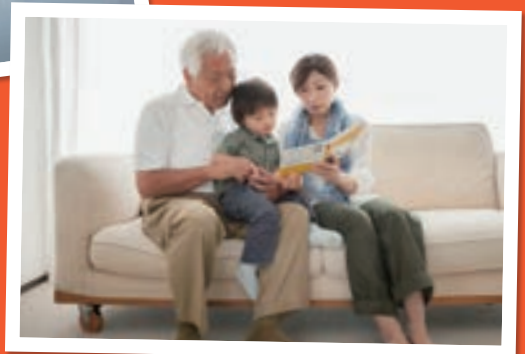


Empowering your future



Annual Report 2014

Fiscal Year Ended March 31, 2014



SUMITOMO LIFE

in Numbers

Sumitomo Life is one of the world's leading life insurance companies with more than 100 years of history and a strong financial base.

(As of March 31, 2014)

▶ OVERVIEW

Years Since Foundation:

107 years

Number of Sales Representatives:

30,937

▶ OVERVIEW OF POLICIES

Annualized Premiums from Policies in Force*

\$21.3 billion

Annualized Premiums from New Policies*

\$1.2 billion

▶ STATUS OF PROFIT

Core Business Profit

\$3.8 billion

▶ STATUS OF STOCK AND SOUNDNESS

Solvency Margin Ratio

888.2 %

Total Assets

\$257.2 billion

Embedded Value*

\$30.5 billion

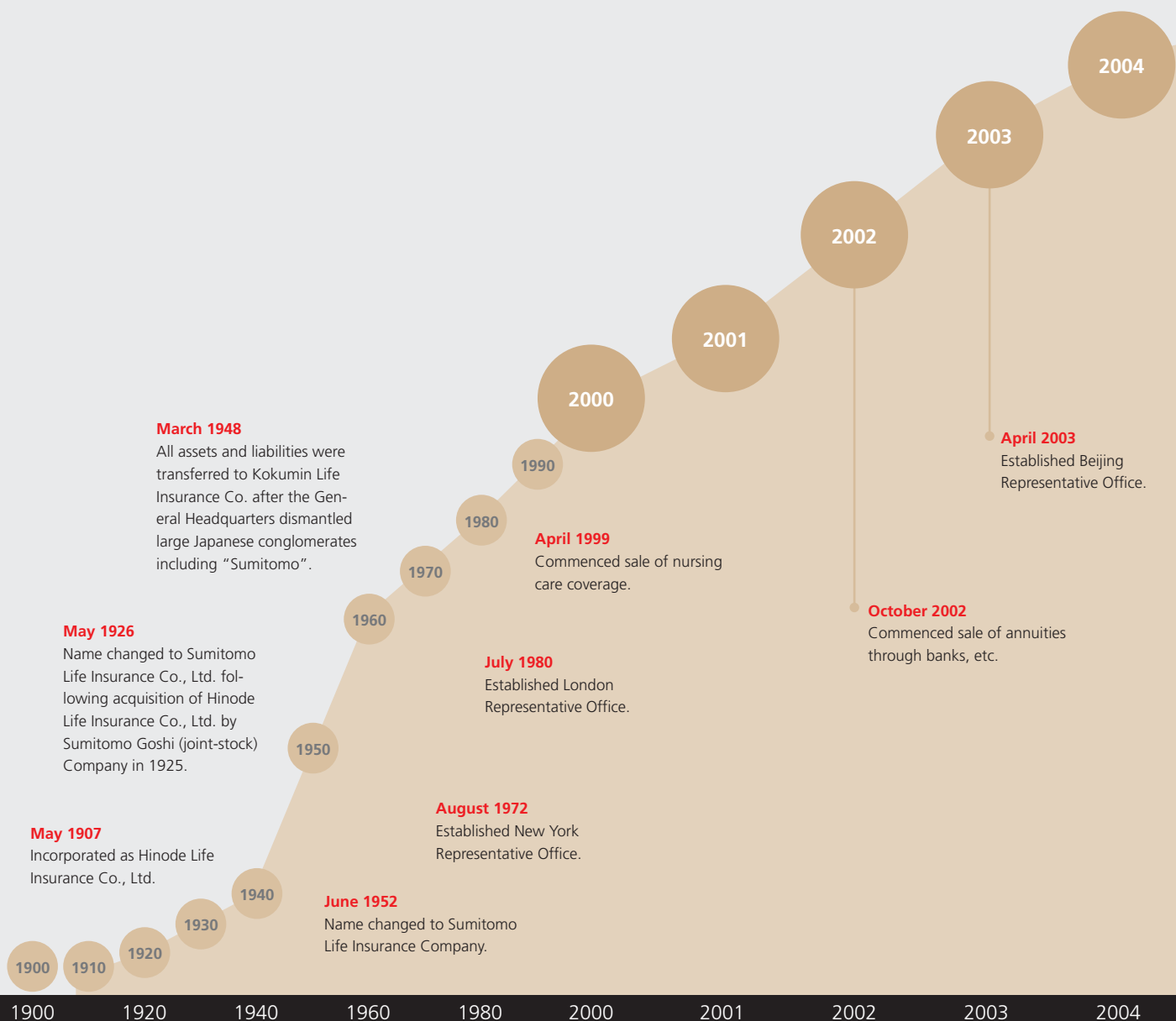
*Total of Sumitomo Life and Medicare Life

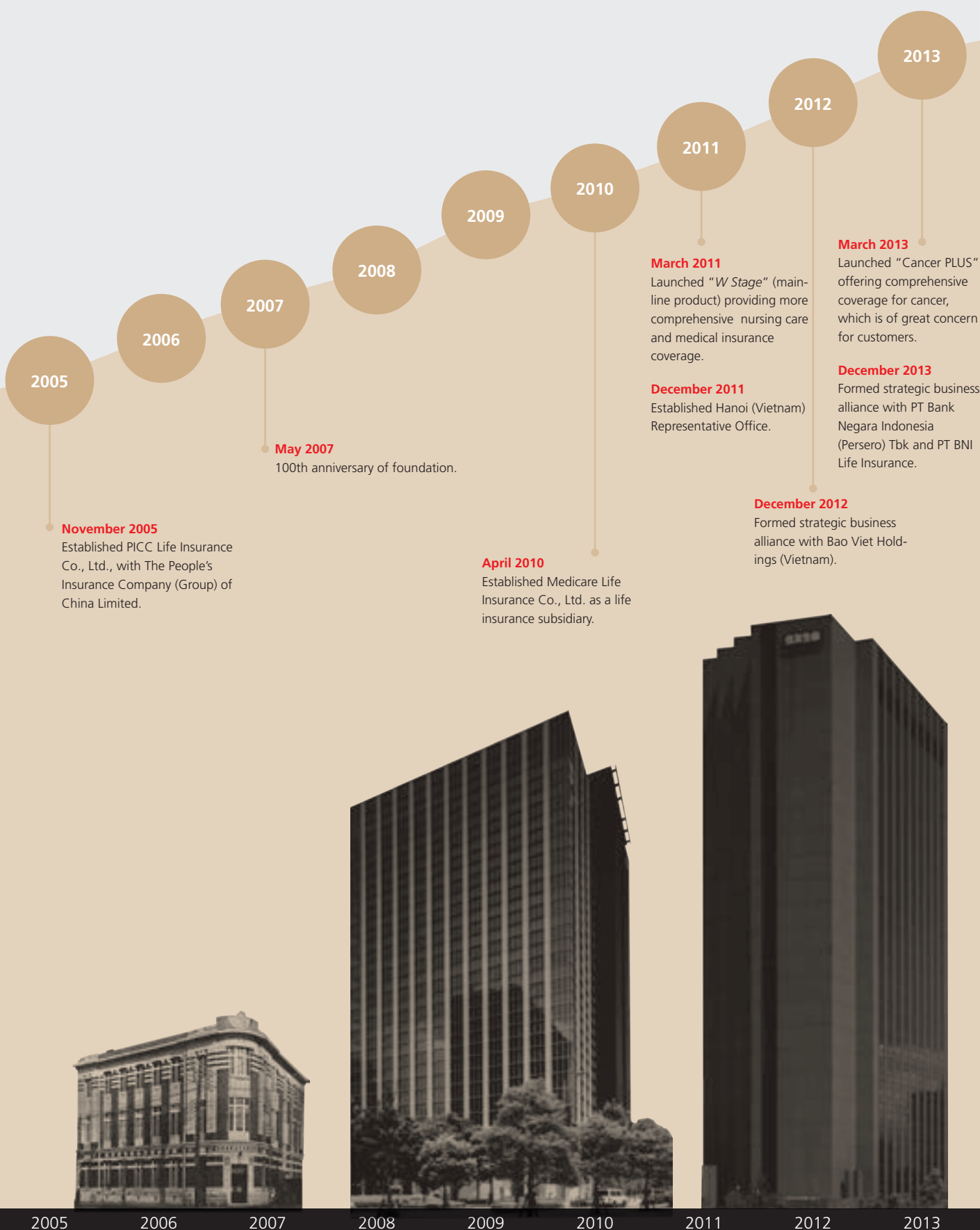
Note: U.S. dollar amounts are converted at US\$1.00 = ¥102.92, the rate prevailing on March 31, 2014.

SUMITOMO LIFE to Present

Based on the aspiration to create an ideal company, Sumitomo Life was established in May 1907 under the name of Hinode Life Insurance Co., Ltd.

While the Company changed its name to Sumitomo Life Insurance Co., Ltd. in 1926, the aspiration to become an ideal company has been continually passed on under Sumitomo's spirit of pursuing social and national benefits in its business, and the Company has now grown to be one of the world's largest life insurance companies after 100 years of its establishment.





2005

2006

2007

2008

2009

2010

2011

2012

2013

Empowering your **FUTURE**

From the perspective of customers:
Recommended company

From the perspective of employees:
Fulfilling company

From the perspective of society:
Indispensable company

Management Policy

1. Based upon the concepts of coexistence, co-prosperity and mutual support, we strive to strengthen and expand our business, while contributing to the advancement of social and public welfare.
2. Creditworthiness and steadiness will be the foundation for the execution of our business.
3. We will always remain composed in judgment and retain a progressive and indomitable spirit, responding to changes in our environment and keeping abreast of the times.



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Message from the President



Masahiro Hashimoto
President and Chief Executive Officer

Aiming to Become The Most Recommended Insurance Company

Looking Back on Fiscal 2013

Recently, amid the advent of the aging population, customer needs have been increasingly diversifying such as in medical and nursing care insurance as well as retirement planning.

At Sumitomo Life, we wish to contribute to the society by answering to the needs of each individual customer and providing the most suitable type of insurance to customers and their families. We bestow such intention in the message of “empowering your future” and are proceeding to offer advanced consulting and services.

Fiscal 2013 (the year ended March 31, 2014) marked the final year of the “Sumitomo Life Medium-Term Program.” This three-year action plan was designed to achieve our brand vision incorporated in the message of “empowering your future.” Under it, we have continued to make progress on various initiatives focused on important theme of reinforcing sales and after-sale service systems through our sales representatives.

EEV is on the Growth Trend as the Economic Climate Continues to Recover

Performance

Reviewing our fiscal 2013 consolidated performance, annualized premiums from policies in force for individual life insurance and annuities of the Sumitomo Life Group (Sumitomo Life and Medicare Life Insurance Co., Ltd.) slightly decreased from the end of the previous fiscal year to ¥2,196.9 billion. Meanwhile, annualized premiums from policies in force for medical and nursing care products, one of the growth areas we focus on, rose 1.2% year on year to ¥516.7 billion, increasing for the eleven consecutive years.

As a result of this and the improvement in the negative spread, Sumitomo Life's adjusted core business profit* remained strong at ¥355.4 billion, a 4.9% increase year on year.

*Excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities.

Asset Management and Financial Strength

We follow an Asset-Liability Management (ALM) framework as our basic asset management policy, investing mainly in yen-denominated interest-bearing assets to secure stable earnings over the medium-to long-term.

Japan is likely to introduce economic value-based solvency margin regulation in the near future. In anticipation of this future regulation, we have implemented economic value-based integrated risk management. Under this advanced risk management, we have controlled our exposure to real estate and other risk assets while steadily increasing accumulated retained surplus based on stable profits. In addition, we plan to decrease our overall reliance on external financing, while continuing to secure an appropriate level of financing.

European Embedded Value (EEV)

The Sumitomo Life Group's EEV at the end of fiscal 2013 increased 18.2% year on year to ¥3,146.6 billion as a result of insurance business activities such as new business, as well as the positive effect of factors including the economic environment. Our EEV has increased over ¥1 trillion during the three years (fiscal 2011 to 2013) of the "Sumitomo Life Medium-Term Program," maintaining sustainable growth trend.

Penetrating Growth Markets as an Industry Leader

In Japan's highly greying society, life insurance needs are shifting from mortality coverage, designed to support bereaved families, to products designed to pay benefits during the lives of the customers. We proactively offer coverage that extends beyond mortality to include morbidity and longevity. Specifically, we are focusing on nursing care, medical insurance and retirement planning as three growth areas in Japan, and we are exploring these areas with our unique "multi-channel, multi-product" strategy.

For nursing care and medical insurance areas, Sumitomo Life markets the products primarily through its 30,000 sales representatives who excel in face-to-face consultation, based on a belief that it is indispensable to communicate the value and importance of life insurance in light of various elements including reforms to the social security system and identify customers' unmet needs.

While we introduce advanced new products that augment nursing care and medical coverage, we are also striving to augment medical insurance-related services including second opinion services which provide opinions about treatments for diseases from outside the primary care physician, and setting up an informative website where customers can look up consultation offices related to nursing care and regional nursing care facilities.

In the retirement planning market, our bancassurance network is highly effective and ranks as one of the industry's largest with over 300 participating banks and financial institutions. Our bancassurance network has traditionally sold variable annuities and other savings-type products, but is now expanding to sell more profitable protection-oriented life insurance products.

We are also responding to the growing number of customers who compare multiple life insurance products using such new sales channels as insurance outlets and the Internet. In light of the changing environment, we launched Medicare Life Insurance Co., Ltd. in April 2010, as the first life insurance subsidiary of a major Japanese life insurance company to provide affordable medical insurance with sufficient coverage through these emerging channels.

Medicare Life Insurance has grown steadily and the number of its policies in force has reached over 200,000 as of December 2013, three years and nine months since starting business.

Along with efforts to exploit domestic growth areas, we continue to focus on overseas markets, especially high-growth potential countries in Asia, as a driver for our sustainable growth. Before 2013 we have established PICC Life Insurance Company Limited in China in 2005 and formed a strategic business alliance with Bao Viet Holdings in Vietnam in 2012.

In 2013, we reached an agreement to acquire approximately 40% of the total number of issued shares of PT BNI Life Insurance, a subsidiary of PT Bank Negara Indonesia (Persero) Tbk, one of

the major state-owned commercial banks in Indonesia, and we completed the share acquisition in May 2014. By dispatching our employees and officers including directors, and leveraging the know-how we have gained in the life insurance industry, we are working to establish the life insurance market in Indonesia as a base for our future growth.

For Brand Evolution and Establishment of a New Growth Path

We have started the Sumitomo Life Medium-Term Business Plan 2016 ~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~ as a new three-year plan from April 2014.

In order to become the most recommended insurance company, we strive to improve value for customers through enhancement of services and maintaining and improving quality while allocating our business resources to the growth areas that contribute to our growth and business expansion. Thus, we will work to establish the growth path for the Sumitomo Life Group.

I thank you for your continued support.

橋本雅博

Masahiro Hashimoto
President and Chief Executive Officer

Brand vision

As Sumitomo Life's brand vision, we have declared the achievement of "Four Advanced Values" as our goal to empower the future of our customers.

By providing these values to each of our customers through the ongoing efforts of all of our executives and employees, we hope to distinguish the uniqueness and prominence of our services. We are sure that by continuing to provide these values we will be able to increase the loyalty of our

customers.

With the brand message "empowering your future," which conveys the commitment to our customers in our brand vision, we hope to help protect and support our customers and their families by directly addressing their concerns as they plan for and move beyond life's challenges. We will do our utmost to fulfill this role, which, we believe, should form the basis of all life insurance businesses.

Brand Vision: "Four Advanced Values"

Consistently and continuously provide advanced consulting and services

Beyond providing easy-to-understand and polite consulting upon the initial purchase of life insurance, we seek to offer precise, ongoing consulting and other services to realize appropriate coverage at each stage of a customer's life.

Offer advanced products to enable customers to live vigorously

We develop and offer advanced products that respond to our customers' current and also expected future needs in areas focusing on nursing care, medical insurance and retirement planning.

Sumitomo Life is
"Empowering your future"

Aim at achieving impressive customer service that always exceeds customers' expectations

We aim to provide convenient, high-quality services in all areas with a level of warmth and empathy found nowhere else.

Provide an evolving support program to encourage a "healthy life" and "rich and happy golden years"

We seek to provide a new support program based on areas closely associated with the insurance business, including nursing care and health, social insurance and asset planning consultation services.

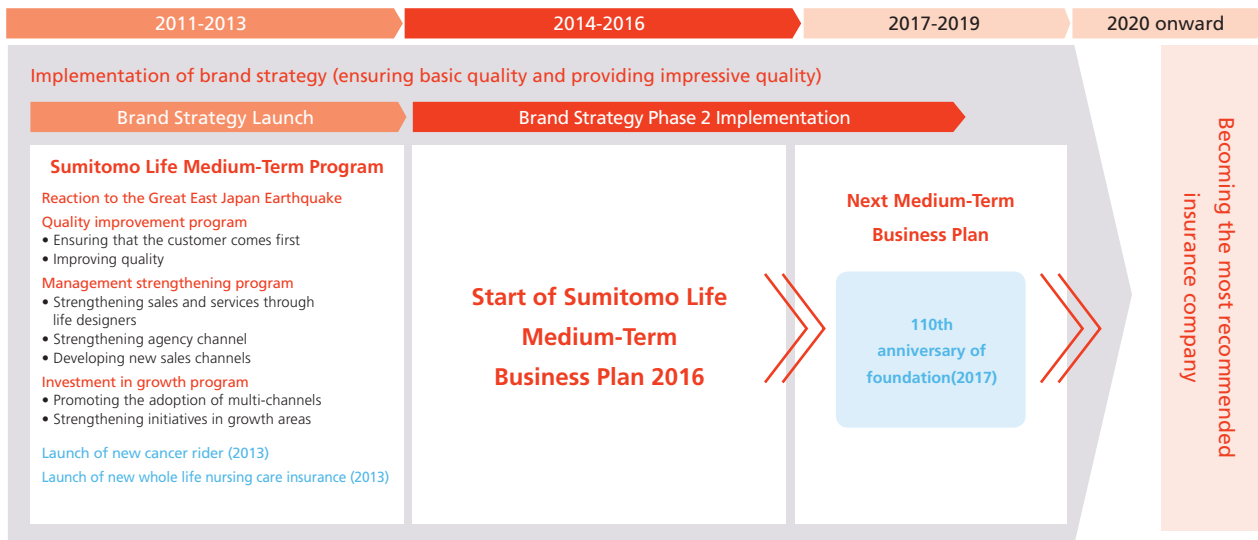
Sumitomo Life Medium-Term Business Plan 2016

~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~

Overview of the Sumitomo Life Medium-Term Business Plan 2016

We have started the Sumitomo Life Medium-Term Business Plan 2016 ~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~ as a new three-year plan from April 2014. While we strive to improve value for customers through enhancement of services to customers and maintaining and improving quality across entire operations, we will allocate business resources to the growth areas that contribute to our growth and business expansion including life designers (sales representatives), agencies such as financial institutions and insurance outlets, and overseas operations in order to firmly establish the growth path for the Sumitomo Life Group as a whole.

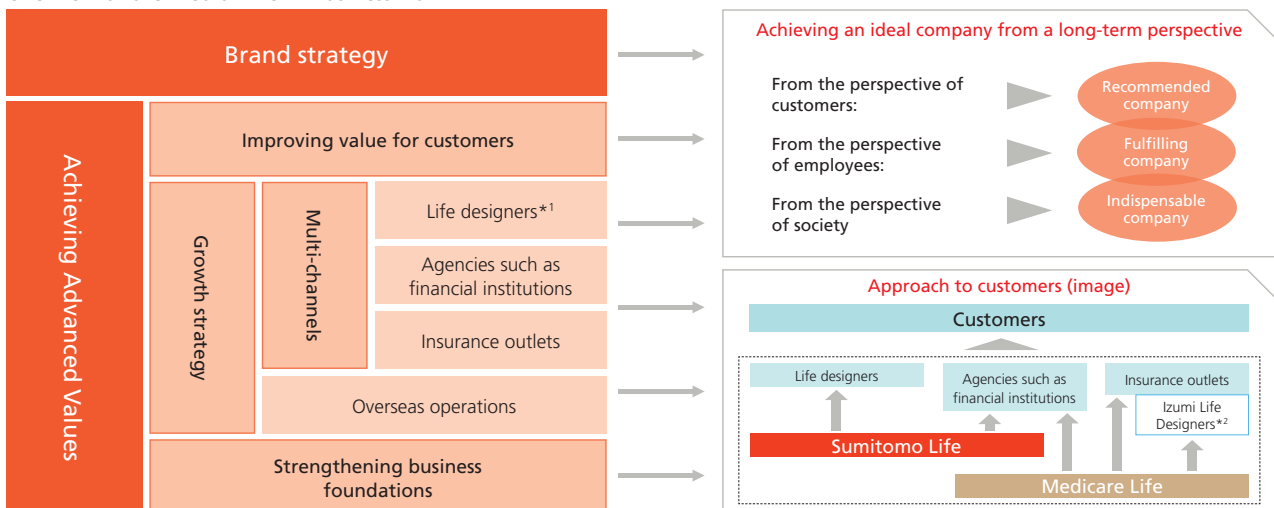
Positioning of the Medium-Term Business Plan



FRAMEWORKS OF THE MEDIUM-TERM BUSINESS PLAN

With the brand strategy positioned as the basis of all business activities, we have established the frameworks of improving value for customers, growth strategy, and strengthening business foundations. In particular, we position the growth strategy as the pillar for the Medium-Term Business Plan and accordingly we will place a focus on it.

Overview of the Medium-Term Business Plan



*1 The company's approximately 30,000 sales representatives

*2 Our subsidiary that operates Hoken-Hyakka, an over-the-counter insurance outlet

Framework of the Sumitomo Life Medium-Term Business Plan 2016

1. Brand strategy

The period from fiscal 2014 is newly positioned as phase 2 of the brand strategy that was launched in fiscal 2011, and we aim to achieve its evolution. We will work to promote activities aimed at realizing the brand vision and to establish new communications strategies suited to modern feelings toward consumption, especially those of young people.

2. Improving value for customers

We will aim to ensure basic quality in sales and services from enrollment in insurance policies to payments and achieve customer service of impressive quality that exceeds customers' expectations through the advanced consulting and services. In this manner, we will work to improve customer satisfaction, and accordingly improve value for customers.

3. Growth strategy

a. Multi-channels

(1) Life designers (sales representatives)

We aim to strengthen sales and services by means such as strengthening efforts to secure and train superior human resources, developing and providing advanced products, strengthening our approach to young customers, and providing advanced consulting and services.

(2) Agencies such as financial institutions and insurance outlets

We will approach more customers utilizing one of the broadest bancassurance networks in the industry and insurance outlets to promote the sales of our products and the products of Medicare Life Insurance our subsidiary.

b. Overseas operations

By expanding our overseas operations with a focus on Asia where economic development can be expected, we aim to diversify the Group's earnings foundation and achieve sustainable growth in corporate value over the long-term. Furthermore, we will work to improve business performance and corporate value of the companies we invested by providing technical support such as product and IT system developments.

4. Strengthening business foundations

We will strengthen earnings foundation by steadily implementing the growth strategy, and will work to further strengthen our financial soundness by upgrading our enterprise risk management. Furthermore, we will work to train human resources for supporting our growth strategy.

Target Values

Target item	End of Fiscal 2013	Medium-Term Business Plan targets (end of fiscal 2016)
Embedded value (EV)	¥3,146.6 billion	¥4,020.0 billion (Three-year ROEV ^{*2} +28%)
Annualized premium of policies in force ^{*1}	¥2,196.9 billion	¥2,258.4 billion (Three-year growth rate +2.8%)
Of which, living benefits + medical coverage ^{*1}	¥516.7 billion	¥555.0 billion (Three-year growth rate +7.4%)

*1 Total of Sumitomo Life and Medicare Life

*2 Abbreviation for Return on EV, indicates the growth rate of EV

Review of Operations

1 Individual Life Insurance and Annuities

The annualized premiums from policies in force for medical and nursing care products, a growth area, increased for the eleven consecutive years.

Annualized Premiums from Policies in Force (Sumitomo Life Group)

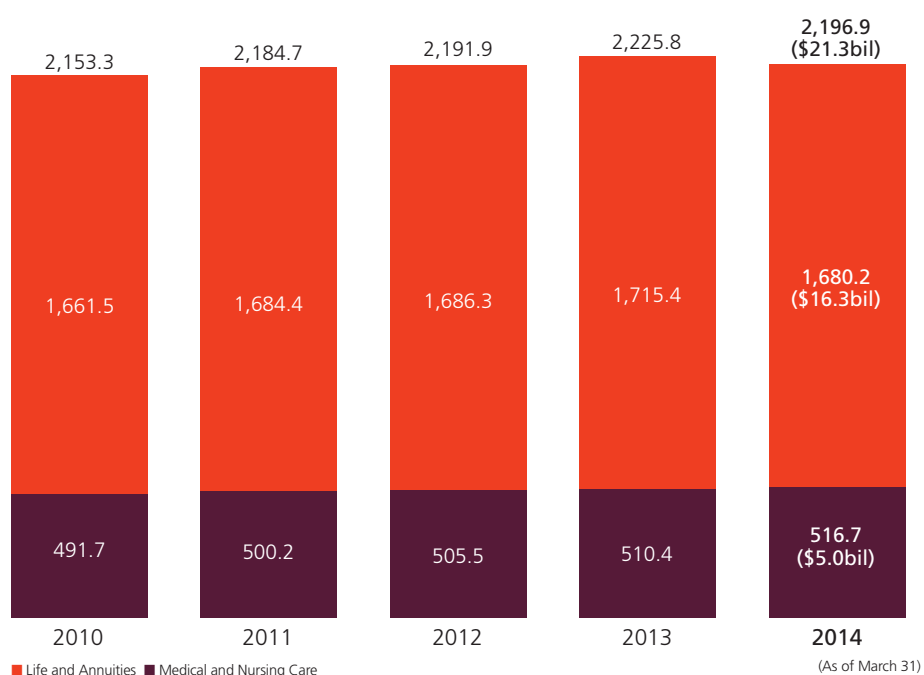
In the fiscal year ended March 31, 2014, the annualized premiums from policies in force for individual life insurance and annuities was nearly flat compared to the end of the previous fiscal year at ¥2,196.9 billion (\$21.3 billion). Meanwhile, the annualized premiums from policies in force for medical and nursing care products, one of growth areas, rose 1.2% to ¥516.7 billion (\$5.0 billion), increasing for the eleven consecutive years.

The two main reasons for these consecutive increases in the annualized premiums from policies in force are:

1. We have achieved steady results through “multi-channel, multi-product” strategy in three growing markets (nursing care, medical insurance and retirement planning), which are expanding along with the advent of a long-lived society.
2. We have reduced the surrenders and lapses of existing policies sold through our sales representative network. By maintaining frequent contact with customers, and through making efforts to provide exceptional customer service.

The Annualized Premiums from Policies in Force (Sumitomo Life Group)

(¥ billions)



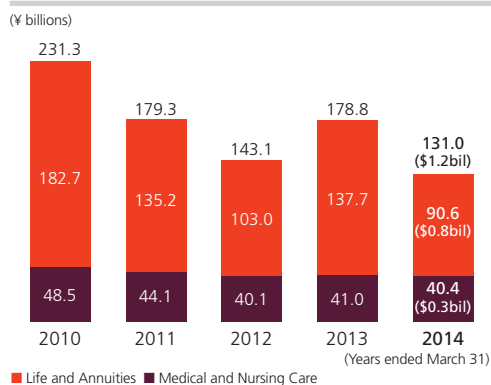
Annualized Premiums from New Business

In fiscal 2013, the Sumitomo Life Group's annualized premiums from new business for individual life insurance and annuities declined 26.7% from the previous fiscal year to ¥131.0 billion (\$1.2 billion).

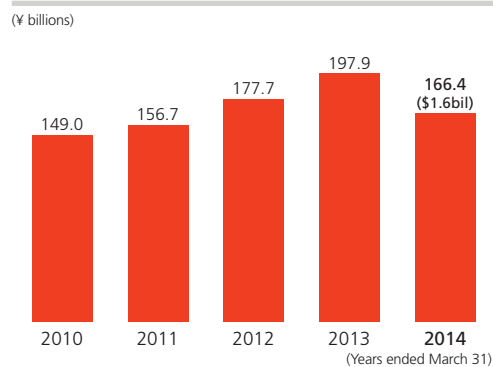
This decrease was primarily due to the high level of sales of savings products in fiscal 2012. On the other hand, annualized premiums from new business for profitable mainline products ("W Stage" and "LIVEONE") increased in fiscal 2013.

Furthermore, while the value of new business, which is the current value of future profits attainable from new policies, decreased year on year, high profitability was maintained as new business margin, the ratio of new business value to the present value of future premium income (the future premium income discounted by the risk free rate used in the calculation of the value of new business) amounted to 9.0%.

Annualized Premiums from New Business (Sumitomo Life Group)



Value of New Business (Sumitomo Life Group)



*The total of Sumitomo Life's value of new business and Medicare Life's value of new business multiplied by Sumitomo Life's investment ratio is recorded as the Sumitomo Life Group's value of new business for fiscal 2012 and fiscal 2013.

New Business Margin (Sumitomo Life Group)

(¥ billions)

	2013	2014	Change
Value of new business (A)	197.9	166.4	-31.5
Present value of premium income (B)	2,537.7	1,847.3	-690.4
New business margin (A) / (B)	7.8%	9.0%	+1.2pt

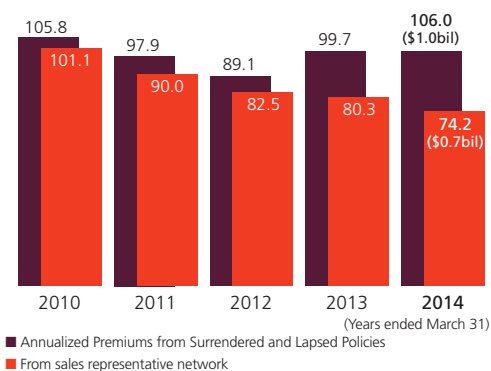
Annualized Premiums from Surrendered and Lapsed Policies

The annualized premiums from surrendered and lapsed policies (Sumitomo Life Group) increased 6.3% to ¥106.0 billion (\$1.0 billion) over the previous year.

This was mainly due to increased surrenders in variable annuities sold through banks and financial institutions, as cash value of these annuities increased, on the back of a positive turnaround in financial market conditions. On the other hand, the annualized premiums from surrendered and lapsed policies sold through our sales representatives decreased 7.6% to ¥74.2 billion, continuing a long-standing trend of improvement. This reflects the regular contact our sales representatives maintain with existing policyholders.

Annualized Premiums from Surrendered and Lapsed Policies (Sumitomo Life Group)

(¥ billions)

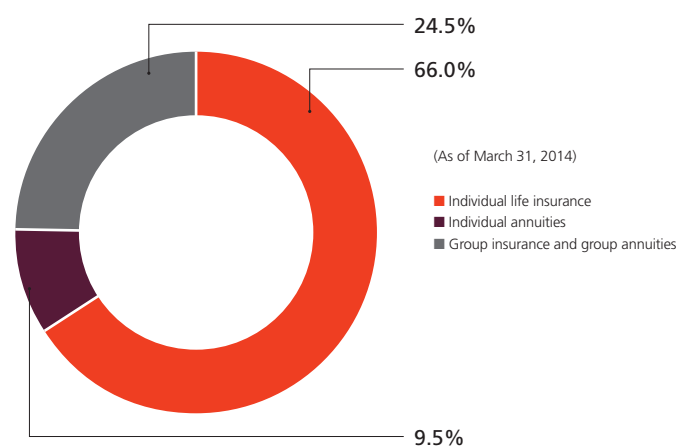


Group Insurance and Group Annuities

The total individual life insurance, individual annuities, group insurance and group annuities in force is ¥140.9 trillion (\$1,369.2 billion).

Group insurance and group annuities account for ¥34.5 trillion (\$335.6 billion), or 24.5% of the total, representing our well-balanced business portfolio.

Composition of Policies in Force



2 Operating Results

Adjusted core business profit for the fiscal year under review grew steadily to ¥355.4 billion (\$3.4 billion).

Core Business Profit

Core business profit is an indicator of the earnings strength from primary business of Japan's life insurance companies.

In fiscal 2013, Sumitomo Life's core business profit decreased 6.6% from the previous fiscal year to ¥398.2 billion (\$3.8 billion).

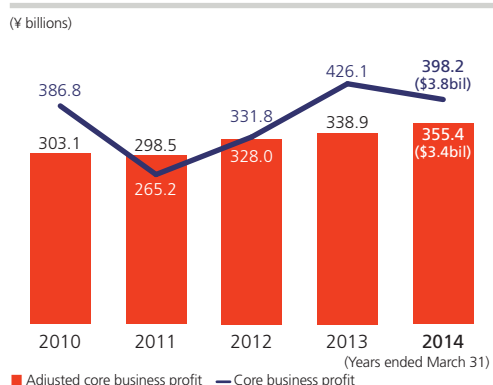
This result was mainly due to the reversal of reserves to cover the minimum guarantees for variable annuities, which decreased to ¥42.7 billion (\$0.4 billion) in fiscal 2013 from ¥87.2 billion in the previous fiscal year. Adjusted core business profit, which was calculated by excluding this to measure substantial profitability, increased 4.9% year-over-year to ¥355.4 billion (\$3.4 billion).

Negative spread, which we started to disclose in fiscal 2000, has improved for 13 consecutive years now, decreasing by ¥35.0 billion compared with the previous fiscal year to ¥15.7 billion (\$0.1 billion).

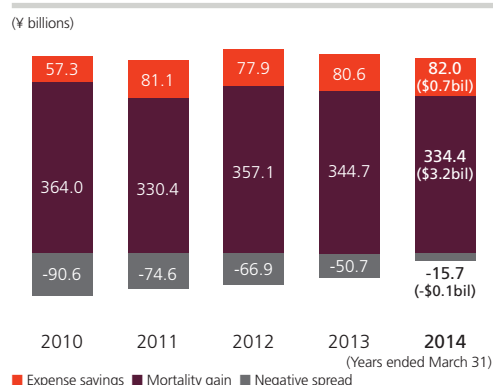
The reasons for this continual improvement are:

- Older policies with higher assumed interest rates are maturing and the percentage of new policies with lower assumed interest rates is increasing. In addition, we are carrying out asset management initiatives including the accumulation of super-long-term bonds to promote ALM.
- The average assumed interest rate is falling primarily due to allocation of additional policy reserves to individual annuities that commence new annuity payments every year by applying the most recent standard basic rate at the time of annuity payment.

Core Business Profit (line graph) and Adjusted Business Profit (bar graph)



Sources of Profits



3 Financial Strength

We boosted accumulated retained surplus to ¥1,206.3 billion (\$11.7 billion).

Accumulated Retained Surplus

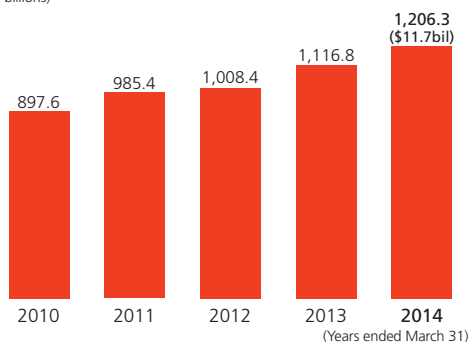
As of the end of fiscal 2013, we boosted our accumulated retained surplus* by ¥89.5 billion to ¥1,206.3 billion (\$11.7 billion).

We will continue to reinforce our long-term financial strength by accumulating surplus while considering the distribution of dividends to policyholders.

*Contingency reserves + Reserve for price fluctuation + Fund for price fluctuation allowance + Reserve for redemption of foundation funds + Reserve for fund redemption

Accumulated Retained Surplus

(¥ billions)



Capital Policies

In line with economic value-based solvency margin regulations expected to be introduced in the future, our basic stance is to focus on accumulating surplus and to have external financing play a supplemental role that will be decreased over the medium-term.

Regarding external financing in fiscal 2013, we raised U.S. \$1.0 billion through the issuance of U.S. dollar-denominated subordinated bonds in September 2013 in order to strengthen our business foundation and diversify our means of funding. Meanwhile, in January 2014, we repaid perpetual subordinated loans of ¥100.0 billion, which was raised in fiscal 2008, before the term end date.

Solvency Margin Ratio

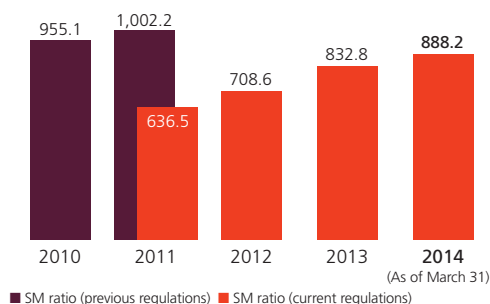
New solvency margin regulations with a higher and more rigorous risk weight and a stricter requirement for external financing to be counted in the solvency margin were introduced in Japan in fiscal 2011.

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various risks. Our solvency margin ratio rose from 832.8% at the end of fiscal 2012 to 888.2% at the end of fiscal 2013. The ratio far exceeds 200%, the level which would require administrative-intervention in Japan.

In Japan economic value-based solvency margin regulations, similar to the Solvency II Framework scheduled to be introduced in Europe, are under consideration for implementation. In anticipation, we have been decreasing risk and accumulating retained surplus.

Solvency Margin Ratio

(%)



Dividends to Policyholders

Our basic policy towards policyholder dividends is to provide stable returns in consideration of factors including the present and future earnings situation and the level of retained surplus, as well as to keep balance between maintaining a sufficient level of retained surplus to withstand downside risk and enhancing policyholder returns.

Based on the above policy, in fiscal 2013, we increased special dividend rates, and maintained the same level of other dividend rates for mainline products including some riders for individual insurance and individual annuities.

Financial Strength Ratings

As of the end of June 2014, we have received a rating of A from Standard & Poor's (S&P), an A2 from Moody's, and an A+ from Fitch Ratings (Fitch), Rating and Investment Information (R&I), and Japan Credit Rating Agency (JCR): receiving an A level rating from all contracted rating agencies.

Review of Operations

During fiscal 2013, S&P, Fitch, R&I, and JCR upgraded our rating one level each, and our current rating is at the highest level since 1997. This was mainly attributable to our incredibly strong competitiveness in the Japanese market.

Rating Status

S&P	Moody's	Fitch	R&I	JCR
A	A2	A+	A+	A+

(As of June 30, 2014)

4 European Embedded Value (EEV)

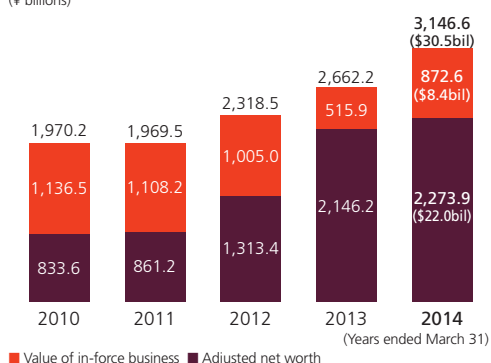
The Sumitomo Life Group's EEV continued to increase, rising ¥484.4 billion (\$4.7 billion) year on year to ¥3,146.6 billion (\$30.5 billion).

European Embedded Value (EEV)

The Sumitomo Life Group's EEV increased ¥484.4 billion (\$4.7 billion) year on year to ¥3,146.6 billion (\$30.5 billion) at the end of fiscal 2013 due to the positive results in insurance business activities such as the acquisition of new business and the positive effect of factors including the economic environment. This marks an increase of over ¥1 trillion compared to the end of fiscal 2010, just before the start of the previous medium-term business plan.

Breakdown of EEV (Sumitomo Life Group)

(¥ billions)



*Medicare Life commenced EEV calculations from March 31, 2013. The Sumitomo Life Group's EEV as of March 31, 2013 and 2014 has been calculated by adding Sumitomo Life's EEV to Medicare Life's EEV multiplied by Sumitomo Life's investment ratio and excluding the book value of Medicare Life's shares held by Sumitomo Life.

We will continue to focus on sustainable growth of our EEV by expanding the value of new business, decreasing the number of surrendered and lapsed policies, improving our operating efficiency, and promoting ALM.

5 Asset Management (General Account)

Our investment strategy is based on an Asset-Liability Management (ALM) framework. We strive to secure stable returns over the medium to long term by investing primarily in yen-denominated interest-bearing assets.

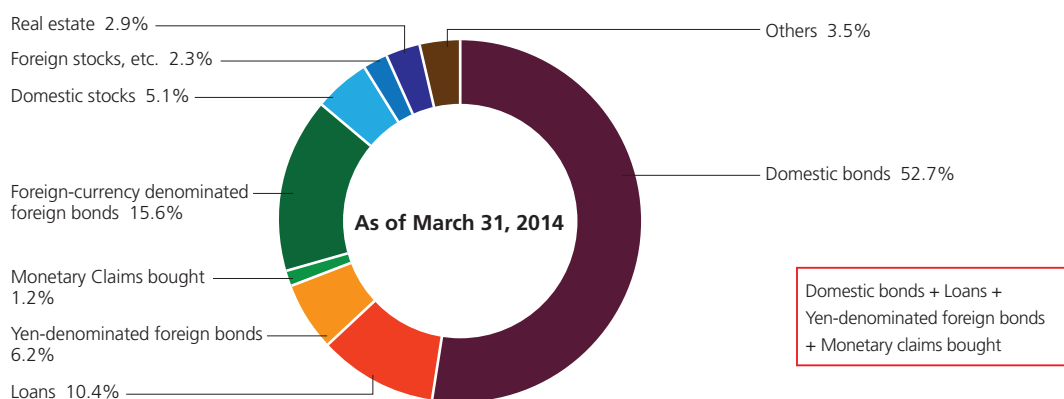
Asset Management

In terms of asset management, based on promoting an ALM framework of managing assets from the perspective of the nature of life insurance business, which typically owns long-term liabilities, we have focused on investments in super-long-term Japanese government bonds and worked to secure stable revenues and reduce the risks associating with interest rate fluctuation.

As part of these efforts, we have conducted investments in assets with higher interest rates than Japanese government bonds to improve investment returns. In particular, we invested in foreign bonds while keeping a close watch on factors including interest rate trends in Japan and overseas and properly controlling foreign exchange risks. We also made efforts to strengthen our risk tolerance so that we are able to respond appropriately to changes in the environment such as financial and economic conditions.

In terms of unrealized gains (losses) on securities in the general account, while unrealized gains on domestic and foreign bonds decreased due to an increase in the interest rate in Japan and overseas, Overall unrealized gains for the general account increased ¥23.9 billion year on year to ¥1,786.4 billion, as a result of factors including a rise in domestic stock prices.

General Account Assets Portfolio (Balance sheet basis)



(As of March 31)	2010	2011	2012	2013	2014
General account assets	¥19.7 trillion	¥20.7 trillion	¥20.9 trillion	¥23.4 trillion	¥23.7 trillion
Domestic bonds	40.8%	45.2%	49.7%	50.9%	52.7%
Loans	17.4%	15.3%	13.8%	11.4%	10.4%
Yen-denominated foreign bonds*2	11.2%	8.9%	8.2%	7.0%	6.2%
Monetary Claims bought	2.3%	1.9%	1.7%	1.3%	1.2%
Foreign-currency denominated foreign bonds*1	9.0%	10.5%	11.4%	15.1%	15.6%
Domestic stocks	6.7%	5.4%	4.3%	4.4%	5.1%
Foreign stocks, etc.	3.0%	2.7%	2.6%	2.5%	2.3%
Real estate	4.9%	4.5%	4.3%	3.5%	2.9%
Others	4.6%	5.6%	4.0%	4.0%	3.5%

*1 Foreign-currency denominated foreign bonds include hedged foreign bonds.

*2 Yen-denominated foreign bonds include foreign-currency denominated foreign bonds with a fixed amount in Japanese yen.

6 Multi-channel, Multi-product strategy

To achieve sustainable growth, in addition to the traditional mortality products, we must actively develop the growth areas such as nursing care, medical insurance and retirement planning, which are expected to grow along with the advent of a long-lived society.

We are marketing products that meet these needs through our sales representatives as well as through our bancassurance network involving banks and the Japan Post Group. In addition, our subsidiary Medicare Life Insurance Co., Ltd., provides affordable medical insurance that offers total support covering cancer and medical treatments through insurance outlets, the Internet and bancassurance. Thus, we strive to develop these growing fields through our unique “multi-channel, multi-product” strategies.

Sales Channels and Respective Products

Company	Channel	Life designers (Sales representatives of the Company: approx. 30,000)	Agencies such as financial institutions (337 financial institutions)	Insurance outlets
Sumitomo Life • High value-added		<ul style="list-style-type: none"> ■ Comprehensive coverage <ul style="list-style-type: none"> Sumitomo Life Insurance Co., Ltd. 未来デザイン Whole life insurance Sumitomo Life Insurance Co., Ltd. 未来デザイン Savings product ■ Medical insurance <ul style="list-style-type: none"> Sumitomo Life Insurance Co., Ltd. ドクター-GO Whole life medical insurance ■ Nursing care insurance/ Annuities insurance <ul style="list-style-type: none"> Sumitomo Life Insurance Co., Ltd. パリュウケア Whole life nursing care insurance Sumitomo Life Insurance Co., Ltd. たのしみワンダフル Individual annuities 	<ul style="list-style-type: none"> ■ Examples of products sold by financial institutions <ul style="list-style-type: none"> ふるはーと Wステップ Single-premium increasing whole life insurance ふるはーと \$アドバンス Single-premium whole life insurance ■ Example of product sold by post offices <ul style="list-style-type: none"> たよれるYOU Substandard Whole life medical insurance 	Izumi Life Designers (ILD) <ul style="list-style-type: none"> ■ Examples of products sold by outlets <ul style="list-style-type: none"> ドクター-GO Whole life medical insurance たのしみワンダフル Individual annuities
	Medicare Life • Simple and affordable			<ul style="list-style-type: none"> ■ Medical insurance <ul style="list-style-type: none"> ステイファット4 Whole life medical insurance ■ Medical insurance (for substandard market) <ul style="list-style-type: none"> ステイファットRe Substandard whole life medical insurance

Sales Representatives

Our primary sales channel includes over 30,000 full-time sales representatives.

Our sales representatives with their strong consulting abilities will be the most effective sales channel to develop the growing fields of nursing care and medical insurance, as the channel can identify unmet customer needs.

