
Financial Results for the Three Months Ended June 30, 2023

Nippon Life Insurance Company (the “Company,” President: Hiroshi Shimizu) announces financial results for the three months ended June 30, 2023.

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1. Business Highlights

(1) Annualized Premium

- Policies in Force

(100 Million Yen, %)

	As of June 30, 2023		As of March 31, 2023
		As a percentage of March 31, 2023	
Individual insurance	26,573	100.4	26,462
Individual annuities	10,894	99.4	10,954
Total	37,468	100.1	37,417
Medical coverages, living benefits, and others	6,824	99.9	6,830

- New Policies

(100 Million Yen, %)

	Three months ended June 30, 2023		Three months ended June 30, 2022
		As a percentage of three months ended June 30, 2022	
Individual insurance	547	129.8	421
Individual annuities	64	82.7	78
Total	612	122.5	500
Medical coverages, living benefits, and others	102	101.8	100

Notes: 1. The amount of annualized premium is calculated by multiplying a single premium payment by a factor according to the premium payment method (for single premium policies, the annualized 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 alone, but including specified illness and nursing care benefits).

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

(2) Amount of Policies in Force and New Policies

• Policies in Force

	As of June 30, 2023				As of March 31, 2023	
	Number of policies		Amount of policies		Number of policies (thousands)	Amount of policies (100 million yen)
	(thousands)	As a percentage of March 31, 2023 (%)	(100 million yen)	As a percentage of March 31, 2023 (%)		
Individual insurance	30,787	99.9	1,228,682	99.1	30,814	1,239,244
Individual annuities	4,156	99.6	251,453	99.6	4,173	252,402
Group insurance	—	—	977,016	100.2	—	975,018
Group annuities	—	—	140,113	99.4	—	140,926

Notes: 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies prior to the start of annuity payments and (b) policy reserves for policies after the start of annuity payments.
2. The amount of group annuities is the amount of the policy reserves.

• New Policies

	Three months ended June 30, 2023						Three months ended June 30, 2022			
	Number of policies		Amount of policies				Number of policies (thousands)	Amount of policies		
	(thousands)	As a percentage of three months ended June 30, 2022(%)	(100 million yen)	As a percentage of three months ended June 30, 2022(%)	New policies	Net increase (decrease) by conversion		(100 million yen)	New policies	Net increase (decrease) by conversion
Individual insurance	903	82.7	10,560	95.1	12,866	(2,305)	1,091	11,107	11,753	(646)
Individual annuities	32	105.0	1,751	91.1	1,806	(55)	31	1,922	1,941	(18)
Group insurance	—	—	4,763	62.3	4,763		—	7,644	7,644	
Group annuities	—	—	0	30.8	0		—	2	2	

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 represent annuity resources at the start of annuity payments.
4. The amount of new policies for group annuities represents the first-time premium.

2. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of June 30, 2023		As of March 31, 2023	
	Amount	%	Amount	%
Cash, deposits, and call loans	8,950	1.2	8,990	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary receivables purchased	1,210	0.2	1,245	0.2
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	650,513	84.3	624,904	83.9
Domestic bonds	302,337	39.2	301,563	40.5
Domestic stocks	116,110	15.0	102,536	13.8
Foreign securities:	204,566	26.5	189,544	25.5
Foreign bonds	108,775	14.1	100,729	13.5
Foreign stocks and other securities	95,790	12.4	88,814	11.9
Other securities	27,499	3.6	31,259	4.2
Loans:	80,148	10.4	77,946	10.5
Policy loans	4,327	0.6	4,378	0.6
Industrial and consumer loans	75,821	9.8	73,568	9.9
Real estate:	17,109	2.2	17,050	2.3
Investment properties	11,181	1.4	11,095	1.5
Deferred tax assets	—	—	—	—
Other assets	13,846	1.8	14,523	2.0
Allowance for doubtful accounts	(77)	(0.0)	(85)	(0.0)
Total assets (general account):	771,701	100.0	744,574	100.0
Foreign currency-denominated assets	198,879	25.8	181,340	24.4

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

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

(100 Million Yen)

		As of June 30, 2023					As of March 31, 2023				
		Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
				Gains	Losses				Gains	Losses	
	Policy-reserve-matching bonds	270,351	278,894	8,542	17,314	(8,771)	270,389	277,247	6,857	17,340	(10,483)
	Held-to-maturity debt securities	—	—	—	—	—	—	—	—	—	—
	Investments in subsidiaries and affiliates	1,286	2,872	1,585	1,585	—	1,286	2,141	855	855	—
	Available-for-sale securities:	269,484	364,796	95,312	101,367	(6,055)	266,348	339,389	73,040	80,864	(7,823)
	Domestic bonds	33,120	34,240	1,119	1,486	(367)	32,676	33,432	756	1,178	(422)
	Domestic stocks	39,595	109,435	69,839	70,311	(472)	39,699	95,854	56,155	57,014	(859)
	Foreign securities:	169,018	192,645	23,626	28,176	(4,549)	161,665	177,985	16,320	21,667	(5,347)
	Foreign bonds	94,472	107,334	12,861	14,420	(1,558)	91,399	99,423	8,023	10,464	(2,440)
	Foreign stocks and other securities	74,546	85,311	10,765	13,756	(2,991)	70,265	78,562	8,296	11,203	(2,906)
	Other securities	25,407	26,140	733	1,391	(658)	30,081	29,897	(183)	1,003	(1,187)
	Monetary receivables purchased	155	148	(7)	0	(7)	149	143	(6)	0	(6)
	Negotiable certificates of deposit	2,186	2,186	0	0	(0)	2,076	2,075	(0)	0	(0)
Total		541,122	646,563	105,440	120,267	(14,827)	538,024	618,778	80,753	99,060	(18,307)
	Domestic bonds	301,217	310,719	9,501	18,634	(9,133)	300,807	308,320	7,512	18,407	(10,894)
	Domestic stocks	39,595	109,435	69,839	70,311	(472)	39,699	95,854	56,155	57,014	(859)
	Foreign securities:	171,487	196,838	25,350	29,901	(4,551)	164,098	181,351	17,253	22,607	(5,354)
	Foreign bonds	95,664	108,666	13,002	14,562	(1,559)	92,555	100,659	8,103	10,551	(2,447)
	Foreign stocks and other securities	75,823	88,171	12,348	15,339	(2,991)	71,542	80,692	9,149	12,056	(2,906)
	Other securities	25,416	26,152	735	1,394	(658)	30,090	29,909	(181)	1,006	(1,187)
	Monetary receivables purchased	1,218	1,231	13	25	(11)	1,252	1,266	14	25	(11)
	Negotiable certificates of deposit	2,186	2,186	0	0	(0)	2,076	2,075	(0)	0	(0)

