

Empowering your future



Annual Report

2015

Fiscal Year Ended March 31, 2015



SUMITOMO LIFE

in Numbers

(As of March 31, 2015)

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

Overview

Years Since Foundation:

108

Number of Sales Representatives:

31,006

Overview of Policies

Annualized Premiums from Policies in Force*

\$18.1 billion

Annualized Premiums from New Policies*

\$1.1 billion

Core Business Profit

\$3.4billion

Status of Profit

Total Assets

\$227.6billion

Solvency Margin
Ratio

944.2%

Embedded Value*

\$30.3billion

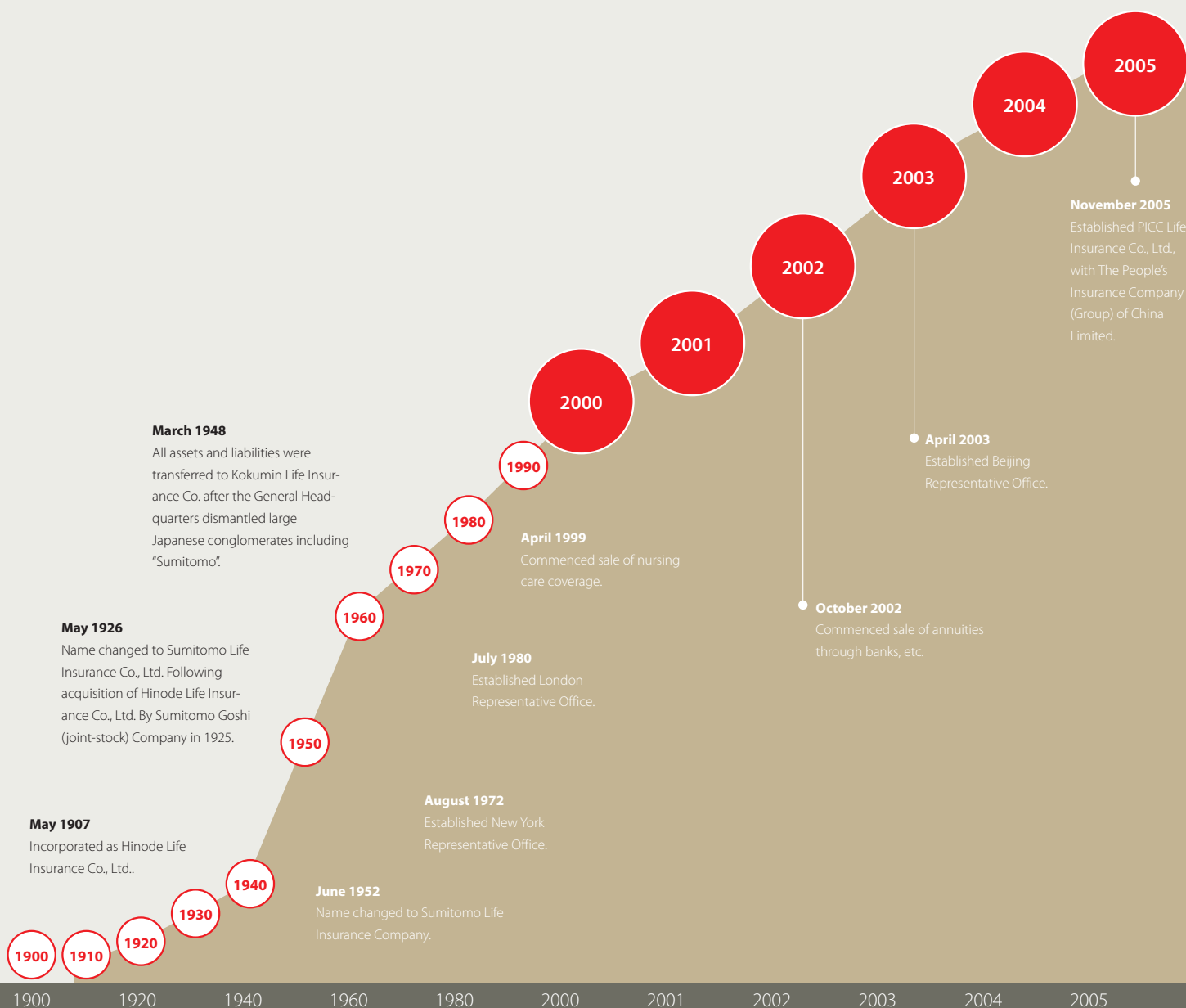
*Total of Sumitomo Life and Medicare Life

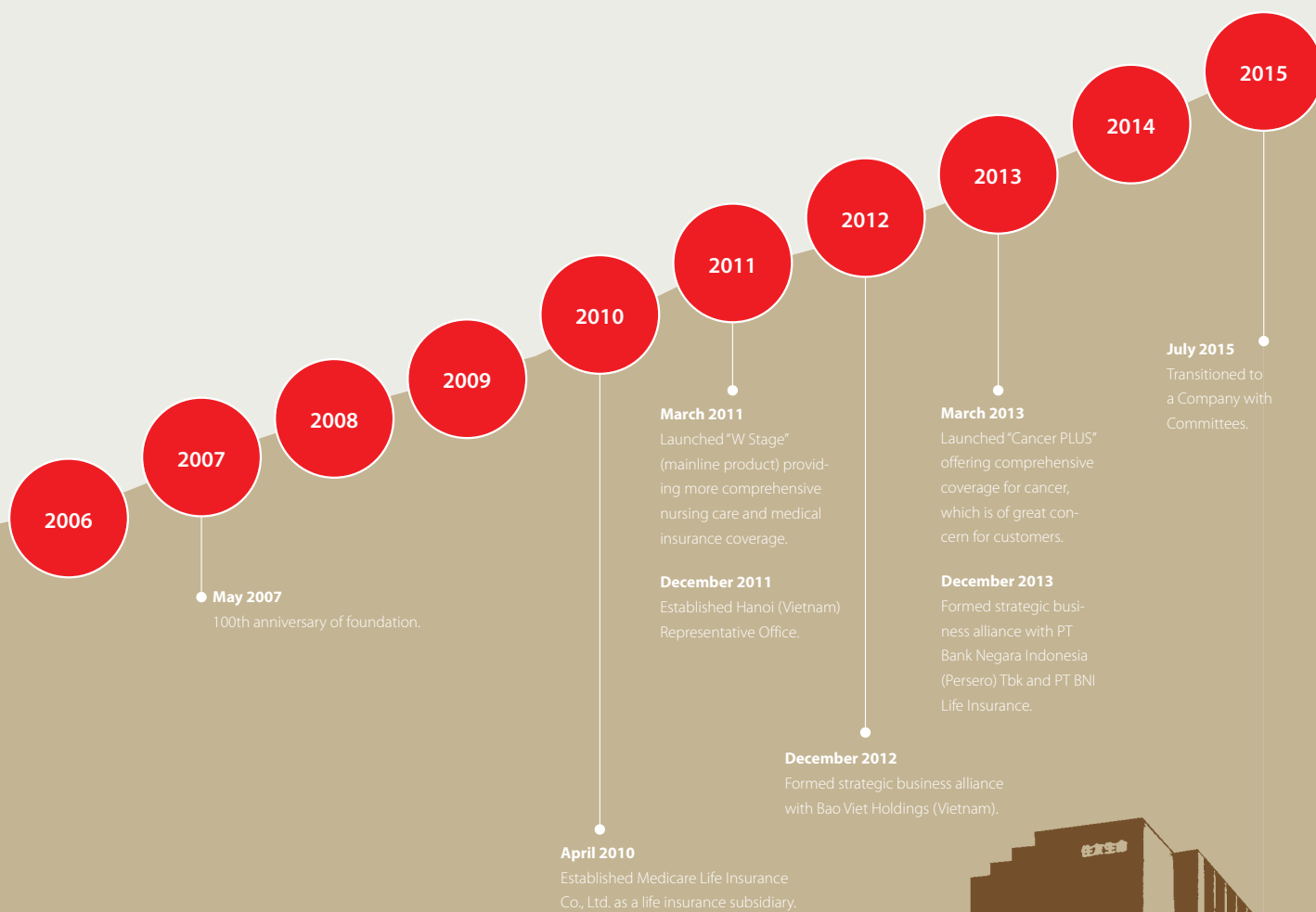
Note: U.S. dollar amounts are converted at US\$1.00 = ¥120.17, the rate prevailing on March 31, 2015.

SUMITOMO LIFE to Present

Based on the aspiration to create an 'ideal life insurance 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.





2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Empowering your **FUTURE**

From the perspective
of customers:
Recommended 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.



From the perspective
of employees:
Fulfilling company

From the perspective of society:
Indispensable company

Contents

7	Message from the President	21	Multi-Channel, Multi-Product Strategy
11	Sumitomo Life Medium-Term Business Plan 2016	26	Overseas Operations
13	Review of Operations	27	Corporate Governance
13	Individual Life Insurance and Annuities	31	Corporate Information
15	Operating Results	33	Creation of Affluent Society
16	Financial Strength	35	Business Highlights (Non-Consolidated)
19	European Embedded Value (EEV)	36	Financial Section
20	Asset Management (General Account)		

Message from the President



Aiming to Become The Most Recommended Insurance Company

Masahiro Hashimoto

President & Chief Executive Officer

Looking Back on Fiscal 2014

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 2014 was the year in which we tackled the challenges with full force regarding “establishment of a new growth path” towards brand evolution and for the future, based on the new three-year plan in place, the Sumitomo Life Medium-Term Business Plan 2016.

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

Performance

Reviewing our fiscal 2014 consolidated performance for the Sumitomo Life Group (Sumitomo Life and Medicare Life Insurance Co., Ltd.), annualized premiums from policies in force slightly decreased from the end of the previous fiscal year to ¥2,182.2 billion.

Meanwhile, annualized premiums from policies in force for the third-sector insurances which we focus on as one of the growth areas, increased 1.3% year on year to ¥523.4 billion, growing steadily for twelve consecutive years since we started to publish such figure.

Negative spread turned to positive spread of ¥8.1 billion, and Sumitomo Life's adjusted core business profit* increased 2.8% year on year to ¥365.3 billion remaining on a solid growth trend.

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

Asset Management and Financial Strength

We use 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 2014 increased ¥505.0 billion year on year to ¥3,651.7 billion due to the positive results in insurance business activities such as the acquisition of new business as well as the positive effect from the economic environment, maintaining a 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

Message from the President

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 bring attention to unidentified customer 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 has been growing constantly registering over 300,000 policies in force in May 2015, five years 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. 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 2014, we acquired 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. We intend to leverage the insurance business knowhow we have gained, while dispatching our employees and officers including directors. We are striving to establish Indonesian market as another basis for business growth, through the actions including launch of jointly-developed products through bankassurance this year.

In addition to making efforts in domestic growth areas, we will continue with study and research aiming at the expansion into the global market, including developed countries, as one of the engines that supports our sustainable growth.

For Brand Evolution and Establishment of a New Growth Path

Fiscal 2015 is the second year of the Sumitomo Life Medium-Term Business Plan 2016 ~ Three-Year Plan for Brand Evolution and Establishment of a New Growth Path ~.

Under the Plan, 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 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 & 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.

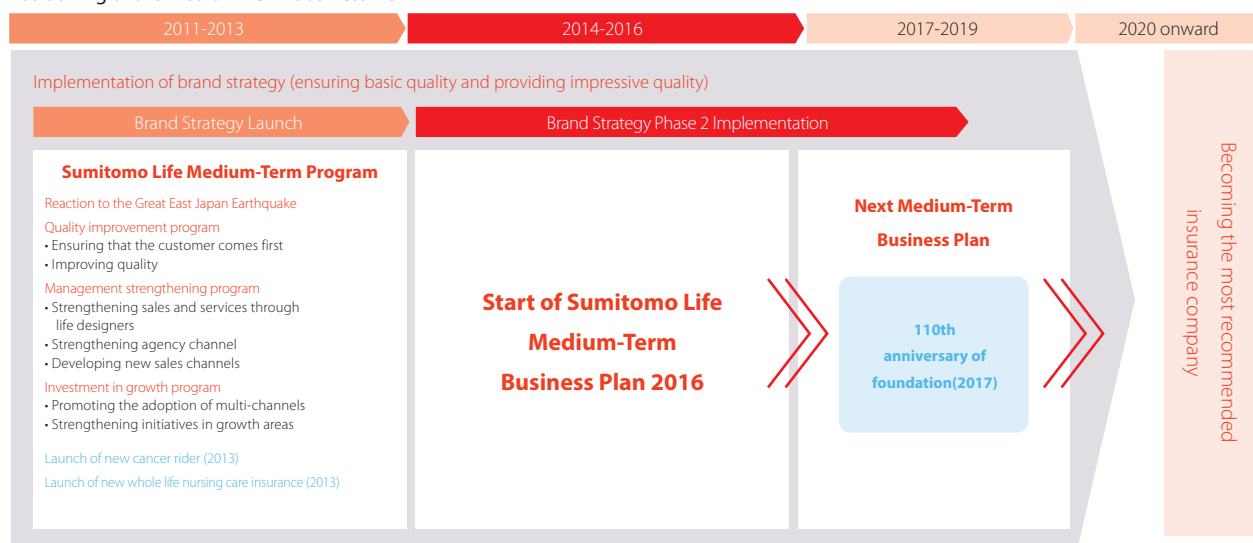
Sumitomo Life Medium-Term Business Plan 2016

~ 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.

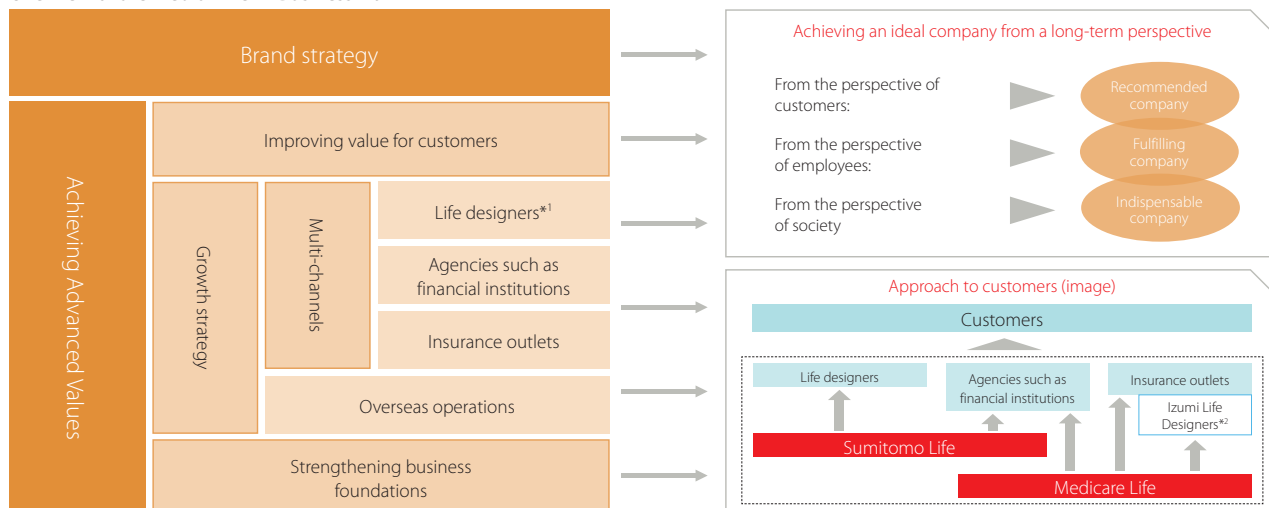
Positioning of the Medium-Term Business Plan



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 (Actual)	End of Fiscal 2014 (Actual)	Medium-Term Business Plan targets (end of fiscal 2016)
Embedded value (EV)	¥3,146.6 billion	¥3,651.7 billion	¥4,020.0 billion
Annualized premium of policies in force	¥2,196.9 billion	¥2,182.2 billion	¥2,258.4 billion
Of which, living benefits + medical coverage	¥516.7 billion	¥523.4 billion	¥555.0 billion

* Total of Sumitomo Life and Medicare Life

Review of Operations

1

Individual Life Insurance and Annuities

The annualized premiums from policies in force for the third-sector insurances, a growth area, increased steadily for the twelve consecutive years.

Annualized Premiums from Policies in Force (Sumitomo Life Group)

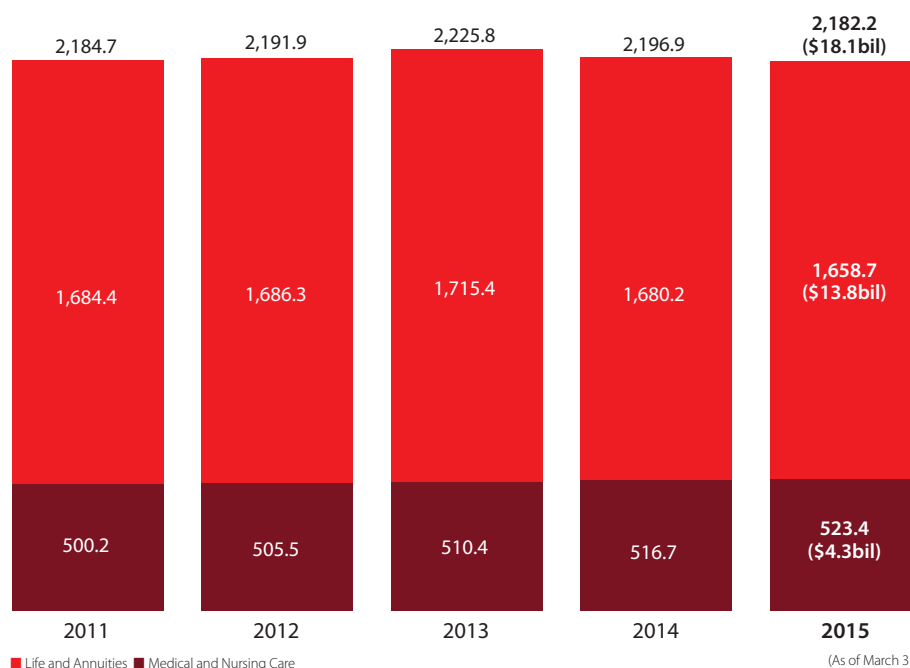
Reviewing our fiscal 2014 consolidated performance for the Sumitomo Life Group, annualized premiums from policies in force slightly decreased from the end of the previous fiscal year to ¥2,182.2 billion (\$18.1 billion). Meanwhile, annualized premiums from policies in force for the third-sector insurances which we focus on as one of the growth areas, increased 1.3% year on year to ¥523.4 billion (\$4.3 billion), growing steadily for twelve consecutive years since we started to publish such figure.

The two main reasons for these consecutive increases 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 thorough contact with policyholders, and efforts to improve after-sales customer service.

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

(¥ billions)

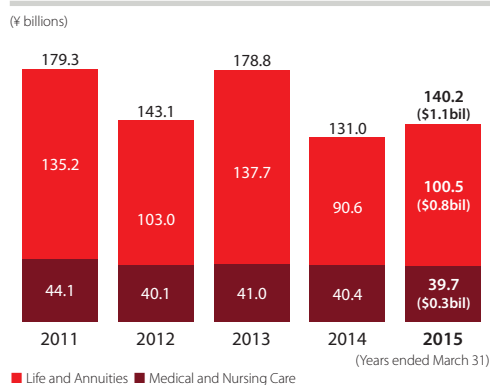


Annualized Premiums from New Business

In fiscal 2014, the Sumitomo Life Group's annualized premiums from new business of individual life insurance and annuities increased 7.0% from the previous fiscal year to ¥140.2 billion (\$1.1 billion).

This increase was due predominantly to the robust sales of individual annuities.

Annualized Premiums from New Business (Sumitomo Life Group)

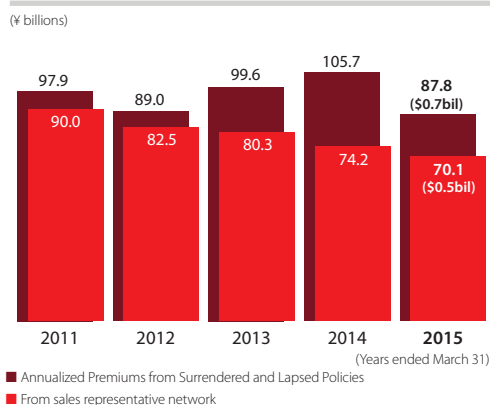


Annualized Premiums from Surrendered and Lapsed Policies

The annualized premiums from surrendered and lapsed policies (Sumitomo Life Group) decreased 17.0% to ¥87.8 billion (\$0.7 billion) over the previous year.

This was mainly due to decreased surrenders in variable annuities sold in the past through banks and financial institutions. The annualized premiums from surrendered and lapsed policies sold through our sales representatives, our primary sales channel, decreased 5.5% to ¥70.1 billion, continuing a trend of improvement. This primarily reflects our sales representatives' effort to maintain regular contact with policyholders.

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

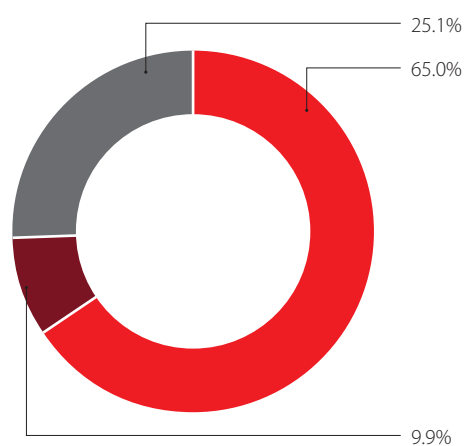


Group Insurance and Group Annuities

The total individual life insurance, individual annuities, group insurance and group annuities in force are ¥137.0 trillion (\$1,140.2 billion).

Group insurance and group annuities account for ¥34.4 trillion (\$286.3 billion), or 25.1% of the total, representing our well-balanced business portfolio.

Composition of Policies in Force



(As of March 31, 2015)

- Individual life insurance
- Individual annuities
- Group insurance and group annuities

2

Operating Results

Adjusted core business profit grew steadily to ¥365.3 billion (\$3.0 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 2014, Sumitomo Life's core business profit increased 3.2% from the previous fiscal year to ¥410.8 billion (\$3.4 billion).

We changed the calculation method of business profit in fiscal 2014 settlement to disclose the Company's profitability more appropriately. Core business profit now includes reversal from the policy reserve additionally funded in the previous year or earlier, for part of the individual annuity contracts after the start of annuity payment, as well as for part of the third sector insurances. As a result of the change, core business profit increased ¥23.9 billion.

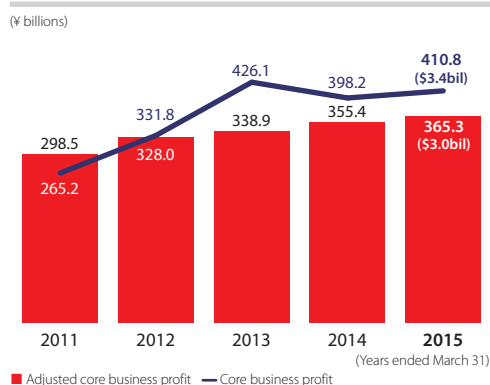
Adjusted core business profit, which represents profitability excluding the impact of the standard policy reserves concerning the minimum guarantees for variable annuities, increased 2.8% year on year, to ¥365.3 billion (\$3.0 billion).

Meanwhile, the size of negative spread has been constantly shrinking since 2001 when the Company started its disclosure, and turned to ¥8.1 billion positive spread for the first time in fiscal 2014.

The reasons for above are:

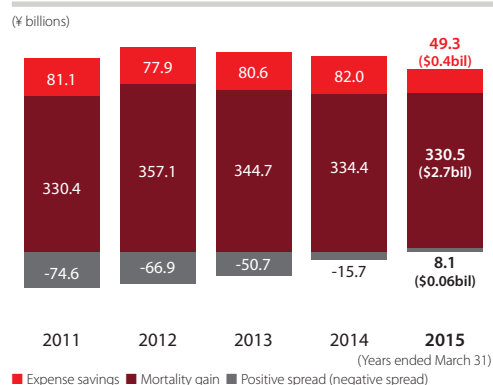
1. Older policies with higher assumed interest rates are maturing and the percentage of new policies with lower assumed interest rates is increasing.
2. The average assumed interest rate is falling primarily due to allocation of additional policy reserves to individual annuity policies that commence annuity payments by applying the most recent statutory based assumptions at the time.
3. Our investment returns increased as a result of initiatives such as the accumulation of super-long-term bonds, increase in interest income resulting from the accumulation of foreign bonds and yen depreciation, and increase in dividends from domestic stocks.

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



* Figures in brackets represent those before change in calculation method.

Sources of Profits



3

Financial Strength

Accumulated retained surplus increased to ¥1,287.9 billion (\$10.7 billion).

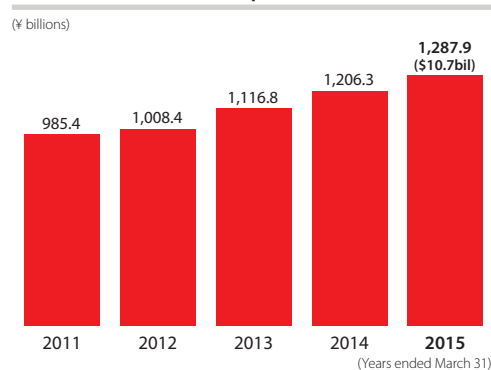
Accumulated Retained Surplus

Retained earnings* increased ¥81.6 billion in fiscal 2014, to ¥1,287.9 billion (\$10.7 billion).

We will continue to reinforce our long-term financial strength by accumulating surplus while maintaining a good balance with 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



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. In November 2014, we issued ¥50.0 billion of subordinated bonds in Japan, and then in January 2015, made ¥102.5 billion early repayment for perpetual subordinated loans raised in fiscal 2009, before maturity. In February 2015, the ¥20.0 billion subordinated loans raised in fiscal 2004 came to maturity.

Solvency Margin Ratio

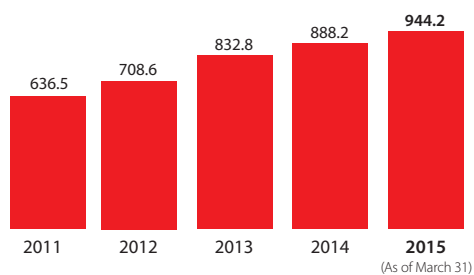
New solvency margin regulations with a higher and more rigorous risk weight and a stricter requirement for external financing to be counted in the solvency margin were introduced in Japan in fiscal 2011.

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 888.2% at the end of fiscal 2013 to 944.2% at the end of fiscal 2014. The ratio far exceeds 200%, the level which would require administrative-intervention in Japan.