With about 10 million policies in force, our existing customer base can be used as a launching pad for sales initiatives which propose additional coverage and reviews of current policies.

From this perspective, we are creating an environment that aims to increase the frequency of contact sales representatives have with policyholders. In sales representative recruitment, unlike other major peers, we have shifted to recruiting sales representatives on a quarterly basis rather than a monthly basis, in order to strengthen our screening process. We have also implemented a system whereby new hires conduct basic training during their first three months at the Company.

We are also working to enhance the consulting ability of our sales representative channel through such efforts as reinforcing personnel training programs and improving face-to-face consulting services by introducing new mobile terminals.

Additionally, in efforts to improve service levels for customers, we have introduced new functions in our mobile terminals that allow customers to conduct administrative procedures such as premium payment and withdrawal.

These efforts have been proven effective in successfully strengthening our sales representative channel, as demonstrated by the consistent improvements in our sales representative retention rate and insurance policy persistency rate.

We are now reinforcing our approach to the growing fields of nursing care and medical insurance with the March 2011 launch of "W Stage," which provides more comprehensive nursing care and medical insurance coverage. In addition, we have begun sales of "Cancer PLUS" in March 2013, offering comprehensive coverage for cancer, which is of great concern for our customers. "Cancer PLUS" is composed of a cancer drug treatment rider that covers certain anticancer drug treatment and pain control care covered by the national health insurance, that eases the pain associated with cancer, and a cancer diagnosis rider that pays benefits when cancer is diagnosed, including early detection.

In September 2013, "Value Care" whole life insurance was released, featuring whole-life mortality coverage and nursing care coverage as well as an asset building function with relatively low premiums. In December, we released "Tanoshimi Wonderful" annuity product that allows the policyholder to receive a more attractive annuity amount while expanding the range of the premium payment completion age and the annuitization age.

In an effort to both provide attractive products to customers and enhance ancillary services, we have introduced the "Sumisei Second Opinion Service" that allows customers to receive second opinions concerning disease treatment and the "Sumisei Care Advice Service" that offers consultations regarding nursing care by experts such as care managers through visits and over the phone.

In this manner, the Company has worked to further strengthen its efforts in the growth areas of nursing care, medical insurance, and savings (retirement planning) products.

By offering property-casualty insurance in addition to life insurance, Sumitomo Life's sales representative channel provides customers with more comprehensive coverage that combines aspects of property-casualty insurance and life insurance.

Our property-casualty insurance business is commission-driven, rather than underwriting based. We offer select products of Mitsui Sumitomo Insurance Company, Limited, a major Japanese non-life insurance company.

Review of Operations

As an agent of Mitsui Sumitomo Insurance, annualized premiums from property-casualty insurance sold in fiscal 2013 increased 14.3% year on year to ¥56.8 billion. Commission from these sales contributes to the diversification of our earnings base. Moreover, we are working to expand and strengthen our life insurance customer-base by offering additional property-casualty insurance coverage.



Consulting materials



Sumisei Lief, a mobile terminal for business use

Bancassurance

The “savings (retirement planning)” market of annuities and other savings-type products for a comfortable and worry-free post-retirement life is projected to grow with the advent of a long-lived society. Banks, with total deposits of ¥800 trillion and a broad customer base, are the most effective channels for developing this market.

We sell our products via our network of more than 300 banks and financial institutions, one of the largest bancassurance network of any life insurer in Japan.

The cumulative total sales through bancassurance at the end of fiscal 2013 reached approximately 1.16 million policies. Moreover the number of financial institutions selling level-premium whole life insurance has increased over the past few years, and as a result, our bancassurance network is gradually evolving into a channel that can sell not only savings-type products but also more protection-oriented and profitable life insurance products.

Our subsidiary Medicare Life introduced single-premium cancer whole life insurance in February 2011 and level-premium medical insurance in May 2012. In addition, it launched substandard whole life medical insurance, which can be sold to customers who do not qualify for standard products in November 2013. In January 2014, it started offering a rider for three major diseases, namely, cancer, acute cardiac infarction and cerebral stroke to prepare for the medical coverage for these diseases. Medicare Life is pursuing initiatives to meet medical and cancer insurance needs via the bancassurance network.

Japan Post Group

Started privation in 2007, the Japan Post Group is an attractive sales channel, with the country's largest network of over 20,000 branches, and the Company has developed close relationship with it.

We have established a superior position with Japan Post among peers by implementing finely-tuned support and training through our nationwide wholesalers responsible for Japan Post, while promoting proper compliance and insurance sales by answering inquiries from Japan Post's group companies at our dedicated support desks.

We will continue to improve our superior position in the Japan Post Group and endeavor to strengthen our services.

Medicare Life

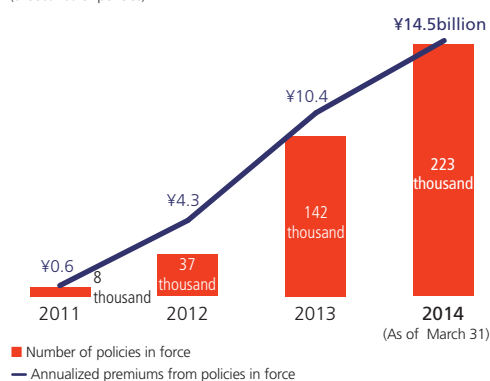
In Japan, a growing number of customers prefer to select insurance products after comparing them with other insurance products. Insurance outlets, which select and recommend suitable products for each customer from the products of multiple insurance companies, have been increasing nationwide to meet this change in customer needs.

We responded to these emerging trends by launching our life insurance subsidiary, Medicare Life in April 2010 to provide competitive, simple and affordable insurance products through insurance outlets and the Internet, under a brand distinct from Sumitomo Life.

Medicare Life worked to further improve its competitiveness based on upgrades made to its mainstay medical insurance and, as a result, it experienced a solid increase in performance in fiscal 2013, its fourth year of operation, with the number of policies in force jumping 57.2% from the previous fiscal year to 223 thousand, and annualized premiums from policies in force increasing 38.7% to ¥14.5 billion.

Policies in Force of Medicare Life

(thousands of policies)



7 Overseas Operations

Along with efforts to develop domestic growth areas, we are actively seeking growth opportunities in overseas markets.

Asia

In Asia, where further economic development is expected, we continue to pursue other opportunities while remaining attentive to profitability and risk management.

We have expanded overseas operations in Asia through efforts including capital investments in and the dispatching of employees and officers to leading partners in China, Vietnam, and Indonesia.

We established PICC Life Insurance Company Limited in November 2005 in partnership with the People's Insurance Company (Group) of China Limited which is the parent company of PICC Property & Casualty Co., Ltd., China's largest non-life insurance company. Sumitomo Life presently owns 10% of PICC Life as a strategic partner.

PICC Life operates 36 branches in provinces, municipalities, and autonomous regions of China, with over 2,000 business offices.

PICC Life's premium income in the year ended December 2013 totaled approximately ¥1,256.3 billion (\$12.2 billion), placing the company in the fifth position among 69 life insurance companies in China, despite being in operation for only eight years.

In terms of profits, PICC Life has posted an annual profit for the five consecutive years since 2009 (four years following establishment) and in fiscal 2011, accumulated losses were eliminated. In addition, the first dividend payment was made in 2014, contributing to the diversification of the Company's revenue from insurance business.

In 2013, we acquired 18% of the issued shares of Bao Viet Holdings, Vietnam's largest insurance and financial group. We are now the largest shareholder after the Vietnamese government, and are dispatching our employees and officers, including directors to life insurance and non-life insurance companies of the Group. To capitalize growth in the Vietnamese market, we will support the Group by providing our expertise, including product development and IT system development.

Furthermore, in 2013, we reached on an agreement to acquire approximately 40% of the total number of issued shares of PT BNI Life Insurance, a life insurance subsidiary of PT Bank Negara Indonesia (Persero) Tbk, one of the major state-owned commercial banks in Indonesia, and we completed the share acquisition in May 2014.

North America

We established a wholly owned U.S. subsidiary, Sumitomo Life Insurance Agency America, Inc. (SLIA) in 1986. For 28 years SLIA has been accommodating the many needs of Japanese companies with U.S. operations. SLIA provides brokerage and consulting services for employee benefit plans (group health insurance, etc.) nationwide. The Company has offices in New York, Los Angeles, Atlanta, Chicago, Kentucky and South Carolina, and is one of the largest Japanese brokers of employee benefit plans in the United States.

Representative Offices

Having established overseas representative offices in New York, London, Beijing and Hanoi, we are able to gather a broad range of information concerning overseas finance, securities and insurance businesses, which is used to perform research related to potential overseas development and expand insurance businesses in Japan and abroad.

Risk Management / Governance / Promoting Compliance

Risk Management

In Japan, introduction of economic value-based solvency margin regulations is expected.

In anticipation, we have implemented an economic value-based integrated risk management and have become the first mutual company in Japan to disclose EEV.

Our integrated risk management system employs an advanced methodology that anticipates economic value-based solvency

margin regulations, referring to the Solvency II Framework scheduled to be introduced in Europe.

In addition, we analyze profit and risk of each product and business line as a part of Enterprise Risk Management (ERM).

We are further upgrading our ERM framework as an effective tool that contributes to management's strategic decision making.

Governance

As a mutual insurance company, each holder of a participating policy is a member of the Company, or in other words, a part owner.

At the Annual Board of Policyholder Representatives Meeting, 180 elected policyholder representatives make decisions on important matters, including the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors and auditors.

Regarding directors, three external directors have been appointed. To secure independence, the majority of auditors are also external auditors.

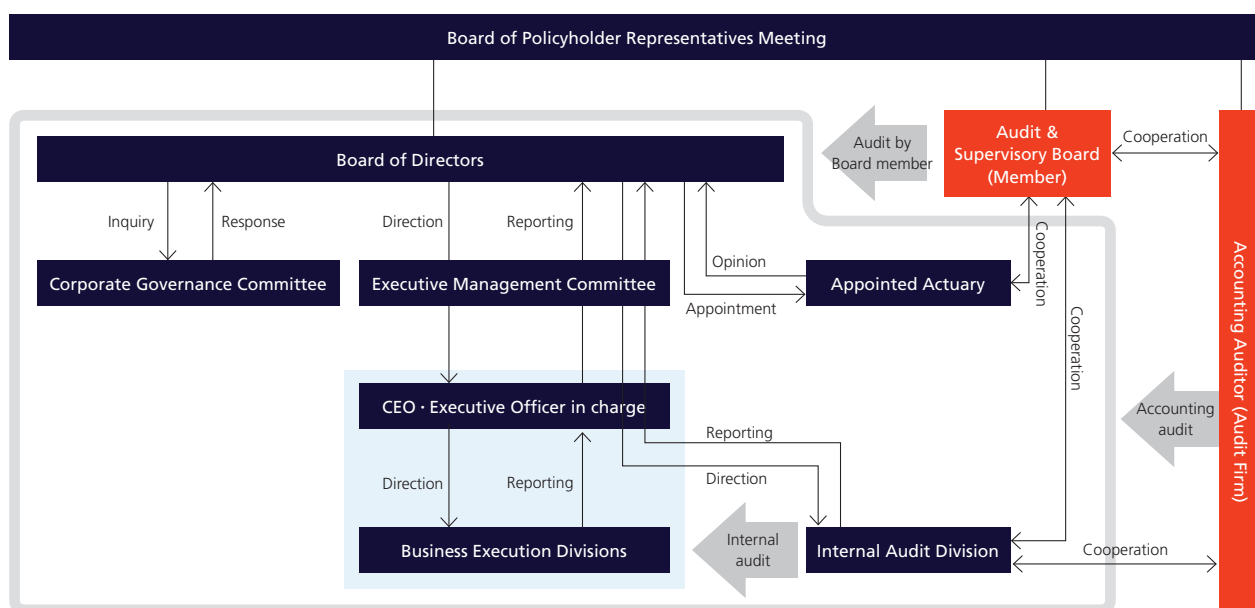
The Corporate Governance Committee, headed by an external director and the majority of its members also being external

directors, allows for an outsider's perspective in its deliberation of issues related to the appointment of directors and executive officers, remuneration for executive officers, and the enhancement of internal control systems.

Policyholder Dialogues are held annually and, in fiscal 2013, we held 90 such Dialogues at branches throughout the country for executives to listen directly to the opinions of policyholders and reflect those opinions in company management.

Additionally, the Board of Councilors, a body of academic experts and policyholders elected at the Annual Board of Policyholder Representatives Meeting to discuss important business issues, meets every year so that those opinions will be reflected in company management.

Governance System



Promoting Compliance

We consider strictly observing law and regulations to be an important management issue in order to more firmly establish the basic business policy of living up to the trust of customers, and based on this belief, we have established a system to promote compliance.

In order to fulfill our mission of contributing to social and public welfare through the life insurance business, we faithfully conduct business in accordance with our Management Policy and the Sumitomo Life Group Code of Conduct. In addition, we have formulated the Legal Compliance Policy and Insurance Solicitation Management Policy to clarify the basic policy concerning compliance, based upon which we have developed a compliance promotion system.

Furthermore, in an aim to foster a corporate culture that values compliance, we have distributed the Compliance Manual and

Insurance Solicitation Compliance Manual that cover matters such as the basic approach to compliance and particularly important matters to all employees and officers in order to ensure that they become fully aware of compliance, and have also been holding broad training programs concerning compliance.

In addition, Compliance Committee has been established with the President as the chairperson to receive reports on matters such as the status of monitoring and analysis on individual issues and to conduct discussions aimed at resolving these issues. Furthermore, the Compliance Control Department that supervises compliance for the Company works to address the individual issues described above, makes reports on the state of compliance for the entire Company to bodies including the Board of Directors, and receives instructions as required for the management of operations.

Corporate Information

(As of July 2, 2014)



BOARD OF DIRECTORS

1. Chairman of the Board
Yoshio Sato
2. President and Representative Director,
Chief Executive Officer
Masahiro Hashimoto
3. Representative Director, Deputy President
Haruo Urata
4. Representative Director, Senior Managing Executive Officer
Hiroshi Yamaguchi
5. Representative Director, Senior Managing Executive Officer
Hiroyuki Shimomura
6. Director, Senior Managing Executive Officer
Yukio Noro
7. Director, Senior Managing Executive Officer
Masaya Honjo
8. Director, Managing Executive Officer
Hidenori Shinohara
9. Director, Managing Executive Officer
Masato Inui
10. Director, Managing Executive Officer
Ryo Oshita
11. Director, Managing Executive Officer
Hiroshi Fujii
12. Outside Director
Adviser, The Kansai Electric Power Co., Inc.
Yosaku Fuji
13. Outside Director
Partner, Kamano Sogo Law Offices
Hiroyuki Kamano
14. Outside Director
Adviser of The Japanese Institute of
Certified Public Accountants
Tsuguoki Fujinuma

MANAGING EXECUTIVE OFFICERS

Masayuki Aoto
Hisato Kogawa
Toshimatsu Araki
Masahito Fujito
Shinzo Kono

SENIOR EXECUTIVE OFFICERS

Tamotsu Imaizumi
Hideharu Matsumoto
Hideyuki Sumi
Katsunobu Fujiyama

EXECUTIVE OFFICERS

Toshiki Nakamura
Hidetoshi Sasaki
Masashi Sakai
Kenichi Nagataki



AUDIT & SUPERVISORY BOARD MEMBERS

AUDIT & SUPERVISORY BOARD MEMBERS

1. Audit & Supervisory Board Member
Nobuyuki Yagi
2. Audit & Supervisory Board Member
Kozo Oshima
3. Outside Audit & Supervisory Board Member
Attorney at Law, Partner, Ihara and Motobayashi
Toru Motobayashi
4. Outside Audit & Supervisory Board Member
Professor, Graduate School of Peace Studies, Keisen University
Masami Ohinata
5. Outside Audit & Supervisory Board Member
Professor, Faculty of Social Innovation, Seijo University
Takehiko Sugiyama

Directory

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Hanoi Representative Office

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Hoan Kiem District, Hanoi, VIETNAM
Tel: +84 (43) 946-0444 Fax: +84 (43) 946-0445

Corporate Social Responsibility (CSR)

We believe that contributing to society is one of our most important management priorities.

Specifically, we are advancing social contribution activities primarily around the themes of “measures addressing the

declining birthrate and support for child raising,” “nursing care and medical care,” “the promotion of arts and culture,” and “global environmental conservation,” considering the affinity of these activities with the life insurance business.

Pink Ribbon Campaign

We support the Pink Ribbon Campaign which educates the public on the importance of the early detection, diagnosis and treatment of breast cancer. Our approximately 30,000 sales representatives nationwide wear pink ribbons, explain the campaign to customers, and promote breast cancer screening.

Charity Concerts

In the promotion of arts and culture, we have regularly hosted charity concerts throughout the country since 1986. To date, we have held a total of 996 such concerts attended by a total of about 1.24 million people. The funds raised through these concerts are donated to welfare facilities around Japan, and to international NGOs for the construction of school buildings in Thailand and Vietnam.

Furthermore, we are carrying out a project that uses a portion of the funds to donate pianos to schools in areas affected by the Great East Japan Earthquake. In the previous fiscal year, we donated four grand pianos to junior high schools in the prefectures of Iwate, Miyagi and Fukushima.



Charity concert



A piano donated to a school affected by the earthquake

Children's Drawing Contests

Since 1977, we have also organized international children's drawing contests to help the healthy growth of children. To date, we have held a total of 38 contests. Over 10.36 million works have been submitted since the start of this program. In addition, the winning works have been exhibited at the Louvre Museum in Paris every year since 2000, inspiring the dreams of children.



Coral Reef Conservation Project

Coral reefs, a gift of nature to human beings and also serving an important role from the perspective of biodiversity, are being destroyed by such factors as global warming, marine pollution, development, and natural disasters.

Furthermore, we have been engaged in the Coral Reef Conservation Project since 2008, supporting the activities of NGOs in two regions in order to conserve coral reefs and promote the establishment of sustainable communities.



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Business Highlights (Non-Consolidated)

Years ended March 31	Billions of yen		Billions of U.S. dollars	
	2012	2013	2014	2014
KEY FINANCIAL RESULTS				
Premium income	¥2,589.8	¥3,140.2	¥2,500.0	\$24.2
Core business profit	331.8	426.1	398.2	3.8
Adjusted core business profit* ¹	328.0	338.9	355.4	3.4
BUSINESS PERFORMANCE (Individual Life Insurance and Annuities)				
Annualized premium of policies in force	¥2,187.5	¥2,215.4	¥2,182.4	\$21.2
Annualized premium of new business	139.4	172.6	126.7	1.2
Annualized premium of surrendered and lapsed policies	89.0	¥99.6	105.7	1.0
EUROPEAN EMBEDDED VALUE (EEV*²)				
EEV	¥2,318.5	¥2,662.2	¥3,146.6	\$30.5
Value of new business	177.7	197.9	166.4	1.6
FINANCIAL STRENGTH				
Accumulated retained surplus* ³	¥1,008.4	¥1,116.8	¥1,206.3	\$11.7
Solvency margin ratio (current regulations)	708.6%	832.8%	888.2%	—

* 1. Core business profit excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities.

* 2. Value for the Group (Sumitomo Life Insurance Company and Medicare Life Insurance Co., Ltd.)

* 3. Accumulated retained surplus is the total of the fund for price fluctuation allowance, accumulated redeemed foundation funds, and the reserve for redemption of foundation funds on the net assets section plus the contingency reserves and the reserve for price fluctuations on the liabilities section.

Notes: 1. U.S. dollar amounts are converted at US\$1.00 = ¥102.92, the rate prevailing on March 31, 2014.

2. Amounts of less than 0.1 billion yen or less than 0.1 billion dollars have been truncated.

Financial Section

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥102.92, the rate prevailing on March 31, 2014.
2. Amounts of less than one million yen or less than one million dollars have been truncated.

Consolidated Balance Sheets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

As of March 31	Millions of yen		Millions of U.S. dollars	
	2012	2013	2014	2014
ASSETS:				
Cash and deposits (Notes 3 and 4)	¥ 127,313	¥ 233,076	¥ 119,211	\$ 1,158
Call loans (Note 4)	375,700	434,100	471,100	4,577
Monetary claims bought (Note 4)	353,742	310,241	289,088	2,808
Securities (Notes 4, 6, 13 and 14)	18,889,513	21,695,225	22,120,098	214,925
Loans (Notes 4, 15 and 16)	2,887,447	2,663,423	2,465,539	23,955
Tangible fixed assets (Notes 5, 7 and 18)				
Land	523,603	481,625	430,092	4,178
Buildings	379,029	328,114	270,068	2,624
Lease assets	1,330	4,292	4,233	41
Construction in progress	1,341	542	1,626	15
Other tangible fixed assets	6,826	5,656	5,044	49
Subtotal	912,132	820,230	711,065	6,908
Intangible fixed assets				
Software	15,345	17,124	18,486	179
Lease assets	89	52	31	0
Other intangible fixed assets	11,017	10,513	5,603	54
Subtotal	26,452	27,690	24,122	234
Due from agents	5	3	3	0
Reinsurance receivables	214	195	255	2
Other assets	250,508	247,044	261,420	2,540
Net defined benefit assets (Note 10)	—	—	234	2
Deferred tax assets (Note 19)	211,596	135,712	130,644	1,269
Customers' liabilities under acceptances and guarantees	3,000	3,000	—	—
Allowance for possible loan losses	(4,058)	(3,324)	(2,189)	(21)
Total assets	¥24,033,569	¥26,566,620	¥26,590,594	\$258,361

As of March 31	Millions of yen			Millions of
	2012	2013	2014	U.S. dollars
LIABILITIES:				
Policy reserves and other reserves				
Reserve for outstanding claims	¥ 101,548	¥ 102,783	¥ 108,068	\$ 1,050
Policy reserves	21,741,822	23,005,316	23,318,460	226,568
Policyholders' dividend reserves (Note 9)	303,534	291,521	278,259	2,703
Subtotal	22,146,905	23,399,622	23,704,788	230,322
Reinsurance payables	136	115	120	1
Corporate bonds (Notes 4 and 20)	—	—	99,480	966
Other liabilities				
Payables under securities borrowing transactions (Note 4)	83,609	733,125	556,184	5,404
Other	695,851	950,585	593,495	5,766
Subtotal	779,460	1,683,711	1,149,679	11,170
Accrued retirement benefits (Note 10)	22,303	23,718	—	—
Net defined benefit liabilities (Note 10)	—	—	36,090	350
Accrued retirement benefits for directors	7	14	13	0
Reserve for price fluctuation	161,461	206,574	231,492	2,249
Deferred tax liabilities (Note 19)	277	843	861	8
Deferred tax liabilities for land revaluation	30,083	27,927	22,164	215
Acceptances and guarantees	3,000	3,000	—	—
Total liabilities	23,143,636	25,345,526	25,244,690	245,284
NET ASSETS:				
Foundation funds (Note 12)	220,000	270,000	270,000	2,623
Reserve for redemption of foundation funds (Note 12)	319,000	369,000	369,000	3,585
Reserve for revaluation	2	2	2	0
Surplus	336,733	323,928	366,640	3,562
Total funds, reserve and surplus	875,735	962,931	1,005,643	9,771
Net unrealized gains on available-for-sale securities	107,364	348,334	422,951	4,109
Deferred unrealized gains on derivatives under hedge accounting	59	—	—	—
Land revaluation differences	(97,069)	(93,037)	(74,963)	(728)
Foreign currency translation adjustments	(428)	(345)	2,497	24
Remeasurements of defined benefit plans	—	—	(14,042)	(136)
Total accumulated other comprehensive income	9,926	254,950	336,442	3,268
Minority interests	4,270	3,212	3,816	37
Total net assets	889,933	1,221,094	1,345,903	13,077
Total liabilities and net assets	¥24,033,569	¥26,566,620	¥26,590,594	\$258,361

Consolidated Statements of Income and Consolidated Statements of

Sumitomo Life Insurance Company and Consolidated Subsidiaries

[Consolidated Statements of Income]

Years ended March 31	Millions of yen			Millions of
	2012	2013	2014	U.S. dollars
				2014
ORDINARY INCOME:				
Insurance premiums and other	¥2,644,607	¥3,183,999	¥2,522,529	\$24,509
Investment income (Note 22)				
Interest, dividends and other income	494,444	510,324	543,900	5,284
Gains on trading securities	—	1,131	0	0
Gains on sales of securities	41,988	33,389	40,408	392
Gains on redemption of securities	912	—	—	—
Foreign exchange gains	1,162	—	1,780	17
Reversal of allowance for possible loan losses	3,687	720	1,089	10
Other investment income	617	1,129	1,941	18
Investment gains on separate accounts	69,676	347,626	232,159	2,255
Subtotal	612,488	894,321	821,279	7,979
Other ordinary income	144,838	113,720	119,547	1,161
Total ordinary income	3,401,935	4,192,041	3,463,356	33,650
ORDINARY EXPENSES:				
Benefits and other payments				
Claims paid	605,565	569,565	547,299	5,317
Annuity payments	311,299	357,460	465,550	4,523
Benefits payments	390,411	389,894	409,471	3,978
Surrender benefits	509,199	514,929	727,257	7,066
Other refunds	78,234	108,942	65,708	638
Subtotal	1,894,710	1,940,792	2,215,287	21,524
Provision for policy reserves and other reserves				
Provision for reserves for outstanding claims	—	1,234	5,285	51
Provision for policy reserves	587,115	1,263,494	313,143	3,042
Provision for interest on policyholders' dividend reserves (Note 9)	473	448	429	4
Subtotal	587,588	1,265,177	318,858	3,098
Investment expenses (Note 22)				
Interest expenses	12,230	9,625	9,641	93
Losses on trading securities	386	—	—	—
Losses on sales of securities	48,448	10,080	9,371	91
Losses on valuation of securities	67,120	13,318	130	1
Losses on derivative financial instruments	48,787	171,867	144,999	1,408
Foreign exchange losses	—	20	—	—
Depreciation of real estate for investments	18,166	16,181	14,071	136
Other investment expenses	18,710	16,454	16,013	155
Subtotal	213,850	237,548	194,229	1,887
Operating expenses (Note 17)	355,776	371,395	346,589	3,367
Other ordinary expenses	148,448	153,490	150,878	1,465
Total ordinary expenses	3,200,373	3,968,404	3,225,842	31,343
Ordinary profit	¥ 201,561	¥ 223,636	¥ 237,513	\$ 2,307

Comprehensive Income

Years ended March 31	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Extraordinary gains				
Gains on disposals of fixed assets	¥ 4,735	¥ 11,765	¥ 9,296	\$ 90
Subtotal	4,735	11,765	9,296	90
Extraordinary losses				
Losses on disposals of fixed assets	6,615	26,313	9,565	92
Impairment losses (Note 18)	6,427	24,237	50,690	492
Provision for reserve for price fluctuation	9	45,112	24,918	242
Losses on reduction of noncurrent assets	13	—	16	0
Payments to social responsibility reserve	778	614	621	6
Subtotal	13,844	96,277	85,812	833
Surplus before income taxes and minority interests	192,452	139,124	160,996	1,564
Income taxes (Note 19)				
Current	30,028	65,067	66,273	643
Deferred	54,999	(32,639)	(27,582)	(267)
Total income taxes	85,028	32,428	38,691	375
Surplus before minority interests	107,423	106,696	122,305	1,188
Minority interests	(574)	(1,138)	(402)	(3)
Net surplus	¥107,998	¥107,834	¥122,708	\$1,192

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Surplus before minority interests	¥107,423	¥106,696	¥122,305	\$1,188
Other comprehensive income (Note 21)	122,634	241,247	77,446	752
Net unrealized gains on available-for-sale securities	117,219	241,109	74,648	725
Deferred unrealized gains (losses) on derivatives under hedge accounting	(102)	(59)	—	—
Land revaluation differences	5,565	—	(16)	(0)
Foreign currency translation adjustments	(35)	82	179	1
Share of other comprehensive income (loss) of associates accounted for under the equity method	(13)	114	2,635	25
Comprehensive income	¥230,057	¥347,943	¥199,752	\$1,940
Comprehensive income attributable to the Parent Company	230,527	348,826	200,150	1,944
Comprehensive income (loss) attributable to minority interests	(469)	(883)	(398)	(3)

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31, 2012

Millions of yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								Total net assets
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Minority interests	
Beginning balance	210,000	229,000	2	378,775	817,777	(9,729)	162	(104,263)	(393)	—	(114,223)	4,514	708,068
Changes in the fiscal year													
Issuance of foundation funds	100,000				100,000								100,000
Additions to policyholders' dividend reserves (Note 9)				(57,466)	(57,466)								(57,466)
Additions to reserve for redemption of foundation funds		90,000		(90,000)	—								—
Payment of interest on foundation funds				(3,828)	(3,828)								(3,828)
Net surplus				107,998	107,998								107,998
Redemption of foundation funds	(90,000)				(90,000)								(90,000)
Change in scope of consolidation				2,883	2,883								2,883
Reversal of land revaluation differences				(1,628)	(1,628)								(1,628)
Net changes, excluding funds, reserve and surplus						117,093	(102)	7,194	(35)	—	124,150	(243)	123,906
Net changes in the fiscal year	10,000	90,000	—	(42,041)	57,958	117,093	(102)	7,194	(35)	—	124,150	(243)	181,864
Ending balance	220,000	319,000	2	336,733	875,735	107,364	59	(97,069)	(428)	—	9,926	4,270	889,933

Years ended March 31, 2013

Millions of Yen

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								Total net assets
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Minority interests	
Beginning balance	220,000	319,000	2	336,733	875,735	107,364	59	(97,069)	(428)	—	9,926	4,270	889,933
Changes in the fiscal year													
Issuance of foundation funds	100,000				100,000								100,000
Additions to policyholders' dividend reserves (Note 9)				(63,345)	(63,345)								(63,345)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—								—
Payment of interest on foundation funds				(3,261)	(3,261)								(3,261)
Net surplus				107,834	107,834								107,834
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Reversal of land revaluation differences				(4,031)	(4,031)								(4,031)
Net changes, excluding funds, reserve and surplus						240,970	(59)	4,031	82	—	245,024	(1,058)	243,965
Net changes in the fiscal year	50,000	50,000	—	(12,804)	87,195	240,970	(59)	4,031	82	—	245,024	(1,058)	331,161
Ending balance	270,000	369,000	2	323,928	962,931	348,334	—	(93,037)	(345)	—	254,950	3,212	1,221,094

Years ended March 31, 2014

Millions of Yen

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Minority interests	Total net assets
Beginning balance	270,000	369,000	2	323,928	962,931	348,334	—	(93,037)	(345)	—	254,950	3,212	1,221,094
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(58,330)	(58,330)								(58,330)
Payment of interest on foundation funds				(3,574)	(3,574)								(3,574)
Net surplus				122,708	122,708								122,708
Reversal of land revaluation differences				(18,091)	(18,091)								(18,091)
Net changes, excluding funds, reserve and surplus						74,616	—	18,074	2,843	(14,042)	81,491	604	82,096
Net changes in the fiscal year	—	—	—	42,712	42,712	74,616	—	18,074	2,843	(14,042)	81,491	604	124,808
Ending balance	270,000	369,000	2	366,640	1,005,643	422,951	—	(74,963)	2,497	(14,042)	336,442	3,816	1,345,903

Years ended March 31, 2014

Millions of U.S. dollars

	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Minority interests	Total net assets
Beginning balance	2,623	3,585	0	3,147	9,356	3,384	—	(903)	(3)	—	2,477	31	11,864
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(566)	(566)								(566)
Payment of interest on foundation funds				(34)	(34)								(34)
Net surplus				1,192	1,192								1,192
Reversal of land revaluation differences				(175)	(175)								(175)
Net changes, excluding funds, reserve and surplus						724	—	175	27	(136)	791	5	797
Net changes in the fiscal year	—	—	—	415	415	724	—	175	27	(136)	791	5	1,212
Ending balance	2,623	3,585	0	3,562	9,771	4,109	—	(728)	24	(136)	3,268	37	13,077

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
I Cash flows from operating activities				
Surplus before income taxes and minority interests	¥192,452	¥ 139,124	¥ 160,996	\$ 1,564
Depreciation of real estate for investments	18,166	16,181	14,071	136
Depreciation	14,884	14,200	14,435	140
Impairment losses	6,427	24,237	50,690	492
Amortization of goodwill	—	—	1,003	9
Increase (Decrease) in reserve for outstanding claims	(27,240)	1,234	5,285	51
Increase (Decrease) in policy reserves	587,115	1,263,494	313,143	3,042
Provision for interest on policyholders' dividend reserves	473	448	429	4
Increase (Decrease) in allowance for possible loan losses	(4,083)	(733)	(1,134)	(11)
Increase (Decrease) in accrued retirement benefits	613	1,413	—	—
Increase (Decrease) in net defined benefit liabilities	—	—	(7,892)	(76)
Increase (Decrease) in reserve for price fluctuation	9	45,112	24,918	242
Interest, dividends, and other income	(494,444)	(510,324)	(543,900)	(5,284)
Losses (Gains) on securities	53,945	(296,749)	(148,809)	(1,445)
Interest expenses	12,230	9,625	9,641	93
Foreign exchange losses (gains)	(1,167)	20	(252)	(2)
Losses (Gains) on tangible fixed assets	2,566	14,658	1,210	11
Investment losses (gains) on equity method	(1,033)	(1,163)	(794)	(7)
Decrease (Increase) in due from agents	(1)	1	0	0
Decrease (Increase) in reinsurance receivables	(26)	18	(59)	(0)
Decrease (Increase) in other assets (excluding those related to investing and financial activities)	47,968	35,625	27,981	271
Increase (Decrease) in reinsurance payables	(7)	(21)	5	0
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	30,882	355,191	(12,933)	(125)
Others, net	3,255	(375,413)	31,977	310
Subtotal	442,983	736,183	(59,988)	(582)
Interest, dividends, and other income received	553,068	572,758	679,120	6,598
Interest paid	(12,420)	(11,812)	(10,338)	(100)
Policyholders' dividends paid	(76,129)	(75,806)	(72,022)	(699)
Others, net	(778)	(614)	(621)	(6)
Income taxes paid	(10,568)	(42,828)	(88,619)	(861)
Net cash provided by operating activities	¥896,154	¥1,177,880	¥ 447,530	\$ 4,348

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
II Cash flows from investing activities				
Net decrease (increase) in deposits	¥ (15,683)	¥ (93,033)	¥ 91,132	\$ 885
Purchase of monetary claims bought	(40,910)	(52,799)	(253,276)	(2,460)
Proceeds from sales and redemption of monetary claims bought	80,328	94,510	271,870	2,641
Purchase of securities	(4,209,813)	(4,714,350)	(3,336,603)	(32,419)
Proceeds from sales and redemption of securities	3,398,945	2,864,233	3,344,254	32,493
Loans made	(172,779)	(145,203)	(147,992)	(1,437)
Proceeds from collection of loans	441,628	354,107	336,136	3,265
Others, net	(345,399)	591,094	(804,380)	(7,815)
Total investment activities (IIa)	(863,683)	(1,101,441)	(498,858)	(4,847)
[I+IIa]	[32,471]	[76,438]	[(51,327)]	[(498)]
Purchase of tangible fixed assets	(9,574)	(9,757)	(10,515)	(102)
Proceeds from sales of tangible fixed assets	13,182	42,366	47,996	466
Others, net	(7,852)	(7,070)	(2,691)	(26)
Net cash used in investing activities	(867,928)	(1,075,903)	(464,068)	(4,509)
III Cash flows from financing activities				
Proceeds from issuance of debt	—	32	1	0
Repayments of debt	(50,000)	(135,032)	(100,001)	(971)
Proceeds from issuance of corporate bonds	—	—	99,480	966
Proceeds from issuance of foundation funds	100,000	100,000	—	—
Redemption of foundation funds	(90,000)	(50,000)	—	—
Payment of interest on foundation funds	(3,828)	(3,261)	(3,574)	(34)
Others, net	(254)	(1,060)	(2,285)	(22)
Net cash used in financing activities	(44,082)	(89,322)	(6,380)	(61)
IV Effect of foreign exchange rate changes on cash and cash equivalents	(0)	5	15	0
V Net increase (decrease) in cash and cash equivalents	(15,857)	12,660	(22,902)	(222)
VI Cash and cash equivalents at the beginning of the year	59,760	48,132	60,792	590
VII Increase (Decrease) in cash and cash equivalents due to inclusion (exclusion) of subsidiaries in the consolidation scope	4,229	—	—	—
VIII Cash and cash equivalents at the end of the year (Note 3)	¥ 48,132	¥ 60,792	¥ 37,890	\$ 368

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Insurance Business Act and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles in the respective countries of domicile. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include the information which is not required under Japanese GAAP but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing as of March 31, 2014, which was ¥102.92 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Note 2

Summary of Significant Accounting Policies

(1) Principles of consolidation

i) Consolidated subsidiaries

The numbers of consolidated subsidiaries were 13, 12 and 12 as of March 31, 2012, 2013 and 2014, respectively.

The subsidiaries as of March 31, 2014 are listed as follows:

- Medicare Life Insurance Co., Ltd. (Japan)
- Sumisei Building Management Co., Ltd. (Japan)
- Sumisei Bussan K.K. (Japan)
- Sumisei Business Service Co., Ltd. (Japan)
- Shinjuku Green Building Kanri K.K. (Japan)
- SUMISEI Harmony K.K. (Japan)
- Sumitomo Life Information Systems Co., Ltd. (Japan)
- CSS Co., Ltd. (Japan)
- SUMISEI Insurance Service Corporation (Japan)
- Izumi Life Designers Co., Ltd. (Japan)
- SUMISEI-Support & Consulting Co., Ltd. (Japan)
- Sumitomo Life Insurance Agency America, Inc. (U.S.A.)

The following companies have been included in consolidation since the end of the fiscal year ended March 31, 2012, corresponding to enforcement of consolidated solvency margin regulation:

Sumisei Building Management Co., Ltd., Sumisei Bussan K.K., Sumisei Business Service Co., Ltd., Shinjuku Green Building Kanri K.K., SUMISEI Harmony K.K., CSS Co., Ltd. SUMISEI Insurance Service Corporation, SUMISEI-Support & Consulting Co., Ltd. and Sougou Shouken Jimu Service Co., Ltd.

Sougou Shouken Jimu Service Co., Ltd.(Japan) was excluded from the scope of consolidation due to completion of liquidation in the fiscal year ended March 31, 2013.

ii) Affiliates

The numbers of affiliates accounted for by the equity method were 3, 9 and 9 as of March 31, 2012, 2013 and 2014, respectively.

The major affiliates as of March 31, 2014 are listed as follows:

- Sumitomo Mitsui Asset Management Company, Limited (Japan)
- Nippon Building Fund Management Ltd. (Japan)

Japan Pension Navigator Co., Ltd. (Japan)
Bao Viet Holdings (Vietnam)

Bao Viet Holdings has been included as an affiliate since the end of the fiscal year ended March 31, 2013, corresponding to acquiring its shares.

Certain affiliates, including Japan Pension Service Co., Ltd., are excluded from the scope of equity method because of their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

iii) Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of CSS Co., Ltd. and Sumitomo Life Insurance Agency America, Inc are March 25 and December 31, respectively.

The consolidated financial statements include the accounts of such subsidiaries as of their respective fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

iv) Valuation of assets and liabilities of consolidated subsidiaries and affiliates

The Company applies the mark-to-market method.

v) Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) are amortized on a straight-line basis over the period up to 20 years. However, for items that are immaterial, the total amount of goodwill is fully recognized as expenses as incurred.

vi) All the significant intercompany balances and transactions are eliminated in consolidation. In addition, all the material unrealized gains/losses included in assets/liabilities resulting from transactions within the group are also eliminated.

(2) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand and bank deposits bearing no interest.

(3) i) Securities

Securities held by the Company are classified and accounted for as follows:

Trading securities are stated at market value on the balance sheet date. The cost of trading securities sold is calculated using the moving average method.

Held-to-maturity debt securities are stated at amortized cost and the cost of these securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

Policy-reserve-matching bonds (refer to Note.2(4)) are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants. The cost of these bonds sold is calculated using the moving average method and amortization is calculated using the straight-line method.

Investments in unconsolidated subsidiaries and affiliated companies (defined in Article 110 Clause 2 of the Insurance Business Act) are stated at cost.

Equity securities with readily determinable market values classified as available-for-sale securities are stated at market value which is determined as the average of the market value during the final month of the fiscal year. Other available-for-sale securities with readily determinable market values are stated at market value on the balance sheet date. Available-for-sale securities for which determination of fair value is impracticable are stated mainly at cost.

The cost of these securities sold is calculated using the moving average method.

Certain demand deposits, monetary claims bought and securities in money-held-in-trusts deemed equivalent to investment in securities are stated using the same methods described above.

Unrealized gains and losses on available-for-sale securities are reported net of income taxes, as a separate component of Net Assets in the consolidated balance sheets.

ii) Derivative instruments

Derivatives are stated at fair value.

iii) Hedge accounting

Under Japanese GAAP, several hedge accounting models are allowed.

Two fundamental approaches are the deferred hedge method and the fair value hedge method.

Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged item, gains and losses on changes in fair value of the hedging instrument are recognized in earnings together with the corresponding gains or losses of the hedged item attributable to the risk being hedged.

In addition, for certain derivative instruments, exceptional treatments are permitted under Japanese GAAP.

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at the foreign exchange rate stipulated in the forward contracts and the currency swap agreements. Accordingly, the foreign exchange forward contracts and the currency swaps used as hedging instruments are not recognized as an asset or liability measured at fair value either at the initial recognition or subsequent reporting dates (the allocation method).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the net paid or received under the swap agreements is recognized and included in interest expense or income of hedged items (the exceptional method).

The Company adopts mainly the fair value hedge method or the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

The Company also adopts the exceptional method to hedge interest rate risk primarily of floating rate loans.

Hedge effectiveness is assessed by comparing the cumulative changes in fair values or cash flows of the hedged item and the hedging instrument.

(4) Policy-reserve-matching bonds

With regard to debt securities held in order to match their duration to the duration of the corresponding sub-sections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurance, individual annuities and group annuities, the Company classifies those securities as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants.

(5) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese Yen at the exchange rates prevailing on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese Yen at the exchange rates on the dates of acquisition.

Foreign-currency-denominated debt securities classified as available-for-sale securities, which are exposed to significant foreign exchange rate fluctuations, are translated at the average of exchange rates during the final month of the fiscal year.

(6) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

- a. Buildings
Calculated using the straight-line method.
- b. Lease assets related to financial leases where ownership is not transferred
Calculated using the straight-line method over the lease period.
- c. Other tangible fixed assets
Calculated using the declining-balance method.

From the fiscal year ended March 31, 2013, in accordance with revisions to the Corporate Tax Act, tangible

fixed assets acquired on or after April 1, 2012 are accounted for using the straight-line method as stipulated by the revised Corporate Tax Act. The effect of this revision for the year ended March 31, 2013 was immaterial.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.

The difference in value before and after revaluation is directly included in Net Assets and presented as Land revaluation differences, net of income taxes which is presented as Deferred tax liabilities for land revaluation in the consolidated balance sheets.

Revaluation method is stipulated in Article 3 Clause 3 of the Act on Revaluation of Land.

Pursuant to the provision of the Act on Revaluation of Land, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2 Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (the "Order")) and appraisal value (detailed in Article 2 Paragraph 5 of the Order) for the revaluation.

The Act on Revaluation of Land requires to disclose the deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land. The deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land were ¥3,005 million, ¥17,461 million and ¥20,556 million (U.S.\$199 million) as of March 31, 2012, 2013 and 2014, respectively.

(7) Software

Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2012, 2013 and 2014) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

(8) Lease accounting

Effective April 1, 2008, the Company started to recognize the leased assets and the related obligations for finance lease transactions pursuant to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). However, certain finance leases not transferring ownership with the lease terms commenced prior to April 1, 2008 are accounted for as operating leases.

(9) Allowance for possible loan losses

The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees. For loans to borrowers that are likely to become bankrupt (hereafter, "borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees. For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on the Company's standards for the self-assessment of asset quality and the assessment results are reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2012, 2013 and 2014 amounted to ¥570 million, ¥223 million and ¥217 million (U.S.\$2 million), respectively.

An Allowance for Possible Loan Losses of the consolidated subsidiaries is provided pursuant to their standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses which each consolidated subsidiary sets and maintains consistently with those of the Company.

(10) Net defined benefit liabilities

Net defined benefit liabilities of the Company are provided based on the projected benefit obligations and plan assets as of the balance sheet date in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits").

(11) Reserve for price fluctuation

Reserve for price fluctuation is calculated pursuant to the provisions of Article 115 of the Insurance Business Act.

(12) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.

(13) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the Insurance Business Act.

Premium reserves, a main component of policy reserves, are calculated according to the following method:

- i) For contracts that are subject to the standard policy reserve requirements, the premium reserve is calculated pursuant to the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48, in 1996).
- ii) For contracts that are not subject to the standard policy reserve requirements, premium reserve is calculated using the net level premium method.

The Company changed its accounting policy for premium reserves for existing individual annuity contracts whose annuity payments commenced on or after April 1, 2006, effective from the year ended March 31, 2007, as follows:

The difference arising by applying the calculation basis determined by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996) to individual annuity contracts, assuming that the date of commencement of an annuity payment is the date of the annuity contract, has also been provided for by the Company.

The life insurance standard life table 2007 for after commencement of annuity payment is used for the assumed rate of mortality in the above calculation.

(14) Revenue recognition

Insurance premiums are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

(15) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(16) New accounting standards

"Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24) have been applied from the fiscal year ended March 31, 2012.

Due to the revisions to the Ordinance for Enforcement of the Insurance Business Act, reversal of allowance for possible loan losses, which had previously been presented as an extraordinary gain item on the consolidated statements of income, was included in investment income from the fiscal year ended March 31, 2012.

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced Accounting Standard for Retirement Benefits issued by the Business Accounting Council in 1998 with the effective date of April 1, 2000 and the related practical guidances, being followed by partial amendments from time to time through 2009, have been applied at the end of the fiscal year ended March 31, 2014.

Actuarial gains and losses, past service costs and the difference between projected benefit obligations and plan assets that have yet to be recognized in profit or loss, are recognized as net defined benefit liabilities or assets. As a result, net defined benefit assets of ¥234 million (U.S. \$2 million) and net defined benefit liabilities of ¥36,090 million (U.S. \$350 million) were recognized as of March 31, 2014. In addition, deferred tax assets increased by ¥6,222 million (U.S. \$60 million), and total accumulated other comprehensive income decreased by ¥14,042 million (U.S. \$136 million) as of March 31, 2014.

Retrospective application of this accounting standard to consolidated financial statements in prior fiscal years is not required or permitted.

(17) New accounting pronouncements

Accounting Standard for Retirement Benefits

The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced Accounting Standard for Retirement Benefits and the related practical guidances.

The Company expects to apply the revised accounting method for calculating projected benefit obligations and service costs from the fiscal year beginning on April 1, 2014.

The impact of applying the standard and guidance is currently under assessment.

