

Empowering your future



Annual Report 2016

Fiscal Year Ended March 31, 2016

SUMITOMO LIFE

in Numbers

(As of March 31, 2016)

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:

109 years

Number of Sales Representatives*¹:

31,244

Overview of Policies

Annualized Premiums from Policies in Force*²

\$22.9billion

Annualized Premiums from New Policies*³

\$1.5billion

Status of Profit

Core Business Profit*³

\$2.8billion

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

Total Assets*⁴

\$282.1billion

Embedded Value*²

\$22.2billion

Solvency Margin Ratio*⁴

798.6%

*1 Sumitomo Life *2 Total of Sumitomo Life, Medicare Life and Symetra *3 Total of Sumitomo Life and Medicare Life *4 On consolidated basis
Note: U.S. dollar amounts are converted at US\$1.00 = ¥112.68, the rate prevailing on March 31, 2016.

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.

1999

April

Launched nursing care coverage.

1980

July

Established London Representative Office.

1948

March

All assets and liabilities were transferred to Kokumin Life Insurance Co. after the General Headquarters dismantled large Japanese conglomerates including "Sumitomo".

2003

April

Established Beijing Representative Office.

2002

October

Launched annuities through banks, etc.

1926

May

Name changed to Sumitomo Life Insurance Co., Ltd. Following acquisition of Hinode Life Insurance Co., Ltd. By Sumitomo Goshi (joint-stock) Company in 1925.

1972

August

Established New York Representative Office.

1907

May

Incorporated as Hinode Life Insurance Co., Ltd..

1952

June

Name changed to Sumitomo Life Insurance Company.

1900

1920

1940

1960

1980

2000



2005

November

Established PICC Life Insurance Co., Ltd., with The People's Insurance Company (Group) of China Limited.

2007

May

100th anniversary of foundation.

2011

March

Launched "W Stage" (mainline product) providing more comprehensive nursing care and medical insurance coverage.

December

Established Hanoi (Vietnam) Representative Office.

2012

December

Formed strategic business alliance with Bao Viet Holdings (Vietnam).

2010

April

Established Medicare Life Insurance Co., Ltd. as a life insurance subsidiary.

2013

March

Launched "Cancer PLUS" offering comprehensive coverage for cancer, which is of great concern for customers.

December 2013

Formed strategic business alliance with PT Bank Negara Indonesia (Persero) Tbk and PT BNI Life Insurance.

2016

February

Acquired full ownership of Symetra Financial Corporation (U.S.)

2015

July

Transitioned to a Company with Committees.

September

Launched "Future Design 1-UP" a work disability income insurance

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**

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Message from the President



Aiming to Become The Most Recommended Insurance Company

Masahiro Hashimoto President & Chief Executive Officer

Looking Back on Fiscal 2015

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.

In fiscal 2015, the second year of the three-year Sumitomo Life Medium-Term Business Plan 2016, we tackled challenges with full force regarding “the establishment of a new growth path” toward brand evolution and the future. Specifically, this includes the launch of “Future Design 1-UP,” a new product that covers work disability, and the acquisition of full ownership of Symetra Financial Corporation, a U.S. life insurance group listed on the New York Stock Exchange.

Constant Increase in Annualized Premiums from Policies in Force as the Economic Climate Continues to Moderately Recover

Performance

Reviewing our fiscal 2015 consolidated performance for the Sumitomo Life Group (Sumitomo Life Insurance Company, Medicare Life Insurance Co., Ltd. and Symetra Financial Corporation), annualized premiums from policies in force increased 18.4% from the end of the previous fiscal year, to ¥2,583.5 billion, owing to an increase in annualized premiums from new policies, along with the effect of the acquisition of Symetra Financial Corporation. Annualized premiums from policies in force increased 1.5% from the end of the previous fiscal year, on the basis of the sum of Sumitomo Life and Medicare Life.

Meanwhile, annualized premiums from policies in force for the third-sector insurances (total of Sumitomo Life and Medicare Life), which we focus on as one of the growth areas, increased 2.3% year on year to ¥535.4 billion, growing steadily for thirteen consecutive years since we started to publish such figures.

Total adjusted core business profit* of Sumitomo Life and Medicare Life remained solid at ¥317.9 billion, as a result of a positive spread for the two consecutive years following fiscal 2014.

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

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 order to secure appropriate level of capital.

European Embedded Value (EEV)

Japanese government bond interest rates have significantly declined, sinking to record lows since the introduction of negative interest rate policy by the Bank of Japan in January 2016. The decline in the interest rates was the main factor for a decline in Sumitomo Life Group's EEV at the end of fiscal 2015 by ¥1,146.5 billion year on year to ¥2,505.1 billion.

On the other hand, among the contributing factors to the EEV, earnings derived from insurance business activities including acquisition of new business remained robust, excluding the impact from the fluctuations in interest rates and other economic assumptions.

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

Message from the President

proactively offer coverage that extends beyond mortality to include morbidity and longevity. Specifically, we are focusing on nursing care, medical insurance and retirement planning as three growth areas in Japan, and we are exploring these areas with our unique “multi-channel, multi-product” strategy.

For nursing care and medical insurance areas, Sumitomo Life markets the products primarily through its over 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.

Furthermore, in September 2015, Sumitomo Life launched the “Future Design 1-UP,” which covers work disability, the first product of its kind offered by a major Japanese life insurance company. The Company aims to empower the future of our customers by supporting such protection through offering this product, given the immense market needs for protection from the risk of becoming unable to work due to sickness or injury.

With respect to sales channels, we are also responding to a growing number of customers who compare multiple life insurance products using new sales channels, such 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.

In the overseas markets, we have established PICC Life Insurance Company Limited in China in 2005 and formed a strategic business alliance with Baoviet 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. As described above, we have continued to focus on Asian market with its potential for high growth.

In the meantime, we acquired in February 2016 full ownership of Symetra Financial Corporation, a U.S. life insurance group listed on the New York Stock Exchange. The U.S. is the world's largest life insurance market where stable growth is expected for the future. The Company has assigned several of its employees to work in Symetra at the board and operational levels in order to establish strong communications between the Company and Symetra. The Company aims to support long-term enhancement of our policyholder interests through the acquisition of Symetra, which is expected to realize enhancement of earnings foundation, risk diversification and enjoyment of growth opportunity in the U.S. market.

In addition to making efforts in domestic growth areas, we will work to expand on the global market, including developed countries, as one of the engines that support our sustainable growth.

For Brand Evolution and Establishment of a New Growth Path

Fiscal 2016 is the final 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.

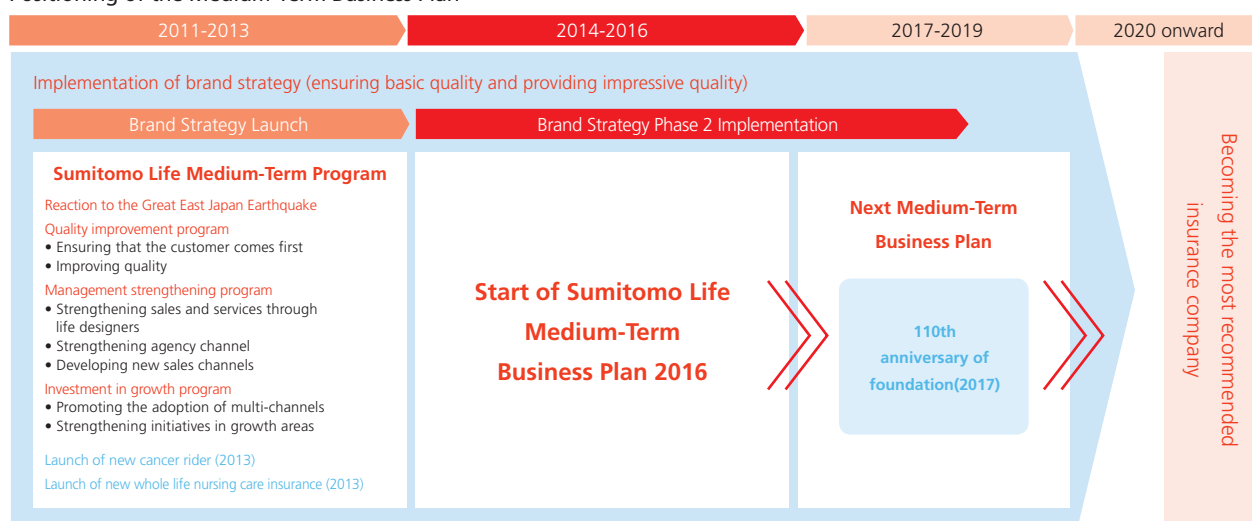
Sumitomo Life Medium-Term Business Plan 2016

~ 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



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.

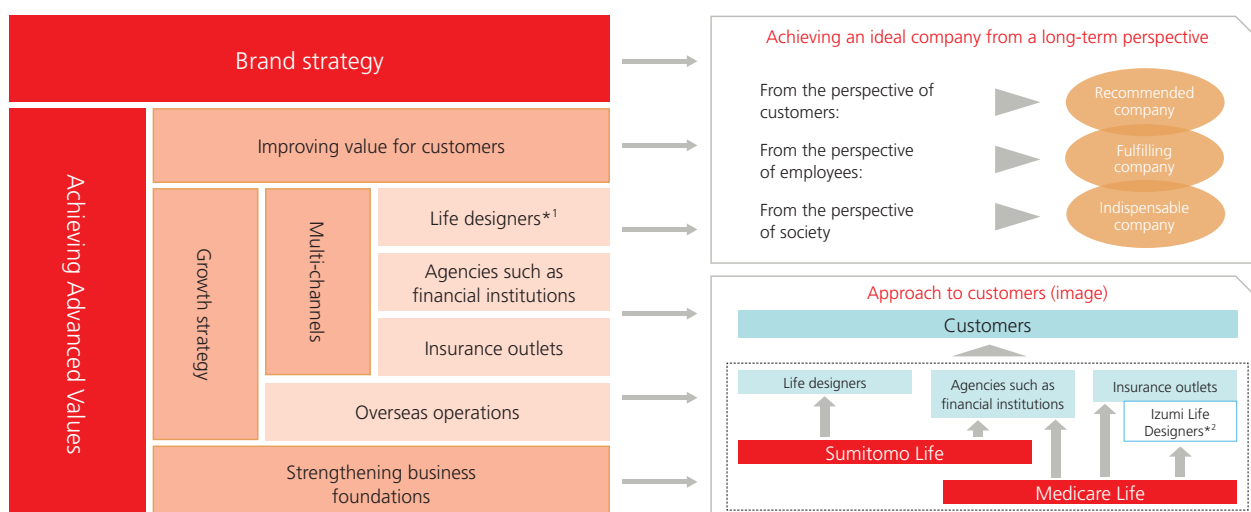
b. Overseas operations

By expanding our overseas operations, we aim to diversify the Group's earnings foundation and achieve sustainable growth in corporate value over the medium-to 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.

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

Target values

In consideration of the changes in the economic assumptions, such as the significant decline in interest rates, target values under the Medium-Term Business Plan have been adjusted as follows.

	End of Fiscal 2015	Medium-Term Business Plan targets (End of Fiscal 2016)	Medium-Term Business Plan targets before adjustment
Embedded value (EEV)	¥2,697.6 billion	¥3,530.0 billion	¥4,020.0 billion
Annualized premiums from policies in force	¥2,215.1 billion	¥2,256.7 billion	¥2,258.4 billion
Of which, living benefits, medical coverage, etc.	¥535.4 billion	¥555.0 billion	¥555.0 billion

* Total of Sumitomo Life and Medicare Life (excluding Symetra)

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 thirteen consecutive years.

Annualized Premiums from Policies in Force (Sumitomo Life Group)

Reviewing our fiscal 2015 consolidated performance for the Sumitomo Life Group, annualized premiums from policies in force increased 18.4% from the end of the previous fiscal year to ¥2,583.5 billion (\$22.9 billion).

Meanwhile, annualized premiums from policies in force for the third-sector insurances, which we focus on as a growth area, increased 2.3% year on year to ¥535.4 billion (\$4.7 billion), on the basis of two domestic entities (Sumitomo Life and Medicare Life) excluding Symetra, growing steadily for thirteen consecutive years since we started to publish such figures.

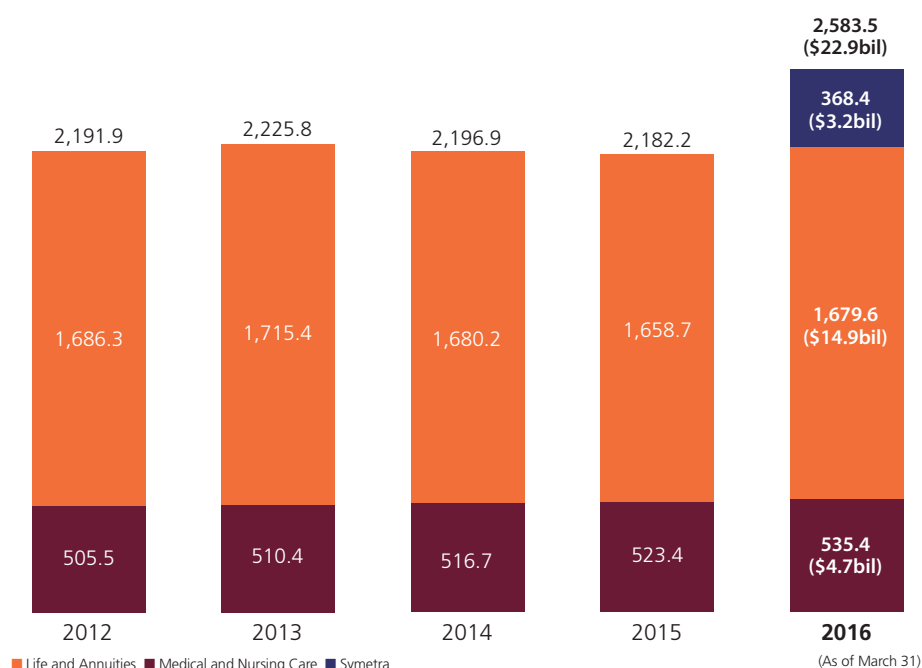
The two main reasons for these consecutive increases in Japan are:

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)

* Sumitomo Life, Medicare Life and Symetra



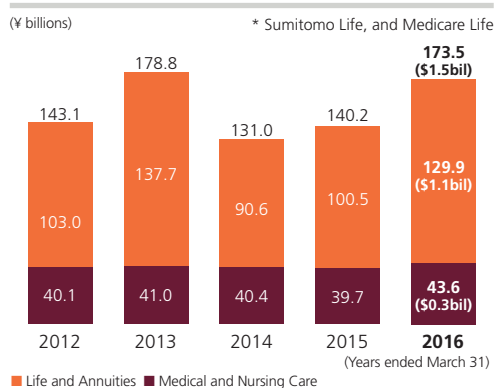
*Symetra closes its account on December 31 each year. Figures at the end of fiscal 2015 are the figures at the full acquisition of its ownership (February 1, 2016). US dollar figures for Symetra have been converted from the Japanese yen figures published in the Japanese-language Financial Results using the exchange rate as of the end of March 2016.

Annualized Premiums from New Business

In fiscal 2015, the Sumitomo Life Group's annualized premiums from new business of individual life insurance and annuities increased 23.8% from the previous fiscal year to ¥173.5 billion (\$1.5 billion).

This increase was due predominantly to the positive effect of the launch of the new product "Future Design 1-UP," along with robust sales of savings-type insurances.

Annualized Premiums from New Business (Sumitomo Life Group)



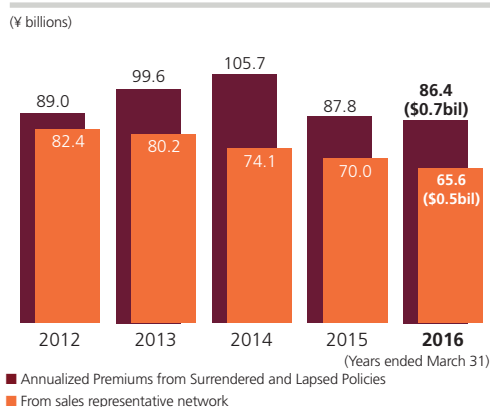
*Symetra's performance will start to be recorded from fiscal 2016.

Annualized Premiums from Surrendered and Lapsed Policies

Sumitomo Life's annualized premiums from surrendered and lapsed policies decreased 1.5% to ¥86.4 billion (\$0.7 billion) over the previous year.

This was mainly due to improvements with our sales representatives channel, our primary sales channel. The annualized premiums from surrendered and lapsed policies sold through our sales representatives decreased 6.3% to ¥65.6 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)



2

Operating Results

Adjusted core business profit grew steadily to ¥317.9 billion (\$2.8 billion).

Core Business Profit

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

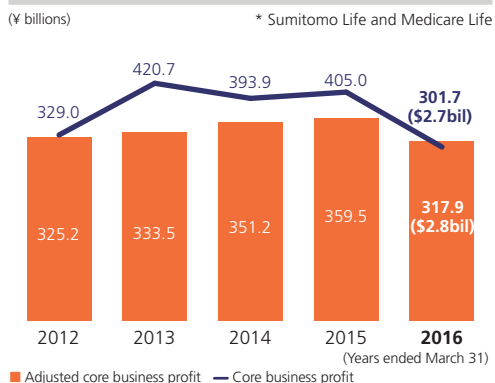
In fiscal 2015, core business profit (Sumitomo Life and Medicare Life), which represents profitability excluding the impact of the standard policy reserves concerning the minimum guarantees for variable annuities, etc., decreased 11.6% from the previous fiscal year to ¥317.9 billion (\$2.8 billion).

Meanwhile, the size of the negative spread has been constantly shrinking since fiscal 2001 when the Company started its disclosure, which turned positive for the first time in fiscal 2014 and the width of the positive spread expanded in fiscal 2015.

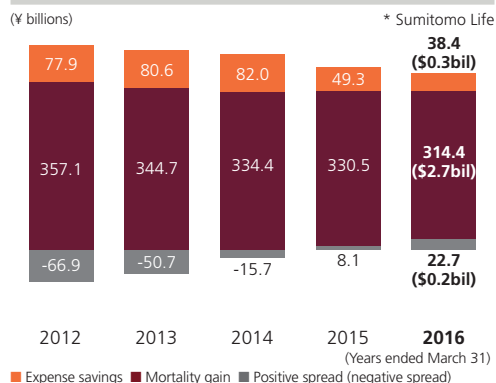
The reasons for above are:

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 and increase in interest income resulting from the accumulation of foreign bonds, increase in dividends from domestic stocks and other factors for fiscal 2015.

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



Sources of Profits



3

Financial Strength

Accumulated retained surplus increased to ¥1,428.3 billion (\$12.6 billion).

Accumulated Retained Surplus

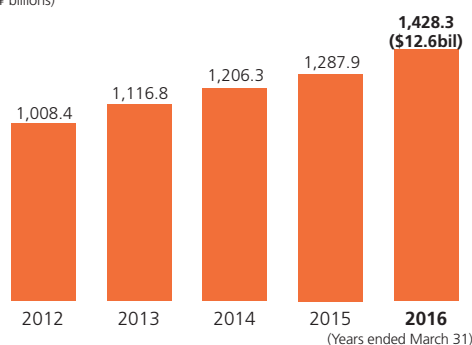
Accumulated retained surplus (Sumitomo Life)* increased ¥140.4 billion in fiscal 2015, to ¥1,428.3 billion (\$12.6 billion).

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 (Sumitomo Life)

(¥ billions)



Capital Policies

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

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.

On the other hand, in January 2015, we made a ¥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. Further in July 2015, ¥70.0 billion of the fund raised in fiscal 2010 also came to maturity.

In the meantime, we issued ¥100.0 billion of subordinated bonds in Japan in June 2016.

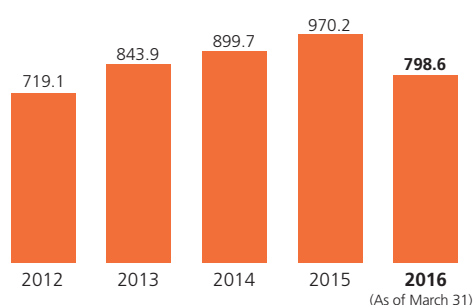
Solvency Margin Ratio

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various risks. Our solvency margin ratio was 798.6% (consolidated) at the end of fiscal 2015. 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 (Consolidated)

(%)



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, we increased dividends for individual life insurance and individual annuities in fiscal 2015. These were primarily for dividends for long-standing policies for a portion of accident and illness riders. We maintained the same level of other dividend rates.

Financial Strength Ratings

As of the end of June 2016, 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).

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, 2016)

4

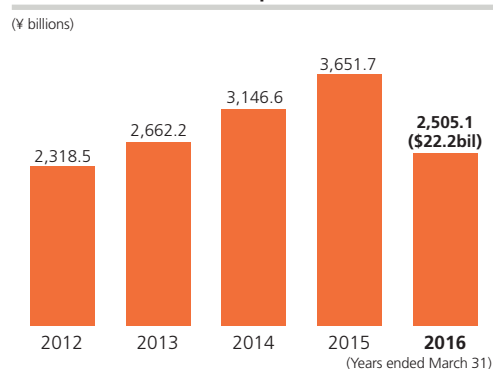
European Embedded Value (EEV)

The Sumitomo Life Group's EEV decreased ¥1,146.5 billion (\$10.1 billion) year on year to ¥2,505.1 billion (\$22.2 billion), primarily due to lower interest rates triggered by the introduction of a negative interest-rate policy by the Bank of Japan.

European Embedded Value (EEV)

Since the introduction of negative interest-rate policy by the Bank of Japan in January 2016, the interest rate of Japanese government bond significantly declined to reach record low. Due primarily to such drop in interest rate, the Sumitomo Life Group's EEV at the end of fiscal 2015 decreased ¥1,146.5 billion year on year to ¥2,505.1 billion. On the other hand, among contributing factors to the EEV, earnings derived from insurance business activities including acquisition of new business remained robust, excluding the impact from the fluctuations in interest rates and other economic assumptions.

EEV (Sumitomo Life Group)

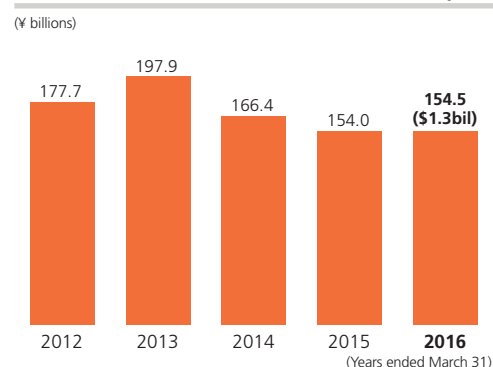


*The EEV of the Group is calculated as follows: Sumitomo Life's EEV plus Medicare Life's EEV and Symetra's EEV attributable to Sumitomo Life's equity stake in Medicare Life and Symetra less Sumitomo Life's carrying amount of equity of Medicare Life and Symetra. Medicare Life has been included in EEV of the Sumitomo Life Group since the end of March 2013, and Symetra has been included since the end of March 2016.

Value of New Business

The value of new business, which is the current value of future profits attainable from new policies, increased 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 6.2%.

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 onward. The Symetra's value is not included.

New Business Margin (Sumitomo Life Group)

(¥ billions)

	2015	2016	Change
Value of new business (A)	154.0	154.5	0.5
Present value of premium income (B)	1,916.4	2,475.0	558.6
New business margin (A) / (B)	8.0%	6.2%	-1.8pt

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Asset Management (General Account)

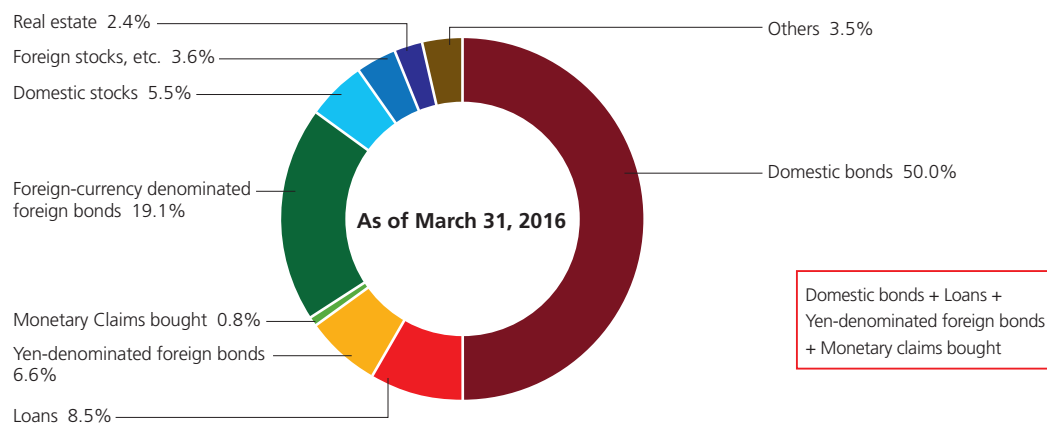
Our basic strategy is to promote the Asset-Liability Management (ALM) framework. In an environment where low domestic interest rates persist, we will promote measures to strengthen our systems, including diversification of investments and development of human resources, thereby sophisticating our asset management with a view to higher returns and reinforced risk control.

Asset Management

In fiscal 2015, as domestic interest rates remained low, we expanded investment in currency-hedged foreign bonds and promoted the use of new investment methods, while restraining investments in domestic bonds, in order to improve investment returns. Specifically, in addition to expanding our investment target countries and investing in overseas corporate bonds, we made investments and loans in growth areas such as “overseas expansion of Japanese companies,” “medical care and nursing care,” “environment and energy,” and “infrastructure.”

Furthermore, we promoted stewardship activities by carrying 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)	2012	2013	2014	2015	2016
General account assets	¥20.9 trillion	¥23.4 trillion	¥23.7 trillion	¥25.0 trillion	¥25.9 trillion
Domestic bonds	49.7%	50.9%	52.7%	51.0%	50.0%
Loans	13.8%	11.4%	10.4%	9.3%	8.5%
Yen-denominated foreign bonds*2	8.2%	7.0%	6.2%	6.9%	6.6%
Monetary Claims bought	1.7%	1.3%	1.2%	1.0%	0.8%
Foreign-currency denominated foreign bonds*1	11.4%	15.1%	15.6%	17.0%	19.1%
Domestic stocks	4.3%	4.4%	5.1%	6.6%	5.5%
Foreign stocks, etc.	2.6%	2.5%	2.3%	2.3%	3.6%
Real estate	4.3%	3.5%	2.9%	2.6%	2.4%
Others	4.0%	4.0%	3.5%	3.3%	3.5%

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

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
















6

Multi-channel, multi-product strategy

To achieve sustainable growth, in addition to the traditional mortality products, we are actively developing growth areas, such as nursing care, medical insurance, retirement planning and work disability, which are expected to grow along with the advent of a highly greying society and changes in lifestyle.