We are making efforts to decrease risk and accumulate retained surplus referring to the Solvency II Framework of Europe.

Solvency Margin Ratio

(%)



* Although the standard was changed from the end of fiscal 2012, the fiscal 2011 figure represents the number when such change is applied.

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 2014, we increased dividend of interest gains, and maintained the same level of other dividend rates for individual life insurance and individual annuities.

Financial Strength Ratings

As of the end of June 2015, we have received A ratings from four rating agencies, namely A from Standard & Poor's (S&P), A1 from Moody's, A+ from Rating and Investment Information (R&I), and A+ from Japan Credit Rating Agency (JCR).

In fiscal 2014, Moody's upgraded our rating by one notch, and our current rating is at the highest level since 1997. This was mainly attributable to our extremely high competitiveness in the Japanese market.

Rating Status

S&P	Moody's	R&I	JCR
A	A1	A+	A+

(As of June 30, 2015)

4

European Embedded Value (EEV)

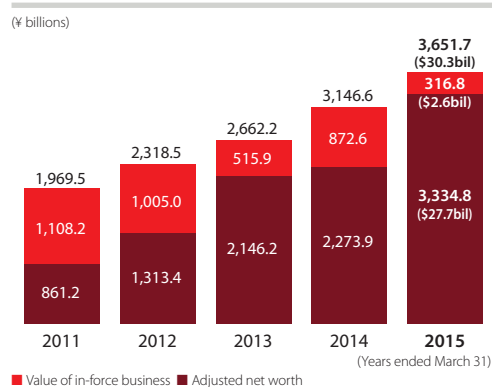
The Sumitomo Life Group's EEV continued to increase, rising ¥505.0 billion (\$4.2 billion) year on year to ¥3,651.7 billion (\$30.3 billion).

European Embedded Value (EEV)

The Sumitomo Life Group's EEV increased ¥505.0 billion (\$4.2 billion) year on year to ¥3,651.7 billion (\$30.3 billion) at the end of fiscal 2014 due to the positive results in insurance business activities such as the acquisition of new business and the positive effect from the economic environment such as a rise in stock prices.

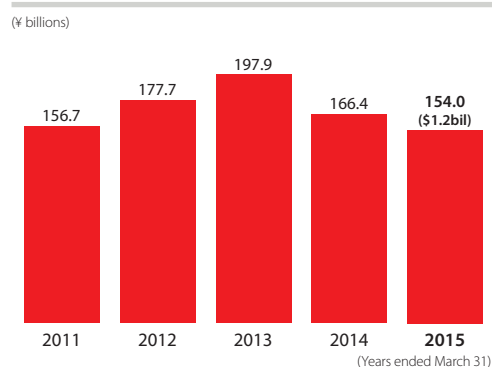
On the other hand, the value of new business, which is the current value of future profits attainable from new policies, decreased year on year. The ratio of new business value to the present value of future premium income (the future premium income discounted by the risk free rate used in the calculation of the value of new business) amounted to 8.0%.

Breakdown of EEV (Sumitomo Life Group)



*Medicare Life commenced EEV calculations from March 31, 2013. The Sumitomo Life Group's EEV as of March 31, 2013, 2014 and 2015 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.

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, fiscal 2013 and fiscal 2014.

New Business Margin (Sumitomo Life Group)

(¥ billions)

	2014	2015	Change
Value of new business (A)	166.4	154.0	-12.4
Present value of premium income (B)	1,847.3	1,916.4	69.1
New business margin (A) / (B)	9.0%	8.0%	-1.0pt

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

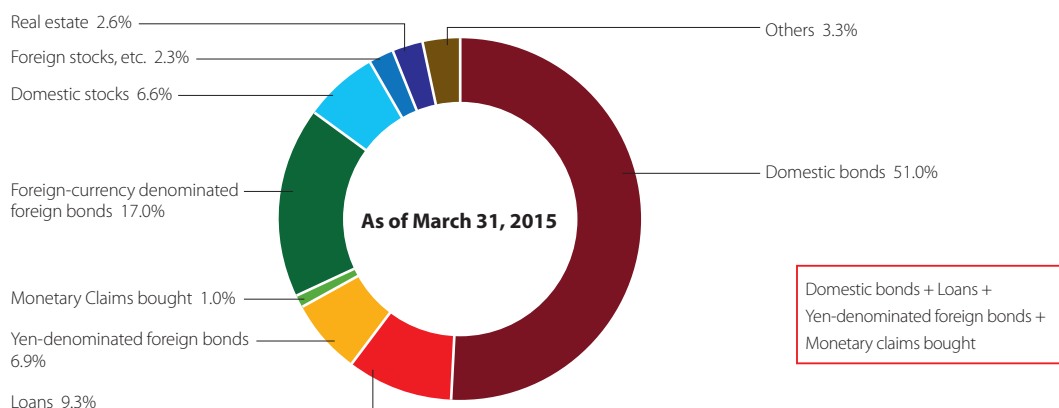
In fiscal 2014, as we saw a sharp drop in domestic interest rates and expected further weakening of the yen against dollar in the foreign exchange market, we took measures such as restraining investments in domestic bonds and expanding investments in foreign bonds, in order to secure investment returns by flexibly responding to changes in financial and economic environments.

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 interest rate trends in Japan and overseas and controlling foreign exchange risks.

Furthermore, we made investments and loans which correspond to the financial needs in the growth areas, such as "medical care and nursing care," "environment and energy," "infrastructure" and "overseas expansion of Japanese companies."

Meanwhile, we announced the acceptance of "Japan's Stewardship Code," the Principles for Responsible Institutional Investors, and carried out dialogues with the companies we invest in with a view to enhancing their equity values.

General Account Assets Portfolio (Balance sheet basis)



(As of March 31)	2011	2012	2013	2014	2015
General account assets	¥20.7 trillion	¥20.9 trillion	¥23.4 trillion	¥23.7 trillion	¥25.0 trillion
Domestic bonds	45.2%	49.7%	50.9%	52.7%	51.0%
Loans	15.3%	13.8%	11.4%	10.4%	9.3%
Yen-denominated foreign bonds*2	8.9%	8.2%	7.0%	6.2%	6.9%
Monetary Claims bought	1.9%	1.7%	1.3%	1.2%	1.0%
Foreign-currency denominated foreign bonds*1	10.5%	11.4%	15.1%	15.6%	17.0%
Domestic stocks	5.4%	4.3%	4.4%	5.1%	6.6%
Foreign stocks, etc.	2.7%	2.6%	2.5%	2.3%	2.3%
Real estate	4.5%	4.3%	3.5%	2.9%	2.6%
Others	5.6%	4.0%	4.0%	3.5%	3.3%

*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 are actively developing 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 in these growth areas through our sales representatives as well as through our bancassurance network including 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, medical treatments and others through insurance outlets, the Internet and bancassurance. Thus, we strive to develop these growing fields through our unique “multichannel, multi-product” strategies.

Sales Channels and Respective Products

Channel Company	Life designers (Sales representatives of the Company: approx. 30,000)	Agencies such as financial institutions (339 financial institutions)	Insurance outlets
Sumitomo Life • High value-added	<ul style="list-style-type: none"> Comprehensive coverage <ul style="list-style-type: none"> スミセイの終身医療保険 ダブルステップ 未来デザイン Whole life insurance スミセイの利率変動型積立保険 未来デザイン Savings product Medical insurance <ul style="list-style-type: none"> スミセイの医療保険 F/M/F-GO Whole life medical insurance Nursing care insurance/ Annuities insurance <ul style="list-style-type: none"> スミセイの経理経理返戻金型介護保険 バリュウケア Whole life nursing care insurance スミセイの個人年金保険 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 S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"> スミセイの医療保険 F/M/F-GO Whole life medical insurance スミセイの個人年金保険 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"> 医療者専用型(標準)医療保険 メディフィット4 Whole life medical insurance 医療者専用型(標準)医療保険 メディフィット4 Whole life medical insurance for women Medical insurance (for substandard market) <ul style="list-style-type: none"> 標準型医療者専用型(標準)医療保険 メディフィット4 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 are the most effective sales channel to develop the growing fields of nursing care and medical insurance, as it is necessary to bring attention to unidentified customer needs.

We believe it is important to provide high-quality face-to-face consulting services and reliable after-sales customer services by sales representatives. Specifically, we focus on easy-to-understand and persuasive consulting services through a consulting tool, "Future Diagnosis," which can simulate the required coverage amount based on members and ages of the customer's family and future income and expenses plan using "Sumisei Lief," a tablet for sales representatives.

With about 10 million policies in force, in order to provide a sense of security and satisfaction to all of our customers in the existing customer base, we are committed to the "Sumisei Future Support Activities," in which we review the conditions of every policy and carry out any necessary maintenance during regular visiting activities conducted every year. We check whether the coverage fits the current customer needs and make proposals on review of coverage or additional policies if necessary.

Furthermore, we are working on quick and accurate response to claims and other requests through utilization of "Lief Direct" function in "Sumisei Lief," which can process policy maintenance in front of customers, as well as promotion of initiatives on receipt notification for insurance claims and benefit payments, whereby we seek to provide empathetic services for our customers.

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 anti-cancer 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.

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 2013, we released "Tanoshimi Wonderful" annuity product that allows the policyholder to receive a more attractive annuity amount while capturing the customer's needs from a wide range of age groups through flexibility of planning.

In an effort to both provide attractive products to customers and enhance complimentary 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 in-person or over-the-phone consultations regarding nursing care by experts such as care managers.

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

Review of Operations

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.

As an agent of Mitsui Sumitomo Insurance, annualized premiums from property-casualty insurance sold in fiscal 2014 increased 7.8% year on year to ¥61.3 billion. We are aiming to diversify our earnings base by commission from these sales, as well as striving 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 one of the most effective channels for developing this market.

We have a network of more than 300 banks and financial institutions, one of the largest bancassurance networks of any life insurer in Japan.

Our key bancassurance product, single-premium whole life insurance, continues to attract strong demands as measures for inheritance. We also launched level-premium fixed individual annuities in January 2014, and level-premium whole life insurance, whose cash value increases after a certain period of time from the date of contract, in July 2014.

Japan Post Group

Started privatization in 2007, the Japan Post Group is an attractive sales channel with the country’s largest network of over 20,000 branches (the number of branches offering insurance products as of the end of May 2015), and the Company has developed close relationships with them.

We are promoting proper compliance and insurance sales by implementing finely-tuned support and training through our nationwide wholesalers responsible for Japan Post, and answering inquiries from Japan Post’s group companies at our dedicated support desks.

In July 2014, we have renewed substandard medical insurance we sell through the Japan Post Group, in an effort to further cater to customers.

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 after comparing various products. Insurance outlets, which 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 a 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.

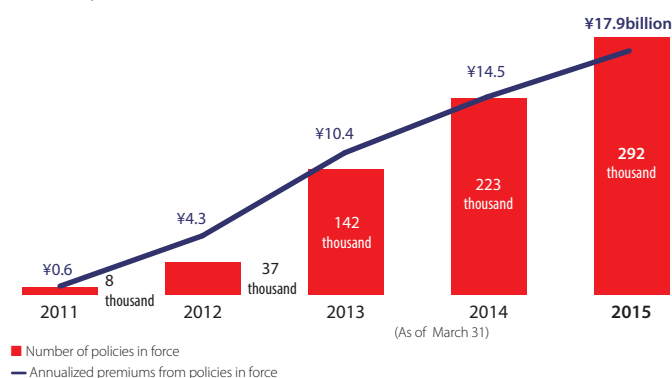
Medicare Life introduced single-premium cancer whole life insurance with both savings and protection features in February 2011 and level-premium medical insurance in April 2012. In addition, it launched substandard whole life medical insurance, which can be sold to customers who do not qualify for standard products in October 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.

In fiscal 2014, the fifth year since launch, its annualized premiums from policies in force increased 24.0% year on year to ¥17.9 billion, as a result of the efforts to develop multiple sales channels such as expansion of the product lineup and starting the acceptance of online applications. In addition, the number of policies in force exceeded the 300,000 mark in May 2015, showing that it is on a favorable growth track.

In May 2015, Medicare Life introduced a full-scale first-sector product by starting sales of income protection insurance with competitive pricing.

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

We have expanded overseas operations in Asia through efforts including capital investments in and the dispatching of our employees and officers to leading local 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 over 2,000 business offices across the country with premium income of \1.6 trillion (\$12.9 billion) for fiscal 2014, placing the company in the fifth position among 71 life insurance companies in China, while ranking second in the same league in terms of premium income from new policies.

In terms of profits, PICC Life has posted an annual profit for the six consecutive years since 2009 (fourth year following establishment) and in fiscal 2011, accumulated losses were eliminated. In addition, dividend payment was made for two consecutive years since 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 2014, we acquired 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.

We are dispatching our employees and officers, including directors to BNI Life to actively participate in its management. This year we are striving to establish the Indonesian market through actions including the introduction of jointly-developed products for bancassurance.

Representative Offices

We have established overseas representative offices in New York, London, Beijing and Hanoi, which we utilize as platforms for our research and information gathering concerning further overseas expansion and broad range of business development in insurance and other financial fields.

Corporate Governance

Governance

As a mutual insurance company, each holder of our 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.

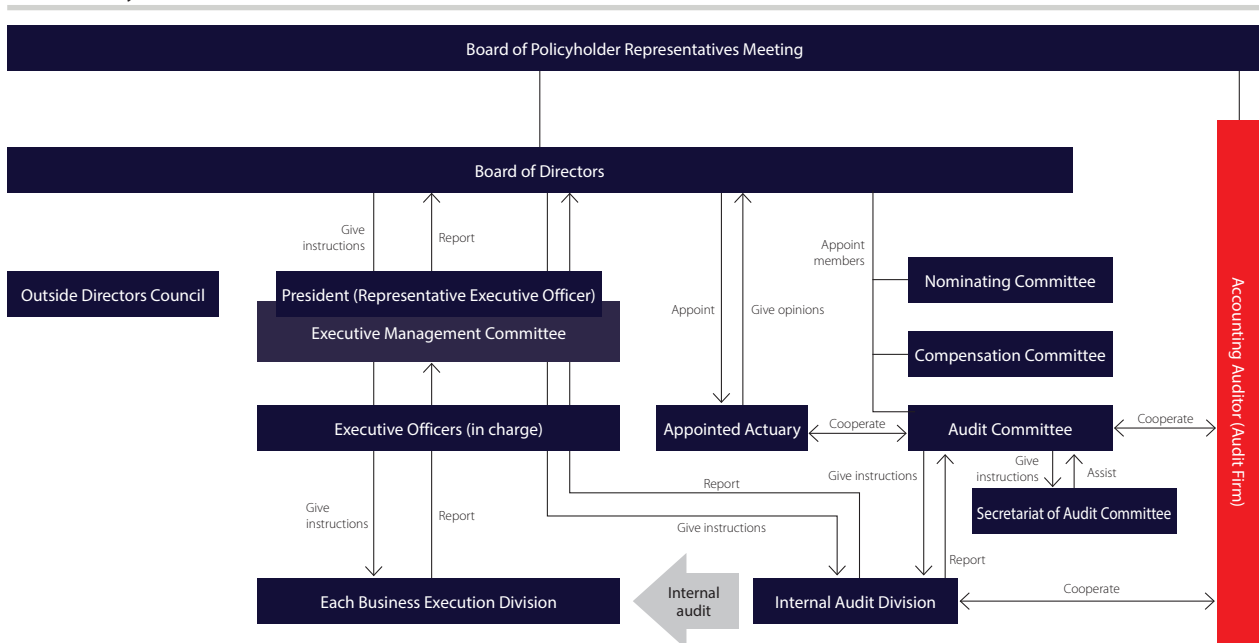
As for the design of bodies involved in management including the Board of Directors, the Company transitioned to Company with Committees in July 2015, with a view to further strengthening its corporate governance framework.

As Company with Committees, the Company has established three committees namely Nominating Committee, Audit Committee and Compensation Committee, each with majority of members represented by Outside Directors.

Important management matters such as nomination of candidates for Directors, compensation for Directors and Executive Officers and matters relating to audit has been decided by the respective Committee, which is expected to lead to further enhancement of management transparency and objectivity of decision-making.

Furthermore, the Company, by this transition, shall strive to further speed up the pace of management through delegating business execution decisions to Executive Officers, for the purpose of prompt and

Governance System



resolute decision-making, to ensure continuous corporate growth and enhancement of corporate value over the medium to long term.

In parallel with the transition to Company with Committees, Outside Directors Council has been established comprising all Outside Directors.

The Council shall be established to facilitate exchange of opinions, as well as to achieve consensus between Outside Directors and top management, regarding important management matters such as those concerning medium to long term management strategies and corporate governance.

Policyholder Dialogues are held annually and, in fiscal 2014, 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.

Our Measures for the Corporate Governance Code

The Company prepares and discloses on a voluntary basis the report in accordance with “Corporate Governance Report” as prescribed by the Tokyo Stock Exchange, from the viewpoint of enhancing information disclosure.

In addition, Corporate Governance Code is not directly applicable to the Company since it is not a listed company. However, based on the recognition that corporate governance is a common issue regardless of corporate structures, the Company responds to this issue on a voluntary basis. The Company also responds on a voluntary basis to “Reasons for not implementing each principle in the Corporate Governance Code” and “Disclosure based on each principle in the Corporate Governance Code” in this report.

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 utilize the Compliance Manual and Insurance Solicitation Compliance Manual that cover matters such as the basic approach to compliance and particularly important matters 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 chairman 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.

Risk Management

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

In anticipation of the future introduction, 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 to be introduced in Europe from January 2016 and we are further upgrading our system as an effective tool that contributes to management's strategic decision making in the future.

The Company's Basic Policies for "Japan's Stewardship Code"

The Company invests in the corporate stocks that are believed to present with medium- to long-term increase in equity values, and strives to get involved with investee companies as a shareholder through active dialogue in terms of various viewpoints, including sustainable profit growth, profit distribution to shareholders, and corporate governance, in order to promote the enhancement of medium- to long-term increase in equity values. Accordingly, for the exercise of its voting rights, the Company makes decisions based on such dialogues from medium- to long-term viewpoints.

Meanwhile, we announced the acceptance of "the Principles for Responsible Institutional Investors (Japan's Stewardship Code)," as we agree to its underlying objective to promote sustainable growth as well as enhancement of corporate value of investees through dialogues.

The Principles for Responsible Institutional Investors (Japan's Stewardship Code)

1. Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
3. Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.
4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.
5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.
6. Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
7. To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.

Corporate Information

(As of July 2, 2015)

Directors



Directors

1. Chairman of the Board
Yoshio Sato *
2. Director
Masahiro Hashimoto *
3. Director
Hiroshi Yamaguchi
4. Director
Yukio Noro *
5. Director
Masaya Honjo *
6. Outside Director
Attorney at law, Partner, Ihara & Motobayashi
Tohru Motobayashi
7. Outside Director
Adviser of The Japanese Institute of Certified Public Accountants
as former President
Tsuguoki Fujinuma
8. Outside Director
Professor, Graduate School of Peace Studies, Keisen University
Masami Ohinata
9. Outside Director
Vice Chairman, Institution for Transport Policy Studies,
and President, Institute for Transport Policy Studies
Takehiko Sugiyama
10. Outside Director
Chief Corporate Adviser, NTT DATA Corporation
Toru Yamashita
11. Outside Director
Managing Partner, Yabuki Law Offices
Kimitoshi Yabuki

* Executive Officer

Executive Officers, as defined in the Companies Act

Representative Executive Officer
Yoshio Sato *

President & Chief Executive Officer
(Representative Executive Officer)
Masahiro Hashimoto *

Senior Managing Executive Officers
(Representative Executive Officers)
Yukio Noro *
Masaya Honjo *

Senior Managing Executive Officer
Hidenori Shinohara

Managing Executive Officers
Masato Inui
Ryo Oshita
Hiroshi Fujii
Masayuki Aoto
Hisato Kogawa
Toshimatsu Araki
Masahito Fujito
Shinzo Kono
Hideharu Matsumoto

* Director

Executive Officers, as defined in our internal regulations

Senior Executive Officers
Nobuyuki Yagi
Hideyuki Sumi
Katsunobu Fujiyama
Kenichi Nagataki

Executive Officers
Toshiki Nakamura
Hidetoshi Sasaki
Masashi Sakai
Kazunori Suguru
Hiroshi Yonebayashi
Hiroaki Morikawa
Noboru Aoyama
Hirokazu Kitagoshi
Katsunori Hirai
Keiko Matsumoto

The designation of committee members and the Chairman of each committee are as follows:

Nominating Committee

Toru Yamashita (Chairman)
Tohru Motobayashi
Masami Ohinata
Kimitoshi Yabuki
Yoshio Sato
Masahiro Hashimoto

Compensation Committee

Tsuguoki Fujinuma (Chairman)
Takehiko Sugiyama
Toru Yamashita
Kimitoshi Yabuki
Yoshio Sato
Masahiro Hashimoto

Audit Committee

Tohru Motobayashi (Chairman)
Tsuguoki Fujinuma
Masami Ohinata
Takehiko Sugiyama
Hiroshi Yamaguchi

Directory

SUMITOMO LIFE INSURANCE COMPANY

Head Office

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Tokyo Head Office

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 Tel: +81 (3) 5550-1100

* If you have any inquiries, please contact:

Capital Planning Section
 Corporate Planning Department
 7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
 Tel: +81 (3) 5550-5818 Fax: +81 (3) 5550-1161

Representative Offices

New York Representative Office

565 Fifth Avenue, 5F,
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 Tel: +1 (212) 521-8340 Fax: +1 (212) 750-7930

London Representative Office

1st Floor, Dashwood House, 69 Old Broad Street,
 London EC2M 1QS, U.K.
 Tel: +44 (20) 7256-7630 Fax: +44 (20) 7374-2953

Beijing Representative Office

719, 7/F Beijing Fortune Building, No.5 Dong San Huan Bei Lu,
 Chao Yang District, Beijing 100004, China
 Tel: +86 (10) 6561-6120 Fax: +86 (10) 6561-6142

Hanoi Representative Office

Unit405, 83B Ly Thuong Kiet Street,
 Hoan Kiem District, Hanoi, VIETNAM
 Tel: +84 (43) 946-0444 Fax: +84 (43) 946-0445

Creation of Affluent Society

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,” “contribution to regional and international society,” and “global environmental conservation,” considering the affinity of these activities with the life insurance business.

Child Raising

Child raising project to empower the future

Sumitomo Life sponsors “Awards in Support of Child Raising” and “Sumisei Woman Researcher Encouragement Prizes” backed up by the Ministry of Education, Culture, Sports, Science and Technology, and the Ministry of Health, Labour and Welfare. We grant the Awards in Support of Child Raising to and thereby assist distinguished activities that support child raising across the country, while introducing them as role models in an effort to spread the good practice to other areas.

The “Sumisei Woman Researcher Encouragement Prize” is a grant program intended to support both studies and child raising by woman researchers.

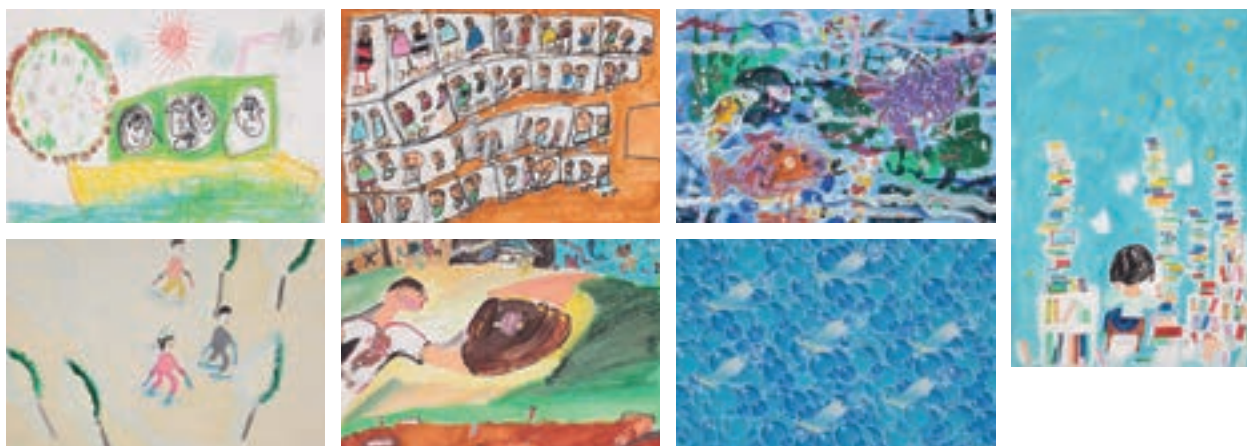
Sumisei After School Project

Meanwhile, we are committed to “Sumisei After School Project,” another activity in support of child raising aimed at improving the child-raising environments in all regions of Japan. Under this project, programs including onsite schooling are offered to after school child care centers across the country, with a view to enhancing the non-hardware aspects of after school child care.



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 39 contests. Over 10.58 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.



Support the Next Generation

YOUNG JAPAN ACTION Mao Asada×Sumitomo Life

“YOUNG JAPAN ACTION Mao Asada×Sumitomo Life” is a new form of project in which the figure skater Mao Asada, and Sumitomo Life collaborate in supporting social contribution activities by the youth. Ms. Asada, as the leader of this project, chooses ideas for “social engagement activities” submitted by young people across Japan, to which funds are provided, and most importantly Ms. Asada and young employees of Sumitomo Life also engage in such activities working together with the local youth. By reporting the activities through TV and radio shows, events, websites, and SNS, and by being introduced on various media, we deliver the power of the young while enlightening people on current social issues in Japan.

Nursing Care and Medical Care

Since 2009, the Company has been engaged in training “dementia supporters” launched under the initiative of the Ministry of Health, Labour and Welfare. 9,820 supporters (as of March 31, 2015) have been trained so far through the training seminars we provided according to the predetermined curriculum, and this is the top tier performance among financial institutions.

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.

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
	2014	2015	2015
KEY FINANCIAL RESULTS			
Premium income	¥2,500.0	¥2,575.4	\$21.4
Core business profit	398.2	410.8	3.4
Adjusted core business profit* ¹	355.4	365.3	3.0
BUSINESS PERFORMANCE (Individual Life Insurance and Annuities)			
Annualized premium of policies in force	¥2,182.4	¥2,164.2	\$18.0
Annualized premium of new business	126.7	136.2	1.1
Annualized premium of surrendered and lapsed policies	105.7	87.8	0.7
EUROPEAN EMBEDDED VALUE (EEV*²)			
EEV	¥3,146.6	¥3,651.7	\$30.3
Value of new business	166.4	154.0	1.2
FINANCIAL STRENGTH			
Accumulated retained surplus* ³	¥1,206.3	¥1,287.9	\$10.7
Solvency margin ratio	888.2%	944.2%	—

* 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 = ¥120.17, the rate prevailing on March 31, 2015.