Notes: 1. The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

2. The above table excludes items such as stocks without market prices and entities such as partnerships.

[Book Value of Securities of Which Fair Value is Extremely Difficult to be Determined]

(100 Million Yen)

	As of June 30, 2023	As of March 31, 2022
Investments in subsidiaries and affiliates	14,884	14,757
Available-for-sale securities:	2,023	2,041
Unlisted domestic stocks (excluding over-the-counter stocks)	555	561
Unlisted foreign stocks (excluding over-the-counter stocks)	0	0
Others	1,467	1,479
Total	16,908	16,799

Note: Of securities whose fair value is extremely difficult to be determined, the net gains on currency exchange valuation of assets denominated in foreign currencies were as follows:

(¥ 202.0 billion as of June 30, 2023, and ¥ 120.5 billion as of March 31, 2023)

(3) Fair Value Information of Assets Held in Trust

There were no ending balances as of June 30, 2023, and March 31, 2023.

3. Nonconsolidated Balance Sheets

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Assets:		
Cash and deposits	784,438	744,569
Call loans	361,897	426,706
Monetary receivables purchased	121,088	124,514
Investments in securities:	65,809,376	63,234,750
National government bonds	27,645,063	27,526,011
Local government bonds	896,592	905,096
Corporate bonds	2,002,685	2,029,531
Domestic stocks	11,652,620	10,312,131
Foreign securities	20,656,779	19,122,228
Loans:	8,014,823	7,794,689
Policy loans	432,708	437,868
Industrial and consumer loans	7,582,114	7,356,821
Tangible fixed assets	1,728,340	1,723,066
Intangible fixed assets	185,650	187,716
Reinsurance receivables	300	269
Other assets	1,316,213	1,342,332
Customers' liability for acceptances and guarantees	62,705	62,486
Allowance for doubtful accounts	(7,725)	(8,530)
Allowance for investment loss	(23,396)	(28,502)
Total assets	78,353,712	75,604,068
Liabilities:		
Policy reserves and other reserves:	61,346,379	60,951,264
Reserve for outstanding claims	188,941	203,782
Policy reserves	59,956,958	59,675,536
Reserve for dividends to policyholders	1,200,479	1,071,945
Reinsurance payables	393	394
Corporate bonds	1,263,265	1,263,265
Other liabilities:	4,898,914	4,283,512
Income taxes payable	2,112	—
Lease obligations	3,253	4,268
Asset retirement obligations	6,645	6,632
Other liabilities	4,886,902	4,272,612
Accrued bonuses for directors, and audit and supervisory board members	567	439
Accrued retirement benefits	378,777	378,333
Reserve for program points	9,068	8,444
Reserve for price fluctuations in investments in securities	1,591,908	1,584,428
Deferred tax liabilities	634,289	149,863
Deferred tax liabilities for land revaluation	99,304	99,350
Acceptances and guarantees	62,705	62,486
Total liabilities	70,285,575	68,781,784

3. Nonconsolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,350,000
Reserve for revaluation	651	651
Surplus:	374,283	506,285
Legal reserve for deficiencies	21,855	21,282
Other surplus reserves:	352,428	485,003
Reserve for social public welfare assistance	3,351	351
Reserve for financial base	221,917	221,917
Reserve for reduction entry of real estate	76,815	73,248
Reserve for reduction entry of real estate to be purchased	—	2,961
Other reserves	170	170
Unappropriated surplus	50,173	* 186,354
Total foundation funds and others	1,824,934	1,956,936
Net unrealized gains on available-for-sale securities	6,923,707	5,297,929
Deferred losses on derivatives under hedge accounting	(629,209)	(376,317)
Land revaluation losses	(51,294)	(56,264)
Total valuations, conversions, and others	6,243,203	4,865,347
Total net assets	8,068,137	6,822,283
Total liabilities and net assets	78,353,712	75,604,068

Note: * Unappropriated surplus on the condensed balance sheet as of March 31, 2023, represents the current-year unappropriated surplus.