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	Agencies such as financial institutions	Insurance outlets
 <p>Sumitomo Life • High value-added</p>	<ul style="list-style-type: none"> Comprehensive coverage  生活保険で、じぶんを救え。 永ホデザイン ワンナップ Launched in September 2015 Medical insurance  スミセイの医療保険 Nursing care insurance/ Annuities insurance  スミセイの経理的返戻金型介護継続保険 スミセイの個人年金保険 	<ul style="list-style-type: none"> Examples of products sold by financial institutions Single-premium whole life insurance  Level-premium whole life insurance  Individual annuities  Example of product sold by post offices Medical insurance  	<p>Sumitomo Life outlets Izumi Life Designers (ILD)</p>  <ul style="list-style-type: none"> Examples of products sold by outlets Level-premium whole life insurance  Individual annuities 
 <p>Medicare Life • Simple and affordable</p>		<ul style="list-style-type: none"> Medical insurance  Medical insurance (for standard market)  Started accepting online applications in July 2014 	<ul style="list-style-type: none"> Income assurance 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, medical insurance, retirement planning and work disability, 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.

On the product front, in September 2015, Sumitomo Life launched the "Future Design 1-UP," which covers work disability, the first product of its kind offered by a major Japanese life insurance company. Designed to protect the lifestyles of customers and their families and to support a reintegration into society when the customer has become unable to work as a result of illness or injury, "Future Design 1-UP" is an insurance that enables customers to live vigorously. Based on that concept, "Future Design 1-UP" incorporates Sumitomo Life's firm commitment to providing strong support for the lifestyles of customers and their families, under the slogan of "lifestyle insurance." Through sales of this product, we aim to "empower the future of our customers" by helping them prepare for the risk of becoming unable to work due to illness or injury.

"Future Design 1-UP," which has been well received by many customers including young generation and single customers, has performed strong with approximately more than 180,000 policies sold in the second half of fiscal 2015, and overall sales of our mainline product "W Stage-Live One" in fiscal 2015 increased 15.7% from the previous fiscal year to approximately 420,000 policies.

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 addition, the “Sumisei Disability Pension Support Service” was introduced in September 2015 to conduct telephone consultations regarding the disability pension and lifestyle support and provide introductions to public consultants on social and labor insurance, among other services.

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 2015 increased 14.1% year on year to ¥69.9 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 “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 highly greying society. Banks, with total deposits of over ¥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.

On the service front, we introduced a system in October 2015 that allows a customer to directly complete applications for multiple insurance products, using a single terminal located in branches of Sumitomo Mitsui Banking Corporation. The aim is to enhance customer convenience.

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 2016), and we have 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.

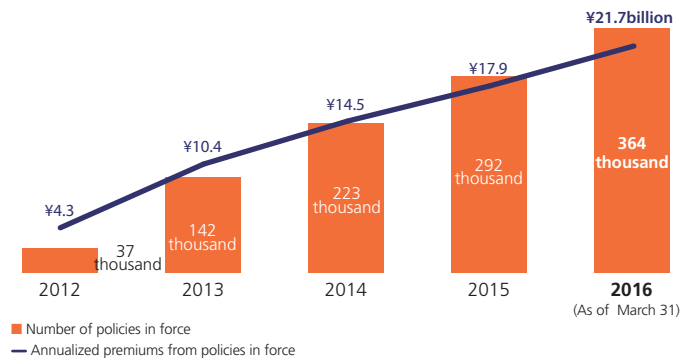
Medicare Life introduced single-premium cancer whole life insurance with both savings and protection features in February 2011 and level-premium medical insurance in April 2012. In addition, it launched sub-standard whole life medical insurance, which can be sold to customers who do not qualify for standard products in October 2013. 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 January 2014.

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

In fiscal 2015, its annualized premiums from policies in force increased 21.2% year on year to ¥21.7 billion, as a result of expansion of the product lineup and the efforts to develop multiple sales channels such as starting the acceptance of online applications. In addition, the number of policies in force exceeded the 360,000 mark at the end of March 2016, showing that it is on a favorable growth track.

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. We expect to earn dividend income from all investee life insurance companies overseas, which helps diversify the Company's earnings foundation.

North America

In 2016, we acquired full ownership of Symetra Financial Corporation, a U.S. life insurance group. The U.S. is the world's largest life insurance market where stable growth is expected for the future.

It operates in three business lines of benefits, retirement, and life. Symetra has achieved stable growth supported by strong trust relationships with its national network of benefit consultants, financial institutions and independent agents and advisors. In addition to expanding sales of medical stop loss insurance and fixed annuities for which Symetra holds a leading position in the industry, we will make use of the relationships developed with benefit consultants and independent agencies through these products in an effort to increase sales of other products as well.

Its total assets were \$35,337 million as of the end of December 2015 and net income was \$146 million for the fiscal year ended December 2015.

The Company has assigned several of its employees to work in Symetra at the board and operational levels in order to establish strong communications between the Company and Symetra. The Company aims to support long-term enhancement of our policyholder interests through the acquisition of Symetra, which is expected to realize enhancement of earnings foundation, risk diversification and enjoyment of growth opportunity in the U.S. market.

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 (\$14.2 billion) for fiscal 2015, placing the company fifth in China in terms of premium from policies in force.

In terms of profits, PICC Life has posted an annual profit for the seven consecutive years since 2009 (fourth year following establishment) and in fiscal 2011, accumulated losses were eliminated. In addition, dividend payment was made for three consecutive years since 2014, contributing to the diversification of the Company's earnings foundation.

In 2013, we acquired 18% of the issued shares of Baoviet 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 in an effort to establish the Indonesian market through technical support in areas including bancassurance, product development, and systems development.

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.

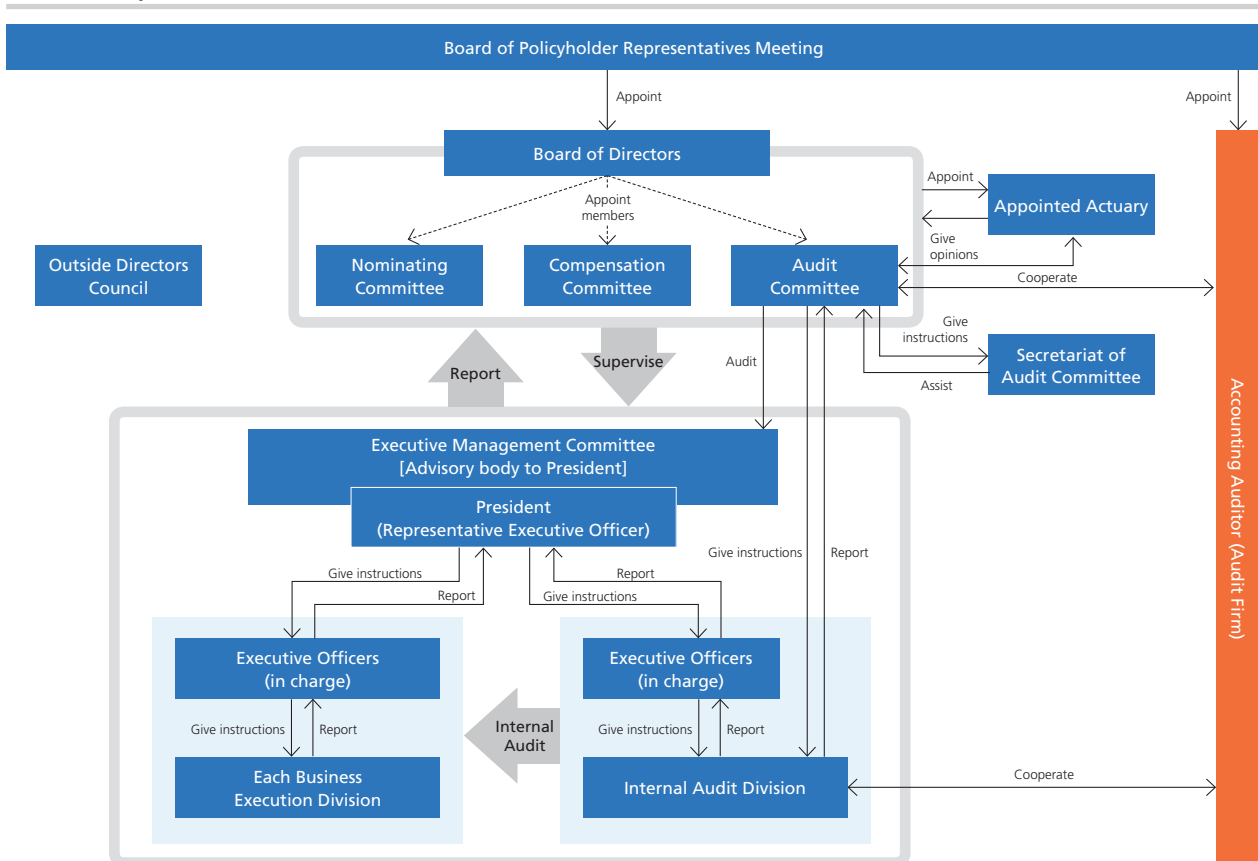
At the Annual Board of Policyholder Representatives Meeting, 180 elected policyholder representatives make decisions on important matters, including the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors.

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.

Governance System



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 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 has been 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 2016, 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, implemented at a stage prior to the introduction of Solvency II in Europe in January 2016, employs an advanced methodology that anticipates economic value-based solvency margin regulations. 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 5, 2016)

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
President, Keisen University
Masami Ohinata
9. Outside Director
Chief Corporate Adviser, NTT DATA Corporation
Toru Yamashita
10. Outside Director
Managing Partner, Yabuki Law Offices
Kimitoshi Yabuki
11. Outside Director
Executive Corporate Adviser, IHI Corporation
Kazuaki Kama

* 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
Hisato Kogawa
Toshimatsu Araki
Masahito Fujito
Shinzo Kono
Hideharu Matsumoto
Kenichi Nagataki
Hideyuki Sumi

* Director

Executive Officers, as defined in our internal regulations

Managing Executive Officers
Toshiki Nakamura
Kazunori Suguru

Senior Executive Officers
Nobuyuki Yagi
Katsunobu Fujiyama
Masashi Sakai

Executive Officers
Hiroshi Yonebayashi
Hiroaki Morikawa
Noboru Aoyama
Hirokazu Kitagoshi
Katsunori Hirai
Keiko Matsumoto
Hideki Oyama
Kazuhiko Kusaka
Hiroshi Kosaka
Iwao Matsumoto
Takeshi Eimori

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

Nominating Committee

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

Compensation Committee

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

Audit Committee

Tohru Motobayashi (Chairman)
Tsuguoki Fujinuma
Kazuaki Kama
Hiroshi Yamaguchi

Directory

SUMITOMO LIFE INSURANCE COMPANY

Head Office

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan
 Tel: +81 (6) 6937-1435

Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
 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

1350 Avenue of the Americas, Suite 1140,
 New York, NY 10019, U.S.A.
 Tel: +1 (212) 521-8340 Fax: +1 (212) 750-7930

London Representative Office

5th Floor, Salisbury House,
 London Wall, London EC2M 5QQ, 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

Room 606, Baoviet Building, 8 Le Thai To,
 Hoan Kiem, 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 focused on three priority areas: “support for child raising,” “support the next generation” and “promotion of health (nursing care and medical care),” considering the affinity of these activities with the life insurance business.

Support for 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 nonhardware 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. In 2016, we will hold the 40th contest. Over 10.79 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.

Promotion of Health (Nursing Care and Medical Care)

Dementia Supporters and the Pink Ribbon Campaign

In the area of promotion of health, the Company continues to implement initiatives for nursing care and medical care. Since 2009, we have been engaged in training “dementia supporters,” launched under the initiative of the Ministry of Health, Labour and Welfare. 10,285 supporters (as of March 31, 2016) have been trained so far through the training seminars we provided according to the pre-determined 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.

OTHER INITIATIVE

Global Environment

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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Financial Section

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥112.68, the rate prevailing on March 31, 2016.
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
	2015	2016	2016
ASSETS:			
Cash and deposits (Notes 3 and 4)	¥ 334,565	¥ 524,140	\$ 4,651
Call loans (Note 4)	365,000	105,000	931
Monetary claims bought (Note 4)	243,446	206,301	1,830
Securities (Notes 4, 6, 13 and 14)	23,282,398	26,695,820	236,917
Loans (Notes 4, 15 and 16)	2,322,696	2,817,173	25,001
Tangible fixed assets (Notes 5, 7 and 18)			
Land	410,102	386,823	3,432
Buildings	251,662	227,635	2,020
Lease assets	3,157	2,253	19
Construction in progress	198	891	7
Other tangible fixed assets	4,685	6,451	57
Subtotal	669,806	624,054	5,538
Intangible fixed assets			
Software	18,200	16,931	150
Goodwill	—	70,789	628
Lease assets	62	134	1
Other intangible fixed assets	6,949	238,329	2,115
Subtotal	25,211	326,184	2,894
Due from agents	1	77	0
Reinsurance receivables	184	1,422	12
Other assets	237,958	426,339	3,783
Net defined benefit assets (Note 10)	9,800	113	1
Deferred tax assets (Note 19)	1,391	70,939	629
Customers' liabilities under acceptances and guarantees	—	1,000	8
Allowance for possible loan losses	(1,757)	(1,518)	(13)
Total assets	¥27,490,704	¥31,797,049	\$282,188

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 132,122	¥ 169,100	\$ 1,500
Policy reserves	23,661,038	27,935,119	247,915
Policyholders' dividend reserves (Note 9)	266,361	259,228	2,300
Subtotal	24,059,522	28,363,448	251,716
Reinsurance payables	113	4,176	37
Corporate bonds (Notes 4, 20 and 21)	149,480	235,442	2,089
Other liabilities			
Payables under securities borrowing transactions (Note 4)	550,433	597,551	5,303
Other	475,024	525,948	4,667
Subtotal	1,025,457	1,123,499	9,970
Net defined benefit liabilities (Note 10)	35,310	30,200	268
Accrued retirement benefits for directors	12	15	0
Reserve for price fluctuation	252,308	352,221	3,125
Deferred tax liabilities (Note 19)	48,860	29,658	263
Deferred tax liabilities for land revaluation	19,343	16,997	150
Acceptances and guarantees	—	1,000	8
Total liabilities	25,590,408	30,156,659	267,630
NET ASSETS:			
Foundation funds (Note 12)	270,000	200,000	1,774
Reserve for redemption of foundation funds (Note 12)	369,000	439,000	3,895
Reserve for revaluation	2	2	0
Surplus	402,827	339,926	3,016
Total funds, reserve and surplus	1,041,829	978,929	8,687
Net unrealized gains on available-for-sale securities	896,074	723,567	6,421
Land revaluation differences	(61,310)	(64,505)	(572)
Foreign currency translation adjustments	9,891	(11,877)	(105)
Remeasurements of defined benefit plans	13,750	14,111	125
Total accumulated other comprehensive income	858,406	661,295	5,868
Non-controlling interests	60	165	1
Total net assets	1,900,296	1,640,390	14,557
Total liabilities and net assets	¥27,490,704	¥31,797,049	\$282,188

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
	2015	2016	2016
ORDINARY INCOME:			
Insurance premiums and other	¥ 2,596,923	¥ 3,044,897	\$ 27,022
Investment income (Note 23)			
Interest, dividends and other income	552,709	566,944	5,031
Gains on trading securities	—	96	0
Gains on sales of securities	49,605	11,845	105
Gains on redemption of securities	8,123	3,902	34
Foreign exchange gains	1,616	241	2
Reversal of allowance for possible loan losses	311	172	1
Other investment income	731	570	5
Investment gains on separate accounts	266,250	—	—
Subtotal	879,349	583,773	5,180
Other ordinary income	106,400	104,913	931
Total ordinary income	3,582,673	3,733,584	33,134
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	522,203	543,420	4,822
Annuity payments	639,464	652,505	5,790
Benefits payments	355,388	321,258	2,851
Surrender benefits	707,802	880,534	7,814
Other refunds	80,594	83,584	741
Subtotal	2,305,452	2,481,303	22,020
Provision for policy reserves and other reserves			
Provision for reserves for outstanding claims	24,054	19,214	170
Provision for policy reserves	342,577	398,709	3,538
Provision for interest on policyholders' dividend reserves (Note 9)	412	337	2
Subtotal	367,043	418,262	3,711
Investment expenses (Note 23)			
Interest expenses	7,337	4,758	42
Losses on trading securities	24	—	—
Losses on sales of securities	5,042	4,753	42
Losses on valuation of securities	4,158	1,034	9
Losses on derivative financial instruments	161,005	23,229	206
Depreciation of real estate for investments	11,004	10,660	94
Other investment expenses	14,027	13,993	124
Investment losses on separate accounts	—	29,678	263
Subtotal	202,599	88,108	781
Operating expenses (Note 17)	337,217	347,677	3,085
Other ordinary expenses	153,181	177,193	1,572
Total ordinary expenses	3,365,495	3,512,544	31,172
Ordinary profit	¥ 217,178	¥ 221,039	\$ 1,961

Comprehensive Income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Extraordinary gains			
Gains on disposals of fixed assets	¥ 5,057	¥ 3,558	\$ 31
Subtotal	5,057	3,558	31
Extraordinary losses			
Losses on disposals of fixed assets	4,733	5,369	47
Impairment losses (Note 18)	13,581	27,711	245
Provision for reserve for price fluctuation	20,816	99,912	886
Payments to social responsibility reserve	701	800	7
Subtotal	39,833	133,794	1,187
Surplus before income taxes	182,402	90,803	805
Income taxes (Note 19)			
Current	61,416	61,394	544
Deferred	(4,238)	(36,718)	(325)
Total income taxes	57,177	24,676	218
Net surplus	125,225	66,127	586
Net surplus attributable to non-controlling interests	(122)	4	0
Net surplus attributable to the Parent Company	¥125,347	¥ 66,123	\$ 586

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Net surplus	¥125,225	¥ 66,127	\$ 586
Other comprehensive income (loss) (Note 22)	509,637	(193,405)	(1,716)
Net unrealized gains (losses) on available-for-sale securities	471,278	(171,465)	(1,521)
Land revaluation differences	1,296	510	4
Foreign currency translation adjustments	153	(16,574)	(147)
Remeasurements of defined benefit plans	27,792	360	3
Share of other comprehensive income (loss) of associates under the equity method	9,116	(6,236)	(55)
Comprehensive income (loss)	634,862	(127,277)	(1,129)
Comprehensive income (loss) attributable to the Parent Company	634,954	(127,281)	(1,129)
Comprehensive income (loss) attributable to non-controlling interests	(92)	4	0

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen											
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	Total net assets
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 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 attributable to the Parent Company				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

	Millions of Yen											
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)						
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	Total net assets
Beginning 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
Changes in the fiscal year												
Additions to policyholders' dividend reserves (Note 9)				(59,358)	(59,358)							(59,358)
Additions to reserve for redemption of foundation funds		70,000		(70,000)	—							—
Payment of interest on foundation funds				(3,371)	(3,371)							(3,371)
Net surplus attributable to the Parent Company				66,123	66,123							66,123
Redemption of foundation funds	(70,000)				(70,000)							(70,000)
Reversal of land revaluation differences				3,705	3,705							3,705
Net changes, excluding funds, reserve and surplus						(172,507)	(3,195)	(21,769)	360	(197,110)	105	(197,005)
Net changes in the fiscal year	(70,000)	70,000	—	(62,900)	(62,900)	(172,507)	(3,195)	(21,769)	360	(197,110)	105	(259,905)
Ending balance	200,000	439,000	2	339,926	978,929	723,567	(64,505)	(11,877)	14,111	661,295	165	1,640,390

Year ended March 31, 2016

Millions of U.S. Dollars

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)							Total net assets
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains(losses) on available-for-sale securities	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	
Beginning balance	2,396	3,274	0	3,574	9,245	7,952	(544)	87	122	7,618	0	16,864
Changes in the fiscal year												
Additions to policyholders' dividend reserves (Note 9)				(526)	(526)							(526)
Additions to reserve for redemption of foundation funds		621		(621)	—							—
Payment of interest on foundation funds				(29)	(29)							(29)
Net surplus attributable to the Parent Company				586	586							586
Redemption of foundation funds	(621)				(621)							(621)
Reversal of land revaluation differences				32	32							32
Net changes, excluding funds, reserve and surplus						(1,530)	(28)	(193)	3	(1,749)	0	(1,748)
Net changes in the fiscal year	(621)	621	—	(558)	(558)	(1,530)	(28)	(193)	3	(1,749)	0	(2,306)
Ending balance	1,774	3,895	0	3,016	8,687	6,421	(572)	(105)	125	5,868	1	14,557

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
I Cash flows from operating activities			
Surplus before income taxes	¥ 182,402	¥ 90,803	\$ 805
Depreciation of real estate for investments	11,004	10,660	94
Depreciation	14,675	14,660	130
Impairment losses	13,581	27,711	245
Amortization of goodwill	1,336	—	—
Increase (Decrease) in reserve for outstanding claims	24,054	19,214	170
Increase (Decrease) in policy reserves	342,577	398,709	3,538
Provision for interest on policyholders' dividend reserves	412	337	2
Increase (Decrease) in allowance for possible loan losses	(432)	(253)	(2)
Increase (Decrease) in net defined benefit liabilities	19,703	4,808	42
Increase (Decrease) in reserve for price fluctuation	20,816	99,912	886
Interest, dividends, and other income	(552,709)	(566,944)	(5,031)
Losses (Gains) on securities	(202,236)	68,648	609
Interest expenses	7,337	4,758	42
Foreign exchange losses (gains)	(1,877)	(527)	(4)
Losses (Gains) on tangible fixed assets	(522)	1,591	14
Investment losses (gains) on equity method	360	5,729	50
Decrease (Increase) in due from agents	1	0	0
Decrease (Increase) in reinsurance receivables	71	(50)	(0)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	18,793	285	2
Increase (Decrease) in reinsurance payables	(6)	(0)	(0)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	24,608	93,038	825
Others, net	40,889	(24,853)	(220)
Subtotal	(35,159)	248,241	2,203
Interest, dividends, and other income received	694,193	641,384	5,692
Interest paid	(7,542)	(4,762)	(42)
Policyholders' dividends paid	(72,451)	(66,829)	(593)
Others, net	(701)	(800)	(7)
Income taxes paid	(66,141)	(46,365)	(411)
Net cash provided by operating activities	¥ 512,196	¥ 770,867	\$ 6,841

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ (200,396)	¥ (155,396)	\$ (1,379)
Purchase of monetary claims bought	(338,050)	(288,593)	(2,561)
Proceeds from sales and redemption of monetary claims bought	383,976	328,463	2,915
Purchase of securities	(3,830,982)	(3,525,600)	(31,288)
Proceeds from sales and redemption of securities	3,587,447	3,022,069	26,819
Loans made	(195,793)	(246,552)	(2,188)
Proceeds from collection of loans	327,214	363,586	3,226
Others, net	(154,426)	276,280	2,451
Total investment activities (IIa)	(421,010)	(225,745)	(2,003)
[I+IIa]	[91,185]	[545,122]	[4,837]
Purchase of tangible fixed assets	(10,451)	(14,740)	(130)
Proceeds from sales of tangible fixed assets	19,692	15,509	137
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(430,171)	(3,817)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	626	5
Others, net	(8,018)	(8,243)	(73)
Net cash used in investing activities	(419,789)	(662,765)	(5,881)
III Cash flows from financing activities			
Repayments of debt	(122,500)	—	—
Proceeds from issuance of corporate bonds	50,000	—	—
Redemption of foundation funds	—	(70,000)	(621)
Payment of interest on foundation funds	(3,449)	(3,371)	(29)
Others, net	(1,636)	(1,117)	(9)
Net cash used in financing activities	(77,586)	(74,488)	(661)
IV Effect of foreign exchange rate changes on cash and cash equivalents	12	(5)	(0)
V Net increase (decrease) in cash and cash equivalents	14,833	33,607	298
VI Cash and cash equivalents at the beginning of the year	37,890	52,724	467
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 52,724	¥ 86,331	\$ 766

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 Insurance Business Act and its related accounting regulations in Japan, and in conformity with the 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 as of March 31, 2016, which was ¥112.68 to U.S. \$1. The convenience translation should not be construed as representations that the Japanese yen amounts were, have been, or may 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

a) Consolidated subsidiaries

The numbers of consolidated subsidiaries were 12 and 24 as of March 31, 2015 and 2016, respectively. The major subsidiaries as of March 31, 2016 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)
- Symetra Financial Corporation (U.S.A.)

From the fiscal year ended March 31, 2016, Symetra Financial Corporation and its 12 subsidiaries were included in the scope of consolidation.

Sumitomo Life Insurance America, Inc. was excluded from the scope of the consolidation as the Company disposed of its interest in the fiscal year ended March 31, 2016.

b) Affiliates

The numbers of affiliates under the equity method were 10 and 8 as of March 31, 2015 and 2016, respectively.

The major affiliates as of March 31, 2016 are listed as follows:

- Sumitomo Mitsui Asset Management Company, Limited (Japan)
- Nippon Building Fund Management Ltd. (Japan)
- Japan Pension Navigator Co., Ltd. (Japan)
- Baoviet Holdings (Vietnam)
- PT BNI Life Insurance (Indonesia)

One subsidiary and one affiliate of Baoviet Holdings were excluded from affiliates under the equity method as those companies were excluded from affiliates from the fiscal year ended March 31, 2016.

Japan Pension Service Co., Ltd., is excluded from affiliates under the equity method because its effect is immaterial, individually and in aggregate, on the consolidated net income and consolidated surplus.

c) Fiscal year-end of a consolidated subsidiary

The fiscal year-end of CSS Co., Ltd. is March 25.

The consolidated financial statements include the accounts of the subsidiary as of its fiscal year-end, with appropriate adjustments made for material transactions between its fiscal year-end and the balance sheet date. For foreign consolidated subsidiaries, financial information as of February 1, 2016, the date of business combination, is used to prepare the consolidated financial statements.

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

The Company applies the mark-to-market method.

e) Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is 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.

f) 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, deposits (except deposits bearing interest of the Company and domestic consolidated subsidiaries, and restricted cash of foreign consolidated subsidiaries), and short-term investment securities of foreign consolidated subsidiaries.

3) a) 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.

b) Derivative instruments

Derivatives are stated at fair value.

c) 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 allowed 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 contract agreements 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 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.

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 presented as deferred tax liabilities for land revaluation in the consolidated balance sheets.

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

Pursuant to the Article, 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.

7) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets as of March 31, 2015 and 2016) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

8) 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 assessment results.

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, 2015 and 2016 amounted to ¥318 million and ¥204 million (U.S. \$1 million), respectively.

