November 28, 2014

Financial Results for the Six months ended September 30, 2014

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

[Contents]

Financial Summary for the Six Months Ended September 30, 2014

Attached: Supplementary Materials for the Six Months Ended September 30, 2014

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of September 30, 2014				As of March 31, 2014	
	Number of policies		Amount of policies		Number of policies	Amount of policies
	(thousands)	As a percentage of March 31, 2014 (%)	(100 million yen)	As a percentage of March 31, 2014 (%)	(thousands)	(100 million yen)
Individual insurance	19,272	107.5	1,480,898	98.2	17,927	1,508,545
Individual annuities	3,420	100.8	212,927	101.2	3,392	210,413
Group insurance	—	—	932,194	101.3	—	920,591
Group annuities	—	—	115,462	101.9	—	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 September 30, 2014, would be 14,725 thousand policies and as of March 31, 2014, would be 14,719 thousand policies.

- New Policies

	Six months ended September 30, 2014						Six months ended September 30, 2013			
	Number of policies		Amount of policies				Number of policies	Amount of policies		
	(thousands)	As a percentage of six months ended September 30, 2013 (%)	(100 million yen)	As a percentage of six months ended September 30, 2013 (%)	New policies	Net increase by conversion	(thousands)	(100 million yen)	New policies	Net increase by conversion
Individual insurance	2,167	90.6	33,657	99.1	37,094	(3,436)	2,393	33,954	37,721	(3,767)
Individual annuities	102	94.9	7,046	91.5	6,947	99	108	7,699	7,521	178
Group insurance	—	—	5,093	204.6	5,093		—	2,489	2,489	
Group annuities	—	—	438	4,017.7	438		—	10	10	

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 first time 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 six months ended September 30, 2014, would be 649 thousand policies and in the six months ended September 30, 2013, would be 677 thousand policies.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

		As of September 30, 2014		As of March 31, 2014
			As a percentage of March 31, 2014	
Individual insurance		24,188	100.3	24,113
Individual annuities		8,579	100.1	8,574
Total		32,767	100.2	32,687
	Medical coverages, living benefits, and others	5,964	100.1	5,957

- New Policies

(100 Million Yen, %)

		Six months ended September 30, 2014		Six months ended September 30, 2013
			As a percentage of six months ended September 30, 2013	
Individual insurance		1,006	98.7	1,020
Individual annuities		257	101.4	253
Total		1,264	99.3	1,274
	Medical coverages, living benefits, and others	194	94.1	206

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, %)

	Six months ended September 30, 2014		Six months ended September 30, 2013
		As a percentage of six months ended September 30, 2013	
Revenues from insurance and reinsurance	24,682	104.0	23,721
Investment income	9,142	99.7	9,166
Benefits and other payments	18,244	96.5	18,909
Investment expenses	703	77.2	911
Ordinary profit	2,828	99.5	2,841

(4) Total Assets

(100 Million Yen, %)

	As of September 30, 2014		As of March 31, 2014
		As a percentage of March 31, 2014	
Total assets	587,541	103.5	567,907

2. Overview of General Accounts Asset Management for the Six Months Ended September 30, 2014

(1) Investment Environment

In the six months ended September 30, 2014, the Japanese economy initially declined as domestic demand dropped on a fallback from a rush to buy ahead of the consumption tax rate hike. From summer onward, however, the economy continued to show a gradual recovery trend as the effect of the fallback dissipated, although inventory adjustments continued, and the economy gained support from a pick-up in exports, among other factors.

- The Nikkei Stock Average started the fiscal year at ¥14,827 and after falling on receding expectations for additional monetary easing by the Bank of Japan and concerns over the U.S. economy, continued to trade in a narrow range. From late May, the index rose again on expectations that the Government Pension Investment Fund would increase the ratio of its domestic shareholdings and on further depreciation of the yen to finish at ¥16,173 at the end of September.
- The yield rate on 10-year government bonds began the fiscal year at 0.64%, then fell under continuing pressure from the Bank of Japan’s government bond-buying operations, along with a decline in overseas interest rates due to heightened geopolitical risk in Ukraine and the Middle East and expectations for additional easing by the European Central Bank, briefly touching 0.49% in late August. Thereafter, the yield rate rose in tandem with higher overseas interest rates buoyed by expectations for an early interest rate hike in the U.S. to finish at 0.52% at the end of September.
- The yen-U.S. dollar foreign exchange rate advanced to the mid-¥101 level, boosted by fading expectations for additional easing by the Bank of Japan among other factors, then continued to stay around that level based on concerns for the U.S. economy. From August onward, an announcement by the governor of the Bank of Japan expressing tolerance for further yen depreciation coupled with forecasts for an early interest-rate hike in the U.S. drove the yen-U.S dollar rate lower to finish at ¥109.45 at the end of September.

  The yen-euro foreign exchange rate advanced to the ¥138 level in reaction to the European Central Bank’s policy of additional easing, before surging to the ¥135 level at one point as geopolitical risks emerged and expectations rose for even further easing. The yen-euro rate subsequently declined as the yen depreciated in line with yen-U.S. dollar movement to finish at ¥138.87 at the end of September.

(2) Investment Policy

Based on the Company’s Asset Liability Management (ALM) philosophy of comprehensively controlling assets and liabilities, the Company has built a portfolio founded on medium- to long-term investments and formulated an investment plan considering the outlook of the investment environment.

Specifically, to provide the stable rate of return that the Company promised to policy holders in the long term, 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. Also, to improve profit in the medium- to long-term from the viewpoint of paying out profits as dividends to policyholders, the Company has invested in stocks and foreign securities within the scope of acceptable risk while taking into account business stability. From the perspective of diversifying profit-making opportunities while paying attention to asset allocation and risks, the Company is steadily pursuing investment areas such as corporate bonds and securities products that can yield surplus income, private equities, and hedge funds.

(3) Status of Investment Income/Expense

Investment income was ¥850.2 billion, up from ¥843.9 billion in the six months ended September 30, 2013. The increase mainly reflected an increase in interest, dividends, and other income, primarily from foreign securities.

Investment expenses were ¥70.3 billion, down from ¥91.1 billion in the six months ended September 30, 2013. The decrease mainly reflected a lower loss on sales of securities, primarily from foreign securities.

