b>	<b>10.4</b>
<b>Male</b>	<b>44.2</b>	<b>44.2</b>	<b>44.0</b>	<b>15.8</b>	<b>15.6</b>	<b>15.7</b>
<b>Female</b>	<b>44.9</b>	<b>45.0</b>	<b>45.0</b>	<b>9.7</b>	<b>9.8</b>	<b>9.8</b>

Notes: 1. All figures were calculated on March 31 of each fiscal year, and rounded to the nearest decimal place.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

3. The number of sales representatives includes employees that were registered as life insurance solicitors prior to employment. (1,184 employees as of March 31, 2020 and 1,304 employees as of March 31, 2019)

## ◆ Average Monthly Salary of Non-Sales Personnel (Unit: Thousands of Yen)

Fiscal years ended March 31	2020	2019	2018
Non-sales personnel	295	295	298

Notes: 1. The average monthly salary is the tax-inclusive standard salary in March, excluding bonuses and overtime pay.

2. Non-sales personnel is the total number of non-sales representatives, medical staff, labor service staff, elderly staff, special contract employees, conservation affairs advisors, specified staff, and temporary staff.

## ◆ Average Monthly Salary of Sales Representatives (Unit: Thousands of Yen)

Fiscal years ended March 31	2020	2019	2018
Sales representatives	304	297	304

Notes: 1. The average monthly salary for the fiscal year ended March 31, 2019 represents the tax-inclusive average salary for the fiscal year, while the average monthly salary for the fiscal year ended March 31, 2020 represents the tax-inclusive average salary in March, and both exclude bonuses and overtime pay.

2. Excludes site managers, branch training center trainers, training assistant managers, sales general managers, specially commended sales representatives, specially qualified sales representatives, life agents, sales representative trainees, life insurance agencies, part-time sales staff and service support staff.

## ◆ Status of Executives

Number of directors authorized by the Articles of Incorporation	25 people
Term of office of directors authorized by the Articles of Incorporation	2 years
Chairman of the Board of Directors	President
Number of directors	21 people
Status of appointment of outside directors	Appointed
Number of outside directors	5 people
Number of outside directors qualifying as independent members of the board	5 people

## ◆ Status of Executive Remuneration

Individuals with total remuneration, etc. of ¥100 million or more (April 1, 2019 to March 31, 2020)

(Unit: Millions of Yen)

Name (position of executive)	Total remuneration, etc.	Monthly remuneration	Bonus	Single-year contribution to retirement or severance allowance
Yoshinobu Tsutsui (Director)	103	69	5	28
Hiroshi Shimizu (Director)	143	82	18	42

Notes: 1. Remuneration is shown only for individuals whose total remuneration, etc. is ¥100 million or more.

2. The single-year contribution to retirement or severance allowance is recognized as the amount for the fiscal year under review that has been set aside as estimated payment amounts under internal rules, in order to provide for the payment of retirement or severance benefits to directors and Audit and Supervisory Board members.

The retirement benefit plan for directors and Audit and Supervisory Board members was abolished at the Meeting of Representatives held on July 2, 2020.

## ◆ Status of Accounting Audits

### (1) Name of Accounting Auditors

Deloitte Touche Tohmatsu LLC

### (2) Continuous Auditing Period

14 years

### (3) Certified Public Accountants Who Conducted Auditing Operations

Yoshiyuki Higuchi

Hideo Shirata

Ayako Makino

The number of years of continuous audits was not more than seven years for each of the certified public accountants who conducted auditing operations.

### (4) Composition of Assistants Involved in Auditing Operations

The assistants involved in auditing operations consisted of a total of 32 certified public accountants and 62 other individuals.

### (5) Policy and Reasons for Selecting the Accounting Auditors

In cases where it is deemed to be difficult for the accounting auditors to perform their duties appropriately or in other circumstances deemed necessary, the Audit and Supervisory Board will determine the content of proposals concerning the dismissal or non-reappointment of the accounting auditors. The Audit and Supervisory Board of Nippon Life will dismiss the accounting auditors if it believes that the accounting auditors fall under the grounds set forth in the items of Article 53-9, Paragraph 1 of the Insurance Business Act.

### (6) Evaluation of the Accounting Auditors by the Audit and Supervisory Board

The Audit and Supervisory Board evaluates the accounting auditors after confirming factors such as whether the accounting auditors have the required independence and expertise. This is done based on standards formulated in accordance with various guidelines and other information concerning accounting auditors published by the Japan Audit & Supervisory Board Members Association.

As a result of the foregoing, the Audit and Supervisory Board can confirm that there are no particular problems with the qualifications and auditing history of the accounting auditors. It has also determined that the auditing methods and results of the accounting auditors in the fiscal year ended March 31, 2020 were appropriate. For this reason, the Audit and Supervisory Board has decided that it would be appropriate to reappoint the accounting auditors.

## ◆ Details of Audit Remuneration and Related Matters

### (1) Remuneration for Accounting Auditors

(Unit: Millions of Yen)

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	Remuneration based on audit and attestation services	Remuneration based on non-audit services	Remuneration based on audit and attestation services	Remuneration based on non-audit services
Nippon Life	350	49	372	44
Consolidated subsidiaries	231	25	162	37
<b>Total</b>	<b>581</b>	<b>75</b>	<b>535</b>	<b>82</b>

Note: Non-audit services at Nippon Life and its consolidated subsidiaries consist of verification services concerning the establishment and implementation of internal control over operations related to corporate pensions and related areas.

### (2) Remuneration for Organizations Affiliated with the Same Network as the Accounting Auditors (Deloitte Touche Tohmatsu LLC) (Excluding (1))

(Unit: Millions of Yen)

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	Remuneration based on audit and attestation services	Remuneration based on non-audit services	Remuneration based on audit and attestation services	Remuneration based on non-audit services
Nippon Life	—	83	—	168
Consolidated subsidiaries	61	576	69	2,027
<b>Total</b>	<b>61</b>	<b>660</b>	<b>69</b>	<b>2,196</b>

Note: Non-audit services at Nippon Life mainly consisted of advisory services concerning preparations for establishing a new company in the fiscal year ended March 31, 2019, and consulting services concerning the daycare field in the fiscal year ended March 31, 2020. Non-audit services at consolidated subsidiaries mainly consisted of consulting services concerning systems development.

(3) Details of Remuneration Based on Other Important Audit and Attestation Services

Not applicable.

(4) Policy on Determination of Audit Remuneration

Remuneration is decided after obtaining the consent of the Audit and Supervisory Board, taking into consideration factors such as the size and features of Nippon Life's business and the amount of time required to conduct audits.

(5) Reasons the Audit and Supervisory Board Consented to the Remuneration, etc. of the Accounting Auditors

The Audit and Supervisory Board confirmed and deliberated matters such as the content of the accounting auditors' audit plans, the calculation basis for remuneration estimates, the status of execution of accounting auditors' duties, and the opinions of directors and relevant internal departments. As a result, the Audit and Supervisory Board determined that these matters were appropriate and provided its consent based on Article 399, Paragraph 1 of the Companies Act, as applied mutatis mutandis pursuant to Article 53-23 of the Insurance Business Act.

## Status of Facilities

### ◆ Overview of Capital Investment and Related Matters

In the fiscal year ended March 31, 2020, capital investment amounted to ¥77.9 billion. Capital investment was made primarily to build new and rebuild existing investment properties, build new and rebuild existing properties for sales activities, and develop and maintain systems.

In the fiscal year ended March 31, 2020, there were no dispositions, divestments, or other such actions for important facilities.

### ◆ Status of Major Facilities

Name of main office* <sup>1</sup>	Name of segment	Description of facility* <sup>2</sup>	Book value (Hundred millions of Yen)* <sup>3</sup> * <sup>4</sup>				Number of employees* <sup>3</sup> Top row: Non-sales personnel Bottom row: Sales representatives
			Buildings and structures* <sup>5</sup>	Land	Others* <sup>7</sup>	Total	
				(Area: Thousands of m <sup>2</sup> ) (Area of leased land: Thousands of m <sup>2</sup> )* <sup>6</sup>			
				—			
Osaka Head Office (Chuo-ku, Osaka)	Domestic life insurance business	For investment	—	(—) [—]	8	8	4,063 121
		For sales activities	313	277 (12) [—]	222	813	
Tokyo Headquarters (Chiyoda-ku, Tokyo)	Domestic life insurance business	For investment	120	754 (5) [—]	0	874	3,189 193
		For sales activities	133	832 (8) [—]	—	966	
Hokkaido Sapporo Branch and 71 other properties	Domestic life insurance business	For investment	149	104 (20) [6]	1	255	509 2,153
		For sales activities	48	44 (41) [0]	0	92	
Tohoku Sendai Branch and 103 other properties	Domestic life insurance business	For investment	76	84 (16) [5]	0	160	664 3,939
		For sales activities	52	62 (66) [1]	0	115	
Minamikanto Central Tokyo General Branch and 281 other properties	Domestic life insurance business	For investment	1,861	4,433 (223) [98]	20	6,314	4,576 14,430
		For sales activities	496	1,690 (425) [9]	61	2,247	
Kitakanto and Koshin Utsunomiya Branch and 116 other properties	Domestic life insurance business	For investment	18	19 (4) [0]	—	37	594 3,609
		For sales activities	48	72 (74) [0]	0	121	



Name of main office* <sup>1</sup>	Name of segment	Description of facility* <sup>2</sup>	Book value (Hundred millions of Yen)* <sup>3</sup> * <sup>4</sup>				Number of employees* <sup>3</sup> Top row: Non-sales personnel Bottom row: Sales representatives
			Buildings and structures* <sup>5</sup>	Land	Others* <sup>7</sup>	Total	
				(Area: Thousands of m <sup>2</sup> ) (Area of leased land: Thousands of m <sup>2</sup> )* <sup>6</sup>			
Hokuriku Niigata Branch and 78 other properties	Domestic life insurance business	For investment	24	32 (6) [0]	1	58	383 2,257
		For sales activities	38	56 (51) [0]	0	95	
Tokai Nagoya Branch and 168 other properties	Domestic life insurance business	For investment	157	202 (21) [11]	15	375	1,127 6,536
		For sales activities	97	153 (94) [2]	0	251	
Kinki Kyoto Branch and 266 other properties	Domestic life insurance business	For investment	659	996 (117) [40]	54	1,710	2,049 10,063
		For sales activities	448	579 (305) [6]	1	1,029	
Chugoku Hiroshima Branch and 119 other properties	Domestic life insurance business	For investment	130	214 (28) [0]	0	344	602 3,344
		For sales activities	51	98 (74) [2]	0	150	
Shikoku Matsuyama Branch and 62 other properties	Domestic life insurance business	For investment	43	52 (6) [1]	—	96	317 1,968
		For sales activities	23	52 (36) [0]	0	76	
Kyushu Fukuoka General Branch and 202 other properties	Domestic life insurance business	For investment	129	253 (227) [1]	2	384	1,352 6,699
		For sales activities	77	175 (124) [0]	0	253	

\*1 The names of the main offices indicate the name of the main sales office in each region.

\*2 "For investment" refers to the component for properties held for the purpose of generating income through leasing and related activities, and the ancillary component necessary for this purpose.

\*3 Book value is aggregated for each region where the applicable properties are located. The number of employees is aggregated for each region where the main office of their organizations is located.

\*4 Book value is proportionately allocated to the book-value categories of "for investment" and "for sales activities" according to the ratio between the floor area of leased buildings and the floor area of buildings for sales activities.

\*5 Interior remodeling of leased buildings has been recorded in a lump sum under Osaka Head Office as the monetary amount is very small.

\*6 The area of leased land is enclosed in square brackets. Nippon Life paid leasing fees related to real estate of ¥14.9 billion (comprising ¥7.9 billion in buildings and ¥7.0 billion in land).

\*7 The "Others" component of book value comprises lease assets of ¥7.7 billion, construction in progress of ¥16.0 billion, and other tangible fixed assets of ¥15.3 billion. The main component of other tangible fixed assets is furniture and related items. Furniture and related items in use at each office are recorded in a lump sum under Osaka Head Office, as they represent only a small monetary amount.

## ◆ Plans for Building New Facilities or Disposition, etc. of Existing Facilities

### (1) Plans for Building New Facilities

Name of office (location)	Description of facility	Financing method	Start of construction	Scheduled date of completion
Yodoyabashi Building (Chuo-ku, Osaka)	Office for leasing	Own funds	December 2019	August 2022
Nissay Logistics Osaka Katano (Katano City, Osaka)	Logistics facilities for leasing	Own funds	January 2020	July 2021
Kita-Urawaso (Urawa-ku, Saitama City, Saitama)	Property for sales activities	Own funds	December 2019	March 2021

Note: Disclosure of the scheduled amount of investment has been omitted due to agreements with contractual counterparties.

### (2) Plans for Disposition, etc. of Main Facilities

Not applicable.

## Products and Services for Individuals

Nippon Life strives to offer services and develop products with primary emphasis on providing truly useful coverage for customers.

The areas that customers want to prioritize when choosing coverage vary according to their life stages. Furthermore, lifestyles have been diversifying in recent years; people are getting married later in life and an increasing number of people are remaining single, leading to growth in the number of double-income households.

To respond thoroughly to such diversifying customer needs, Nippon Life has reviewed and, where appropriate, improved its product lineup. We combine coverage for death, medical and nursing care, savings and retirement, and children with other products to supply customers with comprehensive, well-balanced coverage according to their needs.

### Life Insurance Products

#### ◆ Nissay *Mirai no Katachi*



The *Mirai no Katachi* product provides customers with lifelong support by allowing them to make up different combinations of insurance. These can also be altered after enrollment. The *Mirai no Katachi* series has further evolved with the addition in April 2020 of *Ninchisho Support Plus*, a new dementia coverage insurance product.

When they enroll, customers can flexibly combine 14 types of insurance as needed. This insurance can be divided into four categories: "death risk," "risk of serious diseases and nursing care," "medical risks," and "risk of requiring accumulated funds for old age and other risks."

After enrollment, customers can freely revise policy details according to changes in their lives and their needs. For example, customers can selectively revise only the parts they need to change or add new insurance. In this way, customers can change their policy details to precisely meet their protection needs at any time.

Notes: 1. Combinations are subject to certain restrictions.

2. Services may not be available if Nippon Life does not handle the relevant system when requests are made.

Type of Insurance		Summary	Product Name
Insurance that covers death risk	Whole life insurance	Insurance providing death protection over the insured's whole life	Nissay <i>Mirai no Katachi</i> Whole life insurance
	Term life insurance	Insurance with death protection for a set period	Nissay <i>Mirai no Katachi</i> Term life insurance
	Term life insurance with survival benefits	Insurance that provides special payouts in addition to death protection for a set period	Nissay <i>Mirai no Katachi</i> Term life insurance with survival benefits
Insurance that covers risk of serious diseases and nursing care* <sup>1</sup>	Three major diseases insurance coverage with continuous support	Death coverage limited to cancer, acute myocardial infarction, and cerebral stroke	Nissay <i>Mirai no Katachi</i> Three major diseases insurance coverage with continuous support "Itsutsu Boshi"
	Three major diseases insurance	Insurance that covers cancer, acute myocardial infarction and cerebral stroke, as well as death	Nissay <i>Mirai no Katachi</i> Three major diseases insurance
	Specified serious disease insurance coverage	Insurance focused on coverage for specified serious diseases with reduced emphasis on death coverage	Nissay <i>Mirai no Katachi</i> Specified serious disease insurance coverage "Daijobu"
	Physical disability insurance	Insurance that covers physical disability and death	Nissay <i>Mirai no Katachi</i> Physical disability insurance
	Nursing care insurance	Insurance that covers specified conditions that require nursing, as well as death	Nissay <i>Mirai no Katachi</i> Nursing care insurance
	Dementia coverage insurance	Insurance focused on coverage for dementia with reduced emphasis on death coverage	Nissay <i>Mirai no Katachi</i> Dementia coverage insurance "Ninchisho Support Plus"
Insurance that covers medical risks	General hospitalization insurance	Insurance that covers hospitalization, surgery, etc.	Nissay <i>Mirai no Katachi</i> General hospitalization insurance "NEW in 1"
	Cancer medical insurance	Insurance that covers hospitalization, surgery, etc. due to cancer	Nissay <i>Mirai no Katachi</i> Cancer medical insurance
	Limited injury insurance	Insurance for treatment of broken bones due to an accident	Nissay <i>Mirai no Katachi</i> Limited injury insurance
Insurance that covers risk of requiring accumulated funds for old age and other risks* <sup>2</sup>	Annuity insurance	Insurance that enables systematic planning of living expenses after retirement	Nissay <i>Mirai no Katachi</i> Annuity insurance
	Endowment insurance	Insurance that enables asset formation over a set period while providing death protection	Nissay <i>Mirai no Katachi</i> Endowment insurance

\*<sup>1</sup> Death claim payouts for insurance against dread diseases, physical disability and nursing care are the same as the sums paid out under these respective policies.

With dread disease insurance coverage with continuous support, specified serious disease insurance coverage and dementia coverage insurance, payout on death is limited to 10% of the sum paid for the respective dread disease, specified serious disease or diagnosis of dementia insurance coverage claim (not including any healthcare support payments).

\*<sup>2</sup> With endowment insurance policies, death claim payouts are the same amount as the total amount of maturity benefits payable on the policy.

## ◆ Other Products

Type of Insurance		Summary	Product Name
Protection for children	Juvenile insurance	Insurance that provides for children's education expenses, the death of the policyholders, etc.	Nissay Juvenile Insurance "Genki"
	Children's general medical insurance* <sup>1</sup>	Insurance that covers children's hospitalization, surgery, etc.	
	Education endowment insurance	Insurance that accumulates savings to pay for children's university education, etc.	Nissay Educational Endowment Insurance
Insurance that provides protection for serious diseases and childbirth	Coverage against the three major diseases with birth support benefits	Insurance that provides protection for childbirth and coverage for specified infertility treatment in addition to cancer, heart attack, stroke and death	Nissay Coverage against the Three Major Diseases with Birth Support Benefits "ChouChou!"
Coverage for the risk of losing capacity to work	Disability income insurance	Insurance for prescribed state of disability	Nissay Disability Insurance (No Surrender Refund) "Moshimonotoki no...Seikatsuhi"
Longevity insurance	Long-life insurance (low surrender value type)	No death benefit, but insurance that prioritizes systematic planning of living expenses after retirement	"Gran Age," Nissay's Long-Life Insurance (Low Surrender Value Type)
Asset formation and retirement coverage	Single-payment whole life insurance	Insurance provides death coverage for life while enabling asset formation, with a single premium payment	Nissay Single-Payment Whole Life Insurance "My Stage"
	Single-payment annuities	Supplement post-retirement living expenses, with a single premium payment	Nissay Single-Payment Annuities* <sup>2</sup>
	Single-payment endowment insurance	Insurance provides death protection for a set period while enabling asset formation, with a single premium payment	Nissay Single-Payment Endowment Insurance* <sup>2</sup>

\*<sup>1</sup> Policy must be combined with juvenile insurance.

\*<sup>2</sup> Sales were on hold as of July 1, 2020.

In addition to the above, Nippon Life offers the following products mainly through the bancassurance channel.

<Type of Insurance>	<Product Name>
● Single-payment whole life insurance	Nissay Variable Interest Rate Single-Payment Increasing-Coverage Whole Life Insurance (yearly death benefit increase type)
● Single-payment whole life insurance	Nissay Single-Premium Whole Life Insurance Policy with Variable Accumulation Rate in Designated Currency (US dollar, euro*, Australian dollar denominated)
● Single-payment annuities	Nissay Variable Accumulation Rate Annuities (fixed interest rate type)*
● Single-payment annuities	Variable annuity insurance with defined minimum living benefits (US dollar denominated, Australian dollar denominated)
● Single-premium variable insurance	Nissay variable insurance with designated currency living benefit (US dollar denominated, Australian dollar denominated)
	Nissay term life insurance with designated currency living benefit (fixed rate only) (US dollar denominated, Australian dollar denominated)

\* Sales were on hold as of July 1, 2020.

Note: The foregoing statements provide an overview of products and do not include all information related to the policy.

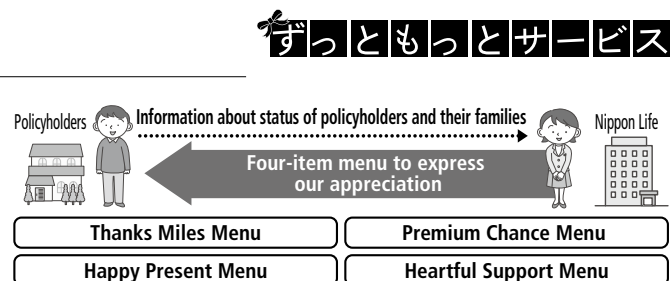
When considering a policy, please be sure to confirm by reading the pamphlets, prospectuses (policy guides), reminders, Policy Clause—Bylaws/Terms and Conditions and other materials.

## ◆ Services

### <Zutto Motto Service>

The *Zutto Motto Service* is a unique Nippon Life service offered to policyholders. This service reflects Nippon Life's commitment to work even harder and longer ("zutto motto") at providing each policyholder with better after-sales services.

Through this service, policyholders and their families provide us with up-to-date information about their status. In return, we supply timely information that reflects changes in the lives of policyholders. Staying in touch also makes it possible to perform insurance claim and benefit procedures



and many other tasks more efficiently.

As one of the benefits of the *Zutto Motto Service*, the *Health and Nursing Care Consultation Line* offers the following toll-free consultation services on health, nursing care, and childcare.

Consultation Services	Summary
Health consultation	Consult with specialists at any time about health concerns.
Support services for lifestyle diseases	Users can consult with specialists at any time regarding concerns over lifestyle diseases.
女性の体の悩み電話相談 <i>Wellness-dial f</i> フェリス・ウェルネス・ダイヤル・サービス	A telephone counseling service by female specialists to discuss health issues and medical symptoms specific to women. Limited to female policyholders
育児相談 <i>ほっとライン</i>	Consult with specialists at any time about the health and care of children.
Nursing care consultation	Consult with specialists at any time about dementia and nursing care.

Notes: 1. Individual customers issued with an ID by Nippon Life are eligible for the *Zutto Motto Service* (some exceptions exist; there is also a separate *Corporate Zutto Motto Service* for corporate clients).

2. The *Health and Nursing Care Consultation Line* is provided by Life Care Partners Co., Ltd. This is not an insurance product or service of Nippon Life.

## <Best Doctors® Service>

## ベストドクターズ・サービス

Best Doctors, Inc. introduces suitable physicians to contact from the specialists selected for its Best Doctors in Japan™ list.

Note: Best Doctors® and Best Doctors in Japan™ are trademarks of Best Doctors, Inc. in the United States and other countries.

Policyholders diagnosed with the following conditions are eligible for the service.

Cancer* <sup>1</sup>	Heart disease* <sup>2</sup>	Stroke* <sup>2</sup>	Liver disease* <sup>2</sup>
Ocular diseases* <sup>2</sup>	Orthopedic disorders* <sup>2</sup>	Gynecological treatment (excluding infertility treatment)	Can also be used regarding other various illnesses at times

\*1 Including benign brain tumors

\*2 Typically requiring surgery

Nippon Life policyholders with the following types of insurance are eligible for the service.

- *Mirai no Katachi* (Limited to policyholders with three major diseases insurance (with or without continuous support), specified serious disease insurance coverage, general medical insurance coverage or general hospitalization insurance)
- Nissay Disability Insurance (No Surrender Refund)
- Nissay coverage against the three major diseases with birth support benefits
- Children's general medical insurance
- Long-term term life insurance
- Long-term life coverage with period of extensive coverage for accidents insurance
- Increasing term life insurance (Only increasing term life insurance (participating since 2012))
- Comprehensive medical riders such as *Mirai Support*
- *My Medical* (general medical insurance)

Notes: 1. The Best Doctors® Service is provided by Best Doctors, Inc. This is not an insurance policy or service of Nippon Life.

2. The list of eligible conditions above is subject to change. Some services may not be available depending on the region or specific circumstances.

3. Disease/diagnostic criteria used to confirm eligibility for the Best Doctors® Service differ from those applied to products provided by Nippon Life.

## <Ninchisho Kaigo Anata no Soba no Concierge>



Qualified counselors from NICHIGAKKAN CO., LTD. (care managers, etc.) provide consultations via phone or home visits for worries, concerns or the like regarding dementia or nursing care.

Note: Do not act as agents or arrange reservations for nursing care facilities, medical institutions, etc.

The following people can use the service:

- *Mirai no Katachi* nursing care insurance or dementia coverage insurance policyholders, insured persons, beneficiaries and designated proxies.

Note: *Ninchisho Kaigo Anata no Soba no Concierge* service is provided by Life Care Partners Co., Ltd. with NICHIGAKKAN CO., LTD. as an agency. This is not an insurance policy or service of Nippon Life.

## <aruku&(arukuto) × Kurashi no Notore>



Combining the challenges of daily walking and brain training is expected to lead to healthier bodies and brains easily and enjoyably.

The following people can use the service:

- Nippon Life policyholders and insured persons

Notes: 1. *aruku&(arukuto)* is a registered trademark of ONE COMPATH CO., LTD.

2. *Kurashi no Notore* is a product and service provided by Nissay Information Technology Co., Ltd. This is not an insurance policy or service of Nippon Life.

3. This does not guarantee maintenance of cognitive functions or prevention of worsening of the condition.

Answering questions delivered verbally via an app enables easy confirmation of cognitive abilities on that day.

The following people can use the service:

- *Mirai no Katachi* dementia coverage insurance policyholders and insured persons

Notes: 1. ONSEI is a product and service provided by Nippontect Systems co., Ltd. This is not an insurance policy or service of Nippon Life.

2. This does not guarantee any connection with dementia or mild cognitive impairment (MCI).

### <Gran Age Star> Paid



A service for seniors with information on trips with special events in addition to "personal references," "living support," "voluntary guardianship" and "posthumous administrative services such as funerals and internment."

The following people can use the service:

- Nippon Life policyholders

### <Nissay Bereaved Relative Support Service>



Provides free support for a variety of procedures for bereaved families following an unexpected event. Will act as a proxy for procedures or introduce a (paid) specialist, depending on the details of the procedures.

The following people can use the service:

- Death benefit recipients (or the surviving family)

Note: Nissay Bereaved Relative Support Service is a service provided by SEIWA BUSINESS LINK CO., LTD. This is not an insurance policy or service of Nippon Life.

\* Listed information is correct as of April 2020. Details of services may change or be abolished in the future.

\* Please refer to the Nissay website for details and ways to use each of these services.

## Non-Life Insurance Products



Nippon Life handles non-life insurance products centered on automobile insurance and fire insurance products as an agency for Aioi Nissay Dowa Insurance Company Limited. In automobile insurance, Nippon Life has been promoting sales of *Long*, a long-term automobile insurance product with special payouts. *Long* offers special "accident-free" payouts\*1 to policyholders who have no accidents during the coverage period of three years. *Long* offers many advantages to customers, for example, the premium rate determined at enrollment stays fixed at its original annual rate for each year, even if the policyholder has an accident during that time. Also, policyholders need not undertake annual renewal procedures during the coverage period. For a good deal, we recommend the "Long Policy"\*2 for fire insurance and earthquake insurance as well.

In response to a rise in demand in recent years, Nippon Life has started offering personal accident insurance, such as the Nissay Marugoto Mamoru personal liability plan launched in November 2018, and Pet Insurance\*3 policies to provide coverage for veterinary care expenses.

\*1 10% of the first-year premium.

\*2 Tough house insurance (policy with multi-year annual payments or multi-year installment payments) with up to five years of coverage.

\*3 Pet Insurance policies are joint insurance contracts underwritten by Aioi Nissay Dowa Insurance and au Insurance Co. Ltd.

Note: The above statements provide an overview of products (riders). When considering a policy, please be sure to confirm details by reading pamphlets, the Explanations of Important Matters, Policy Overview and Reminders, the Policy Clause (Ordinary Insurance Policy Clause—Terms and Conditions and Riders), and other materials.



## Products and Services for Corporate Customers

Nippon Life offers a broad range of products and consulting services to match the needs of corporate managers and company owners who are working to enhance benefit plans for their employees.

### Nippon Life's Main Corporate Products (as of July 2020)

Self-reliant products: Insurance premiums that are borne not by the corporation or organization, but by the executives and employees themselves.

Company and Organization Benefit Systems			Products That Meet the Needs of Company and Organization Benefit Systems
Provision for executives and employees	Survivor coverage	<ul style="list-style-type: none"> <li>Plan for retirement funds payable on employee's death and condolence payments</li> <li>Non-statutory workers' accident compensation plan</li> <li>Plan providing pensions for surviving family/children</li> </ul>	<ul style="list-style-type: none"> <li>General Welfare Group Term Life Insurance</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Group Term Life Insurance (Optional Group Term Life Insurance)</li> </ul>
	Disability coverage	<ul style="list-style-type: none"> <li>Disability coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>New Group Disability Income Insurance</li> <li>Group Long-Term Disability Income Support Insurance</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Group Long-Term Disability Income Support Insurance</li> </ul>
	Medical coverage	<ul style="list-style-type: none"> <li>Medical coverage plan</li> </ul>	<ul style="list-style-type: none"> <li>General Medical Life Insurance (Group Type)</li> <li>Insurance Covering the Three Dread Diseases (Group Type)</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>General Medical Life Insurance (Group Type)</li> <li>Insurance Covering the Three Dread Diseases (Group Type)</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Plan for retirement allowance and old-age pensions</li> <li>Single retirement allowance system</li> </ul>	<ul style="list-style-type: none"> <li>Defined Benefit Corporate Pension Plans</li> <li>Employees' Pension Fund Insurance</li> <li>New Insured Pension Plans</li> <li>Defined Contribution Pension Plans</li> </ul>
		<ul style="list-style-type: none"> <li>Plan for executive/employee self-reliant aid</li> </ul>	<ul style="list-style-type: none"> <li>Insured Contributory Pension Plans</li> <li>Defined Contribution Benefit Plans</li> </ul>
Provision for owners	Survivor coverage	<ul style="list-style-type: none"> <li>Plan for retirement funds, death coverage and condolence payments for executives</li> </ul>	<ul style="list-style-type: none"> <li>Nissay <i>Mirai no Katachi Key Man Plan</i></li> <li>Nissay Long-Term Term Insurance</li> <li>Long-term life coverage with period of extensive coverage for accidents insurance</li> <li>Nissay Increasing Term Insurance</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Executive retirement allowance plan</li> </ul>	<ul style="list-style-type: none"> <li>Nissay Increasing Term Insurance</li> </ul> <p>Note: Above are individual insurances and annuities whereby policyholders are corporations.</p>
Asset formation	Preparation for buying one's own home	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Housing Funding Insurance (Nissay Workers Asset-Formation Housing Plans)</li> </ul>
		<ul style="list-style-type: none"> <li>Home loan plan</li> </ul>	<ul style="list-style-type: none"> <li>Group Credit Life Insurance</li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Pension Fund Insurance (Nissay Asset-Formation Pension Fund Insurance)</li> </ul>
	Various life plans	<ul style="list-style-type: none"> <li>Asset formation promotion plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Savings Insurance (Nissay Asset-Formation Savings Plans)</li> </ul>
		<ul style="list-style-type: none"> <li>Asset formation incentive plan</li> </ul>	<ul style="list-style-type: none"> <li>Workers' Asset-Formation Benefits Savings Insurance (Nissay Workers' Asset-Formation Benefits Savings Insurance)</li> <li>Workers' Asset-Formation Fund Savings Insurance (Nissay Workers' Asset-Formation Fund Savings Insurance)</li> </ul>

Note: Although the above lists the names of Nippon Life products that pertain to company and organization benefit systems, it does not cover all the particulars pertaining to policies. When reviewing a policy, always confirm details by reading pamphlets, *Policy Clauses—Bylaws/Terms and Conditions*, pre-contract documents based on Article 37-3 of the Financial Instruments and Exchange Act, Especially Important Notifications and other information.

Besides the non-life policies detailed above, Nippon Life partners with Aioi Nissay Dowa Insurance to supply corporate clients with other non-life insurance products and services. Further details can be found on the Aioi Nissay Dowa website.

 <https://www.aioinissaydowa.co.jp/english/>

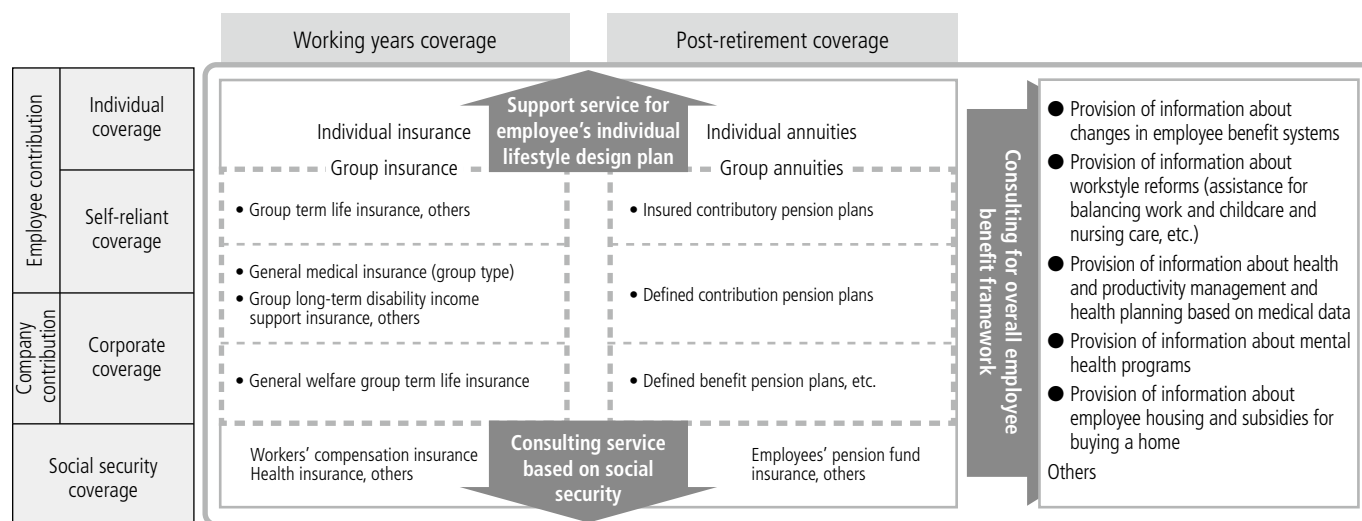
Excludes some products and services such as compulsory auto insurance lines.

## Services for Establishing and Upgrading Employee Benefit Plans

### ◆ Implementation of Total Consulting for Employee Benefits

Significant changes in society and the management of companies are creating more diversity in how companies employ people, how people lead their lives, and in people's awareness of these issues. As a result, an increasing number of companies and other organizations are considering revisions to their employee benefit programs.

We aim to provide total consulting for employee benefits and information provision services in order to work with companies and organizations to solve issues as a primary partner in employee benefits.



### <Consulting for Corporate Coverage>

Coverage options for working years include the development of systems to make condolence payments or non-statutory workers' accident compensation payments, or to provide other support and consulting for employees unable to work. With post-retirement coverage, we also provide consulting advice to our corporate clients on various changes that need to be made to pension systems, including pension system revisions or reorganizations.

In corporate pension plans, we offer clients consulting on pension fund management, including asset allocation in shifting market conditions and simulation testing. In October 2015, we started referring clients to Nissay Asset Management Corporation to provide optimized pension plan management services and various related products on a discretionary contract basis.

### <Consulting for Self-Reliant Coverage>

One aim of this consulting for self-reliant coverage is to design employee benefit measures such as protection for employees against unexpected events, and a saving plan to supplement government annuities or cover expenses until an annuity starts. Other goals are to support an increase in the use of benefit plans and improve satisfaction with these plans.

### <Service to Supply Information about the Overall Benefits Structure>

Nippon Life supplies information by holding employee benefit and corporate annuity seminars, publishing employee benefit reports and through other activities.

#### [Seminars]

Seminars on welfare (work practice reforms, health and productivity management, promotion of female employment, etc.) and corporate pensions (fund management, latest trends, etc.)

#### [Reports]

Corporate welfare reports, welfare survey and research reports, guide maps on future trends in corporate welfare (welfare guidebook), pension-related news

## Risk Mitigation Solution from Nippon Life to Upgrade Corporate Welfare Systems

We offer policies to our SME clients designed to upgrade their corporate welfare systems by mitigating four types of risk for employees.

### (1) Coverage for death risk

General Welfare Group Term Life Insurance

**POINT** Upgrades welfare via condolence payments, severance payments to the estate of deceased employees, non-statutory workers' accident compensation, etc.

### (2) Living costs associated with longevity risk

Defined Benefit Corporate Pension Plans  
Defined Contribution Pension Plans

**POINT** Standardizes the provision of post-retirement coverage and pension contributions for directors and employees.

### (3) Risk of losing capacity to work

Group Long-Term Disability Income Support Insurance

**POINT** Provides permanent income coverage for directors and employees unable to work due to injury or illness.

### (4) Hospitalization/surgery risks

General Medical Insurance (Group Type)

**POINT** Subsidizes the costs of admission to hospital or surgery for directors and employees.

## ◆ Corporate Policy-Related Services

### *N-Concierge Corporate Policy Support Service*

#### [Services available to those covered by corporate policies]

Those who are covered by corporate policies are able to use certain products and services at a special price for a limited time, in addition to the access to various services for health, nursing care, lifestyle, leisure, and entertainment that are beneficially priced.

#### [Services available to HR or general affairs personnel]

Free specialist consultation available on issues such as employee mental health, taking leave, and returning to work, as well as provision of free or beneficially priced information and services useful for resolving labor-related issues, such as support to avoid workers leaving because of nursing elderly parents.

### Corporate Insurance Internet Service *N-Navigation*

Our Corporate Insurance Internet Service (known as "*Kiho Net*") helps personnel in HR departments or employees of corporate clients to complete procedures quickly online for eligible group insurance and contributory pension plans.

We also provide the *N-Navigation* to make it simpler for personnel in HR departments or employees to enroll online (or check the status of enrollment application) using a smartphone or PC for self-reliant coverage products such as group term life insurance policies.

### *Corporate Zutto Motto Service*

#### [Nissay Corporate Internet Service]

Customers can obtain information on policy details, accounting and future receipts over the internet.

In addition, customers can take out policy loans, withdraw accumulated dividends, defer special payments and perform other transactions through online procedures to respond to urgent funding needs.

#### [Management Consultation and Employee Benefit Service]

Customers can undergo management consultation or use benefit services such as access to leisure facilities and health support.

### Five-Star Rating for Defined Contribution Pension Plan Call Center for Seven Consecutive Years

The Nippon Life Defined Contribution Pension Plan Call Center and Nissay Defined Benefits Pension Plan Internet (a website reserved for participating members) received a Five-Star Rating from HDI-Japan\* under the HDI Five-Star Certification Program. Nippon Life is the only company in the defined contribution pension plan industry to be given the highest rating for seven consecutive years.

\* HDI (Help Desk Institute) was established in the US in 1989 and has grown to become the world's largest membership-based customer support and service association. HDI establishes international support standards, operates an international certification program and has other activities. Activities in Japan are performed by HDI-Japan.

# From Application to Conclusion of a Policy

General procedures and information disclosure at the time of enrollment in an individual insurance policy are mainly as follows.

Note: Processes may not necessarily follow the pattern below due to policy details, the scheduling of various procedures and other factors.

## Procedure Flow

Considering a Plan

Tell us what kind of coverage you want.

Examine the plans by referring to the prospectuses (policy guides) and product pamphlets.

Note: Please be sure to read prospectuses (policy guides) when considering an insurance policy application, as they contain important matters regarding coverage details, situations in which insurance claims and benefits cannot be paid and other information.



Product pamphlet

Application

We ask the customer to reconfirm before applying that the product is what they really want, and then enter these details via the TASKALL customer intention confirmation screen.

The customer should enter their data and provide the digital signature by inputting it into the TASKALL wireless terminal. We also ask them to certify with their signatures that they have received the Especially Important Notifications and Policy Clause—Bylaws/Terms and Conditions.

Application procedure screens

Before proceeding with the application procedure, we clearly explain important matters and demerit information.

To prevent unreasonable loss for customers due to a lack of information, Nippon Life has prepared a pamphlet entitled Especially Important Notifications\* that explains items we would especially like customers to confirm, such as product details, disclosure obligations, examples of when insurance claims and benefits cannot be paid and other items. The pamphlet is given to customers along with the *Policy Clause—Bylaws/Terms and Conditions*.

\* Especially Important Notifications includes prospectuses (policy guides) and reminders.

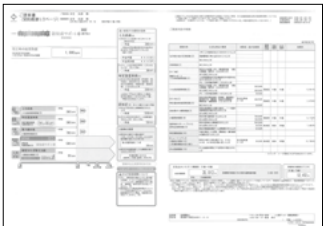
Disclosure

When entering information about the insured’s medical history and current state of health via the TASKALL disclosure screen, or when answering questions posed by a doctor designated by Nippon Life during an examination, please provide accurate and complete answers.

**Duty of Disclosure and Penalties for Nondisclosure**

Customers are required to disclose accurate and complete information regarding their health condition. Please be aware that in the event that facts are not disclosed or inaccurate information is provided, whether intentionally or by gross negligence, the policy or rider may be canceled on the grounds of nondisclosure, and Nippon Life might not pay insurance claims and benefits.

Disclosure screens



Prospecture (policy guide)

Guidance on Policies and Services

To ensure greater peace of mind for customers, in addition to sales representatives, customer service representatives also conduct meetings with customers to provide explanations via telephone or an actual visit to confirm application details and provide guidance on policy procedures.

The goal is to help customers to understand insurance products and important matters more clearly, as well as to improve after-sales services based on accurate customer information.



Reminder

## Conclusion of a Policy

### Commencement of Policy Coverage

Once a customer agrees to have Nippon Life underwrite their insurance policy, policy coverage commences upon the completion of the application and disclosure process. (Processes differ for single-payment insurance policies.)

### Confirmation of the "Policy Content Notice"

Once a policy is underwritten, Nippon Life sends the "Policy Content Notice" to the policyholder. We ask the customer whether or not there are discrepancies between the information provided on the "Policy Content Notice" with that provided at the time of application.

In the event that the policy content differs, or if you have any questions, please contact a Nissay Call Center using the contact details provided on the reverse side of the "Policy Conclusion Notice."

### Customer ID Notice

Nippon Life will send you a customer ID, which is necessary to complete various services and procedures.

When you have received the Customer ID Notice, please promptly register your password (a 4-digit PIN code).

Note: In principle, Nippon Life will not deliver a Customer ID Notice to customers who already have such an ID. These customers are asked to log in to their account from the Nissay website, and confirm whether their customer ID and password (4-digit PIN code) are valid.

## Decisions About Underwriting at Nippon Life

Life insurance is a system wherein a large number of people, through insurance payments, mutually support one another. In order to maintain fairness between policyholders, decisions about underwriting are made based upon the content of the application and disclosure forms.

## Payment of Premiums

After the conclusion of a policy, Nippon Life requests that customers pay premiums using the method that they designated at the time of application.

### ◆ For any questions about policies, please check the *Policy Clause—Bylaws / Terms and Conditions*.

The *Policy Clause—Bylaws/Terms and Conditions* contain critical information about the policy and various procedures. As such, it is an extremely important set of documents that must be consulted not only during the application process, but during the term of the policy. Terms and conditions of the policy dictate the agreement from policy enrollment to expiration and contain information about claims receiving as well as the processing of premium payments and also explain about the invalidation of the policy in the event of premium nonpayment and the handling of policy cancellations.

Additionally, as an effort to improve convenience for customers and reduce environmental impact through reduction of paper resource usage, we have offered information about the terms and conditions and policy clause on the Nissay website since April 2018 and October 2019, respectively. We provide customers with a booklet (*Policy Clause—Bylaws/Terms and Conditions* (universal version)) which includes information such as how to view a summary of the reminders or policy clause. These documents must be confirmed during the application period, so we ask that you store them in a safe place. We will also prepare a booklet in case a customer requests details about the policy clause or terms and conditions in a paper format.

### ◆ Cooling Off System

- ◎ Under what is known as the cooling off system, applicants and policyholders may withdraw their applications or cancel their policies by submitting a written request within eight days from the later date of either the application date or the date they received the *Policy Clause—Bylaws/Terms and Conditions* (universal version). In this case, written requests under the cooling off system are considered active from the time they are sent (the postmark date) and must be postmarked within the eight-day period and sent to the sales office or Nissay Life Plaza that handled the application or policy.
- ◎ If the customer decides to change his/her mind under the provisions of the cooling off system, Nippon Life will return in full any premiums received during the cooling off period. (If the policyholder had used the coverage revision system or partial coverage revision system, the policies will be returned to the policies in force before the systems were used.)
- ◎ The cooling off system does not apply after an examination by a doctor designated by Nippon Life or when the customer is a corporate client.



# Requesting Payment of Insurance Claims and Benefits

In the event of hospitalization, surgery or other unexpected events that may warrant the payment of insurance claims or benefits, the first thing to do is to contact us through your sales representative, visit a nearby Nissay Life Plaza or other service counter, or contact a Nissay Call Center. Internet claims can be made for fixed hospitalization or surgery benefits using our website or app.

To prepare for the unexpected, please confirm the details of your policy and make sure that the insured person and the beneficiary (or designated proxy) also understand the details of the policy.

## Procedure Flow

### An Event Occurs That Is a Reason for Payment of Claims or Benefits

When an event occurs that is a reason for payment of claims or benefits, please contact us through one of the following.

- Your sales representative
- Nissay Life Plaza
- Nissay Call Centers 0120-201-021 (Toll-free in Japan)

(For details, please check our website)

\* Internet claims can be made for fixed hospitalization or surgery benefits using our website or app.

### Filing a Mortality Insurance Claim

The beneficiary himself or herself should file a mortality insurance claim.

### Filing a Claim for Hospitalization and/or Surgery

The insured person should personally file any claim for hospitalization and/or surgery benefits. In the event of the death of the insured, his/her lawful heir(s) should submit the payment request. However, in the event that such heir(s) is (are) unable to submit a payment request of their own volition, a designated proxy may submit the claim.

### Receiving Claim Processing Documents

We will provide you with a set of claim processing documents, either in person or by post. In the case of sending by post, the forms will be dispatched around one week after you contact us.

Note: We may be unable to process claims by post in some cases.

### Documents Required for Processing Claims

Please confirm the documents required for processing claims shown on the guidance sheet provided to you when filing claims.

### Submitting Claim Processing Documents

After filling out the required sections of the claim processing documents, submit them to your sales representative either in person or by post. You can also bring them to a service counter yourself.

### Receiving Payment of Claims or Benefits

If the payment assessment results in a decision to make a payment, you will be asked to carry out payment procedures.

Once the payment procedures are complete, we will send you a Payment Statement by post. Please confirm the details of the statement.

In cases where we cannot make a payment for a claim, we will notify you and provide the reason.

### ◆ Guidance for Application Procedures

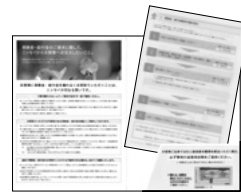
To ensure that customers receive full payments of claims and benefits, Nippon Life delivers documents with information about the application procedure and related matters and prepares various booklets and pamphlets.

### Information Provided When Applying for Payment of a Claim or Benefit

After receiving an application, Nippon Life sends the policyholder a document with information about the application procedure.

The document informs policyholders of the documents required to submit a claim. Policyholders can also use this document to reconfirm the content of their claim and policy and to check that they have not overlooked any claims.

A video explaining the procedures for benefits and points to remember can be viewed on the Nissay website and on TASKALL wireless devices carried by sales representatives.



Screenshots

### About the Receipt of Insurance Claims and Benefits

This booklet explains the procedures for requesting insurance claims and benefits, as well as examples of circumstances in which payments may or may not be received. The pamphlet is also available on Nissay website.



### Information Provided When a Claim or Benefit Payment Is Received

To ensure that customers receive all claim and benefit payments they are entitled to, Nippon Life encloses materials about various points to check payment statements.



#### ◆ Designated Proxy System

The Designated Proxy System is a system whereby a designated proxy may request the payment of benefits on behalf of the beneficiary in the event that the beneficiary is unable to request payment of his/her own volition, or in the event that circumstances designated by policy clauses occur. A designated proxy must be selected in advance through prescribed procedures. This system may also be applied to your existing policy (service not applicable to corporate policies).

#### ◆ Cases Where Insurance Claims, Pensions or Benefits Cannot Be Received

Notification will be delivered to policyholders if payment of insurance premiums is not made in the month it is due. However, if the premium payment is not made within a designated period, the policy will be invalidated\*, and customers will be unable to receive insurance claims, annuities, and benefits, even if there is a reason for payment.

\* Procedures differ depending on the type of policy, enrollment period, and other factors, so please confirm the *Policy Clause—Bylaws/Terms and Conditions* for the policy you are enrolled in.

### Consultation Counter for the Receipt of Payments of Insurance Claims and Benefits

Nippon Life has a consultation counter exclusively for the receipt of payments of insurance claims and benefits by customers. Customers are encouraged to contact the Nissay consultation counter with any queries relating to receiving policy claims, benefits, or related points (specialist consultants are available to answer questions directly).

For customers who are dissatisfied with the explanation provided by the sales representative and wish to consult with a third party, we have also established the Outside Lawyer Consultation System, whereby we introduce these customers to lawyers from outside of the Company, with whom Nippon Life has not concluded advisory agreements, for free consultations. If you wish to use the Outside Lawyer Consultation System, please inquire at a Nissay office.

When a customer files an objection regarding the payment of insurance claims or benefits, the Claims-Related Services Review Session reviews the appropriateness of the claim and makes recommendations to the payment divisions based on its findings. Two lawyers from outside of the Company\* are appointed as the chair and vice-chair of this committee.

If customers remain unsatisfied after using the Outside Lawyer Consultation System, they can request a review by the Claims-Related Services Review Session.

\* Legal professionals with whom Nippon Life has not concluded advisory agreements

#### [Use of the Request System in the Fiscal Year Ended March 31, 2020]

	Number
Number of cases where the Outside Lawyer Consultation System was used	3
Number of cases where a request for reevaluation was made and deliberation was conducted at the Claims-Related Services Review Session	3
Number of cases where advice was received as a result of deliberations at the Claims-Related Services Review Session	0

## Nippon Life's Solicitation Policy

We will do our best to earn customers' trust and strive to ensure appropriate solicitation activities.

We sell insurance and other financial products in compliance with all laws and regulations, but beyond that, we emphasize integrity in our sales, in order to merit the trust of our customers and society.

### <Sales and Appropriate Solicitation Based on Customer Needs>

Comprehensively taking into account customers' knowledge of insurance and other financial products, their purpose for purchasing the policies, their family situation and their asset status, we constantly carry out consultative sales so that customers choose the most appropriate insurance and other financial products while explaining products from the customers' standpoint.

Nippon Life uses policy guides and reminders to explain policies in an easy-to-understand manner so that customers fully understand the content of insurance products and how they work, and takes steps to confirm that the products match the needs of customers.

In particular, for such products as variable annuities, foreign currency-denominated insurance and investment trusts that entail market risk, we recommend those considered most appropriate for each customer's age, knowledge and investment experience while giving appropriate explanations regarding products and their risks.

When explaining products over the phone or during customer visits, we take the customer's perspective while giving sufficient consideration to time, place and other factors.

We are striving to eliminate moral risk and ensure that proper notification is received from customers so that we treat all policyholders

impartially and operate a morally sound insurance system. In particular, when underwriting life insurance policies that insure juveniles, we strive for proper solicitation by ensuring that the customers' needs are met once proper insurance coverage amounts have been established.

We do not get involved in antisocial activities that pose a threat to social order and safety, such as those of organized crime, and we take a resolute stand if we do come into contact with such activities.

### <Appropriate Solicitation Activities through Education and Training>

Moreover, we are striving to ensure that our solicitation activities are appropriate by educating, managing and instructing all employees and executives through a systematic training program that includes compliance-related training.

### <Proper Handling of Customer Information>

Nippon Life takes steps to properly manage, use and protect customer information.

### <Responding to Customer Feedback>

Nippon Life is constantly gathering a wide range of opinions and suggestions from customers so that it can act on this feedback to increase customer satisfaction.

# Personal Information Protection Policy (Handling Customers' Personal Information)

We have established policies regarding the handling of personal information and are working to properly manage, use and protect customer information in order to be a company that customers can trust. In order to realize appropriate protection of personal information, we continue to maintain and improve this policy.

## 1. Information Collection

Customers' personal information is collected to the extent required to conduct business, specifically to underwrite various insurance policies, continue and maintain management, and handle payments, such as for insurance claims and benefits.

## 2. Types of Information Collected

We collect information necessary to the conduct of business, underwrite various insurance policies, conduct continuation and maintenance management, and handle payments such as for insurance claims and benefits. This information primarily includes a customer's name, address, date of birth, state of health and occupation. Furthermore, for other types of products and services we offer, customers provide additional information necessary to conduct business.

## 3. Information Collection Method

We collect customer information using legal and impartial methods. The information is mainly collected through policy applications, contracts and surveys. Furthermore, there are times when information is gathered over the internet and through postcard surveys/mailings when conducting various activities including campaigns.

## 4. Purposes of Using a Customer's Personal Information

A customer's information (excluding Individual Numbers stipulated under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (My Number Act)) is only used as needed for administrative purposes for the following:

- (1) Underwriting various insurance policies, conducting continuation and maintenance management and handling various types of payments, such as insurance claims and benefits
- (2) Explaining and providing various products and services, including those of related and affiliated companies and conducting policy maintenance management
- (3) Providing information concerning our business, managing our operations and expanding our lineup of products and services
- (4) Other insurance-related business

Use of customers' Individual Numbers shall be based on the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures and for only the following uses with the scope necessary for administrative purposes.

- 1) Administrative work related to production of documentation for payments for insurance transactions
- 2) Administrative work related to production of documentation and tax withholding slips for corporate pensions
- 3) Administrative work related to opening accounts for fund management or to produce documentation for payments
- 4) Administrative work related to production of documentation for real estate transactions
- 5) Administrative work related to production of documentation for remuneration, fees, contracted sums and prizes
- 6) Any other administrative work or the like related to the Individual Number as stipulated by any other act, regulation or suchlike

The purposes of these uses are given in our Personal Information Protection Policy, which is available through our website, Disclosure Report and elsewhere. Furthermore, when personal information is collected directly from customers, the purpose of the use to which it will be put is clearly explained to the customer at that time.

## 5. Information Management

In order to guarantee that a customer's personal information is up to date and correct, we take the appropriate steps necessary to conduct business. Furthermore, we implement measures deemed necessary and appropriate for the safe management of a customer's personal information in order to prevent its inappropriate access, leakage, loss or destruction.

## 6. Provision of Information

As a general rule, we do not provide a customer's personal information (excluding Individual Numbers) to third parties without receiving consent from the customer. However, in the following situations, we will provide customer information to third parties without customer consent:

- (1) When prior approval from the customer has been obtained
- (2) When the provision of a customer's personal information to a third party without customer consent is permitted by Article 23, Clause 1 of the Act on the Protection of Personal Information (Personal Information Act) or other laws and regulations
- (3) When the provision of a customer's personal information to firms that Nippon Life has outsourced work to is necessary to Nippon Life's continued business
- (4) When sharing a customer's personal information as stipulated by the Act on the Protection of Personal Information
- (5) In other cases where the Act on the Protection of Personal Information permits the provision of a customer's personal information without customer consent

When providing a customer's Individual Number to a person conducting the administrative work, or when handling of the Individual Number is outsourced partly or wholly, the Individual Number will not be provided to a third party unless for reasons stipulated under the My Number Act.

## 7. Disclosure, Revision or Other Processing of Information

In the event that a customer requests that their own personal information be disclosed, revised or otherwise processed, we will respond to the request promptly after confirming the individual's identity, unless there is special reason not to do so.

## 8. Compliance with Related Laws and Regulations

Regarding customers' personal information, we conduct business in a manner that adheres to all aspects, such as definition, attitude and handling, of the Personal Information Protection Law, all other related laws, regulations and guidelines, and the Life Insurance Association of Japan's guidelines on handling personal information protection for the life insurance industry.

## 9. Establishment of and Improvements to the Compliance Program

In order to guarantee that customers' personal information is being handled appropriately, a compliance program was established that all our employees, the firms to which we have outsourced work and other related parties have been made thoroughly aware of, and we conduct necessary and appropriate supervision. Furthermore, we review and revise the policy and the compliance program when necessary.

## 10. Customer Requests Regarding Personal Information

Customer requests regarding the handling of their personal information are received at the personal information counter and processed in an appropriate and efficient manner.

- Consultation counter related to the handling of personal information

Nissay call centers: 0120-201-021 (Toll-free in Japan)

Operating hours: Monday to Friday 9:00–18:00; Saturday 9:00–17:00 (Excluding public holidays and the period from December 31 to January 3)

- Inquiries and consultation counter regarding contracts, etc.

Please contact a sales representative or one of the Nissay Life Plazas.

- Nippon Life as a target entity of an organization authorized to protect personal information

Nippon Life is a target entity of the Life Insurance Association of Japan, an organization authorized for the protection of personal information. The association has a reception line dedicated to complaints and consultations related to the handling of personal information.

<Contact> Insurance Consultation Center, Life Insurance Association of Japan **WEB** <https://www.seiho.or.jp/english/>

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# FINANCIAL STATEMENTS

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### Notes:

- All figures are rounded down to the nearest unit.
- % and ‰ are rounded to the nearest figure.
- Some totals may not add up to 100% due to rounding.

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## 1. Consolidated Balance Sheets

Nippon Life Insurance Company and its Consolidated Subsidiaries

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Notes 5, 6 and 17)	¥ 1,751,037	¥ 1,541,390	¥ 1,405,704	\$ 16,089
<b>Call loans</b> (Note 5)	422,906	429,912	471,113	3,885
<b>Monetary receivables purchased</b> (Notes 5 and 6)	375,278	401,938	288,752	3,448
<b>Assets held in trust</b> (Note 6)	33,779	13,357	10,621	310
<b>Investments in securities</b> (Notes 5, 6, 8, 17 and 18)	65,084,003	64,458,905	60,106,713	598,033
<b>Loans</b> (Notes 6, 20 and 21)	8,436,650	8,510,520	8,630,122	77,521
<b>Tangible fixed assets</b> (Notes 7, 9 and 17):	<b>1,913,574</b>	<b>1,907,653</b>	<b>1,857,734</b>	<b>17,583</b>
Land	1,261,133	1,262,159	1,232,389	11,588
Buildings	582,389	579,064	541,877	5,351
Lease assets	9,262	7,040	9,260	85
Construction in progress	16,167	15,840	43,376	148
Other tangible fixed assets	44,620	43,548	30,829	409
<b>Intangible fixed assets</b> (Note 17):	<b>386,396</b>	<b>263,513</b>	<b>255,722</b>	<b>3,550</b>
Software	126,334	124,250	92,569	1,160
Goodwill	84,220	44,214	52,674	773
Lease assets	35	—	—	0
Other intangible fixed assets	175,805	95,047	110,479	1,615
<b>Reinsurance receivables</b> (Note 27)	<b>69,533</b>	<b>9,368</b>	<b>11,577</b>	<b>638</b>
<b>Other assets</b> (Note 6)	<b>1,512,525</b>	<b>1,199,998</b>	<b>1,299,200</b>	<b>13,898</b>
<b>Deferred tax assets</b> (Note 25)	<b>24,318</b>	<b>9,140</b>	<b>6,154</b>	<b>223</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>76,136</b>	<b>71,016</b>	<b>52,928</b>	<b>699</b>
<b>Allowance for doubtful accounts</b>	<b>(4,969)</b>	<b>(7,198)</b>	<b>(3,828)</b>	<b>(45)</b>
<b>Total assets</b>	<b>¥80,081,170</b>	<b>¥78,809,517</b>	<b>¥74,392,516</b>	<b>\$735,837</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 258,970	¥ 302,778	¥ 332,590	\$ 2,379
Policy reserves (Note 27)	65,406,129	64,100,386	60,130,178	600,993
Reserve for dividends to policyholders (mutual company) (Note 11)	1,043,785	1,020,213	995,167	9,590
Reserve for dividends to policyholders (limited company) (Note 12)	56,750	60,326	65,078	521
<b>Subtotal</b>	<b>66,765,636</b>	<b>65,483,705</b>	<b>61,523,014</b>	<b>613,485</b>
<b>Reinsurance payables</b>	<b>7,519</b>	<b>8,424</b>	<b>6,566</b>	<b>69</b>
<b>Corporate bonds</b> (Notes 6 and 13)	<b>1,277,620</b>	<b>1,175,589</b>	<b>1,108,889</b>	<b>11,739</b>
<b>Other liabilities</b> (Notes 6, 14 and 17)	<b>3,541,405</b>	<b>2,518,762</b>	<b>2,244,558</b>	<b>32,540</b>
<b>Accrued bonuses for directors and audit &amp; supervisory board members</b>	<b>92</b>	<b>106</b>	<b>90</b>	<b>0</b>
<b>Net defined benefit liability</b> (Note 15)	<b>449,594</b>	<b>440,556</b>	<b>443,161</b>	<b>4,131</b>
<b>Accrued retirement benefits for directors and audit &amp; supervisory board members</b>	<b>4,970</b>	<b>4,905</b>	<b>5,503</b>	<b>45</b>
<b>Reserve for program points</b>	<b>8,864</b>	<b>9,203</b>	<b>9,411</b>	<b>81</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,531,621</b>	<b>1,460,182</b>	<b>1,345,987</b>	<b>14,073</b>
<b>Deferred tax liabilities</b> (Note 25)	<b>157,426</b>	<b>555,094</b>	<b>625,202</b>	<b>1,446</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>103,072</b>	<b>103,748</b>	<b>104,828</b>	<b>947</b>
<b>Acceptances and guarantees</b>	<b>76,136</b>	<b>71,016</b>	<b>52,928</b>	<b>699</b>
<b>Total liabilities</b>	<b>73,923,960</b>	<b>71,831,296</b>	<b>67,470,142</b>	<b>679,260</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 16)	<b>100,000</b>	<b>100,000</b>	<b>150,000</b>	<b>918</b>
<b>Reserve for redemption of foundation funds</b> (Note 16)	<b>1,300,000</b>	<b>1,250,000</b>	<b>1,200,000</b>	<b>11,945</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>5</b>
<b>Consolidated surplus</b>	<b>554,790</b>	<b>629,555</b>	<b>625,131</b>	<b>5,097</b>
<b>Total foundation funds and others</b>	<b>1,955,441</b>	<b>1,980,206</b>	<b>1,975,782</b>	<b>17,967</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,199,843</b>	<b>4,943,922</b>	<b>4,918,602</b>	<b>38,590</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(69,235)</b>	<b>(31,643)</b>	<b>(59,092)</b>	<b>(636)</b>
<b>Land revaluation losses</b>	<b>(54,706)</b>	<b>(54,690)</b>	<b>(60,989)</b>	<b>(502)</b>
<b>Foreign currency translation adjustments</b>	<b>(26,406)</b>	<b>(4,853)</b>	<b>28,706</b>	<b>(242)</b>
<b>Remeasurement of defined benefit plans</b>	<b>(15,030)</b>	<b>(13,494)</b>	<b>(18,632)</b>	<b>(138)</b>
<b>Total accumulated other comprehensive income</b>	<b>4,034,464</b>	<b>4,839,241</b>	<b>4,808,594</b>	<b>37,071</b>
<b>Share acquisition rights</b> (Note 28)	<b>926</b>	<b>—</b>	<b>—</b>	<b>8</b>
<b>Noncontrolling interests</b>	<b>166,377</b>	<b>158,772</b>	<b>137,996</b>	<b>1,528</b>
<b>Total net assets</b>	<b>6,157,210</b>	<b>6,978,221</b>	<b>6,922,373</b>	<b>56,576</b>
<b>Total liabilities and net assets</b>	<b>¥80,081,170</b>	<b>¥78,809,517</b>	<b>¥74,392,516</b>	<b>\$735,837</b>

The accompanying notes are an integral part of the consolidated financial statements.

## 2. Consolidated Statements of Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2020	2019	2018	2020
<b>Ordinary income:</b>				
Revenues from insurance and reinsurance (Note 24)	¥5,719,334	¥6,069,229	¥5,422,050	\$ 52,552
<b>Investment income:</b>				
Interest, dividends, and other income	1,597,896	1,596,028	1,496,565	14,682
Gain from assets held in trust, net	17,720	—	—	162
Gain on trading securities	34,737	12,174	22,599	319
Gain on sales of securities	350,794	205,481	252,476	3,223
Gain on redemptions of securities	2,585	6,430	14,972	23
Foreign exchange gains, net	—	—	16,168	—
Reversal of allowance for doubtful accounts	1,023	—	584	9
Other investment income	2,697	3,101	1,806	24
Gain from separate accounts, net	—	19,115	66,115	—
<b>Subtotal</b>	<b>2,007,454</b>	<b>1,842,333</b>	<b>1,871,287</b>	<b>18,445</b>
<b>Other ordinary income</b>	<b>323,869</b>	<b>315,569</b>	<b>316,467</b>	<b>2,975</b>
<b>Total ordinary income</b>	<b>8,050,657</b>	<b>8,227,132</b>	<b>7,609,805</b>	<b>73,974</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,262,045	1,323,888	1,298,609	11,596
Annuity payments	994,266	975,383	907,776	9,135
Health and other benefits	873,235	846,807	812,819	8,023
Surrender benefits	1,111,079	1,169,048	1,085,916	10,209
Other refunds	219,474	238,189	260,653	2,016
Reinsurance premiums	100,944	44,152	41,602	927
<b>Subtotal</b>	<b>4,561,046</b>	<b>4,597,470</b>	<b>4,407,378</b>	<b>41,909</b>
<b>Provision for policy reserves:</b>				
Provision for policy reserves	1,313,949	1,630,416	1,212,272	12,073
Provision for interest on reserve for dividends to policyholders (mutual company)	21,722	22,233	22,203	199
Provision for interest on reserve for dividends to policyholders (limited company)	11	11	12	0
<b>Subtotal</b>	<b>1,335,682</b>	<b>1,652,662</b>	<b>1,234,488</b>	<b>12,273</b>
<b>Investment expenses:</b>				
Interest expenses	37,771	35,388	24,392	347
Loss from assets held in trust, net	—	2,563	3,276	—
Loss on sales of securities	61,131	145,635	126,883	561
Loss on valuation of securities	220,341	19,019	11,364	2,024
Loss on redemptions of securities	12,749	8,165	23,374	117
Loss on derivative financial instruments, net	20,478	83,973	144,785	188
Foreign exchange losses, net	235,504	16,896	—	2,163
Provision for allowance for doubtful accounts	—	6,368	—	—
Write-offs of loans	14	—	—	0
Depreciation of rental real estate and other assets	20,370	18,969	17,460	187
Other investment expenses	39,699	34,760	32,428	364
Loss from separate accounts, net	50,951	—	—	468
<b>Subtotal</b>	<b>699,013</b>	<b>371,739</b>	<b>383,966</b>	<b>6,422</b>
<b>Operating expenses (Note 22)</b>	<b>816,454</b>	<b>825,455</b>	<b>789,288</b>	<b>7,502</b>
<b>Other ordinary expenses</b>	<b>357,103</b>	<b>351,361</b>	<b>322,857</b>	<b>3,281</b>
<b>Total ordinary expenses</b>	<b>7,769,300</b>	<b>7,798,687</b>	<b>7,137,979</b>	<b>71,389</b>
<b>Ordinary profit</b>	<b>281,357</b>	<b>428,445</b>	<b>471,825</b>	<b>2,585</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2020	2019	2018	2020
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 6,529	¥ 7,053	¥ 21,711	\$ 59
Gain on bargain purchase (Note 3)	—	10,347	—	—
Gain on step acquisitions (Note 3)	48,730	—	—	447
Gain on reversal of share acquisition rights (Note 19)	6	—	—	0
<b>Subtotal</b>	<b>55,267</b>	<b>17,400</b>	<b>21,711</b>	<b>507</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	7,275	8,069	7,781	66
Impairment losses (Note 23)	45,057	2,327	2,242	414
Provision for reserve for price fluctuations in investments in securities	71,438	104,418	210,222	656
Loss on reduction entry of real estate	204	—	—	1
Contributions for assisting social public welfare	3,000	3,000	2,977	27
Other extraordinary losses	718	—	—	6
<b>Subtotal</b>	<b>127,694</b>	<b>117,815</b>	<b>223,222</b>	<b>1,173</b>
<b>Provision for reserve for dividends to policyholders (limited company)</b>	<b>11,829</b>	<b>13,837</b>	<b>17,272</b>	<b>108</b>
<b>Surplus before income taxes</b>	<b>197,101</b>	<b>314,192</b>	<b>253,042</b>	<b>1,811</b>
<b>Income taxes (Note 25):</b>				
Current	163,519	135,642	129,514	1,502
Deferred	(149,172)	(102,461)	(123,015)	(1,370)
<b>Total income taxes</b>	<b>14,346</b>	<b>33,180</b>	<b>6,499</b>	<b>131</b>
<b>Net surplus</b>	<b>182,754</b>	<b>281,011</b>	<b>246,542</b>	<b>1,679</b>
<b>Net surplus attributable to noncontrolling interests</b>	<b>(9,383)</b>	<b>2,215</b>	<b>2,614</b>	<b>(86)</b>
<b>Net surplus attributable to the parent company</b>	<b>¥ 192,137</b>	<b>¥ 278,795</b>	<b>¥ 243,927</b>	<b>\$ 1,765</b>

The accompanying notes are an integral part of the consolidated financial statements.