An allowance for possible loan losses of the consolidated subsidiaries is provided mainly 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.

9) Net defined benefit liabilities

Net defined benefit liabilities, supposed to be incurred as of March 31, 2015 and 2016, respectively, 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").

10) Reserve for price fluctuation

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

11) 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 fiscal year, 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.

12) 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 methods:

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

The Company adopted 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:

In terms of individual annuity contracts which commenced on or after April 1, 2006, the Company has regarded their commencement dates of annuity payments as the contract dates, and applied the calculation basis stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996). (For contracts which commenced by March 31, 2007, assumed mortality rates on the 2007 life insurance standard life table have been used.)

Policy reserves of the consolidated foreign subsidiaries are provided pursuant to accounting principles generally accepted in the United States of America.

13) 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.

14) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

15) New accounting standards

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) had been applied at the beginning of the fiscal year ended March 31, 2015, subject to provisions stipulated in Paragraph 35 of the standard and Paragraph 67 of the guidance. Accordingly, the Company had 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 standard, 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 had been included in surplus as of the beginning of the fiscal year ended March 31, 2015.

As a result, surplus at the beginning of the fiscal year ended March 31, 2015 decreased by ¥13,213 million. In addition, ordinary profit and surplus before income taxes decreased by ¥1,975 million for the fiscal year ended March 31, 2015.

"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereafter the "Consolidation Accounting

Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereafter the “Business Divestitures Accounting Standard”) have been applied from the beginning of the fiscal year ended March 31, 2016.

Under the applied accounting method, the difference associated with the Company’s ownership interests changes in subsidiaries remaining under the Company’s control is recorded as surplus, and acquisition-related costs are recorded as expenses for the fiscal year in which the costs are incurred. For business combinations implemented on or after April 1, 2015, the accounting method has been changed to reflect adjustments to the allocated acquisition costs on finalization of provisional accounting treatments in the consolidated financial statements for the fiscal year containing the date of the business combinations. In addition, the presentation method of net surplus was changed and an account name changed from minority interests to non-controlling interests. In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flows related to acquisition or sale of shares of subsidiaries not affecting the scope of consolidation are classified into cash flows from financing activities, while cash flows related to expenses arising from acquisition of shares of subsidiaries affecting the scope of consolidation or acquisition or sale of shares of subsidiaries not affecting the scope of consolidation are classified into cash flows from operating activities.

With respect to the application of the Accounting Standards regarding business combinations, the transitional treatments prescribed in Article 58-2(4) of the Business Combinations Accounting Standard, Article 44-5(4) of the Consolidation Accounting Standard and Article 57-4(4) of the Business Divestitures Accounting Standard had been applied prospectively on and after April 1, 2015. As a result, ordinary profit and surplus before income taxes for the fiscal year ended March 31, 2016 decreased by ¥2,660 million (U.S. \$23 million) and surplus as of March 31, 2016 decreased by ¥2,660 million (U.S. \$23 million).

Note 3

Cash and Cash Equivalents

1) 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, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Cash and deposits	¥334,565	¥524,140	\$4,651
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(281,841)	(437,155)	(3,879)
Restricted cash of foreign consolidated subsidiaries	—	(653)	(5)
Short-term investment securities of foreign consolidated subsidiaries	—	0	0
Cash and cash equivalents	¥ 52,724	¥ 86,331	\$ 766

2) Breakdown of Assets and Liabilities of Newly Consolidated Subsidiaries as a Result of the Acquisition of Shares

Associated with the consolidation of Symetra Financial Corporation as a result of the acquisition of shares, the breakdown of the assets and liabilities of Symetra Financial Corporation at the beginning of the consolidation and the reconciliation of the acquisition cost and net cash flow for the acquisition are as follows:

	Millions of Yen	Millions of U.S. Dollars
Assets	¥4,444,292	\$39,441
Securities included in the above assets	3,468,467	30,781
Goodwill	70,789	628
Liabilities	(4,067,708)	(36,099)
Policy reserves and other reserves included in the above liabilities	(3,893,133)	(34,550)
Others	16,485	146
Acquisition cost of shares	463,858	4,116
Cash and cash equivalents	33,686	298
Net cash flow for the acquisition of shares	¥ 430,171	\$ 3,817

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.

Major 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 to bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

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, according to the accounting principles.

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 independently 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, 2015 and 2016 together with their differences.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 334,565	¥ 334,565	¥ —	¥ 524,140	¥ 524,140	¥ —	\$ 4,651	\$ 4,651	\$ —
[Available-for-sale securities] ^{*1}	[99,983]	[99,983]	—	[368,478]	[368,478]	—	[3,270]	[3,270]	—
Call loans	365,000	365,000	—	105,000	105,000	—	931	931	—
Monetary claims bought	243,446	245,621	2,175	206,301	209,110	2,808	1,830	1,855	24
[Available-for-sale securities] ^{*1}	[202,579]	[202,579]	—	[170,586]	[170,586]	—	[1,513]	[1,513]	—
Securities ^{*2}	22,699,289	24,515,324	1,816,035	26,265,754	29,162,323	2,896,568	233,100	258,806	25,706
Trading securities	2,212,537	2,212,537	—	1,677,563	1,677,563	—	14,887	14,887	—
Held-to-maturity debt securities	2,111,160	2,441,258	330,097	2,102,869	2,515,176	412,307	18,662	22,321	3,659
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	11,339,015	13,821,953	2,482,938	100,630	122,665	22,035
Investments in subsidiaries and affiliated companies	39,173	23,372	(15,801)	29,624	30,947	1,323	262	274	11
Available-for-sale securities	7,127,040	7,127,040	—	11,116,681	11,116,681	—	98,657	98,657	—
Loans	2,322,696			2,817,173			25,001		
Allowance for possible loan losses ^{*3}	(1,155)			(1,033)			(9)		
	2,321,541	2,390,859	69,318	2,816,140	2,882,716	66,576	24,992	25,583	590
Corporate bonds	149,480	157,116	7,636	235,442	247,527	12,085	2,089	2,196	107
Payables under securities borrowing transactions	550,433	550,433	—	597,551	597,551	—	5,303	5,303	—
Derivative transactions ^{*4}	(197,665)	(197,665)	—	43,477	43,477	—	385	385	—
Hedge accounting not applied	(39,867)	(39,867)	—	10,184	10,184	—	90	90	—
Hedge accounting applied	(157,797)	(157,797)	—	33,292	33,292	—	295	295	—

*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 ¥583,108 million and ¥430,065 million (U.S. \$3,816 million) as of March 31, 2015 and 2016, 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 loans.

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 mainly 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.

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 values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2015 and 2016.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Type									
Fair value exceeds the balance sheet amount									
Bonds	¥ 541,219	¥ 574,627	¥ 33,408	¥ 559,563	¥ 614,641	¥ 55,078	\$ 4,965	\$ 5,454	\$ 488
Foreign securities (bonds)	1,546,429	1,843,260	296,831	1,543,305	1,900,535	357,229	13,696	16,866	3,170
Fair value does not exceed the balance sheet amount									
Bonds	21,511	21,379	(132)	—	—	—	—	—	—
Foreign securities (bonds)	2,000	1,990	(9)	—	—	—	—	—	—
Total	2,111,160	2,441,258	330,097	2,102,869	2,515,176	412,307	18,662	22,321	3,659

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Type									
Fair value exceeds the balance sheet amount									
Bonds	¥11,070,522	¥12,568,398	¥1,497,875	¥11,187,444	¥13,666,146	¥2,478,701	\$ 99,285	\$121,282	\$21,997
Foreign securities (bonds)	94,877	99,086	4,209	111,008	115,842	4,833	985	1,028	42
Fair value does not exceed the balance sheet amount									
Bonds	27,474	27,163	(310)	19,245	19,183	(61)	170	170	(0)
Foreign securities (bonds)	16,503	16,467	(35)	21,317	20,781	(536)	189	184	(4)
Total	11,209,377	12,711,116	1,501,738	11,339,015	13,821,953	2,482,938	100,630	122,665	22,035

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, 2015 and 2016.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
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	170,343	182,587	12,244	149,622	164,586	14,963	1,327	1,460	132
Bonds	1,144,064	1,196,214	52,150	1,218,265	1,319,775	101,509	10,811	11,712	900
Stocks	725,720	1,501,034	775,314	612,220	1,211,460	599,240	5,433	10,751	5,318
Foreign securities	3,726,236	4,123,233	396,996	4,296,359	4,601,253	304,894	38,128	40,834	2,705
Foreign bonds	3,725,586	4,122,547	396,960	4,284,483	4,588,942	304,459	38,023	40,725	2,701
Other foreign securities	649	686	36	11,876	12,311	435	105	109	3
Other securities	24,609	34,692	10,082	19,862	29,720	9,858	176	263	87
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	100,000	99,983	(16)	368,500	368,478	(21)	3,270	3,270	(0)
Monetary claims bought	19,994	19,992	(2)	5,999	5,999	(0)	53	53	(0)
Bonds	27,860	27,673	(186)	29,503	29,349	(153)	261	260	(1)
Stocks	47,887	42,019	(5,868)	164,403	134,925	(29,477)	1,459	1,197	(261)
Foreign securities	202,713	202,172	(541)	3,785,683	3,779,010	(6,672)	33,596	33,537	(59)
Foreign bonds	201,487	201,101	(386)	3,675,498	3,669,183	(6,315)	32,618	32,562	(56)
Other foreign securities	1,226	1,070	(155)	110,184	109,827	(356)	977	974	(3)
Other securities	—	—	—	12,950	11,185	(1,765)	114	99	(15)
Total	6,189,431	7,429,603	1,240,172	10,663,371	11,655,746	992,375	94,634	103,441	8,807

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, 2015

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥334,300	¥ 60	—	—
Call loans	365,000	—	—	—
Monetary claims bought	22,095	2,625	742	205,864
Securities	466,413	3,031,560	3,242,190	11,601,789
Held-to-maturity debt securities	48,489	195,805	397,024	1,450,736
Policy-reserve-matching bonds	246,847	952,787	629,692	9,314,906
Available-for-sale securities	171,077	1,882,967	2,215,474	836,146
Loans	309,783	1,027,645	503,725	84,519
Corporate bonds	—	—	—	149,480
Payables under securities borrowing transactions	550,433	—	—	—

As of March 31, 2016

	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	¥ 523,944	¥ —	¥ —	—	\$4,649	\$ —	\$ —	—
Call loans	105,000	—	—	—	931	—	—	—
Monetary claims bought	7,089	1,291	333	182,696	62	11	2	1,621
Securities	1,102,865	3,249,057	4,886,530	12,897,824	9,787	28,834	43,366	114,464
Held-to-maturity debt securities	54,654	258,348	595,526	1,190,981	485	2,292	5,285	10,569
Policy-reserve-matching bonds	428,598	580,020	937,391	9,316,111	3,803	5,147	8,319	82,677
Available-for-sale securities	619,613	2,410,689	3,353,612	2,390,731	5,498	21,394	29,762	21,216
Loans	337,448	1,016,535	781,838	287,272	2,994	9,021	6,938	2,549
Corporate bonds	36,261	—	30,217	167,610	321	—	268	1,487
Payables under securities borrowing transactions	597,551	—	—	—	5,303	—	—	—

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

1) Interest-rate related

a) Hedge accounting not applied

As of March 31, 2015

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	¥ —	¥ —	¥ —	¥ —
Interest rate swaptions				
Bought				
Receipts floating, payments fixed	240,000 [2,241]	120,000	— 427	— (1,813)
Total				(1,813)

As of March 31, 2016

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	¥ 12,908	¥ 12,908	¥172	¥ 172	\$ 114	\$ 114	\$1	\$ 1
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	290,000 [1,622]	170,000	167	(1,455)	2,573 [14]	1,508	1	(12)
Total				(1,282)				(11)

*1 Option fees are shown in [].

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

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

b) Hedge accounting applied

As of March 31, 2015

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 swaps					
Exceptional method	Receipts fixed, payments floating	Loans	¥56,121	¥45,532	¥1,259
Cash flow hedge	Receipts fixed, payments floating	—	—	—	—
Total					1,259

As of March 31, 2016

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 swaps								
Exceptional method	Receipts fixed, payments floating	Loans	¥49,532	¥33,828	¥ 929	\$439	\$300	\$ 8
Cash flow hedge	Receipts fixed, payments floating	Bonds	61,347	61,347	1,655	544	544	14
Total					2,584			22

2) Currency-related

a) Hedge accounting not applied

As of March 31, 2015

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	¥529,108	¥91,785	¥(27,047)	¥(27,047)
(Australian dollar)	248,901	—	4,199	4,199
(Euro)	82,651	52,580	915	915
(U.S. dollar)	195,284	39,205	(32,212)	(32,212)
Bought	167,843	—	(274)	(274)
(Euro)	430	—	(5)	(5)
(U.S. dollar)	167,168	—	(267)	(267)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Total				(27,321)

As of March 31, 2016

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	¥468,585	¥—	¥ 303	¥ 303	\$4,158	\$—	\$ 2	\$ 2
(Australian dollar)	212,376	—	5,437	5,437	1,884	—	48	48
(Euro)	200,102	—	(461)	(461)	1,775	—	(4)	(4)
(U.S. dollar)	52,861	—	(4,623)	(4,623)	469	—	(41)	(41)
Bought	157,402	—	4,201	4,201	1,396	—	37	37
(Euro)	152,314	—	4,205	4,205	1,351	—	37	37
(U.S. dollar)	4,807	—	(5)	(5)	42	—	(0)	(0)
Currency options								
Sold								
Call	360,000	—	—	—	3,194	—	—	—
(U.S. dollar)	[2,225]	—	1,063	1,161	[19]	—	9	10
Bought								
Put	303,000	—	—	—	2,689	—	—	—
(U.S. dollar)	[2,453]	—	823	(1,629)	[21]	—	7	(14)
Total				4,038				35

*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 under the allocation method are included in the fair values of related securities and corporate bonds since they are accounted for as integrated transactions.

b) Hedge accounting applied

As of March 31, 2015

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	¥3,089,178	¥933,569	¥(157,797)
	(U.S. dollar)		1,209,952	503,818	(102,165)
	(Australian dollar)		1,017,864	302,024	(88,091)
	(Euro)		801,998	127,726	35,704
	Foreign currency forward contracts				
Allocation method	Sold	Foreign-currency-denominated assets	101,308	101,308	(35,195)
	(Australian dollar)		86,789	86,789	(30,126)
	(U.S. dollar)		14,519	14,519	(5,068)
Allocation method	Currency swaps	Loans	39,405	39,405	(2,506)
	(U.S. dollar)		39,405	39,405	(2,506)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	32,941
	(U.S. dollar)		99,480	99,480	32,941
Cash flow hedge	Currency swaps	—	—	—	—
	(Great Britain pound)	—	—	—	—
	(Euro)	—	—	—	—
Total					(162,558)

As of March 31, 2016

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	¥4,103,209	¥403,200	¥ 20,770	\$36,414	\$3,578	\$ 184
	(U.S. dollar)		1,978,336	146,484	95,624	17,557	1,300	848
	(Australian dollar)		1,005,363	256,715	(80,961)	8,922	2,278	(718)
	(Euro)		998,011	—	(2,146)	8,857	—	(19)
	Foreign currency forward contracts							
Allocation method	Sold	Foreign-currency-denominated assets	98,327	61,590	(29,576)	872	546	(262)
	(Australian dollar)		84,048	58,533	(25,489)	745	519	(226)
	(U.S. dollar)		14,279	3,057	(4,087)	126	27	(36)
Allocation method	Currency swaps	Loans	94,277	94,277	9,889	836	836	87
	(U.S. dollar)		94,277	94,277	9,889	836	836	87
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	20,359	882	882	180
	(U.S. dollar)		99,480	99,480	20,359	882	882	180
Cash flow hedge	Currency swaps	Bonds	82,161	82,161	10,866	729	729	96
	(Great Britain pound)		70,761	70,761	8,925	627	627	79
	(Euro)		10,012	10,012	1,755	88	88	15
Total								286

3) Stock-related

a) Hedge accounting not applied

As of March 31, 2015

		Millions of Yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures					
Exchange-traded transactions	Sold	¥116,589	¥—	¥(1,441)	¥(1,441)
	Bought	1,533		(5)	(5)
Stock index forwards					
Over-the-counter transactions	Sold	104,122	—	(11,548)	(11,548)
Stock index options					
Sold					
	Call	—	—	—	—
		[—]		—	—
	Put	423	—	0	0
		[1]			
Bought					
	Call	—	—	—	—
		[—]		—	—
	Put	19,503	—	23	(506)
		[529]			
Total					(13,501)

As of March 31, 2016

		Millions of Yen				Millions of U.S. Dollars			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Stock index futures									
Exchange-traded transactions	Sold	¥133,413	¥ —	¥(1,444)	¥(1,444)	\$1,183	\$ —	\$(12)	\$(12)
	Bought	2,165	266	41	41	19	2	0	0
Stock index forwards									
Over-the-counter transactions	Sold	42,600	—	2,188	2,188	378	—	19	19
Stock index options									
Sold									
	Call	155,208	—	953	590	1,377	—	8	5
		[1,543]				[13]			
	Put	—	—	—	—	—	—	—	—
		[—]				[—]			
Bought									
	Call	476,427	26,129	5,347	(6,272)	4,228	231	47	(55)
		[11,619]				[103]			
	Put	99,999	—	467	(1,073)	887	—	4	(9)
		[1,541]				[13]			
Total					(5,969)				(52)

*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.

b) Hedge accounting applied

No ending balance as of March 31, 2015 and 2016.

4) Other

a) Hedge accounting not applied

As of March 31, 2015

		Millions of Yen			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
	Credit default swaps				
Over-the-counter transactions	Sold	¥—	¥—	¥—	¥—
Total					—

As of March 31, 2016

		Millions of Yen				Millions of U.S. Dollars			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
	Credit default swaps								
Over-the-counter transactions	Sold	¥1,208	¥1,208	¥(69)	¥(69)	\$10	\$10	\$(0)	\$(0)
Total		1,208	1,208	(69)	(69)	10	10	(0)	(0)

*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.

b) Hedge accounting applied

No ending balance as of March 31, 2015 and 2016.

Note **5**

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥466,204 million and ¥430,870 million (U.S. \$3,823 million), and their fair values were ¥455,800 million and ¥454,246 million (U.S. \$4,031 million) as of March 31, 2015 and 2016, 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 ¥1,547 million and ¥1,506 million (U.S. \$13 million) as of March 31, 2015 and 2016, respectively.

Note **6**

Securities Lending

Securities loaned under security lending agreements amounted to ¥1,318,689 million and ¥1,415,288 million (U.S. \$12,560 million) as of March 31, 2015 and 2016, respectively.

Note **7**

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥447,423 million and ¥439,312 million (U.S. \$3,898 million) as of March 31, 2015 and 2016, respectively.

Note **8**

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥2,367,255 million and ¥1,702,853 million (U.S. \$15,112 million) as of March 31, 2015 and 2016, respectively. The total amounts of separate account liabilities were the same as these.

Note **9**

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance at the beginning of the fiscal year	¥278,259	¥266,361	\$2,363
Transfer from surplus in the previous fiscal year	60,141	59,358	526
Dividend payments to policyholders during the fiscal year	(72,451)	(66,829)	(593)
Interest accrued during the fiscal year	412	337	2
Balance at the end of the fiscal year	¥266,361	¥259,228	\$2,300

Note **10**

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2015 and 2016 were as follows:

	2015	2016
Method of attributing benefits to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial losses (Commencing in the following fiscal 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 distribute a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established retirement benefit trusts for certain retirement allowance systems.

As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

Certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
At the beginning of the fiscal year	¥305,570	¥321,280	\$2,851
Cumulative effect of change in accounting policies	19,107	—	—
At the beginning of the fiscal year after reflecting accounting policy changes	324,677	—	—
Service costs	14,611	14,076	124
Interest costs on projected benefit obligation	4,770	4,719	41
Actuarial losses	(211)	(13,119)	(116)
Benefits paid	(22,631)	(22,985)	(203)
Others	63	71	0
At the end of the fiscal year	¥321,280	¥304,042	\$2,698

b) Changes in the plan assets for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
At the beginning of the fiscal year	¥269,713	¥295,770	\$2,624
Expected return on plan assets	3,535	3,901	34
Actuarial gains (losses)	21,585	(25,800)	(228)
Contribution by employer	10,604	10,461	92
Benefits paid	(9,697)	(10,374)	(92)
Others	29	(3)	(0)
At the end of the fiscal year	¥295,770	¥273,955	\$2,431

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheets as of March 31, 2015 and 2016 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Present value of funded obligations	¥319,851	¥302,569	\$2,685
Plan assets at fair value	(295,770)	(273,955)	(2,431)
Net present value of funded obligations	24,080	28,614	253
Present value of unfunded obligations	1,428	1,472	13
Net value on the balance sheet	25,509	30,087	267
Net defined benefit liabilities	35,310	30,200	268
Net defined benefit assets	(9,800)	(113)	(1)
Net value on the balance sheet	¥ 25,509	¥ 30,087	\$ 267

d) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Service costs	¥14,611	¥14,076	\$124
Interest cost on projected benefit obligation	4,770	4,719	41
Expected return on plan assets	(3,535)	(3,901)	(34)
Amortization of net actuarial losses	17,795	12,910	114
Others	34	83	0
Retirement benefit expenses	¥33,676	¥27,887	\$247

e) Major components of other comprehensive income and accumulated other comprehensive income
Major components of other comprehensive income (before income tax effect adjustments) for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Actuarial gains	¥39,592	¥230	\$2
Total	¥39,592	¥230	\$2

Major components of accumulated other comprehensive income (before income tax effect adjustments) for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Unrecognized actuarial gains	¥19,328	¥19,558	\$173
Total	¥19,328	¥19,558	\$173

f) The plan assets

The plan assets as of March 31, 2015 and 2016 were comprised as follows:

	% of total fair value of plan assets	
	2015	2016
Equity securities	45%	39%
General account of life insurance companies	39%	44%
Debt securities	9%	6%
Others	7%	11%
Total	100%	100%

45% and 41% of the plan assets were the retirement benefit trusts as of March 31, 2015 and 2016, respectively.

g) 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 rates 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.

h) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2015 and 2016 were as follows:

	2015	2016
Discount rate	1.473%	1.473%
Expected long-term rates of return on plan assets		
Defined benefit pension plans	2.3%	2.4%
Retirement benefit trusts	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥863 million and ¥872 million (U.S. \$7 million) for the fiscal years ended March 31, 2015 and 2016, 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 situations, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed ¥70,000 million (U.S. \$621 million) of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.

Note 13

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥612,948 million and ¥594,441 million (U.S. \$5,275 million) as of March 31, 2015 and 2016, respectively.

Note 14

Investments in Affiliates

Total amounts of investments in affiliates were ¥90,117 million and ¥76,656 million (U.S. \$680 million) as of March 31, 2015 and 2016, respectively.

Note 15**Loans**

The aggregate amounts of risk-monitored loans, which were comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer, and restructured loans, were ¥1,066 million and ¥1,092 million (U.S. \$9 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥1,066 million and ¥980 million (U.S. \$8 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets were ¥34 million and ¥29 million (U.S. \$0 million) for loans in arrears as of March 31, 2015 and 2016, respectively.

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

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

The amounts of loans in arrears for three months or longer were ¥0 million and ¥1 million (U.S. \$0 million) as of March 31, 2015 and 2016, 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 nil and ¥110 million (U.S. \$0 million) as of March 31, 2015 and 2016, 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 ¥13,172 million and ¥19,535 million (U.S. \$173 million) as of March 31, 2015 and 2016, 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 ¥43,507 million and ¥42,933 million (U.S. \$381 million) as of March 31, 2015 and 2016, respectively, pursuant to Article 259 of the Insurance Business Act.

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

Impairment of Fixed Assets

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

Accumulated impairment losses on fixed assets are directly reduced from amounts of their respective assets.

1) Method for grouping the assets

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

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

2) Description of impairment losses recognized

For the fiscal years ended March 31, 2015 and 2016, 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
		2015	2016	2016
Real estate for investment	Land and buildings	¥13,084	¥26,640	\$236
Idle assets	Land and buildings	468	1,058	9
Total		¥13,553	¥27,698	\$245

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 determined at net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on the 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
	2015	2016	2016
Deferred tax assets	¥357,309	¥508,903	\$4,516
Valuation allowance for deferred tax assets	21,804	22,837	202
Subtotal	335,504	486,065	4,313
Deferred tax liabilities	382,973	444,785	3,947
Net deferred tax assets/(liabilities)	(47,469)	41,280	366

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Deferred tax assets			
Policy reserves and other reserves	¥172,289	¥271,956	\$2,413
Reserve for price fluctuation	72,647	98,460	873
Net defined benefit liabilities	46,462	46,548	413
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	361,836	280,466	2,489
Other intangible fixed assets	—	79,901	709

2) The actual effective income tax rates were 31.3% and 27.1% for the fiscal years ended March 31, 2015 and 2016, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2015	2016
Policyholders' dividend reserves	(9.9)%	(17.3)%
Effects of changes in the statutory income tax rate	11.7%	11.4%

3) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015), the statutory tax rate applied to measure deferred tax assets and liabilities was lowered for the fiscal year beginning on April 1, 2015. As a result of this change, the statutory effective tax rate to measure deferred tax assets and liabilities, was lowered from 30.73% to 28.80% for the temporary differences 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 assets and deferred tax liabilities for land revaluation decreased by ¥3,249 million and ¥1,296 million, respectively, and income taxes—deferred increased by ¥21,447 million.

4) Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), the statutory tax rate applied to measure deferred tax assets and liabilities has been lowered for the fiscal year beginning on April 1, 2016. As a result of this change, the statutory effective income tax rate to measure deferred tax assets and liabilities is lowered from 28.80% to 28.20% and 27.96% for the temporary differences expected to be reversed in the fiscal years ending up to March 31, 2018 and thereafter, respectively.

Due to this change, as of March 31, 2016, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥1,820 million (U.S. \$16 million) and ¥510 million (U.S. \$4 million), respectively, and income taxes—deferred increased by ¥10,349 million (U.S. \$91 million).

Note 20

Subordinated Bonds

The amount of corporate bonds in liabilities included ¥149,480 million and ¥167,701 million (U.S. \$1,488 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2015 and 2016, respectively.

