

“大切な人を想う”の  
いちばん近くで。



# NISSAY ANNUAL REPORT 2019

ANNUAL  
REPORT

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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 Law 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 Law 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. 6–9 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.

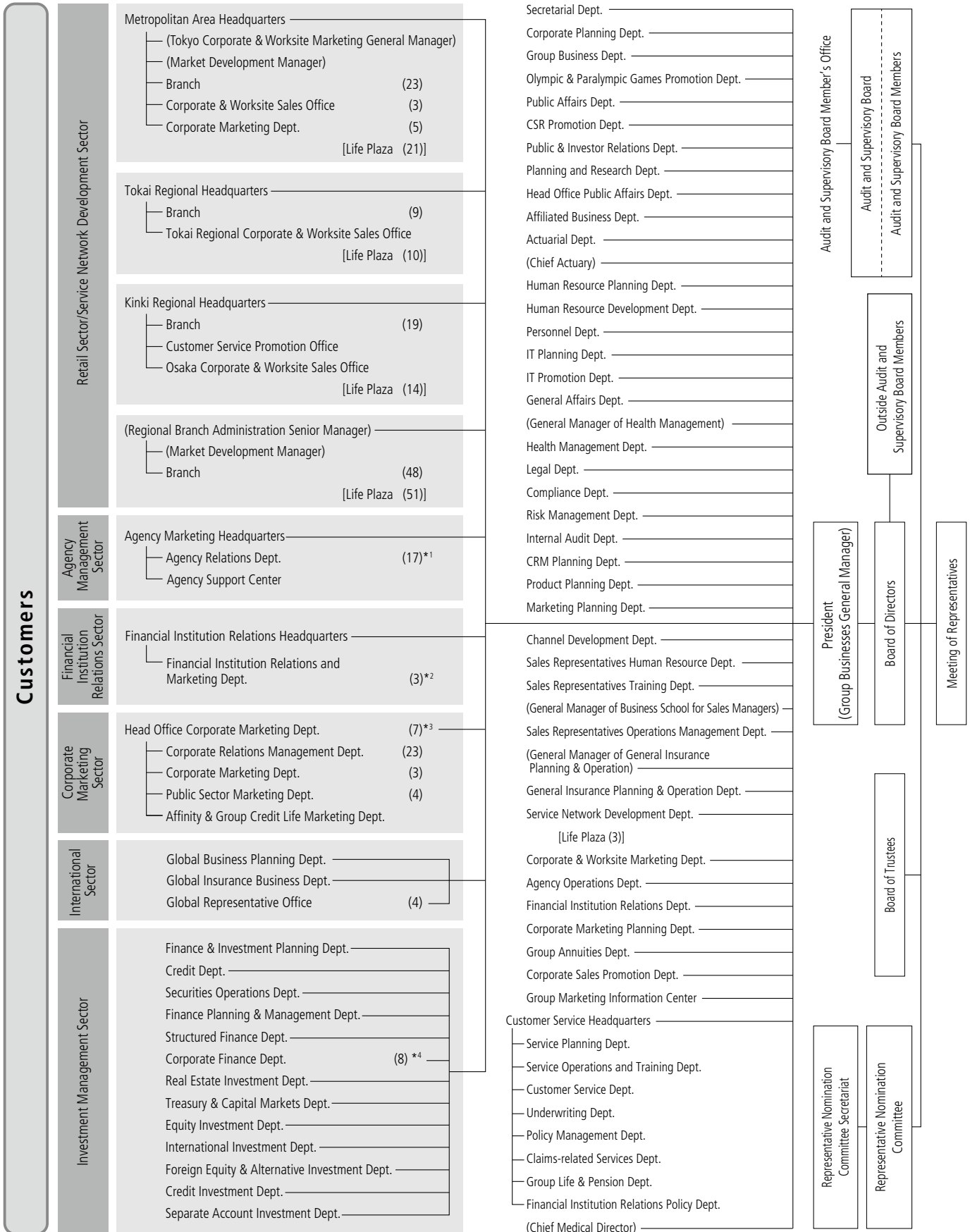
After World War II, the Company was reborn as Nippon Life Insurance Company in 1947, and now, 130 years since its foundation, continues to work to realize mutual aid and cooperative prosperity as a mutual company.

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

1989	100th Anniversary <ul style="list-style-type: none"> <li>○ NLI Research Institute (NLIRI) established</li> <li>○ Nissay Seirei Health &amp; Welfare Foundation established (foundation converted to a public interest incorporated foundation in 2013)</li> </ul>	2009	120th Anniversary <ul style="list-style-type: none"> <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>
1991	<ul style="list-style-type: none"> <li>○ Nissay Capital Co., Ltd. established</li> <li>○ Nippon Life Insurance Company of America established (US Nissay)</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>
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>	2011	<ul style="list-style-type: none"> <li>○ Invested in Reliance Life Insurance Company Limited and made it into a Group company (name changed to Reliance Nippon Life Insurance Company Limited in 2016)</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>	2012	<ul style="list-style-type: none"> <li>○ Initiated the three-year Medium-Term Management Plan “Future Creation Project (2012–2014)”</li> <li>○ Launched Nissay <i>Mirai no Katachi</i></li> <li>○ Invested in Reliance Life Insurance Company Limited and made it into an affiliate company (name changed to Reliance Nippon Life Asset Management Limited in 2016)</li> <li>○ Issuance of U.S. Dollar-denominated subordinated notes</li> </ul>
1994	<ul style="list-style-type: none"> <li>○ <i>Living needs benefit</i> rider launched</li> </ul>	2013	<ul style="list-style-type: none"> <li>○ Launched <i>Nissay Educational Endowment Insurance</i></li> <li>○ Launched <i>Next Road</i></li> <li>○ Launched <i>Yume no Katachi Plus</i></li> </ul>
1995	<ul style="list-style-type: none"> <li>○ Nissay Investment Trust Co., Ltd. established</li> </ul>	2014	<ul style="list-style-type: none"> <li>○ Launched the “Nissay Masterpiece Series” (Nissay Meisaku Series)</li> <li>○ Invested in PT Asuransi Jiwa Sequis Life and made it into a Group company</li> </ul>
1996	<ul style="list-style-type: none"> <li>○ Nissay General Insurance Co., Ltd. established</li> </ul>	2015	<ul style="list-style-type: none"> <li>○ Initiated the three-year Medium-Term Management Plan “Zen Shin (2015–2017)”</li> <li>○ Launched Nissay <i>Mirai no Katachi</i> dread disease insurance coverage with continuous support “<i>Itsutsu Boshi</i>”</li> <li>○ Life Salon made into a Group company</li> <li>○ Launched <i>Long Dream GOLD</i></li> <li>○ Established Nissay Realty Management Co., Ltd.</li> <li>○ Lifeplaza Partners Co., Ltd. made into a Group company</li> <li>○ Carried out management integration with Mitsui Life Insurance Company Limited (currently, TAIJU LIFE INSURANCE COMPANY LIMITED)</li> </ul>
1997	<ul style="list-style-type: none"> <li>○ Acquired an equity stake in Bangkok Life Assurance Public Company Limited</li> <li>○ <i>Forward</i> (illness &amp; disability term rider) launched</li> <li>○ Tie-up with Putnam Investments, LLC (U.S.A.)</li> </ul>	2016	<ul style="list-style-type: none"> <li>○ Launched <i>Gran Age</i></li> <li>○ Launched <i>wrap dream</i></li> <li>○ Launched <i>ChouChou!</i></li> <li>○ MLC Limited, an Australian insurance company, made into a Group company</li> </ul>
1998	<ul style="list-style-type: none"> <li>○ <i>Nice Care</i> (nursing care rider) launched</li> <li>○ Nissay Asset Management Corporation established in merger of Nissay Investment Advisors Co., Ltd. and Nissay Investment Trust Co., Ltd.</li> <li>○ Tie-up with Deutsche Bank</li> </ul>	2017	<ul style="list-style-type: none"> <li>○ Launched the Medium-Term Management Plan “Zen Shin –next stage– (2017–2020)”</li> <li>○ Launched <i>Platinum Phoenix</i></li> <li>○ Hoken 110 made into a Group company</li> <li>○ Launched “<i>Moshimonotoki no...Seikatsuhi</i>”</li> <li>○ Launched <i>Yume no Present</i></li> <li>○ Invested in The TCW Group, Inc. and made it into a Group company</li> </ul>
1999	110th Anniversary <ul style="list-style-type: none"> <li>○ Nissay Insurance Accounts launched</li> <li>○ Nissay Information Technology Co., Ltd. established</li> </ul>	2018	<ul style="list-style-type: none"> <li>○ Launched Nissay <i>Mirai no Katachi Daijobu</i> Serious Disease Coverage Insurance</li> <li>○ Integrated with MassMutual Life Insurance Company (currently, Nippon Wealth Life Insurance Company Limited)</li> <li>○ Launched <i>Long Dream GOLD 2</i></li> <li>○ LHL Co., Ltd. made into a Group company</li> </ul>
2000	<ul style="list-style-type: none"> <li>○ Separate Account Management Division spun off, then integrated with Nissay Investment Trust Management Co., Ltd. subsidiary (name changed to 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>	2019	130th Anniversary <ul style="list-style-type: none"> <li>○ Established HANASAKU LIFE INSURANCE Co., Ltd.</li> <li>○ Launched the <i>NEW in 1</i> general hospitalization insurance</li> <li>○ Launched <i>Long Dream GOLD 3</i></li> </ul>
2001	<ul style="list-style-type: none"> <li>○ Nissay Dowa General Insurance Co., Ltd. formed in merger of Dowa Fire &amp; Marine Insurance Co., Ltd. and Nissay General Insurance Co., Ltd. (merged with Aioi Insurance Co., Ltd. and changed name to Aioi Nissay Dowa Insurance Co., Ltd. in 2010)</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, began</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>Nissay Key Man Plus 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>		
2007	<ul style="list-style-type: none"> <li>○ Singapore Representative Office opened (changed to a local corporation in 2010)</li> </ul>		
2008	<ul style="list-style-type: none"> <li>○ Formed business alliance 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 benefited from the “Nissay Masterpiece Theatre” (Nissay Meisaku Gekijo)</li> </ul>		

# Organization

(As of March 25, 2019)



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

### ※ Offices and Centers Installed inside Departments

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

### \*1: Seventeen Agency Relations Departments

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

## ◆ Branch Organization

	(Unit: Number)		
As of April 1,	2019	2018	2017
Branches	99	99	99
Branch Offices	9	9	9
Sales Offices	1,533	1,536	1,537
Global Representative Offices	4	4	4
Agencies	17,493	16,536	15,491

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.

## Employee Highlights

### ◆ Number of Employees by Job Function

	Number of employees (As of March 31)			Number of new employees (Fiscal years ended March 31)		
	2019	2018	2017	2019	2018	2017
<b>Total non-sales personnel</b>	<b>19,392</b>	<b>19,515</b>	<b>19,747</b>	<b>1,801</b>	<b>1,528</b>	<b>1,755</b>
<b>Male</b>	<b>5,102</b>	<b>5,168</b>	<b>5,078</b>	<b>413</b>	<b>371</b>	<b>357</b>
<b>Female</b>	<b>14,290</b>	<b>14,347</b>	<b>14,669</b>	<b>1,388</b>	<b>1,157</b>	<b>1,398</b>
Managerial track	3,889	3,968	3,981	167	173	161
Area management positions	1,391	1,342	—	74	74	—
Area operations positions	6,593	5,798	—	448	20	—
CS managerial track	—	—	750	—	—	75
Administrative clerk	—	—	5,643	—	—	119
<b>Total sales representatives</b>	<b>53,868</b>	<b>52,356</b>	<b>50,904</b>	<b>10,956</b>	<b>10,104</b>	<b>9,829</b>
<b>Male</b>	<b>2,067</b>	<b>2,079</b>	<b>2,142</b>	<b>105</b>	<b>69</b>	<b>67</b>
<b>Female</b>	<b>51,801</b>	<b>50,277</b>	<b>48,762</b>	<b>10,851</b>	<b>10,035</b>	<b>9,762</b>
Sales management positions	1,962	1,950	1,931	103	65	66
Male	1,771	1,763	1,791	103	65	66
Female	191	187	140	0	0	0
Sales representatives	51,906	50,406	48,973	10,853	10,039	9,763
Male	296	316	351	2	4	1
Female	51,610	50,090	48,622	10,851	10,035	9,762
<b>Total</b>	<b>73,260</b>	<b>71,871</b>	<b>70,651</b>	<b>12,757</b>	<b>11,632</b>	<b>11,584</b>
<b>Male</b>	<b>7,169</b>	<b>7,247</b>	<b>7,220</b>	<b>518</b>	<b>440</b>	<b>424</b>
<b>Female</b>	<b>66,091</b>	<b>64,624</b>	<b>63,431</b>	<b>12,239</b>	<b>11,192</b>	<b>11,160</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. (1,304 employees as of March 31, 2019 and 1,281 employees as of March 31, 2018)

4. Due to a reorganization of staff classifications, area management positions and area operations positions were created. (Effective as of March 25, 2018)

### ◆ Average Age and Years of Service

As of March 31	Average age (Years)			Average years of service (Years)		
	2019	2018	2017	2019	2018	2017
<b>Total non-sales personnel</b>	<b>44.8</b>	<b>44.5</b>	<b>43.9</b>	<b>11.8</b>	<b>11.6</b>	<b>11.3</b>
<b>Male</b>	<b>45.0</b>	<b>44.6</b>	<b>44.1</b>	<b>14.8</b>	<b>14.7</b>	<b>14.8</b>
<b>Female</b>	<b>44.7</b>	<b>44.4</b>	<b>43.8</b>	<b>10.8</b>	<b>10.5</b>	<b>10.1</b>
Managerial track	40.8	40.5	40.3	17.9	17.7	17.6
Area management positions	38.5	38.3	—	16.6	16.5	—
Area operations positions	40.7	40.4	—	13.8	15.4	—
CS managerial track	—	—	31.6	—	—	8.9
Administrative clerk	—	—	39.3	—	—	17.3
<b>Total sales representatives</b>	<b>44.9</b>	<b>45.1</b>	<b>45.2</b>	<b>9.8</b>	<b>9.9</b>	<b>10.0</b>
<b>Male</b>	<b>42.0</b>	<b>42.6</b>	<b>42.8</b>	<b>17.7</b>	<b>18.2</b>	<b>18.3</b>
<b>Female</b>	<b>45.0</b>	<b>45.2</b>	<b>45.4</b>	<b>9.5</b>	<b>9.5</b>	<b>9.6</b>
Sales management positions	40.3	40.8	41.0	17.2	17.8	18.0
Male	39.7	40.3	40.5	16.7	17.3	17.5
Female	45.6	46.0	48.0	22.3	22.3	24.1
Sales representatives	45.1	45.2	45.4	9.5	9.6	9.6
Male	56.2	55.3	54.4	24.0	22.9	22.0
Female	45.0	45.2	45.3	9.4	9.5	9.5
<b>Total</b>	<b>44.9</b>	<b>44.9</b>	<b>44.9</b>	<b>10.3</b>	<b>10.4</b>	<b>10.3</b>
<b>Male</b>	<b>44.2</b>	<b>44.0</b>	<b>43.7</b>	<b>15.6</b>	<b>15.7</b>	<b>15.8</b>
<b>Female</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>9.8</b>	<b>9.8</b>	<b>9.7</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. (1,304 employees as of March 31, 2019 and 1,281 employees as of March 31, 2018)

4. Due to a reorganization of staff classifications, area management positions and area operations positions were created. (Effective as of March 25, 2018)

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

Fiscal years ended March 31	2019	2018	2017
Non-sales personnel	295	298	288

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	2019	2018	2017
Sales representatives	297	304	295

Notes: 1. The average monthly salary for each fiscal year is based on tax-inclusive standard salary and excludes 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.

## 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. In April 2019, *Mirai no Katachi* further evolved with the addition of the general hospitalization insurance *NEW in 1*, which covers hospitalization, outpatient surgery, etc.

When they enroll, customers can flexibly combine 13 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 anytime.

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*1	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 <i>Itsutsu Boshi</i>
	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 <i>Daijobu</i>
	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
Insurance that covers medical risks	General hospitalization insurance	Insurance that covers hospitalization, surgery, etc.	Nissay <i>Mirai no Katachi</i> General hospitalization insurance <i>NEW in 1</i>
	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*2	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

\*1 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 and specified serious disease insurance coverage, payout on death is limited to 10% of the sum paid for the respective dread disease or specified serious disease insurance coverage claim (not including any healthcare support payments).

\*2 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 <i>Genki</i>
	Children's general medical insurance*1	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 <i>ChouChou!</i>
Coverage for the risk of losing capacity to work	Disability income insurance	Insurance for prescribed state of disability	Nissay Disability Insurance (No Surrender Refund) <i>Moshimonotoki no...Seikatsuhi</i>
Longevity insurance	Long-life insurance (Low surrender value type)	No death benefit, but insurance that prioritizes systematic planning of living expenses after retirement	<i>Gran Age</i> , 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 <i>My Stage</i>
	Single-payment annuities	Supplement post-retirement living expenses, with a single premium payment	Nissay Single-Payment Annuities*2
	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*2

\*1 Policy must be combined with juvenile insurance.

\*2 Sales were on hold as of July 1, 2019.

In addition to the above, Nippon Life offers the following products mainly through the bank assurance 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 types)
● Single-payment whole life insurance	Nissay Single-Premium Whole Life Insurance Policy with Variable Accumulation Rate in Designated Currency (U.S. 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 (U.S. dollar denominated, Australian dollar denominated)
● Single-premium variable insurance	Nissay variable insurance with designated currency living benefit (U.S. dollar denominated, Australian dollar denominated)

\* Sales were on hold as of July 1, 2019.

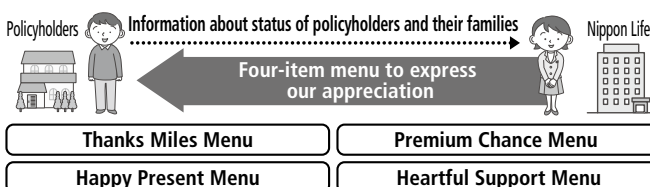
Note: The foregoing statements provide an overview of products and do not include all information related to the policy. When considering a policy, please be sure to confirm by reading the pamphlets, prospectuses (policy guides), reminders, *Policy Clause—Bylaws/Terms and Conditions* and other materials.

◆ Services


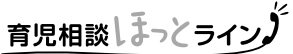
<Zutto Motto Service>

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.



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

Consultation Services	Summary
Free health and nursing care consultation	A consultation service to discuss matters of concern relating to healthcare or nursing care with a specialist.
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 Wellness-dial ウェルネスダイヤル	A telephone counseling service by female specialists to discuss health issues and medical symptoms specific to women. Limited to female policyholders
 育児相談しまとライン	Offers around-the-clock telephone counseling with specialists about the health and care of children.

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. *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 in other various types of other 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)
- *ChouChou!*
- 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 rider 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.

## <Care Guidance Service>

## ケア・ガイダンス・サービス

～介護に備える訪問相談サービス～

With this service, qualified staff (care managers and other specialist staff) of Nichii Gakkan Co., Ltd., which operates Japan's largest network of senior nursing care services, visit customers at home to consult with them about their future nursing care.

Policyholders and those covered under the following policies are eligible for the service.

- *Mirai no Katachi* (Only policyholders with nursing care insurance)

Notes: 1. The *Care Guidance Service* is promoted and handled by Life Care Partners Co., Ltd. This is not an insurance product or service of Nippon Life.

2. For further details on the *Zutto Motto Service*, *Best Doctors® Service*, and *Care Guidance Service*, please see Nissay website, pamphlets, or other materials.

## Non-Life Insurance Products



Nippon Life handles non-life insurance products centered on the 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\*<sup>1</sup> 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"\*<sup>2</sup> 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\*<sup>3</sup> 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 2019)

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>Insured Contributory Pension Plans (Capital-Protected)</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>*<sup>1</sup></li> <li>Nissay Long-Term Term Insurance*<sup>2</sup> *<sup>3</sup></li> <li>Long-term life coverage with period of extensive coverage for accidents insurance*<sup>3</sup></li> <li>Nissay Increasing Term Insurance*<sup>3</sup></li> <li>Nissay Long-Term Insurance with Low Surrender Benefits*<sup>2</sup> *<sup>3</sup></li> </ul>
	Retirement coverage	<ul style="list-style-type: none"> <li>Executive retirement allowance plan</li> </ul>	
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>	

\*1 The *Key Man Plan* is an individual insurance and annuities policy whereby policyholders are corporations.

\*2 Also sold to individuals.

\*3 Sales suspended as of July 1, 2019

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.

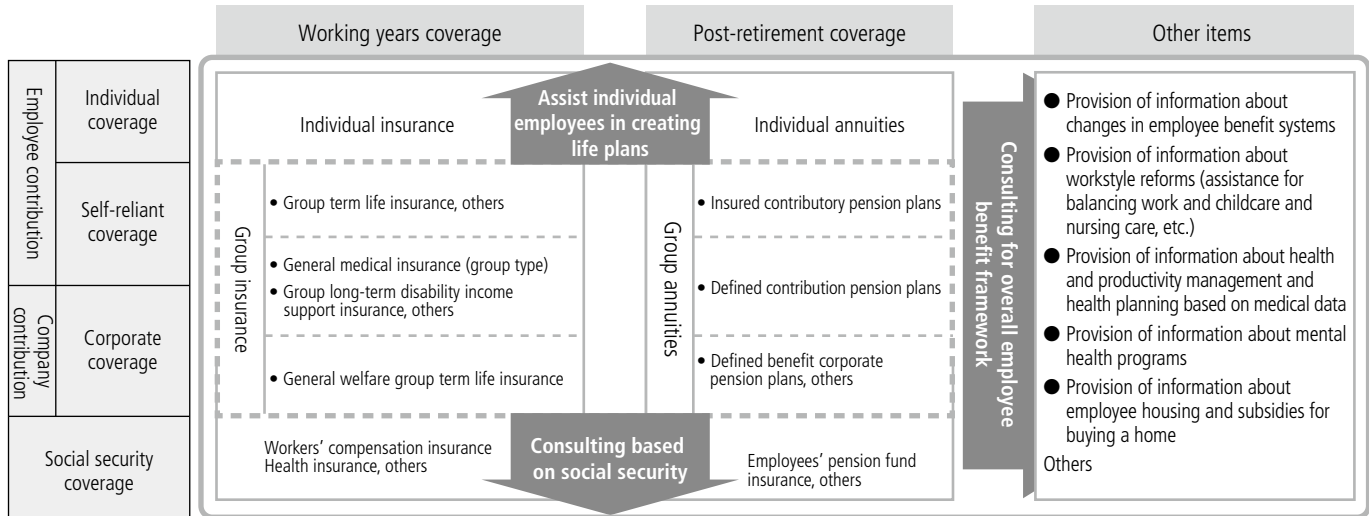
<https://www.aioinissaydowa.co.jp/> Excludes some products and services such as compulsory auto insurance lines.

## 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, 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 needed 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.

### <Information Provision Services That Use Surveys and Analysis Concerning Social Insurance and Employee Benefits>

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 Nissay Life Navigation System*

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 *Nissay Life Navigation System* 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, deferred special payments and 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 Six Consecutive Years

The Nippon Life Defined Contribution Plan Call Center received a Five-Star Rating, the highest rating from HDI-Japan\*, the only company in the defined contribution pension plan industry to have done so for six consecutive years.

\* HDI (Help Desk Institute) was established in the U.S. 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.

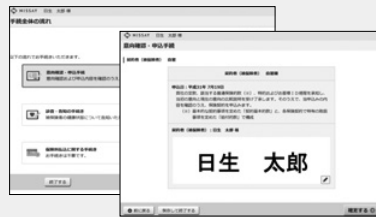


Product pamphlet

#### 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

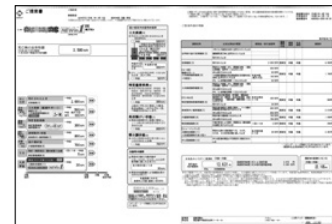
When entering information about the insured's medical history and current state of health via the TASKALL disclosure screen, or when answering questions posed by a doctor designated by Nippon Life during an examination, please provide accurate and complete answers.

#### 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

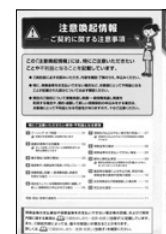


Prospectuses (policy guides)

#### 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.



Reminders

### 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 "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.

#### ◆ **Policy Clause—Bylaws/Terms and Conditions need to be kept in safe, secure storage**

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.

As a means of lowering its environmental impact by reducing the volume of paper it uses, Nippon Life began providing policy clauses on its website in April 2018. (Printed policy clauses containing the data recorded on the website are provided to customers requesting printed copies and to policyholders 70 years of age or over.)

#### ◆ **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*. 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 offices or Nissay Life Plazas 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 telephone one of our call centers. Benefit claim forms can be downloaded from the Nissay website.

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)

Note: Benefit claim forms can be downloaded from the Nissay website.

#### 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

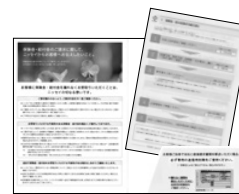
To ensure that customers receive full payments of claims and benefits, Nippon Life delivers documents with information about the application procedure and related matters and prepares various booklets and pamphlets.

#### 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 screen 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, 2019]

	Number
Number of cases where the Outside Lawyer Consultation System was used	1
Number of cases deliberated at the Claims-Related Services Review Session due to requests for review arising from the Outside Lawyer Consultation System	0
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 is used in 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 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 Law Related to Personal Information Protection (Personal Information Protection Law) 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 Personal Information Protection Law
  - (5) In other cases where the Personal Information Protection Law 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 Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures.

### 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

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 sales staff 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/contact/>

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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)
	2019	2018	2017	2019
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Notes 5 and 6)	¥ 1,541,390	¥ 1,405,704	¥ 1,337,969	\$ 13,887
<b>Call loans</b> (Note 5)	429,912	471,113	270,000	3,873
<b>Monetary receivables purchased</b> (Notes 5 and 6)	401,938	288,752	337,913	3,621
<b>Assets held in trust</b> (Note 6)	13,357	10,621	3,597	120
<b>Investments in securities</b> (Notes 5, 6, 8, 17 and 18)	64,458,905	60,106,713	58,262,185	580,763
<b>Loans</b> (Notes 6, 19 and 20)	8,510,520	8,630,122	8,990,370	76,678
<b>Tangible fixed assets</b> (Notes 7, 9 and 17):	<b>1,907,653</b>	<b>1,857,734</b>	<b>1,868,153</b>	<b>17,187</b>
Land	1,262,159	1,232,389	1,253,286	11,371
Buildings	579,064	541,877	540,405	5,217
Lease assets	7,040	9,260	7,580	63
Construction in progress	15,840	43,376	40,311	142
Other tangible fixed assets	43,548	30,829	26,569	392
<b>Intangible fixed assets:</b>	<b>263,513</b>	<b>255,722</b>	<b>236,530</b>	<b>2,374</b>
Software	124,250	92,569	86,168	1,119
Goodwill	44,214	52,674	53,309	398
Lease assets	—	—	6	—
Other intangible fixed assets	95,047	110,479	97,045	856
<b>Reinsurance receivables</b>	<b>9,368</b>	<b>11,577</b>	<b>12,513</b>	<b>84</b>
<b>Other assets</b> (Note 6)	<b>1,199,998</b>	<b>1,299,200</b>	<b>1,104,003</b>	<b>10,811</b>
<b>Deferred tax assets</b> (Note 23)	<b>9,140</b>	<b>6,154</b>	<b>5,604</b>	<b>82</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>71,016</b>	<b>52,928</b>	<b>39,935</b>	<b>639</b>
<b>Allowance for doubtful accounts</b>	<b>(7,198)</b>	<b>(3,828)</b>	<b>(4,483)</b>	<b>(64)</b>
<b>Total assets</b>	<b>¥78,809,517</b>	<b>¥74,392,516</b>	<b>¥72,464,294</b>	<b>\$710,059</b>

As of March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2019	2018	2017	2019
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 302,778	¥ 332,590	¥ 394,243	\$ 2,727
Policy reserves	64,100,386	60,130,178	58,930,878	577,532
Reserve for dividends to policyholders (mutual company) (Note 11)	1,020,213	995,167	1,001,102	9,191
Reserve for dividends to policyholders (limited company) (Note 12)	60,326	65,078	67,847	543
<b>Subtotal</b>	<b>65,483,705</b>	<b>61,523,014</b>	<b>60,394,071</b>	<b>589,996</b>
<b>Reinsurance payables</b>	<b>8,424</b>	<b>6,566</b>	<b>9,590</b>	<b>75</b>
<b>Corporate bonds</b> (Notes 6 and 13)	<b>1,175,589</b>	<b>1,108,889</b>	<b>920,825</b>	<b>10,591</b>
<b>Other liabilities</b> (Notes 6, 14 and 17)	<b>2,518,762</b>	<b>2,244,558</b>	<b>2,243,231</b>	<b>22,693</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>106</b>	<b>90</b>	<b>79</b>	<b>0</b>
<b>Net defined benefit liability</b> (Note 15)	<b>440,556</b>	<b>443,161</b>	<b>450,558</b>	<b>3,969</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>4,905</b>	<b>5,503</b>	<b>5,246</b>	<b>44</b>
<b>Reserve for program points</b>	<b>9,203</b>	<b>9,411</b>	<b>9,013</b>	<b>82</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,460,182</b>	<b>1,345,987</b>	<b>1,135,765</b>	<b>13,155</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>555,094</b>	<b>625,202</b>	<b>620,563</b>	<b>5,001</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>103,748</b>	<b>104,828</b>	<b>106,432</b>	<b>934</b>
<b>Acceptances and guarantees</b>	<b>71,016</b>	<b>52,928</b>	<b>39,935</b>	<b>639</b>
<b>Total liabilities</b>	<b>71,831,296</b>	<b>67,470,142</b>	<b>65,935,313</b>	<b>647,187</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 16)	<b>100,000</b>	<b>150,000</b>	<b>150,000</b>	<b>900</b>
<b>Reserve for redemption of foundation funds</b> (Note 16)	<b>1,250,000</b>	<b>1,200,000</b>	<b>1,150,000</b>	<b>11,262</b>
<b>Reserve for revaluation</b>	<b>651</b>	<b>651</b>	<b>651</b>	<b>5</b>
<b>Consolidated surplus</b>	<b>629,555</b>	<b>625,131</b>	<b>622,388</b>	<b>5,672</b>
<b>Total foundation funds and others</b>	<b>1,980,206</b>	<b>1,975,782</b>	<b>1,923,039</b>	<b>17,841</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,943,922</b>	<b>4,918,602</b>	<b>4,588,092</b>	<b>44,543</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(31,643)</b>	<b>(59,092)</b>	<b>(65,262)</b>	<b>(285)</b>
<b>Land revaluation losses</b>	<b>(54,690)</b>	<b>(60,989)</b>	<b>(58,084)</b>	<b>(492)</b>
<b>Foreign currency translation adjustments</b>	<b>(4,853)</b>	<b>28,706</b>	<b>30,549</b>	<b>(43)</b>
<b>Remeasurement of defined benefit plans</b>	<b>(13,494)</b>	<b>(18,632)</b>	<b>(24,556)</b>	<b>(121)</b>
<b>Total accumulated other comprehensive income</b>	<b>4,839,241</b>	<b>4,808,594</b>	<b>4,470,738</b>	<b>43,600</b>
<b>Noncontrolling interests</b>	<b>158,772</b>	<b>137,996</b>	<b>135,203</b>	<b>1,430</b>
<b>Total net assets</b>	<b>6,978,221</b>	<b>6,922,373</b>	<b>6,528,981</b>	<b>62,872</b>
<b>Total liabilities and net assets</b>	<b>¥78,809,517</b>	<b>¥74,392,516</b>	<b>¥72,464,294</b>	<b>\$710,059</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

For the years ended March 31	Millions of Yen			Millions of
	2019	2018	2017	U.S. Dollars (Note 1)
<b>Ordinary income:</b>				
<b>Revenues from insurance and reinsurance</b>	<b>¥6,069,229</b>	<b>¥5,422,050</b>	<b>¥5,236,045</b>	<b>\$54,682</b>
<b>Investment income:</b>				
Interest, dividends, and other income	1,596,028	1,496,565	1,458,328	14,379
Gain on trading securities	12,174	22,599	—	109
Gain on sales of securities	205,481	252,476	287,182	1,851
Gain on redemptions of securities	6,430	14,972	6,000	57
Foreign exchange gains, net	—	16,168	—	—
Reversal of allowance for doubtful accounts	—	584	1,351	—
Other investment income	3,101	1,806	1,919	27
Gain from separate accounts, net	19,115	66,115	50,432	172
<b>Subtotal</b>	<b>1,842,333</b>	<b>1,871,287</b>	<b>1,805,215</b>	<b>16,599</b>
<b>Other ordinary income</b>	<b>315,569</b>	<b>316,467</b>	<b>260,555</b>	<b>2,843</b>
<b>Total ordinary income</b>	<b>8,227,132</b>	<b>7,609,805</b>	<b>7,301,817</b>	<b>74,124</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,323,888	1,298,609	1,226,875	11,927
Annuity payments	975,383	907,776	936,713	8,788
Health and other benefits	846,807	812,819	824,505	7,629
Surrender benefits	1,169,048	1,085,916	932,899	10,532
Other refunds	238,189	260,653	217,639	2,146
Reinsurance premiums	44,152	41,602	13,048	397
<b>Subtotal</b>	<b>4,597,470</b>	<b>4,407,378</b>	<b>4,151,681</b>	<b>41,422</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	—	—	30,975	—
Provision for policy reserves	1,630,416	1,212,272	1,125,720	14,689
Provision for interest on reserve for dividends to policyholders (mutual company)	22,233	22,203	22,458	200
Provision for interest on reserve for dividends to policyholders (limited company)	11	12	25	0
<b>Subtotal</b>	<b>1,652,662</b>	<b>1,234,488</b>	<b>1,179,180</b>	<b>14,890</b>
<b>Investment expenses:</b>				
Interest expenses	35,388	24,392	22,388	318
Loss from assets held in trust, net	2,563	3,276	1,976	23
Loss on trading securities	—	—	5,371	—
Loss on sales of securities	145,635	126,883	123,761	1,312
Loss on valuation of securities	19,019	11,364	27,868	171
Loss on redemptions of securities	8,165	23,374	32,974	73
Loss on derivative financial instruments, net	83,973	144,785	116,229	756
Foreign exchange losses, net	16,896	—	16,441	152
Provision for allowance for doubtful accounts	6,368	—	—	57
Write-offs of loans	—	—	55	—
Depreciation of rental real estate and other assets	18,969	17,460	17,834	170
Other investment expenses	34,760	32,428	30,224	313
<b>Subtotal</b>	<b>371,739</b>	<b>383,966</b>	<b>395,127</b>	<b>3,349</b>
<b>Operating expenses (Note 21)</b>	<b>825,455</b>	<b>789,288</b>	<b>708,262</b>	<b>7,437</b>
<b>Other ordinary expenses</b>	<b>351,361</b>	<b>322,857</b>	<b>339,179</b>	<b>3,165</b>
<b>Total ordinary expenses</b>	<b>7,798,687</b>	<b>7,137,979</b>	<b>6,773,431</b>	<b>70,264</b>
<b>Ordinary profit</b>	<b>428,445</b>	<b>471,825</b>	<b>528,385</b>	<b>3,860</b>

For the years ended March 31	Millions of Yen			Millions of
	2019	2018	2017	U.S. Dollars (Note 1)
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 7,053	¥ 21,711	¥ 39,856	\$ 63
Gain on bargain purchase (Note 3)	10,347	—	—	93
<b>Subtotal</b>	<b>17,400</b>	<b>21,711</b>	<b>39,856</b>	<b>156</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	8,069	7,781	16,018	72
Impairment losses (Note 22)	2,327	2,242	5,243	20
Provision for reserve for price fluctuations in investments in securities	104,418	210,222	172,034	940
Loss on reduction entry of real estate	—	—	2	—
Contributions for assisting social public welfare	3,000	2,977	2,977	27
<b>Subtotal</b>	<b>117,815</b>	<b>223,222</b>	<b>196,275</b>	<b>1,061</b>
<b>Provision for reserve for dividends to policyholders (limited company)</b>	<b>13,837</b>	<b>17,272</b>	<b>18,161</b>	<b>124</b>
<b>Surplus before income taxes</b>	<b>314,192</b>	<b>253,042</b>	<b>353,805</b>	<b>2,830</b>
<b>Income taxes (Note 23):</b>				
Current	135,642	129,514	99,889	1,222
Deferred	(102,461)	(123,015)	(54,372)	(923)
<b>Total income taxes</b>	<b>33,180</b>	<b>6,499</b>	<b>45,517</b>	<b>298</b>
<b>Net surplus</b>	<b>281,011</b>	<b>246,542</b>	<b>308,288</b>	<b>2,531</b>
<b>Net surplus attributable to noncontrolling interests</b>	<b>2,215</b>	<b>2,614</b>	<b>6,319</b>	<b>19</b>
<b>Net surplus attributable to the parent company</b>	<b>¥ 278,795</b>	<b>¥ 243,927</b>	<b>¥301,969</b>	<b>\$2,511</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)
	2019	2018	2017	2019
<b>Net surplus</b>	<b>¥281,011</b>	<b>¥246,542</b>	<b>¥ 308,288</b>	<b>\$2,531</b>
<b>Other comprehensive income (loss) (Note 24):</b>	<b>26,303</b>	<b>348,566</b>	<b>(56,533)</b>	<b>236</b>
Net unrealized gains (losses) on available-for-sale securities	35,865	333,542	(136,125)	323
Deferred gains on derivatives under hedge accounting	27,544	6,166	58,659	248
Foreign currency translation adjustments	(29,212)	5,436	14,750	(263)
Remeasurement of defined benefit plans	5,107	5,881	4,730	46
Share of other comprehensive (loss) income of associates accounted for under the equity method	(13,001)	(2,460)	1,450	(117)
<b>Comprehensive income:</b>	<b>¥307,315</b>	<b>¥595,109</b>	<b>¥ 251,754</b>	<b>\$2,768</b>
Comprehensive income attributable to the parent company	303,143	584,689	242,367	2,731
Comprehensive income attributable to noncontrolling interests	4,171	10,419	9,387	37

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, 2017					
<b>Beginning balance</b>	<b>¥200,000</b>	<b>¥1,100,000</b>	<b>¥651</b>	<b>¥ 630,790</b>	<b>¥1,931,441</b>
Cumulative effect of change in accounting policies				1,882	1,882
<b>Beginning balance after reflecting accounting policy changes</b>	<b>200,000</b>	<b>1,100,000</b>	<b>651</b>	<b>632,673</b>	<b>1,933,324</b>
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders (mutual company)				(229,857)	(229,857)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(1,698)	(1,698)
Net surplus attributable to the parent company				301,969	301,969
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation losses				(28,117)	(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests				(2,580)	(2,580)
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>(50,000)</b>	<b>50,000</b>	<b>—</b>	<b>(10,284)</b>	<b>(10,284)</b>
<b>Ending balance</b>	<b>¥150,000</b>	<b>¥1,150,000</b>	<b>¥651</b>	<b>¥ 622,388</b>	<b>¥1,923,039</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, 2017								
<b>Beginning balance</b>	<b>¥4,721,039</b>	<b>¥(123,921)</b>	<b>¥(86,202)</b>	<b>¥24,893</b>	<b>¥(29,637)</b>	<b>¥4,506,171</b>	<b>¥ 16,440</b>	<b>¥6,454,053</b>
Cumulative effect of change in accounting policies							2	1,884
<b>Beginning balance after reflecting accounting policy changes</b>	<b>4,721,039</b>	<b>(123,921)</b>	<b>(86,202)</b>	<b>24,893</b>	<b>(29,637)</b>	<b>4,506,171</b>	<b>16,442</b>	<b>6,455,938</b>
<b>Increase/decrease:</b>								
Additions to reserve for dividends to policyholders (mutual company)								(229,857)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(1,698)
Net surplus attributable to the parent company								301,969
Redemption of foundation funds								(50,000)
Reversal of land revaluation losses								(28,117)
Change in the parent's ownership interest due to transactions with noncontrolling interests								(2,580)
Net change, excluding foundation funds and others	(132,947)	58,659	28,117	5,656	5,080	(35,433)	118,761	83,327
<b>Net change</b>	<b>(132,947)</b>	<b>58,659</b>	<b>28,117</b>	<b>5,656</b>	<b>5,080</b>	<b>(35,433)</b>	<b>118,761</b>	<b>73,043</b>
<b>Ending 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>

For the year ended March 31, 2018	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
<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>

For the year ended March 31, 2018	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
<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>

For the year ended March 31, 2019	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
<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>