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

Financial Section

CONTENTS

37	Consolidated Financial Statements
37	Consolidated Balance Sheets
39	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
41	Consolidated Statements of Changes in Net Assets
43	Consolidated Statements of Cash Flows
45	Notes to the Consolidated Financial Statements
70	Independent Auditor's Report
71	Non-Consolidated Financial Statements
71	Non-Consolidated Balance Sheets
73	Non-Consolidated Statements of Income
75	Non-Consolidated Statements of Changes in Net Assets
78	Non-Consolidated Proposed Appropriation of Surplus
79	Notes to the Non-Consolidated Financial Statements
102	Independent Auditor's Report
103	Breakdown of Ordinary Profit (Core Business Profit)
104	Fair Value Information of Securities (Company Total)
112	Assets
133	Liabilities
140	Net Assets
141	Insurance-related Income
145	Investment-related Income
148	Others
150	Policy Amount-related Statistics
157	Indicators Related to Separate Accounts
163	Business Indicators
166	Status of Consolidated Financial Results (Supplemental)

Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥120.17, the rate prevailing on March 31, 2015.
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
	2014	2015	2015
ASSETS:			
Cash and deposits (Notes 3 and 4)	¥ 119,211	¥ 334,565	\$ 2,784
Call loans (Note 4)	471,100	365,000	3,037
Monetary claims bought (Note 4)	289,088	243,446	2,025
Securities (Notes 4, 6, 13 and 14)	22,120,098	23,282,398	193,745
Loans (Notes 4, 15 and 16)	2,465,539	2,322,696	19,328
Tangible fixed assets (Notes 5, 7 and 18)			
Land	430,092	410,102	3,412
Buildings	270,068	251,662	2,094
Lease assets	4,233	3,157	26
Construction in progress	1,626	198	1
Other tangible fixed assets	5,044	4,685	38
Subtotal	711,065	669,806	5,573
Intangible fixed assets			
Software	18,486	18,200	151
Lease assets	31	62	0
Other intangible fixed assets	5,603	6,949	57
Subtotal	24,122	25,211	209
Due from agents	3	1	0
Reinsurance receivables	255	184	1
Other assets	261,420	237,958	1,980
Net defined benefit assets (Note 10)	234	9,800	81
Deferred tax assets (Note 19)	130,644	1,391	11
Allowance for possible loan losses	(2,189)	(1,757)	(14)
Total assets	¥26,590,594	¥27,490,704	\$228,765

As of March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 108,068	¥ 132,122	\$ 1,099
Policy reserves	23,318,460	23,661,038	196,896
Policyholders' dividend reserves (Note 9)	278,259	266,361	2,216
Subtotal	23,704,788	24,059,522	200,212
Reinsurance payables	120	113	0
Corporate bonds (Notes 4 and 20)	99,480	149,480	1,243
Other liabilities			
Payables under securities borrowing transactions (Note 4)	556,184	550,433	4,580
Other	593,495	475,024	3,952
Subtotal	1,149,679	1,025,457	8,533
Net defined benefit liabilities (Note 10)	36,090	35,310	293
Accrued retirement benefits for directors	13	12	0
Reserve for price fluctuation	231,492	252,308	2,099
Deferred tax liabilities (Note 19)	861	48,860	406
Deferred tax liabilities for land revaluation	22,164	19,343	160
Total liabilities	25,244,690	25,590,408	212,951
NET ASSETS:			
Foundation funds (Note 12)	270,000	270,000	2,246
Reserve for redemption of foundation funds (Note 12)	369,000	369,000	3,070
Reserve for revaluation	2	2	0
Surplus	366,640	402,827	3,352
Total funds, reserve and surplus	1,005,643	1,041,829	8,669
Net unrealized gains on available-for-sale securities	422,951	896,074	7,456
Land revaluation differences	(74,963)	(61,310)	(510)
Foreign currency translation adjustments	2,497	9,891	82
Remeasurements of defined benefit plans	(14,042)	13,750	114
Total accumulated other comprehensive income	336,442	858,406	7,143
Minority interests	3,816	60	0
Total net assets	1,345,903	1,900,296	15,813
Total liabilities and net assets	¥26,590,594	¥27,490,704	\$228,765

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 U.S. dollars
	2014	2015	2015
ORDINARY INCOME:			
Insurance premiums and other	¥ 2,522,529	¥ 2,596,923	\$ 21,610
Investment income (Note 23)			
Interest, dividends and other income	543,900	552,709	4,599
Gains on trading securities	0	—	—
Gains on sales of securities	40,408	49,605	412
Gains on redemption of securities	—	8,123	67
Foreign exchange gains	1,780	1,616	13
Reversal of allowance for possible loan losses	1,089	311	2
Other investment income	1,941	731	6
Investment gains on separate accounts	232,159	266,250	2,215
Subtotal	821,279	879,349	7,317
Other ordinary income	119,547	106,400	885
Total ordinary income	3,463,356	3,582,673	29,813
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	547,299	522,203	4,345
Annuity payments	465,550	639,464	5,321
Benefits payments	409,471	355,388	2,957
Surrender benefits	727,257	707,802	5,890
Other refunds	65,708	80,594	670
Subtotal	2,215,287	2,305,452	19,184
Provision for policy reserves and other reserves			
Provision for reserves for outstanding claims	5,285	24,054	200
Provision for policy reserves	313,143	342,577	2,850
Provision for interest on policyholders' dividend reserves (Note 9)	429	412	3
Subtotal	318,858	367,043	3,054
Investment expenses (Note 23)			
Interest expenses	9,641	7,337	61
Losses on trading securities	—	24	0
Losses on sales of securities	9,371	5,042	41
Losses on valuation of securities	130	4,158	34
Losses on derivative financial instruments	144,999	161,005	1,339
Depreciation of real estate for investments	14,071	11,004	91
Other investment expenses	16,013	14,027	116
Subtotal	194,229	202,599	1,685
Operating expenses (Note 17)	346,589	337,217	2,806
Other ordinary expenses	150,878	153,181	1,274
Total ordinary expenses	3,225,842	3,365,495	28,006
Ordinary profit	¥ 237,513	¥ 217,178	\$ 1,807

Comprehensive Income

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Extraordinary gains			
Gains on disposals of fixed assets	¥ 9,296	¥ 5,057	\$ 42
Subtotal	9,296	5,057	42
Extraordinary losses			
Losses on disposals of fixed assets	9,565	4,733	39
Impairment losses (Note 18)	50,690	13,581	113
Provision for reserve for price fluctuation	24,918	20,816	173
Losses on reduction of noncurrent assets	16	—	—
Payments to social responsibility reserve	621	701	5
Subtotal	85,812	39,833	331
Surplus before income taxes and minority interests	160,996	182,402	1,517
Income taxes (Note 19)			
Current	66,273	61,416	511
Deferred	(27,582)	(4,238)	(35)
Total income taxes	38,691	57,177	475
Surplus before minority interests	122,305	125,225	1,042
Minority interests	(402)	(122)	(1)
Net surplus	¥122,708	¥125,347	\$1,043

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Surplus before minority interests	¥122,305	¥125,225	\$1,042
Other comprehensive income (Note 22)	77,446	509,637	4,240
Net unrealized gains on available-for-sale securities	74,648	471,278	3,921
Land revaluation differences	(16)	1,296	10
Foreign currency translation adjustments	179	153	1
Remeasurements of defined benefit plans	—	27,792	231
Share of other comprehensive income (loss) of associates accounted for under the equity method	2,635	9,116	75
Comprehensive income	¥199,752	¥634,862	\$5,283
Comprehensive income attributable to the Parent Company	200,150	634,954	5,283
Comprehensive income (loss) attributable to minority interests	(398)	(92)	(0)

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2014												Millions of Yen	
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						Minority interests	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	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)			
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	

Year ended March 31, 2015												Millions of Yen	
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						Minority interests	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	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)			
Beginning 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	
Cumulative effect of changes in accounting policies				(13,213)	(13,213)							(13,213)	
Beginning balance after reflecting the accounting policy changes	270,000	369,000	2	353,427	992,429	422,951	(74,963)	2,497	(14,042)	336,442	3,816	1,332,689	
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(60,141)	(60,141)							(60,141)	
Payment of interest on foundation funds				(3,449)	(3,449)							(3,449)	
Net surplus				125,347	125,347							125,347	
Reversal of land revaluation differences				(12,356)	(12,356)							(12,356)	
Net changes, excluding funds, reserve and surplus						473,123	13,653	7,394	27,792	521,963	(3,756)	518,207	
Net changes in the fiscal year	—	—	—	49,399	49,399	473,123	13,653	7,394	27,792	521,963	(3,756)	567,606	
Ending balance	270,000	369,000	2	402,827	1,041,829	896,074	(61,310)	9,891	13,750	858,406	60	1,900,296	

Year ended March 31, 2015

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	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	2,246	3,070	0	3,051	8,368	3,519	(623)	20	(116)	2,799	31	11,199
Cumulative effect of changes in accounting policies				(109)	(109)							(109)
Beginning balance after reflecting the accounting policy changes	2,246	3,070	0	2,941	8,258	3,519	(623)	20	(116)	2,799	31	11,090
Changes in the fiscal year												
Additions to policyholders' dividend reserves (Note 9)				(500)	(500)							(500)
Payment of interest on foundation funds				(28)	(28)							(28)
Net surplus				1,043	1,043							1,043
Reversal of land revaluation differences				(102)	(102)							(102)
Net changes, excluding funds, reserve and surplus						3,937	113	61	231	4,343	(31)	4,312
Net changes in the fiscal year	—	—	—	411	411	3,937	113	61	231	4,343	(31)	4,723
Ending balance	2,246	3,070	0	3,352	8,669	7,456	(510)	82	114	7,143	0	15,813

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
I Cash flows from operating activities			
Surplus before income taxes and minority interests	¥ 160,996	¥ 182,402	\$ 1,517
Depreciation of real estate for investments	14,071	11,004	91
Depreciation	14,435	14,675	122
Impairment losses	50,690	13,581	113
Amortization of goodwill	1,003	1,336	11
Increase (Decrease) in reserve for outstanding claims	5,285	24,054	200
Increase (Decrease) in policy reserves	313,143	342,577	2,850
Provision for interest on policyholders' dividend reserves	429	412	3
Increase (Decrease) in allowance for possible loan losses	(1,134)	(432)	(3)
Increase (Decrease) in net defined benefit liabilities	(7,892)	19,703	163
Increase (Decrease) in reserve for price fluctuation	24,918	20,816	173
Interest, dividends, and other income	(543,900)	(552,709)	(4,599)
Losses (Gains) on securities	(148,809)	(202,236)	(1,682)
Interest expenses	9,641	7,337	61
Foreign exchange losses (gains)	(252)	(1,877)	(15)
Losses (Gains) on tangible fixed assets	1,210	(522)	(4)
Investment losses (gains) on equity method	(794)	360	2
Decrease (Increase) in due from agents	0	1	0
Decrease (Increase) in reinsurance receivables	(59)	71	0
Decrease (Increase) in other assets (excluding those related to investing and financial activities)	27,981	18,793	156
Increase (Decrease) in reinsurance payables	5	(6)	(0)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(12,933)	24,608	204
Others, net	31,977	40,889	340
Subtotal	(59,988)	(35,159)	(292)
Interest, dividends, and other income received	679,120	694,193	5,776
Interest paid	(10,338)	(7,542)	(62)
Policyholders' dividends paid	(72,022)	(72,451)	(602)
Others, net	(621)	(701)	(5)
Income taxes paid	(88,619)	(66,141)	(550)
Net cash provided by operating activities	¥ 447,530	¥ 512,196	\$ 4,262

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ 91,132	¥ (200,396)	\$ (1,667)
Purchase of monetary claims bought	(253,276)	(338,050)	(2,813)
Proceeds from sales and redemption of monetary claims bought	271,870	383,976	3,195
Purchase of securities	(3,336,603)	(3,830,982)	(31,879)
Proceeds from sales and redemption of securities	3,344,254	3,587,447	29,853
Loans made	(147,992)	(195,793)	(1,629)
Proceeds from collection of loans	336,136	327,214	2,722
Others, net	(804,380)	(154,426)	(1,285)
Total investment activities (IIa)	(498,858)	(421,010)	(3,503)
[I+IIa]	[(51,327)]	[91,185]	[758]
Purchase of tangible fixed assets	(10,515)	(10,451)	(86)
Proceeds from sales of tangible fixed assets	47,996	19,692	163
Others, net	(2,691)	(8,018)	(66)
Net cash used in investing activities	(464,068)	(419,789)	(3,493)
III Cash flows from financing activities			
Proceeds from issuance of debt	1	—	—
Repayments of debt	(100,001)	(122,500)	(1,019)
Proceeds from issuance of corporate bonds	99,480	50,000	416
Payment of interest on foundation funds	(3,574)	(3,449)	(28)
Others, net	(2,285)	(1,636)	(13)
Net cash used in financing activities	(6,380)	(77,586)	(645)
IV Effect of foreign exchange rate changes on cash and cash equivalents	15	12	0
V Net increase (decrease) in cash and cash equivalents	(22,902)	14,833	123
VI Cash and cash equivalents at the beginning of the year	60,792	37,890	315
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 37,890	¥ 52,724	\$ 438

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, 2015, which was ¥120.17 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 12 and 12 as of March 31, 2014 and 2015, respectively.

The subsidiaries as of March 31, 2015 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.)

ii) Affiliates

The numbers of affiliates accounted for by the equity method were 9 and 10 as of March 31, 2014 and 2015, respectively.

The major affiliates as of March 31, 2015 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)
- PT BNI Life Insurance (Indonesia)

PT BNI Life Insurance has been included as an affiliate from the fiscal year ended March 31, 2015, 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.

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 ¥20,556 million and nil as of March 31, 2014 and 2015, respectively.

(7) Software

Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2014 and 2015) 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, 2014 and 2015 amounted to ¥217 million and ¥318 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 Retirement Benefits” (ASBJ Statement No. 26, hereinafter “the Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, hereinafter “the Guidance”), 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, were applied at the end of the fiscal year ended March 31, 2014, except for provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. 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 and net defined benefit liabilities of ¥36,090 million were recognized as of March 31, 2014. In addition, deferred tax assets increased by ¥6,222 million, and total accumulated other comprehensive income decreased by ¥14,042 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.

The Standard and the Guidance were applied at the beginning of the year ended March 31, 2015, subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. Accordingly, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis.

With respect to the application of the revised accounting standards, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the effect of changes to the method of calculation of retirement benefit obligations and service costs has been included in surplus as of the beginning of the year. As a result, surplus at the beginning of the year decreased by ¥13,213 million (U.S. \$109 million). In addition, ordinary profit and surplus before income taxes and minority interests decreased by ¥1,975 million (U.S. \$16 million) for the fiscal year ended March 31, 2015.

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, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Cash and deposits	¥119,211	¥334,565	\$2,784
Deposits bearing interest	(81,321)	(281,841)	(2,345)
Cash and cash equivalents	¥ 37,890	¥ 52,724	\$ 438

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, 2014 and 2015 together with their differences.

As of March 31	Millions of yen						Millions of U.S. dollars		
	2014			2015			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 119,211	¥ 119,211	¥ —	¥ 334,565	¥ 334,565	¥ —	\$ 2,784	\$ 2,784	\$ —
[Available-for-sale securities] ^{*1}	[37,997]	[37,997]	—	[99,983]	[99,983]	—	[832]	[832]	—
Call loans	471,100	471,100	—	365,000	365,000	—	3,037	3,037	—
Monetary claims bought	289,088	291,095	2,006	243,446	245,621	2,175	2,025	2,043	18
[Available-for-sale securities] ^{*1}	[246,599]	[246,599]	—	[202,579]	[202,579]	—	[1,685]	[1,685]	—
Securities ^{*2}	21,584,531	22,773,748	1,189,217	22,699,289	24,515,324	1,816,035	188,893	204,005	15,112
Trading securities	2,526,847	2,526,847	—	2,212,537	2,212,537	—	18,411	18,411	—
Held-to-maturity debt securities	1,901,297	2,098,485	197,187	2,111,160	2,441,258	330,097	17,568	20,315	2,746
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	11,209,377	12,711,116	1,501,738	93,279	105,776	12,496
Investments in unconsolidated subsidiaries and affiliated companies	34,350	26,949	(7,401)	39,173	23,372	(15,801)	325	194	(131)
Available-for-sale securities	6,105,027	6,105,027	—	7,127,040	7,127,040	—	59,307	59,307	—
Loans	2,465,539			2,322,696			19,328		
Allowance for possible loan losses ^{*3}	(1,610)			(1,155)			(9)		
	2,463,928	2,539,338	75,410	2,321,541	2,390,859	69,318	19,318	19,895	576
Corporate bonds	99,480	108,296	8,816	149,480	157,116	7,636	1,243	1,307	63
Payables under securities borrowing transactions	556,184	556,184	—	550,433	550,433	—	4,580	4,580	—
Loans payable	122,500	124,865	2,365	—	—	—	—	—	—
Derivative transactions ^{*4}	(262,462)	(262,462)	—	(197,665)	(197,665)	—	(1,644)	(1,644)	—
Hedge accounting not applied	(13,275)	(13,275)	—	(39,867)	(39,867)	—	(331)	(331)	—
Hedge accounting applied	(249,187)	(249,187)	—	(157,797)	(157,797)	—	(1,313)	(1,313)	—

*1 Available-for-sale securities are shown in [].

*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 ¥535,567 million and ¥583,108 million (U.S. \$4,852 million) as of March 31, 2014 and 2015, 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 ().

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) Loans payable

As for the fair value of loans payable, 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, 2014 and 2015.

1) Held-to-maturity debt securities

As of March 31	Millions of yen						Millions of U.S. dollars		
	2014			2015			2015		
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	¥ 576,140	¥ 600,266	¥ 24,125	¥ 541,219	¥ 574,627	¥ 33,408	\$ 4,503	\$ 4,781	\$ 278
Foreign securities (bonds)	1,314,572	1,487,837	173,265	1,546,429	1,843,260	296,831	12,868	15,338	2,470
Fair value does not exceed the balance sheet amount									
Bonds	10,584	10,380	(203)	21,511	21,379	(132)	179	177	(1)
Foreign securities (bonds)	—	—	—	2,000	1,990	(9)	16	16	(0)
Total	1,901,297	2,098,485	197,187	2,111,160	2,441,258	330,097	17,568	20,315	2,746

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2014			2015			2015		
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	¥10,572,822	¥11,570,465	¥997,643	¥11,070,522	¥12,568,398	¥1,497,875	\$92,123	\$104,588	\$12,464
Foreign securities (bonds)	92,347	96,975	4,627	94,877	99,086	4,209	789	824	35
Fair value does not exceed the balance sheet amount									
Bonds	346,838	344,052	(2,785)	27,474	27,163	(310)	228	226	(2)
Foreign securities (bonds)	5,000	4,946	(54)	16,503	16,467	(35)	137	137	(0)
Total	11,017,008	12,016,439	999,431	11,209,377	12,711,116	1,501,738	93,279	105,776	12,496

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, 2014 and 2015.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of U.S. dollars		
	2014			2015			2015		
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	190,138	202,117	11,978	170,343	182,587	12,244	1,417	1,519	101
Bonds	954,210	979,601	25,391	1,144,064	1,196,214	52,150	9,520	9,954	433
Stocks	576,453	955,612	379,159	725,720	1,501,034	775,314	6,039	12,490	6,451
Foreign securities	3,353,180	3,567,687	214,507	3,726,236	4,123,233	396,996	31,008	34,311	3,303
Foreign bonds	3,352,490	3,566,923	214,432	3,725,586	4,122,547	396,960	31,002	34,305	3,303
Other foreign securities	689	764	75	649	686	36	5	5	0
Other securities	18,833	26,895	8,062	24,609	34,692	10,082	204	288	83
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	38,000	37,997	(2)	100,000	99,983	(16)	832	832	(0)
Monetary claims bought	44,496	44,481	(14)	19,994	19,992	(2)	166	166	(0)
Bonds	186,839	186,663	(176)	27,860	27,673	(186)	231	230	(1)
Stocks	196,684	166,978	(29,705)	47,887	42,019	(5,868)	398	349	(48)
Foreign securities	223,059	216,396	(6,663)	202,713	202,172	(541)	1,686	1,682	(4)
Foreign bonds	217,822	212,412	(5,409)	201,487	201,101	(386)	1,676	1,673	(3)
Other foreign securities	5,237	3,983	(1,253)	1,226	1,070	(155)	10	8	(1)
Other securities	5,802	5,192	(610)	—	—	—	—	—	—
Total	5,787,698	6,389,624	601,926	6,189,431	7,429,603	1,240,172	51,505	61,825	10,320

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, 2014

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥118,903	¥ 52	—	—
Call loans	471,100	—	—	—
Monetary claims bought	44,225	1,923	921	230,282
Securities	849,771	2,939,410	2,898,254	10,840,109
Held-to-maturity debt securities	160,329	190,014	233,389	1,298,550
Policy-reserve-matching bonds	282,173	1,173,919	535,885	8,971,430
Available-for-sale securities	407,268	1,575,476	2,128,979	570,129
Loans	283,337	1,111,173	551,610	80,903
Corporate bonds	—	—	—	99,480
Payables under securities borrowing transactions	556,184	—	—	—
Loans payable	20,000	—	—	—

As of March 31, 2015

	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	¥334,300	¥ 60	—	—	\$2,781	\$ 0	\$ —	\$ —
Call loans	365,000	—	—	—	3,037	—	—	—
Monetary claims bought	22,095	2,625	742	205,864	183	21	6	1,713
Securities	466,413	3,031,560	3,242,190	11,601,789	3,881	25,227	26,980	96,544
Held-to-maturity debt securities	48,489	195,805	397,024	1,450,736	403	1,629	3,303	12,072
Policy-reserve-matching bonds	246,847	952,787	629,692	9,314,906	2,054	7,928	5,240	77,514
Available-for-sale securities	171,077	1,882,967	2,215,474	836,146	1,423	15,669	18,436	6,958
Loans	309,783	1,027,645	503,725	84,519	2,577	8,551	4,191	703
Corporate bonds	—	—	—	149,480	—	—	—	1,243
Payables under securities borrowing transactions	550,433	—	—	—	4,580	—	—	—
Loans payable	—	—	—	—	—	—	—	—

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, 2014

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	—	(94)	(94)
Interest rate swaptions				
Bought				
Receipts floating, payments fixed	120,000	120,000	—	—
	[1,254]		500	(753)
Total				(847)

As of March 31, 2015

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	—	—	—	—	—	—	—	—
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	240,000	120,000	—	—	1,997	998	—	—
	[2,241]		427	(1,813)	[18]		3	(15)
Total				(1,813)				(15)

*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, 2014

Hedge accounting model	Type	Main hedged items	Millions of Yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Interest rate swap					
Exceptional method	Receipts fixed, payments floating	Loans	¥54,726	¥48,721	¥1,834
	Receipts floating, payments fixed		—	—	—
Total					1,834

As of March 31, 2015

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
Interest rate swap								
Exceptional method	Receipts fixed, payments floating	Loans	¥56,121	¥45,532	¥1,259	\$467	\$378	\$10
	Receipts floating, payments fixed		—	—	—	—	—	—
Total					1,259			10

(ii) Currency-related

1) Hedge accounting not applied

As of March 31, 2014

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	¥469,899	¥50,302	¥(19,717)	¥(19,717)
(Australian dollar)	205,745	—	(17,572)	(17,572)
(U.S. dollar)	188,256	50,302	(1,853)	(1,853)
(Euro)	73,839	—	(269)	(269)
Bought	7,248	489	49	49
(U.S. dollar)	4,253	489	17	17
(Euro)	2,102	—	22	22
Currency options				
Bought				
Put	22,043	—		
	[3,526]		40	(3,485)
(U.S. dollar)	22,043	—		
	[3,526]		40	(3,485)
Total				(23,153)

As of March 31, 2015

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)
Foreign currency forward contracts								
Sold	¥529,108	¥91,785	¥(27,047)	¥(27,047)	\$4,402	\$763	\$(225)	\$(225)
(Australian dollar)	248,901	—	4,199	4,199	2,071	—	34	34
(U.S. dollar)	195,284	39,205	(32,212)	(32,212)	1,625	326	(268)	(268)
(Euro)	82,651	52,580	915	915	687	437	7	7
Bought	167,843	—	(274)	(274)	1,396	—	(2)	(2)
(U.S. dollar)	167,168	—	(267)	(267)	1,391	—	(2)	(2)
(Euro)	430	—	(5)	(5)	3	—	(0)	(0)
Currency options								
Bought								
Put	—	—			—	—		
	[—]				[—]			
(U.S. dollar)	—	—			—	—		
	[—]				[—]			
Total				(27,321)				(227)

*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, 2014

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	¥2,731,567	¥863,992	¥(249,187)
	(U.S. dollar)		792,016	341,757	(32,510)
	(Australian dollar)		667,744	383,402	(107,162)
	(Euro)		1,191,205	138,831	(99,877)
Allocation method	Sold	Foreign-currency-denominated assets	126,581	108,961	(30,331)
	(Australian dollar)		94,347	94,347	(26,543)
	(U.S. dollar)		32,233	14,613	(3,788)
Allocation method	currency swaps	Loans	—	—	—
	(U.S. dollar)		—	—	—
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	6,815
			(U.S. dollar)	99,480	99,480
Total					(272,703)

As of March 31, 2015

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	¥3,089,178	¥933,569	¥(157,797)	\$25,706	\$7,768	\$(1,313)
	(U.S. dollar)		1,209,952	503,818	(102,165)	10,068	4,192	(850)
	(Australian dollar)		1,017,864	302,024	(88,091)	8,470	2,513	(733)
	(Euro)		801,998	127,726	35,704	6,673	1,062	297
Allocation method	Sold	Foreign-currency-denominated assets	101,308	101,308	(35,195)	843	843	(292)
	(Australian dollar)		86,789	86,789	(30,126)	722	722	(250)
	(U.S. dollar)		14,519	14,519	(5,068)	120	120	(42)
Allocation method	currency swaps	Loans	39,405	39,405	(2,506)	327	327	(20)
			(U.S. dollar)	39,405	39,405	(2,506)	327	327
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	32,941	827	827	274
			(U.S. dollar)	99,480	99,480	32,941	827	827
Total					(162,558)		(1,352)	

(iii) Stock-related

1) Hedge accounting not applied

As of March 31, 2014

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	¥257,919	¥ —	¥3,809	¥3,809
	Bought	3,999	—	(5)	(5)
Stock index forwards					
Over-the-counter transactions	Sold	108,510	—	350	350
Stock index options					
Sold					
Put		5,099 [85]	—	6	78
Bought					
Call		60,000 [1,131]	30,000	712	(419)
Put		24,200 [5,179]	—	42	(5,136)
Total					(1,323)

As of March 31, 2015

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	¥116,589	¥—	¥ (1,441)	¥ (1,441)	\$970	\$—	\$(11)	\$ (11)
	Bought	1,533	—	(5)	(5)	12	—	(0)	(0)
Stock index forwards									
Over-the-counter transactions	Sold	104,122	—	(11,548)	(11,548)	866	—	(96)	(96)
Stock index options									
Sold									
Put		423 [1]	—	0	0	3 [0]	—	0	0
Bought									
Call		— [—]	—	—	—	— [—]	—	—	—
Put		19,503 [529]	—	23	(506)	162 [4]	—	0	(4)
Total					(13,501)	(112)			

*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, 2014 and 2015.