### 3. Consolidated Statements of Comprehensive Income

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>Net surplus</b>	<b>¥ 182,754</b>	<b>¥281,011</b>	<b>¥246,542</b>	<b>\$ 1,679</b>
<b>Other comprehensive (loss) income</b> (Note 26):	<b>(813,268)</b>	<b>26,303</b>	<b>348,566</b>	<b>(7,472)</b>
Net unrealized (losses) gains on available-for-sale securities	(748,619)	35,865	333,542	(6,878)
Deferred (losses) gains on derivatives under hedge accounting	(37,246)	27,544	6,166	(342)
Foreign currency translation adjustments	(21,320)	(29,212)	5,436	(195)
Remeasurement of defined benefit plans	(1,543)	5,107	5,881	(14)
Share of other comprehensive loss of associates accounted for under the equity method	(4,538)	(13,001)	(2,460)	(41)
<b>Comprehensive (loss) income:</b>	<b>¥(630,513)</b>	<b>¥307,315</b>	<b>¥595,109</b>	<b>\$(5,793)</b>
Comprehensive (loss) income attributable to the parent company	(613,811)	303,143	584,689	(5,640)
Comprehensive (loss) income attributable to noncontrolling interests	(16,702)	4,171	10,419	(153)

The accompanying notes are an integral part of the consolidated financial statements.



## 4. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2018					
<b>Beginning balance</b>	<b>¥150,000</b>	<b>¥1,150,000</b>	<b>¥651</b>	<b>¥622,388</b>	<b>¥1,923,039</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders (mutual company)				(184,086)	(184,086)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,198)	(1,198)
Net surplus attributable to the parent company				243,927	243,927
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				2,905	2,905
Change in the parent's ownership interest due to transactions with noncontrolling interests				(8,805)	(8,805)
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>—</b>	<b>50,000</b>	<b>—</b>	<b>2,742</b>	<b>52,742</b>
<b>Ending balance</b>	<b>¥150,000</b>	<b>¥1,200,000</b>	<b>¥651</b>	<b>¥625,131</b>	<b>¥1,975,782</b>

	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	Total net assets
For the year ended March 31, 2018								
<b>Beginning balance</b>	<b>¥4,588,092</b>	<b>¥(65,262)</b>	<b>¥(58,084)</b>	<b>¥30,549</b>	<b>¥(24,556)</b>	<b>¥4,470,738</b>	<b>¥135,203</b>	<b>¥6,528,981</b>
<b>Increase/decrease:</b>								
Issuance of foundation funds								50,000
Additions to reserve for dividends to policyholders (mutual company)								(184,086)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,198)
Net surplus attributable to the parent company								243,927
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								2,905
Change in the parent's ownership interest due to transactions with noncontrolling interests								(8,805)
Net change, excluding foundation funds and others	330,510	6,170	(2,905)	(1,842)	5,924	337,856	2,792	340,648
<b>Net change</b>	<b>330,510</b>	<b>6,170</b>	<b>(2,905)</b>	<b>(1,842)</b>	<b>5,924</b>	<b>337,856</b>	<b>2,792</b>	<b>393,391</b>
<b>Ending balance</b>	<b>¥4,918,602</b>	<b>¥(59,092)</b>	<b>¥(60,989)</b>	<b>¥28,706</b>	<b>¥(18,632)</b>	<b>¥4,808,594</b>	<b>¥137,996</b>	<b>¥6,922,373</b>

	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2019					
<b>Beginning balance</b>	<b>¥150,000</b>	<b>¥1,200,000</b>	<b>¥651</b>	<b>¥ 625,131</b>	<b>¥1,975,782</b>
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders (mutual company)				(218,353)	(218,353)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(790)	(790)
Net surplus attributable to the parent company				278,795	278,795
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				(6,299)	(6,299)
Change in the parent's ownership interest due to transactions with noncontrolling interests				1,071	1,071
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>(50,000)</b>	<b>50,000</b>	<b>—</b>	<b>4,424</b>	<b>4,424</b>
<b>Ending balance</b>	<b>¥100,000</b>	<b>¥1,250,000</b>	<b>¥651</b>	<b>¥ 629,555</b>	<b>¥1,980,206</b>

	Millions of Yen							
	Accumulated other comprehensive income							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	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Noncontrolling interests	
For the year ended March 31, 2019								
<b>Beginning balance</b>	<b>¥4,918,602</b>	<b>¥(59,092)</b>	<b>¥(60,989)</b>	<b>¥ 28,706</b>	<b>¥(18,632)</b>	<b>¥4,808,594</b>	<b>¥137,996</b>	<b>¥6,922,373</b>
<b>Increase/decrease:</b>								
Additions to reserve for dividends to policyholders (mutual company)								(218,353)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(790)
Net surplus attributable to the parent company								278,795
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								(6,299)
Change in the parent's ownership interest due to transactions with noncontrolling interests								1,071
Net change, excluding foundation funds and others	25,320	27,448	6,299	(33,559)	5,138	30,646	20,776	51,423
<b>Net change</b>	<b>25,320</b>	<b>27,448</b>	<b>6,299</b>	<b>(33,559)</b>	<b>5,138</b>	<b>30,646</b>	<b>20,776</b>	<b>55,847</b>
<b>Ending balance</b>	<b>¥4,943,922</b>	<b>¥(31,643)</b>	<b>¥(54,690)</b>	<b>¥ (4,853)</b>	<b>¥(13,494)</b>	<b>¥4,839,241</b>	<b>¥158,772</b>	<b>¥6,978,221</b>

	Millions of Yen				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2020					
<b>Beginning balance</b>	<b>¥100,000</b>	<b>¥1,250,000</b>	<b>¥651</b>	<b>¥ 629,555</b>	<b>¥1,980,206</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders (mutual company)				(211,818)	(211,818)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(355)	(355)
Net surplus attributable to the parent company				192,137	192,137
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				16	16
Changes in the scope of consolidation and application of the equity method				(4,977)	(4,977)
Change in the parent's ownership interest due to transactions with noncontrolling interests				232	232
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>—</b>	<b>50,000</b>	<b>—</b>	<b>(74,764)</b>	<b>(24,764)</b>
<b>Ending balance</b>	<b>¥100,000</b>	<b>¥1,300,000</b>	<b>¥651</b>	<b>¥ 554,790</b>	<b>¥1,955,441</b>

	Millions of Yen								
	Accumulated other comprehensive income								
	Net unrealized gains on available- for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights (Note 28)	Noncontrolling interests	Total net assets
For the year ended March 31, 2020									
<b>Beginning balance</b>	<b>¥4,943,922</b>	<b>¥(31,643)</b>	<b>¥(54,690)</b>	<b>¥ (4,853)</b>	<b>¥(13,494)</b>	<b>¥4,839,241</b>	<b>¥ —</b>	<b>¥158,772</b>	<b>¥6,978,221</b>
<b>Increase/decrease:</b>									
Issuance of foundation funds									50,000
Additions to reserve for dividends to policyholders (mutual company)									(211,818)
Additions to reserve for redemption of foundation funds									—
Interest on foundation funds									(355)
Net surplus attributable to the parent company									192,137
Redemption of foundation funds									(50,000)
Reversal of land revaluation losses									16
Changes in the scope of consolidation and application of the equity method									(4,977)
Change in the parent's ownership interest due to transactions with noncontrolling interests									232
Net change, excluding foundation funds and others	(744,078)	(37,592)	(16)	(21,553)	(1,536)	(804,777)	926	7,604	(796,247)
<b>Net change</b>	<b>(744,078)</b>	<b>(37,592)</b>	<b>(16)</b>	<b>(21,553)</b>	<b>(1,536)</b>	<b>(804,777)</b>	<b>926</b>	<b>7,604</b>	<b>(821,011)</b>
<b>Ending balance</b>	<b>¥4,199,843</b>	<b>¥(69,235)</b>	<b>¥(54,706)</b>	<b>¥(26,406)</b>	<b>¥(15,030)</b>	<b>¥4,034,464</b>	<b>¥926</b>	<b>¥166,377</b>	<b>¥6,157,210</b>

	Millions of U.S. Dollars (Note 1)				
	Foundation funds and others				
	Foundation funds (Note 16)	Reserve for redemption of foundation funds (Note 16)	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
For the year ended March 31, 2020					
<b>Beginning balance</b>	<b>\$ 918</b>	<b>\$11,485</b>	<b>\$ 5</b>	<b>\$ 5,784</b>	<b>\$18,195</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds	459				459
Additions to reserve for dividends to policyholders (mutual company)				(1,946)	(1,946)
Additions to reserve for redemption of foundation funds		459		(459)	—
Interest on foundation funds				(3)	(3)
Net surplus attributable to the parent company				1,765	1,765
Redemption of foundation funds	(459)				(459)
Reversal of land revaluation losses				0	0
Changes in the scope of consolidation and application of the equity method				(45)	(45)
Change in the parent's ownership interest due to transactions with noncontrolling interests				2	2
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>—</b>	<b>459</b>	<b>—</b>	<b>(686)</b>	<b>(227)</b>
<b>Ending balance</b>	<b>\$ 918</b>	<b>\$11,945</b>	<b>\$ 5</b>	<b>\$ 5,097</b>	<b>\$17,967</b>

	Millions of U.S. Dollars (Note 1)								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights (Note 28)	Noncontrolling interests	Total net assets
For the year ended March 31, 2020									
<b>Beginning balance</b>	<b>\$45,427</b>	<b>\$(290)</b>	<b>\$(502)</b>	<b>\$ (44)</b>	<b>\$(123)</b>	<b>\$44,466</b>	<b>\$—</b>	<b>\$1,458</b>	<b>\$64,120</b>
<b>Increase/decrease:</b>									
Issuance of foundation funds									459
Additions to reserve for dividends to policyholders (mutual company)									(1,946)
Additions to reserve for redemption of foundation funds									—
Interest on foundation funds									(3)
Net surplus attributable to the parent company									1,765
Redemption of foundation funds									(459)
Reversal of land revaluation losses									0
Changes in the scope of consolidation and application of the equity method									(45)
Change in the parent's ownership interest due to transactions with noncontrolling interests									2
Net change, excluding foundation funds and others	(6,837)	(345)	(0)	(198)	(14)	(7,394)	8	69	(7,316)
<b>Net change</b>	<b>(6,837)</b>	<b>(345)</b>	<b>(0)</b>	<b>(198)</b>	<b>(14)</b>	<b>(7,394)</b>	<b>8</b>	<b>69</b>	<b>(7,543)</b>
<b>Ending balance</b>	<b>\$38,590</b>	<b>\$(636)</b>	<b>\$(502)</b>	<b>\$(242)</b>	<b>\$(138)</b>	<b>\$37,071</b>	<b>\$ 8</b>	<b>\$1,528</b>	<b>\$56,576</b>

The accompanying notes are an integral part of the consolidated financial statements.

## 5. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and its Consolidated Subsidiaries

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>I Cash flows from operating activities:</b>				
Surplus before income taxes	¥ 197,101	¥ 314,192	¥ 253,042	\$ 1,811
Depreciation of rental real estate and other assets	20,370	18,969	17,460	187
Depreciation	72,349	54,543	48,769	664
Impairment losses	45,057	2,327	2,242	414
Amortization of goodwill	4,679	2,631	2,740	42
Gain on bargain purchase	—	(10,347)	—	—
Net decrease in reserve for outstanding claims	(43,633)	(53,246)	(62,027)	(400)
Net increase in policy reserves	1,311,041	1,620,992	1,186,025	12,046
Provision for interest on reserve for dividends to policyholders (mutual company)	21,722	22,233	22,203	199
Provision for interest on reserve for dividends to policyholders (limited company)	11	11	12	0
Provision for reserve for dividends to policyholders (limited company)	11,829	13,837	17,272	108
Net (decrease) increase in allowance for doubtful accounts	(1,353)	6,320	(625)	(12)
Net (decrease) increase in accrued bonuses for directors and audit & supervisory board members	(14)	15	11	0
Net increase in net defined benefit liability	6,828	2,720	771	62
Net increase (decrease) in accrued retirement benefits for directors and audit & supervisory board members	65	(676)	257	0
Net increase in reserve for price fluctuations in investments in securities	71,438	104,418	210,222	656
Interest, dividends, and other income	(1,597,896)	(1,596,028)	(1,496,565)	(14,682)
(Gains) losses from assets held in trust, net	(17,720)	2,563	3,276	(162)
Net gains on investments in securities	(59,155)	(39,092)	(108,616)	(543)
Net losses on policy loans	99,699	108,744	107,863	916
Losses on derivative financial instruments, net	20,478	83,973	144,785	188
Interest expenses	37,771	35,388	24,392	347
Net foreign exchange losses (gains)	233,171	17,461	(16,268)	2,142
Net losses (gains) on tangible fixed assets	1,295	792	(13,858)	11
Gains on equity method investments	(1,247)	(3,292)	(1,359)	(11)
Losses (gains) from separate accounts, net	50,951	(19,115)	(66,115)	468
Gain on step acquisitions (Note 3)	(48,730)	—	—	(447)
Net (increase) decrease in reinsurance receivables	(60,283)	1,949	1,414	(553)
Net decrease (increase) in other assets (excluding those related to investing activities and financing activities)	567	5,128	(14,363)	5
Net (decrease) increase in reinsurance payables	(752)	2,069	(3,334)	(6)
Net increase in other liabilities (excluding those related to investing activities and financing activities)	5,376	7,145	16,113	49
Others, net	(36,144)	(13,765)	(23,758)	(332)
<b>Subtotal</b>	<b>344,874</b>	<b>692,867</b>	<b>251,984</b>	<b>3,168</b>
Interest, dividends, and other income received	1,636,593	1,660,198	1,544,422	15,038
Interest paid	(36,470)	(33,667)	(23,503)	(335)
Dividends paid to policyholders (mutual company)	(176,933)	(189,333)	(181,027)	(1,625)
Dividends paid to policyholders (limited company)	(15,417)	(19,231)	(20,053)	(141)
Others, net	(8,530)	7,302	25,100	(78)
Income taxes paid	(138,536)	(155,914)	(90,613)	(1,272)
<b>Net cash provided by operating activities</b>	<b>1,605,579</b>	<b>1,962,221</b>	<b>1,506,309</b>	<b>14,753</b>

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>II Cash flows from investing activities:</b>				
Net increase in deposits	¥ (2,211)	¥ (888)	¥ (302)	\$ (20)
Purchases of monetary receivables purchased	(16,721)	(5,394)	(17,947)	(153)
Proceeds from sales and redemptions of monetary receivables purchased	44,909	47,366	53,602	412
Purchases of assets held in trust	(3,000)	(5,300)	(10,300)	(27)
Proceeds from decrease in assets held in trust	298	—	0	2
Purchases of securities	(9,312,569)	(10,731,535)	(9,174,638)	(85,569)
Proceeds from sales and redemptions of securities	7,255,486	8,800,702	7,997,940	66,668
Disbursements for loans	(1,514,841)	(1,583,675)	(1,505,039)	(13,919)
Proceeds from collections of loans	1,480,523	1,620,988	1,759,953	13,603
Net gains (losses) from the settlement of derivative financial instruments	179,466	45,636	(417,693)	1,649
Net increase in payables under repurchase agreements	382,239	677,033	244,920	3,512
Net increase (decrease) in cash received as collateral under securities lending transactions	75,490	(566,215)	(298,360)	693
Others, net	(22,733)	(119,480)	110,685	(208)
<b>① Total of investing activities</b>	<b>(1,453,660)</b>	<b>(1,820,763)</b>	<b>(1,257,180)</b>	<b>(13,357)</b>
<b>[I + II①]</b>	<b>[151,918]</b>	<b>[141,457]</b>	<b>[249,128]</b>	<b>[1,395]</b>
Purchases of tangible fixed assets	(60,940)	(109,143)	(54,186)	(559)
Proceeds from sales of tangible fixed assets	13,093	30,610	51,901	120
Payments for acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	(61,771)	(44,844)	—	(567)
Others, net	(52,091)	(49,706)	(51,526)	(478)
<b>Net cash used in investing activities</b>	<b>(1,615,371)</b>	<b>(1,993,848)</b>	<b>(1,310,991)</b>	<b>(14,843)</b>
<b>III Cash flows from financing activities:</b>				
Proceeds from debt borrowing	274,627	354,035	153,893	2,523
Repayments of debt	(112,229)	(135,545)	(157,037)	(1,031)
Proceeds from issuance of corporate bonds	126,431	—	188,064	1,161
Redemption of bonds	(24,400)	—	—	(224)
Proceeds from issuance of foundation funds	50,000	—	50,000	459
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(459)
Interest on foundation funds	(355)	(790)	(1,198)	(3)
Payments for acquisition of subsidiary's shares not resulting in change in scope of consolidation	(3,803)	(1,435)	(15,065)	(34)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	1,386	—	—	12
Others, net	(10,815)	(17,934)	2,264	(99)
<b>Net cash provided by financing activities</b>	<b>250,841</b>	<b>148,329</b>	<b>170,921</b>	<b>2,304</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(20,152)</b>	<b>(1,783)</b>	<b>(12,427)</b>	<b>(185)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>220,897</b>	<b>114,919</b>	<b>353,812</b>	<b>2,029</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>2,011,931</b>	<b>1,897,011</b>	<b>1,541,468</b>	<b>18,486</b>
<b>VII Net (decrease) increase in cash and cash equivalents resulting from change in the scope of consolidation</b>	<b>(6,548)</b>	<b>—</b>	<b>1,730</b>	<b>(60)</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 5)</b>	<b>¥ 2,226,280</b>	<b>¥ 2,011,931</b>	<b>¥ 1,897,011</b>	<b>\$ 20,456</b>

The accompanying notes are an integral part of the consolidated financial statements.



## 6. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and its Consolidated Subsidiaries

### 1. Basis of Presenting the Consolidated Financial Statements

#### (1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements. The information provided in the consolidated financial statements including the notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly.

#### (2) U.S. dollar amounts

Nippon Life prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥108.83=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2020. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥108.83=U.S.\$1 or at any other rate.

### 2. Summary of Significant Accounting Policies

#### (1) Principles of consolidation

##### i) Consolidated subsidiaries

The consolidated financial statements include the accounts of Nippon Life and its subsidiaries. Consolidated subsidiaries as of March 31, 2020, 2019 and 2018, are listed as follows:

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) (from the fiscal year ended March 31, 2019)

HANASAKU LIFE INSURANCE Co., Ltd. (Japan) (from the fiscal year ended March 31, 2020)

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

NLI Commercial Mortgage Fund, LLC (U.S.A.) (Up to the fiscal year ended March 31, 2019)

NLI Commercial Mortgage Fund II, LLC (U.S.A.) (Up to the fiscal year ended March 31, 2019)

NLI US Investments, Inc. (U.S.A.)

MLC Limited (Australia)

Nippon Life India Asset Management Limited (India) (from the fiscal year ended March 31, 2020)

As the Company acquired equity interest in MassMutual Life Insurance Company, it is included within the scope of consolidation starting from the fiscal year ended March 31, 2019. The said company was renamed as Nippon Wealth Life Insurance Company Limited on January 1, 2019. Additionally, Mitsui Life Insurance Company Limited was renamed as TAIJU LIFE INSURANCE COMPANY LIMITED on April 1, 2019.

HANASAKU LIFE INSURANCE Co., Ltd., which has started its operation as a life insurance company, has been included in the scope of consolidation starting from the fiscal year ended March 31, 2020, due to its increased significance.

Reliance Nippon Life Asset Management Limited, which was an affiliate accounted for under the equity method in the previous fiscal year, and its four affiliated companies have been included in the scope of consolidation from the fiscal year ended March 31, 2020, due to the Company's additional acquisition of its shares.

Reliance Nippon Life Asset Management Limited was renamed as Nippon Life India Asset Management Limited on January 13, 2020.

NLI Commercial Mortgage Fund, LLC and NLI Commercial Mortgage Fund II, LLC have been excluded from the scope of consolidation from the fiscal year ended March 31, 2020, due to their declined significance.

One affiliate of Nippon Life India Asset Management Limited has been excluded from the scope of consolidation from the fiscal year ended March 31, 2020, due to the sale of this affiliate.

The major subsidiaries excluded from consolidation are Nippon Life Global Investors Americas, Inc., Nissay Trading Corporation, and Nissay Insurance Agency Co., Ltd.

The respective and aggregate effects of the companies, which are excluded from consolidation, based on total assets, revenues, net income, and surplus for the fiscal years ended March 31, 2020, 2019 and 2018, are immaterial. This exclusion from consolidation does not prevent a reasonable assessment of the financial position of the Company and its subsidiaries and the result of their operations.

## ii) Affiliates

Major affiliates accounted for under the equity method as of March 31, 2020, 2019 and 2018, are listed as follows:

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)  
Nippon Life India Asset Management Limited (India) (up to the fiscal year ended March 31, 2019)  
Post Advisory Group, LLC (U.S.A.)  
PT Sequis (Indonesia)  
PT Asuransi Jiwa Sequis Life (Indonesia)  
The TCW Group, Inc. (U.S.A.) (from the fiscal year ended March 31, 2018)  
Grand Guardian Nippon Life Insurance Company Limited (Myanmar) (from the fiscal year ended March 31, 2020)

The TCW Group, Inc. and four other companies have been included within the scope of equity method accounting for the fiscal year ended March 31, 2018, due to the acquisition of equity interests by the Company.

In addition, PanAgora Asset Management, Inc. has been excluded from the scope of equity method accounting from the fiscal year ended March 31, 2018, due to the sale of shares.

Nippon Life India Asset Management Limited became a consolidated subsidiary due to the Company's additional acquisition of its shares.

Accordingly, Nippon Life India Asset Management Limited has been excluded from the scope of application of the equity method from the fiscal year ended March 31, 2020. Meanwhile, one affiliate of Nippon Life India Asset Management Limited has been included in the scope of application of the equity method from the fiscal year ended March 31, 2020.

Grand Guardian Nippon Life Insurance Company Limited has been included in the scope of application of the equity method due to its increased significance associated with the acquisition of permission from Myanmar financial authorities to operate as a life insurance joint venture after obtaining its equity interests in the fiscal year ended March 31, 2020. The subsidiaries not consolidated, such as Nippon Life Global Investors Americas, Inc., and Nissay Trading Corporation, and affiliates other than those listed above, such as SL Towers Co., Ltd. are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the fiscal years ended March 31, 2020, 2019 and 2018, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2020, 2019 and 2018, was as follows:

	2020	2019	2018
Consolidated subsidiaries	15	12	11
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	15	14	14

## iii) Reporting date for consolidated subsidiaries

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

## iv) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries acquired by the Company are initially measured at fair value as of the date of the acquisition.

## v) Amortization of goodwill

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method are amortized under the straight-line method over 20 years.

However, for items that are immaterial, the total amount of goodwill is expensed as incurred.

vi) All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits/losses included in assets/liabilities resulting from transactions within the group are eliminated.

## (2) Business combinations

Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

### (3) Cash and cash equivalents

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

### (4) Securities and hedging activities

1) Securities of the Company and 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) and securities within assets held in trust), are valued as follows:

- i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.
- ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).
- iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates that are neither consolidated nor accounted for under the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.

v) Available-for-sale securities

- a. Regarding securities with a fair value, stocks (including foreign stocks) are valued using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated using the moving average method). Other securities with a fair value are valued using the fair value on the balance sheet date (the cost basis is calculated using the moving average method).
- b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.

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

*Hedge accounting is applied by the Company and certain consolidated subsidiaries based on the following methods:*

1) The Company and certain consolidated subsidiaries mainly apply the following hedge accounting methods: The exceptional accounting treatment ("Tokurei-shori") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied 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") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting for foreign exchange forward contracts is applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
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 foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

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

4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.

### (5) Policy-reserve-matching bonds

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 and subcategorized the following insurance policies:

(a) The Company

- 1) All insurance policies for products other than single premium products and group annuities
- 2) All insurance policies for single premium 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 premium products (denominated in U.S. dollars) other than the foregoing
- 5) All single premium products (denominated in Australian dollars) other than the foregoing
- 6) All single premium products (denominated in euros) other than the foregoing

(b) TAIJU LIFE INSURANCE COMPANY LIMITED

- 1) Subcategory for 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) Subcategory for insured contributory pension plans (up to 27 years) (the component of future cash flows generated from insured contributory pension plans for up to 27 years)
- 3) Subcategory 1 for foreign currency-denominated single premium endowment insurance (U.S. dollar) (foreign currency-denominated single premium endowment insurance (U.S. dollar) commencing from October 1, 2015, to September 30, 2019)
- 4) Subcategory 2 for foreign currency-denominated single premium endowment insurance (U.S. dollar) (foreign currency-denominated single premium endowment insurance (U.S. dollar) commencing on or after October 1, 2019)
- 5) Subcategory 1 for foreign currency-denominated single premium endowment insurance (Australian dollar) (foreign currency-denominated single premium endowment insurance (Australian dollar) commencing from October 1, 2015, to September 30, 2019)
- 6) Subcategory 2 for foreign currency-denominated single premium endowment insurance (Australian dollar) (foreign currency-denominated single premium endowment insurance (Australian dollar) commencing on or after October 1, 2019)

From the fiscal year ended March 31, 2020, TAIJU LIFE INSURANCE COMPANY LIMITED has created, for policies commencing on or before September 30, 2019, Subcategory 1 for foreign currency-denominated single premium endowment insurance (U.S. dollar) (policies commencing from October 1, 2015, to September 30, 2019) and Subcategory 1 for foreign currency-denominated single premium endowment insurance (Australian dollar) (policies commencing from October 1, 2015, to September 30, 2019) by extending the commencement periods for the previous subcategories for foreign currency-denominated single premium endowment

insurance (U.S. dollar) (policies commencing on or after January 1, 2019) and foreign currency-denominated single premium endowment insurance (Australian dollar) (policies commencing on or after October 1, 2017). Additionally, it has also created Subcategory 2 for foreign-currency denominated single premium endowment insurance (U.S. dollar) (policies commencing on or after October 1, 2019) and Subcategory 2 for foreign-currency denominated single premium endowment insurance (Australian dollar) (policies commencing on or after October 1, 2019) as new subcategories.

In the fiscal year ended March 31, 2019, the subgroups of insurance products covered by policy-reserve-matching bonds were revised in order to further promote ALM. Specifically, a subcategory of whole life insurance and annuity insurance (up to 40 years) has been created by extending the covered term for the previous subcategory of whole life insurance and annuity insurance (8–27 years). Additionally, a new subgroup has been created for foreign currency-denominated single premium endowment insurance (U.S. dollar).

There has been no impact on profit or loss for the fiscal year ended March 31, 2020 and 2019, as a result of this revision.

(c) Nippon Wealth Life Insurance Company Limited

- 1) Single premium fixed annuities, single premium fixed whole life insurance, single premium life insurance with living benefits, and single premium insurance against three major diseases (excluding single premium fixed annuities commencing on or after April 1, 2006, and for which the insured was 80 years of age or older as of the date the policy was concluded).
- 2) Single premium fixed whole life insurance (fixed accumulation value type)
- 3) Whole life cancer insurance and endowment insurance
- 4) U.S. dollar-denominated single premium fixed annuities and U.S. dollar-denominated single premium fixed whole life insurance
- 5) Australian dollar-denominated single premium fixed annuities
- 6) Insurance and annuities other than the above (certain types of insurance are excluded)

(d) HANASAKU LIFE INSURANCE Co., Ltd.

From the fiscal year ended March 31, 2020, 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.

**(6) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using 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 recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

Moreover, 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, net, while translation differences related to other foreign currency-denominated available-for-sale securities are recorded as a separate component of net assets.

## (7) Tangible fixed assets

- 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 price of less than ¥200,000 of the Company and certain consolidated subsidiaries are depreciated over a 3 year period on a straight-line basis.
  - b. Lease assets
    - (i) Lease assets related to financial leases that transfer ownership of the leased property to the lessee  
The same depreciation method applied to owned fixed assets.
    - (ii) Lease assets other than the above  
Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

- 2) 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 book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

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

## (8) Software

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (3 to 15 years).

## (9) Leases

Regarding financial leases where a consolidated subsidiary is the lessor and ownership is not transferred, if any, the Company recognizes income and expense at the time of receiving the lease fee as other ordinary income and other ordinary expenses, respectively.

## (10) Allowance for doubtful accounts

- 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.
  - i) 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).
  - ii) An allowance for loans to borrowers who are not currently legally bankrupt, but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of 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.
  - iii) An allowance for loans to borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
- 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 records the allowance amounts 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 amounts were ¥3,382 million (U.S.\$31 million) (including ¥70 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥3,342 million (including ¥91 million of credits secured and/or guaranteed), and ¥251 million (including ¥117 million of credits secured and/or guaranteed) as of March 31, 2020, 2019 and 2018, respectively.

## (11) Accrued bonuses for directors and audit & supervisory board members

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

## **(12) Net defined benefit liability**

- 1) Net defined benefit liability is the amount of retirement benefit obligations prepared for payment of employee retirement benefits, less pension plan assets, based on the projected amounts as of March 31, 2020, 2019 and 2018.
- 2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2020, 2019 and 2018, are as follows:
  - i) Attribution method for estimated retirement benefits: Benefit formula basis
  - ii) Period of amortizing actuarial gains/losses: 5 years
  - iii) Period of amortizing prior service costs: 5 years

## **(13) Accrued retirement benefits for directors and audit & supervisory board members**

Accrued retirement benefits for directors and audit & supervisory board members are recognized based on estimated payment amounts under internal rules.

## **(14) Reserve for program points**

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.

## **(15) Reserve for price fluctuations in investments in securities**

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

## **(16) Accounting for consumption taxes**

Consumption taxes and local consumption taxes of the Company and certain consolidated subsidiaries are accounted for by the tax exclusion method. 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 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

## **(17) Consolidated taxation system**

In December 2018, the Company and its certain subsidiaries requested for approval to apply the consolidated taxation system, and the consolidated taxation system has been applied from the fiscal year ended March 31, 2020. Accordingly, effective from the fiscal year ended March 31, 2019, the Company and its certain subsidiaries have applied accounting treatments based on the application of the consolidated taxation system in accordance with the "Revised Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" (ASBJ, PITF\* No. 5) and the "Revised Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)" (ASBJ, PITF No. 7). Effective from the fiscal year ended March 31, 2020, the Company

and certain subsidiaries have applied the consolidated taxation system as the parent company for consolidated taxation purposes. In accordance with the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), the Company and its certain subsidiaries calculate the amounts of deferred tax assets and liabilities based on tax laws and regulations before the revision.

\* PITF: Practical Issue Task Force

## **(18) Policy reserves**

- 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. 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.
  - i) 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).
  - ii) Reserves for other policies are calculated based on the net level premium method.

In addition, the Company and some of its consolidated life insurance companies in Japan provided additional policy reserves in the fiscal year ended March 31, 2020. As a result, policy reserves increased by ¥199,869 million (U.S.\$1,836 million), while ordinary profit and surplus before income taxes decreased by ¥199,869 million (U.S.\$1,836 million).

### **a. The Company**

Effective from the fiscal year ended March 31, 2019, the Company has provided additional policy reserves over a five-year period to cover a possible deficiency in the reserve for certain individual annuity policyholders. 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 single premium policies). For such policies with premiums that have been paid as of March 31, 2020 and similar policies (including single premium policies), the Company will successively provide additional policy reserves over a six-year period. As a result, the policy reserves increased by ¥186,113 million (U.S.\$1,710 million), while ordinary profit and surplus before income taxes decreased by ¥186,113 million (U.S.\$1,710 million), compared with amounts that would have been recorded if the additional policy reserves had not been provided in the fiscal year ended March 31, 2020.

### **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 ¥13,756 million (U.S.\$126 million), while ordinary profit and surplus before income taxes decreased by ¥13,756 million (U.S.\$126 million), compared with amounts that would have been recorded if the additional policy reserves had not been provided in the fiscal year ended March 31, 2020.

Matters concerning additional policy reserve amounts accumulated during the fiscal year ended March 31, 2019, are as follows:

The Company has reserved additional policy reserve amounts over a five-year period to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, the policy reserves increased by ¥121,292 million, while ordinary profit and surplus before income taxes decreased by ¥121,292 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been included.

Matters concerning additional policy reserve amounts accumulated during the fiscal year ended March 31, 2018, are as follows:

a. The Company

Additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥88,192 million, while ordinary profit and surplus before income taxes decreased by ¥88,192 million, compared to amounts that would have been recorded had the additional policy reserve amounts not been included.

b. TAIJU LIFE INSURANCE COMPANY LIMITED

Additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥53,265 million, while ordinary profit and surplus before income taxes decreased by ¥53,265 million, compared to amounts that would have been recorded had the additional policy reserve amounts not been included.

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.

## (19) Revenue recognition

Insurance premiums of the Company and certain consolidated subsidiaries are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

Insurance premiums of consolidated overseas subsidiaries with a regular due date are recognized on a due basis and insurance premiums due but not collected are recognized as revenues.

## (20) Policy acquisition costs

Policy acquisition costs of the Company and certain consolidated subsidiaries are recorded to expense as incurred.

Policy acquisition costs of certain consolidated overseas subsidiaries are deferred and amortized over the period that the policy will generate profits.

## (21) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

## (22) Stock Options

Compensation expense for the stock options of a consolidated subsidiary are recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services.

In the balance sheet, the stock option is presented as share acquisition rights as a separate component of net assets until exercised.

## 3. Business Combination

Matters concerning business combinations through acquisition are as follows:

### (1) Nippon Life India Asset Management Limited (for the fiscal year ended March 31, 2020)

1) Overview of the business combination

a. Name and business of the acquiree

Name: Reliance Nippon Life Asset Management Limited (Now, Nippon Life India Asset Management Limited)

Business: Asset management

b. Major reasons for executing the business combination

Nippon Life India Asset Management Limited's trust assets under management have grown steadily, and the Company intends to support Nippon Life India Asset Management Limited's attempt to enhance its presence in the Indian asset management market, which is expected to show future growth driven by solid economic growth.

c. Date of business combination

September 30, 2019 (deemed acquisition date)

d. Legal form of the business combination

Open offer to the public shareholders as per Indian regulations and share acquisition based on an agreement with Reliance Capital Limited (RCAP) to acquire shares of Nippon Life India Asset Management Limited held by RCAP (the "Open Offer").

e. Name of the company after business combination

Nippon Life India Asset Management Limited

f. Percentage of voting rights acquired

Percentage of voting rights held before the Open Offer	42.875%
Percentage of voting rights acquired based on the Open Offer*	32.125%
Percentage of voting rights after the acquisition	75%

\* Reflects the impact of changes in percentage of voting rights due to the exercise of stock options for Nippon Life India Asset Management Limited's shares after the open offer.

g. Main rationale for determining the acquirer

It is clear that the Company will control the decision-making body of the acquiree by obtaining the majority of voting rights.

2) Period for which the acquiree's business results were included in the consolidated financial statements for the fiscal year ended March 31, 2020  
From October 1, 2019, to March 31, 2020

In the consolidated statement of income for the fiscal year ended March 31, 2020, profit or loss related to the acquiree from April 1, 2019, to September 30, 2019, is recorded as shares of profit of entities accounted for under the equity method and presented in other ordinary income.

3) Acquisition cost and breakdown

	Millions of Yen	Millions of U.S. Dollars
Consideration for acquisition:		
Fair value of Nippon Life India Asset Management Limited's shares held right before the Open Offer	¥ 92,940	\$ 853
Additional cash payment for Nippon Life India Asset Management Limited's shares acquired through the Open Offer	68,759	631
Acquisition cost	¥161,699	\$1,485

4) Difference between the acquisition cost and the total cost of individual transactions resulted in obtaining control

Gain on step acquisitions

¥48,730 million (U.S.\$447 million)

5) Description and the amount of main acquisition-related costs

Advisory fees and others

¥1,395 million (U.S.\$12 million)

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

a. Amount of goodwill

¥90,213 million (U.S.\$828 million)

b. Reasons for recognizing goodwill

Goodwill was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed was lower than the acquisition cost.

c. Amortization method and period

Straight-line amortization over 20 years

7) Amounts of the assets acquired and the liabilities assumed on the date of business combination and their main components

Total assets: ¥119,130 million (U.S.\$1,094 million)

(including the amount allocated to intangible assets other than goodwill of ¥77,754 million (U.S.\$714 million))

Total liabilities: ¥23,300 million (U.S.\$214 million)

(including deferred tax liabilities of ¥18,595 million (U.S.\$170 million))

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

Amount of intangible assets other than goodwill:

¥77,754 million (U.S.\$714 million)

Amortization period: 19 years

(including contract-related assets of ¥77,754 million (U.S.\$714 million) and amortization period of 19 years)

9) Estimated amount of impact on the consolidated statement of income for the fiscal year ended March 31, 2020, and calculation method, assuming that the business combination was completed as of the beginning of the fiscal year ended March 31, 2020

Ordinary income was ¥18,502 million (U.S.\$170 million), ordinary loss was ¥235 million (U.S.\$2 million), and net surplus attributable to the parent company was ¥46,504 million (U.S.\$427 million).

The estimated amounts of the impact represent the difference between shares of profit of entities accounted for under the equity method and gain on step acquisitions recorded by the Company for the fiscal year ended March 31, 2020, based on Nippon Life India Asset Management Limited's ordinary income, ordinary profit, and net surplus attributable to the parent company for the fiscal year ended March 31, 2020. In addition, amortization and related amounts are calculated based on the assumption that goodwill and intangible assets were recognized at the beginning of the fiscal year ended March 31, 2020. The estimated amounts do not represent Nippon Life India Asset Management Limited's ordinary income, ordinary profit, and net surplus attributable to the parent company that would have been recorded if the business combination had actually been completed as of the beginning of the fiscal year ended March 31, 2020. This note has not been audited.

**(2) Nippon Wealth Life Insurance Company Limited (for the fiscal year ended March 31, 2019)**

1) Overview of the business combination

a. Name and business of the acquiree

Name: MassMutual Life Insurance Company (Now Nippon Wealth Life Insurance Company Limited)

Business: Life insurance business

b. Major reasons for executing the business combination

The purpose of the business combination is to build a structure that can accommodate a wide range of customers' needs in the financial institution bancassurance market in order to continuously expand policyholders' profit by expanding the profit base of group business.

c. Date of business combination

April 1, 2018 (deemed acquisition date)

d. Legal form of the business combination

Share acquisition for cash consideration

e. Name of the company after business combination

Nippon Wealth Life Insurance Company Limited

f. Percentage of voting rights acquired

Approximately 85.1%

g. Main rationale for determining the acquirer

It is clear that the Company will control the decision-making body of the acquiree by obtaining the majority of voting rights.

- 2) Period for which the acquiree's business results were included in the consolidated financial statements

The period from the date of business combination to the end of the fiscal year ended March 31, 2019.

- 3) Acquisition cost and breakdown

Consideration for acquisition: Payment in cash

¥104,247 million

Acquisition cost

¥104,247 million

- 4) Description and the amount of main acquisition-related costs

Advisory fees and others

¥873 million

- 5) Amount of and reasons for recognizing negative goodwill

- a. Amount of negative goodwill

¥10,347 million

- b. Reasons

Negative goodwill was recognized because the Company's share of the net amount of the assets acquired and the liabilities assumed was higher than the acquisition cost.

- 6) Amounts of the assets acquired and the liabilities assumed on the date of business combination and their major components

Total assets: ¥2,763,970 million

(including investment in securities of ¥2,449,174 million)

Total liabilities: ¥2,629,331 million

(including policy reserves and other reserves of ¥2,408,090 million)

### **(3) HANASAKU LIFE INSURANCE Co., Ltd. (for the fiscal year ended March 31, 2019)**

The Preparatory Company, which was established by the Company on July 2, 2018, changed its name to HANASAKU LIFE on February 1, 2019, following the completion of the acquisition of approvals of the Commissioner of the Financial Services Agency pursuant to Article 271-10, Paragraph 1 and Article 106, Paragraph 7 of the Insurance Business Act by the Company and the acquisition of a life insurance business license pursuant to Article 3 of the Insurance Business Act by the Preparatory Company on the same day.

- 1) Purpose of establishing the company

The purpose of establishing the company is to flexibly and dynamically provide services to independent insurance agencies and related entities in order to more appropriately address diversifying customer needs and growing sales channels.

- 2) Overview of HANASAKU LIFE

- a. Company Name: HANASAKU LIFE INSURANCE Co., Ltd.

- b. Head Office: Minato-ku, Tokyo

- c. Capital Stock: ¥10,000 million

The Company carried out a capital increase of ¥20,000 million in HANASAKU LIFE on April 1, 2019.

- 3) Date of establishment

July 2, 2018

- 4) Percentage of voting rights held by the Company  
100%

### **(4) Nissay Asset Management Corporation (for the fiscal year ended March 31, 2018)**

On February 9, 2018, the Company acquired 10% of the shares of Nissay Asset Management Corporation (hereinafter, "Nissay Asset") from Putnam Investments (hereinafter, "Putnam"), a U.S. asset management company, thereby converting Nissay Asset into a wholly owned subsidiary.

- 1) Overview of the transaction

- a. Name and business of the acquiree

Name: Nissay Asset Management Corporation

Business: Asset management business

- b. Business combination date

January 1, 2018 (deemed acquisition date)

- c. Legal form of the business combination

Conversion into a wholly owned subsidiary through the acquisition of additional shares from a noncontrolling shareholder

- d. Name of company after business combination

Nissay Asset Management Corporation

- e. Other matters concerning the overview of the transaction

The Group has long worked to strengthen the asset management business. At this time, the Company has converted Nissay Asset into a wholly owned subsidiary by acquiring all of the Nissay Asset shares owned by Putnam, in order to reinforce and expand the asset management business.

- 2) Overview of accounting treatment that was applied

The Company has accounted for the transaction as a transaction with a noncontrolling shareholder within the category of transactions under common control. This accounting treatment is based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10).

- 3) Acquisition cost and breakdown by type of consideration

Consideration for acquisition: payment in cash

¥15,065 million

Acquisition cost

¥15,065 million

- 4) Matters concerning changes in the Company's equity with respect to the transaction with the noncontrolling shareholder

- a. Main reasons for changes in consolidated surplus:

Acquisition of additional shares of a subsidiary

- b. Decrease in consolidated surplus due to the transaction with the noncontrolling shareholder:

¥8,940 million

#### 4. Additional Information for Consolidated Statements of Cash Flows

##### (1) Acquisition of Nippon Life India Asset Management Limited (for the fiscal year ended March 31, 2020)

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

Major assets and liabilities of Nippon Life India Asset Management Limited and its four affiliated companies at the time of acquisition, as well as the acquisition cost and net payment for the acquisition are as follows:

	Millions of Yen	Millions of U.S. Dollars
Total assets	¥119,130	\$1,094
(including the amount allocated to intangible assets other than goodwill of ¥77,754 million (U.S.\$714 million))		
Goodwill	90,213	828
Total liabilities	(23,300)	(214)
(including deferred tax liabilities of ¥(18,595) million (U.S.\$(170) million))		
Share acquisition rights	(515)	(4)
Noncontrolling interests	(23,828)	(218)
Acquisition cost	161,699	1,485
Gain on step acquisitions	(48,730)	(447)
Acquisition cost before obtaining control	(44,209)	(406)
Cash and cash equivalents of subsidiary	(6,987)	(64)
Net payments for the acquisition	¥ 61,771	\$ 567

##### (2) Acquisition of Nippon Wealth Life Insurance Company Limited (for the fiscal year ended March 31, 2019)

Major assets and liabilities of Nippon Wealth Life Insurance Company Limited, the newly consolidated subsidiary through acquisition, as well as the acquisition cost and net payment for the acquisition are as follows:

	Millions of Yen
Total assets	¥ 2,763,970
(including investment in securities of ¥2,449,174 million)	
Total liabilities	(2,629,331)
(including policy reserves and other reserves of ¥2,408,090 million )	
Gain on bargain purchase	(10,347)
Noncontrolling interests	(20,043)
Acquisition cost of subsidiary's shares	104,247
Cash and cash equivalents of subsidiary	59,402
Net payments from acquisition of subsidiary's shares	¥44,844

#### 5. Cash and Cash Equivalents

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets as of March 31, 2020, 2019 and 2018, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Cash and deposits	¥1,751,037	¥1,541,390	¥1,405,704	\$16,089
Call loans	422,906	429,912	471,113	3,885
Monetary receivables purchased	28,998	26,999	22,999	266
Investments in securities	34,783	17,329	—	319
Time deposits with initial term of over 3 months to maturity and others	(11,443)	(3,700)	(2,804)	(105)
Cash and cash equivalents	¥2,226,280	¥2,011,931	¥1,897,011	\$20,456

#### 6. Financial Instruments

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

Based on this, in order to reliably pay benefits and other payments in the future, the Company and certain consolidated subsidiaries have positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the core assets of the Company and certain consolidated subsidiaries and from the viewpoint of improving profit in the mid- to long-term, the Company and certain consolidated subsidiaries invest in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company and certain consolidated subsidiaries mainly use derivative transactions for managing asset investment risks. Specifically, the Company and certain consolidated subsidiaries use interest rate swaps and interest rate swaptions for the interest rate-related investments of the Company and certain consolidated subsidiaries, foreign exchange forward contracts and currency options and swaps for the currency-related investments of the Company and certain consolidated subsidiaries, and equity forward contracts, equity index futures and equity index options for the equity-related investments of the Company and certain consolidated subsidiaries, and hedge accounting is applied with respect to a portion thereof.

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

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

To manage credit risk, the Company and certain consolidated subsidiaries have built a thorough monitoring system involving the Assessment

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

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 224,898	¥ 224,898	¥ —	¥ 353,297	¥ 353,297	¥ —	¥ 383,500	¥ 383,500	¥ —	\$ 2,066	\$ 2,066	\$ —
Available-for-sale securities	224,898	224,898	—	353,297	353,297	—	383,500	383,500	—	2,066	2,066	—
Monetary receivables purchased:	375,278	389,099	13,821	401,938	417,895	15,956	288,752	301,191	12,439	3,448	3,575	126
Held-to-maturity debt securities	36,243	36,815	572	42,643	43,509	866	2,971	3,609	637	333	338	5
Policy-reserve-matching bonds	242,515	255,764	13,248	276,351	291,441	15,090	239,375	251,177	11,801	2,228	2,350	121
Available-for-sale securities	96,519	96,519	—	82,943	82,943	—	46,405	46,405	—	886	886	—
Assets held in trust:	33,779	33,779	—	13,357	13,357	—	10,621	10,621	—	310	310	—
Trading securities	33,779	33,779	—	13,157	13,157	—	10,421	10,421	—	310	310	—
Available-for-sale securities	—	—	—	200	200	—	200	200	—	—	—	—
Investments in securities:	64,096,635	68,593,826	4,497,190	63,440,561	68,136,757	4,696,196	59,009,134	63,125,983	4,116,849	588,961	630,284	41,323
Trading securities	1,260,664	1,260,664	—	1,434,953	1,434,953	—	1,590,075	1,590,075	—	11,583	11,583	—
Held-to-maturity debt securities	343,588	364,148	20,560	396,652	410,170	13,517	38,754	39,031	277	3,157	3,346	188
Policy-reserve-matching bonds	25,294,410	29,625,902	4,331,492	24,006,004	28,635,239	4,629,235	21,361,150	25,393,221	4,032,070	232,421	272,221	39,800
Investments in subsidiaries and affiliates	45,285	190,424	145,138	83,426	136,869	53,443	85,085	169,587	84,501	416	1,749	1,333
Available-for-sale securities	37,152,686	37,152,686	—	37,519,524	37,519,524	—	35,934,068	35,934,068	—	341,382	341,382	—
Loans <sup>(*3)</sup> :	8,434,319	8,690,664	256,345	8,506,010	8,792,197	286,187	8,628,063	8,874,799	246,735	77,499	79,855	2,355
Policy loans	606,203	606,203	—	638,102	638,102	—	668,605	668,605	—	5,570	5,570	—
Industrial and consumer loans	7,828,115	8,084,460	256,345	7,867,907	8,154,094	286,187	7,959,458	8,206,193	246,735	71,929	74,285	2,355
Derivative financial instruments <sup>(*4)</sup> :	73,958	73,958	—	48,762	48,762	—	124,314	124,314	—	679	679	—
Hedge accounting not applied	121,383	121,383	—	89,282	89,282	—	30,994	30,994	—	1,115	1,115	—
Hedge accounting applied	(47,425)	(47,425)	—	(40,519)	(40,519)	—	93,320	93,320	—	(435)	(435)	—
Corporate bonds <sup>(*3)</sup>	1,277,620	1,228,662	(48,957)	1,175,589	1,217,913	42,324	1,108,889	1,161,069	52,180	11,739	11,289	(449)
Payables under repurchase agreements	1,296,522	1,296,522	—	918,495	918,495	—	237,046	237,046	—	11,913	11,913	—
Cash received as collateral under securities lending transactions	153,278	153,278	—	77,788	77,788	—	575,412	575,412	—	1,408	1,408	—
Loans payable <sup>(*3)</sup>	603,787	599,381	(4,405)	441,885	445,882	3,996	205,888	208,470	2,582	5,547	5,507	(40)

(\*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(\*2) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2020, 2019 and 2018, the fair value is the balance sheet amount after the impairment losses are deducted.

(\*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") are included in the fair values of loans, corporate bonds, and loans payable because they are accounted for as an integral part of the loans, corporate bonds, and loans payable that are the hedged items.

(\*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.

(2) Fair value measurement methods for the major financial instruments of the Company and certain consolidated subsidiaries are as follows:

1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

i) Items with a market price

Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

ii) Items without a market price

Fair value is measured mainly by discounting future cash flows to present value or valuations obtained from external information vendors.

2) Loans

i) Policy loans

Fair value is measured at the book value of policy loans as the fair value is deemed to approximate 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.

ii) Industrial and consumer loans

Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans. Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.

Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the estimated uncollectible amount from the book value prior to direct write-offs.

3) Derivative financial instruments

i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

ii) Fair value of equity options is measured mainly based on liquidation value or closing market price on the balance sheet date or valuations obtained from external information vendors.

iii) Fair value of interest rate swaps, interest rate swaptions, foreign

exchange contracts, currency options, currency swaps, and forward contracts is measured mainly based on valuations obtained from external parties.

4) Assets held in trust

Fair value is based on a reasonably calculated price by the trustee of the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.

5) Corporate bonds

Corporate bonds are stated at fair value on the balance sheet date.

6) Payables under repurchase agreements and cash received as collateral under securities lending transactions

The book value is used as fair value due to their short-term settlement.

7) Loans payable

Fair value of variable interest rate loans payable is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans payable. Fair value of fixed interest rate loans payable is measured, in principle, by discounting future cash flows to present value; however, loans payable financed by means of public offerings employing securitization schemes are measured at the fair value of the corporate bonds issued to back the loans payable.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).

Balance sheet amounts were ¥987,368 million (U.S.\$9,072 million), ¥1,018,344 million and ¥1,097,579 million as of March 31, 2020, 2019 and 2018, respectively.

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

1) Trading securities

Derivative financial instruments within assets held in trust, investments in securities for separate accounts and certain other securities are classified as trading securities as of March 31, 2020, 2019 and 2018.

Valuation gains/losses included in profit and loss were losses of ¥20,915 million (U.S.\$192 million), losses of ¥37,796 million and gains of ¥55,442 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

## 2) Held-to-maturity debt securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 21,624	¥ 22,403	¥ 779	¥ 25,671	¥ 26,652	¥ 981	¥ 2,971	¥ 3,609	¥637	\$ 198	\$ 205	\$ 7
Domestic bonds	54,915	56,110	1,194	70,377	71,521	1,144	19,709	20,036	326	504	515	10
Foreign securities	229,695	250,320	20,625	300,306	313,013	12,707	1,510	1,519	8	2,110	2,300	189
Subtotal	306,235	328,834	22,599	396,354	411,188	14,833	24,191	25,164	972	2,813	3,021	207
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	14,618	14,411	(206)	16,972	16,857	(115)	—	—	—	134	132	(1)
Domestic bonds	10,232	10,226	(5)	2,095	2,093	(1)	6,148	6,143	(4)	94	93	0
Foreign securities	48,744	47,490	(1,253)	23,873	23,540	(332)	11,385	11,332	(53)	447	436	(11)
Subtotal	73,595	72,129	(1,466)	42,941	42,491	(449)	17,533	17,476	(57)	676	662	(13)
Total	¥379,831	¥400,964	¥21,132	¥439,295	¥453,679	¥14,384	¥41,725	¥42,640	¥914	\$3,490	\$3,684	\$194

## 3) Policy-reserve-matching bonds

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 232,792	¥ 246,109	¥ 13,317	¥ 268,210	¥ 283,375	¥ 15,165	¥ 233,375	¥ 245,210	¥ 11,835	\$ 2,139	\$ 2,261	\$ 122
Domestic bonds	22,646,925	26,890,118	4,243,193	23,155,149	27,748,219	4,593,069	21,034,072	25,070,184	4,036,111	208,094	247,083	38,989
Foreign securities	864,550	980,113	115,562	706,819	747,296	40,477	78,681	81,096	2,415	7,944	9,005	1,061
Subtotal	23,744,268	28,116,341	4,372,072	24,130,180	28,778,891	4,648,711	21,346,129	25,396,491	4,050,361	218,177	258,351	40,173
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	9,723	9,655	(68)	8,141	8,066	(74)	6,000	5,966	(33)	89	88	(0)
Domestic bonds	1,644,633	1,625,712	(18,921)	28,759	28,604	(155)	239,366	233,023	(6,343)	15,111	14,938	(173)
Foreign securities	138,300	129,958	(8,342)	115,274	111,119	(4,155)	9,029	8,917	(112)	1,270	1,194	(76)
Subtotal	1,792,657	1,765,325	(27,332)	152,175	147,789	(4,386)	254,396	247,907	(6,488)	16,472	16,220	(251)
Total	¥25,536,925	¥29,881,666	¥4,344,740	¥24,282,355	¥28,926,681	¥4,644,325	¥21,600,526	¥25,644,398	¥4,043,872	\$234,649	\$274,571	\$39,922



#### 4) Available-for-sale securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 108,900	¥ 108,900	¥ 0	¥ 167,300	¥ 167,300	¥ 0	¥ 307,500	¥ 307,500	¥ 0	\$ 1,000	\$ 1,000	\$ 0
Monetary receivables purchased	39,173	40,946	1,773	36,921	38,203	1,282	9,028	9,959	930	359	376	16
Domestic bonds	3,472,113	3,716,457	244,344	3,961,752	4,245,652	283,900	3,638,120	3,867,815	229,694	31,904	34,149	2,245
Domestic stocks	3,050,997	6,534,697	3,483,700	3,469,705	7,884,353	4,414,647	3,671,499	8,604,623	4,933,124	28,034	60,044	32,010
Foreign securities	12,728,825	15,308,498	2,579,672	15,465,908	17,667,971	2,202,063	10,070,068	11,947,002	1,876,934	116,960	140,664	23,703
Other securities	2,706,359	2,932,554	226,194	2,734,814	2,999,591	264,777	1,942,873	2,145,560	202,687	24,867	26,946	2,078
Subtotal	22,106,368	28,642,054	6,535,685	25,836,401	33,003,074	7,166,672	19,639,090	26,882,463	7,243,372	203,127	263,181	60,054
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	116,000	115,998	(1)	186,000	185,997	(2)	76,000	75,999	(0)	1,065	1,065	(0)
Monetary receivables purchased	56,366	55,572	(793)	44,910	44,740	(170)	36,649	36,445	(203)	517	510	(7)
Assets held in trust	—	—	—	200	200	—	200	200	—	—	—	—
Domestic bonds	729,269	710,798	(18,470)	107,803	105,288	(2,514)	366,440	356,799	(9,641)	6,700	6,531	(169)
Domestic stocks	1,453,691	1,062,333	(391,357)	1,171,408	912,115	(259,292)	869,622	750,093	(119,529)	13,357	9,761	(3,596)
Foreign securities	6,746,142	6,331,735	(414,406)	3,607,489	3,496,344	(111,144)	8,078,281	7,742,435	(335,846)	61,987	58,180	(3,807)
Other securities	575,250	555,611	(19,638)	211,755	208,206	(3,549)	531,266	519,738	(11,528)	5,285	5,105	(180)
Subtotal	9,676,719	8,832,050	(844,669)	5,329,566	4,952,892	(376,674)	9,958,460	9,481,711	(476,749)	88,915	81,154	(7,761)
Total	¥31,783,088	¥37,474,105	¥5,691,016	¥31,165,968	¥37,955,966	¥6,789,998	¥29,597,551	¥36,364,174	¥6,766,622	\$292,043	\$344,336	\$52,292

\* Securities totaling ¥627,933 million (U.S.\$5,769 million), ¥679,227 million and ¥770,147 million, whose fair values are extremely difficult to be determined, as of March 31, 2020, 2019 and 2018, respectively, are not included.

Impairment losses of ¥159,045 million (U.S.\$1,461 million), ¥12,379 million and ¥157 million were recognized for securities with a fair value during the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

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 price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last

month of the fiscal year is substantial, impairment losses are recognized based on the fair value on the fiscal year-end date.

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

- A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.
- A security that meets both of the following criteria:
  - Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
  - The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

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

As of March 31, 2020	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 224,900	¥ —	¥ —	¥ —	\$ 2,066	\$ —	\$ —	\$ —
Available-for-sale securities	224,900	—	—	—	2,066	—	—	—
Monetary receivables purchased:	35,811	5,581	43,044	287,685	329	51	395	2,643
Held-to-maturity debt securities	—	—	—	35,249	—	—	—	323
Policy-reserve-matching bonds	100	1,946	41,513	198,801	0	17	381	1,826
Available-for-sale securities	35,710	3,635	1,531	53,634	328	33	14	492
Investments in securities:	1,138,082	5,915,492	13,811,878	30,498,192	10,457	54,355	126,912	280,236
Held-to-maturity debt securities	40,257	152,061	74,909	73,699	369	1,397	688	677
Policy-reserve-matching bonds	261,103	2,468,496	5,186,953	17,107,408	2,399	22,682	47,661	157,193
Available-for-sale securities	836,721	3,294,934	8,550,015	13,317,084	7,688	30,275	78,563	122,365
Loans <sup>(*1)</sup>	1,090,465	2,706,575	1,952,245	2,044,353	10,019	24,869	17,938	18,784
Corporate bonds	—	—	—	1,205,320	—	—	—	11,075
Payables under repurchase agreements	1,296,522	—	—	—	11,913	—	—	—
Loans payable <sup>(*2)</sup>	35,381	73,881	4,525	390,000	325	678	41	3,583

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,932 million (U.S.\$63 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*2) Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

As of March 31, 2019	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 353,300	¥ —	¥ —	¥ —
Available-for-sale securities	353,300	—	—	—
Monetary receivables purchased:	27,000	9,068	42,958	319,354
Held-to-maturity debt securities	—	81	—	41,376
Policy-reserve-matching bonds	—	3,640	41,224	231,287
Available-for-sale securities	27,000	5,346	1,734	46,691
Investments in securities:	1,282,230	5,570,056	12,811,266	30,072,179
Held-to-maturity debt securities	28,707	176,608	80,652	107,150
Policy-reserve-matching bonds	307,396	1,805,194	4,970,405	16,665,138
Available-for-sale securities	946,125	3,588,253	7,760,208	13,299,890
Loans <sup>(*1)</sup>	969,688	2,928,453	1,938,788	1,995,897
Corporate bonds	—	—	3,500	1,088,989
Payables under repurchase agreements	918,495	—	—	—
Cash received as collateral under securities lending transactions	77,788	—	—	—
Loans payable <sup>(*2)</sup>	28,596	67,222	26,065	220,000

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥9,064 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*2) Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

As of March 31, 2018	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 383,500	¥ —	¥ —	¥ —
Available-for-sale securities	383,500	—	—	—
Monetary receivables purchased:	23,000	5,834	29,718	229,186
Held-to-maturity debt securities	—	—	—	2,971
Policy-reserve-matching bonds	—	5,682	29,564	203,911
Available-for-sale securities	23,000	152	153	22,303
Investments in securities:	898,346	4,922,007	10,686,740	28,274,456
Held-to-maturity debt securities	12,463	19,629	4,045	2,389
Policy-reserve-matching bonds	349,492	1,273,346	4,487,861	14,988,982
Available-for-sale securities	536,390	3,629,031	6,194,833	13,283,085
Loans <sup>(*)1</sup>	1,074,869	2,915,020	1,954,034	1,971,594
Corporate bonds	—	—	—	1,078,889
Payables under repurchase agreements	237,046	—	—	—
Cash received as collateral under securities lending transactions	575,412	—	—	—
Loans payable <sup>(*)2</sup>	39,408	51,093	15,381	—

(\*)1 Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥4,100 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*)2 Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

#### (6) Data on fair value of derivative transactions

##### i) Hedge accounting not applied

##### a. Interest rate-related

As of March 31	Millions of Yen												Millions of U.S. Dollars			
	2020				2019				2018				2020			
	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
Over 1 year		Over 1 year				Over 1 year				Over 1 year						
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥2,897,828	¥2,623,761	¥120,835	¥120,835	¥2,926,684	¥2,592,961	¥ 59,832	¥ 59,832	¥3,000	¥3,000	¥32	¥32	\$26,627	\$24,108	\$1,110	\$1,110
Pay fixed interest rate / receive variable interest rate	1,813,368	1,699,235	(44,356)	(44,356)	1,788,114	1,579,817	(16,708)	(16,708)	1,000	1,000	1	1	16,662	15,613	(407)	(407)
Interest rate swaption																
Purchased																
Receive fixed interest rate / pay variable interest rate	952,500	952,500	50,756	14,238	500,000	500,000	32,013	13,363	—	—	—	—	8,752	8,752	466	130
	[36,518]	[36,518]			[18,650]	[18,650]			[—]	[—]			[335]	[335]		
Total				¥ 90,717				¥ 56,487				¥33				\$ 833

Notes: 1. Brackets show option premiums recorded in the consolidated balance sheets.

