June 30, 2014

Financial Results for the Fiscal Year Ended March 31, 2014

Nippon Life Insurance Company (the “Company” or the “Parent Company”; President: Yoshinobu Tsutsui) announces financial results for the fiscal year ended March 31, 2014.

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Financial Summary for the Fiscal Year Ended March 31, 2014

Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2014

The financial results of the Nippon Life Insurance Company for the fiscal year ended March 31, 2014, will be submitted to the 66th annual representative policyholders' meeting for resolution on July 2, 2014. Summaries of financial results are as follows.

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of March 31, 2014				As of March 31, 2013			
	Number of policies		Amount of policies		Number of policies		Amount of policies	
	(thousands)	As a percentage of March 31, 2013 (%)	(100 million yen)	As a percentage of March 31, 2013 (%)	(thousands)	As a percentage of March 31, 2012 (%)	(100 million yen)	As a percentage of March 31, 2012 (%)
Individual insurance	17,927	122.0	1,508,545	96.5	14,696	129.6	1,563,132	96.3
Individual annuities	3,392	105.6	210,413	106.9	3,214	102.1	196,825	103.3
Group insurance	—	—	920,591	100.1	—	—	919,609	100.8
Group annuities	—	—	113,270	103.8	—	—	109,115	104.1

Notes: 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies bound prior to the start of annuity payments and (b) policy reserves for policies bound after the start of annuity payments.
2. The amount of group annuities is the amount of the policy reserves.
3. If products that combine several insurance policies were presented as one item on or after April 1, 2012, the total number of individual insurance policies and individual annuities in force as of March 31, 2014, would be 14,719 thousand policies and as of March 31, 2013, would be 14,506 thousand policies.

- New Policies

	Year ended March 31, 2014						Year ended March 31, 2013					
	Number of policies		Amount of policies				Number of policies		Amount of policies			
	(thousands)	As a percentage of March 31, 2013 (%)	(100 million yen)	As a percentage of March 31, 2013 (%)	New policies	Net increase by conversion	(thousands)	As a percentage of March 31, 2012 (%)	(100 million yen)	As a percentage of March 31, 2012 (%)	New policies	Net increase by conversion
Individual insurance	4,682	100.4	72,776	90.7	80,623	(7,846)	4,662	449.3	80,270	118.8	84,394	(4,124)
Individual annuities	342	165.2	24,318	158.7	23,875	443	207	79.8	15,323	93.4	15,262	61
Group insurance	—	—	5,967	155.6	5,967		—	—	3,836	35.8	3,836	
Group annuities	—	—	13	18.1	13		—	—	72	371.9	72	

Notes: 1. The number of policies includes policies that were converted into new policies.
2. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
3. The amount of new policies for group annuities represents the first time premium.
4. If products that combine several insurance policies were presented as one item on or after April 1, 2012, the total number of new individual insurance policies and new individual annuities in the fiscal year ended March 31, 2014, would be 1,498 thousand policies and in the fiscal year ended March 31, 2013 would be 1,403 thousand policies.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

		As of March 31, 2014		As of March 31, 2013	
			As a percentage of March 31, 2013		As a percentage of March 31, 2012
Individual insurance		24,113	101.5	23,752	101.3
Individual annuities		8,574	102.0	8,409	102.5
Total		32,687	101.6	32,162	101.6
	Medical coverages, living benefits, and others	5,957	100.6	5,923	100.4

- New Policies

(100 Million Yen, %)

		Year ended March 31, 2014		Year ended March 31, 2013	
			As a percentage of March 31, 2013		As a percentage of March 31, 2012
Individual insurance		2,179	97.2	2,241	110.2
Individual annuities		797	149.2	534	79.7
Total		2,977	107.3	2,776	102.7
	Medical coverages, living benefits, and others	410	102.6	400	109.9

Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).

2. The amount of medical coverages, living benefits, and others represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding disability benefits, but including specified illness and nursing care benefits).

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

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Year ended March 31, 2014		Year ended March 31, 2013	
		As a percentage of March 31, 2013		As a percentage of March 31, 2012
Revenues from insurance and reinsurance	48,255	90.3	53,428	99.5
Investment income	16,837	107.9	15,608	106.9
Benefits and other payments	37,782	104.5	36,171	93.1
Investment expenses	1,863	43.5	4,281	103.3
Ordinary profit	5,126	131.9	3,887	80.7

(4) Proposal for Appropriation of Unappropriated Surplus

(100 Million Yen, %)

	Year ended March 31, 2014		Year ended March 31, 2013	
		As a percentage of March 31, 2013		As a percentage of March 31, 2012
Current year unappropriated surplus	3,116	134.9	2,310	102.1
Reserve for dividends to policyholders	2,017	120.7	1,671	99.9
Net surplus after deduction	1,105	168.4	656	110.0

(5) Total Assets

(100 Million Yen, %)

	As of March 31, 2014		As of March 31, 2013	
		As a percentage of March 31, 2013		As a percentage of March 31, 2012
Total assets	567,907	103.5	548,828	107.6

2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2014

(1) Investment Environment

In the fiscal year ended March 31, 2014, the Japanese economy grew steadily in the first half of the fiscal year, backed by such factors as a moderate pickup in exports, which were supported by robust overseas economies, and an upturn in consumer spending. In the second half of the fiscal year, the Japanese economy remained on a recovery track, underpinned mainly by increased domestic demand resulting from a rush to buy ahead of the impending consumption tax rate hike and an upturn in capital investment by companies.

- The Nikkei Stock Average started the fiscal year at ¥12,397. Thereafter, it increased sharply through to mid-May, spurred principally by the Bank of Japan's monetary easing. Thereafter, the Nikkei Stock Average dropped back below the ¥13,000 level at one stage due to a give-back following its rapid ascent and a risk-off mood caused by prospects of the U.S. scaling back (tapering) asset purchases. Toward the end of 2013, however, the Nikkei Stock Average rose firmly, reaching the ¥16,000 level, on expectations of improved corporate earnings and other factors. From the start of 2014, the Nikkei Stock Average trended somewhat softly, finishing at ¥14,827 at the end of March.

- The yield rate on 10-year government bonds began the period at 0.56%. Subsequently, it increased temporarily to 1.0% in late-May mainly due to signs the U.S. would begin tapering, despite a rapid decline prompted by the Bank of Japan's additional easing measures. Subsequently, the yield rate drifted lower, amid slowly emerging effects of the Bank of Japan's efforts to push rates down by buying government bonds. Toward the end of 2013, the yield rate climbed temporarily to around 0.7% mainly due to the impact of rising stock prices. However, since the beginning of 2014, the yield rate once again drifted lower, finishing at 0.64% at the end of March.

- The yen-U.S. dollar foreign exchange rate depreciated to the ¥103 level through late-May, mainly due to the Bank of Japan's monetary easing. In June, the yen appreciated to the ¥93 level amid growing moves to avoid risk. Thereafter, the rate depreciated temporarily to the ¥105 level in response to the U.S. decision in December to begin tapering monetary easing. From January onwards, however, the yen appreciated, mainly due to geopolitical risks. As a result, the exchange rate was ¥102.92 against the U.S. dollar at the end of March 2014.

  Regarding the yen-euro foreign exchange rate, the yen depreciated against the euro to the ¥133 level through mid-May for much the same reasons, before strengthening to the ¥124 level in June. Thereafter, the yen resumed its slide against the backdrop of improving Eurozone economic sentiment and other factors, weakening to the ¥145 level in December. However, the yen appreciated again from January, reaching ¥141.65 against the euro at the end of March.

(2) Investment Policy

The Company's general account assets increased by ¥1,919.3 billion compared to the end of the fiscal year March 31, 2013, totaling ¥55,563.3 billion as of March 31, 2014 (3.6% increase compared to the previous fiscal year-end).

The Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds, as its core assets. From the perspective of improving profits in the mid-to-long term, the Company invested in assets such as stocks and foreign securities within the scope of acceptable risk while taking into account business stability.

- The Company invested in bonds as sound assets that provide stable interest revenue.
- The Company focused on safe and stable prime lendings by accurately assessing credit risks.
- For domestic stocks, the Company replaced certain stocks in order to enhance its portfolio, while focusing the Company's attention on the overall state of returns to investors including corporate profitability and dividends from the point of view of investing for the medium- to long-term.
- 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 interest rate assets.

(3) Status of Investment Income/Expense

Investment income was ¥1,561.1 billion, up from ¥1,416.2 billion in the fiscal year ended March 31, 2013. This increase mainly reflected higher interest, dividends, and other income, mainly from foreign securities.
Investment expenses amounted to ¥186.3 billion, down from ¥428.1 billion in the fiscal year ended March 31, 2013. This decrease mainly reflected a decline in loss on valuation of securities, mainly domestic stocks.
As a result, the Company's net investment income increased by ¥386.6 billion, compared to the previous fiscal year, to ¥1,374.8 billion.

(4) Investment Risk Management

Investment risk, which can be categorized into market risk, credit risk, and real estate investment risk, refers to the risk of incurring losses when the market value of assets and liabilities fluctuate. Because life insurance policies are long-term contracts, risk management from a long-term perspective that takes into account liability characteristics is necessary in asset management. The Company has established an Investment Risk Management Dept., within its Risk Management Dept., to comprehensively manage investment risk, thereby thoroughly preparing a system to manage risk and pursue stable returns while keeping losses within an acceptable range.

a. Market risk management

Market risk refers to the risk of incurring losses when the market value of assets and liabilities fluctuate due to such factors as fluctuations in interest rates, exchange rates, or stock prices. To manage market risk, the Company believes it is important to curb excessive losses for each financing and investment transaction, along with controlling market risk for the Company's entire portfolio within acceptable levels.

- Establishing maximum holding ceilings

  To curb excessive losses on financing and investment transactions, the Company has implemented maximum holding ceilings based on the nature of the assets. Furthermore, the Company regularly reports to the Risk Management Committee regarding the status of compliance. The Company has also prepared a system to control risk to acceptable levels when there is a breach of the maximum bolding ceilings.

- Measuring and managing market value-at-risk

  To control market risk in the Company's entire portfolio, the Company uses a statistical analysis method to rationally calculate market value-at-risk of the portfolio as a whole and conducts appropriate asset allocation within a range of risk.

b. Credit risk management

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. The Company believes that in managing credit risk it is important to examine each transaction rigorously, set terms appropriate to the level of credit risk involved, and analyze and evaluate accurately every facet of the risk in the portfolio as a whole.

- Managing credit risk in individual transactions

  The Company has built systems for rigorous examinations, involving a Credit Dept. independent of the departments handling financing and investment activities. To build a sound portfolio, the Company has established interest guidelines to ensure the returns the Company obtains are commensurate with the risks, 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 or group.

- Measuring and managing credit value-at-risk

  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.

c. Real estate investment risk management

Real estate investment risk refers to the risk of reduced returns caused by factors such as rent fluctuations as well as the risk of incurring losses when real estate values decline due to market deterioration. The Company's approach to managing real estate investment risk involves rigorous examination of each investment by the Credit Dept. which is independent of the department actually handling the investment and finance activities. The Company has also developed a system involving warning levels for investment returns and price levels, which enables us to focus on specific properties whose profitability is suffering.

(5) ALM

For life insurance companies to carry out stable management in the long term, it is important to use the Asset/Liability Management (ALM) approach as a basis for understanding the situation of liabilities that pay future insurance benefits (policy reserves) and investment assets, as well as for adjusting investment periods. The Company analyzes and evaluates liability cash flows, risk of falling short of assumed interest rates, and level of allowed risk for each product, and decides the medium-to-long-term investment plan at the Managing Directors' Meetings and the Risk Management Committee Meetings.

(6) Self-Assessment and Allowance for Doubtful Accounts

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral. Assets are classified into four categories (Non-categorized, II, III, or IV).
To ensure the objectivity of the self-assessment process, the Company has established a highly reliable framework that includes:

- Strict assessment standards based on the Inspection Manual for Insurance Companies of the Financial Services Agency
- Internal audit by the Auditing Dept., which is independent from the groups handling the actual assessment
- External audit by external auditors (certified public accountants)

In the fiscal year ended March 31, 2014, the Company recorded an appropriate allowance for doubtful accounts according to the same allowance standards as the previous fiscal year.