For the year ended March 31, 2019	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
<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 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, 2019					
<b>Beginning balance</b>	<b>\$1,351</b>	<b>\$10,811</b>	<b>\$ 5</b>	<b>\$ 5,632</b>	<b>\$17,801</b>
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders (mutual company)				(1,967)	(1,967)
Additions to reserve for redemption of foundation funds		450		(450)	—
Interest on foundation funds				(7)	(7)
Net surplus attributable to the parent company				2,511	2,511
Redemption of foundation funds	(450)				(450)
Reversal of land revaluation losses				(56)	(56)
Change in the parent's ownership interest due to transactions with noncontrolling interests				9	9
Net change, excluding foundation funds and others					
<b>Net change</b>	<b>(450)</b>	<b>450</b>	<b>—</b>	<b>39</b>	<b>39</b>
<b>Ending balance</b>	<b>\$ 900</b>	<b>\$11,262</b>	<b>\$ 5</b>	<b>\$ 5,672</b>	<b>\$17,841</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	Noncontrolling interests	Total net assets
For the year ended March 31, 2019								
<b>Beginning balance</b>	<b>\$44,315</b>	<b>\$(532)</b>	<b>\$(549)</b>	<b>\$ 258</b>	<b>\$(167)</b>	<b>\$43,324</b>	<b>\$1,243</b>	<b>\$62,369</b>
<b>Increase/decrease:</b>								
Additions to reserve for dividends to policyholders (mutual company)								(1,967)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(7)
Net surplus attributable to the parent company								2,511
Redemption of foundation funds								(450)
Reversal of land revaluation losses								(56)
Change in the parent's ownership interest due to transactions with noncontrolling interests								9
Net change, excluding foundation funds and others	228	247	56	(302)	46	276	187	463
<b>Net change</b>	<b>228</b>	<b>247</b>	<b>56</b>	<b>(302)</b>	<b>46</b>	<b>276</b>	<b>187</b>	<b>503</b>
<b>Ending balance</b>	<b>\$44,543</b>	<b>\$(285)</b>	<b>\$(492)</b>	<b>\$ (43)</b>	<b>\$(121)</b>	<b>\$43,600</b>	<b>\$1,430</b>	<b>\$62,872</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
	2019	2018	2017	U.S. Dollars (Note 1)
<b>I Cash flows from operating activities:</b>				
Surplus before income taxes	¥ 314,192	¥ 253,042	¥ 353,805	\$ 2,830
Depreciation of rental real estate and other assets	18,969	17,460	17,834	170
Depreciation	54,543	48,769	53,632	491
Impairment losses	2,327	2,242	5,243	20
Amortization of goodwill	2,631	2,740	655	23
Gain on bargain purchase	(10,347)	—	—	(93)
Net (decrease) increase in reserve for outstanding claims	(53,246)	(62,027)	30,950	(479)
Net increase in policy reserves	1,620,992	1,186,025	1,124,400	14,604
Provision for interest on reserve for dividends to policyholders (mutual company)	22,233	22,203	22,458	200
Provision for interest on reserve for dividends to policyholders (limited company)	11	12	25	0
Provision for reserve for dividends to policyholders (limited company)	13,837	17,272	18,161	124
Net increase (decrease) in allowance for doubtful accounts	6,320	(625)	(1,442)	56
Net increase (decrease) in accrued bonuses for directors and audit and supervisory board members	15	11	(7)	0
Net increase (decrease) in net defined benefit liability	2,720	771	(3,313)	24
Net (decrease) increase in accrued retirement benefits for directors and audit and supervisory board members	(676)	257	37	(6)
Net increase in reserve for price fluctuations in investments in securities	104,418	210,222	172,034	940
Interest, dividends, and other income	(1,596,028)	(1,496,565)	(1,458,328)	(14,379)
Losses from assets held in trust, net	2,563	3,276	1,976	23
Net gains on investments in securities	(39,092)	(108,616)	(108,554)	(352)
Net losses on policy loans	108,744	107,863	119,409	979
Losses on derivative financial instruments, net	83,973	144,785	116,229	756
Interest expenses	35,388	24,392	22,388	318
Net foreign exchange losses (gains)	17,461	(16,268)	16,306	157
Net losses (gains) on tangible fixed assets	792	(13,858)	(23,604)	7
(Gains) losses on equity method investments	(3,292)	(1,359)	13,093	(29)
Gains from separate accounts, net	(19,115)	(66,115)	(50,432)	(172)
Net decrease (increase) in reinsurance receivables	1,949	1,414	(1,513)	17
Net decrease (increase) in other assets (excluding those related to investing activities and financing activities)	5,128	(14,363)	(27,039)	46
Net increase (decrease) in reinsurance payables	2,069	(3,334)	1,904	18
Net increase (decrease) in other liabilities (excluding those related to investing activities and financing activities)	7,145	16,113	(8,829)	64
Others, net	(13,765)	(23,758)	(60,522)	(124)
<b>Subtotal</b>	<b>692,867</b>	<b>251,984</b>	<b>346,961</b>	<b>6,242</b>
Interest, dividends, and other income received	1,660,198	1,544,422	1,514,948	14,958
Interest paid	(33,667)	(23,503)	(22,055)	(303)
Dividends paid to policyholders (mutual company)	(189,333)	(181,027)	(181,208)	(1,705)
Dividends paid to policyholders (limited company)	(19,231)	(20,053)	(20,020)	(173)
Others, net	7,302	25,100	10,344	65
Income taxes paid	(155,914)	(90,613)	(102,103)	(1,404)
<b>Net cash provided by operating activities</b>	<b>1,962,221</b>	<b>1,506,309</b>	<b>1,546,865</b>	<b>17,679</b>

For the years ended March 31	Millions of Yen			Millions of U.S. Dollars (Note 1)
	2019	2018	2017	2019
<b>II Cash flows from investing activities:</b>				
Net (increase) decrease in deposits	¥ (888)	¥ (302)	¥ 504	\$ (8)
Purchases of monetary receivables purchased	(5,394)	(17,947)	(3,000)	(48)
Proceeds from sales and redemptions of monetary receivables purchased	47,366	53,602	115,125	426
Purchases of assets held in trust	(5,300)	(10,300)	(4,700)	(47)
Proceeds from decrease in assets held in trust	—	0	1,260	—
Purchases of securities	(10,731,535)	(9,174,638)	(10,727,182)	(96,689)
Proceeds from sales and redemptions of securities	8,800,702	7,997,940	8,800,478	79,292
Disbursements for loans	(1,583,675)	(1,505,039)	(1,256,954)	(14,268)
Proceeds from collections of loans	1,620,988	1,759,953	1,613,276	14,604
Net gains (losses) from the settlement of derivative financial instruments	45,636	(417,693)	(151,832)	411
Net increase in payables under repurchase agreements	677,033	244,920	—	6,099
Net (decrease) increase in cash received as collateral under securities lending transactions	(566,215)	(298,360)	39,684	(5,101)
Others, net	(119,480)	110,685	(28,552)	(1,076)
<b>⊕ Total of investing activities</b>	<b>(1,820,763)</b>	<b>(1,257,180)</b>	<b>(1,601,893)</b>	<b>(16,404)</b>
<b>[I + II⊕]</b>	<b>[141,457]</b>	<b>[249,128]</b>	<b>[(55,028)]</b>	<b>[1,274]</b>
Purchases of tangible fixed assets	(109,143)	(54,186)	(54,472)	(983)
Proceeds from sales of tangible fixed assets	30,610	51,901	102,076	275
Payments for acquisition of subsidiary's shares with change in scope of consolidation (Note 4)	(44,844)	—	(88,249)	(404)
Others, net	(49,706)	(51,526)	(41,186)	(447)
<b>Net cash used in investing activities</b>	<b>(1,993,848)</b>	<b>(1,310,991)</b>	<b>(1,683,724)</b>	<b>(17,964)</b>
<b>III Cash flows from financing activities:</b>				
Proceeds from debt borrowing	354,035	153,893	253,867	3,189
Repayments of debt	(135,545)	(157,037)	(288,594)	(1,221)
Proceeds from issuance of corporate bonds	—	188,064	270,000	—
Proceeds from issuance of foundation funds	—	50,000	—	—
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(450)
Interest on foundation funds	(790)	(1,198)	(1,698)	(7)
Payments for acquisition of subsidiary's shares not resulting in change in scope of consolidation	(1,435)	(15,065)	—	(12)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	—	—	58,198	—
Others, net	(17,934)	2,264	19,619	(161)
<b>Net cash provided by financing activities</b>	<b>148,329</b>	<b>170,921</b>	<b>261,392</b>	<b>1,336</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,783)</b>	<b>(12,427)</b>	<b>6,339</b>	<b>(16)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>114,919</b>	<b>353,812</b>	<b>130,873</b>	<b>1,035</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>1,897,011</b>	<b>1,541,468</b>	<b>1,410,595</b>	<b>17,091</b>
<b>VII Net increase in cash and cash equivalents resulting from merger between the consolidated subsidiary and the nonconsolidated subsidiary</b>	<b>—</b>	<b>1,730</b>	<b>—</b>	<b>—</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 5)</b>	<b>¥ 2,011,931</b>	<b>¥ 1,897,011</b>	<b>¥ 1,541,468</b>	<b>\$ 18,127</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 ¥110.99=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2019. 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 ¥110.99=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, 2019, 2018 and 2017, 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)

Mitsui Life Insurance Company Limited (Japan)

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

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

NLI Commercial Mortgage Fund, LLC (U.S.A.)

NLI Commercial Mortgage Fund II, LLC (U.S.A.)

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

MLC Limited (Australia) (from the fiscal year ended March 31, 2017)

MLC Limited has been included within the scope of consolidation for the fiscal year ended March 31, 2017 due to an acquisition by the Company.

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.

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, 2019, 2018 and 2017, 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, 2019, 2018 and 2017, are listed as follows:

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

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

PanAgora Asset Management, Inc. (U.S.A.) (up to the fiscal year ended March 31, 2017)

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

Bangkok Life Assurance Public Company Limited (Thailand)

Reliance Nippon Life Insurance Company Limited (India)

Reliance Nippon Life Asset Management Limited (India)

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

PT Sequis (Indonesia)

PT Asuransi Jiwa Sequis Life (Indonesia)

The TCW Group, Inc. (U.S.A.) (from the fiscal year ended March 31, 2018)

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.

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, 2019, 2018 and 2017, are immaterial.

The number of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for under the equity method as of March 31, 2019, 2018 and 2017, was as follows:

	2019	2018	2017
Consolidated subsidiaries	12	11	11
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	14	14	10

iii) *The fiscal year-end dates of consolidated subsidiaries*

The fiscal year-end date of consolidated overseas subsidiaries is September 30 and December 31. In preparing the consolidated financial statements, consolidated overseas subsidiaries with the fiscal year-end date of September 30 are consolidated using financial statements based on a provisional closing of accounts as of December 31. Consolidated overseas subsidiaries with a closing date of December 31 are consolidated using financial statements based on the fiscal year-end of accounts as of December 31. Necessary adjustments are made to reflect significant transactions that occurred between the Company's fiscal year-end date of March 31 and December 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) Mitsui 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) Foreign currency-denominated single premium endowment insurance (U.S. dollar) (foreign currency-denominated, U.S. dollar, single premium endowment insurance commencing on or after January 1, 2019)
  - 4) Subcategory for foreign currency-denominated single premium endowment insurance (Australian dollars) (foreign currency-denominated single premium endowment insurance commencing on or after October 1, 2017)

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, 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)

## (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 where ownership is transferred

The same depreciation method applied to owned fixed assets.

- (ii) Lease assets related to financial leases where ownership is not transferred

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

Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

Regarding financial leases where the Company or 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 ¥3,342 million (U.S.\$30 million) (including ¥91 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥251 million (including ¥117 million of credits secured and/or guaranteed) and ¥703 million (including ¥112 million of credits secured and/or guaranteed) as of March 31, 2019, 2018 and 2017, respectively.

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

Accrued bonuses for directors and audit and 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, 2019, 2018 and 2017.
- 2) The accounting methods of the Company and certain consolidated subsidiaries used for retirement benefits as of March 31, 2019, 2018 and 2017, 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 and supervisory board members**

Accrued retirement benefits for directors and audit and 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 is to be applied from the following fiscal year. 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).

\* 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.

- 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.

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 (U.S.\$1,092 million), while ordinary profit and surplus before income taxes decreased by ¥121,292 million (U.S.\$1,092 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. Mitsui 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.

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the Company's classification in respect of its profitability, taxable income and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the Company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable income in some future period.

The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within consolidated surplus or accumulated other comprehensive income at the beginning of the reporting period.

Following the new guidance, the Company and certain consolidated subsidiaries partially revised their accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,884 million, consolidated surplus increased by ¥1,882 million and noncontrolling interests increased by ¥2 million.

## 3. Business Combination

Matters concerning business combinations through acquisition are as follows:

### (1) 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 (U.S.\$939 million)

Acquisition cost

¥104,247 million (U.S.\$939 million)

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

Advisory fees and others

¥873 million (U.S.\$7 million)

5) Amount of and reasons for recognizing negative goodwill

a. Amount of negative goodwill

¥10,347 million (U.S.\$93 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 (U.S.\$24,902 million)

(including investment in securities of ¥2,449,174 million (U.S.\$22,066 million))

Total liabilities: ¥2,629,331 million (U.S.\$23,689 million)

(including policy reserves and other reserves of ¥2,408,090 million (U.S.\$21,696 million))

**(2) 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 (U.S.\$90 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%

**(3) 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
- Main reasons for changes in consolidated surplus:  
Acquisition of additional shares of a subsidiary
  - Decrease in consolidated surplus due to the transaction with the noncontrolling shareholder:  
¥8,940 million
- (4) MLC Limited (for the fiscal year ended March 31, 2017)**
- 1) Overview of the business combination
- Name and business of the acquiree  
Name: MLC Limited  
Business: Life insurance business
  - Main reasons for executing the business combination  
The Australian life insurance market is forecast to realize high rates of growth over the long term. By entering this market, the Company aims to sustainably expand policyholders' benefits through enhancing steady and sustainable operating profit bases of overseas insurance businesses.
  - Business combination date  
October 1, 2016 (deemed acquisition date)
  - Legal form of the business combination  
Share acquisition for cash consideration
  - Name of company after business combination  
MLC Limited
  - Percentage of voting rights acquired  
80%
  - Main rationale for determining the acquirer  
The main rationale for the Company being the acquirer is that the Company will clearly control the decision-making body of the acquiree based on majority ownership of voting rights.
- 2) Period for which the acquiree's business results were included in the consolidated statement of income for the fiscal year ended March 31, 2017  
From October 1, 2016 to December 31, 2016
- 3) Acquisition cost  
Consideration for acquisition: payment in cash  
¥176,246 million  
Acquisition cost  
¥176,246 million  
The figure is a provisional amount as part of the consideration for acquisition has not yet been determined.
- 4) Description and amount of main acquisition-related costs  
Advisory fees  
¥3,161 million
- 5) Amount and rationale for recognizing goodwill, and amortization method and period
- Amount of goodwill recognized  
¥49,299 million  
The figure is a provisional amount as the acquisition cost has not yet been determined.
  - Rationale for recognizing goodwill  
Goodwill was recognized because the equity interest in the net amount of the assets acquired and the liabilities assumed were lower than the acquisition cost.
  - Amortization method and period  
Straight-line amortization over 20 years
- 6) Amounts of the assets acquired and the liabilities assumed on the business combination date and their main components  
Total assets: ¥470,920 million  
(including investments in securities of ¥333,130 million)  
Total liabilities: ¥318,876 million  
(including policy reserves and other reserves of ¥297,715 million)
- 7) Estimated impact on the consolidated statement of income for the fiscal year ended March 31, 2017, assuming the business combination had been completed at the beginning of the fiscal year (unaudited)  
The estimated amounts of the impact are total ordinary income of ¥483,456 million, ordinary profit of ¥32,924 million, and net surplus attributable to the parent company of ¥14,564 million. The estimated amounts of the impact represent total ordinary income, ordinary profit and net surplus attributable to the parent company calculated based on the annual financial statements for the year ended September 2016 prepared by MLC Limited. The amounts include the amortization of goodwill recognized at the time of the business combination.  
These estimates do not represent the total ordinary income, ordinary profit and net surplus attributable to the parent company of MLC Limited assuming that the business combination had actually been completed at the beginning of the fiscal year ended March 31, 2017.

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

##### (1) 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	Millions of U.S. Dollars
Total assets (including investment in securities of ¥2,449,174 million (U.S.\$22,066 million))	¥ 2,763,970	\$ 24,902
Total liabilities (including policy reserves and other reserves of ¥2,408,090 million (U.S.\$21,696 million))	(2,629,331)	(23,689)
Gain on bargain purchase	(10,347)	(93)
Noncontrolling interests	(20,043)	(180)
Acquisition cost of subsidiary's shares	104,247	939
Cash and cash equivalents of subsidiary	59,402	535
Net payments from acquisition of subsidiary's shares	¥ 44,844	\$ 404

##### (2) Acquisition of MLC Limited (for the fiscal year ended March 31, 2017)

The main components of the assets and liabilities of MLC Limited at acquisition date, following its conversion into a newly consolidated subsidiary through the acquisition of shares, and the relationship between the acquisition cost of the shares and net payments from the acquisition are as follows:

	Millions of Yen
Total assets (including investments in securities of ¥333,130 million)	¥ 470,920
Goodwill	49,299
Total liabilities (including policy reserves and other reserves of ¥(297,715) million)	(318,876)
Foreign currency translation adjustments	5,311
Noncontrolling interests	(30,408)
Acquisition cost of subsidiary's shares	176,246
Cash and cash equivalents of subsidiary	87,997
Net payments from acquisition of subsidiary's shares	¥ 88,249

#### 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, 2019, 2018 and 2017, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Cash and deposits	¥1,541,390	¥1,405,704	¥1,337,969	\$13,887
Call loans	429,912	471,113	270,000	3,873
Monetary receivables purchased	26,999	22,999	35,999	243
Investments in securities	17,329	—	—	156
Time deposits with initial term of over 3 months to maturity and others	(3,700)	(2,804)	(102,500)	(33)
Cash and cash equivalents	¥2,011,931	¥1,897,011	¥1,541,468	\$18,127

#### 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		
	2019			2018			2017			2019		
	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):	¥ 353,297	¥ 353,297	¥ —	¥ 383,500	¥ 383,500	¥ —	¥ 752,601	¥ 752,601	¥ —	\$ 3,183	\$ 3,183	\$ —
Available-for-sale securities	353,297	353,297	—	383,500	383,500	—	752,601	752,601	—	3,183	3,183	—
Monetary receivables purchased:	401,938	417,895	15,956	288,752	301,191	12,439	337,913	366,297	28,383	3,621	3,765	143
Held-to-maturity debt securities	42,643	43,509	866	2,971	3,609	637	3,262	3,949	687	384	392	7
Policy-reserve-matching bonds	276,351	291,441	15,090	239,375	251,177	11,801	287,005	314,702	27,696	2,489	2,625	135
Available-for-sale securities	82,943	82,943	—	46,405	46,405	—	47,645	47,645	—	747	747	—
Assets held in trust:	13,357	13,357	—	10,621	10,621	—	3,597	3,597	—	120	120	—
Trading securities	13,157	13,157	—	10,421	10,421	—	3,397	3,397	—	118	118	—
Available-for-sale securities	200	200	—	200	200	—	200	200	—	1	1	—
Investments in securities:	63,440,561	68,136,757	4,696,196	59,009,134	63,125,983	4,116,849	57,139,306	61,224,609	4,085,302	571,588	613,899	42,311
Trading securities	1,434,953	1,434,953	—	1,590,075	1,590,075	—	1,854,861	1,854,861	—	12,928	12,928	—
Held-to-maturity debt securities	396,652	410,170	13,517	38,754	39,031	277	45,676	46,132	455	3,573	3,695	121
Policy-reserve-matching bonds	24,006,004	28,635,239	4,629,235	21,361,150	25,393,221	4,032,070	21,345,239	25,375,088	4,029,849	216,289	257,998	41,708
Investments in subsidiaries and affiliates	83,426	136,869	53,443	85,085	169,587	84,501	32,594	87,590	54,996	751	1,233	481
Available-for-sale securities	37,519,524	37,519,524	—	35,934,068	35,934,068	—	33,860,935	33,860,935	—	338,044	338,044	—
Loans <sup>(*3)</sup> :	8,506,010	8,792,197	286,187	8,628,063	8,874,799	246,735	8,987,810	9,318,744	330,933	76,637	79,216	2,578
Policy loans	638,102	638,102	—	668,605	668,605	—	710,377	710,377	—	5,749	5,749	—
Industrial and consumer loans	7,867,907	8,154,094	286,187	7,959,458	8,206,193	246,735	8,277,432	8,608,366	330,933	70,888	73,466	2,578
Derivative financial instruments <sup>(*4)</sup> :	48,762	48,762	—	124,314	124,314	—	(47,524)	(47,524)	—	439	439	—
Hedge accounting not applied	89,282	89,282	—	30,994	30,994	—	16,186	16,186	—	804	804	—
Hedge accounting applied	(40,519)	(40,519)	—	93,320	93,320	—	(63,710)	(63,710)	—	(365)	(365)	—
Corporate bonds <sup>(*3, *5)</sup>	(1,175,589)	(1,217,913)	(42,324)	(1,108,889)	(1,161,069)	(52,180)	(920,825)	(968,282)	(47,457)	(10,591)	(10,973)	(381)
Payables under repurchase agreements <sup>(*5)</sup>	(918,495)	(918,495)	—	(237,046)	(237,046)	—	—	—	—	(8,275)	(8,275)	—
Cash received as collateral under securities lending transactions <sup>(*5)</sup>	(77,788)	(77,788)	—	(575,412)	(575,412)	—	(873,773)	(873,773)	—	(700)	(700)	—
Loans payable <sup>(*3, *5)</sup>	(441,885)	(445,882)	(3,996)	(205,888)	(208,470)	(2,582)	(210,192)	(213,408)	(3,216)	(3,981)	(4,017)	(36)

(\*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, 2019, 2018 and 2017, 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.

(\*5) Corporate bonds, payables under repurchase agreements, cash received as collateral under securities lending transactions, and loans payable are recorded in liabilities and 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 ¥1,018,344 million (U.S.\$9,175 million) and ¥1,097,579 million as of March 31, 2019 and 2018, respectively.
- Balance sheet amounts by holding purpose were ¥280,608 million for stocks of subsidiaries and affiliates and ¥842,270 million for available-for-sale securities as of March 31, 2017.
- (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, 2019, 2018 and 2017.

Valuation gains/losses included in profit and loss were losses of ¥37,796 million (U.S.\$340 million), and gains of ¥55,442 million and ¥65,537 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, 2019, 2018 and 2017, 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		
	2019			2018			2017			2019		
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	¥ 25,671	¥ 26,652	¥ 981	¥ 2,971	¥ 3,609	¥637	¥ 3,262	¥ 3,949	¥ 687	\$ 231	\$ 240	\$ 8
Domestic bonds	70,377	71,521	1,144	19,709	20,036	326	29,655	30,132	476	634	644	10
Foreign securities	300,306	313,013	12,707	1,510	1,519	8	7,808	7,823	14	2,705	2,820	114
Subtotal	396,354	411,188	14,833	24,191	25,164	972	40,727	41,905	1,178	3,571	3,704	133
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	16,972	16,857	(115)	—	—	—	—	—	—	152	151	(1)
Domestic bonds	2,095	2,093	(1)	6,148	6,143	(4)	—	—	—	18	18	(0)
Foreign securities	23,873	23,540	(332)	11,385	11,332	(53)	8,212	8,177	(35)	215	212	(2)
Subtotal	42,941	42,491	(449)	17,533	17,476	(57)	8,212	8,177	(35)	386	382	(4)
Total	¥439,295	¥453,679	¥14,384	¥41,725	¥42,640	¥914	¥48,939	¥50,082	¥1,142	\$3,957	\$4,087	\$129

## 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		
	2019			2018			2017			2019		
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	¥ 268,210	¥ 283,375	¥ 15,165	¥ 233,375	¥ 245,210	¥ 11,835	¥ 283,224	¥ 310,953	¥ 27,728	\$ 2,416	\$ 2,553	\$ 136
Domestic bonds	23,155,149	27,748,219	4,593,069	21,034,072	25,070,184	4,036,111	20,991,083	25,031,367	4,040,284	208,623	250,006	41,382
Foreign securities	706,819	747,296	40,477	78,681	81,096	2,415	54,979	57,114	2,135	6,368	6,733	364
Subtotal	24,130,180	28,778,891	4,648,711	21,346,129	25,396,491	4,050,361	21,329,288	25,399,436	4,070,148	217,408	259,292	41,884
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	8,141	8,066	(74)	6,000	5,966	(33)	3,781	3,749	(31)	73	72	(0)
Domestic bonds	28,759	28,604	(155)	239,366	233,023	(6,343)	299,176	286,606	(12,569)	259	257	(1)
Foreign securities	115,274	111,119	(4,155)	9,029	8,917	(112)	—	—	—	1,038	1,001	(37)
Subtotal	152,175	147,789	(4,386)	254,396	247,907	(6,488)	302,957	290,355	(12,601)	1,371	1,331	(39)
Total	¥24,282,355	¥28,926,681	¥4,644,325	¥21,600,526	¥25,644,398	¥4,043,872	¥21,632,245	¥25,689,791	¥4,057,546	\$218,779	\$260,624	\$41,844

#### 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		
	2019			2018			2017			2019		
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)	¥ 167,300	¥ 167,300	¥ 0	¥ 307,500	¥ 307,500	¥ 0	¥ 587,600	¥ 587,601	¥ 1	\$ 1,507	\$ 1,507	\$ 0
Monetary receivables purchased	36,921	38,203	1,282	9,028	9,959	930	10,074	11,180	1,106	332	344	11
Domestic bonds	3,961,752	4,245,652	283,900	3,638,120	3,867,815	229,694	3,454,533	3,674,457	219,923	35,694	38,252	2,557
Domestic stocks	3,469,705	7,884,353	4,414,647	3,671,499	8,604,623	4,933,124	3,416,428	7,825,582	4,409,153	31,261	71,036	39,775
Foreign securities	15,465,908	17,667,971	2,202,063	10,070,068	11,947,002	1,876,934	10,305,344	12,264,480	1,959,135	139,345	159,185	19,840
Other securities	2,734,814	2,999,591	264,777	1,942,873	2,145,560	202,687	940,019	1,109,657	169,637	24,640	27,025	2,385
Subtotal	25,836,401	33,003,074	7,166,672	19,639,090	26,882,463	7,243,372	18,714,000	25,472,958	6,758,958	232,781	297,351	64,570
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	186,000	185,997	(2)	76,000	75,999	(0)	165,000	164,999	(0)	1,675	1,675	(0)
Monetary receivables purchased	44,910	44,740	(170)	36,649	36,445	(203)	36,466	36,464	(1)	404	403	(1)
Assets held in trust	200	200	—	200	200	—	200	200	—	1	1	—
Domestic bonds	107,803	105,288	(2,514)	366,440	356,799	(9,641)	520,295	512,685	(7,609)	971	948	(22)
Domestic stocks	1,171,408	912,115	(259,292)	869,622	750,093	(119,529)	988,772	861,846	(126,925)	10,554	8,217	(2,336)
Foreign securities	3,607,489	3,496,344	(111,144)	8,078,281	7,742,435	(335,846)	7,122,665	6,796,288	(326,377)	32,502	31,501	(1,001)
Other securities	211,755	208,206	(3,549)	531,266	519,738	(11,528)	842,552	815,937	(26,615)	1,907	1,875	(31)
Subtotal	5,329,566	4,952,892	(376,674)	9,958,460	9,481,711	(476,749)	9,675,952	9,188,422	(487,529)	48,018	44,624	(3,393)
Total	¥31,165,968	¥37,955,966	¥6,789,998	¥29,597,551	¥36,364,174	¥6,766,622	¥28,389,953	¥34,661,381	¥6,271,428	\$280,799	\$341,976	\$61,176

\* Securities totaling ¥679,227 million (U.S.\$6,119 million), ¥770,147 million and ¥842,270 million, whose fair values are extremely difficult to be determined, as of March 31, 2019, 2018 and 2017, respectively, are not included.

Impairment losses of ¥12,379 million (U.S.\$111 million), ¥157 million and ¥13,788 million were recognized for securities with a fair value during the fiscal years ended March 31, 2019, 2018 and 2017, 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. 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, 2019	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):	¥ 353,300	¥ —	¥ —	¥ —	\$ 3,183	\$ —	\$ —	\$ —
Available-for-sale securities	353,300	—	—	—	3,183	—	—	—
Monetary receivables purchased:	27,000	9,068	42,958	319,354	243	81	387	2,877
Held-to-maturity debt securities	—	81	—	41,376	—	0	—	372
Policy-reserve-matching bonds	—	3,640	41,224	231,287	—	32	371	2,083
Available-for-sale securities	27,000	5,346	1,734	46,691	243	48	15	420
Investments in securities:	1,282,230	5,570,056	12,811,266	30,072,179	11,552	50,185	115,427	270,944
Held-to-maturity debt securities	28,707	176,608	80,652	107,150	258	1,591	726	965
Policy-reserve-matching bonds	307,396	1,805,194	4,970,405	16,665,138	2,769	16,264	44,782	150,149
Available-for-sale securities	946,125	3,588,253	7,760,208	13,299,890	8,524	32,329	69,918	119,829
Loans <sup>(*1)</sup>	969,688	2,928,453	1,938,788	1,995,897	8,736	26,384	17,468	17,982
Corporate bonds	—	—	3,500	1,088,989	—	—	31	9,811
Payables under repurchase agreements	918,495	—	—	—	8,275	—	—	—
Cash received as collateral under securities lending transactions	77,788	—	—	—	700	—	—	—
Loans payable <sup>(*2)</sup>	28,596	67,222	26,065	220,000	257	605	234	1,982

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥9,064 million (U.S.\$81 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.

As of March 31, 2017	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):	¥ 752,600	¥ —	¥ —	¥ —
Available-for-sale securities	752,600	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	264,993
Held-to-maturity debt securities	—	—	—	3,262
Policy-reserve-matching bonds	—	7,373	27,631	251,656
Available-for-sale securities	36,000	240	223	10,074
Investments in securities:	1,101,601	4,660,991	9,960,948	27,670,693
Held-to-maturity debt securities	14,084	25,816	2,854	2,726
Policy-reserve-matching bonds	469,887	1,250,847	4,371,106	15,049,402
Available-for-sale securities	617,629	3,384,326	5,586,987	12,618,565
Loans <sup>(*1)</sup>	1,203,554	3,025,880	2,019,155	1,971,086
Corporate bonds	—	—	—	890,825
Cash received as collateral under securities lending transactions	873,773	—	—	—
Loans payable <sup>(*2)</sup>	31,269	59,808	19,113	—

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,403 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			
	2019				2018				2017				2019			
	Contract amount		Net gains (losses)		Contract amount		Net gains		Contract amount		Net gains		Contract amount		Net gains	
	Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	Over 1 year	Fair value	
Over-the-counter:																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥2,926,684	¥2,592,961	¥ 59,832	¥ 59,832	¥3,000	¥3,000	¥32	¥32	¥—	¥—	¥—	¥—	\$26,368	\$23,362	\$ 539	\$ 539
Pay fixed interest rate / receive variable interest rate	1,788,114	1,579,817	(16,708)	(16,708)	1,000	1,000	1	1	—	—	—	—	16,110	14,233	(150)	(150)
Interest rate swaption																
Purchased																
Receive fixed interest rate / pay variable interest rate	500,000	500,000	32,013	13,363	—	—	—	—	—	—	—	—	4,504	4,504	288	120
	[18,650]	[18,650]			[—]	[—]			[—]	[—]			[168]	[168]		
Total			¥ 56,487					¥33				¥—				\$ 508

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									
				2019	2018	2017	2019									
<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>	<b>Sold</b>	U.S. dollar	Contract amount	¥ 923,674	¥ 531,952	¥ 710,620	\$ 8,322								
				Over 1 year	5,251	5,444	—	47								
				Fair value	(2,423)	8,734	(1,355)	(21)								
				Net (losses) gains	(2,423)	8,734	(1,355)	(21)								
				Euro	Contract amount	901,238	851,914	576,090	8,119							
					Over 1 year	—	—	—	—							
					Fair value	11,788	15,601	6,573	106							
				Net gains	11,788	15,601	6,573	106								
				Australian dollar	Contract amount	87,509	41,228	21,384	788							
					Over 1 year	—	—	—	—							
					Fair value	(185)	1,205	424	(1)							
				Net (losses) gains	(185)	1,205	424	(1)								
				British pound	Contract amount	159,717	52,052	18,434	1,439							
					Over 1 year	—	—	—	—							
					Fair value	59	(76)	119	0							
				Net gains (losses)	59	(76)	119	0								
				Others	Contract amount	82,125	10,633	8,391	739							
					Over 1 year	—	—	—	—							
					Fair value	926	(38)	53	8							
				Net gains (losses)	926	(38)	53	8								
				<b>Subtotal</b>				<b>Contract amount</b>	<b>2,154,264</b>	<b>1,487,781</b>	<b>1,334,921</b>	<b>19,409</b>				
								<b>Over 1 year</b>	<b>5,251</b>	<b>5,444</b>	<b>—</b>	<b>47</b>				
								<b>Fair value</b>	<b>10,166</b>	<b>25,426</b>	<b>5,814</b>	<b>91</b>				
								<b>Net gains</b>	<b>10,166</b>	<b>25,426</b>	<b>5,814</b>	<b>91</b>				
				<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>	<b>Purchased</b>	U.S. dollar	Contract amount	136,561	95,989	31,827	1,230				
								Over 1 year	—	—	—	—				
								Fair value	95	134	(74)	0				
								Net gains (losses)	95	134	(74)	0				
								Euro	Contract amount	43,320	24,463	19,559	390			
									Over 1 year	—	—	—	—			
									Fair value	(107)	(23)	(195)	(0)			
								Net losses	(107)	(23)	(195)	(0)				
								Australian dollar	Contract amount	22,969	6,820	2,842	206			
									Over 1 year	—	—	—	—			
									Fair value	90	(25)	10	0			
								Net gains (losses)	90	(25)	10	0				
								British pound	Contract amount	78,031	19,432	2,195	703			
									Over 1 year	—	—	—	—			
Fair value	45	(107)	(4)						0							
Net gains (losses)	45	(107)	(4)					0								
Others	Contract amount	67,500	7,828					4,504	608							
	Over 1 year	—	—					—	—							
	Fair value	(426)	24					27	(3)							
Net (losses) gains	(426)	24	27					(3)								
<b>Subtotal</b>								<b>Contract amount</b>	<b>348,383</b>	<b>154,534</b>	<b>60,929</b>	<b>3,138</b>				
								<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>				
								<b>Fair value</b>	<b>(302)</b>	<b>3</b>	<b>(236)</b>	<b>(2)</b>				
								<b>Net (losses) gains</b>	<b>(302)</b>	<b>3</b>	<b>(236)</b>	<b>(2)</b>				
<b>Currency option</b>	<b>Sold</b>	<b>Call</b>	U.S. dollar					Contract amount	1,287,484	—	—	11,600				
								Over 1 year	[5,440]	[—]	[—]	[49]				
								Fair value	[—]	[—]	[—]	[—]				
								Fair value	1,511	—	—	13				
								Net gains	3,928	—	—	35				
								<b>Subtotal</b>				<b>Contract amount</b>	<b>1,287,484</b>	<b>—</b>	<b>11,600</b>	
												<b>Over 1 year</b>	<b>[5,440]</b>	<b>[—]</b>	<b>[49]</b>	
												<b>Fair value</b>	<b>[—]</b>	<b>[—]</b>	<b>[—]</b>	
												<b>Fair value</b>	<b>1,511</b>	<b>—</b>	<b>13</b>	
												<b>Net gains</b>	<b>3,928</b>	<b>—</b>	<b>35</b>	
								<b>Currency option</b>	<b>Put</b>	U.S. dollar	U.S. dollar	Contract amount	210,881	—	—	1,900
												Over 1 year	[91]	[—]	[—]	[0]
												Fair value	[—]	[—]	[—]	[—]
												Fair value	21	—	—	0
				Net gains	70	—	—					0				
				<b>Subtotal</b>								<b>Contract amount</b>	<b>210,881</b>	<b>—</b>	<b>1,900</b>	
												<b>Over 1 year</b>	<b>[91]</b>	<b>[—]</b>	<b>[0]</b>	
												<b>Fair value</b>	<b>[—]</b>	<b>[—]</b>	<b>[—]</b>	
												<b>Fair value</b>	<b>21</b>	<b>—</b>	<b>0</b>	
												<b>Net gains</b>	<b>70</b>	<b>—</b>	<b>0</b>	

As of March 31				Millions of Yen		Millions of U.S. Dollars		
				2019	2018	2017	2019	
	Purchased Call	U.S. dollar	Contract amount	¥ 399,564	—	—	\$3,600	
				[385]	[—]	[—]	[3]	
			Over 1 year	—	—	—	—	
				133	—	—	1	
				(251)	—	—	(2)	
	<b>Subtotal</b>		<b>Contract amount</b>	<b>399,564</b>	<b>—</b>	<b>—</b>	<b>3,600</b>	
			<b>Over 1 year</b>	<b>[385]</b>	<b>[—]</b>	<b>[—]</b>	<b>[3]</b>	
			<b>Fair value</b>	<b>133</b>	<b>—</b>	<b>—</b>	<b>1</b>	
			<b>Net losses</b>	<b>(251)</b>	<b>—</b>	<b>—</b>	<b>(2)</b>	
	Put	U.S. dollar	Contract amount	1,098,801	—	—	9,900	
				[8,301]	[—]	[—]	[74]	
			Over 1 year	—	—	—	—	
					2,769	—	—	24
					(5,532)	—	—	(49)
		<b>Subtotal</b>		<b>Contract amount</b>	<b>1,174,190</b>	<b>—</b>	<b>—</b>	<b>10,579</b>
			<b>Over 1 year</b>	<b>[9,175]</b>	<b>[—]</b>	<b>[—]</b>	<b>[82]</b>	
			<b>Fair value</b>	<b>3,052</b>	<b>—</b>	<b>—</b>	<b>27</b>	
			<b>Net losses</b>	<b>(6,122)</b>	<b>—</b>	<b>—</b>	<b>(55)</b>	
Currency swaps		U.S. dollar paid / ¥ received	Contract amount	81,109	—	—	730	
				63,241	—	—	569	
			Over 1 year	(2,111)	—	—	(19)	
					(2,111)	—	—	(19)
		Euro paid / ¥ received	Contract amount	5,340	—	—	48	
				3,966	—	—	35	
	Over 1 year		313	—	—	2		
				313	—	—	2	
	¥ paid / A\$ received	Contract amount	318,207	278,002	210,486	2,866		
			318,207	278,002	210,486	2,866		
		Over 1 year	(1,568)	(2,945)	3,556	(14)		
				(1,568)	(2,945)	3,556	(14)	
	Others	Contract amount	14,163	14,163	14,163	127		
			14,163	14,163	14,163	127		
		Over 1 year	(221)	200	285	(1)		
			(221)	200	285	(1)		
<b>Subtotal</b>		<b>Contract amount</b>	<b>418,820</b>	<b>292,166</b>	<b>224,649</b>	<b>3,773</b>		
		<b>Over 1 year</b>	<b>399,578</b>	<b>292,166</b>	<b>224,649</b>	<b>3,600</b>		
		<b>Fair value</b>	<b>(3,588)</b>	<b>(2,744)</b>	<b>3,842</b>	<b>(32)</b>		
		<b>Net (losses) gains</b>	<b>(3,588)</b>	<b>(2,744)</b>	<b>3,842</b>	<b>(32)</b>		
Others	Total returns	Contract amount	37,000	—	—	333		
			37,000	—	—	333		
		Over 1 year	452	—	—	4		
				452	—	—	4	
	<b>Subtotal</b>		<b>Contract amount</b>	<b>37,000</b>	<b>—</b>	<b>—</b>	<b>333</b>	
			<b>Over 1 year</b>	<b>37,000</b>	<b>—</b>	<b>—</b>	<b>333</b>	
		<b>Fair value</b>	<b>452</b>	<b>—</b>	<b>—</b>	<b>4</b>		
		<b>Net gains</b>	<b>452</b>	<b>—</b>	<b>—</b>	<b>4</b>		
<b>Total</b>		<b>Net gains</b>	<b>¥ 4,352</b>	<b>¥ 22,684</b>	<b>¥ 9,420</b>	<b>\$ 39</b>		

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			
				2019	2018	2017	2019	
Exchange-traded	Equity index futures	Sold	Contract amount	¥ 20,731	¥ 28,166	¥ 23,804	\$ 186	
			Over 1 year	—	—	—	—	
			Fair value	(64)	42	170	(0)	
		Net (losses) gains	(64)	42	170	(0)		
		Purchased	Contract amount	35,611	11,113	21,768	320	
			Over 1 year	—	—	—	—	
	Fair value		71	(400)	(104)	0		
	Equity index options	Purchased	Put	Contract amount	381,704	665,083	254,802	3,439
				Over 1 year	[1,651]	[13,373]	[11,645]	[14]
				Fair value	990	7,815	5,123	8
		Net losses	(661)	(5,558)	(6,522)	(5)		
		Over-the-counter	Equity index forward contracts	Sold	Contract amount	—	—	—
Over 1 year					—	—	—	—
Fair value	—				(182)	(275)	—	
Equity index forward contracts	Sold	Call	Contract amount	1,992	5,016	15,172	17	
			Over 1 year	—	—	—	—	
			Fair value	5	(39)	(1,651)	0	
Equity index options	Sold	Call	Contract amount	—	3,831	—	—	
			Over 1 year	[—]	[0]	[—]	[—]	
			Fair value	[—]	[—]	[—]	[—]	
	Purchased	Call	Contract amount	—	329	10,270	—	
			Over 1 year	[—]	[55]	[58]	[—]	
			Fair value	[—]	[36]	[55]	[—]	
Put	Call	Contract amount	—	10,009	36,551	—		
		Over 1 year	[—]	[2,267]	[7,524]	[—]		
		Fair value	[—]	[—]	[2,267]	[—]		
Net losses	Call	Put	Contract amount	—	54	3,306	—	
			Over 1 year	[—]	[—]	[2,267]	[—]	
			Fair value	[—]	[—]	[2,267]	[—]	
Total	Net losses	Call	Contract amount	¥ (648)	¥ (8,397)	¥ (12,523)	\$ (5)	
			Over 1 year	—	—	—	—	
			Fair value	—	(182)	(275)	—	

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			
	2019				2018				2017				2019			
	Contract amount		Net (losses) gains		Contract amount		Net gains (losses)		Contract amount		Net gains (losses)		Contract amount		Net (losses) gains	
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	¥ 21,954	¥—	¥ 13	¥ 13	\$ 289	\$—	\$(0)	\$(0)
Purchased	16,651	—	56	56	—	—	—	—	—	—	—	—	150	—	0	0
Foreign currency-denominated bond futures																
Sold	15,529	—	131	131	25,988	—	(183)	(183)	28,043	—	71	71	139	—	1	1
Purchased	115,126	—	2,471	2,471	81,389	—	1,151	1,151	¥(12,587)	—	(24)	(24)	1,037	—	22	22
Total				¥2,630				¥ 977				¥ 60				\$23

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

e. Others

As of March 31	Millions of Yen												Millions of U.S. Dollars			
	2019				2018				2017				2019			
	Contract amount		Net gains		Contract amount		Net gains (losses)		Contract amount		Net gains (losses)		Contract amount		Net gains	
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	¥124,200	¥94,140	¥2,130	¥2,130	¥—	¥—	¥—	¥—	¥—	¥—	¥—	¥—	\$1,119	\$848	\$19	\$19
Total				¥2,130				¥—				¥—				\$19

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			
	2019				2018				2017				2019			
	Contract amount		Fair value		Contract amount		Fair value		Contract amount		Fair value		Contract amount		Fair value	
Over 1 year	Fair value	Over 1 year			Fair value	Over 1 year			Fair value	Over 1 year			Fair value			
Over-the-counter:																
Deferred hedge accounting (main hedged items: insurance liabilities):																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	¥1,121,300	¥1,113,000	¥53,928		¥577,000	¥577,000	¥2,534		¥344,000	¥344,000	¥(3,804)		\$10,102	\$10,027	\$485	
Deferred hedge accounting (main hedged items: loans):																
Interest rate swaps																
Receive fixed interest rate / pay variable interest rate	10,263	10,263	9		10,263	10,263	(57)		10,263	10,263	(83)		92	92	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 contacts	Sold	U.S. dollar	2019		2018		2017		2019	
					Contract amount	¥ 3,833,852	¥ 4,476,303	¥ 5,405,762				\$ 34,542
					Over 1 year	—	—	—				—
					Fair value	(11,381)	103,484	42,281				(102)
				Euro	Contract amount	3,161,778	3,610,953	2,722,764				28,487
					Over 1 year	—	—	—				—
					Fair value	20,479	38,325	22,297				184
				Others	Contract amount	1,198,769	1,442,868	1,464,289				10,800
					Over 1 year	—	—	—				—
					Fair value	(11,832)	30,476	27,124				(106)
				<b>Total</b>	<b>Contract amount</b>	<b>8,194,400</b>	<b>9,530,125</b>	<b>9,592,816</b>				<b>73,830</b>
					<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>				<b>—</b>
					<b>Fair value</b>	<b>(2,734)</b>	<b>172,285</b>	<b>91,703</b>				<b>(24)</b>
					Contract amount	1,029	1,988	—				9
					Over 1 year	—	—	—				—
					Fair value	(16)	71	—				(0)
				<b>Total</b>	<b>Contract amount</b>	<b>1,029</b>	<b>1,988</b>	<b>—</b>				<b>9</b>
					<b>Over 1 year</b>	<b>—</b>	<b>—</b>	<b>—</b>				<b>—</b>
					<b>Fair value</b>	<b>(16)</b>	<b>71</b>	<b>—</b>				<b>(0)</b>
					Contract amount	663,278	499,222	532,388				5,976
					Over 1 year	582,204	466,097	495,649				5,245
					Fair value	(68,195)	(32,599)	(83,474)				(614)
					Contract amount	538,276	469,979	471,264				4,849
					Over 1 year	508,959	448,192	466,075				4,585
					Fair value	(37,644)	(63,559)	(21,234)				(339)
					Contract amount	130,111	118,919	118,919				1,172
					Over 1 year	127,900	118,919	118,919				1,152
					Fair value	14,133	11,738	18,038				127
				<b>Total</b>	<b>Contract amount</b>	<b>1,331,666</b>	<b>1,088,122</b>	<b>1,122,572</b>				<b>11,998</b>
					<b>Over 1 year</b>	<b>1,219,064</b>	<b>1,033,209</b>	<b>1,080,645</b>				<b>10,983</b>
					<b>Fair value</b>	<b>(91,706)</b>	<b>(84,420)</b>	<b>(86,670)</b>				<b>(826)</b>

## c. Equity-related

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2019			2018			2017			2019		
	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value	Contract amount		Fair value
Over-the-counter:												
Fair value hedge accounting (main hedged items: domestic stocks):												
Equity forward contracts:												
Sold	¥—	¥—	¥—	¥143,810	¥—	¥2,898	¥214,693	¥—	¥(64,855)	\$—	\$—	\$—
Exchange-traded:												
Deferred hedge accounting (main hedged items: investment trust):												
Equity index futures:												
Sold	—	—	—	1,022	—	31	—	—	—	—	—	—

## d. Bond-related

No ending balance as of March 31, 2019, 2018 or 2017.

