
Financial Results for the Three Months Ended June 30, 2014

Nippon Life Insurance Company (the “Company” or the “Parent Company”; President: Yoshinobu Tsutsui) announces financial results for the three months ended June 30, 2014.

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1. Business Highlights

(1) Amount of Policies in Force and New Policies

• Policies in Force

	As of June 30, 2014				As of March 31, 2014	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2014 (%)	(100 million yen)	As a percentage of March 31, 2014 (%)		
Individual insurance	18,619	103.9	1,492,395	98.9	17,927	1,508,545
Individual annuities	3,407	100.4	211,764	100.6	3,392	210,413
Group insurance	—	—	927,835	100.8	—	920,591
Group annuities	—	—	114,341	100.9	—	113,270

- 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 June 30, 2014, would be 14,711 thousand policies and as of March 31, 2014, would be 14,719 thousand policies.

• New Policies

	Three months ended June 30, 2014						Three months ended June 30, 2013			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2013 (%)	(100 million yen)	As a percentage of three months ended June 30, 2013 (%)	New policies	Net increase by conversion		(100 million yen)	New policies	Net increase by conversion
Individual insurance	1,099	88.0	15,032	98.8	17,012	(1,979)	1,248	15,208	17,196	(1,987)
Individual annuities	54	111.5	3,693	111.4	3,636	56	49	3,314	3,267	46
Group insurance	—	—	3,952	212.5	3,952		—	1,859	1,859	
Group annuities	—	—	304	3,061.2	304		—	9	9	

- Notes:
1. New policies include enrollment using the coverage enhancement system and conversion indicates enrollment using the coverage revision system and partial coverage revision system.
 2. The number of policies includes policies that were converted into new policies.
 3. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
 4. The amount of new policies for group annuities represents the firsttime premium.
 5. 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 three months ended June 30, 2014, would be 323 thousand policies and in the three months ended June 30, 2013, would be 335 thousand policies.

(2) Annualized Net Premium

• Policies in Force

(100 Million Yen, %)

	As of June 30, 2014		As of March 31, 2014
		As a percentage of March 31, 2014	
Individual insurance	24,087	99.9	24,113
Individual annuities	8,561	99.9	8,574
Total	32,649	99.9	32,687
Medical coverages, living benefits, and others	5,957	100.0	5,957

• New Policies

(100 Million Yen, %)

	Three months ended June 30, 2014		Three months ended June 30, 2013
		As a percentage of three months ended June 30, 2013	
Individual insurance	454	102.2	444
Individual annuities	130	120.6	108
Total	585	105.8	553
Medical coverages, living benefits, and others	96	91.0	105

- 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.

2. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2014		As of March 31, 2014	
	Amount	%	Amount	%
Cash, deposits, and call loans	8,066	1.4	7,500	1.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	3,100	0.6	1,598	0.3
Monetary receivables purchased	5,468	1.0	5,706	1.0
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	436,283	77.7	432,707	77.9
Domestic bonds	217,958	38.8	216,668	39.0
Domestic stocks	70,790	12.6	71,456	12.9
Foreign securities:	139,362	24.8	138,760	25.0
Foreign bonds	102,717	18.3	102,258	18.4
Foreign stocks and other securities	36,645	6.5	36,501	6.6
Other securities	8,170	1.5	5,822	1.0
Loans:	84,604	15.1	85,289	15.4
Policy loans	7,702	1.4	7,822	1.4
Industrial and consumer loans	76,901	13.7	77,466	13.9
Real estate:	17,092	3.0	17,024	3.1
Investment property	10,795	1.9	10,705	1.9
Deferred tax assets	—	—	—	—
Other assets	6,931	1.2	5,876	1.1
Allowance for doubtful accounts	(67)	(0.0)	(70)	(0.0)
Total assets (general account):	561,478	100.0	555,633	100.0
Foreign currency-denominated assets	117,351	20.9	116,728	21.0

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 (¥686.5 billion and ¥802.6 billion as of June 30, 2014, and March 31, 2014, respectively).