Notes

(Nonconsolidated Balance Sheet)

- As the proposed appropriation of surplus for the fiscal year ended March 31, 2023, was approved at the Meeting of Representatives held on July 4, 2023, it is included in the nonconsolidated balance sheet as of June 30, 2023. Details of the appropriation of surplus approved at the Meeting of Representatives are as follows:

	Million Yen
a. Unappropriated surplus as of March 31, 2023	186,354
b. Reversal from voluntary surplus reserves	4,320
c. Appropriations:	190,675
Reserve for dividends to policyholders	181,910
Legal reserve for deficiencies	573
Interest on foundation funds	265
Voluntary surplus reserves	7,927
d. Surplus carried forward (a+b-c)	—

- The corporate tax, inhabitant tax, and income tax adjustments for the three months ended June 30, 2023, 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.
- Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including single premium policies). Moreover, effective from the fiscal year ended March 31, 2022, the Company has expanded the scope of whole life insurance policies (including lump-sum payment policies) for which additional policy reserves will be provided. For such policies with premiums that have been paid and similar policies (including lump-sum payment policies), the Company has decided to successively provide these additional policy reserves over the next five years. As a result, the policy reserves increased by ¥14,030 million, while ordinary profit and surplus before income taxes decreased by ¥14,030 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the three months ended June 30, 2023.

4. An appropriate amount of the reserve for incurred but not reported (IBNR) claims (insurance claims and benefits whose reasons for payment have not yet been reported, but whose reasons for payment stipulated by insurance policies are deemed to have already occurred) cannot be calculated pursuant to the calculation based on Article 1, Paragraph 1, Principles of the Ministry of Finance Public Notice No. 234 of 1998 (hereinafter, “the IBNR Notice”) due to the end of special treatment from May 8, 2023. Under these special treatment, payment was made for hospitalization and related benefits in cases where the insured was diagnosed with COVID-19 and recuperated at a lodging facility or at home under the supervision of a physician or other medical personnel (hereinafter, “deemed hospitalization”). Accordingly, the Company has recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1 of the IBNR Notice.

(Outline of calculation method)

The reserve amount is calculated using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice. As of March 31, 2023, the Company had calculated reserve amounts by classifying them as a reserve for IBNR claims related to deemed hospitalization and a reserve for IBNR claims related to reasons other than deemed hospitalization. However, as a result of ending the special treatment for hospitalization and related benefits in cases of deemed hospitalization during the three months ended June 30, 2023, the Company has shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

5. Changes in the reserve for dividends to policyholders for the three months ended June 30, 2023, were as follows:

	Million Yen
	Three months ended June 30, 2022
a. Balance at the beginning of the current fiscal year	1,071,945
b. Transfer to reserve based on the proposed appropriation of surplus for previous fiscal year	181,910
c. Dividends paid to policyholders during the current three-month period	58,616
d. Increase in interest	5,239
e. Balance at the end of the current three-month period (a+b-c+d)	1,200,479

6. On January 24, 2023, the Company resolved to make an investment of up to \$1.0 billion in an investment limited partnership that invests in Resolution Life Group Holdings Ltd. As a result of this investment, the Company’s aggregate cumulative total investment is expected to reach up to \$1.65 billion.
7. The nonconsolidated balance sheet amount of securities lent under lending agreements was ¥1,262,651 million as of June 30, 2023.

4. Nonconsolidated Statements of Income

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Ordinary income:	1,983,622	1,838,218
Revenues from insurance and reinsurance:	1,312,084	1,162,726
Insurance premiums	1,311,835	1,162,465
Investment income:	632,610	647,126
Interest, dividends, and other income	340,972	376,088
Gain on sales of securities	134,928	206,273
Gain on financial derivative instruments, net	—	7,631
Gain on separate accounts, net	53,257	—
Other ordinary income	38,927	28,365
Ordinary expenses:	1,927,953	1,786,906
Benefits and other payments:	1,161,301	1,048,527
Death and other claims	280,622	271,033
Annuity payments	204,956	199,705
Health and other benefits	201,965	220,994
Surrender benefits	402,200	318,812
Other refunds	71,202	37,569
Provision for policy reserves:	286,662	273,556
Provision for policy reserves	281,422	268,260
Provision for interest on reserve for dividends to policyholders	5,239	5,295
Investment expenses:	277,038	268,249
Interest expenses	9,499	9,047
Loss on sales of securities	172,449	211,653
Loss on valuation of securities	1,352	4,073
Loss on derivative financial instruments, net	74,437	—
Loss on separate accounts, net	—	21,934
Operating expenses	144,748	144,459
Other ordinary expenses	58,203	52,112
Ordinary profit	55,669	51,312
Extraordinary gains:	5,174	1,205
Gain on disposals of fixed assets	5,174	1,205
Extraordinary losses:	10,582	10,690
Loss on disposals of fixed assets	1,747	963
Impairment losses	1,355	719
Provision for reserve for price fluctuations in investments in securities	7,480	7,896
Loss on tax purpose reduction entry of real estate	—	1,111
Surplus before income taxes	50,260	41,827
Income taxes – current	25,069	2,925
Income taxes – deferred	(29,952)	(7,438)
Total income taxes	(4,883)	(4,513)
Net surplus	55,143	46,340

Notes

(Nonconsolidated Statement of Income)

1. Previously, gain on cancellation of investment trusts was included in interest, dividends, and other income under investment income. However, gain on cancellation of investment trusts is substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the three months ended June 30, 2023, when system upgrades were completed, the Company decided to include gain on cancellation of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gain on cancellation of investment trusts of ¥16,574 million, which had previously been included in interest, dividends, and other income on the nonconsolidated statement of income for the three months ended June 30, 2023, has been restated as gain on sales of securities.
2. Impairment losses are as follows:
 - 1) Method for grouping the assets
Real estate for rental use and idle properties are classified as one asset group per property. Real estate and other assets utilized for insurance business operations are classified into one asset group for the whole insurance business.
 - 2) Recognition of impairment losses
When a significant decrease in profitability or fair value of a certain asset group is noted, the book value is reduced to the recoverable amount, recognizing an impairment loss under extraordinary losses.
 - 3) Breakdown of asset groups for which impairment losses were recognized for the three months ended June 30, 2023, is as follows:

(Million Yen)

Purpose of use	Land	Buildings	Total
Real estate for rental use	300	763	1,063
Idle properties	176	114	291
Total	477	878	1,355

- 4) Measurement of recoverable amount
The recoverable amount is based on either the value in use or net selling price of the asset depending on the type of asset.
In principle, the value in use is determined as the discounted future cash flows using a discount rate of 3.0%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

5. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Core operating profit (A)	119,016	149,245
Capital gains:	290,768	282,573
Gain on proprietary trading securities	—	—
Gain from assets held in trust, net	—	—
Gain on trading securities	—	—
Gain on sales of securities	134,928	206,273
Gain on derivative financial instruments, net	—	7,631
Foreign exchange gains, net	97,363	52,900
Other capital gains	58,475	15,768
Capital losses:	343,620	313,363
Loss on proprietary trading securities	—	—
Loss from assets held in trust, net	—	—
Loss on trading securities	—	—
Loss on sales of securities	172,449	211,653
Loss on valuation of securities	1,352	4,073
Loss on derivative financial instruments, net	74,437	—
Foreign exchange losses, net	—	—
Other capital losses	95,381	97,636
Net capital gains (B)	(52,851)	(30,789)
Core operating profit, including net capital gains (A+B)	66,164	118,455
Nonrecurring gains:	5,106	4,012
Reinsurance revenue	—	—
Reversal of contingency reserve	—	—
Reversal of specific allowance for doubtful accounts	—	—
Other nonrecurring gains	5,106	4,012
Nonrecurring losses:	15,602	71,155
Reinsurance premiums	—	—
Provision for contingency reserve	1,246	13,147
Provision for specific allowance for doubtful accounts	325	4,131
Provision for allowance for specific overseas loans	—	—
Write-offs of loans	—	—
Other nonrecurring losses	14,030	53,876
Net nonrecurring losses (C)	(10,495)	(67,142)
Ordinary profit (A+B+C)	55,669	51,312

Note: For the three months ended June 30, 2022, gain on cancellation of investment trusts has been restated as gain on sales of securities.

(Reference) Breakdown of “Other” Items

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Core operating profit:	36,905	81,868
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	4,282	3,541
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	91,099	94,095
Impact of movements in surrender benefits related to market value adjustment	(1,430)	(5,732)
Hedge cost related to foreign exchange	(57,045)	(10,036)
Other capital gains:	58,475	15,768
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	—	—
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	—	—
Impact of movements in surrender benefits related to market value adjustment	1,430	5,732
Hedge cost related to foreign exchange	57,045	10,036
Other capital losses:	95,381	97,636
Interest income and expenses related to swap transactions for foreign currency-denominated insurance products and swap transactions for hedging purposes	4,282	3,541
Impact of market exchange rate movements related to foreign currency-denominated insurance policies	91,099	94,095
Impact of movements in surrender benefits related to market value adjustment	—	—
Hedge cost related to foreign exchange	—	—
Other nonrecurring gains:	5,106	4,012
Reversal of allowance for investment loss	5,106	4,012
Other nonrecurring losses:	14,030	53,876
Provision for allowance for investment loss	—	—
Provision for policy reserves pursuant to Article 69 Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act in Japan	14,030	53,876

6. Solvency Margin Ratio

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Solvency margin gross amount (A):	19,085,881	17,319,118
Foundation funds (<i>kikin</i>) and other reserve funds:	5,790,847	5,733,080
Foundation funds and others	1,824,934	1,774,760
Reserve for price fluctuations in investments in securities	1,591,908	1,584,428
Contingency reserve	2,131,604	2,130,358
General allowance for doubtful accounts	1,759	2,891
Others	240,640	240,640
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	7,985,411	6,297,574
Net unrealized gains on real estate × 85%	605,344	603,932
Excess of continued Zillmerized reserve	2,608,314	2,623,073
Qualifying subordinated debt	2,264,265	2,184,265
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(210,043)	(210,043)
Others	41,741	87,236
Total amount of risk (B):		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2 + R_4}$	3,700,432	3,395,990
Underwriting risk (R ₁)	106,604	107,314
Underwriting risk of third-sector insurance (R ₈)	90,291	90,993
Anticipated yield risk (R ₂)	248,868	248,517
Minimum guarantee risk (R ₇)	5,242	5,256
Investment risk (R ₃)	3,364,656	3,065,938
Business management risk (R ₄)	76,313	70,360
Solvency margin ratio		
$\frac{(A)}{(1/2) \times (B)} \times 100$	1,031.5%	1,019.9%

Notes: 1. The amounts and figures as of March 31, 2023 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.

For the three months ended June 30, 2023, calculations are made in accordance with these regulations, using a method the Company deems reasonable.