Allowance for doubtful accounts standard:

- Allowance for "Normal" borrowers is provided under the general allowance for doubtful accounts mainly based on actual loan losses in the previous fiscal year.
- Allowance for "On caution" borrowers is provided under the general allowance for doubtful accounts mainly based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) for the previous three fiscal years.
  Regarding corporate loans to "Substandard" borrowers, the Company distinguishes between the portion that is not secured by collateral, guarantees, or others and calculates the actual loan loss ratio.
- Regarding the allowance for "Doubtful," "Quasi-Bankrupt," and "Bankrupt" borrowers, the necessary amount, concerning the balance calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans, is provided as a specific allowance for doubtful accounts. The portion for the amount in "Category IV" is directly deducted from the total loan amount.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of March 31, 2014		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	7,500	1.3	6,498	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	1,598	0.3	1,507	0.3
Monetary receivables purchased	5,706	1.0	7,563	1.4
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	432,707	77.9	412,012	76.8
Domestic bonds	216,668	39.0	208,906	38.9
Domestic stocks	71,456	12.9	66,748	12.4
Foreign securities:	138,760	25.0	131,987	24.6
Foreign bonds	102,258	18.4	98,209	18.3
Foreign stocks and other securities	36,501	6.6	33,777	6.3
Other securities	5,822	1.0	4,370	0.8
Loans:	85,289	15.4	85,818	16.0
Policy loans	7,822	1.4	8,354	1.6
Industrial and consumer loans	77,466	13.9	77,463	14.4
Real estate:	17,024	3.1	16,600	3.1
Investment property	10,705	1.9	10,269	1.9
Deferred tax assets	—	—	—	—
Other assets	5,876	1.1	6,527	1.2
Allowance for doubtful accounts	(70)	(0.0)	(87)	(0.0)
Total assets (general account):	555,633	100.0	536,440	100.0
Foreign currency-denominated assets	116,728	21.0	109,105	20.3

Notes: 1. The above assets 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 (¥802.6 billion and ¥1,212.0 billion as of March 31, 2014, and March 31, 2013, respectively).

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

(2) Increases/Decreases in Assets

(100 Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash, deposits, and call loans	1,002	583
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	91	(612)
Monetary receivables purchased	(1,856)	(1,267)
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	20,694	47,203
Domestic bonds	7,762	17,636
Domestic stocks	4,708	8,378
Foreign securities:	6,772	19,298
Foreign bonds	4,048	12,307
Foreign stocks and other securities	2,723	6,991
Other securities	1,451	1,889
Loans:	(528)	(1,398)
Policy loans	(531)	(608)
Industrial and consumer loans	3	(789)
Real estate:	424	(669)
Investment property	435	(563)
Deferred tax assets	—	(4,669)
Other assets	(651)	(1,409)
Allowance for doubtful accounts	16	51
Total assets (general account):	19,193	37,812
Foreign currency-denominated assets	7,623	15,483

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows: ¥(409.3 billion) and ¥276.4 billion for the fiscal year ended March 31, 2014, and March 31, 2013, respectively.

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

(3) Investment Income

(100 Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest, dividends, and other income:	12,966	12,170
Interest on deposits and savings	2	2
Interest on securities and dividends	10,292	9,359
Interest on loans	1,718	1,782
Real estate rental income	792	826
Other income	160	198
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	0	0
Gain on trading securities	—	—
Gain on sales of securities:	2,604	1,923
Gain on sales of domestic bonds, including national government bonds	168	761
Gain on sales of domestic stocks and other securities	2,394	540
Gain on sales of foreign securities	41	621
Other gains	—	—
Gain on redemptions of securities	2	2
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	16	12
Reversal of allowance for doubtful accounts	16	45
Other investment income	4	8
Total	15,611	14,162

(4) Investment Expenses

(100 Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest expenses	77	47
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities:	577	720
Loss on sales of domestic bonds, including national government bonds	17	2
Loss on sales of domestic stocks and other securities	136	565
Loss on sales of foreign securities	422	152
Other losses	0	—
Loss on valuation of securities:	222	986
Loss on valuation of domestic bonds, including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	214	977
Loss on valuation of foreign securities	7	6
Other losses	0	2
Loss on redemptions of securities	246	305
Loss on derivative financial instruments, net	365	1,766
Foreign exchange losses, net	—	—
Provision for allowance for doubtful accounts	—	—
Write-offs of loans	0	0
Depreciation of rental real estate and other assets	154	239
Other investment expenses	219	215
Total	1,863	4,281

(5) Investment Indicators

1) Yield on primary assets

(%)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash, deposits, and call loans	0.14	0.04
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	0.09	0.10
Monetary receivables purchased	2.11	2.07
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	3.01	2.38
Domestic bonds	1.99	2.34
Domestic stocks	8.02	0.38
Foreign securities:	3.02	3.41
Foreign bonds	2.77	3.40
Foreign stocks and other securities	3.78	3.44
Loans:	2.02	2.11
Industrial and consumer loans	1.74	1.81
Real estate:	2.60	2.26
Investment property	4.16	3.62
General account total:	2.70	2.01
Overseas investments	2.98	3.35

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 yen.

2) Daily average balance

(100 Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash, deposits, and call loans	3,927	3,662
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	1,438	1,478
Monetary receivables purchased	6,509	8,295
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	381,474	360,522
Domestic bonds	212,638	197,358
Domestic stocks	43,215	48,321
Foreign securities:	119,936	111,853
Foreign bonds	89,955	84,571
Foreign stocks and other securities	29,981	27,281
Loans:	85,718	86,443
Industrial and consumer loans	77,670	77,827
Real estate:	16,582	17,049
Investment property	10,297	10,638
General account total:	509,423	491,325
Overseas investments	124,585	115,796

(6) Net Valuation Gains/Losses on Trading Securities

No net valuation gain/losses as of March 31, 2014 or 2013.

(7) Market Value Information of Securities (With Market Value, Other Than Trading Securities)

(100 Million Yen)

	As of March 31, 2014					As of March 31, 2013				
	Book value	Market value	Net gains/ losses	Gains	Losses	Book value	Market value	Net gains/ losses	Gains	Losses
Policy-reserve-matching bonds	201,363	219,363	18,000	18,087	(87)	196,034	216,599	20,565	20,659	(94)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	617	540	540	—	77	444	367	367	—
Available-for-sale securities:	180,158	226,772	46,614	47,791	(1,177)	176,735	213,053	36,317	39,132	(2,814)
Domestic bonds	20,563	21,550	987	998	(10)	19,683	20,670	987	1,005	(18)
Domestic stocks	40,819	69,112	28,293	29,232	(939)	43,058	64,377	21,319	23,926	(2,607)
Foreign securities:	111,097	127,931	16,834	17,049	(215)	106,674	120,346	13,671	13,815	(144)
Foreign bonds	90,312	101,438	11,126	11,315	(189)	87,545	97,391	9,845	9,966	(121)
Foreign stocks and other securities	20,785	26,493	5,708	5,733	(25)	19,128	22,954	3,826	3,849	(22)
Other securities	5,048	5,547	499	511	(12)	3,746	4,086	339	384	(44)
Monetary receivables purchased	280	280	(0)	—	(0)	582	582	(0)	—	(0)
Negotiable certificates of deposit	2,350	2,349	(0)	0	(0)	2,990	2,989	(0)	0	(0)
Total	381,599	446,754	65,154	66,419	(1,265)	372,846	430,097	57,250	60,159	(2,909)
Domestic bonds	215,680	234,215	18,534	18,632	(97)	207,918	228,888	20,969	21,078	(108)
Domestic stocks	40,819	69,112	28,293	29,232	(939)	43,058	64,377	21,319	23,926	(2,607)
Foreign securities:	111,994	129,408	17,414	17,629	(215)	107,569	121,652	14,082	14,226	(144)
Foreign bonds	91,132	102,297	11,165	11,354	(189)	88,364	98,253	9,889	10,010	(121)
Foreign stocks and other securities	20,862	27,111	6,248	6,274	(25)	19,205	23,398	4,193	4,216	(22)
Other securities	5,048	5,547	499	511	(12)	3,746	4,086	339	384	(44)
Monetary receivables purchased	5,706	6,119	413	414	(0)	7,563	8,102	538	543	(4)
Negotiable certificates of deposit	2,350	2,349	(0)	0	(0)	2,990	2,989	(0)	0	(0)

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

[Book Value of Securities without Market Value]

(100 Million Yen)

		As of March 31, 2014	As of March 31, 2013
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		2,319	2,859
Available-for-sale securities:		9,942	10,433
	Unlisted domestic stocks (excluding over-the-counter stocks)	1,965	1,992
	Unlisted foreign stocks (excluding over-the-counter stocks)	6,224	6,824
	Unlisted foreign bonds	—	—
	Others	1,751	1,616
Total		12,261	13,292

Note: Of securities without market value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows: ¥42.8 billion and ¥(0.1 billion) as of March 31, 2014, and March 31, 2013, respectively.

(8) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

  No ending balance as of March 31, 2014 or 2013.

- Assets Held in Policy-reserve-matching, Trust Classified as Held-to-maturity, and Others

  No ending balance as of March 31, 2014 or 2013.

4. Policies in Force by Type of Benefits as of March 31, 2014

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Death protection	General	17,825	1,505,886	—	—	26,455	920,436	44,280	2,426,323
	Disaster	4,477	235,223	186	2,548	2,973	34,608	7,637	272,380
	Others	211	2,547	—	—	71	1,010	283	3,557
Pure endowment		102	2,708	3,392	210,413	10	154	3,505	213,276
Hospitalization coverage	Disaster	7,097	452	312	14	1,491	15	8,901	482
	Illness	7,079	450	309	14	—	—	7,389	464
	Others	7,673	512	71	2	61	0	7,806	516
Disability coverage		7,072	—	76	—	2,693	—	9,843	—
Surgical coverage		10,751	—	310	—	—	—	11,061	—

	Group annuities		Workers' asset-formation insurance/annuities		Total	
	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Pure endowment	14,492	113,270	202	4,542	14,694	117,812

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	894	33

	Disability income insurance	
	Number of policies (thousands)	Amount (100 million yen)
Disability income coverage	132	223

Notes:
1. The number of policies for "Group insurance," "Group annuities," "Workers' asset-formation insurance/annuities," "Medical care insurance" (group type), and "Disability income insurance" represents the number of insureds.
2. The amount in "Pure endowment" for "Individual annuities," "Group insurance" (annuity riders), and "Workers' asset-formation annuities" (excluding workers' asset-formation savings annuities) represents the total of (a) annuity resources at the start of the annuities for policies bound prior to the start of the annuity payments, and (b) policy reserves for policies bound after the start of the annuity payments. The amount in "Pure endowment" for "Group annuities," "Workers' asset-formation insurance," and workers' asset-formation savings annuities represents the amount of corresponding policy reserves.
3. The amount in "Hospitalization coverage" represents the amount of daily hospitalization benefits.
4. The amount in "Hospitalization coverage" of medical care insurance represents the amount related to hospitalization from illness.
5. The amount in disability income insurance represents the amount of monthly disability benefit payments.
6. The number of insureds and amount of policies for reinsurance written were 18,000 people and ¥29.7 billion, respectively.

5. Nonconsolidated Balance Sheets

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Assets:		
Cash and deposits:	467,727	502,956
Cash	310	550
Deposits	467,416	502,405
Call loans	349,400	203,900
Receivables under securities borrowing transactions	159,856	150,709
Monetary receivables purchased	570,632	756,320
Investments in securities:	44,369,012	42,274,197
National government bonds	17,578,858	16,543,499
Local government bonds	1,522,414	1,586,508
Corporate bonds	2,944,847	3,092,231
Domestic stocks	7,334,077	6,917,409
Foreign securities	14,258,244	13,556,511
Other securities	730,571	578,037
Loans:	8,528,979	8,581,801
Policy loans	782,280	835,460
Industrial and consumer loans	7,746,698	7,746,341
Tangible fixed assets:	1,718,217	1,676,301
Land	1,185,348	1,144,344
Buildings	474,175	484,567
Lease assets	3,740	2,713
Construction in progress	42,930	31,132
Other tangible fixed assets	12,020	13,543
Intangible fixed assets:	179,292	184,990
Software	87,100	93,186
Other intangible fixed assets	92,191	91,804
Reinsurance receivables	260	222
Other assets	424,228	530,894
Accounts receivable	91,782	152,896
Prepaid expenses	7,871	8,706
Accrued income	255,976	236,498
Money on deposit	37,310	38,575
Deposits for futures transactions	5,753	6,285
Futures transactions variation margin	—	46
Derivative financial instruments	10,151	71,453
Suspense	6,331	6,411
Other assets	9,052	10,019
Customers’ liability for acceptances and guarantees	30,137	29,233
Allowance for doubtful accounts	(7,024)	(8,704)
Total assets	56,790,719	54,882,824

5. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Liabilities:		
Policy reserves and other reserves:	48,785,930	47,470,205
Reserve for outstanding claims	199,582	203,848
Policy reserves	47,515,496	46,161,263
Reserve for dividends to policyholders	1,070,852	1,105,093
Reinsurance payables	343	271
Corporate bonds	157,040	157,040
Other liabilities:	1,607,132	2,147,917
Cash received as collateral under securities lending transactions	802,691	1,212,021
Loans payable	9,127	25
Income taxes payable	101,948	45,091
Accounts payable	124,982	264,435
Accrued expenses	57,257	63,373
Deferred income	22,870	22,246
Deposits received	98,158	99,495
Guarantee deposits received	84,102	84,171
Futures transactions variation margin	296	155
Derivative financial instruments	288,867	330,715
Lease obligations	4,930	4,262
Asset retirement obligations	2,031	2,035
Suspense receipts	9,868	19,758
Other liabilities	—	128
Accrued bonuses for directors and corporate auditors	50	52
Accrued retirement benefits	385,283	433,184
Accrued retirement benefits for directors and corporate auditors	4,403	4,374
Reserve for program points	12,609	9,564
Reserve for price fluctuations in investments in securities	623,312	427,529
Deferred tax liabilities	328,632	123,652
Deferred tax liabilities for land revaluation	128,236	129,132
Acceptances and guarantees	30,137	29,233
Total liabilities	52,063,111	50,932,158

5. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Net assets:		
Foundation funds	250,000	300,000
Reserve for redemption of foundation funds	1,000,000	950,000
Reserve for revaluation	651	651
Surplus:	440,022	350,577
Legal reserve for deficiencies	13,270	12,571
Other surplus reserves:	426,752	338,006
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	259	236
Reserve for reduction entry of real estate	42,693	34,666
Reserve for reduction entry of real estate to be purchased	33	—
Other reserves	170	170
Unappropriated surplus	311,679	231,016
Total foundation funds and others	1,690,674	1,601,228
Net unrealized gains on available-for-sale securities, net of tax	3,256,652	2,508,046
Deferred losses on derivatives under hedge accounting, net of tax	(134,156)	(74,128)
Land revaluation differences	(85,561)	(84,481)
Total valuations, conversions, and others	3,036,934	2,349,436
Total net assets	4,727,608	3,950,665
Total liabilities and net assets	56,790,719	54,882,824

Basis of Presenting the Nonconsolidated Balance Sheet as of March 31, 2014

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

1) Trading securities are stated at market value on the balance sheet date. The moving-average method is used for calculating cost of sales.

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

3) 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 JICPA**.

4) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act excluding 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 valued using the moving-average method.

5) Available-for-sale securities

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

b. For securities of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving-average method, net of accumulated amortization (straight-line). Other securities are valued using the moving-average method.

(2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

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* ASBJ: The Accounting Standards Board of Japan

** JICPA: Japanese Institute of Certified Public Accountants

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities 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.

3. Derivative financial instruments are stated at market value.

4. (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.

    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.

    Previously, tangible fixed assets of the Company were depreciated mainly based on the declining-balance method. From the fiscal year ended March 31, 2014, the depreciation method for buildings and others has been changed to the straight-line method.

    This change was made because the Company decided that straight-line depreciation over the useful lives of buildings better reflects the future use of tangible fixed assets given that the Company now expects to make more consistent use of buildings and others over the long term. This decision was based on several factors. First, investments in remodeling and renovations, which slow the aging of real estate, now represent a relatively higher share of the Company's investments. Remodeling and renovations have progressively replaced the acquisition and construction of new buildings, which now represent a lower share of investments. Previously, acquisitions and construction of new buildings accounted for the bulk of investments, and therefore the declining-balance method of depreciation was adopted as a depreciation method suited to the use of these assets. Second, the Company has recently formulated standards such as an overall building renovation plan and specifications for renovation work in order to conduct real estate renovations more systematically. Following the completion during the fiscal year ended March 31, 2014, of the development of a system for depreciating fixed assets in support of these changes, the Company decided to change the depreciation method for tangible fixed assets.

As a result, ordinary profit and surplus before income taxes both increased by ¥3,027 million compared with the previous depreciation method.
Furthermore, in the course of formulating the above overall building renovation plan, the Company surveyed the remaining useful lives and residual values of buildings and others. Consequently, in conjunction with the change in depreciation method, the Company revised these parameters to better reflect actual conditions. Accordingly, the Company has adjusted certain useful lives and residual values from the fiscal year ended March 31, 2014.
As a result, ordinary profit and surplus before income taxes both increased by ¥7,325 million compared with the previous depreciation method.

(2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

5. 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 which 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.

6. (1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
1) The allowance for loans from 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 disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (3) below).
2) The allowance for loans from 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.
3) The allowance for loans from 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 Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥703 million (including ¥240 million of credits secured and/or guaranteed) as of March 31, 2014.

7. Accrued bonuses for directors and corporate auditors are recognized based on amounts estimated to be paid.

8. (1) Accrued retirement benefits are recognized based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments to employees on the balance sheet date of the current fiscal year.

(2) The accounting methods used for retirement benefits are as follows:

1) Attribution method for estimated retirement benefits: Benefit formula standard

2) Period of amortizing actuarial differences: 5 years

3) Period of amortizing prior service costs: 5 years

From the fiscal year ended March 31, 2014, the Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25). The revised accounting standard permits companies to change the calculation method of retirement benefit obligations and service costs from the start of fiscal years beginning on or after April 1, 2013. Accordingly, from the fiscal year ended March 31, 2014, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis. With respect to the application of the revised accounting standard, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in consolidated surplus as of the beginning of the current fiscal year.

As a result of this change, unappropriated surplus as of April 1, 2013, the start of the current fiscal year, increased by ¥24,705 million. Ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2014, both increased by ¥1,558 million.

9. Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

10. Reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

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

12. Financial leases where ownership is not transferred are capitalized based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior, are accounted for under the accounting treatment applied to ordinary operating leases.

13. Hedge accounting is applied based on the following method:
    1) The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment (*“Tokurei-shori”*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*“Furiate-shori”*) for foreign exchange forward contracts and currency swaps for certain financial assets and liabilities denominated in foreign currencies.

    2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company’s internal risk management policies.

14. 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 that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of March 31, 2014.

15. Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy 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 a portion of the individual annuity policyholders.
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

16. 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 stocks and foreign securities. Also, from the viewpoint of effective investment, the Company mainly uses derivative transactions for controlling asset investment risks. Specifically, the Company uses interest rate swaps 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 hedge accounting is applied with respect to a portion thereof.

The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities against foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge the cash flow volatility of certain loans, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

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 market value of investment assets declines due to such factors 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 bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. 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 regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee, and has prepared a system to control risk to acceptable levels when there is a breach of rules. Also, to control 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 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 or group. 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.

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

(Million Yen)

	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	234,999	234,999	—
Available-for-sale securities	234,999	234,999	—
Monetary receivables purchased	570,632	611,996	41,364
Policy-reserve-matching bonds	542,574	583,939	41,364
Available-for-sale securities	28,057	28,057	—
Securities	43,113,992	44,926,705	1,812,713
Trading securities	1,098,298	1,098,298	—
Policy-reserve-matching bonds	19,593,801	21,352,447	1,758,645
Investments in subsidiaries and affiliates	7,711	61,779	54,068
Available-for-sale securities	22,414,180	22,414,180	—
Loans (*3)	8,523,357	8,791,565	268,207
Policy loans	782,113	782,113	—
Industrial and consumer loans	7,741,243	8,009,451	268,207
Derivative financial instruments (*4)	(278,716)	(278,716)	—
Hedge accounting not applied	(258)	(258)	—
Hedge accounting applied	(278,457)	(278,457)	—
Corporate bonds (*3,*5)	(157,040)	(172,429)	(15,389)
Cash received as collateral under securities lending transactions (*5)	(802,691)	(802,691)	—

(*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 year ended March 31, 2014, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market 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 market values of loans 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 brackets.

(*5) Cash received as collateral under corporate bonds and securities lending transactions is recorded in liabilities and presented in brackets.

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

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

a. Items with a market price

Market value is measured based on the closing market price on the balance sheet date. However, the market 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.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics, such as limiting loans to the surrender benefit range, expected reimbursement periods and interest rate requirements, and other characteristics. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market 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, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt, but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

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

b. Market value of stock options is measured by the price calculated by the Company based on volatility and other data obtained mainly from external information vendors.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle (TTM) rates and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates and other data.

4) Corporate bonds

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

5) Cash received as collateral under securities lending transactions

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

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table in (1) above.

Balance sheet amounts by holding purpose were ¥231,983 million for stocks of subsidiaries and affiliates, and ¥1,023,037 million for available-for-sale securities as of March 31, 2014.

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

1) Trading securities

Investments in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥110,562 million for securities related to separate accounts.

2) Held-to-maturity debt securities

No ending balance as of March 31, 2014.

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Monetary receivables purchased	541,392	582,823	41,430
	Domestic bonds	19,100,466	20,863,889	1,763,422
	Foreign securities	81,594	85,489	3,895
	Subtotal	19,723,454	21,532,202	1,808,748
Market value does not exceed the balance sheet amount	Monetary receivables purchased	1,182	1,115	(66)
	Domestic bonds	411,307	402,636	(8,671)
	Foreign securities	432	431	(1)
	Subtotal	412,922	404,183	(8,738)
Total		20,136,376	21,936,386	1,800,009

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	85,000	85,000	0
	Domestic bonds	1,998,843	2,098,646	99,802
	Domestic stocks	3,205,936	6,129,206	2,923,269
	Foreign securities	9,732,154	11,437,129	1,704,975
	Other securities	431,137	482,272	51,134
	Subtotal	15,453,071	20,232,254	4,779,182
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	150,000	149,999	(0)
	Monetary receivables purchased	28,061	28,057	(4)
	Domestic bonds	57,473	56,392	(1,081)
	Domestic stocks	875,973	782,049	(93,923)
	Foreign securities	1,377,572	1,356,047	(21,525)
	Other securities	73,669	72,437	(1,231)
	Subtotal	2,562,750	2,444,983	(117,767)
Total		18,015,822	22,677,237	4,661,415

* Items with ¥1,023,037 million whose market value is extremely difficult to determine are not included.

¥21,401 million in impairment losses was recognized for items with a market value during the fiscal year ended March 31, 2014.

Regarding stocks (including foreign stocks) with market value, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:

1. Average market value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.

2. The historical market value, the business condition 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:

(Million 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):	235,000	—	—	—
Available-for-sale securities	235,000	—	—	—
Monetary receivables purchased:	35,326	14,018	58,109	462,371
Policy-reserve-matching bonds	8,326	14,018	57,049	462,371
Available-for-sale securities	27,000	—	1,059	—
Securities:	823,819	4,760,898	5,547,656	22,202,625
Policy-reserve-matching bonds	508,980	2,758,584	2,106,119	14,103,370
Available-for-sale securities	314,839	2,002,314	3,441,537	8,099,255
Loans	911,003	2,991,945	2,056,098	1,778,876
Corporate bonds	—	—	—	157,040
Cash received as collateral under securities lending transactions	802,691	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.
Also, ¥7,174 million in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

18. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,164,094 million, with a market value of ¥1,174,628 million.
The Company owns rental office buildings and commercial facilities, the market value of which at the fiscal year end is the amount measured based mainly on the “Real Estate Appraisal Standards.”
The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥366 million.

19. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥39,030 million as of March 31, 2014.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,339 million and ¥31,941 million, respectively, as of March 31, 2014.
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 as the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.
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.

2) The balance of loans that are delinquent for over three months as of March 31, 2014, was ¥23 million.
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.

3) The balance of restructured loans was ¥4,726 million as of March 31, 2014.
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 ¥299 million and ¥403 million, respectively, as of March 31, 2014.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,132,867 million as of March 31, 2014.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,227,398 million as of March 31, 2014, and a corresponding liability was recorded in the same amount.

22. The total amount of credits and debits to subsidiaries as of March 31, 2014, were ¥139,879 million and ¥3,932 million, respectively.

23. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2014, were as follows:

	Million Yen Year ended March 31, 2014
a. Balance at the beginning of the current fiscal year	¥1,105,093
b. Transfer to reserve from surplus in the previous fiscal year	¥167,172

c.	Dividends to policyholders paid out in the current fiscal year	¥226,128
d.	Increase in interest	¥24,715
e.	Balance at the end of the current fiscal year (a+b-c+d)	¥1,070,852

24. Corporate bonds within liabilities are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

25. Assets pledged as collateral by securities, land, and buildings as of March 31, 2014, were ¥1,790,241 million, ¥252 million, and ¥56 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2014, was ¥802,706 million.
The amount of assets pledged as collateral by securities included ¥905,314 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥802,691 million of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2014.

26. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of March 31, 2014.

27. The total amount of stocks and investments in subsidiaries was ¥239,694 million as of March 31, 2014.

28. The amount of securities lent under lending agreements was ¥2,808,047 million as of March 31, 2014.

29. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥259,102 million at market value as of March 31, 2014.