(iv) Bond-related

1) Hedge accounting not applied

As of March 31, 2014

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	¥293,251	¥—	¥1,043	¥1,043
Total					1,043

As of March 31, 2015

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	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Total					—				—

*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, 2014 and 2015.

Note 5

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥499,414 million and ¥466,204 million (U.S. \$3,879 million), and their fair values were ¥475,823 million and ¥455,800 million (U.S. \$3,792 million) as of March 31, 2014 and 2015, 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 ¥1,534 million and ¥1,547 million (U.S. \$12 million) as of March 31, 2014 and 2015, respectively.

Note 6

Securities Lending

Securities loaned under security lending agreements amounted to ¥745,359 million and ¥1,318,689 million (U.S. \$10,973 million) as of March 31, 2014 and 2015, respectively.

Note 7

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥452,904 million and ¥447,423 million (U.S. \$3,723 million) as of March 31, 2014 and 2015, respectively.

Note 8

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥2,732,872 million and ¥2,367,255 million (U.S. \$19,699 million) as of March 31, 2014 and 2015, 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, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
Balance at the beginning of the fiscal year	¥291,521	¥278,259	\$2,315
Transfer from surplus in the previous fiscal year	58,330	60,141	500
Dividend payments to policyholders during the fiscal year	(72,022)	(72,451)	(602)
Interest accrued during the fiscal year	429	412	3
Balance at the end of the fiscal year	¥278,259	¥266,361	\$2,216

Note **10**

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2014 and 2015 were as follows:

	2014	2015
Method of attributing benefits to period of service	Straight-line basis	Benefit formula basis
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years	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 years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
At the beginning of the fiscal year	¥312,865	¥305,570	\$2,542
Cumulative effect of change in accounting policies	—	19,107	158
At the beginning of the fiscal year after reflecting accounting policy changes	312,865	324,677	2,701
Service costs	11,532	14,611	121
Interest cost on projected benefit obligation	6,243	4,770	39
Actuarial losses (gains)	2,056	(211)	(1)
Benefits paid	(27,211)	(22,631)	(188)
Others	83	63	0
At the end of the fiscal year	¥305,570	¥321,280	\$2,673

ii) Changes in the plan assets for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
At the beginning of the fiscal year	¥240,066	¥269,713	\$2,244
Expected return on plan assets	2,773	3,535	29
Actuarial gains	26,377	21,585	179
Contribution by employer	13,456	10,604	88
Benefits paid	(12,985)	(9,697)	(80)
Others	25	29	0
At the end of the fiscal year	¥269,713	¥295,770	\$2,461

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets as of March 31, 2014 and 2015 were determined as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
Present value of funded obligations	¥304,191	¥319,851	\$2,661
Plan assets at fair value	(269,713)	(295,770)	(2,461)
Net present value of funded obligations	34,478	24,080	200
Present value of unfunded obligations	1,378	1,428	11
Net value of on the balance sheet	35,856	25,509	212
Net defined benefit liabilities	36,090	35,310	293
Net defined benefit assets	(234)	(9,800)	(81)
Net value of on the balance sheet	¥ 35,856	¥ 25,509	\$ 212

iv) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
Service costs	¥11,532	¥14,611	\$121
Interest cost on projected benefit obligation	6,243	4,770	39
Expected return on plan assets	(2,773)	(3,535)	(29)
Amortization of net actuarial losses	11,891	17,795	148
Others	83	34	0
Retirement benefit expenses	¥26,976	¥33,676	\$280

v) Major components of other comprehensive income and total accumulated other comprehensive income
Major components of other comprehensive income (before income tax effect adjustments) for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
Actuarial gains (losses)	¥—	¥39,592	\$329
Total	¥—	¥39,592	\$329

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2014	2015	2015
Unrecognized actuarial gains (losses)	¥(20,264)	¥19,328	\$160
Total	¥(20,264)	¥19,328	\$160

vi) The plan assets

The plan assets as of March 31, 2014 and 2015 were comprised as follows:

	% of total fair value of plan assets	
	2014	2015
Equity securities	43%	45%
General account of life insurance companies	41%	39%
Debt securities	9%	9%
Others	7%	7%
Total	100%	100%

The plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts are 43% and 45% of total plan assets as of March 31, 2014 and 2015, respectively.

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 fiscal years ended March 31, 2014 and 2015 were as follows:

	2014	2015
Discount rate	2.0%	1.473%
Expected long-term rates of return on plan assets		
Defined benefit pension plans	1.9%	2.3%
Retirement benefit trust	0.0%	0.0%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥839 million and ¥863 million (U.S. \$7 million) for the fiscal years ended March 31, 2014 and 2015, respectively.

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.

Note 13**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥589,173 million and ¥612,948 million (U.S. \$5,100 million) as of March 31, 2014 and 2015, respectively.

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

Total amounts of investments in unconsolidated subsidiaries and affiliates as of March 31, 2014 and 2015 were ¥45,204 million and ¥90,117 million (U.S. \$749 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 ¥1,400 million and ¥1,066 million (U.S. \$8 million) as of March 31, 2014 and 2015, respectively.

The aggregate amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥1,139 million and ¥1,066 million (U.S. \$8 million) as of March 31, 2014 and 2015, respectively. The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2014 and 2015 were ¥40 million and ¥34 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 ¥0 million and ¥0 million (U.S. \$0 million) as of March 31, 2014 and 2015, 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 ¥260 million and nil as of March 31, 2014 and 2015, 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 ¥8,172 million and ¥13,172 million (U.S. \$109 million) as of March 31, 2014 and 2015, 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 ¥44,036 million and ¥43,507 million (U.S. \$362 million) as of March 31, 2014 and 2015, 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 fiscal years ended March 31, 2014 and 2015, 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
		2014	2015	2015
Real estate for investment	Land and buildings	¥48,963	¥13,084	\$108
Idle assets	Land and buildings	1,699	468	3
Total		¥50,662	¥13,553	\$112

(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
	2014	2015	2015
Deferred tax assets	¥356,232	¥357,309	\$2,973
Valuation allowance for deferred tax assets	21,422	21,804	181
Subtotal	334,810	335,504	2,791
Deferred tax liabilities	205,027	382,973	3,186
Net deferred tax assets/(liabilities)	129,782	(47,469)	(395)

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Deferred tax assets			
Policy reserves and other reserves	¥169,564	¥172,289	\$1,433
Reserve for price fluctuation	71,123	72,647	604
Net defined benefit liabilities	46,840	46,462	386
Deferred tax liabilities:			
Net unrealized gains/(losses) on available-for-sale securities	187,774	361,836	3,011

(2) The effective income tax rates were 33.28% and 30.37% for the fiscal years ended March 31, 2014 and 2015, 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:

	2014	2015
Policyholders' dividend reserves	(12.9)%	(9.9)%
Effects of changes in the income tax rate	—	11.7 %

(3) 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 the 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 and ¥2,528 million, respectively, and deferred tax assets decreased by ¥2,528 million.

(4) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) on March 31, 2015, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for the fiscal year beginning on April 1, 2015. 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 30.73% to 28.80% for the temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015.

Due to this change, as of March 31, 2015, deferred tax liabilities and deferred tax liabilities for land revaluation decreased by ¥3,249 million (U.S. \$27 million) and ¥1,296 million (U.S. \$10 million), respectively, and income taxes—deferred increased by ¥21,447 million (U.S. \$178 million).

Note **20**

Subordinated Bonds

As of March 31, 2014 and 2015, corporate bonds in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note **21**

Subordinated Debt

As of March 31, 2014, other liabilities included subordinated debt of ¥122,500 million, the repayments of which are subordinated to other obligations.

Note **22**

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2014 and 2015 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
	2014	2015	2015
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥135,697	¥694,201	\$5,776
Reclassification adjustments	(27,932)	(48,852)	(406)
Before income tax effect adjustments	107,765	645,349	5,370
Income tax effects	(33,117)	(174,071)	(1,448)
Net unrealized gains on available-for-sale securities	74,648	471,278	3,921
Land revaluation differences:			
Amount arising during the fiscal year	¥—	¥ —	\$—
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	(16)	1,296	10
Land revaluation differences	(16)	1,296	10
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥179	¥148	\$ 1
Reclassification adjustments	—	—	—
Before income tax effect adjustments	179	148	1
Income tax effects	—	5	0
Foreign currency translation adjustments	179	153	1
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ —	¥21,797	\$181
Reclassification adjustments	—	17,795	148
Before income tax effect adjustments	—	39,592	329
Income tax effects	—	(11,799)	(98)
Remeasurements of defined benefit plans	—	27,792	231
Share of other comprehensive income of associates accounted for by the equity method:			
Amount arising during the fiscal year	¥2,680	¥9,251	\$76
Reclassification adjustments	(44)	(134)	(1)
Share of other comprehensive income of associates accounted for by the equity method	2,635	9,116	75
Total other comprehensive income	¥77,446	¥509,637	\$4,240

Note **23**

Investment Income and Expenses

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Domestic bonds including national government bonds	¥ 3,824	¥ 1,615	\$ 13
Domestic stocks	3,607	3,732	31
Foreign securities	32,975	44,257	368

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Domestic bonds including national government bonds	¥ 3	¥ 25	\$ 0
Domestic stocks	195	125	1
Foreign securities	9,172	4,891	40

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Domestic stocks	¥130	¥4,158	\$34

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Interest and dividend income	¥0	¥ —	\$—
Gains (Losses) on sales of securities	—	(24)	(0)

Gains or losses on derivative financial instruments, net, included net valuation gains of ¥83,740 million and losses of ¥39,980 million (U.S. \$332 million) for the fiscal years ended March 31, 2014 and 2015, respectively.

Independent Auditor's Report



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, 2014 and 2015, 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, 2014 and 2015, 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, 2015 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, 2015
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.

Non-Consolidated Balance Sheets

Sumitomo Life Insurance Company

As of March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 255	¥ 218	\$ 1
Deposits	100,232	301,457	2,508
Subtotal	100,488	301,675	2,510
Call loans (Note 3)	471,100	365,000	3,037
Monetary claims bought (Note 3)	289,088	243,446	2,025
Securities (Notes 3, 5, 14 and 15)			
National government bonds	11,010,645	11,166,289	92,920
Local government bonds	105,843	82,102	683
Corporate bonds	2,534,563	2,550,319	21,222
Domestic stocks	1,738,128	2,147,529	17,870
Foreign securities	6,162,983	6,987,702	58,148
Other securities	482,218	270,104	2,247
Subtotal	22,034,382	23,204,047	193,093
Loans (Notes 3, 16 and 17)			
Policy loans	335,002	323,711	2,693
Industrial and consumer loans	2,130,536	1,998,985	16,634
Subtotal	2,465,539	2,322,696	19,328
Tangible fixed assets (Notes 4, 6 and 22)			
Land	430,073	410,099	3,412
Buildings	269,512	251,124	2,089
Lease assets	4,204	3,140	26
Construction in progress	1,626	173	1
Other tangible fixed assets	4,717	4,276	35
Subtotal	710,134	668,815	5,565
Intangible fixed assets			
Software	18,568	17,619	146
Other intangible fixed assets	5,125	6,050	50
Subtotal	23,694	23,670	196
Due from agents	3	1	0
Reinsurance receivables	255	183	1
Other assets			
Accounts receivable	44,250	27,695	230
Prepaid expenses	23,260	17,197	143
Accrued income	114,284	110,124	916
Money on deposit	3,915	3,929	32
Deposits for futures transactions	7,081	2,796	23
Derivative financial instruments (Note 3)	13,339	61,666	513
Suspense	45,514	5,534	46
Other assets	5,264	4,295	35
Subtotal	256,909	233,239	1,940
Prepaid pension cost (Note 11)	4,514	—	—
Deferred tax assets (Note 23)	123,415	—	—
Allowance for possible loan losses	(2,189)	(1,757)	(14)
Total assets	¥26,477,337	¥27,361,019	\$227,685

As of March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 18)	¥ 107,667	¥ 131,561	\$ 1,094
Policy reserves (Note 18)	23,215,973	23,548,322	195,958
Policyholders' dividend reserves (Note 9)	278,259	266,361	2,216
Subtotal	23,601,900	23,946,245	199,269
Reinsurance payables	120	111	0
Corporate bonds (Notes 3 and 25)	99,480	149,480	1,243
Other liabilities			
Payables under securities borrowing transactions (Note 3)	556,184	550,433	4,580
Loans payable (Notes 3 and 26)	122,500	—	—
Income taxes payable	20,044	14,979	124
Accounts payable	22,505	26,946	224
Accrued expenses	36,007	36,568	304
Deferred income	1,616	1,564	13
Deposits received	54,985	53,532	445
Guarantee deposits received	33,883	33,525	278
Derivative financial instruments (Note 3)	275,801	259,331	2,158
Cash collateral received for financial instruments	—	32,945	274
Lease obligations	4,238	3,103	25
Asset retirement obligations	1,956	1,975	16
Suspense receipts	12,788	3,064	25
Subtotal	1,142,512	1,017,970	8,471
Accrued retirement benefits (Note 11)	18,839	43,095	358
Reserve for price fluctuation	231,447	252,247	2,099
Deferred tax liabilities	—	41,700	347
Deferred tax liabilities for land revaluation	22,164	19,343	160
Total liabilities	25,116,465	25,470,194	211,951
NET ASSETS:			
Foundation funds (Note 13)	270,000	270,000	2,246
Reserve for redemption of foundation funds (Note 13)	369,000	369,000	3,070
Reserve for revaluation	2	2	0
Surplus:	375,553	421,890	3,510
Reserve for future losses	4,604	4,804	39
Other surplus	370,948	417,085	3,470
Reserve for fund redemption	92,600	139,600	1,161
Fund for price fluctuation allowance	165,000	165,000	1,373
Reserve for assisting social responsibility	1,634	1,632	13
Other reserves	223	223	1
Unappropriated surplus	111,491	110,629	920
Total funds, reserve and surplus	1,014,555	1,060,892	8,828
Net unrealized gains on available-for-sale securities	421,279	891,242	7,416
Land revaluation differences	(74,963)	(61,310)	(510)
Total unrealized gains, revaluation reserve and adjustments	346,316	829,932	6,906
Total net assets	1,360,872	1,890,824	15,734
Total liabilities and net assets	¥26,477,337	¥27,361,019	\$227,685

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥2,500,081	¥2,575,479	\$21,431
Reinsurance revenue	507	791	6
Other income to policy reserves	3,649	3,245	27
Subtotal	2,504,238	2,579,517	21,465
Investment income (Note 20)			
Interest, dividends and other income	544,860	553,974	4,609
Interest on deposits	59	61	0
Interest and dividends on securities	438,135	459,214	3,821
Interest on loans	53,826	48,911	407
Rent revenue from real estate	46,655	40,258	335
Other interest and dividend	6,183	5,527	46
Gains on trading securities	0	—	—
Gains on sales of securities	40,408	49,605	412
Gains on redemption of securities	—	8,123	67
Foreign exchange gains	1,749	1,632	13
Reversal of allowance for possible loan losses	1,089	311	2
Other investment income	1,941	731	6
Investment gains on separate accounts	232,159	266,250	2,215
Subtotal	822,207	880,629	7,328
Other ordinary income			
Annuity supplementary contract premiums	17,068	16,429	136
Proceeds from deferred insurance	74,063	60,033	499
Reversal of accrued retirement benefits	814	—	—
Other ordinary income	13,196	14,865	123
Subtotal	105,142	91,329	760
Total ordinary income	3,431,588	3,551,475	29,553
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	547,122	521,883	4,342
Annuity payments	465,550	639,464	5,321
Benefits payments	408,423	353,594	2,942
Surrender benefits	726,754	707,018	5,883
Other refunds	65,025	79,655	662
Reinsurance premiums	655	921	7
Subtotal	¥2,213,532	¥2,302,538	\$19,160

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 21)	¥ 5,035	¥ 23,893	\$ 198
Provision for policy reserves (Note 21)	301,136	332,348	2,765
Provision for interest on policyholders' dividend reserves (Note 9)	429	412	3
Subtotal	306,601	356,654	2,967
Investment expenses (Note 20)			
Interest expenses	9,641	7,337	61
Losses on trading securities	—	24	0
Losses on sales of securities	9,371	5,042	41
Losses on valuation of securities	130	4,158	34
Losses on derivative financial instruments	144,999	161,005	1,339
Depreciation of real estate for investments	14,071	11,004	91
Other investment expenses	16,013	14,027	116
Subtotal	194,228	202,599	1,685
Operating expenses (Note 19)	336,386	325,656	2,709
Other ordinary expenses			
Payments of benefits left to accumulate at interest	94,193	79,534	661
Taxes	18,894	23,464	195
Depreciation	14,150	14,207	118
Provision for accrued retirement benefits	—	10,116	84
Other ordinary expenses	9,914	10,183	84
Subtotal	137,153	137,506	1,144
Total ordinary expenses	3,187,904	3,324,955	27,668
Ordinary profit	243,684	226,520	1,884
Extraordinary gains			
Gains on disposals of fixed assets	9,296	5,057	42
Subtotal	9,296	5,057	42
Extraordinary losses			
Losses on disposals of fixed assets	9,545	4,729	39
Impairment losses (Note 22)	50,662	13,553	112
Provision for reserve for price fluctuation	24,900	20,800	173
Loss on reduction of noncurrent assets	16	—	—
Payments to social responsibility reserve	621	701	5
Subtotal	85,747	39,785	331
Surplus before income taxes	167,233	191,792	1,596
Income taxes (Note 23)			
Current	65,951	60,874	506
Deferred	(27,678)	(4,288)	(35)
Total income taxes	38,273	56,586	470
Net surplus	¥ 128,960	¥ 135,206	\$ 1,125

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2014

Millions of yen

	Funds, reserve and surplus										
	Reserve for redemption of foundation funds		Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Surplus			Total surplus	Total funds, reserve and surplus
	(Note 13)	(Note 13)					Reserve for assisting social response	Other reserves	Unappropriated surplus		
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	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
	Reserve for redemption of foundation funds		Reserve for revaluation	Reserve for future losses	Surplus					Total surplus	
	Foundation funds (Note 13)	foundation funds (Note 13)			Other surplus						
					Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social response	Other reserves	Unappropriated surplus		
Beginning balance	270,000	369,000	2	4,604	92,600	165,000	1,634	223	111,491	375,553	1,014,555
Cumulative effect of changes in accounting policies									(12,921)	(12,921)	(12,921)
Beginning balance after reflecting the accounting policy changes	270,000	369,000	2	4,604	92,600	165,000	1,634	223	98,569	362,631	1,001,634
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(60,141)	(60,141)	(60,141)
Additions to reserve for future losses				200					(200)	—	—
Payment of interest on foundation funds									(3,449)	(3,449)	(3,449)
Net surplus									135,206	135,206	135,206
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							(701)		701	—	—
Reversal of land revaluation differences									(12,356)	(12,356)	(12,356)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	200	47,000	—	(1)	—	12,059	59,258	59,258
Ending balance	270,000	369,000	2	4,804	139,600	165,000	1,632	223	110,629	421,890	1,060,892

	Unrealized gains(losses), revaluation reserve			
	Net unrealized gains(losses) on available-for-sale securities	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	421,279	(74,963)	346,316	1,360,872
Cumulative effect of changes in accounting policies				(12,921)
Beginning balance after reflecting the accounting policy changes	421,279	(74,963)	346,316	1,347,950
Changes in the fiscal year				
Additions to policyholders' dividend reserves (Note 9)				(60,141)
Additions to reserve for future losses				—
Payment of interest on foundation funds				(3,449)
Net surplus				135,206
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				(12,356)
Net changes, excluding funds, reserve and surplus	469,962	13,653	483,615	483,615
Net changes in the fiscal year	469,962	13,653	483,615	542,873
Ending balance	891,242	(61,310)	829,932	1,890,824

Year ended March 31, 2015

Millions of U.S. dollars

	Funds, reserve and surplus										
	Reserve for redemption of foundation funds			Surplus							Total funds, reserve and surplus
	Foundation funds (Note 13)	foundation funds (Note 13)	Reserve for revaluation	Other surplus						Total surplus	
				Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social response	Other reserves	Unappropriated surplus		
Beginning balance	2,246	3,070	0	38	770	1,373	13	1	927	3,125	8,442
Cumulative effect of changes in accounting policies									(107)	(107)	(107)
Beginning balance after reflecting the accounting policy changes	2,246	3,070	0	38	770	1,373	13	1	820	3,017	8,335
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(500)	(500)	(500)
Additions to reserve for future losses				1					(1)	—	—
Payment of interest on foundation funds									(28)	(28)	(28)
Net surplus									1,125	1,125	1,125
Additions to reserve for fund redemption					391				(391)	—	—
Additions to reserve for assisting social response							5		(5)	—	—
Reversal of reserve for assisting social response							(5)		5	—	—
Reversal of land revaluation differences									(102)	(102)	(102)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	—	—	—	1	391	—	(0)	—	100	493	493
Ending balance	2,246	3,070	0	39	1,161	1,373	13	1	920	3,510	8,828

	Unrealized gains(losses), revaluation reserve			
	Net unrealized gains(losses) on available-for-sale securities	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	3,505	(623)	2,881	11,324
Cumulative effect of changes in accounting policies				(107)
Beginning balance after reflecting the accounting policy changes	3,505	(623)	2,881	11,217
Changes in the fiscal year				
Additions to policyholders' dividend reserves (Note 9)				(500)
Additions to reserve for future losses				—
Payment of interest on foundation funds				(28)
Net surplus				1,125
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				(102)
Net changes, excluding funds, reserve and surplus	3,910	113	4,024	4,024
Net changes in the fiscal year	3,910	113	4,024	4,517
Ending balance	7,416	(510)	6,906	15,734

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Unappropriated surplus	¥111,491	¥110,629	\$920
Appropriation of surplus	111,491	110,629	920
Provision for policyholders' dividend reserves	60,141	59,358	493
Net surplus	51,349	51,271	426
Reserve for future losses	200	200	1
Interest on foundation funds	3,449	3,371	28
Voluntary surplus reserves:	47,700	47,700	396
Reserve for fund redemption	47,000	47,000	391
Reserve for assisting social responsibility	700	700	5

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, 2015, which was ¥120.17 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.

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 ¥20,556 million and nil as of March 31, 2014 and 2015, respectively.

(5) Software

Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2014 and 2015) 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, 2014 and 2015 amounted to ¥217 million and ¥318 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 Retirement Benefits" (ASBJ Statement No.26, hereinafter "the Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, hereinafter "the Guidance") were applied at the beginning of the year ended March 31, 2015, subject to provisions stipulated in Paragraph 35 of the Standard and Paragraph 67 of the Guidance. Accordingly, from the year ended March 31, 2015, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefit formula basis.

With respect to the application of the revised accounting standards, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the effect of changes to the method of calculation of retirement benefit obligations and service costs has been included in surplus as of the beginning of the year. As a result, surplus at the beginning of the year decreased by ¥12,921 million (U.S. \$107 million). In addition, ordinary profit and surplus before income taxes and minority interests decreased by ¥1,966 million (U.S. \$16 million) for the fiscal year ended March 31, 2015.

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, 2014 and 2015 together with their differences.

As of March 31	Millions of Yen						Millions of U.S. dollars		
	2014			2015			2015		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 100,488	¥ 100,488	¥ —	¥ 301,675	¥ 301,675	¥ —	\$ 2,510	\$ 2,510	\$ —
[Available-for-sale securities]* ¹	[37,997]	[37,997]	—	[99,983]	[99,983]	—	[832]	[832]	—
Call loans	471,100	471,100	—	365,000	365,000	—	3,037	3,037	—
Monetary claims bought	289,088	291,095	2,006	243,446	245,621	2,175	2,025	2,043	18
[Available-for-sale securities]* ¹	[246,599]	[246,599]	—	[202,579]	[202,579]	—	[1,685]	[1,685]	—
Securities * ²	21,437,379	22,624,834	1,187,455	22,556,479	24,372,526	1,816,046	187,704	202,817	15,112
Trading securities	2,526,847	2,526,847	—	2,212,537	2,212,537	—	18,411	18,411	—
Held-to-maturity debt securities	1,849,463	2,043,711	194,248	2,059,190	2,383,300	324,109	17,135	19,832	2,697
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	11,209,377	12,711,116	1,501,738	93,279	105,776	12,496
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	33,173	23,372	(9,801)	276	194	(81)
Available-for-sale securities	6,010,886	6,010,886	—	7,042,199	7,042,199	—	58,601	58,601	—
Loans	2,465,539			2,322,696			19,328		
Allowance for possible loan losses * ³	(1,610)			(1,155)			(9)		
	2,463,928	2,539,338	75,410	2,321,541	2,390,859	69,318	19,318	19,895	576
Corporate bonds	99,480	108,296	8,816	149,480	157,116	7,636	1,243	1,307	63
Payables under securities borrowing transactions	556,184	556,184	—	550,433	550,433	—	4,580	4,580	—
Loans payable	122,500	124,865	2,365	—	—	—	—	—	—
Derivative transactions * ⁴	(262,462)	(262,462)	—	(197,665)	(197,665)	—	(1,644)	(1,644)	—
Hedge accounting not applied	(13,275)	(13,275)	—	(39,867)	(39,867)	—	(331)	(331)	—
Hedge accounting applied	(249,187)	(249,187)	—	(157,797)	(157,797)	—	(1,313)	(1,313)	—

*1 Available-for-sale securities are shown in [].

*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 ¥597,003 million and ¥647,568 million (U.S. \$5,388 million) as of March 31, 2014 and 2015, 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 ().

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) Loans payable

As for the fair value of loans payable, 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, 2014 and 2015.