2. Amounts in "Net gains (losses)" column are represented in fair value for swap transactions, and the difference between the option premiums and fair value for options transactions.

b. Currency-related

As of March 31					Millions of Yen		Millions of U.S. Dollars			
Over-the-counter	Foreign exchange forward contracts	Sold			2020	2019	2018	2020		
			U.S. dollar	Contract amount	¥1,255,531	¥ 923,674	¥ 531,952	\$ 11,536		
				Over 1 year	4,904	5,251	5,444	45		
				Fair value	(9,485)	(2,423)	8,734	(87)		
				Net gains (losses)	(9,485)	(2,423)	8,734	(87)		
			Euro	Contract amount	781,760	901,238	851,914	7,183		
				Over 1 year	—	—	—	—		
				Fair value	2,775	11,788	15,601	25		
				Net gains (losses)	2,775	11,788	15,601	25		
			Australian dollar	Contract amount	104,094	87,509	41,228	956		
				Over 1 year	—	—	—	—		
				Fair value	5,272	(185)	1,205	48		
				Net gains (losses)	5,272	(185)	1,205	48		
			British pound	Contract amount	259,123	159,717	52,052	2,380		
				Over 1 year	—	—	—	—		
				Fair value	7,449	59	(76)	68		
				Net gains (losses)	7,449	59	(76)	68		
			Others	Contract amount	28,645	82,125	10,633	263		
				Over 1 year	—	—	—	—		
				Fair value	18	926	(38)	0		
				Net gains (losses)	18	926	(38)	0		
			Subtotal	Contract amount	2,429,155	2,154,264	1,487,781	22,320		
				Over 1 year	4,904	5,251	5,444	45		
				Fair value	6,030	10,166	25,426	55		
				Net gains (losses)	6,030	10,166	25,426	55		
				Purchased	U.S. dollar	Contract amount	484,960	136,561	95,989	4,456
						Over 1 year	—	—	—	—
						Fair value	(397)	95	134	(3)
						Net gains (losses)	(397)	95	134	(3)
					Euro	Contract amount	94,013	43,320	24,463	863
						Over 1 year	—	—	—	—
						Fair value	(44)	(107)	(23)	(0)
						Net gains (losses)	(44)	(107)	(23)	(0)
					Australian dollar	Contract amount	32,805	22,969	6,820	301
						Over 1 year	—	—	—	—
						Fair value	(210)	90	(25)	(1)
						Net gains (losses)	(210)	90	(25)	(1)
					British pound	Contract amount	95,407	78,031	19,432	876
						Over 1 year	—	—	—	—
						Fair value	(148)	45	(107)	(1)
						Net gains (losses)	(148)	45	(107)	(1)
					Others	Contract amount	19,378	67,500	7,828	178
						Over 1 year	—	—	—	—
						Fair value	(527)	(426)	24	(4)
						Net gains (losses)	(527)	(426)	24	(4)
					Subtotal	Contract amount	726,565	348,383	154,534	6,676
						Over 1 year	—	—	—	—
						Fair value	(1,327)	(302)	3	(12)
						Net gains (losses)	(1,327)	(302)	3	(12)
		Currency option	Sold	Call	U.S. dollar	Contract amount	701,953	1,287,484	—	6,449
						Over 1 year	[2,060]	[5,440]	[—]	[18]
						Fair value	—	—	—	—
						Fair value	2,654	1,511	—	24
					Net gains (losses)	(594)	3,928	—	(5)	
					Subtotal	Contract amount	701,953	1,287,484	—	6,449
						Over 1 year	[2,060]	[5,440]	[—]	[18]
						Fair value	—	—	—	—
						Fair value	[—]	[—]	[—]	[—]
					Fair value	2,654	1,511	—	24	
					Net gains (losses)	(594)	3,928	—	(5)	
					Put	U.S. dollar	Contract amount	—	210,881	—
			Over 1 year	[—]			[91]	[—]	[—]	
			Fair value	—			—	—	—	
			Fair value	[—]			[—]	[—]	[—]	
			Fair value	—			21	—	—	
			Net gains (losses)	—			70	—	—	
			Subtotal	Contract amount			—	210,881	—	—
				Over 1 year			[—]	[91]	[—]	[—]
				Fair value			—	—	—	—
				Fair value			[—]	[—]	[—]	[—]
			Fair value	—			21	—	—	
			Net gains (losses)	—			70	—	—	

				Millions of Yen		Millions of U.S. Dollars		
As of March 31				2020	2019	2018	2020	
Currency swaps	Purchased Call	U.S. dollar	Contract amount	¥ 701,953	¥ 399,564	¥ —	\$ 6,449	
				[5,344]	[385]	[—]	[49]	
			Over 1 year	—	—	—	—	
				[—]	[—]	[—]	—	
			Fair value	2,654	133	—	24	
			Net gains (losses)	(2,690)	(251)	—	(24)	
			Subtotal	Contract amount	701,953	399,564	—	6,449
				[5,344]	[385]	[—]	[49]	
			Over 1 year	—	—	—	—	
				[—]	[—]	[—]	[—]	
			Fair value	2,654	133	—	24	
			Net gains (losses)	(2,690)	(251)	—	(24)	
	Put	U.S. dollar	Contract amount	1,365,816	1,098,801	—	12,549	
				[9,710]	[8,301]	[—]	[89]	
			Over 1 year	—	—	—	—	
				[—]	[—]	[—]	[—]	
			Fair value	11,607	2,769	—	106	
			Net gains (losses)	1,896	(5,532)	—	17	
			Others	Contract amount	—	75,389	—	—
					[—]	[874]	[—]	[—]
				Over 1 year	—	—	—	—
					[—]	[—]	[—]	[—]
				Fair value	—	283	—	—
				Net gains (losses)	—	(590)	—	—
	Subtotal	Contract amount	1,365,816	1,174,190	—	12,549		
		[9,710]	[9,175]	[—]	[89]			
	Over 1 year	—	—	—	—			
		[—]	[—]	[—]	[—]			
	Fair value	11,607	3,052	—	106			
	Net gains (losses)	1,896	(6,122)	—	17			
Others	U.S. dollar paid / ¥ received	Contract amount	69,109	81,109	—	635		
		Over 1 year	61,977	63,241	—	569		
		Fair value	(1,872)	(2,111)	—	(17)		
		Net gains (losses)	(1,872)	(2,111)	—	(17)		
		Euro paid / ¥ received	Contract amount	3,966	5,340	—	36	
			Over 1 year	3,966	3,966	—	36	
			Fair value	360	313	—	3	
			Net gains (losses)	360	313	—	3	
		¥ paid / A\$ received	Contract amount	325,883	318,207	278,002	2,994	
			Over 1 year	325,883	318,207	278,002	2,994	
			Fair value	(37,858)	(1,568)	(2,945)	(347)	
			Net gains (losses)	(37,858)	(1,568)	(2,945)	(347)	
	Others	Contract amount	39,978	14,163	14,163	367		
		Over 1 year	39,978	14,163	14,163	367		
		Fair value	(3,923)	(221)	200	(36)		
		Net gains (losses)	(3,923)	(221)	200	(36)		
		Subtotal	Contract amount	438,936	418,820	292,166	4,033	
		Over 1 year	431,804	399,578	292,166	3,967		
		Fair value	(43,294)	(3,588)	(2,744)	(397)		
		Net gains (losses)	(43,294)	(3,588)	(2,744)	(397)		
	Total	Total returns	Contract amount	37,000	37,000	—	339	
			Over 1 year	37,000	37,000	—	339	
			Fair value	6	452	—	0	
			Net gains (losses)	6	452	—	0	
Subtotal			Contract amount	37,000	37,000	—	339	
Over 1 year			37,000	37,000	—	339		
Fair value			6	452	—	0		
Net gains (losses)			6	452	—	0		

Notes: 1. Brackets show option premiums recorded in the consolidated balance sheets.

2. Amounts in "Net gains (losses)" column are represented in fair value for forward transactions, swap transactions and others, and the difference between option premiums and fair value for options transactions.

c. Equity-related

As of March 31				Millions of Yen		Millions of U.S. Dollars			
				2020	2019	2018	2020		
Exchange-traded	Equity index futures	Sold	Contract amount	¥ 39,542	¥ 20,731	¥ 28,166	\$ 363		
			Over 1 year	—	—	—	—		
			Fair value	(2,340)	(64)	42	(21)		
			Net gains (losses)	(2,340)	(64)	42	(21)		
		Purchased	Contract amount	17,424	35,611	11,113	160		
			Over 1 year	—	—	—	—		
			Fair value	(38)	71	(400)	(0)		
			Net gains (losses)	(38)	71	(400)	(0)		
	Equity index options	Purchased	Put	Contract amount	406,715	381,704	665,083	3,737	
				Over 1 year	[7,934]	[1,651]	[13,373]	[72]	
				Fair value	—	—	21,454	—	
				Net gains (losses)	[—]	[—]	[1,570]	[—]	
			Contract amount	21,214	990	7,815	194		
			Over 1 year	13,279	(661)	(5,558)	122		
			Fair value	—	—	—	—		
			Net gains (losses)	(4)	—	(182)	(0)		
Over-the-counter	Equity forward contracts	Sold	Contract amount	—	—	—	—		
			Over 1 year	—	—	—	—		
			Fair value	(4)	—	(182)	(0)		
			Net gains (losses)	(4)	—	(182)	(0)		
	Equity index forward contracts	Sold	Contract amount	1,876	1,992	5,016	17		
			Over 1 year	—	—	—	—		
			Fair value	125	5	(39)	1		
			Net gains (losses)	125	5	(39)	1		
	Equity index options	Sold	Call	Contract amount	—	—	3,831	—	
				Over 1 year	[—]	[—]	[0]	[—]	
				Fair value	—	—	—	—	
				Net gains (losses)	—	—	(166)	—	
			Purchased	Call	Contract amount	3,431	—	329	31
					Over 1 year	[238]	[—]	[55]	[2]
					Fair value	—	—	226	—
					Net gains (losses)	[—]	[—]	[36]	[—]
		Purchased	Call	Contract amount	88	—	176	0	
				Over 1 year	(150)	—	120	(1)	
				Fair value	—	—	—	—	
				Net gains (losses)	—	—	(2,213)	—	
			Put	Contract amount	—	—	10,009	—	
				Over 1 year	—	—	[2,267]	[—]	
				Fair value	—	—	—	—	
				Net gains (losses)	—	—	54	—	
Total			Net gains (losses)	¥ 10,871	¥ (648)	¥ (8,397)	\$ 99		

Notes: 1. Brackets show option premiums recorded in the consolidated balance sheets.

2. Amounts in "Net gains (losses)" column are represented in fair value for futures and forward transactions, and the difference between option premiums and fair value for options transactions.

d. Bond-related

As of March 31	Millions of Yen												Millions of U.S. Dollars			
	2020				2019				2018				2020			
	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value		
Exchange-traded:																
Japanese yen-denominated bond futures																
Sold	¥ —	¥—	¥ —	¥ —	¥ 32,160	¥—	¥ (28)	¥ (28)	¥15,088	¥—	¥ 11	¥ 11	\$ —	\$—	\$—	\$—
Purchased	52,133	—	45	45	16,651	—	56	56	—	—	—	—	479	—	0	0
Foreign currency-denominated bond futures																
Sold	22,465	—	(389)	(389)	15,529	—	131	131	25,988	—	(183)	(183)	206	—	(3)	(3)
Purchased	60,521	—	558	558	115,126	—	2,471	2,471	81,389	—	1,151	1,151	556	—	5	5
Total				¥ 213				¥2,630				¥ 977				\$ 1

Note: Net gains (losses) represent the fair value.

e. Others

As of March 31	Millions of Yen												Millions of U.S. Dollars			
	2020				2019				2018				2020			
	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)	Contract amount			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value			Over 1 year	Fair value		
Over-the-counter:																
Credit default swaps																
Sold	¥175,455	¥155,372	¥1,386	¥1,386	¥124,200	¥94,140	¥2,130	¥2,130	¥—	¥—	¥—	¥—	\$1,612	\$1,427	\$12	\$12
Purchased	4,906	4,906	(161)	(161)	—	—	—	—	—	—	—	—	45	45	(1)	(1)
Total				¥1,224				¥2,130				¥—				\$11

Note: Amounts in "Net gains (losses)" column are represented in fair value.

ii) Hedge accounting applied

a. Interest rate-related

As of March 31	Millions of Yen												Millions of U.S. Dollars		
	2020			2019			2018			2020					
	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value
	Over 1 year			Over 1 year			Over 1 year			Over 1 year			Over 1 year		
Over-the-counter:															
Deferred hedge accounting (main hedged items: insurance liabilities):															
Interest rate swaps															
Receive fixed interest rate / pay variable interest rate	¥1,810,900	¥1,803,600	¥108,327	¥1,121,300	¥1,113,000	¥53,928	¥577,000	¥577,000	¥2,534	\$16,639	\$16,572	\$995			
Deferred hedge accounting (main hedged items: loans):															
Interest rate swaps															
Receive fixed interest rate / pay variable interest rate	10,263	10,000	3	10,263	10,263	9	10,263	10,263	(57)	94	91	0			



b. Currency-related

As of March 31						Millions of Yen		Millions of U.S. Dollars		
Over-the-counter	Fair value hedge accounting	Foreign exchange forward contracts	Sold	U.S. dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	2020	2019	2018	2020
						Contract amount	¥ 3,278,740	¥ 3,833,852	¥ 4,476,303	\$ 30,127
						Over 1 year	—	—	—	—
						Fair value	(34,878)	(11,381)	103,484	(320)
				Euro		Contract amount	2,714,433	3,161,778	3,610,953	24,941
						Over 1 year	—	—	—	—
						Fair value	16,736	20,479	38,325	153
				Others		Contract amount	798,529	1,198,769	1,442,868	7,337
						Over 1 year	—	—	—	—
						Fair value	48,675	(11,832)	30,476	447
				Total		Contract amount	6,791,702	8,194,400	9,530,125	62,406
						Over 1 year	—	—	—	—
						Fair value	30,532	(2,734)	172,285	280
	Deferred hedge accounting	Foreign exchange forward contracts	Sold	U.S. dollar	Investment trust (main hedged items)	Contract amount	1,159	1,029	1,988	10
						Over 1 year	—	—	—	—
						Fair value	6	(16)	71	0
				Total		Contract amount	1,159	1,029	1,988	10
						Over 1 year	—	—	—	—
						Fair value	6	(16)	71	0
	Currency swaps			U.S. dollar paid / ¥ received	Foreign currency-denominated bonds (main hedged items)	Contract amount	1,453,411	663,278	499,222	13,354
						Over 1 year	1,359,606	582,204	466,097	12,492
						Fair value	(191,198)	(68,195)	(32,599)	(1,756)
				€ paid / ¥ received		Contract amount	802,020	538,276	469,979	7,369
						Over 1 year	762,459	508,959	448,192	7,005
						Fair value	(25,119)	(37,644)	(63,559)	(230)
				£ paid / ¥ received		Contract amount	347,651	130,111	118,919	3,194
						Over 1 year	340,221	127,900	118,919	3,126
						Fair value	17,889	14,133	11,738	164
				Others		Contract amount	5,008	—	—	46
						Over 1 year	5,008	—	—	46
						Fair value	160	—	—	1
				Total		Contract amount	2,608,091	1,331,666	1,088,122	23,964
						Over 1 year	2,467,295	1,219,064	1,033,209	22,671
						Fair value	(198,268)	(91,706)	(84,420)	(1,821)

c. Equity-related

										Millions of Yen		Millions of U.S. Dollars	
As of March 31										2020	2019	2018	2020
										Contract amount		Contract amount	
										Over 1 year	Fair value	Over 1 year	Fair value
										Over 1 year	Fair value	Over 1 year	Fair value
Over-the-counter:													
Fair value hedge accounting (main hedged items: domestic stocks):													
Equity forward contracts:													
Sold										¥89,701	¥ 0	¥11,972	¥—
Exchange-traded:													
Deferred hedge accounting (main hedged items: investment trust):													
Equity index futures:													
Sold										—	—	—	—

d. Bond-related

No ending balance as of March 31, 2020, 2019 or 2018.

e. Others

No ending balance as of March 31, 2020, 2019 or 2018.

## 7. Disclosures about Fair Value of Investment and Rental Properties

The balance sheet amounts for investment and rental properties were ¥1,290,981 million (U.S.\$11,862 million), ¥1,281,364 million and ¥1,247,234 million, with a fair value of ¥1,680,629 million (U.S.\$15,442 million), ¥1,564,426 million and ¥1,430,349 million as of March 31, 2020, 2019 and 2018, respectively. The Company and certain consolidated subsidiaries own rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment and rental properties were ¥3,400 million (U.S.\$31 million), ¥3,030 million and ¥497 million as of March 31, 2020, 2019 and 2018, respectively.

## 8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,719,783 million (U.S.\$34,179 million), ¥3,433,586 million and ¥3,053,767 million as of March 31, 2020, 2019 and 2018, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥397,399 million (U.S.\$3,651 million), ¥488,657 million and ¥520,816 million at fair value as of March 31, 2020, 2019 and 2018, respectively.

## 9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,176,828 million (U.S.\$10,813 million), ¥1,165,279 million and ¥1,160,112 million as of March 31, 2020, 2019 and 2018, respectively.

## 10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,407,066 million (U.S.\$12,929 million), ¥1,479,649 million and ¥1,521,665 million as of March 31, 2020, 2019 and 2018, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the consolidated balance sheets.

## 11. Reserve for Dividends to Policyholders (mutual company)

A reserve for dividends to policyholders (mutual company) is recognized to reserve dividends to policyholders of the parent company, which is a mutual company.

Changes in the reserve for dividends to policyholders (mutual company) for the fiscal years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Balance at the beginning of the fiscal year	¥1,020,213	¥ 995,167	¥1,001,102	\$ 9,374
Transfer to reserve from surplus in the previous fiscal year	211,818	218,353	184,086	1,946
Dividends paid to policyholders during the fiscal year	(209,969)	(215,540)	(212,224)	(1,929)
Increase in interest	21,722	22,233	22,203	199
Balance at the end of the fiscal year	¥1,043,785	¥1,020,213	¥ 995,167	\$ 9,590

## 12. Reserve for Dividends to Policyholders (limited company)

A reserve for dividends to policyholders (limited company) is recognized to reserve dividends to policyholders of subsidiaries, which are limited companies.

Changes in the reserve for dividends to policyholders (limited company) for the fiscal years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Balance at the beginning of the fiscal year	¥ 60,326	¥ 65,078	¥ 67,847	\$ 554
Dividends paid to policyholders during the fiscal year	(15,417)	(19,231)	(20,053)	(141)
Increase in interest	11	11	12	0
Provision for reserve for dividends to policyholders (limited company)	11,829	13,837	17,272	108
Increase due to change in scope of consolidation	—	629	—	—
Balance at the end of the fiscal year	¥ 56,750	¥ 60,326	¥ 65,078	\$ 521

### 13. Corporate Bonds

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 approval of the regulatory authority and other conditions.

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

Balance as of March 31, 2020, 2019 and 2018

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2020	2019	2018	2020				
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2012	¥ 157,040 (\$2,000 million)	¥ 157,040 (\$2,000 million)	¥ 157,040 (\$2,000 million)	\$1,442	5.00%	None	October 2042	Each interest payment date on or after October 2022
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	October 2014	242,550 (\$2,250 million)	242,550 (\$2,250 million)	242,550 (\$2,250 million)	2,228	5.10%	None	October 2044	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	January 2016	176,235 (\$1,500 million)	176,235 (\$1,500 million)	176,235 (\$1,500 million)	1,619	4.70%	None	January 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	September 2017	88,064 (\$800 million)	88,064 (\$800 million)	88,064 (\$800 million)	809	4.00%	None	September 2047	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	U.S. dollar-denominated subordinated corporate bonds	January 2020	126,431 (\$1,150 million)	— —	— —	1,161	3.40%	None	January 2050	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2015	75,000	75,000	75,000	689	1.52%	None	April 2045	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	70,000	70,000	70,000	643	0.94%	None	April 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2016	30,000	30,000	30,000	275	1.12%	None	April 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	75,000	75,000	75,000	689	0.91%	None	November 2046	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	November 2016	15,000	15,000	15,000	137	1.10%	None	November 2051	Fifteenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate bonds	April 2017	100,000	100,000	100,000	918	1.05%	None	April 2047	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Taiju Life	Perpetual subordinated corporate bond	July 2016	30,000	30,000	30,000	275	0.74%	None	No maturity date	Each interest payment date on or after July 2021
Taiju Life	Subordinated corporate bonds	July 2016	50,000	50,000	50,000	459	0.86%	None	July 2046	Each interest payment date on or after July 2026
Nippon Wealth Life	Subordinated corporate bonds	October 2014	—	3,500	—	—	1.00%	None	October 2024	Fifth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Perpetual subordinated corporate bond	March 2015	—	10,800	—	—	2.20%	None	No maturity date	Fifth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Subordinated corporate bonds	March 2015	—	10,100	—	—	2.00%	None	March 2045	Fifth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Perpetual subordinated corporate bond	December 2015	11,200	11,200	—	102	2.00%	None	No maturity date	Fifth anniversary date after the issue date and on each half anniversary date thereafter

Balance as of March 31, 2020, 2019 and 2018

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2020	2019	2018	2020				
Nippon Wealth Life	Perpetual subordinated corporate bond	December 2015	¥ 17,600	¥ 17,600	¥ —	\$ 161	2.32%	None	No maturity date	Tenth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Perpetual subordinated corporate bond	February 2017	5,500	5,500	—	50	1.42%	None	No maturity date	Fifth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Perpetual subordinated corporate bond	February 2017	5,700	5,700	—	52	1.64%	None	No maturity date	Tenth anniversary date after the issue date and on each half anniversary date thereafter
Nippon Wealth Life	Perpetual subordinated corporate bond	February 2017	2,300	2,300	—	21	1.94%	None	No maturity date	Fifteenth anniversary date after the issue date and on each half anniversary date thereafter
Total			¥1,277,620	¥1,175,589	¥1,108,889	\$11,739				

1. Figures enclosed in parentheses for the balances as of March 31, 2020, 2019 and 2018 are the balances in foreign currencies.

2. "Furute-shori" for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on U.S. dollar-denominated subordinated corporate bonds.

## 14. Other Liabilities

Other liabilities include subordinated loans payable of ¥490,000 million (U.S.\$4,502 million), ¥336,500 million and ¥100,000 million as of March 31, 2020, 2019 and 2018, respectively, which is subordinate to the fulfillment of all other debt obligations.

Balance as of March 31, 2020, 2019 and 2018

Issuer	Loan	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2020	2019	2018	2020				
Nippon Life	Subordinated corporate loans	April 2018	¥100,000	¥100,000	¥ —	\$ 918	1.05%	None	April 2048	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate loans	September 2018	120,000	120,000	—	1,102	1.03%	None	September 2048	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate loans	April 2019	90,000	—	—	826	0.95%	None	April 2049	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Nippon Life	Subordinated corporate loans	November 2019	80,000	—	—	735	0.85%	None	November 2049	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Taiju Life	Subordinated corporate loans	August 2016	50,000	50,000	50,000	459	0.98%	None	No maturity date	Each interest payment date on or after October 2021
Taiju Life	Subordinated corporate loans	August 2016	50,000	50,000	50,000	459	0.93%	None	No maturity date	Each interest payment date on or after October 2021
Nippon Wealth Life	Subordinated corporate loans	March 2015	—	16,500	—	—	0.71%	None	March 2025	Each interest payment date on or after March 2020
Total			¥490,000	¥336,500	¥100,000	\$4,502				

## 15. Net Defined Benefit Liability

### (1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non sales personnel and sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan. Certain consolidated subsidiaries mainly have a lump-sum retirement payment plan as a defined benefit plan and a defined contribution pension plan as a defined contribution plan.

In March 2020, the Company reached an agreement with the work-force on amending the retirement benefit plans for non sales personnel, sales management personnel, sales representatives, and certain other personnel in connection with the extension of the mandatory retirement age to 65, which will be implemented in April 2021. Accordingly, prior service costs of ¥(6,589) million (U.S.\$(60) million) were accrued based on the amended retirement plans for the fiscal year ended March 31, 2020.

Nissay Asset Management Corporation, the Company's consolidated subsidiary, has changed its calculation method for retirement benefit obligations from the simplified method to the principle method. This change was made to calculate the amount of retirement benefit obligations more accurately and to ensure an appropriate periodic allocation of benefit costs to earnings in connection with an increase in the number of employees. In accordance with this change, net defined benefit liability decreased by ¥54 million (U.S.\$0 million) as of March 31, 2020, and the same amount was recorded as benefit costs.

## (2) Defined benefit plan

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Retirement benefit obligations at the beginning of the year	¥698,329	¥707,164	¥720,187	\$6,416
Service costs	28,626	28,279	28,304	263
Interest cost	4,223	4,278	4,352	38
Actuarial losses accrued during the year	17,953	5,587	3,681	164
Retirement benefit payments	(47,404)	(48,726)	(49,362)	(435)
Prior service costs accrued during the year	(6,596)	—	—	(60)
Increase due to change in scope of consolidation	371	1,757	—	3
Transfer from the simplified method to the principle method	1,887	—	—	17
Amortization accompanying the change from the simplified method to the principle method	(54)	—	—	(0)
Others	(20)	(11)	1	(0)
Retirement benefit obligations at the end of the year	¥697,314	¥698,329	¥707,164	\$6,407

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Pension plan assets at the beginning of the year	¥260,132	¥266,183	¥271,613	\$2,390
Expected return on plan assets	3,690	3,766	3,844	33
Actuarial gains accrued during the year	(4,926)	1,550	2,539	(45)
Contributions by business proprietor	7,343	7,279	7,302	67
Retirement benefit payments	(18,100)	(18,647)	(19,117)	(166)
Increase due to changes in the scope of consolidation	301	—	—	2
Others	(17)	—	—	(0)
Pension plan assets at the end of the year	¥248,422	¥260,132	¥266,183	\$2,282

### 3) Reconciliation of net defined benefit liability at the beginning and end of the fiscal year under the simplified valuation method

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Net defined benefit liability at the beginning of the year	¥ 2,359	¥2,180	¥1,984	\$ 21
Benefit costs	344	304	322	3
Retirement benefit payments	(113)	(125)	(126)	(1)
Transfer from the simplified method to the principle method	(1,887)	—	—	(17)
Net defined benefit liability at the end of the year	¥ 702	¥2,359	¥2,180	\$ 6

### 4) Reconciliation of retirement benefit obligations, pension plan assets, and net defined benefit liability on the consolidated balance sheets

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Retirement benefit obligations for funded plans	¥ 264,083	¥ 286,003	¥ 294,371	\$ 2,426
Pension plan assets	(248,422)	(260,132)	(266,183)	(2,282)
Subtotal	15,660	25,871	28,188	143
Retirement benefit obligations for nonfunded plans	433,933	414,684	414,973	3,987
Net defined benefit liability recorded in the consolidated balance sheets	¥ 449,594	¥ 440,556	¥ 443,161	\$ 4,131
Net defined benefit liability	¥ 449,594	¥ 440,556	¥ 443,161	\$ 4,131
Net defined benefit liability recorded in the consolidated balance sheets	¥ 449,594	¥ 440,556	¥ 443,161	\$ 4,131

### 5) Losses (gains) relating to retirement benefits

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Service costs	¥28,626	¥28,279	¥28,304	\$263
Interest cost	4,223	4,278	4,352	38
Expected return on plan assets	(3,690)	(3,766)	(3,844)	(33)
Amortization of actuarial losses for the period	14,149	11,121	9,311	130
Amortization of prior service costs for the period	(7)	—	—	(0)
Benefit cost under the simplified valuation method	344	304	322	3
Amortization accompanying the change from the simplified method to the principle method	(54)	—	—	(0)
Others	(1)	409	1	(0)
Benefit cost for defined benefit plans	¥43,589	¥40,625	¥38,447	\$400

6) Breakdown of items included in other comprehensive income (before tax)

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Actuarial (losses) gains	¥(8,729)	¥7,084	¥8,169	\$(80)
Prior service costs	6,589	—	—	60
Total	¥(2,140)	¥7,084	¥8,169	\$(19)

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Unrecognized actuarial losses	¥28,031	¥19,301	¥26,385	\$257
Unrecognized prior service costs	(6,589)	—	—	(60)
Total	¥21,442	¥19,301	¥26,385	\$197

8) Pension plan assets consist of the following:

	2020	2019	2018
General account of Nippon Life	50.6%	49.8%	50.2%
Domestic bonds	21.6%	23.0%	22.0%
Cash and deposits	13.6%	6.6%	7.7%
Foreign securities	9.9%	16.2%	14.8%
Domestic stocks	4.3%	4.5%	5.4%
Other	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

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

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

10) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations of the Company and certain consolidated subsidiaries as of March 31, 2020, 2019 and 2018, are as follows:

	2020	2019	2018
Discount rate	0.3–6.8%	0.6–0.7%	0.6–0.7%
Long-term expected rate of return on plan assets	1.4–6.8%	1.4–3.0%	1.4–3.0%

(3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥4,958 million (U.S.\$45 million), ¥4,859 million and ¥4,768 million to defined contribution plans during the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

## 16. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.\$459 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2020, 2019, and 2018, respectively. ¥50,000 million (U.S.\$459 million) and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2020 and 2018, respectively.

## 17. Pledged Assets

Assets pledged as collateral in the form of cash and deposits, investments in securities, land, buildings, and lease receivables as of March 31, 2020, were ¥152 million (U.S.\$1 million), ¥2,257,502 million (U.S.\$20,743 million), ¥252 million (U.S.\$2 million), ¥43 million (U.S.\$0 million), and ¥2,092 million (U.S.\$19 million), respectively. The total amount of liabilities covered by the assets pledged was ¥1,299,050 million (U.S.\$11,936 million) as of March 31, 2020.

These amounts included ¥1,251,602 million (U.S.\$11,500 million) of sale of securities under repurchase agreements and ¥1,296,522 million (U.S.\$11,913 million) of payables under repurchase agreements as of March 31, 2020.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2019, were ¥1,751,960 million, ¥15,308 million, ¥252 million, and ¥45 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥756,504 million as of March 31, 2019.

These amounts included ¥851,839 million of the sale of securities under repurchase agreements and ¥918,495 million in payables under repurchase agreements, as well as ¥28,595 million of investments in securities deposited and ¥32,610 million of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2019.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2018, were ¥1,562,278 million, ¥25,183 million, ¥252 million and ¥47 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥836,716 million as of March 31, 2018.

These amounts included ¥239,784 million of the sale of securities under repurchase agreements and ¥237,046 million in payables under repurchase agreements, as well as ¥587,521 million of investments in securities deposited and ¥575,412 million of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2018.

## 18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥404,720 million (U.S.\$3,718 million), ¥422,542 million and ¥412,517 million as of March 31, 2020, 2019 and 2018, respectively.

## 19. Stock Options

### 1) Stock option-related expenses and line items

	Millions of Yen		Millions of U.S. Dollars	
	From October 1, 2019 to March 31, 2020	From April 1, 2019 to September 30, 2019	From October 1, 2019 to March 31, 2020	From April 1, 2019 to September 30, 2019
Gains on equity method investments	¥ —	¥(140)	\$—	\$ (1)
Operating expenses	467	—	4	—

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

	Millions of Yen		Millions of U.S. Dollars	
	From October 1, 2019 to March 31, 2020	From April 1, 2019 to September 30, 2019	From October 1, 2019 to March 31, 2020	From April 1, 2019 to September 30, 2019
Gains on equity method investments	¥—	¥ 2	\$—	\$ 0
Gain on reversal of share acquisition rights	6	—	0	—

### 3) Description of stock options

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

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

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

### 4) Volume and changes in stock options

#### a. Number of stock options

(Stock)				
Nippon Life India Asset Management Limited				
	2019 First Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 First Series of Share Acquisition Rights
Before vesting				
As of March 31, 2019	—	—	4,464,829	3,880,220
Granted	18,081,008	11,190,706	—	—
Forfeited	264,136	332,747	298,083	248,586
Vested	—	—	1,116,207	820,463
Outstanding	17,816,872	10,857,959	3,050,539	2,811,171
After vesting				
As of March 31, 2019	—	—	—	884,608
Vested	—	—	1,116,207	820,463
Exercised	—	—	27,381	84,486
Forfeited	—	—	98,356	105,557
Exercisable	—	—	990,470	1,515,028

\* The table above shows changes in Nippon Life India Asset Management Limited from the end of the previous fiscal year.

#### b. Price information

(Rupee)				
Nippon Life India Asset Management Limited				
	2019 First Series of Share Acquisition Rights	2017 Third Series of Share Acquisition Rights	2017 Second Series of Share Acquisition Rights	2017 First Series of Share Acquisition Rights
Exercise price	223.32	202.35	256.10	204.25
Average stock price when exercised	—	—	400.19	314.45
Fair value on the grant date	43.06	38.94	45.71	10.82

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

#### a. Method used

Black-Scholes option-pricing model

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

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

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

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

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

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



6) Method of estimating the number of stock options vested

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

No ending balance as of March 31, 2019 or 2018.

## 20. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for more than three months, and restructured loans, which were included in loans, were ¥29,462 million (U.S.\$270 million), ¥32,251 million and ¥31,097 million as of March 31, 2020, 2019 and 2018, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,562 million (U.S.\$14 million) and ¥26,337 million (U.S.\$242 million), respectively, as of March 31, 2020, ¥1,284 million and ¥29,037 million, respectively, as of March 31, 2019 and ¥1,511 million and ¥27,397 million, respectively, as of March 31, 2018.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for more than three months as of March 31, 2020, 2019 and 2018.

Loans that are delinquent for more than three months are loans with principal or interest unpaid for more than three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥1,563 million (U.S.\$14 million), ¥1,930 million and ¥3,171 million as of March 31, 2020, 2019 and 2018, respectively.

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. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for more than three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥3,233 million (U.S.\$29 million) and ¥149 million (U.S.\$1 million), respectively, as of March 31, 2020, ¥3,173 million and ¥168 million, respectively, as of March 31, 2019, and ¥15 million and ¥235 million, respectively, as of March 31, 2018.

## 21. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥274,182 million (U.S.\$2,519 million), ¥306,323 million and ¥265,022 million as of March 31, 2020, 2019 and 2018, respectively.

## 22. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company and certain consolidated subsidiaries were estimated to be ¥89,563 million (U.S.\$822 million), ¥92,025 million and ¥91,262 million as of March 31, 2020, 2019 and 2018, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

## 23. Impairment Losses

(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. Real estate and other assets utilized for insurance business operations are classified into one asset group for the whole insurance business. Additionally, goodwill is classified into one asset group on a company basis.

(2) Circumstances causing 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.

Impairment loss on goodwill has been recorded in connection with deteriorating profitability at MLC Limited, the Company's consolidated subsidiary, mainly due to an increase in payments for income-protection insurance.

The Company and certain consolidated subsidiaries observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses for the fiscal years ended March 31, 2020, 2019 and 2018.

### (3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2020

Purpose of use	Millions of Yen				
	Land	Leasehold interests in land	Buildings and others	Goodwill	Total
Leased property	¥ 132	¥ —	¥1,277	¥ —	¥ 1,409
Idle property	1,900	168	740	—	2,809
Others	—	—	—	40,838	40,838
Total	¥2,033	¥168	¥2,017	¥40,838	¥45,057

For the year ended March 31, 2019

Purpose of use	Millions of Yen		
	Land	Buildings and others	Total
Leased property	¥ 23	¥ 8	¥ 31
Idle property	1,536	759	2,295
Total	¥1,559	¥767	¥2,327

For the year ended March 31, 2018

Purpose of use	Millions of Yen		
	Land	Buildings and others	Total
Leased property	¥ 39	¥ 65	¥ 105
Idle property	1,501	635	2,136
Total	¥1,540	¥701	¥2,242

For the year ended March 31, 2020

Purpose of use	Millions of U.S. Dollars				
	Land	Leasehold interests in land	Buildings and others	Goodwill	Total
Leased property	\$ 1	\$—	\$11	\$ —	\$ 12
Idle property	17	1	6	—	25
Others	—	—	—	375	375
Total	\$18	\$ 1	\$18	\$375	\$414

### (4) Calculation method of recoverable amount

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

#### a. Real estate and other assets

In principle, the value in use is determined as the discounted future cash flows using a discount rate of 3.0–3.3%, 3.0–3.8% and 3.0–3.9% for the fiscal years ended March 31, 2020, 2019 and 2018, respectively. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

#### b. Goodwill

The value in use is determined as the discounted future cash flows using a discount rate of 6.5% for the fiscal year ended March 31, 2020.

## 24. Reinsurance Premiums

For the fiscal year ended March 31, 2020, reinsurance premiums included in revenues from insurance and reinsurance of TAIJU LIFE INSURANCE COMPANY LIMITED, the Company's consolidated subsidiary, include reinsurance premiums of ¥119,832 million (U.S.\$1,101 million), related to the modified coinsurance agreement for foreign currency-denominated single premium endowment insurance (U.S. dollar), foreign currency-denominated

single premium endowment insurance (Australian dollar), foreign currency-denominated single premium whole life insurance (U.S. dollar), and foreign currency-denominated single premium whole life insurance (Australian dollar). The breakdown of these premiums is as follows:

For the fiscal year ended March 31, 2020

	Millions of Yen	Millions of U.S. Dollars
a. Adjustment to policy reserves for ceded reinsurance (excluding b.):	¥40,340	\$370
b. Additional policy reserves associated with market price adjustments:	¥59,315	\$545
c. Others:	¥20,176	\$185

With the implementation of this reinsurance, ordinary profit and surplus before income taxes increased by ¥56,876 million (U.S.\$522 million) each.

## 25. Deferred Tax Assets and Liabilities

(1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Deferred tax assets	¥ 1,861,242	¥ 1,655,051	¥ 1,562,626	\$ 17,102
Valuation allowance for deferred tax assets	(126,991)	(107,691)	(100,772)	(1,166)
Subtotal	1,734,251	1,547,360	1,461,854	15,935
Deferred tax liabilities	(1,867,359)	(2,093,314)	(2,080,903)	(17,158)
Net deferred tax liabilities	¥ (133,108)	¥ (545,954)	¥ (619,049)	\$ (1,223)

The main reason for the change in the valuation allowance that reduced the deferred tax assets was an increase in the valuation allowance in line with a decline in the fair value of shares for the fiscal year ended March 31, 2020.

The major components resulting in deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Deferred tax assets:				
Policy reserves and other reserves	¥1,002,030	¥ 935,673	¥ 873,955	\$ 9,207
Reserve for price fluctuations in investments in securities	427,363	407,422	375,549	3,926
Net defined benefit liability	125,607	123,036	124,983	1,154
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,660,549	1,916,168	1,902,132	15,258

(2) The statutory tax rate was 27.9%, 27.9%, and 28.2% for the fiscal years ended March 31, 2020, 2019 and 2018, respectively. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2020	2019	2018
Reserve for dividends to policyholders (mutual company)	(26.2)%	(18.8)%	(24.3)%
Impairment loss	5.8%	—	—

## 26. Other Comprehensive (Loss) Income

The components of other comprehensive (loss) income for the fiscal years ended March 31, 2020, 2019 and 2018, were as follows:

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

For the year ended March 31, 2020

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized losses on available-for-sale securities:				
Losses arising during the year	¥(958,188)			\$(8,804)
Reclassification adjustments to profit or loss	(57,273)	¥(1,015,461)	(526)	\$ (9,330)
Deferred losses on derivatives under hedge accounting:				
Losses arising during the year	(60,716)			(557)
Reclassification adjustments to profit or loss	9,009	(51,707)	82	(475)
Foreign currency translation adjustments:				
Losses arising during the year	(21,689)			(199)
Reclassification adjustments to profit or loss	368	(21,320)	3	(195)
Remeasurement of defined benefit plans:				
Losses arising during the year	(16,282)			(149)
Reclassification adjustments to profit or loss	14,141	(2,140)	129	(19)
Share of other comprehensive loss of associates accounted for under the equity method:				
Losses arising during the year	(3,561)			(32)
Reclassification adjustments to profit or loss	(976)	(4,538)	(8)	(41)
Amount before income tax effect		(1,095,168)		(10,063)
Income tax effect		281,900		2,590
Total other comprehensive loss		¥ (813,268)		\$ (7,472)

For the year ended March 31, 2019

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Gains arising during the year	¥ 75,501	
Reclassification adjustments to profit or loss	(21,292)	¥ 54,209
Deferred gains on derivatives under hedge accounting:		
Gains arising during the year	29,789	
Reclassification adjustments to profit or loss	8,440	38,229
Foreign currency translation adjustments:		
Losses arising during the year	(29,212)	
Reclassification adjustments to profit or loss	—	(29,212)
Remeasurement of defined benefit plans:		
Losses arising during the year	(4,038)	
Reclassification adjustments to profit or loss	11,122	7,084
Share of other comprehensive loss of associates accounted for under the equity method:		
Losses arising during the year	(12,388)	
Reclassification adjustments to profit or loss	(613)	(13,001)
Amount before income tax effect		57,309
Income tax effect		(31,005)
Total other comprehensive income		¥ 26,303

For the year ended March 31, 2018

	Millions of Yen	
Net unrealized gains on available-for-sale securities:		
Gains arising during the year	¥502,586	
Reclassification adjustments to profit or loss	(47,681)	¥ 454,904
Deferred gains on derivatives under hedge accounting:		
Losses arising during the year	(1,892)	
Reclassification adjustments to profit or loss	10,489	8,597
Foreign currency translation adjustments:		
Gains arising during the year	5,436	
Reclassification adjustments to profit or loss	—	5,436
Remeasurement of defined benefit plans:		
Losses arising during the year	(1,123)	
Reclassification adjustments to profit or loss	9,293	8,169
Share of other comprehensive loss of associates accounted for under the equity method:		
Losses arising during the year	(2,110)	
Reclassification adjustments to profit or loss	(349)	(2,460)
Amount before income tax effect		474,647
Income tax effect		(126,080)
Total other comprehensive income		¥ 348,566

### (2) Income tax effect relating to other comprehensive (loss) income

For the year ended March 31, 2020

	Millions of Yen			Millions of U.S. Dollars		
	Before income tax effect	Income tax effect	After income tax effect	Before income tax effect	Income tax effect	After income tax effect
Net unrealized losses on available-for-sale securities	¥(1,015,461)	¥266,841	¥(748,619)	\$(9,330)	\$2,451	\$(6,878)
Deferred losses on derivatives under hedge accounting	(51,707)	14,460	(37,246)	(475)	132	(342)
Foreign currency translation adjustments	(21,320)	—	(21,320)	(195)	—	(195)
Remeasurement of defined benefit plans	(2,140)	597	(1,543)	(19)	5	(14)
Share of other comprehensive loss of associates accounted for under the equity method	(4,538)	—	(4,538)	(41)	—	(41)
Total other comprehensive loss	¥(1,095,168)	¥281,900	¥(813,268)	\$(10,063)	\$2,590	\$(7,472)

For the year ended March 31, 2019

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥ 54,209	¥(18,344)	¥ 35,865
Deferred gains on derivatives under hedge accounting	38,229	(10,684)	27,544
Foreign currency translation adjustments	(29,212)	—	(29,212)
Remeasurement of defined benefit plans	7,084	(1,976)	5,107
Share of other comprehensive loss of associates accounted for under the equity method	(13,001)	—	(13,001)
Total other comprehensive income	¥ 57,309	¥(31,005)	¥ 26,303

For the year ended March 31, 2018

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥454,904	¥(121,361)	¥333,542
Deferred gains on derivatives under hedge accounting	8,597	(2,430)	6,166
Foreign currency translation adjustments	5,436	—	5,436
Remeasurement of defined benefit plans	8,169	(2,288)	5,881
Share of other comprehensive loss of associates accounted for under the equity method	(2,460)	—	(2,460)
Total other comprehensive income	¥474,647	¥(126,080)	¥348,566

## 27. Modified Coinsurance Agreement

TAIJU LIFE INSURANCE COMPANY LIMITED, the Company's consolidated subsidiary, has concluded a modified coinsurance agreement (commencement date of reinsurance agreement: July 1, 2019) covering foreign currency-denominated single premium endowment insurance (U.S. dollar) and foreign currency-denominated single premium endowment insurance (Australian dollar).

In addition, TAIJU LIFE INSURANCE COMPANY LIMITED has concluded a modified coinsurance agreement (commencement date of reinsurance agreement: January 1, 2020) covering foreign currency-denominated single premium whole life insurance (U.S. dollar) and foreign currency-denominated single premium whole life insurance (Australian dollar).

Through the abovementioned modified coinsurance agreements, insurance risk has been transferred, and reinsurance premiums, including additional policy reserves associated with market price adjustments upon interest rate fluctuations, have been recorded and presented in revenues from insurance and reinsurance.

The outstanding balance of reinsurance accounts receivable related to this modified coinsurance agreement stood at ¥56,991 million (U.S.\$523 million), as of March 31, 2020. The outstanding balance of the policy reserve component associated with the modified coinsurance agreement stood at ¥727,932 million (U.S.\$6,688 million) as of March 31, 2020.

## 28. Share Acquisition Rights

As of March 31, 2020

Classification	Breakdown of share acquisition rights	Millions of Yen	Millions of U.S. Dollars
Nippon Life India Asset Management Limited	Share acquisition rights provided as stock options	¥926	\$8

No ending balance as of March 31, 2019 or 2018.

## 29. Others

The following items are disclosed in the nonconsolidated financial statements and not required to be disclosed in the consolidated financial statements by the Japanese Insurance Business Act.

- Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act

- Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act
- Investment Income and Expenses
- Provision for Policy Reserves for Ceded Reinsurance

## 30. Subsequent Events

(1) The Company has resolved to underwrite a capital increase at the board of directors meeting on June 3, 2020 and, together with the National Australia Bank, has conducted to inject capital into a consolidated subsidiary, MLC Limited (MLC).

### 1) Objective of the capital increase

MLC had been moving forward in response to the increased payouts made for income protection products, an industry-wide issue in Australia. However, with the outbreak of the COVID-19, there is a rising need to address risks of downward pressure on its business performance due to factors such as future increases in payments and cancellations. Therefore, the Company provided capital support with the objective of improving MLC's soundness.

### 2) Overview of MLC

- Company name: MLC Limited
- Business: Life insurance business
- Head office: Sydney, Australia
- Premium revenue: A\$1,887 million (U.S.\$1,145 million) (for the fiscal year ended December 31, 2019)
- Total assets: A\$6,438 million (U.S.\$3,909 million) (as of December 31, 2019)

### 3) Overview of capital increase

- Total subscription price: A\$400 million (U.S.\$242 million)
- Subscription date: June 9, 2020
- Capital following capital increase: A\$2,660 million (U.S.\$1,615 million)
- Shareholding percentages following capital increase:
 

Nippon Life Insurance Company	80%
National Australia Bank	20%

 (A\$1.65 = U.S.\$1, March 31, 2020)

The Company expects the need for further capital support if the harsh operating environment continues in the future.

(2) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2020, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2020.

## 7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Note 3):	<b>¥ 1,020,742</b>	<b>¥ 977,580</b>	<b>¥ 834,511</b>	<b>\$ 9,379</b>
Cash	132	229	283	1
Deposits	1,020,609	977,351	834,227	9,378
<b>Call loans</b>	<b>422,906</b>	<b>429,912</b>	<b>471,113</b>	<b>3,885</b>
<b>Monetary receivables purchased</b> (Note 3)	<b>219,068</b>	<b>244,043</b>	<b>278,235</b>	<b>2,012</b>
<b>Assets held in trust</b> (Note 3)	<b>33,779</b>	<b>13,157</b>	<b>10,421</b>	<b>310</b>
<b>Investments in securities</b> (Notes 3, 5, 14 and 15):				
National government bonds	22,096,083	21,140,721	19,842,086	203,033
Local government bonds	779,033	790,372	883,461	7,158
Corporate bonds	2,114,396	1,969,571	2,089,678	19,428
Domestic stocks	7,901,082	9,110,036	9,521,609	72,600
Foreign securities	20,651,209	20,121,556	19,661,925	189,756
Other securities	3,566,997	3,251,467	2,704,745	32,775
<b>Subtotal</b>	<b>57,108,802</b>	<b>56,383,725</b>	<b>54,703,507</b>	<b>524,752</b>
<b>Loans</b> (Notes 3, 16 and 17):				
Policy loans	554,285	582,774	619,030	5,093
Industrial and consumer loans	6,857,523	6,855,961	6,849,298	63,011
<b>Subtotal</b>	<b>7,411,809</b>	<b>7,438,736</b>	<b>7,468,329</b>	<b>68,104</b>
<b>Tangible fixed assets</b> (Notes 4, 6 and 14):				
Land	1,124,273	1,121,375	1,089,297	10,330
Buildings	518,409	512,736	475,516	4,763
Lease assets	7,772	9,798	12,669	71
Construction in progress	16,047	15,496	42,550	147
Other tangible fixed assets	15,346	21,182	10,825	141
<b>Subtotal</b>	<b>1,681,851</b>	<b>1,680,589</b>	<b>1,630,859</b>	<b>15,453</b>
<b>Intangible fixed assets:</b>				
Software	100,009	105,693	81,985	918
Other intangible fixed assets	92,815	86,808	103,057	852
<b>Subtotal</b>	<b>192,824</b>	<b>192,502</b>	<b>185,042</b>	<b>1,771</b>
<b>Reinsurance receivables</b>	<b>379</b>	<b>587</b>	<b>512</b>	<b>3</b>
<b>Other assets:</b>				
Accounts receivable	119,601	68,757	191,009	1,098
Prepaid expenses	21,276	16,219	15,594	195
Accrued income	291,473	304,988	300,306	2,678
Money on deposit	33,559	34,203	34,000	308
Deposits for futures transactions	55,062	37,303	20,562	505
Futures transactions variation margin	484	23	7	4
Derivative financial instruments (Note 3)	362,848	173,657	258,631	3,334
Suspense	4,756	4,417	10,802	43
Other assets	52,554	48,472	37,686	482
<b>Subtotal</b>	<b>941,616</b>	<b>688,042</b>	<b>868,603</b>	<b>8,652</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>75,110</b>	<b>69,893</b>	<b>52,065</b>	<b>690</b>
<b>Allowance for doubtful accounts</b>	<b>(2,686)</b>	<b>(4,463)</b>	<b>(2,401)</b>	<b>(24)</b>
<b>Allowance for investment loss</b>	<b>(35,068)</b>	<b>(29,597)</b>	<b>(28,138)</b>	<b>(322)</b>
<b>Total assets</b>	<b>¥69,071,135</b>	<b>¥68,084,710</b>	<b>¥66,472,661</b>	<b>\$634,669</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 190,602	¥ 238,428	¥ 285,702	\$ 1,751
Policy reserves (Note 18)	56,220,282	55,088,621	53,741,024	516,588
Reserve for dividends to policyholders (Note 9)	1,043,785	1,020,213	995,167	9,590
<b>Subtotal</b>	<b>57,454,671</b>	<b>56,347,264</b>	<b>55,021,894</b>	<b>527,930</b>
<b>Reinsurance payables</b>	<b>403</b>	<b>624</b>	<b>594</b>	<b>3</b>
<b>Corporate bonds</b> (Notes 3 and 10)	<b>1,155,320</b>	<b>1,028,889</b>	<b>1,028,889</b>	<b>10,615</b>
<b>Other liabilities:</b>				
Payables under repurchase agreements (Notes 3 and 14)	1,051,931	709,062	237,046	9,665
Cash received as collateral under securities lending transactions (Note 14)	—	32,610	330,722	—
Loans payable (Note 3)	408,248	243,668	22,897	3,751
Income taxes payable	65,352	40,348	37,406	600
Accounts payable	276,297	94,895	199,866	2,538
Accrued expenses	67,334	69,349	64,810	618
Deferred income	16,094	16,543	17,399	147
Deposits received	113,736	109,790	105,494	1,045
Guarantee deposits received	86,630	83,367	77,870	796
Futures transactions variation margin	31	169	9	0
Derivative financial instruments (Note 3)	363,716	178,821	156,536	3,342
Cash collateral received for financial instruments	76,303	92,597	191,976	701
Lease obligations	7,481	9,341	12,059	68
Asset retirement obligations	5,330	4,850	2,192	48
Suspense receipts	11,973	8,481	9,768	110
Other liabilities	197	486	—	1
<b>Subtotal</b>	<b>2,550,660</b>	<b>1,694,384</b>	<b>1,466,056</b>	<b>23,437</b>
<b>Accrued bonuses for directors and audit &amp; supervisory board members</b>	<b>92</b>	<b>106</b>	<b>90</b>	<b>0</b>
<b>Accrued retirement benefits</b> (Note 12)	<b>374,460</b>	<b>365,897</b>	<b>361,114</b>	<b>3,440</b>
<b>Accrued retirement benefits for directors and audit &amp; supervisory board members</b>	<b>4,304</b>	<b>4,225</b>	<b>4,840</b>	<b>39</b>
<b>Reserve for program points</b>	<b>8,864</b>	<b>9,203</b>	<b>9,411</b>	<b>81</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,448,014</b>	<b>1,381,653</b>	<b>1,282,194</b>	<b>13,305</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>98,548</b>	<b>496,857</b>	<b>577,415</b>	<b>905</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>103,072</b>	<b>103,748</b>	<b>104,828</b>	<b>947</b>
<b>Acceptances and guarantees</b>	<b>75,110</b>	<b>69,893</b>	<b>52,065</b>	<b>690</b>
<b>Total liabilities</b>	<b>63,273,522</b>	<b>61,502,747</b>	<b>59,909,395</b>	<b>581,397</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 13)	<b>100,000</b>	<b>100,000</b>	<b>150,000</b>	<b>918</b>
<b>Reserve for redemption of foundation funds</b> (Note 13)	<b>1,300,000</b>	<b>1,250,000</b>	<b>1,200,000</b>	<b>11,945</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>5</b>
<b>Surplus:</b>				
Legal reserve for deficiencies	18,394	17,578	16,804	169
Other surplus reserves:	335,386	416,948	433,796	3,081
Equalized reserve for dividends to policyholders	—	10,000	40,000	—
Contingency funds	71,917	71,917	71,917	660
Reserve for social public welfare assistance	351	351	351	3
Reserve for reduction entry of real estate	63,729	49,836	49,708	585
Reserve for reduction entry of real estate to be purchased	14,790	28,603	23,422	135
Other reserves	170	170	170	1
Unappropriated surplus	184,426	256,070	248,227	1,694
<b>Total surplus</b>	<b>353,780</b>	<b>434,526</b>	<b>450,600</b>	<b>3,250</b>
<b>Total foundation funds and others</b>	<b>1,754,431</b>	<b>1,785,178</b>	<b>1,801,251</b>	<b>16,120</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,165,946</b>	<b>4,882,692</b>	<b>4,882,103</b>	<b>38,279</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(68,056)</b>	<b>(31,216)</b>	<b>(59,099)</b>	<b>(625)</b>
<b>Land revaluation losses</b>	<b>(54,706)</b>	<b>(54,690)</b>	<b>(60,989)</b>	<b>(502)</b>
<b>Total valuations, conversions, and others</b>	<b>4,043,182</b>	<b>4,796,785</b>	<b>4,762,014</b>	<b>37,151</b>
<b>Total net assets</b>	<b>5,797,613</b>	<b>6,581,963</b>	<b>6,563,265</b>	<b>53,272</b>
<b>Total liabilities and net assets</b>	<b>¥69,071,135</b>	<b>¥68,084,710</b>	<b>¥66,472,661</b>	<b>\$634,669</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.



## 8. Nonconsolidated Statements of Income

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>Ordinary income:</b>				
<b>Revenues from insurance and reinsurance:</b>				
Insurance premiums	¥4,525,225	¥4,774,223	¥4,487,627	\$41,580
Reinsurance revenue	884	912	793	8
<b>Subtotal</b>	<b>4,526,109</b>	<b>4,775,136</b>	<b>4,488,421</b>	<b>41,588</b>
<b>Investment income (Note 20):</b>				
Interest, dividends, and other income:	1,426,177	1,427,665	1,407,350	13,104
Interest on deposits and savings	6,524	4,868	420	59
Interest on securities and dividends	1,195,430	1,198,538	1,183,986	10,984
Interest on loans	121,811	124,582	130,059	1,119
Real estate rental income	88,504	82,977	80,271	813
Other income	13,906	16,698	12,612	127
Gain from assets held in trust, net	17,720	—	—	162
Gain on sales of securities	328,211	194,922	179,682	3,015
Gain on redemptions of securities	2,193	6,187	14,941	20
Foreign exchange gains, net	—	2,140	—	—
Reversal of allowance for doubtful accounts	1,233	—	471	11
Other investment income	1,333	1,784	596	12
Gain from separate accounts, net	—	16,803	49,566	—
<b>Subtotal</b>	<b>1,776,868</b>	<b>1,649,502</b>	<b>1,652,609</b>	<b>16,327</b>
<b>Other ordinary income:</b>				
Income from annuity riders	10,005	8,959	10,897	91
Income from deferred benefits	80,784	83,119	90,531	742
Reversal of reserve for outstanding claims	47,825	47,274	62,044	439
Other ordinary income	38,351	41,043	34,004	352
<b>Subtotal</b>	<b>176,968</b>	<b>180,396</b>	<b>197,478</b>	<b>1,626</b>
<b>Total ordinary income</b>	<b>6,479,945</b>	<b>6,605,036</b>	<b>6,338,509</b>	<b>59,541</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,019,362	1,048,516	1,032,798	9,366
Annuity payments	805,445	791,978	802,214	7,400
Health and other benefits	691,317	653,486	649,240	6,352
Surrender benefits	918,833	949,282	926,376	8,442
Other refunds	192,941	209,971	251,106	1,772
Reinsurance premiums	1,484	1,354	1,388	13
<b>Subtotal</b>	<b>3,629,384</b>	<b>3,654,589</b>	<b>3,663,124</b>	<b>33,349</b>
<b>Provision for policy reserves:</b>				
Provision for policy reserves (Note 21)	1,131,660	1,347,596	1,090,730	10,398
Provision for interest on reserve for dividends to policyholders	21,722	22,233	22,203	199
<b>Subtotal</b>	<b>1,153,383</b>	<b>1,369,830</b>	<b>1,112,934</b>	<b>10,598</b>
<b>Investment expenses (Note 20):</b>				
Interest expenses	33,220	30,872	21,923	305
Loss from assets held in trust, net	—	2,563	3,276	—
Loss on sales of securities	48,704	138,790	102,833	447
Loss on valuation of securities	202,393	21,371	11,235	1,859
Loss on redemptions of securities	12,745	8,097	23,359	117
Loss on derivative financial instruments, net	83,947	93,110	105,877	771
Foreign exchange losses, net	29,408	—	9,589	270
Provision for allowance for doubtful accounts	—	4,002	—	—
Provision for allowance for investment loss	5,471	1,459	2,918	50
Depreciation of rental real estate and other assets	17,582	16,364	14,826	161
Other investment expenses	32,912	28,480	28,360	302
Loss from separate accounts, net	42,411	—	—	389
<b>Subtotal</b>	<b>508,797</b>	<b>345,112</b>	<b>324,200</b>	<b>4,675</b>



	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2020	2019	2018	2020
<b>Operating expenses</b> (Note 19)	<b>¥ 598,746</b>	<b>¥ 611,973</b>	<b>¥ 600,571</b>	<b>\$ 5,501</b>
<b>Other ordinary expenses:</b>				
Deferred benefit payments	100,987	118,984	117,190	927
Taxes	51,167	49,358	46,058	470
Depreciation	56,691	46,595	42,576	520
Provision for retirement benefits	8,562	4,782	2,483	78
Other ordinary expenses	20,985	20,291	18,908	192
<b>Subtotal</b>	<b>238,395</b>	<b>240,011</b>	<b>227,217</b>	<b>2,190</b>
<b>Total ordinary expenses</b>	<b>6,128,707</b>	<b>6,221,517</b>	<b>5,928,048</b>	<b>56,314</b>
<b>Ordinary profit</b>	<b>351,238</b>	<b>383,518</b>	<b>410,461</b>	<b>3,227</b>
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	1,687	3,904	16,492	15
<b>Subtotal</b>	<b>1,687</b>	<b>3,904</b>	<b>16,492</b>	<b>15</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	6,190	6,413	6,412	56
Impairment losses (Note 22)	2,893	2,148	2,062	26
Provision for reserve for price fluctuations in investments in securities	66,361	99,459	165,399	609
Loss on reduction entry of real estate	204	—	—	1
Contributions for assisting social public welfare	3,000	3,000	2,977	27
Loss on valuation of shares of subsidiaries and affiliates (Note 25)	68,391	—	—	628
Other extraordinary losses	718	—	—	6
<b>Subtotal</b>	<b>147,759</b>	<b>111,021</b>	<b>176,850</b>	<b>1,357</b>
<b>Surplus before income taxes</b>	<b>205,166</b>	<b>276,400</b>	<b>250,102</b>	<b>1,885</b>
<b>Income taxes</b> (Note 23):				
Current	154,061	114,690	104,789	1,415
Deferred	(130,304)	(97,658)	(97,030)	(1,197)
<b>Total income taxes</b>	<b>23,756</b>	<b>17,031</b>	<b>7,758</b>	<b>218</b>
<b>Net surplus</b>	<b>¥ 181,410</b>	<b>¥ 259,369</b>	<b>¥ 242,344</b>	<b>\$ 1,666</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.

## 9. Nonconsolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
For the year ended March 31, 2018	(Note 13)	(Note 13)											
Beginning balance	¥150,000	¥1,150,000	¥651	¥16,042	¥ 50,000	¥71,917	¥ 328	¥51,196	¥ 5,643	¥170	¥ 245,337	¥ 440,635	¥1,741,286
Increase/decrease:													
Issuance of foundation funds	50,000												50,000
Additions to reserve for dividends to policyholders											(184,086)	(184,086)	(184,086)
Additions to legal reserve for deficiencies				762							(762)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,198)	(1,198)	(1,198)
Net surplus											242,344	242,344	242,344
Redemption of foundation funds	(50,000)												(50,000)
Reversal of equalized reserve for dividends to policyholders					(10,000)						10,000	—	—
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								1,453			(1,453)	—	—
Reversal of reserve for reduction entry of real estate								(2,942)			2,942	—	—
Additions to reserve for reduction entry of real estate to be purchased									23,415		(23,415)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(5,636)		5,636	—	—
Reversal of land revaluation losses											2,905	2,905	2,905
Net change, excluding foundation funds and others													
Net change	—	50,000	—	762	(10,000)	—	23	(1,488)	17,778	—	2,889	9,965	59,965
Ending balance	¥150,000	¥1,200,000	¥651	¥16,804	¥ 40,000	¥71,917	¥ 351	¥49,708	¥23,422	¥170	¥248,227	¥ 450,600	¥1,801,251

For the year ended March 31, 2018	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
<b>Beginning balance</b>	<b>¥4,585,298</b>	<b>¥(65,262)</b>	<b>¥(58,084)</b>	<b>¥4,461,951</b>	<b>¥6,203,237</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(184,086)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,198)
Net surplus					242,344
Redemption of foundation funds					(50,000)
Reversal of equalized reserve for dividends to policyholders					—
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 to be purchased					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					2,905
Net change, excluding foundation funds and others	296,805	6,162	(2,905)	300,062	300,062
<b>Net change</b>	<b>296,805</b>	<b>6,162</b>	<b>(2,905)</b>	<b>300,062</b>	<b>360,028</b>
<b>Ending balance</b>	<b>¥4,882,103</b>	<b>¥(59,099)</b>	<b>¥(60,989)</b>	<b>¥4,762,014</b>	<b>¥6,563,265</b>

	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
For the year ended March 31, 2019													
Beginning balance	¥150,000	¥1,200,000	¥651	¥16,804	¥ 40,000	¥71,917	¥ 351	¥49,708	¥23,422	¥170	¥ 248,227	¥ 450,600	¥1,801,251
Increase/decrease:													
Additions to reserve for dividends to policyholders											(218,353)	(218,353)	(218,353)
Additions to legal reserve for deficiencies				774							(774)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(790)	(790)	(790)
Net surplus											259,369	259,369	259,369
Redemption of foundation funds	(50,000)												(50,000)
Reversal of equalized reserve for dividends to policyholders					(30,000)						30,000	—	—
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								3,802			(3,802)	—	—
Reversal of reserve for reduction entry of real estate								(3,674)			3,674	—	—
Additions to reserve for reduction entry of real estate to be purchased									11,204		(11,204)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(6,023)		6,023	—	—
Reversal of land revaluation losses											(6,299)	(6,299)	(6,299)
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	774	(30,000)	—	—	128	5,180	—	7,843	(16,073)	(16,073)
Ending balance	¥100,000	¥1,250,000	¥651	¥17,578	¥ 10,000	¥71,917	¥ 351	¥49,836	¥28,603	¥170	¥ 256,070	¥ 434,526	¥1,785,178

	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
For the year ended March 31, 2019					
<b>Beginning balance</b>	<b>¥4,882,103</b>	<b>¥(59,099)</b>	<b>¥(60,989)</b>	<b>¥4,762,014</b>	<b>¥6,563,265</b>
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders					(218,353)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(790)
Net surplus					259,369
Redemption of foundation funds					(50,000)
Reversal of equalized reserve for dividends to policyholders					—
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 to be purchased					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(6,299)
Net change, excluding foundation funds and others	588	27,883	6,299	34,770	34,770
<b>Net change</b>	<b>588</b>	<b>27,883</b>	<b>6,299</b>	<b>34,770</b>	<b>18,697</b>
<b>Ending balance</b>	<b>¥4,882,692</b>	<b>¥(31,216)</b>	<b>¥(54,690)</b>	<b>¥4,796,785</b>	<b>¥6,581,963</b>

	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Other surplus reserves												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
For the year ended March 31, 2020													
Beginning balance	¥100,000	¥1,250,000	¥651	¥17,578	¥ 10,000	¥71,917	¥ 351	¥49,836	¥ 28,603	¥170	¥256,070	¥434,526	¥1,785,178
Increase/decrease:													
Issuance of foundation funds	50,000												50,000
Additions to reserve for dividends to policyholders											(211,818)	(211,818)	(211,818)
Additions to legal reserve for deficiencies				816							(816)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(355)	(355)	(355)
Net surplus											181,410	181,410	181,410
Redemption of foundation funds	(50,000)												(50,000)
Reversal of equalized reserve for dividends to policyholders					(10,000)						10,000	—	—
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								15,163			(15,163)	—	—
Reversal of reserve for reduction entry of real estate								(1,270)			1,270	—	—
Additions to reserve for reduction entry of real estate to be purchased									663		(663)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(14,476)		14,476	—	—
Reversal of land revaluation losses											16	16	16
Net change, excluding foundation funds and others													
Net change	—	50,000	—	816	(10,000)	—	—	13,893	(13,812)	—	(71,643)	(80,746)	(30,746)
Ending balance	¥100,000	¥1,300,000	¥651	¥18,394	¥ —	¥71,917	¥ 351	¥63,729	¥ 14,790	¥170	¥184,426	¥353,780	¥1,754,431

	Millions of Yen				
	Valuations, conversions, and others				
	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
For the year ended March 31, 2020					
<b>Beginning balance</b>	<b>¥4,882,692</b>	<b>¥(31,216)</b>	<b>¥(54,690)</b>	<b>¥4,796,785</b>	<b>¥6,581,963</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(211,818)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(355)
Net surplus					181,410
Redemption of foundation funds					(50,000)
Reversal of equalized reserve for dividends to policyholders					—
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 to be purchased					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					16
Net change, excluding foundation funds and others	(716,746)	(36,839)	(16)	(753,602)	(753,602)
<b>Net change</b>	<b>(716,746)</b>	<b>(36,839)</b>	<b>(16)</b>	<b>(753,602)</b>	<b>(784,349)</b>
<b>Ending balance</b>	<b>¥4,165,946</b>	<b>¥(68,056)</b>	<b>¥(54,706)</b>	<b>¥4,043,182</b>	<b>¥5,797,613</b>

	Millions of U.S. Dollars (Note 1)												
	Foundation funds and others												
	Surplus												
		Other surplus reserves											
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Equalized reserve for dividends to policyholders	Contingency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Reserve for reduction entry of real estate to be purchased	Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
For the year ended March 31, 2020													
Beginning balance	\$918	\$11,485	\$ 5	\$161	\$ 91	\$660	\$ 3	\$457	\$ 262	\$ 1	\$ 2,352	\$ 3,992	\$16,403
Increase/decrease:													
Issuance of foundation funds	459												459
Additions to reserve for dividends to policyholders											(1,946)	(1,946)	(1,946)
Additions to legal reserve for deficiencies				7							(7)	—	—
Additions to reserve for redemption of foundation funds		459									(459)	(459)	—
Interest on foundation funds											(3)	(3)	(3)
Net surplus											1,666	1,666	1,666
Redemption of foundation funds	(459)												(459)
Reversal of equalized reserve for dividends to policyholders					(91)						91	—	—
Additions to reserve for social public welfare assistance							27				(27)	—	—
Reversal of reserve for social public welfare assistance							(27)				27	—	—
Additions to reserve for reduction entry of real estate								139			(139)	—	—
Reversal of reserve for reduction entry of real estate								(11)			11	—	—
Additions to reserve for reduction entry of real estate to be purchased									6		(6)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(133)		133	—	—
Reversal of land revaluation losses											0	0	0
Net change, excluding foundation funds and others													
Net change	—	459	—	7	(91)	—	—	127	(126)	—	(658)	(741)	(282)
Ending balance	\$918	\$11,945	\$ 5	\$169	\$ —	\$660	\$ 3	\$585	\$ 135	\$ 1	\$ 1,694	\$ 3,250	\$16,120

Millions of U.S. Dollars (Note 1)					
Valuations, conversions, and others					
For the year ended March 31, 2020	Net unrealized gains on available-for-sale securities	Deferred losses on derivatives under hedge accounting	Land revaluation losses	Total valuations, conversions, and others	Total net assets
<b>Beginning balance</b>	<b>\$44,865</b>	<b>\$(286)</b>	<b>\$(502)</b>	<b>\$44,075</b>	<b>\$60,479</b>
<b>Increase/decrease:</b>					
Issuance of foundation funds					459
Additions to reserve for dividends to policyholders					(1,946)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(3)
Net surplus					1,666
Redemption of foundation funds					(459)
Reversal of equalized reserve for dividends to policyholders					—
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 to be purchased					—
Reversal of reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					0
Net change, excluding foundation funds and others	(6,585)	(338)	(0)	(6,924)	(6,924)
<b>Net change</b>	<b>(6,585)</b>	<b>(338)</b>	<b>(0)</b>	<b>(6,924)</b>	<b>(7,207)</b>
<b>Ending balance</b>	<b>\$38,279</b>	<b>\$(625)</b>	<b>\$(502)</b>	<b>\$37,151</b>	<b>\$53,272</b>

The accompanying notes are an integral part of the nonconsolidated financial statements.