Note 21

Issuance of subordinated bonds

On June 29, 2016, the Company issued subordinated bonds of ¥100,000 million (U.S. \$887 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, 2015 and 2016 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
	2015	2016	2016
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥694,201	¥(241,404)	\$(2,142)
Reclassification adjustments	(48,852)	(11,448)	(101)
Before income tax effect adjustments	645,349	(252,852)	(2,243)
Income tax effects	(174,071)	81,387	722
Net unrealized gains on available-for-sale securities	471,278	(171,465)	(1,521)
Deferred gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ —	¥(16,587)	\$(147)
Reclassification adjustments	—	—	—
Adjustments for acquisition cost of assets	—	16,587	147
Before income tax effect adjustments	—	—	—
Income tax effects	—	—	—
Deferred gains (losses) on derivatives under hedge accounting	—	—	—
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥ —	\$—
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	1,296	510	4
Land revaluation differences	1,296	510	4
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥148	¥(16,546)	\$(146)
Reclassification adjustments	—	(22)	(0)
Before income tax effect adjustments	148	(16,569)	(147)
Income tax effects	5	(5)	(0)
Foreign currency translation adjustments	153	(16,574)	(147)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥21,797	¥(12,680)	\$(112)
Reclassification adjustments	17,795	12,910	114
Before income tax effect adjustments	39,592	230	2
Income tax effects	(11,799)	130	1
Remeasurements of defined benefit plans	27,792	360	3
Share of other comprehensive income of associates under the equity method:			
Amount arising during the year	¥9,251	¥(6,218)	\$(55)
Reclassification adjustments	(134)	(17)	(0)
Share of other comprehensive income of associates under the equity method	9,116	(6,236)	(55)
Total other comprehensive income	¥509,637	¥(193,405)	\$(1,716)

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
	2015	2016	2016
Domestic bonds including national government bonds	¥ 1,615	¥ 579	\$ 5
Domestic stocks	3,732	10,230	90
Foreign securities	44,257	910	8

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Domestic bonds including national government bonds	¥ 25	¥ 738	\$ 6
Domestic stocks	125	1,422	12
Foreign securities	4,891	2,586	22

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Domestic stocks	¥4,158	¥1,034	\$9

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Interest and dividend income	¥—	¥ 6	\$0
Gains (Losses) on sales of securities	(24)	90	0

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥39,980 million and gains of ¥30,753 million (U.S. \$272 million) for the fiscal years ended March 31, 2015 and 2016, respectively.

Note **24**

Consolidation as a result of acquisition

1) Overview of business combination

a) Name and business of the acquired company

Company name: Symetra Financial Corporation ("Symetra")

Business: insurance and insurance related business *1

*1 Symetra is a holding company and its subsidiaries operate the business.

b) Purpose of the acquisition

The Company intends to enhance its financial strength and financial performance as it will expand the size of overseas revenues, lead to diversify revenue base, and enable the Company to build a well-balanced overseas business portfolio across Asia and the United States.

c) Date of business combination

February 1, 2016

d) Legal form of business combination

Symetra merged with a newly formed, wholly-owned special purpose company in Delaware, US, which the Company established solely for the purpose of the merger. After the merger, Symetra is the surviving company.

e) Name of the acquired company after combination

Symetra Financial Corporation

f) The Company's ownership percentage after completion of the transaction

100%

g) Controlling company

The Company holds more than a 50% stake in Symetra and, therefore, controls the decision-making body of Symetra.

2) Accounting period for which earnings of the acquired company are included in the consolidated statement of income

As the Company used the acquiree's consolidated balance sheet as of the date of business combination, the earnings of the acquired company are not included in the consolidated statement of income.

3) Acquisition cost and breakdown

Consideration paid in cash	¥463,858 million (U.S. \$4,116 million)
Total	¥463,858 million (U.S. \$4,116 million)

4) Cost related to acquisition

Fees to outside advisors, etc.	¥2,660 million (U.S. \$23 million)
--------------------------------	------------------------------------

5) Goodwill

a) Amount

¥70,789 million (U.S. \$628 million)

b) Reason to recognize goodwill

The acquisition cost calculated based on the acquiree's projected future profit as of the date of business acquisition exceeded the net amounts of assets acquired and liabilities assumed.

c) Amortization methods and amortization period

Amortized over a period of 20 years under the straight-line method.

6) The amounts of assets acquired and liabilities assumed at the date of business combination

Total assets	¥4,444,292 million (U.S. \$39,441 million)
Securities included in the above "Total assets"	¥3,468,467 million (U.S. \$30,781 million)
Total liabilities	¥4,067,708 million (U.S. \$36,099 million)
Policy reserves and others included in the above "Total liabilities"	¥3,893,133 million (U.S. \$34,550 million)

7) The pro forma effect on consolidated financial results on the assumption that the business combination had been completed at the beginning of the fiscal year ended March 31, 2016.

Ordinary income	¥262,855 million (U.S. \$2,332 million)
Ordinary profit	¥8,565 million (U.S. \$76 million)
Net surplus attributable to the Parent Company	¥14,171 million (U.S. \$125 million)

The ordinary income, ordinary profit and net surplus attributable to the Parent Company above are calculated based on the amounts on the Symetra's financial statements for the fiscal year ended December 31, 2015. The amortization of goodwill is calculated as if the amount of goodwill as of the date of business combination had been recognized at the beginning of the fiscal year ended March 31, 2016. These amounts do not represent the actual figures, which were calculated assuming that the business combination had been completed at the beginning of the fiscal year ended March 31, 2016. This pro forma financial information is unaudited.

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, 2015 and 2016, 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 misstatement, 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, 2015 and 2016, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 21 "Issuance of subordinated bonds" to the consolidated financial statements, which describes Sumitomo Life Insurance Company issued subordinated bonds of ¥100,000 million (U.S. \$887 million) on June 29, 2016, the repayments of which are subordinated to other obligations.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 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, 2016
Tokyo, Japan

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
	2015	2016	2016
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 218	¥ 214	\$ 1
Deposits	301,457	449,291	3,987
Subtotal	301,675	449,506	3,989
Call loans (Note 3)	365,000	105,000	931
Monetary claims bought (Note 3)	243,446	206,301	1,830
Securities (Notes 3, 5, 14 and 15)			
National government bonds	11,166,289	10,778,107	95,652
Local government bonds	82,102	98,818	876
Corporate bonds	2,550,319	2,852,696	25,316
Domestic stocks	2,147,529	1,771,946	15,725
Foreign securities	6,987,702	7,919,394	70,282
Other securities	270,104	211,498	1,876
Subtotal	23,204,047	23,632,461	209,730
Loans (Notes 3, 16 and 17)			
Policy loans	323,711	314,654	2,792
Industrial and consumer loans	1,998,985	1,881,821	16,700
Subtotal	2,322,696	2,196,475	19,493
Tangible fixed assets (Notes 4, 6 and 22)			
Land	410,099	386,740	3,432
Buildings	251,124	226,738	2,012
Lease assets	3,140	2,076	18
Construction in progress	173	891	7
Other tangible fixed assets	4,276	3,885	34
Subtotal	668,815	620,330	5,505
Intangible fixed assets			
Software	17,619	15,279	135
Other intangible fixed assets	6,050	8,115	72
Subtotal	23,670	23,394	207
Due from agents	1	1	0
Reinsurance receivables	183	233	2
Other assets			
Accounts receivable	27,695	24,715	219
Prepaid expenses	17,197	11,415	101
Accrued income	110,124	109,690	973
Money on deposit	3,929	4,094	36
Deposits for futures transactions	2,796	2,896	25
Derivative financial instruments (Note 3)	61,666	166,333	1,476
Suspense	5,534	9,872	87
Other assets	4,295	4,039	35
Subtotal	233,239	333,057	2,955
Deferred tax assets (Note 23)	—	75,322	668
Customer's liabilities under acceptances and guarantees	—	1,000	8
Allowance for possible loan losses	(1,757)	(1,502)	(13)
Total assets	¥27,361,019	¥27,641,583	\$245,310

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 18)	¥ 131,561	¥ 150,671	\$ 1,337
Policy reserves (Note 18)	23,548,322	23,932,169	212,390
Policyholders' dividend reserves (Note 9)	266,361	259,228	2,300
Subtotal	23,946,245	24,342,069	216,028
Reinsurance payables	111	109	0
Corporate bonds (Notes 3, 25 and 26)	149,480	149,480	1,326
Other liabilities			
Payables under securities borrowing transactions (Note 3)	550,433	597,551	5,303
Income taxes payable	14,979	29,872	265
Accounts payable	26,946	32,193	285
Accrued expenses	36,568	42,097	373
Deferred income	1,564	1,536	13
Deposits received	53,532	59,611	529
Guarantee deposits received	33,525	32,343	287
Derivative financial instruments (Note 3)	259,331	140,875	1,250
Cash collateral received for financial instruments	32,945	115,444	1,024
Lease obligations	3,103	2,037	18
Asset retirement obligations	1,975	1,918	17
Suspense receipts	3,064	8,328	73
Subtotal	1,017,970	1,063,809	9,440
Accrued retirement benefits (Note 11)	43,095	47,962	425
Reserve for price fluctuation	252,247	352,147	3,125
Deferred tax liabilities	41,700	—	—
Deferred tax liabilities for land revaluation	19,343	16,997	150
Acceptances and guarantees	—	1,000	8
Total liabilities	25,470,194	25,973,575	230,507
NET ASSETS:			
Foundation funds (Note 13)	270,000	200,000	1,774
Reserve for redemption of foundation funds (Note 13)	369,000	439,000	3,895
Reserve for revaluation	2	2	0
Surplus:	421,890	376,253	3,339
Reserve for future losses	4,804	5,004	44
Other surplus	417,085	371,249	3,294
Reserve for fund redemption (Note 13)	139,600	116,600	1,034
Fund for price fluctuation allowance	165,000	165,000	1,464
Reserve for assisting social responsibility	1,632	1,531	13
Other reserves	223	223	1
Unappropriated surplus	110,629	87,894	780
Total funds, reserve and surplus	1,060,892	1,015,256	9,010
Net unrealized gains on available-for-sale securities	891,242	717,257	6,365
Land revaluation differences	(61,310)	(64,505)	(572)
Total unrealized gains, revaluation reserve and adjustments	829,932	652,752	5,792
Total net assets	1,890,824	1,668,008	14,803
Total liabilities and net assets	¥27,361,019	¥27,641,583	\$245,310

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥2,575,479	¥3,018,250	\$26,786
Reinsurance revenue	791	641	5
Other income to policy reserves	3,245	3,108	27
Subtotal	2,579,517	3,022,000	26,819
Investment income (Note 20)			
Interest, dividends and other income	553,974	568,457	5,044
Interest on deposits	61	125	1
Interest and dividends on securities	459,214	478,557	4,247
Interest on loans	48,911	44,015	390
Rent revenue from real estate	40,258	40,439	358
Other interest and dividend	5,527	5,318	47
Gains on trading securities	—	96	0
Gains on sales of securities	49,605	11,720	104
Gains on redemption of securities	8,123	3,902	34
Foreign exchange gains	1,632	233	2
Reversal of allowance for possible loan losses	311	172	1
Other investment income	731	570	5
Investment gains on separate accounts	266,250	—	—
Subtotal	880,629	585,154	5,193
Other ordinary income			
Annuity supplementary contract premiums	16,429	13,799	122
Proceeds from deferred insurance	60,033	57,808	513
Other ordinary income	14,865	16,488	146
Subtotal	91,329	88,095	781
Total ordinary income	3,551,475	3,695,250	32,794
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	521,883	543,199	4,820
Annuity payments	639,464	652,505	5,790
Benefits payments	353,594	318,733	2,828
Surrender benefits	707,018	879,564	7,805
Other refunds	79,655	82,780	734
Reinsurance premiums	921	786	6
Subtotal	¥2,302,538	¥2,477,569	\$21,987

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 21)	¥ 23,893	¥ 19,110	\$ 169
Provision for policy reserves (Note 21)	332,348	383,846	3,406
Provision for interest on policyholders' dividend reserves (Note 9)	412	337	2
Subtotal	356,654	403,294	3,579
Investment expenses (Note 20)			
Interest expenses	7,337	4,756	42
Losses on trading securities	24	—	—
Losses on sales of securities	5,042	4,746	42
Losses on valuation of securities	4,158	1,034	9
Losses on derivative financial instruments	161,005	23,229	206
Depreciation of real estate for investments	11,004	10,660	94
Other investment expenses	14,027	13,993	124
Investment losses on separate accounts	—	29,678	263
Subtotal	202,599	88,099	781
Operating expenses (Note 19)	325,656	336,571	2,986
Other ordinary expenses			
Payments of benefits left to accumulate at interest	79,534	96,412	855
Taxes	23,464	25,554	226
Depreciation	14,207	14,134	125
Provision for accrued retirement benefits	10,116	4,867	43
Other ordinary expenses	10,183	11,242	99
Subtotal	137,506	152,210	1,350
Total ordinary expenses	3,324,955	3,457,746	30,686
Ordinary profit	226,520	237,503	2,107
Extraordinary gains			
Gains on disposals of fixed assets	5,057	3,572	31
Subtotal	5,057	3,572	31
Extraordinary losses			
Losses on disposals of fixed assets	4,729	5,356	47
Impairment losses (Note 22)	13,553	27,698	245
Provision for reserve for price fluctuation	20,800	99,900	886
Payments to social responsibility reserve	701	800	7
Subtotal	39,785	133,756	1,187
Surplus before income taxes	191,792	107,320	952
Income taxes (Note 23)			
Current	60,874	60,669	538
Deferred	(4,288)	(36,736)	(326)
Total income taxes	56,586	23,932	212
Net surplus	¥ 135,206	¥ 83,387	\$ 740

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2015

Millions of Yen

	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	Reserve for future losses	Other surplus					Total surplus	
					Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	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 responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(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			
	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 responsibility				—
Reversal of reserve for assisting social responsibility				—
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

	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)			Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	270,000	369,000	2	4,804	139,600	165,000	1,632	223	110,629	421,890	1,060,892
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(59,358)	(59,358)	(59,358)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		70,000									70,000
Payment of interest on foundation funds									(3,371)	(3,371)	(3,371)
Net surplus									83,387	83,387	83,387
Redemption of foundation funds	(70,000)										(70,000)
Additions to reserve for fund redemption					47,000				(47,000)	—	—
Reversal of reserve for fund redemption					(70,000)					(70,000)	(70,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(800)		800	—	—
Reversal of land revaluation differences									3,705	3,705	3,705
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(70,000)	70,000	—	200	(23,000)	—	(100)	—	(22,735)	(45,636)	(45,636)
Ending balance	200,000	439,000	2	5,004	116,600	165,000	1,531	223	87,894	376,253	1,015,256

	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	891,242	(61,310)	829,932	1,890,824
Changes in the fiscal year				
Additions to policyholders' dividend reserves (Note 9)			(59,358)	
Additions to reserve for future losses			—	
Additions to reserve for redemption of foundation funds			70,000	
Payment of interest on foundation funds			(3,371)	
Net surplus			83,387	
Redemption of foundation funds			(70,000)	
Additions to reserve for fund redemption			—	
Reversal of reserve for fund redemption			(70,000)	
Additions to reserve for assisting social responsibility			—	
Reversal of reserve for assisting social responsibility			—	
Reversal of land revaluation differences			3,705	
Net changes, excluding funds, reserve and surplus	(173,984)	(3,195)	(177,180)	(177,180)
Net changes in the fiscal year	(173,984)	(3,195)	(177,180)	(222,816)
Ending balance	717,257	(64,505)	652,752	1,668,008

Year ended March 31, 2016

Millions of U.S. Dollars

	Funds, reserve and surplus										Total funds, reserve and surplus
	Reserve for redemption of			Surplus							
	Foundation funds (Note 13)	foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	
Beginning balance	2,396	3,274	0	42	1,238	1,464	14	1	981	3,744	9,415
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(526)	(526)	(526)
Additions to reserve for future losses				1					(1)	—	—
Additions to reserve for redemption of foundation funds		621									621
Payment of interest on foundation funds									(29)	(29)	(29)
Net surplus									740	740	740
Redemption of foundation funds	(621)										(621)
Additions to reserve for fund redemption					417				(417)	—	—
Reversal of reserve for fund redemption					(621)					(621)	(621)
Additions to reserve for assisting social responsibility							6		(6)	—	—
Reversal of reserve for assisting social responsibility							(7)		7	—	—
Reversal of land revaluation differences									32	32	32
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(621)	621	—	1	(204)	—	(0)	—	(201)	(405)	(405)
Ending balance	1,774	3,895	0	44	1,034	1,464	13	1	780	3,339	9,010

	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	7,909	(544)	7,365	16,780
Changes in the fiscal year				
Additions to policyholders' dividend reserves (Note 9)				(526)
Additions to reserve for future losses				—
Additions to reserve for redemption of foundation funds				621
Payment of interest on foundation funds				(29)
Net surplus				740
Redemption of foundation funds				(621)
Additions to reserve for fund redemption				—
Reversal of reserve for fund redemption				(621)
Additions to reserve for assisting social responsibility				—
Reversal of reserve for assisting social responsibility				—
Reversal of land revaluation differences				32
Net changes, excluding funds, reserve and surplus	(1,544)	(28)	(1,572)	(1,572)
Net changes in the fiscal year	(1,544)	(28)	(1,572)	(1,977)
Ending balance	6,365	(572)	5,792	14,803

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Unappropriated surplus	¥110,629	¥87,894	\$ 780
Appropriation of surplus	110,629	87,894	780
Provision for policyholders' dividend reserves	59,358	51,548	457
Net surplus	51,271	36,345	322
Reserve for future losses	200	200	1
Interest on foundation funds	3,371	2,445	21
Voluntary surplus reserves:	47,700	33,700	299
Reserve for fund redemption	47,000	33,000	292
Reserve for assisting social responsibility	700	700	6

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the Insurance Business Act and its related accounting regulations in Japan, and in conformity with the 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 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 as of March 31, 2016, which was ¥112.68 to U.S. \$1. The convenience translation should not be construed as representations that the Japanese yen amounts were, have been, or may 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) a) 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 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 non-consolidated balance sheets.

b) Derivative instruments

Derivatives are stated at fair value.

c) 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 allowed 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 contract agreements 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 unconsolidated subsidiaries and affiliates, are translated into Japanese Yen at the exchange rates 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.

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 presented as deferred tax liabilities for land revaluation in the non-consolidated balance sheets.

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

Pursuant to the Article, 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.

5) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets as of March 31, 2015 and 2016) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

6) 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 assessment results.

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, 2015 and 2016 amounted to ¥318 million and ¥204 million (U.S. \$1 million), respectively.

7) Accrued retirement benefits

Accrued retirement benefits, supposed to be incurred as of March 31, 2015 and 2016, respectively, 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").

8) Reserve for price fluctuation

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

9) 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 fiscal year, 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.

10) 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 methods:

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

The Company adopted 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:

In terms of individual annuity contracts which commenced on or after April 1, 2006, the Company has regarded their commencement dates of annuity payments as the contract dates, and applied the calculation basis stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996). (For contracts which commenced by March 31, 2007, assumed mortality rates on the 2007 life insurance standard life table have been used.)

11) 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.

12) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

13) New accounting standards

“Accounting Standard for Retirement Benefits”(ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits”(ASBJ Guidance No. 25, May 17, 2012) had been applied at the beginning of the fiscal year ended March 31, 2015, subject to provisions stipulated in Paragraph 35 of the standard and Paragraph 67 of the guidance. Accordingly, the Company had 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 standard, 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 had been included in surplus as of the beginning of the fiscal year ended March 31, 2015.

As a result, surplus at the beginning of the fiscal year ended March 31, 2015 decreased by ¥12,912 million. In addition, ordinary profit and surplus before income taxes decreased by ¥1,966 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.

Major 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 to bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

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, according to the accounting principles.

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 independently 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, 2015 and 2016 together with their differences.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 301,675	¥ 301,675	¥ —	¥ 449,506	¥ 449,506	¥ —	\$ 3,989	\$ 3,989	\$ —
[Available-for-sale securities]*1	[99,983]	[99,983]	—	[368,478]	[368,478]	—	[3,270]	[3,270]	—
Call loans	365,000	365,000	—	105,000	105,000	—	931	931	—
Monetary claims bought	243,446	245,621	2,175	206,301	209,110	2,808	1,830	1,855	24
[Available-for-sale securities]*1	[202,579]	[202,579]	—	[170,586]	[170,586]	—	[1,513]	[1,513]	—
Securities *2	22,556,479	24,372,526	1,816,046	22,668,169	25,547,939	2,879,770	201,172	226,730	25,557
Trading securities	2,212,537	2,212,537	—	1,568,501	1,568,501	—	13,919	13,919	—
Held-to-maturity debt securities	2,059,190	2,383,300	324,109	2,041,222	2,440,281	399,058	18,115	21,656	3,541
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	11,339,015	13,821,953	2,482,938	100,630	122,665	22,035
Investments in subsidiaries and affiliated companies	33,173	23,372	(9,801)	33,173	30,947	(2,226)	294	274	(19)
Available-for-sale securities	7,042,199	7,042,199	—	7,686,255	7,686,255	—	68,213	68,213	—
Loans	2,322,696			2,196,475			19,493		
Allowance for possible loan losses *3	(1,155)			(1,018)			(9)		
	2,321,541	2,390,859	69,318	2,195,456	2,262,033	66,576	19,483	20,074	590
Corporate bonds	149,480	157,116	7,636	149,480	161,565	12,085	1,326	1,433	107
Payables under securities borrowing transactions	550,433	550,433	—	597,551	597,551	—	5,303	5,303	—
Derivative transactions *4	(197,665)	(197,665)	—	25,458	25,458	—	225	225	—
Hedge accounting not applied	(39,867)	(39,867)	—	4,687	4,687	—	41	41	—
Hedge accounting applied	(157,797)	(157,797)	—	20,770	20,770	—	184	184	—

*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 ¥647,568 million and ¥964,291 million (U.S. \$8,557 million) as of March 31, 2015 and 2016, 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 loans.

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 mainly 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.

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 values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2015 and 2016.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
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	¥ 489,867	¥ 517,280	¥ 27,412	¥ 497,916	¥ 539,746	¥ 41,829	\$ 4,418	\$ 4,790	\$ 371
Foreign securities (bonds)	1,546,429	1,843,260	296,831	1,543,305	1,900,535	357,229	13,696	16,866	3,170
Fair value does not exceed the balance sheet amount									
Bonds	20,893	20,768	(125)	—	—	—	—	—	—
Foreign securities (bonds)	2,000	1,990	(9)	—	—	—	—	—	—
Total	2,059,190	2,383,300	324,109	2,041,222	2,440,281	399,058	18,115	21,656	3,541

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
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	¥11,070,522	¥12,568,398	¥1,497,875	¥11,187,444	¥13,666,146	¥2,478,701	\$ 99,285	\$121,282	\$21,997
Foreign securities (bonds)	94,877	99,086	4,209	111,008	115,842	4,833	985	1,028	42
Fair value does not exceed the balance sheet amount									
Bonds	27,474	27,163	(310)	19,245	19,183	(61)	170	170	(0)
Foreign securities (bonds)	16,503	16,467	(35)	21,317	20,781	(536)	189	184	(4)
Total	11,209,377	12,711,116	1,501,738	11,339,015	13,821,953	2,482,938	100,630	122,665	22,035

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, 2015 and 2016.

3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2015			2016			2016		
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	¥ 170,343	¥ 182,587	¥ 12,244	¥ 149,622	¥ 164,586	¥ 14,963	\$ 1,327	\$ 1,460	\$ 132
Bonds	1,064,559	1,112,197	47,638	1,156,280	1,250,396	94,116	10,261	11,096	835
Stocks	725,656	1,500,864	775,208	612,164	1,211,346	599,181	5,432	10,750	5,317
Foreign securities	3,726,236	4,123,233	396,996	4,296,359	4,601,253	304,894	38,128	40,834	2,705
Foreign bonds	3,725,586	4,122,547	396,960	4,284,483	4,588,942	304,459	38,023	40,725	2,701
Other foreign securities	649	686	36	11,876	12,311	435	105	109	3
Other securities	24,589	34,626	10,036	19,862	29,720	9,858	176	263	87
Balance sheet amount does not exceed acquisition costs or amortized costs									
Negotiable certificates of deposit	100,000	99,983	(16)	368,500	368,478	(21)	3,270	3,270	(0)
Monetary claims bought	19,994	19,992	(2)	5,999	5,999	(0)	53	53	(0)
Bonds	27,266	27,086	(180)	27,967	27,821	(145)	248	246	(1)
Stocks	47,887	42,019	(5,868)	164,403	134,925	(29,477)	1,459	1,197	(261)
Foreign securities	202,713	202,172	(541)	426,277	419,605	(6,672)	3,783	3,723	(59)
Foreign bonds	201,487	201,101	(386)	419,453	413,137	(6,315)	3,722	3,666	(56)
Other foreign securities	1,226	1,070	(155)	6,824	6,468	(356)	60	57	(3)
Other securities	—	—	—	12,950	11,185	(1,765)	114	99	(15)
Total	6,109,247	7,344,762	1,235,515	7,240,388	8,225,320	984,931	64,256	72,997	8,740

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, 2015

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥301,473	¥ —	¥ —	¥ —
Call loans	365,000	—	—	—
Monetary claims bought	22,095	2,625	742	205,864
Securities	458,432	3,003,688	3,223,288	11,526,767
Held-to-maturity debt securities	47,704	193,945	396,031	1,402,697
Policy-reserve-matching bonds	246,847	952,787	629,692	9,314,906
Available-for-sale securities	163,881	1,856,955	2,197,565	809,163
Loans	309,783	1,027,645	503,725	84,519
Corporate bonds	—	—	—	149,480
Payables under securities borrowing transactions	550,433	—	—	—

As of March 31, 2016

	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	¥ 449,312	¥ —	¥ —	¥ —	\$3,987	\$ —	\$ —	\$ —
Call loans	105,000	—	—	—	931	—	—	—
Monetary claims bought	7,089	1,291	333	182,696	62	11	2	1,621
Securities	1,033,967	2,413,830	3,656,608	11,849,817	9,176	21,421	32,451	105,163
Held-to-maturity debt securities	54,094	256,850	594,731	1,132,442	480	2,279	5,278	10,050
Policy-reserve-matching bonds	428,598	580,020	937,391	9,316,111	3,803	5,147	8,319	82,677
Available-for-sale securities	551,274	1,576,959	2,124,485	1,401,262	4,892	13,995	18,854	12,435
Loans	308,242	863,400	545,263	126,787	2,735	7,662	4,839	1,125
Corporate bonds	—	—	—	149,480	—	—	—	1,326
Payables under securities borrowing transactions	597,551	—	—	—	5,303	—	—	—

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

1) Interest-rate related

a) Hedge accounting not applied

As of March 31, 2015

Type	Millions of Yen			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaptions				
Bought				
Receipts floating, payments fixed	¥240,000	¥120,000	¥ —	¥ —
	[2,241]		427	(1,813)
Total				(1,813)

As of March 31, 2016

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 swaptions								
Bought								
Receipts floating, payments fixed	¥290,000	¥170,000			\$2,573	\$1,508		
	[1,622]		167	(1,455)	[14]		1	(12)
Total				(1,455)				(12)

*1.Option fees are shown in [].