As a result the Company’s asset management income and expense balance increased by ¥27.0 billion compared to the same period of the previous fiscal year to ¥779.9 billion.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of September 30, 2014		As of March 31, 2014	
	Amount	%	Amount	%
Cash, deposits, and call loans	7,719	1.3	7,500	1.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	299	0.1	1,598	0.3
Monetary receivables purchased	5,246	0.9	5,706	1.0
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	454,594	79.0	432,707	77.9
Domestic bonds	220,662	38.4	216,668	39.0
Domestic stocks	74,546	13.0	71,456	12.9
Foreign securities:	151,574	26.4	138,760	25.0
Foreign bonds	113,396	19.7	102,258	18.4
Foreign stocks and other securities	38,178	6.6	36,501	6.6
Other securities	7,809	1.4	5,822	1.0
Loans:	83,655	14.5	85,289	15.4
Policy loans	7,588	1.3	7,822	1.4
Industrial and consumer loans	76,066	13.2	77,466	13.9
Real estate:	17,117	3.0	17,024	3.1
Investment property	10,847	1.9	10,705	1.9
Deferred tax assets	—	—	—	—
Other assets	6,555	1.1	5,876	1.1
Allowance for doubtful accounts	(68)	(0.0)	(70)	(0.0)
Total assets (general account):	575,118	100.0	555,633	100.0
Foreign currency-denominated assets	129,791	22.6	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 (¥590.5 billion and ¥802.6 billion as of September 30, 2014, and March 31, 2014, respectively).

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

(2) Increases / Decreases in Assets

(100 Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Cash, deposits, and call loans	219	(1,740)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	(1,299)	(67)
Monetary receivables purchased	(460)	(1,360)
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	21,886	11,249
Domestic bonds	3,994	4,527
Domestic stocks	3,090	4,969
Foreign securities:	12,814	(497)
Foreign bonds	11,137	(931)
Foreign stocks and other securities	1,677	433
Other securities	1,987	2,249
Loans:	(1,634)	89
Policy loans	(233)	(272)
Industrial and consumer loans	(1,400)	361
Real estate:	92	(242)
Investment property	141	(171)
Deferred tax assets	—	—
Other assets	678	603
Allowance for doubtful accounts	1	6
Total assets (General account):	19,485	8,538
Foreign currency-denominated assets	13,063	1,386

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows: ¥(212.1 billion) and ¥(186.7 billion) for the six months ended September 30, 2014, and September 30, 2013, respectively.

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

(3) Investment Income

(100 Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Interest, dividends, and other income:	6,653	6,401
Interest on deposits and savings	1	1
Interest on securities and dividends	5,361	5,047
Interest on loans	820	869
Real estate rental income	400	397
Other income	69	85
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	0	0
Gain on trading securities	—	—
Gain on sales of securities:	1,803	2,028
Gain on sales of domestic bonds including national government bonds	64	140
Gain on sales of domestic stocks and other securities	1,703	1,868
Gain on sales of foreign securities	35	20
Other gains	—	—
Gain on redemptions of securities	40	1
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	—
Reversal of allowance for doubtful accounts	2	6
Other investment income	2	1
Total	8,502	8,439

(4) Investment Expenses

(100 Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Interest expenses	36	40
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities:	106	285
Loss on sales of domestic bonds including national government bonds	0	14
Loss on sales of domestic stocks and other securities	79	119
Loss on sales of foreign securities	27	151
Other losses	—	0
Loss on valuation of securities:	9	47
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	1	37
Loss on valuation of foreign securities	8	9
Other losses	—	—
Loss on redemptions of securities	90	159
Loss on derivative financial instruments, net	285	207
Foreign exchange losses, net	4	5
Provision for allowance for doubtful accounts	—	—
Write-offs of loans	—	—
Depreciation of rental real estate and other assets	75	76
Other investment expenses	94	88
Total	703	911

(5) Net Valuation Gains/Losses on Trading Securities

No net valuation gains/losses as of September 30, 2014, or March 31, 2014.

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

(100 Million Yen)

	As of September 30, 2014					As of March 31, 2014				
	Book value	Market value	Net gains/ losses	Gains	Losses	Book value	Market value	Net gains/ losses	Gains	Losses
Policy-reserve-matching bonds	203,539	224,502	20,963	20,975	(12)	201,363	219,363	18,000	18,087	(87)
Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
Investments in subsidiaries and affiliates	77	681	604	604	—	77	617	540	540	—
Available-for-sale securities:	187,744	246,757	59,012	59,624	(611)	180,158	226,772	46,614	47,791	(1,177)
Domestic bonds	21,670	22,909	1,238	1,238	(0)	20,563	21,550	987	998	(10)
Domestic stocks	38,983	73,208	34,224	34,753	(528)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	117,500	140,134	22,634	22,717	(82)	111,097	127,931	16,834	17,049	(215)
Foreign bonds	96,920	112,577	15,656	15,702	(45)	90,312	101,438	11,126	11,315	(189)
Foreign stocks and other securities	20,579	27,557	6,977	7,014	(36)	20,785	26,493	5,708	5,733	(25)
Other securities	6,611	7,526	914	915	(0)	5,048	5,547	499	511	(12)
Monetary receivables purchased	279	279	0	0	(0)	280	280	(0)	—	(0)
Negotiable certificates of deposit	2,700	2,699	(0)	0	(0)	2,350	2,349	(0)	0	(0)
Total	391,361	471,941	80,580	81,204	(624)	381,599	446,754	65,154	66,419	(1,265)
Domestic bonds	219,424	241,188	21,764	21,776	(11)	215,680	234,215	18,534	18,632	(97)
Domestic stocks	38,983	73,208	34,224	34,753	(528)	40,819	69,112	28,293	29,232	(939)
Foreign securities:	118,396	141,676	23,280	23,363	(82)	111,994	129,408	17,414	17,629	(215)
Foreign bonds	97,739	113,438	15,698	15,744	(45)	91,132	102,297	11,165	11,354	(189)
Foreign stocks and other securities	20,656	28,238	7,581	7,618	(36)	20,862	27,111	6,248	6,274	(25)
Other securities	6,611	7,526	914	915	(0)	5,048	5,547	499	511	(12)
Monetary receivables purchased	5,246	5,641	395	396	(0)	5,706	6,119	413	414	(0)
Negotiable certificates of deposit	2,700	2,699	(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 September 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		2,788	2,319
Available-for-sale securities:		9,024	9,942
	Unlisted domestic stocks (excluding over-the-counter stocks)	960	1,965
	Unlisted foreign stocks (excluding over-the-counter stocks)	6,204	6,224
	Unlisted foreign bonds	—	—
	Others	1,859	1,751
Total		11,813	12,261

Note: Of securities without market value, the net gains (losses) on currency valuation of assets denominated in foreign currencies were as follows: ¥59.2 billion and ¥42.8 billion as of September 30, 2014, and March 31, 2014, respectively.