## 10. Nonconsolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

For the years ended March 31	Thousands of Yen			Thousands of U.S. Dollars (Note 1)
	2020	2019	2018	2020
<b>Unappropriated surplus</b>	<b>¥184,426,821</b>	<b>¥256,070,286</b>	<b>¥248,227,021</b>	<b>\$1,694,632</b>
<b>Reversal from voluntary surplus reserves:</b>	<b>14,983,278</b>	<b>25,746,117</b>	<b>39,697,424</b>	<b>137,675</b>
Reversal of equalized reserve for dividends to policyholders	—	10,000,000	30,000,000	—
Reversal of reserve for reduction entry of real estate	1,254,517	1,270,042	3,674,119	11,527
Reversal of reserve for reduction entry of real estate to be purchased	13,728,761	14,476,074	6,023,305	126,148
<b>Total</b>	<b>¥199,410,100</b>	<b>¥281,816,403</b>	<b>¥287,924,446</b>	<b>\$1,832,308</b>
<b>Appropriations:</b>	<b>¥199,410,100</b>	<b>¥281,816,403</b>	<b>¥287,924,446</b>	<b>\$1,832,308</b>
Reserve for dividends to policyholders	185,145,971	211,818,691	218,353,870	1,701,240
Net surplus	14,264,128	69,997,712	69,570,576	131,067
Legal reserve for deficiencies	599,000	816,000	774,000	5,503
Reserve for redemption of foundation funds	—	50,000,000	50,000,000	—
Interest on foundation funds	277,000	355,000	790,000	2,545
Voluntary surplus reserves:	13,388,128	18,826,712	18,006,576	123,018
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	27,565
Reserve for reduction entry of real estate	9,380,761	15,163,274	3,802,405	86,196
Reserve for reduction entry of real estate to be purchased	1,007,367	663,437	11,204,171	9,256
<b>Surplus carried forward</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Of the surplus available for disposition, a minimum ratio for the reserve for dividends to policyholders needs to be established in the Articles of Incorporation.

Nippon Life applies mutatis mutandis Article 30-6 of the Ordinance for Enforcement of the Insurance Business Act in the Articles of Incorporation and has established the ratio (20/100) stipulated in said Article 30-6 as the minimum ratio in the Articles of Incorporation. The ratio of provision of the appropriation of surplus in the fiscal year ended March 31, 2020 was 102.54%.

Amounts of less than one thousand yen and one thousand U.S. dollars have been eliminated in the table above.

## 11. Notes to the Nonconsolidated Financial Statements

Nippon Life Insurance Company

### 1. Basis of Presenting the Nonconsolidated Financial Statements

#### (1) Accounting principles and presentation

The accompanying nonconsolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") in accordance with the provisions set forth in the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministerial ordinances and guidance. The accompanying nonconsolidated financial statements of Nippon Life are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of Nippon Life as a part of the disclosures required by the Company's Act and the Insurance Business Act, they are not provided herein. The information provided in the nonconsolidated financial statements including the notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Amounts of less than one million yen and one million U.S. dollars have been eliminated for financial statement presentation. As a result, totals may not add up exactly. As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, nonconsolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

#### (2) U.S. dollar amounts

Nippon Life prepares its nonconsolidated financial statements in Japanese yen. The U.S. dollar amounts included in the nonconsolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥108.83=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2020. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥108.83=U.S.\$1 or at any other rate.

### 2. Summary of Significant Accounting Policies

#### (1) Securities and hedging activities

1) Securities (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" (The Accounting Standards Board of Japan (ASBJ) Statement No. 10) and securities within assets held in trust) are valued as follows:

- i) Trading securities are stated at fair value on the balance sheet date. The moving average method is used for calculating the cost basis.

ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).

iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line), 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 Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act or subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are stated at cost using the moving average method.

v) Available-for-sale securities

a. Regarding securities with a fair value, stocks (including foreign stocks) are valued using the average fair value during the period of one month before the balance sheet date (the cost basis is calculated using the moving average method). Other securities with a fair value are valued using the fair value on the balance sheet date (the cost basis is calculated using the moving average method).

b. Regarding securities of which the fair value is extremely difficult to be determined, bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustment are stated at cost using the moving average method, net of accumulated amortization (straight-line). Other securities without readily determinable fair values are stated at cost using the moving average method.

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

*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*") for interest rate swaps is applied to hedge the cash flow volatility of certain loans denominated in Japanese yen and certain loans denominated in foreign currencies; deferred hedge accounting for interest rate swaps is applied 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*") for currency swaps are applied to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, certain foreign currency-denominated loans, and foreign currency-denominated subordinated corporate bonds issued by the Company; fair value hedge accounting for foreign exchange forward contracts is applied to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on

certain foreign currency-denominated bonds and certain other foreign currency-denominated instruments; and fair value hedge accounting for equity forward contracts is applied to hedge the price fluctuation exposures on certain domestic stocks.

## 2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
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 foreign currency-denominated instruments
Equity forward contracts	Domestic stocks

- 3) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of fair value movement comparisons based on the hedging instruments and hedged items taken, which is in accordance with the Company's internal risk management policies.
- 4) Derivative financial instruments and derivative financial instruments within assets held in trust are stated at fair value.

## (2) Policy-reserve-matching bonds

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 and subcategorized the following insurance policies:

- 1) All insurance policies for products other than single premium products and group annuities
- 2) All insurance policies for single premium 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 premium products (denominated in U.S. dollars) other than the foregoing
- 5) All single premium products (denominated in Australian dollars) other than the foregoing
- 6) All single premium products (denominated in euros) other than the foregoing

## (3) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using 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 recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one-month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

## (4) Tangible fixed assets

- 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 price of less than ¥200,000 are depreciated over a 3 year period on a straight-line basis.
  - b. Lease assets
    - (i) Lease assets related to financial leases that transfer ownership of the leased property to the lessee  
The same depreciation method applied to fixed assets owned by the Company.
    - (ii) Lease assets related to financial leases that do not transfer ownership of the leased property to the lessee  
Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

Buildings	2 to 60 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

- 2) 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 book value and the revalued amount for land revaluation is recognized as a deferred tax liability within the liability section. The valuation differences, excluding tax, are recognized as land revaluation losses within the net assets section.

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



## **(5) Software**

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over its estimated useful lives as internally determined (5 years).

## **(6) Allowance for doubtful accounts**

- 1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/ Provision Rule.
  - i) 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).
  - ii) An allowance for loans to borrowers who are not currently legally bankrupt, but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of 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.
  - iii) An allowance for loans to borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
- 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 amounts were ¥2,106 million (U.S.\$19 million) (including ¥70 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥2,019 million (including ¥76 million of credits secured and/or guaranteed) and ¥102 million (including ¥83 million of credits secured and/or guaranteed) as of March 31, 2020, 2019 and 2018, respectively.

## **(7) Allowance for investment loss**

To provide for losses on investments, an allowance for investment loss is recognized for the securities of which the fair value is extremely difficult to be determined and which are expected to have loss in future, and measured at the amount of the estimated losses that could arise in the future in accordance with the Company's internal Asset Valuation Regulation and Write-off/Provision Rule.

## **(8) Accrued bonuses for directors and audit & supervisory board members**

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

## **(9) Accrued retirement benefits**

- 1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments to employee on the balance sheet date as of March 31, 2020, 2019 and 2018.
- 2) The accounting methods used for retirement benefits as of March 31, 2020, 2019 and 2018, are as follows:
  - i) Attribution method for estimated retirement benefits: Benefit formula basis
  - ii) Period of amortizing actuarial gains/losses: 5 years
  - iii) Period of amortizing prior service costs: 5 years

## **(10) Accrued retirement benefits for directors and audit & supervisory board members**

Accrued retirement benefits for directors and audit & supervisory board members are recognized based on estimated payment amounts under internal rules.

## **(11) Reserve for program points**

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) Reserve for price fluctuations in investments in securities**

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

## **(13) Accounting for consumption taxes**

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method. 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 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred.

## **(14) Consolidated taxation system**

In December 2018, the Company and its certain subsidiaries requested for approval to apply the consolidated taxation system, and the consolidated taxation system has been applied from the fiscal year ended March 31, 2020. Accordingly, effective from the fiscal year ended March 31, 2019, the Company and its certain subsidiaries have applied accounting treatments based on the application of the consolidated taxation system in accordance with the "Revised Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" (ASBJ, PITF\*

No. 5) and the “Revised Practical Solution for Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)” (ASBJ, PITF No. 7).

Effective from the fiscal year ended March 31, 2020, the Company has applied the consolidated taxation system as the parent company for consolidated taxation purposes.

In accordance with the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020), the Company calculates the amounts of deferred tax assets and liabilities based on tax laws and regulations before the revision.

*\* PITF: Practical Issue Task Force*

### **(15) Policy reserves**

Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. 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 single premium policies). For such policies with premiums that have been paid as of March 31, 2020, and similar policies (including single premium policies), the Company will successively provide additional policy reserves over a six-year period. As a result, the policy reserves increased by ¥186,113 million (U.S.\$1,710 million), while ordinary profit and surplus before income taxes decreased by ¥186,113 million (U.S.\$1,710 million), compared with amounts that would have been recorded if the additional policy reserves not been provided in the fiscal year ended March 31, 2020.

Effective from the fiscal year ended March 31, 2019, the Company has reserved additional policy reserve amounts over a five-year period to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, the policy reserves increased by ¥121,292 million, while ordinary profit and surplus before income taxes decreased by ¥121,292 million, compared with amounts that would have been recorded had the additional policy reserve amounts not been included.

During the fiscal year ended March 31, 2018, additional policy reserve amounts were included to cover a possible deficiency in the amount of the reserve for certain individual annuity policyholders. As a result, policy reserves increased by ¥88,192 million, while ordinary profit and surplus before income taxes decreased by ¥88,192 million, compared to amounts

that would have been recorded had the additional policy reserve amounts not been included.

### **(16) Revenue recognition**

Regarding revenues, insurance premiums are recognized when cash is received and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

### **(17) Policy acquisition costs**

Policy acquisition costs are recorded to expense as incurred.

### **(18) Income taxes**

The provision for income taxes is computed based on the pretax income included in the nonconsolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

## **3. Financial Instruments**

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

Based on this, in order to reliably pay benefits and other payments in the future, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invests in domestic stocks and foreign securities. Also, from the viewpoint of effective investment, the Company mainly uses derivative transactions for managing asset investment risks. Specifically, the Company uses interest rate swaps and interest rate swap-tions for the Company's interest rate-related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency-related investments, and equity forward contracts, equity index futures and equity index options for the Company's equity-related investments, and hedge accounting is applied with respect to a portion thereof.

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

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

To manage credit risk, the Company has built a thorough monitoring system involving the Assessment Management Department, which is

independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment and monitoring of interest guidelines to ensure the returns the Company obtains are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company, group, or country.

In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitors whether the magnitude of risk stays within an appropriate range.

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference	Balance sheet amount <sup>(*1)</sup>	Fair value <sup>(*2)</sup>	Difference
Cash and deposits (negotiable certificates of deposit):	¥ 162,898	¥ 162,898	¥ —	¥ 279,297	¥ 279,297	¥ —	¥ 327,500	¥ 327,500	¥ —	\$ 1,496	\$ 1,496	\$ —
Available-for-sale securities	162,898	162,898	—	279,297	279,297	—	327,500	327,500	—	1,496	1,496	—
Monetary receivables purchased:	219,068	227,881	8,813	244,043	254,481	10,437	278,235	290,037	11,801	2,012	2,093	80
Policy-reserve-matching bonds	172,487	181,301	8,813	200,585	211,022	10,437	239,375	251,177	11,801	1,584	1,665	80
Available-for-sale securities	46,580	46,580	—	43,458	43,458	—	38,859	38,859	—	428	428	—
Assets held in trust:	33,779	33,779	—	13,157	13,157	—	10,421	10,421	—	310	310	—
Trading securities	33,779	33,779	—	13,157	13,157	—	10,421	10,421	—	310	310	—
Investments in securities:	55,534,752	59,335,710	3,800,958	54,812,749	58,954,878	4,142,128	53,131,946	56,928,112	3,796,166	510,289	545,214	34,925
Trading securities	681,159	681,159	—	869,370	869,370	—	959,156	959,156	—	6,258	6,258	—
Policy-reserve-matching bonds	21,587,246	25,331,983	3,744,736	20,493,498	24,562,806	4,069,307	19,287,856	22,978,483	3,690,626	198,357	232,766	34,409
Investments in subsidiaries and affiliates	134,202	190,424	56,222	64,047	136,869	72,821	64,047	169,587	105,539	1,233	1,749	516
Available-for-sale securities	33,132,143	33,132,143	—	33,385,831	33,385,831	—	32,820,885	32,820,885	—	304,439	304,439	—
Loans <sup>(*3)</sup> :	7,410,198	7,647,131	236,933	7,435,325	7,693,649	258,324	7,466,987	7,692,014	225,026	68,089	70,266	2,177
Policy loans	554,120	554,120	—	582,612	582,612	—	618,864	618,864	—	5,091	5,091	—
Industrial and consumer loans	6,856,077	7,093,011	236,933	6,852,712	7,111,037	258,324	6,848,123	7,073,150	225,026	62,998	65,175	2,177
Derivative financial instruments <sup>(*4)</sup> :	(868)	(868)	—	(5,164)	(5,164)	—	102,095	102,095	—	(7)	(7)	—
Hedge accounting not applied	51,018	51,018	—	40,866	40,866	—	8,879	8,879	—	468	468	—
Hedge accounting applied	(51,886)	(51,886)	—	(46,030)	(46,030)	—	93,215	93,215	—	(476)	(476)	—
Corporate bonds <sup>(*3)</sup>	1,155,320	1,105,967	(49,352)	1,028,889	1,069,735	40,846	1,028,889	1,081,892	53,003	10,615	10,162	(453)
Payables under repurchase agreements	1,051,931	1,051,931	—	709,062	709,062	—	237,046	237,046	—	9,665	9,665	—
Loans payable	408,248	404,001	(4,247)	243,668	245,926	2,258	22,897	22,897	—	3,751	3,712	(39)

(\*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(\*2) For securities for which impairment losses were recognized in the fiscal years ended March 31, 2020, 2019 and 2018, the fair value is the balance sheet amount after the impairment losses are deducted.

(\*3) The fair values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori") 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.

(\*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in parentheses.

(2) Fair value measurement methods for major financial instruments are as follows:

1) Securities, deposits, and monetary receivables purchased that are treated as securities based on the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10)

i) Items with a market price

Fair value is measured based on the closing market price on the balance sheet date. However, the fair values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

ii) Items without a market price

Fair value is measured mainly by discounting future cash flows to present value or valuations obtained from external information vendors.

2) Loans

i) Policy loans

Fair value is measured at the book value of policy loans as the fair value is deemed to approximate 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.

ii) Industrial and consumer loans

Fair value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans. Fair value of fixed interest rate loans is measured mainly by discounting future cash flows to present value.

Fair value of loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is measured by deducting the estimated uncollectible amount from the book value prior to direct write-offs.

3) Derivative financial instruments

i) Fair value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

ii) Fair value of equity options is measured mainly based on liquidation value or closing market price on the balance sheet date or valuations obtained from external information vendors.

iii) Fair value of interest rate swaps, interest rate swaptions, foreign

exchange contracts, currency options, currency swaps, and forward contracts is measured mainly based on valuations obtained from external parties.

4) Assets held in trust

Fair value is based on a reasonably calculated price by the trustee of the assets held in trust, in accordance with the calculation methods set forth in 1) and 3) above.

5) Corporate bonds

Corporate bonds are stated at fair value on the balance sheet date.

6) Loans payable

Fair value of variable interest rate loans payable is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, book value is used as fair value for variable interest rate loans payable. Fair value of fixed interest rate loans payable is measured, in principle, by discounting future cash flows to present value; however, loans payable financed by means of public offerings employing securitization schemes are measured at the fair value of the corporate bonds issued to back the loans payable.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items of which the fair value is extremely difficult to be determined are not included in investments in securities in table (1).

Balance sheet amounts by holding purpose were ¥1,018,274 million (U.S.\$9,356 million), ¥1,025,134 million and ¥895,401 million for stocks of subsidiaries and affiliates, and ¥555,775 million (U.S.\$5,106 million), ¥545,841 million and ¥676,159 million for available-for-sale securities as of March 31, 2020, 2019 and 2018, respectively.

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

1) Trading securities

Derivative financial instruments within assets held in trust and investments in securities for separate accounts are classified as trading securities as of March 31, 2020, 2019 and 2018.

Valuation gains/losses included in profit and loss were losses of ¥24,044 million (U.S.\$220 million), losses of ¥21,555 million and gains of ¥64,141 million for derivative financial instruments within assets held in trust and investments in securities related to separate accounts for the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

2) Held-to-maturity debt securities

No ending balance as of March 31, 2020, 2019 or 2018.

### 3) Policy-reserve-matching bonds

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount:												
Monetary receivables purchased	¥ 167,756	¥ 176,621	¥ 8,864	¥ 194,434	¥ 204,940	¥ 10,506	¥ 233,375	¥ 245,210	¥ 11,835	\$ 1,541	\$ 1,622	\$ 81
Domestic bonds	19,923,010	23,669,097	3,746,087	20,395,884	24,459,552	4,063,668	19,038,485	22,732,183	3,693,698	183,065	217,486	34,421
Foreign securities	122,048	139,006	16,957	94,606	100,249	5,642	40,685	42,681	1,995	1,121	1,277	155
Subtotal	20,212,815	23,984,725	3,771,909	20,684,924	24,764,742	4,079,817	19,312,546	23,020,075	3,707,529	185,728	220,387	34,658
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	4,731	4,680	(50)	6,151	6,082	(68)	6,000	5,966	(33)	43	43	(0)
Domestic bonds	1,542,115	1,523,808	(18,306)	908	906	(1)	202,192	197,207	(4,985)	14,169	14,001	(168)
Foreign securities	73	71	(2)	2,099	2,096	(2)	6,493	6,411	(82)	0	0	(0)
Subtotal	1,546,919	1,528,559	(18,359)	9,159	9,086	(72)	214,685	209,585	(5,100)	14,214	14,045	(168)
Total	¥21,759,734	¥25,513,284	¥3,753,550	¥20,694,084	¥24,773,828	¥4,079,744	¥19,527,231	¥23,229,660	¥3,702,428	\$199,942	\$234,432	\$34,490

### 4) Available-for-sale securities

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

As of March 31	Millions of Yen									Millions of U.S. Dollars		
	2020			2019			2018			2020		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	¥ 108,900	¥ 108,900	¥ 0	¥ 167,300	¥ 167,300	¥ 0	¥ 307,500	¥ 307,500	¥ 0	\$ 1,000	\$ 1,000	\$ 0
Monetary receivables purchased	11,046	11,929	882	6,236	6,359	122	2,383	2,413	30	101	109	8
Domestic bonds	2,542,492	2,743,196	200,704	2,865,902	3,102,335	236,432	2,707,745	2,908,221	200,475	23,362	25,206	1,844
Domestic stocks	2,996,001	6,470,935	3,474,933	3,322,876	7,709,087	4,386,210	3,518,805	8,406,953	4,888,147	27,529	59,459	31,929
Foreign securities	11,733,841	14,245,292	2,511,450	13,978,619	16,132,011	2,153,391	9,373,675	11,217,569	1,843,893	107,818	130,894	23,076
Other securities	2,615,637	2,838,742	223,105	2,638,653	2,899,307	260,654	1,883,085	2,080,403	197,318	24,034	26,084	2,050
Subtotal	20,007,920	26,418,996	6,411,076	22,979,588	30,016,401	7,036,812	17,793,196	24,923,063	7,129,867	183,845	242,754	58,909
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	54,000	53,998	(1)	112,000	111,997	(2)	20,000	19,999	(0)	496	496	(0)
Monetary receivables purchased	35,237	34,651	(586)	37,166	37,099	(67)	36,649	36,445	(203)	323	318	(5)
Domestic bonds	458,344	449,840	(8,503)	29,495	28,436	(1,058)	238,136	232,455	(5,681)	4,211	4,133	(78)
Domestic stocks	1,146,157	849,276	(296,881)	945,349	736,886	(208,462)	647,287	558,503	(88,783)	10,531	7,803	(2,727)
Foreign securities	5,348,906	5,041,600	(307,306)	2,669,627	2,591,621	(78,005)	7,226,482	6,941,846	(284,635)	49,149	46,325	(2,823)
Other securities	506,694	493,259	(13,435)	188,375	186,145	(2,229)	485,015	474,932	(10,083)	4,655	4,532	(123)
Subtotal	7,549,340	6,922,626	(626,714)	3,982,014	3,692,187	(289,826)	8,653,571	8,264,182	(389,389)	69,368	63,609	(5,758)
Total	¥27,557,260	¥33,341,622	¥5,784,361	¥26,961,602	¥33,708,588	¥6,746,985	¥26,446,768	¥33,187,245	¥6,740,477	\$253,213	\$306,364	\$53,150

\* Securities totaling ¥555,775 million (U.S.\$5,106 million), ¥545,841 million and ¥676,159 million, whose fair values are extremely difficult to be determined, as of March 31, 2020, 2019 and 2018, respectively, are not included.

Impairment losses of ¥141,564 million (U.S.\$1,300 million), ¥11,920 million and ¥69 million were recognized for securities with a fair value during the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

Regarding stocks (including foreign stocks) with fair values, impairment losses are recognized for stocks whose fair value has declined significantly from the acquisition price based on the average fair value in the last month of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as a security for which the fair value declines substantially and the decline in the fair value in the last month of the fiscal year is substantial,

impairment losses are recognized based on the fair value on the fiscal year-end date.

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

- a. A security for which the ratio of the average fair value in the last month of the fiscal year to the acquisition cost is 50% or less.
- b. A security that meets both of the following criteria:
  1. Average fair value in the last month of the fiscal year is between 50% and 70% of its acquisition cost.
  2. The historical fair value, the business conditions of the issuing company and other aspects are subject to certain requirements.

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

As of March 31, 2020	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 162,900	¥ —	¥ —	¥ —	\$ 1,496	\$ —	\$ —	\$ —
Available-for-sale securities	162,900	—	—	—	1,496	—	—	—
Monetary receivables purchased:	29,111	1,978	41,513	145,922	267	18	381	1,340
Policy-reserve-matching bonds	100	1,946	41,513	128,802	0	17	381	1,183
Available-for-sale securities	29,010	32	—	17,120	266	0	—	157
Investments in securities:	894,542	4,874,712	12,322,873	26,426,952	8,219	44,791	113,230	242,827
Policy-reserve-matching bonds	186,232	2,293,195	4,598,004	14,448,861	1,711	21,071	42,249	132,765
Available-for-sale securities	708,309	2,581,517	7,724,868	11,978,090	6,508	23,720	70,981	110,062
Loans <sup>(*)1</sup>	995,286	2,348,271	1,694,499	1,815,895	9,145	21,577	15,570	16,685
Corporate bonds	—	—	—	1,155,320	—	—	—	10,615
Payables under repurchase agreements	1,051,931	—	—	—	9,665	—	—	—
Loans payable <sup>(*)2</sup>	242	18,005	—	390,000	2	165	—	3,583

(\*)1 Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥4,758 million (U.S.\$43 million) in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*)2 Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

As of March 31, 2019	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥ 279,300	¥ —	¥ —	¥ —
Available-for-sale securities	279,300	—	—	—
Monetary receivables purchased:	27,000	3,641	41,224	171,869
Policy-reserve-matching bonds	—	3,472	41,224	155,722
Available-for-sale securities	27,000	169	—	16,147
Investments in securities:	1,082,740	4,495,963	11,475,079	25,894,499
Policy-reserve-matching bonds	256,565	1,651,686	4,578,031	13,947,727
Available-for-sale securities	826,174	2,844,277	6,897,047	11,946,771
Loans <sup>(*)1</sup>	893,317	2,562,299	1,648,281	1,746,467
Corporate bonds	—	—	—	1,028,889
Payables under repurchase agreements	709,062	—	—	—
Loans payable <sup>(*)2</sup>	3,948	16,690	3,030	220,000

(\*)1 Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,478 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*)2 Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

As of March 31, 2018	Millions of Yen			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit):	¥327,500	¥ —	¥ —	¥ —
Available-for-sale securities	327,500	—	—	—
Monetary receivables purchased:	23,000	5,834	29,718	219,569
Policy-reserve-matching bonds	—	5,682	29,564	203,911
Available-for-sale securities	23,000	152	153	15,658
Investments in securities:	781,713	4,530,832	9,885,634	25,364,253
Policy-reserve-matching bonds	349,492	1,260,776	4,444,311	13,134,690
Available-for-sale securities	432,221	3,270,055	5,441,322	12,229,562
Loans <sup>(*1)</sup>	920,137	2,586,756	1,629,408	1,709,831
Corporate bonds	—	—	—	1,028,889
Payables under repurchase agreements	237,046	—	—	—
Loans payable <sup>(*2)</sup>	241	9,680	12,975	—

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥1,938 million in loans to legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

(\*2) Liabilities such as subordinated loans payable, which do not have a stated maturity date, are not included.

#### 4. Disclosures about Fair Value of Investment and Rental Properties

The balance sheet amounts for investment and rental properties were ¥1,169,555 million (U.S.\$10,746 million), ¥1,155,388 million and ¥1,119,049 million, with a fair value of ¥1,549,658million (U.S.\$14,239 million), ¥1,432,815 million and ¥1,295,288 million as of March 31, 2020, 2019 and 2018, respectively. The Company owns rental office buildings and commercial facilities, the fair value of which at year-end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amounts corresponding to asset retirement obligations that were included in the balance sheet amounts of investment and rental properties were ¥3,384 million (U.S.\$31 million), ¥3,011 million and ¥476 million as of March 31, 2020, 2019 and 2018, respectively.

#### 5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,462,922 million (U.S.\$31,819 million), ¥3,327,460 million and ¥2,780,156 million as of March 31, 2020, 2019 and 2018, respectively.

Assets that can be sold or resecured are marketable securities borrowed under lending agreements. These assets were held without being sold or resecured and totaled ¥397,399 million (U.S.\$3,651 million), ¥488,657 million and ¥520,816 million at fair value as of March 31, 2020, 2019 and 2018, respectively.

#### 6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,134,894 million (U.S.\$10,428 million), ¥1,131,041 million and ¥1,129,850 million as of March 31, 2020, 2019 and 2018, respectively.

#### 7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,202,426 million (U.S.\$11,048 million), ¥1,257,999 million and ¥1,294,140 million as of March 31, 2020, 2019 and 2018, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in the respective account balance on the nonconsolidated balance sheets.

#### 8. Monetary Receivables from and Monetary Liabilities to Subsidiaries and Affiliates

The total amounts of credits and debits to subsidiaries and affiliates as of March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Monetary receivables	¥49,059	¥54,229	¥64,630	\$450
Monetary liabilities	7,462	5,367	4,633	68

#### 9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Balance at the beginning of the fiscal year	¥1,020,213	¥ 995,167	¥1,001,102	\$ 9,374
Transfer to reserve from surplus in the previous fiscal year	211,818	218,353	184,086	1,946
Dividends paid to policyholders during the fiscal year	(209,969)	(215,540)	(212,224)	(1,929)
Increase in interest	21,722	22,233	22,203	199
Balance at the end of the fiscal year	¥1,043,785	¥1,020,213	¥ 995,167	\$ 9,590

## 10. Corporate Bonds

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 Company, subject to the approval of the regulatory authority and other conditions.

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

Issue date	Callable date
October 2012	Each interest payment date on or after October 2022
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

## 11. Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act

The amounts per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥4,098,540 million (U.S.\$37,660 million), ¥4,852,126 million and ¥4,823,655 million as of March 31, 2020, 2019 and 2018, respectively.

## 12. Accrued Retirement Benefits

### (1) Summary of retirement benefit plans

In terms of defined benefit plans, the Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non sales personnel, sales management personnel, etc. In terms of defined contribution plans, the Company has a defined contribution pension plan. The Company also has a defined benefit plan for sales representatives, etc., in the form of a lump-sum retirement payment plan and an in-house pension plan. In March 2020, the Company reached an agreement with the workforce on amending the retirement benefit plans for non sales personnel, sales management personnel, sales representatives, and certain other personnel in connection with the extension of the mandatory retirement age to 65, which will be implemented in April 2021. Accordingly, prior service costs of ¥(6,589) million (U.S.\$(60) million) were accrued based on the amended retirement plans for the fiscal year ended March 31, 2020.

### (2) Defined benefit plan

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Retirement benefit obligations at the beginning of the year	¥631,844	¥640,036	¥651,278	\$5,805
Service costs	26,338	25,944	26,098	242
Interest cost	3,791	3,840	3,907	34
Actuarial losses accrued during the year	17,230	4,651	2,622	158
Retirement benefit payments	(41,542)	(42,628)	(43,870)	(381)
Prior service costs accrued during the year	(6,589)	—	—	(60)
Retirement benefit obligations at the end of the year	¥631,072	¥631,844	¥640,036	\$5,798

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Pension plan assets at the beginning of the year	¥250,029	¥255,668	¥260,869	\$2,297
Expected return on plan assets	3,375	3,451	3,521	31
Actuarial (losses) gains accrued during the year	(4,487)	1,735	2,496	(41)
Contributions by business proprietor	6,569	6,574	6,598	60
Retirement benefit payments	(16,878)	(17,401)	(17,817)	(155)
Pension plan assets at the end of the year	¥238,608	¥250,029	¥255,668	\$2,192

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

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Retirement benefit obligations for funded plans	¥ 253,120	¥ 274,401	¥ 281,697	\$ 2,325
Pension plan assets	(238,608)	(250,029)	(255,668)	(2,192)
	14,511	24,372	26,028	133
Retirement benefit obligations for nonfunded plans	377,952	357,443	358,339	3,472
Unrecognized actuarial gains	(24,593)	(15,918)	(23,254)	(225)
Unrecognized prior service costs	6,589	—	—	60
Accrued retirement benefits	¥ 374,460	¥ 365,897	¥ 361,114	\$ 3,440



#### 4) Losses (gains) relating to retirement benefits

For the years ended March 31, 2020, 2019 and 2018	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Service costs	¥26,338	¥25,944	¥26,098	\$242
Interest cost	3,791	3,840	3,907	34
Expected return on plan assets	(3,375)	(3,451)	(3,521)	(31)
Amortization of actuarial losses for the period	13,043	10,251	8,649	119
Benefit cost for defined benefit plans	¥39,797	¥36,584	¥35,133	\$365

#### 5) Pension plan assets consist of the following:

	2020	2019	2018
General account of Nippon Life	52.3%	51.4%	51.8%
Domestic bonds	20.1%	21.5%	20.4%
Cash and deposits	14.2%	6.8%	8.0%
Foreign securities	9.4%	16.1%	14.6%
Domestic stocks	4.0%	4.2%	5.1%
Total	100.0%	100.0%	100.0%

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

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

#### 7) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations as of March 31, 2020, 2019 and 2018, are as follows:

	2020	2019	2018
Discount rate	0.6%	0.6%	0.6%
Long-term expected rate of return on plan assets	1.4%	1.4%	1.4%

#### (3) Defined contribution plans

The Company contributed ¥2,246 million (U.S.\$20 million), ¥2,188 million and ¥2,182 million to defined contribution plans during the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

### 13. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest on foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal

to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company.

The Company redeemed ¥50,000 million (U.S.\$459 million), ¥50,000 million and ¥50,000 million of foundation funds and credited the same amount to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act for the fiscal years ended March 31, 2020, 2019 and 2018, respectively. ¥50,000 million (U.S.\$459 million) and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2020 and 2018, respectively.

### 14. Pledged Assets

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2020, were ¥1,979,845 million (U.S.\$18,192 million), ¥252 million (U.S.\$2 million) and ¥43 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥1,052,132 million (U.S.\$9,667 million) as of March 31, 2020.

These amounts included ¥1,037,938 million (U.S.\$9,537 million) of the sale of securities under repurchase agreements and ¥1,051,931 million (U.S.\$9,665 million) in payables under repurchase agreements, as of March 31, 2020.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2019, were ¥1,521,608 million, ¥252 million and ¥45 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥742,163 million as of March 31, 2019.

These amounts included ¥668,928 million of the sale of securities under repurchase agreements and ¥709,062 million in payables under repurchase agreements, as well as ¥28,595 million of investments in securities deposited and ¥32,610 million of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2019.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2018, were ¥1,295,180 million, ¥252 million and ¥47 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥567,775 million as of March 31, 2018.

These amounts included ¥239,784 million of the sale of securities under repurchase agreements and ¥237,046 million in payables under repurchase agreements, as well as ¥370,155 million of investments in securities deposited and ¥330,722 million of cash received as collateral under securities lending transactions secured by cash, as of March 31, 2018.

### 15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥1,152,476 million (U.S.\$10,589 million), ¥1,089,182 million and ¥959,448 million as of March 31, 2020, 2019 and 2018, respectively.

## 16. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for more than three months, and restructured loans, which were included in loans, were ¥29,154 million (U.S.\$267 million), ¥31,673 million and ¥29,704 million as of March 31, 2020, 2019 and 2018, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,532 million (U.S.\$14 million) and ¥26,057 million (U.S.\$239 million), respectively, as of March 31, 2020, ¥1,289 million and ¥28,454 million, respectively, as of March 31, 2019, and ¥1,501 million and ¥26,014 million, respectively, as of March 31, 2018.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments or interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans for which interest is not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

ii) There were no loans delinquent for more than three months as of March 31, 2020, 2019 and 2018.

Loans that are delinquent for more than three months are loans with principal or interest unpaid for more than three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

iii) The balances of restructured loans were ¥1,563 million (U.S.\$14 million), ¥1,930 million and ¥2,188 million as of March 31, 2020, 2019 and 2018, respectively.

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. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for more than three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥2,027 million (U.S.\$18 million) and ¥78 million (U.S.\$0 million), respectively, as of March 31, 2020, ¥1,935 million and ¥84 million, respectively, as of March 31, 2019, and ¥13 million and ¥88 million, respectively, as of March 31, 2018.

## 17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥340,430 million (U.S.\$3,128 million), ¥372,534 million and ¥333,205 million as of March 31, 2020, 2019 and 2018, respectively.

## 18. Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act

The amounts of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act were ¥254 million (U.S.\$2 million), ¥279 million and ¥293 million as of March 31, 2020, 2019 and 2018, respectively.

## 19. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥75,368 million (U.S.\$692 million), ¥77,113 million and ¥80,139 million as of March 31, 2020, 2019 and 2018, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

## 20. Investment Income and Expenses

The major components of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Domestic bonds including national government bonds	¥ 41,199	¥ 29,912	¥ 12,476	\$ 378
Domestic stocks and other securities	69,048	118,672	130,988	634
Foreign securities	217,963	46,337	36,217	2,002

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Domestic bonds including national government bonds	¥ 204	¥ 1,802	¥ 571	\$ 1
Domestic stocks and other securities	26,298	10,065	7,706	241
Foreign securities	22,201	126,922	94,555	203

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Domestic stocks and other securities	¥142,505	¥11,035	¥ 395	\$1,309
Foreign securities	59,887	10,336	10,839	550

Gain/loss from assets held in trust, net included net valuation gains of ¥27,919 million (U.S.\$256 million) for the fiscal years ended March 31, 2020 and losses of ¥1,565 million and ¥3,267 million for the fiscal years ended March 31, 2019 and 2018, respectively.

Loss on derivative financial instruments, net included net valuation losses of ¥12,466 million (U.S.\$114 million), gains of ¥46,850 million and losses of ¥24,062 million for the fiscal years ended March 31, 2020, 2019 and 2018, respectively.

## 21. Provision for/Reversal of Policy Reserves for Ceded Reinsurance

Reversal of policy reserves for ceded reinsurance that were added from the calculation of provision for policy reserves were ¥24 million (U.S.\$0 million) and ¥14 million for the fiscal years ended March 31, 2020 and 2019, respectively.

Provision for policy reserves for ceded reinsurance that was deducted from the calculation of provision for policy reserves was ¥17 million for the fiscal year ended March 31, 2018.

## 22. Impairment Losses

### (1) Method for grouping the assets

Leased property and idle property are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

### (2) Circumstances causing impairment losses

The Company observed a marked decrease in profitability or fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses for the fiscal years ended March 31, 2020, 2019 and 2018.

### (3) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2020

Millions of Yen				
Purpose of use	Land	Leasehold interests in land	Buildings	Total
Leased property	¥ 83	¥ —	¥ —	¥ 83
Idle property	1,900	168	740	2,809
Total	¥1,984	¥168	¥740	¥2,893

For the year ended March 31, 2019

Millions of Yen			
Purpose of use	Land	Buildings	Total
Idle property	¥1,510	¥638	¥2,148
Total	¥1,510	¥638	¥2,148

For the year ended March 31, 2018

Millions of Yen			
Purpose of use	Land	Buildings	Total
Idle property	¥1,431	¥630	¥2,062
Total	¥1,431	¥630	¥2,062

For the year ended March 31, 2020

Millions of U.S. Dollars				
Purpose of use	Land	Leasehold interests in land	Buildings	Total
Leased property	\$ 0	\$—	\$—	\$ 0
Idle property	17	1	6	25
Total	\$18	\$ 1	\$ 6	\$26

### (4) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows was 3.0% for the fiscal years ended March 31, 2020, 2019 and 2018. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or standard prices.

## 23. Deferred Tax Assets and Liabilities

### (1) Deferred tax assets/liabilities consisted of the following:

Millions of Yen				Millions of U.S. Dollars
	2020	2019	2018	2020
Deferred tax assets	¥ 1,702,014	¥ 1,511,165	¥ 1,422,159	\$ 15,639
Valuation allowance for deferred tax assets	(84,956)	(50,389)	(45,025)	(780)
Subtotal	1,617,058	1,460,776	1,377,134	14,858
Deferred tax liabilities	(1,715,607)	(1,957,633)	(1,954,549)	(15,764)
Net deferred tax liabilities	¥ (98,549)	¥ (496,857)	¥ (577,415)	\$ (905)

The major components resulting in deferred tax assets/liabilities were as follows:

Millions of Yen				Millions of U.S. Dollars
	2020	2019	2018	2020
Deferred tax assets:				
Policy reserves and other reserves	¥ 955,429	¥ 892,984	¥ 840,473	\$ 8,779
Reserve for price fluctuations in investments in securities	403,995	385,481	357,732	3,712
Accrued retirement benefits	104,474	102,085	100,750	959
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,613,944	¥1,869,165	¥1,873,322	\$14,829

The main reasons for the change in the valuation allowance that reduced the deferred tax assets were the recognition of a valuation allowance related to loss on valuation of shares of subsidiaries and affiliates, and an increase in the valuation allowance in line with a decline in the value of shares for the fiscal year ended March 31, 2020.

(2) The statutory tax rate was 27.9% for the fiscal years ended March 31, 2020 and 2019, and 28.2% for the fiscal year ended March 31, 2018. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2020	2019	2018
Reserve for dividends to policyholders	(25.2)%	(21.4)%	(24.6)%
Loss on valuation of shares of subsidiaries and affiliates	9.3%	—	—

## 24. Transactions with Subsidiaries and Affiliates

The total income and expenses from transactions with subsidiaries and affiliates for the fiscal years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2020	2019	2018	2020
Total income	¥41,607	¥43,096	¥52,836	\$382
Total expenses	33,148	34,989	33,088	304

## 25. Loss on Valuation of Shares of Subsidiaries and Affiliates

The Company recorded an impairment loss on its shares of MLC Limited, a consolidated subsidiary of the Company, due to a significant decline in the actual value of the shares compared with the carrying amount of the investment. The decline reflected deteriorating profitability at MLC Limited mainly due to an increase in payments for income-protection insurance. As a result, the Company recorded a loss on valuation of shares of subsidiaries and affiliates of ¥68,391 million (U.S.\$628 million) as an extraordinary loss in the fiscal year ended March 31, 2020.

## 26. Subsequent Events

(1) The Company has resolved to underwrite a capital increase at the board of directors meeting on June 3, 2020 and, together with the National Australia Bank, has conducted to inject capital into a consolidated subsidiary, MLC Limited (MLC).

### 1) Objective of the capital increase

MLC had been moving forward in response to the increased payouts made for income protection products, an industry-wide issue in Australia. However, with the outbreak of the COVID-19, there is a rising need to address risks of downward pressure on its business performance due to factors such as future increases in payments and cancellations. Therefore, the Company provided capital support with the objective of improving MLC's soundness.

### 2) Overview of MLC

- Company name: MLC Limited
- Business: Life insurance business
- Head office: Sydney, Australia
- Premium revenue: A\$1,887 million (U.S.\$1,145 million) (for the fiscal year ended December 31, 2019)
- Total assets: A\$6,438 million (U.S.\$3,909 million) (as of December 31, 2019)

### 3) Overview of capital increase

- Total subscription price: A\$400 million (U.S.\$242 million)
- Subscription date: June 9, 2020
- Capital following capital increase: A\$2,660 million (U.S.\$1,615 million)
- Shareholding percentages following capital increase:
 

Nippon Life Insurance Company	80%
National Australia Bank	20%

 (A\$1.65 = U.S.\$1, March 31, 2020)

The Company expects the need for further capital support if the harsh operating environment continues in the future.

(2) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2020, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2020.



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nippon Life Insurance Company:

### Opinion

We have audited the consolidated financial statements of Nippon Life Insurance Company (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2020, 2019 and 2018, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of March 31, 2020, 2019 and 2018, and their consolidated financial performance and their cash flows for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan.

### Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As explained in Note 1(1) to the consolidated financial statements, the information provided in the consolidated financial statements including notes to the consolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.



## **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company and its consolidated subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company and its consolidated subsidiaries or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company and its consolidated subsidiaries' financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its consolidated subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its consolidated subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its consolidated subsidiaries to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with the Insurance Business Act and the related rules and regulations applicable to the life insurance industry and accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Johwatur LLC*

May 27, 2020  
(July 2, 2020 as to (2) of Note 30)





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nippon Life Insurance Company:

### Opinion

We have audited the nonconsolidated financial statements of Nippon Life Insurance Company (the "Company"), which comprise the nonconsolidated balance sheets as of March 31, 2020, 2019 and 2018, and the nonconsolidated statements of income and nonconsolidated statements of changes in net assets and the nonconsolidated proposed appropriations of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, 2019 and 2018, and its financial performance for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

### Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1(2) to the nonconsolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As explained in Note 1(1) to the nonconsolidated financial statements, the information provided in the nonconsolidated financial statements including notes to the nonconsolidated financial statements is limited to information required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and disclosed as additional information. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Johnston LLC*

May 26, 2020  
(July 2, 2020 as to (2) of Note 26)

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### Notes:

- All figures are rounded down to the nearest unit.
- % and ‰ are rounded to the nearest figure.
- Some totals may not add up to 100% due to rounding.

## 1. Nippon Life Group Performance

### Summary of Operations for the Fiscal Year

In order to continue to provide products and services to customers in any environment over the long term, the Nippon Life Group (the "Group") has been making efforts to diversify and stabilize its business platform, and increase earnings opportunities by expanding the Group businesses.

The Group has 15 consolidated subsidiaries and 15 equity method affiliates.

#### • Domestic Life Insurance Business Field

The Group strove to increase the number of insurance products through mutual supply of products between TAIJU LIFE INSURANCE COMPANY LIMITED ("Taiju Life"). For example, Taiju Life launched sales of the Educational Endowment Insurance and Juvenile Insurance of NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") and also provided Nissay Foreign Currency-denominated Insurance Plan and Foreign Currency-denominated Single-Premium Endowment Insurance—Dream Road to the Company. In addition, the Group made a great effort to develop new products and explore sales channels, such as by jointly developing foreign currency-denominated educational endowment insurance with Sumitomo Mitsui Banking Corporation.

Taiju Life's revenue from insurance and reinsurance in the fiscal year ended March 31, 2020, was ¥667.7 billion, down 13.0% year on year; ordinary profit was ¥21.6 billion, down 18.8%; and net income was ¥0.7 billion, down 86.0%.

Nippon Wealth Life Insurance Company Limited ("Nippon Wealth Life") used the Company's sales support as a wholesaler and launched the new product, Designated Currency-denominated Individual Annuities with Special Provisions Focused on Survival Coverage—Pension New Age, and other initiatives to build a timely product supply system that utilizes the strengths of each company.

Nippon Wealth Life's revenue from insurance and reinsurance in the fiscal year ended March 31, 2020, was ¥309.0 billion, up 5.2% year on year; ordinary loss was ¥44.2 billion, and net loss was ¥35.2 billion.

#### • Overseas Insurance Business Field

The Company acquired an 80% stake in the life insurance business of MLC Limited in October 2016.

MLC Limited's revenue from insurance and reinsurance in the fiscal year ended March 31, 2020, was ¥175.2 billion and net loss was ¥8.5 billion.

#### • Asset Management Field

The Group worked to offer a wide range of products to meet the diversified asset management needs of its customers, such as multi-assets and alternatives, including domestic and foreign stocks and bonds, through discretionary investment, investment advisory, and investment trusts provided by Nissay Asset Management Corporation.

In the fiscal year ended March 31, 2020, Nissay Asset Management Corporation recorded a 1.5% year-on-year increase in assets under management to ¥13,209.7 billion, including a 1.1% decrease in the investment advisory business to ¥4,728.5 billion and a 3.0% increase in the investment trusts business to ¥8,481.1 billion. Ordinary profit was ¥13.1 billion, an increase of 10.8%, and net income ¥9.0 billion, an increase of 6.2%.

Moreover, the Company made an additional investment in Reliance Nippon Life Asset Management Limited and made it into a consolidated subsidiary to engage in the growing Indian asset management market backed by factors, such as economic development. In conjunction, the company name changed to Nippon Life India Asset Management Limited.

As of March 31, 2020, Nippon Life India Asset Management Limited had investment trust assets under management of ¥2,387.8 billion, a decrease of 28.2% from the previous fiscal year-end, and recorded gross revenue of ¥18.4 billion, a decrease of 27.6% year-on-year, and net income of ¥6.4 billion, a decrease of 17.0%, for the fiscal year ended March 31, 2020.

#### • Information Technology Field

The information technology field was mainly led by Nissay Information Technology Co., Ltd., which engaged in system development for new products to cater for the diversification of market needs. In addition, high-quality information system services were provided to insurance, mutual aid, pension, and healthcare markets.

In the fiscal year ended March 31, 2020, Nissay Information Technology Co., Ltd. marked sales of ¥78.17 billion, down 1.8% year on year; ordinary profit of ¥2.17 billion, down 62.3%; and net income of ¥1.48 billion, down 63.4%.

Ordinary income in the fiscal year ended March 31, 2020, amounted to ¥8,050.6 billion, down 2.1% year on year. Ordinary expenses amounted to ¥7,769.3 billion, down 0.4%, while ordinary profit was ¥281.3 billion, down 34.3%. After adding or subtracting provision for reserve for dividends to policyholders (limited company), income taxes, and net surplus attributable to noncontrolling interests, in addition to extraordinary gains of ¥55.2 billion and extraordinary losses of ¥127.6 billion, net surplus attributable to the parent company in the current year decreased by 31.1% to ¥192.1 billion. On the consolidated balance sheet, surplus at the end of the fiscal year amounted to ¥554.7 billion and total assets rose 1.6% to ¥80,081.1 billion.

Net cash provided by operating activities was ¥1,605.5 billion, a decrease of ¥356.6 billion year-on-year due mainly to a decrease in revenue from insurance and reinsurance. Net cash used in financing activities was ¥1,615.3 billion, a decrease of ¥378.4 billion year-on-year, due mainly to a decrease in purchase of investment securities. Net cash provided by financing activities was ¥250.8 billion, an increase of ¥102.5 billion year-on-year due mainly to proceeds from issuance of corporate bonds. As a result, cash and cash equivalents as of March 31, 2020, were ¥2,226.2 billion, an increase of ¥214.3 billion from the beginning of the fiscal year.

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan. The preparation of the consolidated financial statements requires management to select and apply accounting policies, and to make estimates that will impact the disclosure of assets and liabilities, and revenues and expenses. Management determines these estimates reasonably considering past performance. However, the actual results may vary from those estimates due to uncertainties specific to the estimates.

Significant accounting policies adopted in the consolidated financial statements of the Group are presented in "Basis of Presenting the Consolidated Financial Statements" on p. 34. In particular, management believes that the following significant accounting policies and estimates will have a major impact on the consolidated financial statements.

#### **(1) Fair value measurement methods for financial instruments**

Fair value of certain securities and derivative financial instruments is measured mainly based on the market price, in principle. For items without a market price, fair value is measured mainly by discounting future cash flows to present value or valuations obtained from external information vendors.

In the future, the estimated amounts could change in light of new facts that affect the estimates.

#### **(2) Impairment of securities**

For securities other than trading securities, impairment losses are recognized for stocks whose fair value or actual value has declined significantly, based on reasonable criteria.

A substantial loss on valuation of securities could be recorded depending on future financial market conditions and the progression of business plans by investees.

Criteria related to impairment losses on stocks are presented in "Notes to the Consolidated Financial Statements" on p. 34.

#### **(3) Impairment of fixed assets**

For fixed assets, if the recoverable amount of the asset group is estimated to be less than the book value, the difference is recognized as an impairment loss.

The recoverable amount is determined as the larger of the net realizable value determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or standard real estate prices, or the value in use determined as the discounted future cash flows. Therefore, if there are changes in the use of fixed assets, or changes in property market prices or rents in the future, additional impairment losses could be recognized.

Standards related to impairment of fixed assets are presented in "Notes to Consolidated Financial Statements" on p. 34.

#### **(4) Assessment of recoverability of deferred tax assets**

For the assessment of recoverability of deferred tax assets, future taxable income is determined based on reasonable estimates. The recoverability of deferred tax assets depends on estimates of future taxable income.

Therefore, if the estimated amounts of future taxable income change, the recoverability of deferred tax assets could also change. In addition, the Company and its certain subsidiaries (the consolidated taxation group) have applied the consolidated taxation system. The recoverability of deferred tax assets is assessed based on estimates of the taxable income of the entire consolidated taxation group.

#### **(5) Criteria for recognizing allowance for doubtful accounts**

To prepare for credit losses from doubtful accounts, an allowance for doubtful accounts is recognized at the estimated unrecoverable amount based on the condition of borrowers in accordance with the Company's internal Asset Valuation Regulation and Write-off/Provision Rule.

If the financial condition of borrowers worsens and their solvency declines in the future, the Company could recognize an additional allowance or incur credit losses.

Criteria for recognizing allowance for doubtful accounts are presented in "Basis of Presenting the Consolidated Financial Statements" on p. 34 .

#### **(6) Reserve for outstanding claims**

A reserve for outstanding claims is accumulated based on estimates of the amounts of insurance claims for which the Company is obligated to pay but not yet paid.

The recognized amount of the reserve for outstanding claims could change from the initially estimated amount in light of new facts that affect the estimates in the future.

#### **(7) Policy reserves**

Policy reserves are accumulated in order to prepare for payments of future obligations based on insurance policies.

The Company believes that reasonable assumptions are used in actuarial calculations for insurance. If the actuarial calculations are substantially different from the actual outcomes, or if the assumption needs to be revised, such change could affect the amount of policy reserves.

Policy reserves is described in "Basis of Presenting the Consolidated Financial Statements" on p. 34.

#### **(8) Retirement benefit obligations and retirement benefit costs**

Retirement benefit obligations and benefit costs are calculated based on the expected rate of return on plan assets and the actuarial assumptions for calculating future retirement benefit obligations.

For this reason, if the actual outcomes differ from the assumptions, or if the assumptions are revised, the retirement benefit obligations and benefit costs could change in the future.

Matters concerning the basis for calculating retirement benefit obligations and related items are presented in "Notes to the Consolidated Financial Statements" on p. 34.

## 2. Key Indicators for Operating Performance (Consolidated)

Billions of Yen					
Fiscal years ended March 31	2020	2019	2018	2017	2016
Total ordinary income	¥ 8,050.6	¥ 8,227.1	¥ 7,609.8	¥ 7,301.8	¥ 8,057.5
Revenues from insurance and reinsurance	5,719.3	6,069.2	5,422.0	5,236.0	6,262.0
Ordinary profit	281.3	428.4	471.8	528.3	561.3
Net surplus attributable to the parent company	192.1	278.7	243.9	301.9	403.4
Comprehensive income (loss)	(630.5)	307.3	595.1	251.7	(809.7)
Net cash provided by operating activities	1,605.5	1,962.2	1,506.3	1,546.8	2,719.0
Net cash used in investing activities	(1,615.3)	(1,993.8)	(1,310.9)	(1,683.7)	(2,663.6)
Net cash provided by financing activities	250.8	148.3	170.9	261.3	268.5

Billions of Yen, Number, %					
As of March 31	2020	2019	2018	2017	2016
Total assets	¥80,081.1	¥78,809.5	¥74,392.5	¥72,464.2	¥70,607.9
Total net assets	6,157.2	6,978.2	6,922.3	6,528.9	6,454.0
Solvency margin ratio	1,047.5%	997.3%	968.0%	933.9%	922.7%
Cash and cash equivalents at the end of the year	2,226.2	2,011.9	1,897.0	1,541.4	1,410.5
Number of consolidated subsidiaries and affiliates	15	12	11	11	10
Number of affiliates accounted for under the equity method	15	14	14	10	10
Number of employees	92,122	89,198	86,394	85,171	83,707

Note: Number of employees represents the total number of employees of the Company and its consolidated subsidiaries, excluding employees seconded to other companies, at the fiscal year-end.

## 3. Status of Nonperforming Assets According to Borrower's Classification (Consolidated)

Millions of Yen, %				
As of March 31	2020	2019	2018	
Bankrupt and quasi-bankrupt loans	¥ 10,511	¥ 10,032	¥ 10,209	
Doubtful loans	17,388	20,290	18,706	
Substandard loans	1,563	1,930	2,188	
<b>Subtotal</b>	<b>29,463</b>	<b>32,252</b>	<b>31,104</b>	
<b>[Ratio to total]</b>	<b>[0.24%]</b>	<b>[0.26%]</b>	<b>[0.26%]</b>	
Normal loans	12,444,652	12,194,419	11,735,373	
<b>Total</b>	<b>¥12,474,115</b>	<b>¥12,226,672</b>	<b>¥11,766,477</b>	

Notes: 1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to 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 cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.  
3. Substandard loans include loans that are delinquent for over three months and restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months following the due date based on the loan agreement (excluding 1. and 2. in the notes above). 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 the borrowers (excluding 1. and 2. in the notes above and loans that are delinquent for over three months).  
4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the notes above and where the debtor has no financial or business performance problems.  
5. Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act in Japan. The table includes loans, securities lending, accrued interest, suspense payments, customer's liability for acceptances and guarantees, and guaranteed private offering loans of financial institutions.  
6. 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 were ¥3,382 million, ¥3,342 million, and ¥251 million as of March 31, 2020, 2019, and 2018, respectively.



## 4. Status of Risk-monitored Loans (Consolidated)

Millions of Yen, %			
As of March 31	2020	2019	2018
Loans to bankrupt borrowers	¥ 1,562	¥ 1,284	¥ 1,511
Delinquent loans	26,337	29,037	27,397
Loans that are delinquent for over three months	—	—	—
Restructured loans	1,563	1,930	2,188
<b>Total</b>	<b>¥29,462</b>	<b>¥32,251</b>	<b>¥31,097</b>
<b>[Ratio to total loans]</b>	<b>[0.35%]</b>	<b>[0.38%]</b>	<b>[0.36%]</b>

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectible amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount. The amounts of loans to bankrupt borrowers were ¥3,233 million, ¥3,173 million, and ¥15 million as of March 31, 2020, 2019, and 2018, respectively. The amounts of delinquent loans were ¥149 million, ¥168 million, and ¥235 million as of March 31, 2020, 2019, and 2018, respectively.

2. Loans to bankrupt borrowers are loans for which interest is not accrued as income since the recovery of principal or interest on the loan is unlikely due to the fact that the principal repayments or interest payments are overdue for a significant period of time and/or for other reasons, and loans are extended to any of (a) borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Companies Act in Japan; (b) borrowers that have notes suspended from being traded; or (c) borrowers that have filed for legal proceedings similar to the above proceedings based on overseas laws.

3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

4. 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. Note that the account does not include loans to bankrupt borrowers and delinquent loans.

5. 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 (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months).

6. Based on the results of asset self-assessment, accrued interest on loans is not recorded as income for borrowers that are bankrupt, quasi-bankrupt, or doubtful.

## 5. Fair Value of Derivative Transactions (Consolidated)

### (1) Breakdown of net gains (losses) (with and without hedge accounting applied)

Millions of Yen						
	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>As of March 31</b>	<b>2020</b>					
Hedge accounting applied	¥108,331	¥(167,729)	¥11,972	¥ —	¥ —	¥(47,425)
Hedge accounting not applied	90,717	(39,973)	10,871	213	1,224	63,054
<b>Total</b>	<b>¥199,049</b>	<b>¥(207,702)</b>	<b>¥22,844</b>	<b>¥ 213</b>	<b>¥1,224</b>	<b>¥ 15,628</b>
<b>As of March 31</b>	<b>2019</b>					
Hedge accounting applied	¥53,937	¥ (94,457)	¥ —	¥ —	¥ —	¥(40,519)
Hedge accounting not applied	56,487	4,352	(648)	2,630	2,130	64,951
<b>Total</b>	<b>¥110,424</b>	<b>¥ (90,105)</b>	<b>¥ (648)</b>	<b>¥2,630</b>	<b>2,130</b>	<b>¥ 24,431</b>

Note: Net gains (losses) from fair value hedges included in net gains (losses) on derivative transactions to which hedge accounting is applied (for the year ended March 31, 2020, gain in currencies of ¥30,532 million and gain in equities of ¥11,972 million; for the year ended March 31, 2019, loss in currencies of ¥2,734 million) and net gains (losses) on those to which hedge accounting is not applied are recorded in the statements of income.

(2) Items to which hedge accounting is not applied

As of March 31		2020				2019				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Over-the-counter	Interest rate swaps									
	Receive fixed interest rate/ pay variable interest rate	¥2,897,828	¥2,623,761	¥120,835	¥120,835	¥2,926,684	¥2,592,961	¥ 59,832	¥ 59,832	
	Pay fixed interest rate/ receive variable interest rate	1,813,368	1,699,235	(44,356)	(44,356)	1,788,114	1,579,817	(16,708)	(16,708)	
	Interest rate swaptions									
	Sold									
	Receive fixed interest rate/ pay variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
	Purchased									
	Receive fixed interest rate/ pay variable interest rate	952,500 [36,518]	952,500 [36,518]	50,756	14,238	500,000 [18,650]	500,000 [18,650]	32,013	13,363	
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
Total				¥ 90,717				¥ 56,487		

(Reference) Interest rate swap contracts by maturity dates

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## 5. Fair Value of Derivative Transactions (Consolidated), continued

(2) Items to which hedge accounting is not applied, continued

• Currency-related

As of March 31		2020				2019			
		Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
Category	Type	Over 1 year				Over 1 year			
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥2,429,155	¥ 4,904	¥ 6,030	¥ 6,030	¥2,154,264	¥ 5,251	¥ 10,166	¥10,166
	U.S. dollar	1,255,531	4,904	(9,485)	(9,485)	923,674	5,251	(2,423)	(2,423)
	Euro	781,760	—	2,775	2,775	901,238	—	11,788	11,788
	British pound	259,123	—	7,449	7,449	159,717	—	59	59
	Purchased	726,565	—	(1,327)	(1,327)	348,383	—	(302)	(302)
	U.S. dollar	484,960	—	(397)	(397)	136,561	—	95	95
	Euro	94,013	—	(44)	(44)	43,320	—	(107)	(107)
	British pound	95,407	—	(148)	(148)	78,031	—	45	45
	Currency options								
	Sold								
	Call	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	U.S. dollar	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	U.S. dollar	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	U.S. dollar	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	1,365,816	—	11,607	1,896	1,174,190	—	3,052	(6,122)
		[9,710]	[—]			[9,175]	[—]		
	U.S. dollar	1,365,816	—	11,607	1,896	1,098,801	—	2,769	(5,532)
		[9,710]	[—]			[8,301]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Currency swaps	438,936	431,804	(43,294)	(43,294)	418,820	399,578	(3,588)	(3,588)
	U.S.\$ paid/¥ received	69,109	61,977	(1,872)	(1,872)	81,109	63,241	(2,111)	(2,111)
	€ paid/¥ received	3,966	3,966	360	360	5,340	3,966	313	313
	¥ paid/A\$ received	325,883	325,883	(37,858)	(37,858)	318,207	318,207	(1,568)	(1,568)
	Others	37,000	37,000	6	6	37,000	37,000	452	452
	Total Return Swap	37,000	37,000	6	6	37,000	37,000	452	452
Total					¥(39,973)				¥ 4,352

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Amounts in the "Net gains (losses)" column represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for option transactions.

## 5. Fair Value of Derivative Transactions (Consolidated), continued

(2) Items to which hedge accounting is not applied, continued

• Equity-related

As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Exchange-traded	Equity index futures								
	Sold	¥ 39,542	¥ —	¥ (2,340)	¥ (2,340)	¥ 20,731	¥ —	¥ (64)	¥ (64)
	Purchased	17,424	—	(38)	(38)	35,611	—	71	71
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	406,715	—	21,214	13,279	381,704	—	990	(661)
		[7,934]	[—]			[1,651]	[—]		
Over-the-counter	Equity forward contracts								
	Sold	—	—	(4)	(4)	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
	Equity index forward contracts								
	Sold	1,876	—	125	125	1,992	—	5	5
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	3,431	—	88	(150)	—	—	—	—
	[238]	[—]			[—]	[—]			
Put	—	—	—	—	—	—	—	—	
	[—]	[—]			[—]	[—]			
Total		¥10,871				¥(648)			

Notes: 1. Amounts in brackets represent option premiums recorded on the balance sheets.

2. Amounts in the "Net gains (losses)" column represent the fair value for futures transactions and forward transactions, and the difference between option premiums and fair value for option transactions.

• Bond-related

As of March 31										Millions of Yen
		2020				2019				
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Exchange-traded	Yen-denominated bond futures									
	Sold	¥ —	¥—	¥ —	¥ —	¥ 32,160	¥—	¥ (28)	¥ (28)	
	Purchased	52,133	—	45	45	16,651	—	56	56	
	Foreign currency-denominated bond futures									
	Sold	22,465	—	(389)	(389)	15,529	—	131	131	
	Purchased	60,521	—	558	558	115,126	—	2,471	2,471	
Total		¥ 213				¥2,630				

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

## 5. Fair Value of Derivative Transactions (Consolidated), continued

### (2) Items to which hedge accounting is not applied, continued

#### • Others

As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter	Credit default swap								
	Sold	¥175,455	¥155,372	¥1,386	¥1,386	¥124,220	¥94,140	¥2,130	¥2,130
	Purchased	4,906	4,906	(161)	(161)	—	—	—	—
Total					¥1,224				¥2,130

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

### (3) Items to which hedge accounting

#### • Interest rate-related

As of March 31					2020				Millions of Yen
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)		
				Over 1 year					
Over-the-counter	Deferred hedge accounting	Interest rate swaps	Insurance liabilities						
		Receive fixed interest rate/pay variable interest rate		¥1,810,900	¥1,803,600	¥108,327	¥108,327		
		Pay fixed interest rate/receive variable interest rate	—	—	—	—			
		Interest rate swaps	Loans						
		Receive fixed interest rate/pay variable interest rate		10,263	10,000	3	3		
Pay fixed interest rate/receive variable interest rate	—	—	—	—					
Total							¥108,331		
As of March 31					2019				
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)		
				Over 1 year					
Over-the-counter	Deferred hedge accounting	Interest rate swaps	Insurance liabilities						
		Receive fixed interest rate/pay variable interest rate		¥1,121,300	¥1,113,000	¥53,928	¥53,928		
		Pay fixed interest rate/receive variable interest rate	—	—	—	—			
		Interest rate swaps	Loans						
		Receive fixed interest rate/pay variable interest rate		10,263	10,263	9	9		
Pay fixed interest rate/receive variable interest rate	—	—	—	—					
Total							¥53,937		

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

## 5. Fair Value of Derivative Transactions (Consolidated), continued

(3) Items to which hedge accounting, continued

(Reference) Interest rate swap contracts by maturity dates

							Millions of Yen, %
Maturity dates	Within 1 year	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years	Total
<b>As of March 31</b>							<b>2020</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥7,563	¥16,800	¥16,000	¥6,300	¥5,900	¥1,768,600	<b>¥1,821,163</b>
Average fixed interest rate to receive	1.65 %	1.33 %	1.18 %	1.96 %	2.09 %	0.46 %	<b>0.49 %</b>
Average variable interest rate to pay	(0.00)%	(0.02)%	(0.02)%	(0.03)%	(0.03)%	(0.02)%	<b>(0.02)%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2019</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥8,300	¥13,963	¥19,000	¥10,100	¥10,000	¥1,070,200	<b>¥1,131,563</b>
Average fixed interest rate to receive	1.60%	1.17%	1.22%	1.91%	2.02%	0.62%	<b>0.67%</b>
Average variable interest rate to pay	0.01%	0.02%	0.00%	0.01%	0.01%	0.00%	<b>0.00%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—

## 5. Fair Value of Derivative Transactions (Consolidated), continued

(3) Items to which hedge accounting, continued

• Currency-related

As of March 31											Millions of Yen			
				2020				2019						
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)			
				Over 1 year				Over 1 year						
Over-the-counter	Fair value hedge accounting	Foreign exchange forward contracts	Foreign currency-denominated bonds											
		Sold		¥6,791,702	¥	—	¥ 30,532	¥	30,532	¥8,194,400	¥	—	¥ (2,734)	¥ (2,734)
		U.S. dollar		3,278,740		—	(34,878)	(34,878)	3,833,852		—	(11,381)	(11,381)	
		Euro		2,714,433		—	16,736	16,736	3,161,778		—	20,479	20,479	
		British pound		513,041		—	34,859	34,859	837,617		—	(11,243)	(11,243)	
		Purchased		—		—	—	—	—		—	—	—	
		U.S. dollar		—		—	—	—	—		—	—	—	
		Euro		—		—	—	—	—		—	—	—	
		Currency options												
		Sold												
		Call												
		U.S. dollar												
		Euro												
		Put												
		U.S. dollar												
		Euro												
		Purchased												
		Call												
		U.S. dollar												
		Euro												
		Put												
		U.S. dollar												
		Euro												
Deferred hedge accounting	Forward exchange contracts	Investment trust												
		Sold	1,159	—	6	6	1,029	—	(16)	(16)				
		U.S. dollar	1,159	—	6	6	1,029	—	(16)	(16)				
		Euro	—	—	—	—	—	—	—	—				
		Purchased	—	—	—	—	—	—	—	—				
		U.S. dollar	—	—	—	—	—	—	—	—				
		Euro	—	—	—	—	—	—	—	—				
		Currency swaps	2,608,091	2,467,295	(198,268)	(198,268)	1,331,666	1,219,064	(91,706)	(91,706)				
		U.S.\$ paid/¥ received	1,453,411	1,359,606	(191,198)	(191,198)	663,278	582,204	(68,195)	(68,195)				
		€ paid/¥ received	802,020	762,459	(25,119)	(25,119)	538,276	508,959	(37,644)	(37,644)				
		£ paid/¥ received	347,651	340,221	17,889	17,889	130,111	127,900	14,133	14,133				
		Total				¥(167,729)				¥(94,457)				

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Amounts in the "Net gains (losses)" column represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for option transactions.



## 5. Fair Value of Derivative Transactions (Consolidated), continued

### (3) Items to which hedge accounting, continued

#### • Equity-related

As of March 31											Millions of Yen
Category	Hedge accounting method	Type	Main hedged items	2020				2019			
				Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
				Over 1 year							
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks								
		Sold		¥89,701	¥—	¥11,972	¥11,972	¥—	¥—	¥—	¥—
		Purchased		—	—	—	—	—	—	—	—
Total							¥11,972				¥—

#### • Bonds-related

There were no ending balances as of March 31, 2020 and 2019.