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

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

b) Hedge accounting applied

As of March 31, 2015

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	¥56,121	¥45,532	¥1,259
Total					1,259

As of March 31, 2016

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	¥49,532	¥33,828	¥929	\$439	\$300	\$8
Total					929			8

2) Currency-related

a) Hedge accounting not applied

As of March 31, 2015

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	¥529,108	¥91,785	¥(27,047)	¥(27,047)
(Australian dollar)	248,901	—	4,199	4,199
(Euro)	82,651	52,580	915	915
(U.S. dollar)	195,284	39,205	(32,212)	(32,212)
Bought	167,843	—	(274)	(274)
(Euro)	430	—	(5)	(5)
(U.S. dollar)	167,168	—	(267)	(267)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Total				(27,321)

As of March 31, 2016

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	¥467,436	¥—	¥ 264	¥ 264	\$4,148	\$—	\$ 2	\$ 2
(Australian dollar)	212,376	—	5,437	5,437	1,884	—	48	48
(Euro)	199,397	—	(471)	(471)	1,769	—	(4)	(4)
(U.S. dollar)	52,861	—	(4,623)	(4,623)	469	—	(41)	(41)
Bought	157,402	—	4,201	4,201	1,396	—	37	37
(Euro)	152,314	—	4,205	4,205	1,351	—	37	37
(U.S. dollar)	4,807	—	(5)	(5)	42	—	(0)	(0)
Currency options								
Sold								
Call	360,000	—	—	—	3,194	—	—	—
(U.S. dollar)	[2,225]	—	1,063	1,161	[19]	—	9	10
Bought								
Put	303,000	—	—	—	2,689	—	—	—
(U.S. dollar)	[2,453]	—	823	(1,629)	[21]	—	7	(14)
Total				3,998				35

*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 under the allocation method are included in the fair values of related securities and corporate bonds since they are accounted for as integrated transactions.

b) Hedge accounting applied

As of March 31, 2015

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	¥3,089,178	¥933,569	¥(157,797)	
			Sold (U.S. dollar)	1,209,952	503,818	(102,165)
			(Australian dollar)	1,017,864	302,024	(88,091)
			(Euro)	801,998	127,726	35,704
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	Sold	101,308	101,308	(35,195)
			(Australian dollar)	86,789	86,789	(30,126)
			(U.S. dollar)	14,519	14,519	(5,068)
Allocation method	Currency swaps	Loans	(U.S. dollar)	39,405	39,405	(2,506)
			(U.S. dollar)	39,405	39,405	(2,506)
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	(U.S. dollar)	99,480	99,480	32,941
			(U.S. dollar)	99,480	99,480	32,941
Total					(162,558)	

As of March 31, 2016

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	¥4,103,209	¥403,200	¥ 20,770	\$36,414	\$3,578	\$ 184	
			Sold (U.S. dollar)	1,978,336	146,484	95,624	17,557	1,300	848
			(Australian dollar)	1,005,363	256,715	(80,961)	8,922	2,278	(718)
			(Euro)	998,011	—	(2,146)	8,857	—	(19)
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	Sold	98,327	61,590	(29,576)	872	546	(262)
			(Australian dollar)	84,048	58,533	(25,489)	745	519	(226)
			(U.S. dollar)	14,279	3,057	(4,087)	126	27	(36)
Allocation method	Currency swaps	Loans	(U.S. dollar)	94,277	94,277	9,889	836	836	87
			(U.S. dollar)	94,277	94,277	9,889	836	836	87
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	(U.S. dollar)	99,480	99,480	20,359	882	882	180
			(U.S. dollar)	99,480	99,480	20,359	882	882	180
Total					21,443	190			

3) Stock-related

a) Hedge accounting not applied

As of March 31, 2015

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

As of March 31, 2016

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	¥133,413	¥ —	¥(1,444)	¥(1,444)	\$1,184	\$ —	\$(12)	\$(12)
	Bought	1,899	—	33	33	16	—	0	0
Stock index forwards									
Over-the-counter transactions	Sold	42,600	—	2,188	2,188	378	—	19	19
Stock index options									
Sold									
	Call	155,208	—	953	590	1,377	—	8	5
		[1,543]				[13]			
	Put	—	—	—	—	—	—	—	—
		[—]				[—]			
Bought									
	Put	99,999	—	467	(1,073)	887	—	4	(9)
		[1,541]				[13]			
Total					294	2			

*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.

b) Hedge accounting applied

No ending balance as of March 31, 2015 and 2016.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥466,204 million and ¥430,422 million (U.S. \$3,819 million), and their fair values were ¥455,800 million and ¥453,798 million (U.S. \$4,027 million) as of March 31, 2015 and 2016, 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 ¥1,547 million and ¥1,506 million (U.S. \$13 million) as of March 31, 2015 and 2016, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥1,318,689 million and ¥1,415,288 million (U.S. \$12,560 million) as of March 31, 2015 and 2016, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥445,887 million and ¥438,004 million (U.S. \$3,887 million) as of March 31, 2015 and 2016, respectively.

Note 7

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥2,367,255 million and ¥1,702,853 million (U.S. \$15,112 million) as of March 31, 2015 and 2016, respectively. The total amounts of separate account liabilities were the same as these.

Note 8

Monetary receivable from and payable to Subsidiaries

The total amounts of monetary receivable from and payable to subsidiaries as of March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Monetary receivable	¥ 243	¥ 251	\$ 2
Monetary payable	1,475	6,872	60

Note 9

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance at the beginning of the fiscal year	¥278,259	¥266,361	\$2,363
Transfer from surplus in the previous fiscal year	60,141	59,358	526
Dividend payments to policyholders during the fiscal year	(72,451)	(66,829)	(593)
Interest accrued during the fiscal year	412	337	2
Balance at the end of the fiscal year	¥266,361	¥259,228	\$2,300

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 ¥891,245 million and ¥717,260 million (U.S. \$6,365 million) as of March 31, 2015 and 2016, respectively.

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2015 and 2016 were as follows:

	2015	2016
Method of attributing benefits to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial losses (Commencing in the following fiscal 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 distribute a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The Company established retirement benefit trusts for certain retirement allowance systems.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
At the beginning of the fiscal year	¥299,797	¥314,865	\$2,794
Cumulative effect of change in accounting policies	18,653	—	—
At the beginning of the fiscal year after reflecting accounting policy changes	318,450	—	—
Service costs	14,272	13,754	122
Interest costs on projected benefit obligation	4,690	4,637	41
Actuarial losses	(60)	(14,083)	(124)
Benefits paid	(22,487)	(22,854)	(202)
At the end of the fiscal year	¥314,865	¥296,319	\$2,629

b) Changes in the plan assets for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
At the beginning of the fiscal year	¥265,105	¥290,782	\$2,580
Expected return on plan assets	3,451	3,811	33
Actuarial gains (losses)	21,495	(25,764)	(228)
Contribution by employer	10,336	10,189	90
Benefits paid	(9,606)	(10,291)	(91)
At the end of the fiscal year	¥290,782	¥268,727	\$2,384

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheets as of March 31, 2015 and 2016 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Present value of funded obligations	¥ 314,865	¥ 296,319	\$ 2,629
Plan assets at fair value	(290,782)	(268,727)	(2,384)
Net present value of funded obligations	24,083	27,592	244
Unrecognized actuarial gains (losses)	19,012	20,370	180
Net value on the balance sheet	43,095	47,962	425
Accrued retirement benefits	43,095	47,962	425
Net value on the balance sheet	¥ 43,095	¥ 47,962	\$ 425

d) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Service costs	¥14,272	¥13,754	\$122
Interest costs on projected benefit obligation	4,690	4,637	41
Expected return on plan assets	(3,451)	(3,811)	(33)
Amortization of net actuarial losses	17,822	13,039	115
Retirement benefit expenses	¥33,333	¥27,619	\$245

e) The plan assets

The plan assets as of March 31, 2015 and 2016 were comprised as follows:

	% of total fair value of plan assets	
	2015	2016
Equity securities	45%	39%
General account of life insurance companies	39%	44%
Debt securities	9%	6%
Others	7%	11%
Total	100%	100%

45% and 41% of the plan assets were the retirement benefit trusts as of March 31, 2015 and 2016, respectively.

f) 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 rates 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.

g) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2015 and 2016 were as follows:

	2015	2016
Discount rate	1.473%	1.473%
Expected long-term rates of return on plan assets		
Defined benefit pension plans	2.3%	2.4%
Retirement benefit trusts	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥855 million and ¥872 million (U.S. \$7 million) for the fiscal years ended March 31, 2015 and 2016, respectively.

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 situations, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserves for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company redeemed ¥70,000 million (U.S. \$621 million) of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.

Note 14**Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥612,948 million and ¥594,441 million (U.S. \$5,275 million) as of March 31, 2015 and 2016, respectively.

Note 15**Equity investments in Subsidiaries**

Total amounts of equity investments in subsidiaries were ¥148,557 million and ¥614,432 million (U.S. \$5,452 million) as of March 31, 2015 and 2016, respectively.

Note 16**Loans**

The aggregate amounts of risk-monitored loans, which were comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer, and restructured loans, were ¥1,066 million and ¥982 million (U.S. \$8 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥1,066 million and ¥980 million (U.S. \$8 million) as of March 31, 2015 and 2016, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets were ¥34 million and ¥29 million (U.S. \$0 million) for loans in arrears as of March 31, 2015 and 2016, respectively.

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

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

The amounts of loans in arrears for three months or longer were ¥0 million and ¥1 million (U.S. \$0 million) as of March 31, 2015 and 2016, 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 nil and nil as of March 31, 2015 and 2016, 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 ¥13,172 million and ¥12,506 million (U.S. \$110 million) as of March 31, 2015 and 2016, respectively.

Note 18

Reinsurance

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 (hereafter, "reinsurance recoverable on outstanding claims"), were ¥4 million and ¥45 million (U.S. \$0 million) as of March 31, 2015 and 2016, respectively.

As of March 31, 2015 and 2016, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act (hereafter, "reinsurance recoverable on policy reserves") were ¥80 million and ¥83 million (U.S. \$0 million) as of March 31, 2015 and 2016, 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 ¥43,316 million and ¥42,680 million (U.S. \$378 million) as of March 31, 2015 and 2016, 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
	2015	2016	2016
Domestic bonds including national government bonds	¥ 1,615	¥ 579	\$ 5
Domestic stocks	3,732	10,230	90
Foreign securities	44,257	910	8

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Domestic bonds including national government bonds	¥ 25	¥ 738	\$ 6
Domestic stocks	125	1,422	12
Foreign securities	4,891	2,586	22

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Domestic stocks	¥4,158	¥1,034	\$9

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Interest and dividend income	¥ —	¥ 6	\$0
Gains (Losses) on sales of securities	(24)	90	0

Gains or losses on derivative financial instruments, net, included net valuation losses of ¥39,980 million and gains of ¥30,753 million (U.S. \$272 million) for the fiscal years ended March 31, 2015 and 2016, 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, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥(11)	¥40	\$0
Provision for (reversal of) reinsurance recoverable on policy reserves	(5)	3	0

Note **22**

Impairment of Fixed Assets

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

Accumulated impairment losses on fixed assets are directly reduced from amounts of their respective assets.

1) Method for grouping the assets

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

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

2) Description of impairment losses recognized

For the fiscal years ended March 31, 2015 and 2016, 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
		2015	2016	2016
Real estate for investment	Land and buildings	¥13,084	¥26,640	\$236
Idle assets	Land and buildings	468	1,058	9
Total		¥13,553	¥27,698	\$245

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 determined at net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on the Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated net future cash flows discounted at 5.0%.

Note **23**

Deferred Taxes

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Deferred tax assets	¥348,673	¥379,840	\$3,370
Valuation allowance for deferred tax assets	14,710	12,585	111
Subtotal	333,963	367,254	3,259
Deferred tax liabilities	375,664	291,931	2,590
Net deferred tax assets/(liabilities)	(41,700)	75,322	668

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

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Deferred tax assets			
Policy reserves and other reserves	¥172,289	¥175,596	\$1,558
Reserve for price fluctuation	72,647	98,460	873
Accrued retirement benefits	45,911	46,051	408
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	360,502	278,380	2,470

2) The actual effective income tax rates were 29.5% and 22.3% for the fiscal years ended March 31, 2015 and 2016, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2015	2016
Policyholders' dividend reserves	(9.4)%	(14.6)%
Effects of changes in the statutory income tax rate	11.1%	9.6%

3) Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015), the statutory tax rate applied to measure deferred tax assets and liabilities was lowered for the fiscal year beginning on April 1, 2015. As a result of this change, the statutory effective tax rate to measure deferred tax assets and liabilities, was lowered from 30.73% to 28.80% for the temporary differences 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 and ¥1,296 million, respectively, and income taxes-deferred increased by ¥21,364 million.

4) Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), the statutory tax rate applied to measure deferred tax assets and liabilities has been lowered for the fiscal year beginning on April 1, 2016. As a result of this change, the statutory effective income tax rate to measure deferred tax assets and liabilities is lowered from 28.80% to 28.20% and 27.96% for the temporary differences expected to be reversed in the fiscal years ending up to March 31, 2018 and thereafter, respectively.

Due to this change, as of March 31, 2016, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥1,938 million (U.S. \$17 million) and ¥510 million (U.S. \$4 million), respectively, and income taxes-deferred increased by ¥10,302 million (U.S. \$91 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, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2015	2016	2015	2016
Total income	¥ 3,814	¥ 4,135	\$ 36	\$ 36
Total expenses	18,585	18,735	166	166

Note 25

Subordinated Bonds

As of March 31, 2015 and 2016, corporate bonds in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

Note 26

Issuance of subordinated bonds

On June 29, 2016, the Company issued subordinated bonds of ¥100,000 million (U.S. \$887 million), 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, 2015 and 2016, 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 misstatement, 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, 2015 and 2016, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 26 "Issuance of subordinated bonds" to the non-consolidated financial statements, which describes Sumitomo Life Insurance Company issued subordinated bonds of ¥100,000 million (U.S. \$887 million) on June 29, 2016, the repayments of which are subordinated to other obligations.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2016 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, 2016
Tokyo, Japan

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, 2015	Fiscal year ended March 31, 2016
Core business profit A	410,839	308,248
Capital gains	51,237	12,051
Gains on trading securities	—	96
Gains on sales of securities	49,605	11,720
Foreign exchange gains	1,632	233
Capital losses	170,230	29,010
Losses on trading securities	24	—
Losses on sales of securities	5,042	4,746
Losses on valuation of securities	4,158	1,034
Losses on derivative financial instruments	161,005	23,229
Net capital gains / losses B	(118,993)	(16,959)
Core business profit including net capital gains / losses A+B	291,846	291,288
Nonrecurring gains	—	36
Reversal of specific allowance for possible loan losses	—	36
Nonrecurring losses	65,326	53,821
Provision for contingency reserve	13,800	7,500
Provision for specific allowance for possible loan losses	143	—
Other nonrecurring losses	51,383	46,321
Nonrecurring gains / losses C	(65,326)	(53,784)
Ordinary profit A+B+C	226,520	237,503

(Note) 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.
For the fiscal year ended March 31, 2016,

Fair Value Information of Securities (Company Total)

1. Fair Value Information of Securities (Company Total)

a. Net valuation gains (losses) on trading securities

Millions of Yen

Classification	As of March 31, 2015		As of March 31, 2016	
	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	2,212,537	34,090	1,568,501	(154,511)

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2015 and 2016.

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

Millions of Yen

Classification	As of March 31, 2015					As of March 31, 2016				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,059,190	2,383,300	324,109	324,244	(134)	2,041,222	2,440,281	399,058	399,058	—
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	1,502,085	(346)	11,339,015	13,821,953	2,482,938	2,483,535	(597)
Investments in subsidiaries and affiliated companies	33,173	23,372	(9,801)	—	(9,801)	33,173	30,947	(2,226)	—	(2,226)
Available-for-sale securities	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)	7,240,388	8,225,320	984,931	1,023,014	(38,082)
Domestic bonds	1,091,825	1,139,283	47,458	47,638	(180)	1,184,247	1,278,218	93,970	94,116	(145)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	776,568	1,346,271	569,703	599,181	(29,477)
Foreign securities	3,928,950	4,325,405	396,455	396,996	(541)	4,722,636	5,020,859	298,222	304,894	(6,672)
Foreign bonds	3,927,074	4,323,648	396,574	396,960	(386)	4,703,936	5,002,079	298,143	304,459	(6,315)
Other foreign securities	1,876	1,757	(118)	36	(155)	18,700	18,779	78	435	(356)
Other securities	24,589	34,626	10,036	10,036	—	32,812	40,905	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
Others	—	—	—	—	—	—	—	—	—	—
Total	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)	20,653,800	24,518,502	3,864,702	3,905,609	(40,906)
Domestic bonds	12,700,583	14,272,895	1,572,311	1,572,927	(615)	12,888,854	15,503,294	2,614,440	2,614,647	(207)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	776,568	1,346,271	569,703	599,181	(29,477)
Foreign securities	5,621,934	6,309,582	687,648	698,037	(10,388)	6,431,442	7,088,965	657,522	666,957	(9,434)
Foreign bonds	5,586,884	6,284,453	697,569	698,000	(431)	6,379,567	7,039,238	659,670	666,522	(6,851)
Other foreign securities	35,050	25,129	(9,920)	36	(9,957)	51,874	49,727	(2,147)	435	(2,582)
Other securities	24,589	34,626	10,036	10,036	—	32,812	40,905	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
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, 2015	As of March 31, 2016
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	115,403	581,258
Available-for-sale securities	515,935	372,326
Unlisted domestic stocks (excluding over-the-counter stocks)	24,573	15,599
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	355,258
Unlisted foreign bonds	—	—
Others	1,040	1,468
Total	631,338	953,585

●Held-to-maturity debt securities

		Millions of Yen					
		As of March 31, 2015			As of March 31, 2016		
Type		Balance sheet	Fair value	Difference	Balance sheet	Fair value	Difference
		amount			amount		
Fair value exceeds the balance sheet amount	Bonds	489,867	517,280	27,412	497,916	539,746	41,829
	Foreign securities (bonds)	1,546,429	1,843,260	296,831	1,543,305	1,900,535	357,229
Fair value does not exceed the balance sheet amount	Bonds	20,893	20,768	(125)	—	—	—
	Foreign securities (bonds)	2,000	1,990	(9)	—	—	—
Total		2,059,190	2,383,300	324,109	2,041,222	2,440,281	399,058

●Policy-reserve-matching bonds

		Millions of Yen					
		As of March 31, 2015			As of March 31, 2016		
Type		Balance sheet	Fair value	Difference	Balance sheet	Fair value	Difference
		amount			amount		
Fair value exceeds the balance sheet amount	Bonds	11,070,522	12,568,398	1,497,875	11,187,444	13,666,146	2,478,701
	Foreign securities (bonds)	94,877	99,086	4,209	111,008	115,842	4,833
Fair value does not exceed the balance sheet amount	Bonds	27,474	27,163	(310)	19,245	19,183	(61)
	Foreign securities (bonds)	16,503	16,467	(35)	21,317	20,781	(536)
Total		11,209,377	12,711,116	1,501,738	11,339,015	13,821,953	2,482,938

● Available-for-sale securities

Millions of Yen

	Type	As of March 31, 2015			As of March 31, 2016		
		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	170,343	182,587	12,244	149,622	164,586	14,963
	Domestic bonds	1,064,559	1,112,197	47,638	1,156,280	1,250,396	94,116
	Domestic stocks	725,656	1,500,864	775,208	612,164	1,211,346	599,181
	Foreign securities	3,726,236	4,123,233	396,996	4,296,359	4,601,253	304,894
	Foreign bonds	3,725,586	4,122,547	396,960	4,284,483	4,588,942	304,459
	Other foreign securities	649	686	36	11,876	12,311	435
	Other securities	24,589	34,626	10,036	19,862	29,720	9,858
Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	100,000	99,983	(16)	368,500	368,478	(21)
	Monetary claims bought	19,994	19,992	(2)	5,999	5,999	(0)
	Domestic bonds	27,266	27,086	(180)	27,967	27,821	(145)
	Domestic stocks	47,887	42,019	(5,868)	164,403	134,925	(29,477)
	Foreign securities	202,713	202,172	(541)	426,277	419,605	(6,672)
	Foreign bonds	201,487	201,101	(386)	419,453	413,137	(6,315)
	Other foreign securities	1,226	1,070	(155)	6,824	6,468	(356)
	Other securities	—	—	—	12,950	11,185	(1,765)
Total		6,109,247	7,344,762	1,235,515	7,240,388	8,225,320	984,931

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, 2015 and 2016.

b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2015 and 2016.

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, 2015	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016
Interest rate swaps				
Interest rate swaptions (Bought)	2,961	3,395	25	21
Foreign currency forward contracts	38,874	48,263	1,466	2,311
Currency swaps				
Currency options (Bought)	1,388	4,967	433	489
Stock options (Bought)				
Stock index forwards	1,236	1,425	74	112
Total			843	2,134

(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, 2015						As of March 31, 2016					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,259	(162,558)	—	—	—	(161,298)	929	21,443	—	—	—	22,372
Hedge accounting not applied	(1,813)	(27,321)	(13,501)	—	—	(42,637)	(1,455)	3,998	294	—	—	2,838
Total	(554)	(189,879)	(13,501)	—	—	(203,936)	(525)	25,442	294	—	—	25,211

(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 gains (losses) from applying the fair value hedge was loss of ¥157,797 million and gains of ¥20,770 million in currency-related as of March 31, 2015 and 2016, respectively.

● Interest-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2015			As of March 31, 2016		
		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 swaptions						
	Bought						
	Receipts floating, payments fixed	240,000	120,000		290,000	170,000	
		[2,241]	427	(1,813)	[1,622]	167	(1,455)
Total							(1,455)

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

2. Net gains (losses) represent 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, 2015			As of March 31, 2016		
			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	56,121	45,532	1,259	49,532	33,828	929
Total					1,259			929

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	529,108	91,785	(27,047)	(27,047)	467,436	—	264	264
	(Australian dollar)	248,901	—	4,199	4,199	212,376	—	5,437	5,437
	(Euro)	82,651	52,580	915	915	199,397	—	(471)	(471)
	(U.S. dollar)	195,284	39,205	(32,212)	(32,212)	52,861	—	(4,623)	(4,623)
	Bought	167,843	—	(274)	(274)	157,402	—	4,201	4,201
	(Euro)	430	—	(5)	(5)	152,314	—	4,205	4,205
	(U.S. dollar)	167,168	—	(267)	(267)	4,807	—	(5)	(5)
	Currency options								
	Sold								
	call	—	—	—	—	360,000	—	—	—
	(U.S. dollar)	[—]	—	—	—	[2,225]	—	1,063	1,161
	Bought								
	Put	—	—	—	—	303,000	—	—	—
	(U.S. dollar)	[—]	—	—	—	[2,453]	—	823	(1,629)
		—	—	—	—	303,000	—	—	—
		[—]	—	—	—	[2,453]	—	823	(1,629)
Total					(27,321)				3,998

(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, 2015			As of March 31, 2016		
			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		3,089,178	933,569	(157,797)	4,103,209	403,200	20,770
	(U.S. dollar)		1,209,952	503,818	(102,165)	1,978,336	146,484	95,624
	(Australian dollar)		1,017,864	302,024	(88,091)	1,005,363	256,715	(80,961)
	(Euro)		801,998	127,726	35,704	998,011	—	(2,146)
Allocation method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		101,308	101,308	(35,195)	98,327	61,590	(29,576)
	(Australian dollar)		86,789	86,789	(30,126)	84,048	58,533	(25,489)
	(U.S. dollar)		14,519	14,519	(5,068)	14,279	3,057	(4,087)
	Currency swaps	Assets denominated in foreign currencies	39,405	39,405	(2,506)	94,277	94,277	9,889
	(U.S. dollar)		39,405	39,405	(2,506)	94,277	94,277	9,889
	Currency swaps	Liabilities denominated in foreign currencies	99,480	99,480	32,941	99,480	99,480	20,359
	(U.S. dollar)		99,480	99,480	32,941	99,480	99,480	20,359
Total					(162,558)			21,443

●Stock-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	116,589	—	(1,441)	(1,441)	133,413	—	(1,444)	(1,444)
	Bought	1,533	—	(5)	(5)	1,899	—	33	33
Over-the-counter transactions	Stock index forwards								
	Sold	104,122	—	(11,548)	(11,548)	42,600	—	2,188	2,188
	Stock index options								
	Sold								
	Call	—	—	—	—	155,208	—	—	—
	Put	[—]	—	—	—	[1,543]	—	953	590
Bought									
Put	423	—	0	0	[—]	—	—	—	
	19,503	—			99,999	—			
	[529]		23	(506)	[1,541]		467	(1,073)	
Total									294

(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, 2015 and 2016.

●Bond-related

(Hedge accounting not applied)

Omitted as there are no ending balances for March 31, 2015 and 2016.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2015 and 2016.