(7) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

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

4. Nonconsolidated Balance Sheets

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Assets:		
Cash and deposits	432,342	467,727
Call loans	387,700	349,400
Receivables under securities borrowing transactions	29,927	159,856
Monetary receivables purchased	524,619	570,632
Investments in securities:	46,583,931	44,369,012
National government bonds	18,111,601	17,578,858
Local government bonds	1,496,589	1,522,414
Corporate bonds	2,850,991	2,944,847
Domestic stocks	7,664,386	7,334,077
Foreign securities	15,545,783	14,258,244
Loans:	8,365,520	8,528,979
Policy loans	758,885	782,280
Industrial and consumer loans	7,606,635	7,746,698
Tangible fixed assets	1,727,387	1,718,217
Intangible fixed assets	172,857	179,292
Reinsurance receivables	200	260
Other assets	507,109	424,228
Customers’ liability for acceptances and guarantees	29,344	30,137
Allowance for doubtful accounts	(6,825)	(7,024)
Total assets	58,754,114	56,790,719
Liabilities:		
Policy reserves and other reserves:	49,684,877	48,785,930
Reserve for outstanding claims	181,478	199,582
Policy reserves	48,368,721	47,515,496
Reserve for dividends to policyholders	1,134,678	1,070,852
Reinsurance payables	178	343
Corporate bonds	157,040	157,040
Other liabilities:	1,557,079	1,607,132
Cash received as collateral under securities lending transactions	590,502	802,691
Income taxes payable	79,660	101,948
Lease obligations	4,708	4,930
Asset retirement obligations	1,961	2,031
Other liabilities	880,246	695,531
Accrued bonuses for directors and audit and supervisory board members	17	50
Accrued retirement benefits	376,951	385,283
Accrued retirement benefits for directors and audit and supervisory board members	4,108	4,403
Reserve for program points	14,234	12,609
Reserve for price fluctuations in investments in securities	741,896	623,312
Deferred tax liabilities	609,530	328,632
Deferred tax liabilities for land revaluation	127,889	128,236
Acceptances and guarantees	29,344	30,137
Total liabilities	53,303,149	52,063,111

4. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Net assets:		
Foundation funds	200,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Surplus:	330,507	440,022
Legal reserve for deficiencies	14,208	13,270
Other surplus reserves:	316,299	426,752
Equalized reserve for dividends to policyholders	50,000	—
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	571	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	147,723	311,679
Total foundation funds and others	1,581,158	1,690,674
Net unrealized gains on available–for–sale securities, net of tax	4,122,496	3,256,652
Deferred losses on derivatives under hedge accounting, net of tax	(167,144)	(134,156)
Land revaluation differences	(85,545)	(85,561)
Total valuations, conversions, and others	3,869,806	3,036,934
Total net assets	5,450,965	4,727,608
Total liabilities and net assets	58,754,114	56,790,719

Basis of Presenting the Nonconsolidated Balance Sheet as of September 30, 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.

   (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 ¥556 million (including ¥216 million of credits secured and/or guaranteed) as of September 30, 2014.

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

8. (1) Accrued retirement benefits are recognized in the amount of the deemed obligations on September 30, 2014, 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 benefit obligations and service costs 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

9. Accrued retirement benefits for directors and audit and supervisory board members 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).

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 financial 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 September 30, 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. The corporate tax, inhabitant tax, and income tax adjustments for the six months ended September 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.

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)	269,998	269,998	—
Available-for-sale securities	269,998	269,998	—
Monetary receivables purchased	524,619	564,188	39,569
Policy-reserve-matching bonds	496,668	536,237	39,569
Available-for-sale securities	27,951	27,951	—
Securities	45,367,324	47,484,463	2,117,138
Trading securities	1,124,519	1,124,519	—
Policy-reserve-matching bonds	19,857,260	21,913,993	2,056,732
Investments in subsidiaries and affiliates	7,711	68,117	60,406
Available-for-sale securities	24,377,833	24,377,833	—
Loans (*3)	8,359,951	8,651,681	291,730
Policy loans	758,724	758,724	—
Industrial and consumer loans	7,601,227	7,892,957	291,730
Derivative financial instruments (*4)	(381,653)	(381,653)	—
Hedge accounting not applied	(5,103)	(5,103)	—
Hedge accounting applied	(376,550)	(376,550)	—
Corporate bonds (*3,*5)	(157,040)	(169,469)	(12,429)
Cash received as collateral under securities lending transactions (*5)	(590,502)	(590,502)	—

(*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 six months ended September 30, 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 expected reimbursement periods, interest rate requirements, and other characteristics. These loans have no repayment deadlines or substantially have no repayment deadlines because such deadlines can be extended if the loan amount is within a certain range of its surrender benefit. 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 ¥278,886 million for stocks of subsidiaries and affiliates, and ¥937,720 million for available-for-sale securities as of September 30, 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 ¥125,531 million for securities related to separate accounts.

2) Held-to-maturity debt securities

No ending balance as of September 30, 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	493,366	532,998	39,631
	Domestic bonds	19,744,167	21,797,880	2,053,712
	Foreign securities	81,625	85,814	4,189
	Subtotal	20,319,158	22,416,693	2,097,534
Market value does not exceed the balance sheet amount	Monetary receivables purchased	3,301	3,238	(62)
	Domestic bonds	31,205	30,036	(1,169)
	Foreign securities	262	261	(0)
	Subtotal	34,769	33,537	(1,232)
Total		20,353,928	22,450,230	2,096,301

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)	75,000	75,000	0
	Monetary receivables purchased	1,000	1,005	5
	Domestic bonds	2,141,679	2,265,570	123,890
	Domestic stocks	3,434,130	6,909,477	3,475,347
	Foreign securities	11,013,085	13,284,800	2,271,715
	Other securities	651,130	742,647	91,517
	Subtotal	17,316,025	23,278,501	5,962,476
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	195,000	194,998	(1)
	Monetary receivables purchased	26,949	26,945	(3)
	Domestic bonds	25,353	25,339	(14)
	Domestic stocks	464,194	411,342	(52,851)
	Foreign securities	736,962	728,699	(8,263)
	Other securities	10,000	9,955	(45)
	Subtotal	1,458,460	1,397,281	(61,178)
Total		18,774,485	24,675,783	5,901,297

* Items with ¥937,720 million whose market value is extremely difficult to determine are not included.

¥12 million in impairment losses was recognized for items with a market value during the six months ended September 30, 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.