30. The amount of commitments related to loans and loans outstanding was ¥179,531 million as of March 31, 2014.

31. 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 amount applied to the Company is estimated to be ¥85,750 million as of March 31, 2014.
The amount contributed to the said corporation is recorded within operating expenses.

32. Information relating to retirement benefits is as follows:

(1) Outline of retirement benefit plans adopted by the Company

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 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 accrued retirement benefit obligations at the beginning and end of the fiscal year

		Million Yen
		Year ended March 31, 2014
a.	Accrued retirement benefit obligations at the beginning of the year	¥645,377
b.	Service costs	¥23,883
c.	Interest cost	¥10,326
d.	Actuarial differences accrued during the year	¥(6,606)
e.	Retirement benefit payments	¥(48,494)
f.	Accrued retirement benefits at the end of the year (a+b+c+d+e)	¥624,485

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

		Million Yen
		Year ended March 31, 2014
a.	Pension plan assets at the beginning of the year	¥269,678
b.	Expected return on plan assets	¥4,314
c.	Actuarial differences accrued during the year	¥4,436
d.	Contributions by business proprietor	¥7,432
e.	Retirement benefit payments	¥(17,675)
f.	Pension plan assets at the end of the year (a+b+c+d+e)	¥268,186

3) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits

		Million Yen
		Year ended March 31, 2014
a.	Retirement benefit obligations for funded plans	¥285,269
b.	Pension plan assets	¥(268,186)
		¥17,083
c.	Retirement benefit obligations for non-funded plans	¥339,216
d.	Unrecognized actuarial differences	¥19,850
e.	Unrecognized prior service costs	¥9,133
f.	Accrued retirement benefits (a+b+c+d+e)	¥385,283

4) Gains (losses) relating to retirement benefits

		Million Yen
		Year ended March 31, 2014
a.	Service costs	¥23,883
b.	Interest cost	¥10,326
c.	Expected return on plan assets	¥(4,314)
d.	Amortization of actuarial differences for the period	¥870
e.	Amortization of prior service costs for the period	¥(4,765)
f.	Accrued retirement benefit obligations for defined benefit plans (a+b+c+d+e)	¥26,000

5) Breakdown of pension plan assets

a.	General account of Nippon Life	54.3%
b.	Domestic bonds	22.0%
c.	Foreign bonds	15.1%
d.	Domestic stocks	4.4%
e.	Cash and deposits	4.2%
f.	Total (a+b+c+d+e)	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 the present and forecasted dividends from pension plan assets, and the present and long-term rates of return that are expected from the diverse 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 at the end of the period are as follows:

a.	Discount rate	1.6%
b.	Long-term expected rate of return on plan assets	1.6%

(3) Defined contribution plans

The Company contributed ¥2,161 million to defined contribution plans during the fiscal year ended March 31, 2014.

33. (1) Total deferred tax assets were ¥1,206,414 million and total deferred tax liabilities were ¥1,479,843 million as of March 31, 2014. Among deferred tax assets, the deduction for the valuation allowance was ¥55,202 million. The major components causing deferred tax assets were policy reserves and other reserves of ¥747,389 million, reserve for price fluctuations in investments in securities of ¥191,356 million, accrued retirement benefits of ¥118,282 million, and allowance for doubtful accounts of ¥2,575 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥1,434,983 million.

(2) The statutory tax rate was 33.2% for the fiscal year ended March 31, 2014. The main factor in the difference between the statutory tax rate and the effective income tax rate was a decrease of 19.3% due to the amount of reserve for dividends to policyholders.

(3) In conjunction with the promulgation of the Act for Partial Revision to the Income Tax Act (Act No. 10 of 2014), the statutory tax rate applied to the calculation of deferred tax assets and deferred tax liabilities of 33.2% will be changed to 30.7% for collections and payments expected to be made in the period from April 1, 2014 to March 31, 2015.

As a result of this change, deferred tax liabilities at the end of the period increased by ¥8,487 million, net unrealized gains on available-for-sale securities, net of tax by ¥582 million, and land revaluation differences by ¥1 million, while deferred tax liabilities for land revaluation decreased by ¥1 million. At the same time, income taxes – deferred increased by ¥9,070 million.

34. Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets section.

Revaluation Date March 31, 2002

Revaluation Methodology	The amount is rationally calculated by using the land listed value 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.

35. The amount 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 was ¥188 million as of March 31, 2014.

36. The amount per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act was ¥3,123,147 million as of March 31, 2014.

6. Nonconsolidated Statements of Income

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Ordinary income:	6,714,089	7,094,229
Revenues from insurance and reinsurance:	4,825,577	5,342,857
Insurance premiums	4,824,669	5,342,079
Reinsurance revenue	907	777
Investment income:	1,683,763	1,560,888
Interest, dividends, and other income:	1,296,640	1,217,010
Interest on deposits and savings	268	272
Interest on securities and dividends	1,029,275	935,962
Interest on loans	171,827	178,296
Real estate rental income	79,237	82,608
Other income	16,031	19,870
Gain from assets held in trust, net	5	13
Gain on sales of securities	260,438	192,348
Gain on redemptions of securities	248	284
Foreign exchange gains, net	1,693	1,201
Reversal of allowance for doubtful accounts	1,667	4,561
Other investment income	441	857
Gain from separate accounts, net	122,626	144,611
Other ordinary income:	204,748	190,483
Income from annuity riders	7,836	7,769
Income from deferred benefits	153,912	152,482
Reversal of reserve for outstanding claims	4,266	2,786
Other ordinary income	38,733	27,445

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Ordinary expenses:	6,201,473	6,705,486
Benefits and other payments:	3,778,221	3,617,129
Death and other claims	1,016,847	1,059,742
Annuity payments	857,662	686,205
Health and other benefits	769,645	828,082
Surrender benefits	839,852	834,495
Other refunds	292,927	207,332
Reinsurance premiums	1,284	1,271
Provision for policy reserves:	1,378,948	1,739,014
Provision for policy reserves	1,354,233	1,713,183
Provision for interest on reserve for dividends to policyholders	24,715	25,830
Investment expenses:	186,309	428,149
Interest expenses	7,792	4,717
Loss on sales of securities	57,738	72,088
Loss on valuation of securities	22,254	98,668
Loss on redemptions of securities	24,628	30,526
Loss on derivative financial instruments, net	36,508	176,689
Write-offs of loans	0	1
Depreciation of rental real estate and other assets	15,410	23,954
Other investment expenses	21,976	21,503
Operating expenses	561,860	566,920
Other ordinary expenses:	296,133	354,273
Deferred benefit payments	197,808	243,173
Taxes	34,643	37,376
Depreciation	47,308	57,839
Other ordinary expenses	16,371	15,883

6. Nonconsolidated Statements of Income (Continued)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Ordinary profit	512,616	388,742
Extraordinary gains:	43,236	4,853
Gain on disposals of fixed assets	2,750	4,138
Reversal of reserve for loss on disaster	—	326
Gain on liquidation of subsidiaries and affiliates	40,486	—
Other extraordinary gains	—	388
Extraordinary losses:	208,338	146,560
Loss on disposals of fixed assets	6,252	31,130
Impairment losses	4,728	17,602
Provision for reserve for price fluctuations in investments in securities	195,783	93,819
Loss on reduction entry of real estate	96	2,531
Contributions for assisting social public welfare	1,477	1,477
Surplus before income taxes	347,515	247,035
Income taxes - current	142,385	66,158
Income taxes - deferred	(79,286)	(29,745)
Total income taxes	63,098	36,412
Net surplus	284,416	210,622

Notes to the Nonconsolidated Statement of Income for the Fiscal Year Ended March 31, 2014

1. The total income and expenses from transactions with subsidiaries is ¥53,430 million and ¥29,359 million, respectively, for the fiscal year ended March 31, 2014.

2. Gain on sales of securities includes gains on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥16,879 million, ¥239,424 million, and ¥4,135 million, respectively, for the fiscal year ended March 31, 2014.

3. Loss on sales of securities includes losses on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥1,774 million, ¥13,678 million, and ¥42,227 million, respectively, for the fiscal year ended March 31, 2014.

4. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥21,477 million and ¥713 million, respectively, for the fiscal year ended March 31, 2014.

5. Reversal of policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥8 million for the fiscal year ended March 31, 2014.

6. Loss on derivative financial instruments, net, includes net valuation loss of ¥2,709 million for the fiscal year ended March 31, 2014.

7. Impairment losses are as follows:
   1) Method for grouping the assets
      Leased property and idle property are classified as one asset group per structure. 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 market 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.

3) Breakdown of asset groups that recognized impairment losses for the fiscal year ended March 31, 2014, is as follows:

Purpose of use	Land	Land lease rights	Buildings	Total
	Million Yen			
Leased property	2,475	—	1,749	4,224
Idle property	373	14	116	504
Total	2,848	14	1,865	4,728

4) Calculation method of recoverable amount

The recoverable amount used in 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 in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

8. Transaction with related parties are as follows:

Subsidiaries:

Type	Subsidiaries
Company Name	NLI Properties West, Inc.
Location	Delaware, U.S.A. (New York, U.S.A.)
Capital	US$290 million

Acquisition, management, disposal, and mortgage lending services for real estate for lease

Percentage of Shareholder Voting Rights	—(*)
Nature of Relationship between Parties	—(*)
Detail of transaction	Gain on liquidation of subsidiaries and affiliates (*)

The amount of gain on liquidation of subsidiaries and affiliates as of March 31, 2014 ¥40,486 million

(*) NLI Properties West, Inc. was liquidated in February 2014. Gain on liquidation of subsidiaries and affiliates represents a liquidation dividend from this company.

7. Nonconsolidated Statements of Changes in Net Assets

Year ended March 31, 2013

(Million Yen)

	Foundation funds and others										
				Surplus							
					Other surplus reserves						
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiencies	Contin-gency funds	Reserve for social public welfare assistance	Reserve for reduction entry of real estate	Other reserves	Unappro-priated surplus	Total surplus	Total foundation funds and others
Beginning balance	300,000	900,000	651	11,889	71,917	213	31,746	170	226,344	342,281	1,542,932
Increase/decrease											
Issuance of foundation funds	50,000										50,000
Additions to reserve for dividends to policyholders									(167,313)	(167,313)	(167,313)
Additions to legal reserve for deficiencies				682					(682)	—	—
Additions to reserve for redemption of foundation funds		50,000							(50,000)	(50,000)	—
Interest on foundation funds									(3,930)	(3,930)	(3,930)
Net surplus									210,622	210,622	210,622
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for social public welfare assistance						1,500			(1,500)	—	—
Reversal of reserve for social public welfare assistance						(1,477)			1,477	—	—
Additions to reserve for reduction entry of real estate							3,604		(3,604)	—	—
Reversal of reserve for reduction entry of real estate							(685)		685	—	—
Reversal of land revaluation differences									18,917	18,917	18,917
Net change, excluding foundation funds and others											
Net change	—	50,000	—	682	—	23	2,919	—	4,672	8,296	58,296
Ending balance	300,000	950,000	651	12,571	71,917	236	34,666	170	231,016	350,577	1,601,228

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

Year ended March 31, 2013

(Million Yen)

	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Total valuations, conversions, and others	
Beginning balance	1,021,724	(6,969)	(67,515)	947,239	2,490,171
Increase/decrease					
Issuance of foundation funds					50,000
Additions to reserve for dividends to policyholders					(167,313)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(3,930)
Net surplus					210,622
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					—
Reversal of land revaluation differences					18,917
Net change, excluding foundation funds and others	1,486,322	(67,159)	(16,965)	1,402,197	1,402,197
Net change	1,486,322	(67,159)	(16,965)	1,402,197	1,460,493
Ending balance	2,508,046	(74,128)	(84,481)	2,349,436	3,950,665

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

Year ended March 31, 2014 (Million Yen)

	Foundation funds and others											
				Surplus								
					Other surplus reserves							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiencies	Contin-gency 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	Unappro-priated surplus	Total surplus	Total foundation funds and others
Beginning balance	300,000	950,000	651	12,571	71,917	236	34,666	—	170	231,016	350,577	1,601,228
Cumulative effect of change in accounting policies										24,705	24,705	24,705
Beginning balance after reflecting accounting policy changes	300,000	950,000	651	12,571	71,917	236	34,666	—	170	255,722	375,282	1,625,934
Increase/decrease												
Additions to reserve for dividends to policyholders										(167,172)	(167,172)	(167,172)
Additions to legal reserve for deficiencies				699						(699)	—	—
Additions to reserve for redemption of foundation funds		50,000								(50,000)	(50,000)	—
Interest on foundation funds										(3,585)	(3,585)	(3,585)
Net surplus										284,416	284,416	284,416
Redemption of foundation funds	(50,000)											(50,000)
Additions to reserve for social public welfare assistance						1,500				(1,500)	—	—
Reversal of reserve for social public welfare assistance						(1,477)				1,477	—	—
Additions to reserve for reduction entry of real estate							9,868			(9,868)	—	—
Reversal of reserve for reduction entry of real estate							1,841			1,841	—	—
Additions to reserve for reduction entry of real estate to be purchased								33		(33)	—	—
Reversal of land revaluation differences										1,080	1,080	1,080
Net change, excluding foundation funds and others												
Net change	(50,000)	50,000	—	699	—	23	8,027	33	—	55,957	64,740	64,740
Ending balance	250,000	1,000,000	651	13,270	71,917	259	42,693	33	170	311,679	440,022	1,690,674