Assets

1. Portfolio Trends (General Account)

a. Asset structure

Classification	Millions of Yen, %			
	As of March 31, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Cash, deposits and call loans	551,413	2.2	448,860	1.7
Monetary claims bought	243,446	1.0	206,301	0.8
Investment in securities	20,991,510	83.9	22,063,959	85.0
Domestic bonds	12,748,042	51.0	12,982,825	50.0
Domestic stocks	1,644,083	6.6	1,438,497	5.5
Foreign securities	6,563,751	26.2	7,600,287	29.3
Foreign bonds	5,983,458	23.9	6,677,711	25.7
Other foreign securities	580,292	2.3	922,576	3.6
Other securities	35,633	0.1	42,349	0.2
Loans	2,322,696	9.3	2,196,475	8.5
Policy loans	323,711	1.3	314,654	1.2
Industrial and consumer loans	1,998,985	8.0	1,881,821	7.3
Real estate	661,398	2.6	614,369	2.4
Investment property	464,290	1.9	429,136	1.7
Deferred tax assets	—	—	75,322	0.3
Other assets	244,064	1.0	351,018	1.4
Allowance for possible loan losses	(1,757)	(0.0)	(1,502)	(0.0)
Total	25,012,772	100.0	25,954,805	100.0
Foreign currency denominated assets	4,473,488	17.9	5,725,806	22.1

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

b. Increase (decrease) in assets

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
Cash, deposits and call loans	120,432	(102,552)
Monetary claims bought	(45,642)	(37,144)
Investment in securities	1,483,974	1,072,448
Domestic bonds	221,198	234,782
Domestic stocks	425,453	(205,586)
Foreign securities	834,644	1,036,536
Foreign bonds	792,202	694,253
Other foreign securities	42,442	342,283
Other securities	2,678	6,715
Loans	(142,842)	(126,220)
Policy loans	(11,291)	(9,056)
Industrial and consumer loans	(131,551)	(117,164)
Real estate	(39,813)	(47,029)
Investment property	(32,797)	(35,154)
Deferred tax assets	(123,415)	75,322
Other assets	(11,548)	106,954
Allowance for possible loan losses	432	254
Total	1,241,576	942,032
Foreign currency denominated assets	617,285	1,252,317

(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, 2015	Fiscal year ended March 31, 2016
Cash, deposits and call loans	0.09	0.09
Monetary claims bought	1.88	1.67
Investment in securities	1.82	2.29
Domestic bonds	1.79	1.78
Domestic stocks	(5.75)	6.69
Foreign securities	2.92	2.67
Foreign bonds	2.86	2.54
Other foreign securities	3.59	4.13
Loans	2.04	1.93
Industrial and consumer loans	1.66	1.53
Real estate	2.44	2.52
Investment property	3.45	3.58
Total	1.73	2.16
Overseas investments	2.76	2.63

(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, 2015		Fiscal year ended March 31, 2016	
	Amount	Share	Amount	Share
Cash, deposits and call loans	193,645		346,606	
Monetary claims bought	261,518		255,516	
Investment in securities	19,635,438		20,277,587	
Domestic bonds	12,671,417		12,836,095	
Domestic stocks	874,625		873,580	
Foreign securities	6,068,044		6,535,889	
Foreign bonds	5,505,300		6,008,955	
Other foreign securities	562,743		526,934	
Loans	2,415,895		2,297,257	
Industrial and consumer loans	2,080,864		1,973,377	
Real estate	694,574		662,175	
Investment property	491,027		465,113	
Total	23,755,071		24,441,895	
Overseas investments	6,199,781		6,797,603	

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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
National government bonds	10,213,385	48.7	10,120,674	45.9
Local government bonds	49,523	0.2	66,816	0.3
Corporate bonds	2,485,133	11.8	2,795,333	12.7
Public entity bonds	1,797,622	8.6	1,948,847	8.8
Domestic stocks	1,644,083	7.8	1,438,497	6.5
Foreign securities	6,563,751	31.3	7,600,287	34.4
Foreign bonds	5,983,458	28.5	6,677,711	30.3
Foreign-currency-denominated bonds	4,256,300	20.3	4,955,239	22.5
Other foreign securities	580,292	2.8	922,576	4.2
Foreign-currency-denominated other securities	124,530	0.6	598,980	2.7
Other securities	35,633	0.2	42,349	0.2
Total	20,991,510	100.0	22,063,959	100.0
Foreign-currency-denominated securities	4,425,977	21.1	5,673,862	25.7

7. Securities by Maturity Date (General Account)

(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

(As of March 31, 2016)

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	1,045,380	1,316,490	1,232,367	1,250,163	2,568,935	12,088,828	2,561,793	22,063,959
National government bonds	199,294	191,230	219,775	422,022	488,133	8,600,218	—	10,120,674
Local government bonds	4,161	1,923	4,048	—	8,806	47,877	—	66,816
Corporate bonds	245,288	241,256	106,764	120,586	422,840	1,500,030	158,565	2,795,333
Domestic stocks	—	—	—	—	—	—	1,438,497	1,438,497
Foreign securities	596,636	882,080	901,777	707,442	1,649,097	1,940,701	922,551	7,600,287
Foreign bonds	596,611	882,080	901,777	707,442	1,649,097	1,940,701	—	6,677,711
Other foreign securities	24	—	—	—	—	—	922,551	922,576
Other securities	—	—	—	111	58	—	42,179	42,349
Monetary claims bought	6,459	—	—	—	—	164,126	—	170,586
Negotiable certificates of deposit	368,478	—	—	—	—	—	—	368,478
Others	—	—	—	—	—	—	—	—
Total	1,420,319	1,316,490	1,232,367	1,250,163	2,568,935	12,252,955	2,561,793	22,603,024

(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, 2015	As of March 31, 2016
Hokkaido	—	—
Tohoku	—	—
Kanto	32,189	39,492
Chubu	9,186	10,626
Kinki	2,604	8,108
Chugoku	—	118
Shikoku	—	—
Kyushu	5,542	8,471
Total	49,523	66,816

9. Bonds Yields (General Account)

%

Classification	As of March 31, 2015	As of March 31, 2016
Domestic bonds	1.83	1.83
Foreign bonds	3.69	3.51

10. Domestic Stocks by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Fishery, agriculture and forestry	214	0.0	243	0.0
Mining	99	0.0	65	0.0
Construction	50,864	3.1	57,550	4.0
Manufacturing				
Food	57,127	3.5	59,741	4.2
Textiles and apparel	9,216	0.6	8,293	0.6
Pulp and paper	5,546	0.3	5,637	0.4
Chemicals	175,605	10.7	135,027	9.4
Pharmaceuticals	107,912	6.6	130,259	9.1
Oil and coal products	4,483	0.3	4,003	0.3
Rubber products	7,567	0.5	6,223	0.4
Glass and ceramic products	16,580	1.0	16,590	1.2
Iron and steel	32,536	2.0	22,096	1.5
Nonferrous metals	41,498	2.5	33,478	2.3
Metal products	7,990	0.5	7,536	0.5
Machinery	115,867	7.0	93,166	6.5
Electric appliances	211,092	12.8	167,453	11.6
Transportation equipment	51,811	3.2	42,913	3.0
Precision instruments	7,160	0.4	8,357	0.6
Other products	30,934	1.9	39,617	2.8
Electric power and gas	36,955	2.2	33,126	2.3
Transportation, information and communication				
Land transportation	155,941	9.5	146,552	10.2
Marine transportation	5,288	0.3	2,933	0.2
Air transportation	4,048	0.2	4,032	0.3
Warehousing and harbor transportation services	9,063	0.6	8,025	0.6
Information and communication	11,310	0.7	13,270	0.9
Trade and services				
Wholesale trade	83,182	5.1	77,494	5.4
Retail trade	25,082	1.5	23,465	1.6
Finance and insurance				
Banking	218,247	13.3	146,662	10.2
Securities and trading	11,557	0.7	8,334	0.6
Insurance	88,707	5.4	75,724	5.3
Other financial services	3,667	0.2	3,488	0.2
Real estate	15,425	0.9	15,252	1.1
Services	41,495	2.5	41,875	2.9
Total	1,644,083	100.0	1,438,497	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, 2015, and 2016.

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, 2015					As of March 31, 2016				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,059,190	2,383,300	324,109	324,244	(134)	2,041,222	2,440,281	399,058	399,058	—
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	1,502,085	(346)	11,339,015	13,821,953	2,482,938	2,483,535	(597)
Investments in subsidiaries and affiliated companies	33,173	23,372	(9,801)	—	(9,801)	33,173	30,947	(2,226)	—	(2,226)
Available-for-sale securities	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)	7,240,388	8,225,320	984,931	1,023,014	(38,082)
Domestic bonds	1,091,825	1,139,283	47,458	47,638	(180)	1,184,247	1,278,218	93,970	94,116	(145)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	776,568	1,346,271	569,703	599,181	(29,477)
Foreign securities	3,928,950	4,325,405	396,455	396,996	(541)	4,722,636	5,020,859	298,222	304,894	(6,672)
Foreign bonds	3,927,074	4,323,648	396,574	396,960	(386)	4,703,936	5,002,079	298,143	304,459	(6,315)
Other foreign securities	1,876	1,757	(118)	36	(155)	18,700	18,779	78	435	(356)
Other securities	24,589	34,626	10,036	10,036	—	32,812	40,905	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
Others	—	—	—	—	—	—	—	—	—	—
Total	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)	20,653,800	24,518,502	3,864,702	3,905,609	(40,906)
Domestic bonds	12,700,583	14,272,895	1,572,311	1,572,927	(615)	12,888,854	15,503,294	2,614,440	2,614,647	(207)
Domestic stocks	773,544	1,542,884	769,339	775,208	(5,868)	776,568	1,346,271	569,703	599,181	(29,477)
Foreign securities	5,621,934	6,309,582	687,648	698,037	(10,388)	6,431,442	7,088,965	657,522	666,957	(9,434)
Foreign bonds	5,586,884	6,284,453	697,569	698,000	(431)	6,379,567	7,039,238	659,670	666,522	(6,851)
Other foreign securities	35,050	25,129	(9,920)	36	(9,957)	51,874	49,727	(2,147)	435	(2,582)
Other securities	24,589	34,626	10,036	10,036	—	32,812	40,905	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
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, 2015	As of March 31, 2016
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	115,403	581,258
Available-for-sale securities	515,935	372,326
Unlisted domestic stocks (excluding over-the-counter stocks)	24,573	15,599
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	355,258
Unlisted foreign bonds	—	—
Others	1,040	1,468
Total	631,338	953,585

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)
 - 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 30 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 30 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, 2015 and 2016.

●Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2015 and 2016.

(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, 2015					As of March 31, 2016				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,059,190	2,383,300	324,109	324,244	(134)	2,041,222	2,440,281	399,058	399,058	—
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738	1,502,085	(346)	11,339,015	13,821,953	2,482,938	2,483,535	(597)
Investments in subsidiaries and affiliated companies	148,577	139,764	(8,813)	1,051	(9,864)	614,432	563,221	(51,211)	—	(51,211)
Available-for-sale securities	6,625,182	7,876,928	1,251,745	1,258,354	(6,609)	7,612,715	8,608,353	995,638	1,033,721	(38,083)
Domestic bonds	1,091,825	1,139,283	47,458	47,638	(180)	1,184,247	1,278,218	93,970	94,116	(145)
Domestic stocks	798,117	1,567,457	769,339	775,208	(5,868)	792,167	1,361,871	569,703	599,181	(29,477)
Foreign securities	4,419,305	4,831,990	412,685	413,226	(541)	5,077,920	5,386,849	308,928	315,601	(6,672)
Foreign bonds	3,927,074	4,323,648	396,574	396,960	(386)	4,703,936	5,002,079	298,143	304,459	(6,315)
Other foreign securities	492,230	508,341	16,111	16,266	(155)	373,984	384,769	10,785	11,141	(356)
Other securities	25,597	35,633	10,036	10,036	—	34,256	42,349	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
Others	—	—	—	—	—	—	—	—	—	—
Total	20,042,328	23,111,109	3,068,780	3,085,735	(16,954)	21,607,386	25,433,809	3,826,423	3,916,315	(89,892)
Domestic bonds	12,700,583	14,272,895	1,572,311	1,572,927	(615)	12,888,854	15,503,294	2,614,440	2,614,647	(207)
Domestic stocks	874,743	1,644,083	769,339	775,208	(5,868)	868,793	1,438,497	569,703	599,181	(29,477)
Foreign securities	6,151,065	6,855,933	704,867	715,319	(10,451)	7,291,358	7,910,603	619,244	677,664	(58,419)
Foreign bonds	5,586,884	6,284,453	697,569	698,000	(431)	6,379,567	7,039,238	659,670	666,522	(6,851)
Other foreign securities	564,181	571,479	7,297	17,318	(10,020)	911,790	871,364	(40,426)	11,141	(51,567)
Other securities	25,597	35,633	10,036	10,036	—	34,256	42,349	8,093	9,858	(1,765)
Monetary claims bought	190,337	202,579	12,241	12,244	(2)	155,622	170,586	14,963	14,963	(0)
Negotiable certificates of deposit	100,000	99,983	(16)	—	(16)	368,500	368,478	(21)	—	(21)
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 gain of ¥17,218 million and loss of ¥38,278 million as of March 31, 2015 and 2016, respectively.

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

Millions of Yen

Classification	As of March 31, 2015	As of March 31, 2016
Net gains (losses) on real estate	(2,966)	35,336

(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, 2015						As of March 31, 2016					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,259	(162,558)	—	—	—	(161,298)	929	21,443	—	—	—	22,372
Hedge accounting not applied	(1,813)	(27,582)	(13,591)	—	—	(42,988)	(1,455)	4,476	311	—	—	3,332
Total	(554)	(190,140)	(13,591)	—	—	(204,287)	(525)	25,920	311	—	—	25,705

(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 gains (losses) from applying the fair value hedge was loss of ¥157,797 million and gain of ¥20,770 million in currency-related as of March 31, 2015 and 2016, respectively.

● Interest-related

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	56,121	45,532	1,259	1,259	49,532	33,828	929	929
	Interest rate swaptions								
	Bought								
	Receipts floating, payments fixed	240,000	120,000			290,000	170,000		
		[2,241]		427	(1,813)	[1,622]		167	(1,455)
Total									(525)

(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, 2016						
	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)	15,704	19,591	14,091	110	35	—	49,532
Average fixed rate (receipt)	1.99	1.55	0.64	1.06	0.95	—	1.43
Average floating rate (payment)	0.30	0.30	0.24	0.68	0.61	—	0.29

●Currency-related

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	3,599,075	1,025,354	(185,110)	(185,110)	4,544,584	403,200	21,535	21,535
	(U.S. dollar)	1,396,146	543,023	(134,324)	(134,324)	2,019,291	146,484	90,937	90,937
	(Australian dollar)	1,266,522	302,024	(83,894)	(83,894)	1,217,351	256,715	(75,498)	(75,498)
	(Euro)	877,043	180,306	36,354	36,354	1,186,443	—	(2,158)	(2,158)
	Bought	165,605	—	(269)	(269)	154,357	—	4,180	4,180
	(Euro)	—	—	—	—	151,010	—	4,180	4,180
	(U.S. dollar)	165,605	—	(269)	(269)	3,346	—	(0)	(0)
	Currency options								
	Sold					360,000	—		
	Call	—	—			(2,225)	—	1,063	1,161
	(U.S. dollar)	[—]	—	—	—	360,000	—	1,063	1,161
	Bought								
	Put	—	—			303,000	—		
	(U.S. dollar)	[—]	—	—	—	[2,453]	—	823	(1,629)
		—	—			303,000	—		
		[—]	—	—	—	[2,453]	—	823	(1,629)
Total									
					(185,380)				25,247

(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, 2015 include the contract bought in Australian dollar with contract value of ¥86,789 million, fair value of ¥(30,126) million and net loss of ¥30,126 million; and the contract bought in U.S. dollar with contract value of ¥14,519 million, fair value of ¥(5,068) million and net loss of ¥5,068 million; and those as of March 31, 2016 include the contract bought in Australian dollar with contract value of ¥84,048 million, fair value of ¥(25,489) million and net loss of ¥25,489 million; and the contract bought in U.S. dollar with contract value of ¥14,279 million, fair value of ¥(4,087) million and net loss of ¥4,087 million. Currency swaps excluded from disclosure 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; and those as of March 31, 2016 include contract value in U.S. dollar of ¥193,757 million, fair value of ¥30,249 million and net gain of ¥30,249 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

		As of March 31, 2015				As of March 31, 2016			
Classification	Type	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	107,788	—	(1,537)	(1,537)	131,563	—	(1,394)	(1,394)
Over-the-counter transactions	Stock index forwards Sold	104,122		(11,548)	(11,548)	42,600	—	2,188	2,188
	Stock index options Sold								
	Call	—	—	—	—	155,208	—		
	Put	[—]	—	—	—	[1,543]	—	953	590
	Bought Put	423	—	0	0	—	—	—	—
		[1]				[—]			
	Bought Put	19,503	—			99,999	—		
		[529]		23	(506)	[1,541]		467	(1,073)
Total					(13,591)				311

(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

Omitted as there are no ending balances for March 31, 2015, and 2016.

12. Loans (General Account)

Classification	As of March 31, 2015		As of March 31, 2016	
Policy loans		323,711		314,654
Policy holder loans		294,286		286,091
Premium loans		29,424		28,562
Industrial and consumer loans		1,998,985		1,881,821
[Loans to non-residents]		[41,472]		[25,627]
Corporate loans		1,957,219		1,851,922
[Corporate loans - domestic]		[1,944,505]		[1,844,922]
Loans to national, international and government-affiliated organizations		10,510		10,209
Loans to public entities		24,704		14,295
Housing loans		6,005		5,171
Consumer loans		544		221
Other loans		—		—
Total		2,322,696		2,196,475

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

(As of March 31, 2015)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	11,094	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

(As of March 31, 2016)

Millions of Yen

Classification	Within	Over	Over	Over	Over	Over 10	No fixed	Total
	1 year	1 year to 3 years	3 years to 5 years	5 years to 7 years	7 years to 10 years	years	maturity	
Floating-rate loans	21,826	24,008	14,796	48,592	26,896	4,080	38,000	178,200
Fixed-rate loans	273,435	493,794	328,386	217,657	264,109	126,237	—	1,703,620
Total loans	295,261	517,802	343,182	266,249	291,006	130,317	38,000	1,881,821

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

Number of borrowers, Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Share		Share	
Large companies	Number of borrowers	205	196	79.7
	Amount of loans	1,792,926	1,708,292	92.6
Medium-sized companies	Number of borrowers	5	6	2.4
	Amount of loans	3,082	13,306	0.7
Small companies	Number of borrowers	59	44	17.9
	Amount of loans	148,496	123,323	6.7
Total loans to domestic companies	Number of borrowers	269	246	100.0
	Total amount of loans	1,944,505	1,844,922	100.0

(Notes) 1. Classifications are defined as follows:

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

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

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

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

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

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

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Domestic	413,506	20.7	364,773	19.4
Manufacturing				
Food	19,760	1.0	19,813	1.1
Textiles and apparel	12,600	0.6	12,592	0.7
Wood, wood products	1,000	0.1	1,000	0.1
Pulp and paper	23,966	1.2	20,967	1.1
Printing	11	0.0	2	0.0
Chemicals	54,935	2.7	52,749	2.8
Oil and coal products	41,600	2.1	37,680	2.0
Ceramics, soil and stone	13,370	0.7	12,037	0.6
Iron and steel	80,468	4.0	61,900	3.3
Nonferrous metals	5,860	0.3	5,780	0.3
Metal products	40	0.0	—	—
General purpose, production, and industrial machinery	35,281	1.8	26,605	1.4
Electric appliances	63,097	3.2	61,291	3.3
Transportation equipment	53,916	2.7	45,656	2.4
Other manufacturing products	7,600	0.4	6,700	0.4
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel mining	—	—	—	—
Construction	3,614	0.2	2,243	0.1
Electric power, gas, heat supply and waterworks	294,476	14.7	266,577	14.2
Information and communication	38,900	1.9	38,900	2.1
Logistics and postal services	136,341	6.8	138,561	7.4
Wholesale trade	497,277	24.9	481,480	25.6
Retail trade	8,214	0.4	6,886	0.4
Financing and insurance	315,414	15.8	298,830	15.9
Real estate	135,572	6.8	136,363	7.2
Rental and leasing services	95,897	4.8	104,650	5.6
Scientific, professional, and technical services	—	—	—	—
Lodging	62	0.0	24	0.0
Restaurants	5	0.0	1	0.0
Lifestyle and leisure	—	—	—	—
Education and training	—	—	—	—
Medical and welfare	—	—	—	—
Other services	11,247	0.6	11,321	0.6
Local organizations and public entities	431	0.0	184	0.0
Individuals (residential/consumption/local taxes/other)	6,550	0.3	5,393	0.3
Subtotal	1,957,512	97.9	1,856,193	98.6
Overseas				
Governments and public entities	28,758	1.4	18,627	1.0
Financial institutions	12,000	0.6	7,000	0.4
Commerce and industry	714	0.0	—	—
Subtotal	41,472	2.1	25,627	1.4
Total loans	1,998,985	100.0	1,881,821	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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Capital investments	398,480	19.9	338,234	18.0
Operations	1,232,369	61.6	1,209,314	64.3

(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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Hokkaido	11,223	0.6	10,945	0.6
Tohoku	38,013	1.9	29,166	1.6
Kanto	1,398,304	71.7	1,337,765	72.3
Chubu	130,898	6.7	116,610	6.3
Kinki	273,284	14.0	269,667	14.6
Chugoku	49,717	2.5	38,389	2.1
Shikoku	10,243	0.5	10,100	0.5
Kyushu	39,275	2.0	38,155	2.1
Total	1,950,962	100.0	1,850,799	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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Secured loans	851	0.0	685	0.0
Loans secured by securities	731	0.0	580	0.0
Loans secured by real estate, movables and foundations	120	0.0	105	0.0
Loans secured by personal guarantees	—	—	—	—
Guarantee loans	52,736	2.6	39,863	2.1
Fiduciary loans	1,938,846	97.0	1,835,879	97.6
Other loans	6,550	0.3	5,393	0.3
Industrial and consumer loans	1,998,985	100.0	1,881,821	100.0
Subordinated loans	181,000	9.1	135,000	7.2

19. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2015	As of March 31, 2016
Loans to bankrupt borrowers	—	—
Loans in arrears	1,066	980
Loans in arrears for three months or longer	0	0
Restructured loans	—	—
Total	1,066	982
[Percentage of total loans]	[0.05]	[0.04]

(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, 2015 and March 31, 2016 amounted to ¥34 million and ¥29 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, 2015	As of March 31, 2016
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	1,099	1,011
Substandard loans	0	1
Subtotal	1,099	1,012
[Percentage of total]	[0.03]	[0.03]
Normal loans	3,662,585	3,635,611
Total	3,663,684	3,636,624

- (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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Non-categorized	23,091	99.4	21,827	99.4
Category II	135	0.6	137	0.6
Category III	0	0.0	0	0.0
Category IV	—	—	—	—
Total loans	23,226	100.0	21,964	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, 2015 and 2016, 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, 2015 and 2016, respectively.

(Reference) Status of Allowance for possible loan losses

Classification	Hundred million yen	
	As of March 31, 2015	As of March 31, 2016
Balance of specific allowance for possible loan losses	6	4
Balance of general allowance for possible loan losses	11	10
Total allowance for possible loan losses	17	15

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, 2015	As of March 31, 2016
Solvency margin gross amount (A)	3,437,326	3,327,579
Foundation funds and others	998,162	961,262
Reserve for price fluctuation	252,247	352,147
Contingency reserve	315,100	322,600
General allowance for possible loan losses	1,154	1,017
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	1,126,570	896,074
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(44,934)	(12,172)
Excess of continued Zillmerized reserve	629,870	640,070
Qualifying subordinated debt	149,480	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(66,364)	(55,000)
Others	76,039	72,100
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	728,027	796,553
Insurance risk R ₁	79,336	76,577
Third-sector insurance risk R ₈	50,657	52,711
Risk of assumed yield R ₂	215,469	210,130
Minimum guarantee risk R ₇ *	32,738	32,970
Investment risk R ₃	451,253	524,700
Operational risk R ₄	16,589	17,941
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	944.2%	835.4%

* 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.

(Notes) 1. 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.

2. Due to the revisions to the Ordinance for Enforcement of the Insurance Business Act, the calculation method of solvency margin gross amount as of March 31, 2016 was partly changed.

(The amount as of March 31, 2015 is calculated based on previous method.)

●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 140.</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 (losses) on available-for-sale securities / deferred gains (losses) on hedges (before tax effects)	<p>The amount represents the total amount of the figures below before tax effects multiplied by 0.90 in case it is a positive figure and 1.00 in case it is a negative figure. A. Net unrealized gains (losses) on available-for-sale securities on the balance sheets B. Deferred gains (losses) on hedges on the balance sheets (limited to cases where net gains (losses) associated with hedged items are included in net gains (losses) on available-for-sale securities on the balance sheets)</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, 2015	As of March 31, 2016
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	149,480	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)	—	—
	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)	149,480	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 and the balance of unamortized commission associated with reinsurance contracts as stipulated in Article 1 Paragraph 5 of the Public Notice No. 50 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 total amount of the following items. A. 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. B. The amount represents the balance of unamortized commission associated with reinsurance contacts as stipulated in Article 1-3 of the Public Notice No.50	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, 2015)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	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	—

(As of March 31, 2016)

Millions of Yen, %

Classification	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	410,099	446	23,806 [14,820]	—	386,740	—	—
Buildings	251,124	11,411	21,007 [12,878]	14,790	226,738	410,636	64.4
Lease assets	3,140	—	10	1,053	2,076	3,177	60.4
Construction in progress	173	1,981	1,264	—	891	—	—
Other tangible fixed assets	4,276	1,030	64	1,356	3,885	24,190	86.1
Total	668,815	14,870	46,153	17,201	620,330	438,004	—

(Notes) 1. "Increase in the fiscal year" for "Buildings" includes the amounts reclassified from construction in progress

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 ¥430,422 million as of March 31, 2016.

b. Amount of real estate and numbers held

Millions of Yen

Classification	As of March 31, 2015	As of March 31, 2016
Amount of real estate	661,398	614,369
For business operations	197,107	185,233
For lease	464,290	429,136
Number of buildings held for leasing	132	119

24. Other Assets

(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

(As of March 31, 2016)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	31,445	46	542	30,143	1,302
Others	7,912	261	21	5,175	2,737
Total	39,358	308	564	35,319	4,039

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

Millions of Yen

Classification		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Public bonds	National government bonds	—	—
	Local government bonds	—	—
	Public entity bonds	1,480	2,152
	Subtotal	1,480	2,152
Loans	Government-affiliated organizations	1,752	1,582
	Local organizations and public entities	—	—
	Subtotal	1,752	1,582
Total	3,232	3,734	

(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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Foreign bonds	4,301,446	63.4	5,074,882	64.0
Other foreign securities	124,530	1.8	598,980	7.6
Cash, deposits and others	47,511	0.7	51,943	0.7
Net foreign currency denominated assets	4,473,488	65.9	5,725,806	72.2

● Foreign currency denominated assets with fixed yen value

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Loans	39,405	0.6	94,277	1.2
Foreign bonds	92,712	1.4	92,712	1.2
Cash, deposits and others	28,013	0.4	28,035	0.4
Net foreign currency denominated assets with fixed yen value	160,130	2.4	215,024	2.7

(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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Loans to non-residents	41,472	0.6	25,627	0.3
Foreign bonds	1,634,445	24.1	1,629,759	20.6
Other foreign securities	455,762	6.7	323,595	4.1
Cash, deposits and others	21,310	0.3	7,033	0.1
Net yen-denominated assets	2,152,990	31.7	1,986,017	25.1

● Total

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
Overseas loans and investments	6,786,610	100.0	7,926,847	100.0

b. Overseas loans and investments by geographic area

(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

(As of March 31, 2016)

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	2,256,145	29.7	1,789,626	26.8	466,519	50.6	—	—
Europe	2,152,924	28.3	2,149,440	32.2	3,483	0.4	12,000	46.8
Oceania	360,807	4.7	360,807	5.4	—	—	5,000	19.5
Asia	118,688	1.6	2,135	0.0	116,552	12.6	—	—
Central and South America	2,193,716	28.9	1,857,695	27.8	336,020	36.4	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	3,555	0.0	3,555	0.1	—	—	—	—
International organizations	514,450	6.8	514,450	7.7	—	—	8,627	33.7
Total	7,600,287	100.0	6,677,711	100.0	922,576	100.0	25,627	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 bonds, preferred equity securities or foreign investment trusts, 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, 2015		As of March 31, 2016	
	Amount	Share	Amount	Share
U.S. dollar	2,044,058	45.7	3,096,182	54.1
Australian dollar	1,447,192	32.4	1,360,829	23.8
Euro	795,519	17.8	1,035,806	18.1
British pound	64,453	1.4	56,569	1.0
Mexican peso	—	—	47,117	0.8
Chinese yuan	50,794	1.1	45,274	0.8
Indonesia Rupiah	38,255	0.9	38,278	0.7
Vietnam dong	33,189	0.7	33,200	0.6
New Zealand dollar	—	—	12,545	0.2
Others	25	0.0	—	—
Total	4,473,488	100.0	5,725,806	100.0

Liabilities

1. Reserve for Outstanding Claims

Millions of Yen

Classification		As of March 31, 2015	As of March 31, 2016
Claims paid	Mortality insurance claims	46,861	49,722
	Accident insurance claims	1,273	1,153
	Serious disability insurance claims	5,752	6,342
	Maturity insurance amount	1,989	2,694
	Others	553	715
	Subtotal	56,430	60,628
	Annuity payments	2,958	3,746
	Benefits payments	25,130	24,695
	Surrender benefits	40,333	55,590
	Payments of benefits left to accumulate at interest	5,967	5,096
	Total including other reserves	131,561	150,671

2. Policy Reserves

Millions of Yen

Classification		As of March 31, 2015	As of March 31, 2016	
Policy reserves (excluding contingency reserves)	Individual life insurance	12,766,172	13,251,529	
	[General account]	[12,696,113]	[13,189,075]	
	[Separate account]	[70,059]	[62,453]	
	Individual annuities	7,554,863	7,569,066	
	[General account]	[5,946,498]	[6,541,846]	
	[Separate account]	[1,608,364]	[1,027,220]	
	Group insurance	16,437	16,147	
	[General account]	[16,437]	[16,147]	
	[Separate account]	[—]	[—]	
	Group annuities	2,673,014	2,555,584	
	[General account]	[2,028,906]	[1,971,618]	
	[Separate account]	[644,108]	[583,965]	
	Others	222,734	217,241	
	[General account]	[222,734]	[217,241]	
	[Separate account]	[—]	[—]	
		Subtotal	23,233,222	23,609,569
		[General account]	[20,910,690]	[21,935,928]
		[Separate account]	[2,322,532]	[1,673,640]
		Contingency reserves	315,100	322,600
	Total	23,548,322	23,932,169	
	[General account]	[21,225,790]	[22,258,528]	
	[Separate account]	[2,322,532]	[1,673,640]	

3. Policy Reserve Balance

(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

(As of March 31, 2016)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2016
Balance	22,468,333	1,141,235	—	322,600	23,932,169

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, 2015	As of March 31, 2016
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	145,733	4.00% – 5.00%
1981 – 1985	373,960	5.00% – 5.50%
1986 – 1990	2,564,176	5.50%
1991 – 1995	3,187,510	3.75% – 5.50%
1996 – 2000	1,381,989	2.00% – 2.75%
2001 – 2005	1,331,157	1.50%
2006 – 2010	3,921,111	1.00% – 1.50%
2011	1,144,519	1.00% – 1.50%
2012	1,681,643	1.00% – 1.50%
2013	1,141,950	0.50% – 1.00%
2014	1,230,248	0.50% – 1.00%
2015	1,626,917	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, as well as the trend in the actual results of past insurable incidents frequency rates.