#### • Others

There were no ending balances as of March 31, 2020 and 2019.

## 6. Status of Insurance Claims Payment Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

As of March 31					2020	2019	2018
Solvency margin gross amount (A)					¥14,656,094	¥15,040,262	¥14,150,865
Foundation funds ( <i>kikin</i> ) and other reserve funds:					5,508,422	5,437,605	5,143,211
Foundation funds and others					1,791,393	1,888,331	1,852,172
Reserve for price fluctuations in investments in securities					1,531,621	1,460,182	1,345,987
Contingency reserve					1,934,764	1,825,914	1,680,761
Extraordinary contingency reserve					—	—	—
General allowance for doubtful accounts					2,702	2,213	2,114
Others					247,939	260,963	262,175
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%					5,080,551	6,083,208	6,048,446
Net unrealized gains on real estate × 85%					501,626	374,311	272,410
Total amount of unrecognized actuarial gains (losses) and unrecognized prior service cost					(20,848)	(18,717)	(25,843)
Excess of continued Zillmerized reserve					1,935,817	1,798,965	1,679,917
Qualifying subordinated debt					1,767,620	1,512,089	1,208,889
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations					—	—	—
Deductions					(206,126)	(249,621)	(249,989)
Others					89,031	102,421	73,824
Total amount of risk $\sqrt{((R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2)} + R_4 + R_6$ (B)					2,798,230	3,015,936	2,923,568
Underwriting risk					171,736	164,973	159,546
General underwriting risk					—	—	—
Huge disaster risk					—	—	—
Underwriting risk of third-sector insurance					97,389	93,010	90,205
Underwriting risk related to small amount and short-term insurance providers					—	—	—
Anticipated yield risk					415,002	432,609	425,986
Minimum guarantee risk					9,295	9,302	10,593
Investment risk					2,300,790	2,498,757	2,414,061
Business management risk					59,884	63,973	62,007
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$					1,047.5%	997.3%	968.0%

Notes: 1. The amounts in the table above are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency (FSA) Public Notice No. 23 of 2011 in Japan.  
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk  $R_7$ .

## 7. Status of Insurance Claims Payment Ability of the Subsidiaries (Solvency Margin Ratio)

### TAIJU LIFE INSURANCE COMPANY LIMITED

		Millions of Yen		
As of March 31		2020	2019	2018
Solvency margin gross amount	(A)	¥1,084,740	¥1,109,998	¥1,063,408
Capital stock and others		323,928	323,130	319,394
Reserve for price fluctuations in investments in securities		70,200	67,017	63,793
Contingency reserve		31,115	25,494	17,401
General allowance for doubtful accounts		131	123	143
Net unrealized gains (losses) on available-for-sale securities (before tax) and deferred gains (losses) on derivatives under hedge accounting (before tax) × 90%		229,942	278,270	252,158
Net unrealized gains (losses) on real estate × 85% (100% in the case of net unrealized losses)		(4,332)	(11,906)	(13,886)
Excess of continued Zillmerized reserve		210,877	205,235	202,919
Qualifying subordinated debt		180,000	180,000	180,000
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deductions		(113)	(113)	(113)
Others		42,988	42,746	41,597
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	184,183	196,063	198,694
Underwriting risk	R <sub>1</sub>	18,698	19,555	19,866
Underwriting risk of third-sector insurance	R <sub>8</sub>	8,773	8,499	8,375
Anticipated yield risk	R <sub>2</sub>	52,719	55,080	54,755
Minimum guarantee risk	R <sub>7</sub>	3,352	3,405	4,721
Investment risk	R <sub>3</sub>	121,895	131,160	132,745
Business management risk	R <sub>4</sub>	4,108	4,354	4,409
<b>Solvency margin ratio</b> $\frac{(A)}{(1/2) \times (B)} \times 100$		<b>1,177.8%</b>	<b>1,132.2%</b>	<b>1,070.3%</b>

Notes: 1. The amounts and figures in the table above are calculated based on the provision 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 in Japan.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk R<sub>7</sub>.

#### (Reference) Details of Bonds

		Millions of Yen, %				
Fiscal year ended March 31		2020				
Bond	Issue date	Beginning balance	Ending balance	Interest rate	Collateral	Maturity
First series of unsecured perpetual corporate bonds with interest payment deferral options	July 25, 2016	¥30,000	¥30,000	0.74%	None	None
Second series of unsecured callable corporate bonds with interest payment deferral options	July 25, 2016	50,000	50,000	0.86	None	July 25, 2046
<b>Total</b>		<b>¥80,000</b>	<b>¥80,000</b>	<b>—%</b>		

#### (Reference) Details of Borrowings and Others

		Millions of Yen, %			
Fiscal year ended March 31		2020			
Category		Beginning balance	Ending balance	Average interest rate	Repayment date
Short-term borrowings		¥ —	¥ —	—%	—
Long-term loans payable with repayment due within one year		—	—	—	—
Lease obligations with repayment due within one year		—	—	—	—
Long-term loans payable (excluding those with repayment due within one year)		100,000	100,000	0.96	None
Lease obligations (excluding those with repayment due within one year)		—	—	—	—
Other interest-bearing debts		—	—	—	—

Note: The average interest rate is the weighted average interest rate of the ending balance of borrowings and others as of March 31, 2020.

## 7. Status of Insurance Claims Payment Ability of the Subsidiaries (Solvency Margin Ratio), continued

Nippon Wealth Life Insurance Company Limited

		Millions of Yen		
As of March 31		2020	2019	2018
Solvency margin gross amount	(A)	¥242,012	¥317,985	¥280,325
Capital stock and others		92,720	127,823	108,165
Reserve for price fluctuations in investments in securities		13,405	11,512	9,776
Contingency reserve		25,176	23,308	20,025
General allowance for doubtful accounts		12	8	7
Net unrealized gains (losses) on available-for-sale securities (before tax) and deferred gains (losses) on derivatives under hedge accounting (before tax) × 90%		3,893	13,962	8,225
Net unrealized gains (losses) on real estate × 85% (100% in the case of net unrealized losses)		—	(367)	(557)
Excess of continued Zillmerized reserve		27,031	27,375	27,922
Qualifying subordinated debt		62,300	83,200	83,200
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deductions		—	—	—
Others		17,472	31,163	23,560
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	70,436	64,340	59,861
Underwriting risk	R <sub>1</sub>	9,880	9,627	9,206
Underwriting risk of third-sector insurance	R <sub>8</sub>	365	365	396
Anticipated yield risk	R <sub>2</sub>	13,619	12,881	10,761
Minimum guarantee risk	R <sub>7</sub>	26	22	21
Investment risk	R <sub>3</sub>	54,457	49,196	46,938
Business management risk	R <sub>4</sub>	1,566	1,441	1,346
<b>Solvency margin ratio</b> $\frac{(A)}{(1/2) \times (B)} \times 100$		<b>687.1%</b>	<b>988.4%</b>	<b>936.5%</b>

Notes: 1. The amounts and figures in the table above are calculated based on the provision 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 in Japan.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk R<sub>7</sub>.

### (Reference) Details of Bonds

		Millions of Yen, %				
Fiscal year ended March 31		2020				
Bond	Issue date	Beginning balance	Ending balance	Interest rate	Collateral	Maturity
First series of unsecured callable corporate bonds	October 30, 2014	¥ 3,500	¥ —	1.00%	None	October 30, 2024
Second series of unsecured perpetual corporate bonds with interest payment deferral options	March 6, 2015	10,800	—	2.20	None	None
Third series of unsecured callable corporate bonds with interest payment deferral options	March 6, 2015	10,100	—	2.00	None	March 6, 2045
Fourth series of unsecured perpetual corporate bonds with interest payment deferral options	December 11, 2015	11,200	11,200	2.00	None	None
Fifth series of unsecured perpetual corporate bonds with interest payment deferral options	December 11, 2015	17,600	17,600	2.32	None	None
Sixth series of unsecured perpetual corporate bonds with interest payment deferral options	February 24, 2017	5,500	5,500	1.42	None	None
Seventh series of unsecured perpetual corporate bonds with interest payment deferral options	February 24, 2017	5,700	5,700	1.64	None	None
Eighth series of unsecured perpetual corporate bonds with interest payment deferral options	February 24, 2017	2,300	2,300	1.94	None	None
<b>Total</b>		<b>¥66,700</b>	<b>¥42,300</b>	<b>—%</b>		

### (Reference) Details of Borrowings and Others

		Millions of Yen, %			
Fiscal year ended March 31		2020			
Category	Beginning balance	Ending balance	Average interest rate	Repayment date	
Short-term borrowings	¥ —	¥ —	—%	—	
Long-term loans payable with repayment due within one year	—	—	—	—	
Lease obligations with repayment due within one year	—	—	—	—	
Long-term loans payable (excluding those with repayment due within one year)	16,500	20,000*	*	February 2050	
Lease obligations (excluding those with repayment due within one year)	—	—	—	—	
Other interest-bearing debts	—	—	—	—	

Note: The average interest rate is the weighted average interest rate of the ending balance of borrowings and others as of March 31, 2020.

\* The balance represents loans of internal transactions with Nippon Life and is eliminated on the consolidated financial statements.

## 8. Segment Information

In the fiscal years ended March 31, 2019 and 2020, the Company and its consolidated subsidiaries\* engaged in the insurance and insurance-related businesses (including the asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are not presented because there are no other significant segments to report.

\* Subsidiary is defined in Article 2 (12) of the Insurance Business Act and in Article 13-5-2 (3) of the Order for Enforcement of the Insurance Business Act in Japan.

\* The following information is provided for reference.

### Domestic life insurance business (TAIJU LIFE INSURANCE COMPANY LIMITED)

#### (1) Business performance

In the fiscal year ended March 31, 2020, ordinary income amounted to ¥863.7 billion, a decrease of 7.7% year-on-year. This resulted mainly from the total of revenues from insurance and reinsurance of ¥667.7 billion, a decrease of 13.0% year-on-year, investment income of ¥178.6 billion, an increase of 23.5% year-on-year, and other ordinary income of ¥17.2 billion, a decrease of ¥24.8% year-on-year.

Meanwhile, ordinary expenses amounted to ¥842.0 billion, a decrease of 7.3% year-on-year. This resulted mainly from the total of benefits and other payments of ¥537.0 billion, a decrease of 1.2% year-on-year, provision for policy reserves of ¥31.2 billion, a decrease of 82.2% year-on-year, investment expenses of ¥150.4 billion, an increase of 194.4% year-on-year, and operating expenses of ¥94.5 billion, a decrease of 9.7% year-on-year.

As a result, ordinary profit amounted to ¥21.6 billion, a decrease of 18.8% year-on-year. Net income was ¥0.7 billion, a decrease of 86.0% year-on-year.

In addition, core operating profit was ¥34.7 billion, a decrease of 34.7% year-on-year. The main reason for this decrease is a decline in risk profit reflecting factors, such as an increase in provision for policy reserves related to minimum guarantees for foreign currency denominated insurance due to a decline in overseas interest rates, in addition to the impact of premium rate revisions.

#### (2) Financial position

Total assets as of March 31, 2020, stood at ¥7,495.6 billion, a decrease of 0.1% from the previous fiscal year-end. The assets were mainly composed of investments in securities of ¥5,603.5 billion, a decrease of 2.6% from the

previous fiscal year-end, loans of ¥1,003.4 billion, a decrease of 2.9% from the previous fiscal year-end, and real estate of ¥228.2 billion, a decrease of 2.7% from the previous fiscal year-end.

Total liabilities were ¥6,987.1 billion, an increase of 0.4% from the previous fiscal year-end. Policy reserves and other reserves, which accounts for most of the liabilities, amounted to ¥6,377.0 billion, an increase of 0.4% from the previous fiscal year-end.

Total net assets were ¥508.4 billion, a decrease of 7.2% from the previous fiscal year-end. Of the components of total net assets, net unrealized gains on available-for-sale securities were ¥184.2 billion, a decrease of 17.4% from the previous fiscal year-end.

The solvency margin ratio, which indicates the surplus capacity available to make payments of claims and benefits, increased 45.6 percentage points from the previous fiscal year-end to 1,177.8%.

#### (3) Policy sales

The amount of new policies for both individual insurance and individual annuities decreased ¥327.1 billion from the previous fiscal year to ¥806.2 billion, a decrease of 28.9% year-on-year. The amount of policies in force for both individual insurance and individual annuities decreased ¥917.4 billion from the previous fiscal year-end to ¥18,675.2 billion, a decrease of 4.7% from the previous fiscal year-end.

Annualized premiums for new policies for both individual insurance and individual annuities decreased ¥20.0 billion from the previous fiscal year to ¥33.2 billion, a decrease of 37.6% year-on-year. Annualized premiums for policies in force declined ¥8.0 billion from the previous fiscal year-end to ¥514.2 billion, a decrease of 1.6% from the previous fiscal year-end.

Annualized premiums for new policies in third-sector insurance, such as medical coverage and living benefits, increased ¥0.7 billion from the previous fiscal year to ¥11.3 billion, an increase of 7.4% year-on-year. Annualized premiums for policies in force in third-sector insurance rose ¥2.2 billion from the previous fiscal year-end to ¥140.1 billion, an increase of 1.6% from the previous fiscal year-end.

Amount of policies in force for group insurance decreased ¥479.7 billion from the previous fiscal year-end to ¥12,113.3 billion, a decrease of 3.8% from the previous fiscal year-end. Amount of policies in force for group annuities decreased ¥26.8 billion from the previous fiscal year-end to ¥782.7 billion, a decrease of 3.3% from the previous fiscal year-end.

## 1. Amount of policies in force

		Billions of Yen	
As of March 31		2020	2019
Individual insurance		¥16,514.3	¥17,396.8
Individual annuities		2,160.9	2,195.8
Individual insurance + Individual annuities		18,675.2	19,592.7
Group insurance		12,113.3	12,593.0
Group annuities		782.7	809.6

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 represents the amount of the policy reserves.

## 8. Segment Information, continued

### 2. Amount of new policies

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥703.4	¥ 984.9
Individual annuities	102.7	148.3
Individual insurance + Individual annuities	806.2	1,133.3
Group insurance	231.2	142.9
Group annuities	0.0	—

Notes: 1. For individual annuities for new policies and net increase by conversion, figures represent annuity resources at the start of annuity payments.  
2. Figures for group annuities for new policies represent the first-time premium.

### 3. Annualized premiums for policies in force

	Billions of Yen	
As of March 31	2020	2019
Individual insurance	¥396.0	¥401.3
Individual annuities	118.2	121.0
<b>Total</b>	<b>514.2</b>	<b>522.3</b>
Medical coverage, living benefits, and others	140.1	137.9

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period.)  
2. The amount of medical coverage, living benefits, and others represents annualized premiums 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, but including specified illness and nursing care benefits).

### 4. Annualized premiums for new policies

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥29.0	¥46.8
Individual annuities	4.2	6.3
<b>Total</b>	<b>33.2</b>	<b>53.2</b>
Medical coverage, living benefits, and others	11.3	10.5

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period.)  
2. The amount of medical coverage, living benefits, and others represents annualized premiums 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 but including specified illness and nursing care benefits).  
3. In annualized premiums for new policies, annualized premiums related to net increases due to conversions are recorded for converted policies.

### 5. Revenues from insurance and reinsurance

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥395.5	¥613.4
Individual annuities	54.1	51.2
Group insurance	32.2	36.3
Group annuities	51.8	52.8
Others	11.2	12.3
<b>Subtotal</b>	<b>545.0</b>	<b>766.1</b>
Reinsurance revenue	122.6	1.6
<b>Total</b>	<b>667.7</b>	<b>767.7</b>

Note: Others represents the total of workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

## 8. Segment Information, continued

### 6. Benefits and other payments

	Billions of Yen						
	Death and other claims	Annuity payments	Health and other benefits	Surrender benefits	Other refunds	Reinsurance premiums	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>						
Individual insurance	¥123.6	¥ —	¥ 46.9	¥ 90.9	¥1.7	¥63.0	¥326.2
Individual annuities	0.0	82.4	9.6	9.2	0.3	—	101.6
Group insurance	15.6	0.4	0.0	0.0	0.0	1.0	17.2
Group annuities	—	18.4	33.7	6.4	21.3	—	80.0
Others	0.2	1.1	0.5	4.0	0.0	—	5.9
<b>Subtotal</b>	<b>139.5</b>	<b>102.4</b>	<b>90.8</b>	<b>110.7</b>	<b>23.5</b>	<b>64.0</b>	<b>531.1</b>
Reinsurance	5.7	—	0.0	—	0.0	—	5.8
<b>Total</b>	<b>¥145.3</b>	<b>¥102.4</b>	<b>¥ 90.9</b>	<b>¥110.7</b>	<b>¥23.5</b>	<b>¥64.0</b>	<b>¥537.0</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>						
Individual insurance	¥140.8	¥ —	¥ 45.0	¥120.9	¥1.6	¥ 1.0	¥309.5
Individual annuities	0.0	80.8	33.1	10.7	0.5	—	125.3
Group insurance	15.6	0.4	0.0	0.0	—	1.3	17.5
Group annuities	—	19.7	32.9	3.2	22.0	—	77.9
Others	0.2	1.2	0.5	4.6	0.0	—	6.5
<b>Subtotal</b>	<b>156.7</b>	<b>102.3</b>	<b>111.7</b>	<b>139.5</b>	<b>24.2</b>	<b>2.3</b>	<b>536.9</b>
Reinsurance	6.3	—	0.0	—	—	—	6.4
<b>Total</b>	<b>¥163.1</b>	<b>¥102.3</b>	<b>¥111.7</b>	<b>¥139.5</b>	<b>¥24.2</b>	<b>¥ 2.3</b>	<b>¥543.3</b>

Note: Others represents the total of workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance.

#### Domestic life insurance business

##### (Nippon Wealth Life Insurance Company Limited)

#### (1) Business performance

In the fiscal year ended March 31, 2020, ordinary income amounted to ¥442.3 billion, an increase of 8.6% year-on-year. This resulted mainly from the total of revenues from insurance and reinsurance of ¥309.0 billion, and investment income of ¥122.2 billion.

Meanwhile, ordinary expenses amounted to ¥486.6 billion, an increase of 28.6% year-on-year. This resulted mainly from the total of benefits and other payments of ¥228.6 billion, provision for policy reserves of ¥123.6 billion, investment expenses of ¥104.1 billion, and operating expenses of ¥22.1 billion.

As a result, the ordinary loss amounted to ¥44.2 billion (ordinary profit of ¥29.0 billion in the previous fiscal year). Net loss was ¥35.2 billion (net income of ¥19.5 billion in the previous fiscal year).

In addition, core operating profit declined slightly to ¥30.3 billion, a decrease of 1.6% year-on-year. The main reason for this slight decline is a decrease in investment income.

#### (2) Financial position

Total assets as of March 31, 2020, stood at ¥3,075.3 billion, an increase of 7.5% from the previous fiscal year-end. The assets were mainly composed of investments in securities of ¥2,654.3 billion.

Total liabilities were ¥2,973.9 billion, an increase of 9.6% from the previous fiscal year-end. Of these liabilities, policy reserves and other reserves amounted to ¥2,636.5 billion, an increase of 4.9% from the previous fiscal year-end.

Total net assets were ¥101.4 billion, a decrease of 30.9% from the previous fiscal year-end.

The solvency margin ratio, which indicates the surplus capacity available to make payments of claims and benefits, decreased 301.3 percentage points from the previous fiscal year-end to 687.1%.

#### (3) Policy sales

The amount of new policies for both individual insurance and individual annuities decreased ¥109.7 billion from the previous fiscal year to ¥273.3 billion, a decrease of 28.7% year-on-year. The amount of policies in force for both individual insurance and individual annuities decreased ¥70.7 billion from the previous fiscal year-end to ¥3,116.2 billion, a decrease of 2.2% from the previous fiscal year-end.

Annualized premiums for new policies for both individual insurance and individual annuities decreased ¥29.7 billion from the previous fiscal year to ¥119.7 billion, a decrease of 19.9% year-on-year. Annualized premiums for policies in force declined ¥19.7 billion from the previous fiscal year-end to ¥244.5 billion, a decrease of 7.5% from the previous fiscal year-end.

## 8. Segment Information, continued

### 1. Amount of policies in force

	Billions of Yen	
As of March 31	2020	2019
Individual insurance	¥1,415.6	¥1,565.8
Individual annuities	1,700.5	1,621.1
Individual insurance + Individual annuities	3,116.2	3,186.9
Group insurance	0.0	0.0
Group annuities	1.1	1.1

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 (however, insurance reserve funds in the case of individual variable annuities) and (b) policy reserves for policies after the start of annuity payments.  
2. The amount of group annuities represents the amount of the policy reserves.

### 2. Amount of new policies

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥ 76.7	¥150.9
Individual annuities	196.6	232.2
Individual insurance + Individual annuities	273.3	383.1
Group insurance	—	—
Group annuities	—	—

Note: Amounts for individual annuities for new policies and net increase by conversion represent annuity resources at the start of annuity payments (however, amounts represent the base allowance, which is equivalent to the single premium, in the case of individual variable annuities).

### 3. Annualized premiums for policies in force

	Billions of Yen	
As of March 31	2020	2019
Individual insurance	¥106.7	¥120.0
Individual annuities	137.8	144.2
<b>Total</b>	<b>244.5</b>	<b>264.3</b>
Medical coverage, living benefits, and others	21.6	23.0

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period.)  
2. The amount of medical coverage, living benefits, and others represents annualized premiums 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 but including specified illness and nursing care benefits).

### 4. Annualized premiums for new policies

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥ 5.4	¥ 12.0
Individual annuities	114.2	137.4
<b>Total</b>	<b>119.7</b>	<b>149.5</b>
Medical coverage, living benefits, and others	0.5	0.1

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period.)  
2. The amount of medical coverage, living benefits, and others represents annualized premiums 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 but including specified illness and nursing care benefits).  
3. In annualized premiums for new policies, annualized premiums related to net increases due to conversions are recorded for converted policies.

### 5. Revenues from insurance and reinsurance

	Billions of Yen	
Fiscal years ended March 31	2020	2019
Individual insurance	¥124.4	¥110.5
Individual annuities	183.1	181.3
Group insurance	—	—
Group annuities	0.0	0.0
Others	—	0.0
<b>Subtotal</b>	<b>307.6</b>	<b>291.9</b>
Reinsurance revenue	1.3	1.6
<b>Total</b>	<b>309.0</b>	<b>293.6</b>



## 8. Segment Information, continued

### 6. Benefits and other payments

	Billions of Yen						
	Death and other claims	Annuity payments	Health and other benefits	Surrender benefits	Other refunds	Reinsurance premiums	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>						
Individual insurance	¥28.7	¥ —	¥13.2	¥66.0	¥2.8	¥1.9	¥112.8
Individual annuities	0.0	83.8	25.3	6.3	0.1	—	115.6
Group insurance	—	0.0	—	—	—	—	0.0
Group annuities	—	0.0	0.0	—	0.0	—	0.0
Others	—	0.0	—	—	—	—	0.0
<b>Subtotal</b>	<b>28.7</b>	<b>83.8</b>	<b>38.7</b>	<b>72.3</b>	<b>2.9</b>	<b>1.9</b>	<b>228.6</b>
Reinsurance	—	—	—	—	—	—	—
<b>Total</b>	<b>¥28.7</b>	<b>¥83.8</b>	<b>¥38.7</b>	<b>¥72.3</b>	<b>¥2.9</b>	<b>¥1.9</b>	<b>¥228.6</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>						
Individual insurance	¥29.9	¥—	¥13.8	¥68.6	¥3.9	¥2.1	¥118.5
Individual annuities	0.0	78.1	28.1	6.7	0.0	—	113.1
Group insurance	—	0.0	—	—	—	—	0.0
Group annuities	—	0.0	0.1	—	0.0	—	0.1
Others	—	0.0	—	—	—	—	0.0
<b>Subtotal</b>	<b>29.9</b>	<b>78.1</b>	<b>42.1</b>	<b>75.4</b>	<b>3.9</b>	<b>2.1</b>	<b>231.7</b>
Reinsurance	—	—	—	—	—	—	—
<b>Total</b>	<b>¥29.9</b>	<b>¥78.1</b>	<b>¥42.1</b>	<b>¥75.4</b>	<b>¥3.9</b>	<b>¥2.1</b>	<b>¥231.7</b>

#### Overseas insurance business

##### (MLC Limited)

The business results of MLC Limited are presented below in Australian dollars, its local currency.

##### (1) Business performance

In the fiscal year ended March 31, 2020, ordinary income amounted to AU\$2,775 million, an increase of 10.9% year-on-year. This resulted from the total of revenues from insurance and reinsurance of AU\$2,310 million, a decrease of 1.4% year-on-year, investment income of AU\$456 million, an increase of 207.9% year-on-year, and other ordinary income of AU\$8 million, a decrease of 14.8% year-on-year.

Meanwhile, ordinary expenses amounted to AU\$2,872 million, an increase of 19.5% year-on-year. This resulted from the total of benefits and other payments of AU\$1,767 million, an increase of 6.1% year-on-year, provision for policy reserves of AU\$363 million, an increase of 2,667.3% year-on-year, investment expenses of AU\$5 million, an increase of 39.0% year-on-year, operating expenses of AU\$694 million, a decrease of 1.5% year-on-year, and other ordinary expenses of AU\$42 million, an increase of 173.3% year-on-year.

As a result, ordinary loss amounted to AU\$97 million (ordinary profit of AU\$98 million in the previous fiscal year). The net loss was AU\$113 million (net income of AU\$70 million in the previous fiscal year).

##### (2) Financial position

Total assets as of March 31, 2020, stood at AU\$6,438 million, an increase of 11.0% from the previous fiscal year-end. The assets were mainly composed of financial assets of AU\$4,770 million, an increase of 5.8% from the previous fiscal year-end, loans and other receivables of AU\$331 million, an increase of 13.7% from the previous fiscal year-end, and intangible fixed assets of AU\$253 million, an increase of 27.4% from the previous fiscal year-end.

Total liabilities were AU\$4,246 million, an increase of 12.6% from the previous fiscal year-end. Policy reserves and other reserves, which account for approximately half of liabilities, amounted to AU\$2,677 million, an increase of 11.2% from the previous fiscal year-end.

In addition, total net assets were AU\$2,192 million, an increase of 8.0% from the previous fiscal year-end.

## 9. Research and Development Activities

There were no applicable activities during the fiscal years ended March 31.

## 10. Selected Financial Data for Major Operations over the Past Five Fiscal Years

	Billions of Yen, %, People				
As of March 31	2020	2019	2018	2017	2016
Ordinary income	¥ 6,479.9	¥ 6,605.0	¥ 6,338.5	¥ 6,452.6	¥ 7,744.8
Revenues from insurance and reinsurance	4,526.1	4,775.1	4,488.4	4,647.3	6,080.9
Ordinary profit	351.2	383.5	410.4	458.4	537.5
Core operating profit	647.4	678.2	668.2	634.9	698.1
Net surplus	181.4	259.3	242.3	268.6	288.0
Dividend reserves as a percentage of surplus available for disposition* <sup>1</sup>	102.54%	99.96%	97.24%	91.43%	97.17%
Total assets	69,071.1	68,084.7	66,472.6	64,814.0	63,453.8
Separate account assets	1,202.4	1,257.9	1,294.1	1,315.7	1,377.9
Total net assets	5,797.6	6,581.9	6,563.2	6,203.2	6,293.0
Investments in securities	57,108.8	56,383.7	54,703.5	53,025.0	51,297.3
Loan balances	7,411.8	7,438.7	7,468.3	7,749.5	8,121.4
Policy reserves	56,220.2	55,088.6	53,741.0	52,650.2	51,435.9
Equity* <sup>2</sup>	6,688.9	6,241.7	5,819.0	5,295.1	4,815.4
Foundation funds ( <i>kikin</i> ) and reserves	5,143.6	4,992.8	4,790.2	4,454.2	4,164.6
Total foundation funds ( <i>kikin</i> )* <sup>3</sup>	1,400.0	1,350.0	1,350.0	1,300.0	1,300.0
Solvency margin ratio	979.2%	933.3%	917.9%	896.0%	903.7%
Amount of policies in force* <sup>4</sup>	255,208.7	256,372.1	257,240.6	260,794.0	260,217.0
Individual insurance	132,506.5	135,332.6	138,147.7	143,237.0	145,116.3
Individual annuities	24,812.8	23,937.2	23,580.9	23,230.6	21,810.7
Group insurance	97,889.4	97,102.2	95,511.9	94,326.3	93,289.9
Amount of policies in force for group annuities* <sup>5</sup>	13,387.1	13,177.0	12,854.1	12,625.4	12,375.7
Number of customers (insured person and others)* <sup>6</sup>	12,221,468	12,075,399	12,007,849	11,975,902	11,812,516
Number of company members* <sup>7</sup>	9,706,575	9,652,044	9,613,509	9,577,459	9,431,929
Number of employees	74,557	73,260	71,871	70,651	70,519
Negative spread* <sup>8</sup>	—	—	—	—	—

\*<sup>1</sup> Dividend reserves as a percentage of surplus available for disposition refer to the percentage of the amount calculated according to Article 30-4 of the Ordinance for Enforcement of the Insurance Business Act and include the total of provisions for reserve for dividends to policyholders and the equalized reserve for dividends to policyholders. The percentage, according to Article 30-6 of the same regulation is 20% or more. For the calculation of this percentage, the denominator is defined as the unappropriated surplus less surplus carried forward from the previous fiscal year and certain other items.

\*<sup>2</sup> Equity is defined as the sum of foundation funds (*kikin*), reserves, and subordinated debts.

\*<sup>3</sup> Total foundation funds (*kikin*) include the reserve for redemption of foundation funds.

\*<sup>4</sup> The amount of policies in force comprises the total of individual insurance, individual annuities, and group insurance policies in force. Individual annuities comprise the total amount of annuity resource at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.

\*<sup>5</sup> The amount of policies in force for group annuities is the amount of policy reserves.

\*<sup>6</sup> The number of customers (number of insured persons and others) is mainly the number of insured persons enrolled in individual insurance and individual annuities, plus customers who have deferred maturity benefits and other payments or enrolled in policies offered by Aioi Nissay Dowa Insurance Co., Ltd. through the Company. The criteria for including the number of customers enrolled solely in non-life insurance in the number of customers (number of insured persons and others) were revised when this number was derived as of March 31, 2020. Revised figures as of March 31, 2016 through 2019, are also shown above.

\*<sup>7</sup> Company members of a mutual company refers to policyholders (participating insurance policyholders).

\*<sup>8</sup> There was no negative spread for the fiscal years ended March 31, 2016 through 2020.

## 11. Status of Nonperforming Assets According to Borrower's Classification

	Millions of Yen, %		
As of March 31	2020	2019	2018
Bankrupt and quasi-bankrupt loans	¥ 10,523	¥ 10,066	¥ 10,179
Doubtful loans	17,067	19,678	17,337
Substandard loans	1,563	1,930	2,188
<b>Subtotal</b>	<b>29,155</b>	<b>31,675</b>	<b>29,705</b>
<b>[Ratio to total]</b>	<b>[0.27%]</b>	<b>[0.29%]</b>	<b>[0.29%]</b>
Normal loans	10,945,411	10,830,912	10,297,839
<b>Total</b>	<b>¥10,974,566</b>	<b>¥10,862,587</b>	<b>¥10,327,545</b>

Notes: 1. Bankrupt and quasi-bankrupt loans are nonperforming assets and similar loans that have fallen into bankruptcy due to 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 cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.

3. Substandard loans include loans that are delinquent for over three months and restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for more than three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). 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 the borrower (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).

4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.

5. Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act in Japan. The table includes loans, securities lending, accrued interest, suspense payments, customer's liability for acceptances and guarantees, and guaranteed private offering loans of financial institutions.

6. 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 were ¥2,106 million, ¥2,019 million, and ¥102 million as of March 31, 2020, 2019, and 2018, respectively.

## 12. Status of Risk-monitored Loans

	Millions of Yen, %		
As of March 31	2020	2019	2018
Loans to bankrupt borrowers	¥ 1,532	¥ 1,289	¥ 1,501
Delinquent loans	26,057	28,454	26,014
Loans that are delinquent for over three months	—	—	—
Restructured loans	1,563	1,930	2,188
<b>Total</b>	<b>¥29,154</b>	<b>¥31,673</b>	<b>¥29,704</b>
<b>[Ratio to total loans]</b>	<b>[0.39%]</b>	<b>[0.43%]</b>	<b>[0.40%]</b>

Notes: 1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectible amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount. The amounts of loans to bankrupt borrowers were ¥2,027 million, ¥1,935 million, and ¥13 million as of March 31, 2020, 2019, and 2018, respectively. The amounts of delinquent loans were ¥78 million, ¥84 million, and ¥88 million as of March 31, 2020, 2019, and 2018, respectively.

2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued, including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Companies Act; (b) loans to borrowers that have notes suspended from being traded; or (c) loans to borrowers that have filed for legal proceedings similar to the above proceedings based on overseas laws.

3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.

5. 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 (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from the above).

6. Based on the results of asset self-assessment, accrued interest on loans is not recorded as income for borrowers that are bankrupt, quasi-bankrupt, or doubtful.

## 13. Status of Loans in Trust from Contract for Replacement of Loss

There were no ending balances as of March 31.

## 14. Ability to Pay Benefits (Solvency Margin Ratio)

		Millions of Yen		
As of March 31		2020	2019	2018
Solvency margin gross amount	(A)	¥13,865,444	¥14,177,668	¥13,584,981
Foundation funds ( <i>kikin</i> ) and other reserve funds:		5,143,643	4,992,846	4,790,201
Foundation funds and others	1	1,569,008	1,573,004	1,582,107
Reserve for price fluctuations in investments in securities	2	1,448,014	1,381,653	1,282,194
Contingency reserve	3	1,878,267	1,777,111	1,663,360
General allowance for doubtful accounts	4	1,035	794	1,197
Others	10	247,318	260,282	261,341
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5	5,025,159	5,995,119	5,996,439
Net unrealized gains on real estate × 85%	6	479,243	358,288	259,736
Excess of continued Zillmerized reserve	7	1,697,908	1,566,354	1,476,998
Qualifying subordinated debt	8	1,545,320	1,248,889	1,028,889
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deductions	9	(55,023)	(13,021)	(344)
Others	10	29,191	29,191	33,061
Total amount of risk $\sqrt{(R_1+R_8)^2 + (R_2+R_3+R_7)^2} + R_4$	(B)	2,831,718	3,038,049	2,959,907
Underwriting risk	R <sub>1</sub>	115,290	117,577	119,879
Underwriting risk of third-sector insurance	R <sub>8</sub>	85,115	81,303	79,238
Anticipated yield risk	R <sub>2</sub>	348,663	364,647	371,230
Minimum guarantee risk	R <sub>7</sub>	5,620	5,576	5,564
Investment risk	R <sub>3</sub>	2,410,869	2,597,831	2,514,457
Business management risk	R <sub>4</sub>	59,311	63,338	61,807
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>979.2%</b>	<b>933.3%</b>	<b>917.9%</b>

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 in Japan.

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

- Foundation Funds and Other Reserve Funds  
The amount after excluding estimated distributed income from surplus (i.e., interest on foundation funds and provision for reserve for dividends to policyholders), valuations, and conversions from total net assets in the balance sheets
- Reserve for Price Fluctuations in Investments in Securities  
The amount of the reserve for price fluctuations in investments in securities in the balance sheets
- Contingency Reserve  
The amount of the contingency reserve, which is a part of policy reserves in the balance sheets
- General Allowance for Doubtful Accounts  
The amount of the general allowance for doubtful accounts, listed as allowance for doubtful accounts on the balance sheets
- Net Unrealized Gains on Available-for-sale Securities (Before Tax) and Deferred Losses on Derivatives Under Hedge Accounting (Before Tax)  
The amount calculated by multiplying the total of net unrealized gains on available-for-sale securities and deferred losses on derivatives under hedge accounting (portion related to available-for-sale securities) in the balance sheets before application of tax effect accounting by 90% when the total amount is positive, or by 100% when it is negative
- Net Unrealized Gains on Real Estate  
The amount multiplied by 85% if the difference between the total fair value of real estate and the total book value is positive, and that multiplied by 100% if the difference is negative. The difference between the fair value and the book value of real estate includes land revaluation losses in the balance sheets and the total deferred tax liabilities for land revaluation in the balance sheets.
- Excess of Continued Zillmerized Reserve  
The amount that exceeds either the continued Zillmerized reserve or the amount of surrender benefits out of policy reserves (excluding the contingency reserve) in the balance sheets, whichever is greater
- Qualifying Subordinated Debt  
The amount needed to satisfy the necessary conditions into the amount of financing by issuance of subordinated debt or by borrowing or subordinated debt
- Deductions  
Deductions to improve the ability to pay, for example, the insurance claims of other insurance companies and to raise the capital adequacy ratio of subsidiaries (when banks are made into subsidiaries) when the shares and other means of capital procurement of the other insurance companies or subsidiaries are held intentionally by enabling the deduction of the amount of those means of capital procurement from the solvency margin ratio.
- Others  
The balance of unamortized ceding commission of reinsurance contracts is also deducted when it meets certain conditions.
- Others  
The total amount of a part of dividend reserves in the balance sheets and tax amounts corresponding to contingency funds under net assets
- Underwriting Risk  
The amount for dealing with underwriting risk (risk of actual insurable incidents occurring at a higher frequency than generally expected that applies to third-sector insurance)
- Underwriting Risk of Third-Sector Insurance  
The amount for dealing with underwriting risk of third-sector insurance (risk of actual insurable incidents occurring at a higher frequency than generally expected that applies to third-sector insurance)
- Anticipated Yield Risk  
The amount for dealing with anticipated yield risk (risk of not being able to secure anticipated yield that serves as the basis for calculating policy reserves)
- Minimum Guarantee Risk  
The amount for dealing with minimum guarantee risk (in insurance policies in the separate accounts, those policies that guarantee a minimum amount of insurance benefits, the risk that said insurance policies and the value of assets belonging to the separate accounts when paying said insurance benefits will fall below the amount of minimum guaranteed insurance benefits, and the risk arising from greater-than-expected price fluctuations for assets belonging to said special accounts)
- Investment Risk  
The amount for dealing with investment risk (in risks related to investments, those risks arising from reasons other than more than generally expected price fluctuations of held securities and other assets)
- Business Management Risk  
The amount for dealing with business management risk (regarding risks arising at a greater-than-expected frequency, those risks that do not fall under the category of underwriting risk, underwriting risk of third-sector insurance, anticipated yield risk, minimum guarantee risk, and investment risk are included in this category)

## Status of Foundation Funds (Kikin) and Subordinated Debts

### Foundation Funds (Kikin) Status

The Company solicits foundation funds in order to enhance its ability to respond to risks. As a result of reoffering funds 14 times since revisions were made to the Insurance Business Act in 1996 in Japan, its total foundation funds, including funds and the reserve for redemption of foundation funds, reached ¥1,400 billion as of March 31, 2020.

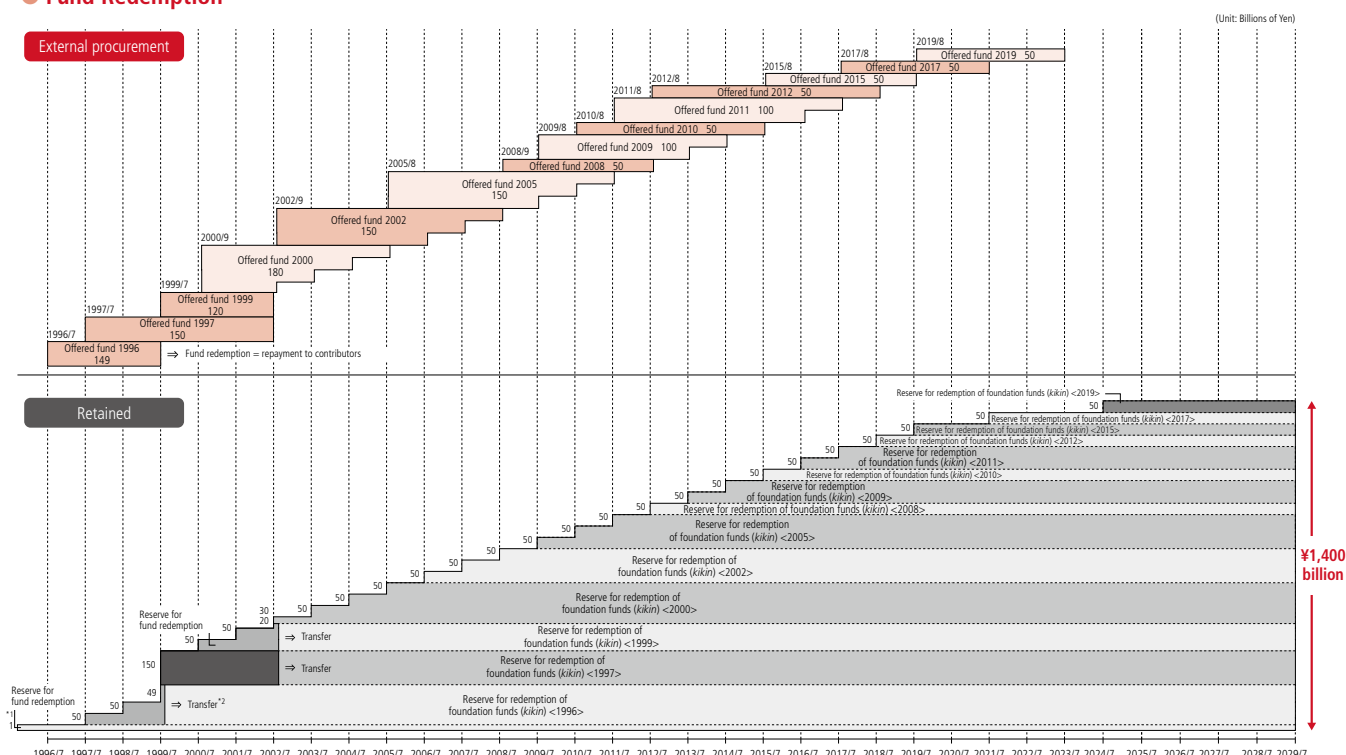
#### ● Fund Contributors (as of March 31, 2020)

Amount of Fund Contributions	¥100 billion	Number of Fund Contributors	2
Names of Fund Contributors		Fund Contributions to the Company	
		Amount (Billions of Yen)	Fund contribution (Percentage)
Nippon Life 2017 Fund Special Purpose Company		¥50	50.00%
Nissay 2019 Fund Securitization Company Limited		50	50.00

Notes: 1. Nippon Life 2017 Fund Special Purpose Company and Nissay 2019 Fund Securitization Company Limited issue corporate bonds, including special corporate bonds, backed by claims on the funds. Issuance proceeds are used to purchase claims on the funds. The Company does not obtain shares of common stock of Nippon Life 2017 Fund Special Purpose Company and Nissay 2019 Fund Securitization Company Limited.

2. Fund contributors are the two entities above.

#### ● Fund Redemption



\*1 As stipulated by the Insurance Business Act in Japan, the minimum fund amount is ¥1 billion.

\*2 In accordance with Article 56 of the Insurance Business Act in Japan, when redeeming the fund, an amount equivalent to the redemption amount must be accumulated as a reserve for redemption of foundation funds. Reserve for fund redemption is a voluntary reserve and it is transferred to reserve for redemption of foundation funds (kikin) when the foundation funds (kikin) are redeemed.

\*3 The redemption of ¥150 billion of reserve for fund redemption expected to occur between the fiscal year ended March 31, 2000, and the fiscal year ended March 31, 2002, was completed earlier than expected.

### Subordinated Debts Status

#### ● Financing through Subordinated Debts (as of July 1, 2020)

Timing of financing	Financing method	Amount of funds raised	Maturity
October 2012	U.S. dollar-denominated subordinated corporate bonds with interest deferral options	U.S.\$2.0 billion	October 2042 <sup>*1</sup>
October 2014	U.S. dollar-denominated subordinated corporate bonds with interest deferral options	U.S.\$2.25 billion	October 2044 <sup>*2</sup>
April 2015	JPY-denominated subordinated corporate bonds with interest deferral options	¥75.0 billion	April 2045 <sup>*2</sup>
January 2016	U.S. dollar-denominated subordinated corporate bonds with interest deferral options	U.S.\$1.5 billion	January 2046 <sup>*2</sup>
April 2016	JPY-denominated subordinated corporate bonds with interest deferral options	¥70.0 billion	April 2046 <sup>*2</sup>
		¥30.0 billion	April 2051 <sup>*3</sup>
November 2016	JPY-denominated subordinated corporate bonds with interest deferral options	¥75.0 billion	November 2046 <sup>*2</sup>
		¥15.0 billion	November 2051 <sup>*3</sup>
April 2017	JPY-denominated subordinated corporate bonds with interest deferral options	¥100.0 billion	April 2047 <sup>*2</sup>
September 2017	U.S. dollar-denominated subordinated corporate bonds with interest deferral options	U.S.\$0.8 billion	September 2047 <sup>*2</sup>
April 2018	JPY-denominated subordinated loans payable with interest deferral options	¥100.0 billion	April 2048 <sup>*2</sup>
September 2018	JPY-denominated subordinated loans payable with interest deferral options	¥120.0 billion	September 2048 <sup>*2</sup>
April 2019	JPY-denominated subordinated loans payable with interest deferral options	¥90.0 billion	April 2049 <sup>*2</sup>
November 2019	JPY-denominated subordinated loans payable with interest deferral options	¥80.0 billion	November 2049 <sup>*2</sup>
January 2020	U.S. dollar-denominated subordinated corporate bonds with interest deferral options	U.S.\$1.15 billion	January 2050 <sup>*2</sup>

\*1 The debts are callable on each interest payment date after 10 years have passed from the date of financing until the debts are fully redeemed at the discretion of the Company subject to prior approval or the like by the regulatory authorities.

\*2 The debts are callable or can be repaid early on the day on which 10 years have passed since each date of financing (for loans payable, three business days before the date on which 10 years have passed since the date of financing) and on every date that falls five, or a multiple of five, years thereafter until the debts are fully redeemed or repaid at the discretion of the Company subject to prior approval or the like by the regulatory authorities.

\*3 The debts are callable on the day on which 15 years have passed since each date of financing and on every date that falls five, or a multiple of five, years thereafter until the debts are fully redeemed at the discretion of the Company subject to prior approval or the like by the regulatory authorities.

## 15. Data on Fair Value of Securities (Company Total)

Note: Please refer to the following pages: Fair Value of Securities (General Account), p. 174; Fair Value of Securities (Separate Account for Individual Variable Insurance), p. 184; and Fair Value of Securities (Separate Account for Individual Variable Annuities), p. 188.

### (1) Valuation gains (losses) from trading securities

Millions of Yen						
As of March 31	2020		2019		2018	
	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss
Trading securities	¥714,280	¥(24,044)	¥880,417	¥(21,555)	¥968,290	¥(5,810)

Notes: 1. Balance sheet amounts of assets held in trust included in trading securities and valuation gains (losses) recorded in profit or loss include net gains (losses) on derivative transactions.  
2. Figures above do not include cash, deposits, and call loans within assets held in trust that are included in trading securities.

### (2) Data on fair value of securities (securities with fair value other than trading securities)

Millions of Yen										
As of March 31	2020					2019				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Policy-reserve-matching bonds	¥21,770,340	¥25,513,284	¥3,742,944	¥3,765,715	¥ (22,771)	¥20,696,341	¥24,773,828	¥ 4,077,487	¥ 4,077,785	¥ (297)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	134,202	190,424	56,222	56,320	(98)	64,047	136,869	72,821	72,821	—
Available-for-sale securities	27,557,260	33,341,622	5,784,361	6,411,076	(626,714)	26,961,602	33,708,588	6,746,985	7,036,812	(289,826)
Domestic bonds	3,000,836	3,193,036	192,200	200,704	(8,503)	2,895,398	3,130,771	235,373	236,432	(1,058)
Domestic stocks	4,142,159	7,320,211	3,178,051	3,474,933	(296,881)	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)
Foreign securities	17,082,748	19,286,892	2,204,144	2,511,450	(307,306)	16,648,246	18,723,632	2,075,386	2,153,391	(78,005)
Foreign bonds	12,122,365	14,068,872	1,946,506	2,094,361	(147,855)	12,390,599	13,774,375	1,383,776	1,435,020	(51,244)
Foreign stocks and other securities	4,960,382	5,218,020	257,637	417,088	(159,451)	4,257,647	4,949,257	691,609	718,371	(26,761)
Other securities	3,122,331	3,332,001	209,670	223,105	(13,435)	2,827,028	3,085,453	258,424	260,654	(2,229)
Monetary receivables purchased	46,284	46,580	296	882	(586)	43,403	43,458	55	122	(67)
Negotiable certificates of deposit	162,900	162,898	(1)	0	(1)	279,300	279,297	(2)	0	(2)
<b>Total</b>	<b>¥49,461,803</b>	<b>¥59,045,331</b>	<b>¥9,583,528</b>	<b>¥10,233,112</b>	<b>¥(649,584)</b>	<b>¥47,721,991</b>	<b>¥58,619,286</b>	<b>¥10,897,295</b>	<b>¥11,187,419</b>	<b>¥(290,124)</b>
Domestic bonds	¥24,465,961	¥28,385,943	¥3,919,981	¥3,946,791	¥ (26,810)	¥23,292,191	¥27,591,231	¥ 4,299,040	¥ 4,300,101	¥ (1,060)
Domestic stocks	4,142,159	7,320,211	3,178,051	3,474,933	(296,881)	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)
Foreign securities	17,348,748	19,615,336	2,266,587	2,578,407	(311,819)	16,810,327	18,961,840	2,151,512	2,229,745	(78,233)
Foreign bonds	12,255,093	14,207,949	1,952,856	2,105,125	(152,269)	12,489,562	13,876,721	1,387,159	1,438,630	(51,471)
Foreign stocks and other securities	5,093,654	5,407,386	313,731	473,281	(159,549)	4,320,765	5,085,118	764,353	791,114	(26,761)
Other securities	3,123,261	3,333,060	209,798	223,233	(13,435)	2,827,958	3,086,461	258,502	260,732	(2,229)
Monetary receivables purchased	218,771	227,881	9,109	9,746	(636)	243,988	254,481	10,492	10,628	(136)
Negotiable certificates of deposit	162,900	162,898	(1)	0	(1)	279,300	279,297	(2)	0	(2)

As of March 31	2018				
	Book value	Fair value	Net gains (losses)	Gains	Losses
Policy-reserve-matching bonds	¥19,528,339	¥23,229,660	¥ 3,701,321	¥ 3,707,267	¥ (5,945)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	64,047	169,587	105,539	105,539	—
Available-for-sale securities	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)
Domestic bonds	2,945,882	3,140,677	194,794	200,475	(5,681)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)
Foreign bonds	13,469,239	14,386,352	917,112	1,175,697	(258,584)
Foreign stocks and other securities	3,130,918	3,773,063	642,144	668,196	(26,051)
Other securities	2,368,101	2,555,336	187,234	197,318	(10,083)
Monetary receivables purchased	39,033	38,859	(173)	30	(203)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)
<b>Total</b>	<b>¥46,039,155</b>	<b>¥56,586,493</b>	<b>¥10,547,338</b>	<b>¥10,942,673</b>	<b>¥(395,335)</b>
Domestic bonds	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)
Foreign bonds	13,517,526	14,435,445	917,919	1,177,431	(259,511)
Foreign stocks and other securities	3,194,035	3,941,689	747,653	773,704	(26,051)
Other securities	2,369,031	2,556,296	187,265	197,349	(10,083)
Monetary receivables purchased	278,408	290,037	11,628	11,865	(236)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)

Note: The table above includes negotiable certificates of deposit and other items that are deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.



## 15. Data on Fair Value of Securities (Company Total), continued

### (2) Data on fair value of securities (securities with fair value other than trading securities), continued

#### i) Policy-reserve-matching bonds

Millions of Yen									
As of March 31	2020			2019			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Bonds whose fair value exceeds balance sheet amount	¥20,212,815	¥23,984,725	¥3,771,909	¥20,684,924	¥24,764,742	¥4,079,817	¥19,312,546	¥23,020,075	¥3,707,529
Domestic bonds	19,923,010	23,669,097	3,746,087	20,395,884	24,459,552	4,063,668	19,038,485	22,732,183	3,693,698
Foreign securities	122,048	139,006	16,957	94,606	100,249	5,642	40,685	42,681	1,995
Monetary receivables purchased	167,756	176,621	8,864	194,434	204,940	10,506	233,375	245,210	11,835
Bonds whose fair value does not exceed balance sheet amount	1,546,919	1,528,559	(18,359)	9,159	9,086	(72)	214,685	209,585	(5,100)
Domestic bonds	1,542,115	1,523,808	(18,306)	908	906	(1)	202,192	197,207	(4,985)
Foreign securities	73	71	(2)	2,099	2,096	(2)	6,493	6,411	(82)
Monetary receivables purchased	4,731	4,680	(50)	6,151	6,082	(68)	6,000	5,966	(33)

#### ii) Held-to-maturity debt securities

There were no ending balances as of March 31, 2020, 2019, and 2018.

#### iii) Available-for-sale securities

Millions of Yen									
As of March 31	2020			2019			2018		
	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference	Book value	Balance sheet amount	Difference
Bonds whose balance sheet amount exceeds book value	¥20,007,920	¥26,418,996	¥6,411,076	¥22,979,588	¥30,016,401	¥7,036,812	¥17,793,196	¥24,923,063	¥7,129,867
Domestic bonds	2,542,492	2,743,196	200,704	2,865,902	3,102,335	236,432	2,707,745	2,908,221	200,475
Domestic stocks	2,996,001	6,470,935	3,474,933	3,322,876	7,709,087	4,386,210	3,518,805	8,406,953	4,888,147
Foreign securities	11,733,841	14,245,292	2,511,450	13,978,619	16,132,011	2,153,391	9,373,675	11,217,569	1,843,893
Other securities	2,615,637	2,838,742	223,105	2,638,653	2,899,307	260,654	1,883,085	2,080,403	197,318
Monetary receivables purchased	11,046	11,929	882	6,236	6,359	122	2,383	2,413	30
Negotiable certificates of deposit	108,900	108,900	0	167,300	167,300	0	307,500	307,500	0
Bonds whose balance sheet amount does not exceed book value	7,549,340	6,922,626	(626,714)	3,982,014	3,692,187	(289,826)	8,653,571	8,264,182	(389,389)
Domestic bonds	458,344	449,840	(8,503)	29,495	28,436	(1,058)	238,136	232,455	(5,681)
Domestic stocks	1,146,157	849,276	(296,881)	945,349	736,886	(208,462)	647,287	558,503	(88,783)
Foreign securities	5,348,906	5,041,600	(307,306)	2,669,627	2,591,621	(78,005)	7,226,482	6,941,846	(284,635)
Other securities	506,694	493,259	(13,435)	188,375	186,145	(2,229)	485,015	474,932	(10,083)
Monetary receivables purchased	35,237	34,651	(586)	37,166	37,099	(67)	36,649	36,445	(203)
Negotiable certificates of deposit	54,000	53,998	(1)	112,000	111,997	(2)	20,000	19,999	(0)

#### • Book value of securities whose fair value is extremely difficult to be determined

Millions of Yen			
As of March 31	2020	2019	2018
Policy-reserve-matching bonds	¥ —	¥ —	¥ —
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Investments in subsidiaries and affiliates	1,018,274	1,025,134	895,401
Available-for-sale securities	558,357	539,876	669,505
Unlisted domestic stocks (excluding stocks sold over the counter)	60,000	53,290	54,910
Unlisted foreign stocks (excluding stocks sold over the counter)	218	120,000	317,000
Unlisted foreign bonds	86	—	—
Others	498,051	366,586	297,594
<b>Total</b>	<b>¥1,576,632</b>	<b>¥1,565,011</b>	<b>¥1,564,906</b>

Note: Foreign exchange gain (loss) on the securities above that are denominated in foreign currencies was ¥(37,696) million, ¥3,619 million, and ¥7,573 million as of March 31, 2020, 2019, and 2018, respectively.

## 15. Data on Fair Value of Securities (Company Total), continued

### Policy-reserve-matching bonds

The Company has established the following target portfolios that correspond to specific types of insurance products:

- Regarding single premium products (single premium endowment, single premium annuities, and single premium whole life insurance) and guaranteed fixed-term rate group annuities, the Company has established an Asset/Liability Management (ALM) portfolio that aims to avoid interest fluctuation risk by predicting future cash flows from debts.
- In terms of other types of insurance, the Company has established an ALM portfolio that has a goal of expanding long-term future revenue by evaluating debt characteristics and by operating within a specific range of risk allowance.

Given the characteristics of these insurance products and the type of investment, the Company has specified and subcategorized the following insurance policies based on "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Japan Institute of Certified Public Accountants Industry Audit Committee Release No. 21):

- All insurance policies for other than single premium products and group annuities
- All insurance policies for single premium products (denominated in yen) other than variable assumed rate-type insurance
- All insurance policies for group annuities other than guaranteed fixed-term rate products
- All single premium products (denominated in U.S. dollars) other than the foregoing
- All single premium products (denominated in Australian dollars) other than the foregoing
- All single premium products (denominated in euros) other than the foregoing

Concerning bonds held for the purpose of controlling the respective duration (level of market price fluctuations against fluctuations in interest rates) of bonds that fit into these subcategories, the Risk Management Committee regularly assesses that the policy reserves and the duration are generally consistent. Based on such assessment, the Company classifies most Japanese yen-based debt securities as policy-reserve-matching bonds.

## 16. Data on Fair Value of Assets Held in Trust (Company Total)

Millions of Yen			
As of March 31	2020	2019	2018
Assets held in trust			
Balance sheet amount	¥33,779	¥13,157	¥10,421
Fair value	33,779	13,157	10,421
Net gains (losses)	—	—	—
Gains	—	—	—
Losses	—	—	—

Notes: 1. Fair value is based on a reasonably calculated price by the trustee of assets held in trust.

2. Balance sheet amount includes net gains (losses) on derivative transactions within assets held in trust.

### Assets held in trust for trading purposes

Millions of Yen						
As of March 31	2020		2019		2018	
	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss
Assets held in trust for trading purposes	¥33,779	¥27,919	¥13,157	¥(1,565)	¥10,421	¥(3,267)

Note: Balance sheet amount and valuation gains (losses) recorded in profit or loss include net gains (losses) on derivative transactions.

### Assets held in trust classified as held to maturity, held for reserves, and others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 17. Fair Value of Derivative Transactions (Company Total)

Note: Please refer to the following pages: Qualitative Information on Derivative Transactions (General Account), p. 176; Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance), p. 185; and Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities), p. 188.

### (1) Breakdown of net gains (losses) (with and without hedge accounting applied)

						Millions of Yen
	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>As of March 31</b>	<b>2020</b>					
Hedge accounting applied	¥103,876	¥(167,735)	¥11,972	¥ —	¥—	¥(51,886)
Hedge accounting not applied	14,238	(29,439)	10,906	136	—	(4,158)
<b>Total</b>	<b>¥118,114</b>	<b>¥(197,175)</b>	<b>¥22,879</b>	<b>¥ 136</b>	<b>¥—</b>	<b>¥(56,045)</b>
<b>As of March 31</b>	<b>2019</b>					
Hedge accounting applied	¥ 48,475	¥ (94,440)	¥ —	¥ —	¥—	¥(45,965)
Hedge accounting not applied	18,897	(1,431)	(654)	2,585	—	19,395
<b>Total</b>	<b>¥ 67,372</b>	<b>¥ (95,872)</b>	<b>¥ (654)</b>	<b>¥2,585</b>	<b>¥—</b>	<b>¥(26,569)</b>
<b>As of March 31</b>	<b>2018</b>					
Hedge accounting applied	¥ 2,474	¥ 87,865	¥ 2,898	¥ —	¥—	¥ 93,238
Hedge accounting not applied	33	2,705	(5,978)	1,147	—	(2,090)
<b>Total</b>	<b>¥ 2,508</b>	<b>¥ 90,570</b>	<b>¥ (3,079)</b>	<b>¥1,147</b>	<b>¥—</b>	<b>¥ 91,147</b>

Note: Net gains (losses) from fair value hedges included in net gains (losses) on derivative transactions to which hedge accounting is applied (for the year ended March 31, 2020, gain in currencies of ¥30,532 million and gain in equities of ¥11,972 million; for the year ended March 31, 2019, loss in currencies of ¥2,734 million; for the year ended March 31, 2018, gain in currencies of ¥172,285 million and gain in equities of ¥2,898 million) and net gains (losses) on those to which hedge accounting is not applied are recorded in the statements of income.

### (2) Items to which hedge accounting is not applied

#### • Interest rate-related

As of March 31		2020				2019				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Over-the-counter	Interest rate swaps									
	Receive fixed interest rate/ pay variable interest rate	¥ —	¥ —	¥ —	¥ —	¥200,000	¥200,000	¥ 5,533	¥ 5,533	
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
	Interest rate swaptions									
	Sold									
	Receive fixed interest rate/ pay variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
	Purchased									
	Receive fixed interest rate/ pay variable interest rate	952,500 [36,518]	952,500 [36,518]	50,756	14,238	500,000 [18,650]	500,000 [18,650]	32,013	13,363	
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—	— [—]	— [—]	—	—	
	Total				¥14,238				¥18,897	

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Interest rate-related, continued

As of March 31		2018		Millions of Yen	
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Over-the-counter	Interest rate swaps				
	Receive fixed interest rate/ pay variable interest rate	¥3,000	¥3,000	¥32	¥32
	Pay fixed interest rate/ receive variable interest rate	1,000	1,000	1	1
	Interest rate swaptions				
	Sold				
	Receive fixed interest rate/ pay variable interest rate	— [—]	— [—]	—	—
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—
	Purchased				
	Receive fixed interest rate/ pay variable interest rate	— [—]	— [—]	—	—
	Pay fixed interest rate/ receive variable interest rate	— [—]	— [—]	—	—
Total					¥33

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Amounts in "Net gains (losses)" represent the fair value for swap transactions, and the difference between option premiums and fair value for option transactions.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

(Reference) Interest rate swap contracts by maturity dates

							Millions of Yen, %
Maturity dates	Within 1 year	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years	Total
<b>As of March 31</b>							<b>2020</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ —	¥ —
Average fixed interest rate to receive	—	—	—	—	—	—	—
Average variable interest rate to pay	—	—	—	—	—	—	—
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2019</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥200,000	¥200,000
Average fixed interest rate to receive	—	—	—	—	—	0.44%	0.44%
Average variable interest rate to pay	—	—	—	—	—	0.01%	0.01%
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2018</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ 3,000	¥ 3,000
Average fixed interest rate to receive	—	—	—	—	—	0.66%	0.66%
Average variable interest rate to pay	—	—	—	—	—	0.01%	0.01%
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	¥1,000	—	¥ 1,000
Average fixed interest rate to pay	—	—	—	—	0.25%	—	0.25%
Average variable interest rate to receive	—	—	—	—	0.01%	—	0.01%

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Currency-related

As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥1,076,148	¥ 4,904	¥ 9,794	¥ 9,794	¥ 716,049	¥ 5,251	¥ 345	¥ 345
	U.S. dollar	608,211	4,904	(3,598)	(3,598)	317,488	5,251	(1,508)	(1,508)
	Euro	85,457	—	454	454	87,413	—	1,018	1,018
	British pound	259,123	—	7,449	7,449	159,717	—	59	59
	Australian dollar	94,709	—	5,470	5,470	69,305	—	(149)	(149)
	Purchased	637,783	—	(1,154)	(1,154)	328,067	—	(387)	(387)
	U.S. dollar	410,499	—	(263)	(263)	128,606	—	59	59
	Euro	84,701	—	(57)	(57)	32,519	—	(143)	(143)
	British pound	95,407	—	(148)	(148)	78,031	—	45	45
	Currency options								
	Sold								
	Call	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	U.S. dollar	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	U.S. dollar	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	U.S. dollar	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	1,365,816	—	11,607	1,896	1,174,190	—	3,052	(6,122)
		[9,710]	[—]			[9,175]	[—]		
	U.S. dollar	1,365,816	—	11,607	1,896	1,098,801	—	2,769	(5,532)
		[9,710]	[—]			[8,301]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Currency swaps	346,646	346,646	(36,691)	(36,691)	326,670	326,670	984	984
	U.S.\$ paid/¥ received	—	—	—	—	—	—	—	—
	€ paid/¥ received	—	—	—	—	—	—	—	—
	¥ paid/A\$ received	320,183	320,183	(34,901)	(34,901)	312,507	312,507	1,122	1,122
Total					¥(29,439)				¥(1,431)

Millions of Yen



## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Currency-related, continued

As of March 31		2018				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	
			Over 1 year			
Over-the-counter	Foreign exchange forward contracts					
	Sold	¥364,594	¥ 5,444	¥2,806	¥2,806	
	U.S. dollar	190,036	5,444	1,526	1,526	
	Euro	70,643	—	190	190	
	British pound	52,052	—	(76)	(76)	
	Australian dollar	41,228	—	1,205	1,205	
	Purchased	154,534	—	3	3	
	U.S. dollar	95,989	—	134	134	
	Euro	24,463	—	(23)	(23)	
	British pound	19,432	—	(107)	(107)	
	Currency options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Currency swaps	286,466	286,466	(104)	(104)	
	U.S.\$ paid/¥ received	—	—	—	—	
	€ paid/¥ received	—	—	—	—	
	¥ paid/A\$ received	272,302	272,302	(401)	(401)	
Total					¥2,705	

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Amounts in the "Net gains (losses)" column are represented in fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for option transactions.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Equity-related

As of March 31		2020				2019				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Exchange-traded	Equity index futures									
	Sold	¥ 38,720	¥ —	¥ (2,330)	¥ (2,330)	¥ 20,731	¥ —	¥ (64)	¥ (64)	
	Purchased	17,424	—	(38)	(38)	35,611	—	71	71	
	Equity index options									
	Sold									
	Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Put	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Purchased									
Over-the-counter	Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Put	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Purchased									
	Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Put	406,715	—	21,214	13,279	381,704	—	990	(661)	
		[7,934]	[—]			[1,651]	[—]			
	Equity forward contracts									
	Sold	—	—	(4)	(4)	—	—	—	—	
	Purchased	—	—	—	—	—	—	—	—	
	Equity index options									
	Sold									
	Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Put	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Purchased									
	Call	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Put	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
Total					¥10,906				¥(654)	

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Equity-related, continued

As of March 31		2018				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				
Exchange-traded	Equity index futures					
	Sold	¥ 28,166	¥ —	¥ 42	¥ 42	
	Purchased	11,113	—	(400)	(400)	
	Equity index options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	Purchased					
Over-the-counter	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	—	—	—	—	
		[—]	[—]			
	Put	665,083	21,454	7,815	(5,558)	
		[13,373]	[1,570]			
	Equity forward contracts					
	Sold	—	—	(182)	(182)	
	Purchased	—	—	—	—	
	Equity index options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	329	226	176	120	
		[55]	[36]			
	Put	—	—	—	—	
		[—]	[—]			
Total					¥(5,978)	

Notes: 1. Amounts in brackets represent option premiums recorded on the balance sheets.