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

Year ended March 31, 2014

(Million Yen)

	Valuations, conversions, and others				Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Total valuations, conversions, and others	
Beginning balance	2,508,046	(74,128)	(84,481)	2,349,436	3,950,665
Cumulative effect of change in accounting policies					24,705
Beginning balance after reflecting accounting policy changes	2,508,046	(74,128)	(84,481)	2,349,436	3,975,371
Increase/decrease					
Additions to reserve for dividends to policyholders					(167,172)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(3,585)
Net surplus					284,416
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 differences					1,080
Net change, excluding foundation funds and others	748,605	(60,027)	(1,080)	687,497	687,497
Net change	748,605	(60,027)	(1,080)	687,497	752,237
Ending balance	3,256,652	(134,156)	(85,561)	3,036,934	4,727,608

8. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Core operating profit (A)	592,445	546,541
Capital gains:	262,138	193,563
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	5	13
Gain on trading securities	—	—
Gain on sales of securities	260,438	192,348
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	1,693	1,201
Other capital gains	—	—
Capital losses:	116,502	347,446
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	57,738	72,088
Loss on valuation of securities	22,254	98,668
Loss on derivative financial instruments, net	36,508	176,689
Foreign exchange losses, net	—	—
Other capital losses	—	—
Net capital gains (losses) (B)	145,635	(153,882)
Core operating profit, including net capital gains (losses) (A+B)	738,081	392,658
Nonrecurring gains:	141	584
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	141	584
Other nonrecurring gains	—	—
Nonrecurring losses:	225,606	4,501
Reinsurance premiums	—	—
Provision for contingency reserve	225,606	4,500
Provision for specific allowance for doubtful accounts	—	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	0	1
Other nonrecurring losses	—	—
Nonrecurring gains (losses) (C)	(225,464)	(3,916)
Ordinary profit (A+B+C)	512,616	388,742

9. Proposal for Appropriation of Unappropriated Surplus

(Thousands Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Unappropriated surplus for the current year	311,679,459	231,016,619
Reversal from other surplus reserve:	677,396	1,841,308
Reversal of reserve for reduction entry of real estate	677,396	1,841,308
Reversal of reserve for reduction entry of real estate to be purchased	—	—
Total	312,356,855	232,857,928
Appropriations:	312,356,855	232,857,928
Reserve for dividends to policyholders	201,765,958	167,172,049
Net surplus:	110,590,897	65,685,879
Additions to legal reserve for deficiencies	938,000	699,000
Additions to reserve for redemption of foundation funds	50,000,000	50,000,000
Interest on foundation funds	2,785,000	3,585,000
Transfer to other surplus reserve:	56,867,897	11,401,879
Equalized reserve for dividends to policyholders	50,000,000	—
Reserve for social public welfare assistance	3,000,000	1,500,000
Reserve for reduction entry of real estate	3,866,656	9,868,719
Reserve for reduction entry of real estate to be purchased	1,241	33,159
Surplus carried forward	—	—

10. Status of Nonperforming Assets According to Borrower's Classification

(Million Yen, %)

	As of March 31, 2014	As of March 31, 2013
Bankrupt and quasi-bankrupt loans	11,686	11,998
Doubtful loans	22,596	24,456
Substandard loans	4,749	5,599
Subtotal [Percent of total, %]	39,033 [0.34]	42,054 [0.36]
Normal loans	11,365,046	11,737,901
Total	11,404,080	11,779,955

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 or restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over 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 borrowers (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.

Supplemental information for borrower's classification

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments and customer's liability for acceptances and guarantees.

- 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 bankrupt and quasi-bankrupt loans. The estimated uncollectible amounts as of March 31, 2014, and March 31, 2013, were ¥703 million and ¥831 million, respectively.

11. Status of Risk-Monitored Loans

(Million Yen, %)

	As of March 31, 2014	As of March 31, 2013
Loans to bankrupt borrowers	2,339	2,658
Delinquent loans	31,941	33,794
Loans that are delinquent for over three months	23	—
Restructured loans	4,726	5,599
Total	39,030	42,052
[Percent of total loans, %]	[0.46]	[0.49]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), the estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount directly deducted from loans to bankrupt borrowers and delinquent loans were ¥299 million and ¥403 million, respectively, as of March 31, 2014, and ¥449 million and ¥382 million, respectively, as of March 31, 2013.
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 Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned 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 above).

12. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	3,952	5,478	(1,526)
(B) Specific allowance for doubtful accounts	3,072	3,226	(154)
(C) Allowance for specific overseas debts	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	3,775	4,058	(282)
(B) Reversal	3,917	4,643	(725)
[excluding reversals with write-offs]			
(C) Net provision	(141)	(584)	443
(3) Allowance for specific overseas debts			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-offs of loans	0	1	(0)

(Reference)

Status of Borrower Classification

(100 Million Yen, %)

		As of March 31, 2014		As of March 31, 2013	
		Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-offs of category IV)		85,289	100.0	85,818	100.0
	Noncategorized	84,241	98.8	84,398	98.3
	Category II	1,027	1.2	1,398	1.6
	Category III	21	0.0	21	0.0
	Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥1.8 billion and ¥1.9 billion as of March 31, 2014, and March 31, 2013, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥0.7 billion and ¥0.8 billion as of March 31, 2014, and March 31, 2013, respectively.

13. Solvency Margin Ratio

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Solvency margin gross amount (A):	9,437,173	8,027,181
Foundation funds (*kikin*) and other reserve funds:	3,422,870	2,965,956
Foundation funds and others	1,486,123	1,430,471
Reserve for price fluctuations in investments in securities	623,312	427,529
Contingency reserve	1,005,760	780,154
General allowance for doubtful accounts	3,952	5,478
Others	303,722	322,322
Net unrealized gains on available-for-sale securities × 90%	4,221,212	3,278,358
Net unrealized (losses) gains on real estate × 85% (100% in the case of net unrealized losses)	28,567	(8,685)
Excess of continued Zillmerized reserve	1,552,382	1,602,347
Qualifying subordinated debt	157,040	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(428)	(539)
Others	55,528	32,704
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,422,583	2,305,244
Underwriting risk (R_1)	131,177	135,383
Underwriting risk of third-sector insurance (R_8)	74,655	73,978
Anticipated yield risk (R_2)	389,635	394,708
Minimum guarantee risk (R_7)	5,870	7,382
Investment risk (R_3)	1,966,765	1,844,303
Business management risk (R_4)	51,362	49,115
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	779.0%	696.4%

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

(Reference)

Policy reserve valuation method and ratio for individual insurance and annuities

	As of March 31, 2014	As of March 31, 2013
Policies subject to the standard policy reserve	Net level premium method	Net level premium method
Policies not subject to the standard policy reserve	Net level premium method	Net level premium method
Ratio (excluding contingency reserve)	100.0%	100.0%

Notes: 1. Individual insurance and annuities are subject to the valuation method and ratio. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.
2. Regarding the valuation ratio, policies subject to the standard policy reserve represent the ratio in accordance with the method which the Prime Minister prescribed by means of Ordinance No. 48 issued by the Ministry of Finance in 1996.
Policies not subject to the standard policy reserve represent the ratio for the reserve calculated by the net level premium method and unearned premium.

14. Status of Separate Accounts for the Fiscal Year Ended March 31, 2014

(1) Balance of Separate Account Assets

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Individual variable insurance	116,835	109,933
Individual variable annuities	100,517	132,512
Group annuities	1,010,045	996,372
Separate account total	1,227,398	1,238,818

(2) Status of Separate Accounts for Individual Variable Insurance

1) Policies in Force

	As of March 31, 2014		As of March 31, 2013	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,820	8,931	1,950	9,734
Variable insurance (whole life type)	35,433	531,558	36,096	549,291
Total	37,253	540,490	38,046	559,026

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Insurance)

(Million Yen, %)

	As of March 31, 2014		As of March 31, 2013	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	5,013	4.3	8,006	7.3
Investments in securities:	104,906	89.8	95,506	86.9
Domestic bonds	28,784	24.6	22,851	20.8
Domestic stocks	36,538	31.3	38,592	35.1
Foreign securities:	39,584	33.9	34,062	31.0
Foreign bonds	14,253	12.2	11,303	10.3
Foreign stocks and other securities	25,331	21.7	22,759	20.7
Other securities	—	—	—	—
Loans	—	—	—	—
Others	6,915	5.9	6,419	5.8
Allowance for doubtful accounts	—	—	—	—
Total	116,835	100.0	109,933	100.0

3) Investment Income and Expenses from Separate Accounts (Individual Variable Insurance)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
	Amount	Amount
Interest, dividends, and other income	2,097	1,934
Gain on sales of securities	11,538	4,671
Gain on redemptions of securities	—	—
Gain on valuation of securities	2,179	8,401
Foreign exchange gains, net	18	29
Gain on derivative financial instruments, net	—	803
Other investment income	8	105
Loss on sales of securities	1,286	5,745
Loss on redemptions of securities	0	—
Loss on valuation of securities	(720)	(5,668)
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	124	—
Other investment expenses	1	6
Net investment income	15,150	15,862

(3) Status of Separate Accounts for Individual Variable Annuities

1) Policies in Force

	As of March 31, 2014		As of March 31, 2013	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	14,505	100,516	19,995	132,502

2) Breakdown of Separate Account Assets Year-End Balance (Individual Variable Annuities)

(Million Yen, %)

	As of March 31, 2014		As of March 31, 2013	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits, and call loans	—	—	—	—
Investments in securities:	97,993	97.5	129,120	97.4
Domestic bonds	17,947	17.9	24,711	18.6
Domestic stocks	—	—	—	—
Foreign securities:	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and other securities	—	—	—	—
Other securities	80,045	79.6	104,408	78.8
Loans	—	—	—	—
Others	2,523	2.5	3,391	2.6
Allowance for doubtful accounts	—	—	—	—
Total	100,517	100.0	132,512	100.0

3) Investment Income and Expenses from Separate Accounts (Individual Variable Annuities)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
	Amount	Amount
Interest, dividends, and other income	7,973	2,123
Gain on sales of securities	861	580
Gain on redemptions of securities	—	—
Gain on valuation of securities	4,083	9,564
Foreign exchange gains, net	—	—
Gain on derivative financial instruments, net	—	—
Other investment income	0	0
Loss on sales of securities	10	1,717
Loss on redemptions of securities	—	—
Loss on valuation of securities	(141)	(7,593)
Foreign exchange losses, net	—	—
Loss on derivative financial instruments, net	—	—
Other investment expenses	0	0
Net investment income	13,049	18,143

15. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Ordinary income	68,292	72,013
Ordinary profit	5,232	4,022
Net surplus	2,471	2,479
Comprehensive income	9,850	17,015

	As of March 31, 2014	As of March 31, 2013
Total assets	570,902	551,656
Solvency margin ratio	795.5%	717.1%

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

	As of March 31, 2014
Number of consolidated subsidiaries	9
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	5
Changes to significant subsidiaries and affiliates during the period	Increase: 1 (Bangkok Life Assurance Public Company Limited) Decrease: 1 (NLI Properties West, Inc.)

(3) Policies of Presenting the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014

1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and the Company's subsidiaries. Consolidated subsidiaries as of March 31, 2014, are listed as follows:

Nissay Computer Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)
Nissay Credit Guarantee Co., Ltd. (Japan)
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.)

The major subsidiaries excluded from consolidation are Nissay Card Service Co., Ltd., Nissay Trading Corporation. and Nissay Business Service Co., Ltd.
From the fiscal year ended March 31, 2014, NLI Properties West, Inc. has been removed from the scope of consolidation due to being dissolved.
The respective and aggregate effects of the companies that are excluded from consolidation, based on total assets, revenues, net income, and surplus for the fiscal year ended March 31, 2014, are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and the Company's subsidiaries and the result of their operations.