Note 3

Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2012, 2013 and 2014 were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Cash and deposits	¥127,313	¥233,076	¥119,211	\$1,158
Deposits bearing interest	(79,181)	(172,283)	(81,321)	(790)
Cash and cash equivalents	¥48,132	¥60,792	¥37,890	\$368

Note 4

Financial Instruments

(1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) with considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to long-term by diversified investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities held by the Company.

Main components of the Company's financial instruments and associated risks are as follows:

Domestic bonds are exposed to market risk, which arises from the fluctuation of interest rates and other market indicators, and credit risk of issuers. Domestic and foreign stocks are exposed to market risk, which arises from the fluctuation of stock prices and foreign exchange rates, and credit risk of issuers. Foreign bonds are exposed to market risk, which arises from the fluctuation of interest rates, foreign exchange rates and

other market indicators, and credit risk of issuers. Loans, mainly to domestic companies, are exposed to credit risk, which arises from deterioration of the financial condition of counterparties. They are also exposed to market risk since certain loans, similarly with bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

Floating rate loans are exposed to interest rate risk.

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge floating rate assets. Gains and losses on certain foreign currency contracts used for hedging foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in fair value of hedged items and hedging instruments.

Gains and losses on certain interest rate swaps used for hedging interest rate risks mainly of floating rate loans are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in cash flows of hedged items and hedging instruments. When foreign currency forward contracts and currency swaps meet the criteria for applying the allocation method or when interest rate swap transactions meet the criteria for applying the exceptional method, hedge effectiveness is not assessed.

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to enhance risk assessment and management quantitatively and comprehensively by defining the framework of risk management about market risk and credit risk of financial instruments and concrete risk management processes pursuant to related regulations. Moreover, the risk management department maintains effective risk management structures by independent monitoring whether trading departments operate in compliance with related policies and rules. The board of directors makes decisions in response to the reports of risk management positions.

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in interest rates, foreign exchange rates, stock prices and other market indicators by comparing Value-at-Risk (VaR) as integrated risk exposure with the limit for market risk, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales. In addition, monitoring of the value fluctuations is conducted on a daily basis to correspond to changes in the fair value of asset and liability portfolio.

In order to manage credit risk, the Company assesses financial assets such as loans by using internal credit ratings corresponding to financial condition of security issuers or counterparties of loans when the Company makes investments, and regularly reviews these ratings. Moreover, the Company manages credit risk by comparing Value-at-Risk (VaR) calculated by Monte Carlo simulations, which are based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate at default, with the limit for credit risk.

(2) Fair value of financial instruments

The following table summarizes the carrying amounts in the consolidated balance sheets and the fair value of financial instruments as of March 31, 2012, 2013 and 2014 together with their differences.

As of March 31	Millions of yen								
	2012			2013			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 127,313	¥ 127,313	¥ —	¥ 233,076	¥ 233,076	¥ —	¥ 119,211	¥ 119,211	¥ —
[Available-for-sale securities] ^{*1}	[33,997]	[33,997]	—	[129,992]	[129,992]	—	[37,997]	[37,997]	—
Call loans	375,700	375,700	—	434,100	434,100	—	471,100	471,100	—
Monetary claims bought	353,742	355,635	1,892	310,241	312,916	2,675	289,088	291,095	2,006
[Available-for-sale securities] ^{*1}	[277,249]	[277,249]	—	[257,694]	[257,694]	—	[246,599]	[246,599]	—
Securities ^{*2}	18,316,758	18,900,072	583,313	21,114,576	22,384,113	1,269,536	21,584,531	22,773,748	1,189,217
Trading securities	2,820,578	2,820,578	—	2,859,878	2,859,878	—	2,526,847	2,526,847	—
Held-to-maturity debt securities	1,991,974	2,060,769	68,794	1,922,648	2,123,708	201,060	1,901,297	2,098,485	197,187
Policy-reserve-matching bonds	9,368,136	9,882,655	514,519	10,862,267	11,936,600	1,074,333	11,017,008	12,016,439	999,431
Investments in unconsolidated subsidiaries and affiliated companies	—	—	—	33,173	27,317	(5,856)	34,350	26,949	(7,401)
Available-for-sale securities	4,136,068	4,136,068	—	5,436,608	5,436,608	—	6,105,027	6,105,027	—
Loans	2,887,447	—	—	2,663,423	—	—	2,465,539	—	—
Allowance for possible loan losses ^{*3}	(3,537)	—	—	(2,745)	—	—	(1,610)	—	—
	2,883,909	2,977,256	93,346	2,600,678	2,754,583	93,905	2,463,928	2,539,338	75,410
Corporate bonds	—	—	—	—	—	—	99,480	108,296	8,816
Payables under securities borrowing transactions	83,609	83,609	—	733,125	733,125	—	556,184	556,184	—
Long-term debt	357,500	371,328	13,828	222,500	230,092	7,592	122,500	124,865	2,365
Derivative transactions ^{*4}	(106,420)	(106,420)	—	(469,505)	(469,505)	—	(262,462)	(262,462)	—
Hedge accounting not applied	(13,284)	(13,284)	—	(107,924)	(107,924)	—	(13,275)	(13,275)	—
Hedge accounting applied	(93,136)	(93,136)	—	(361,580)	(361,580)	—	(249,187)	(249,187)	—

As of March 31	Millions of U.S. dollars		
	2014		
	Balance sheet amount	Fair value	Difference
Cash and deposits	\$ 1,158	\$ 1,158	\$ —
[Available-for-sale securities] ^{*1}	[369]	[369]	—
Call loans	4,577	4,577	—
Monetary claims bought	2,808	2,828	19
[Available-for-sale securities] ^{*1}	[2,396]	[2,396]	—
Securities ^{*2}	209,721	221,276	11,554
Trading securities	24,551	24,551	—
Held-to-maturity debt securities	18,473	20,389	1,915
Policy-reserve-matching bonds	107,044	116,755	9,710
Investments in unconsolidated subsidiaries and affiliated companies	333	261	(71)
Available-for-sale securities	59,318	59,318	—
Loans	23,955	—	—
Allowance for possible loan losses ^{*3}	(15)	—	—
	23,940	24,672	732
Corporate bonds	966	1,052	85
Payables under securities borrowing transactions	5,404	5,404	—
Long-term debt	1,190	1,213	22
Derivative transactions ^{*4}	(2,550)	(2,550)	—
Hedge accounting not applied	(128)	(128)	—
Hedge accounting applied	(2,421)	(2,421)	—

*1 Available-for-sale securities are shown in parenthesis.

*2 This table does not include financial instruments for which fair values are not practically determinable, such as unlisted securities.

The consolidated balance sheet amounts of these securities were ¥572,755 million, ¥580,648 million and ¥535,567 million (U.S. \$5,203 million) as of March 31, 2012, 2013 and 2014, respectively.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loan.

*4 Debits and credits arising from derivative transactions are netted, and the net credit position is shown in parenthesis.

Note.1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

In principle, the book value is deemed as the fair value.

As for certain deposits regarded as securities pursuant to "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10), fair value is measured based on the closing market price on the balance sheet date.

2) Monetary claims bought

Fair value is measured based on the closing market price on the balance sheet date.

3) Securities

As for stocks with market prices, fair value is measured based on the average market price during the final month of the fiscal year.

As for the other securities with market prices, fair value is measured based on the closing market price on the balance sheet date.

4) Loans

As for policy loans, the book value is deemed as the fair value since the book value approximates the fair value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms.

As for general loans, the fair value is measured mainly as the present value of estimated future cash flows from the loan.

With regard to loans to debtors that are legally or substantially bankrupt and doubtful debtors, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

Fair value is measured based on the closing market price on the balance sheet date.

2) Payables under securities borrowing transactions

The book value is deemed as the fair value since the fair value approximates the book value.

3) Long-term borrowings

As for the fair value of long-term borrowings, the fair value is measured as the present value of estimated future cash flows.

Derivative transactions

For details on derivative transactions, please refer to Note.4 below: Fair values of derivative transactions.

Note.2: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10).

The following tables show the carrying amounts in the consolidated balance sheets, the fair value and their differences of held-to-maturity securities and policy-reserve-matching bonds as of March 31, 2012, 2013 and 2014.

1) Held-to-maturity debt securities

As of March 31	Millions of yen								
	2012			2013			2014		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount									
Bonds	¥ 456,861	¥ 473,311	¥16,450	¥ 486,375	¥ 511,969	¥ 25,594	¥ 576,140	¥ 600,266	¥ 24,125
Foreign securities (bonds)	1,369,403	1,423,225	53,821	1,427,051	1,602,849	175,797	1,314,572	1,487,837	173,265
Fair value does not exceed the balance sheet amount									
Bonds	46,382	45,420	(961)	7,221	6,898	(322)	10,584	10,380	(203)
Foreign securities (bonds)	119,326	118,811	(515)	2,000	1,990	(9)	—	—	—
Total	1,991,974	2,060,769	68,794	1,922,648	2,123,708	201,060	1,901,297	2,098,485	197,187

As of March 31	Millions of U.S. dollars		
	2014		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	\$ 5,597	\$ 5,832	\$ 234
Foreign securities (bonds)	12,772	14,456	1,683
Fair value does not exceed the balance sheet amount			
Bonds	102	100	(1)
Foreign securities (bonds)	—	—	—
Total	18,473	20,389	1,915

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen								
	2012			2013			2014		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount									
Bonds	¥9,163,239	¥9,682,171	¥518,931	¥10,709,223	¥11,780,505	¥1,071,281	¥10,572,822	¥11,570,465	¥997,643
Foreign securities (bonds)	93,756	97,531	3,774	103,872	109,130	5,258	92,347	96,975	4,627
Fair value does not exceed the balance sheet amount									
Bonds	69,138	62,825	(6,313)	41,171	39,497	(1,673)	346,838	344,052	(2,785)
Foreign securities (bonds)	42,000	40,126	(1,874)	8,000	7,467	(532)	5,000	4,946	(54)
Total	9,368,136	9,882,655	514,519	10,862,267	11,936,600	1,074,333	11,017,008	12,016,439	999,431

As of March 31	Millions of U.S. Dollars		
	2014		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	\$102,728	\$112,421	\$9,693
Foreign securities (bonds)	897	942	44
Fair value does not exceed the balance sheet amount			
Bonds	3,369	3,342	(27)
Foreign securities (bonds)	48	48	(0)
Total	107,044	116,755	9,710

The following tables show the acquisition costs (or amortized costs), the carrying amounts in the consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2012, 2013 and 2014.

3) Available-for-sale securities

As of March 31	Millions of Yen								
	2012			2013			2014		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs									
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—
Monetary claims bought	¥ 254,345	¥ 266,764	¥ 12,418	¥ 223,167	¥ 237,696	¥ 14,528	¥ 190,138	¥ 202,117	¥ 11,978
Bonds	652,896	676,190	23,293	700,820	729,202	28,382	954,210	979,601	25,391
Stocks	316,660	437,953	121,292	492,484	742,523	250,038	576,453	955,612	379,159
Foreign securities	2,055,996	2,156,848	100,852	3,115,377	3,365,386	250,008	3,353,180	3,567,687	214,507
Foreign bonds	2,049,153	2,149,661	100,507	3,113,544	3,363,450	249,906	3,352,490	3,566,923	214,432
Other foreign securities	6,842	7,187	345	1,833	1,935	102	689	764	75
Other securities	14,629	18,011	3,382	11,114	21,104	9,990	18,833	26,895	8,062
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	34,000	33,997	(2)	130,000	129,992	(7)	38,000	37,997	(2)
Monetary claims bought	10,498	10,484	(13)	19,997	19,997	(0)	44,496	44,481	(14)
Bonds	90,608	89,369	(1,238)	68,967	68,695	(271)	186,839	186,663	(176)
Stocks	484,106	398,618	(85,488)	277,013	229,570	(47,443)	196,684	166,978	(29,705)
Foreign securities	356,215	341,184	(15,031)	267,624	263,331	(4,293)	223,059	216,396	(6,663)
Foreign bonds	343,808	331,030	(12,778)	260,106	256,979	(3,127)	217,822	212,412	(5,409)
Other foreign securities	12,407	10,153	(2,253)	7,517	6,351	(1,166)	5,237	3,983	(1,253)
Other securities	22,522	17,893	(4,629)	19,002	16,793	(2,208)	5,802	5,192	(610)
Total	4,292,480	4,447,314	154,834	5,325,570	5,824,294	498,723	5,787,698	6,389,624	601,926

As of March 31	Millions of U.S. dollars		
	2014		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs			
Negotiable certificates of deposit	—	—	—
Monetary claims bought	\$ 1,847	\$ 1,963	\$ 116
Bonds	9,271	9,518	246
Stocks	5,600	9,285	3,684
Foreign securities	32,580	34,664	2,084
Foreign bonds	32,573	34,657	2,083
Other foreign securities	6	7	0
Other securities	182	261	78
Balance sheet amount does not exceed acquisition costs or amortized costs			
Negotiable certificates of deposit	369	369	(0)
Monetary claims bought	432	432	(0)
Bonds	1,815	1,813	(1)
Stocks	1,911	1,622	(288)
Foreign securities	2,167	2,102	(64)
Foreign bonds	2,116	2,063	(52)
Other foreign securities	50	38	(12)
Other securities	56	50	(5)
Total	56,234	62,083	5,848

Note.3: Maturity analysis of monetary claims, securities with maturities, corporate bonds and other liabilities

Scheduled redemptions of monetary claims and securities with maturities, corporate bonds and other liabilities

As of March 31, 2012

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥127,012	¥ —	¥ —	¥ —
Call loans	375,700	—	—	—
Monetary claims bought	28,852	13,069	1,858	297,981
Securities	524,723	3,127,496	2,416,773	8,278,203
Held-to-maturity debt securities	148,731	414,819	246,848	1,163,817
Policy-reserve-matching bonds	214,426	1,554,377	678,677	6,888,536
Available-for-sale securities	161,565	1,158,298	1,491,247	225,849
Loans	308,141	1,163,036	827,502	110,189
Payables under securities borrowing transactions	83,609	—	—	—
Long-term debt	—	20,000	—	—

As of March 31, 2013

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥232,834	¥ —	¥ —	¥ —
Call loans	434,100	—	—	—
Monetary claims bought	25,960	8,016	1,516	260,521
Securities	758,032	3,219,407	2,899,760	9,935,390
Held-to-maturity debt securities	155,231	283,115	256,737	1,208,677
Policy-reserve-matching bonds	360,421	1,379,372	635,072	8,439,776
Available-for-sale securities	242,379	1,556,920	2,007,950	286,937
Loans	292,920	1,171,384	631,599	104,085
Payables under securities borrowing transactions	733,125	—	—	—
Long-term debt	—	20,000	—	—

As of March 31, 2014

	Millions of Yen				Millions of U.S. Dollars			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥118,903	¥ 52	¥ —	¥ —	\$1,155	\$ 0	\$ —	\$ —
Call loans	471,100	—	—	—	4,577	—	—	—
Monetary claims bought	44,225	1,923	921	230,282	429	18	8	2,237
Securities	849,771	2,939,410	2,898,254	10,840,109	8,256	28,560	28,160	105,325
Held-to-maturity debt securities	160,329	190,014	233,389	1,298,550	1,557	1,846	2,267	12,617
Policy-reserve-matching bonds	282,173	1,173,919	535,885	8,971,430	2,741	11,406	5,206	87,168
Available-for-sale securities	407,268	1,575,476	2,128,979	570,129	3,957	15,307	20,685	5,539
Loans	283,337	1,111,173	551,610	80,903	2,752	10,796	5,359	786
Corporate bonds	—	—	—	99,480	—	—	—	966
Payables under securities borrowing transactions	556,184	—	—	—	5,404	—	—	—
Long-term debt	20,000	—	—	—	194	—	—	—

The table above excludes certain financial instruments for which estimation of the value of recovery is impracticable, such as loans to debtors that are legally or substantially bankrupt and doubtful debtors, and those without maturities.

Note.4: Fair values of derivative transactions

(i) Interest-rate related

1) Hedge accounting not applied

As of March 31, 2012

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —
Receipts floating, payments fixed	34,500	34,500	(250)	(250)
Total				(250)

As of March 31, 2013

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —
Receipts floating, payments fixed	34,500	34,500	(228)	(228)
Total				(228)

As of March 31, 2014

Type	Millions of Yen				Millions of U.S. Dollars			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$—	\$—
Receipts floating, payments fixed	34,500	—	(94)	(94)	335	—	(0)	(0)
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	120,000	120,000	—	—	1,165	1,165	—	—
	[1,254]		500	(753)	[12]		4	(7)
Total				(847)				(8)

* 1 Option fees are shown in [].

* 2 Net gains (losses) represent the fair values.

* 3 The fair values of certain interest rate swaps accounted for by the exceptional method are included in the fair values of related loans since they are accounted for with considering them as integrated transactions.

2) Hedge accounting applied

As of March 31, 2012

		Millions of Yen				
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap						
Deferred hedge method	Receipts fixed, payments floating	Loans	¥10,000	¥ —	¥ 89	
	Receipts floating, payments fixed		—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	62,369	58,142	2,877	
	Receipts floating, payments fixed		464	62	(1)	
Total					2,966	

As of March 31, 2013

		Millions of Yen				
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap						
Deferred hedge method	Receipts fixed, payments floating	—	¥ —	¥ —	¥ —	
	Receipts floating, payments fixed		—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	58,342	51,576	2,607	
	Receipts floating, payments fixed		62	—	(0)	
Total					2,606	

As of March 31, 2014

		Millions of Yen					Millions of U.S. Dollars		
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap									
Deferred hedge method	Receipts fixed, payments floating	—	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	
	Receipts floating, payments fixed		—	—	—	—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	54,726	48,721	1,834	531	473	17	
	Receipts floating, payments fixed		—	—	—	—	—	—	
Total					1,834			17	

(ii) Currency-related
1) Hedge accounting not applied

As of March 31, 2012

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥767,930	¥32,179	¥(33,644)	¥(33,644)
(Australian dollar)	225,522	32,179	(17,963)	(17,963)
(U.S. dollar)	289,502	—	(7,612)	(7,612)
(Euro)	251,282	—	(8,073)	(8,073)
Bought	28,274	—	(178)	(178)
(U.S. dollar)	22,592	—	(149)	(149)
(Euro)	5,012	—	(27)	(27)
Currency options				
Sold				
Call	—	—	—	—
(Australian dollar)	[—]	—	—	—
(U.S. dollar)	—	—	—	—
	[—]	—	—	—
Bought				
Call	333,000	—	—	—
(Australian dollar)	[4,219]	—	7,738	3,519
(U.S. dollar)	90,000	—	488	(616)
	[1,105]	—	7,249	4,136
Put	39,707	39,707	6,967	662
(U.S. dollar)	[6,304]	39,707	6,967	662
	39,707	39,707	6,967	662
	[6,304]	—	—	—
Total				(29,641)

As of March 31, 2013		Millions of Yen			
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	
Foreign currency forward contracts					
Sold	¥739,882	¥54,342	¥(104,122)	¥(104,122)	
(Australian dollar)	223,165	54,342	(44,023)	(44,023)	
(U.S. dollar)	286,107	—	(29,561)	(29,561)	
(Euro)	229,860	—	(30,532)	(30,532)	
Bought	18,068	—	17	17	
(U.S. dollar)	3,175	—	(6)	(6)	
(Euro)	14,353	—	24	24	
Currency options					
Sold					
Call	91,500	—			
	[1,936]		4,494	(2,558)	
(Australian dollar)	46,750	—			
	[909]		2,205	(1,296)	
(U.S. dollar)	44,750	—			
	[1,027]		2,289	(1,261)	
Bought					
Call	186,000	—			
	[1,985]		6,332	4,346	
(Australian dollar)	95,000	—			
	[941]		3,097	2,155	
(U.S. dollar)	91,000	—			
	[1,043]		3,234	2,191	
Put	116,876	29,789			
	[6,611]		2,087	(4,523)	
(U.S. dollar)	116,876	29,789			
	[6,611]		2,087	(4,523)	
Total				(106,840)	

As of March 31, 2014	Millions of Yen				Millions of U.S. Dollars				
	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts									
Sold	¥469,899	¥50,302	¥(19,717)	¥(19,717)	\$4,565	\$488	\$(191)	\$(191)	
(Australian dollar)	205,745	—	(17,572)	(17,572)	1,999	—	(170)	(170)	
(U.S. dollar)	188,256	50,302	(1,853)	(1,853)	1,829	488	(18)	(18)	
(Euro)	73,839	—	(269)	(269)	717	—	(2)	(2)	
Bought	7,248	489	49	49	70	4	0	0	
(U.S. dollar)	4,253	489	17	17	41	4	0	0	
(Euro)	2,102	—	22	22	20	—	0	0	
Currency options									
Sold									
Call	—	—	—	—	—	—	—	—	—
(Australian dollar)	[—]	—	—	—	[—]	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—	—
	[—]	—	—	—	[—]	—	—	—	—
Bought									
Call	—	—	—	—	—	—	—	—	—
(Australian dollar)	[—]	—	—	—	[—]	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—	—
Put	22,043	—	40	(3,485)	214	—	0	(33)	
(U.S. dollar)	[3,526]	—	40	(3,485)	[34]	—	0	(33)	
	22,043	—	40	(3,485)	214	—	0	(33)	
	[3,526]	—	40	(3,485)	[34]	—	0	(33)	
Total				(23,153)				(224)	

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

*3 The fair values of foreign currency forward contracts and currency swaps accounted for by the allocation method are included in the fair values of related securities and corporate bonds since they are accounted for with considering them as integrated transactions.

2) Hedge accounting applied

As of March 31, 2012

Hedge accounting model	Type	Main hedged items	Millions of Yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Foreign currency forward contracts				
Fair value hedge method	Sold	Foreign-currency-denominated assets	¥1,569,215	¥457,857	¥(93,225)
	(Euro)		580,503	74,982	(29,556)
	(U.S. dollar)		506,742	—	(18,968)
	(Australian dollar)		416,395	382,875	(38,969)
Allocation method	Sold	Foreign-currency-denominated assets	322,528	256,055	13,953
	(Australian dollar)		165,699	165,699	(8,618)
	(U.S. dollar)		156,829	90,355	22,571
Total					(79,272)

As of March 31, 2013

Hedge accounting model	Type	Main hedged items	Millions of Yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Foreign currency forward contracts				
Fair value hedge method	Sold	Foreign-currency-denominated assets	¥2,337,014	¥493,538	¥(361,580)
	(Euro)		966,711	83,267	(124,583)
	(U.S. dollar)		650,745	70,964	(86,070)
	(Australian dollar)		644,385	339,306	(150,518)
Allocation method	Sold	Foreign-currency-denominated assets	247,713	132,568	(40,658)
	(Australian dollar)		158,224	100,187	(41,552)
	(U.S. dollar)		89,489	32,381	894
Total					(402,239)

As of March 31, 2014

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Foreign currency forward contracts							
Fair value hedge method	Sold	Foreign-currency-denominated assets	¥2,731,567	¥863,992	¥(249,187)	\$26,540	\$8,394	\$(2,421)
	(Euro)		1,191,205	138,831	(99,877)	11,574	1,348	(970)
	(U.S. dollar)		792,016	341,757	(32,510)	7,695	3,320	(315)
	(Australian dollar)		667,744	383,402	(107,162)	6,487	3,725	(1,041)
Allocation method	Sold	Foreign-currency-denominated assets	126,581	108,961	(30,331)	1,229	1,058	(294)
	(Australian dollar)		94,347	94,347	(26,543)	916	916	(257)
	(U.S. dollar)		32,233	14,613	(3,788)	313	141	(36)
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	6,815	966	966	66
	(U.S. dollar)		99,480	99,480	6,815	966	966	66
Total								(2,649)

(iii) Stock-related

1) Hedge accounting not applied

As of March 31, 2012

		Millions of Yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures					
Exchange-traded transactions	Sold	¥ 16,019	¥ —	¥ (6)	¥ (6)
	Bought	30,379	—	1,726	1,726
Stock index options					
Over-the-counter transactions	Sold				
	Put	—	—	—	—
		[—]			
	Bought				
	Put	183,400	34,000		
		[11,203]		3,650	(7,553)
Total					(5,832)

As of March 31, 2013

		Millions of Yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures					
Exchange-traded transactions	Sold	¥303,340	¥ —	¥(6,029)	¥ (6,029)
	Bought	9,845	—	55	55
Stock index options					
Over-the-counter transactions	Sold				
	Put	2,499	1,399		
		[53]		49	3
	Bought				
	Put	82,600	27,000		
		[7,383]		929	(6,454)
Total					(12,424)

As of March 31, 2014

		Millions of Yen				Millions of U.S. Dollars			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures									
Exchange-traded transactions	Sold	¥257,919	¥ —	¥3,809	¥3,809	\$2,506	\$ —	\$37	\$37
	Bought	3,999	—	(5)	(5)	38	—	(0)	(0)
Stock index forwards									
Over-the-counter transactions	Sold	108,510	—	350	350	1,054	—	3	3
Stock index options									
Over-the-counter transactions	Sold								
	Put	5,099	—			49	—		
		[85]			6	78	[0]		0
	Bought								
	Call	60,000	30,000			582	291		
		[1,131]		712	(419)	[10]		6	(4)
	Put	24,200	—			235	—		
		[5,179]		42	(5,136)	[50]		0	(49)
Total					(1,323)	(12)			

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for futures trading, fair values for forwards trading and the difference between the option fees and the fair values for option transactions.

2) Hedge accounting applied

No ending balance as of March 31, 2012, 2013 and 2014.

(iv) Bond-related

1) Hedge accounting not applied

As of March 31, 2012

Classification	Type	Millions of Yen			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Bond futures					
Exchange-traded transactions	Sold	¥85,203	¥—	¥ 49	¥ 49
Over-the-counter transactions	Bond OTC options				
	Sold				
	Call	78,077 [1,175]	—	699	476
	Bought				
	Put	78,077 [1,421]	—	1,362	(59)
Total					465

As of March 31, 2013

Classification	Type	Millions of Yen			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Bond futures					
Exchange-traded transactions	Sold	¥173,228	¥—	¥(2,421)	¥(2,421)
Over-the-counter transactions	Bond OTC options				
	Sold				
	Call	— [—]	—	—	—
	Bought				
	Put	— [—]	—	—	—
Total					(2,421)

As of March 31, 2014

Classification	Type	Millions of Yen				Millions of U.S. Dollars			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Bond futures									
Exchange-traded transactions	Sold	¥293,251	¥—	¥1,043	¥1,043	\$2,849	\$—	\$10	\$10
Over-the-counter transactions	Bond OTC options								
	Sold								
	Call	— [—]	—	—	—	— [—]	—	—	—
	Bought								
	Put	— [—]	—	—	—	— [—]	—	—	—
Total					1,043				10

*1 Option fees are shown in [].

*2 Net gains (losses) represent the fair values for futures trading, the difference between the option fees and the fair values for option transactions.

2) Hedge accounting applied

No ending balance as of March 31, 2012, 2013 and 2014.

Note **5**

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥680,254 million, ¥598,930 million and ¥499,414 million (U.S. \$4,852 million), and their fair values were ¥654,357 million, ¥562,038 million and ¥475,823 million (U.S. \$4,623 million) as of March 31, 2012, 2013 and 2014, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,565 million, ¥1,603 million and ¥1,534 million (U.S. \$14 million) as of March 31, 2012, 2013 and 2014, respectively.

Note **6**

Securities Lending

Securities loaned under security lending agreements amounted to ¥153,445 million, ¥1,125,386 million and ¥745,359 million (U.S. \$7,242 million) as of March 31, 2012, 2013 and 2014, respectively.

Note **7**

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥489,090 million, ¥479,269 million and ¥452,904 million (U.S. \$4,400 million) as of March 31, 2012, 2013 and 2014, respectively.

Note **8**

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥3,010,983 million, ¥3,078,182 million and ¥2,732,872 million (U.S. \$26,553 million) as of March 31, 2012, 2013 and 2014, respectively. The amounts of separate account liabilities were the same as these figures.

Note **9**

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2012, 2013 and 2014 were as follows:

	Millions of Yen			Millions of
	2012	2013	2014	U.S. dollars
Balance at the beginning of the fiscal year	¥321,724	¥303,534	¥291,521	\$2,832
Transfer from surplus in the previous fiscal year	57,466	63,345	58,330	566
Dividend payments to policyholders during the fiscal year	(76,129)	(75,806)	(72,022)	(699)
Interest accrued during the fiscal year	473	448	429	4
Balance at the end of the fiscal year	¥303,534	¥291,521	¥278,259	\$2,703

Note **10**

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2014 were as follows:

Method of attributing benefits to period of service	Straight-line basis
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance systems, which distributes a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established some retirement benefit trusts for certain retirement allowance system. As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

(2) Defined benefit plans

i) Changes in the defined benefit obligations for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
At the beginning of the fiscal year	¥312,865	\$3,039
Service costs	11,532	112
Interest cost on projected benefit obligation	6,243	60
Actuarial losses	2,056	19
Benefits paid	(27,211)	(264)
Others	83	0
At the end of the fiscal year	¥305,570	\$2,969

ii) Changes in the plan assets for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
At the beginning of the fiscal year	¥240,066	\$2,332
Expected return on plan assets	2,773	26
Actuarial gains	26,377	256
Contribution by employer	13,456	130
Benefits paid	(12,985)	(126)
Others	25	0
At the end of the fiscal year	¥269,713	\$2,620

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheet as of March 31, 2014 was determined as follows:

	Millions of Yen	Millions of U.S. dollars
Present value of funded obligations	¥304,191	\$2,955
Plan assets at fair value	(269,713)	(2,620)
Net present value of funded obligations	34,478	335
Present value of unfunded obligations	1,378	13
Net value of on the balance sheet	35,856	348
Net defined benefit liabilities	36,090	350
Net defined benefit assets	(234)	(2)
Net value of on the balance sheet	¥ 35,856	\$ 348

iv) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
Service costs	¥11,532	\$112
Interest cost on projected benefit obligation	6,243	60
Expected return on plan assets	(2,773)	(26)
Amortization of net actuarial losses	11,891	115
Others	83	0
Retirement benefit expenses	¥26,976	\$262

v) Major components of total accumulated other comprehensive income

A major component of total accumulated other comprehensive income (before income tax effect adjustments) was as follows:

	Millions of Yen	Millions of U.S. dollars
Unrecognized actuarial gains (losses)	¥(20,264)	\$(196)
Total	¥(20,264)	\$(196)

vi) The plan assets

The plan assets as of March 31, 2014 were comprised as follows:

	% of total fair value of plan assets
Equity securities	43%
General account of life insurance companies	41%
Debt securities	9%
Others	7%
Total	100%

The plan assets include the retirement benefit trusts. The amount of the retirement benefit trusts is 43% of total plan assets.

vii) The expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

viii) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2014 were as follows:

Discount rate	2.0%
Expected long-term rates of return on plan assets	
Defined benefit pension plans	1.9%
Retirement benefit trust	0.0%

(3) Defined contribution plans

The amount recognized as expenses for the defined contribution plans was ¥839 million (U.S. \$8 million) for the fiscal year ended March 31, 2014.

Accrued retirement benefits

The following table sets forth the status of accrued retirement benefits for the Company's defined benefit plans as of March 31, 2012 and 2013:

(1) Projected benefit obligation

	Millions of Yen	
	2012	2013
a. Projected benefit obligation	¥(314,213)	¥(307,439)
b. Plan assets at fair value	213,405	235,827
[Plan assets held in retirement benefit trust (Included in the above plan assets)]	[81,790]	[93,872]
c. Net projected benefit obligation (a+b)	(100,808)	(71,612)
d. Unrecognized actuarial losses	92,316	56,472
e. Unrecognized past service costs	(103)	—
f. Net value on the balance sheets (c+d+e)	(8,595)	(15,139)
g. Prepaid pension cost	12,477	7,314
h. Accrued retirement benefits (f-g)	¥(21,072)	¥(22,453)

(2) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2012 and 2013 were as follows:

	2012	2013
Method of attributing benefits to period of service	Straight-line basis	Straight-line basis
Discount rate	2.0%	2.0%
Expected long-term rates of return on plan assets:		
Defined benefit pension plans	1.0%	0.5%
Retirement benefit trust	0.0%	0.0%
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years	8 years
Amortization period for past service cost	3 years	3 years

(3) Retirement benefit expenses

Retirement benefit expenses of the Company for the years ended March 31, 2012 and 2013 are comprised of the following:

	Millions of yen	
	2012	2013
a. Service costs	¥11,858	¥11,472
b. Interest cost on projected benefit obligation	6,327	6,284
c. Expected return on plan assets	(1,232)	(658)
d. Amortization of actuarial losses	15,596	18,564
e. Amortization of past service costs	(103)	(103)
f. Retirement benefit expenses (a+b+c+d+e)	¥32,445	¥35,559

Note 11

Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

Note 12**Foundation Funds**

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the Insurance Business Act in the amounts of ¥90,000 million and ¥50,000 million as of March 31, 2012 and 2013, respectively.

The Company offered foundation funds in the amount of ¥100,000 million and ¥100,000 million pursuant to Article 60 of the Insurance Business Act in the years ended March 31, 2012 and 2013, respectively.

Note 13**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥492,054 million, ¥528,444 million and ¥589,173 million (U.S. \$5,724 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 14**Investments in Unconsolidated Subsidiaries and Affiliates**

Total amounts of investments in unconsolidated subsidiaries and affiliates as of March 31, 2012, 2013 and 2014 were ¥13,077 million, ¥43,242 million and ¥45,204 million (U.S. \$439 million), respectively.

Note 15**Loans**

The aggregate amounts of risk-monitored loans, which were comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥2,095 million, ¥1,739 million and ¥1,400 million (U.S. \$13 million) as of March 31, 2012, 2013 and 2014, respectively. The aggregate amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥1,763 million, ¥1,444 million and ¥1,139 million (U.S. \$11 million) as of March 31, 2012, 2013 and 2014, respectively. The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2012, 2013 and 2014 were ¥49 million, ¥42 million and ¥40 million (U.S. \$0 million) for loans in arrears, respectively.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Item 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

The amounts of loans in arrears for three months or longer were ¥3 million, ¥0 million and ¥0 million (U.S. \$0 million) as of March 31, 2012, 2013 and 2014, respectively.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.

Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥328 million, ¥294 million and ¥260 million (U.S. \$2 million) as of March 31, 2012, 2013 and 2014, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims

for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

Note 16

Loan Commitments

The amounts of loan commitments outstanding were ¥2,832 million, ¥8,172 million and ¥8,172 million (U.S. \$79 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 17

Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥45,420 million, ¥44,852 million and ¥44,036 million (U.S. \$427 million) as of March 31, 2012, 2013 and 2014, respectively, pursuant to Article 259 of the Insurance Business Act.

These contributions are recognized as operating expenses when they are made.

Note 18

Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

Accumulated impairment losses on fixed assets are directly deducted from the total asset amounts of their respective asset categories.

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the impairment test.

For real estate for investment and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2012, 2013 and 2014, the Company recognized impairment losses on real estate for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets causing impairment losses

Asset Group	Asset Categories	Millions of yen			Millions of U.S. dollars
		2012	2013	2014	2014
Real estate for investment	Land and buildings	¥ 5,437	¥ 23,037	¥ 48,963	\$ 475
Idle assets	Land and buildings	986	1,191	1,699	16
Total		¥ 6,423	¥ 24,228	¥ 50,662	\$ 492

(4) The recoverable amount

The recoverable amounts of real estate for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Deferred tax assets	¥ 289,710	¥ 323,100	¥ 356,232	\$ 3,461
Valuation allowance for deferred tax assets	9,334	13,492	21,422	208
Subtotal	280,375	309,607	334,810	3,253
Deferred tax liabilities	69,056	174,738	205,027	1,992
Net deferred tax assets/(liabilities)	211,319	134,869	129,782	1,261

Major components of deferred tax assets/liabilities were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Deferred tax assets				
Policy reserves and other reserves	¥ 147,662	¥ 158,077	¥ 169,564	\$ 1,647
Reserve for price fluctuation	49,612	63,472	71,123	691
Accrued retirement benefits	41,144	42,334	—	—
Net defined benefit liabilities	—	—	46,840	455
Deferred tax liabilities:				
Net unrealized gains/(losses) on available-for-sale securities	47,694	154,657	187,774	1,824

(2) The effective income tax rates were 36.15%, 33.28% and 33.28% for the fiscal years ended March 31, 2012, 2013 and 2014, respectively. Main factors in the differences between the effective income tax rates and the actual income tax rates after considering deferred tax rates were as follows:

	2012	2013	2014
Policyholders' dividend reserves	(11.8)%	(14.9)%	(12.9)%
Effects of changes in the income tax rate	21.0%	—	—

(3) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) on December 2, 2011, the statutory tax rate applied to measure deferred tax assets and liabilities is lowered gradually and a special restoration surtax is imposed for the fiscal years beginning on and after April 1, 2012. As a result of these changes, the effective income tax rates which are used to measure deferred tax assets and liabilities, is changed from 36.15% to 33.28% for the temporary differences that are expected to be reversed during the period from April 1, 2012 to March 31, 2015 and changed to 30.73% for the temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015.

Due to these changes, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥32,056 million and ¥5,325 million, respectively, and income taxes—deferred increased by ¥40,421 million.

(4) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) on March 30, 2014, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for fiscal year beginning on April 1, 2014. As a result of this change, the effective income tax rate which is used to measure deferred tax assets and liabilities, will be changed from 33.28% to 30.73% for the temporary differences that are expected to be reversed during the period from April 1, 2014 to March 31, 2015.

Due to this change, as of March 31, 2014, deferred tax liabilities for land revaluation and income taxes—deferred increased by ¥16 million (U.S. \$0 million) and ¥2,528 million (U.S. \$24 million), respectively, and deferred tax assets decreased by ¥2,528 million (U.S. \$24 million).

Note **20**

Subordinated Bonds

As of March 31, 2014, corporate bonds in liabilities are foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note **21**

Subordinated Debt

As of March 31, 2012, 2013 and 2014, other liabilities included subordinated debt of ¥357,500 million, ¥222,500 million and ¥122,500 million (U.S. \$1,190 million), respectively, the repayments of which are subordinated to other obligations.

Note **22**

Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2012, 2013 and 2014 were as follows:

Reclassification adjustments and income tax effects relating to other comprehensive income were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Net unrealized gains on available-for-sale securities:				
Amount arising during the fiscal year	¥ 97,535	¥ 357,173	¥ 135,697	\$ 1,318
Reclassification adjustments	72,878	(9,098)	(27,932)	(271)
Before income tax effect adjustments	170,413	348,075	107,765	1,047
Income tax effects	(53,193)	(106,965)	(33,117)	(321)
Net unrealized gains on available-for-sale securities	117,219	241,109	74,648	725
Deferred unrealized gains (losses) on derivatives under hedge accounting:				
Amount arising during the fiscal year	¥ (11)	¥ 7	¥ —	\$ —
Reclassification adjustments	(153)	(96)	—	—
Before income tax effect adjustments	(165)	(89)	—	—
Income tax effects	62	29	—	—
Deferred unrealized gains (losses) on derivatives under hedge accounting	(102)	(59)	—	—
Land revaluation differences:				
Amount arising during the fiscal year	¥ —	¥ —	¥ —	\$ —
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	—	—	—	—
Income tax effects	5,565	—	(16)	(0)
Land revaluation differences	5,565	—	(16)	(0)
Foreign currency translation adjustments:				
Amount arising during the fiscal year	¥ (35)	¥ 82	¥ 179	\$ 1
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	(35)	82	¥ 179	1
Income tax effects	—	—	—	—
Foreign currency translation adjustments	(35)	82	¥ 179	1
Share of other comprehensive income of associates accounted for by the equity method:				
Amount arising during the fiscal year	¥ (12)	¥ 107	¥ 2,680	\$ 26
Reclassification adjustments	(0)	7	(44)	(0)
Share of other comprehensive income of associates accounted for by the equity method	(13)	114	2,635	25
Total other comprehensive income	¥122,634	¥ 241,247	¥ 77,446	\$ 752

Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic bonds including national government bonds	¥ 928	¥ 15,757	¥ 3,824	\$ 37	
Domestic stocks	10,273	712	3,607	35	
Foreign securities	30,786	16,919	32,975	320	

Major components of losses on sales of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic bonds including national government bonds	¥ 1,704	¥ 16	¥ 3	\$ 0	
Domestic stocks	24,004	5,355	195	1	
Foreign securities	22,735	4,708	9,172	89	

Major components of losses on valuation of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic stocks	¥ 64,912	¥ 13,318	¥ 130	\$ 1	
Foreign securities	2,208	—	—	—	

Major components of gains (losses) on trading securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Interest and dividend income	¥ 34	¥ 61	¥ 0	\$ 0	
Gains (Losses) on sales of securities	(434)	1,082	—	—	
Gains (Losses) on valuation	13	(13)	—	—	

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥44,545 million, losses of ¥100,678 million and gains of ¥83,740 million (U.S. \$813 million) for the years ended March 31, 2012, 2013 and 2014, respectively.