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

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

(100 Million Yen)

	As of June 30, 2014					As of March 31, 2014				
	Book value	Market value	Net gains/losses	Net gains/losses		Book value	Market value	Net gains/losses	Net gains/losses	
				Gains	Losses				Gains	Losses
Policy-reserve-matching bonds	201,982	221,632	19,649	19,675	(25)	201,363	219,363	18,000	18,087	(87)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	329	252	252	—	77	617	540	540	—
Available-for-sale securities:	179,245	230,061	50,815	51,585	(769)	180,158	226,772	46,614	47,791	(1,177)
Domestic bonds	20,887	21,983	1,096	1,097	(1)	20,563	21,550	987	998	(10)
Domestic stocks	39,188	69,449	30,260	30,954	(693)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	109,774	128,517	18,742	18,808	(65)	111,097	127,931	16,834	17,049	(215)
Foreign bonds	89,298	101,897	12,599	12,646	(47)	90,312	101,438	11,126	11,315	(189)
Foreign stocks and other securities	20,476	26,619	6,143	6,161	(18)	20,785	26,493	5,708	5,733	(25)
Other securities	7,175	7,890	715	725	(9)	5,048	5,547	499	511	(12)
Monetary receivables purchased	280	279	(0)	—	(0)	280	280	(0)	—	(0)
Negotiable certificates of deposit	1,940	1,939	(0)	0	(0)	2,350	2,349	(0)	0	(0)
Total	381,304	452,022	70,717	71,512	(795)	381,599	446,754	65,154	66,419	(1,265)
Domestic bonds	216,862	237,166	20,304	20,330	(25)	215,680	234,215	18,534	18,632	(97)
Domestic stocks	39,188	69,449	30,260	30,954	(693)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	110,670	129,708	19,037	19,103	(65)	111,994	129,408	17,414	17,629	(215)
Foreign bonds	90,117	102,759	12,642	12,689	(47)	91,132	102,297	11,165	11,354	(189)
Foreign stocks and other securities	20,553	26,949	6,395	6,413	(18)	20,862	27,111	6,248	6,274	(25)
Other securities	7,175	7,890	715	725	(9)	5,048	5,547	499	511	(12)
Monetary receivables purchased	5,468	5,867	398	399	(0)	5,706	6,119	413	414	(0)
Negotiable certificates of deposit	1,940	1,939	(0)	0	(0)	2,350	2,349	(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 June 30, 2014	As of March 31, 2014
Policy-reserve-matching bonds	—	—
Held-to-maturity debt securities:	—	—
Unlisted foreign bonds	—	—
Others	—	—
Investments in subsidiaries and affiliates	2,322	2,319
Available-for-sale securities:	8,998	9,942
Unlisted domestic stocks (excluding over-the-counter stocks)	963	1,965
Unlisted foreign stocks (excluding over-the-counter stocks)	6,224	6,224
Unlisted foreign bonds	—	—
Others	1,810	1,751
Total	11,321	12,261

Note: Of securities without market value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows:
¥35.6 billion and ¥42.8 billion as of June 30, 2014, and March 31, 2014, respectively.

(3) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

No ending balance as of June 30, 2014, or March 31, 2014.

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

No ending balance as of June 30, 2014, or March 31, 2014.

3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Assets:		
Cash and deposits	347,039	467,727
Call loans	530,600	349,400
Receivables under securities borrowing transactions	310,035	159,856
Monetary receivables purchased	546,802	570,632
Investments in securities:	44,741,546	44,369,012
National government bonds	17,696,302	17,578,858
Local government bonds	1,498,588	1,522,414
Corporate bonds	2,930,308	2,944,847
Domestic stocks	7,290,836	7,334,077
Foreign securities	14,371,387	14,258,244
Loans:	8,460,404	8,528,979
Policy loans	770,256	782,280
Industrial and consumer loans	7,690,147	7,746,698
Tangible fixed assets	1,724,509	1,718,217
Intangible fixed assets	175,653	179,292
Reinsurance receivables	174	260
Other assets	544,628	424,228
Customers' liability for acceptances and guarantees	29,339	30,137
Allowance for doubtful accounts	(6,710)	(7,024)
Total assets	57,404,024	56,790,719
Liabilities:		
Policy reserves and other reserves:	49,310,061	48,785,930
Reserve for outstanding claims	186,724	199,582
Policy reserves	47,947,528	47,515,496
Reserve for dividends to policyholders	1,175,808	1,070,852
Reinsurance payables	243	343
Corporate bonds	157,040	157,040
Other liabilities:	1,422,615	1,607,132
Cash received as collateral under securities lending transactions	686,534	802,691
Income taxes payable	67,623	101,948
Lease obligations	4,556	4,930
Asset retirement obligations	1,954	2,031
Other liabilities	661,945	695,531
Accrued bonuses for directors and audit and supervisory board members	67	50
Accrued retirement benefits	380,969	385,283
Accrued retirement benefits for directors and audit and supervisory board members	4,487	4,403
Reserve for program points	14,261	12,609
Reserve for price fluctuations in investments in securities	685,999	623,312
Deferred tax liabilities	383,436	328,632
Deferred tax liabilities for land revaluation	127,949	128,236
Acceptances and guarantees	29,339	30,137
Total liabilities	52,516,471	52,063,111