1) Held-to-maturity debt securities

As of March 31	Millions of yen						Millions of U.S. dollars		
	2014			2015			2015		
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	¥ 525,805	¥ 546,991	¥ 21,185	¥ 489,867	¥ 517,280	¥ 27,412	\$ 4,076	\$ 4,304	\$ 228
Foreign securities (bonds)	1,314,572	1,487,837	173,265	1,546,429	1,843,260	296,831	12,868	15,338	2,470
Fair value does not exceed the balance sheet amount									
Bonds	9,084	8,882	(202)	20,893	20,768	(125)	173	172	(1)
Foreign securities (bonds)	—	—	—	2,000	1,990	(9)	16	16	(0)
Total	1,849,463	2,043,711	194,248	2,059,190	2,383,300	324,109	17,135	19,832	2,697

2) Policy-reserve-matching bonds

As of March 31	Millions of yen						Millions of U.S. dollars		
	2014			2015			2015		
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	¥10,572,822	¥11,570,465	¥997,643	¥11,070,522	¥12,568,398	¥1,497,875	\$92,123	\$104,588	\$12,464
Foreign securities (bonds)	92,347	96,975	4,627	94,877	99,086	4,209	789	824	35
Fair value does not exceed the balance sheet amount									
Bonds	346,838	344,052	(2,785)	27,474	27,163	(310)	228	226	(2)
Foreign securities (bonds)	5,000	4,946	(54)	16,503	16,467	(35)	137	137	(0)
Total	11,017,008	12,016,439	999,431	11,209,377	12,711,116	1,501,738	93,279	105,776	12,496

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, 2014 and 2015.

3) Available-for-sale securities

As of March 31	Millions of yen						Millions of U.S. dollars		
	2014			2015			2015		
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	¥ 190,138	¥ 202,117	¥ 11,978	¥ 170,343	¥ 182,587	¥ 12,244	\$ 1,417	\$ 1,519	\$ 101
Bonds	881,390	903,980	22,590	1,064,559	1,112,197	47,638	8,858	9,255	396
Stocks	576,369	955,445	379,075	725,656	1,500,864	775,208	6,038	12,489	6,450
Foreign securities	3,353,180	3,567,687	214,507	3,726,236	4,123,233	396,996	31,008	34,311	3,303
Foreign bonds	3,352,490	3,566,923	214,432	3,725,586	4,122,547	396,960	31,002	34,305	3,303
Other foreign securities	689	764	75	649	686	36	5	5	0
Other securities	18,833	26,895	8,062	24,589	34,626	10,036	204	288	83
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	38,000	37,997	(2)	100,000	99,983	(16)	832	832	(0)
Monetary claims bought	44,496	44,481	(14)	19,994	19,992	(2)	166	166	(0)
Bonds	168,484	168,311	(173)	27,266	27,086	(180)	226	225	(1)
Stocks	196,684	166,978	(29,705)	47,887	42,019	(5,868)	398	349	(48)
Foreign securities	223,059	216,396	(6,663)	202,713	202,172	(541)	1,686	1,682	(4)
Foreign bonds	217,822	212,412	(5,409)	201,487	201,101	(386)	1,676	1,673	(3)
Other foreign securities	5,237	3,983	(1,253)	1,226	1,070	(155)	10	8	(1)
Other securities	5,802	5,192	(610)	—	—	—	—	—	—
Total	5,696,439	6,295,483	599,044	6,109,247	7,344,762	1,235,515	50,838	61,119	10,281

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, 2014

	Millions of yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥100,235	¥ —	¥ —	¥ —
Call loans	471,100	—	—	—
Monetary claims bought	44,225	1,923	921	230,282
Securities	835,022	2,908,059	2,879,197	10,764,727
Held-to-maturity debt securities	158,244	187,569	232,496	1,252,411
Policy-reserve-matching bonds	282,173	1,173,919	535,885	8,971,430
Available-for-sale securities	394,604	1,546,570	2,110,815	540,885
Loans	283,337	1,111,173	551,610	80,903
Corporate bonds	—	—	—	99,480
Payables under securities borrowing transactions	556,184	—	—	—
Loans payable	20,000	—	—	—

As of March 31, 2015

	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	¥301,473	¥ —	¥ —	¥ —	\$2,508	\$ —	\$ —	\$ —
Call loans	365,000	—	—	—	3,037	—	—	—
Monetary claims bought	22,095	2,625	742	205,864	183	21	6	1,713
Securities	458,432	3,003,688	3,223,288	11,526,767	3,814	24,995	26,822	95,920
Held-to-maturity debt securities	47,704	193,945	396,031	1,402,697	396	1,613	3,295	11,672
Policy-reserve-matching bonds	246,847	952,787	629,692	9,314,906	2,054	7,928	5,240	77,514
Available-for-sale securities	163,881	1,856,955	2,197,565	809,163	1,363	15,452	18,287	6,733
Loans	309,783	1,027,645	503,725	84,519	2,577	8,551	4,191	703
Corporate bonds	—	—	—	149,480	—	—	—	1,243
Payables under securities borrowing transactions	550,433	—	—	—	4,580	—	—	—
Loans payable	—	—	—	—	—	—	—	—

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, 2014

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	—	(94)	(94)
Interest rate swaptions				
Bought				
Receipts floating, payments fixed	120,000	120,000	—	—
	[1,254]		500	(753)
Total				(847)

As of March 31, 2015

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	—	—	—	—	—	—	—	—
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	240,000	120,000	—	—	1,997	998	—	—
	[2,241]		427	(1,813)	[18]		3	(15)
Total				(1,813)				(15)

*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, 2014

Hedge accounting model	Type	Main hedged items	Millions of Yen		
			Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Interest rate swap					
Exceptional method	Receipts fixed, payments floating	Loans	¥54,726	¥48,721	¥1,834
	Receipts floating, payments fixed		—	—	—
Total					1,834

As of March 31, 2015

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
Interest rate swap								
Exceptional method	Receipts fixed, payments floating	Loans	¥56,121	¥45,532	¥1,259	\$467	\$378	\$10
	Receipts floating, payments fixed		—	—	—	—	—	—
Total					1,259			10

(ii) Currency-related

1) Hedge accounting not applied

As of March 31, 2014

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	¥469,899	¥50,302	¥(19,717)	¥(19,717)
(Australian dollar)	205,745	—	(17,572)	(17,572)
(U.S. dollar)	188,256	50,302	(1,853)	(1,853)
(Euro)	73,839	—	(269)	(269)
Bought	7,248	489	49	49
(U.S. dollar)	4,253	489	17	17
(Euro)	2,102	—	22	22
Currency options				
Bought				
Put	22,043	—		
	[3,526]		40	(3,485)
(U.S. dollar)	22,043	—		
	[3,526]		40	(3,485)
Total				(23,153)

As of March 31, 2015

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)
Foreign currency forward contracts								
Sold	¥529,108	¥91,785	¥(27,047)	¥(27,047)	\$4,402	\$763	\$(225)	\$(225)
(Australian dollar)	248,901	—	4,199	4,199	2,071	—	34	34
(U.S. dollar)	195,284	39,205	(32,212)	(32,212)	1,625	326	(268)	(268)
(Euro)	82,651	52,580	915	915	687	437	7	7
Bought	167,843	—	(274)	(274)	1,396	—	(2)	(2)
(U.S. dollar)	167,168	—	(267)	(267)	1,391	—	(2)	(2)
(Euro)	430	—	(5)	(5)	3	—	(0)	(0)
Currency options								
Bought								
Put	—	—			—	—		
	[—]				[—]			
(U.S. dollar)	—	—			—	—		
	[—]				[—]			
Total				(27,321)				(227)

*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, 2014

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	¥2,731,567	¥863,992	¥(249,187)
			792,016	341,757	(32,510)
			667,744	383,402	(107,162)
			1,191,205	138,831	(99,877)
Allocation method	Sold	Foreign-currency-denominated assets	126,581	108,961	(30,331)
			94,347	94,347	(26,543)
			32,233	14,613	(3,788)
Allocation method	currency swaps	Loans	—	—	—
	(U.S. dollar)		—	—	—
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	6,815
			99,480	99,480	6,815
Total					(272,703)

As of March 31, 2015

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	¥3,089,178	¥933,569	¥(157,797)	\$25,706	\$7,768	\$(1,313)
			1,209,952	503,818	(102,165)	10,068	4,192	(850)
			1,017,864	302,024	(88,091)	8,470	2,513	(733)
			801,998	127,726	35,704	6,673	1,062	297
Allocation method	Sold	Foreign-currency-denominated assets	101,308	101,308	(35,195)	843	843	(292)
			86,789	86,789	(30,126)	722	722	(250)
			14,519	14,519	(5,068)	120	120	(42)
Allocation method	currency swaps	Loans	39,405	39,405	(2,506)	327	327	(20)
			39,405	39,405	(2,506)	327	327	(20)
Allocation method	currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	32,941	827	827	274
			99,480	99,480	32,941	827	827	274
Total					(162,558)		(1,352)	

(iii) Stock-related

1) Hedge accounting not applied

As of March 31, 2014

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	¥257,919	¥ —	¥3,809	¥ 3,809
	Bought	3,999	—	(5)	(5)
Stock index forwards					
Over-the-counter transactions	Sold	108,510	—	350	350
Stock index options					
Sold					
	Put	5,099 [85]	—	6	78
Bought					
	Call	60,000 [1,131]	30,000	712	(419)
	Put	24,200 [5,179]	—	42	(5,136)
Total					(1,323)

As of March 31, 2015

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	¥116,589	¥ —	¥ (1,441)	¥ (1,441)	\$970	\$ —	\$(11)	\$ (11)
	Bought	1,533	—	(5)	(5)	12	—	(0)	(0)
Stock index forwards									
Over-the-counter transactions	Sold	104,122	—	(11,548)	(11,548)	866	—	(96)	(96)
Stock index options									
Sold									
	Put	423 [1]	—	0	0	3 [0]	—	0	0
Bought									
	Call	— [—]	—	—	—	— [—]	—	—	—
	Put	19,503 [529]	—	23	(506)	162 [4]	—	0	(4)
Total					(13,501)	(112)			

*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, 2014 and 2015.

(iv) Bond-related

1) Hedge accounting not applied

As of March 31, 2014

Classification	Type	Millions of yen			
		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
Total					1,043

As of March 31, 2015

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)
Exchange-traded transactions	Bond futures Sold	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Total					—	—	—	—	

*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, 2014 and 2015.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥499,414 million and ¥466,204 million (U.S. \$3,879 million), and their fair values were ¥475,823 million and ¥455,800 million (U.S. \$3,792 million) as of March 31, 2014 and 2015, 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 ¥1,534 million and ¥1,547 million (U.S. \$12 million) as of March 31, 2014 and 2015, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥745,359 million and ¥1,318,689 million (U.S. \$10,973 million) as of March 31, 2014 and 2015, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥451,494 million and ¥445,887 million (U.S. \$3,710 million) as of March 31, 2014 and 2015, respectively.

Note 7

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥2,732,872 million and ¥2,367,255 million (U.S. \$19,699 million) as of March 31, 2014 and 2015, 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, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Monetary receivable	¥ 251	¥ 243	\$ 2
Monetary payable	1,434	1,475	12

Note 9

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Balance at the beginning of the fiscal year	¥291,521	¥278,259	\$2,315
Transfer from surplus in the previous fiscal year	58,330	60,141	500
Dividend payments to policyholders during the fiscal year	(72,022)	(72,451)	(602)
Interest accrued during the fiscal year	429	412	3
Balance at the end of the fiscal year	¥278,259	¥266,361	\$2,216

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 ¥421,282 million and ¥891,245 million (U.S. \$7,416 million) as of March 31, 2014 and 2015, respectively.

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2014 and 2015 were as follows:

	2014	2015
Method of attributing benefits to period of service	Straight-line basis	Benefit formula basis
Amortization period for actuarial losses (Commencing in the following year after they are incurred)	8 years	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 years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
At the beginning of the fiscal year	¥307,439	¥299,797	\$2,494
Cumulative effect of change in accounting policies	—	18,653	155
At the beginning of the fiscal year after reflecting accounting policy changes	307,439	318,450	2,650
Service costs	11,242	14,272	118
Interest cost on projected benefit obligation	6,148	4,690	39
Actuarial losses (gains)	2,045	(60)	(0)
Benefits paid	(27,079)	(22,487)	(187)
At the end of the fiscal year	¥299,797	¥314,865	\$2,620

ii) Changes in the plan assets for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
At the beginning of the fiscal year	¥235,827	¥265,105	\$2,206
Expected return on plan assets	2,697	3,451	28
Actuarial gains	26,287	21,495	178
Contribution by employer	13,192	10,336	86
Benefits paid	(12,899)	(9,606)	(79)
At the end of the fiscal year	¥265,105	¥290,782	\$2,419

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the non-consolidated balance sheets as of March 31, 2014 and 2015 were determined as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Present value of funded obligations	¥ 299,797	¥ 314,865	\$ 2,620
Plan assets at fair value	(265,105)	(290,782)	(2,419)
Net present value of funded obligations	34,691	24,083	200
Unrecognized actuarial gains (losses)	(20,365)	19,012	158
Net value of on the balance sheet	14,325	43,095	358
Accrued retirement benefits	18,839	43,095	358
Prepaid pension cost	(4,514)	—	—
Net value of on the balance sheet	¥ 14,325	¥ 43,095	\$ 358

iv) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Service costs	¥11,242	¥14,272	\$118
Interest cost on projected benefit obligation	6,148	4,690	39
Expected return on plan assets	(2,697)	(3,451)	(28)
Amortization of net actuarial losses	11,864	17,822	148
Retirement benefit expenses	¥26,558	¥33,333	\$277

v) The plan assets

The plan assets as of March 31, 2014 and 2015 were comprised as follows:

	% of total fair value of plan assets	
	2014	2015
Equity securities	43%	45%
General account of life insurance companies	41%	39%
Debt securities	9%	9%
Others	7%	7%
Total	100%	100%

The plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts are 43% and 45% of total plan assets as of March 31, 2014 and 2015, respectively.

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 fiscal years ended March 31, 2014 and 2015 were as follows:

	2014	2015
Discount rate	2.0%	1.473%
Expected long-term rates of return on plan assets		
Defined benefit pension plans	1.9%	2.3%
Retirement benefit trust	0.0%	0.0%

(3) Defined contribution plans

The amount recognized as expenses for the defined contribution plans was ¥831 million and ¥855 million (U.S. \$7 million) for the fiscal years ended March 31, 2014 and 2015, respectively.

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.

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.

Note 14**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥589,173 million and ¥612,948 million (U.S. \$5,100 million) as of March 31, 2014 and 2015, respectively.

Note 15**Equity investments in Subsidiaries**

The total amounts of equity investments in subsidiaries were ¥105,464 million and ¥148,577 million (U.S. \$1,236 million) as of March 31, 2014 and 2015 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 ¥1,400 million and ¥1,066 million (U.S. \$8 million) as of March 31, 2014 and 2015, respectively.

The aggregate amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥1,139 million and ¥1,066 million (U.S. \$8 million) as of March 31, 2014 and 2015, respectively. The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2014 and 2015 were ¥40 million and ¥34 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 ¥0 million and ¥0 million (U.S. \$0 million) as of March 31, 2014 and 2015, 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 ¥260 million and nil as of March 31, 2014 and 2015, 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 ¥8,172 million and ¥13,172 million (U.S. \$109 million) as of March 31, 2014 and 2015, respectively.

Note 18

Reinsurance

As of March 31, 2014 and 2015, 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 ¥16 million and ¥4 million (U.S. \$0 million), respectively.

As of March 31, 2014 and 2015, 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 ¥85 million and ¥80 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 ¥43,927 million and ¥43,316 million (U.S. \$360 million) as of March 31, 2014 and 2015, 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
	2014	2015	2015
Domestic bonds including national government bonds	¥ 3,824	¥ 1,615	\$ 13
Domestic stocks	3,607	3,732	31
Foreign securities	32,975	44,257	368

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Domestic bonds including national government bonds	¥ 3	¥ 25	\$ 0
Domestic stocks	195	125	1
Foreign securities	9,172	4,891	40

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Domestic stocks	¥130	¥4,158	\$34

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Interest and dividend income	¥ 0	¥ —	\$—
Gains (Losses) on sales of securities	—	(24)	(0)

Gains or losses on derivative financial instruments, net, included net valuation gains of ¥83,740 million and losses of ¥39,980 million (U.S. \$332 million) for the fiscal years ended March 31, 2014 and 2015, 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, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥(15)	¥(11)	\$(0)
Provision for (reversal of) reinsurance recoverable on policy reserves	(1)	(5)	(0)

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 fiscal years ended March 31, 2014 and 2015, 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
		2014	2015	2015
Real estate for investment	Land and buildings	¥48,963	¥13,084	\$108
Idle assets	Land and buildings	1,699	468	3
Total		¥50,662	¥13,553	\$112

(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
	2014	2015	2015
Deferred tax assets	¥343,042	¥348,673	\$2,901
Valuation allowance for deferred tax assets	15,875	14,710	122
Subtotal	327,167	333,963	2,779
Deferred tax liabilities	203,751	375,664	3,126
Net deferred tax assets/(liabilities)	123,415	(41,700)	(347)

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

	Millions of yen		Millions of U.S. dollars
	2014	2015	2015
Deferred tax assets			
Policy reserves and other reserves	¥169,564	¥172,289	\$1,433
Reserve for price fluctuation	71,123	72,647	604
Accrued retirement benefits	40,147	45,911	382
Deferred tax liabilities:			
Net unrealized gains/(losses) on available-for-sale securities	186,890	360,502	2,999

(2) The effective income tax rates were 33.28% and 30.73% for the fiscal years ended March 31, 2014 and 2015, 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:

	2014	2015
Policyholders' dividend reserves	(12.5)%	(9.4)%
Effects of changes in the income tax rate	—	11.1%

(3) 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 the 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 and ¥2,505 million, respectively, and deferred tax assets decreased by ¥2,505 million.

(4) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) on March 31, 2015, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for the fiscal year beginning on April 1, 2015. 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 30.73% to 28.80% for the temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015.

Due to this change, as of March 31, 2015, deferred tax liabilities and deferred tax liabilities for land revaluation decreased by ¥2,794 million (U.S. \$23 million) and ¥1,296 million (U.S. \$10 million), respectively, and income taxes—deferred increased by ¥21,364 million (U.S. \$177 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, 2014 and 2015 were as follows:

	Millions of yen		Millions of U.S. dollars	
	2014	2015	2014	2015
Total income	¥ 3,442	¥ 3,814	\$ 31	
Total expenses	18,602	18,585	154	

Note 25

Subordinated Bonds

As of March 31, 2014 and 2015, corporate bonds in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note 26

Subordinated Debt

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

Independent Auditor's Report



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, 2014 and 2015, 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, 2014 and 2015, and its 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, 2015 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, 2015
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.

Breakdown of Ordinary Profit (Core Business Profit)

Millions of Yen

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Core business profit A	398,215	410,839
Capital gains	42,157	51,237
Gains on trading securities	0	—
Gains on sales of securities	40,408	49,605
Foreign exchange gains	1,749	1,632
Capital losses	154,501	170,230
Losses on trading securities	—	24
Losses on sales of securities	9,371	5,042
Losses on valuation of securities	130	4,158
Losses on derivative financial instruments	144,999	161,005
Net capital gains / losses B	(112,344)	(118,993)
Core business profit including net capital gains / losses A+B	285,870	291,846
Nonrecurring gains	—	—
Nonrecurring losses	42,185	65,326
Provision for contingency reserve	17,600	13,800
Provision for specific allowance for possible loan losses	37	143
Other nonrecurring losses	24,548	51,383
Nonrecurring gains / losses C	(42,185)	(65,326)
Ordinary profit A+B+C	243,684	226,520

(Note) For the fiscal year ended March 31, 2014, other nonrecurring losses comprised the additional provisions of policy reserves for part of the individual annuity contracts after the commencement of annuity payments, as well as for part of the third sector insurances. For the fiscal year ended March 31, 2015, other nonrecurring losses comprised the additional provisions of policy reserves for part of the individual annuity contracts after the commencement of annuity payments, as well as for part of the third sector insurances, while reversal of policy reserves additionally provided in the previous fiscal year or earlier was included in core business profit. As a result of such change, core business profit and other nonrecurring losses increased ¥23.9 billion, respectively.

Fair Value Information of Securities (Company Total)

1. Fair Value Information of Securities (Company Total)

a. Net valuation gains (losses) on trading securities

Classification	As of March 31, 2014		As of March 31, 2015	
	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	2,526,847	434	2,212,537	34,090

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2014 and 2015.

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

Classification	As of March 31, 2014					As of March 31, 2015				
	Book value	Fair value	Net gains (losses)	Gains	Losses	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)	2,059,190	2,383,300	324,109	324,244	(134)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,209,377	12,711,116	1,501,738	1,502,085	(346)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	—	(6,224)	33,173	23,372	(9,801)	—	(9,801)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,091,825	1,139,283	47,458	47,638	(180)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)	3,928,950	4,325,405	396,455	396,996	(541)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	3,927,074	4,323,648	396,574	396,960	(386)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)	1,876	1,757	(118)	36	(155)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
Others	—	—	—	—	—	—	—	—	—	—
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,700,583	14,272,895	1,572,311	1,572,927	(615)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)	5,621,934	6,309,582	687,648	698,037	(10,388)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,586,884	6,284,453	697,569	698,000	(431)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)	35,050	25,129	(9,920)	36	(9,957)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
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, 2014	As of March 31, 2015
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	72,290	115,403
Available-for-sale securities	515,586	515,935
Unlisted domestic stocks (excluding over-the-counter stocks)	24,580	24,573
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	490,321
Unlisted foreign bonds	—	—
Others	685	1,040
Total	587,876	631,338

●Held-to-maturity debt securities

		Millions of Yen					
		As of March 31, 2014			As of March 31, 2015		
Fair value exceeds the balance sheet amount	Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			Bonds	525,805	546,991	21,185	489,867
	Foreign securities (bonds)	1,314,572	1,487,837	173,265	1,546,429	1,843,260	296,831
Fair value does not exceed the balance sheet amount	Bonds	9,084	8,882	(202)	20,893	20,768	(125)
	Foreign securities (bonds)	—	—	—	2,000	1,990	(9)
Total		1,849,463	2,043,711	194,248	2,059,190	2,383,300	324,109

●Policy-reserve-matching bonds

		Millions of Yen					
		As of March 31, 2014			As of March 31, 2015		
Fair value exceeds the balance sheet amount	Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
			Bonds	10,572,822	11,570,465	997,643	11,070,522
	Foreign securities (bonds)	92,347	96,975	4,627	94,877	99,086	4,209
Fair value does not exceed the balance sheet amount	Bonds	346,838	344,052	(2,785)	27,474	27,163	(310)
	Foreign securities (bonds)	5,000	4,946	(54)	16,503	16,467	(35)
Total		11,017,008	12,016,439	999,431	11,209,377	12,711,116	1,501,738

● Available-for-sale securities

Millions of Yen

	Type	As of March 31, 2014			As of March 31, 2015		
		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	190,138	202,117	11,978	170,343	182,587	12,244
	Domestic bonds	881,390	903,980	22,590	1,064,559	1,112,197	47,638
	Domestic stocks	576,369	955,445	379,075	725,656	1,500,864	775,208
	Foreign securities	3,353,180	3,567,687	214,507	3,726,236	4,123,233	396,996
	Foreign bonds	3,352,490	3,566,923	214,432	3,725,586	4,122,547	396,960
	Other foreign securities	689	764	75	649	686	36
	Other securities	18,833	26,895	8,062	24,589	34,626	10,036
Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	38,000	37,997	(2)	100,000	99,983	(16)
	Monetary claims bought	44,496	44,481	(14)	19,994	19,992	(2)
	Domestic bonds	168,484	168,311	(173)	27,266	27,086	(180)
	Domestic stocks	196,684	166,978	(29,705)	47,887	42,019	(5,868)
	Foreign securities	223,059	216,396	(6,663)	202,713	202,172	(541)
	Foreign bonds	217,822	212,412	(5,409)	201,487	201,101	(386)
	Other foreign securities	5,237	3,983	(1,253)	1,226	1,070	(155)
	Other securities	5,802	5,192	(610)	—	—	—
Total		5,696,439	6,295,483	599,044	6,109,247	7,344,762	1,235,515

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, 2014 and 2015.

b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2014 and 2015.

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, 2014	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
Interest rate swaps				
Interest rate swaptions (Bought)	2,092	2,961	32	25
Foreign currency forward contracts	33,352	38,874	812	1,466
Currency swaps				
Currency options (Bought)	1,215	1,388	145	433
Stock options (Bought)				
Stock index forwards	1,927	1,236	147	74
Bond options (Bought)	—	—	—	—
Total			421	843

(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)

Millions of Yen

Classification	As of March 31, 2014						As of March 31, 2015					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,834	(272,703)	—	—	—	(270,869)	1,259	(162,558)	—	—	—	(161,298)
Hedge accounting not applied	(847)	(23,153)	(1,323)	1,043	—	(24,281)	(1,813)	(27,321)	(13,501)	—	—	(42,637)
Total	986	(295,857)	(1,323)	1,043	—	(295,150)	(554)	(189,879)	(13,501)	—	—	(203,936)

(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 ¥249,187 million and ¥157,797 million in currency-related as of March 31, 2014 and 2015, respectively.