## e. Others

No ending balance as of March 31, 2019, 2018 or 2017.

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

The balance sheet amounts for investment and rental properties were ¥1,281,364 million (U.S.\$11,544 million), ¥1,247,234 million and ¥1,255,358 million, with a fair value of ¥1,564,426 million (U.S.\$14,095 million), ¥1,430,349 million and ¥1,436,985 million as of March 31, 2019, 2018 and 2017, 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 ¥3,030 million (U.S.\$27 million), ¥497 million and ¥515 million as of March 31, 2019, 2018 and 2017, respectively.

## 8. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,433,586 million (U.S.\$30,935 million), ¥3,053,767 million and ¥2,696,366 million as of March 31, 2019, 2018 and 2017, 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 ¥488,657 million (U.S.\$4,402 million), ¥520,816 million and ¥601,117 million at fair value as of March 31, 2019, 2018 and 2017, respectively.

## 9. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,165,279 million (U.S.\$10,498 million), ¥1,160,112 million and ¥1,178,325 million as of March 31, 2019, 2018 and 2017, respectively.

## 10. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,479,649 million (U.S.\$13,331 million), ¥1,521,665 million and ¥1,598,901 million as of March 31, 2019, 2018 and 2017, 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, 2019, 2018 and 2017, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Balance at the beginning of the fiscal year	¥ 995,167	¥1,001,102	¥1,015,013	\$ 8,966
Transfer to reserve from surplus in the previous fiscal year	218,353	184,086	229,857	1,967
Dividends paid to policyholders during the fiscal year	(215,540)	(212,224)	(266,227)	(1,941)
Increase in interest	22,233	22,203	22,458	200
Balance at the end of the fiscal year	¥1,020,213	¥ 995,167	¥1,001,102	\$ 9,191

## 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, 2019, 2018 and 2017, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Balance at the beginning of the fiscal year	¥ 65,078	¥ 67,847	¥ 69,681	\$ 586
Dividends paid to policyholders during the fiscal year	(19,231)	(20,053)	(20,020)	(173)
Increase in interest	11	12	25	0
Provision for reserve for dividends to policyholders (limited company)	13,837	17,272	18,161	124
Increase due to change in scope of consolidation	629	—	—	5
Balance at the end of the fiscal year	¥ 60,326	¥ 65,078	¥ 67,847	\$ 543

### 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, 2019, 2018 and 2017

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2019	2018	2017	2019				
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)	\$ 1,414	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)	2,185	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)	1,587	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)	—	793	4.00%	None	September 2047	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	675	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	630	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	270	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	675	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	135	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	—	900	1.05%	None	April 2047	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Mitsui Life	Perpetual subordinated corporate bond	July 2016	30,000	30,000	30,000	270	0.74%	None	No maturity date	Each interest payment date on or after July 2021
Mitsui Life	Subordinated corporate bonds	July 2016	50,000	50,000	50,000	450	0.86%	None	July 2046	Each interest payment date on or after July 2026
Nippon Wealth Life	Subordinated corporate bonds	October 2014	3,500	—	—	31	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	—	—	97	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	—	—	90	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	—	—	100	2.00%	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	December 2015	17,600	—	—	158	2.32%	None	No maturity date	Tenth anniversary date after the issue date and on each half anniversary date thereafter

Balance as of March 31, 2019, 2018 and 2017

Issuer	Bond	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2019	2018	2017	2019				
Nippon Wealth Life	Perpetual subordinated corporate bond	February 2017	¥ 5,500	¥ —	¥ —	\$ 49	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	—	—	51	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	—	—	20	1.94%	None	No maturity date	Fifteenth anniversary date after the issue date and on each half anniversary date thereafter
Total	—	—	¥1,175,589	¥1,108,889	¥920,825	\$10,591	—	—	—	—

1. Figures enclosed in parentheses for the balances as of March 31, 2019, 2018 and 2017 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 ¥336,500 million (U.S.\$3,031 million), ¥100,000 million and ¥100,000 million as of March 31, 2019, 2018 and 2017, respectively, which is subordinate to the fulfillment of all other debt obligations.

Balance as of March 31, 2019, 2018 and 2017

Issuer	Loan	Issue date	Millions of Yen			Millions of U.S. dollars	Interest rate (%)	Collateral	Maturity	Callable dates
			2019	2018	2017	2019				
Nippon Life	Subordinated corporate loans	April 2018	¥100,000	¥ —	¥ —	\$ 900	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	—	—	1,081	1.03%	None	September 2048	Tenth anniversary date after the issue date and on each fifth anniversary date thereafter
Mitsui Life	Subordinated corporate loans	August 2016	50,000	50,000	50,000	450	0.98%	None	No maturity date	Each interest payment date on or after October 2021
Mitsui Life	Subordinated corporate loans	August 2016	50,000	50,000	50,000	450	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	—	—	148	0.71%	None	March 2025	Each interest payment date on or after March 2020
Total	—	—	¥336,500	¥100,000	¥100,000	\$3,031	—	—	—	—

## 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.

### (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, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Retirement benefit obligations at the beginning of the year	¥707,164	¥720,187	¥737,348	\$6,371
Service costs	28,279	28,304	27,951	254
Interest cost	4,278	4,352	4,456	38
Actuarial losses accrued during the year	5,587	3,681	2,210	50
Retirement benefit payments	(48,726)	(49,362)	(51,779)	(439)
Increase due to change in scope of consolidation	1,757	—	—	15
Others	(11)	1	—	(0)
Retirement benefit obligations at the end of the year	¥698,329	¥707,164	¥720,187	\$6,291

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Pension plan assets at the beginning of the year	¥266,183	¥271,613	¥278,723	\$2,398
Expected return on plan assets	3,766	3,844	4,613	33
Actuarial gains accrued during the year	1,550	2,539	187	13
Contributions by business proprietor	7,279	7,302	7,181	65
Retirement benefit payments	(18,647)	(19,117)	(19,091)	(168)
Pension plan assets at the end of the year	¥260,132	¥266,183	¥271,613	\$2,343

## 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, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Net defined benefit liability at the beginning of the year	¥2,180	¥1,984	¥1,824	\$19
Benefit costs	304	322	243	2
Retirement benefit payments	(125)	(126)	(82)	(1)
Net defined benefit liability at the end of the year	¥2,359	¥2,180	¥1,984	\$21

## 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, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Retirement benefit obligations for funded plans	¥ 286,003	¥ 294,371	¥ 303,933	\$ 2,576
Pension plan assets	(260,132)	(266,183)	(271,613)	(2,343)
Subtotal	25,871	28,188	32,319	233
Retirement benefit obligations for nonfunded plans	414,684	414,973	418,238	3,736
Net defined benefit liability recorded in the consolidated balance sheets	¥ 440,556	¥ 443,161	¥ 450,558	\$ 3,969
Net defined benefit liability	¥ 440,556	¥ 443,161	¥ 450,558	\$ 3,969
Net defined benefit liability recorded in the consolidated balance sheets	¥ 440,556	¥ 443,161	¥ 450,558	\$ 3,969

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Service costs	¥28,279	¥28,304	¥27,951	\$254
Interest cost	4,278	4,352	4,456	38
Expected return on plan assets	(3,766)	(3,844)	(4,613)	(33)
Amortization of actuarial losses for the period	11,121	9,311	8,599	100
Benefit cost under the simplified valuation method	304	322	243	2
Others	409	1	—	3
Benefit cost for defined benefit plans	¥40,625	¥38,447	¥36,636	\$366

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Actuarial gains	¥7,084	¥8,169	¥6,575	\$63
Total	¥7,084	¥8,169	¥6,575	\$63

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Unrecognized actuarial losses	¥19,301	¥26,385	¥34,555	\$173
Total	¥19,301	¥26,385	¥34,555	\$173

## 8) Pension plan assets consist of the following:

	2019	2018	2017
General account of Nippon Life	49.8%	50.2%	50.6%
Domestic bonds	23.0%	22.0%	24.6%
Foreign securities	16.2%	14.8%	20.3%
Cash and deposits	6.6%	7.7%	1.4%
Domestic stocks	4.5%	5.4%	3.1%
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, 2019, 2018 and 2017, are as follows:

	2019	2018	2017
Discount rate	0.6–0.7%	0.6–0.7%	0.6–0.7%
Long-term expected rate of return on plan assets	1.4–3.0%	1.4–3.0%	1.6–3.0%

#### (3) Defined contribution plans

The Company and its consolidated subsidiaries contributed ¥4,859 million (U.S.\$43 million), ¥4,768 million and ¥3,732 million to defined contribution plans during the fiscal years ended March 31, 2019, 2018 and 2017, 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.\$450 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, 2019, 2018, and 2017, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2018.

### 17. Pledged Assets

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 (U.S.\$15,784 million), ¥15,308 million (U.S.\$137 million), ¥252 million (U.S.\$2 million), and ¥45 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥756,504 million (U.S.\$6,815 million) as of March 31, 2019.

These amounts included ¥851,839 million (U.S.\$7,674 million) of the sale of securities under repurchase agreements and ¥918,495 million (U.S.\$8,275 million) in payables under repurchase agreements, as well as ¥28,595 million (U.S.\$257 million) of investments in securities deposited

and ¥32,610 million (U.S.\$293 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.

Assets pledged as collateral in the form of investments in securities, lease receivables, land, and buildings as of March 31, 2017, were ¥1,645,929 million, ¥22,471 million, ¥252 million and ¥50 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥895,060 million as of March 31, 2017.

These amounts included ¥894,171 million of investments in securities deposited and ¥873,822 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

### 18. Investments in Nonconsolidated Subsidiaries and Affiliates

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥422,542 million (U.S.\$3,807 million), ¥412,517 million and ¥313,202 million as of March 31, 2019, 2018 and 2017, respectively.

### 19. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥32,251 million (U.S.\$290 million), ¥31,097 million and ¥32,210 million as of March 31, 2019, 2018 and 2017, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,284 million (U.S.\$11 million) and ¥29,037 million (U.S.\$261 million), respectively, as of March 31, 2019, ¥1,511 million and ¥27,397 million, respectively, as of March 31, 2018 and ¥1,771 million and ¥27,267 million, respectively, as of March 31, 2017.

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 over three months as of March 31, 2019, 2018 and 2017.

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. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

- iii) The balances of restructured loans were ¥1,930 million (U.S.\$17 million), ¥2,188 million and ¥3,171 million as of March 31, 2019, 2018 and 2017, 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 over three months.

- (2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥3,173 million (U.S.\$28 million) and ¥168 million (U.S.\$1 million), respectively, as of March 31, 2019, ¥15 million and ¥235 million, respectively, as of March 31, 2018, and ¥442 million and ¥261 million, respectively, as of March 31, 2017.

## 20. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥306,323 million (U.S.\$2,759 million), ¥265,022 million and ¥184,905 million as of March 31, 2019, 2018 and 2017, respectively.

## 21. 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 ¥92,025 million (U.S.\$829 million), ¥91,262 million and ¥93,194 million as of March 31, 2019, 2018 and 2017, respectively. The amounts contributed to the aforementioned corporation were recorded within operating expenses for the fiscal year.

## 22. Impairment Losses

- (1) Method for grouping the assets

Leased property and idle property of the Company and certain consolidated subsidiaries are classified as one asset group per property. Assets utilized for insurance business operations are classified into one asset group.

- (2) Circumstances causing impairment losses

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, 2019, 2018 and 2017.

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

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, 2017

Purpose of use	Millions of Yen		
	Land	Buildings and others	Total
Leased property	¥2,146	¥ 967	¥3,113
Idle property	1,644	484	2,129
Total	¥3,790	¥1,452	¥5,243

For the year ended March 31, 2019

Purpose of use	Millions of U.S. Dollars		
	Land	Buildings and others	Total
Leased property	\$ 0	\$ 0	\$ 0
Idle property	13	6	20
Total	\$14	\$6	\$20

- (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 rates used in the calculation of future cash flows are 3.0–3.8%, 3.0–3.9% and 4.0–4.4% for the fiscal years ended March 31, 2019, 2018 and 2017, respectively. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or standard land prices.



### 23. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Deferred tax assets	¥ 1,655,051	¥ 1,562,626	¥ 1,465,350	\$ 14,911
Valuation allowance for deferred tax assets	(107,691)	(100,772)	(119,537)	(970)
Subtotal	1,547,360	1,461,854	1,345,813	13,941
Deferred tax liabilities	(2,093,314)	(2,080,903)	(1,960,772)	(18,860)
Net deferred tax liabilities	¥ (545,954)	¥ (619,049)	¥ (614,959)	\$ (4,918)

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

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Deferred tax assets:				
Policy reserves and other reserves	¥ 935,673	¥ 873,955	¥ 804,589	\$ 8,430
Reserve for price fluctuations in investments in securities	407,422	375,549	317,474	3,670
Net defined benefit liability	123,036	124,983	126,237	1,108
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	1,916,168	1,902,132	1,780,812	17,264

(2) The statutory tax rate was 27.9% for the fiscal year ended March 31, 2019, and 28.2% for the fiscal years ended March 31, 2018 and 2017. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2019	2018	2017
Reserve for dividends to policyholders (mutual company)	(18.8)%	(24.3)%	(14.7)%

### 24. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the fiscal years ended March 31, 2019, 2018 and 2017, were as follows:

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

For the year ended March 31, 2019

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities:				
Gains arising during the year	¥ 75,501			\$ 680
Reclassification adjustments to profit or loss	(21,292)	¥ 54,209	(191)	\$ 488
Deferred losses on derivatives under hedge accounting:				
Gains arising during the year	29,789		268	
Reclassification adjustments to profit or loss	8,440	38,229	76	344
Foreign currency translation adjustments:				
Losses arising during the year	(29,212)		(263)	
Reclassification adjustments to profit or loss	—	(29,212)	—	(263)
Remeasurement of defined benefit plans:				
Losses arising during the year	(4,038)		(36)	
Reclassification adjustments to profit or loss	11,122	7,084	100	63
Share of other comprehensive loss of associates accounted for under the equity method:				
Losses arising during the year	(12,388)		(111)	
Reclassification adjustments to profit or loss	(613)	(13,001)	(5)	(117)
Amount before income tax effect		57,309		516
Income tax effect		(31,005)		(279)
Total other comprehensive income		¥ 26,303		\$ 236

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 losses 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

For the year ended March 31, 2017

Millions of Yen		
Net unrealized gains on available-for-sale securities:		
Losses arising during the year	¥(111,657)	
Reclassification adjustments to profit or loss	(79,897)	¥(191,555)
Deferred losses on derivatives under hedge accounting:		
Gains arising during the year	69,253	
Reclassification adjustments to profit or loss	12,161	81,414
Foreign currency translation adjustments:		
Gains arising during the year	14,750	
Reclassification adjustments to profit or loss	—	14,750
Remeasurement of defined benefit plans:		
Losses arising during the year	(2,012)	
Reclassification adjustments to profit or loss	8,588	6,575
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	3,198	
Reclassification adjustments to profit or loss	(1,748)	1,450
Amount before income tax effect		(87,363)
Income tax effect		30,829
Total other comprehensive loss		¥ (56,533)

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

For the year ended March 31, 2019

	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 gains on available-for-sale securities	¥ 54,209	¥(18,344)	¥ 35,865	\$488	\$(165)	\$ 323
Deferred losses on derivatives under hedge accounting	38,229	(10,684)	27,544	344	(96)	248
Foreign currency translation adjustments	(29,212)	—	(29,212)	(263)	—	(263)
Remeasurement of defined benefit plans	7,084	(1,976)	5,107	63	(17)	46
Share of other comprehensive loss of associates accounted for under the equity method	(13,001)	—	(13,001)	(117)	—	(117)
Total other comprehensive income	¥ 57,309	¥(31,005)	¥ 26,303	\$ 516	\$(279)	\$ 236

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 losses 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

For the year ended March 31, 2017

	Millions of Yen		
	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities	¥(191,555)	¥55,429	¥(136,125)
Deferred losses on derivatives under hedge accounting	81,414	(22,755)	58,659
Foreign currency translation adjustments	14,750	—	14,750
Remeasurement of defined benefit plans	6,575	(1,844)	4,730
Share of other comprehensive income of associates accounted for under the equity method	1,450	—	1,450
Total other comprehensive loss	¥ (87,363)	¥30,829	¥ (56,533)

## 25. 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

## 26. Subsequent Events

(1) The Company assumed the following Yen-denominated subordinated loan on April 22, 2019:

Principal amount	¥90,000 million (U.S.\$810 million)
Interest rate	Fixed rate of 0.95% per annum before April 22, 2029, and a fixed rate with step-up thereafter (reset every five years)
Repayment date	The third bank business day preceding April 22, 2049 (The loan is callable on the third bank business day preceding April 22, 2029, and every five years thereafter until the loan is fully redeemed at the discretion of the Company, subject to prior approval by the regulatory authorities.)
Use of funds	General working capital

(2) On May 22, 2019, the Company resolved to make Reliance Nippon Life Asset Management Limited ("RNAM"), which is an affiliate accounted for under the equity method, a consolidated subsidiary by carrying out a tender offer for shares of RNAM and, after the tender offer, by acquiring up to 75% of total outstanding RNAM shares from the shareholder Reliance Capital Limited ("RCAP"). On May 23, 2019, we entered into a sales agreement with RCAP to acquire shares of RNAM held by RCAP (the "Contract"). The tender offer under the local tender offer rules requires the approval of the local authority as a precondition for execution.

### 1) Overview of the business combination

- a. Name and business of the acquiree  
Name: Reliance Nippon Life Asset Management Limited  
Business: Asset management business
- b. Major reasons for the business combination  
RNAM's investment trust assets are steadily increasing, and with the background of steady economic development, etc., the objective is to support RNAM's presence in the Indian asset management market, which is expected to grow in the future.
- c. Date of business combination  
From the end of July 2019 to the beginning of October 2019  
(Not confirmed at the moment)
- d. Legal form of the business combination  
Tender Offer under the Local Tender Offer Rules and Acquisition from RCAP under this Agreement ("the tender offer, etc.")
- e. Name of the company after business combination  
Reliance Nippon Life Asset Management Limited

- f. Percentage of voting rights to be acquired  
Percentage of voting rights before the tender offer, etc.  
42.9%  
Ratio of voting rights to be acquired through tender offer, etc.  
32.1%  
Percentage of voting rights after the tender offer, etc.  
75.0%
- 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) Acquisition cost and breakdown

Consideration for acquisition

The market value of RNAM shares held before the business combination at the business combination date

60,350 million rupees (U.S.\$875 million)

Additional payment in cash

45,219 million rupees (U.S.\$655 million)

Acquisition cost

105,570 million rupees (U.S.\$1,531 million)

(68.94 rupees = U.S.\$1, March 31, 2019)

The market value of RNAM shares held before the business combination at the business combination date is an approximate value

### 3) Description and the amount of main acquisition-related costs

Not confirmed at the moment.

### 4) Gain or loss on stage acquisition

Not confirmed at the moment.

### 5) Amount of and reasons for recognizing goodwill

Not confirmed at the moment.

### 6) Amounts of the assets to be acquired and the liabilities to be assumed on the business

Not confirmed at the moment.

(3) On June 17, 2019, the Company reached an agreement with Grand Guardian Insurance Holding Public Company Limited ("GGIH"), a member of the Shwe Taung Group, and Grand Guardian Life Insurance Company Limited ("GGLI"), a life insurance company owned by GGIH, to acquire an equity interest of 35.0% in GGLI for the equivalent of U.S.\$21 million. We submitted the application for permission to Myanmar financial authorities on June 21, 2019.

(4) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2019, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2019.

(5) During the annual meeting of the representatives of policyholders held on July 2, 2019, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.\$450 million) during the fiscal year ending March 31, 2020.

## 7. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen			Millions of
	2019	2018	2017	U.S. Dollars (Note 1)
<b>ASSETS:</b>				
<b>Cash and deposits</b> (Note 3):	¥ 977,580	¥ 834,511	¥ 917,055	\$ 8,807
Cash	229	283	270	2
Deposits	977,351	834,227	916,784	8,805
<b>Call loans</b>	<b>429,912</b>	<b>471,113</b>	<b>270,000</b>	<b>3,873</b>
<b>Monetary receivables purchased</b> (Note 3)	<b>244,043</b>	<b>278,235</b>	<b>326,256</b>	<b>2,198</b>
<b>Assets held in trust</b> (Note 3)	<b>13,157</b>	<b>10,421</b>	<b>3,397</b>	<b>118</b>
<b>Investments in securities</b> (Notes 3, 5, 14 and 15):				
National government bonds	21,140,721	19,842,086	19,724,839	190,474
Local government bonds	790,372	883,461	959,375	7,121
Corporate bonds	1,969,571	2,089,678	2,290,236	17,745
Domestic stocks	9,110,036	9,521,609	8,879,181	82,079
Foreign securities	20,121,556	19,661,925	19,201,698	181,291
Other securities	3,251,467	2,704,745	1,969,730	29,295
<b>Subtotal</b>	<b>56,383,725</b>	<b>54,703,507</b>	<b>53,025,060</b>	<b>508,007</b>
<b>Loans</b> (Notes 3, 16 and 17):				
Policy loans	582,774	619,030	654,701	5,250
Industrial and consumer loans	6,855,961	6,849,298	7,094,826	61,770
<b>Subtotal</b>	<b>7,438,736</b>	<b>7,468,329</b>	<b>7,749,527</b>	<b>67,021</b>
<b>Tangible fixed assets</b> (Notes 4, 6 and 14):				
Land	1,121,375	1,089,297	1,107,241	10,103
Buildings	512,736	475,516	471,770	4,619
Lease assets	9,798	12,669	11,738	88
Construction in progress	15,496	42,550	40,283	139
Other tangible fixed assets	21,182	10,825	9,968	190
<b>Subtotal</b>	<b>1,680,589</b>	<b>1,630,859</b>	<b>1,641,001</b>	<b>15,141</b>
<b>Intangible fixed assets:</b>				
Software	105,693	81,985	80,949	952
Other intangible fixed assets	86,808	103,057	92,353	782
<b>Subtotal</b>	<b>192,502</b>	<b>185,042</b>	<b>173,302</b>	<b>1,734</b>
<b>Reinsurance receivables</b>	<b>587</b>	<b>512</b>	<b>523</b>	<b>5</b>
<b>Other assets:</b>				
Accounts receivable	68,757	191,009	79,970	619
Prepaid expenses	16,219	15,594	13,651	146
Accrued income	304,988	300,306	279,876	2,747
Money on deposit	34,203	34,000	34,280	308
Deposits for futures transactions	37,303	20,562	10,371	336
Futures transactions variation margin	23	7	34	0
Derivative financial instruments (Note 3)	173,657	258,631	218,327	1,564
Suspense	4,417	10,802	20,412	39
Other assets	48,472	37,686	34,789	436
<b>Subtotal</b>	<b>688,042</b>	<b>868,603</b>	<b>691,712</b>	<b>6,199</b>
<b>Customers' liability for acceptances and guarantees</b>	<b>69,893</b>	<b>52,065</b>	<b>44,267</b>	<b>629</b>
<b>Allowance for doubtful accounts</b>	<b>(4,463)</b>	<b>(2,401)</b>	<b>(2,882)</b>	<b>(40)</b>
<b>Allowance for investment loss</b>	<b>(29,597)</b>	<b>(28,138)</b>	<b>(25,219)</b>	<b>(266)</b>
<b>Total assets</b>	<b>¥68,084,710</b>	<b>¥66,472,661</b>	<b>¥64,814,005</b>	<b>\$613,431</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
As of March 31	2019	2018	2017	2019
<b>LIABILITIES:</b>				
<b>Policy reserves and other reserves:</b>				
Reserve for outstanding claims	¥ 238,428	¥ 285,702	¥ 347,747	\$ 2,148
Policy reserves (Note 18)	55,088,621	53,741,024	52,650,294	496,338
Reserve for dividends to policyholders (Note 9)	1,020,213	995,167	1,001,102	9,191
<b>Subtotal</b>	<b>56,347,264</b>	<b>55,021,894</b>	<b>53,999,143</b>	<b>507,678</b>
<b>Reinsurance payables</b>	<b>624</b>	<b>594</b>	<b>605</b>	<b>5</b>
<b>Corporate bonds</b> (Notes 3 and 10)	<b>1,028,889</b>	<b>1,028,889</b>	<b>840,825</b>	<b>9,270</b>
<b>Other liabilities:</b>				
Payables under repurchase agreements (Notes 3 and 14)	709,062	237,046	—	6,388
Cash received as collateral under securities lending transactions (Notes 3 and 14)	32,610	330,722	674,067	293
Loans payable (Note 3)	243,668	22,897	26,649	2,195
Income taxes payable	40,348	37,406	8,020	363
Accounts payable	94,895	199,866	195,211	854
Accrued expenses	69,349	64,810	63,839	624
Deferred income	16,543	17,399	19,100	149
Deposits received	109,790	105,494	102,065	989
Guarantee deposits received	83,367	77,870	78,799	751
Futures transactions variation margin	169	9	17	1
Derivative financial instruments (Note 3)	178,821	156,536	270,838	1,611
Cash collateral received for financial instruments	92,597	191,976	103,383	834
Lease obligations	9,341	12,059	11,835	84
Asset retirement obligations	4,850	2,192	2,191	43
Suspense receipts	8,481	9,768	11,085	76
Other liabilities	486	—	48	4
<b>Subtotal</b>	<b>1,694,384</b>	<b>1,466,056</b>	<b>1,567,152</b>	<b>15,266</b>
<b>Accrued bonuses for directors and audit and supervisory board members</b>	<b>106</b>	<b>90</b>	<b>79</b>	<b>0</b>
<b>Accrued retirement benefits</b> (Note 12)	<b>365,897</b>	<b>361,114</b>	<b>358,630</b>	<b>3,296</b>
<b>Accrued retirement benefits for directors and audit and supervisory board members</b>	<b>4,225</b>	<b>4,840</b>	<b>4,498</b>	<b>38</b>
<b>Reserve for program points</b>	<b>9,203</b>	<b>9,411</b>	<b>9,013</b>	<b>82</b>
<b>Reserve for price fluctuations in investments in securities</b>	<b>1,381,653</b>	<b>1,282,194</b>	<b>1,116,795</b>	<b>12,448</b>
<b>Deferred tax liabilities</b> (Note 23)	<b>496,857</b>	<b>577,415</b>	<b>563,323</b>	<b>4,476</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>103,748</b>	<b>104,828</b>	<b>106,432</b>	<b>934</b>
<b>Acceptances and guarantees</b>	<b>69,893</b>	<b>52,065</b>	<b>44,267</b>	<b>629</b>
<b>Total liabilities</b>	<b>61,502,747</b>	<b>59,909,395</b>	<b>58,610,767</b>	<b>554,128</b>
<b>NET ASSETS:</b>				
<b>Foundation funds</b> (Note 13)	<b>100,000</b>	<b>150,000</b>	<b>150,000</b>	<b>900</b>
<b>Reserve for redemption of foundation funds</b> (Note 13)	<b>1,250,000</b>	<b>1,200,000</b>	<b>1,150,000</b>	<b>11,262</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	17,578	16,804	16,042	158
Other surplus reserves:	416,948	433,796	424,593	3,756
Equalized reserve for dividends to policyholders	10,000	40,000	50,000	90
Contingency funds	71,917	71,917	71,917	647
Reserve for social public welfare assistance	351	351	328	3
Reserve for reduction entry of real estate	49,836	49,708	51,196	449
Reserve for reduction entry of real estate to be purchased	28,603	23,422	5,643	257
Other reserves	170	170	170	1
Unappropriated surplus	256,070	248,227	245,337	2,307
<b>Total surplus</b>	<b>434,526</b>	<b>450,600</b>	<b>440,635</b>	<b>3,915</b>
<b>Total foundation funds and others</b>	<b>1,785,178</b>	<b>1,801,251</b>	<b>1,741,286</b>	<b>16,084</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>4,882,692</b>	<b>4,882,103</b>	<b>4,585,298</b>	<b>43,992</b>
<b>Deferred losses on derivatives under hedge accounting</b>	<b>(31,216)</b>	<b>(59,099)</b>	<b>(65,262)</b>	<b>(281)</b>
<b>Land revaluation losses</b>	<b>(54,690)</b>	<b>(60,989)</b>	<b>(58,084)</b>	<b>(492)</b>
<b>Total valuations, conversions, and others</b>	<b>4,796,785</b>	<b>4,762,014</b>	<b>4,461,951</b>	<b>43,218</b>
<b>Total net assets</b>	<b>6,581,963</b>	<b>6,563,265</b>	<b>6,203,237</b>	<b>59,302</b>
<b>Total liabilities and net assets</b>	<b>¥68,084,710</b>	<b>¥66,472,661</b>	<b>¥64,814,005</b>	<b>\$613,431</b>

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

## 8. Nonconsolidated Statements of Income

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars (Note 1)
For the years ended March 31	2019	2018	2017	2019
<b>Ordinary income:</b>				
<b>Revenues from insurance and reinsurance:</b>				
Insurance premiums	¥4,774,223	¥4,487,627	¥4,646,209	\$43,014
Reinsurance revenue	912	793	1,125	8
<b>Subtotal</b>	<b>4,775,136</b>	<b>4,488,421</b>	<b>4,647,334</b>	<b>43,023</b>
<b>Investment income (Note 20):</b>				
Interest, dividends, and other income:				
Interest on deposits and savings	1,427,665	1,407,350	1,365,628	12,863
Interest on securities and dividends	4,868	420	76	43
Interest on loans	1,198,538	1,183,986	1,127,836	10,798
Real estate rental income	124,582	130,059	141,124	1,122
Other income	82,977	80,271	84,499	747
Gain on sales of securities	16,698	12,612	12,092	150
Gain on redemptions of securities	194,922	179,682	254,013	1,756
Foreign exchange gains, net	6,187	14,941	5,805	55
Reversal of allowance for doubtful accounts	2,140	—	—	19
Other investment income	—	471	742	—
Gain from separate accounts, net	1,784	596	702	16
<b>Subtotal</b>	<b>1,649,502</b>	<b>1,652,609</b>	<b>1,661,965</b>	<b>14,861</b>
<b>Other ordinary income:</b>				
Income from annuity riders	8,959	10,897	9,442	80
Income from deferred benefits	83,119	90,531	106,290	748
Reversal of reserve for outstanding claims	47,274	62,044	—	425
Other ordinary income	41,043	34,004	27,642	369
<b>Subtotal</b>	<b>180,396</b>	<b>197,478</b>	<b>143,375</b>	<b>1,625</b>
<b>Total ordinary income</b>	<b>6,605,036</b>	<b>6,338,509</b>	<b>6,452,675</b>	<b>59,510</b>
<b>Ordinary expenses:</b>				
<b>Benefits and other payments:</b>				
Death and other claims	1,048,516	1,032,798	1,018,393	9,446
Annuity payments	791,978	802,214	836,311	7,135
Health and other benefits	653,486	649,240	658,966	5,887
Surrender benefits	949,282	926,376	801,780	8,552
Other refunds	209,971	251,106	212,024	1,891
Reinsurance premiums	1,354	1,388	1,754	12
<b>Subtotal</b>	<b>3,654,589</b>	<b>3,663,124</b>	<b>3,529,231</b>	<b>32,927</b>
<b>Provision for policy reserves:</b>				
Provision for reserve for outstanding claims	—	—	31,116	—
Provision for policy reserves (Note 21)	1,347,596	1,090,730	1,214,378	12,141
Provision for interest on reserve for dividends to policyholders	22,233	22,203	22,458	200
<b>Subtotal</b>	<b>1,369,830</b>	<b>1,112,934</b>	<b>1,267,952</b>	<b>12,341</b>
<b>Investment expenses (Note 20):</b>				
Interest expenses	30,872	21,923	18,996	278
Loss from assets held in trust, net	2,563	3,276	1,976	23
Loss on sales of securities	138,790	102,833	118,770	1,250
Loss on valuation of securities	21,371	11,235	27,738	192
Loss on redemptions of securities	8,097	23,359	32,958	72
Loss on derivative financial instruments, net	93,110	105,877	119,127	838
Foreign exchange losses, net	—	9,589	1,209	—
Provision for allowance for doubtful accounts	4,002	—	—	36
Provision for allowance for investment loss	1,459	2,918	25,219	13
Depreciation of rental real estate and other assets	16,364	14,826	15,337	147
Other investment expenses	28,480	28,360	26,670	256
<b>Subtotal</b>	<b>345,112</b>	<b>324,200</b>	<b>388,005</b>	<b>3,109</b>
<b>Operating expenses (Note 19)</b>	<b>611,973</b>	<b>600,571</b>	<b>572,159</b>	<b>5,513</b>
<b>Other ordinary expenses:</b>				
Deferred benefit payments	118,984	117,190	126,767	1,072
Taxes	49,358	46,058	44,541	444
Depreciation	46,595	42,576	47,578	419
Provision for retirement benefits	4,782	2,483	—	43
Other ordinary expenses	20,291	18,908	17,974	182
<b>Subtotal</b>	<b>240,011</b>	<b>227,217</b>	<b>236,861</b>	<b>2,162</b>
<b>Total ordinary expenses</b>	<b>6,221,517</b>	<b>5,928,048</b>	<b>5,994,211</b>	<b>56,054</b>
<b>Ordinary profit</b>	<b>383,518</b>	<b>410,461</b>	<b>458,464</b>	<b>3,455</b>

	Millions of Yen			Millions of U.S. Dollars (Note 1)
<b>For the years ended March 31</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>
<b>Extraordinary gains:</b>				
Gain on disposals of fixed assets	¥ 3,904	¥ 16,492	¥ 38,895	\$ 35
<b>Subtotal</b>	<b>3,904</b>	<b>16,492</b>	<b>38,895</b>	<b>35</b>
<b>Extraordinary losses:</b>				
Loss on disposals of fixed assets	6,413	6,412	14,630	57
Impairment losses (Note 22)	2,148	2,062	4,328	19
Provision for reserve for price fluctuations in investments in securities	99,459	165,399	169,411	896
Loss on reduction entry of real estate	—	—	2	—
Contributions for assisting social public welfare	3,000	2,977	2,977	27
<b>Subtotal</b>	<b>111,021</b>	<b>176,850</b>	<b>191,348</b>	<b>1,000</b>
<b>Surplus before income taxes</b>	<b>276,400</b>	<b>250,102</b>	<b>306,011</b>	<b>2,490</b>
<b>Income taxes (Note 23):</b>				
Current	114,690	104,789	86,280	1,033
Deferred	(97,658)	(97,030)	(48,873)	(879)
<b>Total income taxes</b>	<b>17,031</b>	<b>7,758</b>	<b>37,406</b>	<b>153</b>
<b>Net surplus</b>	<b>¥ 259,369</b>	<b>¥ 242,344</b>	<b>¥ 268,604</b>	<b>\$ 2,336</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

For the year ended March 31, 2017	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Other surplus reserves					Other reserves	Unappropriated surplus	Total surplus	Total foundation funds and others
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					
<b>Beginning balance</b>	¥200,000	¥1,100,000	¥651	¥15,163	¥50,000	¥71,917	¥ 305	¥50,187	¥ —	¥170	¥ 292,087	¥ 479,830	¥1,780,481
Cumulative effect of change in accounting policies											1,873	1,873	1,873
<b>Beginning balance after reflecting accounting policy changes</b>	200,000	1,100,000	651	15,163	50,000	71,917	305	50,187	—	170	293,960	481,703	1,782,355
<b>Increase/decrease:</b>													
Additions to reserve for dividends to policyholders											(229,857)	(229,857)	(229,857)
Additions to legal reserve for deficiencies				879							(879)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(1,698)	(1,698)	(1,698)
Net surplus											268,604	268,604	268,604
Redemption of foundation funds	(50,000)												(50,000)
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,977)				2,977	—	—
Additions to reserve for reduction entry of real estate								1,614			(1,614)	—	—
Reversal of reserve for reduction entry of real estate								(606)			606	—	—
Additions to reserve for reduction entry of real estate to be purchased									5,643		(5,643)	—	—
Reversal of land revaluation losses											(28,117)	(28,117)	(28,117)
Net change, excluding foundation funds and others													
<b>Net change</b>	(50,000)	50,000	—	879	—	—	23	1,008	5,643	—	(48,623)	(41,068)	(41,068)
<b>Ending balance</b>	¥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

For the year ended March 31, 2017	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>	¥4,722,733	¥(123,923)	¥(86,202)	¥4,512,608	¥6,293,089
Cumulative effect of change in accounting policies					1,873
<b>Beginning balance after reflecting accounting policy changes</b>	4,722,733	(123,923)	(86,202)	4,512,608	6,294,963
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders					(229,857)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(1,698)
Net surplus					268,604
Redemption of foundation funds					(50,000)
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation losses					(28,117)
Net change, excluding foundation funds and others	(137,434)	58,660	28,117	(50,656)	(50,656)
<b>Net change</b>	(137,434)	58,660	28,117	(50,656)	(91,725)
<b>Ending balance</b>	¥4,585,298	¥ (65,262)	¥(58,084)	¥4,461,951	¥6,203,237



For the year ended March 31, 2018	Millions of Yen											Total foundation funds and others	
	Foundation funds and others												
	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	Surplus			Total surplus
										Other reserves	Unappropriated surplus		
<b>Beginning balance</b>	¥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
<b>Increase/decrease:</b>													
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													
<b>Net change</b>	—	50,000	—	762	(10,000)	—	23	(1,488)	17,778	—	2,889	9,965	59,965
<b>Ending balance</b>	¥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>	¥4,585,298	¥(65,262)	¥(58,084)	¥4,461,951	¥6,203,237
<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>	296,805	6,162	(2,905)	300,062	360,028
<b>Ending balance</b>	¥4,882,103	¥(59,099)	¥(60,989)	¥4,762,014	¥6,563,265

	Millions of Yen												
	Foundation funds and others												
	Surplus												
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Legal reserve for deficiencies	Other surplus reserves								Total surplus
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			
For the year ended March 31, 2019													
<b>Beginning balance</b>	¥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
<b>Increase/decrease:</b>													
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													
<b>Net change</b>	(50,000)	50,000	—	774	(30,000)	—	—	128	5,180	—	7,843	(16,073)	(16,073)
<b>Ending balance</b>	¥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>	¥4,882,103	¥(59,099)	¥(60,989)	¥4,762,014	¥6,563,265
<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>	588	27,883	6,299	34,770	18,697
<b>Ending balance</b>	¥4,882,692	¥(31,216)	¥(54,690)	¥4,796,785	¥6,581,963

Millions of U.S. Dollars (Note 1)													
Foundation funds and others													
Surplus													
Other surplus reserves													
For the year ended March 31, 2019	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
<b>Beginning balance</b>	\$1,351	\$10,811	\$ 5	\$151	\$ 360	\$647	\$ 3	\$447	\$211	\$ 1	\$ 2,236	\$ 4,059	\$16,228
<b>Increase/decrease:</b>													
Additions to reserve for dividends to policyholders											(1,967)	(1,967)	(1,967)
Additions to legal reserve for deficiencies				6							(6)	—	—
Additions to reserve for redemption of foundation funds		450									(450)	(450)	—
Interest on foundation funds											(7)	(7)	(7)
Net surplus											2,336	2,336	2,336
Redemption of foundation funds	(450)												(450)
Reversal of equalized reserve for dividends to policyholders					(270)						270	—	—
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								34			(34)	—	—
Reversal of reserve for reduction entry of real estate								(33)			33	—	—
Additions to reserve for reduction entry of real estate to be purchased									100		(100)	—	—
Reversal of reserve for reduction entry of real estate to be purchased									(54)		54	—	—
Reversal of land revaluation losses											(56)	(56)	(56)
Net change, excluding foundation funds and others													
<b>Net change</b>	(450)	450	—	6	(270)	—	—	1	46	—	70	(144)	(144)
<b>Ending balance</b>	\$ 900	\$11,262	\$ 5	\$158	\$ 90	\$647	\$ 3	\$449	\$257	\$ 1	\$ 2,307	\$ 3,915	\$16,084

Millions of U.S. Dollars (Note 1)					
Valuations, conversions, and others					
For the year ended March 31, 2019	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>	\$43,986	\$(532)	\$(549)	\$42,904	\$59,133
<b>Increase/decrease:</b>					
Additions to reserve for dividends to policyholders					(1,967)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(7)
Net surplus					2,336
Redemption of foundation funds					(450)
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					(56)
Net change, excluding foundation funds and others	5	251	56	313	313
<b>Net change</b>	5	251	56	313	168
<b>Ending balance</b>	\$43,992	\$(281)	\$(492)	\$43,218	\$59,302

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)
	2019	2018	2017	2019
<b>Unappropriated surplus</b>	<b>¥256,070,286</b>	<b>¥248,227,021</b>	<b>¥245,337,320</b>	<b>\$2,307,147</b>
<b>Reversal from voluntary surplus reserves:</b>	<b>25,746,117</b>	<b>39,697,424</b>	<b>18,578,397</b>	<b>231,967</b>
Reversal of equalized reserve for dividends to policyholders	10,000,000	30,000,000	10,000,000	90,098
Reversal of reserve for reduction entry of real estate	1,270,042	3,674,119	2,942,005	11,442
Reversal of reserve for reduction entry of real estate to be purchased	14,476,074	6,023,305	5,636,391	130,426
<b>Total</b>	<b>¥281,816,403</b>	<b>¥287,924,446</b>	<b>¥263,915,718</b>	<b>\$2,539,115</b>
<b>Appropriations:</b>	<b>¥281,816,403</b>	<b>¥287,924,446</b>	<b>¥263,915,718</b>	<b>\$2,539,115</b>
Reserve for dividends to policyholders	211,818,691	218,353,870	184,086,582	1,908,448
Net surplus	69,997,712	69,570,576	79,829,135	630,666
Legal reserve for deficiencies	816,000	774,000	762,000	7,352
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	450,491
Interest on foundation funds	355,000	790,000	1,198,000	3,198
Voluntary surplus reserves:	18,826,712	18,006,576	27,869,135	169,625
Reserve for social public welfare assistance	3,000,000	3,000,000	3,000,000	27,029
Reserve for reduction entry of real estate	15,163,274	3,802,405	1,453,954	136,618
Reserve for reduction entry of real estate to be purchased	663,437	11,204,171	23,415,180	5,977
<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, 2019 was 99.96%. 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 ¥110.99=U.S.\$1, the effective rate of exchange at the balance sheet date of March 31, 2019. 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 ¥110.99=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 where ownership is transferred
 

The same depreciation method applied to fixed assets owned by the Company.
  - (ii) Lease assets related to financial leases where ownership is not transferred
 

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) Leases

Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

#### (7) 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 ¥2,019 million (U.S.\$18 million) (including ¥76 million (U.S.\$0 million) of credits secured and/or guaranteed), ¥102 million (including ¥83 million of credits secured and/or guaranteed) and ¥531 million (including ¥94 million of credits secured and/or guaranteed) as of March 31, 2019, 2018 and 2017, respectively.