3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Net assets:		
Foundation funds	250,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Surplus:	253,372	440,022
Legal reserve for deficiencies	14,208	13,270
Other surplus reserves:	239,164	426,752
Equalized reserve for dividends to policyholders	50,000	—
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	3,259	259
Reserve for reduction entry of real estate	45,882	42,693
Reserve for reduction entry of real estate to be purchased	34	33
Other reserves	170	170
Unappropriated surplus	67,900	311,679
Total foundation funds and others	1,554,023	1,690,674
Net unrealized gains on available-for-sale securities, net of tax	3,545,685	3,256,652
Deferred losses on derivatives under hedge accounting, net of tax	(125,946)	(134,156)
Land revaluation differences	(86,209)	(85,561)
Total valuations, conversions, and others	3,333,529	3,036,934
Total net assets	4,887,553	4,727,608
Total liabilities and net assets	57,404,024	56,790,719

Basis of Presenting the Nonconsolidated Balance Sheet as of June 30, 2014

1. As the proposed appropriation of surplus for the fiscal year ended March 31, 2014, was approved at the annual meeting of representatives of policyholders held on July 2, 2014, it is included in the nonconsolidated balance sheet as of June 30, 2014. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2014	¥311,679
b. Reversal from voluntary surplus reserves	¥677
c. Appropriations:	¥312,356
Reserve for dividends to policyholders	¥201,765
Legal reserve for deficiencies	¥938
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥2,785
Voluntary surplus reserves	¥56,867
d. Surplus carried forward (a+b-c)	—

2. The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2014, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.
3. Changes in the reserve for dividends to policyholders included in policy reserves for the three months ended June 30, 2014, were as follows:

	Million Yen
	Three months ended
	June 30, 2014
a. Balance at the beginning of the current fiscal year	¥1,070,852
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥201,765
c. Dividends to policyholders paid out in the current three-month period	¥102,759
d. Increase in interest	¥5,950
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,175,808

4. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 4, 2014.

5. 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.
6. The amount of securities lent under lending agreements was ¥2,679,157 million as of June 30, 2014.

4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Ordinary income:	1,774,553	1,709,323
Revenues from insurance and reinsurance:	1,251,766	1,162,334
Insurance premiums	1,251,670	1,162,205
Investment income:	471,871	492,786
Interest, dividends, and other income	307,008	278,698
Gain from assets held in trust, net	2	1
Gain on sales of securities	133,951	178,156
Gain from separate accounts, net	26,373	35,806
Other ordinary income	50,915	54,202
Ordinary expenses:	1,635,856	1,548,001
Benefits and other payments:	949,024	943,310
Death and other claims	261,264	264,402
Annuity payments	215,033	189,273
Health and other benefits	193,262	208,644
Surrender benefits	195,163	212,193
Other refunds	84,123	68,662
Provision for policy reserves:	437,982	308,988
Provision for policy reserves	432,031	302,748
Provision for interest on reserve for dividends to policyholders	5,950	6,239
Investment expenses:	34,853	87,019
Interest expenses	1,815	2,003
Loss on sales of securities	6,876	12,686
Loss on valuation of securities	6,050	45,263
Loss on derivative financial instruments, net	8,326	9,067
Operating expenses	139,559	138,757
Other ordinary expenses	74,436	69,925
Ordinary profit	138,697	161,321
Extraordinary gains:	258	1,962
Gain on disposals of fixed assets	258	1,962
Extraordinary losses:	65,757	101,375
Loss on disposals of fixed assets	355	2,244
Impairment losses	2,715	1,174
Provision for reserve for price fluctuations in investments in securities	62,687	97,956
Surplus before income taxes	73,198	61,908
Income taxes - current	82,273	79,503
Income taxes - deferred	(76,327)	(52,931)
Total income taxes	5,945	26,571
Net surplus	67,252	35,337