Non-Consolidated Balance Sheets

Sumitomo Life Insurance Company

As of March 31	Millions of yen			Millions of
	2012	2013	2014	U.S. dollars
ASSETS:				
Cash and deposits (Note 3)				
Cash	¥ 301	¥ 257	¥ 255	\$ 2
Deposits	108,267	215,914	100,232	973
Subtotal	108,569	216,171	100,488	976
Call loans (Note 3)	375,700	434,100	471,100	4,577
Monetary claims bought (Note 3)	353,742	310,241	289,088	2,808
Securities (Notes 3, 5, 14 and 15)				
National government bonds	8,391,908	10,207,390	11,010,645	106,982
Local government bonds	249,653	186,550	105,843	1,028
Corporate bonds	2,947,650	2,737,691	2,534,563	24,626
Domestic stocks	1,438,948	1,592,060	1,738,128	16,888
Foreign securities	5,092,508	6,194,039	6,162,983	59,881
Other securities	722,717	698,109	482,218	4,685
Subtotal	18,843,387	21,615,840	22,034,382	214,092
Loans (Notes 3, 16 and 17)				
Policy loans	359,161	344,392	335,002	3,254
Industrial and consumer loans	2,528,286	2,319,031	2,130,536	20,700
Subtotal	2,887,447	2,663,423	2,465,539	23,955
Tangible fixed assets (Notes 4, 6 and 22)				
Land	523,574	481,596	430,073	4,178
Buildings	378,693	327,685	269,512	2,618
Lease assets	1,257	4,241	4,204	40
Construction in progress	1,341	532	1,626	15
Other tangible fixed assets	6,646	5,379	4,717	45
Subtotal	911,513	819,435	710,134	6,899
Intangible fixed assets				
Software	14,987	17,214	18,568	180
Other intangible fixed assets	10,963	10,324	5,125	49
Subtotal	25,950	27,539	23,694	230
Due from agents	5	3	3	0
Reinsurance receivables	214	195	255	2
Other assets				
Accounts receivable	37,162	41,803	44,250	429
Prepaid expenses	46,157	32,505	23,260	226
Accrued income	97,605	116,930	114,284	1,110
Money on deposit	4,368	4,238	3,915	38
Deposits for futures transactions	2,622	11,037	7,081	68
Derivative financial instruments (Note 3)	26,119	14,081	13,339	129
Suspense	10,814	9,498	45,514	442
Other assets	9,557	5,461	5,264	51
Subtotal	234,409	235,557	256,909	2,496
Prepaid pension cost (Note 11)	12,477	7,314	4,514	43
Deferred tax assets (Note 23)	210,683	134,607	123,415	1,199
Customers' liabilities under acceptances and guarantees	3,000	3,000	—	—
Allowance for possible loan losses	(4,057)	(3,324)	(2,189)	(21)
Total assets	¥23,963,043	¥26,464,107	¥26,477,337	\$257,261

As of March 31	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
LIABILITIES:				
Policy reserves and other reserves				
Reserve for outstanding claims (Note 18)	¥ 101,514	¥ 102,631	¥ 107,667	\$ 1,046
Policy reserves (Note 18)	21,686,794	22,914,837	23,215,973	225,573
Policyholders' dividend reserves (Note 9)	303,534	291,521	278,259	2,703
Subtotal	22,091,844	23,308,990	23,601,900	229,322
Reinsurance payables	136	115	120	1
Corporate bonds (Notes 3 and 25)	—	—	99,480	966
Other liabilities				
Payables under securities borrowing transactions (Note 3)	83,609	733,125	556,184	5,404
Loans payable (Notes 3 and 26)	357,500	222,500	122,500	1,190
Income taxes payable	19,775	42,085	20,044	194
Accounts payable	22,692	34,245	22,505	218
Accrued expenses	40,844	44,769	36,007	349
Deferred income	2,362	2,153	1,616	15
Deposits received	52,697	54,025	54,985	534
Guarantee deposits received	46,116	42,220	33,883	329
Borrowed securities	484	—	—	—
Derivative financial instruments (Note 3)	132,540	483,586	275,801	2,679
Cash collateral received for financial instruments	2,295	—	—	—
Lease obligations	1,282	4,235	4,238	41
Asset retirement obligations	1,972	2,007	1,956	19
Suspense receipts	8,423	10,876	12,788	124
Subtotal	772,596	1,675,830	1,142,512	11,100
Accrued retirement benefits (Note 11)	21,072	22,453	18,839	183
Reserve for price fluctuation	161,447	206,547	231,447	2,248
Deferred tax liabilities for land revaluation	30,083	27,927	22,164	215
Acceptances and guarantees	3,000	3,000	—	—
Total liabilities	23,080,181	25,244,865	25,116,465	244,038
NET ASSETS:				
Foundation funds (Note 13)	220,000	270,000	270,000	2,623
Reserve for redemption of foundation funds (Note 13)	319,000	369,000	369,000	3,585
Reserve for revaluation	2	2	2	0
Surplus:	334,004	326,588	375,553	3,648
Reserve for future losses	4,204	4,404	4,604	44
Other surplus	329,800	322,183	370,948	3,604
Reserve for fund redemption	54,000	45,600	92,600	899
Fund for price fluctuation allowance	165,000	165,000	165,000	1,603
Reserve for assisting social responsibility	1,469	1,555	1,634	15
Other reserves	223	223	223	2
Unappropriated surplus	109,107	109,804	111,491	1,083
Total funds, reserve and surplus	873,007	965,590	1,014,555	9,857
Net unrealized gains on available-for-sale securities	106,864	346,688	421,279	4,093
Deferred unrealized gains on derivatives under hedge accounting	59	—	—	—
Land revaluation differences	(97,069)	(93,037)	(74,963)	(728)
Total unrealized gains, revaluation reserve and adjustments	9,855	253,650	346,316	3,364
Total net assets	882,862	1,219,241	1,360,872	13,222
Total liabilities and net assets	¥23,963,043	¥26,464,107	¥26,477,337	\$257,261

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of yen			Millions of
	2012	2013	2014	U.S. dollars
				2014
ORDINARY INCOME:				
Insurance premiums and other				
Insurance premiums	¥2,589,857	¥3,140,241	¥2,500,081	\$24,291
Reinsurance revenue	555	582	507	4
Other income to policy reserves	3,920	3,952	3,649	35
Subtotal	2,594,334	3,144,777	2,504,238	24,331
Investment income (Note 20)				
Interest, dividends and other income	495,045	510,613	544,860	5,294
Interest on deposits	35	38	59	0
Interest and dividends on securities	367,059	390,445	438,135	4,257
Interest on loans	63,727	59,252	53,826	522
Rent revenue from real estate	55,876	53,662	46,655	453
Other interest and dividend	8,345	7,215	6,183	60
Gains on trading securities	—	1,131	0	0
Gains on sales of securities	41,988	33,389	40,408	392
Gains on redemption of securities	912	—	—	—
Foreign exchange gains	1,162	—	1,749	16
Reversal of allowance for possible loan losses	3,687	719	1,089	10
Other investment income	617	1,140	1,941	18
Investment gains on separate accounts	69,676	347,626	232,159	2,255
Subtotal	613,090	894,622	822,207	7,988
Other ordinary income				
Annuity supplementary contract premiums	15,444	18,244	17,068	165
Proceeds from deferred insurance	77,367	68,849	74,063	719
Reversal of reserves for outstanding claims (Note 21)	27,274	—	—	—
Reversal of accrued retirement benefits	—	—	814	7
Other ordinary income	10,917	11,656	13,196	128
Subtotal	131,003	98,750	105,142	1,021
Total ordinary income	3,338,428	4,138,150	3,431,588	33,342
ORDINARY EXPENSES:				
Benefits and other payments				
Claims paid	605,552	569,528	547,122	5,316
Annuity payments	311,299	357,460	465,550	4,523
Benefits payments	390,343	389,603	408,423	3,968
Surrender benefits	509,110	514,594	726,754	7,061
Other refunds	77,385	108,160	65,025	631
Reinsurance premiums	834	776	655	6
Subtotal	¥1,894,524	¥1,940,123	¥2,213,532	\$21,507

Years ended March 31	Millions of yen			Millions of
	2012	2013	2014	U.S. dollars
Provision for policy reserves and other reserves				
Provision for reserve for outstanding claims (Note 21)	¥ —	¥ 1,116	¥ 5,035	\$ 48
Provision for policy reserves (Note 21)	539,004	1,228,042	301,136	2,925
Provision for interest on policyholders' dividend reserves (Note 9)	473	448	429	4
Subtotal	539,478	1,229,607	306,601	2,979
Investment expenses (Note 20)				
Interest expenses	12,230	9,624	9,641	93
Losses on trading securities	386	—	—	—
Losses on sales of securities	48,443	10,080	9,371	91
Losses on valuation of securities	67,120	13,318	130	1
Losses on derivative financial instruments	48,787	171,867	144,999	1,408
Foreign exchange losses	—	20	—	—
Depreciation of real estate for investments	18,166	16,181	14,071	136
Other investment expenses	18,710	16,454	16,013	155
Subtotal	213,845	237,548	194,228	1,887
Operating expenses (Note 19)	351,315	362,449	336,386	3,268
Other ordinary expenses				
Payments of benefits left to accumulate at interest	90,814	90,666	94,193	915
Taxes	20,037	22,068	18,894	183
Depreciation	14,541	13,799	14,150	137
Provision for accrued retirement benefits	3,035	6,544	—	—
Other ordinary expenses	6,776	7,025	9,914	96
Subtotal	135,205	140,104	137,153	1,332
Total ordinary expenses	3,134,370	3,909,833	3,187,904	30,974
Ordinary profit	204,057	228,316	243,684	2,367
Extraordinary gains				
Gains on disposals of fixed assets	4,735	13,160	9,296	90
Subtotal	4,735	13,160	9,296	90
Extraordinary losses				
Losses on disposals of fixed assets	6,610	26,293	9,545	92
Impairment losses (Note 22)	6,423	24,228	50,662	492
Provision for reserve for price fluctuation	—	45,100	24,900	241
Loss on reduction of noncurrent assets	13	—	16	0
Payments to social responsibility reserve	778	614	621	6
Subtotal	13,825	96,236	85,747	833
Surplus before income taxes	194,967	145,240	167,233	1,624
Income taxes (Note 23)				
Current	29,734	64,461	65,951	640
Deferred	55,276	(32,442)	(27,678)	(268)
Total income taxes	85,010	32,018	38,273	371
Net surplus	¥ 109,956	¥ 113,222	¥ 128,960	\$ 1,253

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Years ended March 31, 2012

Millions of yen

	Funds, reserve and surplus											
	Surplus										Total funds, reserve and surplus	
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Other surplus					Total surplus
							Reserve for assisting social response	Other reserves	Unappropriated surplus			
Beginning balance	210,000	229,000	2	4,004	104,500	165,000	1,548	223	101,694	376,971	815,973	
Changes in the fiscal year												
Issuance of foundation funds	100,000										100,000	
Additions to policyholders' dividend reserves (Note 9)									(57,466)	(57,466)	(57,466)	
Additions to reserve for future losses				200					(200)	—	—	
Additions to reserve for redemption of foundation funds		90,000									90,000	
Payment of interest on foundation funds									(3,828)	(3,828)	(3,828)	
Net surplus									109,956	109,956	109,956	
Redemption of foundation funds	(90,000)										(90,000)	
Additions to reserve for fund redemption					39,500				(39,500)	—	—	
Reversal of reserve for fund redemption					(90,000)					(90,000)	(90,000)	
Additions to reserve for assisting social response							700		(700)	—	—	
Reversal of reserve for assisting social response							(778)		778	—	—	
Reversal of land revaluation differences									(1,628)	(1,628)	(1,628)	
Net changes, excluding funds, reserve and surplus												
Net changes in the fiscal year	10,000	90,000	—	200	(50,500)	—	(78)	—	7,412	(42,966)	57,033	
Ending balance	220,000	319,000	2	4,204	54,000	165,000	1,469	223	109,107	334,004	873,007	

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	(9,825)	162	(104,263)	(113,926)	702,047
Changes in the fiscal year					
Issuance of foundation funds					100,000
Additions to policyholders' dividend reserves (Note 9)					(57,466)
Additions to reserve for future losses					—
Additions to reserve for redemption of foundation funds					90,000
Payment of interest on foundation funds					(3,828)
Net surplus					109,956
Redemption of foundation funds					(90,000)
Additions to reserve for fund redemption					—
Reversal of reserve for fund redemption					(90,000)
Additions to reserve for assisting social response					—
Reversal of reserve for assisting social response					—
Reversal of land revaluation differences					(1,628)
Net changes, excluding funds, reserve and surplus	116,689	(102)	7,194	123,781	123,781
Net changes in the fiscal year	116,689	(102)	7,194	123,781	180,814
Ending balance	106,864	59	(97,069)	9,855	882,862

	Funds, reserve and surplus										
	Surplus										Total funds, reserve and surplus
	Other surplus									Total surplus	
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social response	Other reserves	Unappropriated surplus		
Beginning balance	220,000	319,000	2	4,204	54,000	165,000	1,469	223	109,107	334,004	873,007
Changes in the fiscal year											
Issuance of foundation funds	100,000										100,000
Additions to policyholders' dividend reserves (Note 9)									(63,345)	(63,345)	(63,345)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		50,000									50,000
Payment of interest on foundation funds									(3,261)	(3,261)	(3,261)
Net surplus									113,222	113,222	113,222
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for fund redemption					41,600				(41,600)	—	—
Reversal of reserve for fund redemption					(50,000)					(50,000)	(50,000)
Additions to reserve for assisting social response							700		(700)	—	—
Reversal of reserve for assisting social response							(614)		614	—	—
Reversal of land revaluation differences									(4,031)	(4,031)	(4,031)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	50,000	50,000	—	200	(8,400)	—	85	—	697	(7,416)	92,583
Ending balance	270,000	369,000	2	4,404	45,600	165,000	1,555	223	109,804	326,588	965,590

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available- for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	106,864	59	(97,069)	9,855	882,862
Changes in the fiscal year					
Issuance of foundation funds				100,000	
Additions to policyholders' dividend reserves (Note 9)				(63,345)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				50,000	
Payment of interest on foundation funds				(3,261)	
Net surplus				113,222	
Redemption of foundation funds				(50,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(50,000)	
Additions to reserve for assisting social response				—	
Reversal of reserve for assisting social response				—	
Reversal of land revaluation differences				(4,031)	
Net changes, excluding funds, reserve and surplus	239,823	(59)	4,031	243,795	243,795
Net changes in the fiscal year	239,823	(59)	4,031	243,795	336,379
Ending balance	346,688	—	(93,037)	253,650	1,219,241

	Funds, reserve and surplus										Total funds, reserve and surplus
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Surplus					Total surplus	
					Reserve for fund redemption	Fund for price fluctuation allowance	Other surplus		Unappropriated surplus		
							Reserve for assisting social response	Other reserves			
Beginning balance	270,000	369,000	2	4,404	45,600	165,000	1,555	223	109,804	326,588	965,590
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(58,330)	(58,330)	(58,330)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(3,574)	(3,574)	(3,574)
Net surplus									128,960	128,960	128,960
Additions to reserve for fund redemption					47,000				(47,000)	—	—
Additions to reserve for assisting social response							700		(700)	—	—
Reversal of reserve for assisting social response							(621)		621	—	—
Reversal of land revaluation differences									(18,091)	(18,091)	(18,091)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	200	47,000	—	78	—	1,686	48,964	48,964
Ending balance	270,000	369,000	2	4,604	92,600	165,000	1,634	223	111,491	375,553	1,014,555

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	346,688	—	(93,037)	253,650	1,219,241
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(58,330)	
Additions to reserve for future losses				—	
Payment of interest on foundation funds				(3,574)	
Net surplus				128,960	
Additions to reserve for fund redemption				—	
Additions to reserve for assisting social response				—	
Reversal of reserve for assisting social response				—	
Reversal of land revaluation differences				(18,091)	
Net changes, excluding funds, reserve and surplus	74,591	—	18,074	92,665	92,665
Net changes in the fiscal year	74,591	—	18,074	92,665	141,630
Ending balance	421,279	—	(74,963)	346,316	1,360,872

	Funds, reserve and surplus										Total funds, reserve and surplus
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Surplus					Total surplus	
					Reserve for fund redemption	Fund for price fluctuation allowance	Other surplus		Unappropriated surplus		
							Reserve for assisting social response	Other reserves			
Beginning balance	2,623	3,585	0	42	443	1,603	15	2	1,066	3,173	9,381
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(566)	(566)	(566)
Additions to reserve for future losses				1					(1)	—	—
Payment of interest on foundation funds									(34)	(34)	(34)
Net surplus									1,253	1,253	1,253
Additions to reserve for fund redemption					456				(456)	—	—
Additions to reserve for assisting social response							6		(6)	—	—
Reversal of reserve for assisting social response							(6)		6	—	—
Reversal of land revaluation differences									(175)	(175)	(175)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	1	456	—	0	—	16	475	475
Ending balance	2,623	3,585	0	44	899	1,603	15	2	1,083	3,648	9,857

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	3,368	—	(903)	2,464	11,846
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(566)	
Additions to reserve for future losses				—	
Payment of interest on foundation funds				(34)	
Net surplus				1,253	
Additions to reserve for fund redemption				—	
Additions to reserve for assisting social response				—	
Reversal of reserve for assisting social response				—	
Reversal of land revaluation differences				(175)	
Net changes, excluding funds, reserve and surplus	724	—	175	900	900
Net changes in the fiscal year	724	—	175	900	1,376
Ending balance	4,093	—	(728)	3,364	13,222

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Unappropriated surplus	¥109,107	¥109,804	¥111,491	\$1,083
Appropriation of surplus	109,107	109,804	111,491	1,083
Provision for policyholders' dividend reserves	63,345	58,330	60,141	584
Net surplus	45,761	51,474	51,349	498
Reserve for future losses	200	200	200	1
Interest on foundation funds	3,261	3,574	3,449	33
Voluntary surplus reserves:	42,300	47,700	47,700	463
Reserve for fund redemption	41,600	47,000	47,000	456
Reserve for assisting social responsibility	¥ 700	¥ 700	¥ 700	\$ 6

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the Japanese Insurance Business Act and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the non-consolidated financial statements include the information which is not required under Japanese GAAP but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing as of March 31, 2014, which was ¥102.92 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Note 2

Summary of Significant Accounting Policies

(1) i) Securities

Securities held by the Company are classified and accounted for as follows:

Trading securities are stated at market value on the balance sheet date. The cost of trading securities sold is calculated using the moving average method.

Held-to-maturity debt securities are stated at amortized cost and the cost of these securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

Policy-reserve-matching bonds (refer to Note.2(2)) are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants. The cost of these bonds sold is calculated using the moving average method and amortization is calculated using the straight-line method.

Investments in subsidiaries and affiliated companies (defined in Article 110 Clause 2 of the Insurance Business Act) are stated at cost.

Equity securities with readily determinable market values classified as available-for-sale securities are stated at market value which is determined as the average of the market value during the final month of the fiscal year. Other available-for-sale securities with readily determinable market values are stated at market value on the balance sheet date. Available-for-sale securities for which determination of fair value is impracticable are stated mainly at cost.

The cost of these securities sold is calculated using the moving average method.

Certain demand deposits, monetary claims bought and securities in money-held-in-trusts deemed equivalent to investment in securities are stated using the same methods described above.

Unrealized gains and losses on available-for-sale securities are reported net of income taxes, as a separate component of Net Assets in the non-consolidated balance sheets.

ii) Derivative instruments

Derivatives are stated at fair value.

iii) Hedge accounting

Under Japanese GAAP, several hedge accounting models are allowed.

Two fundamental approaches are the deferred hedge method and the fair value hedge method.

Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged item, gains and losses on changes in fair value of the hedging instrument are recognized in earnings together with the corresponding gains or losses of the hedged item attributable to the risk being hedged.

In addition, for certain derivative instruments, exceptional treatments are permitted under Japanese GAAP.

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at the foreign exchange rate stipulated in the forward contracts and the currency swap agreements. Accordingly, the foreign exchange forward contracts and the currency swaps used as hedging instruments are not recognized as an asset or liability measured at fair value either at the initial recognition or subsequent reporting dates (the allocation method).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the net paid or received under the swap agreements is recognized and included in interest expense or income of hedged items (the exceptional method).

The Company adopts mainly the fair value hedge method or the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

The Company also adopts the exceptional method to hedge interest rate risk primarily of floating rate loans.

Hedge effectiveness is assessed by comparing the cumulative changes in fair values or cash flows of the hedged item and the hedging instrument.

(2) Policy-reserve-matching bonds

With regard to debt securities held in order to match their duration to the duration of the corresponding sub-sections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurance, individual annuities and group annuities, the Company classifies those securities as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants.

(3) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese Yen at the exchange rates prevailing on the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese Yen at the exchange rates on the dates of acquisition.

Foreign-currency-denominated debt securities classified as available-for-sale securities, which are exposed to significant foreign exchange rate fluctuations, are translated at the average of exchange rates during the final month of the fiscal year.

(4) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

- a. Buildings
Calculated using the straight-line method.
- b. Lease assets related to financial leases where ownership is not transferred
Calculated using the straight-line method over the lease period.
- c. Other tangible fixed assets
Calculated using the declining-balance method.

From the fiscal year ended March 31, 2013, in accordance with revisions to the Corporate Tax Act, tangible fixed assets acquired on or after April 1, 2012 are accounted for using the straight-line method as stipulated by the revised Corporate Tax Act. The effect of this revision for the year ended March 31, 2013 was immaterial.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.

The difference in value before and after revaluation is directly included in Net Assets and presented as Land

revaluation differences, net of income taxes which is presented as Deferred tax liabilities for land revaluation in the non-consolidated balance sheets.

Revaluation method is stipulated in Article 3 Clause 3 of the Act on Revaluation of Land.

Pursuant to the provision of the Act on Revaluation of Land, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2 Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (the "Order")) and appraisal value (detailed in Article 2 Paragraph 5 of the Order) for the revaluation.

The Act on Revaluation of Land requires to disclose the deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land. The deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land were ¥3,005 million, ¥17,461 million and ¥20,556 million (U.S.\$199 million) as of March 31, 2012, 2013 and 2014, respectively.

(5) Software

Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2012, 2013 and 2014) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

(6) Lease accounting

Effective April 1, 2008, the Company started to recognize the leased assets and the related obligations for finance lease transactions pursuant to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). However, certain finance leases not transferring ownership with the lease terms commenced prior to April 1, 2008 are accounted for as operating leases.

(7) Allowance for possible loan losses

The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees. For loans to borrowers that are likely to become bankrupt (hereafter, "borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees. For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on the Company's standards for the self-assessment of asset quality and the assessment results are reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2012, 2013 and 2014 amounted to ¥570 million, ¥223 million and ¥217 million (U.S.\$2 million), respectively.

(8) Accrued retirement benefits

Accrued retirement benefits of the Company are provided based on the projected benefit obligations and plan assets as of the balance sheet date in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits").

(9) Reserve for price fluctuation

Reserve for price fluctuation is calculated pursuant to the provisions of Article 115 of the Insurance Business Act.

(10) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.

(11) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the Insurance Business Act.

Premium reserves, a main component of policy reserves, are calculated according to the following method:

i) For contracts that are subject to the standard policy reserve requirements, the premium reserve is calculated pursuant to the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48, in 1996).

ii) For contracts that are not subject to the standard policy reserve requirements, premium reserve is calculated using the net level premium method.

The Company changed its accounting policy for premium reserves for existing individual annuity contracts whose annuity payments commenced on or after April 1, 2006, effective from the year ended March 31, 2007, as follows:

The difference arising by applying the calculation basis determined by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996) to individual annuity contracts, assuming that the date of commencement of an annuity payment is the date of the annuity contract, has also been provided for by the Company.

The life insurance standard life table 2007 for after commencement of annuity payment is used for the assumed rate of mortality in the above calculation.

(12) Revenue recognition

Insurance premiums are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

(13) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(14) New accounting standards

"Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24) have been applied from the fiscal year ended March 31, 2012.

Due to the revisions to the Ordinance for Enforcement of the Insurance Business Act, reversal of allowance for possible loan losses, which had previously been presented as an extraordinary gain item on the non-consolidated statements of income, was included in investment income from the fiscal year ended March 31, 2012.

(15) New accounting pronouncements

Accounting Standard for Retirement Benefits

The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced Accounting Standard for Retirement Benefits and the related practical guidances.

The Company expects to apply the revised accounting method for calculating projected benefit obligations and service costs from the fiscal year beginning on April 1, 2014.

The impact of applying the standard and guidance is currently under assessment.

Financial Instruments

(1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) with considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to long-term by diversified investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities held by the Company.

Main components of the Company's financial instruments and associated risks are as follows:

Domestic bonds are exposed to market risk, which arises from the fluctuation of interest rates and other market indicators, and credit risk of issuers. Domestic and foreign stocks are exposed to market risk, which arises from the fluctuation of stock prices and foreign exchange rates, and credit risk of issuers. Foreign bonds are exposed to market risk, which arises from the fluctuation of interest rates, foreign exchange rates and other market indicators, and credit risk of issuers. Loans, mainly to domestic companies, are exposed to credit risk, which arises from deterioration of the financial condition of counterparties. They are also exposed to market risk since certain loans, similarly with bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

Floating rate loans are exposed to interest rate risk.

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge floating rate assets. Gains and losses on certain foreign currency contracts used for hedging foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in fair value of hedged items and hedging instruments.

Gains and losses on certain interest rate swaps used for hedging interest rate risks mainly of floating rate loans are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in cash flows of hedged items and hedging instruments. When foreign currency forward contracts and currency swaps meet the criteria for applying the allocation method or when interest rate swap transactions meet the criteria for applying the exceptional method, hedge effectiveness is not assessed.

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to enhance risk assessment and management quantitatively and comprehensively by defining the framework of risk management about market risk and credit risk of financial instruments and concrete risk management processes pursuant to related regulations. Moreover, the risk management department maintains effective risk management structures by independent monitoring whether trading departments operate in compliance with related policies and rules. The board of directors makes decisions in response to the reports of risk management positions.

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in interest rates, foreign exchange rates, stock prices and other market indicators by comparing Value-at-Risk (VaR) as integrated risk exposure with the limit for market risk, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales. In addition, monitoring of the value fluctuations is conducted on a daily basis to correspond to changes in the fair value of asset and liability portfolio.

In order to manage credit risk, the Company assesses financial assets such as loans by using internal credit ratings corresponding to financial condition of security issuers or counterparties of loans when the Company makes investments, and regularly reviews these ratings. Moreover, the Company manages credit risk by comparing Value-at-Risk (VaR) calculated by Monte Carlo simulations, which are based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate at default, with the limit for credit risk.

(2) Fair value of financial instruments

The following table summarizes the carrying amounts in the non-consolidated balance sheets and the fair value of financial instruments as of March 31, 2012, 2013 and 2014 together with their differences.

As of March 31	Millions of Yen								
	2012			2013			2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 108,569	¥ 108,569	¥ —	¥ 216,171	¥ 216,171	¥ —	¥ 100,488	¥ 100,488	¥ —
[Available-for-sale securities]* ¹	[33,997]	[33,997]	—	[129,992]	[129,992]	—	[37,997]	[37,997]	—
Call loans	375,700	375,700	—	434,100	434,100	—	471,100	471,100	—
Monetary claims bought	353,742	355,635	1,892	310,241	312,916	2,675	289,088	291,095	2,006
[Available-for-sale securities]* ¹	[277,249]	[277,249]	—	[257,694]	[257,694]	—	[246,599]	[246,599]	—
Securities* ²	18,238,854	18,821,877	583,022	21,002,970	22,269,625	1,266,654	21,437,379	22,624,834	1,187,455
Trading securities	2,820,578	2,820,578	—	2,859,878	2,859,878	—	2,526,847	2,526,847	—
Held-to-maturity debt securities	1,961,880	2,030,383	68,503	1,874,597	2,072,776	198,178	1,849,463	2,043,711	194,248
Policy-reserve-matching bonds	9,368,136	9,882,655	514,519	10,862,267	11,936,600	1,074,333	11,017,008	12,016,439	999,431
Investments in subsidiaries and affiliated companies	—	—	—	33,173	27,317	(5,856)	33,173	26,949	(6,224)
Available-for-sale securities	4,088,259	4,088,259	—	5,373,052	5,373,052	—	6,010,886	6,010,886	—
Loans	2,887,447	—	—	2,663,423	—	—	2,465,539	—	—
Allowance for possible loan losses* ³	(3,537)	—	—	(2,745)	—	—	(1,610)	—	—
	2,883,909	2,977,256	93,346	2,660,678	2,754,583	93,905	2,463,928	2,539,338	75,410
Corporate bonds	—	—	—	—	—	—	99,480	108,296	8,816
Payables under securities borrowing transactions	83,609	83,609	—	733,125	733,125	—	556,184	556,184	—
Long-term debt	357,500	371,328	13,828	222,500	230,092	7,592	122,500	124,865	2,365
Derivative transactions* ⁴	(106,420)	(106,420)	—	(469,505)	(469,505)	—	(262,462)	(262,462)	—
Hedge accounting not applied	(13,284)	(13,284)	—	(107,924)	(107,924)	—	(13,275)	(13,275)	—
Hedge accounting applied	(93,136)	(93,136)	—	(361,580)	(361,580)	—	(249,187)	(249,187)	—

As of March 31	Millions of U.S. dollars		
	2014		
	Balance sheet amount	Fair value	Difference
Cash and deposits	\$ 976	\$ 976	\$ —
[Available-for-sale securities]* ¹	[369]	[369]	—
Call loans	4,577	4,577	—
Monetary claims bought	2,808	2,828	19
[Available-for-sale securities]* ¹	[2,396]	[2,396]	—
Securities* ²	208,291	219,829	11,537
Trading securities	24,551	24,551	—
Held-to-maturity debt securities	17,969	19,857	1,887
Policy-reserve-matching bonds	107,044	116,755	9,710
Investments in subsidiaries and affiliates companies	322	261	(60)
Available-for-sale securities	58,403	58,403	—
Loans	23,955	—	—
Allowance for possible loan losses* ³	(15)	—	—
	23,940	24,672	732
Corporate bonds	966	1,052	85
Payables under securities borrowing transactions	5,404	5,404	—
Long-term debt	1,190	1,213	22
Derivative transactions* ⁴	(2,550)	(2,550)	—
Hedge accounting not applied	(128)	(128)	—
Hedge accounting applied	(2,421)	(2,421)	—

*1 Available-for-sale securities are shown in parenthesis.

*2 This table does not include financial instruments for which fair values are not practically determinable, such as unlisted securities.

The non-consolidated balance sheet amounts of these securities were ¥604,532 million, ¥612,870 million and ¥597,003 million (U.S. \$5,800 million) as of March 31, 2012, 2013 and 2014, respectively.

*3 The allowance for possible loan losses earmarked for loans is deducted from the carrying amount of loan.

*4 Debits and credits arising from derivative transactions are netted, and the net credit position is shown in parenthesis.

Note.1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

In principle, the book value is deemed as the fair value.

As for certain deposits regarded as securities pursuant to "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10), fair value is measured based on the closing market price on the balance sheet date.

2) Monetary claims bought

Fair value is measured based on the closing market price on the balance sheet date.

3) Securities

As for stocks with market prices, fair value is measured based on the average market price during the final month of the fiscal year.

As for the other securities with market prices, fair value is measured based on the closing market price on the balance sheet date.

4) Loans

As for policy loans, the book value is deemed as the fair value since the book value approximates the fair value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms.

As for general loans, the fair value is measured mainly as the present value of estimated future cash flows from the loan.

With regard to loans to debtors that are legally or substantially bankrupt and doubtful debtors, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

Fair value is measured based on the closing market price on the balance sheet date.

2) Payables under securities borrowing transactions

The book value is deemed as the fair value since the fair value approximates the book value.

3) Long-term borrowings

As for the fair value of long-term borrowings, the fair value is measured as the present value of estimated future cash flows.

Derivative transactions

For details on derivative transactions, please refer to Note.4 below: Fair values of derivative transactions.

Note.2: Matters related to securities, including certain deposits regarded as securities pursuant to "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10).

The following tables show the carrying amounts in the non-consolidated balance sheets, the fair value and their differences of held-to-maturity securities and policy-reserve-matching bonds as of March 31, 2012, 2013 and 2014.

1) Held-to-maturity debt securities

As of March 31	Millions of yen								
	2012			2013			2014		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount									
Bonds	¥ 434,645	¥ 450,796	¥16,150	¥ 440,024	¥ 462,736	¥ 22,711	¥ 525,805	¥ 546,991	¥ 21,185
Foreign securities (bonds)	1,369,403	1,423,225	53,821	1,427,051	1,602,849	175,797	1,314,572	1,487,837	173,265
Fair value does not exceed the balance sheet amount									
Bonds	38,504	37,550	(953)	5,521	5,199	(321)	9,084	8,882	(202)
Foreign securities (bonds)	119,326	118,811	(515)	2,000	1,990	(9)	—	—	—
Total	1,961,880	2,030,383	68,503	1,874,597	2,072,776	198,178	1,849,463	2,043,711	194,248

As of March 31	Millions of U.S. dollars		
	2014		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	\$ 5,108	\$ 5,314	\$ 205
Foreign securities (bonds)	12,772	14,456	1,683
Fair value does not exceed the balance sheet amount			
Bonds	88	86	(1)
Foreign securities (bonds)	—	—	—
Total	17,969	19,857	1,887

2) Policy-reserve-matching bonds

As of March 31	Millions of yen								
	2012			2013			2014		
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount									
Bonds	¥9,163,239	¥9,682,171	¥518,931	¥10,709,223	¥11,780,505	¥1,071,281	¥10,572,822	¥11,570,465	¥997,643
Foreign securities (bonds)	93,756	97,531	3,774	103,872	109,130	5,258	92,347	96,975	4,627
Fair value does not exceed the balance sheet amount									
Bonds	69,138	62,825	(6,313)	41,171	39,497	(1,673)	346,838	344,052	(2,785)
Foreign securities (bonds)	42,000	40,126	(1,874)	8,000	7,467	(532)	5,000	4,946	(54)
Total	9,368,136	9,882,655	514,519	10,862,267	11,936,600	1,074,333	11,017,008	12,016,439	999,431

As of March 31	Millions of U.S. dollars		
	2014		
Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount			
Bonds	\$102,728	\$112,421	\$9,693
Foreign securities (bonds)	897	942	44
Fair value does not exceed the balance sheet amount			
Bonds	3,369	3,342	(27)
Foreign securities (bonds)	48	48	(0)
Total	107,044	116,755	9,710

The following tables show the acquisition costs (or amortized costs), the carrying amounts in the non-consolidated balance sheets and their differences of available-for-sale securities as of March 31, 2012, 2013 and 2014.

3) Available-for-sale securities

As of March 31	Millions of yen								
	2012			2013			2014		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs									
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—
Monetary claims bought	¥ 254,345	¥ 266,764	¥ 12,418	¥ 223,167	¥ 237,696	¥ 14,528	¥ 190,138	¥ 202,117	¥ 11,978
Bonds	612,075	634,468	22,392	646,146	671,787	25,641	881,390	903,980	22,590
Stocks	316,576	437,830	121,254	492,400	742,382	249,981	576,369	955,445	379,075
Foreign securities	2,055,996	2,156,848	100,852	3,115,377	3,365,386	250,008	3,353,180	3,567,687	214,507
Foreign bonds	2,049,153	2,149,661	100,507	3,113,544	3,363,450	249,906	3,352,490	3,566,923	214,432
Other foreign securities	6,842	7,187	345	1,833	1,935	102	689	764	75
Other securities	14,629	18,011	3,382	11,114	21,104	9,990	18,833	26,895	8,062
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	34,000	33,997	(2)	130,000	129,992	(7)	38,000	37,997	(2)
Monetary claims bought	10,498	10,484	(13)	19,997	19,997	(0)	44,496	44,481	(14)
Bonds	84,642	83,404	(1,238)	62,967	62,696	(271)	168,484	168,311	(173)
Stocks	484,106	398,618	(85,488)	277,013	229,570	(47,443)	196,684	166,978	(29,705)
Foreign securities	356,215	341,184	(15,031)	267,624	263,331	(4,293)	223,059	216,396	(6,663)
Foreign bonds	343,808	331,030	(12,778)	260,106	256,979	(3,127)	217,822	212,412	(5,409)
Other foreign securities	12,407	10,153	(2,253)	7,517	6,351	(1,166)	5,237	3,983	(1,253)
Other securities	22,522	17,893	(4,629)	19,002	16,793	(2,208)	5,802	5,192	(610)
Total	4,245,609	4,399,505	153,896	5,264,813	5,760,738	495,925	5,696,439	6,295,483	599,044

As of March 31	Millions of U.S. dollars		
	2014		
Type	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs			
Negotiable certificates of deposit	—	—	—
Monetary claims bought	\$ 1,847	\$ 1,963	\$ 116
Bonds	8,563	8,783	219
Stocks	5,600	9,283	3,683
Foreign securities	32,580	34,664	2,084
Foreign bonds	32,573	34,657	2,083
Other foreign securities	6	7	0
Other securities	182	261	78
Balance sheet amount does not exceed acquisition costs or amortized costs			
Negotiable certificates of deposit	369	369	(0)
Monetary claims bought	432	432	(0)
Bonds	1,637	1,635	(1)
Stocks	1,911	1,622	(288)
Foreign securities	2,167	2,102	(64)
Foreign bonds	2,116	2,063	(52)
Other foreign securities	50	38	(12)
Other securities	56	50	(5)
Total	55,348	61,168	5,820

Note.3: Maturity analysis of monetary claims, securities with maturities, corporate bonds and other liabilities

Scheduled redemptions of monetary claims and securities with maturities, corporate bonds and other liabilities

As of March 31, 2012

	Millions of yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥108,270	¥ —	¥ —	¥ —
Call loans	375,700	—	—	—
Monetary claims bought	28,852	13,069	1,858	297,981
Securities	514,995	3,116,044	2,403,177	8,237,582
Held-to-maturity debt securities	147,053	412,979	245,950	1,138,414
Policy-reserve-matching bonds	214,426	1,554,377	678,677	6,888,536
Available-for-sale securities	153,515	1,148,687	1,478,549	210,632
Loans	308,141	1,163,036	827,502	110,189
Payables under securities borrowing transactions	83,609	—	—	—
Long-term debt	—	20,000	—	—

As of March 31, 2013

	Millions of yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥215,922	¥ —	¥ —	¥ —
Call loans	434,100	—	—	—
Monetary claims bought	25,960	8,016	1,516	260,521
Securities	747,490	3,204,640	2,883,386	9,870,373
Held-to-maturity debt securities	152,936	280,385	255,544	1,167,062
Policy-reserve-matching bonds	360,421	1,379,372	635,072	8,439,776
Available-for-sale securities	234,132	1,544,883	1,992,769	263,534
Loans	292,920	1,171,384	631,599	104,085
Payables under securities borrowing transactions	733,125	—	—	—
Long-term debt	—	20,000	—	—

As of March 31, 2014

	Millions of yen				Millions of U.S. dollars			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥100,235	¥ —	¥ —	¥ —	\$ 973	\$ —	\$ —	\$ —
Call loans	471,100	—	—	—	4,577	—	—	—
Monetary claims bought	44,225	1,923	921	230,282	429	18	8	2,237
Securities	835,022	2,908,059	2,879,197	10,764,727	8,113	28,255	27,975	104,593
Held-to-maturity debt securities	158,244	187,569	232,496	1,252,411	1,537	1,822	2,258	12,168
Policy-reserve-matching bonds	282,173	1,173,919	535,885	8,971,430	2,741	11,406	5,206	87,168
Available-for-sale securities	394,604	1,546,570	2,110,815	540,885	3,834	15,026	20,509	5,255
Loans	283,337	1,111,173	551,610	80,903	2,752	10,796	5,359	786
Corporate bonds	—	—	—	99,480	—	—	—	966
Payables under securities borrowing transactions	556,184	—	—	—	5,404	—	—	—
Long-term debt	20,000	—	—	—	194	—	—	—

The table above excludes certain financial instruments for which estimation of the value of recovery is impracticable, such as loans to debtors that are legally or substantially bankrupt and doubtful debtors, and those without maturities.

Note.4: Fair values of derivative transactions

(i) Interest-rate related

1) Hedge accounting not applied

As of March 31, 2012

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —
Receipts floating, payments fixed	34,500	34,500	(250)	(250)
Total				(250)

As of March 31, 2013

Type	Millions of yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —
Receipts floating, payments fixed	34,500	34,500	(228)	(228)
Total				(228)

As of March 31, 2014

Type	Millions of yen				Millions of U.S. dollars			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$—	\$—
Receipts floating, payments fixed	34,500	—	(94)	(94)	335	—	(0)	(0)
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	120,000	120,000	—	—	1,165	1,165	—	—
	[1,254]		500	(753)	[12]		4	(7)
Total				(847)				(8)

*1.Option fees are shown in [].

*2.Net gains (losses) represent the fair values.

*3.The fair values of certain interest rate swaps accounted for by the exceptional method are included in the fair values of related loans since they are accounted for with considering them as integrated transactions.

2) Hedge accounting applied

As of March 31, 2012

		Millions of Yen				
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap						
Deferred hedge method	Receipts fixed, payments floating	Loans	¥10,000	¥ —	¥ 89	
	Receipts floating, payments fixed		—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	62,369	58,142	2,877	
	Receipts floating, payments fixed		464	62	(1)	
Total					2,966	

As of March 31, 2013

		Millions of yen				
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap						
Deferred hedge method	Receipts fixed, payments floating	—	¥ —	¥ —	¥ —	
	Receipts floating, payments fixed		—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	58,342	51,576	2,607	
	Receipts floating, payments fixed		62	—	(0)	
Total					2,606	

As of March 31, 2014

		Millions of Yen					Millions of U.S. Dollars		
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Interest rate swap									
Deferred hedge method	Receipts fixed, payments floating	—	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	
	Receipts floating, payments fixed		—	—	—	—	—	—	
Exceptional method	Receipts fixed, payments floating	Loans	54,726	48,721	1,834	531	473	17	
	Receipts floating, payments fixed		—	—	—	—	—	—	
Total					1,834			17	

(ii) Currency-related

1) Hedge accounting not applied

As of March 31, 2012

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥767,930	¥32,179	¥(33,644)	¥(33,644)
(Australian dollar)	225,522	32,179	(17,963)	(17,963)
(U.S. dollar)	289,502	—	(7,612)	(7,612)
(Euro)	251,282	—	(8,073)	(8,073)
Bought	28,274	—	(178)	(178)
(U.S. dollar)	22,592	—	(149)	(149)
(Euro)	5,012	—	(27)	(27)
Currency options				
Sold				
Call	—	—	—	—
(Australian dollar)	[—]	—	—	—
(U.S. dollar)	—	—	—	—
Bought				
Call	333,000	—	7,738	3,519
(Australian dollar)	[4,219]	—	488	(616)
(U.S. dollar)	243,000	—	7,249	4,136
Put	39,707	39,707	6,967	662
(U.S. dollar)	[6,304]	39,707	6,967	662
Total	[6,304]		6,967	662
				(29,641)

As of March 31, 2013		Millions of Yen			
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	
Foreign currency forward contracts					
Sold	¥739,882	¥54,342	¥(104,122)	¥(104,122)	
(Australian dollar)	223,165	54,342	(44,023)	(44,023)	
(U.S. dollar)	286,107	—	(29,561)	(29,561)	
(Euro)	229,860	—	(30,532)	(30,532)	
Bought	18,068	—	17	17	
(U.S. dollar)	3,175	—	(6)	(6)	
(Euro)	14,353	—	24	24	
Currency options					
Sold					
Call	91,500	—			
	[1,936]		4,494	(2,558)	
(Australian dollar)	46,750	—			
	[909]		2,205	(1,296)	
(U.S. dollar)	44,750	—			
	[1,027]		2,289	(1,261)	
Bought					
Call	186,000	—			
	[1,985]		6,332	4,346	
(Australian dollar)	95,000	—			
	[941]		3,097	2,155	
(U.S. dollar)	91,000	—			
	[1,043]		3,234	2,191	
Put	116,876	29,789			
	[6,611]		2,087	(4,523)	
(U.S. dollar)	116,876	29,789			
	[6,611]		2,087	(4,523)	
Total				(106,840)	

As of March 31, 2014	Millions of yen				Millions of U.S. dollars				
	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts									
Sold	¥469,899	¥50,302	¥(19,717)	¥(19,717)	\$4,565	\$488	\$(191)	\$(191)	
(Australian dollar)	205,745	—	(17,572)	(17,572)	1,999	—	(170)	(170)	
(U.S. dollar)	188,256	50,302	(1,853)	(1,853)	1,829	488	(18)	(18)	
(Euro)	73,839	—	(269)	(269)	717	—	(2)	(2)	
Bought	7,248	489	49	49	70	4	0	0	
(U.S. dollar)	4,253	489	17	17	41	4	0	0	
(Euro)	2,102	—	22	22	20	—	0	0	
Currency options									
Sold									
Call	—	—	—	—	—	—	—	—	
(Australian dollar)	[—]	—	—	—	[—]	—	—	—	
(U.S. dollar)	[—]	—	—	—	[—]	—	—	—	
Bought	—	—	—	—	—	—	—	—	
Call	[—]	—	—	—	[—]	—	—	—	
(Australian dollar)	[—]	—	—	—	[—]	—	—	—	
(U.S. dollar)	[—]	—	—	—	[—]	—	—	—	
Put	22,043	—	—	—	214	—	—	—	
(U.S. dollar)	[3,526]	—	40	(3,485)	[34]	—	0	(33)	
	[3,526]	—	40	(3,485)	[34]	—	0	(33)	
Total				(23,153)				(224)	

*1.Option fees are shown in [].

*2.Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

*3.The fair values of foreign currency forward contracts and currency swaps accounted for by the allocation method are included in the fair values of related securities and corporate bonds since they are accounted for with considering them as integrated transactions.

2) Hedge accounting applied

As of March 31, 2012

Hedge accounting model	Type	Main hedged items	Millions of yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets	¥1,569,215	¥457,857	¥(93,225)
			580,503	74,982	(29,556)
			506,742	—	(18,968)
			416,395	382,875	(38,969)
Allocation method	Sold	Foreign-currency-denominated assets	322,528	256,055	13,953
			165,699	165,699	(8,618)
			156,829	90,355	22,571
Total					(79,272)

As of March 31, 2013

Hedge accounting model	Type	Main hedged items	Millions of yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets	¥2,337,014	¥493,538	¥(361,580)
			966,711	83,267	(124,583)
			650,745	70,964	(86,070)
			644,385	339,306	(150,518)
Allocation method	Sold	Foreign-currency-denominated assets	247,713	132,568	(40,658)
			158,224	100,187	(41,552)
			89,489	32,381	894
Total					(402,239)

As of March 31, 2014

Hedge accounting model	Type	Main hedged items	Millions of yen			Millions of U.S. dollars		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets	¥2,731,567	¥863,992	¥(249,187)	\$26,540	\$8,394	\$(2,421)
			1,191,205	138,831	(99,877)	11,574	1,348	(970)
			792,016	341,757	(32,510)	7,695	3,320	(315)
			667,744	383,402	(107,162)	6,487	3,725	(1,041)
Allocation method	Sold	Foreign-currency-denominated assets	126,581	108,961	(30,331)	1,229	1,058	(294)
			94,347	94,347	(26,543)	916	916	(257)
			32,233	14,613	(3,788)	313	141	(36)
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	6,815	966	966	66
			99,480	99,480	6,815	966	966	66
Total					(272,703)	(2,649)		

(iii) Stock-related

1) Hedge accounting not applied

As of March 31, 2012

Classification	Type	Millions of yen			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures					
Exchange-traded transactions	Sold	¥ 16,019	¥ —	¥ (6)	¥ (6)
	Bought	30,379	—	1,726	1,726
Stock index options					
Over-the-counter transactions	Sold	—	—	—	—
	Put	[—]	—	—	—
	Bought	183,400	34,000	—	—
	Put	[11,203]	—	3,650	(7,553)
Total					(5,832)

As of March 31, 2013

Classification	Type	Millions of yen			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures					
Exchange-traded transactions	Sold	¥303,340	¥ —	¥(6,029)	¥ (6,029)
	Bought	9,845	—	55	55
Stock index options					
Over-the-counter transactions	Sold	—	—	—	—
	Put	2,499	1,399	—	—
		[53]	—	49	3
	Bought	82,600	27,000	—	—
	Put	[7,383]	—	929	(6,454)
Total					(12,424)

As of March 31, 2014

Classification	Type	Millions of yen				Millions of U.S. dollars			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures									
Exchange-traded transactions	Sold	¥257,919	¥ —	¥3,809	¥ 3,809	\$2,506	\$ —	\$(37)	\$(37)
	Bought	3,999	—	(5)	(5)	38	—	0	0
Stock index forwards									
Over-the-counter transactions	Sold	108,510	—	350	350	1,054	—	3	3
Stock index options									
	Sold	—	—	—	—	—	—	—	—
	Put	5,099	—	6	78	49	—	0	0
		[85]	—	—	—	[0]	—	—	—
	Bought	—	—	—	—	—	—	—	—
	Call	60,000	30,000	712	(419)	582	291	6	(4)
		[1,131]	—	—	—	[10]	—	—	—
	Put	24,200	—	—	—	235	—	—	—
		[5,179]	—	42	(5,136)	[50]	—	0	(49)
Total					(1,323)				(12)

*1.Option fees are shown in [].

*2.Net gains (losses) represent the fair values for futures trading, fair values for forwards trading and the difference between the option fees and the fair values for option transactions.

2) Hedge accounting applied

No ending balance as of March 31, 2012, 2013 and 2014.

(iv) Bond-related

1) Hedge accounting not applied

As of March 31, 2012

		Millions of yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures Sold	¥85,203	¥—	¥ 49	¥ 49
Over-the-counter transactions	Bond OTC options Sold				
	Call	78,077 [1,175]	—	699	476
	Bought Put	78,077 [1,421]	—	1,362	(59)
Total					465

As of March 31, 2013

		Millions of yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures Sold	¥173,228	¥—	¥(2,421)	¥(2,421)
Over-the-counter transactions	Bond OTC options Sold				
	Call	— [—]	—	—	—
	Bought Put	— [—]	—	—	—
Total					(2,421)

As of March 31, 2014

		Millions of yen				Millions of U.S. dollars			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Bond futures Sold	¥293,251	¥—	¥1,043	¥1,043	\$2,849	\$—	\$10	\$10
Over-the-counter transactions	Bond OTC options Sold								
	Call	— [—]	—	—	—	— [—]	—	—	—
	Bought Put	— [—]	—	—	—	— [—]	—	—	—
Total					1,043				10

*1.Option fees are shown in [].

*2.Net gains (losses) represent the fair values for futures trading, the difference between the option fees and the fair values for option transactions.

2) Hedge accounting applied

No ending balance as of March 31, 2012, 2013 and 2014.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥680,254 million, ¥598,930 million and ¥499,414 million (U.S. \$4,852 million), and their fair values were ¥654,357 million, ¥562,038 million and ¥475,823 million (U.S. \$4,623 million) as of March 31, 2012, 2013 and 2014, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amounts of ¥1,565 million, ¥1,603 million and ¥1,534 million (U.S. \$14 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥153,445 million, ¥1,125,386 million and ¥745,359 million (U.S. \$7,242 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥487,713 million, ¥477,955 million and ¥451,494 million (U.S. \$4,386 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 7

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥3,010,983 million, ¥3,078,182 million and ¥2,732,872 million (U.S. \$26,553 million) as of March 31, 2012, 2013 and 2014, respectively. The amounts of separate account liabilities were the same as these figures.

Note 8

Monetary receivable from and payable to Subsidiaries

The total amounts of monetary receivable from and payable to subsidiaries as of March 31, 2012, 2013 and 2014 were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Monetary receivable	¥ 226	¥ 249	¥ 251	\$ 2
Monetary payable	1,363	1,270	1,434	13

Note 9

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2012, 2013 and 2014 were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Balance at the beginning of the fiscal year	¥321,724	¥303,534	¥291,521	\$2,832
Transfer from surplus in the previous fiscal year	57,466	63,345	58,330	566
Dividend payments to policyholders during the fiscal year	(76,129)	(75,806)	(72,022)	(699)
Interest accrued during the fiscal year	473	448	429	4
Balance at the end of the fiscal year	¥303,534	¥291,521	¥278,259	\$2,703

Note 10

Net assets stipulated by the Ordinance for Enforcement of the Insurance Business Act

The amounts of net assets pursuant to Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥106,927 million, ¥346,691 million and ¥421,282 million (U.S. \$4,093 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 11

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2014 were as follows:

Method of attributing benefits to period of service	Straight-line basis
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance systems, which distributes a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established some retirement benefit trusts for certain retirement allowance system.