● Interest-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		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-the-counter transactions	Interest rate swaps								
	Receipts floating, payments fixed	34,500	—	(94)	(94)	—	—	—	—
	Interest rate swaptions								
	Bought								
	Receipts floating, payments fixed	120,000	120,000			240,000	120,000		
		[1,254]		500	(753)	[2,241]		427	(1,813)
Total									(1,813)

(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)

Millions of Yen

Hedge accounting model	Type	Main hedged items	As of March 31, 2014			As of March 31, 2015		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Fair value		Over 1 year	Fair value	
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	54,726	48,721	1,834	56,121	45,532	1,259
Total							1,259	

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	469,899	50,302	(19,717)	(19,717)	529,108	91,785	(27,047)	(27,047)
	(Australian dollar)	205,745	—	(17,572)	(17,572)	248,901	—	4,199	4,199
	(U.S. dollar)	188,256	50,302	(1,853)	(1,853)	195,284	39,205	(32,212)	(32,212)
	(Euro)	73,839	—	(269)	(269)	82,651	52,580	915	915
	Bought	7,248	489	49	49	167,843	—	(274)	(274)
	(U.S. dollar)	4,253	489	17	17	167,168	—	(267)	(267)
	(Euro)	2,102	—	22	22	430	—	(5)	(5)
	Currency options								
	Bought								
	Put	22,043	—			—	—		
	(U.S. dollar)	[3,526]		40	(3,485)	[—]			
		22,043	—			—	—		
		[3,526]		40	(3,485)	[—]			
Total					(23,153)				(27,321)

(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, 2014			As of March 31, 2015		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year			Over 1 year		
Fair value hedge method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		2,731,567	863,992	(249,187)	3,089,178	933,569	(157,797)
	(U.S. dollar)		792,016	341,757	(32,510)	1,209,952	503,818	(102,165)
	(Australian dollar)		667,744	383,402	(107,162)	1,017,864	302,024	(88,091)
	(Euro)		1,191,205	138,831	(99,877)	801,998	127,726	35,704
Allocation method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		126,581	108,961	(30,331)	101,308	101,308	(35,195)
	(Australian dollar)		94,347	94,347	(26,543)	86,789	86,789	(30,126)
	(U.S. dollar)		32,233	14,613	(3,788)	14,519	14,519	(5,068)
	Currency swaps	Assets denominated in foreign currencies	—	—	—	39,405	39,405	(2,506)
	(U.S. dollar)		—	—	—	39,405	39,405	(2,506)
	Currency swaps	Liabilities denominated in foreign currencies	99,480	99,480	6,815	99,480	99,480	32,941
	(U.S. dollar)		99,480	99,480	6,815	99,480	99,480	32,941
Total					(272,703)			(162,558)

●Stock-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Exchange-traded transactions	Stock index futures								
	Sold	257,919	—	3,809	3,809	116,589	—	(1,441)	(1,441)
	Bought	3,999	—	(5)	(5)	1,533	—	(5)	(5)
Over-the-counter transactions	Stock index forwards								
	Sold	108,510	—	350	350	104,122	—	(11,548)	(11,548)
	Stock index options								
	Sold								
	Put	5,099	—	6	78	423	—	0	0
	[85]					[1]			
Bought									
Call	60,000	30,000	712	(419)	—	—	—	—	
[1,131]					[—]				
Put	24,200	—	42	(5,136)	19,503	—	23	(506)	
[5,179]					[529]				
Total									(13,501)

(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, 2014 and 2015.

●Bond-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Exchange-traded transactions	Bond futures								
	Sold	293,251	—	1,043	1,043	—	—	—	—
Total									—

(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, 2014 and 2015.

Assets

1. Portfolio Trends (General Account)

a. Asset structure

Classification	As of March 31, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Cash, deposits and call loans	430,981	1.8	551,413	2.2
Monetary claims bought	289,088	1.2	243,446	1.0
Investment in securities	19,507,535	82.1	20,991,510	83.9
Domestic bonds	12,526,843	52.7	12,748,042	51.0
Domestic stocks	1,218,629	5.1	1,644,083	6.6
Foreign securities	5,729,106	24.1	6,563,751	26.2
Foreign bonds	5,191,255	21.8	5,983,458	23.9
Other foreign securities	537,850	2.3	580,292	2.3
Other securities	32,955	0.1	35,633	0.1
Loans	2,465,539	10.4	2,322,696	9.3
Policy loans	335,002	1.4	323,711	1.3
Industrial and consumer loans	2,130,536	9.0	1,998,985	8.0
Real estate	701,212	2.9	661,398	2.6
Investment property	497,088	2.1	464,290	1.9
Deferred tax assets	123,415	0.5	—	—
Other assets	255,612	1.1	244,064	1.0
Allowance for possible loan losses	(2,189)	(0.0)	(1,757)	(0.0)
Total	23,771,196	100.0	25,012,772	100.0
Foreign currency denominated assets	3,856,203	16.2	4,473,488	17.9

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

b. Increase (decrease) in assets

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Amount	Amount
Cash, deposits and call loans	(78,800)	120,432
Monetary claims bought	(21,152)	(45,642)
Investment in securities	751,573	1,483,974
Domestic bonds	596,419	221,198
Domestic stocks	180,019	425,453
Foreign securities	(19,319)	834,644
Foreign bonds	29,900	792,202
Other foreign securities	(49,220)	42,442
Other securities	(5,545)	2,678
Loans	(197,884)	(142,842)
Policy loans	(9,389)	(11,291)
Industrial and consumer loans	(188,495)	(131,551)
Real estate	(108,602)	(39,813)
Investment property	(94,206)	(32,797)
Deferred tax assets	(11,192)	(123,415)
Other assets	6,368	(11,548)
Allowance for possible loan losses	1,134	432
Total	341,445	1,241,576
Foreign currency denominated assets	156,388	617,285

(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, 2014	Fiscal year ended March 31, 2015
Cash, deposits and call loans	0.10	0.09
Monetary claims bought	2.06	1.88
Investment in securities	1.82	1.82
Domestic bonds	1.83	1.79
Domestic stocks	(3.42)	(5.75)
Foreign securities	2.64	2.92
Foreign bonds	2.45	2.86
Other foreign securities	4.21	3.59
Loans	2.20	2.04
Industrial and consumer loans	1.84	1.66
Real estate	2.29	2.44
Investment property	3.14	3.45
Total	1.73	1.73
Overseas investments	2.40	2.76

(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, 2014		Fiscal year ended March 31, 2015	
	Amount	Share	Amount	Share
Cash, deposits and call loans	139,366		193,645	
Monetary claims bought	275,979		261,518	
Investment in securities	18,573,082		19,635,438	
Domestic bonds	12,307,064		12,671,417	
Domestic stocks	868,555		874,625	
Foreign securities	5,372,947		6,068,044	
Foreign bonds	4,800,319		5,505,300	
Other foreign securities	572,628		562,743	
Loans	2,567,205		2,415,895	
Industrial and consumer loans	2,222,360		2,080,864	
Real estate	804,099		694,574	
Investment property	586,712		491,027	
Total	22,903,430		23,755,071	
Overseas investments	5,494,252		6,199,781	

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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
National government bonds	10,010,100	51.3	10,213,385	48.7
Local government bonds	72,010	0.4	49,523	0.2
Corporate bonds	2,444,732	12.5	2,485,133	11.8
Public entity bonds	1,784,396	9.1	1,797,622	8.6
Domestic stocks	1,218,629	6.2	1,644,083	7.8
Foreign securities	5,729,106	29.4	6,563,751	31.3
Foreign bonds	5,191,255	26.6	5,983,458	28.5
Foreign-currency-denominated bonds	3,709,120	19.0	4,256,300	20.3
Other foreign securities	537,850	2.8	580,292	2.8
Foreign-currency-denominated other securities	82,088	0.4	124,530	0.6
Other securities	32,955	0.2	35,633	0.2
Total	19,507,535	100.0	20,991,510	100.0
Foreign-currency-denominated securities	3,798,956	19.5	4,425,977	21.1

7. Securities by Maturity Date (General Account)

(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

(As of March 31, 2015)

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	460,438	1,940,963	1,225,223	1,274,308	2,148,176	11,650,155	2,292,245	20,991,510
National government bonds	135,083	386,580	149,841	349,860	459,687	8,732,331	—	10,213,385
Local government bonds	7,445	5,172	5,057	—	8,611	23,237	—	49,523
Corporate bonds	201,465	387,528	153,054	72,591	358,154	1,280,067	32,270	2,485,133
Domestic stocks	—	—	—	—	—	—	1,644,083	1,644,083
Foreign securities	116,443	1,161,681	917,268	851,856	1,321,723	1,614,519	580,257	6,563,751
Foreign bonds	116,408	1,161,681	917,268	851,856	1,321,723	1,614,519	—	5,983,458
Other foreign securities	35	—	—	—	—	—	580,257	580,292
Other securities	—	—	—	—	—	—	35,633	35,633
Monetary claims bought	19,992	1,343	—	—	—	181,243	—	202,579
Negotiable certificates of deposit	99,983	—	—	—	—	—	—	99,983
Others	—	—	—	—	—	—	—	—
Total	580,414	1,942,307	1,225,223	1,274,308	2,148,176	11,831,399	2,292,245	21,294,073

(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, 2014	As of March 31, 2015
Hokkaido	—	—
Tohoku	—	—
Kanto	38,409	32,189
Chubu	16,668	9,186
Kinki	5,434	2,604
Chugoku	4,589	—
Shikoku	—	—
Kyushu	6,909	5,542
Total	72,010	49,523

9. Bonds Yields (General Account)

%

Classification	As of March 31, 2014	As of March 31, 2015
Domestic bonds	1.85	1.83
Foreign bonds	3.70	3.69

(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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Fishery, agriculture and forestry	158	0.0	214	0.0
Mining	92	0.0	99	0.0
Construction	39,555	3.2	50,864	3.1
Manufacturing				
Food	37,624	3.1	57,127	3.5
Textiles and apparel	7,076	0.6	9,216	0.6
Pulp and paper	5,673	0.5	5,546	0.3
Chemicals	104,837	8.6	175,605	10.7
Pharmaceuticals	66,498	5.5	107,912	6.6
Oil and coal products	4,622	0.4	4,483	0.3
Rubber products	5,413	0.4	7,567	0.5
Glass and ceramic products	15,801	1.3	16,580	1.0
Iron and steel	26,509	2.2	32,536	2.0
Nonferrous metals	35,802	2.9	41,498	2.5
Metal products	6,613	0.5	7,990	0.5
Machinery	86,835	7.1	115,867	7.0
Electric appliances	161,452	13.2	211,092	12.8
Transportation equipment	37,619	3.1	51,811	3.2
Precision instruments	5,726	0.5	7,160	0.4
Other products	22,366	1.8	30,934	1.9
Electric power and gas	29,875	2.5	36,955	2.2
Transportation, information and communication				
Land transportation	100,886	8.3	155,941	9.5
Marine transportation	4,940	0.4	5,288	0.3
Air transportation	2,478	0.2	4,048	0.2
Warehousing and harbor transportation services	7,179	0.6	9,063	0.6
Information and communication	9,174	0.8	11,310	0.7
Trade and services				
Wholesale trade	76,872	6.3	83,182	5.1
Retail trade	17,693	1.5	25,082	1.5
Finance and insurance				
Banking	157,581	12.9	218,247	13.3
Securities and trading	10,702	0.9	11,557	0.7
Insurance	77,178	6.3	88,707	5.4
Other financial services	3,123	0.3	3,667	0.2
Real estate	14,868	1.2	15,425	0.9
Services	35,793	2.9	41,495	2.5
Total	1,218,629	100.0	1,644,083	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, 2014					As of March 31, 2015				
	Book value	Fair value	Net gains (losses)	Gains	Losses	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)	2,059,190	2,383,300	324,109	324,244	(134)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,209,377	12,711,116	1,501,738	1,502,085	(346)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	—	(6,224)	33,173	23,372	(9,801)	—	(9,801)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,091,825	1,139,283	47,458	47,638	(180)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)	3,928,950	4,325,405	396,455	396,996	(541)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	3,927,074	4,323,648	396,574	396,960	(386)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)	1,876	1,757	(118)	36	(155)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
Others	—	—	—	—	—	—	—	—	—	—
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,700,583	14,272,895	1,572,311	1,572,927	(615)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)	5,621,934	6,309,582	687,648	698,037	(10,388)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,586,884	6,284,453	697,569	698,000	(431)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)	35,050	25,129	(9,920)	36	(9,957)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
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, 2014	As of March 31, 2015
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	72,290	115,403
Available-for-sale securities	515,586	515,935
Unlisted domestic stocks (excluding over-the-counter stocks)	24,580	24,573
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	490,321
Unlisted foreign bonds	—	—
Others	685	1,040
Total	587,876	631,338

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, 2014 and 2015.

●Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2014 and 2015.

(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:

Millions of Yen

Classification	As of March 31, 2014					As of March 31, 2015				
	Book value	Fair value	Net gains (losses)	Gains	Losses	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)	2,059,190	2,383,300	324,109	324,244	(134)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,209,377	12,711,116	1,501,738	1,502,085	(346)
Investments in subsidiaries and affiliated companies	105,464	99,090	(6,373)	—	(6,373)	148,577	139,764	(8,813)	1,051	(9,864)
Available-for-sale securities	6,212,026	6,820,197	608,170	645,344	(37,173)	6,625,182	7,876,928	1,251,745	1,258,354	(6,609)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,091,825	1,139,283	47,458	47,638	(180)
Domestic stocks	797,633	1,147,003	349,370	379,075	(29,705)	798,117	1,567,457	769,339	775,208	(5,868)
Foreign securities	4,066,598	4,283,348	216,750	223,416	(6,666)	4,419,305	4,831,990	412,685	413,226	(541)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	3,927,074	4,323,648	396,574	396,960	(386)
Other foreign securities	496,285	504,012	7,727	8,984	(1,257)	492,230	508,341	16,111	16,266	(155)
Other securities	25,282	32,955	7,672	8,282	(610)	25,597	35,633	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
Others	—	—	—	—	—	—	—	—	—	—
Total	19,183,961	20,979,438	1,795,476	1,842,066	(46,589)	20,042,328	23,111,109	3,068,780	3,085,735	(16,954)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,700,583	14,272,895	1,572,311	1,572,927	(615)
Domestic stocks	869,259	1,218,629	349,370	379,075	(29,705)	874,743	1,644,083	769,339	775,208	(5,868)
Foreign securities	5,512,356	5,900,570	388,214	401,309	(13,094)	6,151,065	6,855,933	704,867	715,319	(10,451)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,586,884	6,284,453	697,569	698,000	(431)
Other foreign securities	530,123	531,476	1,353	8,984	(7,631)	564,181	571,479	7,297	17,318	(10,020)
Other securities	25,282	32,955	7,672	8,282	(610)	25,597	35,633	10,036	10,036	—
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	—	(2)	100,000	99,983	(16)	—	(16)
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 ¥8,977 million and ¥17,218 million as of March 31, 2014 and 2015, respectively.

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

Millions of Yen

Classification	As of March 31, 2014	As of March 31, 2015
Net gains (losses) on real estate	(33,058)	(2,966)

(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, 2014						As of March 31, 2015					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,834	(272,703)	—	—	—	(270,869)	1,259	(162,558)	—	—	—	(161,298)
Hedge accounting not applied	(847)	(23,098)	(1,317)	1,043	—	(24,220)	(1,813)	(27,582)	(13,591)	—	—	(42,988)
Total	986	(295,802)	(1,317)	1,043	—	(295,090)	(554)	(190,140)	(13,591)	—	—	(204,287)

(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 ¥249,187 million and ¥157,797 million in currency-related as of March 31, 2014 and 2015, respectively.

● Interest-related

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		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-the-counter transactions	Interest rate swaps								
	Receipts fixed, payments floating	54,726	48,721	1,834	1,834	56,121	45,532	1,259	1,259
	Receipts floating, payments fixed	34,500	—	(94)	(94)	—	—	—	—
	Interest rate swaptions								
	Bought								
	Receipts floating, payments fixed	120,000	120,000			240,000	120,000	427	(1,813)
		[1,254]		500	(753)	[2,241]			
Total					986				(554)

(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, 2015						
	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)	10,588	32,012	12,985	455	80	—	56,121
Average fixed rate (receipt)	1.90	1.86	0.69	0.40	0.97	—	1.59
Average floating rate (payment)	0.37	0.38	0.34	0.27	0.73	—	0.37

●Currency-related

Millions of Yen

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		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-the-counter transactions	Foreign currency forward contracts								
	Sold	3,190,809	914,294	(268,793)	(268,793)	3,599,075	1,025,354	(185,110)	(185,110)
	(U.S. dollar)	975,384	392,060	(34,318)	(34,318)	1,396,146	543,023	(134,324)	(134,324)
	(Australian dollar)	873,240	383,402	(124,732)	(124,732)	1,266,522	302,024	(83,894)	(83,894)
	(Euro)	1,261,584	138,831	(100,105)	(100,105)	877,043	180,306	36,354	36,354
	Bought	1,326	489	(6)	(6)	165,605	—	(269)	(269)
	(U.S. dollar)	1,326	489	(6)	(6)	165,605	—	(269)	(269)
	Currency options								
	Bought								
	Put	22,043	—			—	—		
	(U.S. dollar)	[3,526]		40	(3,485)	[—]			
		22,043	—			—	—		
		[3,526]		40	(3,485)	[—]			
Total					(272,285)				(185,380)

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

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. Foreign currency forward contracts excluded from disclosure 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. 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; and those as of March 31, 2015 include contract value in U.S. dollar of ¥138,885 million, fair value of ¥30,434 million and net gain of ¥30,434 million.

3. 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

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Stock index futures Sold	257,919	—	3,809	3,809	107,788	—	(1,537)	(1,537)
Over-the-counter transactions	Stock index forwards Sold	108,510	—	350	350	104,122	—	(11,548)	(11,548)
	Stock index options Sold								
	Put	5,099	—	6	78	423	—	0	0
		[85]				[1]			
	Bought								
	Call	60,000	30,000	712	(419)	—	—	—	—
		[1,131]				[—]			
	Put	24,200	—	42	(5,136)	19,503	—	23	(506)
		[5,179]				[529]			
Total					(1,317)				(13,591)

(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

Classification	Type	As of March 31, 2014				As of March 31, 2015			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Exchange-traded transactions	Bond futures Sold	293,251	—	1,043	1,043	—	—	—	—
Total					1,043				—

(Notes) Option fees are shown in [].

12. Loans (General Account)

Millions of Yen

Classification	As of March 31, 2014	As of March 31, 2015
Policy loans	335,002	323,711
Policy holder loans	304,215	294,286
Premium loans	30,787	29,424
Industrial and consumer loans	2,130,536	1,998,985
[Loans to non-residents]	[58,478]	[41,472]
Corporate loans	2,069,584	1,957,219
[Corporate loans - domestic]	[2,056,158]	[1,944,505]
Loans to national, international and government-affiliated organizations	16,973	10,510
Loans to public entities	35,740	24,704
Housing loans	6,898	6,005
Consumer loans	1,078	544
Other loans	260	—
Total	2,465,539	2,322,696

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

(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
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

(As of March 31, 2015)

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
Floating-rate loans	11,094	32,625	18,449	43,560	46,288	4,722	73,000	229,739
Fixed-rate loans	283,816	571,605	401,769	208,473	219,399	84,182	—	1,769,245
Total loans	294,910	604,230	420,218	252,033	265,687	88,904	73,000	1,998,985

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

Number of borrowers, millions of yen, %

Classification	As of March 31, 2014		As of March 31, 2015	
	Share		Share	
	Number of borrowers	Amount of loans	Number of borrowers	Amount of loans
Large companies	216	74.0	205	76.2
	1,890,876	92.0	1,792,926	92.2
Medium-sized companies	4	1.4	5	1.9
	9,653	0.5	3,082	0.2
Small companies	72	24.7	59	21.9
	155,628	7.6	148,496	7.6
Total loans to domestic companies	292	100.0	269	100.0
	2,056,158	100.0	1,944,505	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	

- Number of borrowers is the number of borrowers identified by name and is not the number of loans.
- 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.
- The services industry comprises the "rental and leasing services," "scientific, professional, and technical services," "lodging," "life-style and leisure," "education and training," "medical and welfare," and "other services."
- 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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Domestic	460,759	21.6	413,506	20.7
Manufacturing				
Food	18,760	0.9	19,760	1.0
Textiles and apparel	13,770	0.6	12,600	0.6
Wood, wood products	1,000	0.0	1,000	0.1
Pulp and paper	27,462	1.3	23,966	1.2
Printing	21	0.0	11	0.0
Chemicals	59,038	2.8	54,935	2.7
Oil and coal products	42,730	2.0	41,600	2.1
Ceramics, soil and stone	13,346	0.6	13,370	0.7
Iron and steel	95,442	4.5	80,468	4.0
Nonferrous metals	10,441	0.5	5,860	0.3
Metal products	—	—	40	0.0
General purpose, production, and industrial machinery	45,275	2.1	35,281	1.8
Electric appliances	61,127	2.9	63,097	3.2
Transportation equipment	64,644	3.0	53,916	2.7
Other manufacturing products	7,700	0.4	7,600	0.4
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel mining	—	—	—	—
Construction	3,746	0.2	3,614	0.2
Electric power, gas, heat supply and waterworks	317,958	14.9	294,476	14.7
Information and communication	47,981	2.3	38,900	1.9
Logistics and postal services	140,022	6.6	136,341	6.8
Wholesale trade	510,384	24.0	497,277	24.9
Retail trade	11,291	0.5	8,214	0.4
Financing and insurance	341,472	16.0	315,414	15.8
Real estate	135,516	6.4	135,572	6.8
Rental and leasing services	87,438	4.1	95,897	4.8
Scientific, professional, and technical services	1	0.0	—	—
Lodging	99	0.0	62	0.0
Restaurants	13	0.0	5	0.0
Lifestyle and leisure	10	0.0	—	—
Education and training	—	—	—	—
Medical and welfare	260	0.0	—	—
Other services	5,825	0.3	11,247	0.6
Local organizations and public entities	1,297	0.1	431	0.0
Individuals (residential/consumption/local taxes/other)	7,977	0.4	6,550	0.3
Subtotal	2,072,057	97.3	1,957,512	97.9
Overseas				
Governments and public entities	45,053	2.1	28,758	1.4
Financial institutions	12,000	0.6	12,000	0.6
Commerce and industry	1,425	0.1	714	0.0
Subtotal	58,478	2.7	41,472	2.1
Total loans	2,130,536	100.0	1,998,985	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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Capital investments	442,446	20.8	398,480	19.9
Operations	1,274,290	59.8	1,232,369	61.6

(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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Hokkaido	12,644	0.6	11,223	0.6
Tohoku	38,486	1.9	38,013	1.9
Kanto	1,453,114	70.4	1,398,304	71.7
Chubu	143,402	6.9	130,898	6.7
Kinki	295,836	14.3	273,284	14.0
Chugoku	61,620	3.0	49,717	2.5
Shikoku	19,223	0.9	10,243	0.5
Kyushu	39,751	1.9	39,275	2.0
Total	2,064,080	100.0	1,950,962	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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Secured loans	340	0.0	851	0.0
Loans secured by securities	185	0.0	731	0.0
Loans secured by real estate, movables and foundations	155	0.0	120	0.0
Loans secured by personal guarantees	—	—	—	—
Guarantee loans	80,195	3.8	52,736	2.6
Fiduciary loans	2,042,022	95.8	1,938,846	97.0
Other loans	7,977	0.4	6,550	0.3
Industrial and consumer loans	2,130,536	100.0	1,998,985	100.0
Subordinated loans	223,000	10.5	181,000	9.1

19. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2014	As of March 31, 2015
Loans to bankrupt borrowers	—	—
Loans in arrears	1,139	1,066
Loans in arrears for three months or longer	0	0
Restructured loans	260	—
Total	1,400	1,066
[Percentage of total loans]	[0.06]	[0.05]

(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, 2014 and March 31, 2015 amounted to ¥40 million and ¥34 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, 2014	As of March 31, 2015
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	1,174	1,099
Substandard loans	260	0
Subtotal	1,435	1,099
[Percentage of total]	[0.04]	[0.03]
Normal loans	3,225,885	3,662,585
Total	3,227,320	3,663,684

- (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

Classification	Hundred million Yen, %			
	As of March 31, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Non-categorized	24,443	99.1	23,091	99.4
Category II	211	0.9	135	0.6
Category III	0	0.0	0	0.0
Category IV	—	—	—	—
Total loans	24,655	100.0	23,226	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, 2014 and 2015, 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, 2014 and 2015, respectively.