#### (8) 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.

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

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

#### (10) 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, 2019, 2018 and 2017.
- 2) The accounting methods used for retirement benefits as of March 31, 2019, 2018 and 2017, 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

#### (11) Accrued retirement benefits for directors and audit and supervisory board members

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

**(12) 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.

**(13) 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.

**(14) 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.

**(15) 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 is to be applied from the following fiscal year. 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).

\* PITF: Practical Issue Task Force

**(16) Policy reserves**

Policy reserves of the Company 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.

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

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 (U.S.\$1,092 million), while ordinary profit and surplus before income taxes decreased by ¥121,292 million (U.S.\$1,092 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.

**(17) 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.

**(18) Policy acquisition costs**

Policy acquisition costs are recorded to expense as incurred.

**(19) 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.

Effective from the fiscal year ended March 31, 2017, the Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016), which included certain revisions of the previous accounting and auditing guidance issued by the JICPA. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the Company classification in respect of its profitability, taxable income and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the Company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable income in some future period.



The new guidance was effective for the beginning of annual periods beginning on or after April 1, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within unappropriated surplus or valuations, conversions and others at the beginning of the reporting period.

Following the new guidance, the Company partially revised its accounting treatment of recoverability of deferred tax assets.

As a result, as of April 1, 2016, deferred tax assets increased by ¥1,873 million and unappropriated surplus increased by ¥1,873 million.

### 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 options 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		
	2019			2018			2017			2019		
	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):	¥ 279,297	¥ 279,297	¥ —	¥ 327,500	¥ 327,500	¥ —	¥ 697,601	¥ 697,601	¥ —	\$ 2,516	\$ 2,516	\$ —
Available-for-sale securities	279,297	279,297	—	327,500	327,500	—	697,601	697,601	—	2,516	2,516	—
Monetary receivables purchased:	244,043	254,481	10,437	278,235	290,037	11,801	326,256	353,953	27,696	2,198	2,292	94
Policy-reserve-matching bonds	200,585	211,022	10,437	239,375	251,177	11,801	287,005	314,702	27,696	1,807	1,901	94
Available-for-sale securities	43,458	43,458	—	38,859	38,859	—	39,251	39,251	—	391	391	—
Assets held in trust:	13,157	13,157	—	10,421	10,421	—	3,397	3,397	—	118	118	—
Trading securities	13,157	13,157	—	10,421	10,421	—	3,397	3,397	—	118	118	—
Investments in securities:	54,812,749	58,954,878	4,142,128	53,131,946	56,928,112	3,796,166	51,461,932	55,179,731	3,717,799	493,853	531,172	37,319
Trading securities	869,370	869,370	—	959,156	959,156	—	1,153,506	1,153,506	—	7,832	7,832	—
Policy-reserve-matching bonds	20,493,498	24,562,806	4,069,307	19,287,856	22,978,483	3,690,626	19,372,276	23,016,736	3,644,459	184,642	221,306	36,663
Investments in subsidiaries and affiliates	64,047	136,869	72,821	64,047	169,587	105,539	14,251	87,590	73,339	577	1,233	656
Available-for-sale securities	33,385,831	33,385,831	—	32,820,885	32,820,885	—	30,921,898	30,921,898	—	300,800	300,800	—
Loans <sup>(*3)</sup> :	7,435,325	7,693,649	258,324	7,466,987	7,692,014	225,026	7,747,748	8,060,437	312,689	66,990	69,318	2,327
Policy loans	582,612	582,612	—	618,864	618,864	—	654,537	654,537	—	5,249	5,249	—
Industrial and consumer loans	6,852,712	7,111,037	258,324	6,848,123	7,073,150	225,026	7,093,210	7,405,899	312,689	61,741	64,069	2,327
Derivative financial instruments <sup>(*4)</sup> :	(5,164)	(5,164)	—	102,095	102,095	—	(52,511)	(52,511)	—	(46)	(46)	—
Hedge accounting not applied	40,866	40,866	—	8,879	8,879	—	11,201	11,201	—	368	368	—
Hedge accounting applied	(46,030)	(46,030)	—	93,215	93,215	—	(63,713)	(63,713)	—	(414)	(414)	—
Corporate bonds <sup>(*3, *5)</sup>	(1,028,889)	(1,069,735)	(40,846)	(1,028,889)	(1,081,892)	(53,003)	(840,825)	(890,476)	(49,651)	(9,270)	(9,638)	(368)
Payables under repurchase agreements <sup>(*5)</sup>	(709,062)	(709,062)	—	(237,046)	(237,046)	—	—	—	—	(6,388)	(6,388)	—
Cash received as collateral under securities lending transactions <sup>(*5)</sup>	(32,610)	(32,610)	—	(330,722)	(330,722)	—	(674,067)	(674,067)	—	(293)	(293)	—
Loans payable <sup>(*5)</sup>	(243,668)	(245,926)	(2,258)	(22,897)	(22,897)	—	(26,649)	(26,649)	—	(2,195)	(2,215)	(20)

(\*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, 2019, 2018 and 2017, 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.

(\*5) Corporate bonds, payables under repurchase agreements, cash received as collateral under securities lending transactions, and loans payable are recorded in liabilities and 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) 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 by holding purpose were ¥1,025,134 million (U.S.\$9,236 million), ¥895,401 million and ¥823,477 million for stocks of subsidiaries and affiliates, and ¥545,841 million (U.S.\$4,917 million), ¥676,159 million and ¥739,650 million for available-for-sale securities as of March 31, 2019, 2018 and 2017, 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, 2019, 2018 and 2017.

Valuation gains/losses included in profit and loss were losses of ¥21,555 million (U.S.\$194 million), gains of ¥64,141 million and ¥69,952 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, 2019, 2018 and 2017, respectively.
  - 2) Held-to-maturity debt securities
 

No ending balance as of March 31, 2019, 2018 and 2017.

## 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		
	2019			2018			2017			2019		
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	¥ 194,434	¥ 204,940	¥ 10,506	¥ 233,375	¥ 245,210	¥ 11,835	¥ 283,224	¥ 310,953	¥ 27,728	\$ 1,751	\$ 1,846	\$ 94
Domestic bonds	20,395,884	24,459,552	4,063,668	19,038,485	22,732,183	3,693,698	19,055,356	22,707,836	3,652,479	183,763	220,376	36,612
Foreign securities	94,606	100,249	5,642	40,685	42,681	1,995	54,979	57,114	2,135	852	903	50
Subtotal	20,684,924	24,764,742	4,079,817	19,312,546	23,020,075	3,707,529	19,393,560	23,075,904	3,682,343	186,367	223,125	36,758
Fair value does not exceed the balance sheet amount:												
Monetary receivables purchased	6,151	6,082	(68)	6,000	5,966	(33)	3,781	3,749	(31)	55	54	(0)
Domestic bonds	908	906	(1)	202,192	197,207	(4,985)	261,940	251,784	(10,155)	8	8	(0)
Foreign securities	2,099	2,096	(2)	6,493	6,411	(82)	—	—	—	18	18	(0)
Subtotal	9,159	9,086	(72)	214,685	209,585	(5,100)	265,721	255,534	(10,187)	82	81	(0)
Total	¥20,694,084	¥24,773,828	¥4,079,744	¥19,527,231	¥23,229,660	¥3,702,428	¥19,659,282	¥23,331,438	¥3,672,156	\$186,449	\$223,207	\$36,757

## 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		
	2019			2018			2017			2019		
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)	¥ 167,300	¥ 167,300	¥ 0	¥ 307,500	¥ 307,500	¥ 0	¥ 587,600	¥ 587,601	¥ 1	\$ 1,507	\$ 1,507	\$ 0
Monetary receivables purchased	6,236	6,359	122	2,383	2,413	30	2,717	2,786	68	56	57	1
Domestic bonds	2,865,902	3,102,335	236,432	2,707,745	2,908,221	200,475	2,523,610	2,718,192	194,582	25,821	27,951	2,130
Domestic stocks	3,322,876	7,709,087	4,386,210	3,518,805	8,406,953	4,888,147	3,283,750	7,671,718	4,387,968	29,938	69,457	39,518
Foreign securities	13,978,619	16,132,011	2,153,391	9,373,675	11,217,569	1,843,893	10,020,827	11,973,295	1,952,467	125,944	145,346	19,401
Other securities	2,638,653	2,899,307	260,654	1,883,085	2,080,403	197,318	905,547	1,072,503	166,956	23,773	26,122	2,348
Subtotal	22,979,588	30,016,401	7,036,812	17,793,196	24,923,063	7,129,867	17,324,053	24,026,098	6,702,045	207,041	270,442	63,400
Balance sheet amount does not exceed acquisition cost or amortized cost:												
Cash and deposits (negotiable certificates of deposit)	112,000	111,997	(2)	20,000	19,999	(0)	110,000	109,999	(0)	1,009	1,009	(0)
Monetary receivables purchased	37,166	37,099	(67)	36,649	36,445	(203)	36,466	36,464	(1)	334	334	(0)
Domestic bonds	29,495	28,436	(1,058)	238,136	232,455	(5,681)	431,162	424,690	(6,472)	265	256	(9)
Domestic stocks	945,349	736,886	(208,462)	647,287	558,503	(88,783)	743,549	649,817	(93,732)	8,517	6,639	(1,878)
Foreign securities	2,669,627	2,591,621	(78,005)	7,226,482	6,941,846	(284,635)	5,911,682	5,661,076	(250,605)	24,052	23,350	(702)
Other securities	188,375	186,145	(2,229)	485,015	474,932	(10,083)	773,892	750,603	(23,288)	1,697	1,677	(20)
Subtotal	3,982,014	3,692,187	(289,826)	8,653,571	8,264,182	(389,389)	8,006,753	7,632,652	(374,101)	35,877	33,265	(2,611)
Total	¥26,961,602	¥33,708,588	¥6,746,985	¥26,446,768	¥33,187,245	¥6,740,477	¥25,330,807	¥31,658,751	¥6,327,943	\$242,919	\$303,708	\$60,789

\* Securities totaling ¥545,841 million (U.S.\$4,917 million), ¥676,159 million and ¥739,650 million, whose fair values are extremely difficult to be determined, as of March 31, 2019, 2018 and 2017, respectively, are not included.

Impairment losses of ¥11,920 million (U.S.\$107 million), ¥69 million and ¥13,659 million were recognized for securities with a fair value during the fiscal years ended March 31, 2019, 2018 and 2017, 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, 2019	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):	¥ 279,300	¥ —	¥ —	¥ —	\$2,516	\$ —	\$ —	\$ —
Available-for-sale securities	279,300	—	—	—	2,516	—	—	—
Monetary receivables purchased:	27,000	3,641	41,224	171,869	243	32	371	1,548
Policy-reserve-matching bonds	—	3,472	41,224	155,722	—	31	371	1,403
Available-for-sale securities	27,000	169	—	16,147	243	1	—	145
Investments in securities:	1,082,740	4,495,963	11,475,079	25,894,499	9,755	40,507	103,388	233,304
Policy-reserve-matching bonds	256,565	1,651,686	4,578,031	13,947,727	2,311	14,881	41,247	125,666
Available-for-sale securities	826,174	2,844,277	6,897,047	11,946,771	7,443	25,626	62,141	107,638
Loans <sup>(*1)</sup>	893,317	2,562,299	1,648,281	1,746,467	8,048	23,085	14,850	15,735
Corporate bonds	—	—	—	1,028,889	—	—	—	9,270
Payables under repurchase agreements	709,062	—	—	—	6,388	—	—	—
Cash received as collateral under securities lending transactions	32,610	—	—	—	293	—	—	—
Loans payable <sup>(*2)</sup>	3,948	16,690	3,030	220,000	35	150	27	1,982

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥6,478 million (U.S.\$58 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	—	—	—
Cash received as collateral under securities lending transactions	330,722	—	—	—
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.

As of March 31, 2017	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):	¥ 697,600	¥ —	¥ —	¥ —
Available-for-sale securities	697,600	—	—	—
Monetary receivables purchased:	36,000	7,614	27,855	254,374
Policy-reserve-matching bonds	—	7,373	27,631	251,656
Available-for-sale securities	36,000	240	223	2,717
Investments in securities:	996,932	4,189,432	8,961,694	25,165,526
Policy-reserve-matching bonds	469,887	1,238,127	4,250,506	13,302,332
Available-for-sale securities	527,045	2,951,304	4,711,187	11,863,193
Loans <sup>(*1)</sup>	1,068,023	2,688,067	1,633,464	1,700,346
Corporate bonds	—	—	—	840,825
Cash received as collateral under securities lending transactions	674,067	—	—	—
Loans payable <sup>(*2)</sup>	2,474	8,087	16,086	—

(\*1) Assets such as policy loans, which do not have a stated maturity date, are not included. Also, ¥3,919 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 ¥1,155,388 million (U.S.\$10,409 million), ¥1,119,049 million and ¥1,126,760 million, with a fair value of ¥1,432,815 million (U.S.\$12,909 million), ¥1,295,288 million and ¥1,307,396 million as of March 31, 2019, 2018 and 2017, 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 ¥3,011 million (U.S.\$27 million), ¥476 million and ¥492 million as of March 31, 2019, 2018 and 2017, respectively.

#### 5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,327,460 million (U.S.\$29,979 million), ¥2,780,156 million and ¥2,423,266 million as of March 31, 2019, 2018 and 2017, 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 ¥488,657 million (U.S.\$4,402 million), ¥520,816 million and ¥601,117 million at fair value as of March 31, 2019, 2018 and 2017, respectively.

#### 6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,131,041 million (U.S.\$10,190 million), ¥1,129,850 million and ¥1,152,571 million as of March 31, 2019, 2018 and 2017, respectively.

#### 7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,257,999 million (U.S.\$11,334 million), ¥1,294,140 million and ¥1,315,792 million as of March 31, 2019, 2018 and 2017, 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, 2019, 2018 and 2017, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Monetary receivables	¥54,229	¥64,630	¥90,028	\$488
Monetary liabilities	5,367	4,633	3,852	48

#### 9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders for the fiscal years ended March 31, 2019, 2018 and 2017, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Balance at the beginning of the fiscal year	¥ 995,167	¥1,001,102	¥1,015,013	\$ 8,966
Transfer to reserve from surplus in the previous fiscal year	218,353	184,086	229,857	1,967
Dividends paid to policyholders during the fiscal year	(215,540)	(212,224)	(266,227)	(1,941)
Increase in interest	22,233	22,203	22,458	200
Balance at the end of the fiscal year	¥1,020,213	¥ 995,167	¥1,001,102	\$ 9,191

## 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

## 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 ¥4,852,126 million (U.S.\$43,716 million), ¥4,823,655 million and ¥4,520,687 million as of March 31, 2019, 2018 and 2017, 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.

### (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, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Retirement benefit obligations at the beginning of the year	¥640,036	¥651,278	¥665,416	\$5,766
Service costs	25,944	26,098	25,826	233
Interest cost	3,840	3,907	3,992	34
Actuarial losses accrued during the year	4,651	2,622	1,375	41
Retirement benefit payments	(42,628)	(43,870)	(45,331)	(384)
Retirement benefit obligations at the end of the year	¥631,844	¥640,036	¥651,278	\$5,692

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Pension plan assets at the beginning of the year	¥255,668	¥260,869	¥267,698	\$2,303
Expected return on plan assets	3,451	3,521	4,283	31
Actuarial gains accrued during the year	1,735	2,496	398	15
Contributions by business proprietor	6,574	6,598	6,223	59
Retirement benefit payments	(17,401)	(17,817)	(17,734)	(156)
Pension plan assets at the end of the year	¥250,029	¥255,668	¥260,869	\$2,252

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Retirement benefit obligations for funded plans	¥ 274,401	¥ 281,697	¥ 290,160	\$ 2,472
Pension plan assets	(250,029)	(255,668)	(260,869)	(2,252)
	24,372	26,028	29,291	219
Retirement benefit obligations for nonfunded plans	357,443	358,339	361,117	3,220
Unrecognized actuarial gains	(15,918)	(23,254)	(31,777)	(143)
Accrued retirement benefits	¥ 365,897	¥ 361,114	¥ 358,630	\$ 3,296

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

For the years ended March 31, 2019, 2018 and 2017	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Service costs	¥25,944	¥26,098	¥25,826	\$233
Interest cost	3,840	3,907	3,992	34
Expected return on plan assets	(3,451)	(3,521)	(4,283)	(31)
Amortization of actuarial losses for the period	10,251	8,649	8,152	92
Benefit cost for defined benefit plans	¥36,584	¥35,133	¥33,688	\$329

#### 5) Pension plan assets consist of the following:

	2019	2018	2017
General account of Nippon Life	51.4%	51.8%	52.3%
Domestic bonds	21.5%	20.4%	23.2%
Foreign securities	16.1%	14.6%	20.4%
Cash and deposits	6.8%	8.0%	1.4%
Domestic stocks	4.2%	5.1%	2.7%
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, 2019, 2018 and 2017, are as follows:

	2019	2018	2017
Discount rate	0.6%	0.6%	0.6%
Long-term expected rate of return on plan assets	1.4%	1.4%	1.6%

(3) Defined contribution plans

The Company contributed ¥2,188 million (U.S.\$19 million), ¥2,182 million and ¥2,166 million to defined contribution plans during the fiscal years ended March 31, 2019, 2018 and 2017, 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.\$450 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, 2019, 2018 and 2017, respectively. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2018.

### 14. Pledged Assets

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2019, were ¥1,521,608 million (U.S.\$13,709 million), ¥252 million (U.S.\$2 million) and ¥45 million (U.S.\$0 million), respectively. The total amount of liabilities covered by the aforementioned assets was ¥742,163 million (U.S.\$6,686 million) as of March 31, 2019.

These amounts included ¥668,928 million (U.S.\$6,026 million) of the sale of securities under repurchase agreements and ¥709,062 million (U.S.\$6,388 million) in payables under repurchase agreements, as well as ¥28,595 million (U.S.\$257 million) of investments in securities deposited and ¥32,610 million (U.S.\$293 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.

Assets pledged as collateral in the form of investments in securities, land, and buildings as of March 31, 2017, were ¥1,402,770 million, ¥252 million and ¥50 million, respectively. The total amount of liabilities covered by the aforementioned assets was ¥674,122 million as of March 31, 2017.

These amounts included ¥726,324 million of investments in securities deposited and ¥674,116 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2017.

### 15. Investments in Subsidiaries and Affiliates

The total amounts of stocks and investments in subsidiaries and affiliates were ¥1,089,182 million (U.S.\$9,813 million), ¥959,448 million and ¥837,729 million as of March 31, 2019, 2018 and 2017, respectively.

### 16. Loans

(1) The total amounts of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months, and restructured loans, which were included in loans, were ¥31,673 million (U.S.\$285 million), ¥29,704 million and ¥32,058 million as of March 31, 2019, 2018 and 2017, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥1,289 million (U.S.\$11 million) and ¥28,454 million (U.S.\$256 million), respectively, as of March 31, 2019, ¥1,501 million and ¥26,014 million, respectively, as of March 31, 2018, and ¥1,764 million and ¥27,122 million, respectively, as of March 31, 2017.

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 over three months as of March 31, 2019, 2018 and 2017.

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. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

- iii) The balances of restructured loans were ¥1,930 million (U.S.\$17 million), ¥2,188 million and ¥3,171 million as of March 31, 2019, 2018 and 2017, 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 over three months.

- (2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥1,935 million (U.S.\$17 million) and ¥84 million (U.S.\$0 million), respectively, as of March 31, 2019, ¥13 million and ¥88 million, respectively, as of March 31, 2018, ¥399 million and ¥132 million, respectively, as of March 31, 2017.

## 17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥372,534 million (U.S.\$3,356 million), ¥333,205 million and ¥249,880 million as of March 31, 2019, 2018 and 2017, 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 ¥279 million (U.S.\$2 million), ¥293 million and ¥275 million as of March 31, 2019, 2018 and 2017, 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 ¥77,113 million (U.S.\$694 million), ¥80,139 million and ¥81,509 million as of March 31, 2019, 2018 and 2017, 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
	2019	2018	2017	2019
Domestic bonds including national government bonds	¥ 29,912	¥12,476	¥27,575	\$ 269
Domestic stocks and other securities	118,672	130,988	194,152	1,069
Foreign securities	46,337	36,217	32,285	417

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Domestic bonds including national government bonds	¥ 1,802	¥ 571	¥ 1,184	\$ 16
Domestic stocks and other securities	10,065	7,706	8,182	90
Foreign securities	126,922	94,555	109,395	1,143

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Domestic stocks and other securities	¥11,035	¥ 395	¥13,662	\$99
Foreign securities	10,336	10,839	14,023	93

Loss from assets held in trust, net included net valuation losses of ¥1,565 million (U.S.\$14 million), ¥3,267 million and ¥1,974 million for the fiscal years ended March 31, 2019, 2018 and 2017, respectively.

Gain/loss on derivative financial instruments, net included net valuation gains of ¥46,850 million (U.S.\$422 million) for the fiscal year ended March 31, 2019 and net valuation losses of ¥24,062 million and ¥11,045 million for the fiscal years ended March 31, 2018 and 2017, respectively.

## 21. Provision for/Reversal of Policy Reserves for Ceded Reinsurance

Reversal of policy reserves for ceded reinsurance that was added from the calculation of provision for policy reserves was ¥14 million (U.S.\$0 million) for the fiscal year ended March 31, 2019.

Provision for policy reserves for ceded reinsurance that was deducted from the calculation of provision for policy reserves was ¥17 million and ¥60 million for the fiscal years ended March 31, 2018 and 2017, respectively.

## 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, 2019, 2018 and 2017.

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

For the year ended March 31, 2019

Purpose of use	Millions of Yen		
	Land	Buildings	Total
Idle property	¥1,510	¥638	¥2,148
Total	¥1,510	¥638	¥2,148

For the year ended March 31, 2018

Purpose of use	Millions of Yen		
	Land	Buildings	Total
Idle property	¥1,431	¥630	¥2,062
Total	¥1,431	¥630	¥2,062

For the year ended March 31, 2017

Purpose of use	Millions of Yen		
	Land	Buildings	Total
Leased property	¥1,866	¥608	¥2,475
Idle property	1,484	368	1,852
Total	¥3,351	¥976	¥4,328

For the year ended March 31, 2019

Purpose of use	Millions of U.S. Dollars		
	Land	Buildings	Total
Idle property	\$13	\$5	\$19
Total	\$13	\$5	\$19

## (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 is 3.0% for the fiscal years ended March 31, 2019 and 2018 and 4.0% for the fiscal year ended March 31, 2017. 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
	2019	2018	2017	2019
Deferred tax assets	¥ 1,511,165	¥ 1,422,159	¥ 1,330,324	\$ 13,615
Valuation allowance for deferred tax assets	(50,389)	(45,025)	(53,509)	(453)
Subtotal	1,460,776	1,377,134	1,276,815	13,161
Deferred tax liabilities	(1,957,633)	(1,954,549)	(1,840,138)	(17,637)
Net deferred tax liabilities	¥ (496,857)	¥ (577,415)	¥ (563,323)	\$ (4,476)

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

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Deferred tax assets:				
Policy reserves and other reserves	¥ 892,984	¥ 840,473	¥ 785,164	\$ 8,045
Reserve for price fluctuations in investments in securities	385,481	357,732	312,176	3,473
Accrued retirement benefits	102,085	100,750	100,141	919
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,869,165	¥1,873,322	¥1,764,473	\$16,840

(2) The statutory tax rate was 27.9% for the fiscal year ended March 31, 2019 and 28.2% for the fiscal years ended March 31, 2018 and 2017. The main factors for the difference between the statutory tax rates and the effective income tax rates were as follows:

	2019	2018	2017
Reserve for dividends to policyholders	(21.4)%	(24.6)%	(17.0)%

## 24. Transactions with Subsidiaries and Affiliates

The total income and expenses from transactions with subsidiaries and affiliates for the fiscal years ended March 31, 2019, 2018 and 2017, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2019	2018	2017	2019
Total income	¥43,096	¥52,836	¥33,263	\$388
Total expenses	34,989	33,088	34,913	315

## 25. Subsequent Events

(1) 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

- Company Name: HANASAKU LIFE INSURANCE Co., Ltd.
- Head Office: Minato-ku, Tokyo
- Capital Stock: ¥10,000 million (U.S.\$90 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%

(2) The Company assumed the following Yen-denominated subordinated loan on April 22, 2019:

Principal amount	¥90,000 million (U.S.\$810 million)
Interest rate	Fixed rate of 0.95% per annum before April 22, 2029, and a fixed rate with step-up thereafter (reset every five years)
Repayment date	The third bank business day preceding April 22, 2049 (The loan is callable on the third bank business day preceding April 22, 2029, and every five years thereafter until the loan is fully redeemed at the discretion of the Company, subject to prior approval by the regulatory authorities.)
Use of funds	General working capital

(3) On May 22, 2019, the Company resolved to make Reliance Nippon Life Asset Management Limited ("RNAM"), which is an affiliate accounted for under the equity method, a consolidated subsidiary by carrying out a tender offer for shares of RNAM and, after the tender offer, by acquiring up to 75% of total outstanding RNAM shares from the shareholder Reliance Capital Limited ("RCAP"). On May 23, 2019, we entered into a sales agreement with RCAP to acquire shares of RNAM held by RCAP (the "Contract"). The tender offer under the local tender offer rules requires the approval of the local authority as a precondition for execution.

- 1) Overview of the business combination
  - a. Name and business of the acquiree  
Name: Reliance Nippon Life Asset Management Limited  
Business: Asset management business
  - b. Major reasons for the business combination  
RNAM's investment trust assets are steadily increasing, and with the background of steady economic development, etc., the objective is to support RNAM's presence in the Indian asset management market, which is expected to grow in the future.
  - c. Date of business combination  
From the end of July 2019 to the beginning of October 2019  
(Not confirmed at the moment)
  - d. Legal form of the business combination  
Tender Offer under the Local Tender Offer Rules and Acquisition from RCAP under this Agreement ("the tender offer, etc.")
  - e. Name of the company after business combination  
Reliance Nippon Life Asset Management Limited
  - f. Percentage of voting rights to be acquired  
Percentage of voting rights before the tender offer, etc.  
42.9%  
Ratio of voting rights to be acquired through tender offer, etc.  
32.1%  
Percentage of voting rights after the tender offer, etc.  
75.0%

- 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) Acquisition cost and breakdown  
Consideration for acquisition  
The market value of RNAM shares held before the business combination at the business combination date  
60,350 million rupees (U.S.\$875 million)  
Additional payment in cash  
45,219 million rupees (U.S.\$655 million)  
Acquisition cost  
105,570 million rupees (U.S.\$1,531 million)  
(68.94 rupees = U.S.\$1, March 31, 2019)  
The market value of RNAM shares held before the business combination at the business combination date is an approximate value
- 3) Description and the amount of main acquisition-related costs  
Not confirmed at the moment.
- 4) Gain or loss on stage acquisition  
Not confirmed at the moment.
- 5) Amount of and reasons for recognizing goodwill  
Not confirmed at the moment.
- 6) Amounts of the assets to be acquired and the liabilities to be assumed on the business  
Not confirmed at the moment.

(4) On June 17, 2019, the Company reached an agreement with Grand Guardian Insurance Holding Public Company Limited ("GGIH"), a member of the Shwe Taung Group, and Grand Guardian Life Insurance Company Limited ("GGLI"), a life insurance company owned by GGIH, to acquire an equity interest of 35.0% in GGLI for the equivalent of U.S.\$21 million. We submitted the application for permission to Myanmar financial authorities on June 21, 2019.

(5) The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2019, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2019.

(6) During the annual meeting of the representatives of policyholders held on July 2, 2019, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million (U.S.\$450 million) during the fiscal year ending March 31, 2020.



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2019, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Life Insurance Company and its consolidated subsidiaries as of March 31, 2019, 2018 and 2017, and the consolidated results of their operations 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.

### 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.

### 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.

May 22, 2019  
(July 2, 2019 as to (2), (3), (4) and (5) of Note 26)

Member of  
Deloitte Touche Tohmatsu Limited

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying nonconsolidated balance sheets of Nippon Life Insurance Company as of March 31, 2019, 2018 and 2017, and the related nonconsolidated statements of income, and 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.

### Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these nonconsolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Life Insurance Company as of March 31, 2019, 2018 and 2017, and the results of its operations 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.

### 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.

### 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.



May 20, 2019  
(July 2, 2019 as to (3), (4), (5) and (6) of Note 25)

# OPERATIONAL 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.

## 1. Nippon Life Group Performance

### Summary of Operations for the Fiscal Year

The Nippon Life Group (the “Group”) unified its efforts and concentrated on improving services and developing products to provide customers with the finest and the most advanced services. The Group has 12 consolidated subsidiaries and 14 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 Company’s Educational Endowment Insurance and Juvenile Insurance and also provided Nissay Foreign Currency-denominated Insurance Plan and Foreign Currency-denominated Single-Premium Endowment Insurance—Dream Road to the Company. Also, the Group made a great effort to develop new products and explore sales channels, such as by jointly developing foreign currency-denominated standardized payment products with Sumitomo Mitsui Trust Bank, Limited.

Taiju Life’s revenue from insurance and reinsurance in the fiscal year ended March 31, 2019, was ¥767.7 billion, up 10.5% year on year; ordinary profit was ¥26.6 billion, down 64.7%; and net income was ¥5.1 billion, down 77.8%.

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, 2019, was ¥293.6 billion, up 25.7% year on year; ordinary profit was ¥29.0 billion, down 33.5%; and net income was ¥19.5 billion, down 35.9%.

#### • Overseas Insurance Business Field

Aiming to expand net income from Group operations, the Company acquired 80% stake in the life insurance business of MLC Limited in October 2016, as the Company’s first large-scale majority investment overseas involving the acquisition of control, making this company a subsidiary.

MLC Limited’s revenue from insurance and reinsurance in the fiscal year ended March 31, 2019, was ¥193.5 billion and net income was ¥5.8 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, 2019, Nissay Asset Management Corporation recorded a 10.9% year-on-year increase in assets under management to ¥13,008.9 billion, including a 7.5% increase in the investment advisory business to ¥4,779.2 billion and a 12.9% increase in the investment trusts business to ¥8,229.7 billion. Ordinary profit at Nissay Asset Management Corporation was ¥11.8 billion with net income of ¥8.5 billion.

#### • 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, 2019, Nissay Information Technology Co., Ltd. marked sales of ¥79.6 billion, up 5.7% year on year; ordinary profit of ¥5.7 billion, up 18.5%; and net income of ¥4.0 billion, up 22.1%.

Consolidated total ordinary income amounted to ¥8,227.1 billion, up 8.1% year on year. Total ordinary expenses amounted to ¥7,798.6 billion, up 9.3%, while ordinary profit was ¥428.4 billion, down 9.2%. After adding or subtracting provision for reserve for dividends to policyholders (limited company), income taxes, and noncontrolling interests, in addition to extraordinary gains of ¥17.4 billion and extraordinary losses of ¥117.8 billion, net surplus attributable to the parent company in the current year increased by 14.3% to ¥278.7 billion. On the consolidated balance sheet, surplus at the end of the fiscal year amounted to ¥629.5 billion and total assets rose 5.9% to ¥78,809.5 billion.

## 2. Key Indicators for Operating Performance (Consolidated)

Billions of Yen					
Fiscal years ended March 31	2019	2018	2017	2016	2015
<b>Total ordinary income</b>	¥ 8,227.1	¥ 7,609.8	¥ 7,301.8	¥ 8,057.5	¥ 7,410.0
<b>Ordinary profit</b>	428.4	471.8	528.3	561.3	618.6
<b>Net surplus attributable to the parent company</b>	278.7	243.9	301.9	403.4	308.0
<b>Comprehensive income (loss)</b>	307.3	595.1	251.7	(809.7)	2,958.6
<b>Net cash provided by operating activities</b>	1,962.2	1,506.3	1,546.8	2,719.0	1,788.1
<b>Net cash used in investing activities</b>	(1,993.8)	(1,310.9)	(1,683.7)	(2,663.6)	(1,774.7)
<b>Net cash provided by financing activities</b>	148.3	170.9	261.3	268.5	201.3

Note: From the fiscal year ended March 31, 2016, “net surplus (net loss)” has been presented as “net surplus (net loss) attributable to the parent company.”

## 2. Key Indicators for Operating Performance (Consolidated), continued

Billions of Yen, Number, %					
As of March 31	2019	2018	2017	2016	2015
Total assets	¥78,809.5	¥74,392.5	¥72,464.2	¥70,607.9	¥62,648.6
Solvency margin ratio	997.3%	968.0%	933.9%	922.7%	943.1%
Cash and cash equivalents at the end of the year	2,011.9	1,897.0	1,541.4	1,410.5	1,086.5
Number of consolidated subsidiaries and affiliates	12	11	11	10	9
Number of affiliates accounted for under the equity method	14	14	10	10	5
Number of employees	89,198	86,394	85,171	83,707	73,610

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	2019	2018	2017	
Bankrupt and quasi-bankrupt loans	¥ 10,032	¥ 10,209	¥ 10,077	
Doubtful loans	20,290	18,706	18,967	
Substandard loans	1,930	2,188	3,171	
<b>Subtotal</b>	<b>32,252</b>	<b>31,104</b>	<b>32,216</b>	
<b>[Ratio to total]</b>	<b>[0.26%]</b>	<b>[0.26%]</b>	<b>[0.27%]</b>	
Normal loans	12,194,419	11,735,373	11,726,760	
<b>Total</b>	<b>¥12,226,672</b>	<b>¥11,766,477</b>	<b>¥11,758,976</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 ¥3,342 million, ¥251 million, and ¥703 million as of March 31, 2019, 2018, and 2017, respectively.

## 4. Status of Risk-monitored Loans (Consolidated)

Millions of Yen, %			
As of March 31	2019	2018	2017
Loans to bankrupt borrowers	¥ 1,284	¥ 1,511	¥ 1,771
Delinquent loans	29,037	27,397	27,267
Loans that are delinquent for over three months	—	—	—
Restructured loans	1,930	2,188	3,171
<b>Total</b>	<b>¥32,251</b>	<b>¥31,097</b>	<b>¥32,210</b>
<b>[Ratio to total loans]</b>	<b>[0.38%]</b>	<b>[0.36%]</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 ¥3,173 million, ¥15 million, and ¥442 million as of March 31, 2019, 2018, and 2017, respectively. The amounts of delinquent loans were ¥168 million, ¥235 million, and ¥261 million as of March 31, 2019, 2018, and 2017, 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. Status of Insurance Claims Payment Ability of the Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

		Millions of Yen		
As of March 31		2019	2018	2017
Solvency margin gross amount	(A)	¥15,040,262	¥14,150,865	¥13,078,231
Foundation funds ( <i>kikin</i> ) and other reserve funds:		5,437,605	5,143,211	4,778,735
Foundation funds and others		1,888,331	1,852,172	1,838,692
Reserve for price fluctuations in investments in securities		1,460,182	1,345,987	1,135,765
Contingency reserve		1,825,914	1,680,761	1,544,254
Extraordinary contingency reserve		—	—	—
General allowance for doubtful accounts		2,213	2,114	2,624
Others		260,963	262,175	257,398
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%		6,083,208	6,048,444	5,644,495
Net unrealized gains on real estate × 85%		374,311	272,410	217,473
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost		(18,717)	(25,843)	(34,071)
Excess of continued Zillmerized reserve		1,798,965	1,679,917	1,565,220
Qualifying subordinated debt		1,512,089	1,208,889	1,020,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deductions		(249,621)	(249,989)	(190,878)
Others		102,421	73,824	76,431
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	(B)	3,015,936	2,923,568	2,800,770
Underwriting risk	R <sub>1</sub>	164,973	159,546	165,787
General underwriting risk	R <sub>5</sub>	—	—	—
Huge disaster risk	R <sub>6</sub>	—	—	—
Underwriting risk of third-sector insurance	R <sub>8</sub>	93,010	90,205	88,743
Underwriting risk related to small amount and short-term insurance providers	R <sub>9</sub>	—	—	—
Anticipated yield risk	R <sub>2</sub>	432,609	425,986	444,139
Minimum guarantee risk	R <sub>7</sub>	9,302	10,593	13,765
Investment risk	R <sub>3</sub>	2,498,757	2,414,061	2,271,347
Business management risk	R <sub>4</sub>	63,973	62,007	59,675
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$	<b>997.3%</b>	<b>968.0%</b>	<b>933.9%</b>

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  $R_7$ .

## 6. Status of Insurance Claims Payment Ability of the Subsidiaries (Solvency Margin Ratio)

## TAIJU LIFE INSURANCE COMPANY LIMITED

		Millions of Yen		
As of March 31		2019	2018	2017
Solvency margin gross amount	(A)	¥1,109,998	¥1,063,408	¥906,502
Capital stock and others		323,130	319,394	296,116
Reserve for price fluctuations in investments in securities		67,017	63,793	18,970
Contingency reserve		25,494	17,401	20,822
General allowance for doubtful accounts		123	143	151
Net unrealized gains/losses on available-for-sale securities (before tax) and deferred gains/losses on derivatives under hedge accounting (before tax) × 90%		278,270	252,158	225,683
Net unrealized gains/losses on real estate × 85% (100% in the case of net unrealized losses)		(11,906)	(13,886)	(17,587)
Excess of continued Zillmerized reserve		205,235	202,919	149,835
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		42,746	41,597	32,624
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	196,063	198,694	198,240
Underwriting risk	R <sub>1</sub>	19,555	19,866	20,314
Underwriting risk of third-sector insurance	R <sub>8</sub>	8,499	8,375	8,239
Anticipated yield risk	R <sub>2</sub>	55,080	54,755	58,095
Minimum guarantee risk	R <sub>7</sub>	3,405	4,721	7,767
Investment risk	R <sub>3</sub>	131,160	132,745	125,856
Business management risk	R <sub>4</sub>	4,354	4,409	4,405
<b>Solvency margin ratio</b> $\frac{(A)}{(1/2) \times (B)} \times 100$		<b>1,132.2%</b>	<b>1,070.3%</b>	<b>914.5%</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>.

## Nippon Wealth Life Insurance Company Limited

		Millions of Yen		
As of March 31		2019	2018	2017
Solvency margin gross amount	(A)	¥317,985	¥280,325	¥—
Capital stock and others		127,823	108,165	—
Reserve for price fluctuations in investments in securities		11,512	9,776	—
Contingency reserve		23,308	20,025	—
General allowance for doubtful accounts		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%		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		27,375	27,922	—
Qualifying subordinated debt		83,200	83,200	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations		—	—	—
Deductions		—	—	—
Others		31,163	23,560	—
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	(B)	64,340	59,861	—
Underwriting risk	R <sub>1</sub>	9,627	9,206	—
Underwriting risk of third-sector insurance	R <sub>8</sub>	365	396	—
Anticipated yield risk	R <sub>2</sub>	12,881	10,761	—
Minimum guarantee risk	R <sub>7</sub>	22	21	—
Investment risk	R <sub>3</sub>	49,196	46,938	—
Business management risk	R <sub>4</sub>	1,441	1,346	—
<b>Solvency margin ratio</b> $\frac{(A)}{(1/2) \times (B)} \times 100$		<b>988.4%</b>	<b>936.5%</b>	<b>—%</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>.