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 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 which do not fall below the previous year.

*The Company employs the past results that were logged in the period not longer than six months preceding the end of March 2016.

○ Test results

The stress test conducted at the closing of the fiscal year ended March 31, 2016 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	59.2%	53.7%	62.4%
Of which, the general medical riders group	52.5%	48.6%	53.7%
Of which, the specified severe lifestyle disease coverage group	76.8%	68.9%	85.5%
Of which, the lifestyle disability coverage group	51.6%	32.7%	86.8%

The balance of insurance reserve funds additionally accumulated and earmarked for part of the third-sector insurances as of March 31, 2016 was ¥10,770 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, 2015	As of March 31, 2016
Policy reserve balance (General account)	1,995	16,864

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*	Assumed rate of accidental death 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, 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]

(Fiscal year ended March 31, 2016)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	252,174	11,063	2,075	121	904	21	266,361
Transfer from surplus in the previous fiscal year	16,492	1,788	37,311	3,362	(0)	404	59,358
Interest accrued during the fiscal year	325	11	0	—	1	0	337
Dividend payments to policyholders during the fiscal year	25,879	1,004	36,204	3,296	120	324	66,829
Ending balance	243,110	11,860	3,182	188	784	102	259,228
	[237,160]	[9,418]	[290]	[—]	[779]	[13]	[247,661]

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

8. Allowance for Possible Loan Losses and Other Reserves

(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.

(Fiscal year ended March 31, 2016)

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	1,154	1,017	(136)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	603	485	(118)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		43,095	47,962	4,867	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		252,247	352,147	99,900	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

9. Status of Specific Allowance for Possible Loan Losses

Millions of Yen

Classification	As of March 31, 2015	As of March 31, 2016
Amount of provision	921	689
Amount of reversal (Excluding reversal accompanying write-off)	778	725
Net provision	143	(36)

10. Status of Allowance for Specific Overseas Debt

a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2015 and 2016.

b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2015 and 2016.

11. Loans payable by Due Date

(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

(As of March 31, 2016)

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 9, 2011	¥30.0 billion	Within 5 years	Market interest rates (fixed interest rate)	Enhancement of financial basis
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			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, 2016)		¥639.0 billion (including ¥439.0 billion in reserve for redemption of foundation funds)		

Millions of Yen, %

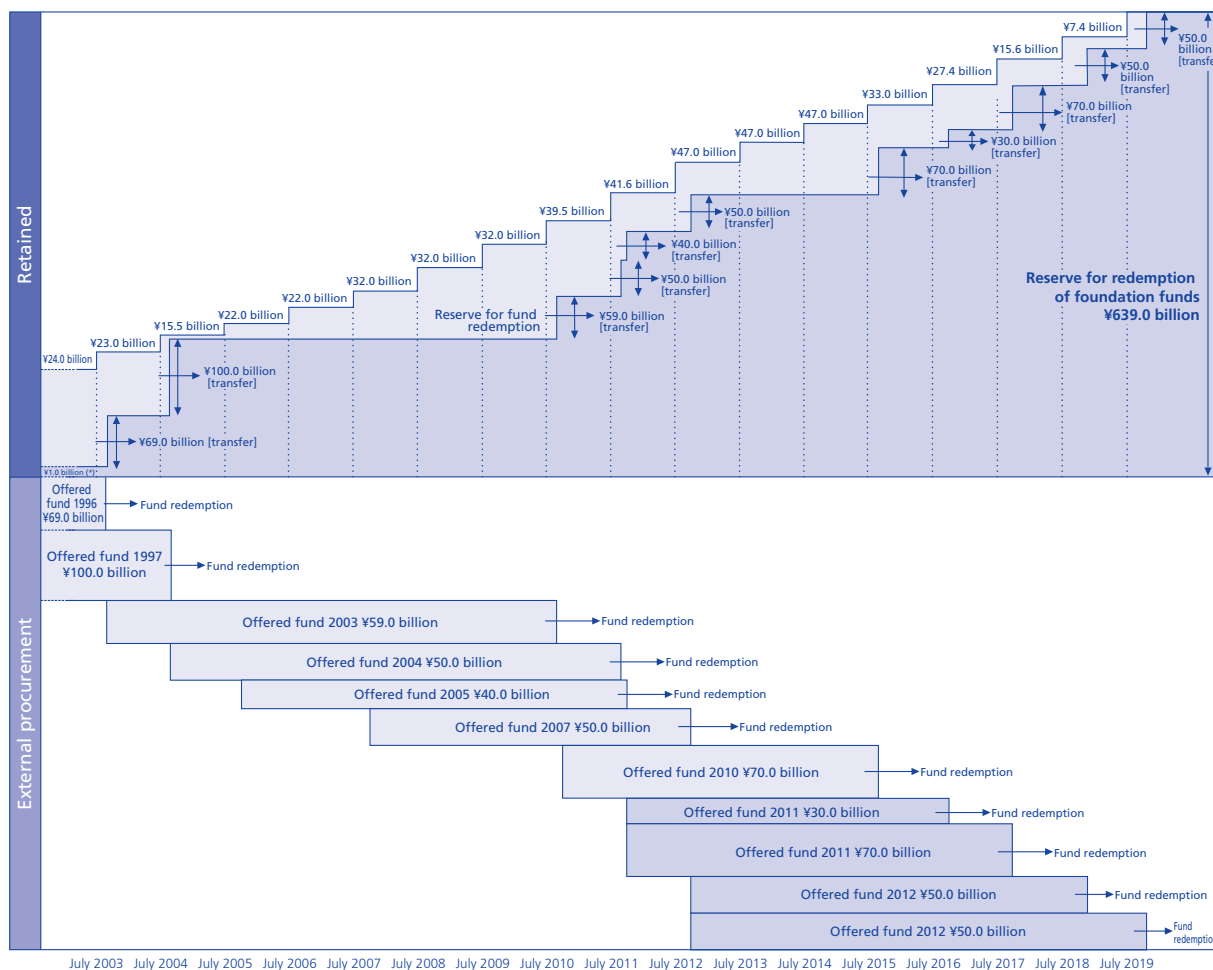
Names of fund contributor	Fund contributions to the Company	
	Amount	Fund contribution
Sumitomo Mitsui Banking Corporation	71,000	35.5
Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company	50,000	25.0
Sumitomo Life 4th Foundation Fund Securitization Special Purpose Company	30,000	15.0
Sumitomo Mitsui Trust Bank, Limited	26,000	13.0
Mizuho Bank, Ltd.	15,000	7.5
Mitsui Sumitomo Insurance Company, Limited	6,000	3.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	1.0

(Notes) 1. Fund contributors are listed in descending order of amount of their contributions as of March 31, 2016.

2. 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

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Individual life insurance	1,568,828	1,778,545
(Lump-sum payment)	493,258	613,283
(Annual payment)	140,522	246,814
(Semiannual payment)	6,624	6,251
(Monthly payment)	928,423	912,196
Individual annuities	472,567	643,866
(Lump-sum payment)	115	139
(Annual payment)	238,155	393,140
(Semiannual payment)	2,933	3,112
(Monthly payment)	231,362	247,474
Group insurance	96,325	95,635
Group annuities	415,848	479,270
Total including other premiums	2,575,479	3,018,250

(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, 2015)

Classification	Millions of Yen						
	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

(Fiscal year ended March 31, 2016)

Classification	Millions of Yen						
	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	272,595	6,267	42,209	—	—	3	321,076
Accident	4,480	15	62	—	103	—	4,661
Serious disability	11,178	28	3,417	—	—	—	14,624
Maturity	196,935	6	—	1,141	728	—	198,811
Others	1,527	—	—	2,498	—	—	4,026
Total	486,716	6,317	45,689	3,640	831	3	543,199

b. Number of policies

(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

(Fiscal year ended March 31, 2016)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	50,935	1,209	43,876	—	—	218	96,238
Accident	779	2	180	—	7	—	968
Serious disability	1,097	4	3,063	—	—	—	4,164
Maturity	76,611	89	—	—	1,329	—	78,029
Others	2,863	—	—	—	—	—	2,863
Total	132,285	1,304	47,119	—	1,336	218	182,262

3. Annuity Payments

a. Amount

(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

(Fiscal year ended March 31, 2016)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	556,034	547	91,027	4,896	—	652,505

b. Number of policies

(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

(Fiscal year ended March 31, 2016)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	524,812	25,447	2,045,261	15,611	—	2,611,131

4. Benefits Payments

a. Amount

(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

(Fiscal year ended March 31, 2016)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	9,937	25,170	6	—	267	—	35,382
Hospitalization benefits	64,730	762	93	—	—	84	65,670
Surgical benefits	33,842	702	—	—	—	—	34,544
Disability benefits	4,678	17	32	—	0	—	4,727
Survival benefits	64,895	257	—	—	662	—	65,815
Others	1,788	1	2	110,700	96	4	112,593
Total	179,871	26,910	134	110,700	1,027	88	318,733

b. Number of policies

(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

(Fiscal year ended March 31, 2016)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	13,418	5,758	451	—	92	—	19,719
Hospitalization benefits	821,304	9,888	3,493	—	—	8,549	843,234
Surgical benefits	395,790	8,827	—	—	—	—	404,617
Disability benefits	56,061	161	138	—	1	—	56,361
Survival benefits	251,193	1,511	—	—	294	—	252,998
Others	7,373	7	297	486,312	108	134	494,231
Total	1,545,139	26,152	4,379	486,312	495	8,683	2,071,160

5. Surrender Benefits

(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

(Fiscal year ended March 31, 2016)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
306,559	215,813	—	335,728	21,462	—	879,564

Investment-related Income

1. Investment Income (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Interest, dividends, and other income	533,974	568,457
Gains on trading securities	—	96
Gains on sales of securities	49,605	11,720
Gains on redemption of securities	8,123	3,902
Foreign exchange gains	1,632	233
Reversal of allowance for possible loan losses	311	172
Other investment income	731	570
Total	614,378	585,154

2. Investment Expenses (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Interest expenses	7,337	4,756
Losses on trading securities	24	—
Losses on sales of securities	5,042	4,746
Losses on valuation of securities	4,158	1,034
Losses on derivative financial instruments	161,005	23,229
Depreciation of real estate for investments	11,004	10,660
Other investment expenses	14,027	13,993
Total	202,599	58,421

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

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Interest on deposits	61	125
Interest and dividends on securities	459,214	478,557
Interest on domestic bonds	224,892	228,401
Domestic stock dividends	25,500	29,361
Interest and dividends on foreign securities	205,843	217,535
Interest on loans	48,911	44,015
Interest on industrial and consumer loans	34,075	29,869
Rent revenue from real estate	40,258	40,439
Total including other income	553,974	568,457

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

Fiscal Year ended March 31, 2016	Millions of Yen		
	Increase (decrease) in balance	Increase/decrease in interests	Total increase (decrease)
Interest, dividends, and other income	16,013	(1,530)	14,483
Cash, deposits and call loans	142	(7)	134
Securities	15,048	4,295	19,343
Loans	(2,334)	(2,561)	(4,895)
Real estate	(1,929)	2,110	180

5. Gains on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Domestic bonds including national government bonds	1,615	579
Domestic stocks and others	3,732	10,230
Foreign securities	44,257	910
Total including other gains on sales of securities	49,605	11,720

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

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Tangible fixed assets	5,037	3,114
Land	3,195	534
Buildings	1,841	2,579
Lease assets	—	—
Other assets	—	—
Intangible fixed assets	—	—
Others	19	458
Total	5,057	3,572
Investment and rental properties	4,746	2,386

7. Losses on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Domestic bonds including national government bonds	25	738
Domestic stocks and others	125	1,422
Foreign securities	4,891	2,586
Total including other losses on sales of securities	5,042	4,746

8. Losses on Valuation of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Domestic bonds including national government bonds	—	—
Domestic stocks and others	4,158	1,034
Foreign securities	—	—
Total including other losses on sales of securities	4,158	1,034

9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2015 and after.

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

(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%

(Fiscal year ended March 31, 2016)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	424,509	10,182	273,826	150,683	64.5%
Buildings	423,328	10,151	272,734	150,593	64.4%
Other tangible fixed assets	1,180	31	1,091	89	92.5%
Intangible fixed assets	52	3	44	7	85.1%
Others	8,119	473	6,960	1,158	85.7%
Total	432,680	10,660	280,831	151,848	64.9%

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

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Tangible fixed assets	4,517	4,697
Land	2,707	3,747
Buildings	1,707	888
Lease assets	7	10
Other assets	94	51
Intangible fixed assets	181	625
Others	31	33
Total	4,729	5,356
Investment and rental properties	3,548	3,988

Others

1. Depreciation

(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	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%

(Fiscal year ended March 31, 2016)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	246,195	7,022	164,194	82,016	66.7%
Buildings	214,046	4,638	137,901	76,144	64.4%
Lease assets	5,254	1,057	3,194	2,076	60.8%
Other tangible fixed assets	26,894	1,325	23,098	3,796	85.9%
Intangible fixed assets	96,954	7,063	74,534	22,420	76.9%
Others	23,326	49	23,182	143	99.4%
Total	366,476	14,134	261,911	104,581	71.5%

2. Operating Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Marketing operations	109,985	118,378
Marketing administration	57,958	60,575
General and administrative expenses	157,712	157,618
Total	325,656	336,571

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥3,104 million and ¥3,053 million in the fiscal year ended March 31, 2015 and 2016, respectively.

3. Tax Expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
National tax	14,309	14,383
Consumption tax	10,997	11,643
Special local corporate tax	3,025	2,426
Documentary stamp tax	276	306
Registration and license tax	8	5
Other national tax	1	0
Local tax	9,155	11,171
Local consumption tax	2,957	3,136
Corporate enterprise tax	3,900	5,811
Fixed asset tax	1,854	1,779
Real-estate acquisition tax	—	0
Corporate income tax	430	433
Other local tax	12	10
Total	23,464	25,554

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

Omitted as there are no ending balances for March 31, 2015 and 2016.

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

Omitted as there are no ending balances for March 31, 2015 and 2016.

c. Lease fees paid, depreciation and interest expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Lease fees paid	—	—
Depreciation	0	—
Interest expenses	—	—

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, 2015		As of March 31, 2016		
		Policies	Amount	Policies	Amount	
Death protection	Death protection due to illness/accident	Individual life insurance	8,194	88,638,188	8,208	83,608,623
		Individual annuities	—	—	—	—
		Group insurance	22,150	31,728,877	22,001	31,555,837
		Group annuities	—	—	—	—
		Total including other types	30,344	120,367,066	30,210	115,164,460
	Death protection due to accident	Individual life insurance	[8,138]	[21,236,525]	[7,905]	[19,898,318]
		Individual annuities	[67]	[334,782]	[49]	[214,880]
		Group insurance	[2,638]	[906,134]	[2,548]	[873,524]
		Group annuities	[—]	[—]	[—]	[—]
		Total including other types	[10,844]	[22,477,443]	[10,502]	[20,986,724]
	Death protection due to specific causes	Individual life insurance	[0]	[55]	[0]	[32]
		Individual annuities	[—]	[—]	[—]	[—]
Group insurance		[64]	[39,662]	[63]	[34,074]	
Group annuities		[—]	[—]	[—]	[—]	
	Total including other types	[64]	[39,717]	[63]	[34,107]	
Pure endowment	Maturity and survival benefits	Individual life insurance	215	422,214	212	410,767
		Individual annuities	2,381	12,241,058	2,458	12,557,215
		Group insurance	0	184	0	147
		Group annuities	—	—	—	—
		Total including other types	2,607	12,689,908	2,680	12,992,301
	Annuity	Individual life insurance	[—]	[—]	[—]	[—]
		Individual annuities	[2,769]	[1,711,685]	[2,895]	[1,758,813]
		Group insurance	[8]	[545]	[8]	[510]
		Group annuities	[—]	[—]	[—]	[—]
		Total including other types	[2,792]	[1,717,335]	[2,917]	[1,764,210]
	Others	Individual life insurance	—	—	—	—
		Individual annuities	387	1,313,974	436	1,439,236
		Group insurance	8	3,327	7	3,158
		Group annuities	6,790	2,673,014	6,615	2,555,584
		Total including other types	7,269	4,186,521	7,140	4,190,985
Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[5,200]	[33,132]	[5,088]	[32,012]
		Individual annuities	[130]	[617]	[121]	[576]
		Group insurance	[1,386]	[1,167]	[1,340]	[1,151]
		Group annuities	[—]	[—]	[—]	[—]
		Total including other types	[7,075]	[35,119]	[6,857]	[33,908]
	Coverage for hospitalization due to illness	Individual life insurance	[5,182]	[32,771]	[5,073]	[31,732]
		Individual annuities	[128]	[605]	[119]	[565]
		Group insurance	[8]	[37]	[10]	[44]
		Group annuities	[—]	[—]	[—]	[—]
		Total including other types	[5,676]	[33,617]	[5,510]	[32,509]
	Coverage for hospitalization due to other causes	Individual life insurance	[9,262]	[204,155]	[9,025]	[213,999]
		Individual annuities	[49]	[406]	[45]	[376]
Group insurance		[56]	[23]	[62]	[54]	
Group annuities		[—]	[—]	[—]	[—]	
	Total including other types	[9,369]	[204,585]	[9,133]	[214,430]	

- (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, 2015	As of March 31, 2016
Disability coverage	Individual life insurance	6,777,475	6,626,941
	Individual annuities	37,300	35,030
	Group insurance	2,441,449	2,344,278
	Group annuities	—	—
	Total including other types	9,256,224	9,006,249
Surgical coverage	Individual life insurance	7,704,303	7,084,286
	Individual annuities	158,761	148,007
	Group insurance	—	—
	Group annuities	—	—
	Total including other types	7,863,064	7,232,293

2. Annualized Premiums

a. Policies in force

Classification	Fiscal year ended March 31, 2015		Fiscal year ended March 31, 2016	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	1,474,641	(0.4)	1,484,714	0.7
Individual annuities	689,574	(1.7)	708,734	2.8
Total	2,164,215	(0.8)	2,193,448	1.4
Living benefits, medical coverage, and others	510,741	0.7	519,792	1.8

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

Classification	Fiscal year ended March 31, 2015		Fiscal year ended March 31, 2016	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	91,245	(10.8)	106,626	16.9
Individual annuities	45,018	84.1	62,575	39.0
Total	136,263	7.5	169,202	24.2
Living benefits, medical coverage, and others	35,943	(1.7)	40,019	11.3

(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 work disability and 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, 2015				As of March 31, 2016			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,409	(0.8)	89,060,403	(4.2)	8,421	0.1	84,019,391	(5.7)
Individual annuities	2,769	2.4	13,555,033	1.1	2,895	4.5	13,996,452	3.3
Group insurance	—	—	31,732,389	(0.5)	—	—	31,559,143	(0.5)
Group annuities	—	—	2,673,014	0.6	—	—	2,555,584	(4.4)

(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, 2015						Fiscal year ended March 31, 2016					
	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	753	(4.2)	3,653,476	(5.3)	3,540,176	113,299	844	12.1	2,012,994	(44.9)	2,993,717	(980,722)
Individual annuities	239	78.5	985,617	78.3	1,009,233	(23,616)	301	25.7	1,340,224	36.0	1,359,213	(18,988)
Group insurance	—	—	56,038	(72.2)	56,038	—	—	—	73,525	31.2	73,525	—
Group annuities	—	—	53	(84.9)	53	—	—	—	124	132.7	124	—

(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, %							
			As of March 31, 2015				As of March 31, 2016			
	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	1,720	5.7	9,673,891	5.0	1,871	8.8	10,290,114	6.4
		Whole life insurance with term rider	1,744	(2.0)	23,638,598	(4.7)	1,688	(3.2)	21,725,520	(8.1)
		Whole life insurance with variable accumulation rate	2,743	(1.1)	47,309,572	(4.8)	2,756	0.5	44,296,978	(6.4)
		Term life insurance	146	(7.4)	2,301,460	(3.0)	134	(8.3)	2,234,350	(2.9)
		Total including other types	7,372	0.6	84,626,787	(3.8)	7,485	1.5	80,113,315	(5.3)
	Life and mortality insurance	Endowment insurance	474	(9.5)	2,091,149	(8.9)	426	(10.2)	1,883,321	(9.9)
		Endowment insurance with term rider	84	(20.9)	828,509	(19.1)	67	(21.1)	670,919	(19.0)
		Term life insurance with survival benefits	182	(9.2)	719,695	(12.2)	164	(9.5)	625,931	(13.0)
		Total including other types	1,011	(9.5)	4,343,241	(11.5)	916	(9.4)	3,830,920	(11.8)
		Pure endowment	26	(20.4)	90,374	(15.4)	19	(24.8)	75,155	(16.8)
Subtotal (1)			8,409	(0.8)	89,060,403	(4.2)	8,421	0.1	84,019,391	(5.7)
Individual annuities (2)			2,769	2.4	13,555,033	1.1	2,895	4.5	13,996,452	3.3
(1) + (2) Total			11,179	(0.1)	102,615,436	(3.5)	11,316	1.2	98,015,843	(4.5)
Group insurance	Group term life insurance		7,264	(3.5)	5,697,230	(2.9)	7,262	(0.0)	5,606,531	(1.6)
	General welfare group term life insurance		3,636	(0.4)	9,142,504	0.9	3,656	0.5	9,053,308	(1.0)
	Group credit life insurance		11,203	(1.4)	16,847,282	(0.4)	11,037	(1.5)	16,856,133	0.1
	Consumer credit group insurance		47	(2.7)	12,843	(4.6)	45	(2.9)	11,739	(8.6)
	Group whole life insurance		0	(4.8)	125	(3.8)	0	(10.2)	94	(24.9)
	Life insurance for sustainers of disabled		48	(3.8)	28,890	(3.5)	47	(3.4)	28,030	(3.0)
	Annuities rider		8	(3.6)	3,511	(5.0)	8	(4.2)	3,305	(5.9)
	Subtotal (3)			22,159	(2.0)	31,732,389	(0.5)	22,009	(0.7)	31,559,143
(1) + (2) + (3) Total			33,338	(1.3)	134,347,826	(2.8)	33,326	(0.0)	129,574,986	(3.6)
Group annuities	Corporate pension plans		0	(3.8)	229	0.7	0	(3.6)	234	2.3
	New corporate pension plans		3,758	(0.0)	80,952	(1.6)	3,781	0.6	78,313	(3.3)
	Insured contributory pension plans		2,413	(1.0)	800,355	(0.6)	2,396	(0.7)	789,628	(1.3)
	Employees' pension fund insurance		616	(34.5)	171,113	(39.3)	437	(29.0)	66,167	(61.3)
	National pension fund insurance		—	—	9	6.5	—	—	9	6.0
	Group pure endowment insurance		—	—	39,532	3.0	—	—	39,455	(0.2)
	Defined benefit corporate pension plans		—	—	1,496,539	8.8	—	—	1,491,545	(0.3)
	Defined contribution pension plans		—	—	84,281	12.5	—	—	90,228	7.1
	Subtotal			6,790	(4.9)	2,673,014	0.6	6,615	(2.6)	2,555,584
Workers' asset formation insurance			69	(4.4)	169,237	(0.9)	65	(4.8)	167,330	(1.1)
Workers' asset formation annuities			24	(5.5)	53,418	(6.5)	23	(5.0)	49,846	(6.7)
Medical life insurance			356	(4.2)	202	(8.0)	306	(14.1)	167	(17.2)
Hospitalization/accident riders	Accident rider with extra premium		1,629	(5.3)	8,164,303	(8.3)	1,551	(4.8)	7,521,933	(7.9)
	Accident coverage rider		17	(16.7)	23,109	(16.9)	14	(18.2)	18,914	(18.2)
	Personal accident rider		3,425	(3.3)	12,650,112	(5.7)	3,304	(3.5)	11,954,042	(5.5)
	Accident injury rider		3,346	(0.5)	172,823	(0.5)	3,319	(0.8)	171,448	(0.8)
	General medical rider		2,098	14.0	14,368	11.9	2,309	10.1	15,567	8.3
	Hospitalization due to accident rider		2,178	(16.2)	13,655	(17.3)	1,825	(16.2)	11,243	(17.7)
	Hospitalization due to illness rider		2,251	(15.6)	13,687	(16.8)	1,904	(15.4)	11,365	(17.0)
	Hospitalization due to adult disease rider		2,086	(5.2)	10,023	(5.9)	1,985	(4.9)	9,444	(5.8)
	Hospitalization due to other causes rider		7,198	(1.8)	194,370	7.6	7,060	(1.9)	204,775	5.4
	Advanced medical treatment rider		3,372	4.8	—	—	3,472	3.0	—	—
	Cancer diagnosis rider		779	88.8	479,780	74.7	1,116	43.2	667,664	39.2
	Cancer medication rider		806	88.0	53,095	78.3	1,154	43.1	73,831	39.1

- (Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, workers' asset formation annuities and medical life 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.
4. Amount of accident injury rider shows the amount of benefit, while hospitalization riders show daily hospital benefit.
5. Accident coverage rider includes traffic accident rider.
6. Hospitalization due to illness rider includes substandard medical rider.