2) Affiliates

Affiliates accounted for under the equity method as of March 31, 2014, are listed as follows:

The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
Nissay-Greatwall Life Insurance Co., Ltd. (China)
Reliance Life Insurance Company Limited (India)
Bangkok Life Assurance Public Company Limited (Thailand)

Bangkok Life Assurance Public Company Limited has become more important to the Company and has therefore been included as an equity-method affiliate from the current fiscal year.
The subsidiaries not consolidated, e.g., Nissay Card Service Co., Ltd., Nissay Trading Corporation, and others, and affiliates other than those listed above, e.g., Reliance Capital Asset Management Limited, and others, 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 year ended March 31, 2014, are immaterial.

The numbers of consolidated subsidiaries and affiliates as of March 31, 2014, were as follows:

Consolidated subsidiaries	9
Subsidiaries not consolidated but accounted for under the equity method	0
Affiliates accounted for under the equity method	5

3) Closing dates of consolidated subsidiaries

The closing date of consolidated overseas subsidiaries is December 31. The consolidated financial statements are prepared using data as of the closing date, and necessary adjustments are made to reflect important transactions that occurred between the closing date and the consolidated balance sheet date.

4) 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 fully amortized as incurred.

(4) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Assets:		
Cash and deposits	497,125	551,338
Call loans	349,400	203,900
Receivables under securities borrowing transactions	159,856	150,709
Monetary receivables purchased	570,632	756,320
Investments in securities	44,411,714	42,317,119
Loans	8,488,309	8,519,927
Tangible fixed assets:	1,728,486	1,685,475
Land	1,185,348	1,144,483
Buildings	474,732	485,268
Lease assets	2,566	3,037
Construction in progress	42,930	31,132
Other tangible fixed assets	22,907	21,553
Intangible fixed assets:	176,733	182,541
Software	84,169	90,319
Lease assets	17	18
Other intangible fixed assets	92,546	92,203
Reinsurance receivables	503	377
Other assets	686,945	779,670
Deferred tax assets	4,619	5,495
Customers' liability for acceptances and guarantees	25,299	24,452
Allowance for doubtful accounts	(9,386)	(11,718)
Total assets	57,090,238	55,165,611

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Liabilities:		
Policy reserves and other reserves:	48,792,463	47,475,286
Reserve for outstanding claims	204,408	207,375
Policy reserves	47,517,202	46,162,817
Reserve for dividends to policyholders	1,070,852	1,105,093
Reinsurance payables	377	308
Corporate bonds	157,040	157,040
Other liabilities	1,832,055	2,376,234
Accrued bonuses for directors and corporate auditors	50	52
Accrued retirement benefits	—	435,879
Net defined benefit liability	359,438	—
Accrued retirement benefits for directors and corporate auditors	4,508	4,472
Reserve for program points	12,609	9,564
Reserve for price fluctuations in investments in securities	623,312	427,529
Deferred tax liabilities	340,794	124,185
Deferred tax liabilities for land revaluation	128,236	129,132
Acceptances and guarantees	25,299	24,452
Total liabilities	52,276,186	51,164,139
Net assets:		
Foundation funds	250,000	300,000
Reserve for redemption of foundation funds	1,000,000	950,000
Reserve for revaluation	651	651
Consolidated surplus	477,329	424,922
Total foundation funds and others	1,727,980	1,675,573
Net unrealized gains on available-for-sale securities, net of tax	3,261,140	2,509,186
Deferred losses on derivatives under hedge accounting, net of tax	(134,156)	(74,128)
Land revaluation differences	(85,561)	(84,481)
Foreign currency translation adjustments	10,162	(37,957)
Remeasurement of defined benefit plans	20,085	—
Total accumulated other comprehensive income	3,071,671	2,312,619
Minority interests	14,399	13,278
Total net assets	4,814,051	4,001,471
Total liabilities and net assets	57,090,238	55,165,611

Basis of Presenting the Consolidated Balance Sheet as of March 31, 2014

1. (1) Securities of the Parent Company (including items such as deposits and monetary receivables purchased, which are treated as securities based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and securities within assets held in trust) are valued as follows:

   1) Trading securities are stated at market value on the balance sheet date. The moving-average method is used for calculating cost of sales.

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

   3) 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 JICPA.

   4) Investments in subsidiaries and affiliates that are not consolidated nor accounted for by the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act, excluding 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 valued using the moving-average method.

   5) Available-for-sale securities

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

      b. For securities for which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving-average method, net of accumulated amortization (straight-line). Other securities are valued using the moving-average method.

   (2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities 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.

3. Derivative financial instruments are stated at market value.

4. (1) Tangible fixed assets are depreciated based on the following methods.

a. Tangible fixed assets of the Parent Company (except for lease assets)

(i) Buildings
Straight-line method

(ii) Assets other than the above
Declining-balance method

b. Lease assets of the Parent Company

(i) Lease assets related to financial leases where ownership is transferred.
The same depreciation method applied to fixed assets owned by the Parent Company

(ii) Lease assets related to financial leases where ownership is not transferred
Straight-line method based on lease period

c. Tangible fixed assets of consolidated subsidiaries
Depreciated based mainly on the straight-line method

Previously, tangible fixed assets of the Parent Company were depreciated mainly based on the declining-balance method. From the fiscal year ended March 31, 2014, the depreciation method for buildings and others has been changed to the straight-line method.
This change was made because the Company has decided that straight-line depreciation over the useful lives of buildings will better reflect the future use of tangible fixed assets given that the Company now expects to make more consistent use of buildings and others over the long term. The decision reflects several factors. First, investments in remodeling and renovations, which slow the aging of real estate, now represent a relatively higher share of investments. Remodeling and renovations have progressively replaced the acquisition and construction of new buildings, which now represent a lower share of investments. Previously, acquisitions and construction of new buildings accounted for the bulk of investments, and therefore the declining-balance method of depreciation was adopted as a depreciation method suited to the use of these assets. Second, the Company has recently formulated standards such as an overall building renovation plan and specifications for renovation work in order to conduct real estate renovations more systematically. Following the completion of the development of a system for depreciating fixed assets in support

of these changes during the fiscal year ended March 31, 2014, the Company decided to change the depreciation method for tangible fixed assets.
As a result, ordinary profit and surplus before income taxes and minority interests both increased by ¥3,027 million compared with the previous depreciation method.
Furthermore, in the course of formulating the above overall building renovation plan, the Company surveyed the remaining useful lives and residual values of buildings and others. Consequently, in conjunction with the change in depreciation method, the Company revised these parameters to better reflect actual conditions. Accordingly, the Company has adjusted certain useful lives and residual values from the fiscal year ended March 31, 2014.
As a result, ordinary profit and surplus before income taxes and minority interests both increased by ¥7,325 million compared with the previous depreciation method.

(2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

5. 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 Parent Company, with exchange rates which 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.

6. (1) An allowance for doubtful accounts of the Parent Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
1) The allowance for loans from 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 disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (4) below).
2) The allowance for loans from 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.
3) The allowance for loans from 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 of the Parent 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 Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

(3) For consolidated subsidiaries, the Parent Company records amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.

(4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥1,082 million (including ¥288 million of credits secured and/or guaranteed) as of March 31, 2014.

7. Accrued bonuses for directors and corporate auditors are recognized based on amounts estimated to be paid.

8. (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 at the end of the current fiscal year.

(2) The accounting methods of the Parent Company used for retirement benefits are as follows:
1) Attribution method for estimated retirement benefits: Benefit formula basis
2) Period of amortizing actuarial differences: 5 years
3) Period of amortizing prior service costs: 5 years

From the fiscal year ended March 31, 2014, the Parent Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25). The revised accounting standard permits companies to change the calculation method of retirement benefit obligations and service costs from the start of fiscal years beginning on or after April 1, 2013. Accordingly, from the fiscal year ended March 31, 2014, the Parent Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis. Moreover, under these accounting standards, from the end of the fiscal year ending March 31, 2014, the Parent Company has adopted the method of recording the amount of retirement benefit obligations less pension assets as a net defined benefit liability and has recorded unrecognized actuarial differences and unrecognized prior service costs as a net defined benefit liability.

With respect to the application of the revised accounting standard, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in consolidated surplus as of the beginning of the current fiscal year.

As a result, consolidated surplus at the start of the current fiscal year increased by ¥24,705 million, while ordinary profit and surplus before income taxes and minority interests increased by ¥1,558 million.

Furthermore, at the end of the current period, the Parent Company recorded net defined benefit liabilities of ¥359,438 million, and total accumulated other comprehensive income of ¥20,085 million.

9. Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

10. Reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

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

12. Financial leases where ownership is not transferred are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008, or prior, are accounted for under the accounting treatment applied to ordinary operating leases.
For financial leases where the Parent Company or a consolidated subsidiary is the lessor, and ownership is not transferred, if any, the Parent Company recognizes the sales amount and cost of sales at the time of receiving the lease fee.

13. Hedge accounting of the Parent Company is applied based on the following method:
    1) The Parent Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Parent Company also applies the exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies.

    2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Parent Company's internal risk management policies.

14. Consumption taxes and local consumption taxes of the Parent Company 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 that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a five year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of March 31, 2014.

15. Policy reserves of the Parent Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy 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 a portion of the individual annuity policyholders.

1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
2) Reserves for other contracts are computed based on the net level premium method.

16. Regarding the investment of the Parent Company's 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 stocks and foreign securities. Also, from the viewpoint of effective investment, the Parent Company mainly uses derivative transactions for controlling asset investment risks. Specifically, the Company uses interest rate swaps 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 hedge accounting is applied with respect to a portion thereof.

    The Parent Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities against foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Parent Company also applies the exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge the cash flow volatility of certain loans, and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Parent Company's internal risk management policies.

    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 market value of investment assets declines due to such factors 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 bonds, declines due to deterioration of the financial condition of the party to whom credit has been extended. 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 regularly reports on the status of compliance to the Risk Management Committee, the advisory body of the Management Committee and has prepared a system to control risk to acceptable levels when there is a breach of rules. Also, to control 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 an 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 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 or group. 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.

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

(Million Yen)

	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit):	236,999	236,999	—
Available-for-sale securities	236,999	236,999	—
Monetary receivables purchased:	570,632	611,996	41,364
Policy-reserve-matching bonds	542,574	583,939	41,364
Available-for-sale securities	28,057	28,057	—
Securities:	43,213,594	45,016,895	1,803,300
Trading securities	1,098,298	1,098,298	—
Held-to-maturity debt securities	47,077	47,315	237
Policy-reserve-matching bonds	19,593,801	21,352,447	1,758,645
Investments in subsidiaries and affiliates	17,361	61,779	44,417
Available-for-sale securities	22,457,054	22,457,054	—
Loans (*3):	8,481,445	8,748,579	267,133
Policy loans	782,113	782,113	—
Industrial and consumer loans	7,699,332	7,966,465	267,133
Derivative financial instruments (*4):	(278,716)	(278,716)	—
Hedge accounting not applied	(258)	(258)	—
Hedge accounting applied	(278,457)	(278,457)	—
Corporate bonds (*3,*5)	(157,040)	(172,429)	(15,389)
Cash received as collateral under securities lending transactions (*5)	(802,691)	(802,691)	—

(*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 year ended March 31, 2014, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market 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 market values of loans 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 brackets.

(*5) Cash received as collateral under corporate bonds and securities lending transactions is recorded in liabilities and presented in brackets.

(2) Market value measurement methods for the Parent Company's major financial instruments are as follows:

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

a. Items with a market price

Market value is measured based on the closing market price on the balance sheet date. However, the market 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.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, expected reimbursement periods and interest rate requirements, and other characteristics. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market 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, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

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

b. Market value of stock options is measured by the price calculated by the Parent Company based on volatility and other data obtained mainly from external information vendors.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Parent Company using TTM rates and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates and other data.

4) Corporate bonds

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

5) Cash received as collateral under securities lending transactions

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

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table in (1) above.

Balance sheet amounts by holding purpose were ¥174,894 million for stocks of subsidiaries and affiliates, and ¥1,023,225 million for available-for-sale securities as of March 31, 2014.

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

1) Trading securities

Investments in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥110,562 million for securities related to separate accounts.