## 7. Segment Information

In the fiscal years ended March 31, 2018 and 2019, 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.*

## 8. Selected Financial Data for Major Operations over the Past Five Fiscal Years

Millions of Yen, %, People					
As of March 31	2019	2018	2017	2016	2015
Ordinary income	¥ 66,050	¥ 63,385	¥ 64,526	¥ 77,448	¥ 72,936
Ordinary profit	3,835	4,104	4,584	5,375	6,072
Core operating profit	6,782	6,682	6,349	6,981	6,790
Net surplus	2,593	2,423	2,686	2,880	3,037
Dividend reserves as a percentage of surplus available for disposition* <sup>1</sup>	99.96%	97.24%	91.43%	97.17%	98.35%
Total assets	680,847	664,726	648,140	634,538	622,830
Separate account assets	12,579	12,941	13,157	13,779	11,135
Investments in securities	563,837	547,035	530,250	512,973	498,392
Loan balances	74,387	74,683	77,495	81,214	83,576
Policy reserves	550,886	537,410	526,502	514,359	492,013
Equity* <sup>2</sup>	62,417	58,190	52,951	48,154	42,061
Foundation funds ( <i>kikin</i> ) and reserves	49,928	47,902	44,542	41,646	38,065
Total foundation funds ( <i>kikin</i> )* <sup>3</sup>	13,500	13,500	13,000	13,000	12,500
Solvency margin ratio	933.3%	917.9%	896.0%	903.7%	930.8%
Amount of policies in force* <sup>4</sup>	2,563,721	2,572,406	2,607,940	2,602,170	2,607,010
Individual insurance	1,353,326	1,381,477	1,432,370	1,451,163	1,466,493
Individual annuities	239,372	235,809	232,306	218,107	214,561
Group insurance	971,022	955,119	943,263	932,899	925,954
Amount of policies in force for group annuities* <sup>5</sup>	131,770	128,541	126,254	123,757	116,806
Number of customers (insured person and others)* <sup>6</sup>	11,882,723	11,845,060	11,811,208	11,677,119	11,571,090
Number of company members* <sup>7</sup>	9,652,044	9,613,509	9,577,459	9,431,929	9,309,028
Number of employees	73,260	71,871	70,651	70,519	70,783
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.

\*<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 (see p. 96).

\*<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.

\*<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, 2015 through 2019.

## 9. Status of Nonperforming Assets According to Borrower's Classification

		Millions of Yen, %		
As of March 31		2019	2018	2017
Bankrupt and quasi-bankrupt loans		¥ 10,066	¥ 10,179	¥ 10,095
Doubtful loans		19,678	17,337	18,796
Substandard loans		1,930	2,188	3,171
<b>Subtotal</b>		<b>31,675</b>	<b>29,705</b>	<b>32,063</b>
<b>[Ratio to total]</b>		<b>[0.29%]</b>	<b>[0.29%]</b>	<b>[0.31%]</b>
Normal loans		10,830,912	10,297,839	10,214,183
<b>Total</b>		<b>¥10,862,587</b>	<b>¥10,327,545</b>	<b>¥10,246,246</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 ¥2,019 million, ¥102 million, and ¥531 million as of March 31, 2019, 2018, and 2017, respectively.

## 10. Status of Risk-monitored Loans

		Millions of Yen, %		
As of March 31		2019	2018	2017
Loans to bankrupt borrowers		¥ 1,289	¥ 1,501	¥ 1,764
Delinquent loans		28,454	26,014	27,122
Loans that are delinquent for over three months		—	—	—
Restructured loans		1,930	2,188	3,171
<b>Total</b>		<b>¥31,673</b>	<b>¥29,704</b>	<b>¥32,058</b>
<b>[Ratio to total loans]</b>		<b>[0.43%]</b>	<b>[0.40%]</b>	<b>[0.41%]</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 ¥1,935 million, ¥13 million, and ¥399 million as of March 31, 2019, 2018, and 2017, respectively. The amounts of delinquent loans were ¥84 million, ¥88 million, and ¥132 million as of March 31, 2019, 2018, and 2017, 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.

## Asset Self-Assessment

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral, and is classified into categories. Nippon Life Insurance Company (the "Company") has defined strict assessment standards and conducted internal audits by the auditing department, which is independent from the groups handling the actual assessment. In addition, it undergoes an external audit by the external auditors (certified public accountants).

### Self-assessment categories

Debtor category	Recoverability through collateral and guarantees (see Notes)				Status of debtors
	a)	b)	c)	d)	
Normal	Noncategorized ①				Debtors whose performance is sound and for whom there are no specific concerns regarding their financial situation
On caution	Noncategorized ②	Category II ②	Category II ③		Debtors on caution, such as debtors whose loan terms and conditions have been eased or whose regular loan repayment is not expected, and debtors posting a loss or whose performance is sluggish or unstable
Substandard					
Doubtful	Noncategorized	Category II	Category III ④		Debtors who are not bankrupt at present, but for whom the possibility of bankruptcy in the near future is high owing to their financial difficulties
Quasi-bankrupt	Noncategorized	Category II	Category III ④	Category IV ⑤	Debtors who are substantially bankrupt (Although there is no legal or formal evidence of the bankruptcy, the debtor is in serious financial difficulty and there is no prospect of revitalization.)
Bankrupt	Noncategorized	Category II	Category III ④	Category IV ⑤	Debtors that are legally or formally bankrupt as a result of having entered into bankruptcy, liquidation, corporate reorganization, corporate rehabilitation, or civil rehabilitation procedures

Notes: Categories for collateral/guarantee-based recoverability

a) Estimated amount of disposal of solid collateral and solid guarantees

b) Estimated amount of disposal of general collateral and general guarantees

c) Amount that recovery through guarantees is uncertain, calculated as the difference between estimates of the collateral amount and disposal amount

d) Amount other than a)-c) that are deemed irrecoverable

### Self-assessment debtor classifications and relationship of disclosed nonperforming debt (as of March 31, 2019)

Self-assessment debtor classification	Claims based on debtor classification Applicable categories related to loans: (Loans, securities loaned, accrued interest, suspense payments, customers' liability for acceptances and guarantees, and private placements guaranteed by financial institutions)	Risk-monitored loans (Applicable: Only to loans)
Normal	Normal Substandard Doubtful Bankrupt and quasi-bankrupt	Restructuring
On caution		Delinquent for over three months
Doubtful		Delinquent
Quasi-bankrupt		Bankrupt
Bankrupt		
	¥31.6 billion Percentage of total claims 0.29%	¥31.6 billion Percentage of total loans 0.43%

### Status of borrower classification

As of March 31, 2019	Billions of Yen, %	
	Amount	Percentage
Loan balances		
(After direct write-off of Category IV)	¥7,438.7	100.0%
Noncategorized	7,411.5	99.6
Category II	24.1	0.3
Category III	3.0	0.0
Category IV	—	—

Notes: 1. The amount of specific allowance for doubtful accounts provided for Category III loans was ¥2.6 billion.

2. The amount of Category IV that was directly written off from loans was ¥2.0 billion.

### Policies for allowance for doubtful accounts

In order to take appropriate measures against bad debt, the Company has established the following types of policies for self-assessment categories ①-⑤, as noted in the table of self-assessment categories, and provides allowances (bad debt accounting) in accordance with these policies.

Reserve principles:

- Normal: General allowance for doubtful accounts based on actual loan losses incurred in one fiscal year in the previous years. [①]
- On caution: General allowance for doubtful accounts based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) incurred in three fiscal years in the previous years. [②]  
Substandard: The actual loan loss ratio for corporate loans is calculated based on two categories: corporate loans that are not secured by collateral, guarantees, or those that are not. [③]
- For doubtful, quasi-bankrupt, and bankrupt loans, the necessary amount, concerning the balance calculated by subtracting the estimated collectible amount based on collateral and guarantees from total loans, is provided as a specific allowance for doubtful accounts. [④] The portion of the amount in "Category IV" is directly deducted from total loans. [⑤]

## 11. Status of Loans in Trust from Contract for Replacement of Loss

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 12. Ability to Pay Benefits (Solvency Margin Ratio)

### Solvency Margin Ratio According to New Standard

As of March 31			2019	2018	2017
			Millions of Yen		
Solvency margin gross amount	(A)		¥14,177,668	¥13,584,981	¥12,596,032
Foundation funds ( <i>kikin</i> ) and other reserve funds:			4,992,846	4,790,201	4,454,276
Foundation funds and others	1		1,573,004	1,582,107	1,556,001
Reserve for price fluctuations in investments in securities	2		1,381,653	1,282,194	1,116,795
Contingency reserve	3		1,777,111	1,663,360	1,523,431
General allowance for doubtful accounts	4		794	1,197	1,503
Others	10		260,282	261,341	256,544
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	5		5,995,119	5,996,439	5,630,908
Net unrealized gains on real estate × 85%	6		358,288	259,736	210,229
Excess of continued Zillmerized reserve	7		1,566,354	1,476,998	1,415,384
Qualifying subordinated debt	8		1,248,889	1,028,889	840,825
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations			—	—	—
Deductions	9		(13,021)	(344)	(252)
Others	10		29,191	33,061	44,661
Total amount of risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2} + R_4$	(B)		3,038,049	2,959,907	2,811,478
Underwriting risk	R <sub>1</sub>	11	117,577	119,879	122,718
Underwriting risk of third-sector insurance	R <sub>8</sub>	12	81,303	79,238	78,064
Anticipated yield risk	R <sub>2</sub>	13	364,647	371,230	386,043
Minimum guarantee risk	R <sub>7</sub>	14	5,576	5,564	5,708
Investment risk	R <sub>3</sub>	15	2,597,831	2,514,457	2,353,474
Business management risk	R <sub>4</sub>	16	63,338	61,807	58,920
<b>Solvency margin ratio</b>	$\frac{(A)}{(1/2) \times (B)} \times 100$		<b>933.3%</b>	<b>917.9%</b>	<b>896.0%</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.

1. 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
2. Reserve for Price Fluctuations in Investments in Securities  
The amount of the reserve for price fluctuations in investments in securities in the balance sheets
3. Contingency Reserve  
The amount of the contingency reserve, which is a part of policy reserves in the balance sheets
4. General Allowance for Doubtful Accounts  
The amount of the general allowance for doubtful accounts, listed as allowance for doubtful accounts on the balance sheets
5. 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
6. 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.
7. 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
8. 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
9. 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.  
The balance of unamortized ceding commission of reinsurance contracts is also deducted when it meets certain conditions.
10. Others  
The total amount of a part of dividend reserves in the balance sheets and tax amounts corresponding to contingency funds under net assets
11. 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)
12. 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)
13. 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)
14. 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)
15. 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)
16. 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 13 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 ¥1,350 billion as of March 31, 2019.

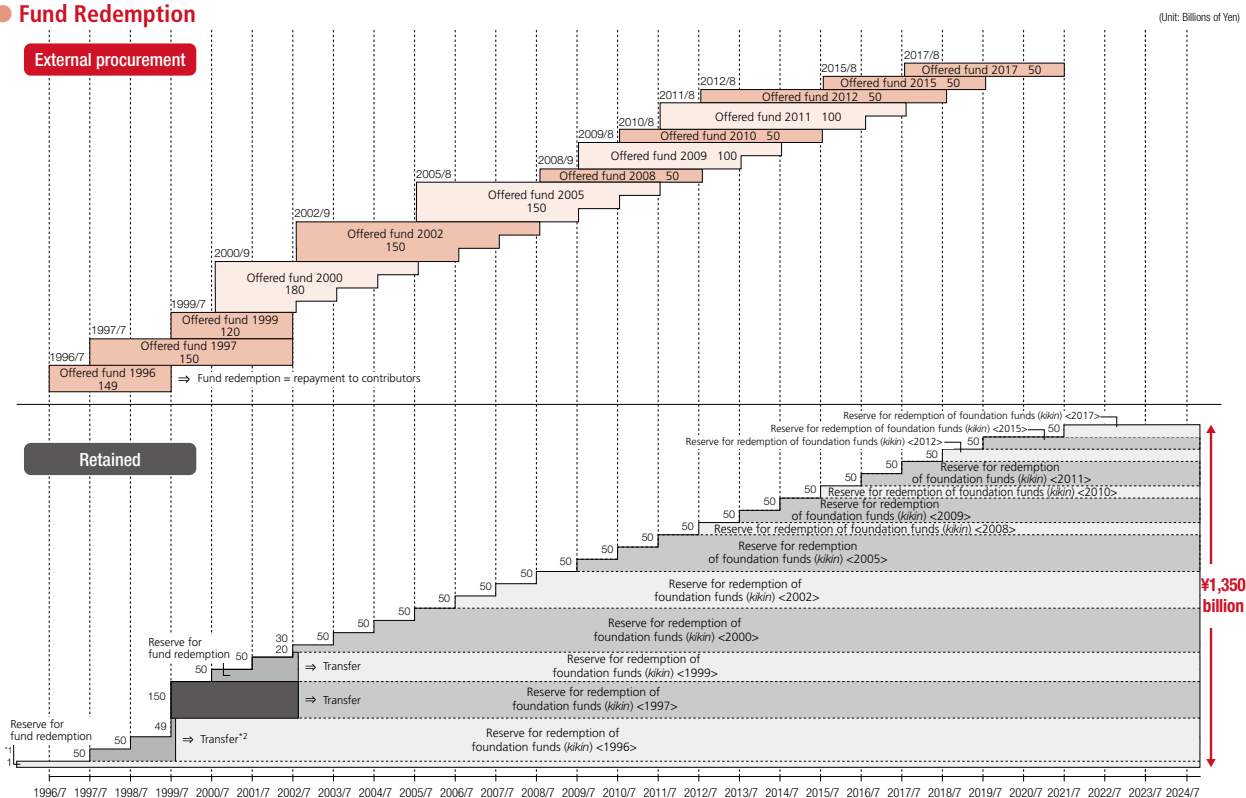
#### ● Fund Contributors (as of March 31, 2019)

Amount of Fund Contributions	¥100 billion	Number of Fund Contributors	2	
Names of Fund Contributors	Fund Contributions to the Company		Investments of the Company in Fund Contributors	
	Amount (Billions of Yen)	Fund contribution (Percentage)	Shares held (Thousands of Shares)	Voting rights (Percentage)
Nippon Life 2015 Fund Special Purpose Company	¥50	50.00%	—	—%
Nippon Life 2017 Fund Special Purpose Company	50	50.00	—	—

Notes: 1. Nippon Life 2015 Fund Special Purpose Company and Nippon Life 2017 Fund Special Purpose Company issue special corporate bonds backed by claims on the funds. Issuance proceeds are used to purchase claims on the funds. The Company has no specified investments in Nippon Life 2015 Fund Special Purpose Company or Nippon Life 2017 Fund Special Purpose Company.

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, 2019)

Timing of financing	Financing method	Amount of funds raised	Maturity
October 2012	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$2.0 billion	October 2042* <sup>1</sup>
October 2014	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$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	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$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>
November 2016	JPY-denominated subordinated corporate bonds with interest deferral options	¥30.0 billion	April 2051* <sup>3</sup>
		¥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	US dollar-denominated subordinated corporate bonds with interest deferral options	US\$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>

\*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 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.

### 13. Data on Fair Value of Securities (Company Total)

Note: Please refer to the following pages: Fair Value of Securities (General Account), p. 153; Fair Value of Securities (Separate Account for Individual Variable Insurance), p. 163; and Fair Value of Securities (Separate Account for Individual Variable Annuities), p. 168.

#### (1) Valuation gains/losses from trading securities

Millions of Yen						
As of March 31	2019		2018		2017	
	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	¥880,417	¥(21,555)	¥968,290	¥(5,810)	¥1,156,327	¥9,492

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	2019					2018				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Policy-reserve-matching bonds	¥20,696,341	¥24,773,828	¥ 4,077,487	¥ 4,077,785	¥ (297)	¥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	136,869	72,821	72,821	—	64,047	169,587	105,539	105,539	—
Available-for-sale securities	26,961,602	33,708,588	6,746,985	7,036,812	(289,826)	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)
Domestic bonds	2,895,398	3,130,771	235,373	236,432	(1,058)	2,945,882	3,140,677	194,794	200,475	(5,681)
Domestic stocks	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,648,246	18,723,632	2,075,386	2,153,391	(78,005)	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)
Foreign bonds	12,390,599	13,774,375	1,383,776	1,435,020	(51,244)	13,469,239	14,386,352	917,112	1,175,697	(258,584)
Foreign stocks and other securities	4,257,647	4,949,257	691,609	718,371	(26,761)	3,130,918	3,773,063	642,144	668,196	(26,051)
Other securities	2,827,028	3,085,453	258,424	260,654	(2,229)	2,368,101	2,555,336	187,234	197,318	(10,083)
Monetary receivables purchased	43,403	43,458	55	122	(67)	39,033	38,859	(173)	30	(203)
Negotiable certificates of deposit	279,300	279,297	(2)	0	(2)	327,500	327,500	0	0	(0)
<b>Total</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>	<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	¥23,292,191	¥27,591,231	¥ 4,299,040	¥ 4,300,101	¥ (1,060)	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)
Domestic stocks	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,810,327	18,961,840	2,151,512	2,229,745	(78,233)	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)
Foreign bonds	12,489,562	13,876,721	1,387,159	1,438,630	(51,471)	13,517,526	14,435,445	917,919	1,177,431	(259,511)
Foreign stocks and other securities	4,320,765	5,085,118	764,353	791,114	(26,761)	3,194,035	3,941,689	747,653	773,704	(26,051)
Other securities	2,827,958	3,086,461	258,502	260,732	(2,229)	2,369,031	2,556,296	187,265	197,349	(10,083)
Monetary receivables purchased	243,988	254,481	10,492	10,628	(136)	278,408	290,037	11,628	11,865	(236)
Negotiable certificates of deposit	279,300	279,297	(2)	0	(2)	327,500	327,500	0	0	(0)

As of March 31	2017				
	Book value	Fair value	Net gains/losses		
			Gains	Losses	
Policy-reserve-matching bonds	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	14,251	87,590	73,339	73,339	—
Available-for-sale securities	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)
Domestic bonds	2,954,772	3,142,882	188,109	194,582	(6,472)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)
Foreign bonds	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)
Foreign stocks and other securities	2,695,820	3,309,868	614,048	631,018	(16,970)
Other securities	1,679,439	1,823,107	143,667	166,956	(23,288)
Monetary receivables purchased	39,184	39,251	66	68	(1)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)
<b>Total</b>	<b>¥45,004,341</b>	<b>¥55,077,780</b>	<b>¥10,073,439</b>	<b>¥10,457,728</b>	<b>¥(384,288)</b>
Domestic bonds	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)
Foreign bonds	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)
Foreign stocks and other securities	2,709,141	3,396,529	687,387	704,357	(16,970)
Other securities	1,680,369	1,824,037	143,667	166,956	(23,288)
Monetary receivables purchased	326,190	353,953	27,763	27,796	(33)
Negotiable certificates of deposit	697,600	697,601	1	1	(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.

### 13. Data on Fair Value of Securities (Company Total), continued

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

Millions of Yen

As of March 31	2019			2018			2017		
	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	¥20,684,924	¥24,764,742	¥4,079,817	¥19,312,546	¥23,020,075	¥3,707,529	¥19,393,560	¥23,075,904	¥3,682,343
Domestic bonds	20,395,884	24,459,552	4,063,668	19,038,485	22,732,183	3,693,698	19,055,356	22,707,836	3,652,479
Foreign securities	94,606	100,249	5,642	40,685	42,681	1,995	54,979	57,114	2,135
Monetary receivables purchased	194,434	204,940	10,506	233,375	245,210	11,835	283,224	310,953	27,728
Bonds whose fair value does not exceed balance sheet amount	9,159	9,086	(72)	214,685	209,585	(5,100)	265,721	255,534	(10,187)
Domestic bonds	908	906	(1)	202,192	197,207	(4,985)	261,940	251,784	(10,155)
Foreign securities	2,099	2,096	(2)	6,493	6,411	(82)	—	—	—
Monetary receivables purchased	6,151	6,082	(68)	6,000	5,966	(33)	3,781	3,749	(31)

#### (2) Held-to-maturity debt securities

There were no ending balances as of March 31, 2019, 2018, and 2017.

#### (3) Available-for-sale securities

Millions of Yen

As of March 31	2019			2018			2017		
	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	¥22,979,588	¥30,016,401	¥7,036,812	¥17,793,196	¥24,923,063	¥7,129,867	¥17,324,053	¥24,026,098	¥6,702,045
Domestic bonds	2,865,902	3,102,335	236,432	2,707,745	2,908,221	200,475	2,523,610	2,718,192	194,582
Domestic stocks	3,322,876	7,709,087	4,386,210	3,518,805	8,406,953	4,888,147	3,283,750	7,671,718	4,387,968
Foreign securities	13,978,619	16,132,011	2,153,391	9,373,675	11,217,569	1,843,893	10,020,827	11,973,295	1,952,467
Other securities	2,638,653	2,899,307	260,654	1,883,085	2,080,403	197,318	905,547	1,072,503	166,956
Monetary receivables purchased	6,236	6,359	122	2,383	2,413	30	2,717	2,786	68
Negotiable certificates of deposit	167,300	167,300	0	307,500	307,500	0	587,600	587,601	1
Bonds whose balance sheet amount does not exceed book value	3,982,014	3,692,187	(289,826)	8,653,571	8,264,182	(389,389)	8,006,753	7,632,652	(374,101)
Domestic bonds	29,495	28,436	(1,058)	238,136	232,455	(5,681)	431,162	424,690	(6,472)
Domestic stocks	945,349	736,886	(208,462)	647,287	558,503	(88,783)	743,549	649,817	(93,732)
Foreign securities	2,669,627	2,591,621	(78,005)	7,226,482	6,941,846	(284,635)	5,911,682	5,661,076	(250,605)
Other securities	188,375	186,145	(2,229)	485,015	474,932	(10,083)	773,892	750,603	(23,288)
Monetary receivables purchased	37,166	37,099	(67)	36,649	36,445	(203)	36,466	36,464	(1)
Negotiable certificates of deposit	112,000	111,997	(2)	20,000	19,999	(0)	110,000	109,999	(0)

#### (4) Book value of securities whose fair value is extremely difficult to be determined

Millions of Yen

As of March 31	2019	2018	2017
Policy-reserve-matching bonds	¥ —	¥ —	¥ —
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Investments in subsidiaries and affiliates	1,025,134	895,401	823,477
Available-for-sale securities	539,876	669,505	724,358
Unlisted domestic stocks (excluding stocks sold over the counter)	53,290	54,910	55,109
Unlisted foreign stocks (excluding stocks sold over the counter)	120,000	317,000	428,236
Unlisted foreign bonds	—	—	—
Others	366,586	297,594	241,012
<b>Total</b>	<b>¥1,565,011</b>	<b>¥1,564,906</b>	<b>¥1,547,836</b>

Note: Foreign exchange gain (loss) on the securities above that are denominated in foreign currencies was ¥3,619 million, ¥7,573 million, and ¥46,717 million as of March 31, 2019, 2018, and 2017, respectively.

### 13. 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 US 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.

### 14. Data on Fair Value of Assets Held in Trust (Company Total)

Millions of Yen			
As of March 31	2019	2018	2017
Assets held in trust			
Balance sheet amount	¥13,157	¥10,421	¥3,397
Fair value	13,157	10,421	3,397
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	2019		2018		2017	
	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	¥13,157	¥(1,565)	¥10,421	¥(3,267)	¥3,397	¥(1,974)

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, 2019, 2018, and 2017.

## 15. Fair Value of Derivative Transactions (Company Total)

Note: Please refer to the following pages: Qualitative Information on Derivative Transactions (General Account), p. 155; Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Insurance), p. 164; and Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities), p. 168.

### (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>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>
<b>As of March 31</b>	<b>2017</b>					
Hedge accounting applied	¥ (3,883)	¥ 5,032	¥(64,855)	¥ —	¥—	¥(63,706)
Hedge accounting not applied	—	8,002	(6,651)	13	—	1,364
<b>Total</b>	<b>¥ (3,883)</b>	<b>¥ 13,035</b>	<b>¥(71,506)</b>	<b>¥ 13</b>	<b>¥—</b>	<b>¥(62,341)</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, 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 for the year ended March 31, 2017, gain in currencies of ¥91,703 million and loss in equities of ¥64,855 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

		2019				2018			
Category	Type	Contract amount		Net gains/losses	Contract amount		Net gains/losses		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter	<b>Interest rate swaps</b>								
	Receive fixed interest rate/ pay variable interest rate	¥200,000	¥200,000	¥ 5,533	¥ 5,533	¥3,000	¥3,000	¥32	¥32
	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	500,000	500,000	32,013	13,363	—	—	—	—	
	[18,650]	[18,650]	—	—	(—)	(—)	—	—	
Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
	(—)	(—)	—	—	(—)	(—)	—	—	
<b>Total</b>				<b>¥18,897</b>				<b>¥33</b>	

## 15. Fair Value of Derivative Transactions (Company Total), continued

(2) Items to which hedge accounting is not applied, continued

• Interest rate-related, continued

Millions of Yen

As of March 31		2017				
Category	Type	Contract amount		Fair value	Net gains/ losses	
		Over 1 year	Fair value			
<b>Over-the-counter</b>	<b>Interest rate swaps</b>					
		Receive fixed interest rate/ pay variable interest rate	¥ —	¥ —	¥—	¥—
		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	—	—	—	—	
		[—]	[—]	—	—	
	Pay fixed interest rate/ receive variable interest rate	—	—	—	—	
		[—]	[—]	—	—	
<b>Total</b>					<b>¥—</b>	

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.

## 15. Fair Value of Derivative Transactions (Company Total), 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>2019</b>	
<b>Interest rate swaps</b>								
Receive fixed interest rate/ pay variable interest rate								
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥200,000	<b>¥200,000</b>	
Average fixed interest rate to receive	—	—	—	—	—	0.44%	<b>0.44%</b>	
Average variable interest rate to pay	—	—	—	—	—	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	—	—	—	—	—	—	—	
<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	<b>¥3,000</b>	
Average fixed interest rate to receive	—	—	—	—	—	0.66%	<b>0.66%</b>	
Average variable interest rate to pay	—	—	—	—	—	0.01%	<b>0.01%</b>	
<b>Interest rate swaps</b>								
Pay fixed interest rate/ receive variable interest rate								
Notional amount	—	—	—	—	¥1,000	—	<b>¥1,000</b>	
Average fixed interest rate to pay	—	—	—	—	0.25%	—	<b>0.25%</b>	
Average variable interest rate to receive	—	—	—	—	0.01%	—	<b>0.01%</b>	
<b>As of March 31</b>							<b>2017</b>	
<b>Interest rate swaps</b>								
Receive fixed interest rate/ pay variable interest rate								
Notional amount	¥—	¥—	¥—	¥—	¥ —	¥ —	<b>¥ —</b>	
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	—	—	—	—	—	—	—	

## 15. Fair Value of Derivative Transactions (Company Total), continued

## • Currency-related

Millions of Yen

As of March 31		2019				2018			
Category	Type	Contract amount			Net gains/losses	Contract amount			Net gains/losses
		Over 1 year	Fair value			Over 1 year	Fair value		
<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>								
	<b>Sold</b>	<b>¥ 716,049</b>	<b>¥ 5,251</b>	<b>¥ 345</b>	<b>¥ 345</b>	<b>¥364,594</b>	<b>¥ 5,444</b>	<b>¥2,806</b>	<b>¥2,806</b>
	U.S. dollar	317,488	5,251	(1,508)	(1,508)	190,036	5,444	1,526	1,526
	Euro	87,413	—	1,018	1,018	70,643	—	190	190
	British pound	159,717	—	59	59	52,052	—	(76)	(76)
	Australian dollar	69,305	—	(149)	(149)	41,228	—	1,205	1,205
	<b>Purchased</b>	<b>328,067</b>	<b>—</b>	<b>(387)</b>	<b>(387)</b>	<b>154,534</b>	<b>—</b>	<b>3</b>	<b>3</b>
	U.S. dollar	128,606	—	59	59	95,989	—	134	134
	Euro	32,519	—	(143)	(143)	24,463	—	(23)	(23)
	British pound	78,031	—	45	45	19,432	—	(107)	(107)
	<b>Currency options</b>								
	<b>Sold</b>								
	<b>Call</b>	<b>1,287,484</b>	<b>—</b>	<b>1,511</b>	<b>3,928</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[5,440]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	U.S. dollar	1,287,484	—	1,511	3,928	—	—	—	—
		<b>[5,440]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	Euro	—	—	—	—	—	—	—	—
		<b>[—]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	<b>Put</b>	<b>210,881</b>	<b>—</b>	<b>21</b>	<b>70</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[91]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	U.S. dollar	210,881	—	21	70	—	—	—	—
		<b>[91]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	Euro	—	—	—	—	—	—	—	—
		<b>[—]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	<b>Purchased</b>								
	<b>Call</b>	<b>399,564</b>	<b>—</b>	<b>133</b>	<b>(251)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[385]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	U.S. dollar	399,564	—	133	(251)	—	—	—	—
		<b>[385]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	Euro	—	—	—	—	—	—	—	—
		<b>[—]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	<b>Put</b>	<b>1,174,190</b>	<b>—</b>	<b>3,052</b>	<b>(6,122)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[9,175]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	U.S. dollar	1,098,801	—	2,769	(5,532)	—	—	—	—
		<b>[8,301]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	Euro	—	—	—	—	—	—	—	—
		<b>[—]</b>	<b>[—]</b>			<b>[—]</b>	<b>[—]</b>		
	<b>Currency swaps</b>	<b>326,670</b>	<b>326,670</b>	<b>984</b>	<b>984</b>	<b>286,466</b>	<b>286,466</b>	<b>(104)</b>	<b>(104)</b>
	US\$ paid/¥ received	—	—	—	—	—	—	—	—
	€ paid/¥ received	—	—	—	—	—	—	—	—
	¥ paid/A\$ received	312,507	312,507	1,122	1,122	272,302	272,302	(401)	(401)
<b>Total</b>					<b>¥(1,431)</b>				<b>¥2,705</b>



## 15. Fair Value of Derivative Transactions (Company Total), continued

### • Currency-related, continued

Millions of Yen

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
			Over 1 year		
Over-the-counter	<b>Foreign exchange forward contracts</b>				
	<b>Sold</b>	<b>¥211,288</b>	<b>¥ —</b>	<b>¥2,532</b>	<b>¥2,532</b>
	U.S. dollar	114,958	—	1,617	1,617
	Euro	48,119	—	318	318
	British pound	18,434	—	119	119
	Australian dollar	21,384	—	424	424
	<b>Purchased</b>	<b>60,929</b>	<b>—</b>	<b>(236)</b>	<b>(236)</b>
	U.S. dollar	31,827	—	(74)	(74)
	Euro	19,559	—	(195)	(195)
	British pound	2,195	—	(4)	(4)
	<b>Currency options</b>				
	<b>Sold</b>				
	<b>Call</b>				
	U.S. dollar	—	—	—	—
		[—]	[—]		
	Euro	—	—	—	—
		[—]	[—]		
	<b>Put</b>				
	U.S. dollar	—	—	—	—
	[—]	[—]			
Euro	—	—	—	—	
	[—]	[—]			
<b>Purchased</b>					
<b>Call</b>					
U.S. dollar	—	—	—	—	
	[—]	[—]			
Euro	—	—	—	—	
	[—]	[—]			
<b>Put</b>					
U.S. dollar	—	—	—	—	
	[—]	[—]			
Euro	—	—	—	—	
	[—]	[—]			
<b>Currency swaps</b>		<b>224,649</b>	<b>224,649</b>	<b>5,706</b>	<b>5,706</b>
US\$ paid/¥ received		—	—	—	—
€ paid/¥ received		—	—	—	—
¥ paid/A\$ received		210,486	210,486	5,320	5,320
<b>Total</b>					<b>¥8,002</b>

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.

## 15. Fair Value of Derivative Transactions (Company Total), continued

## • Equity-related

Millions of Yen

As of March 31		2019				2018			
Category	Type	Contract amount			Net gains/losses	Contract amount			Net gains/losses
		Over 1 year	Fair value			Over 1 year	Fair value		
Exchange-traded	Equity index futures								
	Sold	¥ 20,731	¥ —	¥ (64)	¥ (64)	¥ 28,166	¥ —	¥ 42	¥ 42
	Purchased	35,611	—	71	71	11,113	—	(400)	(400)
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
	Put	[—]	[—]	—	—	[—]	[—]	—	—
	Purchased								
	Call	—	—	—	—	—	—	—	—
	Put	381,704	—	990	(661)	665,083	21,454	7,815	(5,558)
		[1,651]	[—]			[13,373]	[1,570]		
Over-the-counter	Equity forward contracts								
	Sold	—	—	—	—	—	—	(182)	(182)
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
	Put	[—]	[—]	—	—	[—]	[—]	—	—
	Purchased								
	Call	—	—	—	—	329	226	176	120
	Put	[—]	[—]	—	—	[55]	[36]	—	—
		—	—	—	—	—	—	—	—
	[—]	[—]			[—]	[—]			
<b>Total</b>				<b>¥(654)</b>				<b>¥(5,978)</b>	

## 15. Fair Value of Derivative Transactions (Company Total), continued

### • Equity-related, continued

Millions of Yen

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
			Over 1 year		
Exchange-traded	Equity index futures				
	Sold	¥ 23,804	¥ —	¥ 170	¥ 170
	Purchased	21,768	—	(104)	(104)
	Equity index options				
	Sold				
	Call	—	—	—	—
	Put	[—]	[—]	—	—
	Purchased				
	Call	—	—	—	—
	Put	254,802 (11,645)	56,727 (4,098)	5,123	(6,522)
Over-the-counter	Equity forward contracts				
	Sold	—	—	(275)	(275)
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
	Put	[—]	[—]	—	—
	Purchased				
	Call	290 [55]	290 [55]	136	80
	Put	—	—	—	—
<b>Total</b>				<b>¥(6,651)</b>	

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.

## 15. Fair Value of Derivative Transactions (Company Total), continued

## • Bond-related

Millions of Yen

As of March 31		2019				2018			
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)	¥15,088	¥—	¥ 11	¥ 11
	Purchased	16,651	—	56	56	—	—	—	—
	Foreign currency-denominated bonds futures								
	Sold	—	—	—	—	—	—	—	—
	Purchased	128,085	—	2,531	2,531	89,619	—	1,136	1,136
<b>Total</b>					<b>¥2,585</b>				<b>¥1,147</b>

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/ losses
		Over 1 year			
Exchange-traded	Yen-denominated bonds futures				
	Sold	¥21,954	¥—	¥13	¥13
	Purchased	—	—	—	—
	Foreign currency-denominated bonds futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
<b>Total</b>					<b>¥13</b>

Note: Amounts in the "Net gains/losses" column are represented in fair value.

## • Others

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 15. 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				2019				2018				
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	¥1,065,000	¥1,065,000	¥48,466	¥48,466	¥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	8	8	10,000	10,000	(59)	(59)
				Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—
<b>Total</b>				<b>¥48,475</b>				<b>¥2,474</b>				

As of March 31				2017				
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	¥344,000	¥344,000	¥(3,796)	¥(3,796)
				Pay fixed interest rate/ receive variable interest rate	—	—	—	—
		Interest rate swaps	Loans	Receive fixed interest rate/ pay variable interest rate	10,000	10,000	(86)	(86)
				Pay fixed interest rate/ receive variable interest rate	—	—	—	—
<b>Total</b>				<b>¥(3,883)</b>				

Note: Amounts in the "Net gains/losses" column are represented in fair value.

## 15. Fair Value of Derivative Transactions (Company Total), 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>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	—	—	—	—	—	—	—
<b>As of March 31</b>							
<b>2017</b>							
<b>Interest rate swaps</b>							
Receive fixed interest rate/ pay variable interest rate							
Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥344,000	<b>¥354,000</b>
Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.70%	<b>0.68%</b>
Average variable interest rate to pay	—	—	0.03 %	0.03 %	—	0.04%	<b>0.04%</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	—	—	—	—	—	—	—

## 15. Fair Value of Derivative Transactions (Company Total), continued

- Currency-related

Millions of Yen

	2019				2018			
	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>Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)</b>								
<b>Foreign exchange forward contracts</b>								
<b>Sold</b>	¥8,194,400	¥ —	¥ (2,734)	¥ (2,734)	¥9,530,125	¥ —	¥172,285	¥172,285
U.S. dollar	3,833,852	—	(11,381)	(11,381)	4,476,303	—	103,484	103,484
Euro	3,161,778	—	20,479	20,479	3,610,953	—	38,325	38,325
British pound	837,617	—	(11,243)	(11,243)	892,069	—	3,793	3,793
<b>Purchased</b>	—	—	—	—	—	—	—	—
U.S. dollar	—	—	—	—	—	—	—	—
Euro	—	—	—	—	—	—	—	—
<b>Currency options</b>								
<b>Sold</b>								
<b>Call</b>	—	—	—	—	—	—	—	—
U.S. dollar	[—]	[—]	—	—	[—]	[—]	—	—
Euro	—	—	—	—	—	—	—	—
<b>Put</b>	—	—	—	—	—	—	—	—
U.S. dollar	[—]	[—]	—	—	[—]	[—]	—	—
Euro	—	—	—	—	—	—	—	—
<b>Purchased</b>								
<b>Call</b>	—	—	—	—	—	—	—	—
U.S. dollar	[—]	[—]	—	—	[—]	[—]	—	—
Euro	—	—	—	—	—	—	—	—
<b>Put</b>	—	—	—	—	—	—	—	—
U.S. dollar	[—]	[—]	—	—	[—]	[—]	—	—
Euro	—	—	—	—	—	—	—	—
<b>Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)</b>								
<b>Currency swaps</b>	1,331,666	1,219,064	(91,706)	(91,706)	1,088,122	1,033,209	(84,420)	(84,420)
US\$ paid/¥ received	663,278	582,204	(68,195)	(68,195)	499,222	466,097	(32,599)	(32,599)
€ paid/¥ received	538,276	508,959	(37,644)	(37,644)	469,979	448,192	(63,559)	(63,559)
£ paid/¥ received	130,111	127,900	14,133	14,133	118,919	118,919	11,738	11,738
<b>Total</b>				¥(94,440)				¥ 87,865

## 15. Fair Value of Derivative Transactions (Company Total), continued

## • Currency-related, continued

Millions of Yen				
<b>2017</b>				
	Contract amount		Fair value	Net gains/losses
		Over 1 year		
<b>Over-the-counter</b>				
<b>Fair value hedge accounting (main hedged items: foreign currency-denominated bonds)</b>				
<b>Foreign exchange forward contracts</b>				
<b>Sold</b>	<b>¥9,592,816</b>	<b>¥ —</b>	<b>¥ 91,703</b>	<b>¥ 91,703</b>
U.S. dollar	5,405,762	—	42,281	42,281
Euro	2,722,764	—	22,297	22,297
British pound	—	—	—	—
<b>Purchased</b>	—	—	—	—
U.S. dollar	—	—	—	—
Euro	—	—	—	—
<b>Currency options</b>				
<b>Sold</b>				
<b>Call</b>				
	—	—	—	—
U.S. dollar	[—]	[—]	—	—
Euro	[—]	[—]	—	—
<b>Put</b>	—	—	—	—
U.S. dollar	[—]	[—]	—	—
Euro	[—]	[—]	—	—
<b>Purchased</b>	—	—	—	—
<b>Call</b>				
U.S. dollar	[—]	[—]	—	—
Euro	[—]	[—]	—	—
<b>Put</b>	—	—	—	—
U.S. dollar	[—]	[—]	—	—
Euro	[—]	[—]	—	—
<b>Deferred hedge accounting (main hedged items: foreign currency-denominated bonds)</b>				
<b>Currency swaps</b>				
	<b>1,122,572</b>	<b>1,080,645</b>	<b>(86,670)</b>	<b>(86,670)</b>
US\$ paid/¥ received	532,388	495,649	(83,474)	(83,474)
€ paid/¥ received	471,264	466,075	(21,234)	(21,234)
£ paid/¥ received	118,919	118,919	18,038	18,038
<b>Total</b>				<b>¥ 5,032</b>

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.



## 15. Fair Value of Derivative Transactions (Company Total), continued

- Equity-related

Millions of Yen

As of March 31				2019			2018		
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Net gains/ losses	Contract amount		Net gains/ losses
				Over 1 year	Fair value		Over 1 year	Fair value	
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks						
		Sold		¥—	¥—	¥—	¥—	¥143,810	¥—
		Purchased		—	—	—	—	—	—
<b>Total</b>						¥—			¥2,898

As of March 31				2017		
Category	Hedge accounting method	Type	Main hedged items	Contract amount		Net gains/ losses
				Over 1 year	Fair value	
Over-the-counter	Fair value hedge accounting	Equity forward contracts	Domestic stocks			
		Sold		¥214,693	¥—	¥(64,855)
		Purchased		—	—	—
<b>Total</b>						¥(64,855)

Note: Amounts in the "Net gains/losses" column are represented in fair value.

- Bond-related

There were no ending balances as of March 31, 2019, 2018, and 2017.