(2) Defined benefit plans

i) Changes in the defined benefit obligations for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
At the beginning of the fiscal year	¥307,439	\$2,987
Service costs	11,242	109
Interest cost on projected benefit obligation	6,148	59
Actuarial losses	2,045	19
Benefits paid	(27,079)	(263)
At the end of the fiscal year	¥299,797	\$2,912

ii) Changes in the plan assets for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
At the beginning of the fiscal year	¥235,827	\$2,291
Expected return on plan assets	2,697	26
Actuarial gains	26,287	255
Contribution by employer	13,192	128
Benefits paid	(12,899)	(125)
At the end of the fiscal year	¥265,105	\$2,575

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the non-consolidated balance sheet as of March 31, 2014 was determined as follows:

	Millions of Yen	Millions of U.S. dollars
Present value of funded obligations	¥ 299,797	\$ 2,912
Plan assets at fair value	(265,105)	(2,575)
Net present value of funded obligations	34,691	337
Unrecognized actuarial losses	(20,365)	(197)
Net value of on the balance sheet	14,325	139
Accrued retirement benefits	18,839	183
Prepaid pension cost	(4,514)	(43)
Net value of on the balance sheet	¥ 14,325	\$ 139

iv) The amounts recognized in retirement benefit expenses in the non-consolidated statement of income for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen	Millions of U.S. dollars
Service costs	¥11,242	\$109
Interest cost on projected benefit obligation	6,148	59
Expected return on plan assets	(2,697)	(26)
Amortization of net actuarial losses	11,864	115
Retirement benefit expenses	¥26,558	\$258

v) The plan assets

The plan assets as of March 31, 2014 were comprised as follows:

	% of total fair value of plan assets
Equity securities	43%
General account of life insurance companies	41%
Debt securities	9%
Others	7%
Total	100%

The plan assets include the retirement benefit trusts. The amount of the retirement benefit trusts is 43% of total plan assets.

vi) The expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

vii) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2014 were as follows:

Discount rate	2.0%
Expected long-term rates of return on plan assets	
Defined benefit pension plans	1.9%
Retirement benefit trust	0.0%

(3) Defined contribution plans

The amount recognized as expenses for the defined contribution plans was ¥831 million (U.S. \$8 million) for the fiscal year ended March 31, 2014.

Due to the revisions to the Ordinance for Enforcement of the Insurance Business Act, prepaid pension cost, which had previously been presented as other assets on the non-consolidated balance sheet, was presented as prepaid pension cost.

The following table sets forth the status of accrued retirement benefits for the Company's defined benefit plans as of March 31, 2012 and 2013:

(1) Projected benefit obligation

	Millions of yen	
	2012	2013
a. Projected benefit obligation	¥(314,213)	¥(307,439)
b. Plan assets at fair value	213,405	235,827
[Plan assets held in retirement benefit trust (Included in the above plan assets)]	[81,790]	[93,872]
c. Net projected benefit obligation (a+b)	(100,808)	(71,612)
d. Unrecognized actuarial losses	92,316	56,472
e. Unrecognized past service costs	(103)	—
f. Net value on the balance sheets (c+d+e)	(8,595)	(15,139)
g. Prepaid pension cost	12,477	7,314
h. Accrued retirement benefits (f-g)	¥ (21,072)	¥ (22,453)

(2) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2012 and 2013 were as follows:

	Millions of yen	
	2012	2013
Method of attributing benefits to period of service	Straight-line basis	Straight-line basis
Discount rate	2.0%	2.0%
Expected long-term rates of return on plan assets:		
Defined benefit pension plans	1.0%	0.5%
Retirement benefit trust	0.0%	0.0%
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years	8 years
Amortization period for past service cost	3 years	3 years

(3) Retirement benefit expenses

Retirement benefit expenses of the Company for the years ended March 31, 2012 and 2013 are comprised of the following:

	Millions of yen	
	2012	2013
a. Service costs	¥11,858	¥11,472
b. Interest cost on projected benefit obligation	6,327	6,284
c. Expected return on plan assets	(1,232)	(658)
d. Amortization of actuarial losses	15,596	18,564
e. Amortization of past service costs	(103)	(103)
f. Retirement benefit expenses (a+b+c+d+e)	¥32,445	¥35,559

Note 12

Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

Note 13

Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies

are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the Insurance Business Act in the amounts of ¥90,000 million and ¥50,000 million as of March 31, 2012 and 2013, respectively.

The Company offered foundation funds in the amount of ¥100,000 million and ¥100,000 million pursuant to Article 60 of the Insurance Business Act in the years ended March 31, 2012 and 2013, respectively.

Note 14

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥492,054 million, ¥528,444 million and ¥589,173 million (U.S. \$5,724 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 15

Equity investments in Subsidiaries

The total amounts of equity investments in subsidiaries were ¥44,854 million, ¥75,464 million and ¥105,464 million (U.S. \$1,024 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 16

Loans

The aggregate amounts of risk-monitored loans, which were comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥2,095 million, ¥1,739 million and ¥1,400 million (U.S. \$13 million) as of March 31, 2012, 2013 and 2014, respectively.

The aggregate amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥1,763 million, ¥1,444 million and ¥1,139 million (U.S. \$11 million) as of March 31, 2012, 2013 and 2014, respectively. The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2012, 2013 and 2014 were ¥49 million, ¥42 million and ¥40 million (U.S. \$0 million) for loans in arrears, respectively.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Item 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

The amounts of loans in arrears for three months or longer were ¥3 million, ¥0 million and ¥0 million (U.S. \$0 million) as of March 31, 2012, 2013 and 2014, respectively.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.

Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥328 million, ¥294 million and ¥260 million (U.S. \$2 million) as of March 31, 2012, 2013 and 2014, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

Note 17**Loan Commitments**

The amounts of loan commitments outstanding were ¥2,832 million, ¥8,172 million and ¥8,172 million (U.S. \$79 million) as of March 31, 2012, 2013 and 2014, respectively.

Note 18**Reinsurance**

As of March 31, 2012, 2013 and 2014, the amounts of reinsurance recoverable on outstanding claims, which is applied mutatis mutandis to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act pursuant to Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act (hereinafter, "reinsurance recoverable on outstanding claims"), were ¥6 million, ¥31 million and ¥16 million (U.S.\$0 million), respectively.

As of March 31, 2012, 2013 and 2014, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act (hereinafter, "reinsurance recoverable on policy reserves") were ¥90 million, ¥86 million and ¥85 million (U.S.\$0 million), respectively.

Note 19**Contributions to the Life Insurance Policyholders Protection Corporation**

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥45,403 million, ¥44,782 million and ¥43,927 million (U.S. \$426 million) as of March 31, 2012, 2013 and 2014, respectively, pursuant to Article 259 of the Insurance Business Act.

These contributions are recognized as operating expenses when they are made.

Note **20**

Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic bonds including national government bonds	¥ 928	¥15,757	¥ 3,824	\$ 37	
Domestic stocks	10,273	712	3,607	35	
Foreign securities	30,786	16,919	32,975	320	

Major components of losses on sales of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic bonds including national government bonds	¥ 1,704	¥ 16	¥ 3	\$ 0	
Domestic stocks	24,004	5,355	195	1	
Foreign securities	22,735	4,708	9,172	89	

Major components of losses on valuation of securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Domestic stocks	¥64,912	¥13,318	¥130	\$ 1	
Foreign securities	2,208	—	—	—	

Major components of gains (losses) on trading securities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Interest and dividend income	¥ 34	¥ 61	¥ 0	\$ 0	
Gains (Losses) on sales of securities	(434)	1,082	—	—	
Gains (Losses) on valuation	13	(13)	—	—	

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥44,545 million, losses of ¥100,678 million and gains of ¥83,740 million (U.S. \$813 million) for the years ended March 31, 2012, 2013 and 2014, respectively.

Note **21**

Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) reinsurance recoverable on outstanding claims and reinsurance recoverable on policy reserves, which are deducted in calculating reversal of (provision for) reserves for outstanding claims and policy reserves, for the fiscal year ended March 31, 2012, 2013 and 2014 were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥(28)	¥24	¥(15)	\$(0)	
Provision for (reversal of) reinsurance recoverable on policy reserves	2	(3)	(1)	(0)	

Note **22**

Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

Accumulated impairment losses on fixed assets are directly deducted from the total asset amounts of their respective asset categories.

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the impairment test.

For real estate for investment and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2012, 2013 and 2014, the Company recognized impairment losses on real estate for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

(3) Details of fixed assets causing impairment losses

Asset Group	Asset Categories	Millions of yen			Millions of U.S. dollars	
		2012	2013	2014	2014	2014
Real estate for investment	Land and buildings	¥5,437	¥23,037	¥48,963		\$475
Idle assets	Land and buildings	986	1,191	1,699		16
Total		¥6,423	¥24,228	¥50,662		\$492

(4) The recoverable amount

The recoverable amounts of real estate for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

Note **23**

Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	2014
Deferred tax assets	¥286,377	¥317,605	¥343,042		\$3,333
Valuation allowance for deferred tax assets	7,186	9,432	15,875		154
Subtotal	279,190	308,173	327,167		3,178
Deferred tax liabilities	68,507	173,565	203,751		1,979
Net deferred tax assets/(liabilities)	210,683	134,607	123,415		1,199

Major components of deferred tax assets/liabilities were as follows:

	Millions of yen			Millions of U.S. dollars	
	2012	2013	2014	2014	2014
Deferred tax assets					
Policy reserves and other reserves	¥147,662	¥158,077	¥169,564		\$1,647
Reserve for price fluctuation	49,612	63,472	71,123		691
Accrued retirement benefits	40,767	41,925	40,147		390
Deferred tax liabilities:					
Net unrealized gains/(losses) on available-for-sale securities	47,408	153,800	186,890		1,815

(2) The effective income tax rates were 36.15%, 33.28% and 33.28% for the fiscal years ended March 31, 2012, 2013 and 2014, respectively. Main factors in the differences between the effective income tax rates and the actual income tax rates after considering deferred tax rates were as follows:

	2012	2013	2014
Policyholders' dividend reserves	(11.7)%	(14.3)%	(12.5)%
Effects of changes in the income tax rate	20.6%	—	—

(3) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) on December 2, 2011, the statutory tax rate applied to measure deferred tax assets and liabilities is lowered gradually and a special restoration surtax is imposed for the fiscal years beginning on and after April 1, 2012. As a result of these changes, the effective income tax rates which are used to measure deferred tax assets and liabilities, is changed from 36.15% to 33.28% for the temporary differences that are expected to be reversed during the period from April 1, 2012 to March 31, 2015 and changed to 30.73% for the temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015.

Due to these changes, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥31,976 million and ¥5,325 million, respectively, and income taxes—deferred increased by ¥40,340 million.

(4) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) on March 30, 2014, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for fiscal year beginning on April 1, 2014. As a result of this change, the effective income tax rate which is used to measure deferred tax assets and liabilities, will be changed from 33.28% to 30.73% for the temporary differences that are expected to be reversed during the period from April 1, 2014 to March 31, 2015.

Due to this change, as of March 31, 2014, deferred tax liabilities for land revaluation and income taxes—deferred increased by ¥16 million (U.S. \$0 million) and ¥2,505 million (U.S. \$24 million), respectively, and deferred tax assets decreased by ¥2,505 million (U.S. \$24 million).

Note 24

Transactions with Subsidiaries

The total amounts of income and expenses resulting from transactions with subsidiaries for the fiscal years ended March 31, 2012, 2013 and 2014 were as follows:

	Millions of yen			Millions of U.S. dollars
	2012	2013	2014	2014
Total income	¥ 2,586	¥ 2,438	¥ 3,442	\$ 33
Total expenses	22,250	19,679	18,602	180

Note 25

Subordinated Bonds

As of March 31, 2014, corporate bonds in liabilities are foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note 26

Subordinated Debt

As of March 31, 2012, 2013 and 2014, loans payables are subordinated debt, the repayments of which are subordinated to other obligations.



Independent Auditor's Report

To the Board of Directors of Sumitomo Life Insurance Company:

We have audited the accompanying consolidated financial statements of Sumitomo Life Insurance Company and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012, 2013 and 2014, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Life Insurance Company and its consolidated subsidiaries as at March 31, 2012, 2013 and 2014, and their financial performance and cash flows for the years then ended in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC
June 30, 2014
Tokyo, Japan

KPMG AZSA LLC

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Independent Auditor's Report

To the Board of Directors of Sumitomo Life Insurance Company:

We have audited the accompanying non-consolidated financial statements of Sumitomo Life Insurance Company, which comprise the non-consolidated balance sheets as at March 31, 2012, 2013 and 2014, and the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Life Insurance Company as at March 31, 2012, 2013 and 2014, and their financial performance for the years then ended in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG AZSA LLC
June 30, 2014
Tokyo, Japan

KPMG AZSA LLC

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Fair Value Information of Securities (Company Total)

1. Fair Value Information of Securities (Company Total)

a. Net valuation gains (losses) on trading securities

Millions of Yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	2,820,578	55,959	2,859,878	298,705	2,526,847	434

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2012, 2013 and 2014.

b. Fair value information of securities (with fair value except for trading securities)

Millions of Yen

Classification	As of March 31, 2012					As of March 31, 2013				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,961,880	2,030,383	68,503	69,972	(1,469)	1,874,597	2,072,776	198,178	198,509	(331)
Policy-reserve-matching bonds	9,368,136	9,882,655	514,519	522,706	(8,187)	10,862,267	11,936,600	1,074,333	1,076,539	(2,206)
Investments in subsidiaries and affiliated companies	—	—	—	—	—	33,173	27,317	(5,856)	—	(5,856)
Available-for-sale securities	4,245,609	4,399,505	153,896	260,300	(106,403)	5,264,813	5,760,738	495,925	550,150	(54,224)
Domestic bonds	696,718	717,872	21,154	22,392	(1,238)	709,114	734,483	25,369	25,641	(271)
Domestic stocks	800,682	836,448	35,765	121,254	(85,488)	769,413	971,952	202,538	249,981	(47,443)
Foreign securities	2,412,211	2,498,033	85,821	100,852	(15,031)	3,383,002	3,628,717	245,714	250,008	(4,293)
Foreign bonds	2,392,962	2,480,691	87,729	100,507	(12,778)	3,373,651	3,620,429	246,778	249,906	(3,127)
Other foreign securities	19,249	17,341	(1,908)	345	(2,253)	9,351	8,287	(1,063)	102	(1,166)
Other securities	37,152	35,904	(1,247)	3,382	(4,629)	30,116	37,898	7,781	9,990	(2,208)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—
Total	15,575,626	16,312,544	736,918	852,978	(116,060)	18,034,852	19,797,432	1,762,580	1,825,199	(62,619)
Domestic bonds	10,402,246	10,951,216	548,970	557,475	(8,505)	11,905,054	13,022,422	1,117,367	1,119,634	(2,266)
Domestic stocks	800,682	836,448	35,765	121,254	(85,488)	769,413	971,952	202,538	249,981	(47,443)
Foreign securities	4,036,700	4,177,728	141,027	158,449	(17,421)	4,957,100	5,377,472	420,371	431,064	(10,692)
Foreign bonds	4,017,450	4,160,386	142,936	158,103	(15,167)	4,914,575	5,341,868	427,292	430,961	(3,669)
Other foreign securities	19,249	17,341	(1,908)	345	(2,253)	42,525	35,604	(6,920)	102	(7,022)
Other securities	37,152	35,904	(1,247)	3,382	(4,629)	30,116	37,898	7,781	9,990	(2,208)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—

Classification	As of March 31, 2014				
	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,849,463	2,043,711	194,248	194,450	(202)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	—	(6,224)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)
Other securities	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)
Other securities	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

Book values of securities whose fair value is not practically determinable are as follows:

Classification	Millions of Yen		
	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Policy-reserve-matching bonds	—	—	—
Investments in subsidiaries and affiliated companies	44,854	42,290	72,290
Available-for-sale securities	559,300	566,016	515,586
Unlisted domestic stocks (excluding over-the-counter stocks)	26,189	25,031	24,580
Unlisted foreign stocks (excluding over-the-counter stocks)	532,480	540,321	490,321
Unlisted foreign bonds	—	—	—
Others	630	663	685
Total	604,155	608,306	587,876

●Held-to-maturity debt securities

Millions of Yen

Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
	Fair value exceeds the balance sheet amount								
Bonds	434,645	450,796	16,150	440,024	462,736	22,711	525,805	546,991	21,185
Foreign securities (bonds)	1,369,403	1,423,225	53,821	1,427,051	1,602,849	175,797	1,314,572	1,487,837	173,265
Fair value does not exceed the balance sheet amount									
Bonds	38,504	37,550	(953)	5,521	5,199	(321)	9,084	8,882	(202)
Foreign securities (bonds)	119,326	118,811	(515)	2,000	1,990	(9)	—	—	—
Total	1,961,880	2,030,383	68,503	1,874,597	2,072,776	198,178	1,849,463	2,043,711	194,248

●Policy-reserve-matching bonds

Millions of Yen

Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
	Fair value exceeds the balance sheet amount								
Bonds	9,163,239	9,682,171	518,931	10,709,223	11,780,505	1,071,281	10,572,822	11,570,465	997,643
Foreign securities (bonds)	93,756	97,531	3,774	103,872	109,130	5,258	92,347	96,975	4,627
Fair value does not exceed the balance sheet amount									
Bonds	69,138	62,825	(6,313)	41,171	39,497	(1,673)	346,838	344,052	(2,785)
Foreign securities (bonds)	42,000	40,126	(1,874)	8,000	7,467	(532)	5,000	4,946	(54)
Total	9,368,136	9,882,655	514,519	10,862,267	11,936,600	1,074,333	11,017,008	12,016,439	999,431

●Available-for-sale securities

Millions of Yen

Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014		
	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference	Acquisition costs or amortized costs	Balance sheet amount	Difference
	Balance sheet amount exceeds acquisition costs or amortized costs								
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—
Monetary claims bought	254,345	266,764	12,418	223,167	237,696	14,528	190,138	202,117	11,978
Domestic bonds	612,075	634,468	22,392	646,146	671,787	25,641	881,390	903,980	22,590
Domestic stocks	316,576	437,830	121,254	492,400	742,382	249,981	576,369	955,445	379,075
Foreign securities	2,055,996	2,156,848	100,852	3,115,377	3,365,386	250,008	3,353,180	3,567,687	214,507
Foreign bonds	2,049,153	2,149,661	100,507	3,113,544	3,363,450	249,906	3,352,490	3,566,923	214,432
Other foreign securities	6,842	7,187	345	1,833	1,935	102	689	764	75
Other securities	14,629	18,011	3,382	11,114	21,104	9,990	18,833	26,895	8,062
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	34,000	33,997	(2)	130,000	129,992	(7)	38,000	37,997	(2)
Monetary claims bought	10,498	10,484	(13)	19,997	19,997	(0)	44,496	44,481	(14)
Domestic bonds	84,642	83,404	(1,238)	62,967	62,696	(271)	168,484	168,311	(173)
Domestic stocks	484,106	398,618	(85,488)	277,013	229,570	(47,443)	196,684	166,978	(29,705)
Foreign securities	356,215	341,184	(15,031)	267,624	263,331	(4,293)	223,059	216,396	(6,663)
Foreign bonds	343,808	331,030	(12,778)	260,106	256,979	(3,127)	217,822	212,412	(5,409)
Other foreign securities	12,407	10,153	(2,253)	7,517	6,351	(1,166)	5,237	3,983	(1,253)
Other securities	22,522	17,893	(4,629)	19,002	16,793	(2,208)	5,802	5,192	(610)
Total	4,245,609	4,399,505	153,896	5,264,813	5,760,738	495,925	5,696,439	6,295,483	599,044

2. Fair Value Information of Money-Held-in Trust (Company Total)

a. Money-held-in trusts for trading

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

3. Fair Value Information of Derivative Transactions (Company Total)

a. Qualitative information

●Transactions details

The Company utilizes derivative instruments shown below according to its asset management policy and specific nature of individual funds it manages.

	Exchange-traded transactions	Over-the-counter transactions
Interest-rate derivative instruments	—	Interest rate swaps, interest rate swaptions
Foreign currency derivative instruments	—	Foreign currency forward contracts, currency swaps, currency options
Stock derivative instruments	Stock index futures, stock index options	Individual stock options, stock index options, stock index forwards
Bond derivative instruments	Bond futures, bond futures options	Cash bond options

●Policy

The Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities held by the Company.

It makes a rule not to enter into derivatives transactions that are not consistent with the specific nature of funds it manages (for example, trading of highly-leveraged financial instruments whose fair values widely fluctuate in comparison with those of their underlying assets).

●Purpose

The Company engages in hedge transactions in order to mitigate the foreign currency risk associated with assets denominated in foreign currencies. It also conducts derivative transactions with the view of containing the risk associated with the aforementioned assets within predefined limits.

The Company applies hedge accounting to derivative transactions that satisfy the requirements for hedge accounting.

●Risk details

The derivative transactions the Company conducts involve, as in the case with cash assets, market risk and credit risk.

(1) Market risk

This risk is associated with a fluctuation in the value of portfolios or positions held by the Company primarily caused by the fluctuation in the market for interest rates, stock prices, currency exchange rates as well as a change in cash flows.

(2) Credit risk

This risk is associated with a fluctuation in the value of portfolios or positions held by the Company due to changes in borrowers' credit standings. (This risk also encompasses a risk that the Company will be unable to gain the expected economic effects from its positions due to the default by counterparties of derivative transactions.)

●Risk management system

(1) Basic policy on risk management

The Company's basic risk management policy is designed to prevent risks from materializing by ensuring the effective deployment of derivative transactions with respect to the Company's assets and liabilities, as well as periodically monitoring whether relevant departments are in compliance with investment project-specific asset management policies, management rules and reporting systems.

(2) Risk management department

The Company has an investment risk management department, independent of profit-earning departments, which controls and monitors the risk status concerning derivative transactions along with their underlying assets, such as stocks and bonds.

(3) Risk management rules

"Investment Risk management Policy" and "Regulations for Investment Risk Management" prescribe, among others, the purpose of utilizing derivative transactions, underlying hedged items and the risk management system. In addition, each department including the asset management department is governed by individual detailed risk management rules to conform to their roles.

(4) Risk management

Where derivatives are designated as part of a hedge transaction, the Company intends to understand, analyze and control the integrated quantitative risks involved in these hedging instruments and their hedged items as underlying assets.

When the Company enters into derivative transactions that are not for hedging, it sets the maximum trading value and acceptable risk levels as well as loss-cut rules, with the aim of managing positions, risk status and gains or losses related to these transactions.

●Supplementary explanation of quantitative information

(1) Credit risk status associated with derivative transactions

Where contracts with counterparties provide the rights to set off claims and obligations in the event of default by them, the Company computes the amount of credit risk associated with these derivative contracts using the net- amount based current exposure method, taking account of the credit lines extended to the relevant counterparties.

(2) Supplementary explanation of transaction gains and losses

The Company enters into hedge contracts after it has clarified the reciprocal interdependence between hedging instruments and hedged items. Therefore, gains and losses arising from derivative transactions (deployed as a means of hedging) should be recognized in combination with gains and losses arising from underlying assets and liabilities, rather than recognizing gains and losses from derivative transactions alone.

It thus manages and controls hedging instruments and underlying hedged items as single units, with an eye to evaluating the hedging effects of mitigating the risks associated with fluctuations of foreign exchange rates, interest rates, etc.

Status of credit risk associated with derivative transactions

Hundred Million Yen

	Contract value / Notional amount			Estimated amount of credit risk		
	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Interest rate swaps						
Interest rate swaptions (Bought)	1,073	929	2,092	36	30	32
Foreign currency forward contracts	26,879	33,426	33,352	903	701	812
Currency swaps						
Currency options (Bought)	3,727	3,028	1,215	200	126	145
Stock options (Bought)						
Stock index forwards	1,834	826	1,927	153	64	147
Bond options (Bought)	780	—	—	13	—	—
Total				486	338	421

(Notes) 1. The contract value and notional amount are employed as the basis for calculation, in order to determine the amount of transaction and should not be construed as an indicator of the amount of risk.

2. The estimated amount of credit risk associated with each category of derivative transactions was calculated using the gross amount-based current exposure method without taking account of the credit lines of counterparties extended to the Company, therefore, the aggregate sum of these amounts does not match the total in the table, which was calculated based on the net amount-based current exposure method.

b. Quantitative information

● Breakdown of net gains (losses) (with and without hedge accounting applied)

Classification	As of March 31, 2012						As of March 31, 2013					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	2,966	(79,272)	—	—	—	(76,306)	2,606	(402,239)	—	—	—	(399,632)
Hedge accounting not applied	(250)	(29,641)	(5,832)	465	—	(35,258)	(228)	(106,840)	(12,424)	(2,421)	—	(121,914)
Total	2,715	(108,913)	(5,832)	465	—	(111,564)	2,378	(509,079)	(12,424)	(2,421)	—	(521,547)

Classification	As of March 31, 2014					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,834	(272,703)	—	—	—	(270,869)
Hedge accounting not applied	(847)	(23,153)	(1,323)	1,043	—	(24,281)
Total	986	(295,857)	(1,323)	1,043	—	(295,150)

(Note) Net gains (losses) from applying the fair value hedge included in gains and losses on hedge accounting applied, and net gains (losses) included in gain and loss of hedge accounting not applied are recorded on the statements of income. Net losses from applying the fair value hedge was ¥93,225 million, ¥361,580 million and ¥249,187 million in currency-related as of March 31, 2012, 2013 and 2014, respectively.

● Interest-related

(Hedge accounting not applied)

Classification	Type	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Over-the-counter transactions	Interest rate swaps Receipts floating, payments fixed	34,500	34,500	(250)	(250)	34,500	34,500	(228)	(228)	34,500	—	(94)	(94)
	Interest rate swaptions Bought	—	—	—	—	—	—	—	—	120,000	120,000	—	—
	Receipts floating, payments fixed	[—]	—	—	—	[—]	—	—	—	[1,254]	—	500	(753)
Total				(250)			(228)					(847)	

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for interest rate swaps and the differences between the option fees and the fair values for interest rate swaptions.

(Hedge accounting applied)

Hedge accounting model	Type	Main hedged items	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value			
			Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Deferred hedge method	Interest rate swaps	Loans			89			—			—			
	Receipts fixed, payments floating		10,000	—		—	—		—	—				
Exceptional method	Interest rate swaps	Loans			2,877			2,607			1,834			
	Receipts fixed, payments floating		62,369	58,142		58,342	51,576		54,726	48,721				
	Receipts floating, payments fixed		464	62		(1)	62		—	(0)		—	—	
Total					2,966			2,606			1,834			

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014					
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Over-the-counter transactions	Foreign currency forward contracts												
	Sold	767,930	32,179	(33,644)	(33,644)	739,882	54,342	(104,122)	(104,122)	469,899	50,302	(19,717)	(19,717)
	(Australian dollar)	225,522	32,179	(17,963)	(17,963)	223,165	54,342	(44,023)	(44,023)	205,745	—	(17,572)	(17,572)
	(U.S. dollar)	289,502	—	(7,612)	(7,612)	286,107	—	(29,561)	(29,561)	188,256	50,302	(1,853)	(1,853)
	(Euro)	251,282	—	(8,073)	(8,073)	229,860	—	(30,532)	(30,532)	73,839	—	(269)	(269)
	Bought	28,274	—	(178)	(178)	18,068	—	17	17	7,248	489	49	49
	(U.S. dollar)	22,592	—	(149)	(149)	3,175	—	(6)	(6)	4,253	489	17	17
	(Euro)	5,012	—	(27)	(27)	14,353	—	24	24	2,102	—	22	22
	Currency options												
	Sold												
	Call	—	—	—	—	91,500	—	—	—	—	—	—	—
	(Australian dollar)	[—]	—	—	—	[1,936]	—	4,494	(2,558)	[—]	—	—	—
	(U.S. dollar)	—	—	—	—	46,750	—	2,205	(1,296)	—	—	—	—
	Bought												
	Call	333,000	—	—	—	186,000	—	—	—	—	—	—	—
	(Australian dollar)	[4,219]	—	7,738	3,519	[1,985]	—	6,332	4,346	[—]	—	—	—
	(U.S. dollar)	90,000	—	488	(616)	95,000	—	3,097	2,155	[—]	—	—	—
	Put	243,000	—	—	—	91,000	—	—	—	—	—	—	—
	(U.S. dollar)	[3,113]	—	7,249	4,136	[1,043]	—	3,234	2,191	[—]	—	—	—
	Put	39,707	39,707	—	—	116,876	29,789	—	—	22,043	—	—	—
	(U.S. dollar)	[6,304]	—	6,967	662	[6,611]	—	2,087	(4,523)	[3,526]	—	40	(3,485)
		39,707	39,707	—	—	116,876	29,789	—	—	22,043	—	—	—
		[6,304]	—	6,967	662	[6,611]	—	2,087	(4,523)	[3,526]	—	40	(3,485)
Total					(29,641)				(106,840)				(23,153)

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

(Hedge accounting applied)

Millions of Yen

Hedge accounting model	Type	Main hedged items	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014				
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value		
			Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value			
Fair value hedge method	Foreign currency forward contracts	Assets denominated in foreign currencies											
	Sold		1,569,215	457,857	(93,225)	2,337,014	493,538	(361,580)	2,731,567	863,992	(249,187)		
	(Euro)		580,503	74,982	(29,556)	966,711	83,267	(124,583)	1,191,205	138,831	(99,877)		
	(U.S. dollar)		506,742	—	(18,968)	650,745	70,964	(86,070)	792,016	341,757	(32,510)		
	(Australian dollar)		416,395	382,875	(38,969)	644,385	339,306	(150,518)	667,744	383,402	(107,162)		
Allocation method	Foreign currency forward contracts	Assets denominated in foreign currencies											
	Sold		322,528	256,055	13,953	247,713	132,568	(40,658)	126,581	108,961	(30,331)		
	(Australian dollar)		165,699	165,699	(8,618)	158,224	100,187	(41,552)	94,347	94,347	(26,543)		
	(U.S. dollar)		156,829	90,355	22,571	89,489	32,381	894	32,233	14,613	(3,788)		
	Currency swaps	Liabilities denominated in foreign currencies											
	(U.S. dollar)		—	—	—	—	—	—	99,480	99,480	6,815		
			—	—	—	—	—	—	99,480	99,480	6,815		
Total					(79,272)			(402,239)			(272,703)		

●Stock-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Exchange-traded transactions	Stock index futures												
	Sold	16,019	—	(6)	(6)	303,340	—	(6,029)	(6,029)	257,919	—	3,809	3,809
	Bought	30,379	—	1,726	1,726	9,845	—	55	55	3,999	—	(5)	(5)
Over-the-counter transactions	Stock index forwards												
	Sold	—	—	—	—	—	—	—	—	108,510	—	350	350
	Stock index options												
	Sold												
	Put	—	—	—	—	2,499	1,399	—	—	5,099	—	—	—
			[—]	—	—	—	[53]	—	49	3	[85]	—	6
Bought													
Call	—	—	—	—	—	—	—	—	60,000	30,000	—	—	
		[—]	—	—	—	[—]	—	—	—	[1,131]	—	712	(419)
Put	183,400	34,000	—	—	82,600	27,000	—	—	24,200	—	—	—	
		[11,203]	3,650	(7,553)	[7,383]	—	929	(6,454)	—	[5,179]	—	42	(5,136)
Total				(5,832)				(12,424)				(1,323)	

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for future tradings and forward tradings and the difference between the option fees and the fair values for option transactions.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

●Bond-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Exchange-traded transactions	Bond futures												
	Sold	85,203	—	49	49	173,228	—	(2,421)	(2,421)	293,251	—	1,043	1,043
Over-the-counter transactions	Bond OTC options												
	Sold												
	Call	78,077	—	699	476	—	—	—	—	—	—	—	—
			[1,175]	—	—	[—]	—	—	—	[—]	—	—	—
Bought													
Put	78,077	—	—	—	—	—	—	—	—	—	—	—	
		[1,421]	1,362	(59)	[—]	—	—	—	—	[—]	—	—	—
Total				465				(2,421)				1,043	

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for futures trading, the difference between the option fees and the fair values for option transactions.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

Assets

1. Portfolio Trends (General Account)

a. Asset structure

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Cash, deposits and call loans	358,751	1.7	509,781	2.2	430,981	1.8
Monetary claims bought	353,742	1.7	310,241	1.3	289,088	1.2
Investment in securities	16,022,808	76.4	18,755,961	80.1	19,507,535	82.1
Domestic bonds	10,423,401	49.7	11,930,424	50.9	12,526,843	52.7
Domestic stocks	906,828	4.3	1,038,610	4.4	1,218,629	5.1
Foreign securities	4,656,121	22.2	5,748,426	24.5	5,729,106	24.1
Foreign bonds	4,105,179	19.6	5,161,354	22.0	5,191,255	21.8
Other foreign securities	550,941	2.6	587,071	2.5	537,850	2.3
Other securities	36,456	0.2	38,500	0.2	32,955	0.1
Loans	2,887,447	13.8	2,663,423	11.4	2,465,539	10.4
Policy loans	359,161	1.7	344,392	1.5	335,002	1.4
Industrial and consumer loans	2,528,286	12.1	2,319,031	9.9	2,130,536	9.0
Real estate	903,609	4.3	809,814	3.5	701,212	2.9
Investment property	671,810	3.2	591,295	2.5	497,088	2.1
Deferred tax assets	210,683	1.0	134,607	0.6	123,415	0.5
Other assets	245,659	1.2	249,244	1.1	255,612	1.1
Allowance for possible loan losses	(4,057)	(0.0)	(3,324)	(0.0)	(2,189)	(0.0)
Total	20,978,644	100.0	23,429,750	100.0	23,771,196	100.0
Foreign currency denominated assets	2,498,552	11.9	3,699,814	15.8	3,856,203	16.2

(Note) The total amount of land, buildings and construction in progress has been recorded as "Real estate."

b. Increase (decrease) in assets

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	Amount	Amount	Amount
Cash, deposits and call loans	(184,314)	151,030	(78,800)
Monetary claims bought	(36,294)	(43,501)	(21,152)
Investment in securities	880,824	2,733,153	751,573
Domestic bonds	1,033,147	1,507,023	596,419
Domestic stocks	(205,360)	131,781	180,019
Foreign securities	55,709	1,092,305	(19,319)
Foreign bonds	66,759	1,056,174	29,900
Other foreign securities	(11,049)	36,130	(49,220)
Other securities	(2,671)	2,043	(5,545)
Loans	(283,913)	(224,024)	(197,884)
Policy loans	(14,711)	(14,769)	(9,389)
Industrial and consumer loans	(269,201)	(209,254)	(188,495)
Real estate	(37,193)	(93,795)	(108,602)
Investment property	(29,530)	(80,515)	(94,206)
Deferred tax assets	(109,145)	(76,075)	(11,192)
Other assets	(34,354)	3,584	6,368
Allowance for possible loan losses	4,070	733	1,134
Total	199,677	2,451,105	341,445
Foreign currency denominated assets	219,131	1,201,262	156,388

(Note) The total amount of land, buildings and construction in progress has been recorded as "Real estate."

2. Investment Yield by Asset (General Account)

%

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	Cash, deposits and call loans	0.08	0.09
Monetary claims bought	2.22	2.20	2.06
Investment in securities	1.57	1.38	1.82
Domestic bonds	1.88	1.98	1.83
Domestic stocks	(6.27)	(1.76)	(3.42)
Foreign securities	2.59	0.54	2.64
Foreign bonds	2.38	0.08	2.45
Other foreign securities	4.14	4.16	4.21
Loans	2.23	2.16	2.20
Industrial and consumer loans	1.90	1.80	1.84
Real estate	2.22	2.55	2.29
Investment property	2.98	3.44	3.14
Total	1.59	1.43	1.73
Overseas investments	2.55	0.46	2.40

(Notes) 1. Investment yield is calculated by dividing investment income less investment expenses by the daily average book value balance.

2. In the calculation of yield, gains or losses on derivatives are included in investment income or expenses.

3. Overseas investments represent the sum of assets denominated in foreign currencies and Japanese yen.

3. Average Balance of Primary Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash, deposits and call loans	215,079	179,908	139,366
Monetary claims bought	358,599	306,625	275,979
Investment in securities	15,682,797	16,996,517	18,573,082
Domestic bonds	9,956,564	11,232,350	12,307,064
Domestic stocks	991,406	858,798	868,555
Foreign securities	4,696,170	4,870,584	5,372,947
Foreign bonds	4,141,199	4,322,881	4,800,319
Other foreign securities	554,971	547,703	572,628
Loans	3,033,337	2,822,334	2,567,205
Policy loans	374,980	358,568	344,844
Industrial and consumer loans	2,658,357	2,463,765	2,222,360
Real estate	937,563	888,373	804,099
Investment property	698,452	658,066	586,712
Total	20,774,396	21,679,905	22,903,430
Overseas investments	4,810,562	4,983,313	5,494,252

4. Proprietary Trading Securities (General Account)

Proprietary trading securities are not handled.

5. Trading Volume of Proprietary Trading Securities (General Account)

Proprietary trading securities are not handled.

6. Securities (General Account)

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
National government bonds	7,438,011	46.4	9,167,970	48.9	10,010,100	51.3
Local government bonds	216,051	1.3	151,922	0.8	72,010	0.4
Corporate bonds	2,769,338	17.3	2,610,532	13.9	2,444,732	12.5
Public entity bonds	1,843,143	11.5	1,863,102	9.9	1,784,396	9.1
Domestic stocks	906,828	5.7	1,038,610	5.5	1,218,629	6.2
Foreign securities	4,656,121	29.1	5,748,426	30.6	5,729,106	29.4
Foreign bonds	4,105,179	25.6	5,161,354	27.5	5,191,255	26.6
Foreign-currency-denominated bonds	2,385,387	14.9	3,528,412	18.8	3,709,120	19.0
Other foreign securities	550,941	3.4	587,071	3.1	537,850	2.8
Foreign-currency-denominated other securities	44,408	0.3	81,189	0.4	82,088	0.4
Other securities	36,456	0.2	38,500	0.2	32,955	0.2
Total	16,022,808	100.0	18,755,961	100.0	19,507,535	100.0
Foreign-currency-denominated securities	2,457,174	15.3	3,641,432	19.4	3,798,956	19.5

7. Securities by Maturity Date (General Account)

(As of March 31, 2012)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
	Investment in securities	515,398	1,410,102	1,780,601	1,206,817	1,313,301	8,280,195	1,516,393
National government bonds	104,169	158,662	456,896	186,623	304,558	6,227,101	—	7,438,011
Local government bonds	64,030	124,593	18,746	1,968	4,066	2,646	—	216,051
Corporate bonds	233,552	615,451	524,842	236,366	117,230	1,019,483	22,409	2,769,338
Domestic stocks	—	—	—	—	—	—	906,828	906,828
Foreign securities	113,573	511,255	780,115	781,858	887,445	1,030,963	550,908	4,656,121
Foreign bonds	113,573	511,222	780,115	781,858	887,445	1,030,963	—	4,105,179
Other foreign securities	—	32	—	—	—	—	550,908	550,941
Other securities	71	139	—	—	—	—	36,245	36,456
Monetary claims bought	8,062	—	4,119	—	—	265,066	—	277,249
Negotiable certificates of deposit	33,997	—	—	—	—	—	—	33,997
Others	—	—	—	—	—	—	—	—
Total	557,458	1,410,102	1,784,720	1,206,817	1,313,301	8,545,261	1,516,393	16,334,054

(As of March 31, 2013)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Investment in securities	750,552	1,509,363	1,821,939	1,005,118	2,046,073	9,936,442	1,686,471	18,755,961
National government bonds	141,598	258,205	357,741	160,439	477,662	7,772,323	—	9,167,970
Local government bonds	73,905	64,931	5,336	5,079	—	2,669	—	151,922
Corporate bonds	255,347	596,180	389,348	140,704	142,299	1,064,236	22,414	2,610,532
Domestic stocks	—	—	—	—	—	—	1,038,610	1,038,610
Foreign securities	279,606	590,046	1,069,512	698,895	1,426,111	1,097,213	587,040	5,748,426
Foreign bonds	279,575	590,046	1,069,512	698,895	1,426,111	1,097,213	—	5,161,354
Other foreign securities	31	—	—	—	—	—	587,040	587,071
Other securities	94	—	—	—	—	—	38,406	38,500
Monetary claims bought	19,997	—	3,215	—	—	234,481	—	257,694
Negotiable certificates of deposit	129,992	—	—	—	—	—	—	129,992
Others	—	—	—	—	—	—	—	—
Total	900,542	1,509,363	1,825,154	1,005,118	2,046,073	10,170,923	1,686,471	19,143,648

(As of March 31, 2014)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Investment in securities	839,602	1,780,961	1,235,189	1,136,381	1,863,349	10,840,670	1,811,380	19,507,535
National government bonds	201,883	426,144	190,903	245,158	451,822	8,494,188	—	10,010,100
Local government bonds	46,106	17,192	1,952	4,067	2,692	—	—	72,010
Corporate bonds	288,458	471,505	244,563	88,745	193,907	1,135,213	22,338	2,444,732
Domestic stocks	—	—	—	—	—	—	1,218,629	1,218,629
Foreign securities	302,792	866,119	797,770	798,411	1,214,928	1,211,268	537,816	5,729,106
Foreign bonds	302,758	866,119	797,770	798,411	1,214,928	1,211,268	—	5,191,255
Other foreign securities	34	—	—	—	—	—	537,816	537,850
Other securities	360	—	—	—	—	—	32,595	32,955
Monetary claims bought	39,995	2,240	—	—	—	204,363	—	246,599
Negotiable certificates of deposit	37,997	—	—	—	—	—	—	37,997
Others	—	—	—	—	—	—	—	—
Total	917,595	1,783,202	1,235,189	1,136,381	1,863,349	11,045,033	1,811,380	19,792,132

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

8. Local Government Bonds by Region (General Account)

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Hokkaido	2,387	99	—
Tohoku	650	—	—
Kanto	100,991	73,082	38,409
Chubu	47,011	37,725	16,668
Kinki	28,310	16,433	5,434
Chugoku	17,544	15,240	4,589
Shikoku	359	363	—
Kyushu	18,796	8,977	6,909
Total	216,051	151,922	72,010

9. Bonds Yields (General Account)

%

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Domestic bonds	1.91	1.87	1.85
Foreign bonds	3.79	3.83	3.70

(Note) The figures above are calculated excluding short-term government securities.

10. Domestic Stocks by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Fishery, agriculture and forestry	157	0.0	141	0.0	158	0.0
Mining	101	0.0	91	0.0	92	0.0
Construction	26,625	2.9	35,184	3.4	39,555	3.2
Manufacturing						
Food	26,883	3.0	32,321	3.1	37,624	3.1
Textiles and apparel	6,346	0.7	6,713	0.6	7,076	0.6
Pulp and paper	5,322	0.6	4,676	0.5	5,673	0.5
Chemicals	77,485	8.5	80,567	7.8	104,837	8.6
Pharmaceuticals	39,677	4.4	62,350	6.0	66,498	5.5
Oil and coal products	4,815	0.5	4,791	0.5	4,622	0.4
Rubber products	3,850	0.4	5,318	0.5	5,413	0.4
Glass and ceramic products	10,514	1.2	11,511	1.1	15,801	1.3
Iron and steel	23,412	2.6	22,642	2.2	26,509	2.2
Nonferrous metals	28,566	3.2	30,694	3.0	35,802	2.9
Metal products	4,660	0.5	5,163	0.5	6,613	0.5
Machinery	54,442	6.0	66,464	6.4	86,835	7.1
Electric appliances	112,049	12.4	115,542	11.1	161,452	13.2
Transportation equipment	35,820	4.0	31,504	3.0	37,619	3.1
Precision instruments	5,283	0.6	5,484	0.5	5,726	0.5
Other products	16,420	1.8	18,053	1.7	22,366	1.8
Electric power and gas	25,660	2.8	25,958	2.5	29,875	2.5
Transportation, information and communication						
Land transportation	71,260	7.9	99,282	9.6	100,886	8.3
Marine transportation	4,875	0.5	3,971	0.4	4,940	0.4
Air transportation	2,775	0.3	2,207	0.2	2,478	0.2
Warehousing and harbor transportation services	5,610	0.6	7,209	0.7	7,179	0.6
Information and communication	5,507	0.6	6,961	0.7	9,174	0.8
Trade and services						
Wholesale trade	67,506	7.4	70,720	6.8	76,872	6.3
Retail trade	15,247	1.7	16,388	1.6	17,693	1.5
Finance and insurance						
Banking	134,318	14.8	161,757	15.6	157,581	12.9
Securities and trading	5,730	0.6	9,880	1.0	10,702	0.9
Insurance	42,364	4.7	44,689	4.3	77,178	6.3
Other financial services	1,680	0.2	2,633	0.3	3,123	0.3
Real estate	8,281	0.9	13,140	1.3	14,868	1.2
Services	33,574	3.7	34,589	3.3	35,793	2.9
Total	906,828	100.0	1,038,610	100.0	1,218,629	100.0

(Note) Classification is based on the "Sector classification table" by the "Securities Identification Code Committee."