(Reference) Status of Allowance for possible loan losses

Classification	Hundred million yen	
	As of March 31, 2014	As of March 31, 2015
Balance of specific allowance for possible loan losses	5	6
Balance of general allowance for possible loan losses	16	11
Total allowance for possible loan losses	21	17

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, 2014	As of March 31, 2015
Solvency margin gross amount (A)	2,786,323	3,437,326
Foundation funds and others	950,964	998,162
Reserve for price fluctuation	231,447	252,247
Contingency reserve	301,300	315,100
General allowance for possible loan losses	1,608	1,154
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	547,353	1,126,570
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(85,857)	(44,934)
Excess of continued Zillmerized reserve	618,752	629,870
Qualifying subordinated debt	201,980	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(61,364)	(66,364)
Others	80,137	76,039
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	627,363	728,027
Insurance risk	R ₁	81,995
Third-sector insurance risk	R ₈	49,568
Risk of assumed yield	R ₂	220,353
Minimum guarantee risk	R ₇ *	52,793
Investment risk	R ₃	325,325
Operational risk	R ₄	14,600
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	888.2%	944.2%

* 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 and others	<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
Net 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”)

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
		Millions of Yen
	Item	As of March 31, 2014
		As of March 31, 2015
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	201,980
		149,480
	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)	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)	99,480
		149,480
	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, 2014)

Classification	Millions of Yen, %						
	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	—

(As of March 31, 2015)

Classification	Millions of Yen, %						
	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	430,073	501	20,475 [6,776]	—	410,099	—	—
Buildings	269,512	11,615	14,777 [6,776]	15,225	251,124	418,034	62.4
Lease assets	4,204	100	7	1,155	3,140	3,309	51.3
Construction in progress	1,626	2,199	3,652	—	173	—	—
Other tangible fixed assets	4,717	1,174	106	1,509	4,276	24,543	85.1
Total	710,134	15,591	39,019	17,890	668,815	445,887	—

(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 ¥466,204 million as of March 31, 2015.

b. Amount of real estate and numbers held

Classification	Millions of Yen	
	As of March 31, 2014	As of March 31, 2015
Amount of real estate	701,212	661,398
For business operations	204,123	197,107
For lease	497,088	464,290
Number of buildings held for leasing	147	132

24. Other Assets

(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

(As of March 31, 2015)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	31,500	56	555	29,701	1,798
Others	7,664	785	1,255	5,167	2,496
Total	39,165	842	1,811	34,869	4,295

25. Status of Public Sector Investment and Loans (General Account)

Millions of Yen

Classification		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Public bonds	National government bonds	—	—
	Local government bonds	—	—
	Public entity bonds	2,067	1,480
	Subtotal	2,067	1,480
Loans	Government-affiliated organizations	1,920	1,752
	Local organizations and public entities	—	—
	Subtotal	1,920	1,752
Total	3,987	3,232	

(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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Foreign bonds	3,716,868	62.4	4,301,446	63.4
Other foreign securities	82,088	1.4	124,530	1.8
Cash, deposits and others	57,246	1.0	47,511	0.7
Net foreign currency denominated assets	3,856,203	64.8	4,473,488	65.9

● Foreign currency denominated assets with fixed yen value

Millions of Yen, %

Classification	As of March 31, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Loans	—	—	39,405	0.6
Foreign bonds	110,323	1.9	92,712	1.4
Cash, deposits and others	60,793	1.0	28,013	0.4
Net foreign currency denominated assets with fixed yen value	171,117	2.9	160,130	2.4

(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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Loans to non-residents	58,478	1.0	41,472	0.6
Foreign bonds	1,371,811	23.0	1,634,445	24.1
Other foreign securities	455,762	7.7	455,762	6.7
Cash, deposits and others	41,478	0.7	21,310	0.3
Net yen-denominated assets	1,927,531	32.4	2,152,990	31.7

● Total

Millions of Yen, %

Classification	As of March 31, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
Overseas loans and investments	5,954,851	100.0	6,786,610	100.0

b. Overseas loans and investments by geographic area

(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

(As of March 31, 2015)

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	1,391,664	21.2	1,391,000	23.2	663	0.1	5,000	12.1
Europe	1,956,811	29.8	1,956,811	32.7	—	—	22,000	53.0
Oceania	436,302	6.6	436,302	7.3	—	—	5,000	12.1
Asia	124,139	1.9	2,065	0.0	122,074	21.0	—	—
Central and South America	2,107,294	32.1	1,649,740	27.6	457,554	78.8	714	1.7
Middle East	—	—	—	—	—	—	—	—
Africa	3,539	0.1	3,539	0.1	—	—	—	—
International organizations	543,999	8.3	543,999	9.1	—	—	8,758	21.1
Total	6,563,751	100.0	5,983,458	100.0	580,292	100.0	41,472	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, 2014		As of March 31, 2015	
	Amount	Share	Amount	Share
U.S. dollar	1,290,939	33.5	2,044,058	45.7
Australian dollar	1,059,538	27.5	1,447,192	32.4
Euro	1,339,265	34.7	795,519	17.8
British pound	88,240	2.3	64,453	1.4
Chinese yuan	43,753	1.1	50,794	1.1
Indonesia Rupiah	21	0.0	38,255	0.9
Vietnam dong	33,203	0.9	33,189	0.7
Others	1,240	0.0	25	0.0
Total	3,856,203	100.0	4,473,488	100.0

Liabilities

1. Reserve for Outstanding Claims

Millions of Yen

Classification		As of March 31, 2014	As of March 31, 2015
Claims paid	Mortality insurance claims	47,445	46,861
	Accident insurance claims	1,293	1,273
	Serious disability insurance claims	6,657	5,752
	Maturity insurance amount	2,509	1,989
	Others	32	553
	Subtotal	57,939	56,430
Annuity payments		5,403	2,958
Benefits payments		26,695	25,130
Surrender benefits		10,492	40,333
Payments of benefits left to accumulate at interest		6,432	5,967
Total including other reserves		107,667	131,561

2. Policy Reserves

Millions of Yen

Classification		As of March 31, 2014	As of March 31, 2015
Policy reserves (excluding contingency reserves)	Individual life insurance	12,428,814	12,766,172
	[General account]	[12,365,771]	[12,696,113]
	[Separate account]	[63,042]	[70,059]
	Individual annuities	7,584,058	7,554,863
	[General account]	[5,572,498]	[5,946,498]
	[Separate account]	[2,011,559]	[1,608,364]
	Group insurance	15,973	16,437
	[General account]	[15,973]	[16,437]
	[Separate account]	[—]	[—]
	Group annuities	2,657,738	2,673,014
	[General account]	[2,033,587]	[2,028,906]
	[Separate account]	[624,151]	[644,108]
	Others	228,088	222,734
	[General account]	[228,088]	[222,734]
	[Separate account]	[—]	[—]
Subtotal	22,914,673	23,233,222	
[General account]	[20,215,920]	[20,910,690]	
[Separate account]	[2,698,753]	[2,322,532]	
Contingency reserves		301,300	315,100
Total		23,215,973	23,548,322
[General account]		[20,517,220]	[21,225,790]
[Separate account]		[2,698,753]	[2,322,532]

3. Policy Reserve Balance

(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

(As of March 31, 2015)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2015
Balance	22,506,235	726,987	—	315,100	23,548,322

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, 2014	As of March 31, 2015
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)
	Policies not applicable to standard policy reserves	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)		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	154,924	4.00% – 5.00%
1981 – 1985	462,977	5.00% – 5.50%
1986 – 1990	2,619,694	5.50%
1991 – 1995	3,191,911	3.75% – 5.50%
1996 – 2000	1,427,549	2.00% – 2.75%
2001 – 2005	1,449,630	1.00% – 1.50%
2006 – 2010	4,109,472	1.00% – 1.50%
2011	1,152,775	1.00% – 1.50%
2012	1,689,382	1.00% – 1.50%
2013	1,153,393	0.50% – 1.00%
2014	1,230,901	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 2015.

○ Test results

The stress test conducted at the closing of the fiscal year ended March 31, 2015 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	62.0%	73.1%
Of which, the general medical riders group	53.7%	58.1%
Of which, the specified illness coverage group	70.9%	77.5%
Of which, the severe chronic disease coverage group	55.4%	75.3%
Of which, the nursing care coverage (new type) group	71.7%	105.6%

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, 2015 was ¥12,479 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, 2014	As of March 31, 2015
Policy reserve balance (General account)	47,502	1,995

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, 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]

(Fiscal year ended March 31, 2015)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	264,172	11,077	1,807	140	1,036	25	278,259
Transfer from surplus in the previous fiscal year	17,812	968	36,169	4,775	(0)	415	60,141
Interest accrued during the fiscal year	397	12	0	—	1	0	412
Dividend payments to policyholders during the fiscal year	30,206	996	35,901	4,793	133	419	72,451
Ending balance	252,174	11,063	2,075	121	904	21	266,361
	[247,006]	[9,009]	[283]	[—]	[897]	[14]	[257,211]

(Note) The numbers in [] indicate accumulated dividends reserved.

8. Allowance for Possible Loan Losses and Other Reserves

(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.

(Fiscal year ended March 31, 2015)

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	1,608	1,154	(454)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	580	603	22	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		18,839	43,095	24,255	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		231,447	252,247	20,800	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, 2014	As of March 31, 2015
Amount of provision	798	921
Amount of reversal (Excluding reversal accompanying write-off)	760	778
Net provision	37	143

10. Status of Allowance for Specific Overseas Debt

a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2014 and 2015.

b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2014 and 2015.

11. Loans payable by Due Date

(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

(As of March 31, 2015)

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	—	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	149,480	149,480

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, 2015)		¥639.0 billion (including ¥369.0 billion in reserve for redemption of foundation funds)		

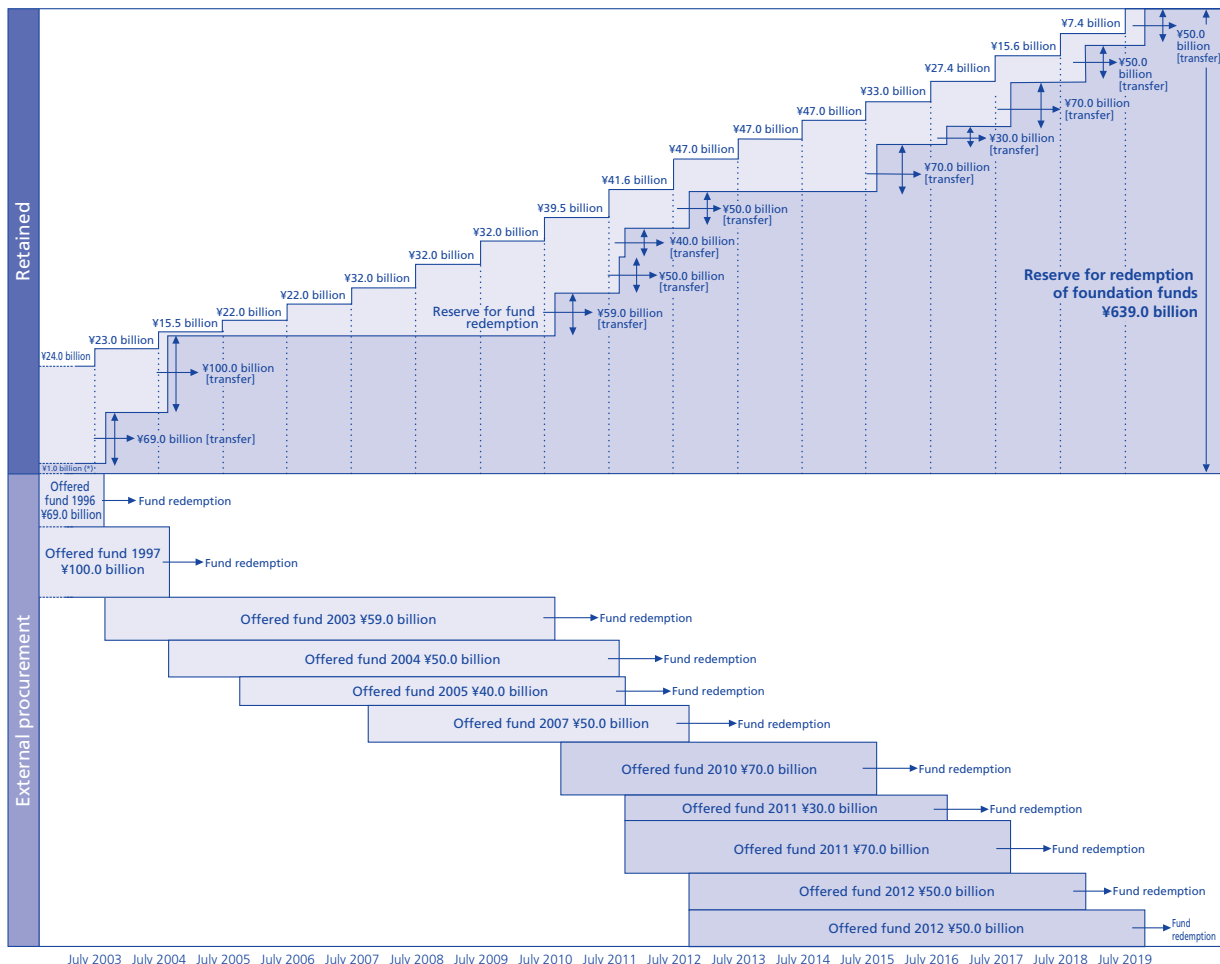
Names of fund contributor	Fund contributions to the Company	
	Amount	Fund contribution
Sumitomo Mitsui Banking Corporation	71,000	26.29
Sumitomo Life 3rd Foundation Fund Securitization Special Purpose Company	70,000	25.92
Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company	50,000	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, 2015.

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, 2014	Fiscal year ended March 31, 2015
Individual life insurance	1,704,449	1,568,828
(Lump-sum payment)	606,006	493,258
(Annual payment)	140,038	140,522
(Semiannual payment)	7,012	6,624
(Monthly payment)	951,392	928,423
Individual annuities	318,766	472,567
(Lump-sum payment)	18,259	115
(Annual payment)	78,866	238,155
(Semiannual payment)	2,796	2,933
(Monthly payment)	218,844	231,362
Group insurance	96,082	96,325
Group annuities	357,745	415,848
Total including other premiums	2,500,081	2,575,479

(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, 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

(Fiscal year ended March 31, 2015)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	251,320	6,555	44,268	—	—	4	302,149
Accident	4,891	5	87	—	43	—	5,028
Serious disability	9,411	31	3,622	—	—	—	13,065
Maturity	197,473	6	—	—	852	—	198,332
Others	798	—	—	2,508	—	0	3,307
Total	463,896	6,598	47,979	2,508	896	4	521,883

b. Number of policies

(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

(Fiscal year ended March 31, 2015)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	46,437	1,352	45,873	—	—	243	93,905
Accident	796	1	188	—	3	—	988
Serious disability	1,070	6	3,125	—	—	—	4,201
Maturity	83,014	133	—	—	3,667	—	86,814
Others	1,372	—	—	—	—	2	1,374
Total	132,689	1,492	49,186	—	3,670	245	187,282

3. Annuity Payments

a. Amount

(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

(Fiscal year ended March 31, 2015)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	529,770	575	104,003	5,114	—	639,464

b. Number of policies

(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

(Fiscal year ended March 31, 2015)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	473,661	26,804	2,290,418	16,061	—	2,806,944

4. Benefits Payments

a. Amount

(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

(Fiscal year ended March 31, 2015)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	21,308	30,689	6	—	192	—	52,195
Hospitalization benefits	63,485	771	89	—	—	89	64,437
Surgical benefits	33,991	729	—	—	—	—	34,721
Disability benefits	4,782	9	55	—	—	—	4,847
Survival benefits	76,650	232	—	—	759	—	77,641
Others	1,274	1	1	118,372	95	4	119,750
Total	201,493	32,434	153	118,372	1,047	94	353,594

b. Number of policies

(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

(Fiscal year ended March 31, 2015)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	14,646	6,392	423	—	82	—	21,543
Hospitalization benefits	800,549	9,990	3,714	—	—	8,974	823,227
Surgical benefits	387,955	8,937	—	—	—	—	396,892
Disability benefits	54,995	139	147	—	—	—	55,281
Survival benefits	301,272	1,493	—	—	349	—	303,114
Others	3,853	4	213	501,188	99	116	505,473
Total	1,563,270	26,955	4,497	501,188	530	9,090	2,105,530

5. Surrender Benefits

(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

(Fiscal year ended March 31, 2015)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
257,737	220,865	—	206,655	21,759	—	707,018

Investment-related Income

1. Investment Income (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Interest, dividends, and other income	544,860	533,974
Gains on trading securities	0	—
Gains on sales of securities	40,408	49,605
Gains on redemption of securities	—	8,123
Foreign exchange gains	1,749	1,632
Reversal of allowance for possible loan losses	1,089	311
Other investment income	1,941	731
Total	590,048	614,378

2. Investment Expenses (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Interest expenses	9,641	7,337
Losses on trading securities	—	24
Losses on sales of securities	9,371	5,042
Losses on valuation of securities	130	4,158
Losses on derivative financial instruments	144,999	161,005
Depreciation of real estate for investments	14,071	11,004
Other investment expenses	16,013	14,027
Total	194,228	202,599

3. Interest, Dividends, and Other Income (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Interest on deposits	59	61
Interest and dividends on securities	438,135	459,214
Interest on domestic bonds	222,933	224,892
Domestic stock dividends	22,517	25,500
Interest and dividends on foreign securities	191,702	205,843
Interest on loans	53,826	48,911
Interest on industrial and consumer loans	38,285	34,075
Rent revenue from real estate	46,655	40,258
Total including other income	544,860	553,974

4. Analysis of Interest, Dividends, and Other Income (General Account)

Millions of Yen

Fiscal Year ended March 31, 2015	Increase (decrease) in balance	Increase/decrease in interests	Total increase (decrease)
Interest, dividends, and other income	20,116	(11,002)	9,113
Cash, deposits and call loans	54	(18)	35
Securities	25,031	(3,952)	21,078
Loans	(3,132)	(1,781)	(4,914)
Real estate	(6,354)	(42)	(6,397)

5. Gains on Sales of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Domestic bonds including national government bonds	3,824	1,615
Domestic stocks and others	3,607	3,732
Foreign securities	32,975	44,257
Total including other gains on sales of securities	40,408	49,605

6. Gains on Disposal of Fixed Assets (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Tangible fixed assets	8,252	5,037
Land	6,164	3,195
Buildings	2,079	1,841
Lease assets	—	—
Other assets	7	—
Intangible fixed assets	1,043	—
Others	0	19
Total	9,296	5,057
Investment and rental properties	9,251	4,746

7. Losses on Sales of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Domestic bonds including national government bonds	3	25
Domestic stocks and others	195	125
Foreign securities	9,172	4,891
Total including other losses on sales of securities	9,371	5,042

8. Losses on Valuation of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Domestic bonds including national government bonds	—	—
Domestic stocks and others	130	4,158
Foreign securities	—	—
Total including other losses on sales of securities	130	4,158

9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2014 and after.

10. Depreciation of Real Estate for Investments (General Account)

(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%

(Fiscal year ended March 31, 2015)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	451,744	10,521	282,627	169,117	62.6%
Buildings	450,411	10,492	281,379	169,032	62.5%
Other tangible fixed assets	1,333	28	1,248	85	93.6%
Intangible fixed assets	68	3	57	11	83.1%
Others	8,134	478	6,502	1,632	79.9%
Total	459,947	11,004	289,186	170,761	62.9%

11. Losses on Disposal of Fixed Assets (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Tangible fixed assets	9,429	4,517
Land	5,026	2,707
Buildings	4,182	1,707
Lease assets	64	7
Other assets	155	94
Intangible fixed assets	45	181
Others	70	31
Total	9,545	4,729
Investment and rental properties	8,924	3,548

Others

1. Depreciation

(Fiscal year ended March 31, 2014)

Classification	Millions of Yen				
	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	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%

(Fiscal year ended March 31, 2015)

Classification	Millions of Yen				
	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	252,684	7,372	163,272	89,424	64.6%
Buildings	218,747	4,732	136,655	82,092	62.5%
Lease assets	6,450	1,159	3,321	3,140	51.5%
Other tangible fixed assets	27,486	1,480	23,295	4,191	84.8%
Intangible fixed assets	89,980	6,782	68,082	21,898	75.7%
Others	23,366	52	23,199	166	99.3%
Total	366,031	14,207	254,554	111,489	69.5%

2. Operating Expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Marketing operations	116,838	109,985
Marketing administration	58,883	57,958
General and administrative expenses	160,664	157,712
Total	336,386	325,656

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥3,816 million and ¥3,104 million in the fiscal year ended March 31, 2014 and 2015, respectively.

3. Tax Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
National tax	10,783		14,309	
Consumption tax	7,501		10,997	
Special local corporate tax	2,996		3,025	
Documentary stamp tax	275		276	
Registration and license tax	3		8	
Other national tax	7		1	
Local tax	8,110		9,155	
Local consumption tax	1,875		2,957	
Corporate enterprise tax	3,859		3,900	
Fixed asset tax	1,941		1,854	
Real-estate acquisition tax	2		—	
Corporate income tax	424		430	
Other local tax	7		12	
Total	18,894		23,464	

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, 2014			Fiscal year ended March 31, 2015		
	Movables	Others	Total	Movables	Others	Total
Acquisition cost	3	—	3	—	—	—
Accumulated depreciation	3	—	3	—	—	—
Leased assets as of the end of the fiscal year	—	—	—	—	—	—

b. Future minimum lease payments balance as of the end of the fiscal year

Millions of Yen

Classification	Fiscal year ended March 31, 2014			Fiscal year ended March 31, 2015		
	With in 1 year	Over 1 year	Total	With in 1 year	Over 1 year	Total
Future minimum lease payments balance as of the end of the fiscal year	—	—	—	—	—	—

c. Lease fees paid, depreciation and interest expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
Lease fees paid	0		—	
Depreciation	0		0	
Interest expenses	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, 2014		As of March 31, 2015			
		Policies	Amount	Policies	Amount		
Death protection	Death protection due to illness/accident	Individual life insurance	8,262	92,532,783	8,194	88,638,188	
		Individual annuities	—	—	—	—	
		Group insurance	22,593	31,886,569	22,150	31,728,877	
		Group annuities	—	—	—	—	
		Total including other types	30,855	124,419,352	30,344	120,367,066	
	Death protection due to accident	Individual life insurance	[8,415]	[22,814,442]	[8,138]	[21,236,525]	
		Individual annuities	[114]	[635,453]	[67]	[334,782]	
		Group insurance	[2,740]	[961,668]	[2,638]	[906,134]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[11,270]	[24,411,564]	[10,844]	[22,477,443]	
	Death protection due to specific causes	Individual life insurance	[0]	[80]	[0]	[55]	
		Individual annuities	[—]	[—]	[—]	[—]	
Group insurance		[65]	[39,895]	[64]	[39,662]		
Group annuities		[—]	[—]	[—]	[—]		
	Total including other types	[65]	[39,976]	[64]	[39,717]		
Pure endowment	Maturity and survival benefits	Individual life insurance	218	436,823	215	422,214	
		Individual annuities	2,369	12,245,478	2,381	12,241,058	
		Group insurance	0	161	0	184	
		Group annuities	—	—	—	—	
		Total including other types	2,599	12,711,365	2,607	12,689,908	
	Annuity	Individual life insurance	[—]	[—]	[—]	[—]	
		Individual annuities	[2,705]	[1,698,875]	[2,769]	[1,711,685]	
		Group insurance	[8]	[573]	[8]	[545]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[2,729]	[1,704,799]	[2,792]	[1,717,335]	
	Others	Individual life insurance	—	—	—	—	
		Individual annuities	335	1,163,389	387	1,313,974	
		Group insurance	8	3,535	8	3,327	
		Group annuities	7,139	2,657,738	6,790	2,673,014	
		Total including other types	7,571	4,023,763	7,269	4,186,521	
	Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[5,322]	[34,312]	[5,200]	[33,132]
			Individual annuities	[140]	[664]	[130]	[617]
			Group insurance	[1,441]	[1,207]	[1,386]	[1,167]
Group annuities			[—]	[—]	[—]	[—]	
		Total including other types	[7,277]	[36,403]	[7,075]	[35,119]	
Coverage for hospitalization due to illness		Individual life insurance	[5,300]	[33,859]	[5,182]	[32,771]	
		Individual annuities	[137]	[651]	[128]	[605]	
		Group insurance	[7]	[33]	[8]	[37]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[5,818]	[34,764]	[5,676]	[33,617]	
Coverage for hospitalization due to other causes		Individual life insurance	[9,513]	[191,076]	[9,262]	[204,155]	
		Individual annuities	[53]	[440]	[49]	[406]	
	Group insurance	[54]	[11]	[56]	[23]		
	Group annuities	[—]	[—]	[—]	[—]		
	Total including other types	[9,621]	[191,527]	[9,369]	[204,585]		

- (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, 2014	As of March 31, 2015
Disability coverage	Individual life insurance	6,919,492	6,777,475
	Individual annuities	39,904	37,300
	Group insurance	2,539,050	2,441,449
	Group annuities	—	—
	Total including other types	9,498,446	9,256,224
Surgical coverage	Individual life insurance	8,434,946	7,704,303
	Individual annuities	170,802	158,761
	Group insurance	—	—
	Group annuities	—	—
	Total including other types	8,605,748	7,863,064

2. Annualized Premiums

a. Policies in force

Classification	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Rate of increase (decrease)	Rate of increase (decrease)	Rate of increase (decrease)	Rate of increase (decrease)
Individual life insurance	1,481,168	(0.3)	1,474,641	(0.4)
Individual annuities	701,281	(3.9)	689,574	(1.7)
Total	2,182,449	(1.5)	2,164,215	(0.8)
Living benefits, medical coverage, and others	507,364	0.5	510,741	0.7

Millions of Yen, %

b. New policies (new policies acquired plus net increase by conversion)

Classification	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Rate of increase (decrease)	Rate of increase (decrease)	Rate of increase (decrease)	Rate of increase (decrease)
Individual life insurance	102,260	(27.7)	91,245	(10.8)
Individual annuities	24,456	(21.6)	45,018	84.1
Total	126,717	(26.6)	136,263	7.5
Living benefits, medical coverage, and others	36,565	0.0	35,943	(1.7)

Millions of Yen, %

(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

Classification	As of March 31, 2014				As of March 31, 2015			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,480	(0.9)	92,969,607	(4.6)	8,409	(0.8)	89,060,403	(4.2)
Individual annuities	2,705	(0.9)	13,408,868	(1.5)	2,769	2.4	13,555,033	1.1
Group insurance	—	—	31,890,267	(1.3)	—	—	31,732,389	(0.5)
Group annuities	—	—	2,657,738	1.3	—	—	2,673,014	0.6

Thousand policies, millions of yen, %

(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)

Classification	Fiscal year ended March 31, 2014						Fiscal year ended March 31, 2015					
	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	786	(16.9)	3,857,018	(1.7)	3,563,711	293,307	753	(4.2)	3,653,476	(5.3)	3,540,176	113,299
Individual annuities	134	(19.3)	552,788	(27.4)	574,723	(21,934)	239	78.5	985,617	78.3	1,009,233	(23,616)
Group insurance	—	—	201,557	56.9	201,557	—	—	—	56,038	(72.2)	56,038	—
Group annuities	—	—	354	107.6	354	—	—	—	53	(84.9)	53	—

Thousand policies, millions of yen, %

(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, 2014				As of March 31, 2015			
			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	1,628	7.7	9,215,772	6.2	1,720	5.7	9,673,891	5.0
		Whole life insurance with term rider	1,781	0.6	24,814,280	(0.4)	1,744	(2.0)	23,638,598	(4.7)
		Whole life insurance with variable accumulation rate	2,774	(3.8)	49,691,558	(7.5)	2,743	(1.1)	47,309,572	(4.8)
		Term life insurance	158	(6.7)	2,372,105	(3.8)	146	(7.4)	2,301,460	(3.0)
		Total including other types	7,330	0.8	87,953,500	(4.2)	7,372	0.6	84,626,787	(3.8)
	Life and mortality insurance	Endowment insurance	524	(9.4)	2,294,338	(9.0)	474	(9.5)	2,091,149	(8.9)
		Endowment insurance with term rider	107	(21.6)	1,024,410	(16.4)	84	(20.9)	828,509	(19.1)
		Term life insurance with survival benefits	200	(13.1)	819,627	(15.9)	182	(9.2)	719,695	(12.2)
		Total including other types	1,116	(10.6)	4,909,308	(12.0)	1,011	(9.5)	4,343,241	(11.5)
		Pure endowment	33	(19.0)	106,798	(15.4)	26	(20.4)	90,374	(15.4)
Subtotal (1)			8,480	(0.9)	92,969,607	(4.6)	8,409	(0.8)	89,060,403	(4.2)
Individual annuities (2)			2,705	(0.9)	13,408,868	(1.5)	2,769	2.4	13,555,033	1.1
(1) + (2) Total			11,186	(0.9)	106,378,475	(4.3)	11,179	(0.1)	102,615,436	(3.5)
Group insurance	Group term life insurance		7,528	(0.6)	5,869,884	(3.0)	7,264	(3.5)	5,697,230	(2.9)
	General welfare group term life insurance		3,649	(0.6)	9,062,516	(2.5)	3,636	(0.4)	9,142,504	0.9
	Group credit life insurance		11,366	1.3	16,910,641	0.0	11,203	(1.4)	16,847,282	(0.4)
	Consumer credit group insurance		48	(2.4)	13,468	(8.4)	47	(2.7)	12,843	(4.6)
	Group whole life insurance		0	(11.4)	130	(24.5)	0	(4.8)	125	(3.8)
	Life insurance for sustainers of disabled		50	(3.9)	29,927	(3.5)	48	(3.8)	28,890	(3.5)
	Annuities rider		8	(2.9)	3,697	(5.3)	8	(3.6)	3,511	(5.0)
	Subtotal (3)			22,601	0.4	31,890,267	(1.3)	22,159	(2.0)	31,732,389
(1) + (2) + (3) Total			33,788	(0.1)	138,268,742	(3.6)	33,338	(1.3)	134,347,826	(2.8)
Group annuities	Corporate pension plans		0	(4.5)	227	2.4	0	(3.8)	229	0.7
	New corporate pension plans		3,760	(0.6)	82,231	(2.2)	3,758	(0.0)	80,952	(1.6)
	Insured contributory pension plans		2,437	(1.9)	804,816	(1.0)	2,413	(1.0)	800,355	(0.6)
	Employees' pension fund insurance		941	(6.0)	282,029	(0.2)	616	(34.5)	171,113	(39.3)
	National pension fund insurance		—	—	8	6.9	—	—	9	6.5
	Group pure endowment insurance		—	—	38,382	0.4	—	—	39,532	3.0
	Defined benefit corporate pension plans		—	—	1,375,093	2.4	—	—	1,496,539	8.8
	Defined contribution pension plans		—	—	74,948	17.3	—	—	84,281	12.5
	Subtotal			7,139	(1.8)	2,657,738	1.3	6,790	(4.9)	2,673,014
Workers' asset formation insurance			72	(4.3)	170,856	(1.5)	69	(4.4)	169,237	(0.9)
Workers' asset formation annuities			26	(4.9)	57,145	(6.3)	24	(5.5)	53,418	(6.5)
Medical life insurance			372	(4.1)	220	(3.1)	356	(4.2)	202	(8.0)
Disability income insurance			—	(100.0)	—	(100.0)	—	—	—	—
Hospitalization/accident riders	Accident rider with extra premium		1,720	(5.6)	8,902,998	(8.6)	1,629	(5.3)	8,164,303	(8.3)
	Accident coverage rider		21	(16.3)	27,811	(16.3)	17	(16.7)	23,109	(16.9)
	Personal accident rider		3,542	(3.7)	13,407,996	(6.1)	3,425	(3.3)	12,650,112	(5.7)
	Accident injury rider		3,364	(0.7)	173,690	(0.7)	3,346	(0.5)	172,823	(0.5)
	General medical rider		1,840	17.6	12,845	15.6	2,098	14.0	14,368	11.9
	Hospitalization due to accident rider		2,598	(15.6)	16,515	(16.5)	2,178	(16.2)	13,655	(17.3)
	Hospitalization due to illness rider		2,666	(15.3)	16,452	(16.2)	2,251	(15.6)	13,687	(16.8)
	Hospitalization due to adult disease rider		2,200	(5.5)	10,650	(6.1)	2,086	(5.2)	10,023	(5.9)
	Hospitalization due to other causes rider		7,332	(1.9)	180,652	9.5	7,198	(1.8)	194,370	7.6
	Advanced medical treatment rider		3,216	6.4	—	—	3,372	4.8	—	—
	Cancer diagnosis rider		412	—	274,692	—	779	88.8	479,780	74.7
	Cancer medication rider		429	—	29,772	—	806	88.0	53,095	78.3