2. Amounts in the "Net gains (losses)" column are represented in fair value for futures transactions and forward transactions, and the difference between option premiums and fair value for option transactions.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

- Bond-related

As of March 31		2020				2019				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Exchange-traded	Yen-denominated bonds futures									
	Sold	¥ —	¥ —	¥ —	¥ —	¥ 4,595	¥ —	¥ (2)	¥ (2)	
	Purchased	41,311	—	34	34	16,651	—	56	56	
	Foreign currency-denominated bonds futures									
	Sold	—	—	—	—	—	—	—	—	
	Purchased	27,908	—	101	101	128,085	—	2,531	2,531	
Total					¥136				¥2,585	

As of March 31		2018			
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Exchange-traded	Yen-denominated bonds futures				
	Sold	¥15,088	¥ —	¥ 11	¥ 11
	Purchased	—	—	—	—
	Foreign currency-denominated bonds futures				
	Sold	—	—	—	—
	Purchased	89,619	—	1,136	1,136
Total					¥1,147

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

- Others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(3) Items to which hedge accounting is applied

- Interest rate-related

Millions of Yen

As of March 31				2020				2019			
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
				Over 1 year				Over 1 year			
Over-the-counter	Deferred hedge accounting	Interest rate swaps		Insurance liabilities							
		Receive fixed interest rate/									
		pay variable interest rate	¥1,765,000		¥1,765,000	¥103,873	¥103,873	¥1,065,000	¥1,065,000	¥48,466	¥48,466
		Pay fixed interest rate/receive variable interest rate	—	—	—	—	—	—	—	—	
		Interest rate swaps		Loans							
		Receive fixed interest rate/									
pay variable interest rate	10,000	10,000	3		3	10,000	10,000	8	8		
		Pay fixed interest rate/receive variable interest rate	—	—	—	—	—	—	—	—	—
Total							¥103,876				¥48,475

As of March 31				2018				
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)	
				Over 1 year				
Over-the-counter	Deferred hedge accounting	Interest rate swaps	Insurance liabilities					
				Receive fixed interest rate/				
				pay variable interest rate	¥577,000	¥577,000	¥2,534	¥2,534
		Pay fixed interest rate/receive variable interest rate	—	—	—	—		
		Interest rate swaps	Loans					
				Receive fixed interest rate/				
pay variable interest rate	10,000			10,000	(59)	(59)		
Pay fixed interest rate/receive variable interest rate	—	—	—	—				
Total						¥2,474		

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(3) Items to which hedge accounting is applied, continued

(Reference) Interest rate swap contracts by maturity dates

							Millions of Yen, %
Maturity dates	Within 1 year	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years	Total
<b>As of March 31</b>							<b>2020</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥4,000	¥6,000	¥—	¥—	¥1,765,000	<b>¥1,775,000</b>
Average fixed interest rate to receive	—	(0.05)%	(0.02)%	—	—	0.45 %	<b>0.45 %</b>
Average variable interest rate to pay	—	(0.01)%	(0.01)%	—	—	(0.02)%	<b>(0.02)%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2019</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥4,000	¥6,000	¥—	¥—	¥1,065,000	<b>¥1,075,000</b>
Average fixed interest rate to receive	—	(0.05)%	(0.02)%	—	—	0.62%	<b>0.61%</b>
Average variable interest rate to pay	—	0.00 %	0.00 %	—	—	0.00%	<b>0.00%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—
<b>As of March 31</b>							<b>2018</b>
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥577,000	<b>¥587,000</b>
Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.69%	<b>0.68%</b>
Average variable interest rate to pay	—	—	(0.00)%	(0.00)%	—	0.01%	<b>0.01%</b>
<b>Interest rate swaps</b>							
Pay fixed interest rate/ receive variable interest rate							
Notional amount	—	—	—	—	—	—	—
Average fixed interest rate to pay	—	—	—	—	—	—	—
Average variable interest rate to receive	—	—	—	—	—	—	—

## 17. Fair Value of Derivative Transactions (Company Total), continued

(3) Items to which hedge accounting is applied, continued

• Currency-related

Millions of Yen										
As of March 31		2020				2019				
	Contract amount			Fair value	Net gains (losses)	Contract amount			Net gains (losses)	
	Over 1 year					Over 1 year	Fair value			
Over-the-counter										
Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)										
Foreign exchange forward contracts										
Sold	¥6,791,702	¥	—	¥ 30,532	¥ 30,532	¥8,194,400	¥	—	¥ (2,734)	¥ (2,734)
U.S. dollar	3,278,740		—	(34,878)	(34,878)	3,833,852		—	(11,381)	(11,381)
Euro	2,714,433		—	16,736	16,736	3,161,778		—	20,479	20,479
British pound	513,041		—	34,859	34,859	837,617		—	(11,243)	(11,243)
Purchased	—		—	—	—	—		—	—	—
U.S. dollar	—		—	—	—	—		—	—	—
Euro	—		—	—	—	—		—	—	—
Currency options										
Sold										
Call	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Put	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Purchased										
Call	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Put	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
U.S. dollar	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Euro	—		—	—	—	—		—	—	—
	[—]		[—]			[—]		[—]		
Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)										
Currency swaps	2,608,091	2,467,295	(198,268)	(198,268)		1,331,666	1,219,064	(91,706)	(91,706)	
U.S.\$ paid/¥ received	1,453,411	1,359,606	(191,198)	(191,198)		663,278	582,204	(68,195)	(68,195)	
€ paid/¥ received	802,020	762,459	(25,119)	(25,119)		538,276	508,959	(37,644)	(37,644)	
£ paid/¥ received	347,651	340,221	17,889	17,889		130,111	127,900	14,133	14,133	
Total				¥(167,735)					¥(94,440)	



## 17. Fair Value of Derivative Transactions (Company Total), continued

(3) Items to which hedge accounting is applied, continued

• Currency-related, continued

As of March 31		2018		Millions of Yen	
		Contract amount			Net
		Over 1 year		Fair value	gains (losses)
Over-the-counter					
Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)					
Foreign exchange forward contracts					
Sold	¥9,530,125	¥	—	¥172,285	¥172,285
U.S. dollar	4,476,303		—	103,484	103,484
Euro	3,610,953		—	38,325	38,325
British pound	892,069		—	3,793	3,793
Purchased	—		—	—	—
U.S. dollar	—		—	—	—
Euro	—		—	—	—
Currency options					
Sold					
Call	—		—	—	—
	[—]		[—]		
U.S. dollar	—		—	—	—
	[—]		[—]		
Euro	—		—	—	—
	[—]		[—]		
Put	—		—	—	—
	[—]		[—]		
U.S. dollar	—		—	—	—
	[—]		[—]		
Euro	—		—	—	—
	[—]		[—]		
Purchased					
Call	—		—	—	—
	[—]		[—]		
U.S. dollar	—		—	—	—
	[—]		[—]		
Euro	—		—	—	—
	[—]		[—]		
Put	—		—	—	—
	[—]		[—]		
U.S. dollar	—		—	—	—
	[—]		[—]		
Euro	—		—	—	—
	[—]		[—]		
Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)					
Currency swaps	1,088,122	1,033,209	(84,420)	(84,420)	
U.S.\$ paid/¥ received	499,222	466,097	(32,599)	(32,599)	
€ paid/¥ received	469,979	448,192	(63,559)	(63,559)	
£ paid/¥ received	118,919	118,919	11,738	11,738	
Total					¥ 87,865

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Amounts in the "Net gains (losses)" column are represented in fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for option transactions.

## 17. Fair Value of Derivative Transactions (Company Total), continued

(3) Items to which hedge accounting is applied, continued

- Equity-related

As of March 31				2020				2019			
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
				Over 1 year				Over 1 year			
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks								
		Sold		¥89,701	¥—	¥11,972	¥11,972	¥—	¥—	¥—	¥—
		Purchased		—	—	—	—	—	—	—	—
Total							¥11,972				¥—

Millions of Yen

As of March 31				2018			
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Fair value	Net gains (losses)
				Over 1 year			
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks				
		Sold		¥143,810	¥—	¥2,898	¥2,898
		Purchased		—	—	—	—
Total							¥2,898

Note: Amounts in the "Net gains (losses)" column are represented in fair value.

- Bond-related

There were no ending balances as of March 31, 2020, 2019, and 2018.

- Others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 18. Equity Securities Held

### 1. Basis and policy on classification of investments in equity securities

Nippon Life invests in equity securities from medium- and long-term perspectives with the expectation of generating steady dividend income and capital gains in association with investee companies' growth. These investments are held as investments in equity securities held for net investment. In addition, the Company may use its equity to hold equity securities with the intent of expanding the Group's growth opportunities through business alliances and strengthening its profitability. These equity securities are held as investments in equity securities held for other than net investment.

### 2. Investments in equity securities held for other than net investment

(1) Method for verification of the holding rationale and description of verification by the Board of Directors and other entities concerning whether the holding of each individual stock is appropriate

The Board of Directors verifies whether holdings are appropriate by examining in detail the appropriateness of the holding purpose of each individual stock, and the benefits derived from holding those stocks, among other factors. If the Board of Directors does not find that a holding is appropriate or reasonable as a result of this verification process, it will consider response measures such as the sale of the holding.

(2) Number of stocks and balance sheet amounts

Category	Number of stocks	Millions of Yen	
		Balance sheet amount	
Equity securities not listed	12	14,232	
Equity securities other than those not listed	14	462,916	

## 18. Equity Securities Held, continued

### 2. Investments in equity securities held for other than net investment, continued

(3) Details of investments in equity securities held for other than net investment (excluding equity securities not listed)

				Thousands of Shares, Millions of Yen
As of March 31	2020		2019	
Stock	Number of shares	Number of shares	Holding purpose, quantitative holding benefit, and reasons for any increase in the number of shares	
	Balance sheet amount	Balance sheet amount		
MS&AD Insurance Group Holdings, Inc.	36,325 ¥109,924	36,325 ¥121,108	To strengthen ties through a business alliance and increase corporate value	
AIA Group Limited	91,998 89,589	91,998 100,673	To benefit from growth in the Asian market, and increase and enhance knowledge of the Asian insurance market	
Principal Financial Group	18,137 67,722	18,137 102,281	To increase the corporate value of the Group through joint operation, and increase and enhance its knowledge of the asset management business	
Nomura Research Institute, Ltd.	24,727 54,849	8,242 39,918	To contribute the sophistication of IT strategy through the use of cutting-edge IT*	
Marsh & McLennan Companies, Inc.	5,245 53,146	5,245 53,613	To increase the corporate value of the Nippon Life Group through joint operation, and increase and enhance its knowledge	
DWS Group GmbH & Co. KGaA	10,000 29,863	10,000 35,536	To strengthen the Nippon Life Group's asset management capabilities, and increase and enhance its knowledge of the asset management business	
Schroders Plc	5,721 18,948	5,721 22,389	To increase the corporate value of the Nippon Life Group through joint operation and outsourcing certain functions	
Prudential Financial, Inc.	2,560 15,537	2,560 26,754	To address international regulations through a business partnership, and increase and enhance knowledge of the U.S. insurance market	
Bangkok Bank Public Company Limited	25,690 9,250	25,690 19,344	To increase Nippon Life's corporate value through joint operation, and increase and enhance its knowledge of the Asian insurance market	
China Pacific Insurance (Group) Co. Ltd.	28,610 9,110	28,610 12,140	To increase and enhance knowledge of the Asian insurance market through a business partnership	
Deutsche Bank AG	2,898 2,079	2,898 2,798	To increase and enhance knowledge of the European financial market and economic trends through a business partnership	
NICHIIGAKKAN CO., LTD.	1,239 1,327	1,239 1,570	To promote collaboration in the areas of childcare support and address the aging society	
Cathay Financial Holding	8,004 1,061	8,004 1,304	To increase and enhance knowledge of the Asian insurance market through a business partnership	
HIGASHI TWENTY ONE CO., LTD.	1,040 503	1,040 491	To facilitate efficient management of general administration and relocation work related to Nippon Life's business	

\* The number of shares increased due to a stock split.

(4) Investments in equity securities held for net investment

			Millions of Yen
As of March 31	2020		
Category	Number of stocks	Balance sheet amount	
Equity securities not listed	538	¥ 45,986	
Equity securities other than those not listed	1,503	7,153,606	

				Millions of Yen
As of March 31	2020			
Category	Total dividends received	Total gains (losses) on sales	Total valuation gains (losses)	
Equity securities not listed	¥ 6,782	¥13,392	¥ (916)	
Equity securities other than those not listed	201,851	66,214	2,986,339	

## 19. Ordinary Profit (Core Operating Profit)

		Millions of Yen		
Fiscal years ended March 31		2020	2019	2018
<b>Core operating income</b>		<b>¥6,230,728</b>	<b>¥6,422,629</b>	<b>¥6,170,386</b>
Revenues from insurance and reinsurance		4,526,109	4,775,136	4,488,421
Insurance premiums		4,525,225	4,774,223	4,487,627
Reinsurance revenue		884	912	793
Investment income		1,429,703	1,452,440	1,472,761
Interest, dividends, and other income		1,426,177	1,427,665	1,407,350
Gain on redemptions of securities		2,193	6,187	14,941
Reversal of general allowance for doubtful accounts		—	—	305
Other investment income		1,333	1,784	596
Gain from separate accounts, net		—	16,803	49,566
Other ordinary income		176,968	180,396	197,478
Income from annuity riders		10,005	8,959	10,897
Income from deferred benefits		80,784	83,119	90,531
Reversal of reserve for outstanding claims		47,825	47,274	62,044
Reversal of policy reserves		—	—	—
Reversal of accrued retirement benefits		—	—	—
Other income		38,351	41,043	34,004
Other core operating income		97,947	14,656	11,724
<b>Core operating expenses</b>		<b>5,583,275</b>	<b>5,744,417</b>	<b>5,502,136</b>
Benefits and other payments		3,629,384	3,654,589	3,663,124
Death and other claims		1,019,362	1,048,516	1,032,798
Annuity payments		805,445	791,978	802,214
Health and other benefits		691,317	653,486	649,240
Surrender benefits		918,833	949,282	926,376
Other refunds		192,941	209,971	251,106
Reinsurance premiums		1,484	1,354	1,388
Provision for policy reserves*		866,113	1,134,787	884,813
Investment expenses		139,112	83,412	88,470
Interest expenses		33,220	30,872	21,923
Loss on redemptions of securities		12,745	8,097	23,359
Provision for general allowance for doubtful accounts		240	(402)	—
Depreciation of rental real estate and other assets		17,582	16,364	14,826
Other investment expenses		32,912	28,480	28,360
Loss from separate accounts, net		42,411	—	—
Operating expenses		598,746	611,973	600,571
Other ordinary expenses		238,395	240,011	227,217
Deferred benefit payments		100,987	118,984	117,190
Taxes		51,167	49,358	46,058
Depreciation		56,691	46,595	42,576
Provision for accrued retirement benefits		8,562	4,782	2,483
Deferred asset amortization (Insurance Business Act, Article 113)		—	—	—
Other expenses		20,985	20,291	18,908
Other core operating expenses		111,522	19,643	37,938
<b>Core operating profit</b>	<b>A</b>	<b>647,453</b>	<b>678,212</b>	<b>668,249</b>

## 19. Ordinary Profit (Core Operating Profit), continued

		Millions of Yen		
Fiscal years ended March 31		2020	2019	2018
<b>Capital gains</b>		<b>¥ 457,453</b>	<b>¥ 216,705</b>	<b>¥ 217,621</b>
Gain on proprietary trading securities		—	—	—
Gain from assets held in trust, net		17,720	—	—
Gain on trading securities		—	—	—
Gain on sales of securities		328,211	194,922	179,682
Gain on derivative financial instruments, net		—	—	—
Foreign exchange gains, net		—	2,140	—
Other capital gains		111,522	19,643	37,938
<b>Capital losses</b>		<b>462,402</b>	<b>270,492</b>	<b>244,536</b>
Loss on proprietary trading securities		—	—	—
Loss from assets held in trust, net		—	2,563	3,276
Loss on trading securities		—	—	—
Loss on sales of securities		48,704	138,790	102,833
Loss on valuation of securities		202,393	21,371	11,235
Loss on derivative financial instruments, net		83,947	93,110	105,877
Foreign exchange losses, net		29,408	—	9,589
Other capital losses		97,947	14,656	11,724
<b>Net capital gains (losses)</b>	<b>B</b>	<b>(4,948)</b>	<b>(53,786)</b>	<b>(26,915)</b>
<b>Core operating profit, including net capital gains (losses)</b>	<b>A + B</b>	<b>642,505</b>	<b>624,426</b>	<b>641,334</b>
<b>Nonrecurring gains</b>		<b>1,473</b>	<b>—</b>	<b>165</b>
Reinsurance revenue		—	—	—
Reversal of contingency reserve		—	—	—
Reversal of specific allowance for doubtful accounts		1,473	—	165
Other nonrecurring gains		—	—	—
<b>Nonrecurring losses</b>		<b>292,740</b>	<b>240,907</b>	<b>231,039</b>
Reinsurance premiums		—	—	—
Provision for contingency reserve		101,156	113,751	139,929
Provision for specific allowance for doubtful accounts		—	4,405	—
Provision for allowance for specific overseas debts		—	—	—
Write-offs of loans		—	—	—
Other nonrecurring losses		191,584	122,751	91,110
<b>Nonrecurring gains (losses)</b>	<b>C</b>	<b>(291,266)</b>	<b>(240,907)</b>	<b>(230,873)</b>
<b>Ordinary profit</b>	<b>A + B + C</b>	<b>¥ 351,238</b>	<b>¥ 383,518</b>	<b>¥ 410,461</b>

\* "Provision for policy reserves" excludes provision for (reversal of) contingency reserve and provision for policy reserves under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in Japan.

### (Reference) Breakdown of other core operating income

		Millions of Yen		
Fiscal years ended March 31		2020	2019	2018
<b>Other core operating income</b>		<b>¥ 97,947</b>	<b>¥ 14,656</b>	<b>¥ 11,724</b>
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes		18,118	14,656	11,724
Impact of market exchange rate movements related to foreign currency-denominated insurance policies		—	—	—
Impact of movements in surrender benefits related to market value adjustment		79,829	—	—
<b>Other core operating expenses</b>		<b>111,522</b>	<b>19,643</b>	<b>37,938</b>
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes		—	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies		111,522	18,471	35,187
Impact of movements in surrender benefits related to market value adjustment		—	1,171	2,750
<b>Other capital gains</b>		<b>111,522</b>	<b>19,643</b>	<b>37,938</b>
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		111,522	18,471	35,187
Impact of movements in surrender benefits related to market value adjustment		—	1,171	2,750
<b>Other capital losses</b>		<b>97,947</b>	<b>14,656</b>	<b>11,724</b>
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes		18,118	14,656	11,724
Impact of market exchange rate movements related to foreign currency-denominated insurance policies		—	—	—
Impact of movements in surrender benefits related to market value adjustment		79,829	—	—
<b>Other nonrecurring gains</b>		<b>—</b>	<b>—</b>	<b>—</b>
Reversal of allowance for investment loss		—	—	—
<b>Other nonrecurring losses</b>		<b>191,584</b>	<b>122,751</b>	<b>91,110</b>
Provision for allowance for investment loss		5,471	1,459	2,918
Provision for policy reserves under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act		186,113	121,292	88,192

## 20. Policies in Force and New Policies

### 1. Policies in force

#### (1) Number of policies

As of March 31	2020		2019		2018		Number of Policies, %
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	
Individual insurance	29,111,721	4.3%	27,907,154	6.5%	26,194,284	4.8%	
Individual annuities	4,088,357	3.1	3,964,083	2.0	3,886,090	2.1	

#### (2) Policy amounts

As of March 31	2020		2019		2018		Millions of Yen, %
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	
Individual insurance	¥132,506,579	(2.1)%	¥135,332,689	(2.0)%	¥138,147,731	(3.6)%	
Individual annuities	24,812,800	3.7	23,937,270	1.5	23,580,912	1.5	
Group insurance	97,889,407	0.8	97,102,220	1.7	95,511,973	1.3	
Group annuities	13,387,198	1.6	13,177,068	2.5	12,854,159	1.8	

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 represents the amount of the policy reserves.

### 2. New policies

#### (1) Number of policies

Fiscal years ended March 31	2020		2019		2018		Number of Policies, %
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	
Individual insurance	4,716,492	0.8%	4,679,571	40.8%	3,322,380	(15.2)%	
Individual annuities	277,089	20.6	229,800	3.5	222,101	(47.8)	

Note: The number of policies includes policies that were converted into new policies.

#### (2) Policy amounts

Fiscal years ended March 31	2020		2019		2018		Millions of Yen, %
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	
<b>Individual insurance</b>							
<b>New policies, including conversions</b>	<b>¥ 6,404,630</b>	<b>(7.5)%</b>	<b>¥ 6,921,256</b>	<b>32.7 %</b>	<b>¥ 5,214,388</b>	<b>(38.8)%</b>	
New policies, excluding conversions	6,374,940	(8.1)	6,939,870	19.4	5,813,089	(35.3)	
Net increase by conversion	29,689	—	(18,613)	—	(598,700)	—	
<b>Individual annuities</b>							
<b>New policies, including conversions</b>	<b>2,039,890</b>	<b>35.3</b>	<b>1,508,194</b>	<b>10.2</b>	<b>1,368,598</b>	<b>(45.9)</b>	
New policies, excluding conversions	2,016,648	34.5	1,499,334	10.4	1,357,989	(45.9)	
Net increase by conversion	23,241	162.3	8,860	(16.5)	10,609	(39.7)	
<b>Group insurance</b>							
<b>New policies, including conversions</b>	<b>200,110</b>	<b>(65.6)</b>	<b>580,896</b>	<b>90.9</b>	<b>304,332</b>	<b>(46.4)</b>	
New policies, excluding conversions	200,110	(65.6)	580,896	90.9	304,332	(46.4)	
Net increase by conversion	[3,839,805]	(20.5)	[4,832,496]	(7.9)	[5,245,067]	21.2	
<b>Group annuities</b>							
<b>New policies, including conversions</b>	<b>268</b>	<b>(54.6)</b>	<b>591</b>	<b>62.9</b>	<b>362</b>	<b>(90.1)</b>	
New policies, excluding conversions	268	(54.6)	591	62.9	362	(90.1)	
Net increase by conversion	—	—	—	—	—	—	

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 amount for new policies for individual annuities represents annuity resources at the start of annuity payments.

3. Figures in brackets for group insurance are amounts that include premium increases and the net increase in premiums from midterm enrollments and withdrawals.

4. Figures for group annuities for new policies represent the first-time premium.

## 21. Annualized Premiums

### 1. Policies in force

Millions of Yen, %						
As of March 31	2020		2019		2018	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥2,700,179	(1.4)%	¥2,738,337	1.9%	¥2,686,154	3.0%
Individual annuities	1,061,681	5.2	1,009,615	3.1	979,558	2.7
<b>Total</b>	<b>¥3,761,860</b>	<b>0.4 %</b>	<b>¥3,747,953</b>	<b>2.2%</b>	<b>¥3,665,713</b>	<b>2.9%</b>
Medical coverage, living benefits, and others	¥ 657,140	3.0 %	¥ 638,301	1.7%	¥ 627,932	0.9%

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period).

2. The amount of medical coverage, living benefits, and others represents annualized premiums 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).

### 2. New policies

Millions of Yen, %						
Fiscal years ended March 31	2020		2019		2018	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥162,414	(34.0)%	¥246,056	(6.2)%	¥262,342	11.7 %
Individual annuities	88,027	35.1	65,143	8.9	59,802	(46.3)
<b>Total</b>	<b>¥250,442</b>	<b>(19.5)%</b>	<b>¥311,200</b>	<b>(3.4)%</b>	<b>¥322,144</b>	<b>(7.0)%</b>
Medical coverage, living benefits, and others	¥ 57,003	21.1 %	¥ 47,080	12.1 %	¥ 42,005	(9.4)%

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period).

2. The amount of medical coverage, living benefits, and others represents annualized premiums 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.



## 22. New Policies by Product

Fiscal years ended March 31		2020		2019		2018	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	[3,932,392] 1,615,671	¥[10,636,749] 3,924,563	[3,706,654] 1,584,534	¥[11,013,641] 4,096,824	[2,947,776] 1,651,211	¥[8,167,324] 4,102,652
	Term life insurance	[378,700] 115,118	[4,527,975] 1,381,056	[433,955] 166,626	[4,580,172] 1,225,846	[332,702] 167,292	[3,274,708] 1,261,594
	Whole life insurance	[99,195] 30,617	[343,846] 180,717	[110,022] 30,793	[334,180] 160,867	[93,827] 35,918	[301,412] 173,201
	Single premium whole life insurance with variable accumulation rate	48,083	247,094	81,830	390,785	26,918	127,112
	Single premium increasing whole life insurance with variable assumed rate	10,064	94,911	4,175	42,291	—	—
	Dread disease insurance	[476,918] 175,472	[1,583,055] 535,026	[487,814] 186,111	[1,651,615] 578,635	[381,418] 195,941	[1,220,368] 605,716
	Physical disability insurance	[539,249] 218,728	[1,846,886] 777,621	[545,872] 236,199	[1,872,319] 842,018	[428,056] 248,353	[1,469,744] 897,041
	Nursing care insurance	[494,279] 179,200	[1,950,229] 665,448	[512,012] 202,814	[2,046,969] 762,138	[400,491] 221,696	[1,580,986] 846,034
	General medical insurance	[12,733] 3,615	[—] —	[637,031] 270,230	[—] —	[518,546] 287,794	[—] —
	General hospitalization insurance	[982,198] 448,831	[—] —	[—] —	[—] —	[—] —	[—] —
	Children's general medical insurance	14,486	—	14,317	—	12,980	—
	Cancer medical insurance	[409,236] 129,042	[—] —	[399,603] 134,020	[—] —	[312,814] 144,342	[—] —
	Limited injury insurance	[442,074] 217,239	[—] —	[433,371] 210,782	[—] —	[348,110] 218,081	[—] —
	Disability income insurance	23,676	—	43,947	—	87,273	—
	Increasing term life insurance	[848] 847	[42,084] 42,021	[1,829] 1,814	[83,669] 82,603	[3,449] 3,431	[157,841] 156,800
	Long-term life insurance with low cash surrender value	4	475	178	11,411	448	34,912
	Medical life insurance	—	—	1	0	3	0
	Medical life insurance for retirement	649	190	697	225	741	237
	Life and mortality insurance	[752,741] 450,465	[3,620,121] 2,362,308	[941,561] 582,614	[4,172,201] 2,755,585	[347,589] 265,777	[2,039,274] 1,637,049
	Endowment insurance	[63,920] 59,400	[337,655] 326,186	[38,626] 34,050	[161,744] 151,833	[34,917] 31,603	[149,317] 140,703
	Variable insurance with survival benefits in a designated currency	4,111	38,275	6,203	57,532	2,225	20,412
	Term life with survival benefit insurance	[31,159] 15,691	[78,170] 40,698	[32,265] 16,523	[78,721] 42,263	[31,833] 19,751	[82,433] 51,334
	Dread disease insurance coverage with continuous support	[292,416] 170,026	[1,937,846] 1,190,721	[295,346] 177,574	[1,840,864] 1,176,454	[258,973] 192,557	[1,599,796] 1,237,283
	Dread disease insurance with maternity support benefits	553	1,659	771	2,313	1,574	4,722
	Specified serious disease insurance coverage	[339,827] 179,929	[1,013,803] 552,056	[547,827] 326,970	[1,822,443] 1,116,605	[—] —	[—] —
	Juvenile insurance	20,755	212,710	20,523	208,581	18,067	182,591
	Multi-increase endowment rider	6	0	8	0	14	1
	Pure endowment	31,359	88,068	31,356	87,460	27,015	73,387
	Educational endowment insurance	31,359	88,068	31,356	87,460	27,015	73,387
		[4,716,492]	[14,344,939]	[4,679,571]	[15,273,303]	[3,322,380]	[10,279,986]
Subtotal		2,097,495	6,374,940	2,198,504	6,939,870	1,944,003	5,813,089
			<6,404,630>		<6,921,256>		<5,214,388>

## 22. New Policies by Product, continued

Fiscal years ended March 31		2020		2019		2018	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	[261,770]	¥ [2,006,944]	[206,808]	¥ [1,455,067]	[193,372]	¥ [1,271,431]
		251,868	1,937,700	198,103	1,401,280	186,148	1,225,604
	Long-life insurance	12,575	69,833	12,161	63,658	14,355	74,112
	Nissay investment-type annuities	2,744	9,114	10,831	34,394	14,374	58,272
	<b>Subtotal</b>	[277,089]	[2,085,893]	[229,800]	[1,553,120]	[222,101]	[1,403,816]
Group insurance		<b>267,187</b>	<b>2,016,648</b>	<b>221,095</b>	<b>1,499,334</b>	<b>214,877</b>	<b>1,357,989</b>
			<2,039,890>		<1,508,194>		<1,368,598>
	Group term life insurance	11,545	19,939	24,684	21,563	85,960	76,204
	Dread disease insurance (Group type)	10,337	8,076	11,898	33,473	9,777	18,766
	General welfare group term life insurance	55,768	172,094	83,483	525,805	53,433	209,361
Group annuities	Group credit life insurance	—	—	12	54	—	—
	<b>Subtotal</b>	<b>77,650</b>	<b>200,110</b>	<b>120,077</b>	<b>580,896</b>	<b>149,170</b>	<b>304,332</b>
	Insured contributory pension plans	249	6	8,130	260	1,414	22
	Defined benefit corporate pension plans	—	193	—	238	—	222
	Defined contribution pension plans	—	68	—	92	—	117
Workers' asset-formation insurance	<b>Subtotal</b>	<b>249</b>	<b>268</b>	<b>8,130</b>	<b>591</b>	<b>1,414</b>	<b>362</b>
	Workers' asset-formation savings insurance	1,760	235	1,841	212	2,786	307
	Workers' asset-formation housing funding insurance	285	18	339	32	489	38
	<b>Subtotal</b>	<b>2,045</b>	<b>254</b>	<b>2,180</b>	<b>244</b>	<b>3,275</b>	<b>345</b>
	Workers' asset-formation funding annuities	740	32	815	33	1,161	53
Medical life insurance	<b>Subtotal</b>	<b>740</b>	<b>32</b>	<b>815</b>	<b>33</b>	<b>1,161</b>	<b>53</b>
	Individual type	5	0	2	0	7	0
	Group type	3,351	12	66,016	50	4,941	17
	<b>Subtotal</b>	<b>3,356</b>	<b>12</b>	<b>66,018</b>	<b>50</b>	<b>4,948</b>	<b>17</b>
	Group disability income insurance	—	—	374	164	1,634	81
Disability income insurance	Group long-term disability income support insurance	1,012,510	34,472	900,037	26,196	654,981	19,531
	<b>Subtotal</b>	<b>1,012,510</b>	<b>34,472</b>	<b>900,411</b>	<b>26,360</b>	<b>656,615</b>	<b>19,612</b>

Notes: 1. Amounts in brackets include policies that were converted into new policies, except for subtotal figures in square brackets, which exclude policies prior to conversion.

2. Term life insurance includes group type term life insurance.

3. Policies for multi-increase endowment rider are not included in the subtotals.

4. Policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance represent the number of insured persons.

5. Amounts for individual annuities represent annuity resources at the start of annuity payments.

6. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities are the first-time premium.

7. Amounts for medical life insurance represent daily hospitalization benefits.

8. Amounts for disability income insurance represent monthly disability income insurance benefits.

## 23. Policies in Force by Product

		Number of Policies, Millions of Yen					
As of March 31		2020		2019		2018	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	25,462,351	¥115,486,189	24,673,974	¥119,928,556	23,620,549	¥125,181,447
	Term life insurance	2,125,142	32,271,469	2,048,937	31,743,501	1,881,910	31,094,965
	Whole life insurance	4,700,955	28,329,251	4,755,629	28,681,745	4,798,078	29,127,810
	Single premium whole life insurance with variable accumulation rate	292,498	1,398,609	261,475	1,269,041	187,994	951,109
	Single premium increasing whole life insurance with variable assumed rate	211,270	1,686,969	219,405	1,754,552	233,699	1,881,243
	Whole life insurance with term rider	1,020,147	18,829,152	1,259,795	24,184,004	1,564,189	31,239,990
	Variable life insurance (whole life type)	31,206	434,581	31,875	447,080	32,477	458,842
	Variable life insurance with term rider (whole life type)	65	1,921	91	2,786	151	4,534
	Term life insurance with dread disease term rider	60,174	264,719	65,393	288,212	71,049	314,297
	Whole life insurance with dread disease term rider	26,596	168,801	27,274	173,278	27,853	177,105
	Dread disease insurance	2,878,381	9,879,274	2,774,867	9,642,093	2,607,387	9,186,408
	Physical disability insurance	2,794,514	9,252,549	2,655,038	8,830,540	2,446,186	8,183,501
	Nursing care insurance	2,693,470	10,723,921	2,585,604	10,423,073	2,406,393	9,840,662
	Cancer insurance	147,444	19,150	155,523	20,247	164,257	21,466
	Hospitalization medical insurance	55,494	217	58,358	190	61,258	156
	General medical insurance	2,817,481	523	3,408,907	320	3,153,862	80
	General hospitalization insurance	970,890	—	—	—	—	—
	Children's general medical insurance	91,945	—	83,023	—	73,783	—
	Cancer medical insurance	2,122,396	93	1,998,086	55	1,834,466	8
	Limited injury insurance	2,225,089	—	2,085,988	—	1,906,792	—
	Disability income insurance	125,026	—	121,609	—	86,859	—
	Increasing term life insurance	26,929	1,235,486	31,061	1,398,144	35,086	1,556,991
	Long-term life insurance with low cash surrender value	6,021	481,204	6,253	501,982	6,340	510,829
	Medical life insurance	1,035	60	1,081	63	1,346	79
	Single premium whole life insurance for retirement	8,822	40,477	9,093	41,580	9,338	42,660
	Medical life insurance for retirement	14,309	5,499	14,112	5,558	13,832	5,562
	Former Dowa Life Insurance	15,052	121,768	15,497	128,499	15,964	134,838
	Term rider	64,180	340,485	74,732	392,000	86,727	448,301
	Life and mortality insurance	3,280,733	16,063,823	2,890,757	14,523,488	2,257,769	12,162,134
	Endowment insurance	656,897	2,844,272	680,074	2,881,559	740,101	3,149,212
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	23,207	329,209	27,787	395,274	33,351	477,646
	Variable life insurance (defined term type)	141	658	202	984	315	1,483
	Variable insurance with survival benefits in a designated currency	12,323	101,905	8,373	75,154	2,215	19,730
	Term life with survival benefit insurance	222,009	880,458	225,961	1,008,545	227,672	1,149,279
	Dread disease insurance coverage with continuous support	1,141,837	6,946,763	1,000,451	5,938,570	820,073	4,792,918
	Dread disease insurance with maternity support benefits	5,393	16,179	5,296	15,888	4,937	14,811
	Specified serious disease insurance coverage	836,488	2,644,178	539,317	1,790,998	—	—
	Juvenile insurance	381,423	2,041,568	401,923	2,117,336	427,387	2,206,775
	Former Dowa Life Insurance	1,015	2,067	1,373	2,237	1,718	2,422
	Multi-increase endowment rider	10,395	2,597	11,055	2,798	11,644	2,939
	Term rider with survival benefit	129,352	253,964	151,357	294,141	179,564	344,914
	Pure endowment	368,637	956,566	342,423	880,644	315,966	804,149
	Educational endowment insurance	368,509	954,978	342,287	878,927	315,829	802,357
	Pure endowment with nursing care benefit	128	1,588	136	1,716	137	1,792
	<b>Subtotal</b>	<b>29,111,721</b>	<b>132,506,579</b>	<b>27,907,154</b>	<b>135,332,689</b>	<b>26,194,284</b>	<b>138,147,731</b>

## 23. Policies in Force by Product, continued

As of March 31		2020		2019		2018	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	3,524,198	¥21,787,929	3,400,064	¥20,862,682	3,330,561	¥20,499,772
	Individual fixed annuities <i>Sounen no Sekkei</i>	74	269	83	306	96	349
	Annuities focused on survival coverage	358,863	2,199,981	364,516	2,239,501	370,377	2,279,414
	Long-life insurance	71,247	382,767	61,449	329,239	51,591	278,162
	Variable assumed rate-type annuities	3,457	8,734	4,383	10,795	5,606	13,328
	Annuities with variable accumulation rate	59,105	177,418	64,107	218,457	68,475	254,902
	Guaranteed minimum maturity benefit equity-indexed annuities	134	507	191	797	220	915
	Nissay investment-type annuities	35,562	120,784	34,967	141,121	25,269	118,406
	Former Dowa Life Insurance	3,165	14,306	3,273	14,589	3,400	14,971
	Annuity rider	30,922	106,177	29,269	103,510	28,655	102,309
	Term rider annualized payment	1,630	13,923	1,781	16,267	1,839	18,377
	Annuity for spouse term rider	—	—	—	—	1	0
	<b>Subtotal</b>	<b>4,088,357</b>	<b>24,812,800</b>	<b>3,964,083</b>	<b>23,937,270</b>	<b>3,886,090</b>	<b>23,580,912</b>
Group insurance	Group term life insurance	9,671,534	23,617,103	9,754,243	23,390,355	9,733,392	22,709,671
	Dread disease insurance (Group type)	98,729	168,329	67,985	119,958	36,448	57,612
	General welfare group term life insurance	5,720,266	38,089,103	5,719,199	37,685,554	5,606,735	36,949,830
	Group credit life insurance	11,883,560	35,974,857	11,990,400	35,865,490	12,045,168	35,753,168
	Consumer credit group insurance	40,250	419	41,769	476	43,190	525
	Group whole life insurance	27	27	29	27	39	36
	Life insurance for dependents of disabled	41,011	25,638	42,316	26,050	43,641	26,467
	Annuities rider (group term life insurance)	8,122	13,928	8,480	14,306	8,877	14,660
	<b>Subtotal</b>	<b>27,422,488</b>	<b>97,889,407</b>	<b>27,582,105</b>	<b>97,102,220</b>	<b>27,473,849</b>	<b>95,511,973</b>
Group annuities	Corporate pension plans	879	3,769	938	3,965	991	4,118
	New insured pension plans	5,222,473	1,021,421	5,196,177	1,001,496	5,157,026	979,208
	Insured contributory pension plans	3,325,374	4,479,417	3,346,337	4,359,439	3,357,717	4,260,555
	Defined benefit corporate pension plans	—	6,791,408	—	6,758,768	—	6,478,491
	National pension fund insurance	—	—	—	10	—	554
	Employees' pension fund insurance	296,723	172,597	317,278	170,500	829,153	284,143
	Group pure endowment insurance	—	48,833	—	48,503	—	48,230
	Defined contribution pension plans	—	869,750	—	834,384	—	798,856
	<b>Subtotal</b>	<b>8,845,449</b>	<b>13,387,198</b>	<b>8,860,730</b>	<b>13,177,068</b>	<b>9,344,887</b>	<b>12,854,159</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	85,980	304,745	89,612	302,453	93,322	298,068
	Workers' asset-formation housing funding insurance	10,829	33,707	11,768	35,825	12,666	37,904
	Workers' asset-formation benefits savings insurance	17,950	1,595	18,311	1,527	18,683	1,464
	Workers' asset-formation fund savings insurance	523	11	539	11	555	12
	<b>Subtotal</b>	<b>115,282</b>	<b>340,059</b>	<b>120,230</b>	<b>339,818</b>	<b>125,226</b>	<b>337,449</b>
Workers' asset-formation annuities	Workers' asset-formation annuities	217	529	232	582	252	646
	Workers' asset-formation funding annuities	47,834	106,218	49,748	110,003	51,874	113,884
	<b>Subtotal</b>	<b>48,051</b>	<b>106,747</b>	<b>49,980</b>	<b>110,586</b>	<b>52,126</b>	<b>114,531</b>
Medical life insurance	Individual type	446	2	508	2	612	2
	Group type	837,338	3,688	829,933	3,646	823,373	3,614
	<b>Subtotal</b>	<b>837,784</b>	<b>3,690</b>	<b>830,441</b>	<b>3,649</b>	<b>823,985</b>	<b>3,617</b>
Disability income insurance	Group disability income insurance	126,362	21,768	133,428	22,578	133,522	22,690
	Group long-term disability income support insurance	986,754	33,954	882,677	25,883	628,958	18,668
	<b>Subtotal</b>	<b>1,113,116</b>	<b>55,722</b>	<b>1,016,105</b>	<b>48,461</b>	<b>762,480</b>	<b>41,358</b>
<b>Reinsurance assumed</b>		<b>26,211</b>	<b>24,554</b>	<b>40,867</b>	<b>37,593</b>	<b>37,831</b>	<b>38,291</b>

- Notes: 1. Term life insurance includes group-type term life insurance.  
2. Whole life insurance includes comprehensive whole life insurance.  
3. Term rider includes juvenile term life insurance riders and spouse term life insurance riders.  
4. Term life with survival benefits insurance includes BIG YOU and Melody.  
5. Policies for term rider, multi-increase endowment rider, term rider with survival benefit, and life insurance for dependents of disabled are not included in the subtotals.  
6. The number of policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed represents the number of insured persons.  
7. Amounts for individual annuities, group insurance (annuities rider), and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) represent the total of annuity resources at the start of annuities for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.  
8. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation funding annuities are amounts for policy reserves.  
9. Amounts for medical life insurance represent daily hospitalization benefits.  
10. Amounts for disability income insurance represent monthly disability income insurance benefits.

## 24. Amount of Policies in Force by Type of Benefits

As of March 31			Millions of Yen		
			2020	2019	2018
Death protection	Death protection due to illness/accident	Individual insurance	¥131,550,012	¥134,452,045	¥137,343,559
		Individual annuities	—	—	—
		Group insurance	97,875,478	97,087,913	95,497,312
		Group annuities	—	—	—
		Total including other types	229,450,045	231,577,551	232,879,163
	Death protection due to accident	Individual insurance	[27,021,551]	[29,112,979]	[23,725,995]
		Individual annuities	[157,271]	[169,137]	[179,143]
		Group insurance	[3,163,080]	[3,195,793]	[3,235,128]
		Group annuities	[—]	[—]	[—]
		Total including other types	[30,376,124]	[32,520,801]	[27,183,754]
	Death protection due to specific causes	Individual insurance	[172,355]	[182,228]	[193,194]
		Individual annuities	[—]	[—]	[—]
		Group insurance	[124,506]	[122,230]	[123,276]
		Group annuities	[—]	[—]	[—]
		Total including other types	[296,862]	[304,459]	[316,471]
Pure endowment	Maturity and survival benefits	Individual insurance	956,566	880,644	804,172
		Individual annuities	22,681,113	21,854,213	21,538,890
		Group insurance	666	539	638
		Group annuities	—	—	—
		Total including other types	23,700,960	22,800,736	22,411,613
	Annuity	Individual insurance	[42,947]	[51,167]	[64,351]
		Individual annuities	[2,821,259]	[2,724,760]	[2,688,808]
		Group insurance	[1,907]	[1,963]	[1,995]
		Group annuities	[—]	[—]	[—]
		Total including other types	[2,873,245]	[2,785,235]	[2,762,803]
	Other	Individual insurance	—	—	—
		Individual annuities	2,131,687	2,083,056	2,042,022
		Group insurance	13,262	13,767	14,022
		Group annuities	13,387,198	13,177,068	12,854,159
		Total including other types	15,916,341	15,658,959	15,294,271
Hospitalization coverage	Coverage for hospitalization due to accident	Individual insurance	[41,813]	[41,263]	[42,063]
		Individual annuities	[1,045]	[1,107]	[1,169]
		Group insurance	[1,336]	[1,337]	[1,391]
		Group annuities	[—]	[—]	[—]
		Total including other types	[47,885]	[47,357]	[48,241]
	Coverage for hospitalization due to illness	Individual insurance	[41,757]	[41,198]	[41,987]
		Individual annuities	[1,036]	[1,098]	[1,160]
		Group insurance	[—]	[—]	[—]
		Group annuities	[—]	[—]	[—]
		Total including other types	[46,484]	[45,945]	[46,764]
	Coverage for hospitalization due to other causes	Individual insurance	[40,366]	[43,995]	[45,307]
		Individual annuities	[213]	[224]	[234]
		Group insurance	[34]	[34]	[38]
		Group annuities	[—]	[—]	[—]
		Total including other types	[40,614]	[44,254]	[45,580]
Disability coverage	Individual insurance	—	—	—	
	Individual annuities	—	—	—	
	Group insurance	—	—	—	
	Group annuities	—	—	—	
	Total including other types	55,722	48,461	41,358	

Notes: 1. Amounts in brackets represent additional coverage and rider coverage attached to primary policies. However, death protection due to illness/accident of term riders is recorded under primary coverage.

2. Amounts for maturity and survival benefits of pure endowment represent annuity resources at the start of annuity payments for policies prior to the start of annuity payments for individual annuities and group insurance [annuities rider].

3. Amounts for annuity of pure endowment represent annual annuity amounts.

4. Amounts for other of pure endowment represent policy reserves for individual annuities (after start of annuity payments), group insurance (after start of annuities rider payments), and group annuities.

5. Amounts for hospitalization coverage represent daily hospitalization benefits. General hospitalization insurance represents the coverage per day.

6. Amounts for "total including other types" included in coverage for hospitalization due to illness under hospitalization coverage represent the total of primary coverage portions and rider coverage.

## 24. Amount of Policies in Force by Type of Benefits, continued

As of March 31		Number of Policies		
		2020	2019	2018
Disability coverage	Individual insurance	[7,085,877]	[7,136,331]	[7,163,827]
	Individual annuities	[58,044]	[61,106]	[64,137]
	Group insurance	[2,566,929]	[2,519,913]	[2,507,874]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,710,850]</b>	<b>[9,717,350]</b>	<b>[9,735,838]</b>
Surgical coverage	Individual insurance	[9,660,139]	[9,652,971]	[9,851,266]
	Individual annuities	[228,058]	[242,020]	[256,124]
	Group insurance	[—]	[—]	[—]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,888,197]</b>	<b>[9,894,991]</b>	<b>[10,107,390]</b>

Note: Amounts in brackets represent additional coverage of primary policies and rider coverage.

## 25. Individual Insurance and Annuity Policy Amounts in Force by Product

As of March 31		Millions of Yen		
		2020	2019	2018
Mortality insurance	Whole life insurance	¥ 32,629,753	¥ 32,901,506	¥ 33,124,941
	Whole life insurance with term rider	18,829,152	24,184,004	31,239,990
	Term life insurance	63,127,691	61,872,111	59,769,752
	<b>Total including other types</b>	<b>115,486,189</b>	<b>119,928,556</b>	<b>125,181,447</b>
Life and mortality insurance	Endowment insurance	2,844,272	2,881,559	3,149,212
	Endowment insurance with term rider	329,209	395,274	477,646
	Term life insurance with survival benefits	880,458	1,008,545	1,149,279
	<b>Total including other types</b>	<b>16,063,823</b>	<b>14,523,488</b>	<b>12,162,134</b>
Pure endowment	Educational endowment insurance	954,978	878,927	802,357
	<b>Total including other types</b>	<b>956,566</b>	<b>880,644</b>	<b>804,149</b>
Annuities	<b>Individual annuities</b>	<b>24,812,800</b>	<b>23,937,270</b>	<b>23,580,912</b>
Hospitalization/accident riders	Accident rider with extra premium	4,162,364	4,615,776	5,105,091
	Injury rider	7,854,503	8,821,375	9,944,698
	General medical rider	9,634	11,090	12,852
	Hospitalization due to accident rider	6,441	7,208	8,121
	Hospitalization due to illness rider	6,372	7,129	8,029
	Hospitalization due to adult disease rider	436	518	643
	Hospital visit rider	688	800	946
	Long-term hospitalization rider	11	13	14
	Hospitalization rider for women	285	325	381
	Limited injury rider	28,293	35,354	45,226
	Hospitalization due to cancer rider	5,549	6,548	7,943
	Short-term hospitalization rider	1,922	2,156	2,500

- Notes: 1. Whole life insurance includes whole life insurance with dread disease term rider, dread disease insurance (whole life type), nursing care insurance (whole life), comprehensive whole life insurance, cancer insurance, medical life insurance for retirement (whole life), single premium whole life insurance for retirement, single premium whole life insurance with variable accumulation rate, and single premium increasing whole life insurance with variable assumed rate.
2. Term life insurance includes term life insurance with dread disease term rider, dread disease insurance (term), physical disability insurance, nursing care insurance (term), group term life insurance, increasing term life insurance, long-term life insurance with low cash surrender value, long-term life insurance with period of extensive coverage for accidents, medical life insurance, and medical life insurance for retirement (term).
3. Term life insurance with survival benefits includes BIG YOU and Melody.
4. Amounts for individual annuities are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.
5. Amounts for hospitalization and hospital visit riders represent the daily hospitalization and hospital visit benefits.

## 26. Annualized Premiums for Individual Insurance and Annuity Policies in Force by Product

As of March 31		Millions of Yen	
		2020	2019
Mortality insurance	Whole life insurance	¥ 923,804	¥ 935,759
	Whole life insurance with term rider	231,089	283,356
	Term life insurance	941,672	959,670
	<b>Total including other types</b>	<b>2,375,242</b>	<b>2,425,923</b>
Life and mortality insurance	Endowment insurance	141,168	137,632
	Endowment insurance with term rider	2,460	3,013
	Term life insurance with survival benefits	16,450	17,450
	<b>Total including other types</b>	<b>270,645</b>	<b>262,459</b>
Pure endowment	Educational endowment insurance	54,268	49,929
	<b>Total including other types</b>	<b>54,291</b>	<b>49,955</b>
Annuities	<b>Individual annuities</b>	<b>1,061,681</b>	<b>1,009,615</b>

Notes: 1. The amount of annualized premium is the annual premium amount calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium, the annualized amount is the total premium divided by the insured period).  
2. Whole life insurance includes whole life insurance with dread disease term rider, dread disease insurance (whole life type), nursing care insurance (whole life), comprehensive whole life insurance, cancer insurance, medical life insurance for retirement (whole life), single premium whole life insurance for retirement, single premium whole life insurance with variable accumulation rate, and single premium increasing whole life insurance with variable assumed rate.  
3. Term life insurance includes term life insurance with dread disease term rider, dread disease insurance (term), physical disability insurance, nursing care insurance (term), group term life insurance, increasing term life insurance, long-term life insurance with low cash surrender value, long-term life insurance with period of extensive coverage for accidents, medical life insurance, and medical life insurance for retirement (term).  
4. Term life insurance with survival benefits includes BIG YOU and Melody.

## 27. Increase in Policy Amounts in Force

### 1. Number of policies in force and rate of increase

Fiscal years ended March 31		2020		2019		2018	
		Number of Policies, %					
		Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance		29,111,721	4.3 %	27,907,154	6.5 %	26,194,284	4.8 %
Mortality insurance		25,462,351	3.2	24,673,974	4.5	23,620,549	4.9
Life and mortality insurance		3,280,733	13.5	2,890,757	28.0	2,257,769	4.0
Pure endowment		368,637	7.7	342,423	8.4	315,966	7.8
Individual annuities		4,088,357	3.1	3,964,083	2.0	3,886,090	2.1
Group insurance		27,422,488	(0.6)	27,582,105	0.4	27,473,849	3.6
Group annuities		8,845,449	(0.2)	8,860,730	(5.2)	9,344,887	(3.9)
Workers' asset-formation insurance		115,282	(4.1)	120,230	(4.0)	125,226	(3.2)
Workers' asset-formation annuities		48,051	(3.9)	49,980	(4.1)	52,126	(3.5)
Medical life insurance		837,784	0.9	830,441	0.8	823,985	(3.1)
Disability income insurance		1,113,116	9.5	1,016,105	33.3	762,480	42.9

Note: The number of policies for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance represents the number of insured persons.

### 2. Amount of insurance policies in force and rate of increase

Fiscal years ended March 31		2020		2019		2018	
		Billions of Yen, %					
		Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance		¥132,506.5	(2.1)%	¥135,332.6	(2.0)%	¥138,147.7	(3.6)%
Mortality insurance		115,486.1	(3.7)	119,928.5	(4.2)	125,181.4	(4.3)
Life and mortality insurance		16,063.8	10.6	14,523.4	19.4	12,162.1	4.0
Pure endowment		956.5	8.6	880.6	9.5	804.1	8.7
Individual annuities		24,812.8	3.7	23,937.2	1.5	23,580.9	1.5
Group insurance		97,889.4	0.8	97,102.2	1.7	95,511.9	1.3
Group annuities		13,387.1	1.6	13,177.0	2.5	12,854.1	1.8
Workers' asset-formation insurance		340.0	0.1	339.8	0.7	337.4	1.2
Workers' asset-formation annuities		106.7	(3.5)	110.5	(3.4)	114.5	(3.3)
Medical life insurance		3.6	1.1	3.6	0.9	3.6	0.2
Disability income insurance		55.7	15.0	48.4	17.2	41.3	27.5

Notes: 1. Amounts for individual annuities, group insurance (annuities rider), and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are the total of annuity resources at the start of annuity payments for policies prior to the start of annuity payments and policy reserves for policies after the start of annuity payments.  
2. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities (excluding workers' asset-formation funding annuities) are amounts for policy reserves.  
3. Amounts for medical life insurance represent daily hospitalization benefits.  
4. Amounts for disability income insurance represent monthly disability income insurance benefits.



## 28. Increase in New Policies

### 1. Number of new policies and rate of increase

						Number of Policies, %
Fiscal years ended March 31	2020		2019		2018	
	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance	2,097,495	(4.6)%	2,198,504	13.1 %	1,944,003	(10.9)%
Mortality insurance	1,615,671	2.0	1,584,534	(4.0)	1,651,211	(8.5)
Life and mortality insurance	450,465	(22.7)	582,614	119.2	265,777	(9.9)
Pure endowment	31,359	0.0	31,356	16.1	27,015	(66.5)
Individual annuities	267,187	20.8	221,095	2.9	214,877	(48.3)
Group insurance	77,650	(35.3)	120,077	(19.5)	149,170	(27.0)
Group annuities	249	(96.9)	8,130	475.0	1,414	(72.1)
Workers' asset-formation insurance	2,045	(6.2)	2,180	(33.4)	3,275	(4.0)
Workers' asset-formation annuities	740	(9.2)	815	(29.8)	1,161	(5.5)
Medical life insurance	3,356	(94.9)	66,018	1,234.2	4,948	(56.0)
Disability income insurance	1,012,510	12.4	900,411	37.1	656,615	25.8

Notes: 1. The number of policies represents the number of insured persons for group insurance, group annuities, workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, and disability income insurance.  
2. The policies above exclude converted policies.

### 2. Amount of new policies and rate of increase

						Billions of Yen, %
Fiscal years ended March 31	2020		2019		2018	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥6,374.9	(8.1)%	¥6,939.8	19.4 %	¥5,813.0	(35.3)%
Mortality insurance	3,924.5	(4.2)	4,096.8	(0.1)	4,102.6	(41.6)
Life and mortality insurance	2,362.3	(14.3)	2,755.5	68.3	1,637.0	(6.8)
Pure endowment	88.0	0.7	87.4	19.2	73.3	(63.5)
Individual annuities	2,016.6	34.5	1,499.3	10.4	1,357.9	(45.9)
Group insurance	200.1	(65.6)	580.8	90.9	304.3	(46.4)
Group annuities	0.2	(54.6)	0.5	62.9	0.3	(90.1)
Workers' asset-formation insurance	0.2	4.3	0.2	(29.3)	0.3	14.0
Workers' asset-formation annuities	0.0	(1.2)	0.0	(38.0)	0.0	(17.6)
Medical life insurance	0.0	(75.0)	0.0	185.4	0.0	(66.7)
Disability income insurance	34.4	30.8	26.3	34.4	19.6	56.9

Notes: 1. Amounts for individual annuities are annuity resources at the start of annuity payments.  
2. Amounts for group annuities, workers' asset-formation insurance, and workers' asset-formation annuities represent the first-time premium.  
3. Amounts for medical life insurance are daily hospitalization benefits.  
4. Amounts for disability income insurance are monthly disability income insurance benefits.  
5. The policies above exclude converted policies.

## 29. Average Policy Coverage (Individual Insurance)

						Thousands of Yen
Fiscal years ended March 31		Average policy coverage of new policies			Average policy coverage of policies in force	
	2020	2019	2018	2020	2019	2018
Mortality insurance	¥2,429	¥2,585	¥2,484	¥4,535	¥4,860	¥5,299
Life and mortality insurance	5,244	4,729	6,159	4,896	5,024	5,386
Pure endowment	2,808	2,789	2,716	2,594	2,571	2,545
<b>Average</b>	<b>3,039</b>	<b>3,156</b>	<b>2,990</b>	<b>4,551</b>	<b>4,849</b>	<b>5,273</b>

Note: Average policy coverage for new policies excludes converted policies.

### 30. Percentage of New Policies (Compared to the Beginning of the Fiscal Year)

				%
Fiscal years ended March 31		2020	2019	2018
Individual insurance		4.7%	5.0%	4.1%
Individual annuities		9.2	7.0	6.4
Group insurance		0.2	0.6	0.3

Notes: 1. The policies above exclude converted policies.

2. For individual annuities, the ratio of policies prior to start of annuity payments is provided.

### 31. Rate of Cancellation and Expiration (Compared to the Beginning of the Fiscal Year)

				%
Fiscal years ended March 31		2020	2019	2018
Individual insurance		5.1%	5.3%	5.3%
Individual annuities		2.9	3.0	3.0
Group insurance		1.1	0.6	0.9

Notes: 1. The rate of cancellation and expiration is determined by adjusting cancellations and expirations based on increases or decreases in policies and policy reinstatements.

2. For individual annuities, the percentage of policies prior to the start of annuity payments is provided.

### 32. Average New Policy Premium (Individual Insurance Policies with Monthly Payments)

				Yen
Fiscal years ended March 31		2020	2019	2018
Average premium of new individual policies (monthly payment policies)		¥39,318	¥43,664	¥51,535

Notes: 1. Amounts exclude converted policies.

2. Amounts represent policies with annualized monthly payments.

### 33. Mortality Rate (Primary Individual Insurance Policies)

				‰
Fiscal years ended March 31		2020	2019	2018
Number of policies		3.67‰	3.61‰	3.58‰
Insurance amount		5.26	5.03	4.84

Notes: 1. Mortality rate is the rate that is calculated by having mortality incidence policies as the numerator and outstanding policies as the denominator.

2. Outstanding policies are calculated by adding the policies at the start of the fiscal year, policies at the end of the fiscal year, and mortality incidence policies, and then dividing the total by two.

3. Mortality includes serious disability when the contract insures for that event. (When serious disability is not covered by the contract, serious disability is not included in mortality.)

### 34. Incidence of Events Covered by Riders (Individual Insurance)

							‰
Fiscal years ended March 31		2020		2019		2018	
		Ratio of the number of policies	Ratio of the amount of claims on policies	Ratio of the number of policies	Ratio of the amount of claims on policies	Ratio of the number of policies	Ratio of the amount of claims on policies
Accidental death		0.333‰	0.299‰	0.314‰	0.388‰	0.330‰	0.345‰
Disability		0.503	0.194	0.456	0.172	0.416	0.156
Hospitalization due to accident		6.692	153.2	6.358	146.9	6.241	144.5
Hospitalization due to illness		77.323	1,261.9	74.385	1,063.9	72.381	1,057.9
Hospitalization due to adult disease		21.441	382.3	18.981	339.0	18.208	328.6
Surgery due to illness or injury		69.107		67.025		64.532	
Surgery due to adult disease		21.880		19.950		17.781	

Notes: 1. Incidence of the events covered by riders is the rate that is calculated by having incidence of events covered by riders as the numerator and outstanding policies as the denominator.

2. Outstanding policies for accidental death insurance are calculated by adding the policies at the start of the fiscal year, at the end of the fiscal year, and at the incidence of accidental death, and then dividing the total by two. For policies other than accidental death insurance, amounts are calculated by adding the policies at the start of the fiscal year and at the end of the fiscal year, and then dividing the total by two.

3. Accidental death includes serious disability due to accident.

### 35. Ratio of Insured Amount to Premium Earned by Type of Third-sector Insurance Benefits or Type of Insurance

				%
Fiscal years ended March 31	2020	2019	2018	
Third-sector incidence rate	32.8%	32.3%	32.5%	
Medical care	37.4	36.3	36.0	
Cancer	32.9	32.6	32.8	
Nursing care	18.3	18.7	17.5	
Others	27.9	28.2	30.2	

Note: The third-sector incidence rate is calculated by dividing the sum of payments for insured incidents (i.e., payments, such as claims and benefits, matching provision for reserve for outstanding claims [excluding past unreported incidents as defined in Article 72 of the Ordinance for Enforcement of Insurance Business Act in Japan], and total operating expenses related to payments such as claims and benefits) by earned premiums.

### 36. Operating Expenses Percentage (Ratio of Operating Expenses to Premium Revenues)

				%
Fiscal years ended March 31	2020	2019	2018	
Operating efficiency (percentage of operating expenses to premium revenues)	13.2%	12.8%	13.4%	

### 37. Number of Major Insurance Companies that Accepted Reinsurance Contracts

				Number of Insurance Companies
Fiscal years ended March 31	2020	2019	2018	
Number of major insurance companies accepting reinsurance	13 [—]	12 [—]	12 [—]	

Notes: 1. Insurance companies and others to which the Company has paid reinsurance premiums are included in the above.

2. Figures in brackets indicate third-sector insurances (including only policies for which policy reserves are not recorded as provided by Article 71 of the Ordinance for Enforcement of the Insurance Business Act in Japan).

### 38. Ratio of Reinsurance Premiums Paid to the Top Five Insurance Companies Accepting Reinsurance to Total Reinsurance Premiums

				%
Fiscal years ended March 31	2020	2019	2018	
Ratio of reinsurance premiums paid to the top five insurance companies	80.2% [—]	81.0% [—]	81.5% [—]	

Notes: 1. Insurance companies and others to which the Company has paid reinsurance premiums are included.

2. Figures in brackets indicate third-sector insurances (including only policies for which policy reserves are not recorded as provided by Article 71 of the Ordinance for Enforcement of the Insurance Business Act in Japan).

### 39. Ratio of Insurance Companies Accepting Reinsurance Contracts by Rating by Rating Agencies

				%
Fiscal years ended March 31	2020	2019	2018	
A and above	100.0% [—]	100.0% [—]	99.2% [—]	
BBB and above, but below A	— [—]	— [—]	— [—]	
Others (below BBB or no rating)	— [—]	— [—]	0.8 [—]	

Notes: 1. The rating above is based on data compiled by Standard & Poor's Financial Services LLC (S&P). When no rating was available from S&P, such insurance companies are classified as "Others."

2. Figures in brackets indicate third-sector insurances (including only policies for which policy reserves are not recorded as provided by Article 71 of the Ordinance for Enforcement of the Insurance Business Act in Japan).

### 40. Reinsurance Proceeds to Be Received

				Millions of Yen
Fiscal years ended March 31	2020	2019	2018	
Reinsurance proceeds to be received	¥137 [—]	¥67 [—]	¥117 [—]	

Note: Figures in brackets indicate proceeds from third-sector insurances (which include only policies for which policy reserves are not recorded as provided by Article 71 of the Ordinance for Enforcement of the Insurance Business Act in Japan).

## 41. Reserve for Outstanding Claims

As of March 31		Millions of Yen		
		2020	2019	2018
<b>Death and other claims</b>	Mortality insurance claims	¥ 90,878	¥ 88,251	¥ 90,350
	Accident insurance claims	1,835	1,473	1,713
	Serious disability insurance claims	10,924	11,277	11,586
	Maturity benefits	6,930	8,935	8,157
	Others	287	249	152
	<b>Subtotal</b>	<b>110,857</b>	<b>110,188</b>	<b>111,960</b>
Annuity payments		4,430	7,147	5,359
Health and other benefits		30,453	31,344	31,421
Surrender benefits		40,512	84,822	132,661
Deferred benefit payments		3,143	4,102	3,488
<b>Total, including other reserves</b>		<b>¥190,602</b>	<b>¥238,428</b>	<b>¥285,702</b>

## 42. Policy Reserves

As of March 31		Millions of Yen		
		2020	2019	2018
<b>Policy reserves</b> (Excluding contingency reserve)	Individual insurance	¥ 28,641,200	¥ 28,253,033	¥ 27,787,316
	[General Account]	[28,548,568]	[28,144,311]	[27,676,099]
	[Separate Account]	[92,632]	[108,722]	[111,216]
	Individual annuities	11,813,919	11,379,636	10,930,615
	[General Account]	[11,785,918]	[11,338,396]	[10,887,143]
	[Separate Account]	[28,001]	[41,240]	[43,472]
	Group insurance	47,089	46,922	50,266
	[General Account]	[47,089]	[46,922]	[50,266]
	[Separate Account]	[—]	[—]	[—]
	Group annuities	13,387,198	13,177,068	12,854,159
	[General Account]	[12,323,886]	[12,081,457]	[11,736,446]
	[Separate Account]	[1,063,311]	[1,095,610]	[1,117,712]
	Other	452,605	454,849	455,306
	[General Account]	[452,605]	[454,849]	[455,306]
	[Separate Account]	[—]	[—]	[—]
	<b>Subtotal</b>	<b>54,342,014</b>	<b>53,311,510</b>	<b>52,077,664</b>
	[General Account]	[53,158,068]	[52,065,937]	[50,805,262]
	[Separate Account]	[1,183,946]	[1,245,573]	[1,272,402]
<b>Contingency reserve</b>		<b>1,878,267</b>	<b>1,777,111</b>	<b>1,663,360</b>
<b>Total</b>		<b>¥ 56,220,282</b>	<b>¥ 55,088,621</b>	<b>¥ 53,741,024</b>
[General Account]		[55,036,336]	[53,843,048]	[52,468,622]
[Separate Account]		[1,183,946]	[1,245,573]	[1,272,402]

## 43. Breakdown of Policy Reserves

As of March 31		Millions of Yen		
		2020	2019	2018
Insurance reserve funds		¥53,254,641	¥52,175,954	¥50,910,858
Unearned premiums		1,087,373	1,135,556	1,166,805
Refund reserve		—	—	—
Contingency reserve		1,878,267	1,777,111	1,663,360
<b>Total</b>		<b>¥56,220,282</b>	<b>¥55,088,621</b>	<b>¥53,741,024</b>

## 44. Policy Reserves for Individual Insurance and Annuities (by Policy Year)

### 1. Policy reserve valuation method and ratio

As of March 31		2020	2019	2018	%
Valuation method	Policies subject to standard policy reserves	Net level premium method	Net level premium method	Net level premium method	
	Policies not subject to standard policy reserves	Net level premium method	Net level premium method	Net level premium method	
Ratio (excluding contingency reserve)		100.0%	100.0%	100.0%	

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

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

### 2. Policy reserves (breakdown by policy year)

Policy year	Balance of policy reserves			Assumed interest rate
	2020	2019	2018	
As of March 31				
–1981	¥ 52,517	¥ 60,602	¥ 67,335	2.00%–5.00%
1982–1986	1,566,227	1,604,947	1,648,176	2.00–5.50
1987–1991	5,714,342	5,825,115	5,960,331	2.00–5.50
1992–1996	8,166,841	8,041,503	7,914,093	2.00–5.50
1997–2001	3,142,398	3,150,784	3,192,894	1.50–2.75
2002–2006	2,638,170	2,736,130	2,816,950	1.00–1.50
2007–2011	4,910,358	5,125,747	5,394,459	1.00–1.50
2012	1,606,501	1,637,781	1,686,796	0.85–1.50
2013	1,964,684	2,013,980	2,071,164	0.60–1.50
2014	1,794,281	1,801,951	1,824,903	0.50–1.00
2015	1,842,721	1,881,081	1,873,558	0.50–1.00
2016	2,025,991	2,032,953	2,008,577	0.50–3.45
2017	1,621,672	1,524,282	1,362,065	0.25–3.56
2018	1,138,680	979,359	741,934	0.25–3.78
2019	1,235,909	1,066,486	—	0.01–4.18
2020	913,186	—	—	0.20–3.59
<b>Total</b>	<b>¥40,334,486</b>	<b>¥39,482,707</b>	<b>¥38,563,242</b>	

Notes: 1. The balance of policy reserves represents policy reserves for individual insurance and individual annuities, excluding policy reserves for the separate account and contingency reserve.