2) Held-to-maturity debt securities

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Domestic bonds	29,071	29,178	107
	Foreign securities	8,480	8,645	165
	Subtotal	37,551	37,824	272
Market value does not exceed the balance sheet amount	Domestic bonds	2,799	2,797	(1)
	Foreign securities	6,726	6,693	(33)
	Subtotal	9,526	9,491	(35)
Total		47,077	47,315	237

3) Policy-reserve-matching bonds

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

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Monetary receivables purchased	541,392	582,823	41,430
	Domestic bonds	19,100,466	20,863,889	1,763,422
	Foreign securities	81,594	85,489	3,895
	Subtotal	19,723,454	21,532,202	1,808,748
Market value does not exceed the balance sheet amount	Monetary receivables purchased	1,182	1,115	(66)
	Domestic bonds	411,307	402,636	(8,671)
	Foreign securities	432	431	(1)
	Subtotal	412,922	404,183	(8,738)
Total		20,136,376	21,936,386	1,800,009

4) Available-for-sale securities

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

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	85,000	85,000	0
	Domestic bonds	2,001,660	2,101,468	99,807
	Domestic stocks	3,206,101	6,129,795	2,923,694
	Foreign securities	9,744,502	11,450,124	1,705,621
	Other securities	436,639	489,567	52,927
	Subtotal	15,473,904	20,255,956	4,782,051
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	152,000	151,999	(0)
	Monetary receivables purchased	28,061	28,057	(4)
	Domestic bonds	58,373	57,292	(1,081)
	Domestic stocks	875,983	782,058	(93,924)
	Foreign securities	1,395,733	1,373,740	(21,993)
	Other securities	74,252	73,006	(1,245)
	Subtotal	2,584,405	2,466,155	(118,250)
Total		18,058,310	22,722,111	4,663,801

* Items with ¥1,023,225 million whose market value is extremely difficult to determine are not included.

¥21,415 million in impairment losses was recognized for items with a market value during the fiscal year ended March 31, 2014.
Regarding stocks (including foreign stocks) with market value of the Parent Company, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date.
The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:

1. Average market value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.
2. The historical market value, the business condition 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:

(Million Yen)

	1 year or less	Over 1 year, 5 years or less	Over 5 years, 10 years or less	Over 10 years
Cash and deposits (negotiable certificates of deposit):	237,000	—	—	—
Available-for-sale securities	237,000	—	—	—
Monetary receivables purchased:	35,326	14,018	58,109	462,371
Policy-reserve-matching bonds	8,326	14,018	57,049	462,371
Available-for-sale securities	27,000	—	1,059	—
Securities:	847,147	4,812,991	5,556,733	22,206,240
Held-to-maturity debt securities	8,332	37,165	1,509	—
Policy-reserve-matching bonds	508,980	2,758,584	2,106,119	14,103,370
Available-for-sale securities	329,834	2,017,241	3,449,104	8,102,870
Loans	890,329	2,960,992	2,061,151	1,781,426
Corporate bonds	—	—	—	157,040
Cash received as collateral under securities lending transactions	802,691	—	—	—

* Assets such as policy loans, for which a period is not stipulated, are not included.
Also, ¥10,907 million in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt, but have a high probability of bankruptcy is not included.

18. The balance sheet amount for investment and rental properties at the fiscal year end was ¥1,141,146 million, with a market value of ¥1,148,000 million.
The Parent Company and certain subsidiary companies own rental office buildings and commercial facilities, the market value of which at the fiscal year end is the amount measured based mainly on the "Real Estate Appraisal Standards."
The amount corresponding to asset retirement obligations, which are included in the balance sheet amounts of investment and rental properties is ¥359 million.

19. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥39,160 million as of March 31, 2014.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,336 million and ¥32,074 million, respectively, as of March 31, 2014.
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 as the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.
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.

2) The balance of loans that are delinquent for over three months as of March 31, 2014, was ¥23 million.
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.

3) The balance of restructured loans was ¥4,726 million as of March 31, 2014.
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 ¥356 million and ¥726 million, respectively, as of March 31, 2014.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,155,636 million as of March 31, 2014.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,227,398 million as of March 31, 2014, and a corresponding liability was recorded in the same amount.

22. Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2014, were as follows:

	Million Yen
	Year ended March 31, 2014
a. Balance at the beginning of the current fiscal year	¥1,105,093
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥167,172
c. Dividends to policyholders paid out in the current nine-month period	¥226,128
d. Increase in interest	¥24,715
e. Balance at the end of the current nine-month period (a+b-c+d)	¥1,070,852

23. Corporate bonds under liabilities of the Parent Company are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

24. Assets pledged as collateral by securities, lease receivables and investments in lease, land, and buildings as of March 31, 2014, were ¥1,790,241 million, ¥18,790 million, ¥252 million, and ¥56 million, respectively. The total amount of loans covered by the aforementioned assets as of March 31, 2014, was ¥816,568 million.
The amount of assets pledged as collateral by securities included ¥905,314 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥802,691 million of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2014.

25. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of March 31, 2014.

26. The total amount of stocks and investments in nonconsolidated subsidiaries and affiliates was ¥192,256 million as of March 31, 2014.

On May 21, 2014, the Company agreed to acquire a de facto holding of 20.0% of the shares of PT Asuransi Jiwa Sequis Life, a subsidiary of PT Gunung Sewu Kencana, via a holding company.

27. The amount of securities lent under lending agreements was ¥2,808,047 million as of March 31, 2014.

28. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥259,102 million at market value as of March 31, 2014.

29. The amount of commitments related to loans and loans outstanding was ¥98,655 million as of March 31, 2014.

30. 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 amount applied to the Parent Company is estimated to be ¥85,750 million as of March 31, 2014.
The amount contributed to the said corporation is recorded within operating expenses.

31. Information relating to retirement benefits is as follows.

(1) Outline of retirement benefit plan adopted by the Parent Company

In terms of defined benefit plans, the Parent Company has a defined benefit corporate pension plan and a lump-sum retirement payment plan for non-sales personnel, and sales management positions, etc.

In terms of defined contribution plans, the Parent Company has a defined contribution pension plan.

The Parent Company 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.

The main consolidated subsidiaries have a lump-sum retirement payment plan as a defined benefit plan and a defined contribution pension plan.

(2) Defined benefit plan

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

		Million Yen
		Year ended March 31, 2014
a.	Accrued retirement benefit obligations at the beginning of the year	¥646,754
b.	Service costs	¥24,079
c.	Interest cost	¥10,326
d.	Actuarial differences accrued during the year	¥(6,606)
e.	Retirement benefit payments	¥(48,553)
f.	Others	¥55
g.	Accrued retirement benefits at the end of the year (a+b+c+d+e+f)	¥626,055

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

		Million Yen
		Year ended March 31, 2014
a.	Pension plan assets at the beginning of the year	¥269,678
b.	Expected return on plan assets	¥4,314
c.	Actuarial differences accrued during the year	¥4,436
d.	Contributions by business proprietor	¥7,432
e.	Retirement benefit payments	¥(17,675)
f.	Pension plan assets at the end of the year (a+b+c+d+e)	¥268,186

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

		Million Yen
		Year ended March 31, 2014
a.	Net defined benefit liability at the beginning of the year	¥ 1 ,318
b.	Benefit costs	¥325
c.	Retirement benefit payments	¥(73)
d.	Net defined benefit liability at the end of the year (a+b+c)	¥1,569

4) Reconciliation of retirement benefit obligations, pension plan assets, and accrued retirement benefits

		Million Yen
		Year ended March 31, 2014
a.	Retirement benefit obligations for funded plans	¥285,269
b.	Pension plan assets	¥(268,186)
		¥17,083
c.	Retirement benefit obligations for non-funded plans	¥342,355
d.	Net defined benefit liability recorded in the balance sheet	¥359,438
e.	Net defined benefit liability	¥359,438
f.	Net defined benefit liability recorded in the balance sheet	¥359,438

5) Gains (losses) relating to retirement benefits

		Million Yen
		Year ended March 31, 2014
a.	Service costs	¥24,079
b.	Interest cost	¥10,326
c.	Expected return on plan assets	¥(4,314)
d.	Amortization of actuarial differences for the period	¥870
e.	Amortization of prior service costs for the period	¥(4,765)
f.	Benefit cost under the simplified valuation method	¥325
g.	Other	¥55
h.	Accrued retirement benefit obligations for defined benefit plans (a+b+c+d+e+f+g)	¥26,577

6) Breakdown of items included in total accumulated other comprehensive income

The breakdown of items included in total accumulated other comprehensive income (before tax) is as follows:

		Million Yen
		Year ended March 31, 2014
a.	Unrecognized actuarial differences	¥(19,850)
b.	Unrecognized prior service costs	¥(9,133)
c.	Total (a+b)	¥(28,983)

7) Breakdown of pension plan assets

a.	General account of life insurers	54.3%
b.	Domestic bonds	22.0%
c.	Foreign bonds	15.1%
d.	Domestic stocks	4.4%
e.	Cash and deposits	4.2%
f.	Total (a+b+c+d+e)	100.0%

8) 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 the present and forecast dividends from pension plan assets, and the present and long-term rates of return that are expected from the diverse assets that comprise the pension plan assets.

9) Matters relating to the basis for actuarial calculations

The main items in the basis for actuarial calculations at the end of the period are as follows.

c.	Discount rate	1.6%
d.	Expected rate of return on plan assets	1.6%

(3) Defined contribution plans

The Parent Company and its consolidated subsidiaries contributed ¥2,470 million to defined contribution plans

32. (1) Total deferred tax assets were ¥1,212,549 million and total deferred tax liabilities were ¥1,493,344 million as of March 31, 2014. Among deferred tax assets, the deduction for the valuation allowance was ¥55,380 million. The major components causing deferred tax assets were policy reserves and other reserves of ¥747,389 million, reserve for price fluctuations in investments in securities of ¥191,356 million, net defined liability of ¥119,401 million, and allowance for doubtful accounts of ¥3,192 million. The major component causing deferred tax liabilities was net unrealized gains on available-for-sale securities of ¥1,435,895 million.

(2) The statutory tax rate was 33.2% for the fiscal year ended March 31, 2014. The main factors in the difference between the statutory tax rate and the effective income tax rate were a decrease of 21.2% due to the amount of reserve for dividends to policyholders and an impact of 2.9% from changes in tax rates and 2.8% from the loss on valuation of securities.

(3) In conjunction with the promulgation of the Act for Partial Revision to the Income Tax Act (Act No. 10 of 2014), the statutory tax rate applied for the calculation of deferred tax assets and deferred tax liabilities of 33.2% will be changed to 30.7% for collections and payments expected to be made in the period from April 1, 2014 to March 31, 2015.

As a result of this change, deferred tax liabilities at the end of the period increased by ¥8,478 million, net unrealized gains on available-for-sale securities, net of tax by ¥598 million, and land revaluation differences by ¥1 million, while deferred tax assets decreased by ¥152 million and deferred tax liabilities for land revaluation decreased by ¥1 million. At the same time, income taxes – deferred increased by ¥9,231 million.

33. Revaluation of land used in the operations of the Parent Company is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets section.

Revaluation date	March 31, 2002
Revaluation methodology	The amount is rationally calculated by using the land listed value 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) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Ordinary income:	6,829,236	7,201,337
Revenues from insurance and reinsurance	4,860,167	5,366,675
Investment income:	1,687,307	1,574,902
Interest, dividends, and other income	1,298,823	1,221,619
Gain from assets held in trust, net	5	13
Gain on sales of securities	260,538	192,733
Gain on redemptions of securities	350	285
Foreign exchange gains, net	1,703	1,197
Reversal of allowance for doubtful accounts	2,620	5,388
Other investment income	638	9,052
Gain from separate accounts, net	122,626	144,611
Other ordinary income	281,760	259,759
Ordinary expenses:	6,305,995	6,799,103
Benefits and other payments:	3,806,572	3,634,912
Death and other claims	1,017,022	1,059,942
Annuity payments	857,662	686,205
Health and other benefits	797,618	845,503
Surrender benefits	839,852	834,495
Other refunds	292,927	207,332
Reinsurance premiums	1,487	1,432
Provision for policy reserves:	1,379,423	1,740,170
Provision for policy reserves	1,354,708	1,714,340
Provision for interest on reserve for dividends to policyholders	24,715	25,830
Investment expenses:	189,255	434,514
Interest expenses	8,138	5,130
Loss on sales of securities	57,804	73,090
Loss on valuation of securities	22,285	98,931
Loss on redemptions of securities	24,635	30,530
Loss on derivative financial instruments, net	39,218	178,477
Write-off of loans	42	395
Depreciation of rental real estate and other assets	14,993	24,588
Other investment expenses	22,136	23,369
Operating expenses	583,082	584,854
Other ordinary expenses	347,662	404,651
Ordinary profit	523,240	402,234

[Consolidated Statements of Income] (Continued)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Extraordinary gains:	2,926	59,505
Gain on disposals of fixed assets	2,926	58,790
Reversal of reserve for loss on disaster	—	326
Other extraordinary gains	—	388
Extraordinary losses:	211,114	146,575
Loss on disposals of fixed assets	6,302	31,145
Impairment losses	4,728	17,602
Provision for reserve for price fluctuations in investments in securities	195,783	93,819
Loss on reduction entry of real estate	96	2,531
Contributions for assisting social public welfare	1,477	1,477
Loss on liquidation of subsidiaries and affiliates	2,726	—
Surplus before income taxes and minority interests	315,051	315,164
Income taxes - current	144,657	91,617
Income taxes - deferred	(77,778)	(25,471)
Total income taxes	66,878	66,146
Surplus before minority interests	248,173	249,018
Minority interests	1,020	1,080
Net surplus	247,152	247,937

Notes to the Consolidated Statement of Income for the Fiscal Year Ended March 31, 2014

1. Impairment losses are as follows:

   1) Method for grouping the assets

   Leased property and idle property are classified as one asset group per structure. 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 market 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.