Notes to the Nonconsolidated Statement of Income for the Three Months Ended June 30, 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 three months ended June 30, 2014, is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥191	¥1,146	¥1,270	¥2,609
Idle property	¥97	—	¥8	¥106
Total	¥288	¥1,146	¥1,279	¥2,715

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.

5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Core operating profit (A)	140,626	107,108
Capital gains:	134,155	178,158
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	2	1
Gain on trading securities	—	—
Gain on sales of securities	133,951	178,156
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	201	—
Other capital gains	—	—
Capital losses:	21,253	67,857
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	6,876	12,686
Loss on valuation of securities	6,050	45,263
Loss on derivative financial instruments, net	8,326	9,067
Foreign exchange losses, net	—	840
Other capital losses	—	—
Net capital gains (losses) (B)	112,901	110,301
Core operating profit, including net capital gains (losses) (A+B)	253,528	217,409
Nonrecurring gains:	104	120
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	104	120
Other nonrecurring gains	—	—
Nonrecurring losses:	114,935	56,209
Reinsurance premiums	—	—
Provision for contingency reserve	114,935	56,209
Provision for specific allowance for doubtful accounts	—	—
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	—	—
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(114,830)	(56,088)
Ordinary profit (A+B+C)	138,697	161,321

6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Solvency margin gross amount (A):	9,990,899	9,437,173
Foundation funds (<i>kikin</i>) and other reserve funds:	3,668,182	3,422,870
Foundation funds and others	1,554,023	1,486,123
Reserve for price fluctuations in investments in securities	685,999	623,312
Contingency reserve	1,120,695	1,005,760
General allowance for doubtful accounts	3,741	3,952
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	4,595,829	4,221,212
Net unrealized (losses) gains on real estate × 85%	28,586	28,567
Excess of continued Zillmerized reserve	1,541,756	1,552,382
Qualifying subordinated debt	157,040	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(428)	(428)
Others	(66)	55,528
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,445,615	2,422,583
Underwriting risk (R ₁)	130,431	131,177
Underwriting risk of third-sector insurance (R ₈)	74,777	74,655
Anticipated yield risk (R ₂)	388,921	389,635
Minimum guarantee risk (R ₇)	5,858	5,870
Investment risk (R ₃)	1,990,218	1,966,765
Business management risk (R ₄)	51,804	51,362
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	817.0%	779.0%

- Notes: 1. The amounts and figures as of March 31, 2014, 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. Those as of June 30, 2014, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

7. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Individual variable insurance	120,202	116,835
Individual variable annuities	96,272	100,517
Group annuities	1,039,711	1,010,045
Separate account total	1,256,186	1,227,398

(2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2014		As of March 31, 2014	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	1,800	8,819	1,820	8,931
Variable insurance (whole life type)	35,260	526,555	35,433	531,558
Total	37,060	535,374	37,253	540,490

- Individual Variable Annuities

	As of June 30, 2014		As of March 31, 2014	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	13,767	96,263	14,505	100,516

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Ordinary income	17,936	17,277
Ordinary profit	1,400	1,632
Net surplus	675	362
Comprehensive income	3,593	1,056

	As of June 30, 2014	As of March 31, 2014
Total assets	577,012	570,902
Solvency margin ratio	834.0%	795.5%

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

	As of June 30, 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

(3) Policies of Presenting the Consolidated Financial Statements for the Three Months Ended June 30, 2014

There have been no significant changes.