2. The assumed interest rate represents major assumed interest rates on policy reserves for each policy year.

## 45. Policy Reserves for General Account (Insurance Policies with Separate Account Providing Guaranteed Minimum Insurance Benefits)

### 1. Policy reserve balance (general account)

As of March 31		2020	2019	2018	Millions of Yen
Policy reserves balance (general account)		¥—	¥—	¥—	

Notes: 1. The policy reserve above is applicable to insurance policies (policies subject to standard policy reserves) as defined in Article 68 of the Ordinance for Enforcement of the Insurance Business Act in Japan.

2. The policy reserve balance (general account) represents the insurance premium reserve related to guaranteed minimum insurance benefits.

3. Insurance policies executed on or after April 1, 2004, are subjected to policy reserves.

### 2. Calculation method and multipliers used as the basis for calculations

In terms of the calculation method, the Company uses the standard method defined in paragraph 9, item 1 of Ordinance No. 48 issued by the Ministry of Finance in 1996. Regarding the multipliers used as the basis for calculations (volatility), the Company uses 0.3% for short-term loans that have not been prescribed in the ordinance above and the rate prescribed in paragraph 9, item 1 (d) of the above ordinance for all other policies.

## 46. Reasonableness and Validity of the Application of Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Limited to Reserves Relating to Third-sector Insurance)

### 1. Method for assuring the appropriateness of policy reserves for third-sector insurance

The stress test and liability adequacy test are conducted based on clear risk management policies provided by laws and regulations, or the Board of Directors of the Company, and necessary policy reserves are calculated appropriately.

In addition, the auditing department, which is independent of the accounting department, audits the balance of policy reserves to ensure the appropriateness of the balance.

### 2. Reasonableness and validity of the level of risk frequency used for the liability adequacy test and stress test

To provide for uncertainty regarding the worsening of the incidence rate of insured events, the Company establishes a risk frequency to cover anticipated risks and unexpected risks.

Specifically, the Company assumes that the future incidence of insured events follows a normal distribution based on the past experience of insured events and those trends, and has set a level covering increased insurance proceeds at a fixed probability ratio (99.0% and 97.7%).

### 3. Results of the liability adequacy test and stress test (insurance premium reserve and contingency reserve)

Millions of Yen			
As of March 31	2020	2019	2018
Insurance premium reserve	¥ —	¥ —	¥ —
Contingency reserve	3,652	2,637	2,796

## 47. Reserve for Dividends to Policyholders

Millions of Yen							
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>						
Balance at the beginning of the fiscal year	¥ 963,110	¥ 35,732	¥ 13,880	¥ 1,148	¥ 3,945	¥2,395	¥1,020,213
Transfer to reserve from surplus in the previous fiscal year	54,630	7,843	119,834	27,704	296	1,508	211,818
Increase in interest	21,509	210	0	0	2	0	21,722
Other increases	—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year	58,869	2,040	118,945	27,437	460	2,215	209,969
Other decreases	—	—	—	—	—	—	—
Balance at the end of the fiscal year	¥ 980,381	¥ 41,744	¥ 14,770	¥ 1,415	¥ 3,784	¥1,689	¥1,043,785
	[745,946]	[21,227]	[3,858]	[16]	[3,734]	[198]	[774,981]
<b>Fiscal year ended March 31</b>	<b>2019</b>						
Balance at the beginning of the fiscal year	¥ 943,618	¥ 31,366	¥ 11,691	¥ 1,357	¥ 4,121	¥3,011	¥ 995,167
Transfer to reserve from surplus in the previous fiscal year	53,640	6,014	133,229	23,554	274	1,640	218,353
Increase in interest	22,007	225	0	0	1	0	22,233
Other increases	—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year	56,155	1,874	131,040	23,762	452	2,255	215,540
Other decreases	—	—	—	—	—	—	—
Balance at the end of the fiscal year	¥ 963,110	¥ 35,732	¥ 13,880	¥ 1,148	¥ 3,945	¥2,395	¥1,020,213
	[727,682]	[17,602]	[3,937]	[16]	[3,893]	[233]	[753,365]
<b>Fiscal year ended March 31</b>	<b>2018</b>						
Balance at the beginning of the fiscal year	¥ 949,970	¥ 28,670	¥ 10,882	¥ 3,465	¥ 4,484	¥3,629	¥1,001,102
Transfer to reserve from surplus in the previous fiscal year	23,022	4,194	129,538	25,578	112	1,638	184,086
Increase in interest	21,962	239	0	0	0	0	22,203
Other increases	—	—	—	—	—	—	—
Policyholder dividends paid out during the fiscal year	51,337	1,737	128,730	27,687	475	2,256	212,224
Other decreases	—	—	—	—	—	—	—
Balance at the end of the fiscal year	¥ 943,618	¥ 31,366	¥ 11,691	¥ 1,357	¥ 4,121	¥3,011	¥ 995,167
	[710,786]	[15,373]	[3,610]	[16]	[4,073]	[255]	[734,116]

Note: The numbers in brackets indicate accumulated dividends reserved.

## 48. Allowance for Doubtful Accounts and Other Provisions

As of March 31		2020		2019		2018	
		Amount	Increase (decrease)	Amount	Increase (decrease)	Amount	Increase (decrease)
Allowance for doubtful accounts <sup>1</sup>	General allowance for doubtful accounts	¥ 1,035	¥ 240	¥ 794	¥ (402)	¥ 1,197	¥ (305)
	Specific allowance for doubtful accounts	1,651	(2,018)	3,669	2,465	1,204	(175)
	Allowance for specific overseas debt	—	—	—	—	—	—
Allowance for investment loss <sup>2</sup>		35,068	5,471	29,597	1,459	28,138	2,918
Accrued bonuses for directors and audit and supervisory board members <sup>3</sup>		92	(14)	106	15	90	11
Accrued retirement benefits <sup>4</sup>		374,460	8,562	365,897	4,782	361,114	2,483
Accrued retirement benefits for directors and audit and supervisory board members <sup>5</sup>		4,304	79	4,225	(615)	4,840	342
Reserve for program points <sup>6</sup>		8,864	(339)	9,203	(207)	9,411	397
Reserve for price fluctuations in investments in securities <sup>7</sup>		1,448,014	66,361	1,381,653	99,459	1,282,194	165,399

Notes: Reasons for recording allowances and provisions:

1. Allowance for doubtful accounts is recorded to prepare for bad debt losses.
2. Allowance for investment loss is recorded to prepare for losses from investment.
3. Accrued bonuses for directors, and audit and supervisory board members are recorded for executive bonus payments.
4. Accrued retirement benefits are recorded to prepare for employee retirement benefit and pension payments.
5. Accrued retirement benefits for directors, and audit and supervisory board members are recorded for executive retirement bonus payments.
6. Reserve for program points is recorded to prepare for expenses from the use of points granted to policyholders.
7. Reserve for price fluctuations in investments in securities is recorded based on the provisions of Article 115 of the Insurance Business Act in Japan.

## 49. Allowance for Specific Overseas Loans

### 1. Allowance for specific overseas loans

There were no ending balances as of March 31, 2020, 2019, and 2018.

### 2. Balance of loans by creditor country

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 50. Insurance Premiums

### 1. Premiums by payment method

Fiscal years ended March 31		Millions of Yen		
		2020	2019	2018
<b>Individual insurance</b>		<b>¥2,472,113</b>	<b>¥2,618,300</b>	<b>¥2,297,369</b>
Single premium		422,141	531,859	191,873
Annual payment		675,023	695,895	698,145
Semiannual payment		3,025	3,651	4,310
Monthly payment		1,371,922	1,386,895	1,403,039
<b>Individual annuities</b>		<b>684,293</b>	<b>668,029</b>	<b>699,639</b>
Single premium		13,273	38,092	62,070
Annual payment		228,971	200,684	214,203
Semiannual payment		2,565	2,729	2,975
Monthly payment		439,482	426,522	420,390
<b>Group insurance</b>		<b>245,230</b>	<b>257,148</b>	<b>267,210</b>
<b>Group annuities</b>		<b>1,072,638</b>	<b>1,179,052</b>	<b>1,170,750</b>
<b>Total, including other premiums</b>		<b>¥4,525,225</b>	<b>¥4,774,223</b>	<b>¥4,487,627</b>

Note: Total, including other premiums, includes premiums of workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.



## 50. Insurance Premiums, continued

### 2. Premiums by fiscal year

		Millions of Yen, %		
Fiscal years ended March 31		2020	2019	2018
Individual insurance	Initial year premium	¥ 713,497	¥ 877,116	¥ 658,554
Individual annuities	Subsequent year premiums	2,442,909	2,409,214	2,338,454
	<b>Subtotal</b>	<b>3,156,407</b>	<b>3,286,330</b>	<b>2,997,009</b>
Group insurance	Initial year premium	821	1,257	1,301
	Subsequent year premiums	244,408	255,891	265,909
	<b>Subtotal</b>	<b>245,230</b>	<b>257,148</b>	<b>267,210</b>
Group annuities	Initial year premium	4,700	6,729	4,689
	Subsequent year premiums	1,067,937	1,172,323	1,166,061
	<b>Subtotal</b>	<b>1,072,638</b>	<b>1,179,052</b>	<b>1,170,750</b>
Total, including other premiums	Initial year premium	722,797	888,354	667,569
	Subsequent year premiums	3,802,427	3,885,869	3,820,058
	<b>Total</b>	<b>¥4,525,225</b>	<b>¥4,774,223</b>	<b>¥4,487,627</b>
	<b>[Percentage increase (decrease)]</b>	<b>[(5.2)%]</b>	<b>[6.4%]</b>	<b>[(3.4)%]</b>

Note: Total, including other premiums, includes premiums of workers' asset-formation insurance, workers' asset-formation annuities, medical life insurance, disability income insurance, and reinsurance assumed.

## 51. Death and Other Claims

### 1. Amount

Millions of Yen									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>								
Mortality insurance claims	¥619,746	¥3,397	¥ 90,728	¥ —	¥ —	¥ 3	¥ —	¥ 50	¥ 713,927
Accident insurance claims	7,297	33	299	—	158	—	—	—	7,788
Serious disability insurance claims	71,011	33	9,774	—	—	—	1	16	80,837
Maturity benefits	209,425	9	—	4,550	2,244	—	—	—	216,230
Others	—	—	—	—	—	—	104	474	579
<b>Total</b>	<b>¥907,481</b>	<b>¥3,473</b>	<b>¥100,802</b>	<b>¥ 4,550</b>	<b>¥2,402</b>	<b>¥ 3</b>	<b>¥106</b>	<b>¥542</b>	<b>¥1,019,362</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>								
Mortality insurance claims	¥606,335	¥2,898	¥ 92,051	¥ —	¥ —	¥ 4	¥ 0	¥ 31	¥ 701,321
Accident insurance claims	6,259	20	273	—	136	—	—	—	6,689
Serious disability insurance claims	69,911	87	8,995	—	—	—	—	8	79,002
Maturity benefits	246,936	14	—	11,538	2,582	—	—	—	261,072
Others	—	—	—	—	—	—	128	300	429
<b>Total</b>	<b>¥929,443</b>	<b>¥3,020</b>	<b>¥101,320</b>	<b>¥11,538</b>	<b>¥2,719</b>	<b>¥ 4</b>	<b>¥129</b>	<b>¥340</b>	<b>¥1,048,516</b>
<b>Fiscal year ended March 31</b>	<b>2018</b>								
Mortality insurance claims	¥585,411	¥1,915	¥ 93,643	¥ —	¥ —	¥ 4	¥ 0	¥ 99	¥ 681,076
Accident insurance claims	6,192	23	337	—	41	—	—	—	6,595
Serious disability insurance claims	70,825	86	8,582	—	—	—	—	1	79,495
Maturity benefits	250,877	19	0	11,644	2,878	—	—	—	265,420
Others	—	—	—	—	—	—	76	135	211
<b>Total</b>	<b>¥913,306</b>	<b>¥2,045</b>	<b>¥102,563</b>	<b>¥11,644</b>	<b>¥2,920</b>	<b>¥ 4</b>	<b>¥ 76</b>	<b>¥236</b>	<b>¥1,032,798</b>

## 51. Death and Other Claims, continued

### 2. Number of claims paid

									Number of Claims Paid
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>								
Mortality insurance claims	79,263	1,570	43,834	—	—	144	—	74	124,885
Accident insurance claims	637	20	199	—	10	—	—	—	866
Serious disability insurance claims	24,204	11	3,696	—	—	—	14	20	27,945
Maturity benefits	49,421	117	—	3	3,442	—	—	—	52,983
Others	—	—	—	—	—	—	2,361	2,837	5,198
<b>Total</b>	<b>153,525</b>	<b>1,718</b>	<b>47,729</b>	<b>3</b>	<b>3,452</b>	<b>144</b>	<b>2,375</b>	<b>2,931</b>	<b>211,877</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>								
Mortality insurance claims	75,059	1,491	44,475	—	—	192	3	49	121,269
Accident insurance claims	678	19	171	—	16	—	—	—	884
Serious disability insurance claims	22,973	24	3,533	—	—	—	—	2	26,532
Maturity benefits	58,905	104	—	2	3,514	—	—	—	62,525
Others	—	—	—	—	—	—	1,496	1,818	3,314
<b>Total</b>	<b>157,615</b>	<b>1,638</b>	<b>48,179</b>	<b>2</b>	<b>3,530</b>	<b>192</b>	<b>1,499</b>	<b>1,869</b>	<b>214,524</b>
<b>Fiscal year ended March 31</b>	<b>2018</b>								
Mortality insurance claims	70,346	1,051	45,279	—	—	175	4	92	116,947
Accident insurance claims	760	18	186	—	8	—	—	—	972
Serious disability insurance claims	21,757	22	3,496	—	—	—	—	2	25,277
Maturity benefits	60,060	182	1	2	3,664	—	—	—	63,909
Others	—	—	—	—	—	—	718	886	1,604
<b>Total</b>	<b>152,923</b>	<b>1,273</b>	<b>48,962</b>	<b>2</b>	<b>3,672</b>	<b>175</b>	<b>722</b>	<b>980</b>	<b>208,709</b>

## 52. Annuity Payments

									Millions of Yen, Number of Policies
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>								
Annuities paid	¥35,042	¥426,177	¥ 2,191	¥ 334,049	¥ 7,985	¥—	¥—	¥—	¥ 805,445
Number of policies	35,284	569,925	27,870	6,450,203	28,732	—	—	—	7,112,014
<b>Fiscal year ended March 31</b>	<b>2019</b>								
Annuities paid	¥35,715	¥394,610	¥ 2,253	¥ 351,139	¥ 8,260	¥—	¥—	¥—	¥ 791,978
Number of policies	33,647	542,769	29,328	6,593,382	29,197	—	—	—	7,228,323
<b>Fiscal year ended March 31</b>	<b>2018</b>								
Annuities paid	¥36,237	¥376,733	¥ 2,254	¥ 378,395	¥ 8,592	¥—	¥—	¥—	¥ 802,214
Number of policies	32,877	524,219	30,836	6,836,705	29,835	—	—	—	7,454,472

## 53. Health and Other Benefits

### 1. Amount

Millions of Yen

	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>								
Death benefits	¥ 4,432	¥22,633	¥ 6	¥ —	¥ 436	¥ —	¥—	¥ —	¥ 27,509
Hospitalization benefits	76,350	1,610	69	—	—	1,565	—	42	79,639
Surgical benefits	54,665	1,438	—	—	—	2,210	—	34	58,349
Disability benefits	3,467	16	54	—	5	—	—	—	3,544
Survival benefits	81,195	176	—	—	1,366	—	—	—	82,737
Single benefits	—	—	—	400,023	—	—	—	—	400,023
Other benefits	505	0	1	38,958	—	—	—	47	39,513
<b>Total</b>	<b>¥220,617</b>	<b>¥25,877</b>	<b>¥132</b>	<b>¥438,981</b>	<b>¥1,808</b>	<b>¥3,776</b>	<b>¥—</b>	<b>¥124</b>	<b>¥691,317</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>								
Death benefits	¥ 4,393	¥23,009	¥ 5	¥ —	¥ 461	¥ —	¥—	¥ —	¥ 27,870
Hospitalization benefits	72,879	1,673	81	—	—	1,553	—	35	76,223
Surgical benefits	54,139	1,429	—	—	—	2,030	—	25	57,624
Disability benefits	3,334	17	55	—	1	—	—	—	3,408
Survival benefits	77,017	112	—	—	1,505	—	—	—	78,635
Single benefits	—	—	—	389,563	—	—	—	—	389,563
Other benefits	116	1	1	19,959	—	—	—	80	20,160
<b>Total</b>	<b>¥211,881</b>	<b>¥26,244</b>	<b>¥144</b>	<b>¥409,523</b>	<b>¥1,968</b>	<b>¥3,583</b>	<b>¥—</b>	<b>¥140</b>	<b>¥653,486</b>
<b>Fiscal year ended March 31</b>	<b>2018</b>								
Death benefits	¥ 4,544	¥24,473	¥ 6	¥ —	¥ 516	¥ —	¥—	¥ —	¥ 29,541
Hospitalization benefits	73,705	1,758	72	—	—	1,610	—	25	77,173
Surgical benefits	53,871	1,518	—	—	—	1,908	—	11	57,310
Disability benefits	3,361	14	45	—	—	—	—	—	3,421
Survival benefits	85,178	87	—	—	1,764	—	—	—	87,029
Single benefits	—	—	—	374,453	—	—	—	—	374,453
Other benefits	20	1	2	20,281	—	—	—	6	20,312
<b>Total</b>	<b>¥220,681</b>	<b>¥27,852</b>	<b>¥126</b>	<b>¥394,735</b>	<b>¥2,280</b>	<b>¥3,519</b>	<b>¥—</b>	<b>¥44</b>	<b>¥649,240</b>

## 53. Health and Other Benefits, continued

### 2. Number of claims paid

Number of Claims Paid									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>Fiscal year ended March 31</b>	<b>2020</b>								
Death benefits	4,363	5,299	436	—	197	—	—	—	10,295
Hospitalization benefits	861,693	26,924	2,994	—	—	32,593	—	5,164	929,368
Surgical benefits	476,757	17,851	—	—	—	18,273	—	3,702	516,583
Disability benefits	39,474	116	121	—	1	—	—	—	39,712
Survival benefits	288,250	1,865	—	—	587	—	—	—	290,702
Single benefits	—	—	—	626,346	—	—	—	—	626,346
Other benefits	2,369	8	122	4	—	—	—	12,410	14,913
<b>Total</b>	<b>1,672,906</b>	<b>52,063</b>	<b>3,673</b>	<b>626,350</b>	<b>785</b>	<b>50,866</b>	<b>—</b>	<b>21,276</b>	<b>2,427,919</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>								
Death benefits	4,239	5,287	413	—	199	—	—	—	10,138
Hospitalization benefits	850,052	26,942	3,275	—	—	32,622	—	4,027	916,918
Surgical benefits	466,718	17,608	—	—	—	17,006	—	2,718	504,050
Disability benefits	38,237	103	120	—	1	—	—	—	38,461
Survival benefits	249,055	1,167	—	—	610	—	—	—	250,832
Single benefits	—	—	—	585,279	—	—	—	—	585,279
Other benefits	914	8	222	4	—	—	—	16,164	17,312
<b>Total</b>	<b>1,609,215</b>	<b>51,115</b>	<b>4,030</b>	<b>585,283</b>	<b>810</b>	<b>49,628</b>	<b>—</b>	<b>22,909</b>	<b>2,322,990</b>
<b>Fiscal year ended March 31</b>	<b>2018</b>								
Death benefits	4,279	5,385	459	—	233	—	—	—	10,356
Hospitalization benefits	844,458	28,064	3,130	—	—	33,936	—	2,178	911,766
Surgical benefits	460,114	18,232	—	—	—	16,082	—	1,059	495,487
Disability benefits	37,882	105	138	—	—	—	—	—	38,125
Survival benefits	271,398	914	—	—	718	—	—	—	273,030
Single benefits	—	—	—	564,817	—	—	—	—	564,817
Other benefits	140	8	254	4	—	—	—	958	1,364
<b>Total</b>	<b>1,618,271</b>	<b>52,708</b>	<b>3,981</b>	<b>564,821</b>	<b>951</b>	<b>50,018</b>	<b>—</b>	<b>4,195</b>	<b>2,294,945</b>

## 54. Surrender Benefits

Millions of Yen									
<b>Fiscal years ended March 31</b>									
	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
<b>2020</b>	¥707,797	¥120,912	¥—	¥ 55,833	¥34,290	¥—	¥—	¥—	<b>¥918,833</b>
<b>2019</b>	712,922	117,076	—	86,739	32,543	—	—	—	<b>949,282</b>
<b>2018</b>	619,978	117,760	—	156,830	31,806	—	—	—	<b>926,376</b>

## 55. Depreciation

					Millions of Yen, %
	Acquisition cost	Current-year depreciation	Accumulated depreciation	Balance as of March 31	Accumulated depreciation percentage
<b>Fiscal year ended March 31</b>	<b>2020</b>				
Tangible fixed assets	¥621,661	¥19,265	¥433,317	¥188,344	69.7%
Buildings	551,500	8,987	385,409	166,091	69.9
Lease assets	17,300	3,227	9,527	7,772	55.1
Other tangible fixed assets	52,860	7,049	38,380	14,480	72.6
Intangible fixed assets	346,608	36,614	245,690	100,917	70.9
Others	9,132	812	4,596	4,535	50.3
<b>Total</b>	<b>¥977,401</b>	<b>¥56,691</b>	<b>¥683,604</b>	<b>¥293,797</b>	<b>69.9%</b>
<b>Fiscal year ended March 31</b>	<b>2019</b>				
Tangible fixed assets	¥635,228	¥14,832	¥433,346	¥201,881	68.2%
Buildings	553,305	8,787	381,503	171,802	68.9
Lease assets	20,318	3,699	10,520	9,798	51.8
Other tangible fixed assets	61,603	2,346	41,322	20,281	67.1
Intangible fixed assets	315,642	31,072	209,077	106,565	66.2
Others	8,248	690	4,770	3,477	57.8
<b>Total</b>	<b>¥959,119</b>	<b>¥46,595</b>	<b>¥647,194</b>	<b>¥311,924</b>	<b>67.5%</b>
<b>Fiscal year ended March 31</b>	<b>2018</b>				
Tangible fixed assets	¥620,843	¥13,394	¥428,857	¥191,986	69.1%
Buildings	546,766	8,584	377,435	169,331	69.0
Lease assets	20,407	2,956	7,738	12,669	37.9
Other tangible fixed assets	53,668	1,853	43,684	9,984	81.4
Intangible fixed assets	260,853	28,519	178,022	82,830	68.2
Others	8,925	663	5,815	3,110	65.2
<b>Total</b>	<b>¥890,622</b>	<b>¥42,576</b>	<b>¥612,696</b>	<b>¥277,926</b>	<b>68.8%</b>

## 56. Operating Expenses

				Millions of Yen
<b>Fiscal years ended March 31</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
Marketing operation expenses	¥244,328	¥262,362	¥258,476	
Marketing administration expenses	83,308	82,176	80,935	
General and administrative expenses	271,109	267,433	261,158	
<b>Total</b>	<b>¥598,746</b>	<b>¥611,973</b>	<b>¥600,571</b>	

Notes: 1. Marketing operation expenses and marketing administration expenses include expenditures for underwriting new policies. Marketing operation expenses primarily include expenses related to new policy solicitation and assessment. Marketing administration expenses primarily include expenses related to advertising and sales force.  
2. General and administrative expenses include expenditures for maintaining contracts (e.g., expenses related to insurance administration and IT system) and other costs for managing assets.  
3. The Company's contributions to the Life Insurance Policyholders Protection Corporation of Japan (the "Policyholders Protection Corporation"), as is stipulated in Article 265-33, Paragraph 1 of the Insurance Business Act in Japan, were ¥5,400 million in the fiscal year ended March 31, 2020, ¥5,525 million in the fiscal year ended March 31, 2019, and ¥5,742 million in the fiscal year ended March 31, 2018.

## 57. Loans by Due Date

							Millions of Yen
	Within 1 year or under	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years (including loans with no fixed maturity)	Total
<b>As of March 31</b>	<b>2020</b>						
Loans payable	¥ 242	¥4,713	¥13,291	¥ —	¥—	¥ 390,000	¥ 408,248
Corporate bonds	—	—	—	—	—	1,155,320	1,155,320
<b>As of March 31</b>	<b>2019</b>						
Loans payable	¥3,948	¥3,805	¥12,884	¥ 3,030	¥—	¥ 220,000	¥ 243,668
Corporate bonds	—	—	—	—	—	1,028,889	1,028,889
<b>As of March 31</b>	<b>2018</b>						
Loans payable	¥ 241	¥5,078	¥ 4,601	¥12,975	¥—	¥ —	¥ 22,897
Corporate bonds	—	—	—	—	—	1,028,889	1,028,889

## 58. Taxes

Fiscal years ended March 31		2020	2019	2018
National tax		¥29,433	¥28,156	¥26,128
	Consumption tax	25,505	24,205	22,507
	Special local corporate tax	3,395	3,543	3,263
	Documentary stamp tax	367	330	316
	Registration and license tax	20	12	6
	Other national tax	144	65	34
Local tax		21,734	21,201	19,930
	Local consumption tax	7,027	6,531	6,073
	Corporate enterprise tax	8,183	8,537	7,853
	Fixed asset tax	5,544	5,198	5,097
	Real estate acquisition tax	56	38	13
	Corporate income tax	909	882	884
	Automobile tax	1	1	1
	Other local tax	10	12	6
Total		¥51,167	¥49,358	¥46,058

## 59. Lease Transactions

### Lease Transactions (as a Lessee)

(1) Finance lease transactions that do not transfer ownership which are accounted for as operating lease transactions

i) Pro forma information relating to acquisition cost, accumulated depreciation, and book value of leased assets as of fiscal year end

There were no ending balances for the fiscal years ended March 31, 2020, 2019, and 2018.

ii) Future minimum lease payments at year-end

There were no ending balances for the fiscal years ended March 31, 2020, 2019, and 2018.

iii) Lease payments and depreciation

There were no ending balances for the fiscal years ended March 31, 2020, 2019, and 2018.

(2) Operating lease transactions

Fiscal years ended March 31		2020	2019	2018
Future minimum lease payments at year-end	Within one year	¥ 559	¥ 522	¥362
	Over one year	1,246	1,618	603
	<b>Total</b>	<b>¥1,806</b>	<b>¥2,141</b>	<b>¥965</b>

### Lease Transactions (as a Lessor)

(1) Operating lease transactions

Fiscal years ended March 31		2020	2019	2018
Future minimum lease payments at year-end	Within one year	¥14,916	¥18,612	¥13,014
	Over one year	54,003	40,624	22,106
	<b>Total</b>	<b>¥68,920</b>	<b>¥59,237</b>	<b>¥35,120</b>

## 60. Overview of Investment for the Fiscal Year Ended March 31, 2020 (General Account)

### (1) Investment environment

In the fiscal year ended March 31, 2020, the Japanese economy remained on a gradual recovery path, underpinned by firm domestic demand. Meanwhile, there were some signs of weakness in foreign demand due to factors, such as trade friction between the United States (U.S.) and China. In the second half of the fiscal year, economic activities slowed partly because of a hike in the consumption tax rate and the spread of coronavirus disease 2019 (COVID-19).

- The Nikkei Stock Average at the start of the fiscal year was ¥21,509. Subsequently, the index temporarily declined due to factors, such as trade friction between the U.S. and China. Thereafter, the U.S. and China reached an agreement that paves the way for easing tensions, causing the index to rise to ¥24,083 in late January. In March, the index momentarily decreased to the ¥16,000 level in step with the spread of COVID-19. However, with the announcement of support through robust fiscal and monetary policies measures in various countries, the index recovered to ¥18,917 at the end of March 2020.
- The yield rate on 10-year government bonds at the start of the fiscal year was minus 0.09% and then temporarily decreased to minus 0.29% due to factors, such as trade friction between the U.S. and China. Thereafter, the yield rate rose into positive territory in December 2019, reflecting factors, such as an agreement reached between the U.S. and China that paves the way for easing tensions. In March 2020, the spread of COVID-19 caused some volatility in interest rates in Japan and abroad. With the Bank of Japan continuing to implement its yield curve control policy, the yield rate stood at 0.01% at the end of March 2020.
- The yen-dollar exchange rate started the fiscal year at the ¥111 level. Thereafter, the Federal Reserve System, the central bank of the U.S., decided to shift course and lower the policy interest rate. As a result, the spread between Japanese and U.S. interest rates narrowed and the yen strengthened to the ¥105 level in August. After that, the yen depreciated to the ¥110 level against the backdrop of factors such as the easing of U.S.-China tensions. In March, significant volatility in the yen-dollar exchange rate was observed at times in response to the spread of COVID-19. The yen-dollar exchange rate finished at ¥108.83 at the end of March 2020.

The yen-euro exchange rate at the start of the fiscal year was at the ¥124 level. Subsequently, the yen temporarily strengthened to the ¥116 level owing to concerns about a slowdown in the European economy and uncertainty about the withdrawal of the United Kingdom from the European Union. Afterwards, as uncertainty over the global economic outlook was dispelled, the yen depreciated to the ¥122 level in January 2020. In March 2020, volatility in the yen-euro exchange rate was observed at times in response to the spread of COVID-19. The yen-euro exchange rate was ¥119.55 at the end of March 2020.

### (2) Investment policy

The Company creates portfolios that serve as core medium- to long-term investments based on its ALM approach of appropriately controlling assets and liabilities.

Specifically, to supply the stable long-term yields promised to policyholders, the Company has positioned government and corporate bonds as well as loans that it expects to provide stable Japanese yen-denominated revenue as its primary assets. Furthermore, the Company is investing in domestic and foreign securities with an aim to improve its medium- to long-term profitability and increase returns to policyholders, while managing safety and risks associated with the investments to keep them within an acceptable level. The Company also continues to invest in other assets that are expected to earn excess returns, such as corporate bonds and securitized products, as well as private equity, hedge funds, and other investment areas in order to diversify earning sources and hedge investment risks.

### (3) Overview of investment results

In the fiscal year ended March 31, 2020, the Company positioned yen-denominated assets that can be expected to provide stable income, such as public and corporate bonds, as its core assets. In addition, the Company continued to invest in domestic and foreign securities with an aim to improve its medium- to long-term profitability, while managing safety and risks associated with the investments to keep them within an acceptable level.

#### Public and corporate bonds

Considering the advantages of yen-denominated interest rate assets, the Company carefully increased the outstanding balance of bonds when positive signs were seen in interest rate trends.

#### Stocks

The Company shuffled investments in stocks during the year by assessing earning power and dividend payout trends of investees in order to improve the profitability of portfolios over a medium- to long-term period.

#### Foreign securities

Regarding foreign securities, the Company invested in foreign currency-denominated bonds based on currency movements. Also, the Company invested in foreign bonds that hedge the risk of exchange rate fluctuations, taking into consideration the advantages of yen-denominated interest rate assets.

#### Loans

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

#### Real estate

The Company strove to improve the quality of its own buildings to secure profitability by decreasing vacancy rates and renovating existing properties.



## 60. Overview of Investment for the Fiscal Year Ended March 31, 2020 (General Account), continued

Billions of Yen, %			
As of March 31	2020	Increase (decrease)*	Breakdown
<b>General account total</b>	<b>¥67,868.7</b>	<b>¥2,184.7</b>	<b>100.0%</b>
Domestic bonds	24,658.1	1,173.7	36.3
Domestic stocks	7,858.2	(97.5)	11.6
Foreign securities	20,471.4	500.0	30.2
Loans	7,411.8	(26.9)	10.9
Real estate	1,658.7	9.1	2.4

\* Amounts indicate increase/decrease in the book value.

## 61. Portfolio Trends (General Account)

### 1. Asset composition

Millions of Yen, %						
As of March 31	2020		2019		2018	
Cash, deposits, and call loans	¥ 996,511	1.5 %	¥ 1,079,370	1.6 %	¥ 1,063,465	1.6 %
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables purchased	219,068	0.3	244,043	0.4	278,235	0.4
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	33,779	0.0	13,157	0.0	10,421	0.0
Investments in securities	56,427,642	83.1	55,514,354	83.1	53,744,350	82.5
Domestic bonds	24,658,162	36.3	23,527,564	35.2	22,381,354	34.3
Domestic stocks	7,858,225	11.6	8,955,495	13.4	9,358,885	14.4
Foreign securities	20,471,430	30.2	19,859,544	29.7	19,371,054	29.7
Foreign bonds	14,191,081	20.9	13,871,081	20.8	14,433,531	22.1
Foreign stocks and other securities	6,280,348	9.3	5,988,462	9.0	4,937,522	7.6
Other securities	3,439,825	5.1	3,171,750	4.7	2,633,055	4.0
Loans	7,411,809	10.9	7,438,736	11.1	7,468,329	11.5
Policy loans	554,285	0.8	582,774	0.9	619,030	0.9
Industrial and consumer loans	6,857,523	10.1	6,855,961	10.3	6,849,298	10.5
Real estate	1,658,731	2.4	1,649,608	2.5	1,607,364	2.5
Investment property	1,061,399	1.6	1,048,419	1.6	1,010,503	1.6
Deferred tax assets	—	—	—	—	—	—
Other assets	1,123,851	1.7	891,903	1.3	1,008,756	1.5
Allowance for doubtful accounts	(2,686)	(0.0)	(4,463)	(0.0)	(2,401)	(0.0)
<b>Total</b>	<b>¥67,868,709</b>	<b>100.0 %</b>	<b>¥66,826,711</b>	<b>100.0 %</b>	<b>¥65,178,521</b>	<b>100.0 %</b>
Foreign currency-denominated assets	¥19,687,377	29.0 %	¥18,719,554	28.0 %	¥18,015,853	27.6 %

Notes: 1. The assets above include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities as cash received as collateral under securities lending transactions (nil as of March 31, 2020; ¥32,610 million as of March 31, 2019; and ¥330,722 million as of March 31, 2018).

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

## 61. Portfolio Trends (General Account), continued

### 2. Increases/decreases in assets

				Millions of Yen
Fiscal years ended March 31	2020	2019	2018	
Cash, deposits, and call loans	¥ (82,859)	¥ 15,905	¥ (14,440)	
Receivables under resale agreements	—	—	—	
Receivables under securities borrowing transactions	—	—	—	
Monetary receivables purchased	(24,975)	(34,191)	(48,021)	
Proprietary trading securities	—	—	—	
Assets held in trust	20,621	2,736	7,023	
Investments in securities	913,288	1,770,004	1,872,795	
Domestic bonds	1,130,597	1,146,210	(78,825)	
Domestic stocks	(1,097,270)	(403,390)	663,650	
Foreign securities	611,886	488,489	515,967	
Foreign bonds	320,000	(562,450)	54,049	
Foreign stocks and other securities	291,885	1,050,939	461,918	
Other securities	268,074	538,694	772,002	
Loans	(26,926)	(29,593)	(281,198)	
Policy loans	(28,488)	(36,256)	(35,671)	
Industrial and consumer loans	1,562	6,662	(245,527)	
Real estate	9,123	42,244	(11,930)	
Investment property	12,979	37,916	(11,815)	
Deferred tax assets	—	—	—	
Other assets	231,948	(116,853)	155,601	
Allowance for doubtful accounts	1,777	(2,062)	481	
<b>Total</b>	<b>¥ 1,041,998</b>	<b>¥1,648,189</b>	<b>¥1,680,309</b>	
Foreign currency-denominated assets	¥ 967,823	¥ 703,701	¥ 979,655	

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows:

Fiscal year ended March 31, 2020: ¥32,610 million decrease

Fiscal year ended March 31, 2019: ¥298,112 million decrease

Fiscal year ended March 31, 2018: ¥343,344 million decrease

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

## 62. Average Balance and Yield on Primary Assets (General Account)

							Millions of Yen, %
Fiscal years ended March 31	2020		2019		2018		
	Average balance	Yield	Average balance	Yield	Average balance	Yield	
Cash, deposits, and call loans	¥ 958,470	0.03 %	¥ 988,039	0.16 %	¥ 445,908	0.04 %	
Receivables under resale agreements	—	—	—	—	—	—	
Receivables under securities borrowing transactions	—	—	—	—	—	—	
Monetary receivables purchased	216,838	1.77	252,942	1.83	290,635	1.88	
Proprietary trading securities	—	—	—	—	—	—	
Assets held in trust	21,037	84.23	18,622	(13.74)	10,003	(32.68)	
Investments in securities	49,780,727	2.25	48,147,945	2.33	46,438,121	2.42	
Domestic bonds	23,670,276	1.68	22,807,362	1.85	22,177,019	1.81	
Domestic stocks	4,808,813	2.73	4,722,279	6.57	4,445,252	7.02	
Foreign securities	18,195,299	2.98	17,971,199	1.94	17,799,017	2.12	
Foreign bonds	12,506,601	2.50	13,234,596	1.37	13,690,630	1.51	
Foreign stocks and other securities	5,688,697	4.03	4,736,602	3.55	4,108,387	4.12	
Loans	7,454,096	1.51	7,467,512	1.53	7,652,269	1.67	
Industrial and consumer loans	6,888,638	1.26	6,867,132	1.26	7,017,716	1.39	
Real estate	1,656,073	2.78	1,624,475	2.70	1,615,605	2.70	
Investment property	1,057,325	4.39	1,022,823	4.29	1,017,517	4.29	
<b>General account total</b>	<b>¥61,980,338</b>	<b>2.11 %</b>	<b>¥60,288,629</b>	<b>2.14 %</b>	<b>¥58,087,021</b>	<b>2.20 %</b>	
Overseas investments	¥19,784,211	2.82 %	¥19,240,924	1.88 %	¥18,551,859	2.07 %	

Notes: 1. Yields are calculated by dividing investment income, less investment expenses, by the daily average book value balance.

2. The amount of overseas investments is the sum of assets denominated in foreign currencies and Japanese yen.

### 63. Investment Income (General Account)

	Millions of Yen		
Fiscal years ended March 31	2020	2019	2018
Interest, dividends, and other income	¥1,426,177	¥1,427,665	¥1,407,350
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	17,720	—	—
Gain from trading securities	—	—	—
Gain on sales of securities	328,211	194,922	179,682
Gain on redemptions of securities	2,193	6,187	14,941
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	—	2,140	—
Reversal of allowance for doubtful accounts	1,233	—	471
Reversal of allowance for investment loss	—	—	—
Other investment income	1,333	1,784	596
<b>Total</b>	<b>¥1,776,868</b>	<b>¥1,632,699</b>	<b>¥1,603,043</b>

### 64. Investment Expenses (General Account)

	Millions of Yen		
Fiscal years ended March 31	2020	2019	2018
Interest expenses	¥ 33,220	¥ 30,872	¥ 21,923
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	—	2,563	3,276
Loss from trading securities	—	—	—
Loss on sales of securities	48,704	138,790	102,833
Loss on valuation of securities	202,393	21,371	11,235
Loss on redemptions of securities	12,745	8,097	23,359
Loss on derivative financial instruments, net	83,947	93,110	105,877
Foreign exchange losses, net	29,408	—	9,589
Provision for allowance for doubtful accounts	—	4,002	—
Provision for allowance for investment loss	5,471	1,459	2,918
Write-offs of loans	—	—	—
Depreciation of rental real estate and other assets	17,582	16,364	14,826
Other investment expenses	32,912	28,480	28,360
<b>Total</b>	<b>¥466,386</b>	<b>¥345,112</b>	<b>¥324,200</b>

### 65. Interest, Dividends, and Other Income (General Account)

	Millions of Yen		
Fiscal years ended March 31	2020	2019	2018
Interest on deposits and savings	¥ 6,524	¥ 4,868	¥ 420
Interest on securities and dividends	1,195,430	1,198,538	1,183,986
Interest on bonds	383,587	385,378	386,443
Domestic stock dividends	217,832	219,879	202,357
Interest/dividends on foreign securities	544,456	551,410	555,312
Interest on loans	121,811	124,582	130,059
Real estate rental income	88,504	82,977	80,271
<b>Total, including other income</b>	<b>¥1,426,177</b>	<b>¥1,427,665</b>	<b>¥1,407,350</b>

## 66. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen								
Fiscal years ended March 31	2020			2019			2018	
	Change in asset allocation balance	Increase (decrease) from interest variance	Total increase (decrease)	Change in asset allocation balance	Increase (decrease) from interest variance	Total increase (decrease)	Change in asset allocation balance	Increase (decrease) from interest variance
Interest, dividends, and other income	¥40,060	¥(41,548)	¥(1,488)	¥53,341	¥(33,026)	¥20,314	¥33,683	¥ 8,038
Cash, deposits, and call loans	(261)	726	465	1,009	6,891	7,900	7	745
Securities	40,644	(43,753)	(3,108)	43,593	(29,041)	14,552	44,620	11,530
Loans	(223)	(2,547)	(2,771)	(3,140)	(2,336)	(5,477)	(6,494)	(4,570)
Real estate	1,614	3,913	5,527	440	2,264	2,705	(2,426)	(1,800)

## 67. Gain on Sales of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2020	2019	2018
Domestic bonds	¥ 41,199	¥ 29,912	¥ 12,476
Domestic stocks and other securities	68,460	118,672	130,988
Foreign securities	217,963	46,337	36,217
<b>Total, including other gains on sales of securities</b>	<b>¥328,211</b>	<b>¥194,922</b>	<b>¥179,682</b>

## 68. Loss on Sales of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2020	2019	2018
Domestic bonds	¥ 204	¥ 1,802	¥ 571
Domestic stocks and other securities	26,291	10,058	7,706
Foreign securities	22,201	126,922	94,555
<b>Total, including other losses on sales of securities</b>	<b>¥48,704</b>	<b>¥138,790</b>	<b>¥102,833</b>

## 69. Loss on Valuation of Securities (General Account)

Millions of Yen			
Fiscal years ended March 31	2020	2019	2018
Domestic bonds	¥ —	¥ —	¥ —
Domestic stocks and other securities	142,480	10,999	201
Foreign securities	59,887	10,336	10,839
<b>Total, including other losses on valuation of securities</b>	<b>¥202,393</b>	<b>¥21,371</b>	<b>¥11,235</b>

## 70. Proprietary Trading Securities (General Account)

There are no ending balances as of March 31, 2020, 2019, and 2018.

## 71. Proprietary Trading Securities Trading Volume (General Account)

There are no ending balances for the fiscal years ended March 31, 2020, 2019, and 2018.

## 72. Breakdown of Investments in Securities (General Account)

Millions of Yen, %						
As of March 31	2020		2019		2018	
Domestic bonds	¥24,658,162	43.7%	¥23,527,564	42.4%	¥22,381,354	41.6%
National government bonds	21,859,769	38.7	20,809,124	37.5	19,456,180	36.2
Local government bonds	731,436	1.3	789,752	1.4	881,518	1.6
Corporate bonds	2,066,956	3.7	1,928,688	3.5	2,043,655	3.8
Public entity bonds	792,932	1.4	793,081	1.4	810,792	1.5
Domestic stocks	7,858,225	13.9	8,955,495	16.1	9,358,885	17.4
Foreign securities	20,471,430	36.3	19,859,544	35.8	19,371,054	36.0
Foreign bonds	14,191,081	25.1	13,871,081	25.0	14,433,531	26.9
Foreign stocks and other securities	6,280,348	11.1	5,988,462	10.8	4,937,522	9.2
Other securities	3,439,825	6.1	3,171,750	5.7	2,633,055	4.9
<b>Total</b>	<b>¥56,427,642</b>	<b>100.0%</b>	<b>¥55,514,354</b>	<b>100.0%</b>	<b>¥53,744,350</b>	<b>100.0%</b>

## 73. Breakdown of Investments in Securities by Maturity Dates (General Account)

Millions of Yen							
As of March 31	Within 1 year or under	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years (including securities with no fixed maturity)	Total
<b>2020</b>							
Investments in securities	¥ 904,100	¥2,210,299	¥2,782,812	¥4,699,815	¥8,087,023	¥37,743,590	<b>¥56,427,642</b>
Domestic bonds							
National government bonds	316,479	882,898	1,489,750	2,217,841	2,506,890	14,445,909	<b>21,859,769</b>
Local government bonds	5,123	6,059	26,673	77,038	132,376	484,165	<b>731,436</b>
Corporate bonds	55,020	128,765	217,169	235,456	537,201	893,342	<b>2,066,956</b>
Domestic stocks						7,858,225	<b>7,858,225</b>
Foreign securities	492,101	1,088,747	837,008	1,519,234	2,987,791	13,546,545	<b>20,471,430</b>
Foreign bonds	483,879	1,061,095	786,755	1,490,227	2,889,495	7,479,627	<b>14,191,081</b>
Foreign stocks and other securities	8,221	27,651	50,253	29,007	98,295	6,066,918	<b>6,280,348</b>
Other securities	35,375	103,828	212,211	650,244	1,922,764	515,401	<b>3,439,825</b>
Monetary receivables purchased	29,109	867	1,110	4,932	36,636	146,411	<b>219,068</b>
Negotiable certificates of deposit	162,898	—	—	—	—	—	<b>162,898</b>
<b>Total</b>	<b>¥1,096,109</b>	<b>¥2,211,167</b>	<b>¥2,783,923</b>	<b>¥4,704,748</b>	<b>¥8,123,659</b>	<b>¥37,890,001</b>	<b>¥56,809,609</b>

### 73. Breakdown of Investments in Securities by Maturity Dates (General Account), continued

Millions of Yen							
	Within 1 year or under	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years (including securities with no fixed maturity)	Total
<b>As of March 31</b>	<b>2019</b>						
Investments in securities	¥1,096,893	¥2,216,974	¥2,410,145	¥3,461,702	¥8,434,522	¥37,894,117	<b>¥55,514,354</b>
Domestic bonds							
National government bonds	267,946	779,582	1,109,881	1,987,606	2,807,795	13,856,311	<b>20,809,124</b>
Local government bonds	90,199	6,976	18,160	40,615	100,327	533,472	<b>789,752</b>
Corporate bonds	63,708	110,274	189,743	131,623	561,748	871,590	<b>1,928,688</b>
Domestic stocks						8,955,495	<b>8,955,495</b>
Foreign securities	545,507	1,211,270	998,975	944,062	3,193,688	12,966,040	<b>19,859,544</b>
Foreign bonds	538,495	1,185,895	963,128	917,677	3,111,786	7,154,098	<b>13,871,081</b>
Foreign stocks and other securities	7,011	25,374	35,847	26,384	81,902	5,811,941	<b>5,988,462</b>
Other securities	129,531	108,870	93,383	357,795	1,770,961	711,206	<b>3,171,750</b>
Monetary receivables purchased	26,999	1,908	1,734	4,853	36,450	172,097	<b>244,043</b>
Negotiable certificates of deposit	279,297	—	—	—	—	—	<b>279,297</b>
<b>Total</b>	<b>¥1,403,190</b>	<b>¥2,218,882</b>	<b>¥2,411,879</b>	<b>¥3,466,556</b>	<b>¥8,470,972</b>	<b>¥38,066,214</b>	<b>¥56,037,696</b>
<b>As of March 31</b>	<b>2018</b>						
Investments in securities	¥ 786,922	¥2,287,462	¥2,412,894	¥2,795,209	¥7,371,743	¥38,090,117	<b>¥53,744,350</b>
Domestic bonds							
National government bonds	172,029	588,945	934,045	1,643,829	3,073,635	13,043,695	<b>19,456,180</b>
Local government bonds	100,624	95,798	6,067	26,768	86,781	565,477	<b>881,518</b>
Corporate bonds	281,225	120,267	131,797	138,958	418,521	952,884	<b>2,043,655</b>
Domestic stocks						9,358,885	<b>9,358,885</b>
Foreign securities	231,531	1,249,195	1,233,133	786,330	2,437,656	13,433,207	<b>19,371,054</b>
Foreign bonds	222,403	1,231,479	1,198,882	752,973	2,379,598	8,648,194	<b>14,433,531</b>
Foreign stocks and other securities	9,127	17,716	34,251	33,357	58,057	4,785,012	<b>4,937,522</b>
Other securities	1,512	233,255	107,850	199,322	1,355,147	735,967	<b>2,633,055</b>
Monetary receivables purchased	22,999	1,602	4,234	6,416	23,301	219,682	<b>278,235</b>
Negotiable certificates of deposit	327,500	—	—	—	—	—	<b>327,500</b>
<b>Total</b>	<b>¥1,137,421</b>	<b>¥2,289,064</b>	<b>¥2,417,128</b>	<b>¥2,801,625</b>	<b>¥7,395,044</b>	<b>¥38,309,799</b>	<b>¥54,350,085</b>

### 74. Bond Yields (General Account)

				%
<b>As of March 31</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	
Domestic bonds	1.66%	1.76%	1.84%	
Foreign bonds	2.80	3.18	3.12	
Japanese yen denominated	1.22	1.32	1.35	
Foreign currency denominated	2.90	3.29	3.20	

## 75. Stocks Held—Breakdown by Industry (General Account)

		Millions of Yen, %					
As of March 31	2020		2019		2018		
<b>Fishery, agriculture, and forestry</b>	¥	3,067	0.0%	¥	5,041	0.1%	¥ 3,968 0.0%
<b>Mining</b>		986	0.0		1,323	0.0	1,527 0.0
<b>Construction</b>		126,226	1.6		153,286	1.7	165,767 1.8
<b>Manufacturing</b>							
Food		261,743	3.3		322,054	3.6	327,487 3.5
Textiles and apparel		77,636	1.0		107,364	1.2	130,398 1.4
Pulp and paper		21,773	0.3		28,703	0.3	29,262 0.3
Chemicals		815,638	10.4		890,795	9.9	954,178 10.2
Pharmaceuticals		707,035	9.0		759,058	8.5	772,598 8.3
Oil and coal products		14,414	0.2		21,803	0.2	28,103 0.3
Rubber products		62,623	0.8		85,421	1.0	98,860 1.1
Glass and ceramic products		61,554	0.8		77,315	0.9	89,137 1.0
Iron and steel		59,167	0.8		118,824	1.3	137,830 1.5
Nonferrous metals		47,748	0.6		72,891	0.8	87,344 0.9
Metal products		25,750	0.3		32,865	0.4	44,893 0.5
Machinery		398,268	5.1		483,442	5.4	597,667 6.4
Electric appliances		880,005	11.2		998,459	11.1	1,157,420 12.4
Transportation equipment		1,168,064	14.9		1,300,508	14.5	1,401,888 15.0
Precision instruments		134,144	1.7		119,136	1.3	119,992 1.3
Other products		88,559	1.1		103,203	1.2	101,805 1.1
<b>Electric power and gas</b>		289,190	3.7		393,519	4.4	345,576 3.7
<b>Transportation, information, and communication</b>							
Land transportation		485,367	6.2		624,994	7.0	538,009 5.7
Marine transportation		3,866	0.0		4,878	0.1	7,217 0.1
Air transportation		12,186	0.2		18,160	0.2	13,986 0.1
Warehousing and harbor transportation services		7,356	0.1		10,492	0.1	10,578 0.1
Information and communication		373,024	4.7		289,614	3.2	247,430 2.6
<b>Trade and services</b>							
Wholesale trade		277,051	3.5		312,105	3.5	326,057 3.5
Retail trade		218,657	2.8		269,717	3.0	282,741 3.0
<b>Finance and insurance</b>							
Banking		299,053	3.8		421,471	4.7	543,603 5.8
Securities and trading		58,172	0.7		67,868	0.8	79,260 0.8
Insurance		571,794	7.3		569,126	6.4	438,929 4.7
Other financial services		48,125	0.6		52,070	0.6	55,825 0.6
<b>Real estate</b>		38,681	0.5		49,489	0.6	46,700 0.5
<b>Services</b>		221,288	2.8		190,486	2.1	172,833 1.8
<b>Total</b>		<b>¥7,858,225</b>	<b>100.0%</b>		<b>¥8,955,495</b>	<b>100.0%</b>	<b>¥9,358,885 100.0%</b>

## 76. Loans (General Account)

		Millions of Yen		
As of March 31		2020	2019	2018
<b>Policy loans</b>	¥	<b>554,285</b>	¥ <b>582,774</b>	¥ <b>619,030</b>
Premium loans		36,167	39,575	43,027
Policyholder loans		518,118	543,198	576,003
<b>Industrial and consumer loans</b>		<b>6,857,523</b>	<b>6,855,961</b>	<b>6,849,298</b>
[Loans to nonresidents]		[392,690]	[350,623]	[197,476]
Corporate loans—international and domestic		5,106,417	5,111,891	5,096,146
[Corporate loans—domestic]		[4,733,195]	[4,791,268]	[4,931,006]
Loans to national, international, and government-affiliated organizations		1,551	21,740	24,396
Loans to public entities		470,983	453,439	452,151
Housing loans		827,072	810,577	798,603
Consumer loans		373,506	378,866	393,023
Other loans		77,992	79,445	84,976
<b>Total</b>		<b>¥ 7,411,809</b>	<b>¥ 7,438,736</b>	<b>¥ 7,468,329</b>



## 77. Industrial and Consumer Loans by Maturity Date (General Account)

							Millions of Yen
	Within 1 year or under	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years (including loans with no fixed maturity)	Total
<b>As of March 31</b>	<b>2020</b>						
Fixed-rate loans	¥906,675	¥1,150,128	¥ 912,739	¥615,201	¥763,741	¥1,680,942	¥6,029,429
Variable-rate loans	67,659	106,618	124,645	109,768	149,902	269,499	828,094
<b>Total loans</b>	<b>¥974,335</b>	<b>¥1,256,747</b>	<b>¥1,037,385</b>	<b>¥724,970</b>	<b>¥913,643</b>	<b>¥1,950,441</b>	<b>¥6,857,523</b>
<b>As of March 31</b>	<b>2019</b>						
Fixed-rate loans	¥843,289	¥1,253,256	¥ 959,785	¥638,302	¥773,497	¥1,666,386	¥6,134,518
Variable-rate loans	53,143	155,732	112,216	78,201	126,949	195,200	721,443
<b>Total loans</b>	<b>¥896,432</b>	<b>¥1,408,988</b>	<b>¥1,072,002</b>	<b>¥716,504</b>	<b>¥900,446</b>	<b>¥1,861,587</b>	<b>¥6,855,961</b>
<b>As of March 31</b>	<b>2018</b>						
Fixed-rate loans	¥843,514	¥1,312,159	¥ 993,762	¥669,277	¥829,553	¥1,626,109	¥6,274,378
Variable-rate loans	54,584	93,717	109,889	71,947	103,140	141,639	574,920
<b>Total loans</b>	<b>¥898,099</b>	<b>¥1,405,877</b>	<b>¥1,103,652</b>	<b>¥741,225</b>	<b>¥932,693</b>	<b>¥1,767,749</b>	<b>¥6,849,298</b>

## 78. Loans to Domestic Companies by Company Size (General Account)

		Number of Borrowers, Millions of Yen, %					
<b>As of March 31</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>	
Large companies	Number of borrowers	754	39.4%	783	38.1%	845	37.0%
	Amount of loans	¥4,026,367	85.1	¥4,115,921	85.9	¥4,295,572	87.1
Medium-sized companies	Number of borrowers	233	12.2	261	12.7	312	13.7
	Amount of loans	55,320	1.2	67,221	1.4	72,439	1.5
Small companies	Number of borrowers	927	48.4	1,011	49.2	1,127	49.3
	Amount of loans	651,507	13.8	608,125	12.7	562,994	11.4
<b>Total loans to domestic companies</b>	<b>Total number of borrowers</b>	<b>1,914</b>	<b>100.0</b>	<b>2,055</b>	<b>100.0</b>	<b>2,284</b>	<b>100.0</b>
	<b>Total amount of loans</b>	<b>¥4,733,195</b>	<b>100.0%</b>	<b>¥4,791,268</b>	<b>100.0%</b>	<b>¥4,931,006</b>	<b>100.0%</b>

Notes: 1. Company size classifications are defined as below.

2. The number of borrowers represents the number of borrowers identified by name and not by the number of loans.

Industry Type				
Company size	1. All industries (excluding 2-4)		2. Retail and restaurants	
Large companies	More than 300 employees and	Paid-in capital ¥1 billion or more	More than 50 employees and	Paid-in capital ¥1 billion or more
Medium-sized companies	More than 300 employees and	Paid-in capital between ¥0.3 billion and ¥1 billion	More than 50 employees and	Paid-in capital between ¥0.05 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.3 billion or 300 employees or less		Paid-in capital under ¥0.05 billion or 50 employees or less	
	3. Services		4. Wholesale	
Large companies	More than 100 employees and	Paid-in capital ¥1 billion or more	More than 100 employees and	Paid-in capital ¥1 billion or more
Medium-sized companies	More than 100 employees and	Paid-in capital between ¥0.05 billion and ¥1 billion	More than 100 employees and	Paid-in capital between ¥0.1 billion and ¥1 billion
Small companies	Paid-in capital under ¥0.05 billion or 100 employees or less		Paid-in capital under ¥0.1 billion or 100 employees or less	

## 79. Breakdown of Industrial and Consumer Loans by Industry (General Account)

		Millions of Yen, %					
As of March 31	2020		2019		2018		
<b>Domestic</b>							
Manufacturing	¥1,033,782	15.1%	¥1,058,921	15.4%	¥1,115,248	16.3%	
Food	106,134	1.5	96,166	1.4	102,170	1.5	
Textiles and apparel	19,896	0.3	19,315	0.3	22,295	0.3	
Wood and wood products	2,446	0.0	2,097	0.0	2,477	0.0	
Pulp and paper	57,067	0.8	60,682	0.9	59,161	0.9	
Printing	16,069	0.2	15,641	0.2	15,852	0.2	
Chemicals	201,181	2.9	201,393	2.9	182,144	2.7	
Oil and coal products	83,966	1.2	87,521	1.3	79,950	1.2	
Ceramics, soil, and stone	37,880	0.6	42,209	0.6	42,676	0.6	
Iron and steel	168,001	2.4	183,987	2.7	180,539	2.6	
Nonferrous metals	14,420	0.2	19,067	0.3	18,365	0.3	
Metal products	8,436	0.1	9,192	0.1	8,702	0.1	
General purpose, production, and industrial machinery	101,073	1.5	101,018	1.5	124,491	1.8	
Electric appliances	72,298	1.1	73,714	1.1	94,326	1.4	
Transportation equipment	118,107	1.7	121,177	1.8	157,499	2.3	
Other manufacturing products	26,802	0.4	25,733	0.4	24,595	0.4	
Agriculture and forestry	—	—	—	—	—	—	
Fishery	—	—	—	—	—	—	
Mining, quarrying, and gravel mining	3,321	0.0	2,549	0.0	4,553	0.1	
Construction	33,362	0.5	31,181	0.5	32,147	0.5	
Electric power, gas, heat supply, and waterworks	1,257,646	18.3	1,235,997	18.0	1,208,197	17.6	
Information and communication	127,434	1.9	129,981	1.9	151,233	2.2	
Transportation and courier	608,502	8.9	626,675	9.1	647,090	9.4	
Wholesale trade	730,627	10.7	770,842	11.2	803,071	11.7	
Retail trade	48,724	0.7	51,795	0.8	54,700	0.8	
Financing and insurance	467,147	6.8	468,947	6.8	518,574	7.6	
Real estate	529,181	7.7	471,955	6.9	433,793	6.3	
Goods rental and leasing	234,463	3.4	239,019	3.5	255,480	3.7	
Academic research, and specialized and technical services	1,667	0.0	1,541	0.0	1,886	0.0	
Hospitality services	3,260	0.0	23,486	0.3	23,067	0.3	
Food and drink services	2,828	0.0	3,104	0.0	3,198	0.0	
Lifestyle and entertainment	35,508	0.5	44,219	0.6	42,933	0.6	
Education and learning support	1,441	0.0	1,666	0.0	1,593	0.0	
Medical treatment and welfare	860	0.0	1,075	0.0	1,217	0.0	
Other services	11,141	0.2	10,257	0.1	11,126	0.2	
Local organizations and public entities	133,349	1.9	142,670	2.1	151,047	2.2	
Individuals (residential, consumption, local taxes, and others)	1,200,581	17.5	1,189,451	17.3	1,191,658	17.4	
<b>Subtotal</b>	<b>6,464,832</b>	<b>94.3</b>	<b>6,505,338</b>	<b>94.9</b>	<b>6,651,821</b>	<b>97.1</b>	
<b>Overseas</b>							
Governments and public entities	10,000	0.1	30,000	0.4	32,337	0.5	
Financial institutions	68,942	1.0	60,371	0.9	14,244	0.2	
Commerce and industry, and others	313,748	4.6	260,251	3.8	150,894	2.2	
<b>Subtotal</b>	<b>392,690</b>	<b>5.7</b>	<b>350,623</b>	<b>5.1</b>	<b>197,476</b>	<b>2.9</b>	
<b>Total loans</b>	<b>¥6,857,523</b>	<b>100.0%</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>	

## 80. Breakdown of Industrial and Consumer Loans by Use (General Account)

Millions of Yen, %						
As of March 31	2020		2019		2018	
Capital investments	¥2,622,714	38.2%	¥2,527,986	36.9%	¥2,416,679	35.3%
Operations	4,234,808	61.8	4,327,975	63.1	4,432,619	64.7
<b>Total loans</b>	<b>¥6,857,523</b>	<b>100.0%</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>

## 81. Breakdown of Loans to Domestic Companies by Region (General Account)

Millions of Yen, %						
As of March 31	2020		2019		2018	
Hokkaido	¥ 69,412	1.5%	¥ 67,389	1.4%	¥ 66,071	1.3%
Tohoku	132,761	2.8	132,359	2.8	124,000	2.5
Kanto	3,156,562	66.7	3,186,087	66.5	3,296,864	66.9
Chubu	376,185	7.9	395,898	8.3	419,266	8.5
Kinki	679,178	14.3	687,083	14.3	689,913	14.0
Chugoku	110,008	2.3	117,361	2.4	115,045	2.3
Shikoku	68,881	1.5	69,247	1.4	69,375	1.4
Kyushu	140,205	3.0	135,841	2.8	150,467	3.1
<b>Total</b>	<b>¥4,733,195</b>	<b>100.0%</b>	<b>¥4,791,268</b>	<b>100.0%</b>	<b>¥4,931,006</b>	<b>100.0%</b>

Notes: 1. The table above excludes personal loans, loans to nonresidents, and policy loans.  
2. Regional classifications are based on the location of the headquarters of borrowers.

## 82. Breakdown of Industrial and Consumer Loans by Collateral (General Account)

Millions of Yen, %						
As of March 31	2020		2019		2018	
<b>Secured loans</b>	<b>¥ 28,047</b>	<b>0.4%</b>	<b>¥ 29,777</b>	<b>0.4%</b>	<b>¥ 32,424</b>	<b>0.5%</b>
Loans secured by securities	6,443	0.1	8,014	0.1	8,110	0.1
Loans secured by real estate, movable assets, and foundations	16,618	0.2	15,636	0.2	16,943	0.2
Loans secured by personal guarantees	4,985	0.1	6,126	0.1	7,369	0.1
<b>Guarantee loans</b>	<b>155,375</b>	<b>2.3</b>	<b>179,078</b>	<b>2.6</b>	<b>186,869</b>	<b>2.7</b>
<b>Fiduciary loans</b>	<b>5,473,521</b>	<b>79.8</b>	<b>5,457,661</b>	<b>79.6</b>	<b>5,438,377</b>	<b>79.4</b>
<b>Other loans</b>	<b>1,200,579</b>	<b>17.5</b>	<b>1,189,444</b>	<b>17.3</b>	<b>1,191,627</b>	<b>17.4</b>
<b>Total loans</b>	<b>¥6,857,523</b>	<b>100.0%</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>
Subordinated loans	¥ 181,620	2.6%	¥ 161,620	2.4%	¥ 209,620	3.1%

## 83. Appraisal Value of Real Estate (General Account)

Billions of Yen			
As of March 31	2020	2019	2018
<b>Land and land lease rights</b>			
Balance sheet amount	¥1,201.9	¥1,198.8	¥1,166.8
Fair value (appraisal value)	1,717.4	1,571.2	1,428.6
<b>Net unrealized gains (losses)</b>	<b>515.4</b>	<b>372.4</b>	<b>261.7</b>
Gain	627.7	492.9	398.8
Loss	(112.3)	(120.4)	(137.0)
<b>Revaluation differences</b>	<b>48.3</b>	<b>49.0</b>	<b>43.8</b>
	<b>¥ 563.8</b>	<b>¥ 421.5</b>	<b>¥ 305.5</b>

Notes: 1. Fair value (appraisal value) is calculated with reference to benchmark land prices.  
2. In accordance with the Act on Revaluation of Land in Japan, business-use land was revalued and net valuation gains (losses) were recorded on the balance sheets.  
3. For revaluation differences in Note 2, the difference between the amount revalued and the historical cost, net of tax, has been credited to revaluation reserve for land in net assets, and the tax equivalent amount for the revaluation is recognized in the liability section as deferred tax liabilities.

## 84. Real Estate Balance and Number of Rental Properties Held (General Account)

Millions of Yen, Number of Buildings			
As of March 31	2020	2019	2018
<b>Real estate balance</b>	<b>¥1,658,731</b>	<b>¥1,649,608</b>	<b>¥1,607,364</b>
For business use	597,332	601,189	596,860
For rental use	1,061,399	1,048,419	1,010,503
<b>Number of buildings held for leasing</b>	<b>262</b>	<b>267</b>	<b>274</b>

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

## 85. Tangible Fixed Assets (General Account)

Millions of Yen, %							
	Ending balance of the prior year	Increase in the current year	Decrease in the current year	Depreciation in the current year	Ending balance of the current year	Accumulated depreciation	Accumulated depreciation percentage
<b>Fiscal year ended March 31</b>	<b>2020</b>						
Land	¥1,121,375	¥ 7,102	¥ 4,204 [1,984]	¥ —	¥1,124,273	¥ —	—%
Buildings	512,736	36,457	4,625 [740]	26,158	518,409	1,081,847	67.6
Lease assets	9,798	1,506	304	3,227	7,772	9,527	55.1
Construction in progress	15,496	44,686	44,135	—	16,047	—	—
Other tangible fixed assets	21,182	1,514	104	7,245	15,346	43,519	73.9
<b>Total</b>	<b>¥1,680,589</b>	<b>¥ 91,267</b>	<b>¥ 53,374 [2,725]</b>	<b>¥36,631</b>	<b>¥1,681,851</b>	<b>¥1,134,894</b>	<b>—%</b>
Investment and rental properties included in the above	¥1,082,225	¥ 51,526	¥ 20,571 [2,725]	¥17,171	¥1,096,009	¥ 702,978	—%
<b>Fiscal year ended March 31</b>	<b>2019</b>						
Land	¥1,089,297	¥ 46,658	¥ 14,580 [1,510]	¥ —	¥1,121,375	¥ —	—%
Buildings	475,516	68,185	6,246 [638]	24,718	512,736	1,073,756	67.7
Lease assets	12,669	1,605	778	3,699	9,798	10,520	51.8
Construction in progress	42,550	50,749	77,803	—	15,496	—	—
Other tangible fixed assets	10,825	13,105	190	2,557	21,182	46,763	68.8
<b>Total</b>	<b>¥1,630,859</b>	<b>¥180,304</b>	<b>¥ 99,598 [2,148]</b>	<b>¥30,975</b>	<b>¥1,680,589</b>	<b>¥1,131,041</b>	<b>—%</b>
Investment and rental properties included in the above	¥1,045,734	¥ 91,652	¥ 39,229 [2,148]	¥15,931	¥1,082,225	¥ 696,064	—%
<b>Fiscal year ended March 31</b>	<b>2018</b>						
Land	¥1,107,241	¥ 1,450	¥ 19,394 [1,431]	¥ —	¥1,089,297	¥ —	—%
Buildings	471,770	39,611	12,810 [630]	23,055	475,516	1,072,915	69.3
Lease assets	11,738	4,070	181	2,956	12,669	7,747	37.9
Construction in progress	40,283	49,172	46,905	—	42,550	—	—
Other tangible fixed assets	9,968	2,920	65	1,997	10,825	49,187	82.0
<b>Total</b>	<b>¥1,641,001</b>	<b>¥ 97,225</b>	<b>¥ 79,357 [2,062]</b>	<b>¥28,009</b>	<b>¥1,630,859</b>	<b>¥1,129,850</b>	<b>—%</b>
Investment and rental properties included in the above	¥1,053,083	¥ 67,847	¥ 60,726 [2,062]	¥14,470	¥1,045,734	¥ 698,773	—%

Notes: 1. Figures in brackets under the "Decrease in the current year" column indicate impairment losses.