   3) Breakdown of asset groups that recognized impairment losses for the fiscal year ended March 31, 2014, is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	2,475	—	1,749	4,224
Idle property	373	14	116	504
Total	2,848	14	1,865	4,728

   4) Calculation method of recoverable amount

   The recoverable amount used in 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 in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Surplus before minority interests	248,173	249,018
Other comprehensive income:	736,864	1,452,577
Net unrealized gains on available-for-sale securities, net of tax	748,792	1,487,069
Deferred losses on derivatives under hedge accounting, net of tax	(60,027)	(67,159)
Land revaluation differences	—	1,952
Foreign currency translation adjustments	46,137	26,151
Share of other comprehensive income of associates accounted for under the equity method	1,961	4,563
Comprehensive income:	985,038	1,701,595
Comprehensive income attributable to the Parent Company	983,864	1,700,407
Comprehensive income attributable to minority interests	1,173	1,188

Basis of Presenting the Consolidated Statement of Comprehensive Income for the Fiscal Year Ended March 31, 2014

Breakdown of other comprehensive income was as follows:

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

(Million Yen)

Net unrealized gains on available-for-sale securities, net of tax:		
Gains arising during the year	1,194,238	
Reclassification adjustments to profit or loss	(146,497)	1,047,740
Deferred (losses) gains on derivatives under hedge accounting, net of tax:		
Losses arising during the year	(86,933)	
Reclassification adjustments to profit or loss	320	(86,613)
Foreign currency translation adjustments:		
Gains arising during the year	43,410	
Reclassification adjustments to profit or loss	2,726	46,137
Share of other comprehensive income of associates accounted for under the equity method:		
Gains arising during the year	2,203	
Reclassification adjustments to profit or loss	(241)	1,961
Amount before income tax effect		1,009,226
Income tax effect		(272,362)
Total other comprehensive income		736,864

(2) Income tax effect relating to other comprehensive income

(Million Yen)

	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities, net of tax	1,047,740	(298,947)	748,792
Deferred (losses) gains on derivatives under hedge accounting, net of tax	(86,613)	26,585	(60,027)
Foreign currency translation adjustments	46,137	—	46,137
Share of other comprehensive income of associates accounted for under the equity method	1,961	—	1,961
Total other comprehensive income	1,009,226	(272,362)	736,864

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
I. Cash flows from operating activities:		
Surplus before income taxes and minority interests	315,051	315,164
Depreciation of rental real estate and other assets	14,993	24,588
Depreciation	47,536	58,308
Impairment losses	4,728	17,602
Net decrease in reserve for outstanding claims	(3,772)	(1,597)
Net increase in policy reserves	1,354,061	1,713,267
Provision for interest on reserve for dividends to policyholders	24,715	25,830
Net decrease in allowance for doubtful accounts	(2,680)	(6,455)
Net decrease in accrued bonuses for directors and corporate auditors	(2)	(0)
Net decrease in accrued retirement benefits	—	(3,971)
Net decrease in defined benefit liability	(11,806)	—
Net increase (decrease) in accrued retirement benefits for directors and corporate auditors	36	(209)
Net increase in reserve for price fluctuations in investments in securities	195,783	93,819
Interest, dividends, and other income	(1,298,823)	(1,221,619)
Net gains from assets held in trust	—	(13)
Net (gains) losses on investments in securities	(156,181)	9,533
Net loss on policy loans	163,453	177,164
Loss on derivative financial instruments, net	39,218	178,477
Interest expenses	8,138	5,130
Net foreign exchange gains	(1,641)	(1,214)
Net losses (gains) on tangible fixed assets	3,707	(26,504)
Investment (gain) loss on equity method	(1,980)	977
Gain from separate accounts, net	(122,626)	(144,611)
Loss on liquidation of subsidiaries and affiliates	2,726	—
Net (increase) decrease in reinsurance receivables	(87)	126
Net increase in other assets (excluding those related to investing activities and financing activities)	(11,079)	(35,907)
Net increase (decrease) in reinsurance payables	61	(55)
Net decrease in other liabilities (excluding those related to investing activities and financing activities)	(26,479)	(10,656)
Others, net	(7,142)	8,901
Subtotal	529,907	1,176,077
Interest, dividends, and other income received	1,301,927	1,236,283
Interest paid	(8,146)	(2,809)
Dividends to policyholders paid	(194,119)	(198,791)
Others, net	6,562	(36)
Income taxes (paid) refund	(114,690)	9,211
Net cash provided by operating activities	1,521,441	2,219,934

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Year ended March 31, 2014	Year ended March 31, 2013
II. Cash flows from investing activities:		
Net decrease in deposits	1,099	1,999
Net (increase) decrease in receivables under securities borrowing transactions	(9,146)	61,219
Purchases of monetary receivables purchased	(22,300)	(17,500)
Proceeds from sales and redemptions of monetary receivables purchased	103,904	96,487
Purchases of securities	(8,881,679)	(8,825,996)
Proceeds from sales and redemptions of securities	8,748,961	7,054,782
Disbursements for loans	(1,369,346)	(1,323,328)
Proceeds from collections of loans	1,280,328	1,294,163
Net loss from the settlement of derivative financial instruments	(805,208)	(957,401)
Net (decrease) increase in cash received as collateral under securities lending transactions	(409,330)	276,436
Others, net	(128)	(2,936)
①Total of investment activities	(1,362,845)	(2,342,075)
[I + II①]	[158,595]	[(122,140)]
Purchases of tangible fixed assets	(101,879)	(55,143)
Proceeds from sales of tangible fixed assets	28,804	114,330
Others, net	(25,937)	(22,517)
Net cash used in investing activities	(1,461,858)	(2,305,404)
III. Cash flows from financing activities:		
Proceeds from debt borrowing	216,289	265,313
Repayments of debt	(214,367)	(259,884)
Proceeds from issuance of corporate bonds	—	157,040
Proceeds from issuance of foundation funds	—	50,000
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,585)	(3,930)
Others, net	25,802	26,345
Net cash (used in) provided by financing activities	(25,861)	184,884
IV. Effect of exchange rate changes on cash and cash equivalents	17,513	13,945
V. Net decrease in cash and cash equivalents	51,234	113,360
VI. Cash and cash equivalents at the beginning of the year	820,784	707,424
VII. Cash and cash equivalents at the end of the year	872,018	820,784

Basis of Presenting the Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2014

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.

(7) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2013 (Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	300,000	900,000	651	379,311	1,579,962
Increase/decrease					
Issuance of foundation funds	50,000				50,000
Additions to reserve for dividends to policyholders				(167,313)	(167,313)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(3,930)	(3,930)
Net surplus				247,937	247,937
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				18,917	18,917
Net change, excluding foundation funds and others					
Net change	—	50,000	—	45,611	95,611
Ending balance	300,000	950,000	651	424,922	1,675,573

	Accumulated other comprehensive income (loss)					Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Beginning balance	1,022,171	(6,969)	(67,515)	(68,619)	879,066	12,141	2,471,169
Increase/decrease							
Issuance of foundation funds							50,000
Additions to reserve for dividends to policyholders							(167,313)
Additions to reserve for redemption of foundation funds							—
Interest on foundation funds							(3,930)
Net surplus							247,937
Redemption of foundation funds							(50,000)
Reversal of land revaluation differences							18,917
Net change, excluding foundation funds and others	1,487,015	(67,159)	(16,965)	30,661	1,433,552	1,137	1,434,690
Net change	1,487,015	(67,159)	(16,965)	30,661	1,433,552	1,137	1,530,301
Ending balance	2,509,186	(74,128)	(84,481)	(37,957)	2,312,619	13,278	4,001,471

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

Fiscal year ended March 31, 2014

(Million Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	300,000	950,000	651	424,922	1,675,573
Cumulative effect of change in accounting policies				24,705	24,705
Beginning balance after reflecting accounting policy changes	300,000	950,000	651	449,627	1,700,279
Increase/decrease					
Additions to reserve for dividends to policyholders				(167,172)	(167,172)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(3,585)	(3,585)
Net surplus				247,152	247,152
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				1,080	1,080
Increase due to increase in associates accounted for under the equity method				225	225
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	27,701	27,701
Ending balance	250,000	1,000,000	651	477,329	1,727,980

	Accumulated other comprehensive income (loss)						Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities, net of tax	Deferred losses on derivatives under hedge accounting, net of tax	Land revaluation differences	Foreign currency translation adjustments	Remeasur-ements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	2,509,186	(74,128)	(84,481)	(37,957)	—	2,312,619	13,278	4,001,471
Cumulative effect of change in accounting policies								24,705
Beginning balance after reflecting accounting policy changes	2,509,186	(74,128)	(84,481)	(37,957)	—	2,312,619	13,278	4,026,177
Increase/decrease								
Additions to reserve for dividends to policyholders								(167,172)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(3,585)
Net surplus								247,152
Redemption of foundation funds								(50,000)
Reversal of land revaluation differences								1,080
Increase due to increase in associates accounted for under the equity method								225
Net change, excluding foundation funds and others	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	760,172
Net change	751,954	(60,027)	(1,080)	48,120	20,085	759,052	1,120	787,874
Ending balance	3,261,140	(134,156)	(85,561)	10,162	20,085	3,071,671	14,399	4,814,051

(8) Status of Non-Performing Assets According to Borrower's Classification (Consolidated)

(Million Yen, %)

	As of March 31, 2014	As of March 31, 2013
Bankrupt and quasi-bankrupt loans	11,728	12,607
Doubtful loans	22,685	24,948
Substandard loans	4,749	5,599
Subtotal	39,163	43,154
[Percent of total, %]	[0.34]	[0.37]
Normal loans	11,318,802	11,669,433
Total	11,357,965	11,712,588

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 or restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over 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 borrowers (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.

(9) Status of Risk-Monitored Loans (Consolidated)

(Million Yen, %)

	As of March 31, 2014	As of March 31, 2013
Loans to bankrupt borrowers	2,336	2,663
Delinquent loans	32,074	34,890
Loans that are delinquent for over three months	23	—
Restructured loans	4,726	5,599
Total	39,160	43,153
[Percent of total loans, %]	[0.46]	[0.51]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), the estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount directly deducted from loans to bankrupt borrowers and delinquent loans were ¥356 million and ¥726 million, respectively, as of March 31, 2014, and ¥495 million and ¥1,075 million, respectively, as of March 31, 2013.
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 Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned 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 above).

(10) Consolidated Solvency Margin Ratio

(Million Yen)

	As of March 31, 2014	As of March 31, 2013
Solvency margin gross amount (A):	9,434,311	8,033,068
Foundation funds (*kikin*) and other reserve funds:	3,486,074	3,063,443
Foundation funds and others	1,547,207	1,525,455
Reserve for price fluctuations in investments in securities	623,312	427,529
Contingency reserve	1,005,760	780,154
Extraordinary contingency funds	—	—
General allowance for doubtful accounts	6,071	7,980
Others	303,722	322,322
Net unrealized gains on available-for-sale securities × 90%	4,225,944	3,279,032
Net unrealized (losses) gains on real estate × 85% (100% in the case of net unrealized losses)	28,638	(8,620)
Net unrecognized actuarial differences and unrecognized prior service cost	28,983	—
Excess of continued Zillmerized reserve	1,552,382	1,602,347
Qualifying subordinated debt	157,040	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(100,279)	(92,877)
Others	55,528	32,704
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	2,371,701	2,240,396
Underwriting risk (R_1)	131,177	135,383
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	77,619	75,959
Underwriting risk related to small amount and short-term insurance providers (R_9)	—	—
Anticipated yield risk (R_2)	389,635	394,708
Minimum guarantee risk (R_7)	5,870	7,382
Investment risk (R_3)	1,916,372	1,780,222
Business management risk (R_4)	50,413	47,873
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	795.5%	717.1%

Notes: 1. The amounts and figures as of March 31, 2013, are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No. 23 of 2011.

2. From March 31, 2014, this will be calculated, including “Net unrecognized actuarial differences and unrecognized prior service cost.” (Figures for March 31, 2013 are calculated according to the previous standard.)

3. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(11) Segment Information

For the fiscal year ended March 31, 2014, and the fiscal year ended March 31, 2013, the Company and its consolidated subsidiaries engaged in insurance and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.