18. As of September 30, 2014, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

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 ¥41,713 million as of September 30, 2014.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,291 million and ¥34,896 million, respectively, as of September 30, 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 for the loans since 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) There were no loans that were delinquent for over three months as of September 30, 2014.
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 ¥4,525 million as of September 30, 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 ¥290 million and ¥266 million, respectively, as of September 30, 2014.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,140,846 million as of September 30, 2014.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,242,231 million as of September 30, 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 six months ended September 30, 2014, were as follows:

		Million Yen
		Six months ended September 30, 2014
a.	Balance at the beginning of the current fiscal year	¥1,070,852
b.	Transfer to reserve from surplus in the previous fiscal year	¥201,765
c.	Dividends to policyholders paid out in the current six-month period	¥149,860
d.	Increase in interest	¥11,920
e.	Balance at the end of the current six-month period (a+b-c+d)	¥1,134,678

23. Corporate bonds with 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. On October 16, 2014, the Company issued corporate bonds as follows.

1) Name

   US dollar-denominated subordinated notes due 2044 with interest deferral options

2) Issue price

   100% of principal amount

3) Issue amount

   US$ 2,250 million

4) Interest rate

   A fixed rate of 5.10% per annum before October 2024

   From October 2024, a fixed rate with a step up, reset every five years.

5) Maturity

   October 2044. (However, the corporate bonds are callable on October 16, 2024 and every date that falls five or a multiple of five years thereafter at the discretion of Nippon Life, subject to prior approval by the regulatory authority.)

6) Collateral and guarantees

   The corporate bonds are not secured or guaranteed, and there are no particular assets reserved for them.

7) Use of funds

   General working capital

24. Assets pledged as collateral by securities, land, and buildings as of September 30, 2014, were ¥1,485,545 million, ¥252 million, and ¥54 million, respectively. The total amount of loans covered by the aforementioned assets as of September 30, 2014, was ¥590,604 million.
    The amount of assets pledged as collateral by securities included ¥635,367 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥590,590 million of cash received as collateral under the securities lending transactions secured by cash as of September 30, 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 September 30, 2014.

26. The total amount of stocks and investments in subsidiaries was ¥242,263 million as of September 30, 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. Thereafter, after conducting the prescribed procedures, such as submitting a request to the Indonesian insurance supervisory body, Otoritas JAsa Keungan, the Company executed an investment of Rp 4,871,871 million (¥44,334 million) on October 8, 2014.

27. The amount of securities lent under lending agreements was ¥2,462,572 million as of September 30, 2014.

28. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥59,576 million at market value as of September 30, 2014.

29. The amount of commitments related to loans and loans outstanding was ¥188,646 million as of September 30, 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 Company is estimated to be ¥85,914 million as of September 30, 2014.
    The amount contributed to the said corporation is recorded within operating expenses.

31. 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.

32. 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 ¥179 million as of September 30, 2014.

5. Nonconsolidated Statements of Income

(Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Ordinary income:	3,472,850	3,380,433
Revenues from insurance and reinsurance:	2,468,210	2,372,165
Insurance premiums	2,467,980	2,371,854
Investment income:	914,231	916,685
Interest, dividends, and other income	665,392	640,169
Gain from assets held in trust, net	2	1
Gain on sales of securities	180,353	202,850
Gain from separate accounts, net	64,004	72,693
Other ordinary income	90,407	91,582
Ordinary expenses:	3,189,993	3,096,294
Benefits and other payments:	1,824,446	1,890,981
Death and other claims	518,294	513,216
Annuity payments	398,977	433,154
Health and other benefits	364,549	391,887
Surrender benefits	392,809	417,692
Other refunds	149,437	134,637
Provision for policy reserves:	865,145	697,202
Provision for policy reserves	853,224	684,693
Provision for interest on reserve for dividends to policyholders	11,920	12,508
Investment expenses:	70,324	91,124
Interest expenses	3,621	4,021
Loss on sales of securities	10,655	28,508
Loss on valuation of securities	997	4,752
Loss on derivative financial instruments, net	28,519	20,755
Operating expenses	282,434	278,953
Other ordinary expenses	147,641	138,031
Ordinary profit	282,857	284,139
Extraordinary gains:	336	2,438
Gain on disposals of fixed assets	336	2,438
Extraordinary losses:	127,103	164,476
Loss on disposals of fixed assets	990	3,530
Impairment losses	4,841	1,182
Provision for reserve for price fluctuations in investments in securities	118,584	158,576
Contributions for assisting social public welfare	2,688	1,188
Surplus before income taxes	156,089	122,101
Income taxes - current	96,330	96,810
Income taxes - deferred	(85,291)	(70,193)
Total income taxes	11,038	26,616
Net surplus	145,051	95,484

Notes to the Nonconsolidated Statement of Income for the Six months ended September 30, 2014

1. Gain on sales of securities includes gains on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥6,437 million, ¥170,383 million, and ¥3,533 million, respectively, for the six months ended September 30, 2014.

2. Loss on sales of securities includes losses on sales of domestic bonds, including national government bonds, domestic stocks, and foreign securities of ¥21 million, ¥7,904 million, and ¥2,729 million, respectively, for the six months ended September 30, 2014.

3. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥108 million and ¥888 million, respectively, for the six months ended September 30, 2014.

4. Reversal of policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥8 million for the six months ended September 30, 2014.

5. Breakdown of interest, dividends, and other income for the six months ended September 30, 2014 is as follows:

	Million Yen
	Six months ended September 30, 2014
Interest on deposits and savings	¥133
Interest on securities and dividends	¥536,144
Interest on loans	¥82,042
Real estate rental income	¥40,078
Other income	¥6,993
Total	¥665,392

6. 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 six months ended September 30, 2014, is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥1,846	¥1,486	¥1,397	¥4,731
Idle property	¥101	—	¥8	¥109
Total	¥1,947	¥1,486	¥1,406	¥4,841

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.