(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, %							
			Fiscal year ended March 31, 2014				Fiscal year ended March 31, 2015			
Classification			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	169	(47.2)	811,921	(51.0)	149	(12.0)	633,427	(22.0)
		Whole life insurance with term rider	112	(53.5)	3,026,013	(48.5)	79	(29.3)	2,169,542	(28.3)
		Whole life insurance with variable accumulation rate	321	107.8	6,784,613	217.0	366	14.2	7,082,930	4.4
		Term life insurance	8	(30.0)	187,078	(29.7)	8	(2.9)	184,336	(1.5)
		Total including other types	747	(15.1)	10,901,454	8.3	724	(3.1)	10,145,416	(6.9)
	Life and mortality insurance	Endowment insurance	9	(29.9)	32,718	(28.4)	8	(11.1)	31,367	(4.1)
		Endowment insurance with term rider	0	(99.2)	90	(99.3)	—	(100.0)	3	(96.7)
		Term life insurance with survival benefits	15	(41.0)	67,391	(32.7)	10	(27.1)	47,901	(28.9)
		Total including other types	38	(34.1)	133,246	(33.7)	29	(23.5)	104,050	(21.9)
	Pure endowment	0	(99.0)	72	(98.8)	—	(100.0)	1	(98.6)	
Subtotal (1)		786	(16.9)	11,034,774	7.4	753	(4.2)	10,249,467	(7.1)	
Individual annuities (2)		134	(19.3)	576,052	(27.9)	239	78.5	1,009,233	75.2	
(1) + (2) Total		920	(17.3)	11,610,826	4.8	993	7.9	11,258,701	(3.0)	
Group insurance	Group term life insurance	7	(79.3)	3,218	(77.1)	3	(59.2)	1,834	(43.0)	
	General welfare group term life insurance	48	(15.2)	118,835	4.4	41	(14.9)	53,948	(54.6)	
	Group credit life insurance	507	60718.1	79,503	13117.8	0	(100.0)	254	(99.7)	
	Consumer credit group insurance	—	—	—	—	—	—	—	—	
	Group whole life insurance	—	—	—	—	—	—	—	—	
	Life insurance for sustainers of disabled	—	—	—	—	—	—	—	—	
	Annuities rider	—	—	—	—	—	—	—	—	
	Subtotal (3)		564	485.8	201,557	56.9	44	(92.1)	56,038	(72.2)
(1) + (2) + (3) Total		1,485	22.8	11,812,383	5.4	1,038	(30.1)	11,314,739	(4.2)	
Group annuities	Corporate pension plans	—	—	—	—	—	—	—	—	
	New corporate pension plans	0	—	179	—	—	(100.0)	—	(100.0)	
	Insured contributory pension plans	1	(83.3)	1	271.7	0	(92.8)	0	(88.4)	
	Employees' pension fund insurance	—	(100.0)	—	—	—	—	—	—	
	National pension fund insurance	—	—	—	—	—	—	—	—	
	Group pure endowment insurance	—	—	—	—	—	—	—	—	
	Defined benefit corporate pension plans	—	—	129	(14.7)	—	—	30	(76.5)	
	Defined contribution pension plans	—	—	43	139.6	—	—	23	(47.5)	
Subtotal		1	(91.8)	354	107.6	0	(93.2)	53	(84.9)	
Workers' asset formation insurance		1	(1.4)	33	(37.4)	0	(18.2)	31	(5.2)	
Workers' asset formation annuities		0	(16.2)	6	(24.2)	0	(26.9)	10	54.4	
Medical life insurance		0	(60.4)	0	(23.3)	0	(90.3)	0	(81.5)	
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, 2014			Fiscal year ended March 31, 2015				
Classification				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]	160	20.4	798,011	134	17.8	617,347		
			Whole life insurance covering specified illness [Reguard]	0	0.1	2,811	0	0.1	3,590		
			Whole life insurance substandard disclosure [Senkyakubanrai, Tayoreru YOU Plus]	8	1.1	10,735	13	1.9	12,078		
			Single-premium whole life insurance for retirement	0	0.0	362	0	0.0	410		
				169	21.5	811,921	149	19.8	633,427		
			Whole life insurance with term rider [W Stage]	112	14.3	3,026,013	79	10.5	2,169,542		
			Whole life insurance with variable accumulation rate [LIVE ONE, Q Pack]	321	40.8	6,784,613	366	48.7	7,082,930		
			Term life insurance	Term life insurance [Term life insurance, Emblem GP, Jujitsu Premium, Emblem YOU Premium]	7	1.0	183,949	7	1.0	181,575	
				Term life insurance covering specified illness [Reguard]	0	0.1	3,129	0	0.1	2,761	
				8	1.0	187,078	8	1.1	184,336		
			Medical life insurance [Doctor GO, Tayoreru YOU]	136	17.4	63,556	120	16.0	55,190		
			Term rider	[6]	[0.8]	28,270	[4]	[0.6]	19,988		
			Subtotal	747	95.1	10,901,454	724	96.1	10,145,416		
			Life and mortality insurance	Endowment insurance	Endowment insurance [Jiyuu Hoken]	9	1.1	32,718	8	1.1	31,367
					Endowment insurance with term rider [Shiawase no Hoken]	0	0.0	90	—	—	3
Term life insurance with survival benefits [Kinenbi Sengen]	15	1.9			67,391	10	1.5	47,901			
Juvenile insurance [Kodomo Sukusuku Hoken]	14	1.9			33,046	10	1.4	24,777			
Subtotal	38	4.9			133,246	29	3.9	104,050			
Pure endowment	0	0.0	72	—	—	1					
Total	786	100.0	11,034,774	753	100.0	10,249,467					
Individual annuities	Individual fixed annuities	Individual annuities [Shin-tanoshimi Nenkin]	4	3.1	17,040	—	—	—			
		Annuities focused on survival coverage [Tanoshimi Wonderful, Tanoshimi Canvas, Jujitsu Mirai, Tanoshimi Mirai]	129	96.8	558,615	239	100.0	1,009,233			
	Individual variable annuities	0	0.1	396	—	—	—				
	Total	134	100.0	576,052	239	100.0	1,009,233				

- (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

Classification	Thousand policies, millions of yen, %			
	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	8,561	97,487,676	8,480	92,969,607
New policies	462	3,563,711	424	3,540,176
Renewals	11	55,032	15	46,813
Reinstatements	22	258,789	21	249,419
Increase from conversion	324	7,471,062	329	6,709,291
Death	43	297,076	46	293,444
Maturity	142	525,946	118	452,277
Decrease of benefits	[140]	1,048,665	[121]	883,247
Decrease from conversion	324	7,177,755	329	6,595,991
Cancellation	322	4,176,741	305	3,778,450
Expiration	75	876,120	67	772,638
Other increase (decrease)	6	(1,764,359)	4	(1,678,853)
At the end of the fiscal year	8,480	92,969,607	8,409	89,060,403
Rate of increase (decrease)	(0.9)	(4.6)	(0.8)	(4.2)
Net increase (decrease)	(80)	(4,518,069)	(71)	(3,909,203)
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

Classification	Thousand policies, millions of yen, %			
	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	2,729	<1,736,971>	2,705	<1,698,875>
		<69,792>		<124,948>
New policies	134	574,723	239	1,009,233
Reinstatements	0	2,112	0	2,212
Increase from conversion	0	1,328	—	—
Death	8	45,623	8	44,088
Completion of payments	17	55	17	55
Decrease of insurance amount	[4]	11,814	[4]	12,343
Decrease from conversion	4	23,263	5	23,616
Cancellation	90	438,821	77	381,843
Expiration	3	17,745	3	17,158
Other increase (decrease)	(32)	(250,144)	(63)	(386,175)
At the end of the fiscal year	2,705	<1,698,875>	2,769	<1,711,685>
Rate of increase (decrease)	(0.9)	(1.5)	2.4	1.1
Net increase (decrease)	(23)	(209,303)	63	146,165
Rate of net increase (decrease)	—	—	—	—

(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, 2014		Fiscal year ended March 31, 2015	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	22,520	32,306,542	22,601	31,890,267
New policies	564	201,557	44	56,038
Renewals	11,012	14,809,009	10,774	14,592,974
Midterm enrollment	1,755	2,690,978	1,659	2,376,976
Increase of insurance amount	[523]	535,516	[819]	754,739
Death	46	49,056	46	47,339
Maturity	11,097	14,923,594	11,032	14,767,696
Withdrawal	1,933	2,215,681	1,791	1,865,710
Decrease of insurance amount	[449]	536,776	[359]	354,752
Cancellation	67	83,004	51	84,754
Expiration	0	2,290	0	970
Other increase (decrease)	(105)	(842,934)	0	(817,382)
At the end of the fiscal year	22,601	31,890,267	22,159	31,732,389
Rate of increase (decrease)	0.4	(1.3)	(2.0)	(0.5)
Net increase (decrease)	81	(416,275)	(442)	(157,877)
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, 2014		Fiscal year ended March 31, 2015	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	7,268	2,624,801	7,139	2,657,738
New policies	1	354	0	53
Annuity payments	2,432	102,185	2,290	104,003
Single payments	527	136,581	501	118,252
Cancellation	94	146,021	278	206,655
At the end of the fiscal year	7,139	2,657,738	6,790	2,673,014
Rate of increase (decrease)	(1.8)	1.3	(4.9)	0.6
Net increase (decrease)	(128)	32,936	(349)	15,275
Rate of net increase (decrease)	—	—	—	(53.6)

(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, 2014		As of March 31, 2015	
	Amount		Amount	
Individual variable insurance	63,473		70,453	
Individual variable annuities	2,036,976		1,648,770	
Group annuities	632,422		648,031	
Total of separate accounts	2,732,872		2,367,255	

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 under review rose, thanks primarily to the improvement in investor confidence reflecting the easy money policy taken by the central banks in Japan as well as in Europe, and the mounting expectations for economic recovery, albeit interrupted by a temporary adjustment due primarily to the globally heightening geopolitical risks. As a result, both domestic and overseas stocks generated positive returns. Long-term interest rates declined (in contrast, bond prices rose) both at home and abroad, due primarily to the prevailing trend of monetary easing mainly in Japan and Europe, along with the reduced inflation expectation following the drop in energy prices, resulting in positive returns from both domestic and overseas bonds. Real estate investment trusts generated positive returns both at home and abroad, primarily on the back of the declining long-term interest rates. Referring to foreign exchange, yen got cheaper while dollar got dearer due to the sharp contrast in the monetary policies between Japan and the United States, where the Bank of Japan engaged in additional monetary easing while in the United States interest rate is expected to be raised within 2015.

In these market circumstances, the Company managed funds held in the separate accounts for individual variable insurance, basically taking slightly increased share of domestic stocks along with reduced share of 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, 2014		As of March 31, 2015	
	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	296	1,241	276	1,141
Individual variable insurance (Whole life type)	57,753	298,970	56,397	291,765
Total	58,049	300,211	56,673	292,906

(Note) Policies in force include term life insurance riders.

● Individual variable annuities

Number of policies, millions of yen

Classification	As of March 31, 2014		As of March 31, 2015	
	Policies	Amount	Policies	Amount
Individual variable annuities	504,556	2,055,790	412,653	1,669,826

c. Breakdown of assets held in separate accounts

● Individual variable insurance

Millions of Yen, %

Classification	As of March 31, 2014		As of March 31, 2015	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	1,121	1.8	1,697	2.4
Securities	60,140	94.7	67,145	95.3
Domestic bonds	16,858	26.6	20,496	29.1
Domestic stocks	22,031	34.7	24,724	35.1
Foreign securities	21,250	33.5	21,925	31.1
Foreign bonds	7,582	11.9	7,575	10.8
Other foreign securities	13,667	21.5	14,349	20.4
Other securities	—	—	—	—
Loans	—	—	—	—
Others	2,212	3.5	1,610	2.3
Allowance for possible loan losses	—	—	—	—
Total	63,473	100.0	70,453	100.0

● Individual variable annuities

Millions of Yen, %

Classification	As of March 31, 2014		As of March 31, 2015	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	124,485	6.1	73,564	4.5
Securities	1,884,146	92.5	1,555,320	94.3
Domestic bonds	863,082	42.4	786,810	47.7
Domestic stocks	344,556	16.9	328,530	19.9
Foreign securities	227,245	11.2	207,924	12.6
Foreign bonds	179,209	8.8	161,461	9.8
Other foreign securities	48,035	2.4	46,462	2.8
Other securities	449,262	22.1	232,055	14.1
Loans	—	—	—	—
Others	28,344	1.4	19,885	1.2
Allowance for possible loan losses	—	—	—	—
Total	2,036,976	100.0	1,648,770	100.0

d. Investment income and expenses

● Individual variable insurance

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Amount	Amount
Interest, dividends, and other income	1,285	1,284
Gains on sales of securities	3,441	5,338
Gains on redemption of securities	0	—
Gains on valuation of securities	15,167	17,448
Foreign exchange gains	34	34
Gains on derivative financial instruments	123	72
Other investment income	4	5
Losses on sales of securities	935	952
Losses on redemption of securities	7	5
Losses on valuation of securities	10,559	11,855
Foreign exchange losses	23	20
Losses on derivative financial instruments	141	55
Other investment expenses	0	0
Net investment income	8,388	11,293

(Note) ¥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. ¥17,448 million gains on valuation of securities for the fiscal year ended March 31, 2015 include ¥2,720 million reversal for gains on valuation of securities, while ¥11,855 million losses on valuation of securities include ¥10,429 million reversal for losses on valuation of securities.

● Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	Amount	Amount
Interest, dividends, and other income	96,180	99,982
Gains on sales of securities	72,127	69,901
Gains on redemption of securities	1	2
Gains on valuation of securities	289,987	265,073
Foreign exchange gains, net	968	999
Gains on derivative financial instruments, net	4,862	409
Other investment income	32	22
Losses on sales of securities	13,062	11,800
Losses on redemption of securities	61	85
Losses on valuation of securities	300,298	254,332
Foreign exchange losses	821	472
Losses on derivative financial instruments	597	828
Other investment expenses	244	110
Net investment income	149,074	168,763

(Note) ¥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. ¥265,073 million gains on valuation of securities for the fiscal year ended March 31, 2015 include ¥33,274 million reversal for gains on valuation of securities, while ¥254,332 million losses on valuation of securities include ¥235,426 million reversal for losses on valuation of securities.

e. Fair value information of securities

●Trading securities

<Individual variable insurance>

		Millions of Yen			
		As of March 31, 2014		As of March 31, 2015	
Classification		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		60,140	7,709	67,145	13,301

<Individual variable annuities>

		Millions of Yen			
		As of March 31, 2014		As of March 31, 2015	
Classification		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		1,884,146	202,152	1,555,320	212,893

●Fair value information of money-held-in trusts for trading

<Individual variable insurance>

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

<Individual variable annuities>

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

f. Fair value information of derivative transactions

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

<Individual variable insurance>

		As of March 31, 2014						As of March 31, 2015					
Classification		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		—	(4)	—	—	—	(4)	—	—	—	—	—	—
Total		—	(4)	—	—	—	(4)	—	—	—	—	—	—

(Note) The net gains (losses) without hedge accounting applied are recorded on the statements of income.

<Individual variable annuities>

		As of March 31, 2014						As of March 31, 2015					
Classification		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		—	—	—	—	—	—	—	—	95	—	—	95
Total		—	—	—	—	—	—	—	—	95	—	—	95

(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, 2014 and after.

<Individual variable annuities>

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

●Currency-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2014			As of March 31, 2015				
		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	589	—	(4)	(4)	—	—	—	—
	(U.S. dollar)	362	—	(2)	(2)	—	—	—	—
	(Euro)	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	—	—	—	—	—	—	—	—
	(U.S. dollar)	—	—	—	—	—	—	—	—
	(Euro)	—	—	—	—	—	—	—	—
Total					(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.

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2014			As of March 31, 2015			
		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	—	—	—	—	—	—	—
	(U.S. dollar)	—	—	—	—	—	—	—
	(Euro)	—	—	—	—	—	—	—
	Bought	—	—	—	—	—	—	—
	(U.S. dollar)	—	—	—	—	—	—	—
	(Euro)	—	—	—	—	—	—	—
Total								—

(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.

●Stock-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2014			As of March 31, 2015			
		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	—	—	—	—	—	—	—
Total				—				—

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2014			As of March 31, 2015			
		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	—	—	—	8,800	—	95	95
	Bought	—	—	—	—	—	—	—
Total				—				95

●Bond-related

<Individual variable insurance>

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

<Individual variable annuities>

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

●Others

<Individual variable insurance>

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

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2014 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, 2014		As of March 31, 2015	
	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,494	5,889	1,459	6,075
Second treaty	1	361	1	373
Total	1,495	6,250	1,460	6,448

(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, 2015

	Long-term primary portfolio				Asset management plan for the fiscal year ended March 31, 2015			
	Composition ratio	Range	Expected return	Standard deviation	Expected composition ratio	Expected return	Standard deviation	
Domestic bonds	33	13 – 53	1.20	3.06	31	0.11	1.87	
Domestic stocks	33	23 – 43	6.10	18.65	34	13.98	18.66	
Foreign bonds	11	1 – 21	3.10	10.81	11	2.95	9.86	
Foreign stocks	21	11 – 31	7.60	18.63	22	9.81	20.45	
Cash, deposits and others	2	—	0.30	0.51	2	0.08	0.06	
Total	100	—	4.35	9.14	100	7.27	10.96	

●Trend of asset management results

%

	Fiscal year ended March 31, 2014			Fiscal year ended March 31, 2015		
	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return
Domestic bonds	0.73	0.58	0.15	3.03	2.97	0.06
Domestic stocks	20.02	18.56	1.46	31.34	30.69	0.65
Foreign bonds	15.42	15.28	0.14	13.27	12.28	0.99
Foreign stocks	30.73	32.43	(1.71)	23.03	23.54	(0.50)
Cash, deposits and others	(0.56)	0.07	(0.64)	(0.42)	0.07	(0.49)
Total	15.43	14.99	0.44	18.77	17.55	1.22

- (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 above benchmark rate of return by asset type refers to percentage change of major indices which represents changes in each market.
4. 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, 2015

- Investment performance for the fiscal year ended March 31, 2015 delivered a return of 18.77%, outperforming the combined benchmark based on annual investment plans.
- With respect to asset allocation, the underweighted position of domestic bonds and overweighted position of domestic as well as foreign stocks contributed to the strong performance.
- With respect to individual asset performances, outperformance of domestic stocks as well as foreign bonds made positive contributions to the overall performance.

●Trend of fair value balance by asset type

Millions of Yen, %

	As of March 31, 2014		As of March 31, 2015	
	Fair value	Composition ratio	Fair value	Composition ratio
Domestic bonds	55,854	27.7	49,565	25.0
Domestic stocks	69,158	34.3	69,425	35.0
Foreign bonds	23,541	11.7	21,605	10.9
Foreign stocks	46,081	22.8	46,723	23.6
Cash, deposits and others	7,171	3.6	11,020	5.6
Total	201,805	100.0	198,339	100.0

Business Indicators

1. Average Policy Coverage (Individual Life Insurance)

Thousand yen

Classification	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Average policy coverage for new policies	7,704	8,345
Average policy coverage for policies in force	10,962	10,590

(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, 2014	Fiscal year ended March 31, 2015
Individual life insurance	3.7	3.8
Individual annuities	4.2	7.5
Group insurance	0.6	0.2

(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, 2014	Fiscal year ended March 31, 2015
Individual life insurance	5.2	4.9
Individual annuities	3.4	3.0
Group insurance	0.3	0.3

4. Average Annual Premium of New Individual Life Insurance Policy (With Monthly Payments)

Yen

Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
136,620	142,484

(Note) Converted policies are excluded.

5. Mortality Rate (Primary Individual Life Insurance Policies)

a. Number of policies

%

Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
5.13	5.44

b. Insurance amount

%

Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
3.11	3.22

6. Incidence of Events Covered by Riders (Individual Life Insurance plus Individual Annuities)

Classification		%	
		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Accidental death	Ratio of the number of policies	0.23	0.24
	Ratio of the amount of claims on policies	0.21	0.24
Disability	Ratio of the number of policies	0.27	0.29
	Ratio of the amount of claims on policies	0.09	0.10
Hospitalization due to accident	Ratio of the number of policies	5.83	6.12
	Ratio of the amount of claims on policies	149	152
Hospitalization due to illness	Ratio of the number of policies	66.92	70.44
	Ratio of the amount of claims on policies	1,107	1,132
Hospitalization due to adult disease	Ratio of the number of policies	20.06	21.07
	Ratio of the amount of claims on policies	496	504
Surgery due to illness or injury	Ratio of the number of policies	61.96	65.68
Surgery due to adult disease	Ratio of the number of policies	13.69	14.81

7. Percentage of Operating Expense (Operating Expenses as a Percentage of Premium Revenues)

%	
Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
13.5	12.6

8. The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Number of insurance companies	
Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
8	7
[3]	[2]

(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, 2014	Fiscal year ended March 31, 2015
99.6	96.0
[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, 2014	Fiscal year ended March 31, 2015
Over A	100.0 [100.0]	69.7 [100.0]
Over BBB	— [—]	— [—]
Others (Including no rating)	— [—]	30.3 [—]
Total	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, 2014	Fiscal year ended March 31, 2015
118	130
[36]	[17]

(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, 2014	Fiscal year ended March 31, 2015
Third-sector incidence rate	34.4	34.2
Medical care	37.2	37.2
Cancer	42.9	41.5
Nursing care	26.5	26.0
Others	27.4	29.2

(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)
Fiscal year ended March 31, 2014	April 10	Fiscal year ended March 31, 2015	April 10
	May 10		May 9
	June 11		June 10
	July 10		July 10
	August 9		August 8
	September 10		September 10
	October 10		October 10
	November 8		November 11
	December 10		December 10
	January 10		January 9
	February 12		February 10
	March 11		March 10
			1.20
	1.25		1.20
	1.30		1.20
	1.35		1.15
	1.30		1.15
	1.30		1.15
	1.20		1.15
	1.20		1.15
	1.20		1.10
	1.25		1.05
	1.20		1.15
	1.20		1.15

Status of Consolidated Financial Results (Supplemental)

1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %	
	As of March 31, 2014	As of March 31, 2015
Loans to bankrupt borrowers	—	—
Loans in arrears	1,139	1,066
Loans in arrears for three months or longer	0	0
Restructured loans	260	—
Total	1,400	1,066
[Percentage of total loans]	[0.06]	[0.05]

- (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, 2014 and March 31, 2015 amounted to ¥40 million and ¥34 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, 2014	As of March 31, 2015
Solvency margin gross amount (A)	2,772,886	3,422,644
Foundation funds and others	945,868	979,159
Reserve for price fluctuation	231,492	252,308
Contingency reserve	301,807	315,804
Unusual contingency reserve	—	—
General allowance for possible loan losses	1,609	1,154
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	549,947	1,130,761
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(85,859)	(44,936)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(20,264)	19,328
Excess of continued Zillmerized reserve	619,955	633,128
Qualifying subordinated debt	201,980	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(53,787)	(89,583)
Others	80,137	76,039
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)	616,378	705,494
Insurance risk R ₁	81,996	79,337
General insurance risk R ₅	—	—
Large disaster risk R ₆	—	—
Third-sector insurance risk R ₈	50,018	51,286
Insurance risk of small-amount, short-term insurer R ₉	—	—
Risk of assumed yield R ₂	220,364	215,482
Minimum guarantee risk R ₇ *	52,793	32,738
Investment risk R ₃	314,179	428,634
Operational risk R ₄	14,387	16,149
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	899.7%	970.2%

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

(Note) 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.

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, 2014	As of March 31, 2015
Solvency margin gross amount (A)	43,694	41,475
Paid-in capital, etc.	39,420	33,397
Reserve for price fluctuation	44	60
Contingency reserve	507	704
General allowance for possible loan losses	—	—
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	2,518	4,054
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—
Excess of continued Zillmerized reserve	1,202	3,258
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)	2,046	2,034
Insurance risk R ₁	1	1
Third-sector insurance risk R ₈	450	629
Risk of assumed yield R ₂	11	12
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	1,911	1,843
Operational risk R ₄	71	74
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	4,269.5%	4,076.4%

(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, 2014 (from April 1, 2013 to March 31, 2014), and the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015), 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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