- Others

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 16. Ordinary Profit (Core Operating Profit)

Millions of Yen			
Fiscal years ended March 31	2019	2018	2017
<b>Core operating income</b>	<b>¥6,422,629</b>	<b>¥6,170,386</b>	<b>¥6,212,299</b>
Revenues from insurance and reinsurance	4,775,136	4,488,421	4,647,334
Insurance premiums	4,774,223	4,487,627	4,646,209
Reinsurance revenue	912	793	1,125
Investment income	1,452,440	1,472,761	1,407,457
Interest, dividends, and other income	1,427,665	1,407,350	1,365,628
Gain on redemptions of securities	6,187	14,941	5,805
Reversal of general allowance for doubtful accounts	—	305	248
Other investment income	1,784	596	702
Gain from separate accounts, net	16,803	49,566	35,072
Other ordinary income	180,396	197,478	143,375
Income from annuity riders	8,959	10,897	9,442
Income from deferred benefits	83,119	90,531	106,290
Reversal of reserve for outstanding claims	47,274	62,044	—
Reversal of policy reserves	—	—	—
Reversal of accrued retirement benefits	—	—	131
Other income	41,043	34,004	27,510
Other core operating income	14,656	11,724	14,131
<b>Core operating expenses</b>	<b>5,744,417</b>	<b>5,502,136</b>	<b>5,577,327</b>
Benefits and other payments	3,654,589	3,663,124	3,529,231
Death and other claims	1,048,516	1,032,798	1,018,393
Annuity payments	791,978	802,214	836,311
Health and other benefits	653,486	649,240	658,966
Surrender benefits	949,282	926,376	801,780
Other refunds	209,971	251,106	212,024
Reinsurance premiums	1,354	1,388	1,754
Provision for policy reserves*	1,134,787	884,813	1,145,111
Investment expenses	83,412	88,470	93,962
Interest expenses	30,872	21,923	18,996
Loss on redemptions of securities	8,097	23,359	32,958
Provision for general allowance for doubtful accounts	(402)	—	—
Depreciation of rental real estate and other assets	16,364	14,826	15,337
Other investment expenses	28,480	28,360	26,670
Loss from separate accounts, net	—	—	—
Operating expenses	611,973	600,571	572,159
Other ordinary expenses	240,011	227,217	236,861
Deferred benefit payments	118,984	117,190	126,767
Taxes	49,358	46,058	44,541
Depreciation	46,595	42,576	47,578
Provision for accrued retirement benefits	4,782	2,483	—
Deferred asset amortization (Insurance Business Act, Article 113)	—	—	—
Other expenses	20,291	18,908	17,974
Other core operating expenses	19,643	37,938	—
<b>Core operating profit</b>	<b>A 678,212</b>	<b>668,249</b>	<b>634,972</b>

## 16. Ordinary Profit (Core Operating Profit), continued

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
<b>Capital gains</b>	<b>¥ 216,705</b>	<b>¥ 217,621</b>	<b>¥ 254,013</b>
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	—
Gain on trading securities	—	—	—
Gain on sales of securities	194,922	179,682	254,013
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	2,140	—	—
Other capital gains	19,643	37,938	—
<b>Capital losses</b>	<b>270,492</b>	<b>244,536</b>	<b>282,954</b>
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	2,563	3,276	1,976
Loss on trading securities	—	—	—
Loss on sales of securities	138,790	102,833	118,770
Loss on valuation of securities	21,371	11,235	27,738
Loss on derivative financial instruments, net	93,110	105,877	119,127
Foreign exchange losses, net	—	9,589	1,209
Other capital losses	14,656	11,724	14,131
<b>Net capital gains/losses</b>	<b>B (53,786)</b>	<b>(26,915)</b>	<b>(28,941)</b>
<b>Core operating profit, including net capital gains/losses</b>	<b>A + B 624,426</b>	<b>641,334</b>	<b>606,030</b>
<b>Nonrecurring gains</b>	<b>—</b>	<b>165</b>	<b>494</b>
Reinsurance revenue	—	—	—
Reversal of contingency reserve	—	—	—
Reversal of specific allowance for doubtful accounts	—	165	494
Other nonrecurring gains	—	—	—
<b>Nonrecurring losses</b>	<b>240,907</b>	<b>231,039</b>	<b>148,060</b>
Reinsurance premiums	—	—	—
Provision for contingency reserve	113,751	139,929	122,841
Provision for specific allowance for doubtful accounts	4,405	—	—
Provision for allowance for specific overseas debts	—	—	—
Write-offs of loans	—	—	—
Other nonrecurring losses	122,751	91,110	25,219
<b>Nonrecurring gains/losses</b>	<b>C (240,907)</b>	<b>(230,873)</b>	<b>(147,566)</b>
<b>Ordinary profit</b>	<b>A + B + C ¥ 383,518</b>	<b>¥ 410,461</b>	<b>¥ 458,464</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	2019	2018	2017
<b>Other core operating income</b>	<b>¥ 14,656</b>	<b>¥ 11,724</b>	<b>¥ 14,131</b>
Interest income related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	14,656	11,724	6,622
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—	—
Impact of movements in surrender benefits related to market value adjustment	—	—	—
<b>Other core operating expenses</b>	<b>19,643</b>	<b>37,938</b>	<b>—</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	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>19,643</b>	<b>37,938</b>	<b>—</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	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>14,656</b>	<b>11,724</b>	<b>14,131</b>
Interest expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	14,656	11,724	6,622
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—	—
Impact of movements in surrender benefits related to market value adjustment	—	—	—
<b>Other nonrecurring gains</b>	<b>—</b>	<b>—</b>	<b>—</b>
Reversal of allowance for investment loss	—	—	—
<b>Other nonrecurring losses</b>	<b>122,751</b>	<b>91,110</b>	<b>25,219</b>
Provision for allowance for investment loss	1,459	2,918	25,219
Provision for policy reserves under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	121,292	88,192	—

## 17. Policies in Force and New Policies

### 1. Policies in force

#### (1) Number of policies

As of March 31	2019		2018		2017	
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance	27,907,154	6.5%	26,194,284	4.8%	24,986,167	8.1%
Individual annuities	3,964,083	2.0	3,886,090	2.1	3,805,757	8.0

#### (2) Policy amounts

As of March 31	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥135,332,689	(2.0)%	¥138,147,731	(3.6)%	¥143,237,023	(1.3)%
Individual annuities	23,937,270	1.5	23,580,912	1.5	23,230,646	6.5
Group insurance	97,102,220	1.7	95,511,973	1.3	94,326,350	1.1
Group annuities	13,177,068	2.5	12,854,159	1.8	12,625,426	2.0

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	2019		2018		2017	
	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)	Number of policies	Rate of increase (decrease)
Individual insurance	4,679,571	40.8%	3,322,380	(15.2)%	3,915,903	(11.2)%
Individual annuities	229,800	3.5	222,101	(47.8)	425,638	90.6

Note: The number of policies includes policies that were converted into new policies.

#### (2) Policy amounts

Fiscal years ended March 31	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
<b>Individual insurance</b>	<b>¥ 6,921,256</b>	<b>32.7%</b>	<b>¥ 5,214,388</b>	<b>(38.8)%</b>	<b>¥ 8,518,783</b>	<b>(9.4)%</b>
New policies, including conversions	6,939,870	19.4	5,813,089	(35.3)	8,981,907	(6.8)
Net increase by conversion	(18,613)	—	(598,700)	—	(463,124)	—
<b>Individual annuities</b>	<b>1,508,194</b>	<b>10.2</b>	<b>1,368,598</b>	<b>(45.9)</b>	<b>2,527,577</b>	<b>72.8</b>
New policies, including conversions	1,499,334	10.4	1,357,989	(45.9)	2,509,993	73.6
Net increase by conversion	8,860	(16.5)	10,609	(39.7)	17,583	2.5
<b>Group insurance</b>	<b>580,896</b>	<b>90.9</b>	<b>304,332</b>	<b>(46.4)</b>	<b>568,286</b>	<b>51.9</b>
New policies, including conversions	580,896	90.9	304,332	(46.4)	568,286	51.9
Net increase by conversion	[4,832,496]	(7.9)	[5,245,067]	21.2	[4,328,609]	3.3
<b>Group annuities</b>	<b>591</b>	<b>62.9</b>	<b>362</b>	<b>(90.1)</b>	<b>3,657</b>	<b>126.0</b>
New policies, including conversions	591	62.9	362	(90.1)	3,657	126.0
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.

## 18. Annualized Premiums

### 1. Policies in force

Millions of Yen, %

As of March 31	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥2,738,337	1.9%	¥2,686,154	3.0%	¥2,608,945	2.4%
Individual annuities	1,009,615	3.1	979,558	2.7	953,846	8.2
<b>Total</b>	<b>¥3,747,953</b>	<b>2.2%</b>	<b>¥3,665,713</b>	<b>2.9%</b>	<b>¥3,562,791</b>	<b>3.9%</b>
Medical coverage, living benefits, and others	¥ 638,301	1.7%	¥ 627,932	0.9%	¥ 622,378	1.6%

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	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥246,056	(6.2)%	¥262,342	11.7%	¥234,946	(12.1)%
Individual annuities	65,143	8.9	59,802	(46.3)	111,450	100.3
<b>Total</b>	<b>¥311,200</b>	<b>(3.4)%</b>	<b>¥322,144</b>	<b>(7.0)%</b>	<b>¥346,396</b>	<b>7.3 %</b>
Medical coverage, living benefits, and others	¥ 47,080	12.1%	¥ 42,005	(9.4)%	¥ 46,347	(6.1)%

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 alone but including specified illness and nursing care benefits).

3. Annualized new policy premium includes net increases due to conversions.

## 19. New Policies by Product

Fiscal years ended March 31		2019		2018		2017	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	[3,706,654] 1,584,534	¥[11,013,641] 4,096,824	[2,947,776] 1,651,211	¥[8,167,324] 4,102,652	[3,434,729] 1,805,097	¥[12,387,639] 7,024,110
	Term life insurance	[433,955] 166,626	[4,580,172] 1,225,846	[332,702] 167,292	[3,274,708] 1,261,594	[344,777] 140,560	[5,337,819] 2,629,460
	Whole life insurance	[110,022] 30,793	[334,180] 160,867	[93,827] 35,918	[301,412] 173,201	[189,191] 90,155	[800,763] 521,057
	Single premium whole life insurance with variable accumulation rate	81,830	390,785	26,918	127,112	63,833	282,475
	Single premium increasing whole life insurance with variable assumed rate	4,175	42,291	—	—	179	1,759
	Dread disease insurance	[487,814] 186,111	[1,651,615] 578,635	[381,418] 195,941	[1,220,368] 605,716	[477,987] 247,165	[1,576,734] 817,707
	Physical disability insurance	[545,872] 236,199	[1,872,319] 842,018	[428,056] 248,353	[1,469,744] 897,041	[475,856] 256,718	[1,647,736] 956,301
	Nursing care insurance	[512,012] 202,814	[2,046,969] 762,138	[400,491] 221,696	[1,580,986] 846,034	[491,761] 270,627	[2,018,600] 1,097,733
	General medical insurance	[637,031] 270,230	[—] —	[518,546] 287,794	[—] —	[597,718] 312,752	[—] —
	Children's general medical insurance	14,317	—	12,980	—	15,788	—
	Cancer medical insurance	[399,603] 134,020	[—] —	[312,814] 144,342	[—] —	[373,846] 165,866	[—] —
	Limited injury insurance	[433,371] 210,782	[—] —	[348,110] 218,081	[—] —	[387,967] 225,721	[—] —
	Disability income insurance	43,947	—	87,273	—	—	—
	Increasing term life insurance	[1,829] 1,814	[83,669] 82,603	[3,449] 3,431	[157,841] 156,800	[13,465] 13,372	[619,551] 615,416
	Long-term life insurance with low cash surrender value	178	11,411	448	34,912	1,126	100,289
	Medical life insurance	1	0	3	0	9	0
	Medical life insurance for retirement	697	225	741	237	878	310
	Life and mortality insurance	[941,561] 582,614	[4,172,201] 2,755,585	[347,589] 265,777	[2,039,274] 1,637,049	[400,569] 295,051	[2,268,198] 1,756,598
	Endowment insurance	[38,626] 34,050	[161,744] 151,833	[34,917] 31,603	[149,317] 140,703	[57,635] 52,610	[256,224] 242,673
	Variable insurance with survival benefits in a designated currency	6,203	57,532	2,225	20,412	—	—
	Term life with survival benefit insurance	[32,265] 16,523	[78,721] 42,263	[31,833] 19,751	[82,433] 51,334	[31,566] 18,678	[82,903] 49,873
	Dread disease insurance coverage with continuous support	[295,346] 177,574	[1,840,864] 1,176,454	[258,973] 192,557	[1,599,796] 1,237,283	[285,878] 198,273	[1,699,350] 1,234,332
	Dread disease insurance with maternity support benefits	771	2,313	1,574	4,722	3,628	10,884
	Specified serious disease insurance coverage	[547,827] 326,970	[1,822,443] 1,116,605	[—] —	[—] —	[—] —	[—] —
	Juvenile insurance	20,523	208,581	18,067	182,591	21,862	218,833
	Multi-increase endowment rider	8	0	14	1	18	2
	Pure endowment	31,356	87,460	27,015	73,387	80,605	201,198
	Educational endowment insurance	31,356	87,460	27,015	73,387	80,605	201,198
	<b>Subtotal</b>	<b>[4,679,571] 2,198,504</b>	<b>[15,273,303] 6,939,870</b>	<b>[3,322,380] 1,944,003</b>	<b>[10,279,986] 5,813,089</b>	<b>[3,915,903] 2,180,753</b>	<b>[14,857,035] 8,981,907</b>
			<6,921,256>		<5,214,388>		<8,518,783>

## 19. New Policies by Product, continued

Number of Policies, Millions of Yen

Fiscal years ended March 31		2019		2018		2017	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	[206,808]	¥ [1,455,067]	[193,372]	¥ [1,271,431]	[379,495]	¥ [2,329,972]
		198,103	1,401,280	186,148	1,225,604	369,271	2,261,055
	Long-life insurance	12,161	63,658	14,355	74,112	39,819	218,900
	Nissay investment-type annuities	10,831	34,394	14,374	58,272	6,324	30,038
	<b>Subtotal</b>	<b>221,095</b>	<b>1,499,334</b>	<b>214,877</b>	<b>1,357,989</b>	<b>415,414</b>	<b>2,509,993</b>
		<1,508,194>		<1,368,598>		<2,527,577>	
Group insurance	Group term life insurance	24,684	21,563	85,960	76,204	46,350	64,235
	Dread disease insurance (Group type)	11,898	33,473	9,777	18,766	5,997	7,234
	General welfare group term life insurance	83,483	525,805	53,433	209,361	151,932	496,803
	Group credit life insurance	12	54	—	—	1	13
	<b>Subtotal</b>	<b>120,077</b>	<b>580,896</b>	<b>149,170</b>	<b>304,332</b>	<b>204,280</b>	<b>568,286</b>
Group annuities	Insured contributory pension plans	8,130	260	1,414	22	5,069	2,228
	Defined benefit corporate pension plans	—	238	—	222	—	1,156
	Defined contribution pension plans	—	92	—	117	—	167
	<b>Subtotal</b>	<b>8,130</b>	<b>591</b>	<b>1,414</b>	<b>362</b>	<b>5,069</b>	<b>3,657</b>
Workers' asset-formation insurance	Workers' asset-formation savings insurance	1,841	212	2,786	307	2,869	274
	Workers' asset-formation housing funding insurance	339	32	489	38	542	27
	<b>Subtotal</b>	<b>2,180</b>	<b>244</b>	<b>3,275</b>	<b>345</b>	<b>3,411</b>	<b>302</b>
Workers' asset-formation annuities	Workers' asset-formation funding annuities	815	33	1,161	53	1,229	65
<b>Subtotal</b>	<b>815</b>	<b>33</b>	<b>1,161</b>	<b>53</b>	<b>1,229</b>	<b>65</b>	
Medical life insurance	Individual type	2	0	7	0	3	0
	Group type	66,016	50	4,941	17	11,234	52
	<b>Subtotal</b>	<b>66,018</b>	<b>50</b>	<b>4,948</b>	<b>17</b>	<b>11,237</b>	<b>52</b>
Disability income insurance	Group disability income insurance	374	164	1,634	81	14,037	1,403
	Group long-term disability income support insurance	900,037	26,196	654,981	19,531	507,943	11,093
	<b>Subtotal</b>	<b>900,411</b>	<b>26,360</b>	<b>656,615</b>	<b>19,612</b>	<b>521,980</b>	<b>12,497</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.

## 20. Policies in Force by Product

As of March 31		2019		2018		2017	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual insurance	Mortality insurance	24,673,974	¥119,928,556	23,620,549	¥125,181,447	22,521,236	¥130,805,252
	Term life insurance	2,048,937	31,743,501	1,881,910	31,094,965	1,723,866	30,670,709
	Whole life insurance	4,755,629	28,681,745	4,798,078	29,127,810	4,809,224	29,499,173
	Single premium whole life insurance with variable accumulation rate	261,475	1,269,041	187,994	951,109	168,938	917,447
	Single premium increasing whole life insurance with variable assumed rate	219,405	1,754,552	233,699	1,881,243	250,779	2,037,353
	Whole life insurance with term rider	1,259,795	24,184,004	1,564,189	31,239,990	1,867,748	38,480,903
	Variable life insurance (whole life type)	31,875	447,080	32,477	458,842	33,035	471,097
	Variable life insurance with term rider (whole life type)	91	2,786	151	4,534	265	7,953
	Term life insurance with dread disease term rider	65,393	288,212	71,049	314,297	77,644	344,294
	Whole life insurance with dread disease term rider	27,274	173,278	27,853	177,105	28,460	181,555
	Dread disease insurance	2,774,867	9,642,093	2,607,387	9,186,408	2,428,860	8,706,634
	Physical disability insurance	2,655,038	8,830,540	2,446,186	8,183,501	2,232,453	7,487,190
	Nursing care insurance	2,585,604	10,423,073	2,406,393	9,840,662	2,220,591	9,190,801
	Cancer insurance	155,523	20,247	164,257	21,466	173,925	22,887
	Hospitalization medical insurance	58,358	190	61,258	156	64,489	126
	General medical insurance	3,408,907	320	3,153,862	80	2,891,937	—
	Children's general medical insurance	83,023	—	73,783	—	65,433	—
	Cancer medical insurance	1,998,086	55	1,834,466	8	1,674,594	—
	Limited injury insurance	2,085,988	—	1,906,792	—	1,724,847	—
	Disability income insurance	121,609	—	86,859	—	—	—
	Increasing term life insurance	31,061	1,398,144	35,086	1,556,991	36,371	1,591,298
	Long-term life insurance with low cash surrender value	6,253	501,982	6,340	510,829	6,081	488,984
	Medical life insurance	1,081	63	1,346	79	2,193	129
	Single premium whole life insurance for retirement	9,093	41,580	9,338	42,660	9,589	43,754
	Medical life insurance for retirement	14,112	5,558	13,832	5,562	13,432	5,519
	Former Dowa Life Insurance	15,497	128,499	15,964	134,838	16,482	142,892
	Term rider	74,732	392,000	86,727	448,301	101,082	514,543
	Life and mortality insurance	2,890,757	14,523,488	2,257,769	12,162,134	2,171,836	11,692,039
	Endowment insurance	680,074	2,881,559	740,101	3,149,212	806,550	3,439,376
	Endowment insurance with term rider <i>Kurashi no Hoken</i>	27,787	395,274	33,351	477,646	39,268	562,399
	Variable life insurance (defined term type)	202	984	315	1,483	1,195	5,570
	Variable insurance with survival benefits in a designated currency	8,373	75,154	2,215	19,730	—	—
	Term life with survival benefit insurance	225,961	1,008,545	227,672	1,149,279	229,769	1,319,233
	Dread disease insurance coverage with continuous support	1,000,451	5,938,570	820,073	4,792,918	628,589	3,605,889
	Dread disease insurance with maternity support benefits	5,296	15,888	4,937	14,811	3,606	10,818
	Specified serious disease insurance coverage	539,317	1,790,998	—	—	—	—
	Juvenile insurance	401,923	2,117,336	427,387	2,206,775	460,932	2,342,493
	Former Dowa Life Insurance	1,373	2,237	1,718	2,422	1,927	2,934
	Multi-increase endowment rider	11,055	2,798	11,644	2,939	12,299	3,181
	Term rider with survival benefit	151,357	294,141	179,564	344,914	209,765	400,142
	Pure endowment	342,423	880,644	315,966	804,149	293,095	739,730
	Educational endowment insurance	342,287	878,927	315,829	802,357	292,951	737,811
	Pure endowment with nursing care benefit	136	1,716	137	1,792	144	1,919
	<b>Subtotal</b>	<b>27,907,154</b>	<b>135,332,689</b>	<b>26,194,284</b>	<b>138,147,731</b>	<b>24,986,167</b>	<b>143,237,023</b>

Number of Policies, Millions of Yen



## 20. Policies in Force by Product, continued

Number of Policies, Millions of Yen

As of March 31		2019		2018		2017	
		Policies	Amount	Policies	Amount	Policies	Amount
Individual annuities	Nissay annuities	3,400,064	¥20,862,682	3,330,561	¥20,499,772	3,266,172	¥20,187,690
	Individual fixed annuities <i>Sounen no Sekkei</i>	83	306	96	349	108	377
	Annuities focused on survival coverage	364,516	2,239,501	370,377	2,279,414	376,110	2,314,854
	Long-life insurance	61,449	329,239	51,591	278,162	38,985	214,036
	Variable assumed rate-type annuities	4,383	10,795	5,606	13,328	5,942	16,093
	Annuities with variable accumulation rate	64,107	218,457	68,475	254,902	73,320	293,835
	Guaranteed minimum maturity benefit equity-indexed annuities	191	797	220	915	240	989
	Nissay investment-type annuities	34,967	141,121	25,269	118,406	12,837	73,915
	Former Dowa Life Insurance	3,273	14,589	3,400	14,971	3,517	15,414
	Annuity rider	29,269	103,510	28,655	102,309	26,683	94,308
	Term rider annualized payment	1,781	16,267	1,839	18,377	1,842	19,128
	Annuity for spouse term rider	—	—	1	0	1	0
<b>Subtotal</b>	<b>3,964,083</b>	<b>23,937,270</b>	<b>3,886,090</b>	<b>23,580,912</b>	<b>3,805,757</b>	<b>23,230,646</b>	
Group insurance	Group term life insurance	9,754,243	23,390,355	9,733,392	22,709,671	8,741,095	22,600,332
	Dread disease insurance (Group type)	67,985	119,958	36,448	57,612	5,947	7,173
	General welfare group term life insurance	5,719,199	37,685,554	5,606,735	36,949,830	5,546,693	36,576,956
	Group credit life insurance	11,990,400	35,865,490	12,045,168	35,753,168	12,161,375	35,099,126
	Consumer credit group insurance	41,769	476	43,190	525	44,626	585
	Group whole life insurance	29	27	39	36	46	40
	Life insurance for dependents of disabled	42,316	26,050	43,641	26,467	45,239	27,100
	Annuities rider (group term life insurance)	8,480	14,306	8,877	14,660	9,325	15,035
<b>Subtotal</b>	<b>27,582,105</b>	<b>97,102,220</b>	<b>27,473,849</b>	<b>95,511,973</b>	<b>26,509,108</b>	<b>94,326,350</b>	
Group annuities	Corporate pension plans	938	3,965	991	4,118	1,029	4,316
	New insured pension plans	5,196,177	1,001,496	5,157,026	979,208	5,109,923	942,114
	Insured contributory pension plans	3,346,337	4,359,439	3,357,717	4,260,555	3,364,367	4,176,185
	Defined benefit corporate pension plans	—	6,758,768	—	6,478,491	—	6,328,364
	National pension fund insurance	—	10	—	554	—	554
	Employees' pension fund insurance	317,278	170,500	829,153	284,143	1,252,060	365,104
	Group pure endowment insurance	—	48,503	—	48,230	—	50,967
Defined contribution pension plans	—	834,384	—	798,856	—	757,820	
<b>Subtotal</b>	<b>8,860,730</b>	<b>13,177,068</b>	<b>9,344,887</b>	<b>12,854,159</b>	<b>9,727,379</b>	<b>12,625,426</b>	
Workers' asset-formation insurance	Workers' asset-formation savings insurance	89,612	302,453	93,322	298,068	96,084	292,081
	Workers' asset-formation housing funding insurance	11,768	35,825	12,666	37,904	13,506	40,070
	Workers' asset-formation benefits savings insurance	18,311	1,527	18,683	1,464	19,205	1,410
	Workers' asset-formation fund savings insurance	539	11	555	12	579	13
<b>Subtotal</b>	<b>120,230</b>	<b>339,818</b>	<b>125,226</b>	<b>337,449</b>	<b>129,374</b>	<b>333,577</b>	
Workers' asset-formation annuities	Workers' asset-formation annuities	232	582	252	646	266	711
	Workers' asset-formation funding annuities	49,748	110,003	51,874	113,884	53,726	117,763
<b>Subtotal</b>	<b>49,980</b>	<b>110,586</b>	<b>52,126</b>	<b>114,531</b>	<b>53,992</b>	<b>118,474</b>	
Medical life insurance	Individual type	508	2	612	2	690	3
	Group type	829,933	3,646	823,373	3,614	850,069	3,607
<b>Subtotal</b>	<b>830,441</b>	<b>3,649</b>	<b>823,985</b>	<b>3,617</b>	<b>850,759</b>	<b>3,610</b>	
Disability income insurance	Group disability income insurance	133,428	22,578	133,522	22,690	135,861	22,701
	Group long-term disability income support insurance	882,677	25,883	628,958	18,668	397,834	9,740
<b>Subtotal</b>	<b>1,016,105</b>	<b>48,461</b>	<b>762,480</b>	<b>41,358</b>	<b>533,695</b>	<b>32,442</b>	
<b>Reinsurance assumed</b>	<b>40,867</b>	<b>37,593</b>	<b>37,831</b>	<b>38,291</b>	<b>31,681</b>	<b>31,778</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.

## 21. Amount of Policies in Force by Type of Benefits

As of March 31		2019	2018	2017	
Millions of Yen					
Death protection	Death protection due to illness/accident	Individual insurance	¥134,452,045	¥137,343,559	¥142,497,029
		Individual annuities	—	—	—
		Group insurance	97,087,913	95,497,312	94,311,315
		Group annuities	—	—	—
		<b>Total including other types</b>	<b>231,577,551</b>	<b>232,879,163</b>	<b>236,840,123</b>
	Death protection due to accident	Individual insurance	[29,112,979]	[23,725,995]	[16,608,503]
		Individual annuities	[169,137]	[179,143]	[189,464]
		Group insurance	[3,195,793]	[3,235,128]	[3,287,645]
		Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[32,520,801]</b>	<b>[27,183,754]</b>	<b>[20,121,816]</b>	
	Death protection due to specific causes	Individual insurance	[182,228]	[193,194]	[205,985]
		Individual annuities	[—]	[—]	[—]
Group insurance		[122,230]	[123,276]	[123,593]	
Group annuities		[—]	[—]	[—]	
<b>Total including other types</b>	<b>[304,459]</b>	<b>[316,471]</b>	<b>[329,579]</b>		
Maturity and survival benefits	Individual insurance	880,644	804,172	739,993	
	Individual annuities	21,854,213	21,538,890	21,292,773	
	Group insurance	539	638	716	
	Group annuities	—	—	—	
	<b>Total including other types</b>	<b>22,800,736</b>	<b>22,411,613</b>	<b>22,104,354</b>	
Pure endowment	Annuity	Individual insurance	[51,167]	[64,351]	[77,955]
		Individual annuities	[2,724,760]	[2,688,808]	[2,666,727]
		Group insurance	[1,963]	[1,995]	[2,023]
		Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[2,785,235]</b>	<b>[2,762,803]</b>	<b>[2,754,613]</b>	
Other	Individual insurance	—	—	—	
	Individual annuities	2,083,056	2,042,022	1,937,873	
	Group insurance	13,767	14,022	14,319	
	Group annuities	13,177,068	12,854,159	12,625,426	
<b>Total including other types</b>	<b>15,658,959</b>	<b>15,294,271</b>	<b>14,958,800</b>		
Hospitalization coverage	Coverage for hospitalization due to accident	Individual insurance	[41,263]	[42,063]	[42,966]
		Individual annuities	[1,107]	[1,169]	[1,231]
		Group insurance	[1,337]	[1,391]	[1,420]
		Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[47,357]</b>	<b>[48,241]</b>	<b>[49,228]</b>	
	Coverage for hospitalization due to illness	Individual insurance	[41,198]	[41,987]	[42,874]
		Individual annuities	[1,098]	[1,160]	[1,221]
		Group insurance	[—]	[—]	[—]
		Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[45,945]</b>	<b>[46,764]</b>	<b>[47,705]</b>	
	Coverage for hospitalization due to other causes	Individual insurance	[43,995]	[45,307]	[46,857]
		Individual annuities	[224]	[234]	[246]
Group insurance		[34]	[38]	[39]	
Group annuities		[—]	[—]	[—]	
<b>Total including other types</b>	<b>[44,254]</b>	<b>[45,580]</b>	<b>[47,143]</b>		
Disability coverage	Individual insurance	—	—	—	
	Individual annuities	—	—	—	
	Group insurance	—	—	—	
	Group annuities	—	—	—	
	<b>Total including other types</b>	<b>48,461</b>	<b>41,358</b>	<b>32,442</b>	

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.

6. Amounts for "total including other types" included in coverage for hospitalization due to illness of hospitalization coverage represent the total of primary coverage portions and rider coverage.

## 21. Amount of Policies in Force by Type of Benefits, continued

As of March 31		2019	2018	2017
				Number of Policies
Disability coverage	Individual insurance	[7,136,331]	[7,163,827]	[7,192,114]
	Individual annuities	[61,106]	[64,137]	[67,097]
	Group insurance	[2,519,913]	[2,507,874]	[2,489,460]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,717,350]</b>	<b>[9,735,838]</b>	<b>[9,748,671]</b>
Surgical coverage	Individual insurance	[9,652,971]	[9,851,266]	[10,076,451]
	Individual annuities	[242,020]	[256,124]	[269,873]
	Group insurance	[—]	[—]	[—]
	Group annuities	[—]	[—]	[—]
	<b>Total including other types</b>	<b>[9,894,991]</b>	<b>[10,107,390]</b>	<b>[10,346,324]</b>

Note: Amounts in brackets represent additional coverage of primary policies and rider coverage.

## 22. Individual Insurance and Annuity Policy Amounts in Force by Product

As of March 31		2019	2018	2017
				Millions of Yen
Mortality insurance	Whole life insurance	¥ 32,901,506	¥ 33,124,941	¥ 33,554,528
	Whole life insurance with term rider	24,184,004	31,239,990	38,480,903
	Term life insurance	61,872,111	59,769,752	51,491,840
	<b>Total including other types</b>	<b>119,928,556</b>	<b>125,181,447</b>	<b>130,805,252</b>
Life and mortality insurance	Endowment insurance	2,881,559	3,149,212	3,439,376
	Endowment insurance with term rider	395,274	477,646	562,399
	Term life insurance with survival benefits	1,008,545	1,149,279	1,319,233
	<b>Total including other types</b>	<b>14,523,488</b>	<b>12,162,134</b>	<b>11,692,039</b>
Pure endowment	Educational endowment insurance	878,927	802,357	737,811
	<b>Total including other types</b>	<b>880,644</b>	<b>804,149</b>	<b>739,730</b>
Annuities	<b>Individual annuities</b>	<b>23,937,270</b>	<b>23,580,912</b>	<b>23,230,646</b>
Hospitalization/accident riders	Accident rider with extra premium	4,615,776	5,105,091	5,605,597
	Injury rider	8,821,375	9,944,698	11,096,827
	General medical rider	11,090	12,852	14,455
	Hospitalization due to accident rider	7,208	8,121	9,259
	Hospitalization due to illness rider	7,129	8,029	9,151
	Hospitalization due to adult disease rider	518	643	829
	Hospital visit rider	800	946	1,145
	Long-term hospitalization rider	13	14	16
	Hospitalization rider for women	325	381	449
	Limited injury rider	35,354	45,226	55,144
	Hospitalization due to cancer rider	6,548	7,943	9,365
Short-term hospitalization rider	2,156	2,500	2,991	

- 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, 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.

## 23. Increase in Policy Amounts in Force

### 1. Number of policies in force and rate of increase

Fiscal years ended March 31	2019		2018		2017	
	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance	27,907,154	6.5 %	26,194,284	4.8 %	24,986,167	8.1 %
Mortality insurance	24,673,974	4.5	23,620,549	4.9	22,521,236	7.8
Life and mortality insurance	2,890,757	28.0	2,257,769	4.0	2,171,836	8.1
Pure endowment	342,423	8.4	315,966	7.8	293,095	35.8
Individual annuities	3,964,083	2.0	3,886,090	2.1	3,805,757	8.0
Group insurance	27,582,105	0.4	27,473,849	3.6	26,509,108	0.0
Group annuities	8,860,730	(5.2)	9,344,887	(3.9)	9,727,379	(6.4)
Workers' asset-formation insurance	120,230	(4.0)	125,226	(3.2)	129,374	(3.1)
Workers' asset-formation annuities	49,980	(4.1)	52,126	(3.5)	53,992	(3.2)
Medical life insurance	830,441	0.8	823,985	(3.1)	850,759	(3.0)
Disability income insurance	1,016,105	33.3	762,480	42.9	533,695	106.2

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	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥135,332.6	(2.0)%	¥138,147.7	(3.6)%	¥143,237.0	(1.3)%
Mortality insurance	119,928.5	(4.2)	125,181.4	(4.3)	130,805.2	(2.2)
Life and mortality insurance	14,523.4	19.4	12,162.1	4.0	11,692.0	8.0
Pure endowment	880.6	9.5	804.1	8.7	739.7	35.5
Individual annuities	23,937.2	1.5	23,580.9	1.5	23,230.6	6.5
Group insurance	97,102.2	1.7	95,511.9	1.3	94,326.3	1.1
Group annuities	13,177.0	2.5	12,854.1	1.8	12,625.4	2.0
Workers' asset-formation insurance	339.8	0.7	337.4	1.2	333.5	1.1
Workers' asset-formation annuities	110.5	(3.4)	114.5	(3.3)	118.4	(3.3)
Medical life insurance	3.6	0.9	3.6	0.2	3.6	1.5
Disability income insurance	48.4	17.2	41.3	27.5	32.4	32.2

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.

## 24. Increase in New Policies

### 1. Number of new policies and rate of increase

Fiscal years ended March 31	2019		2018		2017	
	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Policies	Rate of increase (decrease)
Individual insurance	2,198,504	13.1 %	1,944,003	(10.9)%	2,180,753	(10.0)%
Mortality insurance	1,584,534	(4.0)	1,651,211	(8.5)	1,805,097	(10.4)
Life and mortality insurance	582,614	119.2	265,777	(9.9)	295,051	(13.5)
Pure endowment	31,356	16.1	27,015	(66.5)	80,605	22.2
Individual annuities	221,095	2.9	214,877	(48.3)	415,414	93.9
Group insurance	120,077	(19.5)	149,170	(27.0)	204,280	1.5
Group annuities	8,130	475.0	1,414	(72.1)	5,069	(62.8)
Workers' asset-formation insurance	2,180	(33.4)	3,275	(4.0)	3,411	(4.3)
Workers' asset-formation annuities	815	(29.8)	1,161	(5.5)	1,229	(12.3)
Medical life insurance	66,018	1,234.2	4,948	(56.0)	11,237	(46.8)
Disability income insurance	900,411	37.1	656,615	25.8	521,980	299.7

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.

## 24. Increase in New Policies, continued

### 2. Amount of new policies and rate of increase

Billions of Yen, %

Fiscal years ended March 31	2019		2018		2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual insurance	¥6,939.8	19.4 %	¥5,813.0	(35.3)%	¥8,981.9	(6.8)%
Mortality insurance	4,096.8	(0.1)	4,102.6	(41.6)	7,024.1	(6.4)
Life and mortality insurance	2,755.5	68.3	1,637.0	(6.8)	1,756.5	(10.9)
Pure endowment	87.4	19.2	73.3	(63.5)	201.1	24.0
Individual annuities	1,499.3	10.4	1,357.9	(45.9)	2,509.9	73.6
Group insurance	580.8	90.9	304.3	(46.4)	568.2	51.9
Group annuities	0.5	62.9	0.3	(90.1)	3.6	126.0
Workers' asset-formation insurance	0.2	(29.3)	0.3	14.0	0.3	(26.2)
Workers' asset-formation annuities	0.0	(38.0)	0.0	(17.6)	0.0	(6.5)
Medical life insurance	0.0	185.4	0.0	(66.7)	0.0	(38.5)
Disability income insurance	26.3	34.4	19.6	56.9	12.4	408.9

- 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.

## 25. 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		
	2019	2018	2017	2019	2018	2017
Mortality insurance	¥2,585	¥2,484	¥3,891	¥4,860	¥5,299	¥5,808
Life and mortality insurance	4,729	6,159	5,953	5,024	5,386	5,383
Pure endowment	2,789	2,716	2,496	2,571	2,545	2,523
<b>Average</b>	<b>3,156</b>	<b>2,990</b>	<b>4,118</b>	<b>4,849</b>	<b>5,273</b>	<b>5,732</b>

Note: Average policy coverage for new policies excludes converted policies.

## 26. Percentage of New Policies (Compared to the Beginning of the Fiscal Year)

%

Fiscal years ended March 31	2019	2018	2017
Individual insurance	5.0%	4.1%	6.2%
Individual annuities	7.0	6.4	12.6
Group insurance	0.6	0.3	0.6

- Notes: 1. The policies above exclude converted policies.  
2. For individual annuities, the ratio of policies prior to start of annuity payments is provided.

## 27. Rate of Cancellation and Expiration (Compared to the Beginning of the Fiscal Year)

%

Fiscal years ended March 31	2019	2018	2017
Individual insurance	5.3%	5.3%	5.4%
Individual annuities	3.0	3.0	3.1
Group insurance	0.6	0.9	0.8

- 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.

## 28. Average New Policy Premium (Individual Insurance Policies with Monthly Payments)

Yen			
Fiscal years ended March 31	2019	2018	2017
Average premium of new individual policies (monthly payment policies)	¥43,664	¥51,535	¥53,283

Notes: 1. Amounts exclude converted policies.  
2. Amounts represent policies with annualized monthly payments.

## 29. Mortality Rate (Primary Individual Insurance Policies)

‰			
Fiscal years ended March 31	2019	2018	2017
Number of policies	3.61‰	3.58‰	3.49‰
Insurance amount	5.03	4.84	4.64

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.)

## 30. Incidence of Events Covered by Riders (Individual Insurance)

‰						
Fiscal years ended March 31	2019		2018		2017	
	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	0.314‰	0.388‰	0.330‰	0.345‰	0.300‰	0.303‰
Disability	0.456	0.172	0.416	0.156	0.399	0.144
Hospitalization due to accident	6.358	146.9	6.241	144.5	6.001	138.7
Hospitalization due to illness	74.385	1,063.9	72.381	1,057.9	70.565	1,048.4
Hospitalization due to adult disease	18.981	339.0	18.208	328.6	17.465	328.1
Surgery due to illness or injury	67.025		64.532		61.735	
Surgery due to adult disease	19.950		17.781		15.235	

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.

## 31. Ratio of Insured Amount to Premium Earned by Type of Third-sector Insurance Benefits or Type of Insurance

%			
Fiscal years ended March 31	2019	2018	2017
Third-sector incidence rate	32.3%	32.5%	32.4%
Medical care	36.3	36.0	35.5
Cancer	32.6	32.8	32.8
Nursing care	18.7	17.5	16.4
Others	28.2	30.2	30.5

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.

## 32. Operating Expenses Percentage (Ratio of Operating Expenses to Premium Revenues)

%			
Fiscal years ended March 31	2019	2018	2017
Operating efficiency (percentage of operating expenses to premium revenues)	12.8%	13.4%	12.3%

### 33. Number of Major Insurance Companies that Accepted Reinsurance Contracts

Fiscal years ended March 31	Number of Insurance Companies		
	2019	2018	2017
Number of major insurance companies accepting reinsurance	12 [—]	12 [—]	10 [—]

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).

### 34. Ratio of Reinsurance Premiums Paid to the Top Five Insurance Companies Accepting Reinsurance to Total Reinsurance Premiums

Fiscal years ended March 31	%		
	2019	2018	2017
Ratio of reinsurance premiums paid to the top five insurance companies	81.0% [—]	81.5% [—]	81.6% [—]

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).

### 35. Ratio of Insurance Companies Accepting Reinsurance Contracts by Rating by Rating Agencies

Fiscal years ended March 31	%		
	2019	2018	2017
A and above	100.0% [—]	99.2% [—]	96.8% [—]
BBB and above, but below A	— [—]	— [—]	— [—]
Others (below BBB or no rating)	— [—]	0.8 [—]	3.2 [—]

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).

### 36. Reinsurance Proceeds to Be Received

Fiscal years ended March 31	Millions of Yen		
	2019	2018	2017
Reinsurance proceeds to be received	¥67 [—]	¥117 [—]	¥106 [—]

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).

## 37. Reserve for Outstanding Claims

		Millions of Yen		
As of March 31		2019	2018	2017
<b>Death and other claims</b>	Mortality insurance claims	¥ 88,251	¥ 90,350	¥ 84,139
	Accident insurance claims	1,473	1,713	1,592
	Serious disability insurance claims	11,277	11,586	13,429
	Maturity benefits	8,935	8,157	6,280
	Others	249	152	51
	<b>Subtotal</b>		<b>110,188</b>	<b>111,960</b>
Annuity payments		7,147	5,359	3,927
Health and other benefits		31,344	31,421	32,194
Surrender benefits		84,822	132,661	202,646
Deferred benefit payments		4,102	3,488	2,796
<b>Total, including other reserves</b>		<b>¥238,428</b>	<b>¥285,702</b>	<b>¥347,747</b>

## 38. Policy Reserves

		Millions of Yen		
As of March 31		2019	2018	2017
<b>Policy reserves</b> (Excluding contingency reserve)	Individual insurance	¥ 28,253,033	¥ 27,787,316	¥ 27,541,806
	[General Account]	[28,144,311]	[27,676,099]	[27,429,081]
	[Separate Account]	[108,722]	[111,216]	[112,724]
	Individual annuities	11,379,636	10,930,615	10,455,902
	[General Account]	[11,338,396]	[10,887,143]	[10,413,999]
	[Separate Account]	[41,240]	[43,472]	[41,903]
	Group insurance	46,922	50,266	49,360
	[General Account]	[46,922]	[50,266]	[49,360]
	[Separate Account]	[—]	[—]	[—]
	Group annuities	13,177,068	12,854,159	12,625,426
	[General Account]	[12,081,457]	[11,736,446]	[11,487,302]
	[Separate Account]	[1,095,610]	[1,117,712]	[1,138,124]
	Other	454,849	455,306	454,367
	[General Account]	[454,849]	[455,306]	[454,367]
	[Separate Account]	[—]	[—]	[—]
<b>Subtotal</b>		<b>53,311,510</b>	<b>52,077,664</b>	<b>51,126,862</b>
[General Account]		[52,065,937]	[50,805,262]	[49,834,110]
[Separate Account]		[1,245,573]	[1,272,402]	[1,292,752]
<b>Contingency reserve</b>		<b>1,777,111</b>	<b>1,663,360</b>	<b>1,523,431</b>
<b>Total</b>		<b>¥ 55,088,621</b>	<b>¥ 53,741,024</b>	<b>¥ 52,650,294</b>
[General Account]		[53,843,048]	[52,468,622]	[51,357,541]
[Separate Account]		[1,245,573]	[1,272,402]	[1,292,752]

## 39. Breakdown of Policy Reserves

		Millions of Yen		
As of March 31		2019	2018	2017
Insurance reserve funds		¥52,175,954	¥50,910,858	¥50,036,243
Unearned premiums		1,135,556	1,166,805	1,090,619
Refund reserve		—	—	—
Contingency reserve		1,777,111	1,663,360	1,523,431
<b>Total</b>		<b>¥55,088,621</b>	<b>¥53,741,024</b>	<b>¥52,650,294</b>



## 40. Policy Reserves for Individual Insurance and Annuities (by Policy Year)

### 1. Policy reserve valuation method and ratio

As of March 31		2019	2018	2017	%
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	Millions of Yen, %
	2019	2018	2017		
As of March 31					
-1980	¥ 60,602	¥ 67,335	¥ 71,668	2.00%–5.00%	
1981–1985	1,604,947	1,648,176	1,681,129	2.00–5.50	
1986–1990	5,825,115	5,960,331	6,058,566	2.00–5.50	
1991–1995	8,041,503	7,914,093	7,824,292	2.00–5.50	
1996–2000	3,150,784	3,192,894	3,236,758	1.50–2.75	
2001–2005	2,736,130	2,816,950	2,899,553	1.00–1.50	
2006–2010	5,125,747	5,394,459	5,620,539	1.00–1.50	
2011	1,637,781	1,686,796	1,725,443	0.85–1.50	
2012	2,013,980	2,071,164	2,118,349	0.60–1.50	
2013	1,801,951	1,824,903	1,764,523	0.50–1.00	
2014	1,881,081	1,873,558	1,823,110	0.50–1.00	
2015	2,032,953	2,008,577	1,936,576	0.50–3.45	
2016	1,524,282	1,362,065	1,082,569	0.25–3.56	
2017	979,359	741,934	—	0.25–3.83	
2018	1,066,486	—	—	0.25–4.18	
<b>Total</b>	<b>¥39,482,707</b>	<b>¥38,563,242</b>	<b>¥37,843,080</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.