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

7. Status of Separate Accounts

(1) Balance of Separate Account Assets

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Individual variable insurance	109,488	100,199
Individual variable annuities	16,256	15,533
Group annuities	1,057,773	1,030,855
Separate account total	1,183,517	1,146,588

(2) Policies in Force

- Individual Variable Insurance

	As of June 30, 2023		As of March 31, 2023	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	9,586	8,900	9,685	6,667
Variable insurance (whole life type)	28,947	398,621	29,122	400,930
Total	38,533	407,521	38,807	407,598

- Individual Variable Annuities

	As of June 30, 2023		As of March 31, 2023	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	7,374	16,255	9,311	15,532

8. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Ordinary income	30,181	25,371
Ordinary profit	35	296
Net surplus attributable to the parent company	71	247
Comprehensive income	14,384	(6,575)

	As of June 30, 2023	As of March 31, 2023
Total assets	911,217	876,335
Solvency margin ratio	1,073.9%	1,073.2%

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

	As of June 30, 2022
Number of consolidated subsidiaries	15
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	15
Changes in significant subsidiaries and affiliates during the period	None

(3) Basis for Preparing the Consolidated Financial Statements for the Three Months Ended June 30, 2023

Under Article 59-6 of the Ordinance for Enforcement of the Insurance Business Act, an insurance company shall, for each quarter, make an effort to disclose the matters which would serve as reference information for policyholders provided in Article 111, paragraph 6 of the Insurance Business Act and any other customers so that they may acquire knowledge on the status of business and properties of the insurance company, its subsidiaries, and others which are especially important. In order to fulfill this obligation to endeavor to disclose information, the consolidated financial statements for the three months ended June 30, 2023, have been prepared based on the model format for the announcement of first-quarter and third-quarter financial results (the “Quarterly Reporting Model”) created by The Life Insurance Association of Japan and generally accepted standards for the preparation of quarterly consolidated financial statements in Japan. The Quarterly Reporting Model is prepared for the purpose of fulfilling the obligation above to make an effort to disclose information. Accordingly, disclosures in the Quarterly Reporting Model differ from those prescribed by the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements.

(4) Policies for Preparing the Consolidated Financial Statements for the Three Months Ended June 30, 2023

There have been no significant changes.

(5) Consolidated Balance Sheets

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Assets:		
Cash and deposits	1,647,725	1,590,868
Call loans	361,897	426,706
Monetary receivables purchased	232,675	244,146
Investments in securities	75,538,659	72,332,848
Loans	8,859,881	8,636,099
Tangible fixed assets	1,863,822	1,858,492
Intangible fixed assets	376,023	368,478
Reinsurance receivables	16,493	4,193
Other assets	2,103,091	2,043,086
Net defined benefit asset	1,252	1,276
Deferred tax assets	66,380	74,510
Customers' liability for acceptances and guarantees	62,742	62,523
Allowance for doubtful accounts	(8,934)	(9,728)
Total assets	91,121,711	87,633,501
Liabilities:		
Policy reserves and other reserves:	72,421,107	71,499,497
Reserve for outstanding claims	245,216	261,387
Policy reserves	70,924,401	70,115,117
Reserve for dividends to policyholders (mutual company)	1,200,479	1,071,945
Reserve for dividends to policyholders (limited company)	51,010	51,046
Reinsurance payables	19,950	20,475
Corporate bonds	1,378,865	1,378,865
Other liabilities	6,153,098	5,337,931
Accrued bonuses for directors, and audit and supervisory board members	567	439
Net defined benefit liability	437,115	437,909
Accrued retirement benefits for directors, and audit and supervisory board members	632	634
Reserve for program points	9,068	8,444
Reserve for price fluctuations in investments in securities	1,693,773	1,684,717
Deferred tax liabilities	626,200	139,712
Deferred tax liabilities for land revaluation	99,304	99,350
Acceptances and guarantees	62,742	62,523
Total liabilities	82,902,427	80,670,503

(5) Consolidated Balance Sheets (Continued)

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Net assets:		
Foundation funds	100,000	100,000
Reserve for redemption of foundation funds	1,350,000	1,350,000
Reserve for revaluation	651	651
Consolidated surplus	410,197	590,126
Total foundation funds and others	1,860,848	2,040,777
Net unrealized gains on available-for-sale securities	6,832,831	5,176,583
Deferred losses on derivatives under hedge accounting	(628,968)	(375,789)
Land revaluation losses	(51,294)	(56,264)
Foreign currency translation adjustments	76,153	54,741
Remeasurement of defined benefit plans	(5,294)	(5,938)
Total accumulated other comprehensive income	6,223,427	4,793,332
Share acquisition rights	1,970	1,921
Noncontrolling interests	133,037	126,966
Total net assets	8,219,283	6,962,997
Total liabilities and net assets	91,121,711	87,633,501

Notes

(Consolidated Balance Sheets)

1. The Australian Accounting Standards Board has issued the accounting standard Insurance Contracts (hereinafter, "AASB 17"). AASB 17 has been applied to MLC Limited, the Company's consolidated subsidiary, from the three months ended June 30, 2023. This accounting standard establishes principles for the recognition, measurement, and presentation, etc. of insurance contracts. The relevant changes in accounting policies are retrospectively applied. Therefore, the consolidated financial statements for the fiscal year ended March 31, 2023 and the three months ended June 30, 2023 have been retrospectively adjusted. As a result, ordinary income and surplus before income taxes increased by ¥17,328 million each for the three months ended June 30, 2023, compared with amounts that would have been recorded before the retrospective adjustment. The cumulative effect of these changes was reflected in net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the beginning balance of retained earnings for the fiscal year ended March 31, 2023 decreased by ¥79,546 million.
2. As the proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2023, was approved at the Meeting of Representatives held on July 4, 2023, it is included in the consolidated balance sheet as of June 30, 2023. Details of the appropriation of surplus approved at the Meeting of Representatives are as follows.