6. Nonconsolidated Statements of Changes in Net Assets

Six months ended September 30, 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	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										95,484	95,484	95,484
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						(1,188)				1,188	—	—
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										(1,084)	(1,084)	(1,084)
Net change, excluding foundation funds and others												
Net change	(50,000)	50,000	—	699	—	312	8,027	33	—	(135,428)	(126,356)	(126,356)
Ending balance	250,000	1,000,000	651	13,270	71,917	548	42,693	33	170	120,294	248,926	1,499,577

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

Six months ended September 30, 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	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					95,484
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					(1,084)
Net change, excluding foundation funds and others	437,561	(9,883)	1,064	428,742	428,742
Net change	437,561	(9,883)	1,064	428,742	302,385
Ending balance	2,945,608	(84,102)	(83,417)	2,778,179	4,277,757

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

Six months ended September 30, 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	Equalized reserve for dividends to policyholders	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	250,000	1,000,000	651	13,270	—	71,917	259	42,693	33	170	311,679	440,022	1,690,674
Increase/decrease:													
Additions to reserve for dividends to policyholders											(201,765)	(201,765)	(201,765)
Additions to legal reserve for deficiencies				938							(938)	—	—
Additions to reserve for redemption of foundation funds		50,000									(50,000)	(50,000)	—
Interest on foundation funds											(2,785)	(2,785)	(2,785)
Net surplus											145,051	145,051	145,051
Redemption of foundation funds	(50,000)												(50,000)
Additions to equalized reserve for dividends to policyholders					50,000						(50,000)	—	—
Additions to reserve for social public welfare assistance							3,000				(3,000)	—	—
Reversal of reserve for social public welfare assistance							(2,688)				2,688	—	—
Additions to reserve for reduction entry of real estate								3,866			(3,866)	—	—
Reversal of reserve for reduction entry of real estate								(677)			677	—	—
Additions to reserve for reduction entry of real estate to be purchased									1		(1)	—	—
Reversal of land revaluation differences											(16)	(16)	(16)
Net change, excluding foundation funds and others													
Net change	(50,000)	50,000	—	938	50,000	—	312	3,189	1	—	(163,956)	(109,515)	(109,515)
Ending balance	200,000	1,050,000	651	14,208	50,000	71,917	571	45,882	34	170	147,723	330,507	1,581,158

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

Six months ended September 30, 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	3,256,652	(134,156)	(85,561)	3,036,934	4,727,608
Increase/decrease:					
Additions to reserve for dividends to policyholders					(201,765)
Additions to legal reserve for deficiencies					—
Additions to reserve for redemption of foundation funds					—
Interest on foundation funds					(2,785)
Net surplus					145,051
Redemption of foundation funds					(50,000)
Additions to equalized reserve for dividends to policyholders					—
Additions to reserve for social public welfare assistance					—
Reversal of reserve for social public welfare assistance					—
Additions to reserve for reduction entry of real estate					—
Reversal of reserve for reduction entry of real estate					—
Additions to reserve for reduction entry of real estate to be purchased					—
Reversal of land revaluation differences					(16)
Net change, excluding foundation funds and others	865,844	(32,988)	16	832,872	832,872
Net change	865,844	(32,988)	16	832,872	723,356
Ending balance	4,122,496	(167,144)	(85,545)	3,869,806	5,450,965

7. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Core operating profit (A)	322,114	292,976
Capital gains:	180,356	202,852
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	2	1
Gain on trading securities	—	—
Gain on sales of securities	180,353	202,850
Gain on derivative financial instruments, net	—	—
Foreign exchange gains, net	—	—
Other capital gains	—	—
Capital losses:	40,652	54,596
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	10,655	28,508
Loss on valuation of securities	997	4,752
Loss on derivative financial instruments, net	28,519	20,755
Foreign exchange losses, net	480	579
Other capital losses	—	—
Net capital gains (losses) (B)	139,703	148,256
Core operating profit including net capital gains (losses) (A+B)	461,817	441,232
Nonrecurring gains:	—	—
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	—	—
Other nonrecurring gains	—	—
Nonrecurring losses:	178,960	157,093
Reinsurance premiums	—	—
Provision for contingency reserve	178,138	157,093
Provision for specific allowance for doubtful accounts	822	0
Provision for allowance for specific overseas debts	—	—
Write-offs of loans	—	—
Other nonrecurring losses	—	—
Nonrecurring losses (C)	(178,960)	(157,093)
Ordinary profit (A+B+C)	282,857	284,139

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

(Million Yen, %)

	As of September 30, 2014	As of March 31, 2014
Bankrupt and quasi-bankrupt loans	13,111	11,686
Doubtful loans	24,086	22,596
Substandard loans	4,525	4,749
Subtotal [Percent of total, %]	41,723 [0.38]	39,033 [0.34]
Normal loans	10,854,063	11,365,046
Total	10,895,786	11,404,080

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 September 30, 2014, and March 31, 2014, were ¥556 million and ¥703 million, respectively.

9. Status of Risk-Monitored Loans

(Million Yen, %)

	As of September 30, 2014	As of March 31, 2014
Loans to bankrupt borrowers	2,291	2,339
Delinquent loans	34,896	31,941
Loans that are delinquent for over three months	—	23
Restructured loans	4,525	4,726
Total [Percent of total loans, %]	41,713 [0.50]	39,030 [0.46]

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 ¥290 million and ¥266 million, respectively, as of September 30, 2014, and ¥299 million and ¥403 million, respectively, as of March 31, 2014.
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. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Six months ended September 30, 2014	Year ended March 31, 2014	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	2,926	3,952	(1,025)
(B) Specific allowance for doubtful accounts	3,899	3,072	826
(C) Allowance for specific overseas debts	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	4,455	3,775	680
(B) Reversal	3,633	3,917	(284)
[excluding reversals with write-offs]			
(C) Net provision	822	(141)	964
(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	(0)

(Reference)

Status of Borrower Classification

(100 Million Yen, %)

	As of September 30, 2014		As of March 31, 2014	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-offs of category IV)	83,655	100.0	85,289	100.0
Noncategorized	82,901	99.1	84,241	98.8
Category II	721	0.9	1,027	1.2
Category III	32	0.0	21	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows: ¥2.7 billion and ¥1.8 billion as of September 30, 2014, and March 31, 2014, respectively.
2. The amounts of direct write-offs of Category IV were as follows: ¥0.5 billion and ¥0.7 billion as of September 30, 2014, and March 31, 2014, respectively.

11. Solvency Margin Ratio

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Solvency margin gross amount (A):	10,817,117	9,437,173
Foundation funds (*kikin*) and other reserve funds:	3,813,602	3,422,870
Foundation funds and others	1,581,158	1,486,123
Reserve for price fluctuations in investments in securities	741,896	623,312
Contingency reserve	1,183,898	1,005,760
General allowance for doubtful accounts	2,926	3,952
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	5,342,884	4,221,212
Net unrealized (losses) gains on real estate × 85%	30,377	28,567
Excess of continued Zillmerized reserve	1,531,064	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	(998)	(428)
Others	(56,853)	55,528
Total amount of risk (B): $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	2,533,725	2,422,583
Underwriting risk (R_1)	129,826	131,177
Underwriting risk of third-sector insurance (R_8)	74,958	74,655
Anticipated yield risk (R_2)	388,117	389,635
Minimum guarantee risk (R_7)	5,853	5,870
Investment risk (R_3)	2,077,755	1,966,765
Business management risk (R_4)	53,530	51,362
Solvency margin ratio $\dfrac{(A)}{(1/2) \times (B)} \times 100$	853.8%	779.0%

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.