## 41. 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	2019	2018	2017	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 Section 9, No. 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 Section 9, No. 1 (d) of the above ordinance for all other policies.

## 42. 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		2019	2018	2017
Insurance premium reserve		¥ —	¥ —	¥ —
Contingency reserve		2,637	2,796	2,758

## 43. 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>2019</b>						
<b>Balance at the beginning of the fiscal year</b>	¥ 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	—	—	—	—	—	—	—	
<b>Balance at the end of the fiscal year</b>	¥ 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>						
<b>Balance at the beginning of the fiscal year</b>	¥ 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	—	—	—	—	—	—	—	
<b>Balance at the end of the fiscal year</b>	¥ 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]	
<b>Fiscal year ended March 31</b>		<b>2017</b>						
<b>Balance at the beginning of the fiscal year</b>	¥ 961,031	¥ 27,027	¥ 12,217	¥ 5,595	¥ 4,989	¥4,150	¥1,015,013	
Transfer to reserve from surplus in the previous fiscal year	23,115	3,093	122,273	79,654	—	1,720	229,857	
Increase in interest	22,195	258	1	0	3	0	22,458	
Other increases	—	—	—	—	—	—	—	
Policyholder dividends paid out during the fiscal year	56,372	1,708	123,611	81,784	508	2,242	266,227	
Other decreases	—	—	—	—	—	—	—	
<b>Balance at the end of the fiscal year</b>	¥ 949,970	¥ 28,670	¥ 10,882	¥ 3,465	¥ 4,484	¥3,629	¥1,001,102	
	[709,787]	[14,080]	[3,399]	[16]	[4,300]	[206]	[731,791]	

Note: The numbers in brackets indicate accumulated dividends reserved.

## 44. Allowance for Doubtful Accounts and Other Provisions

Millions of Yen

As of March 31	2019		2018		2017		
	Amount	Increase/ decrease	Amount	Increase/ decrease	Amount	Increase/ decrease	
Allowance for doubtful accounts <sup>1</sup>	General allowance for doubtful accounts	¥ 794	¥ (402)	¥ 1,197	¥ (305)	¥ 1,503	¥ (248)
	Specific allowance for doubtful accounts	3,669	2,465	1,204	(175)	1,379	(393)
	Allowance for specific overseas debt	—	—	—	—	—	—
Allowance for investment loss <sup>2</sup>	29,597	1,459	28,138	2,918	25,219	25,219	
Accrued bonuses for directors and audit and supervisory board members <sup>3</sup>	106	15	90	11	79	(7)	
Accrued retirement benefits <sup>4</sup>	365,897	4,782	361,114	2,483	358,630	(131)	
Accrued retirement benefits for directors and audit and supervisory board members <sup>5</sup>	4,225	(615)	4,840	342	4,498	106	
Reserve for program points <sup>6</sup>	9,203	(207)	9,411	397	9,013	(406)	
Reserve for price fluctuations in investments in securities <sup>7</sup>	1,381,653	99,459	1,282,194	165,399	1,116,795	169,411	

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.

## 45. Allowance for Specific Overseas Loans

### 1. Allowance for specific overseas loans

There were no ending balances as of March 31, 2019, 2018, and 2017.

### 2. Balance of loans by creditor country

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 46. Insurance Premiums

### 1. Premiums by payment method

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
<b>Individual insurance</b>	<b>¥2,618,300</b>	<b>¥2,297,369</b>	<b>¥2,443,961</b>
Single premium	531,859	191,873	390,347
Annual payment	695,895	698,145	644,680
Semiannual payment	3,651	4,310	5,115
Monthly payment	1,386,895	1,403,039	1,403,817
<b>Individual annuities</b>	<b>668,029</b>	<b>699,639</b>	<b>682,503</b>
Single premium	38,092	62,070	33,195
Annual payment	200,684	214,203	258,172
Semiannual payment	2,729	2,975	3,259
Monthly payment	426,522	420,390	387,875
<b>Group insurance</b>	<b>257,148</b>	<b>267,210</b>	<b>263,403</b>
<b>Group annuities</b>	<b>1,179,052</b>	<b>1,170,750</b>	<b>1,202,981</b>
<b>Total, including other premiums</b>	<b>¥4,774,223</b>	<b>¥4,487,627</b>	<b>¥4,646,209</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.

## 46. Insurance Premiums, continued

### 2. Premiums by fiscal year

Fiscal years ended March 31		2019	2018	2017
<b>Individual insurance</b>	Initial year premium	¥ 877,116	¥ 658,554	¥ 779,845
<b>Individual annuities</b>	Subsequent year premiums	2,409,214	2,338,454	2,346,619
	<b>Subtotal</b>	<b>3,286,330</b>	<b>2,997,009</b>	<b>3,126,465</b>
<b>Group insurance</b>	Initial year premium	1,257	1,301	1,598
	Subsequent year premiums	255,891	265,909	261,805
	<b>Subtotal</b>	<b>257,148</b>	<b>267,210</b>	<b>263,403</b>
<b>Group annuities</b>	Initial year premium	6,729	4,689	12,103
	Subsequent year premiums	1,172,323	1,166,061	1,190,878
	<b>Subtotal</b>	<b>1,179,052</b>	<b>1,170,750</b>	<b>1,202,981</b>
<b>Total, including other premiums</b>	Initial year premium	888,354	667,569	796,112
	Subsequent year premiums	3,885,869	3,820,058	3,850,097
	<b>Total</b>	<b>¥4,774,223</b>	<b>¥4,487,627</b>	<b>¥4,646,209</b>
	<b>[Percentage increase (decrease)]</b>	<b>[6.4%]</b>	<b>[(3.4)%]</b>	<b>[(23.6)%]</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.

## 47. Death and Other Claims

### 1. Amount

	Individual insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Medical life insurance	Disability income insurance	Reinsurance assumed	Total
Millions of Yen									
<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>
<b>Fiscal year ended March 31</b>					<b>2017</b>				
Mortality insurance claims	¥572,879	¥1,350	¥ 95,307	¥ —	¥ —	¥ 4	¥ 0	¥129	¥ 669,673
Accident insurance claims	6,373	19	293	—	91	—	—	—	6,778
Serious disability insurance claims	68,207	98	8,592	—	—	—	—	1	76,900
Maturity benefits	247,907	19	0	13,687	3,336	—	—	—	264,950
Others	—	—	—	—	—	—	77	13	90
<b>Total</b>	<b>¥895,368</b>	<b>¥1,488</b>	<b>¥104,193</b>	<b>¥13,687</b>	<b>¥3,427</b>	<b>¥ 4</b>	<b>¥ 77</b>	<b>¥145</b>	<b>¥1,018,393</b>

## 47. 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>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>
<b>Fiscal year ended March 31</b>									
<b>2017</b>									
Mortality insurance claims	65,854	750	46,039	—	—	206	8	123	112,980
Accident insurance claims	782	24	191	—	7	—	—	—	1,004
Serious disability insurance claims	20,571	28	3,553	—	—	—	—	4	24,156
Maturity benefits	58,162	185	1	4	5,026	—	—	—	63,378
Others	—	—	—	—	—	—	277	198	475
<b>Total</b>	<b>145,369</b>	<b>987</b>	<b>49,784</b>	<b>4</b>	<b>5,033</b>	<b>206</b>	<b>285</b>	<b>325</b>	<b>201,993</b>

## 48. 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>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
<b>Fiscal year ended March 31</b>									
<b>2017</b>									
Annuities paid	¥38,450	¥387,188	¥ 2,334	¥ 399,524	¥ 8,813	¥—	¥—	¥—	¥ 836,311
Number of policies	31,591	512,140	32,429	7,060,087	30,077	—	—	—	7,666,324

## 49. 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>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>
<b>Fiscal year ended March 31</b>									
					<b>2017</b>				
Death benefits	¥ 4,760	¥24,840	¥ 6	¥ —	¥ 555	¥ —	¥—	¥—	¥ 30,162
Hospitalization benefits	—	—	—	—	—	—	—	—	—
Surgical benefits	52,960	1,430	—	—	—	1,798	—	11	56,200
Disability benefits	3,345	12	46	—	13	—	—	—	3,417
Survival benefits	95,377	155	—	—	1,739	—	—	—	97,272
Single benefits	—	—	—	376,515	—	—	—	—	376,515
Other benefits	7	0	1	17,756	—	—	—	33	17,800
<b>Total</b>	<b>¥230,606</b>	<b>¥28,137</b>	<b>¥130</b>	<b>¥394,272</b>	<b>¥2,308</b>	<b>¥3,441</b>	<b>¥—</b>	<b>¥69</b>	<b>¥658,966</b>

## 49. 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 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 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>
<b>Fiscal year ended March 31 2017</b>									
Death benefits	4,471	5,536	429	—	235	—	—	—	10,671
Hospitalization benefits	—	—	—	—	—	—	—	—	—
Surgical benefits	450,456	17,097	—	—	—	14,885	—	934	483,372
Disability benefits	37,002	99	137	—	2	—	—	—	37,240
Survival benefits	290,890	1,395	—	—	783	—	—	—	293,068
Single benefits	—	—	—	589,191	—	—	—	—	589,191
Other benefits	18	3	158	4	—	—	—	9,897	10,080
<b>Total</b>	<b>1,621,079</b>	<b>51,414</b>	<b>3,768</b>	<b>589,195</b>	<b>1,020</b>	<b>49,361</b>	<b>—</b>	<b>12,789</b>	<b>2,328,626</b>

## 50. Surrender Benefits

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>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>
<b>2017</b>	580,503	113,623	—	74,933	32,719	—	—	—	<b>801,780</b>

## 51. 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>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>
<b>Fiscal year ended March 31</b>			<b>2017</b>		
Tangible fixed assets	¥619,904	¥12,805	¥425,816	¥194,088	68.7%
Buildings	546,044	8,467	373,173	172,870	68.3
Lease assets	17,358	2,207	5,620	11,737	32.4
Other tangible fixed assets	56,501	2,130	47,022	9,479	83.2
Intangible fixed assets	230,629	34,045	149,525	81,103	64.8
Others	8,672	726	5,297	3,375	61.1
<b>Total</b>	<b>¥859,206</b>	<b>¥47,578</b>	<b>¥580,639</b>	<b>¥278,567</b>	<b>67.6%</b>

## 52. Operating Expenses

				Millions of Yen
<b>Fiscal years ended March 31</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Marketing operation expenses	¥262,362	¥258,476	¥233,347	
Marketing administration expenses	82,176	80,935	81,869	
General and administrative expenses	267,433	261,158	256,942	
<b>Total</b>	<b>¥611,973</b>	<b>¥600,571</b>	<b>¥572,159</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 ¥5,525 million in the fiscal year ended March 31, 2019, ¥5,742 million in the fiscal year ended March 31, 2018, and ¥5,840 million in the fiscal year ended March 31, 2017.

## 53. 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>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
<b>As of March 31</b>			<b>2017</b>				
Loans payable	¥2,474	¥4,241	¥3,846	¥13,024	¥3,062	¥—	¥26,649
Corporate bonds	—	—	—	—	—	840,825	840,825



## 54. Taxes

Millions of Yen

Fiscal years ended March 31		2019	2018	2017
<b>National tax</b>		<b>¥28,156</b>	<b>¥26,128</b>	<b>¥24,264</b>
	Consumption tax	24,205	22,507	20,510
	Special local corporate tax	3,543	3,263	3,377
	Documentary stamp tax	330	316	369
	Registration and license tax	12	6	1
	Other national tax	65	34	4
<b>Local tax</b>		<b>21,201</b>	<b>19,930</b>	<b>20,277</b>
	Local consumption tax	6,531	6,073	5,534
	Corporate enterprise tax	8,537	7,853	8,262
	Fixed asset tax	5,198	5,097	5,132
	Real estate acquisition tax	38	13	439
	Corporate income tax	882	884	901
	Automobile tax	1	1	2
	Other local tax	12	6	4
<b>Total</b>		<b>¥49,358</b>	<b>¥46,058</b>	<b>¥44,541</b>

## 55. 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, 2019, 2018, and 2017.

ii) Future minimum lease payments at year-end

There were no ending balances for the fiscal years ended March 31, 2019, 2018, and 2017.

iii) Lease payments and depreciation

There were no ending balances for the fiscal years ended March 31, 2019, 2018, and 2017.

### (2) Operating lease transactions

Millions of Yen

Fiscal years ended March 31		2019	2018	2017
Future minimum lease payments at year-end	Within one year	¥ 522	¥362	¥287
	Over one year	1,618	603	421
	<b>Total</b>	<b>¥2,141</b>	<b>¥965</b>	<b>¥708</b>

### Lease Transactions (as a Lessor)

#### (1) Operating lease transactions

Millions of Yen

Fiscal years ended March 31		2019	2018	2017
Future minimum lease payments at year-end	Within one year	¥18,612	¥13,014	¥13,235
	Over one year	40,624	22,106	30,895
	<b>Total</b>	<b>¥59,237</b>	<b>¥35,120</b>	<b>¥44,131</b>

## 56. Overview of Investment for the Fiscal Year Ended March 31, 2019 (General Account)

### (1) Investment environment

In the fiscal year ended March 31, 2019, the Japanese economy remained on a gradual recovery path, mainly owing to increased capital investment supported by firm corporate earnings, although exports and productions were impacted by a slowdown in overseas economies.

- The Nikkei Stock Average started the fiscal year at ¥21,454. Subsequently, the index had risen steadily fueled by heightened expectations for improved corporate business performance supported by a sustained expansionary trend in the global economy, with the index reaching ¥24,270 at the beginning of October 2018. Afterwards, the index temporarily declined to the ¥19,000 level toward the end of 2018, affected by rising concerns about a possible global economic slowdown caused by trade friction between the United States (U.S.) and China, and other related factors. The central banks of Europe and the U.S., however, shifted to an accommodative monetary policy stance in consideration of economic conditions. Against this backdrop, the index recovered to ¥21,205 at the end of March 2019.
- The yield rate on 10-year government bonds started the fiscal year at 0.04% and then increased slightly as the Bank of Japan revised its monetary policy at the end of July 2018, expanding the range of fluctuation in long-term interest rates. Toward the end of the fiscal year, overseas interest rates trended at a low level as the central banks of Europe and the U.S. shifted to the accommodative monetary policy stance in consideration of the economic conditions. In this environment, the yield rate declined to minus 0.10% at the end of March 2019.
- The yen-U.S. dollar exchange rate started the fiscal year at the ¥106 level. Thereafter, the yen headed to a weaker level, depreciating to the ¥114 level amid continuing interest rate hikes in the U.S. In early January, the yen temporarily strengthened to the ¥107 level backed by heightened concerns about a slowdown in the global economy. After that, the yen began to slightly depreciate on an upturn in stock prices and other factors. The yen-dollar exchange rate finished at ¥110.99 at the end of March 2019.

The yen-euro exchange rate started the fiscal year at the ¥130 level. Thereafter, although the euro temporarily weakened at times due to increasing European political risks and related factors, the yen depreciated to the ¥132 level in October 2018. Subsequently, the yen headed to a stronger level as the European Central Bank strengthened its accommodative monetary policy stance in consideration of the economic conditions. The yen-euro rate finished at ¥124.56 at the end of March 2019.

### (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 the Company 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 mid- 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, 2019, 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 mid- 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 mid- 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.

## 56. Overview of Investment for the Fiscal Year Ended March 31, 2019 (General Account), continued

Billions of Yen, %			
As of March 31	2019	Increase (decrease)*	Breakdown
<b>General account total</b>	<b>¥66,826.7</b>	<b>¥1,739.2</b>	<b>100.0%</b>
Domestic bonds	23,527.5	1,105.6	35.2
Domestic stocks	8,955.4	218.2	13.4
Foreign securities	19,859.5	(25.7)	29.7
Loans	7,438.7	(29.5)	11.1
Real estate	1,649.6	42.2	2.5

\* Amounts indicate increase/decrease in the book value.

## 57. Portfolio Trends (General Account)

### 1. Asset composition

Millions of Yen, %						
As of March 31	2019		2018		2017	
Cash, deposits, and call loans	¥ 1,079,370	1.6 %	¥ 1,063,465	1.6 %	¥ 1,077,906	1.7 %
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables purchased	244,043	0.4	278,235	0.4	326,256	0.5
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	13,157	0.0	10,421	0.0	3,397	0.0
Investments in securities	55,514,354	83.1	53,744,350	82.5	51,871,554	81.7
Domestic bonds	23,527,564	35.2	22,381,354	34.3	22,460,179	35.4
Domestic stocks	8,955,495	13.4	9,358,885	14.4	8,695,235	13.7
Foreign securities	19,859,544	29.7	19,371,054	29.7	18,855,086	29.7
Foreign bonds	13,871,081	20.8	14,433,531	22.1	14,379,482	22.6
Foreign stocks and other securities	5,988,462	9.0	4,937,522	7.6	4,475,604	7.0
Other securities	3,171,750	4.7	2,633,055	4.0	1,861,053	2.9
Loans	7,438,736	11.1	7,468,329	11.5	7,749,527	12.2
Policy loans	582,774	0.9	619,030	0.9	654,701	1.0
Industrial and consumer loans	6,855,961	10.3	6,849,298	10.5	7,094,826	11.2
Real estate	1,649,608	2.5	1,607,364	2.5	1,619,295	2.6
Investment property	1,048,419	1.6	1,010,503	1.6	1,022,318	1.6
Deferred tax assets	—	—	—	—	—	—
Other assets	891,903	1.3	1,008,756	1.5	853,155	1.3
Allowance for doubtful accounts	(4,463)	(0.0)	(2,401)	(0.0)	(2,882)	(0.0)
<b>Total</b>	<b>¥66,826,711</b>	<b>100.0 %</b>	<b>¥65,178,521</b>	<b>100.0 %</b>	<b>¥63,498,212</b>	<b>100.0 %</b>
Foreign currency-denominated assets	¥18,719,554	28.0 %	¥18,015,853	27.6 %	¥17,036,197	26.8 %

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 (¥32,610 million as of March 31, 2019; ¥330,722 million as of March 31, 2018; and ¥674,067 million as of March 31, 2017).  
2. Real estate amount is the sum of land, buildings, and construction in progress.

## 57. Portfolio Trends (General Account), continued

## 2. Increases/decreases in assets

Millions of Yen			
Fiscal years ended March 31	2019	2018	2017
Cash, deposits, and call loans	¥ 15,905	¥ (14,440)	¥ 74,173
Receivables under resale agreements	—	—	—
Receivables under securities borrowing transactions	—	—	—
Monetary receivables purchased	(34,191)	(48,021)	(93,658)
Proprietary trading securities	—	—	—
Assets held in trust	2,736	7,023	1,463
Investments in securities	1,770,004	1,872,795	1,737,802
Domestic bonds	1,146,210	(78,825)	(894,676)
Domestic stocks	(403,390)	663,650	587,593
Foreign securities	488,489	515,967	1,696,931
Foreign bonds	(562,450)	54,049	954,380
Foreign stocks and other securities	1,050,939	461,918	742,550
Other securities	538,694	772,002	347,954
Loans	(29,593)	(281,198)	(371,956)
Policy loans	(36,256)	(35,671)	(41,176)
Industrial and consumer loans	6,662	(245,527)	(330,779)
Real estate	42,244	(11,930)	(58,665)
Investment property	37,916	(11,815)	(57,300)
Deferred tax assets	—	—	—
Other assets	(116,853)	155,601	132,530
Allowance for doubtful accounts	(2,062)	481	641
<b>Total</b>	<b>¥1,648,189</b>	<b>¥1,680,309</b>	<b>¥1,422,331</b>
Foreign currency-denominated assets	¥ 703,701	¥ 979,655	¥1,857,861

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows:

Fiscal year ended March 31, 2019: ¥298,112 million decrease

Fiscal year ended March 31, 2018: ¥343,344 million decrease

Fiscal year ended March 31, 2017: ¥12,248 million increase

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

## 58. Average Balance and Yield on Primary Assets (General Account)

Millions of Yen, %						
Fiscal years ended March 31	2019		2018		2017	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Cash, deposits, and call loans	¥ 988,039	0.16 %	¥ 445,908	0.04 %	¥ 406,673	(0.00)%
Receivables under resale agreements	—	—	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—	—	—
Monetary receivables purchased	252,942	1.83	290,635	1.88	359,626	2.00
Proprietary trading securities	—	—	—	—	—	—
Assets held in trust	18,622	(13.74)	10,003	(32.68)	2,096	(94.29)
Investments in securities	48,147,945	2.33	46,438,121	2.42	44,670,810	2.35
Domestic bonds	22,807,362	1.85	22,177,019	1.81	22,638,931	1.93
Domestic stocks	4,722,279	6.57	4,445,252	7.02	4,373,601	7.54
Foreign securities	17,971,199	1.94	17,799,017	2.12	16,161,048	1.57
Foreign bonds	13,234,596	1.37	13,690,630	1.51	12,819,107	1.12
Foreign stocks and other securities	4,736,602	3.55	4,108,387	4.12	3,341,940	3.31
Loans	7,467,512	1.53	7,652,269	1.67	8,021,416	1.76
Industrial and consumer loans	6,867,132	1.26	7,017,716	1.39	7,347,695	1.50
Real estate	1,624,475	2.70	1,615,605	2.70	1,663,379	2.89
Investment property	1,022,823	4.29	1,017,517	4.29	1,065,422	4.51
<b>General account total</b>	<b>¥60,288,629</b>	<b>2.14 %</b>	<b>¥58,087,021</b>	<b>2.20 %</b>	<b>¥56,688,779</b>	<b>2.19 %</b>
Overseas investments	¥19,240,924	1.88 %	¥18,551,859	2.07 %	¥16,755,760	1.58 %

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.

## 59. Investment Income (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Interest, dividends, and other income	¥1,427,665	¥1,407,350	¥1,365,628
Gain on proprietary trading securities	—	—	—
Gain from assets held in trust, net	—	—	—
Gain from trading securities	—	—	—
Gain on sales of securities	194,922	179,682	254,013
Gain on redemptions of securities	6,187	14,941	5,805
Gain on derivative financial instruments, net	—	—	—
Foreign exchange gains, net	2,140	—	—
Reversal of allowance for doubtful accounts	—	471	742
Reversal of allowance for investment loss	—	—	—
Other investment income	1,784	596	702
<b>Total</b>	<b>¥1,632,699</b>	<b>¥1,603,043</b>	<b>¥1,626,892</b>

## 60. Investment Expenses (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Interest expenses	¥ 30,872	¥ 21,923	¥ 18,996
Loss on proprietary trading securities	—	—	—
Loss from assets held in trust, net	2,563	3,276	1,976
Loss from trading securities	—	—	—
Loss on sales of securities	138,790	102,833	118,770
Loss on valuation of securities	21,371	11,235	27,738
Loss on redemptions of securities	8,097	23,359	32,958
Loss on derivative financial instruments, net	93,110	105,877	119,127
Foreign exchange losses, net	—	9,589	1,209
Provision for allowance for doubtful accounts	4,002	—	—
Provision for allowance for investment loss	1,459	2,918	25,219
Write-offs of loans	—	—	—
Depreciation of rental real estate and other assets	16,364	14,826	15,337
Other investment expenses	28,480	28,360	26,670
<b>Total</b>	<b>¥345,112</b>	<b>¥324,200</b>	<b>¥388,005</b>

## 61. Interest, Dividends, and Other Income (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Interest on deposits and savings	¥ 4,868	¥ 420	¥ 76
Interest on securities and dividends	1,198,538	1,183,986	1,127,836
Interest on bonds	385,378	386,443	399,426
Domestic stock dividends	219,879	202,357	180,316
Interest/dividends on foreign securities	551,410	555,312	513,283
Interest on loans	124,582	130,059	141,124
Real estate rental income	82,977	80,271	84,499
<b>Total, including other income</b>	<b>¥1,427,665</b>	<b>¥1,407,350</b>	<b>¥1,365,628</b>

## 62. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen

Fiscal years ended March 31	2019			2018			2017		
	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	Total increase (decrease)
<b>Interest, dividends, and other income</b>	<b>¥53,341</b>	<b>¥(33,026)</b>	<b>¥20,314</b>	<b>¥33,683</b>	<b>¥ 8,038</b>	<b>¥ 41,722</b>	<b>¥63,328</b>	<b>¥ (93,880)</b>	<b>¥ 30,552</b>
Cash, deposits, and call loans	1,009	6,891	7,900	7	745	753	(210)	(229)	(439)
Securities	43,593	(29,041)	14,552	44,620	11,530	56,150	88,559	(105,418)	(16,858)
Loans	(3,140)	(2,336)	(5,477)	(6,494)	(4,570)	(11,065)	(4,447)	(7,773)	(12,221)
Real estate	440	2,264	2,705	(2,426)	(1,800)	(4,227)	(1,417)	234	(1,183)

## 63. Gain on Sales of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Domestic bonds	¥ 29,912	¥ 12,476	¥ 27,575
Domestic stocks and other securities	118,672	130,988	194,152
Foreign securities	46,337	36,217	32,285
<b>Total, including other gains on sales of securities</b>	<b>¥194,922</b>	<b>¥179,682</b>	<b>¥254,013</b>

## 64. Loss on Sales of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Domestic bonds	¥ 1,802	¥ 571	¥ 1,184
Domestic stocks and other securities	10,058	7,706	8,182
Foreign securities	126,922	94,555	109,395
<b>Total, including other losses on sales of securities</b>	<b>¥138,790</b>	<b>¥102,833</b>	<b>¥118,770</b>

## 65. Loss on Valuation of Securities (General Account)

Millions of Yen

Fiscal years ended March 31	2019	2018	2017
Domestic bonds	¥ —	¥ —	¥ —
Domestic stocks and other securities	10,999	201	13,662
Foreign securities	10,336	10,839	14,023
<b>Total, including other losses on valuation of securities</b>	<b>¥21,371</b>	<b>¥11,235</b>	<b>¥27,738</b>

## 66. Proprietary Trading Securities (General Account)

There are no ending balances as of March 31, 2019, 2018, and 2017.

## 67. Proprietary Trading Securities Trading Volume (General Account)

There are no ending balances for the fiscal years ended March 31, 2019, 2018, and 2017.

## 68. Breakdown of Investments in Securities (General Account)

Millions of Yen, %

As of March 31	2019		2018		2017	
Domestic bonds	¥23,527,564	42.4%	¥22,381,354	41.6%	¥22,460,179	43.3%
National government bonds	20,809,124	37.5	19,456,180	36.2	19,258,685	37.1
Local government bonds	789,752	1.4	881,518	1.6	956,879	1.8
Corporate bonds	1,928,688	3.5	2,043,655	3.8	2,244,614	4.3
Public entity bonds	793,081	1.4	810,792	1.5	920,161	1.8
Domestic stocks	8,955,495	16.1	9,358,885	17.4	8,695,235	16.8
Foreign securities	19,859,544	35.8	19,371,054	36.0	18,855,086	36.3
Foreign bonds	13,871,081	25.0	14,433,531	26.9	14,379,482	27.7
Foreign stocks and other securities	5,988,462	10.8	4,937,522	9.2	4,475,604	8.6
Other securities	3,171,750	5.7	2,633,055	4.9	1,861,053	3.6
<b>Total</b>	<b>¥55,514,354</b>	<b>100.0%</b>	<b>¥53,744,350</b>	<b>100.0%</b>	<b>¥51,871,554</b>	<b>100.0%</b>

## 69. Breakdown of Investments in Securities by Maturity Dates (General Account)

Millions of Yen

As of March 31	2019						Total
	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)	
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>

## 69. Breakdown of Investments in Securities by Maturity Dates (General Account), continued

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
							2018
Investments in securities	¥ 786,922	¥2,287,462	¥2,412,894	¥2,795,209	¥7,371,743	¥38,090,117	¥53,744,350
Domestic bonds							
National government bonds	172,029	588,945	934,045	1,643,829	3,073,635	13,043,695	19,456,180
Local government bonds	100,624	95,798	6,067	26,768	86,781	565,477	881,518
Corporate bonds	281,225	120,267	131,797	138,958	418,521	952,884	2,043,655
Domestic stocks						9,358,885	9,358,885
Foreign securities	231,531	1,249,195	1,233,133	786,330	2,437,656	13,433,207	19,371,054
Foreign bonds	222,403	1,231,479	1,198,882	752,973	2,379,598	8,648,194	14,433,531
Foreign stocks and other securities	9,127	17,716	34,251	33,357	58,057	4,785,012	4,937,522
Other securities	1,512	233,255	107,850	199,322	1,355,147	735,967	2,633,055
Monetary receivables purchased	22,999	1,602	4,234	6,416	23,301	219,682	278,235
Negotiable certificates of deposit	327,500	—	—	—	—	—	327,500
<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>
As of March 31	2017						
Investments in securities	¥1,003,781	¥2,062,107	¥2,320,085	¥2,532,590	¥6,737,842	¥37,215,147	¥51,871,554
Domestic bonds							
National government bonds	318,860	484,183	791,349	1,141,404	3,358,781	13,164,104	19,258,685
Local government bonds	54,209	215,243	7,071	18,397	90,459	571,497	956,879
Corporate bonds	205,549	356,648	111,686	164,732	306,956	1,099,040	2,244,614
Domestic stocks						8,695,235	8,695,235
Foreign securities	377,684	863,084	1,263,009	1,116,606	2,129,189	13,105,512	18,855,086
Foreign bonds	376,748	838,451	1,226,754	1,088,490	2,069,112	8,779,925	14,379,482
Foreign stocks and other securities	936	24,633	36,255	28,115	60,076	4,325,586	4,475,604
Other securities	47,477	142,947	146,967	91,447	852,455	579,757	1,861,053
Monetary receivables purchased	35,999	—	7,620	7,800	20,058	254,778	326,256
Negotiable certificates of deposit	697,601	—	—	—	—	—	697,601
<b>Total</b>	<b>¥1,737,381</b>	<b>¥2,062,107</b>	<b>¥2,327,705</b>	<b>¥2,540,390</b>	<b>¥6,757,901</b>	<b>¥37,469,925</b>	<b>¥52,895,413</b>

## 70. Bond Yields (General Account)

%

As of March 31	2019	2018	2017
Domestic bonds	1.76%	1.84%	1.86%
Foreign bonds	3.18	3.12	3.25
Japanese yen denominated	1.32	1.35	1.41
Foreign currency denominated	3.29	3.20	3.35



## 71. Stocks Held—Breakdown by Industry (General Account)

		Millions of Yen, %							
As of March 31	2019		2018		2017				
<b>Fishery, agriculture, and forestry</b>	¥	5,041	0.1%	¥	3,968	0.0%	¥	4,451	0.1%
<b>Mining</b>		1,323	0.0		1,527	0.0		1,365	0.0
<b>Construction</b>		153,286	1.7		165,767	1.8		143,793	1.7
<b>Manufacturing</b>									
Food		322,054	3.6		327,487	3.5		328,039	3.8
Textiles and apparel		107,364	1.2		130,398	1.4		122,438	1.4
Pulp and paper		28,703	0.3		29,262	0.3		25,879	0.3
Chemicals		890,795	9.9		954,178	10.2		854,761	9.8
Pharmaceuticals		759,058	8.5		772,598	8.3		737,101	8.5
Oil and coal products		21,803	0.2		28,103	0.3		24,227	0.3
Rubber products		85,421	1.0		98,860	1.1		98,233	1.1
Glass and ceramic products		77,315	0.9		89,137	1.0		86,402	1.0
Iron and steel		118,824	1.3		137,830	1.5		142,801	1.6
Nonferrous metals		72,891	0.8		87,344	0.9		85,431	1.0
Metal products		32,865	0.4		44,893	0.5		47,486	0.5
Machinery		483,442	5.4		597,667	6.4		531,789	6.1
Electric appliances		998,459	11.1		1,157,420	12.4		987,637	11.4
Transportation equipment		1,300,508	14.5		1,401,888	15.0		1,309,350	15.1
Precision instruments		119,136	1.3		119,992	1.3		114,380	1.3
Other products		103,203	1.2		101,805	1.1		100,304	1.2
<b>Electric power and gas</b>		393,519	4.4		345,576	3.7		361,750	4.2
<b>Transportation, information, and communication</b>									
Land transportation		624,994	7.0		538,009	5.7		534,076	6.1
Marine transportation		4,878	0.1		7,217	0.1		8,862	0.1
Air transportation		18,160	0.2		13,986	0.1		11,763	0.1
Warehousing and harbor transportation services		10,492	0.1		10,578	0.1		9,414	0.1
Information and communication		289,614	3.2		247,430	2.6		217,606	2.5
<b>Trade and services</b>									
Wholesale trade		312,105	3.5		326,057	3.5		283,286	3.3
Retail trade		269,717	3.0		282,741	3.0		240,135	2.8
<b>Finance and insurance</b>									
Banking		421,471	4.7		543,603	5.8		543,572	6.3
Securities and trading		67,868	0.8		79,260	0.8		58,191	0.7
Insurance		569,126	6.4		438,929	4.7		442,446	5.1
Other financial services		52,070	0.6		55,825	0.6		48,634	0.6
<b>Real estate</b>		49,489	0.6		46,700	0.5		42,273	0.5
<b>Services</b>		190,486	2.1		172,833	1.8		147,343	1.7
<b>Total</b>		<b>¥8,955,495</b>	<b>100.0%</b>		<b>¥9,358,885</b>	<b>100.0%</b>		<b>¥8,695,235</b>	<b>100.0%</b>

## 72. Loans (General Account)

		Millions of Yen				
As of March 31	2019	2018	2017			
<b>Policy loans</b>	¥	<b>582,774</b>	¥	<b>619,030</b>	¥	<b>654,701</b>
Premium loans		39,575		43,027		46,626
Policyholder loans		543,198		576,003		608,075
<b>Industrial and consumer loans</b>		<b>6,855,961</b>		<b>6,849,298</b>		<b>7,094,826</b>
[Loans to nonresidents]		[350,623]		[197,476]		[158,389]
Corporate loans—international and domestic		5,111,891		5,096,146		5,303,432
[Corporate loans—domestic]		[4,791,268]		[4,931,006]		[5,181,511]
Loans to national, international, and government-affiliated organizations		21,740		24,396		29,055
Loans to public entities		453,439		452,151		419,835
Housing loans		810,577		798,603		792,738
Consumer loans		378,866		393,023		422,677
Other loans		79,445		84,976		127,086
<b>Total</b>		<b>¥ 7,438,736</b>		<b>¥ 7,468,329</b>		<b>¥ 7,749,527</b>

## 73. 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>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>
<b>As of March 31</b>	<b>2017</b>						
Fixed-rate loans	¥ 947,887	¥1,280,582	¥1,101,204	¥786,658	¥861,309	¥1,647,093	¥6,624,737
Variable-rate loans	58,710	94,690	116,604	59,690	42,936	97,455	470,089
<b>Total loans</b>	<b>¥1,006,598</b>	<b>¥1,375,273</b>	<b>¥1,217,808</b>	<b>¥846,349</b>	<b>¥904,246</b>	<b>¥1,744,549</b>	<b>¥7,094,826</b>

## 74. Loans to Domestic Companies by Company Size (General Account)

Number of Borrowers, Millions of Yen, %

As of March 31	2019		2018		2017			
Large companies	Number of borrowers	783 38.1%	845 37.0%	889 35.5%	Amount of loans	¥4,115,921 85.9	¥4,295,572 87.1	¥4,523,345 87.3
	Medium-sized companies	Number of borrowers	261 12.7	312 13.7		347 13.9	Amount of loans	67,221 1.4
Small companies	Number of borrowers	1,011 49.2	1,127 49.3	1,268 50.6	Amount of loans	608,125 12.7	562,994 11.4	582,340 11.2
	<b>Total loans to domestic companies</b>	<b>Total number of borrowers</b>	<b>2,055 100.0</b>	<b>2,284 100.0</b>	<b>2,504 100.0</b>	<b>Total amount of loans</b>	<b>¥4,791,268 100.0%</b>	<b>¥4,931,006 100.0%</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.

Company size	Industry Type			
	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	

## 75. Breakdown of Industrial and Consumer Loans by Industry (General Account)

Millions of Yen, %

As of March 31	2019		2018		2017	
<b>Domestic</b>						
Manufacturing	¥1,058,921	15.4%	¥1,115,248	16.3%	¥1,295,918	18.3%
Food	96,166	1.4	102,170	1.5	104,427	1.5
Textiles and apparel	19,315	0.3	22,295	0.3	33,674	0.5
Wood and wood products	2,097	0.0	2,477	0.0	2,664	0.0
Pulp and paper	60,682	0.9	59,161	0.9	72,722	1.0
Printing	15,641	0.2	15,852	0.2	17,764	0.3
Chemicals	201,393	2.9	182,144	2.7	253,596	3.6
Oil and coal products	87,521	1.3	79,950	1.2	72,681	1.0
Ceramics, soil, and stone	42,209	0.6	42,676	0.6	42,559	0.6
Iron and steel	183,987	2.7	180,539	2.6	196,641	2.8
Nonferrous metals	19,067	0.3	18,365	0.3	19,163	0.3
Metal products	9,192	0.1	8,702	0.1	14,411	0.2
General purpose, production, and industrial machinery	101,018	1.5	124,491	1.8	136,679	1.9
Electric appliances	73,714	1.1	94,326	1.4	121,494	1.7
Transportation equipment	121,177	1.8	157,499	2.3	176,363	2.5
Other manufacturing products	25,733	0.4	24,595	0.4	31,074	0.4
Agriculture and forestry	—	—	—	—	—	—
Fishery	—	—	—	—	2,000	0.0
Mining, quarrying, and gravel mining	2,549	0.0	4,553	0.1	5,064	0.1
Construction	31,181	0.5	32,147	0.5	35,279	0.5
Electric power, gas, heat supply, and waterworks	1,235,997	18.0	1,208,197	17.6	1,159,205	16.3
Information and communication	129,981	1.9	151,233	2.2	154,953	2.2
Transportation and courier	626,675	9.1	647,090	9.4	660,811	9.3
Wholesale trade	770,842	11.2	803,071	11.7	862,721	12.2
Retail trade	51,795	0.8	54,700	0.8	57,418	0.8
Financing and insurance	468,947	6.8	518,574	7.6	562,387	7.9
Real estate	471,955	6.9	433,793	6.3	415,503	5.9
Goods rental and leasing	239,019	3.5	255,480	3.7	247,686	3.5
Academic research, and specialized and technical services	1,541	0.0	1,886	0.0	1,653	0.0
Hospitality services	23,486	0.3	23,067	0.3	15,322	0.2
Food and drink services	3,104	0.0	3,198	0.0	3,208	0.0
Lifestyle and entertainment	44,219	0.6	42,933	0.6	64,698	0.9
Education and learning support	1,666	0.0	1,593	0.0	1,723	0.0
Medical treatment and welfare	1,075	0.0	1,217	0.0	1,212	0.0
Other services	10,257	0.1	11,126	0.2	15,517	0.2
Local organizations and public entities	142,670	2.1	151,047	2.2	158,614	2.2
Individuals (residential, consumption, local taxes, and others)	1,189,451	17.3	1,191,658	17.4	1,215,537	17.1
<b>Subtotal</b>	<b>6,505,338</b>	<b>94.9</b>	<b>6,651,821</b>	<b>97.1</b>	<b>6,936,437</b>	<b>97.8</b>
<b>Overseas</b>						
Governments and public entities	30,000	0.4	32,337	0.5	36,468	0.5
Financial institutions	60,371	0.9	14,244	0.2	10,000	0.1
Commerce and industry, and others	260,251	3.8	150,894	2.2	111,921	1.6
<b>Subtotal</b>	<b>350,623</b>	<b>5.1</b>	<b>197,476</b>	<b>2.9</b>	<b>158,389</b>	<b>2.2</b>
<b>Total loans</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>

## 76. Breakdown of Industrial and Consumer Loans by Use (General Account)

As of March 31	Millions of Yen, %					
	2019		2018		2017	
Capital investments	¥2,527,986	36.9%	¥2,416,679	35.3%	¥2,385,458	33.6%
Operations	4,327,975	63.1	4,432,619	64.7	4,709,367	66.4
<b>Total loans</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>

## 77. Breakdown of Loans to Domestic Companies by Region (General Account)

As of March 31	Millions of Yen, %					
	2019		2018		2017	
Hokkaido	¥ 67,389	1.4%	¥ 66,071	1.3%	¥ 65,328	1.3%
Tohoku	132,359	2.8	124,000	2.5	120,697	2.3
Kanto	3,186,087	66.5	3,296,864	66.9	3,370,977	65.1
Chubu	395,898	8.3	419,266	8.5	465,304	9.0
Kinki	687,083	14.3	689,913	14.0	823,040	15.9
Chugoku	117,361	2.4	115,045	2.3	113,854	2.2
Shikoku	69,247	1.4	69,375	1.4	70,325	1.4
Kyushu	135,841	2.8	150,467	3.1	151,983	2.9
<b>Total</b>	<b>¥4,791,268</b>	<b>100.0%</b>	<b>¥4,931,006</b>	<b>100.0%</b>	<b>¥5,181,511</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.

## 78. Breakdown of Industrial and Consumer Loans by Collateral (General Account)

As of March 31	Millions of Yen, %					
	2019		2018		2017	
<b>Secured loans</b>	<b>¥ 29,777</b>	<b>0.4%</b>	<b>¥ 32,424</b>	<b>0.5%</b>	<b>¥ 36,496</b>	<b>0.5%</b>
Loans secured by securities	8,014	0.1	8,110	0.1	9,087	0.1
Loans secured by real estate, movable assets, and foundations	15,636	0.2	16,943	0.2	18,491	0.3
Loans secured by personal guarantees	6,126	0.1	7,369	0.1	8,916	0.1
<b>Guarantee loans</b>	<b>179,078</b>	<b>2.6</b>	<b>186,869</b>	<b>2.7</b>	<b>175,956</b>	<b>2.5</b>
<b>Fiduciary loans</b>	<b>5,457,661</b>	<b>79.6</b>	<b>5,438,377</b>	<b>79.4</b>	<b>5,666,957</b>	<b>79.9</b>
<b>Other loans</b>	<b>1,189,444</b>	<b>17.3</b>	<b>1,191,627</b>	<b>17.4</b>	<b>1,215,416</b>	<b>17.1</b>
<b>Total loans</b>	<b>¥6,855,961</b>	<b>100.0%</b>	<b>¥6,849,298</b>	<b>100.0%</b>	<b>¥7,094,826</b>	<b>100.0%</b>
Subordinated loans	¥ 161,620	2.4%	¥ 209,620	3.1%	¥ 265,120	3.7%

## 79. Appraisal Value of Real Estate (General Account)

As of March 31	Billions of Yen		
	2019	2018	2017
<b>Land and land lease rights</b>			
Balance sheet amount	¥1,198.8	¥1,166.8	¥1,185.1
Fair value (appraisal value)	1,571.2	1,428.6	1,384.1
<b>Net unrealized gains/losses</b>	<b>1</b>	<b>372.4</b>	<b>261.7</b>
Gain	492.9	398.8	343.2
Loss	(120.4)	(137.0)	(144.2)
<b>Revaluation differences</b>	<b>2</b>	<b>49.0</b>	<b>43.8</b>
	<b>1+2</b>	<b>¥ 421.5</b>	<b>¥ 305.5</b>
			<b>¥ 247.3</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.