	Million Yen
a. Unappropriated surplus as of March 31, 2022	186,354
b. Reversal from voluntary surplus reserves	4,320
c. Appropriations:	190,675
Reserve for dividends to policyholders (mutual company)	181,910
Legal reserve for deficiencies	573
Interest on foundation funds	265
Voluntary surplus reserves	7,927
d. Surplus carried forward (a+b-c)	—

3. The corporate tax, inhabitant tax, and income tax adjustments of the Company for the three months ended June 30, 2023, 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 (mutual company) due to the appropriation of surplus in the current fiscal year.
4. The Company and some of its consolidated life insurance subsidiaries in Japan provided additional policy reserves in the three months ended June 30, 2023. As a result, policy reserves increased by ¥16,225 million, while ordinary profit decreased by ¥16,225 million and deficit before income taxes increased by ¥16,225 million.

a. The Company

Effective from the fiscal year ended March 31, 2020, the Company has provided additional policy reserves to cover a possible deficiency in the reserve for paid-up insurance policies and similar policies among certain whole life insurance policies (including single premium policies). Moreover, effective from the fiscal year ended March 31, 2022, the Company has expanded the scope of whole life insurance policies (including lump-sum payment policies) for which additional policy reserves will be provided. For such policies with premiums that have been paid and similar policies (including lump-sum payment policies), the Company has decided to successively provide these additional policy reserves over the next five years. As a result, the policy reserves increased by ¥14,030 million, while ordinary profit decreased by ¥14,030 million and deficit before income taxes increased by ¥14,030 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the three months ended June 30, 2023.

b. TAIJU LIFE INSURANCE COMPANY LIMITED

TAIJU LIFE INSURANCE COMPANY LIMITED has provided additional policy reserves to cover a possible deficiency in the reserve for certain individual annuity policyholders. As a result, the policy reserves increased by ¥2,194 million, while ordinary profit decreased by ¥2,194 million and deficit before income taxes increased by ¥2,194 million, compared with amounts that would have been recorded had the additional policy reserves not been provided in the three months ended June 30, 2023.

5. The Company and its certain consolidated subsidiaries cannot calculate an appropriate amount of the reserve for incurred but not reported (IBNR) claims (insurance claims and benefits whose reasons for payment have not yet been reported, but whose reasons for payment stipulated by insurance policies are deemed to have already occurred) pursuant to the calculation based on Article 1, Paragraph 1, Principles of the Ministry of Finance Public Notice No. 234 of 1998 (hereinafter, “the IBNR Notice”) due to the end of special treatment from May 8, 2023. Under these special treatment, payment was made for hospitalization and related benefits in cases where the insured was diagnosed with COVID-19 and recuperated at a lodging facility or at home under the supervision of a physician or other medical personnel (hereinafter, “deemed hospitalization”). Accordingly, the Company and its certain subsidiaries have recorded an amount calculated using the following method under the provision of Article 1, Paragraph 1, of the IBNR Notice.

(Outline of calculation method)

The Company and its certain subsidiaries calculated the reserve amount using the same method as that set forth in Article 1, Paragraph 1, Principles of the IBNR Notice, after excluding the amounts related to deemed hospitalization from the required amount of provisions to reserve for IBNR claims over all periods under Article 1, Paragraph 1, Principles of the IBNR Notice and the amount of payments for insurance claims and benefits under said notice. As of March 31, 2023, the Company and its certain subsidiaries had calculated

reserve amounts by classifying them as a reserve for IBNR claims related to deemed hospitalization and a reserve for IBNR claims related to reasons other than deemed hospitalization. However, as a result of ending the special treatment for hospitalization and related benefits in cases of deemed hospitalization during the three months ended June 30, 2023, the Company and its certain subsidiaries have shifted to a method of calculating the reserve for IBNR claims related to deemed hospitalization as zero.

6. Changes in the reserve for dividends to policyholders of a mutual company for the three months ended June 30, 2023, were as follows:

	Million Yen
	Three months ended June 30, 2023
a. Balance at the beginning of the current fiscal year	1,071,945
b. Transfer to reserve based on the proposed appropriation of surplus for the previous fiscal year	181,910
c. Dividends paid to policyholders of mutual company during the current three-month period	58,616
d. Increase in interest	5,239
e. Balance at the end of the current three-month period (a+b-c+d)	1,200,479

7. Changes in the reserve for dividends to policyholders of a limited company for the three months ended June 30, 2023, were as follows:

	Million Yen
	Three months ended June 30, 2023
a. Balance at the beginning of the current fiscal year	51,046
b. Dividends paid to policyholders of limited company during the current three-month period	2,851
c. Increase in interest	1
d. Provision for reserve for dividends to policyholders (limited company)	2,812
e. Balance at the end of the current three-month period (a-b+c+d+e)	51,010

8. On January 24, 2023, the Company resolved to make an investment of up to \$1.0 billion in an investment limited partnership that invests in Resolution Life Group Holdings Ltd. As a result of this investment, the Company's aggregate cumulative total investment is expected to reach up to \$1.65 billion.
9. The nonconsolidated balance sheet amount of securities lent under lending agreements was ¥1,623,627 million as of June 30, 2023.
10. TAIJU LIFE INSURANCE COMPANY LIMITED and Nippon Wealth Life Insurance Company Limited, which are the Company's consolidated subsidiaries, have concluded modified coinsurance agreements. TAIJU LIFE INSURANCE COMPANY LIMITED has concluded a modified coinsurance agreement covering foreign currency-denominated single payment endowment insurance (U.S. dollar/Australian dollar) and foreign

currency-denominated single payment whole life insurance (U.S. dollar/Australian dollar). Through this modified coinsurance agreement, insurance risk has been transferred, and items including additional policy reserves or reversals associated with market price adjustments upon interest rate fluctuations are recorded as reinsurance revenue and presented in revenues from insurance and reinsurance. However, in cases where reinsurance revenue related to this modified coinsurance agreement is negative, the items are recorded as reinsurance premiums and presented as benefits and other payments. The outstanding balance of reinsurance payables related to these modified coinsurance agreements stood at ¥18,517 million as of June 30, 2023. The outstanding balance of the policy reserve component associated with the modified coinsurance agreements stood at ¥1,078,990 million as of June 30, 2023.