(4) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Assets:		
Cash and deposits	376,162	497,125
Call loans	530,600	349,400
Receivables under securities borrowing transactions	310,035	159,856
Monetary receivables purchased	546,802	570,632
Investments in securities	44,782,165	44,411,714
Loans	8,415,853	8,488,309
Tangible fixed assets	1,734,878	1,728,486
Intangible fixed assets	173,466	176,733
Reinsurance receivables	377	503
Other assets	806,342	686,945
Deferred tax assets	4,164	4,619
Customers' liability for acceptances and guarantees	29,501	25,299
Allowance for doubtful accounts	(9,064)	(9,386)
Total assets	57,701,287	57,090,238
Liabilities:		
Policy reserves and other reserves:	49,315,949	48,792,463
Reserve for outstanding claims	191,043	204,408
Policy reserves	47,949,097	47,517,202
Reserve for dividends to policyholders	1,175,808	1,070,852
Reinsurance payables	281	377
Corporate bonds	157,040	157,040
Other liabilities	1,644,036	1,832,055
Accrued bonuses for directors and audit and supervisory board members	67	50
Net defined benefit liability	357,930	359,438
Accrued retirement benefits for directors and audit and supervisory board members	4,593	4,508
Reserve for program points	14,261	12,609
Reserve for price fluctuations in investments in securities	685,999	623,312
Deferred tax liabilities	394,861	340,794
Deferred tax liabilities for land revaluation	127,949	128,236
Acceptances and guarantees	29,501	25,299
Total liabilities	52,732,473	52,276,186

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Net assets:		
Foundation funds	250,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Consolidated surplus	290,927	477,329
Total foundation funds and others	1,591,578	1,727,980
Net unrealized gains on available-for-sale securities, net of tax	3,551,158	3,261,140
Deferred losses on derivatives under hedge accounting, net of tax	(125,946)	(134,156)
Land revaluation differences	(86,209)	(85,561)
Foreign currency translation adjustments	5,321	10,162
Remeasurement of defined benefit plans	18,207	20,085
Total accumulated other comprehensive income	3,362,532	3,071,671
Minority interests	14,703	14,399
Total net assets	4,968,814	4,814,051
Total liabilities and net assets	57,701,287	57,090,238

Basis of Presenting the Consolidated Balance Sheet as of June 30, 2014

1. As the proposed appropriation of surplus of the Parent Company for the fiscal year ended March 31, 2014, were approved at the annual meeting of representatives of policyholders held on July 2, 2014, they are included in the consolidated balance sheet as of June 30, 2014. Details of the appropriation of surplus approved at the annual meeting of representatives of policyholders are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2014	¥311,679
b. Reversal from voluntary surplus reserves	¥677
c. Appropriations:	¥312,356
Reserve for dividends to policyholders	¥201,765
Legal reserve for deficiencies	¥938
Reserve for redemption of foundation funds	¥50,000
Interest on foundation funds	¥2,785
Voluntary surplus reserves	¥56,867
d. Surplus carried forward (a+b-c)	—

2. The corporate tax, inhabitant tax, and income tax adjustments of the Parent Company for the three months ended June 30, 2014, are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to the appropriation of surplus in the current fiscal year.
3. Changes in the reserve for dividends to policyholders included in policy reserves for the three months ended June 30, 2014, were as follows:

	Million Yen
	Three months ended
	June 30, 2014
a. Balance at the beginning of the current fiscal year	¥1,070,852
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	¥201,765
c. Dividends to policyholders paid out in the current three-month period	¥102,759
d. Increase in interest	¥5,950
e. Balance at the end of the current three-month period (a+b-c+d)	¥1,175,808

4. Based on the proposed appropriation of surplus for the previous fiscal year, the Company credited ¥50,000 million to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act and redeemed the same amount of foundation funds on August 4, 2014.

5. 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.
6. The amount of securities lent under lending agreements was ¥2,679,157 million as of June 30, 2014.