11. Fair Value Information of Securities (General Account)

a. Net valuation gains (losses) on trading securities

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

b. Fair value information of securities

●Fair value information of securities (with fair value except for trading securities)

Millions of Yen

Classification	As of March 31, 2012					As of March 31, 2013				
	Book value	Fair value	Net gains (losses)	Net gains		Book value	Fair value	Net gains (losses)	Net gains	
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,961,880	2,030,383	68,503	69,972	(1,469)	1,874,597	2,072,776	198,178	198,509	(331)
Policy-reserve-matching bonds	9,368,136	9,882,655	514,519	522,706	(8,187)	10,862,267	11,936,600	1,074,333	1,076,539	(2,206)
Investments in subsidiaries and affiliated companies	—	—	—	—	—	33,173	27,317	(5,856)	—	(5,856)
Available-for-sale securities	4,245,609	4,399,505	153,896	260,300	(106,403)	5,264,813	5,760,738	495,925	550,150	(54,224)
Domestic bonds	696,718	717,872	21,154	22,392	(1,238)	709,114	734,483	25,369	25,641	(271)
Domestic stocks	800,682	836,448	35,765	121,254	(85,488)	769,413	971,952	202,538	249,981	(47,443)
Foreign securities	2,412,211	2,498,033	85,821	100,852	(15,031)	3,383,002	3,628,717	245,714	250,008	(4,293)
Foreign bonds	2,392,962	2,480,691	87,729	100,507	(12,778)	3,373,651	3,620,429	246,778	249,906	(3,127)
Other foreign securities	19,249	17,341	(1,908)	345	(2,253)	9,351	8,287	(1,063)	102	(1,166)
Other securities	37,152	35,904	(1,247)	3,382	(4,629)	30,116	37,898	7,781	9,990	(2,208)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—
Total	15,575,626	16,312,544	736,918	852,978	(116,060)	18,034,852	19,797,432	1,762,580	1,825,199	(62,619)
Domestic bonds	10,402,246	10,951,216	548,970	557,475	(8,505)	11,905,054	13,022,422	1,117,367	1,119,634	(2,266)
Domestic stocks	800,682	836,448	35,765	121,254	(85,488)	769,413	971,952	202,538	249,981	(47,443)
Foreign securities	4,036,700	4,177,728	141,027	158,449	(17,421)	4,957,100	5,377,472	420,371	431,064	(10,692)
Foreign bonds	4,017,450	4,160,386	142,936	158,103	(15,167)	4,914,575	5,341,868	427,292	430,961	(3,669)
Other foreign securities	19,249	17,341	(1,908)	345	(2,253)	42,525	35,604	(6,920)	102	(7,022)
Other securities	37,152	35,904	(1,247)	3,382	(4,629)	30,116	37,898	7,781	9,990	(2,208)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—

Classification	As of March 31, 2014				
	Book value	Fair value	Net gains (losses)	Net gains	
				Gains	Losses
Held-to-maturity debt securities	1,849,463	2,043,711	194,248	194,450	(202)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	—	(6,224)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)
Other securities	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)
Other securities	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—

(Note) The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

Book values of securities whose fair value is not practically determinable are as follows:

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Held-to-maturity debt securities	—	—	—
Unlisted foreign bonds	—	—	—
Others	—	—	—
Policy-reserve-matching bonds	—	—	—
Investments in subsidiaries and affiliated companies	44,854	42,290	72,290
Available-for-sale securities	559,300	566,016	515,586
Unlisted domestic stocks (excluding over-the-counter stocks)	26,189	25,031	24,580
Unlisted foreign stocks (excluding over-the-counter stocks)	532,480	540,321	490,321
Unlisted foreign bonds	—	—	—
Others	630	663	685
Total	604,155	608,306	587,876

Policy-reserve-matching bonds

- In order to appropriately manage fluctuations in the fair value of assets and liabilities due to fluctuations in interest rates, the Company has identified the following types of insurance policies (subsections), in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants, and has designated the holding category of the corresponding yen-denominated bonds as "Policy-reserve-matching bonds"
 - LIVE ONE (Primary policy of 3-year variable accumulation rate insurance, etc. with guaranteed minimum interest rates)
 - EXT (Non-participating, assumed interest rate variable individual annuity (single premium))
 - Single premium endowment insurance (excluding certain types)
 - Interest rate variable whole life insurance (single premium) (increasing whole life insurance with assumed interest rate variable and a 5 yearly payment of dividend of interest gains (single premium), etc.)
 - Individual life insurance and individual annuity (excluding certain types of insurance)
 - Defined contribution pension plans and interest rate-setting rider by new unit account
 - Policy reserves for cash flows expected within the next 20 years for contracts including defined benefit corporate pension plan (02), and new corporate pension plan (excluding interest rate-setting rider by unit account and interest rate-setting rider by new unit account)
 - Policy reserves for cash flows expected within the next 20 years for insured contributory pension plans
- The Company periodically verifies that the duration (the extent of fair value fluctuations against fluctuations in interest rates) of the policy reserves of each insurance in these subsections coincides with the duration of the corresponding policy-reserve-matching bonds within a certain range.

c. Fair value information of money-held-in trust for trading

●Money-held-in trusts for trading

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

●Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

(Reference)

In terms of "securities whose fair value is not practically determinable" in the "Accounting Standards for Financial Instruments," fair values including prices which have been calculated on the basis of certain assumptions, are as below:

Classification	As of March 31, 2012					As of March 31, 2013				
	Book value	Fair value	Net gains (losses)			Book value	Fair value	Net gains (losses)		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	1,961,880	2,030,383	68,503	69,972	(1,469)	1,874,597	2,072,776	198,178	198,509	(331)
Policy-reserve-matching bonds	9,368,136	9,882,655	514,519	522,706	(8,187)	10,862,267	11,936,600	1,074,333	1,076,539	(2,206)
Investments in subsidiaries and affiliated companies	44,854	44,957	102	102	—	75,464	69,840	(5,623)	233	(5,856)
Available-for-sale securities	4,804,910	4,959,183	154,272	260,722	(106,450)	5,830,829	6,331,318	500,488	554,744	(54,255)
Domestic bonds	696,718	717,872	21,154	22,392	(1,238)	709,114	734,483	25,369	25,641	(271)
Domestic stocks	826,872	862,638	35,765	121,254	(85,488)	794,445	996,984	202,538	249,981	(47,443)
Foreign securities	2,944,737	3,030,968	86,231	101,275	(15,044)	3,923,361	4,173,663	250,302	254,602	(4,300)
Foreign bonds	2,392,962	2,480,691	87,729	100,507	(12,778)	3,373,651	3,620,429	246,778	249,906	(3,127)
Other foreign securities	551,775	550,277	(1,497)	768	(2,265)	549,710	553,233	3,523	4,696	(1,172)
Other securities	37,737	36,456	(1,280)	3,382	(4,662)	30,742	38,500	7,758	9,990	(2,232)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—
Total	16,179,781	16,917,179	737,397	853,504	(116,106)	18,643,159	20,410,536	1,767,377	1,830,027	(62,650)
Domestic bonds	10,402,246	10,951,216	548,970	557,475	(8,505)	11,905,054	13,022,422	1,117,367	1,119,634	(2,266)
Domestic stocks	871,063	906,828	35,765	121,254	(85,488)	836,071	1,038,610	202,538	249,981	(47,443)
Foreign securities	4,569,889	4,711,430	141,540	158,974	(17,433)	5,498,123	5,923,316	425,192	435,891	(10,698)
Foreign bonds	4,017,450	4,160,386	142,936	158,103	(15,167)	4,914,575	5,341,868	427,292	430,961	(3,669)
Other foreign securities	552,439	551,044	(1,395)	870	(2,265)	583,548	581,448	(2,099)	4,929	(7,029)
Other securities	37,737	36,456	(1,280)	3,382	(4,662)	30,742	38,500	7,758	9,990	(2,232)
Monetary claims bought	264,844	277,249	12,404	12,418	(13)	243,165	257,694	14,528	14,528	(0)
Negotiable certificates of deposit	34,000	33,997	(2)	—	(2)	130,000	129,992	(7)	—	(7)
Others	—	—	—	—	—	—	—	—	—	—

Classification	As of March 31, 2014				
	Book value	Fair value	Net gains (losses)		
			Gains	Losses	
Held-to-maturity debt securities	1,849,463	2,043,711	194,248	194,450	(202)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)
Investments in subsidiaries and affiliated companies	105,464	99,090	(6,373)	—	(6,373)
Available-for-sale securities	6,212,026	6,820,197	608,170	645,344	(37,173)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)
Domestic stocks	797,633	1,147,003	349,370	379,075	(29,705)
Foreign securities	4,066,598	4,283,348	216,750	223,416	(6,666)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)
Other foreign securities	496,285	504,012	7,727	8,984	(1,257)
Other securities	25,282	32,955	7,672	8,282	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—
Total	19,183,961	20,979,438	1,795,476	1,842,066	(46,589)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)
Domestic stocks	869,259	1,218,629	349,370	379,075	(29,705)
Foreign securities	5,512,356	5,900,570	388,214	401,309	(13,094)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)
Other foreign securities	530,123	531,476	1,353	8,984	(7,631)
Other securities	25,282	32,955	7,672	8,282	(610)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)
Others	—	—	—	—	—

(Notes) 1. The above table includes items deemed appropriate to be handled as securities under the Financial Instruments and Exchange Act in Japan.

2. The difference between the net gains (losses) of securities with fair value and the net gains (losses) in this table was ¥479 million, ¥4,796 million and ¥8,977 million as of March 31, 2012, 2013 and 2014, respectively.

Net gains (losses) on real estate (Land/leasehold)

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Net gains (losses) on real estate	(29,009)	(44,672)	(33,058)

(Note) The fair value of land is calculated using the appraisal value based on appraisals by qualified real estate appraisers or the publicly announced appraisal value with certain adjustments.

d. Fair value information of derivative transactions (total of hedge accounting applied/not applied)

● Breakdown of net gains (losses) (with and without hedge accounting applied)

Millions of Yen

Classification	As of March 31, 2012						As of March 31, 2013					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	2,966	(79,272)	—	—	—	(76,306)	2,606	(402,239)	—	—	—	(399,632)
Hedge accounting not applied	(250)	(29,662)	(7,559)	465	—	(37,006)	(228)	(106,826)	(12,486)	(2,421)	—	(121,963)
Total	2,715	(108,935)	(7,559)	465	—	(113,312)	2,378	(509,065)	(12,486)	(2,421)	—	(521,595)

Classification	As of March 31, 2014					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,834	(272,703)	—	—	—	(270,869)
Hedge accounting not applied	(847)	(23,098)	(1,317)	1,043	—	(24,220)
Total	986	(295,802)	(1,317)	1,043	—	(295,090)

(Note) Net gains (losses) from applying the fair value hedge included in gains and losses on hedge accounting applied, and net gains (losses) included in gain and loss of hedge accounting not applied are recorded on the statements of income. Net losses from applying the fair value hedge was ¥93,225 million, ¥361,580 million and ¥249,187 million in currency-related as of March 31, 2012, 2013 and 2014, respectively.

● Interest-related

Millions of Yen

Classification	Type	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Over-the-counter transactions	Interest rate swaps												
	Receipts fixed, payments floating	72,369	58,142	2,967	2,967	58,342	51,576	2,607	2,607	54,726	48,721	1,834	1,834
	Receipts floating, payments fixed	34,964	34,562	(251)	(251)	34,562	34,500	(228)	(228)	34,500	—	(94)	(94)
	Interest rate swaptions												
	Bought												
	Receipts floating, payments fixed	—	—	—	—	—	—	—	—	120,000	120,000		
		[—]	—			[—]	—			[1,254]		500	(753)
Total													986

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for interest rate swaps and the differences between the option fees and the fair values for interest rate swaptions.

(Reference) Details of interest rate swaps

Millions of Yen, %

Classification	As of March 31, 2014						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount (receipts fixed, payments floating)	6,004	26,273	19,571	2,771	105	—	54,726
Average fixed rate (receipt)	2.00	1.95	1.55	1.53	1.10	—	1.79
Average floating rate (payment)	0.37	0.44	0.40	0.48	0.82	—	0.42
Notional amount (receipts floating, payments fixed)	34,500	—	—	—	—	—	34,500
Average fixed rate (payment)	0.62	—	—	—	—	—	0.62
Average floating rate (receipt)	0.32	—	—	—	—	—	0.32
Total notional amount	40,504	26,273	19,571	2,771	105	—	89,226

●Currency-related

Millions of Yen

Classification	Type	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
		Notional amount/ contract value		Net gains		Notional amount/ contract value		Net gains		Notional amount/ contract value		Net gains	
		Over 1 year	Fair value	(losses)	(losses)	Over 1 year	Fair value	(losses)	(losses)	Over 1 year	Fair value	(losses)	(losses)
Over-the-counter transactions	Foreign currency forward contracts												
	Sold	2,329,735	490,036	(126,911)	(126,911)	3,067,673	547,881	(465,680)	(465,680)	3,190,809	914,294	(268,793)	(268,793)
	(Euro)	829,736	74,982	(37,640)	(37,640)	1,192,066	83,267	(155,107)	(155,107)	1,261,584	138,831	(100,105)	(100,105)
	(U.S. dollar)	792,507	—	(26,605)	(26,605)	932,971	70,964	(115,622)	(115,622)	975,384	392,060	(34,318)	(34,318)
	(Australian dollar)	641,918	415,054	(56,933)	(56,933)	867,464	393,649	(194,542)	(194,542)	873,240	383,402	(124,732)	(124,732)
	Bought	23,529	—	(159)	(159)	11,030	—	8	8	1,326	489	(6)	(6)
	(U.S. dollar)	19,776	—	(132)	(132)	174	—	(1)	(1)	1,326	489	(6)	(6)
	(Euro)	3,752	—	(27)	(27)	10,855	—	9	9	—	—	—	—
	Currency options												
	Sold												
	Call	—	—	—	—	91,500	—	—	—	—	—	—	—
	(Australian dollar)	[—]	—	—	—	[1,936]	—	4,494	(2,558)	[—]	—	—	—
	(U.S. dollar)	—	—	—	—	46,750	—	—	—	—	—	—	—
		[—]	—	—	—	[909]	—	2,205	(1,296)	[—]	—	—	—
		—	—	—	—	44,750	—	—	—	—	—	—	—
		[—]	—	—	—	[1,027]	—	2,289	(1,261)	[—]	—	—	—
	Bought												
	Call	333,000	—	—	—	186,000	—	—	—	—	—	—	—
	(Australian dollar)	[4,219]	—	7,738	3,519	[1,985]	—	6,332	4,346	[—]	—	—	—
	(U.S. dollar)	90,000	—	—	—	95,000	—	—	—	—	—	—	—
		[1,105]	—	488	(616)	[941]	—	3,097	2,155	[—]	—	—	—
		243,000	—	—	—	91,000	—	—	—	—	—	—	—
		[3,113]	—	7,249	4,136	[1,043]	—	3,234	2,191	[—]	—	—	—
	Put	39,707	39,707	—	—	116,876	29,789	—	—	22,043	—	—	—
	(U.S. dollar)	[6,304]	—	6,967	662	[6,611]	—	2,087	(4,523)	[3,526]	—	40	(3,485)
		39,707	39,707	—	—	116,876	29,789	—	—	22,043	—	—	—
		[6,304]	—	6,967	662	[6,611]	—	2,087	(4,523)	[3,526]	—	40	(3,485)
Total					(122,888)				(468,407)				(272,285)

(Notes) 1. Option fees are shown in [].

- Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above. Foreign currency forward contracts excluded from disclosure as of March 31, 2012 include the contract sold in Australian dollar with contract value of ¥165,699 million, fair value of ¥(8,618) million, net loss of ¥8,618 million; the contract sold in U.S. dollar with contract value of ¥156,829 million, fair value of ¥22,571 million and net gain of ¥22,571 million; and as of March 31, 2013 include the contract sold in Australian dollar with contract value of ¥158,224 million, fair value of ¥(41,552) million and net loss of ¥41,552 million; and the contract sold in U.S. dollar with contract value of ¥89,489 million, fair value of ¥894 million and net gain of ¥894 million; and as of March 31, 2014 include the contract bought in Australian dollar with contract value of ¥94,347 million, fair value of ¥(26,543) million and net loss of ¥26,543 million; and the contract bought in U.S. dollar with contract value of ¥32,233 million, fair value of ¥(3,788) million and net gain of ¥3,788 million. There were no balances of currency swaps excluded from disclosure as of March 31, 2012 and March 31, 2013. Currency swaps excluded from disclosure as of March 31, 2014 include contract value in U.S. dollar of ¥99,480 million, fair value of ¥6,815 million and net gain of ¥6,815 million.
- Net gains (losses) represent the fair values for foreign currency forward contracts and the differences between the option fees and the fair values for option transactions.

●Stock-related

		Millions of Yen											
		As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
Classification	Type	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Exchange-traded transactions	Stock index futures Sold	16,019	—	(6)	(6)	302,741	—	(6,036)	(6,036)	257,919	—	3,809	3,809
Over-the-counter transactions	Stock index forwards Sold	—	—	—	—	—	—	—	—	108,510	—	350	350
	Stock index options Sold												
	Put	—	—	—	2,499	1,399	—	49	3	5,099	—	6	78
		[—]	—	—	[53]	—	—	—	—	[85]	—	6	78
	Bought Call	—	—	—	—	—	—	—	—	60,000	30,000	—	—
		[—]	—	—	[—]	—	—	—	—	[1,131]	—	712	(419)
	Put	183,400	34,000	—	82,600	27,000	—	—	—	24,200	—	—	—
		[11,203]	3,650	(7,553)	[7,383]	929	(6,454)	—	—	[5,179]	—	42	(5,136)
Total				(7,559)				(12,486)				(1,317)	

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for future tradings and forward tradings and the difference between the option fees and the fair values for option transactions.

●Bond-related

		Millions of Yen											
		As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
Classification	Type	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)			
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value				
Exchange-traded transactions	Bond futures Sold	85,203	—	49	49	173,228	—	(2,421)	(2,421)	293,251	—	1,043	1,043
Over-the-counter transactions	Bond OTC options Sold												
	Call	78,077	—	—	—	—	—	—	—	—	—	—	—
		[1,175]	699	476	[—]	—	—	—	—	[—]	—	—	—
	Bought Put	78,077	—	—	—	—	—	—	—	—	—	—	—
		[1,421]	1,362	(59)	[—]	—	—	—	—	[—]	—	—	—
Total				465				(2,421)				1,043	

(Notes) 1. Option fees are shown in [].

2. Net gains (losses) represent the fair values for futures trading, the difference between the option fees and the fair values for option transactions.

12. Loans (General Account)

		Millions of Yen		
		As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Policy loans		359,161	344,392	335,002
	Policy holder loans	325,323	312,900	304,215
	Premium loans	33,838	31,491	30,787
Industrial and consumer loans		2,528,286	2,319,031	2,130,536
[Loans to non-residents]		[74,957]	[63,812]	[58,478]
	Corporate loans	2,450,583	2,248,324	2,069,584
	[Corporate loans - domestic]	[2,425,467]	[2,233,996]	[2,056,158]
	Loans to national, international and gov- ernment-affiliated organizations	22,461	21,721	16,973
	Loans to public entities	42,024	38,558	35,740
	Housing loans	9,569	8,172	6,898
	Consumer loans	3,310	1,955	1,078
	Other loans	337	299	260
Total		2,887,447	2,663,423	2,465,539

13. Industrial and Consumer Loans by Maturity Date (General Account)

(As of March 31, 2012)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	4,609	31,080	31,268	42,500	85,507	29,303	118,000	342,268
Fixed-rate loans	266,499	533,937	574,846	444,314	276,296	90,123	—	2,186,017
Total loans	271,108	565,018	606,114	486,814	361,803	119,426	118,000	2,528,286

(As of March 31, 2013)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	6,546	24,682	34,200	32,105	73,621	31,451	118,000	320,609
Fixed-rate loans	259,772	555,146	567,254	357,005	180,214	79,029	—	1,998,422
Total loans	266,319	579,829	601,454	389,110	253,836	110,481	118,000	2,319,031

(As of March 31, 2014)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	11,485	28,912	24,251	27,082	78,635	5,294	103,000	278,661
Fixed-rate loans	250,598	569,545	494,498	281,486	175,343	80,401	—	1,851,874
Total loans	262,083	598,457	518,750	308,569	253,979	85,695	103,000	2,130,536

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

Number of borrowers, millions of yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014		
	Share		Share		Share		
Large companies	Number of borrowers	263	69.0	238	71.3	216	74.0
	Amount of loans	2,197,074	90.6	2,046,259	91.6	1,890,876	92.0
Medium-sized companies	Number of borrowers	5	1.3	5	1.5	4	1.4
	Amount of loans	11,865	0.5	11,799	0.5	9,653	0.5
Small companies	Number of borrowers	113	29.7	91	27.2	72	24.7
	Amount of loans	216,528	8.9	175,938	7.9	155,628	7.6
Total loans to domestic companies	Number of borrowers	381	100.0	334	100.0	292	100.0
	Total amount of loans	2,425,467	100.0	2,233,996	100.0	2,056,158	100.0

(Notes) 1. Classifications are defined as follows:

Company size	1. All industries (excluding 2. - 4.)		2. Retail and restaurants		3. Services		4. Wholesale	
Large companies	More than 300 employees and	Paid-in capital ¥1.0 billion or more	More than 50 employees and	Paid-in capital ¥1.0 billion or more	More than 100 employees and	Paid-in capital ¥1.0 billion or more	More than 100 employees and	Paid-in capital ¥1.0 billion or more
Medium-sized companies		Paid-in capital between ¥0.3 billion and ¥1.0 billion		Paid-in capital between ¥0.05 billion and ¥1.0 billion		Paid-in capital between ¥0.05 billion and ¥1.0 billion		Paid-in capital between ¥0.1 billion and ¥1.0 billion
Small companies	Paid-in capital under ¥0.3 billion or 300 employees or less		Paid-in capital under ¥0.05 billion or 50 employees or less		Paid-in capital under ¥0.05 billion or 100 employees or less		Paid-in capital under ¥0.1 billion or 100 employees or less	

2. Number of borrowers is the number of borrowers identified by name and is not the number of loans.

3. The number of employees and the amount of paid-in capital are based on information available to the Company at the time of preparation of these materials.

4. The services industry comprises the "rental and leasing services," "scientific, professional, and technical services," "lodging," "lifestyle and leisure," "education and training," "medical and welfare," and "other services."

5. Size classifications are based on the classification of size used in the Bank of Japan's "Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industry)."

15. Industrial and Consumer Loans by Industry (General Account)

		Millions of Yen, %					
Classification		As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
		Amount	Share	Amount	Share	Amount	Share
Domestic		566,056	22.4	516,093	22.3	460,759	21.6
	Manufacturing						
	Food	19,207	0.8	18,374	0.8	18,760	0.9
	Textiles and apparel	13,913	0.6	13,816	0.6	13,770	0.6
	Wood, wood products	1,045	0.0	1,020	0.0	1,000	0.0
	Pulp and paper	38,305	1.5	34,255	1.5	27,462	1.3
	Printing	41	0.0	31	0.0	21	0.0
	Chemicals	70,450	2.8	65,262	2.8	59,038	2.8
	Oil and coal products	54,665	2.2	49,100	2.1	42,730	2.0
	Ceramics, soil and stone	15,992	0.6	13,987	0.6	13,346	0.6
	Iron and steel	97,535	3.9	94,549	4.1	95,442	4.5
	Nonferrous metals	11,798	0.5	11,950	0.5	10,441	0.5
	Metal products	92	0.0	31	0.0	—	—
	General purpose, production, and industrial machinery	29,751	1.2	31,101	1.3	45,275	2.1
	Electric appliances	77,088	3.0	65,812	2.8	61,127	2.9
	Transportation equipment	122,012	4.8	107,102	4.6	64,644	3.0
	Other manufacturing products	14,156	0.6	9,700	0.4	7,700	0.4
	Agriculture and forestry	—	—	—	—	—	—
	Fishery	—	—	—	—	—	—
	Mining, quarrying and gravel mining	—	—	—	—	—	—
	Construction	9,022	0.4	4,846	0.2	3,746	0.2
	Electric power, gas, heat supply and waterworks	399,553	15.8	361,465	15.6	317,958	14.9
	Information and communication	81,508	3.2	61,545	2.7	47,981	2.3
	Logistics and postal services	149,904	5.9	137,412	5.9	140,022	6.6
	Wholesale trade	500,788	19.8	508,135	21.9	510,384	24.0
	Retail trade	15,695	0.6	10,961	0.5	11,291	0.5
	Financing and insurance	421,155	16.7	397,578	17.1	341,472	16.0
	Real estate	161,462	6.4	140,233	6.0	135,516	6.4
	Rental and leasing services	119,598	4.7	95,784	4.1	87,438	4.1
	Scientific, professional, and technical services	1,370	0.1	263	0.0	1	0.0
	Lodging	169	0.0	137	0.0	99	0.0
	Restaurants	44	0.0	26	0.0	13	0.0
	Lifestyle and leisure	50	0.0	30	0.0	10	0.0
	Education and training	—	—	—	—	—	—
	Medical and welfare	337	0.0	299	0.0	260	0.0
	Other services	6,710	0.3	6,483	0.3	5,825	0.3
	Local organizations and public entities	7,019	0.3	3,795	0.2	1,297	0.1
	Individuals (residential/consumption/local taxes/other)	12,880	0.5	10,128	0.4	7,977	0.4
	Subtotal	2,453,328	97.0	2,255,219	97.2	2,072,057	97.3
Overseas							
	Governments and public entities	49,842	2.0	49,484	2.1	45,053	2.1
	Financial institutions	22,000	0.9	12,000	0.5	12,000	0.6
	Commerce and industry	3,115	0.1	2,327	0.1	1,425	0.1
	Subtotal	74,957	3.0	63,812	2.8	58,478	2.7
Total loans		2,528,286	100.0	2,319,031	100.0	2,130,536	100.0

(Note) Domestic sectors are based on the industry classifications used in the Bank of Japan's "Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industry)."

16. Loans by Use (General Account)

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Capital investments	568,522	22.5	508,015	21.9	442,446	20.8
Operations	1,435,120	56.8	1,329,945	57.3	1,274,290	59.8

(Note) Share refers to the percentage to industrial and consumer loans.

17. Loans by Region (General Account)

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Hokkaido	22,527	0.9	19,239	0.9	12,644	0.6
Tohoku	51,584	2.1	40,233	1.8	38,486	1.9
Kanto	1,592,676	65.3	1,571,469	70.0	1,453,114	70.4
Chubu	171,362	7.0	146,314	6.5	143,402	6.9
Kinki	424,228	17.4	306,144	13.6	295,836	14.3
Chugoku	88,191	3.6	80,747	3.6	61,620	3.0
Shikoku	23,041	0.9	22,277	1.0	19,223	0.9
Kyushu	66,836	2.7	58,664	2.6	39,751	1.9
Total	2,440,448	100.0	2,245,091	100.0	2,064,080	100.0

(Notes) 1. Does not include personal loans, loans related to non-residents and policy loans, etc.

2. Geographical classifications are based on information on head office locations of the borrowers available to the Company as at the time of preparation of these materials.

18. Loans by Collateral (General Account)

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Secured loans	1,721	0.1	963	0.0	340	0.0
Loans secured by securities	1,224	0.0	701	0.0	185	0.0
Loans secured by real estate, movables and foundations	451	0.0	221	0.0	155	0.0
Loans secured by personal guarantees	45	0.0	40	0.0	—	—
Guarantee loans	96,919	3.8	82,819	3.6	80,195	3.8
Fiduciary loans	2,416,765	95.6	2,225,120	96.0	2,042,022	95.8
Other loans	12,880	0.5	10,128	0.4	7,977	0.4
Industrial and consumer loans	2,528,286	100.0	2,319,031	100.0	2,130,536	100.0
Subordinated loans	263,000	10.4	258,000	11.1	223,000	10.5

19. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Loans to bankrupt borrowers	—	—	—
Loans in arrears	1,763	1,444	1,139
Loans in arrears for three months or longer	3	0	0
Restructured loans	328	294	260
Total	2,095	1,739	1,400
[Percentage of total loans]	[0.07]	[0.07]	[0.06]

(Notes) 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted for the fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014 amounted to ¥49 million, ¥42 million and ¥40 million, respectively.

2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).

3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

5. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

20. Status of Non-performing Assets According to Borrower's Classification

Classification	Millions of Yen, %		
	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Bankrupt and quasi-bankrupt loans	124	114	—
Doubtful loans	1,689	1,370	1,174
Substandard loans	331	294	260
Subtotal	2,146	1,779	1,435
[Percentage of total]	[0.07]	[0.05]	[0.04]
Normal loans	3,058,106	3,809,894	3,225,885
Total	3,060,252	3,811,673	3,227,320

- (Notes) 1. Bankrupt or quasi-bankrupt loans represent loans or quasi-loans to borrowers who have fallen into bankruptcy due to reasons such as the filing of a petition for the commencement of bankruptcy proceedings, the commencement of reorganization proceedings or the commencement of rehabilitation proceedings.
2. Doubtful loans represent loans with a strong likelihood that the loan principal cannot be recovered or interest cannot be received according to the contract due to the borrower, although not yet in bankruptcy, experiencing difficulties in financial condition and business performance.
3. Substandard loans represent loans that are in arrears for three months or longer and restructured loans. Loans in arrears for three months or longer are loans on which payments of principal or interest are past due over three months from the day following the contractual due date (excluding 1. and 2. in the above notes). Restructured loans represent the loans which have been restructured to provide certain concessions favorable to the borrowers such as by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support or financially rehabilitate such borrowers (excluding 1. and 2. in the above notes and loans in arrears for three months or longer).
4. Normal loans represent loans that do not fall under the classifications in 1. to 3. of the above notes, and where the borrower has no financial or business performance problems.

(Reference) Status of self-assessment of loans Hundred million Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Non-categorized	28,472	98.6	26,434	99.3	24,443	99.1
Category II	401	1.4	199	0.7	211	0.9
Category III	0	0.0	0	0.0	0	0.0
Category IV	—	—	—	—	—	—
Total loans	28,874	100.0	26,634	100.0	24,655	100.0

- (Notes) 1. ¥0 hundred million each in specific allowance for possible loan losses for loans in Category III were reported as of March 31, 2012, 2013 and 2014, respectively.
2. In terms of loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly written off. Such amounts were ¥0 hundred million as of March 31, 2012, 2013 and 2014, respectively.

(Reference) Status of Allowance for possible loan losses Hundred million yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Balance of specific allowance for possible loan losses	5	5	5
Balance of general allowance for possible loan losses	35	27	16
Total allowance for possible loan losses	40	33	21

21. Status of Loans in Trust from Contract for Replacement of Loss

Not applicable.

22. Status of Insurance Claims Paying Ability (Solvency Margin Ratio)

Millions of Yen

Items	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Solvency margin gross amount (A)	2,283,974	2,605,636	2,786,323
Foundation funds	806,400	903,685	950,964
Reserve for price fluctuation	161,447	206,547	231,447
Contingency reserve	267,400	283,700	301,300
General allowance for possible loan losses	3,523	2,735	1,608
Unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	138,845	450,440	547,353
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(95,995)	(109,783)	(85,857)
Excess of continued Zillmerized reserve	604,127	611,924	618,752
Qualifying subordinated debt	345,500	206,500	201,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—	—
Deduction clause	(31,364)	(31,364)	(61,364)
Others	84,090	81,250	80,137
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	644,562	625,680	627,363
Insurance risk	R ₁	87,608	84,918
Third-sector insurance risk	R ₈	48,382	48,701
Risk of assumed yield	R ₂	233,101	226,261
Minimum guarantee risk	R ₇ *	89,052	63,755
Investment risk	R ₃	292,531	306,277
Operational risk	R ₄	15,013	14,598
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	708.6%	832.8%	888.2%

* The standard method is used for the calculation of the amount equivalent to minimum guarantee risk, in accordance with Appendix 6-2 of Ministry of Finance Public Notice No. 50 of 1996.

(Note) The above table was calculated based on Article 130 of the Insurance Business Act, 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.

●Solvency margin ratio

The “solvency margin” refers to the “amount of surplus capacity available to make payments” to cover its liabilities when risks that could not normally be anticipated, such as a massive earthquake or a stock market collapse, have materialized.

The solvency margin ratio is a percentage of “solvency margin gross amount” to the portion of “quantified total amount of risk” exceeding the quantified amount of risks that could normally be anticipated; it is one of the indicators to gauge the insurer’s ability to cover liabilities when unforeseen events occur.

When this ratio falls below 200%, an insurance company is subject to administrative intervention by the regulatory agencies to take “prompt corrective action.”

The solvency margin ratio is one of the financial indicators indicating sound business management, however, it should not be solely relied upon to evaluate the business management soundness of an insurance company. The evaluation of sound business management should be made in a comprehensive manner with due consideration of not only the solvency margin ratio but also other business management information such as asset management performance and trends in business results.

●Solvency margin gross amount

Component items of the “solvency margin gross amount” and their statutory grounds are shown below.

Item	Description	Statutory grounds
Foundation funds	<p>The amount represents the total net assets after deduction of the total valuation and translation adjustments and the amount to be distributed as an appropriation of surplus (including provisions for policyholders' dividend reserves) on the balance sheets. Meanwhile, of the items specified in Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act, the amounts presented under the assets section of the balance sheets and deferred assets presented under the assets section of the balance sheets pursuant to the provisions set forth in the first sentence of Article 113 of the Insurance Business Act (hereinafter “the Act”) were not applicable.</p> $\text{Foundation funds} = \text{Total net assets on the balance sheets} - \text{Total valuation and translation adjustments} - \text{The amount to be distributed as an appropriation of surplus} - \text{Others (Deferred assets, etc.)}$	Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act (hereinafter “the Ordinance”).
Foundation funds (<i>kikin</i>)	<p>Foundation funds (<i>kikin</i>), components of “foundation funds”, are described below. Foundation funds (<i>kikin</i>) are the equivalent to a stock company's capital. They are collateral assets of a mutual company prescribed by the Act and presented under the net assets section of the balance sheets. Foundation funds (<i>kikin</i>) are redeemed on the due dates and, upon the redemption of principal amount, it is required to provide the reserve for redemption of foundation funds with the amount equal to that. These reserves are served as their retained surplus. For further information on redemption dates for foundation funds (<i>kikin</i>), please refer to “Fund redemption schedule” on page 148.</p>	
Reserve for price fluctuation	<p>The amount represents the value of the reserve for price fluctuation presented on the balance sheets. Insurance companies are required to provide for losses arising from the fluctuations in the prices of stocks and other securities held by them under the provisions of Article 115 Paragraph 1 of the Act. Companies are allowed to reverse the reserve when they need to cover the negative difference stemming from losses on sales of stocks and other securities in excess of gains on sales of stocks and other securities or when they obtain permission from the Commissioner of Financial Services Agency.</p>	Article 86 Paragraph 1 Item 2 of the Ordinance
Contingency reserves	<p>The amount represents the value of contingency reserves, a component of policy reserves presented on the balance sheets. Pursuant to Article 69 Paragraph 1 Item 3 of the Ordinance, insurance companies are required to make provisions for contingency reserves against potential risks (i.e., insurance risk, third-sector insurance risk, risk of assumed yield and minimum guarantee risk) in order to fulfill future obligations that may arise under insurance policies. When there are mortality losses, interest losses and the outstanding balance of minimum guarantee premiums falling below the amount of the minimum guaranteed insurance benefits, insurance companies are allowed to reverse the reserves to cover these losses. Separately, insurance companies may reverse the reserves for other purposes due to unavoidable circumstances concerning their operations, financial conditions, etc. * For the terminology of insurance risk, third-sector insurance risk, risk of assumed yield and minimum guarantee risk, please refer to “Total amount of risk.”</p>	Article 86 Paragraph 1 Item 3 of the Ordinance
General allowance for possible loan losses	<p>The amount represents the value of the general allowance for possible loan losses, a component of the allowance for possible loan losses presented on the balance sheets.</p>	Article 86 Paragraph 1 Item 4 of the Ordinance
Unrealized gains on available-for-sale securities	<p>If the difference between the total amount of available-for-sale securities presented on the balance sheets and the total book value is positive, it is multiplied by 90%, if negative, it is multiplied by 100% and the resulting amount is presented.</p>	Article 86 Paragraph 1 Item 5 of the Ordinance
Net unrealized gains on real estate	<p>If the difference between the fair value of real estate and its book value is positive, it is multiplied by 85%, if negative, it is multiplied by 100% and the resulting amount is presented. The difference between the fair value and book value of real estate includes the total amount of land revaluation differences presented on the balance sheets and deferred tax liabilities for land revaluation presented on the balance sheets.</p>	Article 86 Paragraph 1 Item 6 of the Ordinance
Excess of continued Zillmerized reserve	<p>With regard to the following A, B and C, the components of policy reserves presented on the balance sheets, the amount represents the value of A after deduction of B and C. A. The total amount of insurance reserve funds and unearned insurance premiums B. Either the following (i) or (ii), whichever is greater. (i) The total amount of insurance reserve funds calculated using the method for amortizing expenses at the conclusion of insurance policies over the premium payment period or similar methods, and unearned insurance premiums. (ii) The amount of payments calculated based on the assumption that insurance policies expired without insurable incidents. C. The necessary amount of additional provisions for insurance reserve funds confirmed by the verification of an appointed actuary pursuant to Article 121 Paragraph 1 of the Act and by other verification measures, estimated based on the assumption that no additional provisions for insurance reserve funds subject to Article 69 Paragraph 5 of the Ordinance have been made.</p>	Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 4 Item 1 of the Ministry of Finance Public Notice No. 50 of 1996 (hereinafter “the Public Notice No. 50”)

	Item	Millions of Yen			
		As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	
Qualifying subordinated debt	The amount represents the value of qualifying subordinated debt, a component of loans payable presented on the balance sheets, as stated below.				Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 4 Item 5 of the Public Notice No. 50
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	345,500	206,500	201,980	
	The amount of the instrument as prescribed in Article 1 Paragraph 4 Item 5-a of the Public Notice No. 50 (i.e. perpetual subordinated debt) (i)	337,500	202,500	102,500	
	The amount of the instrument as prescribed in Article 1 Paragraph 4 Item 5-b of the Public Notice No. 50 (i.e. subordinated debt with maturity dates) (ii)	8,000	4,000	99,480	
	The amount of exclusion (iii)	—	—	—	
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	The amount represents the excess of the value of the total amount of excess of continued Zillmerized reserve and qualifying subordinated debt (excluding specified qualifying subordinated debt as prescribed in Article 1 Paragraph 6 of the Public Notice No. 50) over the amount of core capacity for the payment of insurance claims (the total amount of foundation funds, reserve for price fluctuation, contingency reserve, the unallocated portion of dividend reserves and net unrealized losses on available-for-sale securities after deduction of the amount of deferred tax assets to be excluded).				Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 5 of the Public Notice No. 50
Deduction clause	The amount represents the value of "intentionally held" capital instruments as specified by the general supervisory guidance for insurance companies among all the capital instruments held by the Company issued by other insurance companies and financial institutions.				Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1-2 of the Public Notice No. 50
Others	The amount represents the total amount of the following items. A. Exclusion from deferred tax assets. This is an amount equal to the excess of the value of 20% of the base amount for inclusion of deferred tax assets among the total amount of deferred tax assets (excluding the amount related to reserve for price fluctuation, policy reserves and valuation and translation adjustments) as prescribed in Article 1 Paragraph 1 of the Public Notice No. 50. B. Unallocated portion of dividend reserves. The unallocated portion of dividend reserves represents the excess of the value of policyholders' dividend reserves presented on the balance sheets (including policyholders' dividend reserves after deduction of the required amount of dividends for the following year), over the allocated portion as distribution of surplus to policyholders. C. Tax effect amounts. The tax effect amount represents the value of funds that can be sourced mainly from the reversal of voluntary surplus reserves in the expectation that they can be deployed as countermeasures against various risks.				Article 86 Paragraph 1 of the Ordinance and Article 1 Paragraph 1, Paragraph 4 Items 2 and 3, and Paragraph 7 of the Public Notice No. 50

●Total amount of risk

Component items of the "total amount of risk" and their statutory grounds are shown below.

Item	Description	Statutory grounds
Insurance risk	The amount represents the value of insurance risk. The insurance risk refers to the "risk of actual insurable incidents occurring with higher frequency than normally anticipated" except for the risk associated with third-sector insurance. Insurance risk comprises the risks associated with death due to illness/accident, risks of pure endowment and other risks.	Article 87 Item 1 of the Ordinance
Third-sector insurance risk	The amount represents the value of third-sector insurance risk. The third-sector insurance risk refers to the "risk of actual insurable incidents occurring with higher frequency than normally anticipated" associated with third-sector insurance. The third-sector insurance risk comprises the risks measured by the stress test, risks associated with death due to accident, risks of hospitalization due to accident, risks of hospitalization due to illness and other risks.	Article 87 Item 1-2 of the Ordinance
Risk of assumed yield	The amount represents the value of risk of assumed yield. The risk of assumed yield refers to the "risk of not being able to secure an assumed yield that serves as the basis for calculating policy reserves."	Article 87 Item 2 of the Ordinance
Minimum guarantee risk	The amount represents the value of minimum guarantee risk. The minimum guarantee risk is related to insurance policies with separate accounts that guarantee a minimum amount of claims paid. It is defined as the "risk of which the value of assets held in separate accounts fall short of the minimum guaranteed amount of claims paid of said insurance policies at the time of paying the claims paid" and the "risk which arises from greater fluctuations in the value of assets held in separate accounts than could normally be anticipated."	Article 87 Item 2-2 of the Ordinance
Investment risk	The amount represents the value of investment risk. This investment risk refers to the "risk related to investment activity, which arises from greater fluctuations than normally anticipated in the price of securities and other assets held by the Company." Investment risk comprises the risks associated with price fluctuations, credit, credit spreads, subsidiaries, derivative transactions, reinsurance and reinsurance claim recovery.	Article 87 Item 3 of the Ordinance
Operational risk	The amount represents the value of operational risk. The operational risk refers to the "risk that occurs in business operations, which is greater than risks normally anticipated. This type of risk does not fall under the category of insurance risk, third-sector insurance risk, risk of assumed yield, minimum guarantee risk or investment risk."	Article 87 Item 4 of the Ordinance

23. Tangible Fixed Assets

a. Tangible fixed assets

(As of March 31, 2012)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	534,540	403	11,369 [3,701]	—	523,574	—	—
Buildings	405,160	7,118	10,202 [2,722]	23,382	378,693	458,565	54.7
Lease assets	613	893	—	249	1,257	381	23.2
Construction in progress	1,102	3,273	3,034	—	1,341	—	—
Other tangible fixed assets	7,965	1,935	458	2,795	6,646	28,766	81.2
Total	949,381	13,625	25,065	26,428	911,513	487,713	—

(As of March 31, 2013)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	523,574	651	42,630 [12,571]	—	481,596	—	—
Buildings	378,693	8,105	37,991 [11,655]	21,122	327,685	449,913	57.8
Lease assets	1,257	3,803	2	816	4,241	1,198	22.0
Construction in progress	1,341	2,947	3,756	—	532	—	—
Other tangible fixed assets	6,646	1,317	575	2,008	5,379	26,842	83.3
Total	911,513	16,825	84,955	23,947	819,435	477,955	—

(As of March 31, 2014)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	481,596	438	51,962 [29,329]	—	430,073	—	—
Buildings	327,685	7,484	46,835 [20,428]	18,822	269,512	424,197	61.1
Lease assets	4,241	1,003	64	976	4,204	2,156	33.9
Construction in progress	532	2,979	1,885	—	1,626	—	—
Other tangible fixed assets	5,379	1,145	173	1,633	4,717	25,140	84.1
Total	819,435	13,051	100,920	21,432	710,134	451,494	—

(Notes) 1. "Increase in the fiscal year" and "Decrease in the fiscal year" include the following book values:

- 1) Amounts reclassified from construction in progress (Increase in the fiscal year) and 2) decrease amounts accompanying losses on reduction of fixed assets.
2. Figures in [] under the "Decrease in the fiscal year" column indicate the amount of decrease due to impairment losses.
3. The balance of investment and rental properties was ¥499,414 million as of March 31, 2014.

b. Amount of real estate and numbers held

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Amount of real estate	903,609	809,814	701,212
For business operations	231,798	218,518	204,123
For lease	671,810	591,295	497,088
Number of buildings held for leasing	174	157	147

24. Other Assets

(As of March 31, 2012)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	33,443	85	581	30,136	3,306
Others	12,593	962	1,935	5,152	6,250
Total	46,037	1,048	2,516	35,289	9,557

(As of March 31, 2013)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	32,580	75	569	29,767	2,813
Others	11,225	953	4,555	5,167	2,648
Total	43,805	1,028	5,124	34,934	5,461

(As of March 31, 2014)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	31,572	82	597	29,274	2,298
Others	8,133	319	1	5,167	2,966
Total	39,706	401	599	34,441	5,264

25. Status of Public Sector Investment and Loans (General Account)

Millions of Yen

Classification		Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Public bonds	National government bonds	—	—	—
	Local government bonds	—	—	—
	Public entity bonds	2,333	2,033	2,067
	Subtotal	2,333	2,033	2,067
Loans	Government-affiliated organizations	2,619	2,237	1,920
	Local organizations and public entities	—	—	—
	Subtotal	2,619	2,237	1,920
Total	4,952	4,270	3,987	

(Note) Figures in the "Public bonds" and "Loans" columns in the above table indicate the amount of new public-sector investment underwriting and new loans for each fiscal year.

26. Status of Overseas Loans and Investments (General Account)

a. Breakdown by assets composition

● Foreign currency denominated assets

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Foreign bonds	2,412,766	49.9	3,560,242	59.9	3,716,868	62.4
Other foreign securities	44,408	0.9	81,189	1.4	82,088	1.4
Cash, deposits and others	41,377	0.9	58,382	1.0	57,246	1.0
Net foreign currency denominated assets	2,498,552	51.7	3,699,814	62.2	3,856,203	64.8

● Foreign currency denominated assets with fixed yen value

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Foreign bonds	291,216	6.0	224,770	3.8	110,323	1.9
Cash, deposits and others	22,999	0.5	23,000	0.4	60,793	1.0
Net foreign currency denominated assets with fixed yen value	314,215	6.5	247,770	4.2	171,117	2.9

(Note) "Foreign currency denominated assets with fixed yen value" are recorded under assets on the balance sheets at the fixed yen value which was determined at the time of settlement through foreign currency forward contracts, etc.

● Yen-denominated assets

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Loans to non-residents	74,957	1.6	63,812	1.1	58,478	1.0
Foreign bonds	1,428,575	29.6	1,408,171	23.7	1,371,811	23.0
Other foreign securities	506,533	10.5	505,882	8.5	455,762	7.7
Cash, deposits and others	10,118	0.2	21,885	0.4	41,478	0.7
Net yen-denominated assets	2,020,185	41.8	1,999,751	33.6	1,927,531	32.4

● Total

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Overseas loans and investments	4,832,952	100.0	5,947,336	100.0	5,954,851	100.0

b. Overseas loans and investments by geographic area

(As of March 31, 2012)

Millions of Yen, %

Classification	Foreign securities		Foreign bonds		Other foreign securities		Loans to non-residents	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
North America	702,431	15.1	701,631	17.1	799	0.1	5,000	6.7
Europe	1,652,438	35.5	1,645,605	40.1	6,833	1.2	42,000	56.0
Oceania	225,762	4.8	225,762	5.5	—	—	5,000	6.7
Asia	28,607	0.6	—	—	28,607	5.2	—	—
Central and South America	1,711,367	36.8	1,196,666	29.2	514,700	93.4	2,848	3.8
Middle East	—	—	—	—	—	—	6	0.0
Africa	—	—	—	—	—	—	267	0.4
International organizations	335,513	7.2	335,513	8.2	—	—	19,835	26.5
Total	4,656,121	100.0	4,105,179	100.0	550,941	100.0	74,957	100.0

(As of March 31, 2013)

Millions of Yen, %

Classification	Foreign securities		Foreign bonds		Other foreign securities		Loans to non-residents	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
North America	727,708	12.7	727,044	14.1	663	0.1	5,000	7.8
Europe	2,467,737	42.9	2,467,737	47.8	—	—	32,000	50.1
Oceania	250,560	4.4	250,560	4.9	—	—	5,000	7.8
Asia	76,438	1.3	2,000	0.0	74,438	12.7	—	—
Central and South America	1,742,193	30.3	1,230,224	23.8	511,969	87.2	2,136	3.3
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	191	0.3
International organizations	483,788	8.4	483,788	9.4	—	—	19,484	30.5
Total	5,748,426	100.0	5,161,354	100.0	587,071	100.0	63,812	100.0

(As of March 31, 2014)

Millions of Yen, %

Classification	Foreign securities		Foreign bonds		Other foreign securities		Loans to non-residents	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
North America	939,976	16.4	939,312	18.1	663	0.1	5,000	8.6
Europe	2,355,682	41.1	2,355,682	45.4	—	—	32,000	54.7
Oceania	237,751	4.1	237,751	4.6	—	—	5,000	8.6
Asia	79,868	1.4	2,013	0.0	77,855	14.5	—	—
Central and South America	1,690,304	29.5	1,230,973	23.7	459,331	85.4	1,425	2.4
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
International organizations	425,522	7.4	425,522	8.2	—	—	15,053	25.7
Total	5,729,106	100.0	5,191,255	100.0	537,850	100.0	58,478	100.0

(Notes) 1. This table has been compiled based on the nationality of the issuers.