2. The accumulated depreciation percentage shows the ratio of accumulated depreciation to the acquisition cost.

3. Investment and rental properties shown in "Increase in the current year" and "Decrease in the current year" include those reclassified due to changes in purpose of use.

## 86. Gain and Loss on Disposals of Fixed Assets (General Account)

Millions of Yen						
Fiscal years ended March 31	2020		2019		2018	
	Gain	Loss	Gain	Loss	Gain	Loss
Tangible fixed assets	¥1,258	¥5,658	¥3,904	¥5,918	¥16,454	¥5,883
Land	274	769	3,061	3,022	11,216	3,071
Buildings	970	4,029	841	2,728	5,235	2,687
Lease assets	—	0	—	1	—	—
Other assets	13	859	1	165	1	123
Intangible fixed assets	429	308	—	259	38	237
Others	—	223	—	236	—	291
<b>Total</b>	<b>¥1,687</b>	<b>¥6,190</b>	<b>¥3,904</b>	<b>¥6,413</b>	<b>¥16,492</b>	<b>¥6,412</b>
Investment and rental properties included in the above	¥1,100	¥ 695	¥3,826	¥3,018	¥16,252	¥2,996

## 87. Depreciation of Rental Real Estate and Other Assets (General Account)

Millions of Yen, %					
Fiscal year ended March 31	Acquisition cost	Depreciation in the current year	Accumulated depreciation	Balance at the end of the current year	Accumulated depreciation percentage
<b>2020</b>					
Tangible fixed assets	¥1,054,762	¥17,366	¥701,577	¥353,184	66.5%
Buildings	1,048,756	17,170	696,438	352,318	66.4
Lease assets	—	—	—	—	—
Others	6,005	195	5,139	866	85.6
Intangible fixed assets	0	0	0	0	15.0
Other assets	4,500	216	2,855	1,644	63.5
<b>Total</b>	<b>¥1,059,263</b>	<b>¥17,582</b>	<b>¥704,433</b>	<b>¥354,830</b>	<b>66.5%</b>
<b>2019</b>					
Tangible fixed assets	¥1,039,530	¥16,143	¥697,694	¥341,835	67.1%
Buildings	1,033,187	15,931	692,253	340,934	67.0
Lease assets	—	—	—	—	—
Others	6,343	211	5,441	901	85.8
Intangible fixed assets	1	0	1	0	81.4
Other assets	4,534	220	2,677	1,856	59.1
<b>Total</b>	<b>¥1,044,065</b>	<b>¥16,364</b>	<b>¥700,373</b>	<b>¥343,692</b>	<b>67.1%</b>
<b>2018</b>					
Tangible fixed assets	¥1,008,018	¥14,615	¥700,992	¥307,025	69.5%
Buildings	1,001,664	14,470	695,480	306,184	69.4
Lease assets	9	0	9	—	100.0
Others	6,343	144	5,502	841	86.7
Intangible fixed assets	1	0	0	0	83.3
Other assets	3,966	210	2,567	1,398	64.7
<b>Total</b>	<b>¥1,011,985</b>	<b>¥14,826</b>	<b>¥703,561</b>	<b>¥308,424</b>	<b>69.5%</b>

## 88. Overseas Loans and Investments (General Account)

### 1. Breakdown by asset composition

Millions of Yen, %						
As of March 31	2020		2019		2018	
<b>Foreign currency-denominated assets</b>						
Foreign bonds	¥13,883,995	62.2%	¥13,553,635	63.3%	¥14,090,332	68.4%
Foreign stocks	766,721	3.4	889,201	4.2	934,968	4.5
Cash, deposits, and others	5,036,661	22.6	4,276,717	20.0	2,990,551	14.5
<b>Subtotal</b>	<b>19,687,377</b>	<b>88.2</b>	<b>18,719,554</b>	<b>87.4</b>	<b>18,015,853</b>	<b>87.5</b>
<b>Foreign currency-denominated assets with fixed yen value</b>						
Foreign bonds	—	—	—	—	—	—
Cash, deposits, and others	252,180	1.1	281,261	1.3	290,942	1.4
<b>Subtotal</b>	<b>252,180</b>	<b>1.1</b>	<b>281,261</b>	<b>1.3</b>	<b>290,942</b>	<b>1.4</b>
<b>Japanese yen-denominated assets</b>						
Loans to nonresidents	54,879	0.2	73,834	0.3	55,059	0.3
Foreign bonds and others	2,333,678	10.5	2,341,791	10.9	2,235,420	10.9
<b>Subtotal</b>	<b>2,388,557</b>	<b>10.7</b>	<b>2,415,625</b>	<b>11.3</b>	<b>2,290,479</b>	<b>11.1</b>
<b>Net overseas loans and investments</b>	<b>¥22,328,115</b>	<b>100.0%</b>	<b>¥21,416,442</b>	<b>100.0%</b>	<b>¥20,597,274</b>	<b>100.0%</b>

Note: Foreign currency-denominated assets with fixed yen value are recorded in the balance sheets in Japanese yen that was determined upon settlement under foreign exchange forward contracts or other contracts.

### 2. Composition of overseas loans and investments by geographic area

Millions of Yen, %								
As of March 31	Foreign securities							
	Amount		Bonds		Stocks and other securities		Loans to nonresidents	
			Amount	%	Amount	%	Amount	%
<b>As of March 31</b>	<b>2020</b>							
North America	¥ 7,525,213	36.8%	¥ 7,041,723	49.6%	¥ 483,489	7.7%	¥ 49,876	12.7%
Europe	6,150,757	30.0	5,652,047	39.8	498,709	7.9	199,709	50.9
Oceania	641,717	3.1	513,305	3.6	128,412	2.0	48,222	12.3
Asia	803,717	3.9	424,975	3.0	378,741	6.0	1,000	0.3
Central and South Americas	5,143,116	25.1	352,120	2.5	4,790,995	76.3	42,354	10.8
Middle East	—	—	—	—	—	—	34,241	8.7
Africa	—	—	—	—	—	—	17,286	4.4
International organizations	206,908	1.0	206,908	1.5	—	—	—	—
<b>Total</b>	<b>¥20,471,430</b>	<b>100.0%</b>	<b>¥14,191,081</b>	<b>100.0%</b>	<b>¥6,280,348</b>	<b>100.0%</b>	<b>¥392,690</b>	<b>100.0%</b>
<b>As of March 31</b>	<b>2019</b>							
North America	¥ 7,370,712	37.1%	¥ 6,769,891	48.8%	¥ 600,821	10.0%	¥107,315	30.6%
Europe	6,057,362	30.5	5,574,994	40.2	482,368	8.1	123,851	35.3
Oceania	742,488	3.7	561,749	4.0	180,739	3.0	35,371	10.1
Asia	740,416	3.7	409,890	3.0	330,525	5.5	1,000	0.3
Central and South Americas	4,720,639	23.8	326,631	2.4	4,394,007	73.4	39,730	11.3
Middle East	—	—	—	—	—	—	15,288	4.4
Africa	—	—	—	—	—	—	18,065	5.2
International organizations	227,924	1.1	227,924	1.6	—	—	10,000	2.9
<b>Total</b>	<b>¥19,859,544</b>	<b>100.0%</b>	<b>¥13,871,081</b>	<b>100.0%</b>	<b>¥5,988,462</b>	<b>100.0%</b>	<b>¥350,623</b>	<b>100.0%</b>
<b>As of March 31</b>	<b>2018</b>							
North America	¥ 7,948,634	41.0%	¥ 7,372,710	51.1%	¥ 575,923	11.7%	¥ 95,501	48.4%
Europe	6,254,220	32.3	5,690,660	39.4	563,560	11.4	49,198	24.9
Oceania	744,374	3.8	563,236	3.9	181,138	3.7	14,244	7.2
Asia	641,334	3.3	286,991	2.0	354,342	7.2	3,337	1.7
Central and South Americas	3,544,658	18.3	282,101	2.0	3,262,557	66.1	7,134	3.6
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	18,060	9.1
International organizations	237,831	1.2	237,831	1.6	—	—	10,000	5.1
<b>Total</b>	<b>¥19,371,054</b>	<b>100.0%</b>	<b>¥14,433,531</b>	<b>100.0%</b>	<b>¥4,937,522</b>	<b>100.0%</b>	<b>¥197,476</b>	<b>100.0%</b>

Note: Overseas loans and investments above are composed of foreign securities and loans to nonresidents.

## 88. Overseas Loans and Investments (General Account), continued

### 3. Composition of foreign currency-denominated assets by currency

		Millions of Yen, %					
As of March 31	2020		2019		2018		
U.S. dollar	¥12,183,093	61.9%	¥11,321,908	60.5%	¥10,242,960	56.9%	
Euro	5,042,064	25.6	4,655,219	24.9	4,773,918	26.5	
British pound	1,277,026	6.5	1,394,054	7.4	1,401,551	7.8	
Australian dollar	617,935	3.1	729,075	3.9	748,513	4.2	
Indian rupee	208,341	1.1	138,149	0.7	138,148	0.8	
Hong Kong dollar	100,202	0.5	114,983	0.6	135,232	0.8	
Others	258,713	1.3	366,163	2.0	575,528	3.2	
<b>Total</b>	<b>¥19,687,377</b>	<b>100.0%</b>	<b>¥18,719,554</b>	<b>100.0%</b>	<b>¥18,015,853</b>	<b>100.0%</b>	

Note: The table above represents asset balances denominated in the top six foreign currencies as of March 31, 2020.

## 89. Yield on Overseas Loans and Investments (General Account)

		%		
Fiscal years ended March 31		2020	2019	2018
Yield on overseas loans and investments		2.82%	1.88%	2.07%

Notes: 1. Yield is calculated by dividing investment income, less investment expenses, by the daily average book value balance.

2. The amount of overseas loans and investments is the sum of assets denominated in foreign currencies and Japanese yen.

## 90. Summary of New Public Sector Investment Underwriting and Loans (General Account)

		Millions of Yen, %					
Fiscal years ended March 31		2020		2019		2018	
<b>Public bonds</b>	National government bonds	¥303,667	53.9%	¥196,535	46.6%	¥ 68,841	27.7%
	Local government bonds	—	—	—	—	—	—
	Public corporation and agency bonds	1,995	0.4	2,345	0.6	2,815	1.1
	<b>Subtotal</b>	<b>305,663</b>	<b>54.3</b>	<b>198,881</b>	<b>47.1</b>	<b>71,657</b>	<b>28.8</b>
<b>Loans</b>	Government-affiliated organizations	1,551	0.3	1,709	0.4	2,059	0.8
	Public entities	245,991	44.5	221,399	52.5	175,080	70.4
	<b>Subtotal</b>	<b>247,542</b>	<b>44.7</b>	<b>223,108</b>	<b>52.9</b>	<b>177,139</b>	<b>71.2</b>
<b>Total</b>		<b>¥553,205</b>	<b>100.0%</b>	<b>¥421,989</b>	<b>100.0%</b>	<b>¥248,796</b>	<b>100.0%</b>

Note: Public bonds represent the amount of new underwriting for each fiscal year, and loans represent the amount of new loans to domestic entities for each fiscal year.

## 91. Breakdown of Other Assets (General Account)

					Millions of Yen
	Acquisition cost	Increase in the current year	Decrease in the current year	Accumulated depreciation	Balance at the end of the current year
Fiscal year ended March 31		2020			
Deferred assets	¥ 8,748	¥ 2,313	¥ 415	¥5,587	¥ 5,058
Others	47,114	57,367	55,121	1,864	47,495
Total	¥55,863	¥59,680	¥55,536	¥7,452	¥52,554
Fiscal year ended March 31		2019			
Deferred assets	¥ 9,253	¥ 1,535	¥ 1,982	¥4,805	¥ 4,000
Others	36,659	26,508	16,053	2,642	44,471
Total	¥45,913	¥28,043	¥18,036	¥7,448	¥48,472
Fiscal year ended March 31		2018			
Deferred assets	¥ 8,940	¥ 619	¥ 148	¥5,854	¥ 3,556
Others	33,501	5,267	2,109	2,529	34,130
Total	¥42,441	¥ 5,886	¥ 2,258	¥8,383	¥37,686



## 92. Loan Interest Rates

								Dates, %
Type of loan								
Base rate of long-term loans (long-term prime rate loans)	Housing loans				Consumer loans			
	Fixed interest rate	Variable interest rate optional with fixed interest rate	Variable interest rate (long-term loans)	Variable interest rate (short-term loans)	Fixed interest rate	Variable interest rate (long-term loans)	Variable interest rate (short-term loans)	
		2.72–3.88 <sup>(*1)</sup>		*2.475 <sup>(*2)</sup>	3.37–3.88 <sup>(*1)</sup>		*2.775 <sup>(*2)</sup>	
<b>Fiscal year ended March 31</b>								<b>2021</b>
4/10	1.10							
<b>Fiscal year ended March 31</b>								<b>2020</b>
7/10	0.95		8/1	0.95		8/1	1.25	
<b>Fiscal year ended March 31</b>								<b>2019</b>
	12/1	3.37–4.50						
<b>Fiscal year ended March 31</b>								<b>2018</b>
7/11	1.00							
			8/1	1.00		8/1	1.30	
	10/1	3.37–4.40						
	11/1	3.37–4.45						

Notes: 1. Fixed interest rates for housing loans and consumer loans are set at interest rates according to the lending period.  
2. For housing loans, variable interest rates optional with fixed interest rates are set according to the fixed interest rate period of 2, 3, 5, 10, or 15 years.  
3. Housing loan interest rates represent interest rates at the time of initial lending.  
4. Housing loan interest rates include group credit life insurance warranty fees.  
5. Consumer loans represent traditional mortgage-backed loans.

\*1 August 1, 2015

\*2 January 19, 2009

## 93. Fair Value of Securities (General Account)

### 1. Net valuation gains (losses) of trading securities

Millions of Yen						
As of March 31	2020		2019		2018	
	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss
Trading securities	¥33,120	¥27,919	¥11,046	¥(1,565)	¥9,133	¥(3,267)

Notes: 1. Net gains (losses) on derivative transactions are included in both assets held in trust under trading securities in the balance sheets and valuation gains (losses) in the statements of income.  
2. Amounts above do not include cash, deposits, and call loans within assets held in trust that are included in trading securities.

### 2. Fair value information of securities (with fair value, other than trading securities)

Millions of Yen										
As of March 31	2020					2019				
Types of securities	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Policy-reserve-matching bonds	¥21,770,340	¥25,513,284	¥3,742,944	¥ 3,765,715	¥ (22,771)	¥20,696,341	¥24,773,828	¥ 4,077,487	¥ 4,077,785	¥ (297)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	134,202	190,424	56,222	56,320	(98)	64,047	136,869	72,821	72,821	—
Available-for-sale securities	27,557,260	33,341,622	5,784,361	6,411,076	(626,714)	26,961,602	33,708,588	6,746,985	7,036,812	(289,826)
Domestic bonds	3,000,836	3,193,036	192,200	200,704	(8,503)	2,895,398	3,130,771	235,373	236,432	(1,058)
Domestic stocks	4,142,159	7,320,211	3,178,051	3,474,933	(296,881)	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)
Foreign securities	17,082,748	19,286,892	2,204,144	2,511,450	(307,306)	16,648,246	18,723,632	2,075,386	2,153,391	(78,005)
Foreign bonds	12,122,365	14,068,872	1,946,506	2,094,361	(147,855)	12,390,599	13,774,375	1,383,776	1,435,020	(51,244)
Foreign stocks and other securities	4,960,382	5,218,020	257,637	417,088	(159,451)	4,257,647	4,949,257	691,609	718,371	(26,761)
Other securities	3,122,331	3,332,001	209,670	223,105	(13,435)	2,827,028	3,085,453	258,424	260,654	(2,229)
Monetary receivables purchased	46,284	46,580	296	882	(586)	43,403	43,458	55	122	(67)
Negotiable certificates of deposit	162,900	162,898	(1)	0	(1)	279,300	279,297	(2)	0	(2)
<b>Total</b>	<b>¥49,461,803</b>	<b>¥59,045,331</b>	<b>¥9,583,528</b>	<b>¥10,233,112</b>	<b>¥(649,584)</b>	<b>¥47,721,991</b>	<b>¥58,619,286</b>	<b>¥10,897,295</b>	<b>¥11,187,419</b>	<b>¥(290,124)</b>
Domestic bonds	¥24,465,961	¥28,385,943	¥3,919,981	¥ 3,946,791	¥ (26,810)	¥23,292,191	¥27,591,231	¥ 4,299,040	¥ 4,300,101	¥ (1,060)
Domestic stocks	4,142,159	7,320,211	3,178,051	3,474,933	(296,881)	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)
Foreign securities	17,348,748	19,615,336	2,266,587	2,578,407	(311,819)	16,810,327	18,961,840	2,151,512	2,229,745	(78,233)
Foreign bonds	12,255,093	14,207,949	1,952,856	2,105,125	(152,269)	12,489,562	13,876,721	1,387,159	1,438,630	(51,471)
Foreign stocks and other securities	5,093,654	5,407,386	313,731	473,281	(159,549)	4,320,765	5,085,118	764,353	791,114	(26,761)
Other securities	3,123,261	3,333,060	209,798	223,233	(13,435)	2,827,958	3,086,461	258,502	260,732	(2,229)
Monetary receivables purchased	218,771	227,881	9,109	9,746	(636)	243,988	254,481	10,492	10,628	(136)
Negotiable certificates of deposit	162,900	162,898	(1)	0	(1)	279,300	279,297	(2)	0	(2)

As of March 31	2018				
Types of securities	Book value	Fair value	Net gains (losses)	Gains	Losses
Policy-reserve-matching bonds	¥19,528,339	¥23,229,660	¥ 3,701,321	¥ 3,707,267	¥ (5,945)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	64,047	169,587	105,539	105,539	—
Available-for-sale securities	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)
Domestic bonds	2,945,882	3,140,677	194,794	200,475	(5,681)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)
Foreign bonds	13,469,239	14,386,352	917,112	1,175,697	(258,584)
Foreign stocks and other securities	3,130,918	3,773,063	642,144	668,196	(26,051)
Other securities	2,368,101	2,555,336	187,234	197,318	(10,083)
Monetary receivables purchased	39,033	38,859	(173)	30	(203)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)
<b>Total</b>	<b>¥46,039,155</b>	<b>¥56,586,493</b>	<b>¥10,547,338</b>	<b>¥10,942,673</b>	<b>¥(395,335)</b>
Domestic bonds	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)
Domestic stocks	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)
Foreign bonds	13,517,526	14,435,445	917,919	1,177,431	(259,511)
Foreign stocks and other securities	3,194,035	3,941,689	747,653	773,704	(26,051)
Other securities	2,369,031	2,556,296	187,265	197,349	(10,083)
Monetary receivables purchased	278,408	290,037	11,628	11,865	(236)
Negotiable certificates of deposit	327,500	327,500	0	0	(0)

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

### 93. Fair Value of Securities (General Account), continued

#### 2. Fair value information of securities (with fair value, other than trading securities), continued

Book value of securities whose fair value is extremely difficult to be determined

				Millions of Yen
As of March 31	2020	2019	2018	
Policy-reserve-matching bonds	¥ —	¥ —	¥ —	
Held-to-maturity debt securities	—	—	—	
Unlisted foreign bonds	—	—	—	
Others	—	—	—	
Investments in subsidiaries and affiliates	1,018,274	1,025,134	895,401	
Available-for-sale securities	558,357	539,876	669,505	
Unlisted domestic stocks (excluding over-the-counter stocks)	60,000	53,290	54,910	
Unlisted foreign stocks (excluding over-the-counter stocks)	218	120,000	317,000	
Unlisted foreign bonds	86	—	—	
Others	498,051	366,586	297,594	
<b>Total</b>	<b>¥1,576,632</b>	<b>¥1,565,011</b>	<b>¥1,564,906</b>	

Note: For securities whose fair value is extremely difficult to be determined, net gains (losses) on foreign exchange valuation of assets denominated in foreign currencies were as follows: ¥(37,696) million as of March 31, 2020; ¥3,619 million as of March 31, 2019, and ¥7,573 million as of March 31, 2018.

### 94. Fair Value of Assets Held in Trust (General Account)

				Millions of Yen
As of March 31	2020	2019	2018	
<b>Assets held in trust</b>				
Balance sheet amount	¥33,779	¥13,157	¥10,421	
Fair value	33,779	13,157	10,421	
Net gains (losses)	—	—	—	
Gains	—	—	—	
Losses	—	—	—	

Notes: 1. Fair value is based on a reasonably calculated price by the trustee of assets held in trust.  
2. The balance sheet amount includes net gains (losses) on derivative transactions within assets held in trust.

#### Assets held in trust for investment

							Millions of Yen
As of March 31	2020		2019		2018		
	Balance sheet amount	Valuation gains (losses) included in profit or loss	Balance sheet amount	Valuation gains (losses) included in profit or loss	Balance sheet amount	Valuation gains (losses) included in profit or loss	
Assets held in trust for investment	¥33,779	¥27,919	¥13,157	¥(1,565)	¥10,421	¥(3,267)	

Note: Balance sheet amount and valuation gains (losses) recorded in profit or loss include net gains (losses) on derivative transactions.

Assets held in trust classified as policy-reserve-matching bonds, held-to-maturity debt securities, and others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 95. Qualitative Information on Derivative Transactions (General Account)

### 1. Transaction details

The following are derivative transactions that the Company uses:

Interest rate-related:	Interest rate futures, interest rate swaps, and swaptions
Currency-related:	Foreign exchange forward contracts, currency options, and currency swaps
Equity-related:	Equity index futures, equity index options, equity options, and equity forwards
Bond-related:	Bond futures, bond futures options, and bond sales with attached options

### 2. Policy

Given its goal of achieving efficient asset investment, the Company mainly uses derivatives for the purpose of controlling investment risks.

### 3. Purpose

The Company mainly uses derivatives to hedge market risk exposures related to investment assets in order to ensure stable profit from assets entrusted to the Company by its policyholders.

### 4. Risk details

The derivative transactions the Company conducts involve market risks (fluctuations in interest rates, stock prices, and currency exchange rates) and credit risks (transaction partner's inability to fulfill obligations due to bankruptcy). The Company recognizes market risks as limited given that derivative transactions are mainly for the purpose of controlling investment risks. In terms of credit risks, the Company's transactions are through domestic and foreign financial instrument exchanges or with transaction counterparties with high credit ratings; thus, the risk of unfulfilled obligations remains low.

### 5. Risk management system

The Company established a system that maintains transaction limits for derivative transactions based on the purpose and type of the transaction. In addition, this system incorporates front-office controls, whereby the back-office confirms transaction details through reconciliation with external documentations. Furthermore, the system is designed such that the state of market risks is monitored and analyzed quantitatively, and information on the amount of risk as well as on positions and the status of profits and losses is reported periodically to the Investment Risk Management Committee.

### 6. Supplementary explanation regarding quantitative information

#### (1) Supplementary explanation regarding notional amounts (contract amounts)

The notional amounts for swap transactions and the contract amounts of option transactions are nominal values related to interest conversions, and are not meant to indicate a level of risk amount.

The credit risk of derivative transactions refers to latent costs required to restore a market position in the event a transaction partner defaults. The Company calculates this risk using the current exposure method.

#### (2) Supplementary explanation regarding market price calculations

##### Futures and other market transactions:

Calculation is based on liquidation value or closing market price on the balance sheet date.

##### Equity option transactions:

Calculation is mainly based on liquidation value or closing market price at the end of March or valuations obtained from external information vendors.

##### Foreign exchange forward contracts, currency options, interest rate swap transactions, currency swaps, swaptions, and equity forward transactions:

Calculation is mainly based on valuations obtained from external information vendors.

#### (3) Supplementary explanation regarding transaction gains and losses

The Company mainly utilizes derivative transactions as a complementary measure in controlling market risks inherent in spot investments.

For example, foreign exchange forward contracts and currency options are used mainly to hedge fluctuations in foreign currency exchange rates; it is thus necessary to measure profits combined with foreign bonds, stocks, and other foreign currency spot assets.

### 7. Hedge accounting methods

The Company mainly applies the following hedge accounting methods: the exceptional accounting treatment ("*Tokurei-shori*") is applied to interest rate swaps to hedge the cash flow volatility of certain loans denominated in Japanese yen and foreign currencies; deferred hedge accounting is applied to interest rate swaps to hedge the interest rate fluctuation exposures on certain insurance policies based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting for Financial Instruments in the Insurance Industry" issued by the Japanese Institute of Certified Public Accountants; deferred hedge accounting and designated hedge accounting ("*Furiate-shori*") are applied to currency swaps to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated bonds, loans, and subordinated corporate bonds issued by the Company; fair value hedge accounting is applied to foreign exchange forward contracts to hedge the price fluctuation exposures related to foreign exchange rate fluctuations on certain foreign currency-denominated bonds and other instruments; and fair value hedge accounting is applied to equity forward contracts to hedge the price fluctuation exposures on certain domestic stocks. Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis comparing the fair value difference between the hedging instruments and the hedged items in accordance with the Company's internal risk management policies.

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account)

### (1) Breakdown of gains (losses) (with and without hedge accounting applied)

						Millions of Yen
	Interest rate	Currencies	Equities	Bonds	Others	Total
<b>As of March 31</b>	<b>2020</b>					
Hedge accounting applied	¥103,876	¥(167,735)	¥11,972	¥—	¥—	¥(51,886)
Hedge accounting not applied	14,238	(29,315)	13,275	—	—	(1,802)
<b>Total</b>	<b>¥118,114</b>	<b>¥(197,051)</b>	<b>¥25,247</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(53,689)</b>
<b>As of March 31</b>	<b>2019</b>					
Hedge accounting applied	¥ 48,475	¥ (94,440)	¥ —	¥—	¥—	¥(45,965)
Hedge accounting not applied	18,897	(2,181)	(661)	—	—	16,054
<b>Total</b>	<b>¥ 67,372</b>	<b>¥ (96,622)</b>	<b>¥ (661)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(29,911)</b>
<b>As of March 31</b>	<b>2018</b>					
Hedge accounting applied	¥ 2,474	¥ 87,865	¥ 2,898	¥—	¥—	¥ 93,238
Hedge accounting not applied	33	2,729	(5,739)	—	—	(2,976)
<b>Total</b>	<b>¥ 2,508</b>	<b>¥ 90,594</b>	<b>¥ (2,840)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥ 90,262</b>

Note: Net gains (losses) from applying the fair value hedge included in gain and loss on hedge accounting applied (as of March 31, 2020: Currencies ¥30,532 million and equities ¥11,972 million; as of March 31, 2019: Currencies ¥(2,734) million; as of March 31, 2018: Currencies ¥172,285 million and equities ¥2,898 million), and net gains (losses) included in hedge accounting not applied are recorded in the statements of income.

### (2) Interest rate-related

										Millions of Yen
<b>As of March 31</b>		<b>2020</b>				<b>2019</b>				
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
<b>Over-the-counter</b>	<b>Interest rate swaps</b>									
	Receive fixed interest rate/ pay variable interest rate	¥1,775,000	¥1,775,000	¥103,876	¥103,876	¥1,275,000	¥1,275,000	¥54,009	¥54,009	
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
	<b>Interest rate swaptions</b>									
	<b>Sold</b>									
	Receive fixed interest rate/ pay variable interest rate	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
	<b>Purchased</b>									
	Receive fixed interest rate/ pay variable interest rate	952,500	952,500	50,756	14,238	500,000	500,000	32,013	13,363	
		[36,518]	[36,518]			[18,650]	[18,650]			
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
		[—]	[—]			[—]	[—]			
<b>Total</b>					<b>¥118,114</b>				<b>¥67,372</b>	

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

### (2) Interest rate-related, continued

		Millions of Yen			
As of March 31		2018			
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Over-the-counter	<b>Interest rate swaps</b>				
	Receive fixed interest rate/ pay variable interest rate	¥590,000	¥590,000	¥2,507	¥2,507
	Pay fixed interest rate/ receive variable interest rate	1,000	1,000	1	1
	<b>Interest rate swaptions</b>				
	<b>Sold</b>				
	Receive fixed interest rate/ pay variable interest rate	—	—	—	—
		[—]	[—]		
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—
		[—]	[—]		
	<b>Purchased</b>				
	Receive fixed interest rate/ pay variable interest rate	—	—	—	—
		[—]	[—]		
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—
		[—]	[—]		
<b>Total</b>					<b>¥2,508</b>

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Net gains (losses) represent the fair value for swap transactions, and the difference between option premiums and fair value for option transactions.

### (Reference) Interest rate swap contracts by maturity dates

			Millions of Yen, %						
Maturity dates			Within 1 year	Over 1 year and within 3 years	Over 3 years and within 5 years	Over 5 years and within 7 years	Over 7 years and within 10 years	Over 10 years	Total
2020	Interest rate swaps	Notional amount	¥—	¥4,000	¥6,000	¥—	¥—	¥1,765,000	¥1,775,000
	Receive fixed interest rate/pay variable interest rate	Average fixed interest rate to receive	—	(0.05)%	(0.02)%	—	—	0.45 %	0.45 %
		Average variable interest rate to pay	—	(0.01)%	(0.01)%	—	—	(0.02)%	(0.02)%
	Interest rate swaps	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/ receive variable interest rate	Average fixed interest rate to pay	—	—	—	—	—	—	—
		Average variable interest rate to receive	—	—	—	—	—	—	—
2019	Interest rate swaps	Notional amount	¥—	¥4,000	¥6,000	¥—	¥—	¥1,265,000	¥1,275,000
	Receive fixed interest rate/pay variable interest rate	Average fixed interest rate to receive	—	(0.05)%	(0.02)%	—	—	0.59%	0.58 %
		Average variable interest rate to pay	—	0.00 %	0.00 %	—	—	0.01%	0.00 %
	Interest rate swaps	Notional amount	—	—	—	—	—	—	—
	Pay fixed interest rate/ receive variable interest rate	Average fixed interest rate to pay	—	—	—	—	—	—	—
		Average variable interest rate to receive	—	—	—	—	—	—	—
2018	Interest rate swaps	Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥ 580,000	¥ 590,000
	Receive fixed interest rate/pay variable interest rate	Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.69%	0.68 %
		Average variable interest rate to pay	—	—	(0.00)%	(0.00)%	—	0.01%	0.01 %
	Interest rate swaps	Notional amount	—	—	—	—	1,000	—	1,000
	Pay fixed interest rate/ receive variable interest rate	Average fixed interest rate to pay	—	—	—	—	0.25%	—	0.25 %
		Average variable interest rate to receive	—	—	—	—	0.01%	—	0.01 %

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related

As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥7,698,981	¥ 4,904	¥ 41,012	¥ 41,012	¥8,798,214	¥ 5,251	¥ (3,207)	¥ (3,207)
	U.S. dollar	3,812,005	4,904	(37,330)	(37,330)	4,125,476	5,251	(12,967)	(12,967)
	Euro	2,755,509	—	17,106	17,106	3,204,156	—	20,950	20,950
	British pound	757,777	—	42,385	42,385	986,516	—	(11,363)	(11,363)
	Purchased	550,183	—	(1,716)	(1,716)	283,773	—	(317)	(317)
	U.S. dollar	368,978	—	(959)	(959)	102,060	—	82	82
	Euro	56,197	—	(15)	(15)	20,592	—	(135)	(135)
	British pound	89,813	—	(103)	(103)	75,564	—	64	64
	Canadian dollar	9,956	—	(182)	(182)	46,787	—	(347)	(347)
	Currency options								
	Sold								
	Call	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	U.S. dollar	701,953	—	2,654	(594)	1,287,484	—	1,511	3,928
		[2,060]	[—]			[5,440]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	U.S. dollar	—	—	—	—	210,881	—	21	70
		[—]	[—]			[91]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	U.S. dollar	701,953	—	2,654	(2,690)	399,564	—	133	(251)
		[5,344]	[—]			[385]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	1,365,816	—	11,607	1,896	1,174,190	—	3,052	(6,122)
		[9,710]	[—]			[9,175]	[—]		
	U.S. dollar	1,365,816	—	11,607	1,896	1,098,801	—	2,769	(5,532)
		[9,710]	[—]			[8,301]	[—]		
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Currency swaps	2,954,737	2,813,942	(234,960)	(234,960)	1,658,337	1,545,735	(90,721)	(90,721)
	U.S.\$ paid/¥ received	1,453,411	1,359,606	(191,198)	(191,198)	663,278	582,204	(68,195)	(68,195)
	€ paid/¥ received	802,020	762,459	(25,119)	(25,119)	538,276	508,959	(37,644)	(37,644)
	£ paid/¥ received	347,651	340,221	17,889	17,889	130,111	127,900	14,133	14,133
	¥ paid/A\$ received	320,183	320,183	(34,901)	(34,901)	312,507	312,507	1,122	1,122
Total					¥(197,051)				¥(96,622)

Millions of Yen



## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related, continued

As of March 31		2018				Millions of Yen
Category	Type	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				
Over-the-counter	Foreign exchange forward contracts					
	Sold	¥9,738,990	¥ 5,444	¥175,186	¥175,186	
	U.S. dollar	4,615,473	5,444	105,117	105,117	
	Euro	3,626,255	—	38,403	38,403	
	British pound	930,521	—	3,938	3,938	
	Purchased	70,520	—	(66)	(66)	
	U.S. dollar	52,447	—	37	37	
	Euro	60	—	(0)	(0)	
	British pound	15,681	—	(106)	(106)	
	Canadian dollar	—	—	—	—	
	Currency options					
	Sold					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Purchased					
	Call	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Put	—	—	—	—	
		[—]	[—]			
	U.S. dollar	—	—	—	—	
		[—]	[—]			
	Euro	—	—	—	—	
		[—]	[—]			
	Currency swaps	1,374,588	1,319,675	(84,524)	(84,524)	
	U.S.\$ paid/¥ received	499,222	466,097	(32,599)	(32,599)	
	€ paid/¥ received	469,979	448,192	(63,559)	(63,559)	
	£ paid/¥ received	118,919	118,919	11,738	11,738	
	¥ paid/A\$ received	272,302	272,302	(401)	(401)	
Total					¥ 90,594	

Notes: 1. Brackets represent option premiums recorded in the balance sheets.

2. Net gains (losses) represent the fair value for forward transactions and swap transactions, and the difference between option premiums and fair value for option transactions.

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related

As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Stock exchange	Equity index futures								
	Sold	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
Over-the-counter	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	406,715	—	21,214	13,279	381,704	—	990	(661)
		[7,934]	[—]			[1,651]	[—]		
	Equity forward contracts								
	Sold	¥ 89,701	¥ —	¥11,968	¥11,968	¥ —	¥ —	¥ —	¥ —
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Purchased								
	Call	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Put	—	—	—	—	—	—	—	—
		[—]	[—]			[—]	[—]		
	Total				¥25,247				¥(661)

## 96. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

### (4) Equity-related, continued

As of March 31		2018			
		Contract amount		Fair value	Net gains (losses)
Category	Type	Over 1 year			
Stock exchange	Equity index futures				
	Sold	¥ 10,610	¥ —	¥ (120)	¥ (120)
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
Call	—	—	—	—	
		[—]	[—]		
	Put	665,083	21,454	7,815	(5,558)
		[13,373]	[1,570]		
Over-the-counter	Equity forward contracts				
	Sold	¥143,810	¥ —	¥2,716	¥ 2,716
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
		[—]	[—]		
	Put	—	—	—	—
		[—]	[—]		
	Purchased				
Call	329	226	176	120	
		[55]	[36]		
	Put	—	—	—	—
		[—]	[—]		
Total		¥(2,840)			

Notes: 1. Amounts in brackets represent option premiums recorded in the balance sheets.

2. Net gains (losses) represent the fair value for futures transactions and forward transactions, and the difference between option premiums and fair value for option transactions.

### (5) Bond-related

There were no ending balances as of March 31, 2020, 2019, and 2018.

### (6) Others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## About General Account and Separate Account

A life insurance company classifies and manages its assets in two accounts: a separate account and a general account.

Individual variable insurance, individual variable annuities, and certain group annuities, which change in terms of insurance amount and accumulated value based on investment performance of assets, are managed as a separate account, which is clearly segregated from a general account.

## 97. Balance of Separate Account Assets

Millions of Yen, %						
As of March 31	2020		2019		2018	
Individual variable insurance	¥ 94,319	7.8%	¥ 110,135	8.8%	¥ 114,872	8.9%
Individual variable annuities	28,017	2.3	41,251	3.3	43,478	3.4
Group annuities	1,080,089	89.8	1,106,612	88.0	1,135,789	87.8
<b>Separate account total</b>	<b>¥1,202,426</b>	<b>100.0%</b>	<b>¥1,257,999</b>	<b>100.0%</b>	<b>¥1,294,140</b>	<b>100.0%</b>

## 98. Asset Management Overview for the Fiscal Year Ended March 31, 2020 (Separate Account Assets for Individual Variable Insurance and Individual Variable Annuities)

In the fiscal year ended March 31, 2020, stock prices in Japan and overseas continued to rise from the beginning of the fiscal year as the central banks of major countries showed a stronger willingness to lower interest rates; however, stock prices decreased sharply in response to the global impact of COVID-19 from late February onward. Overseas interest rates decreased substantially due to the spread of COVID-19. Meanwhile, Japanese interest rates rose against the backdrop of moves to convert cash into assets.

Amid this operating environment, the investment return on individual variable insurance for the fiscal year ended March 31, 2020, was negative at 6.67%.

This also represented investment return of 129.45% (+2.52% on an annualized basis) since November 1, 1986, when investment was first undertaken.

In individual variable annuities, the Company continued its investment policy of holding a certain amount of cash and deposits to prepare for changes in insurance policies while maintaining, in principle, a high allocation ratio in investment trusts, the main investment vehicle for the separate account.

### Note: Regarding investment return on the separate account for individual variable insurance

The investment return on the separate account for individual variable insurance represents growth rates on premiums received from policyholders, less portions allocated for death protection, and does not represent the growth rates on the total insurance premium.

Notes: 1. The asset management overview for individual variable insurance does not include variable insurance with survival benefits in a designated currency.

2. Investments for variable insurance with survival benefits in a designated currency conform to the asset management principles for the separate account assets for individual variable annuities.

## 99. Policies in Force (Separate Account for Individual Variable Insurance)

Number of Policies, Millions of Yen						
As of March 31	2020		2019		2018	
	Number of policies	Amount of policies	Number of policies	Amount of policies	Number of policies	Amount of policies
Variable insurance (defined term type)	11,312	¥ 4,567	8,395	¥ 6,510	2,273	¥ 2,610
Variable insurance (whole life type)	31,271	436,503	31,966	449,867	32,628	463,376
<b>Total</b>	<b>42,583</b>	<b>¥441,071</b>	<b>40,361</b>	<b>¥456,377</b>	<b>34,901</b>	<b>¥465,987</b>

Note: Amounts include term life insurance riders.

## 100. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Insurance)

Millions of Yen, %						
As of March 31	2020		2019		2018	
Cash, deposits, and call loans	¥ 6,019	6.4%	¥ 6,013	5.5%	¥ 5,020	4.4%
Investments in securities	83,538	88.6	98,282	89.2	98,803	86.0
Domestic bonds	24,046	25.5	23,550	21.4	24,508	21.3
Domestic stocks	5,358	5.7	34,351	31.2	35,204	30.6
Foreign securities	32,833	34.8	35,043	31.8	38,067	33.1
Foreign bonds	9,904	10.5	8,661	7.9	12,313	10.7
Foreign stocks and other securities	22,929	24.3	26,382	24.0	25,753	22.4
Other securities	21,301	22.6	5,336	4.8	1,022	0.9
Loans	—	—	—	—	—	—
Others	4,761	5.0	5,839	5.3	11,048	9.6
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥94,319</b>	<b>100.0%</b>	<b>¥110,135</b>	<b>100.0%</b>	<b>¥114,872</b>	<b>100.0%</b>

## 101. Investment Income and Expenses (Separate Account for Individual Variable Insurance)

Millions of Yen			
Fiscal years ended March 31	2020	2019	2018
Interest, dividends, and other income	¥ 1,658	¥ 1,995	¥ 2,015
Gain on sales of securities	5,948	7,550	10,184
Gain on redemptions of securities	—	—	—
Gain on valuation of securities	(3,266)	(3,434)	(1,489)
Foreign exchange gains, net	200	176	223
Gain on derivative financial instruments, net	1,395	1,264	1,021
Other investment income	5	6	8
Loss on sales of securities	6,790	2,697	1,721
Loss on redemptions of securities	0	—	—
Loss on valuation of securities	2,443	2,401	(347)
Foreign exchange losses, net	230	164	231
Loss on derivative financial instruments, net	4,447	886	1,314
Other investment expenses	0	1	2
<b>Net investment income</b>	<b>¥(7,971)</b>	<b>¥ 1,407</b>	<b>¥ 9,041</b>

Notes: 1. Investment income and investment expenses related to separate accounts are recorded in the statements of income as gain (loss) from separate accounts, net.  
2. Gain (loss) on valuation of securities contains reversal for gain (loss) on valuation of securities from the previous fiscal year.

## 102. Fair Value of Securities (Separate Account for Individual Variable Insurance)

Valuation gains (losses) on trading securities

Millions of Yen						
As of March 31	2020		2019		2018	
	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss
Trading securities	¥83,538	¥(5,710)	¥98,282	¥(5,835)	¥98,803	¥(1,142)

## 103. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Insurance)

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 104. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance)

### 1. Transaction details

The Company engages in the following derivative transactions using separate account:

- Currency-related: Foreign exchange forward contracts
- Equity-related: Equity index futures
- Bond-related: Bond futures

### 2. Policy

Derivative transactions are used as complementary instruments with the aim of efficient asset investment and are not used excessively for speculative purposes to gain profit.

### 3. Purpose

Derivative transactions are mainly used to hedge against market risk related to assets held.

### 4. Risk details

Derivative transactions conducted in the separate account are exposed to market risks (price fluctuation and foreign exchange risks). With respect to

credit risks, the credit risks should remain extremely low as the Company's transactions are entered into either through domestic and foreign financial instrument exchanges or with creditworthy counterparties.

### 5. Risk management system

Transaction execution is governed by internal rules, such as transaction limits. Transactions are executed under a framework, including front-office and back-office functions, where the back-office is completely segregated from the front-office and confirms transaction details with external documentation.

### 6. Supplementary explanation of quantitative information

Market transactions, such as futures transactions, use liquidation value or closing market price to determine fair value.

For foreign exchange forward contracts, the appraisal value obtained from external parties is mainly used as fair value.

As for derivative transactions for separate account for individual variable insurance, the Company does not apply hedge accounting.

*Note: There were no transactions that fell under the category of variable insurance with survival benefits in a designated currency nor ending balances of such insurance.*

## 105. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance)

### (1) Breakdown of gains (losses) (with and without hedge accounting applied)

	Interest	Currencies	Stocks	Bonds	Others	Total
Millions of Yen						
<b>As of March 31</b>	<b>2020</b>					
Hedge accounting applied	¥—	¥ —	¥ —	¥—	¥—	¥ —
Hedge accounting not applied	—	(51)	(378)	—	—	(429)
<b>Total</b>	<b>¥—</b>	<b>¥(51)</b>	<b>¥(378)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(429)</b>
<b>As of March 31</b>	<b>2019</b>					
Hedge accounting applied	¥—	¥ —	¥ —	¥—	¥—	¥ —
Hedge accounting not applied	—	4	18	(0)	—	22
<b>Total</b>	<b>¥—</b>	<b>¥ 4</b>	<b>¥ 18</b>	<b>¥ (0)</b>	<b>¥—</b>	<b>¥ 22</b>
<b>As of March 31</b>	<b>2018</b>					
Hedge accounting applied	¥—	¥ —	¥ —	¥—	¥—	¥ —
Hedge accounting not applied	—	26	(5)	1	—	22
<b>Total</b>	<b>¥—</b>	<b>¥ 26</b>	<b>¥ (5)</b>	<b>¥ 1</b>	<b>¥—</b>	<b>¥ 22</b>

*Note: Net gains (losses) of hedge accounting not applied are recorded in the statements of income.*

### (2) Interest rate-related

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 105. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance), continued

### (3) Currency-related

Millions of Yen									
As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter	Foreign exchange forward contracts								
	Sold	¥9,252	¥—	¥(112)	¥(112)	¥3,878	¥—	¥12	¥12
	U.S. dollar	4,801	—	(93)	(93)	1,141	—	0	0
	Euro	1,892	—	(5)	(5)	2,083	—	7	7
	Australian dollar	953	—	(6)	(6)	3	—	(0)	(0)
	Purchased	5,163	—	61	61	4,977	—	(8)	(8)
	U.S. dollar	808	—	31	31	2,827	—	(2)	(2)
	Euro	2,631	—	23	23	1,267	—	0	0
	Australian dollar	922	—	4	4	62	—	(0)	(0)
Total		¥ (51)				¥ 4			

As of March 31		2018			
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Over-the-counter	Foreign exchange forward contracts				
	Sold	¥14,108	¥—	¥ 6	¥ 6
	U.S. dollar	5,245	—	(3)	(3)
	Euro	6,135	—	26	26
	Australian dollar	681	—	(4)	(4)
	Purchased	14,377	—	20	20
	U.S. dollar	7,452	—	22	22
	Euro	4,080	—	(3)	(3)
	Australian dollar	720	—	(5)	(5)
	Total				¥26

Note: Net gains (losses) represent the fair value.

### (4) Equity-related

Millions of Yen									
As of March 31		2020				2019			
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Exchange-traded	Equity index futures								
	Sold	¥2,967	¥—	¥(326)	¥(326)	¥ —	¥—	¥—	¥—
	Purchased	1,524	—	(51)	(51)	4,930	—	18	18
Total					¥(378)				¥18

As of March 31		2018			
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Exchange-traded	Equity index futures				
	Sold	¥ —	¥—	¥—	¥—
	Purchased	1,248	—	(5)	(5)
Total					¥ (5)

Note: Net gains (losses) represent the fair value.

## 105. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance), continued

### (5) Bond-related

As of March 31										Millions of Yen
		2020				2019				
Category	Type	Contract amount		Fair value	Net gains (losses)	Contract amount		Fair value	Net gains (losses)	
		Over 1 year				Over 1 year				
Exchange-traded	Yen-denominated bond futures									
	Sold	¥—	¥—	¥—	¥—	¥459	¥—	¥ (0)	¥ (0)	
	Purchased	—	—	—	—	—	—	—	—	
	Foreign currency-denominated bond futures									
	Sold	—	—	—	—	—	—	—	—	
	Purchased	—	—	—	—	—	—	—	—	
Total										
		¥—				¥ (0)				

As of March 31		2018			
Category	Type	Contract amount		Fair value	Net gains (losses)
		Over 1 year			
Exchange-traded	Yen-denominated bond futures				
	Sold	¥1,961	¥—	¥ 1	¥ 1
	Purchased	—	—	—	—
	Foreign currency-denominated bond futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
Total					¥ 1

Note: Net gains (losses) represent the fair value.

### (6) Others

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 106. Policies in Force (Separate Account for Individual Variable Annuities)

As of March 31		2020		2019		2018	
		Number of policies		Number of policies		Number of policies	
		Amount of policies		Amount of policies		Amount of policies	
Individual variable annuities		33,818	¥28,001	33,554	¥41,240	23,519	¥43,472

Note: Amounts represent policy reserves.

## 107. Breakdown of Assets' Year-End Balance (Separate Account for Individual Variable Annuities)

As of March 31		2020		2019		2018	
		Millions of Yen, %		Millions of Yen, %		Millions of Yen, %	
		¥	%	¥	%	¥	%
Cash, deposits, and call loans		—	—%	—	—%	—	—%
Investments in securities		27,205	97.1	40,077	97.2	42,021	96.6
Domestic bonds		6,290	22.5	7,918	19.2	8,997	20.7
Domestic stocks		—	—	—	—	—	—
Foreign securities		—	—	—	—	—	—
Foreign bonds		—	—	—	—	—	—
Foreign stocks and other securities		—	—	—	—	—	—
Other securities		20,915	74.7	32,158	78.0	33,023	76.0
Loans		—	—	—	—	—	—
Others		811	2.9	1,173	2.8	1,456	3.4
Allowance for doubtful accounts		—	—	—	—	—	—
Total		¥28,017	100.0%	¥41,251	100.0%	¥43,478	100.0%



## 108. Investment Income and Expenses (Separate Account for Individual Variable Annuities)

				Millions of Yen
Fiscal years ended March 31	2020	2019	2018	
Interest, dividends, and other income	¥ 1,434	¥ 1,696	¥3,787	
Gain on sales of securities	332	260	298	
Gain on redemptions of securities	—	—	—	
Gain on valuation of securities	(2,320)	(2,874)	(641)	
Foreign exchange gains, net	—	—	—	
Gain on derivative financial instruments, net	—	—	—	
Other investment income	0	0	0	
Loss on sales of securities	126	21	7	
Loss on redemptions of securities	—	—	—	
Loss on valuation of securities	6,491	1,270	(41)	
Foreign exchange losses, net	—	—	—	
Loss on derivative financial instruments, net	—	—	—	
Other investment expenses	0	0	0	
<b>Net investment income</b>	<b>¥(7,169)</b>	<b>¥(2,210)</b>	<b>¥3,477</b>	

Notes: 1. Investment income and investment expenses related to separate accounts are recorded in income as gain (loss) from separate accounts, net.  
2. Gain (loss) on valuation of securities contains reversal for gain (loss) on valuation of securities from the previous year.

## 109. Fair Value of Securities (Separate Account for Individual Variable Annuities)

Valuation gains (losses) on trading securities

							Millions of Yen
As of March 31	2020		2019		2018		
	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	Balance sheet amount	Valuation gains (losses) recorded in profit or loss	
Trading securities	¥27,205	¥(8,811)	¥40,077	¥(4,145)	¥42,021	¥(600)	

## 110. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Annuities)

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 111. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities)

There were no ending balances as of March 31, 2020, 2019, and 2018.

## 112. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Annuities)

There were no ending balances as of March 31, 2020, 2019, and 2018.

### 113. Separate Account Assets by Product (Separate Account for Group Annuities)

				Millions of Yen
As of March 31	2020	2019	2018	
Separate account first treaty	¥ 832,085	¥ 833,972	¥ 838,291	
Comprehensive account	195,489	244,235	288,130	
Stable income account	279,981	286,061	306,450	
Target risk investment units	107,218	67,735	—	
Account by investment categories	249,395	235,940	243,711	
Separate account second treaty	227,295	250,957	277,201	
Defined contribution pension plans	20,708	21,681	20,296	
<b>Total</b>	<b>¥1,080,089</b>	<b>¥1,106,612</b>	<b>¥1,135,789</b>	

Notes: 1. Separate account first treaty: Joint management of defined benefit corporate pension funds  
Comprehensive account: Balanced portfolio management  
Stable income account: Aim to secure stable return of at least 2.5% in the medium to long term  
Target risk investment units: Seek investment gains based on market trends while suppressing the fluctuation in returns  
Account by investment categories: Investments made in specific assets for closer matching with customer needs  
2. Separate account second treaty: Independent management of annuity assets for each customer  
3. Defined contribution pension plans: Jointly managed funds for defined contribution pensions

### 114. Status of First Treaty (Separate Account for Group Annuities)

Note: Figures in Note 114 are stated at fair value and rounded to the nearest million yen.

#### 1. Fair value

				Millions of Yen
As of March 31	2020	2019	2018	
	Fair value	Fair value	Fair value	
Comprehensive account	¥191,478	¥241,706	¥281,647	
Stable income account	277,512	284,660	300,668	
Target risk investment units	106,401	65,896	—	
Domestic bond accounts	57,494	60,674	60,454	
Market tracking domestic bond account	74,546	73,664	76,681	
Domestic stock accounts	15,858	19,964	19,742	
Quantitative investment management domestic stock account	11	1,238	1,310	
Market tracking domestic stock account	7,178	6,480	7,359	
Foreign bond accounts	11,752	11,597	13,177	
Foreign bond accounts with currency hedging	6,315	5,993	5,381	
Market tracking foreign bond account	5,188	7,986	9,095	
Foreign stock accounts	13,722	17,303	14,569	
Market tracking foreign stock account	10,360	13,122	12,405	
Money market accounts	37,982	12,997	18,050	
<b>Total</b>	<b>¥815,798</b>	<b>¥823,281</b>	<b>¥820,537</b>	

#### 2. Investment return ratio

				%
Fiscal years ended March 31	2020	2019	2018	
	Unit price fluctuation	Unit price fluctuation	Unit price fluctuation	
Comprehensive account	(6.84)%	1.55%	8.14%	
Stable income account	1.34	2.71	1.40	
Target risk investment units	(9.08)	1.74	—	
Domestic bond accounts	(0.03)	1.84	1.25	
Market tracking domestic bond account	(0.25)	1.91	0.86	
Domestic stock accounts	(11.92)	(5.36)	16.75	
Quantitative investment management domestic stock account	8.96	(5.16)	14.47	
Market tracking domestic stock account	(9.99)	(4.70)	15.60	
Foreign bond accounts	4.69	3.07	4.84	
Foreign bond accounts with currency hedging	7.76	2.04	1.56	
Market tracking foreign bond account	4.57	2.52	4.25	
Foreign stock accounts	(10.85)	10.52	8.50	
Market tracking foreign stock account	(12.07)	10.43	8.32	
Money market accounts	0.00	0.01	0.00	

Note: The quantitative investment management domestic stock account for the fiscal year ended March 31, 2020, represents the price fluctuation up to December 31, 2019.

## POLICYHOLDER PROTECTION SYSTEMS

### ● Early Correction Safeguard System

Early correction safeguarding is a system designed to protect policyholders and ensure sound and appropriate operations at insurance companies. When an insurance company's solvency margin ratio falls below a certain level, depending on the circumstances, the regulatory agency may issue a directive to the insurance company to improve its operations.

An insurance company is subject to such a directive when its solvency margin ratio falls below 200%. The action standards and directives are categorized in the table on the right.

Depending on the assets and liabilities of the insurance company as well as the management improvement plans submitted to the regulatory agency, additional directives may be issued for classifications other than the solvency margin ratio in the table on the right.

### ■ Action Standards and Directives

Classification according to solvency margin	Directive
First classification Under 200% Over 100%	Directive to propose and implement a management improvement plan
Second classification Under 100% Over 0%	Directive to discontinue or limit policyholder dividends and/or directive to change calculation methods for new policies (anticipated rate of return, etc.)
Third classification Under 0%	Directive to halt all or a portion of operations

### ● Bankruptcy Proceedings for Life Insurance Companies

When a life insurance company enters bankruptcy, the following two proceedings are taken to dispose of assets:

1. Corporate rehabilitation proceedings based on the court-guided rehabilitation law

These proceedings are taken under the supervision of a court of law.

First, the bankrupt insurance company petitions the court to start rehabilitation procedures (the commissioner of the FSA in Japan can also be petitioned). The court of law that receives this petition decides to start the procedures and appoints an administrator.

The court-appointed administrator formulates a rehabilitation plan for transferring policyholders while managing and examining the operations and financial assets of the bankrupt insurance company. Through the decisions of related parties, the court-appointed administrator requests authorization from the court of law. After authorization is granted, the administrator executes the disposal of assets based on the rehabilitation plan.

2. Government proceedings based on the Insurance Business Act

These proceedings are based on directives issued by the commissioner of the FSA.

The commissioner of the FSA orders the cessation of all or a portion of operations at the bankrupt insurance company and appoints an insurance administrator to dispose of financial assets under management and operations.

The insurance administrator manages and supervises the operations and financial assets of the bankrupt insurance company, creates plans for the management of operations and financial assets including the transfer of insurance policies, and seeks approval from the commissioner of the FSA. After approval is granted, the insurance administrator disposes of the assets according to the plan.

There are no clear standards as to which of the aforementioned procedures will be taken, and there are no differences in the indemnification through protective measures (see next page) between the two procedures.

### ● Life Insurance Policyholders Protection Corporation of Japan

The Policyholders Protection Corporation is a corporate entity that was established in December 1998 through the Insurance Business Act. In the event that a life insurance company goes bankrupt, the Policyholders Protection Corporation will protect policyholders through a mutual support system.

#### ● Members and Financial Resources

The Company and other life insurance companies that operate in Japan are members of the Policyholders Protection Corporation, and financial resources are, in principle, contributions paid by these members. However, until the end of March 2022, in the event that membership contributions from life insurance companies are insufficient as financial support to a life insurance company that goes bankrupt, the Japanese government may provide financial assistance to the Policyholders Protection Corporation through Diet deliberations.

#### ● Main Operations

In the event of a bankruptcy of a life insurance company, the Policyholders Protection Corporation performs the following operations through a mutual support system for the purpose of protecting policyholders:

#### Primary Operations of the Policyholders Protection Corporation

1. Provides financial assistance to savior companies that take over insurance policies
2. Takes over insurance policies in the event that no savior company steps forward
3. Acts as a procedural representative for insurance policyholders in the event that the bankruptcy undergoes rehabilitation proceedings

## • Summary of Indemnification Coverage

In the event of a bankruptcy of a life insurance company, policy indemnification is to be provided as follows:

Type of insurance	Indemnification	
Individual insurance	General policies	Policy reserves $\times$ 90% <sup>1</sup>
	High assumed interest rate policies <sup>2</sup>	Policy reserves $\times$ (90% – Set rate) <sup>1,3</sup>
Group insurance	General policies	Policy reserves $\times$ 90% <sup>1</sup>
	High assumed interest rate policies <sup>2,4</sup>	Policy reserves $\times$ (90% – Set rate) <sup>1,3</sup>
	Portion related to separate accounts of group annuity policies	Not eligible for indemnification <sup>5</sup>

Notes: 1. Policy reserves are reserves for future insurance claims, annuity, and benefit payments, accumulated through insurance premiums and investment returns. The purpose of the system is to indemnify policy reserves, not to indemnify insurance claims, annuities, or other benefits. Accordingly, 90% of pension resource coverage attached to individual variable annuity insurance will not be eligible for indemnification.

2. High assumed interest rate policies<sup>\*1</sup> are policies for which assumed interest rates constantly exceed standard interest rates<sup>\*2</sup> over five years preceding bankruptcy.

\*1: Standard interest rates are determined by the commissioner of the FSA and the Finance Minister. The current reserve interest rate is 3%, which can be confirmed on the website of the Company or that of the Policyholders Protection Corporation.

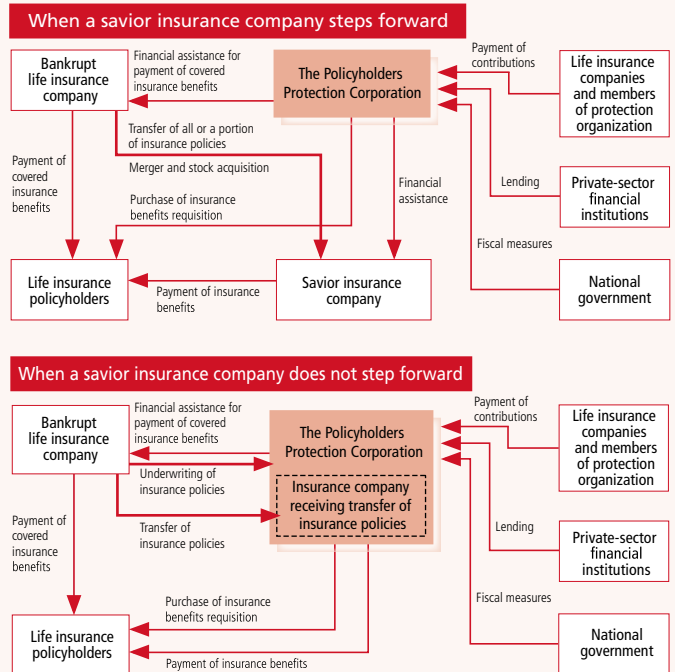
\*2: When assumed interest rates are different for primary policies and riders within one insurance policy, decisions of whether or not such policies fall under the category of a high assumed interest rate policy are made for individual policies.

3. Set rate = (Sum of assumed interest rates for the previous five years, less standard interest rates) / 2

4. When insured are contributing insurance premiums and assumed interest rates are different among each insured, each insured is deemed to have concluded its own insurance policy. As such, it should be determined individually whether or not such a policy falls into the category of a high assumed interest rate policy. However, regarding defined contribution annuity insurance policies, regardless of whether or not the insured is contributing premiums, it should be determined whether or not each insured's policy falls into the category of a high assumed interest rate policy.

5. In rehabilitation procedures, it is possible to develop a rehabilitation plan under which policy reserves need not be reduced to cover this area (i.e., it can be determined whether or not the reserves should be reduced by individual rehabilitation procedures).

## ■ Framework of the Policyholders Protection Corporation



Information on policyholder protection in the last two pages, including the scope of policies eligible for indemnification and their coverage, is based on current legal statutes and is subject to change in the future in accordance with revisions to those legal statutes (as of July 2020).

## WORLDWIDE NETWORK

### HEADQUARTERS

Name	Address
Osaka Head Office	3-5-12, Imabashi, Chuo-ku, Osaka 541-8501, Japan
Tokyo Headquarters	1-6-6, Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan

### GLOBAL REPRESENTATIVE OFFICES

Business	Name	Address	Tel/Fax
Global Representative Offices	New York Representative Office	101 Park Avenue, 33rd Floor, New York, NY 10178, U.S.A.	Tel: 1-646-231-4000 Fax: 1-212-906-1933
	London Representative Office	1-5 Queen Street, London EC4N 1SW, U.K.	Tel: 44-20-7507-6000 Fax: 44-20-7236-4195
	Frankfurt Representative Office	An der Hauptwache 5 60313 Frankfurt am Main, Germany	Tel: 49-69-273999-0 Fax: 49-69-236527
	Beijing Representative Office	Chang Fu Gong Office Building, Room 4007 Jia 26, Jian Guo Men Wai Dajie Beijing, 100022, China	Tel: 86-10-6513-9240 Fax: 86-10-6513-9241

## SUBSIDIARIES

Business	Name	Address	Tel/Fax
Insurance and Insurance Related	Nippon Life Insurance Company of America NLI Insurance Agency, Inc.	655 Third Avenue, 16th Floor New York, NY 10017, U.S.A.	Tel: 1-212-682-3000 Fax: 1-212-286-0938
	Eastern Region	655 Third Avenue, 16th Floor New York, NY 10017, U.S.A.	Tel: 1-212-909-9862 Fax: 1-212-682-3099
	Atlantic Region	200 Schulz Drive, 1st Floor Red Bank, NJ 07701, U.S.A.	Tel: 1-732-810-1066
	Central Region	20 North Martingale Road, Suite 150 Schaumburg, IL 60173, U.S.A.	Tel: 1-312-807-1120 Fax: 1-866-860-7511
	Western Region	515 South Figueroa Street, Suite 1825 Los Angeles, CA 90071, U.S.A.	Tel: 1-213-430-0801 Fax: 1-213-623-0064
	Ohio Office	6450 Poe Avenue, Suite 114, Dayton, OH 45414, U.S.A.	Tel: 1-844-486-8471
	Pennsylvania Office	1 Bethlehem Plaza, Suite 1010 Bethlehem, PA 18018, U.S.A.	Tel: 1-484-821-3979
	MLC Limited	105-153 Miller Street, North Sydney NSW 2060, Australia	Tel: 61-3-8634-4721 Fax: 1800-550-081
	Sydney Office	Level 7, 40 Mount Street, North Sydney NSW2060, Australia	Tel: 61-3-8634-4721 Fax: 1800-550-081
	Melbourne Office	Level 16, 727 Collins Street, Docklands VIC 3008, Australia	Tel: 61-3-8634-4721 Fax: 1800-550-081
Research	Nippon Life Asia Pacific (Regional HQ) Pte. Ltd.	1 Raffles Quay, #10-01A North Tower, Singapore, 048583, Republic of Singapore	Tel: 65-6438-2850 Fax: 65-6438-0075
Asset Management	Nippon Life Global Investors Americas, Inc.	101 Park Avenue, 33rd Floor, New York, NY 10178, U.S.A.	Tel: 1-646-231-4000 Fax: 1-212-906-1931
	Nippon Life Global Investors Europe Plc	1-5 Queen Street, London EC4N 1SW, U.K.	Tel: 44-20-7507-6011
	Nippon Life Schroders Asset Management Europe Limited	1 London Wall Place, London EC2Y 5AU, U.K.	Tel: 44-20-7658-6000 Fax: 44-20-7658-6965
	Nippon Life Global Investors Singapore Limited	138 Market Street #34-02 CapitaGreen Singapore 048946, Republic of Singapore	Tel: 65-6800-7000 Fax: 65-6384-7792

## AFFILIATES

Business	Name	Address	Tel/Fax
Insurance and Insurance Related	Reliance Nippon Life Insurance Company Limited	Reliance Centre, 5th Floor South Wing, Off Western Express Highway, Santacruz (East), Mumbai-400055, India	Tel: 91-22-3033-1000 Fax: 91-22-3303-5662
	Great Wall Changsheng Life Insurance Co., Ltd.	5F No. 688 West NanJing Road, Jing An District Shanghai 200041, China	Tel: 86-21-3899-9888 Fax: 86-21-6247-0739
	Bangkok Life Assurance Public Company Limited	1415 Krungthep-Nonthaburi Road, Wongsawang, Bangsue, Bangkok 10800, Thailand	Tel: 66-2-777-8888 Fax: 66-2-777-8899
	PT Asuransi Jiwa Sequis Life	Sequis Tower Lt. 33 Jl. Jend. Sudirman Kav. 71, SCBD Jakarta 12190, Indonesia	Tel: 62-21-522-3123 Fax: 62-21-521-3579
	Grand Guardian Nippon Life Insurance Company Limited	11th Floor, Crystal Office Tower, Kyun Taw Road, Kamayut Township, Yangon, Myanmar	Tel: 95-1-9339377
Asset Management	The TCW Group, Inc.	865 South Figueroa Street, Suite 1800 Los Angeles, CA 90017, U.S.A.	Tel: 1-213-244-0000
	Post Advisory Group, LLC	2049 Century Park E, Suite 3050, Los Angeles, CA 90067, U.S.A.	Tel: 1-310-996-9600 Fax: 1-310-996-9669
	Nippon Life India Asset Management Limited	4th Floor, Tower A, Peninsula Business Park, Ganapatrao Kadam Marg, Lower Parel (W), Mumbai-400013, India	Tel: 91-22-6808-7000 Fax: 91-22-6808-7072