(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Ordinary income:	1,793,663	1,727,727
Revenues from insurance and reinsurance	1,260,552	1,170,061
Investment income:	471,442	492,975
Interest, dividends, and other income	306,829	278,724
Gain from assets held in trust, net	2	1
Gain on sales of securities	134,016	178,212
Gain from separate accounts, net	26,373	35,806
Other ordinary income	61,668	64,690
Ordinary expenses:	1,653,618	1,564,476
Benefits and other payments:	956,253	949,416
Death and other claims	261,314	264,449
Annuity payments	215,033	189,273
Health and other benefits	200,384	214,661
Surrender benefits	195,163	212,193
Other refunds	84,123	68,662
Provision for policy reserves:	437,576	309,310
Provision for policy reserves	431,625	303,071
Provision for interest on reserve for dividends to policyholders	5,950	6,239
Investment expenses:	35,589	87,580
Interest expenses	1,816	2,004
Loss on sales of securities	6,876	12,689
Loss on valuation of securities	6,050	45,263
Loss on derivative financial instruments, net	9,042	9,667
Operating expenses	144,476	143,268
Other ordinary expenses	79,721	74,900
Ordinary profit	140,044	163,251
Extraordinary gains:	258	1,962
Gain on disposals of fixed assets	258	1,962
Extraordinary losses:	65,757	101,386
Loss on disposals of fixed assets	355	2,255
Impairment losses	2,715	1,174
Provision for reserve for price fluctuations in investments in securities	62,687	97,956
Surplus before income taxes and minority interests	74,545	63,827
Income taxes - current	82,605	79,771
Income taxes - deferred	(75,902)	(52,155)
Total income taxes	6,703	27,615
Surplus before minority interests	67,842	36,212
Minority interests	341	(67)
Net surplus	67,500	36,280

Notes to the Consolidated Statement of Income for the Three Months Ended June 30, 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 three months ended June 30, 2014, is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥191	¥1,146	¥1,270	¥2,609
Idle property	¥97	—	¥8	¥106
Total	¥288	¥1,146	¥1,279	¥2,715

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.

2. The total amount of depreciation of rental real estate and other assets and depreciation and amortization for the three months ended June 30, 2014, was ¥14,423 million. There was no amortization of goodwill for the three months ended June 30, 2014.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Surplus before minority interests	67,842	36,212
Other comprehensive income:	291,513	69,479
Net unrealized gains on available-for-sale securities, net of tax	289,259	59,577
Deferred losses on derivatives under hedge accounting, net of tax	8,210	(8,618)
Land revaluation differences	—	(163)
Foreign currency translation adjustments	(3,841)	18,484
Remeasurement of defined benefit plans	(1,878)	—
Share of other comprehensive income of associates accounted for under the equity method	(237)	200
Comprehensive income:	359,355	105,692
Comprehensive income attributable to the Parent Company	359,009	105,726
Comprehensive income attributable to minority interests	345	(34)

(6) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2014	As of March 31, 2014
Solvency margin gross amount (A):	9,986,212	9,434,311
Foundation funds (<i>kikin</i>) and other reserve funds:	3,732,008	3,486,074
Foundation funds and others	1,615,738	1,547,207
Reserve for price fluctuations in investments in securities	685,999	623,312
Contingency reserve	1,120,695	1,005,760
Extraordinary contingency funds	—	—
General allowance for doubtful accounts	5,852	6,071
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	4,600,876	4,225,944
Net unrealized (losses) gains on real estate × 85%	28,657	28,638
Net unrecognized actuarial differences and unrecognized prior service costs	26,273	28,983
Excess of continued Zillmerized reserve	1,541,756	1,552,382
Qualifying subordinated debt	157,040	157,040
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(100,286)	(100,279)
Others	(113)	55,528
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$	2,394,741	2,371,701
Underwriting risk (R ₁)	130,431	131,177
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	—	—
Underwriting risk of third-sector insurance (R ₈)	77,741	77,619
Underwriting risk related to small amount and short-term insurance providers (R ₉)	—	—
Anticipated yield risk (R ₂)	388,921	389,635
Minimum guarantee risk (R ₇)	5,858	5,870
Investment risk (R ₃)	1,939,842	1,916,372
Business management risk (R ₄)	50,855	50,413
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	834.0%	795.5%

Notes: 1. The amounts and figures as of March 31, 2014 are calculated based on 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.

Those as of June 30, 2014, are calculated based on the methods deemed reasonable by the Company in accordance with the aforementioned provisions.

2. From March 31, 2014, this will be calculated, including “Net unrecognized actuarial differences and unrecognized prior service costs.”

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

(7) Segment Information

For the three months ended June 30, 2014, 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.