Nippon Wealth Life Insurance Company Limited records reinsurance revenue according to the timing of accrual of benefits and other payments for covered insurance products and to the ceding ratio for those products based on the reinsurance agreement. In addition, the ceding commission and policy reserve components are recorded according to the covered period and ceding ratio stipulated by the reinsurance agreement. These items are recorded as reinsurance premiums according to factors such as the timing of accrual of premiums for covered insurance products and the ceding ratio for those products based on the reinsurance agreement. The outstanding balance of unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996 was ¥15,435 million as of June 30, 2023. In addition, the outstanding balance of reinsurance receivables related to these modified coinsurance agreements was ¥15,435 million as of June 30, 2023. Policy reserves include the reinsurance company's entrusted policy reserve of ¥95,136 million based on the modified coinsurance agreement.

(6) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income]

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Ordinary income:	3,018,180	2,537,162
Revenues from insurance and reinsurance	1,851,875	1,499,561
Investment income:	1,099,226	981,697
Interest, dividends, and other income	389,180	419,897
Gain on trading securities	20,399	—
Gain on sales of securities	138,994	219,815
Foreign exchange gains, net	479,518	341,727
Gain on separate accounts, net	70,162	—
Other ordinary income	67,078	55,903
Ordinary expenses:	3,014,664	2,507,490
Benefits and other payments:	1,507,160	1,399,343
Death and other claims	324,353	315,899
Annuity payments	251,899	246,236
Health and other benefits	245,518	281,190
Surrender benefits	452,247	391,687
Other refunds	72,330	75,654
Provision for policy reserves:	819,115	433,579
Provision for policy reserves	813,873	428,281
Provision for interest on reserve for dividends to policyholders (mutual company)	5,239	5,295
Provision for interest on reserve for dividends to policyholders (limited company)	1	2
Investment expenses:	414,255	405,355
Interest expenses	10,475	9,360
Loss on trading securities	—	19,599
Loss on sales of securities	179,956	214,483
Loss on valuation of securities	1,405	4,105
Loss on derivative financial instruments, net	202,039	107,474
Loss on separate accounts, net	—	27,192
Operating expenses	196,932	189,737
Other ordinary expenses	77,200	79,474
Ordinary profit	3,515	29,671

(6) [Consolidated Statements of Income] (Continued)

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Extraordinary gains:	5,182	1,237
Gain on disposals of fixed assets	5,174	1,237
Gain on reversal of share acquisition rights	8	0
Extraordinary losses:	12,166	12,321
Loss on disposals of fixed assets	1,755	1,159
Impairment losses	1,355	719
Provision for reserve for price fluctuations in investments in securities	9,055	9,330
Loss on tax purpose reduction entry of real estate	—	1,111
Provision for reserve for dividends to policyholders (limited company)	2,812	3,027
Surplus before income taxes	(6,281)	15,559
Income taxes - current	20,691	6,080
Income taxes - deferred	(33,960)	(18,316)
Total income taxes	(13,269)	(12,235)
Net surplus	6,987	27,795
Net surplus (deficit) attributable to noncontrolling interests	(202)	3,029
Net surplus attributable to the parent company	7,190	24,766

Notes

(Consolidated Statements of Income)

1. Previously, the Company and its certain consolidated subsidiaries included gain on cancellation of investment trusts in interest, dividends, and other income under investment income. However, gain on cancellation of investment trusts is substantially the same as gain on sales of securities such as stocks and bonds. Accordingly, from the three months ended June 30, 2023, when system upgrades were completed, the Company and its certain consolidated subsidiaries decided to include gain on cancellation of investment trusts in gain on sales of securities under investment income in order to present financial results more appropriately. As a result, gain on cancellation of investment trusts of ¥16,574 million, which had previously been included in interest, dividends, and other income on the consolidated statement of income for the three months ended June 30, 2023, has been restated as gain on sales of securities.
2. As stated in Note 1 of Notes to the Consolidated Balance Sheet as of June 30, 2023, AASB 17 has been applied to MLC Limited, the Company's consolidated subsidiary, from the three months ended June 30, 2023. The following is a breakdown of revenues from insurance and reinsurance and benefits and other payments, which are the main line items affected by AASB 17.

(Million Yen)

Ordinary income items		Ordinary expenses items	
Ordinary income items	1,851,875	Benefits and other payments	1,507,160
Premiums	1,675,877	Death and other claims	324,353
Reinsurance revenue	134,528	Annuity payments	251,899
Insurance revenue related to foreign subsidiaries, etc.	41,469	Health and other benefits	245,518
		Surrender benefits	452,247
		Other refunds	72,330
		Reinsurance premiums	121,642
		Insurance service expenses related to foreign subsidiaries, etc.	37,721
		Reinsurance gains or losses related to foreign subsidiaries, etc.	1,447

Other amounts related to AASB 17 are aggregated into and recorded as appropriate items.

3. Impairment losses are as follows:

- 1) Method for grouping the assets

Real estate for rental use and idle properties of the Company and its certain consolidated subsidiaries are classified as one asset group per property. Real estate and other assets utilized for insurance business operations are classified into one asset group for the whole insurance business.