12. Status of Separate Accounts for the Six Months Ended September 30, 2014

(1) Balance of Separate Account Assets

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Individual variable insurance	123,823	116,835
Individual variable annuities	90,658	100,517
Group annuities	1,027,749	1,010,045
Separate account total	1,242,231	1,227,398

(2) Policies in Force

- Individual Variable Insurance

	As of September 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)	1,780	8,673	1,820	8,931
Variable insurance (whole life type)	35,090	522,154	35,433	531,558
Total	36,870	530,827	37,253	540,490

- Individual Variable Annuities

	As of September 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	12,782	90,650	14,505	100,516

13. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Ordinary income	35,266	34,346
Ordinary profit	2,866	2,895
Net surplus	1,463	975
Comprehensive income	9,736	5,528

	As of September 30, 2014	As of March 31, 2014
Total assets	590,536	570,902
Solvency margin ratio	870.9%	795.5%

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

	As of September 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
Changes in significant subsidiaries and affiliates during the period	0

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

1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and the Company's subsidiaries. Consolidated subsidiaries as of September 30, 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 NLI International Inc., Nissay Card Service Co., Ltd. and Nissay Trading Corporation.

The respective and aggregate effects of the companies that are excluded from consolidation, based on total assets, revenues, net income, and surplus for the six months ended September 30, 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 September 30, 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)

The subsidiaries not consolidated, e.g., NLI International Inc., Nissay Card Service Co., Ltd., 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 six months ended September 30, 2014, are immaterial.

The numbers of consolidated subsidiaries and affiliates as of September 30, 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 June 30. 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) Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Assets:		
Cash and deposits	458,685	497,125
Call loans	387,700	349,400
Receivables under securities borrowing transactions	29,927	159,856
Monetary receivables purchased	524,619	570,632
Investments in securities	46,630,604	44,411,714
Loans	8,313,370	8,488,309
Tangible fixed assets	1,740,055	1,728,486
Intangible fixed assets	171,055	176,733
Reinsurance receivables	350	503
Other assets	772,644	686,945
Deferred tax assets	4,078	4,619
Customers' liability for acceptances and guarantees	29,484	25,299
Allowance for doubtful accounts	(8,959)	(9,386)
Total assets	59,053,614	57,090,238
Liabilities:		
Policy reserves and other reserves:	49,690,153	48,792,463
Reserve for outstanding claims	185,300	204,408
Policy reserves	48,370,174	47,517,202
Reserve for dividends to policyholders	1,134,678	1,070,852
Reinsurance payables	209	377
Corporate bonds	157,040	157,040
Other liabilities	1,778,546	1,832,055
Accrued bonuses for directors and audit and supervisory board members	17	50
Net defined benefit liability	356,743	359,438
Accrued retirement benefits for directors and audit and supervisory board members	4,221	4,508
Reserve for program points	14,234	12,609
Reserve for price fluctuations in investments in securities	741,896	623,312
Deferred tax liabilities	620,085	340,794
Deferred tax liabilities for land revaluation	127,889	128,236
Acceptances and guarantees	29,484	25,299
Total liabilities	53,520,522	52,276,186

(4) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Net assets:		
Foundation funds	200,000	250,000
Reserve for redemption of foundation funds	1,050,000	1,000,000
Reserve for revaluation	651	651
Consolidated surplus	369,107	477,329
Total foundation funds and others	1,619,758	1,727,980
Net unrealized gains on available-for-sale securities, net of tax	4,128,901	3,261,140
Deferred losses on derivatives under hedge accounting, net of tax	(167,144)	(134,156)
Land revaluation differences	(85,545)	(85,561)
Foreign currency translation adjustments	5,896	10,162
Remeasurement of defined benefit plans	16,329	20,085
Total accumulated other comprehensive income	3,898,438	3,071,671
Minority interests	14,893	14,399
Total net assets	5,533,091	4,814,051
Total liabilities and net assets	59,053,614	57,090,238

Basis of Presenting the Consolidated Balance Sheet as of September 30, 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 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.

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

(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 ¥980 million (including ¥273 million of credits secured and/or guaranteed) as of September 30, 2014.

7. Accrued bonuses for directors and audit and supervisory board members 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 deemed amount as of September 30, 2014 defined from the projected amounts 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

9. Accrued retirement benefits for directors and audit and supervisory board members 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).
    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 and financial 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 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 September 30, 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. The corporate tax, inhabitant tax, and income tax adjustments of the Parent Company for the six months ended September 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.

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):	277,998	277,998	—
Available-for-sale securities	277,998	277,998	—
Monetary receivables purchased:	524,619	564,188	39,569
Policy-reserve-matching bonds	496,668	536,237	39,569
Available-for-sale securities	27,951	27,951	—
Securities:	45,469,801	47,576,404	2,106,602
Trading securities	1,124,519	1,124,519	—
Held-to-maturity debt securities	48,230	48,464	234
Policy-reserve-matching bonds	19,857,260	21,913,993	2,056,732
Investments in subsidiaries and affiliates	18,481	68,117	49,635
Available-for-sale securities	24,421,309	24,421,309	—
Loans (*3):	8,306,544	8,598,498	291,954
Policy loans	758,724	758,724	—
Industrial and consumer loans	7,547,819	7,839,774	291,954
Derivative financial instruments (*4):	(381,653)	(381,653)	—
Hedge accounting not applied	(5,103)	(5,103)	—
Hedge accounting applied	(376,550)	(376,550)	—
Corporate bonds (*3,*5)	(157,040)	(169,469)	(12,429)
Cash received as collateral under securities lending transactions (*5)	(590,502)	(590,502)	—

(*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 six months ended September 30, 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 expected reimbursement periods and interest rate requirements, and other characteristics. These loans have no repayment deadlines or substantially have no repayment deadlines because such deadlines can be extended if the loan amount is within a certain range of its surrender benefit. 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 ¥222,880 million for stocks of subsidiaries and affiliates, and ¥937,922 million for available-for-sale securities as of September 30, 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 ¥125,531 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	32,355	32,471	115
	Foreign securities	8,637	8,772	135
	Subtotal	40,993	41,244	251
Market value does not exceed the balance sheet amount	Foreign securities	7,237	7,220	(16)
Total		48,230	48,464	234

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	493,366	532,998	39,631
	Domestic bonds	19,744,167	21,797,880	2,053,712
	Foreign securities	81,625	85,814	4,189
	Subtotal	20,319,158	22,416,693	2,097,534
Market value does not exceed the balance sheet amount	Monetary receivables purchased	3,301	3,238	(62)
	Domestic bonds	31,205	30,036	(1,169)
	Foreign securities	262	261	(0)
	Subtotal	34,769	33,537	(1,232)
Total		20,353,928	22,450,230	2,096,301