5. Trends and Transitions of New Policies (New Policies Acquired plus Net Increase by Conversion)

Thousand policies, millions of yen, %

Classification			Fiscal year ended March 31, 2015				Fiscal year ended March 31, 2016			
			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	149	(12.0)	633,427	(22.0)	216	45.0	758,677	19.8
		Whole life insurance with term rider	79	(29.3)	2,169,542	(28.3)	69	(12.0)	1,647,331	(24.1)
		Whole life insurance with variable accumulation rate	366	14.2	7,082,930	4.4	418	14.0	6,757,401	(4.6)
		Term life insurance	8	(2.9)	184,336	(1.5)	7	(3.9)	175,868	(4.6)
		Total including other types	724	(3.1)	10,145,416	(6.9)	817	12.9	9,400,287	(7.3)
	Life and mortality insurance	Endowment insurance	8	(11.1)	31,367	(4.1)	8	0.4	28,723	(8.4)
		Endowment insurance with term rider	—	(100.0)	3	(96.7)	—	—	2	(33.3)
		Term life insurance with survival benefits	10	(27.1)	47,901	(28.9)	9	(14.7)	38,971	(18.6)
		Total including other types	29	(23.5)	104,050	(21.9)	27	(8.1)	87,614	(15.8)
	Pure endowment	—	(100.0)	1	(98.6)	—	—	—	(100.0)	
Subtotal (1)	753	(4.2)	10,249,467	(7.1)	844	12.1	9,487,901	(7.4)		
Individual annuities (2)	239	78.5	1,009,233	75.2	301	25.7	1,359,213	34.7		
(1) + (2) Total	993	7.9	11,258,701	(3.0)	1,146	15.3	10,847,115	(3.7)		
Group insurance	Group term life insurance	3	(59.2)	1,834	(43.0)	335	10379.0	40,127	2087.2	
	General welfare group term life insurance	41	(14.9)	53,948	(54.6)	39	(4.8)	29,604	(45.1)	
	Group credit life insurance	0	(100.0)	254	(99.7)	41	56074.0	3,793	1390.1	
	Consumer credit group insurance	—	—	—	—	—	—	—	—	
	Group whole life insurance	—	—	—	—	—	—	—	—	
	Life insurance for sustainers of disabled	—	—	—	—	—	—	—	—	
	Annuities rider	—	—	—	—	—	—	—	—	
	Subtotal (3)	44	(92.1)	56,038	(72.2)	415	826.5	73,525	31.2	
(1) + (2) + (3) Total	1,038	(30.1)	11,314,739	(4.2)	1,561	50.4	10,920,641	(3.5)		
Group annuities	Corporate pension plans	—	—	—	—	—	—	—	—	
	New corporate pension plans	—	(100.0)	—	(100.0)	—	—	102	—	
	Insured contributory pension plans	0	(92.8)	0	(88.4)	—	(100.0)	—	(100.0)	
	Employees' pension fund insurance	—	—	—	—	—	—	—	—	
	National pension fund insurance	—	—	—	—	—	—	—	—	
	Group pure endowment insurance	—	—	—	—	—	—	—	—	
	Defined benefit corporate pension plans	—	—	30	(76.5)	—	—	10	(65.6)	
	Defined contribution pension plans	—	—	23	(47.5)	—	—	11	(51.0)	
Subtotal	0	(93.2)	53	(84.9)	—	(100.0)	124	132.7		
Workers' asset formation insurance	0	(18.2)	31	(5.2)	0	(12.3)	59	87.7		
Workers' asset formation annuities	0	(26.9)	10	54.4	0	5.7	9	(0.2)		
Medical life insurance	0	(90.3)	0	(81.5)	—	(100.0)	—	(100.0)		

(Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, worker's asset formation annuities and medical life 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.

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, 2015			Fiscal year ended March 31, 2016			
		Classification	Policies	Share	Amount	Policies	Share	Amount	
Individual life insurance	Mortality insurance	Whole life insurance							
		Whole life insurance [Whole life insurance, Full Heart W Step, Long Journey, Full Heart F]	134	17.8	617,347	201	23.8	746,548	
		Whole life insurance covering specified illness [Regard]	0	0.1	3,590	0	0.1	3,127	
		Whole life insurance substandard disclosure [Senkyakubanrai, Tayoreru YOU Plus]	13	1.9	12,078	14	1.7	8,616	
		Single-premium whole life insurance for retirement	0	0.0	410	0	0.0	385	
			149	19.8	633,427	216	25.6	758,677	
		Whole life insurance with term rider [W Stage]	79	10.5	2,169,542	69	8.3	1,647,331	
		Whole life insurance with variable accumulation rate [LIVE ONE, Q Pack]	366	48.7	7,082,930	418	49.5	6,757,401	
		Term life insurance							
		Term life insurance [Term life insurance, Emblem GP, Jujitsu Premium, Emblem YOU Premium]	7	1.0	181,575	7	0.9	173,847	
		Term life insurance covering specified illness [Regard]	0	0.1	2,761	0	0.1	2,021	
			8	1.1	184,336	7	0.9	175,868	
		Medical life insurance [Doctor GO, Tayoreru YOU]	120	16.0	55,190	105	12.5	46,086	
		Term rider	[4]	[0.6]	19,988	[3]	[0.4]	14,920	
		Subtotal	724	96.1	10,145,416	817	96.8	9,400,287	
Life and mortality insurance	Endowment insurance	Endowment insurance [Jiyuu Hoken]	8	1.1	31,367	8	1.0	28,723	
		Endowment insurance with term rider [Shiawase no Hoken]	—	—	3	—	—	2	
		Term life insurance with survival benefits [Kinenbi Sengen]	10	1.5	47,901	9	1.1	38,971	
		Juvenile insurance [Kodomo Sukusuku Hoken]	10	1.4	24,777	9	1.2	19,916	
		Subtotal	29	3.9	104,050	27	3.2	87,614	
Pure endowment	—	—	1	—	—	—			
Total	753	100.0	10,249,467	844	100.0	9,487,901			
Individual annuities	Individual fixed annuities	Annuities focused on survival coverage [Tanoshimi Wonderful, Tanoshimi Canvas, Jujitsu Mirai, Tanoshimi Mirai]	239	100.0	1,009,233	301	100.0	1,359,213	
		Total	239	100.0	1,009,233	301	100.0	1,359,213	

- (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, 2015		Fiscal year ended March 31, 2016	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	8,480	92,969,607	8,409	89,060,403
New policies	424	3,540,176	491	2,993,717
Renewals	15	46,813	20	59,373
Reinstatements	21	249,419	21	251,136
Increase from conversion	329	6,709,291	353	6,494,183
Death	46	293,444	49	306,350
Maturity	118	452,277	117	447,987
Decrease of benefits	[121]	883,247	[107]	779,929
Decrease from conversion	329	6,595,991	353	7,474,906
Cancellation	305	3,778,450	294	3,510,240
Expiration	67	772,638	62	736,521
Other increase (decrease)	4	(1,678,853)	2	(1,583,488)
At the end of the fiscal year	8,409	89,060,403	8,421	84,019,391
Rate of increase (decrease)	(0.8)	(4.2)	0.1	(5.7)
Net increase (decrease)	(71)	(3,909,203)	11	(5,041,012)
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, 2015		Fiscal year ended March 31, 2016	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year		<1,698,875>		<1,711,685>
	2,705	13,408,868	2,769	13,555,033
		<124,948>		<162,377>
New policies	239	1,009,233	301	1,359,213
Reinstatements	0	2,212	0	3,139
Increase from conversion	—	—	—	—
Death	8	44,088	7	40,245
Completion of payments	17	55	19	61
Decrease of insurance amount	[4]	12,343	[5]	13,591
Decrease from conversion	5	23,616	4	18,988
Cancellation	77	381,843	78	375,125
Expiration	3	17,158	4	19,418
Other increase (decrease)	(63)	(386,175)	(62)	(453,503)
At the end of the fiscal year		<1,711,685>		<1,758,813>
Rate of increase (decrease)	2,769	13,555,033	2,895	13,996,452
	2.4	1.1	4.5	3.3
Net increase (decrease)	63	146,165	125	441,418
Rate of net increase (decrease)	—	—	96.8	202

(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, 2015		Fiscal year ended March 31, 2016	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	22,601	31,890,267	22,159	31,732,389
New policies	44	56,038	415	73,525
Renewals	10,774	14,592,974	10,427	14,527,355
Midterm enrollment	1,659	2,376,976	1,632	2,539,484
Increase of insurance amount	[819]	754,739	[607]	591,997
Death	46	47,339	44	45,984
Maturity	11,032	14,767,696	10,836	14,715,927
Withdrawal	1,791	1,865,710	1,722	1,829,060
Decrease of insurance amount	[359]	354,752	[437]	473,881
Cancellation	51	84,754	22	32,342
Expiration	0	970	0	538
Other increase (decrease)	0	(817,382)	0	(807,875)
At the end of the fiscal year	22,159	31,732,389	22,009	31,559,143
Rate of increase (decrease)	(2.0)	(0.5)	(0.7)	(0.5)
Net increase (decrease)	(442)	(157,877)	(149)	(173,246)
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, 2015		Fiscal year ended March 31, 2016	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	7,139	2,657,738	6,790	2,673,014
New policies	0	53	0	124
Annuity payments	2,290	104,003	2,045	91,027
Single payments	501	118,252	486	111,735
Cancellation	278	206,655	129	335,728
At the end of the fiscal year	6,790	2,673,014	6,615	2,555,584
Rate of increase (decrease)	(4.9)	0.6	(2.6)	(4.4)
Net increase (decrease)	(349)	15,275	(174)	(117,429)
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, 2015		As of March 31, 2016	
	Amount		Amount	
Individual variable insurance	70,453		62,863	
Individual variable annuities	1,648,770		1,041,237	
Group annuities	648,031		598,752	
Total of separate accounts	2,367,255		1,702,853	

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 marked a sharp decline in late August, on concerns about the slowdown in Chinese economic growth, but they later rebounded primarily due to the expectation that the European Central Bank (ECB) was to embark on a further easing of monetary policy and the robust U.S. corporate earnings, etc. Since the beginning of 2016, however, global stock markets turned downwards again, driven by negative factors, notably the plunge in oil prices and increasing credit risk. As a result, both domestic and overseas stocks generated negative returns. Long-term interest rates in Japan remained at low levels due primarily to the prevailing trend of monetary easing and fears over an economic slowdown; later they fell further, after the Bank of Japan introduced a negative interest rate policy at the end of January. Meanwhile, U.S. long-term interest rates rose in the rate-hike phase in December, but they later turned downwards, on the back of the turmoil in the global economy. As a result, domestic bonds generated positive returns, whereas overseas bonds were adversely affected by the appreciation of yen, resulting in negative returns. Real estate investment trusts in Japan generated positive returns, as comparatively higher yields, in the face of the negative interest rate policy by the Bank of Japan, were favorably received. In contrast, overseas real estate investment trusts ended with negative returns, largely due to the appreciation of yen. Referring to foreign exchange, additional monetary easing by the Bank of Japan and persisting expectations for raising interest rates kept the yen weak against the U.S. dollar. However, in and after January 2016, yen appreciated against U.S. dollar, mainly reflecting the deterioration in market sentiment and the Federal Reserve Board (FRB)'s cautious stance on raising interest rates.

In these market circumstances, the Company managed funds held in separate accounts for individual variable insurance policies, 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, following due consideration of investment attractiveness, 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

Classification	Number of policies, Millions of Yen			
	As of March 31, 2015		As of March 31, 2016	
	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	276	1,141	260	1,060
Individual variable insurance (Whole life type)	56,397	291,765	55,071	284,032
Total	56,673	292,906	55,331	285,093

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

● Individual variable annuities

Classification	Number of policies, millions of yen			
	As of March 31, 2015		As of March 31, 2016	
	Policies	Amount	Policies	Amount
Individual variable annuities	412,653	1,669,826	322,660	1,230,724

c. Breakdown of assets held in separate accounts

● Individual variable insurance

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	1,697	2.4	2,232	3.6
Securities	67,145	95.3	59,020	93.9
Domestic bonds	20,496	29.1	16,643	26.5
Domestic stocks	24,724	35.1	22,376	35.6
Foreign securities	21,925	31.1	19,999	31.8
Foreign bonds	7,575	10.8	6,371	10.1
Other foreign securities	14,349	20.4	13,627	21.7
Other securities	—	—	—	—
Loans	—	—	—	—
Others	1,610	2.3	1,610	2.6
Allowance for possible loan losses	—	—	—	—
Total	70,453	100.0	62,863	100.0

● Individual variable annuities

Millions of Yen, %

Classification	As of March 31, 2015		As of March 31, 2016	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	73,564	4.5	68,412	6.6
Securities	1,555,320	94.3	959,807	92.2
Domestic bonds	786,810	47.7	478,655	46.0
Domestic stocks	328,530	19.9	185,478	17.8
Foreign securities	207,924	12.6	127,569	12.3
Foreign bonds	161,461	9.8	100,517	9.7
Other foreign securities	46,462	2.8	27,052	2.6
Other securities	232,055	14.1	168,103	16.1
Loans	—	—	—	—
Others	19,885	1.2	13,017	1.3
Allowance for possible loan losses	—	—	—	—
Total	1,648,770	100.0	1,041,237	100.0

d. Investment income and expenses

● Individual variable insurance

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
Interest, dividends, and other income	1,284	1,322
Gains on sales of securities	5,338	3,245
Gains on redemption of securities	—	0
Gains on valuation of securities	17,448	11,070
Foreign exchange gains	34	51
Gains on derivative financial instruments	72	47
Other investment income	5	2
Losses on sales of securities	952	907
Losses on redemption of securities	5	1
Losses on valuation of securities	11,855	18,060
Foreign exchange losses	20	35
Losses on derivative financial instruments	55	89
Other investment expenses	0	0
Net investment income	11,293	(3,355)

(Note) ¥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, ¥11,070 million gains on valuation of securities for the fiscal year ended March 31, 2016 include ¥1,426 million reversal for gains on valuation of securities, while ¥18,060 million losses on valuation of securities include ¥14,727 million reversal for losses on valuation of securities.

●Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
	Amount	Amount
Interest, dividends, and other income	99,982	36,970
Gains on sales of securities	69,901	63,023
Gains on redemption of securities	2	5
Gains on valuation of securities	265,073	152,885
Foreign exchange gains, net	999	871
Gains on derivative financial instruments, net	409	1,867
Other investment income	22	36
Losses on sales of securities	11,800	20,027
Losses on redemption of securities	85	181
Losses on valuation of securities	254,332	250,058
Foreign exchange losses	472	680
Losses on derivative financial instruments	828	888
Other investment expenses	110	1,046
Net investment income	168,763	(17,220)

(Note) ¥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, ¥152,885 million gains on valuation of securities for the fiscal year ended March 31, 2016 include ¥18,905 million reversal for gains on valuation of securities, while ¥250,058 million losses on valuation of securities include ¥231,321 million reversal for losses on valuation of securities.

e. Fair value information of securities

●Trading securities

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2015		As of March 31, 2016	
	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	67,145	13,301	59,020	6,311

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2015		As of March 31, 2016	
	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	1,555,320	212,893	959,807	115,243

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

<Individual variable insurance>

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

<Individual variable annuities>

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

f. Fair value information of derivative transactions

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

<Individual variable insurance>

Millions of Yen

Classification	As of March 31, 2015						As of March 31, 2016					
	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	—	—	—	—	—	—	—	—	21	—	—	21
Total	—	—	—	—	—	—	—	—	21	—	—	21

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

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2015						As of March 31, 2016					
	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, 2015 and after.

<Individual variable annuities>

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

● Currency-related

<Individual variable insurance>

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

<Individual variable annuities>

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

● Stock-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	—	—	—	—	—	—	—	—
	Bought	—	—	—	564	—	21	21	21
Total				—				21	21

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2015				As of March 31, 2016			
		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	8,800	—	95	95	—	—	—	—
	Bought	—	—	—	—	—	—	—	—
Total				95				—	—

●Bond-related

<Individual variable insurance>

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

<Individual variable annuities>

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

●Others

<Individual variable insurance>

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

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2015 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, 2015		As of March 31, 2016	
	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,459	6,075	1,445	5,459
Second treaty	1	373	1	395
Total	1,460	6,448	1,446	5,854

(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, 2016

	Long-term primary portfolio				Asset management plan for the fiscal year ended March 31, 2016		
	Composition ratio	Range	Expected return	Standard deviation	Expected composition ratio	Expected return	Standard deviation
Domestic bonds	33	13 – 53	1.20	3.06	29	0.03	1.80
Domestic stocks	33	23 – 43	6.10	18.65	34	8.53	18.82
Foreign bonds	11	1 – 21	3.10	10.81	11	0.89	10.08
Foreign stocks	21	11 – 31	7.60	18.63	23	8.54	20.68
Cash, deposits and others	2	—	0.30	0.51	3	0.07	0.05
Total	100	—	4.35	9.14	100	4.97	11.30

●Trend of asset management results

	Fiscal year ended March 31, 2015			Fiscal year ended March 31, 2016		
	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return
Domestic bonds	3.03	2.97	0.06	5.65	5.40	0.25
Domestic stocks	31.34	30.69	0.65	(11.05)	(10.82)	(0.23)
Foreign bonds	13.27	12.28	0.99	(3.27)	(2.74)	(0.53)
Foreign stocks	23.03	23.54	(0.50)	(8.80)	(8.64)	(0.16)
Cash, deposits and others	(0.42)	0.07	(0.49)	0.19	0.06	0.13
Total	18.77	17.55	1.22	(6.27)	(4.13)	(2.13)

(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, 2016

- Investment performance for the fiscal year ended March 31, 2016 delivered a return of (6.27)%, underperforming the combined benchmark based on annual investment plans of (4.13)%.
- With respect to asset allocation, the underweighted position of domestic bonds and overweighted position of domestic stocks contributed to the weak performance.
- With respect to individual asset performances, underperformance of domestic and foreign stocks as well as foreign bonds made negative contributions to the overall performance.

●Trend of fair value balance by asset type

Millions of Yen, %

	As of March 31, 2015		As of March 31, 2016	
	Fair value	Composition ratio	Fair value	Composition ratio
Domestic bonds	49,565	25.0	35,721	21.5
Domestic stocks	69,425	35.0	64,054	38.6
Foreign bonds	21,605	10.9	19,370	11.7
Foreign stocks	46,723	23.6	43,436	26.2
Cash, deposits and others	11,020	5.6	3,283	2.0
Total	198,339	100.0	165,863	100.0

c. Separate account first treaty (comprehensive account S)

Comprehensive account S started operations on October 1, 2014.

●Asset management results

%

Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
3.08	2.81

●Fair value balance

Millions of Yen

As of March 31, 2015	As of March 31, 2016
52,264	98,436

(Notes) Asset management results indicate the rate of increase in unit prices.

●Status of asset management for the fiscal year ended March 31, 2016

- Taking the market circumstances into consideration, asset allocation was changed in a flexible manner such as readjusting asset composition ratio based on price volatility of each asset, and liquidating assets that were judged to have high risk of price decline.
- Asset management result for the fiscal year ended March 31, 2016 was 2.81%, securing stable return.

Business Indicators

1. Average Policy Coverage (Individual Life Insurance)

Classification	Thousand yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Average policy coverage for new policies	8,345	6,090
Average policy coverage for policies in force	10,590	9,976

(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, 2015	Fiscal year ended March 31, 2016
Individual life insurance	3.8	3.4
Individual annuities	7.5	10.0
Group insurance	0.2	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, 2015	Fiscal year ended March 31, 2016
Individual life insurance	4.9	4.8
Individual annuities	3.0	2.9
Group insurance	0.3	0.1

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

Yen	
Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
142,484	140,028

(Note) Converted policies are excluded.

5. Mortality Rate (Primary Individual Life Insurance Policies)

a. Number of policies

%	
Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
5.44	5.81

b. Insurance amount

%	
Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
3.22	3.53

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

Classification		%	
		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Accidental death	Ratio of the number of policies	0.24	0.17
	Ratio of the amount of claims on policies	0.24	0.19
Disability	Ratio of the number of policies	0.29	0.27
	Ratio of the amount of claims on policies	0.10	0.10
Hospitalization due to accident	Ratio of the number of policies	6.12	6.37
	Ratio of the amount of claims on policies	152	157
Hospitalization due to illness	Ratio of the number of policies	70.44	75.37
	Ratio of the amount of claims on policies	1,132	1,188
Hospitalization due to adult disease	Ratio of the number of policies	21.07	22.28
	Ratio of the amount of claims on policies	504	511
Surgery due to illness or injury	Ratio of the number of policies	65.68	69.78
Surgery due to adult disease	Ratio of the number of policies	14.81	16.39

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

%	
Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
12.6	11.2

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

Number of insurance companies	
Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
7 [2]	8 [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, 2015	Fiscal year ended March 31, 2016
96.0 [100.0]	97.1 [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, 2015	Fiscal year ended March 31, 2016
Over A	69.7 [100.0]	79.7 [100.0]
Over BBB	— [—]	— [—]
Others (Including no rating)	30.3 [—]	20.3 [—]
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, 2015	Fiscal year ended March 31, 2016
130	219
[17]	[23]

(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, 2015	Fiscal year ended March 31, 2016
Third-sector incidence rate	34.2	35.3
Medical care	37.2	38.1
Cancer	41.5	41.9
Nursing care	26.0	27.0
Others	29.2	30.5

(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, 2015	April 10	1.20	Fiscal year ended March 31, 2016	April 10	1.15
	May 9	1.20		May 8	1.15
	June 10	1.20		June 10	1.15
	July 10	1.15		July 10	1.15
	August 8	1.15		August 11	1.15
	September 10	1.15		September 10	1.10
	October 10	1.15		October 9	1.10
	November 11	1.15		November 10	1.10
	December 10	1.10		December 10	1.10
	January 9	1.05		January 8	1.10
	February 10	1.15		February 10	1.00
	March 10	1.15		March 10	0.95

Status of Consolidated Financial Results (Supplemental)

1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %	
	As of March 31, 2015	As of March 31, 2016
Loans to bankrupt borrowers	—	—
Loans in arrears	1,066	980
Loans in arrears for three months or longer	0	1
Restructured loans	—	110
Total	1,066	1,092
[Percentage of total loans]	[0.05]	[0.04]

- (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, 2015 and March 31, 2016 amounted to ¥34 million and ¥29 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, 2015	As of March 31, 2016
Solvency margin gross amount (A)	3,422,644	3,008,173
Foundation funds and others	979,159	624,723
Reserve for price fluctuation	252,308	352,221
Contingency reserve	315,804	323,583
Unusual contingency reserve	—	—
General allowance for possible loan losses	1,154	1,018
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	1,130,761	902,773
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(44,936)	(12,174)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	19,328	19,558
Excess of continued Zillmerized reserve	633,128	645,885
Qualifying subordinated debt	149,480	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(89,583)	(70,994)
Others	76,039	72,100
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)	705,494	753,288
Insurance risk R ₁	79,337	98,046
General insurance risk R ₅	—	—
Large disaster risk R ₆	—	—
Third-sector insurance risk R ₈	51,286	64,959
Insurance risk of small-amount, short-term insurer R ₉	—	—
Risk of assumed yield R ₂	215,482	210,145
Minimum guarantee risk R ₇ *	32,738	34,880
Investment risk R ₃	428,634	472,368
Operational risk R ₄	16,149	17,608
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	970.2%	798.6%

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

(Notes) 1. The amounts and figures in the table above are calculated based on Article 130 of the Insurance Business Act, Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No.23 of 2011.

2. Due to the revisions to the Ordinance for Enforcement of the Insurance Business Act, the calculation method of solvency margin gross amount as of March 31, 2016 was partly changed. (The amount as of March 31, 2015 is calculated based on previous method.)

3. Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

(Medicare Life Insurance Co., Ltd.)

Millions of Yen

Items	As of March 31, 2015	As of March 31, 2016
Solvency margin gross amount (A)	41,475	40,124
Paid-in capital, etc.	33,397	26,607
Reserve for price fluctuation	60	73
Contingency reserve	704	983
General allowance for possible loan losses	—	—
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	4,054	6,646
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—
Excess of continued Zillmerized reserve	3,258	5,814
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)	2,034	2,077
Insurance risk R ₁	1	100
Third-sector insurance risk R ₈	629	789
Risk of assumed yield R ₂	12	14
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	1,843	1,772
Operational risk R ₄	74	80
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	4,076.4%	3,863.6%

(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, 2015 (from April 1, 2014 to March 31, 2015), and the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016), segment information and its related information are omitted because there is only one business segment in the Company and its subsidiaries.

SUMITOMO LIFE INSURANCE COMPANY

Head Office

1-4-35, Shiromi, Chuo-ku, Osaka 540-8512, Japan

Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan

<http://www.sumitomolife.co.jp>