## 80. Real Estate Balance and Number of Rental Properties Held (General Account)

Millions of Yen, Number of Buildings

As of March 31	2019	2018	2017
<b>Real estate balance</b>	<b>¥1,649,608</b>	<b>¥1,607,364</b>	<b>¥1,619,295</b>
For business use	601,189	596,860	596,976
For rental use	1,048,419	1,010,503	1,022,318
<b>Number of buildings held for leasing</b>	<b>267</b>	<b>274</b>	<b>284</b>

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

## 81. 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>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</b> <b>[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</b> <b>[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	—%
<b>Fiscal year ended March 31</b>				<b>2017</b>			
Land	¥1,152,488	¥ 2,074	¥ 47,322 [3,351]	¥ —	¥1,107,241	¥ —	—%
Buildings	500,025	22,589	27,427 [976]	23,416	471,770	1,093,329	69.9
Lease assets	6,209	7,738	0	2,209	11,738	5,629	32.4
Construction in progress	25,446	41,899	27,062	—	40,283	—	—
Other tangible fixed assets	10,708	1,639	86	2,294	9,968	53,611	84.3
<b>Total</b>	<b>¥1,694,878</b>	<b>¥ 75,942</b>	<b>¥101,898</b> <b>[4,328]</b>	<b>¥27,920</b>	<b>¥1,641,001</b>	<b>¥1,152,571</b>	<b>—%</b>
Investment and rental properties included in the above	¥1,105,475	¥ 39,152	¥ 76,594 [4,318]	¥14,950	¥1,053,083	¥ 722,131	—%

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.

## 82. Gain and Loss on Disposals of Fixed Assets (General Account)

Millions of Yen

Fiscal years ended March 31	2019		2018		2017	
	Gain	Loss	Gain	Loss	Gain	Loss
Tangible fixed assets	¥3,904	¥5,918	¥16,454	¥5,883	¥38,639	¥13,737
Land	3,061	3,022	11,216	3,071	27,683	4,073
Buildings	841	2,728	5,235	2,687	10,954	9,575
Lease assets	—	1	—	—	—	—
Other assets	1	165	1	123	1	88
Intangible fixed assets	—	259	38	237	256	698
Others	—	236	—	291	—	194
<b>Total</b>	<b>¥3,904</b>	<b>¥6,413</b>	<b>¥16,492</b>	<b>¥6,412</b>	<b>¥38,895</b>	<b>¥14,630</b>
Investment and rental properties included in the above	¥3,826	¥3,018	¥16,252	¥2,996	¥38,076	¥ 8,761

## 83. 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
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>Fiscal year ended March 31</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>
<b>Fiscal year ended March 31</b>			<b>2017</b>		
Tangible fixed assets	¥1,026,144	¥15,114	¥726,754	¥299,389	70.8%
Buildings	1,019,055	14,949	720,155	298,899	70.7
Lease assets	9	1	9	0	95.2
Others	7,079	163	6,589	489	93.1
Intangible fixed assets	1	0	0	0	63.3
Other assets	3,985	222	2,383	1,601	59.8
<b>Total</b>	<b>¥1,030,130</b>	<b>¥15,337</b>	<b>¥729,139</b>	<b>¥300,991</b>	<b>70.8%</b>

## 84. Overseas Loans and Investments (General Account)

### 1. Breakdown by asset composition

Millions of Yen, %						
As of March 31	2019		2018		2017	
<b>Foreign currency-denominated assets</b>						
Foreign bonds	¥13,553,635	63.3%	¥14,090,332	68.4%	¥13,901,009	71.0%
Foreign stocks	889,201	4.2	934,968	4.5	817,784	4.2
Cash, deposits, and others	4,276,717	20.0	2,990,551	14.5	2,317,403	11.8
<b>Subtotal</b>	<b>18,719,554</b>	<b>87.4</b>	<b>18,015,853</b>	<b>87.5</b>	<b>17,036,197</b>	<b>87.0</b>
<b>Foreign currency-denominated assets with fixed yen value</b>						
Foreign bonds	—	—	—	—	—	—
Cash, deposits, and others	281,261	1.3	290,942	1.4	248,414	1.3
<b>Subtotal</b>	<b>281,261</b>	<b>1.3</b>	<b>290,942</b>	<b>1.4</b>	<b>248,414</b>	<b>1.3</b>
<b>Japanese yen-denominated assets</b>						
Loans to nonresidents	73,834	0.3	55,059	0.3	58,896	0.3
Foreign bonds and others	2,341,791	10.9	2,235,420	10.9	2,248,017	11.5
<b>Subtotal</b>	<b>2,415,625</b>	<b>11.3</b>	<b>2,290,479</b>	<b>11.1</b>	<b>2,306,913</b>	<b>11.8</b>
<b>Net overseas loans and investments</b>	<b>¥21,416,442</b>	<b>100.0%</b>	<b>¥20,597,274</b>	<b>100.0%</b>	<b>¥19,591,525</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							
			Bonds		Stocks and other securities		Loans to nonresidents	
	Amount	%	Amount	%	Amount	%	Amount	%
	<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>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>
	<b>2017</b>							
North America	¥ 8,936,117	47.4%	¥ 8,409,317	58.5%	¥ 526,799	11.8%	¥102,024	64.4%
Europe	5,288,063	28.0	4,714,776	32.8	573,287	12.8	30,000	18.9
Oceania	721,052	3.8	538,952	3.7	182,100	4.1	—	—
Asia	583,747	3.1	261,871	1.8	321,875	7.2	3,468	2.2
Central and South Americas	3,124,198	16.6	252,658	1.8	2,871,540	64.2	8,896	5.6
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	201,906	1.1	201,906	1.4	—	—	14,000	8.8
<b>Total</b>	<b>¥18,855,086</b>	<b>100.0%</b>	<b>¥14,379,482</b>	<b>100.0%</b>	<b>¥4,475,604</b>	<b>100.0%</b>	<b>¥158,389</b>	<b>100.0%</b>

Note: Overseas loans and investments above are composed of foreign securities and loans to nonresidents.

## 84. Overseas Loans and Investments (General Account), continued

### 3. Composition of foreign currency-denominated assets by currency

As of March 31	2019		2018		2017	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
U.S. dollar	¥11,321,908	60.5%	¥10,242,960	56.9%	¥10,514,703	61.7%
Euro	4,655,219	24.9	4,773,918	26.5	3,601,538	21.1
British pound	1,394,054	7.4	1,401,551	7.8	1,379,795	8.1
Australian dollar	729,075	3.9	748,513	4.2	654,856	3.8
Indian rupee	138,149	0.7	138,148	0.8	136,260	0.8
Poland zloty	124,305	0.7	133,460	0.7	—	—
Others	356,842	1.9	577,300	3.2	321,875	1.9
<b>Total</b>	<b>¥18,719,554</b>	<b>100.0%</b>	<b>¥18,015,853</b>	<b>100.0%</b>	<b>¥17,036,197</b>	<b>100.0%</b>

Note: The table above represents asset balances denominated in the top six foreign currencies as of March 31, 2019.

## 85. Yield on Overseas Loans and Investments (General Account)

Fiscal years ended March 31	2019	2018	2017
Yield on overseas loans and investments	1.88%	2.07%	1.58%

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.

## 86. Summary of New Public Sector Investment Underwriting and Loans (General Account)

Fiscal years ended March 31	2019		2018		2017	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
<b>Public bonds</b>						
National government bonds	¥196,535	46.6%	¥ 68,841	27.7%	¥ 10,335	6.1%
Local government bonds	—	—	—	—	—	—
Public corporation and agency bonds	2,345	0.6	2,815	1.1	1,659	1.0
<b>Subtotal</b>	<b>198,881</b>	<b>47.1</b>	<b>71,657</b>	<b>28.8</b>	<b>11,995</b>	<b>7.1</b>
<b>Loans</b>						
Government-affiliated organizations	1,709	0.4	2,059	0.8	155,962	92.0
Public entities	221,399	52.5	175,080	70.4	1,600	0.9
<b>Subtotal</b>	<b>223,108</b>	<b>52.9</b>	<b>177,139</b>	<b>71.2</b>	<b>157,562</b>	<b>92.9</b>
<b>Total</b>	<b>¥421,989</b>	<b>100.0%</b>	<b>¥248,796</b>	<b>100.0%</b>	<b>¥169,557</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.

## 87. Breakdown of Other Assets (General Account)

Fiscal year ended March 31	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
	<b>2019</b>				
Deferred assets	¥ 9,253	¥ 1,535	¥ 1,982	¥4,805	¥ 4,000
Others	36,659	26,508	16,053	2,642	44,471
<b>Total</b>	<b>¥45,913</b>	<b>¥28,043</b>	<b>¥18,036</b>	<b>¥7,448</b>	<b>¥48,472</b>
	<b>2018</b>				
Deferred assets	¥ 8,940	¥ 619	¥ 148	¥5,854	¥ 3,556
Others	33,501	5,267	2,109	2,529	34,130
<b>Total</b>	<b>¥42,441</b>	<b>¥ 5,886</b>	<b>¥ 2,258</b>	<b>¥8,383</b>	<b>¥37,686</b>
	<b>2017</b>				
Deferred assets	¥ 8,405	¥ 771	¥ 209	¥5,169	¥ 3,798
Others	8,794	27,120	2,412	2,511	30,990
<b>Total</b>	<b>¥17,199</b>	<b>¥27,891</b>	<b>¥ 2,621</b>	<b>¥7,680</b>	<b>¥34,789</b>



## 88. Loan Interest Rates

		Type of loan							Dates, %
Prime rate (extra long-term 10-year prime rate loans)	Prime rate (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>2017</b>							
				4/1	0.95			4/1 1.25	
	7/8	0.90							
				8/1	0.90			8/1 1.20	
	8/10	0.95							
				9/1	0.95			9/1 1.25	
<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					
<b>Fiscal year ended March 31</b>		<b>2019</b>							
			12/1	3.37–4.50					
<b>Fiscal year ended March 31</b>		<b>2020</b>							

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

## 89. Fair Value of Securities (General Account)

## 1. Net valuation gains/losses of trading securities

Millions of Yen

As of March 31	2019		2018		2017	
	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	¥11,046	¥(1,565)	¥9,133	¥(3,267)	¥2,821	¥(1,974)

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	2019					2018				
	Book value	Fair value	Net gains/losses	Gains	Losses	Book value	Fair value	Net gains/losses	Gains	Losses
Types of securities										
Policy-reserve-matching bonds	¥20,696,341	¥24,773,828	¥ 4,077,487	¥ 4,077,785	¥ (297)	¥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	136,869	72,821	72,821	—	64,047	169,587	105,539	105,539	—
Available-for-sale securities	26,961,602	33,708,588	6,746,985	7,036,812	(289,826)	26,446,768	33,187,245	6,740,477	7,129,867	(389,389)
Domestic bonds	2,895,398	3,130,771	235,373	236,432	(1,058)	2,945,882	3,140,677	194,794	200,475	(5,681)
Domestic stocks	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,648,246	18,723,632	2,075,386	2,153,391	(78,005)	16,600,157	18,159,415	1,559,257	1,843,893	(284,635)
Foreign bonds	12,390,599	13,774,375	1,383,776	1,435,020	(51,244)	13,469,239	14,386,352	917,112	1,175,697	(258,584)
Foreign stocks and other securities	4,257,647	4,949,257	691,609	718,371	(26,761)	3,130,918	3,773,063	642,144	668,196	(26,051)
Other securities	2,827,028	3,085,453	258,424	260,654	(2,229)	2,368,101	2,555,336	187,234	197,318	(10,083)
Monetary receivables purchased	43,403	43,458	55	122	(67)	39,033	38,859	(173)	30	(203)
Negotiable certificates of deposit	279,300	279,297	(2)	0	(2)	327,500	327,500	0	0	(0)
<b>Total</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>	<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	¥23,292,191	¥27,591,231	¥ 4,299,040	¥ 4,300,101	¥ (1,060)	¥22,186,560	¥26,070,067	¥ 3,883,507	¥ 3,894,174	¥ (10,666)
Domestic stocks	4,268,225	8,445,973	4,177,748	4,386,210	(208,462)	4,166,092	8,965,456	4,799,363	4,888,147	(88,783)
Foreign securities	16,810,327	18,961,840	2,151,512	2,229,745	(78,233)	16,711,562	18,377,134	1,665,572	1,951,135	(285,563)
Foreign bonds	12,489,562	13,876,721	1,387,159	1,438,630	(51,471)	13,517,526	14,435,445	917,919	1,177,431	(259,511)
Foreign stocks and other securities	4,320,765	5,085,118	764,353	791,114	(26,761)	3,194,035	3,941,689	747,653	773,704	(26,051)
Other securities	2,827,958	3,086,461	258,502	260,732	(2,229)	2,369,031	2,556,296	187,265	197,349	(10,083)
Monetary receivables purchased	243,988	254,481	10,492	10,628	(136)	278,408	290,037	11,628	11,865	(236)
Negotiable certificates of deposit	279,300	279,297	(2)	0	(2)	327,500	327,500	0	0	(0)

As of March 31	2017				
	Book value	Fair value	Net gains/losses	Gains	Losses
Types of securities					
Policy-reserve-matching bonds	¥19,659,282	¥23,331,438	¥ 3,672,156	¥ 3,682,343	¥ (10,187)
Held-to-maturity debt securities	—	—	—	—	—
Investments in subsidiaries and affiliates	14,251	87,590	73,339	73,339	—
Available-for-sale securities	25,330,807	31,658,751	6,327,943	6,702,045	(374,101)
Domestic bonds	2,954,772	3,142,882	188,109	194,582	(6,472)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	15,932,510	17,634,372	1,701,862	1,952,467	(250,605)
Foreign bonds	13,236,689	14,324,503	1,087,813	1,321,449	(233,635)
Foreign stocks and other securities	2,695,820	3,309,868	614,048	631,018	(16,970)
Other securities	1,679,439	1,823,107	143,667	166,956	(23,288)
Monetary receivables purchased	39,184	39,251	66	68	(1)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)
<b>Total</b>	<b>¥45,004,341</b>	<b>¥55,077,780</b>	<b>¥10,073,439</b>	<b>¥10,457,728</b>	<b>¥(384,288)</b>
Domestic bonds	¥22,272,069	¥26,102,503	¥ 3,830,434	¥ 3,847,062	¥ (16,628)
Domestic stocks	4,027,300	8,321,536	4,294,236	4,387,968	(93,732)
Foreign securities	16,000,810	17,778,148	1,777,337	2,027,942	(250,605)
Foreign bonds	13,291,669	14,381,618	1,089,949	1,323,584	(233,635)
Foreign stocks and other securities	2,709,141	3,396,529	687,387	704,357	(16,970)
Other securities	1,680,369	1,824,037	143,667	166,956	(23,288)
Monetary receivables purchased	326,190	353,953	27,763	27,796	(33)
Negotiable certificates of deposit	697,600	697,601	1	1	(0)

Note: The table above includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

## 89. 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	2019		2018		2017	
Policy-reserve-matching bonds	¥	—	¥	—	¥	—
Held-to-maturity debt securities		—		—		—
Unlisted foreign bonds		—		—		—
Others		—		—		—
Investments in subsidiaries and affiliates		1,025,134		895,401		823,477
Available-for-sale securities		539,876		669,505		724,358
Unlisted domestic stocks (excluding over-the-counter stocks)		53,290		54,910		55,109
Unlisted foreign stocks (excluding over-the-counter stocks)		120,000		317,000		428,236
Unlisted foreign bonds		—		—		—
Others		366,586		297,594		241,012
<b>Total</b>		<b>¥1,565,011</b>		<b>¥1,564,906</b>		<b>¥1,547,836</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: ¥3,619 million as of March 31, 2019; ¥7,573 million as of March 31, 2018; and ¥46,717 million as of March 31, 2017.

## 90. Fair Value of Assets Held in Trust (General Account)

				Millions of Yen		
As of March 31	2019		2018		2017	
<b>Assets held in trust</b>						
Balance sheet amount	¥13,157		¥10,421		¥3,397	
Fair value	13,157		10,421		3,397	
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	2019		2018		2017		
	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	¥13,157	¥(1,565)	¥10,421	¥(3,267)	¥3,397	¥(1,974)	

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, 2019, 2018 and 2017.

## 91. 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 loss 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 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.

## 92. 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>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>
<b>As of March 31</b>						<b>2017</b>
Hedge accounting applied	¥ (3,883)	¥ 5,032	¥(64,855)	¥—	¥—	¥(63,706)
Hedge accounting not applied	—	6,231	(6,717)	—	—	(486)
<b>Total</b>	<b>¥ (3,883)</b>	<b>¥11,263</b>	<b>¥(71,573)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥(64,192)</b>

Note: Net gains/losses from applying the fair value hedge included in gain and loss on hedge accounting applied (As of March 31, 2019: Currencies ¥(2,734) million; as of March 31, 2018: Currencies ¥172,285 million and equities ¥2,898 million; as of March 31, 2017: Currencies ¥91,703 million, equities ¥(64,855) million), and net gains/losses included in hedge accounting not applied are recorded in the statements of income.

### (2) Interest rate-related

		2019				2018			
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	¥1,275,000	¥1,275,000	¥54,009	¥54,009	¥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	500,000	500,000	32,013	13,363	—	—	—	—	
	[18,650]	[18,650]			[—]	[—]			
Pay fixed interest rate/ receive variable interest rate	—	—	—	—	—	—	—	—	
	[—]	[—]			[—]	[—]			
<b>Total</b>									
					<b>¥67,372</b>				<b>¥2,508</b>

## 92. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(2) Interest rate-related, continued

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year	Over 1 year		
Over-the-counter	<b>Interest rate swaps</b>				
	Receive fixed interest rate/ pay variable interest rate	¥354,000	¥354,000	¥(3,883)	¥(3,883)
	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	—	—	—	—	
	[—]	[—]			
Pay fixed interest rate/ receive variable interest rate	—	—	—	—	
	[—]	[—]			
<b>Total</b>					<b>¥(3,883)</b>

Millions of Yen

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
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%	—
			Average variable interest rate to receive	—	—	—	—	0.01%	—
2017	Interest rate swaps	Notional amount	¥—	¥—	¥4,000	¥6,000	¥—	¥ 344,000	¥ 354,000
	Receive fixed interest rate/pay variable interest rate	Average fixed interest rate to receive	—	—	(0.05)%	(0.02)%	—	0.70%	0.68%
		Average variable interest rate to pay	—	—	0.03 %	0.03 %	—	0.04%	0.04%
	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	—	—	—	—	—	—

## 92. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related

Millions of Yen

As of March 31		2019				2018			
Category	Type	Contract amount			Net gains/losses	Contract amount			Net gains/losses
		Over 1 year	Fair value			Over 1 year	Fair value		
<b>Over-the-counter</b>	<b>Foreign exchange forward contracts</b>								
	<b>Sold</b>	<b>¥8,798,214</b>	<b>¥ 5,251</b>	<b>¥ (3,207)</b>	<b>¥ (3,207)</b>	<b>¥9,738,990</b>	<b>¥ 5,444</b>	<b>¥175,186</b>	<b>¥175,186</b>
	U.S. dollar	4,125,476	5,251	(12,967)	(12,967)	4,615,473	5,444	105,117	105,117
	Euro	3,204,156	—	20,950	20,950	3,626,255	—	38,403	38,403
	British pound	986,516	—	(11,363)	(11,363)	930,521	—	3,938	3,938
	<b>Purchased</b>	<b>283,773</b>	<b>—</b>	<b>(317)</b>	<b>(317)</b>	<b>70,520</b>	<b>—</b>	<b>(66)</b>	<b>(66)</b>
	U.S. dollar	102,060	—	82	82	52,447	—	37	37
	Euro	20,592	—	(135)	(135)	60	—	(0)	(0)
	British pound	75,564	—	64	64	15,681	—	(106)	(106)
	Canadian dollar	46,787	—	(347)	(347)	—	—	—	—
	<b>Currency options</b>								
	<b>Sold</b>								
	<b>Call</b>	<b>1,287,484</b>	<b>—</b>	<b>1,511</b>	<b>3,928</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[5,440]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>	<b>[—]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>
	U.S. dollar	1,287,484	—	1,511	3,928	—	—	—	—
		[5,440]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	<b>Put</b>	<b>210,881</b>	<b>—</b>	<b>21</b>	<b>70</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[91]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>	<b>[—]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>
	U.S. dollar	210,881	—	21	70	—	—	—	—
		[91]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	<b>Purchased</b>								
	<b>Call</b>	<b>399,564</b>	<b>—</b>	<b>133</b>	<b>(251)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[385]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>	<b>[—]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>
	U.S. dollar	399,564	—	133	(251)	—	—	—	—
		[385]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	<b>Put</b>	<b>1,174,190</b>	<b>—</b>	<b>3,052</b>	<b>(6,122)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
		<b>[9,175]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>	<b>[—]</b>	<b>[—]</b>	<b>—</b>	<b>—</b>
	U.S. dollar	1,098,801	—	2,769	(5,532)	—	—	—	—
		[8,301]	[—]	—	—	[—]	[—]	—	—
	Euro	—	—	—	—	—	—	—	—
		[—]	[—]	—	—	[—]	[—]	—	—
	<b>Currency swaps</b>	<b>1,658,337</b>	<b>1,545,735</b>	<b>(90,721)</b>	<b>(90,721)</b>	<b>1,374,588</b>	<b>1,319,675</b>	<b>(84,524)</b>	<b>(84,524)</b>
	US\$ paid/¥ received	663,278	582,204	(68,195)	(68,195)	499,222	466,097	(32,599)	(32,599)
	€ paid/¥ received	538,276	508,959	(37,644)	(37,644)	469,979	448,192	(63,559)	(63,559)
	¥ paid/A\$ received	312,507	312,507	1,122	1,122	272,302	272,302	(401)	(401)
<b>Total</b>				<b>¥(96,622)</b>				<b>¥ 90,594</b>	

## 92. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(3) Currency-related, continued

As of March 31		2017				
		Contract amount		Fair value	Net gains/losses	
Category	Type	Over 1 year	Over 1 year			
Over-the-counter	<b>Foreign exchange forward contracts</b>					
	<b>Sold</b>	¥9,629,648	¥ —	¥ 92,145	¥ 92,145	
	U.S. dollar	5,437,774	—	42,718	42,718	
	Euro	2,727,584	—	22,302	22,302	
	British pound	—	—	—	—	
	<b>Purchased</b>	10,458	—	82	82	
	U.S. dollar	7,787	—	68	68	
	Euro	—	—	—	—	
	British pound	—	—	—	—	
	Canadian dollar	—	—	—	—	
	<b>Currency options</b>					
	<b>Sold</b>					
	<b>Call</b>					
			[—]	[—]	—	—
	U.S. dollar		—	—	—	—
	Euro		[—]	[—]	—	—
			—	—	—	—
	<b>Put</b>					
			[—]	[—]	—	—
	U.S. dollar		—	—	—	—
	Euro		[—]	[—]	—	—
			[—]	[—]	—	—
	<b>Purchased</b>					
	<b>Call</b>					
			—	—	—	—
	U.S. dollar		[—]	[—]	—	—
	Euro		[—]	[—]	—	—
		[—]	[—]	—	—	
<b>Put</b>						
		[—]	[—]	—	—	
U.S. dollar		—	—	—	—	
Euro		[—]	[—]	—	—	
		[—]	[—]	—	—	
<b>Currency swaps</b>		1,347,222	1,305,295	(80,963)	(80,963)	
US\$ paid/¥ received		532,388	495,649	(83,474)	(83,474)	
€ paid/¥ received		471,264	466,075	(21,234)	(21,234)	
¥ paid/A\$ received		210,486	210,486	5,320	5,320	
<b>Total</b>					<b>¥ 11,263</b>	

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.



## 92. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related

Millions of Yen

As of March 31		2019				2018			
Category	Type	Contract amount			Net gains/losses	Contract amount			Net gains/losses
		Over 1 year	Fair value			Over 1 year	Fair value		
Stock exchange	Equity index futures								
	Sold	¥ —	¥ —	¥ —	¥ —	¥ 10,610	¥ —	¥ (120)	¥ (120)
	Purchased	—	—	—	—	—	—	—	—
	Equity index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
	Put	[—]	[—]	—	—	[—]	[—]	—	—
	Purchased								
	Call	—	—	—	—	—	—	—	—
	Put	381,704	—	990	(661)	665,083	21,454	7,815	(5,558)
	[1,651]	[—]			[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
	Put	[—]	[—]	—	—	[55]	[36]	—	—
	[—]	[—]	—	—	[—]	[—]	—	—	
<b>Total</b>				<b>¥(661)</b>				<b>¥(2,840)</b>	

## 92. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (General Account), continued

(4) Equity-related, continued

Millions of Yen

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Stock exchange	Equity index futures				
	Sold	¥ —	¥ —	¥ —	¥ —
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
	Put	[—]	[—]	—	—
	Purchased	[—]	[—]	—	—
	Call	—	—	—	—
	Put	254,802 [11,645]	56,727 [4,098]	5,123	(6,522)
Over-the-counter	Equity forward contracts				
	Sold	¥214,693	¥ —	¥(65,131)	¥(65,131)
	Purchased	—	—	—	—
	Equity index options				
	Sold				
	Call	—	—	—	—
	Put	[—]	[—]	—	—
	Purchased	[—]	[—]	—	—
	Call	290 [55]	290 [55]	136	80
	Put	—	—	—	—
		[—]	[—]		
<b>Total</b>					<b>¥(71,573)</b>

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, 2019, 2018, and 2017.

### (6) Others

There were no ending balances as of March 31, 2019, 2018, and 2017.

### About the 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 the general account.

## 93. Balance of Separate Account Assets

As of March 31	Millions of Yen, %					
	2019		2018		2017	
Individual variable insurance	¥ 110,135	8.8%	¥ 114,872	8.9%	¥ 116,005	8.8%
Individual variable annuities	41,251	3.3	43,478	3.4	41,905	3.2
Group annuities	1,106,612	88.0	1,135,789	87.8	1,157,881	88.0
<b>Separate account total</b>	<b>¥1,257,999</b>	<b>100.0%</b>	<b>¥1,294,140</b>	<b>100.0%</b>	<b>¥1,315,792</b>	<b>100.0%</b>

## 94. Asset Management Overview for the Fiscal Year Ended March 31, 2019 (Separate Account Assets for Individual Variable Insurance and Individual Variable Annuities)

The stock prices at domestic and foreign stock exchanges dropped significantly due to U.S.-China trade friction and increased concerns of a slowdown in the global economy, but they tended to recover toward the end of the fiscal year against the backdrop of expectations that the U.S.-China trade negotiations would continue. The interest rates in Japan and overseas rose during the middle part of the fiscal year on the back of a firm U.S. economy. However, as the central banks of major countries moderated their stance toward raising interest rates, the interest rates fell significantly toward the end of the fiscal year.

Amid this operating environment, the investment return on individual variable insurance for the fiscal year ended March 31, 2019, was positive at 1.31%.

This also represented investment return of 145.84% (2.81% 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.

## 95. Policies in Force (Separate Account for Individual Variable Insurance)

As of March 31	2019		2018		2017	
	Number of policies	Amount of policies	Number of policies	Amount of policies	Number of policies	Amount of policies
Variable insurance (defined term type)	8,395	¥ 6,510	2,273	¥ 2,610	1,195	¥ 5,570
Variable insurance (whole life type)	31,966	449,867	32,628	463,376	33,300	479,050
<b>Total</b>	<b>40,361</b>	<b>¥456,377</b>	<b>34,901</b>	<b>¥465,987</b>	<b>34,495</b>	<b>¥484,621</b>

Note: Amounts include term life insurance riders.

## 96. Breakdown of Assets' Year-end Balance (Separate Account for Individual Variable Insurance)

As of March 31	2019		2018		2017	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Cash, deposits, and call loans	¥ 6,013	5.5%	¥ 5,020	4.4%	¥ 4,015	3.5%
Investments in securities	98,282	89.2	98,803	86.0	103,924	89.6
Domestic bonds	23,550	21.4	24,508	21.3	23,690	20.4
Domestic stocks	34,351	31.2	35,204	30.6	42,964	37.0
Foreign securities	35,043	31.8	38,067	33.1	37,269	32.1
Foreign bonds	8,661	7.9	12,313	10.7	9,143	7.9
Foreign stocks and other securities	26,382	24.0	25,753	22.4	28,126	24.2
Other securities	5,336	4.8	1,022	0.9	—	—
Loans	—	—	—	—	—	—
Others	5,839	5.3	11,048	9.6	8,066	7.0
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥110,135</b>	<b>100.0%</b>	<b>¥114,872</b>	<b>100.0%</b>	<b>¥116,005</b>	<b>100.0%</b>

## 97. Investment Income and Expenses (Separate Account for Individual Variable Insurance)

Fiscal years ended March 31	Millions of Yen		
	2019	2018	2017
Interest, dividends, and other income	¥ 1,995	¥ 2,015	¥ 1,901
Gain on sales of securities	7,550	10,184	4,389
Gain on redemptions of securities	—	—	—
Gain on valuation of securities	(3,434)	(1,489)	3,238
Foreign exchange gains, net	176	223	—
Gain on derivative financial instruments, net	1,264	1,021	760
Other investment income	6	8	6
Loss on sales of securities	2,697	1,721	2,744
Loss on redemptions of securities	—	—	—
Loss on valuation of securities	2,401	(347)	(2,297)
Foreign exchange losses, net	164	231	89
Loss on derivative financial instruments, net	886	1,314	—
Other investment expenses	1	2	2
<b>Net investment income</b>	<b>¥ 1,407</b>	<b>¥ 9,041</b>	<b>¥(9,756)</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.

## 98. Fair Value of Securities (Separate Account for Individual Variable Insurance)

### Valuation gains/losses on trading securities

As of March 31	Millions of Yen					
	2019		2018		2017	
	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	¥98,282	¥(5,835)	¥98,803	¥(1,142)	¥103,924	¥5,536

## 99. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Insurance)

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 100. 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.*

## 101. 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>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>
<b>As of March 31</b>	<b>2017</b>					
Hedge accounting applied	¥—	¥—	¥—	¥—	¥—	¥—
Hedge accounting not applied	—	6	15	1	—	23
<b>Total</b>	<b>¥—</b>	<b>¥ 6</b>	<b>¥15</b>	<b>¥ 1</b>	<b>¥—</b>	<b>¥23</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, 2019, 2018, and 2017.

## 101. 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		2019				2018			
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	¥3,878	¥—	¥12	¥12	¥14,108	¥—	¥ 6	¥ 6
	U.S. dollar	1,141	—	0	0	5,245	—	(3)	(3)
	Euro	2,083	—	7	7	6,135	—	26	26
	Purchased	4,977	—	(8)	(8)	14,377	—	20	20
	U.S. dollar	2,827	—	(2)	(2)	7,452	—	22	22
Euro	1,267	—	0	0	4,080	—	(3)	(3)	
<b>Total</b>		<b>¥4</b>				<b>¥26</b>			

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Over-the-counter	Foreign exchange forward contracts				
	Sold	¥7,669	¥—	¥ 22	¥ 22
	U.S. dollar	2,682	—	(1)	(1)
	Euro	3,400	—	17	17
	Purchased	8,031	—	(15)	(15)
	U.S. dollar	4,322	—	(6)	(6)
Euro	2,767	—	(16)	(16)	
<b>Total</b>		<b>¥ 6</b>			

Note: Net gains/losses represent the fair value.

### (4) Equity-related

Millions of Yen

As of March 31		2019				2018			
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	¥ —	¥—	¥—	¥—	¥ —	¥—	¥—	¥—
	Purchased	4,930	—	18	18	1,248	—	(5)	(5)
<b>Total</b>		<b>¥18</b>				<b>¥(5)</b>			

As of March 31		2017			
Category	Type	Contract amount		Fair value	Net gains/losses
		Over 1 year			
Exchange-traded	Equity index futures				
	Sold	¥2,281	¥—	¥12	¥12
	Purchased	1,531	—	2	2
<b>Total</b>		<b>¥15</b>			

Note: Net gains/losses represent the fair value.

## 101. Fair Value of Derivative Transactions, Combined Total with and without Hedge Accounting Applied (Separate Account for Individual Variable Insurance), continued

### (5) Bond-related

Millions of Yen

As of March 31		2019				2018			
Category	Type	Contract amount		Net gains/losses	Contract amount		Net gains/losses		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded	Yen-denominated bonds futures								
	Sold	¥459	¥—	¥ (0)	¥ (0)	¥1,961	¥—	¥ 1	¥ 1
	Purchased	—	—	—	—	—	—	—	—
	Foreign currency-denominated bonds futures								
	Sold	—	—	—	—	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
<b>Total</b>				¥ (0)				¥ 1	

As of March 31		2017			
Category	Type	Contract amount		Net gains/losses	
		Over 1 year	Fair value		
Exchange-traded	Yen-denominated bonds futures				
	Sold	¥2,105	¥—	¥ 1	¥ 1
	Purchased	—	—	—	—
	Foreign currency-denominated bonds futures				
	Sold	—	—	—	—
	Purchased	—	—	—	—
<b>Total</b>				¥ 1	

Note: Net gains/losses represent the fair value.

### (6) Others

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 102. Policies in Force (Separate Account for Individual Variable Annuities)

As of March 31	2019		2018		2017	
	Number of policies	Amount of policies	Number of policies	Amount of policies	Number of policies	Amount of policies
Individual variable annuities	33,554	¥41,240	23,519	¥43,472	11,497	¥41,903

Number of Policies, Millions of Yen

Note: Amounts represent policy reserves.

## 103. Breakdown of Assets' Year-end Balance (Separate Account for Individual Variable Annuities)

As of March 31	2019		2018		2017	
	¥	—%	¥	—%	¥	—%
Cash, deposits, and call loans	—	—	—	—	—	—
Investments in securities	40,077	97.2	42,021	96.6	40,573	96.8
Domestic bonds	7,918	19.2	8,997	20.7	10,422	24.9
Domestic stocks	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Foreign stocks and other securities	—	—	—	—	—	—
Other securities	32,158	78.0	33,023	76.0	30,150	71.9
Loans	—	—	—	—	—	—
Others	1,173	2.8	1,456	3.4	1,332	3.2
Allowance for doubtful accounts	—	—	—	—	—	—
<b>Total</b>	<b>¥41,251</b>	<b>100.0%</b>	<b>¥43,478</b>	<b>100.0%</b>	<b>¥41,905</b>	<b>100.0%</b>

Millions of Yen, %

## 104. Investment Income and Expenses (Separate Account for Individual Variable Annuities)

Fiscal years ended March 31	Millions of Yen		
	2019	2018	2017
Interest, dividends, and other income	¥ 1,696	¥3,787	¥ 4,318
Gain on sales of securities	260	298	708
Gain on redemptions of securities	—	—	—
Gain on valuation of securities	(2,874)	(641)	(2,780)
Foreign exchange gains, net	—	—	—
Gain on derivative financial instruments, net	—	—	—
Other investment income	0	0	0
Loss on sales of securities	21	7	29
Loss on redemptions of securities	—	—	—
Loss on valuation of securities	1,270	(41)	110
Foreign exchange losses, net	—	—	—
Loss on derivative financial instruments, net	—	—	—
Other investment expenses	0	0	0
<b>Net investment income</b>	<b>¥(2,210)</b>	<b>¥3,477</b>	<b>¥ 2,105</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.



## 105. Fair Value of Securities (Separate Account for Individual Variable Annuities)

Valuation gains/losses on trading securities

Millions of Yen

As of March 31	2019		2018		2017	
	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	¥40,077	¥(4,145)	¥42,021	¥(600)	¥40,573	¥(2,891)

## 106. Fair Value of Assets Held in Trust (Separate Account for Individual Variable Annuities)

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 107. Qualitative Information on Derivative Transactions (Separate Account for Individual Variable Annuities)

There were no ending balances as of March 31, 2019, 2018, and 2017.

## 108. 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, 2019, 2018, and 2017.

## 109. Separate Account Assets by Product (Separate Account for Group Annuities)

Millions of Yen			
As of March 31	2019	2018	2017
Separate account first treaty	¥ 833,972	¥ 838,291	¥ 877,519
Comprehensive account	244,235	288,130	301,262
Stable income account	286,061	306,450	302,472
Target risk investment units	67,735	—	—
Account by investment categories	235,940	243,711	273,783
Separate account second treaty	250,957	277,201	261,994
Defined contribution pension plans	21,681	20,296	18,367
<b>Total</b>	<b>¥1,106,612</b>	<b>¥1,135,789</b>	<b>¥1,157,881</b>

Notes: 1. Separate account first treaty: Joint management of defined benefit corporate pension funds and employees' 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. Target risk investment units: Started investing from June 27, 2018

3. Separate account second treaty: Independent management of annuity assets for each customer

4. Defined contribution pension plans: Jointly managed funds for defined contribution pensions

## 110. Status of First Treaty (Separate Account for Group Annuities)

Note: Figures in Note 110 are stated at fair value and rounded to the nearest million yen.

### 1. Fair value

Millions of Yen			
As of March 31	2019	2018	2017
	Fair value	Fair value	Fair value
Comprehensive account	¥241,706	¥281,647	¥ —
Stable income account	284,660	300,668	302,358
Target risk investment units	65,896	—	—
Domestic bond accounts	60,674	60,454	68,459
Market tracking domestic bond account	73,664	76,681	79,305
Domestic stock accounts	19,964	19,742	18,212
Quantitative investment management domestic stock account	1,238	1,310	1,219
Market tracking domestic stock account	6,480	7,359	6,707
Foreign bond accounts	11,597	13,177	22,303
Foreign bond accounts with currency hedging	5,993	5,381	2,975
Market tracking foreign bond account	7,986	9,095	8,857
Foreign stock accounts	17,303	14,569	16,399
Market tracking foreign stock account	13,122	12,405	11,841
Money market accounts	12,997	18,050	28,704
<b>Total</b>	<b>¥823,281</b>	<b>¥820,537</b>	<b>¥567,340</b>

Note: Target risk investment units: Started investing in June 27, 2018

### 2. Investment return ratio

%			
Fiscal years ended March 31	2019	2018	2017
	Unit price fluctuation	Unit price fluctuation	Unit price fluctuation
Comprehensive account	1.55%	8.14%	— %
Stable income account	2.71	1.40	(0.53)
Target risk investment units	1.74	—	—
Domestic bond accounts	1.84	1.25	(0.93)
Market tracking domestic bond account	1.91	0.86	(1.21)
Domestic stock accounts	(5.36)	16.75	16.83
Quantitative investment management domestic stock account	(5.16)	14.47	15.43
Market tracking domestic stock account	(4.70)	15.60	15.09
Foreign bond accounts	3.07	4.84	(5.52)
Foreign bond accounts with currency hedging	2.04	1.56	(1.77)
Market tracking foreign bond account	2.52	4.25	(5.43)
Foreign stock accounts	10.52	8.50	14.41
Market tracking foreign stock account	10.43	8.32	14.63
Money market accounts	0.01	0.00	0.00

Note: Target risk investment units: Started investing in June 27, 2018

## 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

This proceeding is 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

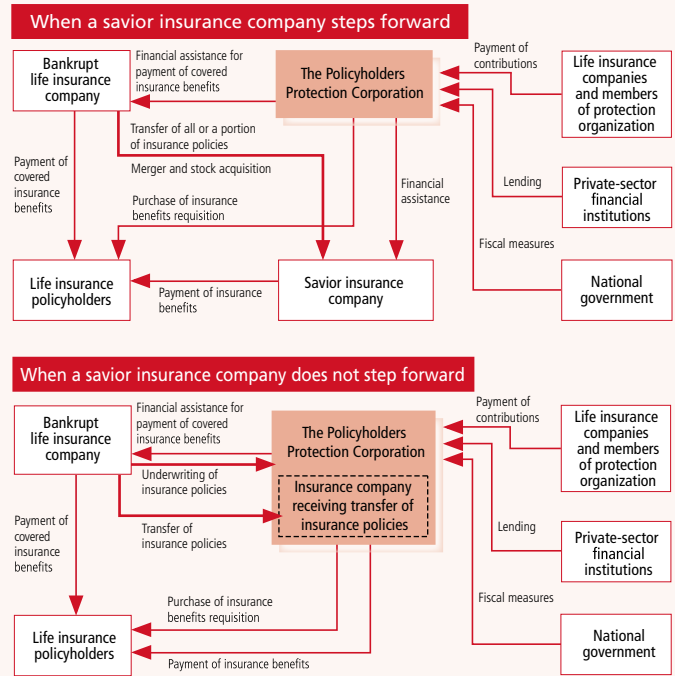
• **Summary of Indemnification Coverage**

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 × 90% <sup>1</sup>
	High assumed interest rate policies <sup>2</sup>	Policy reserves × (90% – Set rate) <sup>1,3</sup>
Group insurance	General policies	Policy reserves × 90% <sup>1</sup>
	High assumed interest rate policies <sup>2,4</sup>	Policy reserves × (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 the 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 their 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 on the last two pages, including the scope of policies eligible for indemnification and their coverage, is based upon current legal statutes and is subject to change in the future in accordance with revisions to those legal statutes (as of July 2019).

**WORLDWIDE NETWORK**

**HEADQUARTERS**

Name	Address
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Tokyo Headquarters	1-6-6, Marunouchi, Chiyoda-ku, Tokyo 100-8288, Japan

**GLOBAL REPRESENTATIVE OFFICES**

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Global Representative Offices	New York Representative Office	277 Park Avenue, 34th Floor, New York, NY 10172, 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, 18th 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
	Southeastern Region	5051 Peachtree Corners Circle, Suite 200 Norcross, GA 30092, U.S.A.	Tel: 1-770-551-1853 Fax: 1-770-351-9294
	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	555 Metro Place North, Suite 525 Dublin, OH 43017, 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.	277 Park Avenue, 34th Floor New York, NY 10172, 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 Schrodgers 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 #22-03 CapitaGreen Singapore 048946, Republic of Singapore	Tel: 65-6800-7000 Fax: 65-6384-7792

## AFFILIATES

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	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	23/115-121 Royal City Avenue, Rama 9 Road Huaykwang, Bangkok 10310, Thailand	Tel: 66-2-777-8888 Fax: 66-2-777-8899
	PT Asuransi Jiwa Sequis Life	Sequis Center Lt. 6, Jl. Jend. Sudirman No. 71, Jakarta 12190, Indonesia	Tel: 62-21-5223-123 Fax: 62-21-521-3579
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
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