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)	75,000	75,000	0
	Monetary receivables purchased	1,000	1,005	5
	Domestic bonds	2,144,195	2,268,090	123,895
	Domestic stocks	3,434,290	6,909,840	3,475,550
	Foreign securities	11,026,386	13,298,803	2,272,417
	Other securities	657,113	750,780	93,667
	Subtotal	17,337,985	23,303,521	5,965,536
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	203,000	202,998	(1)
	Monetary receivables purchased	26,949	26,945	(3)
	Domestic bonds	27,356	27,340	(15)
	Domestic stocks	464,204	411,353	(52,851)
	Foreign securities	753,401	744,969	(8,431)
	Other securities	10,178	10,129	(48)
	Subtotal	1,485,089	1,423,737	(61,351)
Total		18,823,074	24,727,259	5,904,184

* Items with ¥937,922 million whose market value is extremely difficult to determine are not included.

¥12 million in impairment losses was recognized for items with a market value during the six months ended September 30, 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.

18. As of September 30, 2014, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

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 ¥41,815 million as of September 30, 2014.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,298 million and ¥34,991 million, respectively, as of September 30, 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 for the loans since 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) There were no loans that were delinquent for over three months as of September 30, 2014.
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 ¥4,525 million as of September 30, 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 ¥351 million and ¥628 million, respectively, as of September 30, 2014.

20. The amount of accumulated depreciation of tangible fixed assets was ¥1,162,013 million as of September 30, 2014.

21. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,242,231 million as of September 30, 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 six months ended September 30, 2014, were as follows:

	Million Yen
	Six months ended September 30, 2014
a. Balance at the beginning of the current fiscal year	¥1,070,852
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥201,765
c. Dividends to policyholders paid out in the current six-month period	¥149,860
d. Increase in interest	¥11,920
e. Balance at the end of the current six-month period (a+b-c+d)	¥1,134,678

23. Corporate bonds with 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. On October 16, 2014, the Company issued corporate bonds as follows.

1) Name
US dollar-denominated subordinated notes due 2044 with interest deferral options

2) Issue price

   100% of principal amount

3) Issue amount

   US$ 2,250 million

4) Interest rate

   A fixed rate of 5.10% per annum before October 2024

   From October 2024, a fixed rate with a step up, reset every five years.

5) Maturity

   October 2044. (However, the corporate bonds are callable on October 16, 2024 and every date that falls five or a multiple of five years thereafter at the discretion of Nippon Life, subject to prior approval by the regulatory authority.)

6) Collateral and guarantees

   The corporate bonds are not secured or guaranteed, and there are no particular assets reserved for them.

7) Use of funds

   General working capital

24. Assets pledged as collateral by securities, lease receivables and investments in lease, land, and buildings as of September 30, 2014, were ¥1,485,545 million, ¥18,860 million, ¥252 million, and ¥54 million, respectively. The total amount of loans covered by the aforementioned assets as of September 30, 2014, was ¥605,431 million.
    The amount of assets pledged as collateral by securities included ¥635,367 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥590,590 million of cash received as collateral under the securities lending transactions secured by cash as of September 30, 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 September 30, 2014.

26. The total amount of stocks and investments in nonconsolidated subsidiaries and affiliates was ¥197,027 million as of September 30, 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. Thereafter, after conducting the prescribed procedures, such as submitting a request to the Indonesian insurance supervisory body, Otoritas JAsa Keungan, the Company executed an investment of Rp 4,871,871 million (¥44,334 million) on October 8, 2014.

27. The amount of securities lent under lending agreements was ¥2,462,572 million as of September 30, 2014.

28. Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥59,576 million at market value as of September 30, 2014.

29. The amount of commitments related to loans and loans outstanding was ¥105,811 million as of September 30, 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 ¥85,914 million as of September 30, 2014.
The amount contributed to the said corporation is recorded within operating expenses.

31. 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)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Ordinary income:	3,526,645	3,434,621
Revenues from insurance and reinsurance	2,485,352	2,388,331
Investment income:	914,768	918,009
Interest, dividends, and other income	665,957	640,893
Gain from assets held in trust, net	2	1
Gain on sales of securities	180,484	202,938
Gain from separate accounts, net	64,004	72,693
Other ordinary income	126,524	128,280
Ordinary expenses:	3,240,014	3,145,030
Benefits and other payments:	1,838,791	1,904,069
Death and other claims	518,472	513,298
Annuity payments	398,977	433,154
Health and other benefits	378,610	404,801
Surrender benefits	392,809	417,692
Other refunds	149,437	134,637
Provision for policy reserves:	864,258	697,467
Provision for policy reserves	852,337	684,958
Provision for interest on reserve for dividends to policyholders	11,920	12,508
Investment expenses:	71,737	92,529
Interest expenses	3,864	4,202
Loss on sales of securities	10,675	28,578
Loss on valuation of securities	997	4,752
Loss on derivative financial instruments, net	29,804	22,051
Operating expenses	293,067	289,036
Other ordinary expenses	172,161	161,927
Ordinary profit	286,630	289,591
Extraordinary gains:	368	2,447
Gain on disposals of fixed assets	368	2,447
Extraordinary losses:	127,110	164,514
Loss on disposals of fixed assets	997	3,568
Impairment losses	4,841	1,182
Provision for reserve for price fluctuations in investments in securities	118,584	158,576
Contributions for assisting social public welfare	2,688	1,188
Surplus before income taxes and minority interests	159,888	127,524
Income taxes - current	97,858	98,340
Income taxes - deferred	(84,869)	(68,920)
Total income taxes	12,988	29,420
Surplus before minority interests	146,899	98,104
Minority interests	554	566
Net surplus	146,345	97,538

Notes to the Consolidated Statement of Income for the Six months ended September 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 six months ended September 30, 2014, is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,846	¥1,486	¥1,397	¥4,731
Idle property	¥101	—	¥8	¥109
Total	¥1,947	¥1,486	¥1,406	¥4,841

   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)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Surplus before minority interests	146,899	98,104
Other comprehensive income:	826,742	454,793
Net unrealized gains on available-for-sale securities, net of tax	866,167	437,462
Deferred losses on derivatives under hedge accounting, net of tax	(32,988)	(9,883)
Land revaluation differences	—	(20)
Foreign currency translation adjustments	(5,543)	29,486
Remeasurement of defined benefit plans	(3,756)	—
Share of other comprehensive income (loss) of associates accounted for under the equity method	2,861	(2,252)
Comprehensive income:	973,641	552,897
Comprehensive income attributable to the Parent Company	973,095	552,261
Comprehensive income attributable to minority interests	545	635