2. Foreign securities under Central and South America comprise mainly yen-denominated bonds, preferred equity securities or alternative investments, etc., issued by SPCs (Special Purpose Companies) established in Central and South America, and while they are classified under Central and South America according to the nationality of the issuer, they are, in effect, investments in Japan and the North American/European region. Additionally, loans to non-residents represent loans to SPCs (guaranteed by the parent company) established in said region and wholly owned by Japanese companies.

c. Foreign currency dominated assets by currency

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Share	Amount	Share	Amount	Share
Euro	871,122	34.9	1,380,685	37.3	1,339,265	34.7
U.S. dollar	824,206	33.0	1,060,546	28.7	1,290,939	33.5
Australian dollar	703,501	28.2	1,107,477	29.9	1,059,538	27.5
British pound	71,214	2.9	76,770	2.1	88,240	2.3
Chinese yuan	26,516	1.1	39,039	1.1	43,753	1.1
Vietnam dong	6	0.0	33,181	0.9	33,203	0.9
Korean won	1,984	0.1	2,111	0.1	1,239	0.0
Others	0	0.0	0	0.0	22	0.0
Total	2,498,552	100.0	3,699,814	100.0	3,856,203	100.0

27. Securitized Product Investments and Subprime-Related Investments

a. Subprime loans

There were no direct investments in subprime-related products in the fiscal years ended March 31, 2012, 2013 and 2014.

b. Securitized product investments

(Fiscal year ended March 31, 2012)

All exposure as of March 31, 2012 were in domestic products and none were in foreign products.

As of March 31, 2012	Fair value	Unrealized gain (loss)	Hundred million yen
			Gain (loss) on sales
Total securitized product investments	10,768	352	—
CMBS	111	(4)	—
RMBS	10,282	354	—
ABS	374	2	—

(Notes) 1. The above table is based on the Report of the Financial Stability Forum (April 2008).

2. There were no transactions or balances involving special-purpose entities, CDO, leveraged finance, CDS, or credit-linked notes.

(Fiscal year ended March 31, 2013)

Most exposure as of March 31, 2013 were in domestic products, and those in foreign products are all from guarantees of U.S. government agencies.

As of March 31, 2013	Fair value	Unrealized gain (loss)	Hundred million yen
			Gain (loss) on sales
Total securitized product investments	11,509	510	(39)
CMBS	—	—	(39)
RMBS	11,104	509	—
Domestic	10,807	512	—
U.S.	296	(3)	—
ABS	344	1	—
Credit linked note	60	0	—

(Notes) 1. The above table is based on the Report of the Financial Stability Forum (April 2008).

2. There were no transactions or balances involving special-purpose entities, CDO, leveraged finance, or CDS.

3. The credit derivatives embedded in the credit-linked notes all refer to domestic companies.

(Fiscal year ended March 31, 2014)

Most exposure as of March 31, 2014 were in domestic products, and those in foreign products are all from guarantees of U.S. government agencies.

As of March 31, 2014	Fair value	Unrealized gain (loss)	Hundred million yen
			Gain (loss) on sales
Total securitized product investments	13,964	479	(18)
RMBS	13,439	477	(18)
Domestic	11,010	448	—
U.S.	2,428	28	(18)
ABS	464	0	0
Credit linked note	61	1	—

(Notes) 1. The above table is based on the Report of the Financial Stability Forum (April 2008).

2. There were no transactions or balances involving special-purpose entities, CDO, leveraged finance, or CDS.

3. The credit derivatives embedded in the credit-linked notes all refer to domestic companies.

<Securitized product terms>

ABS: Asset Backed Securities
CDO: Collateralized Debt Obligation
CDS: Credit Default Swap
CMBS: Commercial Mortgage-Backed Securities
RMBS: Residential Mortgage-Backed Securities

Liabilities

1. Reserve for Outstanding Claims

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Claims paid			
Mortality insurance claims	45,629	43,316	47,445
Accident insurance claims	1,654	1,515	1,293
Serious disability insurance claims	7,825	7,327	6,657
Maturity insurance amount	2,724	3,473	2,509
Others	0	0	32
Subtotal	57,834	55,632	57,939
Annuity payments	2,364	3,107	5,403
Benefits payments	24,862	25,831	26,695
Surrender benefits	10,117	10,709	10,492
Payments of benefits left to accumulate at interest	5,646	6,669	6,432
Total including other reserves	101,514	102,631	107,667

2. Policy Reserves

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Policy reserves (excluding contingency reserves)			
Individual life insurance	11,130,997	12,043,208	12,428,814
[General account]	[11,077,555]	[11,984,641]	[12,365,771]
[Separate account]	[53,441]	[58,566]	[63,042]
Individual annuities	7,566,148	7,712,742	7,584,058
[General account]	[5,237,128]	[5,363,357]	[5,572,498]
[Separate account]	[2,329,019]	[2,349,385]	[2,011,559]
Group insurance	15,932	15,920	15,973
[General account]	[15,932]	[15,920]	[15,973]
[Separate account]	[—]	[—]	[—]
Group annuities	2,463,043	2,624,801	2,657,738
[General account]	[1,860,270]	[2,006,508]	[2,033,587]
[Separate account]	[602,773]	[618,292]	[624,151]
Others	243,273	234,463	228,088
[General account]	[243,273]	[234,463]	[228,088]
[Separate account]	[—]	[—]	[—]
Subtotal	21,419,394	22,631,137	22,914,673
[General account]	[18,434,160]	[19,604,892]	[20,215,920]
[Separate account]	[2,985,234]	[3,026,244]	[2,698,753]
Contingency reserves	267,400	283,700	301,300
Total	21,686,794	22,914,837	23,215,973
[General account]	[18,701,560]	[19,888,592]	[20,517,220]
[Separate account]	[2,985,234]	[3,026,244]	[2,698,753]

3. Policy Reserve Balance

(As of March 31, 2012)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2012
Balance	20,998,590	420,804	—	267,400	21,686,794

(As of March 31, 2013)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2013
Balance	22,133,929	497,208	—	283,700	22,914,837

(As of March 31, 2014)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2014
Balance	22,375,985	538,688	—	301,300	23,215,973

4. Policy Reserves for Individual Life Insurance and Annuities (by Policy Year)

a. Policy reserve valuation method and valuation ratio

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Valuation method			
Policies applicable to standard policy reserves	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)
Policies not applicable to standard policy reserves	Net level premium method	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)	100.0%	100.0%	100.0%

(Notes) 1. Individual life insurance and annuities are applicable to valuation method and ratio. The above figures do not include policy reserves for group insurance and annuities, workers' asset-formation insurance and annuities, medical life insurance and disability income insurance.

2. For valuation ratio, policies applicable to standard policy reserves represent the ratio in accordance with the method prescribed in the Ministry of Finance Public Notice No. 48 of 1996. Policies not applicable to standard policy reserves represent the ratio for the insurance reserve funds calculated by the net level premium method and unearned insurance premiums.

b. Policy reserve balance (by policy year)

Millions of Yen

Policy year	Policy reserve balance	Assumed rate
- 1980	164,487	4.00% - 5.00%
1981 - 1985	543,670	5.00% - 5.50%
1986 - 1990	2,673,510	5.50%
1991 - 1995	3,197,681	3.75% - 5.50%
1996 - 2000	1,486,048	2.00% - 2.75%
2001 - 2005	1,603,228	1.00% - 1.50%
2006 - 2010	4,283,986	1.00% - 1.50%
2011	1,152,432	1.00% - 1.50%
2012	1,679,676	1.00% - 1.50%
2013	1,153,549	0.50% - 1.00%

(Notes) 1. Policy reserve balance represents policy reserves for individual life insurance and annuities, excluding policy reserves for separate accounts and contingency reserves.

2. Assumed rate represents the main assumed rate on policy reserves for each policy year.

5. Reasonableness and Validity of Confirmation of Article 121 Paragraph 1 Item 1 of the Act (Limited to That Relating to Third-Sector Insurance)

○ Method for assuring the appropriateness of the accumulation of policy reserves in the third sector

In light of risk profiles of the third-sector insurances, the Company classifies third-sector insurance policies into groups according to experience assumptions in principle. It verifies the certainty of performance in the payment of insurance claims and other benefits to these groups in the future based on the assumption that future periods will see higher frequency rates of insurable incidents or other negative situations. The verification is conducted in accordance with laws and regulations and if the Company identifies any insufficiency in provisions for policy reserves, it will take necessary steps, such as provisions for contingency reserves or additional policy reserves.

○ Reasonableness and validity of established standards for risk frequency, etc., in the liability adequacy test and stress test
The Company estimates the risk frequency rate based on the claim payment index against anticipated occurrence frequency rate.

Judging by the trend in the actual results of past insurable incidents frequency rates, the Company assumes that the claim payment index has not fallen below the previous year in every elapsed year. The Company establishes the claim payment indices over the next 10 years for individual contract groups, classified according to experience assumptions in principle, with reference to the trend in the claim payment indices for each elapsed year based on the recent results of insurable incidents frequency rates*.

Using the claim payment indices established through the above procedure as a benchmark, the Company computes claim payment indices with a certain level of probability (99% and 97.7%) of covering the risk of fluctuations in the index based on the past results and establishes risk frequency rates.

*The Company employs the past results that were logged in the period not longer than six months preceding the end of March 2014.

○ Test results

The stress test conducted at the closing of the fiscal year ended March 31, 2014 showed no group as having insufficient reserves. The test verifies the possibility of insufficient reserves by subtracting P from A as explained below. If A exceeds P, the test indicates insufficient reserves.

P: Total amount of benefits over the next 10 years, estimated using the anticipated occurrence frequency rate which is used for the calculation of policy reserves.

A: Total amount of benefits over the next 10 years, estimated using the aforementioned risk frequency rate (at a 99% of chance of covering the risk of fluctuation in the frequency rate).

If A exceeds P, the Company judges there are insufficient reserves.

The table below shows the ratio of A to P with regard to major types of insurance (figures represent the total value over the next 10 years, for the first year and 10th year).

● Results of the stress test (at a 99% of chance of covering the risk of fluctuation in the frequency rate)

	Total over the next 10 years		
		1st year	10th year
All groups total	61.5%	53.1%	70.4%
Of which, the general medical riders group	53.9%	48.5%	57.8%
Of which, the specified illness coverage group	70.2%	64.9%	76.7%
Of which, the severe chronic disease coverage group	54.9%	45.1%	80.0%
Of which, the nursing care coverage (new type) group	70.6%	52.9%	98.3%

The Company has begun to accumulate additions to insurance reserve funds earmarked for part of the third-sector insurances. The balance of insurance reserve funds as of March 31, 2014 was ¥8,174 million.

6. Policy Reserve Balance of the General Account Calculation Method and Integers Used as the Basis for Calculations Related to Insurance Policies with Separate Accounts that Guarantee a Minimum Amount of Claims Paid

a. Policy reserve balance (General account)

Millions of Yen

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Policy reserve balance (General account)	177,455	90,238	47,502

Notes: 1. Applicable to insurance policies (policies applicable to standard policy reserves) as defined in Article 68 of the Ordinance for Enforcement of the Insurance Business Act.

2. "Policy reserve balance (General account)" includes the insurance reserve fund related to minimum guarantees.

b. Calculation method and integers used as the basis for calculations

	Variable insurance with minimum guarantee	Individual variable annuities with minimum guarantee (Lump-sum payment) Individual variable annuities with minimum guarantee (Lump-sum payment) (08)	Single-premium individual variable annuities with minimum guarantee (08)	New individual variable annuities with minimum guarantees (Lump-sum payment)	Individual variable annuities (Lump-sum payment)
Calculation method	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Scenario testing method)	Alternative method as defined in the Ministry of Finance Public Notice No. 48 of 1996 (Factor table method)
Integers used as the basis for calculation	Assumed rate of mortality	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996*	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996*	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996*	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996* Apply (0.000504) only
	Discount rate				The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996
	Expected return rate				
	Volatility	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996. But 0.3% on domestic short-term assets (This rate is defined in the Statement of calculation procedures for insurance premiums and policy reserves).	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996. But 18.4% on domestic real estate (This rate is defined in the Statement of calculation procedures for insurance premiums and policy reserves).	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996.	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996. But 3.5% on hedged foreign currency bonds, 18.4% on domestic real estate and 16.9% on overseas real estate (These rates are defined in the Statement of calculation procedures for insurance premiums and policy reserves).

* - In accordance with the Statement of calculation procedures for insurance premiums and policy reserves, the Company applied the assumed rate of mortality defined in Paragraph 1 Item 2-a of the said Public Notice to the contracts concluded on April 1, 2007.

- In accordance with the Statement of calculation procedures for insurance premiums and policy reserves, the Company applied the assumed rate of mortality defined in Paragraph 1 Item 2-b of the said Public Notice after adjusting the rate on the basis of age last birthday, to the contracts concluded on or after April 2, 2007.

7. Policyholders' dividend reserves

(Fiscal year ended March 31, 2012)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	309,958	8,794	1,281	23	1,597	69	321,724
Transfer from surplus in the previous fiscal year	20,396	2,330	30,043	4,248	(0)	447	57,466
Interest accrued during the fiscal year	461	9	0	—	2	0	473
Dividend payments to policyholders during the fiscal year	39,741	1,215	30,555	3,911	221	484	76,129
Ending balance	291,213	9,922	769	217	1,378	32	303,534
	[283,788]	[6,807]	[251]	[—]	[1,372]	[18]	[292,238]

(Fiscal year ended March 31, 2013)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	291,213	9,922	769	217	1,378	32	303,534
Transfer from surplus in the previous fiscal year	22,811	2,733	32,488	4,863	(0)	449	63,345
Interest accrued during the fiscal year	435	10	0	—	1	0	448
Dividend payments to policyholders during the fiscal year	36,939	1,291	32,069	4,860	196	449	75,806
Ending balance	277,513	11,377	1,188	226	1,183	32	291,521
	[269,554]	[7,740]	[264]	[—]	[1,179]	[17]	[278,756]

(Fiscal year ended March 31, 2014)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	277,513	11,377	1,188	226	1,183	32	291,521
Transfer from surplus in the previous fiscal year	18,201	722	34,946	4,037	(0)	422	58,330
Interest accrued during the fiscal year	415	11	0	—	1	0	429
Dividend payments to policyholders during the fiscal year	31,955	1,037	34,328	4,123	147	429	72,022
Ending balance	264,172	11,077	1,807	140	1,036	25	278,259
	[258,406]	[8,444]	[272]	[—]	[1,030]	[15]	[268,168]

(Note) The numbers in [] indicate accumulated dividends reserved.

8. Allowance for Possible Loan Losses and Other Reserves

(Fiscal year ended March 31, 2012)

Millions of Yen

Classification		Beginning balance	Ending balance	Increase (decrease) in the fiscal year	Reasons for recording:
Allowance for possible loan losses	General allowance for possible loan losses	5,220	3,523	(1,697)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	2,907	534	(2,373)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		20,478	21,072	594	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		161,447	161,447	—	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

(Fiscal year ended March 31, 2013)

Millions of Yen

Classification		Beginning balance	Ending balance	Increase (decrease) in the fiscal year	Reasons for recording:
Allowance for possible loan losses	General allowance for possible loan losses	3,523	2,735	(787)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	534	588	54	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		21,072	22,453	1,381	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		161,447	206,547	45,100	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

(Fiscal year ended March 31, 2014)

Millions of Yen

Classification		Beginning balance	Ending balance	Increase (decrease) in the fiscal year	Reasons for recording:
Allowance for possible loan losses	General allowance for possible loan losses	2,735	1,608	(1,126)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	588	580	(8)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		22,453	18,839	(3,613)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		206,547	231,447	24,900	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

9. Status of Specific Allowance for Possible Loan Losses

Millions of Yen

Classification	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Amount of provision	1,104	811	798
Amount of reversal (Excluding reversal accompanying write-off)	3,095	744	760
Net provision	(1,990)	67	37

10. Status of Allowance for Specific Overseas Debt

a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2012, 2013 and 2014.

11. Loans payable by Due Date

(As of March 31, 2012)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years (including loans payable with no fixed maturity)	Total
Loans payable	—	20,000	—	—	—	337,500	357,500
Corporate bonds	—	—	—	—	—	—	—

(As of March 31, 2013)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years (including loans payable with no fixed maturity)	Total
Loans payable	—	20,000	—	—	—	202,500	222,500
Corporate bonds	—	—	—	—	—	—	—

(As of March 31, 2014)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years (including loans payable with no fixed maturity)	Total
Loans payable	20,000	—	—	—	—	102,500	122,500
Corporate bonds	—	—	—	—	—	99,480	99,480

Net Assets

1. Status of Foundation Funds (Kikin)

Payment date	Total amount of offering	Redemption period	Interest rate	Use of funds
August 5, 2010	¥70.0 billion	Within 5 years	Market interest rates (fixed interest rate)	Enhancement of financial basis
August 9, 2011	¥30.0 billion	Within 5 years	Market interest rates (fixed interest rate)	
August 11, 2011	¥70.0 billion	Within 6 years	Market interest rates (fixed interest rate or market interest rate-linked floating interest rate)	
August 8, 2012	¥50.0 billion	Within 6 years	Market interest rates (fixed interest rate)	
August 10, 2012	¥50.0 billion	Within 7 years	Market interest rates (fixed interest rate or market interest rate-linked floating interest rate)	
Total foundation funds (as of March 31, 2014)		¥639.0 billion (including ¥369.0 billion in reserve for redemption of foundation funds)		

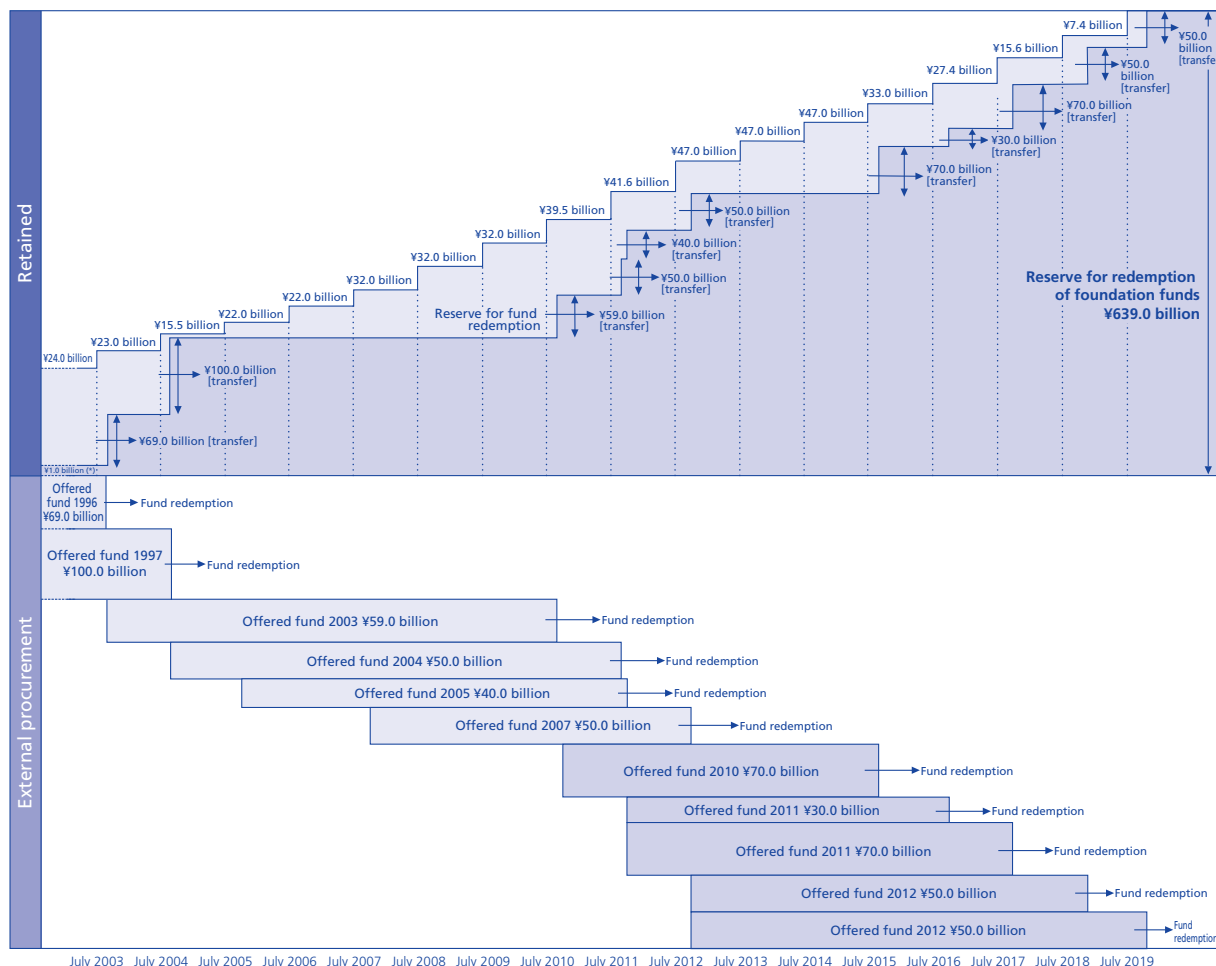
Names of fund contributor	Fund contributions to the Company	
	Amount	Fund contribution
Sumitomo Mitsui Banking Corporation	71,000	26.29
Sumitomo Life 3rd Foundation Fund Securitization Special Purpose Company	70,000	25.92
Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company	50,000	18.51
Sumitomo Life 4th Foundation Fund Securitization Special Purpose Company	30,000	11.11
Sumitomo Mitsui Trust Bank, Limited	26,000	9.62
Mizuho Bank, Ltd.	15,000	5.55
Mitsui Sumitomo Insurance Company, Limited	6,000	2.22
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	0.74

(Notes) 1. Fund contributors are listed in descending order of amount of their contributions as of March 31, 2014.

2. Sumitomo Life 3rd Foundation Fund Securitization Special Purpose Company, Sumitomo Life 4th Foundation Fund Securitization Special Purpose Company, and Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company issue special corporate bonds backed by claims on funds and the issuance proceeds are used to purchase claims on the funds.

Fund redemption schedule

The following diagram indicates the schedule for the accumulation of reserve for fund redemption, the transfer to the reserve for redemption of foundation funds and fund redemption.



*The minimum fund amount as stipulated in the Insurance Business Act is ¥1.0 billion.

Insurance-related Income

1. Insurance Premiums

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Individual life insurance	1,786,252	2,305,325	1,704,449
(Lump-sum payment)	619,192	1,130,458	606,006
(Annual payment)	163,958	194,101	140,038
(Semiannual payment)	7,893	7,484	7,012
(Monthly payment)	995,207	973,282	951,392
Individual annuities	297,540	307,528	318,766
(Lump-sum payment)	40,547	35,138	18,259
(Annual payment)	47,873	57,442	78,866
(Semiannual payment)	2,766	2,830	2,796
(Monthly payment)	206,353	212,117	218,844
Group insurance	98,453	97,451	96,082
Group annuities	382,015	405,689	357,745
Total including other premiums	2,589,857	3,140,241	2,500,081

(Note) Annual payments represent amounts which include payments made once a year, and semiannual payments represent amounts which include payments made twice a year.

2. Claims Paid

a. Amount

(Fiscal year ended March 31, 2012)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	271,693	6,963	51,257	—	—	5	329,920
Accident	7,870	51	214	—	123	—	8,260
Serious disability	13,663	72	3,884	—	—	—	17,619
Maturity	245,517	11	—	1,111	952	—	247,594
Others	—	—	—	2,158	—	0	2,158
Total	538,745	7,098	55,356	3,270	1,076	5	605,552

(Fiscal year ended March 31, 2013)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	255,568	6,861	46,622	—	—	4	309,055
Accident	5,032	22	86	—	129	—	5,270
Serious disability	12,688	36	3,795	—	—	—	16,519
Maturity	235,193	9	—	—	958	—	236,161
Others	—	—	—	2,520	—	0	2,521
Total	508,482	6,929	50,504	2,520	1,087	4	569,528

(Fiscal year ended March 31, 2014)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	250,129	7,111	45,112	—	—	4	302,357
Accident	4,682	2	95	—	41	—	4,820
Serious disability	10,990	29	3,945	—	—	—	14,965
Maturity	221,335	6	—	—	867	—	222,210
Others	123	—	—	2,645	—	0	2,768
Total	487,262	7,149	49,152	2,645	909	4	547,122

b. Number of policies

(Fiscal year ended March 31, 2012)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	42,468	1,439	51,584	—	—	305	95,796
Accident	1,355	8	443	—	15	—	1,821
Serious disability	1,247	12	3,197	—	—	—	4,456
Maturity	140,085	317	—	—	1,274	—	141,676
Others	—	—	—	—	—	5	5
Total	185,155	1,776	55,224	—	1,289	310	243,754

(Fiscal year ended March 31, 2013)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	42,678	1,429	47,974	—	—	255	92,336
Accident	771	5	229	—	10	—	1,015
Serious disability	1,142	6	3,199	—	—	—	4,347
Maturity	124,032	152	—	—	1,223	—	125,407
Others	—	—	—	—	—	3	3
Total	168,623	1,592	51,402	—	1,233	258	223,108

(Fiscal year ended March 31, 2014)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	44,331	1,495	46,008	—	—	245	92,079
Accident	755	1	182	—	5	—	943
Serious disability	1,166	4	3,435	—	—	—	4,605
Maturity	100,415	119	—	—	1,649	—	102,183
Others	198	—	—	—	—	1	199
Total	146,865	1,619	49,625	—	1,654	246	200,009

3. Annuity Payments

a. Amount

(Fiscal year ended March 31, 2012)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	208,350	645	96,647	5,655	—	311,299

(Fiscal year ended March 31, 2013)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	251,564	614	99,714	5,566	—	357,460

(Fiscal year ended March 31, 2014)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	357,395	602	102,185	5,367	—	465,550

b. Number of policies

(Fiscal year ended March 31, 2012)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	280,666	30,831	2,369,037	16,952	—	2,697,486

(Fiscal year ended March 31, 2013)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	317,664	29,456	2,383,760	16,828	—	2,747,708

(Fiscal year ended March 31, 2014)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	383,030	28,086	2,432,269	16,571	—	2,859,956

4. Benefits Payments

a. Amount

(Fiscal year ended March 31, 2012)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	15,482	28,900	5	—	208	—	44,597
Hospitalization benefits	61,664	890	125	—	—	114	62,794
Surgical benefits	34,384	748	—	—	—	—	35,132
Disability benefits	4,697	17	77	—	2	—	4,793
Survival benefits	104,046	236	—	—	1,135	—	105,419
Others	373	0	3	137,119	103	5	137,605
Total	220,648	30,793	212	137,119	1,449	119	390,343

(Fiscal year ended March 31, 2013)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	17,182	31,125	5	—	204	—	48,517
Hospitalization benefits	62,587	844	96	—	—	99	63,627
Surgical benefits	34,548	727	—	—	—	—	35,276
Disability benefits	4,777	12	54	—	6	—	4,851
Survival benefits	88,524	295	—	—	1,116	—	89,935
Others	516	—	2	146,758	112	4	147,395
Total	208,136	33,005	158	146,758	1,439	104	389,603

(Fiscal year ended March 31, 2014)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	18,729	31,955	6	—	146	—	50,837
Hospitalization benefits	63,585	837	102	—	—	99	64,624
Surgical benefits	34,440	730	—	—	—	—	35,171
Disability benefits	4,608	15	53	—	4	—	4,682
Survival benefits	114,020	291	—	—	1,170	—	115,481
Others	775	0	2	136,747	95	4	137,625
Total	236,160	33,831	164	136,747	1,415	103	408,423

b. Number of policies

(Fiscal year ended March 31, 2012)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	12,708	6,182	459	—	98	—	19,447
Hospitalization benefits	768,208	10,850	3,958	—	—	10,811	793,827
Surgical benefits	361,020	8,962	—	—	—	—	369,982
Disability benefits	51,760	163	222	—	2	—	52,147
Survival benefits	483,991	1,653	—	—	495	—	486,139
Others	555	1	313	553,100	97	124	554,190
Total	1,678,242	27,811	4,952	553,100	692	10,935	2,275,732

(Fiscal year ended March 31, 2013)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	13,251	6,461	420	—	89	—	20,221
Hospitalization benefits	785,151	10,650	3,584	—	—	9,831	809,216
Surgical benefits	374,435	8,980	—	—	—	—	383,415
Disability benefits	53,953	149	198	—	3	—	54,303
Survival benefits	388,939	1,816	—	—	480	—	391,235
Others	882	—	295	551,865	94	118	553,254
Total	1,616,611	28,056	4,497	551,865	666	9,949	2,211,644

(Fiscal year ended March 31, 2014)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	13,783	6,657	458	—	82	—	20,980
Hospitalization benefits	792,113	10,587	3,658	—	—	9,291	815,649
Surgical benefits	382,466	9,098	—	—	—	—	391,564
Disability benefits	54,212	151	175	—	4	—	54,542
Survival benefits	359,250	1,970	—	—	481	—	361,701
Others	1,525	2	273	527,215	98	119	529,232
Total	1,603,349	28,465	4,564	527,215	665	9,410	2,173,668

5. Surrender Benefits

(Fiscal year ended March 31, 2012)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
273,884	98,941	—	110,479	25,804	—	509,110

(Fiscal year ended March 31, 2013)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
275,716	176,321	—	35,782	26,774	—	514,594

(Fiscal year ended March 31, 2014)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
260,607	296,953	—	146,021	23,171	—	726,754

Investment-related Income

1. Investment Income (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Interest, dividends, and other income	495,045	510,613	544,860
Gains on trading securities	—	1,131	0
Gains on sales of securities	41,988	33,389	40,408
Gains on redemption of securities	912	—	—
Foreign exchange gains	1,162	—	1,749
Reversal of allowance for possible loan losses	3,687	719	1,089
Other investment income	617	1,140	1,941
Total	543,413	546,995	590,048

2. Investment Expenses (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Interest expenses	12,230	9,624	9,641
Losses on trading securities	386	—	—
Losses on sales of securities	48,443	10,080	9,371
Losses on valuation of securities	67,120	13,318	130
Losses on derivative financial instruments	48,787	171,867	144,999
Foreign exchange losses	—	20	—
Depreciation of real estate for investments	18,166	16,181	14,071
Other investment expenses	18,710	16,454	16,013
Total	213,845	237,548	194,228

3. Interest, Dividends, and Other Income (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Interest on deposits	35	38	59
Interest and dividends on securities	367,059	390,445	438,135
Interest on domestic bonds	187,719	206,937	222,933
Domestic stock dividends	21,801	18,827	22,517
Interest and dividends on foreign securities	156,471	164,148	191,702
Interest on loans	63,727	59,252	53,826
Interest on industrial and consumer loans	46,430	42,870	38,285
Rent revenue from real estate	55,876	53,662	46,655
Total including other income	495,045	510,613	544,860

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

Millions of Yen

Fiscal Year ended March 31, 2014	Increase (decrease) in balance	Increase/decrease in interests	Total increase (decrease)
Interest, dividends, and other income	28,862	5,383	34,246
Cash, deposits and call loans	(37)	29	(8)
Securities	36,446	11,243	47,689
Loans	(5,356)	(70)	(5,426)
Real estate	(5,034)	(1,972)	(7,006)

5. Gains on Sales of Securities (General Account)

Classification	Millions of Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Domestic bonds including national government bonds	928	15,757	3,824
Domestic stocks and others	10,273	712	3,607
Foreign securities	30,786	16,919	32,975
Total including other gains on sales of securities	41,988	33,389	40,408

6. Gains on Disposal of Fixed Assets (General Account)

Classification	Millions of Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Tangible fixed assets	3,630	7,587	8,252
Land	2,174	6,134	6,164
Buildings	1,455	1,452	2,079
Lease assets	—	—	—
Other assets	—	0	7
Intangible fixed assets	—	—	1,043
Others	1,105	5,572	0
Total	4,735	13,160	9,296
Investment and rental properties	3,474	6,959	9,251

7. Losses on Sales of Securities (General Account)

Classification	Millions of Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Domestic bonds including national government bonds	1,704	16	3
Domestic stocks and others	24,004	5,355	195
Foreign securities	22,735	4,708	9,172
Total including other losses on sales of securities	48,443	10,080	9,371

8. Losses on Valuation of Securities (General Account)

Classification	Millions of Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Domestic bonds including national government bonds	—	—	—
Domestic stocks and others	64,912	13,318	130
Foreign securities	2,208	—	—
Total including other losses on sales of securities	67,120	13,318	130

9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2012 and after.

10. Depreciation of Real Estate for Investments (General Account)

(Fiscal year ended March 31, 2012)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	617,451	17,665	338,849	278,602	54.9%
Buildings	615,672	17,605	337,203	278,469	54.8%
Other tangible fixed assets	1,779	60	1,646	132	92.6%
Intangible fixed assets	157	7	123	34	78.2%
Others	9,189	493	6,071	3,117	66.1%
Total	626,799	18,166	345,045	281,754	55.0%

(Fiscal year ended March 31, 2013)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	561,418	15,688	325,453	235,965	58.0%
Buildings	559,805	15,650	323,937	235,867	57.9%
Other tangible fixed assets	1,612	37	1,515	97	94.0%
Intangible fixed assets	124	5	99	24	80.1%
Others	9,106	488	6,476	2,629	71.1%
Total	570,649	16,181	332,029	238,619	58.2%

(Fiscal year ended March 31, 2014)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	476,960	13,587	292,119	184,840	61.2%
Buildings	475,542	13,558	290,789	184,752	61.1%
Other tangible fixed assets	1,418	29	1,329	88	93.8%
Intangible fixed assets	81	3	66	15	81.1%
Others	8,185	480	6,074	2,110	74.2%
Total	485,227	14,071	298,260	186,966	61.5%

11. Losses on Disposal of Fixed Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Tangible fixed assets	6,060	22,233	9,429
Land	3,012	12,394	5,026
Buildings	2,727	9,323	4,182
Lease assets	—	2	64
Other assets	320	512	155
Intangible fixed assets	431	65	45
Others	118	3,993	70
Total	6,610	26,293	9,545
Investment and rental properties	5,101	18,716	8,924

Others

1. Depreciation

(Fiscal year ended March 31, 2012)

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Millions of Yen
					Accumulated depreciation percentage
Tangible fixed assets	256,858	8,764	148,864	107,995	58.0%
Buildings	221,586	5,777	121,362	100,223	54.8%
Lease assets	1,639	251	382	1,257	23.3%
Other tangible fixed assets	33,633	2,735	27,119	6,514	80.6%
Intangible fixed assets	74,604	5,718	55,255	19,349	74.1%
Others	24,253	59	24,064	189	99.2%
Total	355,717	14,541	228,185	127,533	64.1%

(Fiscal year ended March 31, 2013)

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Millions of Yen
					Accumulated depreciation percentage
Tangible fixed assets	253,842	8,263	152,506	101,341	60.1%
Buildings	217,793	5,471	125,975	91,817	57.8%
Lease assets	5,439	820	1,203	4,241	22.0%
Other tangible fixed assets	30,609	1,971	25,327	5,282	82.7%
Intangible fixed assets	77,394	5,479	56,424	20,970	72.9%
Others	23,473	56	23,290	183	99.2%
Total	354,711	13,799	232,221	122,494	65.5%

(Fiscal year ended March 31, 2014)

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Millions of Yen
					Accumulated depreciation percentage
Tangible fixed assets	252,968	7,848	159,383	93,593	63.0%
Buildings	218,168	5,264	133,407	84,760	61.1%
Lease assets	6,360	979	2,165	4,204	34.0%
Other tangible fixed assets	28,439	1,603	23,810	4,629	83.7%
Intangible fixed assets	84,026	6,247	62,342	21,683	74.2%
Others	23,387	55	23,199	187	99.2%
Total	360,382	14,150	244,925	115,465	68.0%

2. Operating Expenses

Classification	Millions of Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Marketing operations	126,367	140,209	116,838
Marketing administration	59,888	58,714	58,883
General and administrative expenses	165,059	163,524	160,664
Total	351,315	362,449	336,386

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥3,944 million, ¥3,890 million and ¥3,816 million in the fiscal year ended March 31, 2012, 2013 and 2014, respectively.

3. Tax Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014		
National tax	11,445			12,619					10,783
Consumption tax	8,042			8,513					7,501
Special local corporate tax	3,088			3,792					2,996
Documentary stamp tax	307			311					275
Registration and license tax	4			2					3
Other national tax	2			—					7
Local tax	8,591			9,448					8,110
Local consumption tax	2,010			2,128					1,875
Corporate enterprise tax	3,977			4,883					3,859
Fixed asset tax	2,169			1,997					1,941
Real-estate acquisition tax	—			—					2
Corporate income tax	428			434					424
Other local tax	5			5					7
Total	20,037			22,068					18,894

4. Lease Transactions

<Lease transactions (lessee side)>

[Finance leases not transferring ownership that have been recorded based on normal lease transaction methods]

a. Pro forma information relating to acquisition cost, accumulated depreciation, and book value of leased assets at the end of the fiscal year

Millions of Yen

Classification	Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014		
	Movables	Others	Total	Movables	Others	Total	Movables	Others	Total
Acquisition cost	11	—	11	3	—	3	3	—	3
Accumulated depreciation	9	—	9	2	—	2	3	—	3
Leased assets as of the end of the fiscal year	2	—	2	0	—	0	—	—	—

b. Future minimum lease payments balance as of the end of the fiscal year

Millions of Yen

Classification	Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014		
	Within 1 year	Over 1 year	Total	Within 1 year	Over 1 year	Total	Within 1 year	Over 1 year	Total
Future minimum lease payments balance as of the end of the fiscal year	1	0	2	0	—	0	—	—	—

c. Lease fees paid, depreciation and interest expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014		
Lease fees paid	356			0					0
Depreciation	337			0					0
Interest expenses	1			0					0

d. Calculation method for depreciation and interest

Calculation method for depreciation	Depreciation of the acquisition cost equivalent calculated on a straight-line method over the lease period
Calculation method for interest expenses	Interest calculated by applying interest method to accrued lease payments over the lease period

Policy Amount-related Statistics

1. Amount of Policy in Force by Coverage Type

Thousand policies, millions of yen

Classification			Number of policies and amount in force					
			As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
			Policies	Amount	Policies	Amount	Policies	Amount
Death protection	Death protection due to illness/accident	Individual life insurance	8,255	102,276,076	8,341	97,035,202	8,262	92,532,783
		Individual annuities	—	—	—	—	—	—
		Group insurance	22,929	32,366,910	22,511	32,302,639	22,593	31,886,569
		Group annuities	—	—	—	—	—	—
		Total including other types	31,185	134,642,987	30,853	129,337,842	30,855	124,419,352
	Death protection due to accident	Individual life insurance	[9,176]	[26,086,878]	[8,742]	[24,508,338]	[8,415]	[22,814,442]
		Individual annuities	[174]	[975,400]	[155]	[910,259]	[114]	[635,453]
		Group insurance	[2,870]	[1,031,436]	[2,804]	[1,014,665]	[2,740]	[961,668]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[12,222]	[28,093,716]	[11,702]	[26,433,263]	[11,270]	[24,411,564]
	Death protection due to specific causes	Individual life insurance	[0]	[132]	[0]	[112]	[0]	[80]
		Individual annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Group insurance	[71]	[57,436]	[68]	[41,407]	[65]	[39,895]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[71]	[57,568]	[68]	[41,520]	[65]	[39,976]
Pure endowment	Maturity and survival benefits	Individual life insurance	209	455,616	219	452,474	218	436,823
		Individual annuities	2,410	12,482,723	2,431	12,572,046	2,369	12,245,478
		Group insurance	0	152	0	193	0	161
		Group annuities	—	—	—	—	—	—
		Total including other types	2,632	12,973,214	2,663	13,056,263	2,599	12,711,365
	Annuity	Individual life insurance	[—]	[—]	[—]	[—]	[—]	[—]
		Individual annuities	[2,682]	[1,722,119]	[2,729]	[1,736,971]	[2,705]	[1,698,875]
		Group insurance	[9]	[631]	[8]	[595]	[8]	[573]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[2,707]	[1,728,448]	[2,754]	[1,743,151]	[2,729]	[1,704,799]
	Others	Individual life insurance	—	—	—	—	—	—
		Individual annuities	272	964,193	298	1,046,124	335	1,163,389
		Group insurance	9	3,924	8	3,709	8	3,535
		Group annuities	7,432	2,463,043	7,268	2,624,801	7,139	2,657,738
		Total including other types	7,809	3,639,633	7,666	3,877,462	7,571	4,023,763
Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[5,632]	[36,787]	[5,469]	[35,586]	[5,322]	[34,312]
		Individual annuities	[160]	[757]	[150]	[711]	[140]	[664]
		Group insurance	[1,550]	[1,412]	[1,493]	[1,295]	[1,441]	[1,207]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[7,756]	[39,194]	[7,502]	[37,820]	[7,277]	[36,403]
	Coverage for hospitalization due to illness	Individual life insurance	[5,598]	[36,093]	[5,441]	[35,019]	[5,300]	[33,859]
		Individual annuities	[157]	[742]	[147]	[697]	[137]	[651]
		Group insurance	[7]	[32]	[7]	[33]	[7]	[33]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[6,176]	[37,104]	[5,985]	[35,977]	[5,818]	[34,764]
	Coverage for hospitalization due to other causes	Individual life insurance	[10,084]	[156,911]	[9,799]	[176,222]	[9,513]	[191,076]
		Individual annuities	[59]	[413]	[57]	[450]	[53]	[440]
		Group insurance	[57]	[13]	[57]	[13]	[54]	[11]
		Group annuities	[—]	[—]	[—]	[—]	[—]	[—]
		Total including other types	[10,202]	[157,338]	[9,914]	[176,687]	[9,621]	[191,527]

- (Notes) 1. Figures in [] represent additional coverage attached to primary policies and rider coverage. However, the portion of death protection due to illness/accident in term riders is recorded under primary coverage.
2. Numbers of policies in group insurance and group annuities represent respective number of insured persons.
3. Amounts in the "others" column of pure endowment show corresponding policy reserves.
4. The amounts of hospitalization coverage show the amount of daily hospital benefits.
5. In individual annuities and group insurance, the "maturity and survival benefits" column shows the number of policies signed prior to the start of annuity payments and annuity resources at the start of annuity payments, while the "annuity" column shows the annual annuity payments and "others" column shows the number of policies signed after the start of annuity payments and corresponding policy reserves.
6. The amount of total including other types in coverage for hospitalization due to illness shows the sum of primary coverage portion and additional coverage portion.
7. "Coverage for hospitalization due to other causes" columns represent insurance covers in respect of specific illness or accidents including adult disease medical rider, traffic accident rider, and group term insurance work-related accident rider.

Number of Policies

Classification		Number of policies in force		
		As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Disability coverage	Individual life insurance	7,278,235	7,099,735	6,919,492
	Individual annuities	43,474	42,023	39,904
	Group insurance	2,717,483	2,621,993	2,539,050
	Group annuities	—	—	—
	Total including other types	10,039,192	9,763,751	9,498,446
Surgical coverage	Individual life insurance	10,106,952	9,256,370	8,434,946
	Individual annuities	196,120	183,455	170,802
	Group insurance	—	—	—
	Group annuities	—	—	—
	Total including other types	10,303,072	9,439,825	8,605,748

2. Annualized Premiums

a. Policies in force

Millions of Yen, %

Classification	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	1,455,075	(0.1)	1,485,437	2.1	1,481,168	(0.3)
Individual annuities	732,474	0.6	729,962	(0.3)	701,281	(3.9)
Total	2,187,550	0.2	2,215,400	1.3	2,182,449	(1.5)
Living benefits, medical coverage, and others	504,174	0.8	504,637	0.1	507,364	0.5

b. New policies (new policies acquired plus net increase by conversion)

Millions of Yen, %

Classification	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	111,834	(26.8)	141,431	26.5	102,260	(27.7)
Individual annuities	27,583	6.5	31,187	13.1	24,456	(21.6)
Total	139,418	(22.0)	172,618	23.8	126,717	(26.6)
Living benefits, medical coverage, and others	39,005	(11.0)	36,554	(6.3)	36,565	0.0

(Notes) 1. The amount of annualized premium is the annual premium amount calculated by multiplying factor 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. Annualized premiums for living benefits represent total amounts of nursing care benefits, specified illness benefits, severe chronic disease benefits and benefits of premium waiver riders.

3. Annualized premiums for medical coverage represent hospitalization benefits, surgical benefits and other benefits.

3. Policies in Force and New Policies

a. Policies in force

Thousand policies, millions of yen, %

Classification	As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,464	(0.5)	102,731,692	(5.9)	8,561	1.1	97,487,676	(5.1)	8,480	(0.9)	92,969,607	(4.6)
Individual annuities	2,682	1.8	13,446,916	1.1	2,729	1.8	13,618,171	1.3	2,705	(0.9)	13,408,868	(1.5)
Group insurance	—	—	32,370,988	(0.6)	—	—	32,306,542	(0.2)	—	—	31,890,267	(1.3)
Group annuities	—	—	2,463,043	1.3	—	—	2,624,801	6.6	—	—	2,657,738	1.3

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

2. The amount of group annuities is the amount of the policy reserves.

b. New policies (new policies acquired plus net increase by conversion)

Thousand policies, millions of yen, %

Classification	Fiscal year ended March 31, 2012						Fiscal year ended March 31, 2013					
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	New policies	Net increase by conversion	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	New policies	Net increase by conversion
Individual life insurance	897	(13.4)	3,373,260	(13.4)	3,903,227	(529,967)	946	5.4	3,925,434	16.4	4,405,765	(480,330)
Individual annuities	145	20.2	647,629	25.0	671,748	(24,119)	166	14.6	761,437	17.6	785,131	(23,694)
Group insurance	—	—	114,764	(3.1)	114,764	—	—	—	128,468	11.9	128,468	—
Group annuities	—	—	5,230	60.4	5,230	—	—	—	170	(96.7)	170	—

Classification	Fiscal year ended March 31, 2014					
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	New policies	Net increase by conversion
Individual life insurance	786	(16.9)	3,857,018	(1.7)	3,563,711	293,307
Individual annuities	134	(19.3)	552,788	(27.4)	574,723	(21,934)
Group insurance	—	—	201,557	56.9	201,557	—
Group annuities	—	—	354	107.6	354	—

(Notes) 1. Number of policies is a total of numbers of new policies acquired, new policies by conversion and new policies after rider replacement.

2. Net increase by conversion includes net increase by rider replacement.

3. Net increase by the acquisition of new policies and conversion in individual annuities represents the annuity resources at the start of annuity payments.