- 2) Recognition of impairment losses

When a significant decrease in profitability or fair value of a certain asset group is noted, the book value is reduced to the recoverable amount, recognizing an impairment loss under extraordinary losses.

- 3) Breakdown of asset groups for which impairment losses were recognized for the three months ended June 30, 2023, is as follows:

(Million Yen)

Purpose of use	Land	Buildings	Total
Real estate for rental use	300	763	1,063
Idle properties	176	114	291
Total	477	878	1,355

- 4) Measurement of recoverable amount

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

In principle, the value in use is determined as the discounted future cash flows using a discount rate of 3.0%. Net selling price is determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or standard land prices.

4. The total amount of depreciation of real estate for rental use and other assets for the three months ended June 30, 2023, was ¥20,737 million. Amortization of goodwill for the three months ended June 30, 2023, was ¥1,242 million.
5. Reinsurance revenue presented in revenues from insurance and reinsurance of TAIJU LIFE INSURANCE COMPANY LIMITED, the Company’s consolidated subsidiary, include reinsurance revenue of ¥35,208 million related to modified coinsurance agreements for foreign currency-denominated single payment endowment insurance (U.S. dollar and Australian dollar) and foreign currency-denominated single payment whole life insurance (U.S. dollar and Australian dollar). This reinsurance revenue includes adjustment to policy reserves for ceded reinsurance (excluding additional policy reserves (reversals) associated with market value adjustments and related items) of ¥20,530 million and additional policy reserves (reversals) associated with market value adjustments and related items of ¥1,152 million.
- Reinsurance revenue presented in revenues from insurance and reinsurance of Nippon Wealth Life Insurance Company Limited, the Company’s consolidated subsidiary, includes a ¥12,806 million increase in unamortized ceding commissions related to reinsurance agreements under Article 1, Paragraph 5 of the Ministry of Finance Public Notice No. 50 of 1996. In addition, it includes ¥97,557 million in reinsurance revenue related to modified coinsurance agreements. This reinsurance revenue includes a ¥244 million increase in ceding commission and a ¥91,855 million increase in the policy reserve component (including a ¥12,273 million increase equivalent to additional provisions related to the standard policy reserve system). Reinsurance premiums presented in benefits and other payments include ¥85,086 million in reinsurance premiums related to modified coinsurance agreements.
- Through these reinsurance items, ordinary profit increased by ¥12,811 million and deficit before income taxes decreased by ¥12,811 million.

[Consolidated Statements of Comprehensive Income]

(Million Yen)

	Three months ended June 30, 2023	Three months ended June 30, 2022
Net surplus	6,987	27,795
Other comprehensive income:	1,431,471	(685,331)
Net unrealized gains on available-for-sale securities	1,658,211	(616,556)
Deferred losses on derivatives under hedge accounting	(253,044)	(123,390)
Foreign currency translation adjustments	16,753	43,865
Remeasurement of defined benefit plans	669	448
Share of other comprehensive income (loss) of associates accounted for under the equity method	8,881	10,301
Comprehensive income:	1,438,458	(657,535)
Comprehensive income attributable to the parent company	1,432,314	(652,523)
Comprehensive income attributable to noncontrolling interests	6,143	(5,012)

(7) Consolidated Solvency Margin Ratio

(Million Yen)

	As of June 30, 2023	As of March 31, 2023
Solvency margin gross amount (A):	19,831,643	18,065,212
Foundation funds (<i>kikin</i>) and other reserve funds:	6,028,990	6,013,434
Foundation funds and others	1,859,332	1,860,801
Reserve for price fluctuations in investments in securities	1,693,773	1,684,717
Contingency reserve	2,232,061	2,223,034
Extraordinary contingency reserve	—	—
General allowance for doubtful accounts	2,512	3,636
Others	241,310	241,244
Net unrealized gains on available-for-sale securities (before tax) and deferred losses on derivatives under hedge accounting (before tax) × 90%	7,954,997	6,231,568
Net unrealized gains on real estate × 85%	637,276	635,862
Total amount of unrecognized actuarial gains/losses and unrecognized prior service cost	(7,432)	(8,309)
Excess of continued Zillmerized reserve	2,871,794	2,884,069
Qualifying subordinated debt	2,389,865	2,309,865
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(151,870)	(164,173)
Others	108,021	162,895
Total amount of risk (B):	3,693,289	3,366,494
$\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$		
Underwriting risk (R ₁)	179,843	179,782
General underwriting risk (R ₅)	—	—
Huge disaster risk (R ₆)	—	—
Underwriting risk of third-sector insurance (R ₈)	103,815	104,336
Underwriting risk related to small amount and short-term insurance providers (R ₉)	0	0
Anticipated yield risk (R ₂)	332,977	326,402
Minimum guarantee risk (R ₇)	8,280	8,341
Investment risk (R ₃)	3,263,126	2,948,138
Business management risk (R ₄)	77,760	71,340
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,073.9%	1,073.2%

- Notes: 1. The amounts and figures as of March 31, 2023 in the table above are calculated based on the provisions of Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Public Notice No.23 of 2011.
For the three months ended June 30, 2023, calculations are made in accordance with these regulations, using a method the Company deems reasonable.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.
3. AASB 17, which has been applied to MLC Limited from the fiscal year ending March 31, 2024, has been retrospectively applied to figures as of March 31, 2023.

(8) Segment Information

For the three months ended June 30, 2023, the Company and its consolidated subsidiaries engaged in insurance business 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 be reported.