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
I. Cash flows from operating activities:		
Surplus before income taxes and minority interests	159,888	127,524
Depreciation of rental real estate and other assets	7,351	7,414
Depreciation	23,217	23,910
Impairment losses	4,841	1,182
Net decrease in reserve for outstanding claims	(18,931)	(14,822)
Net increase in policy reserves	853,035	684,410
Provision for interest on reserve for dividends to policyholders	11,920	12,508
Net increase (decrease) in allowance for doubtful accounts	55	(920)
Net decrease in accrued bonuses for directors and audit and supervisory board members	(33)	(35)
Net decrease in accrued retirement benefits	—	(4,137)
Net decrease in net defined benefit liability	(8,115)	—
Net decrease in accrued retirement benefits for directors and audit and supervisory board members	(287)	(142)
Net increase in reserve for price fluctuations in investments in securities	118,584	158,576
Interest, dividends, and other income	(665,957)	(640,893)
Net gains on investments in securities	(163,774)	(153,839)
Interest expenses	3,864	4,202
Net losses on tangible fixed assets	1,163	1,104
Gain from separate accounts, net	(64,004)	(72,693)
Others, net	(23,247)	(12,842)
Subtotal	239,567	120,505
Interest, dividends, and other income received	690,361	659,301
Interest paid	(3,393)	(3,735)
Dividends to policyholders paid	(101,755)	(102,381)
Others, net	(2,721)	(513)
Income taxes paid	(121,185)	(81,555)
Net cash provided by operating activities	700,871	591,620

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
II. Cash flows from investing activities:		
Net decrease (increase) in deposits	300	(200)
Purchases of monetary receivables purchased	(8,900)	(8,500)
Proceeds from sales and redemptions of monetary receivables purchased	53,832	59,371
Purchases of securities	(4,363,288)	(4,859,457)
Proceeds from sales and redemptions of securities	3,821,755	4,799,379
Disbursements for loans	(488,371)	(681,915)
Proceeds from collections of loans	596,179	601,694
Others, net	(263,941)	(652,951)
①Total of investment activities	(652,434)	(742,579)
[I + II①]	(48,437)	[(150,958)]
Purchases of tangible fixed assets	(31,424)	(18,651)
Proceeds from sales of tangible fixed assets	1,508	27,467
Others, net	(12,272)	(10,923)
Net cash used in investing activities	(694,623)	(744,687)
III. Cash flows from financing activities:		
Proceeds from debt borrowing	97,390	105,110
Repayments of debt	(99,742)	(110,516)
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(2,785)	(3,585)
Others, net	(1,296)	976
Net cash used in financing activities	(56,433)	(58,014)
IV. Effect of exchange rate changes on cash and cash equivalents	(2,252)	8,540
V. Net decrease in cash and cash equivalents	(52,437)	(202,540)
VI. Cash and cash equivalents at the beginning of the year	872,018	820,784
VII. Cash and cash equivalents at the end of the period	819,581	618,243

Basis of Presenting the Consolidated Statement of Cash Flows for the Six Months Ended September 30, 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

Six months ended September 30, 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	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				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				97,538	97,538
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				(1,084)	(1,084)
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	—	(124,077)	(124,077)
Ending balance	250,000	1,000,000	651	325,550	1,576,201

	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	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							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							97,538
Redemption of foundation funds							(50,000)
Reversal of land revaluation differences							(1,084)
Increase due to increase in associates accounted for under the equity method							225
Net change, excluding foundation funds and others	441,521	(9,883)	1,064	26,441	459,143	582	459,726
Net change	441,521	(9,883)	1,064	26,441	459,143	582	335,648
Ending balance	2,950,708	(84,012)	(83,417)	(11,516)	2,771,762	13,860	4,361,825

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

Six months ended September 30, 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	250,000	1,000,000	651	477,329	1,727,980
Increase/decrease:					
Additions to reserve for dividends to policyholders				(201,765)	(201,765)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—
Interest on foundation funds				(2,785)	(2,785)
Net surplus				146,345	146,345
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				(16)	(16)
Net change, excluding foundation funds and others					
Net change	(50,000)	50,000	—	(108,222)	(108,222)
Ending balance	200,000	1,050,000	651	369,107	1,619,758

	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	3,261,140	(134,156)	(85,561)	10,162	20,085	3,071,671	14,399	4,814,051
Increase/decrease:								
Additions to reserve for dividends to policyholders								(201,765)
Additions to reserve for redemption of foundation funds								—
Interest on foundation funds								(2,785)
Net surplus								146,345
Redemption of foundation funds								(50,000)
Reversal of land revaluation differences								(16)
Net change, excluding foundation funds and others	867,760	(32,988)	16	(4,265)	(3,756)	826,767	494	827,261
Net change	867,760	(32,988)	16	(4,265)	(3,756)	826,767	494	719,039
Ending balance	4,128,901	(167,144)	(85,545)	5,896	16,329	3,898,438	14,893	5,533,091

(8) Consolidated Solvency Margin Ratio

(Million Yen)

	As of September 30, 2014	As of March 31, 2014
Solvency margin gross amount (A):	10,811,774	9,434,311
Foundation funds (*kikin*) and other reserve funds:	3,878,503	3,486,074
Foundation funds and others	1,644,112	1,547,207
Reserve for price fluctuations in investments in securities	741,896	623,312
Contingency reserve	1,183,898	1,005,760
Extraordinary contingency funds	—	—
General allowance for doubtful accounts	4,872	6,071
Others	303,722	303,722
Net unrealized gains on available-for-sale securities × 90%	5,348,055	4,225,944
Net unrealized (losses) gains on real estate × 85%	30,448	28,638
Net unrecognized actuarial differences and unrecognized prior service costs	23,563	28,983
Excess of continued Zillmerized reserve	1,531,064	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	(99,995)	(100,279)
Others	(56,906)	55,528
Total amount of risk (B): $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$	2,482,860	2,371,701
Underwriting risk (R_1)	129,826	131,177
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	77,922	77,619
Underwriting risk related to small amount and short-term insurance providers (R_9)	—	—
Anticipated yield risk (R_2)	388,117	389,635
Minimum guarantee risk (R_7)	5,853	5,870
Investment risk (R_3)	2,027,410	1,916,372
Business management risk (R_4)	52,582	50,413
Solvency margin ratio $\dfrac{(A)}{(1/2)\times(B)}\times 100$	870.9%	795.5%

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. From March 31, 2014, this ia 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 six months ended September 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.