4. New policies in group annuities show the first time premium revenues.

4. Trends and Transitions of Policies in Force

Thousand policies, millions of yen, %

Classification			As of March 31, 2012				As of March 31, 2013				As of March 31, 2014			
			Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	Mortality insurance	Whole life insurance	1,241	11.9	7,294,448	9.8	1,511	21.8	8,678,092	19.0	1,628	7.7	9,215,772	6.2
		Whole life insurance with term rider	1,614	19.2	21,596,074	36.5	1,771	9.7	24,907,001	15.3	1,781	0.6	24,814,280	(0.4)
		Whole life insurance with variable accumulation rate	3,152	(10.1)	62,754,823	(15.7)	2,883	(8.5)	53,704,953	(14.4)	2,774	(3.8)	49,691,558	(7.5)
		Term life insurance	177	(7.5)	2,519,378	(5.9)	169	(4.4)	2,464,576	(2.2)	158	(6.7)	2,372,105	(3.8)
		Total including other types	7,050	1.5	96,344,354	(5.5)	7,270	3.1	91,782,505	(4.7)	7,330	0.8	87,953,500	(4.2)
Life and mortality insurance	Endowment insurance	Endowment insurance with term rider	633	(7.8)	2,753,018	(7.7)	579	(8.6)	2,521,221	(8.4)	524	(9.4)	2,294,338	(9.0)
		Endowment insurance with survival benefits	182	(22.9)	1,467,438	(15.3)	136	(24.9)	1,225,678	(16.5)	107	(21.6)	1,024,410	(16.4)
		Term life insurance with survival benefits	233	(1.8)	1,055,290	(8.4)	230	(1.1)	974,051	(7.7)	200	(13.1)	819,627	(15.9)
		Total including other types	1,371	(9.3)	6,241,924	(10.5)	1,249	(8.9)	5,578,857	(10.6)	1,116	(10.6)	4,909,308	(12.0)
		Pure endowment	43	(8.9)	145,413	(14.1)	41	(4.6)	126,314	(13.1)	33	(19.0)	106,798	(15.4)
Subtotal (1)			8,464	(0.5)	102,731,692	(5.9)	8,561	1.1	97,487,676	(5.1)	8,480	(0.9)	92,969,607	(4.6)
Individual annuities (2)			2,682	1.8	13,446,916	1.1	2,729	1.8	13,618,171	1.3	2,705	(0.9)	13,408,868	(1.5)
(1) + (2) Total			11,147	0.1	116,178,609	(5.1)	11,291	1.3	111,105,847	(4.4)	11,186	(0.9)	106,378,475	(4.3)
Group insurance	Group term life insurance		7,751	(2.0)	6,154,981	(1.0)	7,573	(2.3)	6,048,454	(1.7)	7,528	(0.6)	5,869,884	(3.0)
	General welfare group term life insurance		3,687	(2.1)	9,442,708	(1.3)	3,673	(0.4)	9,296,530	(1.5)	3,649	(0.6)	9,062,516	(2.5)
	Group credit life insurance		11,439	(2.2)	16,721,234	(0.0)	11,215	(2.0)	16,911,754	1.1	11,366	1.3	16,910,641	0.0
	Consumer credit group insurance		50	(2.5)	15,672	(11.2)	49	(2.6)	14,698	(6.2)	48	(2.4)	13,468	(8.4)
	Group whole life insurance		0	(7.5)	181	(6.8)	0	(5.4)	173	(4.3)	0	(11.4)	130	(24.5)
	Life insurance for sustainers of disabled		54	(3.9)	32,132	(3.5)	52	(3.8)	31,028	(3.4)	50	(3.9)	29,927	(3.5)
	Annuities rider		9	(1.4)	4,077	(4.7)	8	(4.5)	3,902	(4.3)	8	(2.9)	3,697	(5.3)
Subtotal (3)			22,938	(2.1)	32,370,988	(0.6)	22,520	(1.8)	32,306,542	(0.2)	22,601	0.4	31,890,267	(1.3)
(1) + (2) + (3) Total			34,086	(1.4)	148,549,597	(4.2)	33,811	(0.8)	143,412,390	(3.5)	33,788	(0.1)	138,268,742	(3.6)
Group annuities	Corporate pension plans		0	(57.2)	225	(35.4)	0	(4.1)	222	(1.7)	0	(4.5)	227	2.4
	New corporate pension plans		3,803	(5.0)	84,874	(64.0)	3,781	(0.6)	84,107	(0.9)	3,760	(0.6)	82,231	(2.2)
	Insured contributory pension plans		2,522	(3.9)	822,172	(0.8)	2,484	(1.5)	813,136	(1.1)	2,437	(1.9)	804,816	(1.0)
	Employees' pension fund insurance		1,105	(2.6)	283,321	(1.5)	1,001	(9.4)	282,547	(0.3)	941	(6.0)	282,029	(0.2)
	National pension fund insurance		—	—	7	8.0	—	—	8	7.5	—	—	8	6.9
	Group pure endowment insurance		—	—	36,027	15.1	—	—	38,226	6.1	—	—	38,382	0.4
	Defined benefit corporate pension plans		—	—	1,179,757	17.4	—	—	1,342,675	13.8	—	—	1,375,093	2.4
	Defined contribution pension plans		—	—	56,656	36.7	—	—	63,878	12.7	—	—	74,948	17.3
Subtotal			7,432	(4.3)	2,463,043	1.3	7,268	(2.2)	2,624,801	6.6	7,139	(1.8)	2,657,738	1.3
Workers' asset formation insurance			79	(4.9)	178,137	(1.4)	75	(5.2)	173,391	(2.7)	72	(4.3)	170,856	(1.5)
Workers' asset formation annuities			28	(4.2)	65,055	(6.0)	27	(4.4)	60,984	(6.3)	26	(4.9)	57,145	(6.3)
Medical life insurance			413	(5.2)	236	(2.8)	388	(6.0)	227	(3.9)	372	(4.1)	220	(3.1)
Disability income insurance			17	(30.7)	327	(45.4)	4	(73.2)	0	(99.8)	—	(100.0)	—	(100.0)
Hospitalization/accident riders	Accident rider with extra premium		1,917	(4.5)	10,570,867	(7.3)	1,822	(4.9)	9,741,316	(7.8)	1,720	(5.6)	8,902,998	(8.6)
	Accident coverage rider		30	(14.2)	39,152	(14.3)	25	(15.0)	33,236	(15.1)	21	(16.3)	27,811	(16.3)
	Personal accident rider		3,825	(3.1)	15,116,246	(4.8)	3,680	(3.8)	14,272,092	(5.6)	3,542	(3.7)	13,407,996	(6.1)
	Accident injury rider		3,395	0.8	175,236	0.8	3,389	(0.2)	174,952	(0.2)	3,364	(0.7)	173,690	(0.7)
	General medical rider		1,262	53.7	9,058	54.0	1,565	24.0	11,109	22.6	1,840	17.6	12,845	15.6
	Hospitalization due to accident rider		3,620	(15.7)	23,424	(16.3)	3,079	(15.0)	19,784	(15.5)	2,598	(15.6)	16,515	(16.5)
	Hospitalization due to illness rider		3,688	(15.4)	23,155	(16.0)	3,147	(14.7)	19,625	(15.2)	2,666	(15.3)	16,452	(16.2)
	Hospitalization due to adult disease rider		2,465	(4.8)	12,037	(4.8)	2,329	(5.5)	11,344	(5.8)	2,200	(5.5)	10,650	(6.1)
	Hospitalization due to other causes rider		7,604	(0.8)	144,820	27.9	7,477	(1.7)	165,015	13.9	7,332	(1.9)	180,652	9.5
	Advanced medical treatment rider		2,757	16.3	—	—	3,022	9.6	—	—	3,216	6.4	—	—
	Cancer diagnosis rider		—	—	—	—	—	—	—	—	412	—	274,692	—
	Cancer medication rider		—	—	—	—	—	—	—	—	429	—	29,772	—

(Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, workers' asset formation annuities, medical life insurance and disability income insurance each represents respective number of insured persons.

2. Number of policies for life insurance for sustainers of disabled is not included in the subtotal.

3. Amount columns show principal amount of coverage.

a. Individual annuities and group insurance (with annuities rider) show the sum of annuity resources at the start of annuity payments for policies signed prior to the start of annuity payments and the policy reserve for policies signed after the start of annuity payments.

b. Group annuities and workers' asset formation insurance show respective policy reserves.

c. Workers' asset formation annuities show the sum of annuity resources at the start of annuity payments for policies signed prior to the start of annuity payments and the policy reserve for policies signed after the start of annuity payments, while workers' asset formation funding annuities show policy reserves.

d. Medical life insurance shows the amount of daily hospital benefit.

e. Disability income insurance shows the amount of monthly disability income benefit.

4. Amount of accident injury rider shows the amount of benefit, while hospitalization riders show daily hospital benefit.

5. Accident coverage rider includes traffic accident rider.

6. Hospitalization due to illness rider includes substandard medical rider.

5. Trends and Transitions of New Policies (New Policies Acquired plus Net Increase by Conversion)

Thousand policies, millions of yen, %

Classification			Fiscal year ended March 31, 2012				Fiscal year ended March 31, 2013				Fiscal year ended March 31, 2014			
			Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	Mortality insurance	Whole life insurance	183	(23.7)	939,130	(25.5)	320	75.0	1,657,555	76.5	169	(47.2)	811,921	(51.0)
		Whole life insurance with term rider	338	9967.9	8,113,562	10015.1	241	(28.7)	5,876,006	(27.6)	112	(53.5)	3,026,013	(48.5)
		Whole life insurance with variable accumulation rate	147	(72.2)	2,429,346	(77.7)	154	4.5	2,140,566	(11.9)	321	107.8	6,784,613	217.0
		Term life insurance	8	(10.6)	209,337	(15.0)	11	42.0	266,085	27.1	8	(30.0)	187,078	(29.7)
		Total including other types	831	(12.3)	11,840,093	(6.3)	881	6.0	10,070,487	(14.9)	747	(15.1)	10,901,454	8.3
	Life and mortality insurance	Endowment insurance	16	(51.3)	57,566	(49.3)	12	(22.3)	45,699	(20.6)	9	(29.9)	32,718	(28.4)
		Endowment insurance with term rider	1	(21.8)	13,469	(22.1)	1	1.5	12,606	(6.4)	0	(99.2)	90	(99.3)
		Term life insurance with survival benefits	25	(9.4)	104,348	(11.9)	25	(1.0)	100,151	(4.0)	15	(41.0)	67,391	(32.7)
		Total including other types	61	(25.3)	221,299	(26.6)	58	(5.4)	200,913	(9.2)	38	(34.1)	133,246	(33.7)
	Pure endowment	4	(13.0)	4,119	(13.3)	6	39.3	5,961	44.7	0	(99.0)	72	(98.8)	
Subtotal (1)	897	(13.4)	12,065,513	(6.8)	946	5.4	10,277,362	(14.8)	786	(16.9)	11,034,774	7.4		
Individual annuities (2)	145	20.2	681,231	23.0	166	14.6	799,095	17.3	134	(19.3)	576,052	(27.9)		
(1) + (2) Total	1,043	(9.9)	12,746,744	(5.6)	1,113	6.7	11,076,458	(13.1)	920	(17.3)	11,610,826	4.8		
Group insurance	Group term life insurance	45	(18.9)	37,619	153.0	37	(17.4)	14,051	(62.6)	7	(79.3)	3,218	(77.1)	
	General welfare group term life insurance	46	(29.4)	76,323	(26.2)	57	22.7	113,815	49.1	48	(15.2)	118,835	4.4	
	Group credit life insurance	1	799.5	821	739.1	0	(52.9)	601	(26.8)	507	60718.1	79,503	13117.8	
	Consumer credit group insurance	—	—	—	—	—	—	—	—	—	—	—	—	
	Group whole life insurance	—	—	—	—	—	—	—	—	—	—	—	—	
	Life insurance for sustainers of disabled	—	—	—	—	—	—	—	—	—	—	—	—	
	Annuities rider	—	—	—	—	—	—	—	—	—	—	—	—	
	Subtotal (3)	94	(23.2)	114,764	(3.1)	96	1.9	128,468	11.9	564	485.8	201,557	56.9	
(1) + (2) + (3) Total	1,137	(11.2)	12,861,508	(5.5)	1,209	6.3	11,204,926	(12.9)	1,485	22.8	11,812,383	5.4		
Group annuities	Corporate pension plans	—	—	—	—	—	—	—	—	—	—	—	—	
	New corporate pension plans	0	(96.0)	0	(97.9)	—	(100.0)	—	(100.0)	0	—	179	—	
	Insured contributory pension plans	0	21.9	0	(94.5)	10	3766.0	0	536.4	1	(83.3)	1	271.7	
	Employees' pension fund insurance	5	(25.6)	2	—	11	112.0	—	(100.0)	—	(100.0)	—	—	
	National pension fund insurance	—	—	—	—	—	—	—	—	—	—	—	—	
	Group pure endowment insurance	—	—	—	—	—	—	—	—	—	—	—	—	
	Defined benefit corporate pension plans	—	—	5,173	61.6	—	—	151	(97.1)	—	—	129	(14.7)	
	Defined contribution pension plans	—	—	53	108.6	—	—	18	(65.7)	—	—	43	139.6	
Subtotal	6	(55.0)	5,230	60.4	21	261.4	170	(96.7)	1	(91.8)	354	107.6		
Workers' asset formation insurance	1	(12.4)	31	(50.7)	1	(8.9)	53	70.9	1	(1.4)	33	(37.4)		
Workers' asset formation annuities	0	(5.6)	11	(28.8)	0	8.1	8	(27.8)	0	(16.2)	6	(24.2)		
Medical life insurance	1	106.2	0	(46.7)	0	(57.8)	1	103.9	0	(60.4)	0	(23.3)		
Disability income insurance	—	—	—	—	—	—	—	—	—	—	—	—		

(Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, worker's asset formation annuities, medical life insurance and disability income insurance each represents respective number of insured persons.

2. Amount columns show principal amount of coverage.

a. Individual annuities show annuity resources at the start of annuity payments.

b. Group annuities and workers' asset formation insurance show the first time premium revenues.

c. Workers' asset formation annuities show the annuity resources at the start of annuity payments, while workers' asset formation funding annuities show the first time premium revenues.

d. Medical life insurance shows the amount of daily hospital benefit.

e. Disability income insurance shows the amount of monthly disability income benefit.

3. Individual life insurance and individual annuities include increases due to conversion as well as rider replacement.

6. Trends and Transitions of New Policies of Individual Life Insurance/Individual Annuities by Type of Insurance (New Policies Acquired plus Net Increase by Conversion)

Thousand policies, millions of yen, %

				Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014				
		Classification		Policies	Share	Amount	Policies	Share	Amount	Policies	Share	Amount		
Individual life insurance	Mortality insurance	Whole life insurance	Whole life insurance [Whole life insurance, Bara-iro Jinsei, Value Care, Full Heart W Step]	173	19.3	923,345	308	32.6	1,636,688	160	20.4	798,011		
			Whole life insurance covering specified illness [Reguard]	1	0.1	4,460	1	0.2	6,077	0	0.1	2,811		
			Whole life insurance sub-standard disclosure [Senkyakubanrai]	9	1.0	10,840	10	1.1	14,077	8	1.1	10,735		
			Single-premium whole life insurance for retirement	0	0.0	483	0	0.0	711	0	0.0	362		
						183	20.4	939,130	320	33.9	1,657,555	169	21.5	811,921
		Whole life insurance with term rider [W Stage]				338	37.7	8,113,562	241	25.5	5,876,006	112	14.3	3,026,013
		Whole life insurance with variable accumulation rate [LIVE ONE, Q Pack]				147	16.5	2,429,346	154	16.3	2,140,566	321	40.8	6,784,613
		Term life insurance	Term life insurance	Term life insurance [Term life insurance, Emblem GP, Jujitsu Premium, Emblem YOU Premium]	7	0.8	204,000	10	1.2	261,468	7	1.0	183,949	
				Term life insurance covering specified illness [Reguard]	0	0.1	4,874	0	0.1	4,602	0	0.1	3,129	
				Severe chronic disease insurance [V Guard]	0	0.0	463	0	0.0	15	0	0.0	0	
						8	0.9	209,337	11	1.2	266,085	8	1.0	187,078
		Medical life insurance [Doctor GO, Tayoreru YOU]				152	17.0	89,392	152	16.1	86,642	136	17.4	63,556
		Term rider				[13]	[1.5]	59,323	[10]	[1.2]	43,631	[6]	[0.8]	28,270
		Subtotal				831	92.6	11,840,093	881	93.1	10,070,487	747	95.1	10,901,454
Life and mortality insurance	Endowment insurance	Endowment insurance [Jiyuu Hoken]	16	1.8	57,566	12	1.4	45,699	9	1.1	32,718			
		Endowment insurance with term rider [Shiawase no Hoken]	1	0.1	13,469	1	0.1	12,606	0	0.0	90			
		Term life insurance with survival benefits [Kinenbi Sengen]	25	2.9	104,348	25	2.7	100,151	15	1.9	67,391			
		Juvenile insurance [Kodomo Sukusuku Hoken]	18	2.1	45,915	19	2.0	42,454	14	1.9	33,046			
		Subtotal	61	6.9	221,299	58	6.2	200,913	38	4.9	133,246			
Pure endowment				4	0.5	4,119	6	0.7	5,961	0	0.0	72		
Total				897	100.0	12,065,513	946	100.0	10,277,362	786	100.0	11,034,774		
Individual annuities	Individual fixed annuities	Individual annuities [Shin-tanoshimi Nenkin]	11	8.2	51,526	10	6.3	44,825	4	3.1	17,040			
		Annuitants focused on survival coverage [Tanoshimi Wonderful, Tanoshimi Canvas, Jujitsu Mirai, Tanoshimi Mirai]	132	91.3	627,166	155	93.3	752,100	129	96.8	558,615			
		Variable assumed rate-type annuities [Tanoshimi FA Mittsu no Nattoku]	0	0.3	1,517	0	0.3	1,404	0	0.0	0			
	Individual variable annuities				0	0.2	1,019	0	0.1	765	0	0.1	396	
	Total				145	100.0	681,231	166	100.0	799,095	134	100.0	576,052	

- (Notes) 1. Names in [] show product names currently in use.
 2. Converted policies include policies after rider replacement.
 3. Figures in [] are included in neither total number of policies nor total share.

7. Trends and Transitions of Individual Life Insurance

Thousand policies, millions of yen, %

Classification	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	8,506	109,125,950	8,464	102,731,692	8,561	97,487,676
New policies	536	3,903,227	655	4,405,765	462	3,563,711
Renewals	3	27,567	11	31,541	11	55,032
Reinstatements	26	350,975	25	316,411	22	258,789
Increase from conversion	361	8,162,285	291	5,871,597	324	7,471,062
Death	40	311,004	41	293,279	43	297,076
Maturity	144	482,696	141	473,796	142	525,946
Decrease of benefits	[147]	1,294,535	[148]	1,203,807	[140]	1,048,665
Decrease from conversion	362	8,692,253	291	6,351,927	324	7,177,755
Cancellation	340	4,987,204	338	4,673,486	322	4,176,741
Expiration	95	1,228,187	86	1,056,849	75	876,120
Other increase (decrease)	14	(1,842,432)	11	(1,816,183)	6	(1,764,359)
At the end of the fiscal year	8,464	102,731,692	8,561	97,487,676	8,480	92,969,607
Rate of increase (decrease)	(0.5)	(5.9)	1.1	(5.1)	(0.9)	(4.6)
Net increase (decrease)	(41)	(6,394,257)	96	(5,244,016)	(80)	(4,518,069)
Rate of net increase (decrease)	—	—	—	—	—	—

(Notes) 1. Figures show the total of primary coverage portions for mortality insurance, life and mortality insurance, and pure endowment.
 2. Figures in [] are included in neither year-end figures nor net increase.
 3. Increase or decrease due to conversion includes increase or decrease due to rider replacement.

8. Trends and Transitions of Individual Annuities

Thousand policies, millions of yen, %

Classification	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year		<1,705,215>		<1,722,119>		<1,736,971>
	2,634	13,298,245	2,682	13,446,916	2,729	13,618,171
		<78,102>		<90,990>		<69,792>
New policies	143	671,748	163	785,131	134	574,723
Reinstatements	0	2,235	0	2,227	0	2,112
Increase from conversion	1	9,482	2	13,963	0	1,328
Death	8	42,764	8	46,275	8	45,623
Completion of payments	16	54	16	53	17	55
Decrease of insurance amount	[4]	9,754	[4]	10,667	[4]	11,814
Decrease from conversion	7	33,601	7	37,658	4	23,263
Cancellation	58	285,361	72	347,944	90	438,821
Expiration	4	22,007	4	19,466	3	17,745
Other increase (decrease)	(2)	(141,250)	(10)	(168,003)	(32)	(250,144)
At the end of the fiscal year		<1,722,119>		<1,736,971>		<1,698,875>
Rate of increase (decrease)	2,682	13,446,916	2,729	13,618,171	2,705	13,408,868
	1.8	1.1	1.8	1.3	(0.9)	(1.5)
Net increase (decrease)	47	148,671	46	171,254	(23)	(209,303)
Rate of net increase (decrease)	167.2	—	(2.1)	15.2	—	—

(Notes) 1. Figures are the total of annuity resources at the start of annuity payments for policies signed prior to annuity payments and policy reserves for policies after the start of annuity payments.
 2. Figures in < > show annual amounts of annuities at the beginning of the year, for new policies and at the end of the year.
 3. Figures in [] are included in neither year-end figure nor net increase.

9. Trends and Transitions of Group Insurance

Classification	Thousand policies, millions of yen, %					
	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	23,431	32,564,094	22,938	32,370,988	22,520	32,306,542
New policies	94	114,764	96	128,468	564	201,557
Renewals	11,309	15,299,792	11,014	15,078,515	11,012	14,809,009
Midterm enrollment	1,766	2,710,119	2,021	3,569,867	1,755	2,690,978
Increase of insurance amount	[628]	885,536	[557]	813,632	[523]	535,516
Death	51	55,084	48	50,414	46	49,056
Maturity	11,514	15,491,522	11,211	15,296,602	11,097	14,923,594
Withdrawal	2,042	2,216,426	1,942	2,144,186	1,933	2,215,681
Decrease of insurance amount	[411]	453,086	[406]	1,130,532	[449]	536,776
Cancellation	54	115,082	348	180,833	67	83,004
Expiration	0	2,711	0	2,666	0	2,290
Other increase (decrease)	0	(869,402)	0	(849,692)	(105)	(842,934)
At the end of the fiscal year	22,938	32,370,988	22,520	32,306,542	22,601	31,890,267
Rate of increase (decrease)	(2.1)	(0.6)	(1.8)	(0.2)	0.4	(1.3)
Net increase (decrease)	(492)	(193,105)	(418)	(64,445)	81	(416,275)
Rate of net increase (decrease)	—	—	—	—	—	—

(Notes) 1. Figures show the total of primary coverage portions of mortality insurance, life and mortality insurance, and annuity riders.
 2. Number of policies shows the number of insured persons.
 3. Figures in [] are included in neither year-end figure nor net increase.

10. Trends and Transitions of Group Annuities

Classification	Thousand policies, millions of yen, %					
	Fiscal year ended March 31, 2012		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	7,766	2,430,296	7,432	2,463,043	7,268	2,624,801
New policies	6	5,230	21	170	1	354
Annuity payments	2,369	96,647	2,383	99,714	2,432	102,185
Single payments	553	138,075	551	146,602	527	136,581
Cancellation	124	110,479	100	35,782	94	146,021
At the end of the fiscal year	7,432	2,463,043	7,268	2,624,801	7,139	2,657,738
Rate of increase (decrease)	(4.3)	1.3	(2.2)	6.6	(1.8)	1.3
Net increase (decrease)	(334)	32,747	(163)	161,757	(128)	32,936
Rate of net increase (decrease)	—	—	—	—	—	—

(Notes) 1. Figures for the beginning of the fiscal year and the end of the fiscal year represent policy reserve amounts at that time.
 2. Amount of new policies represents the first time premium revenues.
 3. Number of policies shows the number of insured persons.

Indicators Related to Separate Accounts

1. Status of the balance of assets held in separate accounts

Millions of Yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount		Amount		Amount	
Individual variable insurance	53,801		59,119		63,473	
Individual variable annuities	2,345,959		2,382,260		2,036,976	
Group annuities	611,222		636,802		632,422	
Total of separate accounts	3,010,983		3,078,182		2,732,872	

2. Status of the separate accounts of individual variable insurance and individual variable annuities

a. Overview of investment

Stock markets at home and abroad in the fiscal year ended March 31, 2014 rose on a fiscal year basis. During the calendar year 2013, the market marked a sharp increase, mainly reflecting strong U.S. economic indicators. However, since the beginning of 2014, these gains have diminished amidst concerns over the uncertain economic prospects of emerging countries, political unrest in Ukraine and other factors. During the fiscal year, long-term interest rates at home and abroad rose (in contrast, bond prices declined) on the expectations that the U.S. Federal Reserve would begin to taper its quantitative monetary easing policy. On the foreign exchange front, the quantitative and qualitative monetary easing policies by the Bank of Japan and improving economic indicators in the U.S. and Europe, among other factors, continued to prompt the yen depreciation.

In these market circumstances, the Company managed funds held in the separate accounts for individual variable insurance by taking a neutral to overweight position in domestic and foreign stocks, while maintaining an underweight position in domestic bonds. Regarding the in-house managed portion of the funds in separate accounts for individual variable annuities, the Company mainly structured a portfolio comprising assets in line with the basic asset allocation proportions and adjusted these asset proportions according to market perspectives. Meanwhile, the Company did not invest these funds in foreign bonds with currency hedge but in domestic bonds only. Among separate accounts for individual variable annuities, those whose funds are primarily managed for investment trusts maintained high proportions of investment trusts in their portfolios.

b. Policies in force

● Individual variable insurance

Number of policies, Millions of Yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	375	1,531	329	1,373	296	1,241
Individual variable insurance (Whole life type)	60,142	311,282	59,026	305,449	57,753	298,970
Total	60,517	312,813	59,355	306,822	58,049	300,211

(Note) Policies in force include term life insurance riders.

● Individual variable annuities

Number of policies, millions of yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Policies	Amount	Policies	Amount	Policies	Amount
Individual variable annuities	621,008	2,559,558	583,235	2,392,269	504,556	2,055,790

c. Breakdown of assets held in separate accounts

● Individual variable insurance

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	2,100	3.9	1,679	2.8	1,121	1.8
Securities	50,083	93.1	55,655	94.1	60,140	94.7
Domestic bonds	15,855	29.5	16,628	28.1	16,858	26.6
Domestic stocks	17,598	32.7	21,087	35.7	22,031	34.7
Foreign securities	16,629	30.9	17,938	30.3	21,250	33.5
Foreign bonds	5,271	9.8	6,249	10.6	7,582	11.9
Other foreign securities	11,357	21.1	11,689	19.8	13,667	21.5
Other securities	—	—	—	—	—	—
Loans	—	—	—	—	—	—
Others	1,617	3.0	1,784	3.0	2,212	3.5
Allowance for possible loan losses	—	—	—	—	—	—
Total	53,801	100.0	59,119	100.0	63,473	100.0

●Individual variable annuities

Millions of Yen, %

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	108,416	4.6	113,810	4.8	124,485	6.1
Securities	2,210,515	94.2	2,221,629	93.3	1,884,146	92.5
Domestic bonds	914,313	39.0	933,744	39.2	863,082	42.4
Domestic stocks	368,808	15.7	381,814	16.0	344,556	16.9
Foreign securities	241,132	10.3	246,462	10.3	227,245	11.2
Foreign bonds	166,205	7.1	185,367	7.8	179,209	8.8
Other foreign securities	74,926	3.2	61,094	2.6	48,035	2.4
Other securities	686,260	29.3	659,608	27.7	449,262	22.1
Loans	—	—	—	—	—	—
Others	27,027	1.2	46,820	2.0	28,344	1.4
Allowance for possible loan losses	—	—	—	—	—	—
Total	2,345,959	100.0	2,382,260	100.0	2,036,976	100.0

d. Investment income and expenses

●Individual variable insurance

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	Amount	Amount	Amount
Interest, dividends, and other income	1,149	1,141	1,285
Gains on sales of securities	504	1,326	3,441
Gains on redemption of securities	—	—	0
Gains on valuation of securities	11,868	16,186	15,167
Foreign exchange gains	14	13	34
Gains on derivative financial instruments	195	123	123
Other investment income	3	5	4
Losses on sales of securities	1,517	1,962	935
Losses on redemption of securities	—	0	7
Losses on valuation of securities	11,412	8,020	10,559
Foreign exchange losses	13	7	23
Losses on derivative financial instruments	119	213	141
Other investment expenses	0	0	0
Net investment income	674	8,591	8,388

(Note) ¥11,868 million gains on valuation of securities for the fiscal year ended March 31, 2012 include ¥8,585 million reversal for gains on valuation of securities, while ¥11,412 million losses on valuation of securities include ¥3,064 million reversal for losses on valuation of securities. ¥16,186 million gains on valuation of securities for the fiscal year ended March 31, 2013 include ¥8,347 million reversal for gains on valuation of securities, while ¥8,020 million losses on valuation of securities include ¥3,283 million reversal for losses on valuation of securities. ¥15,167 million gains on valuation of securities for the fiscal year ended March 31, 2014 include ¥4,737 million reversal for gains on valuation of securities, while ¥10,559 million losses on valuation of securities include ¥7,839 million reversal for losses on valuation of securities.

●Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	Amount	Amount	Amount
Interest, dividends, and other income	33,947	51,559	96,180
Gains on sales of securities	10,663	28,935	72,127
Gains on redemption of securities	0	1	1
Gains on valuation of securities	264,463	397,951	289,987
Foreign exchange gains, net	661	643	968
Gains on derivative financial instruments, net	10,633	4,707	4,862
Other investment income	40	45	32
Losses on sales of securities	30,541	45,080	13,062
Losses on redemption of securities	20	58	61
Losses on valuation of securities	223,083	172,158	300,298
Foreign exchange losses	705	399	821
Losses on derivative financial instruments	4,400	6,260	597
Other investment expenses	3,549	1,156	244
Net investment income	58,110	258,728	149,074

(Note) ¥264,463 million gains on valuation of securities for the fiscal year ended March 31, 2012 include ¥146,865 million reversal for gains on valuation of securities, while ¥223,083 million losses on valuation of securities include ¥92,155 million reversal for losses on valuation of securities. ¥397,951 million gains on valuation of securities for the fiscal year ended March 31, 2013 include ¥130,927 million reversal for gains on valuation of securities, while ¥172,158 million losses on valuation of securities include ¥117,597 million reversal for losses on valuation of securities. ¥289,987 million gains on valuation of securities for the fiscal year ended March 31, 2014 include ¥54,560 million reversal for gains on valuation of securities, while ¥300,298 million losses on valuation of securities include ¥267,023 million reversal for losses on valuation of securities.

e. Fair value information of securities

●Trading securities

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	50,083	(5,064)	55,655	3,101	60,140	7,709

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income	Balance sheet amount	Net valuation gains (losses) included in statement of income
Trading securities	2,210,515	(13,329)	2,221,629	212,462	1,884,146	202,152

●Fair value information of money-held-in trusts for trading

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2012 and after.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2012 and after.

f. Fair value information of derivative transactions

●Breakdown of net gains (losses) (with and without hedge accounting applied)

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2012						As of March 31, 2013					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	—	34	—	—	34	—	0	6	—	—	6
Total	—	—	34	—	—	34	—	0	6	—	—	6

Classification	As of March 31, 2014					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	(4)	—	—	—	(4)
Total	—	(4)	—	—	—	(4)

(Note) The net gains (losses) without hedge accounting applied are recorded on the statements of income.

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2012						As of March 31, 2013					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	—	1,470	—	—	1,470	—	(1)	3	—	—	1
Total	—	—	1,470	—	—	1,470	—	(1)	3	—	—	1

Classification	As of March 31, 2014					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—
Hedge accounting not applied	—	—	—	—	—	—
Total	—	—	—	—	—	—

(Note) The net gains (losses) without hedge accounting applied are recorded on the statements of income.

●Interest-related

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2012 and after.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2012 and after.

●Currency-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts											
	Sold	—	—	—	194	—	(0)	(0)	589	—	(4)	(4)
	(U.S. dollar)	—	—	—	29	—	(0)	(0)	362	—	(2)	(2)
	(Euro)	—	—	—	165	—	(0)	(0)	84	—	(0)	(0)
	(British pound)	—	—	—	—	—	—	—	55	—	(0)	(0)
	(Australian dollar)	—	—	—	—	—	—	—	20	—	(0)	(0)
	(Canadian dollar)	—	—	—	—	—	—	—	23	—	(0)	(0)
	(Singapore dollar)	—	—	—	—	—	—	—	3	—	(0)	(0)
	(New Zealand dollar)	—	—	—	—	—	—	—	0	—	(0)	(0)
	(Swiss franc)	—	—	—	—	—	—	—	24	—	(0)	(0)
	(Swedish krona)	—	—	—	—	—	—	—	8	—	(0)	(0)
	(Danish krone)	—	—	—	—	—	—	—	3	—	(0)	(0)
	(Norwegian krone)	—	—	—	—	—	—	—	3	—	(0)	(0)
Bought	—	—	—	191	—	0	0	—	—	—	—	
(U.S. dollar)	—	—	—	21	—	0	0	—	—	—	—	
(Euro)	—	—	—	170	—	0	0	—	—	—	—	
Total							0				(4)	

(Notes) 1. Forward exchange rates are used for exchange rates at each year-end.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above.

3. Net gains (losses) represent the fair values for foreign currency forward contracts.

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign exchange forward contracts											
	Sold	—	—	—	1,982	—	(7)	(7)	—	—	—	—
	(U.S. dollar)	—	—	—	462	—	(0)	(0)	—	—	—	—
	(Euro)	—	—	—	1,520	—	(7)	(7)	—	—	—	—
	Bought	—	—	—	1,979	—	6	6	—	—	—	—
	(U.S. dollar)	—	—	—	794	—	0	0	—	—	—	—
(Euro)	—	—	—	1,184	—	6	6	—	—	—	—	
Total							(1)				—	

(Notes) 1. Forward exchange rates are used for exchange rates at each year-end.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above.

3. Net gains (losses) represent the fair values for foreign currency forward contracts.

●Stock-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures											
	Sold	—	—	—	—	599	—	6	6	—	—	—
	Bought	609	—	34	34	—	—	—	—	—	—	—
Total				34				6				—

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2012			As of March 31, 2013			As of March 31, 2014				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures											
	Sold	—	—	—	—	—	—	—	—	—	—	—
	Bought	25,243	—	1,470	1,470	7,571	—	3	3	—	—	—
Total				1,470				3				—

●Bond-related

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2012 and after.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2012 and after.

●Others

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2012 and after.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2012 and after.

3. Separate Account for Group Annuities

a. Entrusted fund in separate account for group annuities

Cases, hundred million yen

	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Cases	Fair value balance	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,658	5,704	1,559	5,831	1,494	5,889
Second treaty	1	338	1	360	1	361
Total	1,659	6,041	1,560	6,190	1,495	6,250

(Notes) 1. Number of cases refers to the number of groups with positive fair value balance at each year-end.

2. Separate account first treaty involves joint management of the contract fund from more than one group annuities, while separate account second treaty involves independent management of annuity assets for each group.

b. Separate account first treaty (comprehensive account A)

●Primary portfolio and asset management plan for the fiscal year ended March 31, 2014

	Long-term primary portfolio				Asset management plan for the fiscal year ended March 31, 2014		
	Composition ratio	Range	Expected return	Standard deviation	Expected composition ratio	Expected return	Standard deviation
Domestic bonds	33	13 – 53	1.20	3.06	32	1.77	2.00
Domestic stocks	33	23 – 43	6.10	18.65	33	11.98	18.53
Foreign bonds	11	1 – 21	3.10	10.81	11	6.10	10.12
Foreign stocks	21	11 – 31	7.60	18.63	22	12.91	20.60
Cash, deposits and others	2	—	0.30	0.51	2	0.06	0.06
Total	100	—	4.35	9.14	100	8.03	10.58

●Trend of asset management results

%

	Fiscal year ended March 31, 2012			Fiscal year ended March 31, 2013			Fiscal year ended March 31, 2014		
	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return
Domestic bonds	2.91	2.94	(0.03)	3.72	3.72	0.00	0.73	0.58	0.15
Domestic stocks	0.89	0.59	0.30	23.63	23.82	(0.20)	20.02	18.56	1.46
Foreign bonds	4.74	4.99	(0.25)	17.65	17.73	(0.09)	15.42	15.28	0.14
Foreign stocks	0.37	0.50	(0.13)	28.34	28.99	(0.65)	30.73	32.43	(1.71)
Cash, deposits and others	0.42	0.08	0.35	0.64	0.08	0.56	(0.56)	0.07	(0.64)
Total	1.75	2.29	(0.53)	17.71	17.46	0.25	15.43	14.99	0.44

(Notes) 1. Results by asset type under management by fund indicate time-weighted rates of return, while total results indicate the rate of increase in unit prices.

2. Time-weighted rates of return of cash, deposits and others include the impact of foreign exchange gains and losses in respect of "accrued income and expenses in foreign currencies" at the time trading of foreign assets was executed. This involves recording of the difference between the exchange rate on the trade date and that on the asset delivery date, as time-weighted rates of return of cash, deposits and others.

3. The total benchmark rate of return is calculated by weighting benchmark rate of return for each asset type, by using the expected composition ratio in each fiscal year.

●Status of asset management for the fiscal year ended March 31, 2014

- Investment performance for the fiscal year ended March 31, 2014 delivered a return of 15.43%, outperforming the combined benchmark which was based on annual investment plans.
- On the asset allocation front, the underweighted position of domestic bonds and overweighted position of foreign stocks in the second and third quarters contributed to the strong performance.
- With regard to individual asset performances, outperformance of domestic stocks exceeded the underperformance of foreign stocks, making a positive contribution to the overall performance.

●Trend of fair value balance by asset type

Millions of Yen, %

	As of March 31, 2012		As of March 31, 2013		As of March 31, 2014	
	Fair value	Composition ratio	Fair value	Composition ratio	Fair value	Composition ratio
Domestic bonds	64,438	29.8	59,758	27.8	55,854	27.7
Domestic stocks	75,067	34.7	69,390	32.3	69,158	34.3
Foreign bonds	23,079	10.7	22,104	10.3	23,541	11.7
Foreign stocks	43,556	20.1	46,272	21.6	46,081	22.8
Cash, deposits and others	10,274	4.8	17,172	8.0	7,171	3.6
Total	216,414	100.0	214,696	100.0	201,805	100.0

Business Indicators

1. Average Policy Coverage (Individual Life Insurance)

Thousand yen

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Average policy coverage for new policies	7,275	6,722	7,704
Average policy coverage for policies in force	12,136	11,386	10,962

(Note) Average policy coverage for new policies excludes converted policies.

2. Percentage of New Policies (Compared with Beginning of the Same Fiscal Year)

%

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Individual life insurance	3.6	4.3	3.7
Individual annuities	5.1	5.8	4.2
Group insurance	0.4	0.4	0.6

(Note) Converted policies are excluded.

3. Rate of Cancellation and Expiration (Compared with Beginning of the Same Fiscal Year)

%

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Individual life insurance	5.7	5.6	5.2
Individual annuities	2.3	2.7	3.4
Group insurance	0.4	0.6	0.3

4. Average Annual Premium of New Individual Life Insurance Policy (With Monthly Payments)

Yen

Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
137,650	141,670	136,620

(Note) Converted policies are excluded.

5. Mortality Rate (Primary Individual Life Insurance Policies)

a. Number of policies

%

Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
4.82	4.81	5.13

b. Insurance amount

%

Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
2.93	2.93	3.11

6. Incidence of Events Covered by Riders (Individual Life Insurance plus Individual Annuities)

Classification		%		
		Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Accidental death	Ratio of the number of policies	0.43	0.24	0.23
	Ratio of the amount of claims on policies	0.31	0.22	0.21
Disability	Ratio of the number of policies	0.29	0.28	0.27
	Ratio of the amount of claims on policies	0.09	0.09	0.09
Hospitalization due to accident	Ratio of the number of policies	5.35	5.62	5.83
	Ratio of the amount of claims on policies	142	143	149
Hospitalization due to illness	Ratio of the number of policies	59.21	63.50	66.92
	Ratio of the amount of claims on policies	1,032	1,064	1,107
Hospitalization due to adult disease	Ratio of the number of policies	16.94	18.55	20.06
	Ratio of the amount of claims on policies	461	473	496
Surgery due to illness or injury	Ratio of the number of policies	53.23	57.97	61.96
Surgery due to adult disease	Ratio of the number of policies	10.03	11.68	13.69

7. Percentage of Operating Expense (Operating Expenses as a Percentage of Premium Revenues)

%		
Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
13.6	11.5	13.5

8. The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Number of insurance companies		
Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
9	9	8
[4]	[3]	[3]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

9. The Ratio of Reinsurance Premiums to Total Premiums Written by the Top Five Insurance Companies Using Reinsurance

%		
Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
93.9	94.4	99.6
[100.0]	[100.0]	[100.0]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

10. The Ratio of Insurance Companies Which Accepted Reinsurance Agreements by Ratings Assessed

%

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Over A	84.0 [100.0]	86.1 [100.0]	100.0 [100.0]
Over BBB	— [—]	— [—]	— [—]
Others (Including no rating)	16.0 [—]	13.9 [—]	— [—]
Total	100.0 [100.0]	100.0 [100.0]	100.0 [100.0]

(Notes) 1. Ratings are classified as follows:

- Standard & Poor's (S&P) ratings are used as criterion, while insurers without S&P ratings are classified as "Others (Including no rating)."
 - Ratings are based on the ratings at each fiscal year-end.
2. Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

11. Unreceived Reinsurance Claims

Millions of Yen

Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
89	117	118
[6]	[39]	[36]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

12. The Ratio of Insured Amount to Earned Premium Classified by Grounds for Third-Sector Insurance Benefits or Type of Insurance

%

Classification	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Third-sector incidence rate	33.3	33.1	34.4
Medical care	35.5	35.5	37.2
Cancer	39.4	42.9	42.9
Nursing care	27.3	25.4	26.5
Others	31.3	27.2	27.4

(Notes) 1. Figures are classified into main categories belonging to the third-sector benefits, by type of insurance (or rider).

- Payments for insured incidents is the sum of "payments such as claims and benefits," "matching provision for reserve for outstanding claims" and "operating expenses, etc. related to claims paid."
- Earned premium is the simple average of annualized premium of the beginning-of-the-year policies in force and that of year-end policies in force.
- For the types of insurance (rider) that combine living benefits/medical coverage and death protection, etc., the portion corresponding to death protection is included in both payments for insured incidents and earned premiums.

13. Loan Interest Rates

%

Type of loan	General loans Prime rate (long-term prime rate loans)	Type of loan	General loans Prime rate (long-term prime rate loans)	Type of loan	General loans Prime rate (long-term prime rate loans)
Fiscal year ended March 31, 2012	April 8 1.70	Fiscal year ended March 31, 2013	April 10 1.35	Fiscal year ended March 31, 2014	April 10 1.20
	May 10 1.55		May 10 1.30		May 10 1.25
	June 10 1.50		June 8 1.30		June 11 1.30
	July 8 1.50		July 10 1.25		July 10 1.35
	August 10 1.35		August 10 1.25		August 9 1.30
	September 9 1.40		September 11 1.25		September 10 1.30
	October 12 1.40		October 10 1.25		October 10 1.20
	November 10 1.40		November 9 1.20		November 8 1.20
	December 9 1.40		December 11 1.20		December 10 1.20
	January 11 1.40		January 10 1.20		January 10 1.25
	February 10 1.40		February 8 1.15		February 12 1.20
	March 9 1.35		March 8 1.15		March 11 1.20

Status of Consolidated Financial Results (Supplemental)

1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %		
	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Loans to bankrupt borrowers	—	—	—
Loans in arrears	1,763	1,444	1,139
Loans in arrears for three months or longer	3	0	0
Restructured loans	328	294	260
Total	2,095	1,739	1,400
[Percentage of total loans]	[0.07]	[0.07]	[0.06]

- (Notes) 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted for the fiscal years ended March 31, 2012, March 31, 2013 and March 31, 2014 amounted to ¥49 million, ¥42 million and ¥40 million, respectively.
2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).
3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.
4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.
5. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

2. Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries (Consolidated Solvency Margin Ratio)

Items		Millions of Yen		
		As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Solvency margin gross amount	(A)	2,298,816	2,586,196	2,772,886
Foundation funds		813,398	904,238	945,868
Reserve for price fluctuation		161,461	206,574	231,492
Contingency reserve		267,467	284,002	301,807
Unusual contingency reserve		—	—	—
General allowance for possible loan losses		3,523	2,735	1,609
Unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)		139,690	452,958	549,947
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)		(96,001)	(109,789)	(85,859)
Total amount of unrecognized actuarial losses and unrecognized past service costs		—	—	(20,264)
Excess of continued Zillmerized reserve		604,127	612,187	619,955
Qualifying subordinated debt		345,500	206,500	201,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation		—	—	—
Deduction clause		(24,442)	(54,461)	(53,787)
Others		84,090	81,250	80,137
Total amount of risk	$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	639,284	612,901	616,378
Insurance risk	R ₁	87,609	84,920	81,996
General insurance risk	R ₅	—	—	—
Large disaster risk	R ₆	—	—	—
Third-sector insurance risk	R ₈	48,429	48,964	50,018
Insurance risk of small-amount, short-term insurer	R ₉	—	—	—
Risk of assumed yield	R ₂	233,108	226,271	220,364
Minimum guarantee risk	R ₇ *	89,052	63,755	52,793
Investment risk	R ₃	287,215	293,362	314,179
Operational risk	R ₄	14,908	14,345	14,387
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	719.1%	843.9%	899.7%

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

- (Notes) 1. The amounts and figures in the table above are calculated based on Article 130 of the Insurance Business Act, Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No.23 of 2011.
2. Solvency margin gross amount as of March 31, 2014 is calculated including "Total amount of unrecognized actuarial losses and unrecognized past service costs". (The amounts as of March 31, 2012 and 2013 are calculated based on previous method.)

3. Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

(Medicare Life Insurance Co., Ltd.)

Millions of Yen

Items	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014
Solvency margin gross amount (A)	20,493	16,961	43,694
Paid-in capital, etc.	19,601	13,902	39,420
Reserve for price fluctuation	14	26	44
Contingency reserve	67	302	507
General allowance for possible loan losses	—	—	—
Unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	810	2,466	2,518
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—	—
Excess of continued Zillmerized reserve	—	263	1,202
Qualifying subordinated debt	—	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—	—
Brought-in capital, etc.	—	—	—
Deduction clause	—	—	—
Others	—	—	—
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,005	1,369	2,046
Insurance risk R ₁	1	1	1
Third-sector insurance risk R ₈	46	262	450
Risk of assumed yield R ₂	6	10	11
Minimum guarantee risk R ₇	—	—	—
Investment risk R ₃	967	1,285	1,911
Operational risk R ₄	30	46	71
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	4,074.7%	2,477.6%	4,269.5%

(Note) Figures shown above are calculated in accordance with the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act as well as the Ministry of Finance Public Notice No. 50 of 1996.

4. Segment Information

For the fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012), the fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013), and the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014), segment information and its related information are omitted because there is only one business segment in the Company and its subsidiaries.

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