

Empowering your future



# *Annual Report* **2017**

Fiscal Year Ended March 31, 2017

# SUMITOMO LIFE

## in Numbers

(As of March 31, 2017)

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:

**110** years

Number of Sales Representatives\*<sup>1</sup>:

**31,852**

### Overview of Policies

Annualized Premiums from Policies in Force\*<sup>2</sup>

**\$24.4billion**

Annualized Premiums from New Policies\*<sup>2</sup>

**\$2.8billion**

## Status of Profit

Core Business Profit\*<sup>3</sup>

**\$2.9billion**

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

## Total Assets\*<sup>4</sup>

**\$306.2billion**

## Embedded Value\*<sup>2</sup>

**\$31.4billion**

## Solvency Margin Ratio\*<sup>4</sup>

**813.2%**

\*1 Sumitomo Life \*2 Total of Sumitomo Life, Medicare Life and Symetra \*3 Core business profit for the Group. Calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to some internal transactions. \*4 On consolidated basis  
Note: US\$1.00 = ¥112.19, as of March 31, 2017.

# 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 110 years of its establishment.

**1999**

**April**

Launched nursing care coverage.

**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.

**1980**

**July**

Established London Representative Office.

**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.

**2002**

**October**

Launched annuities through banks, etc.

**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.

## 2017

### April

Started business alliance with NN Life Insurance Company, the Japanese subsidiary of NN Group N.V., an insurance group based in the Netherlands.

### May

110th anniversary of foundation.

## 2016

### February

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

### July

Started a new project, the "Japan Vitality Project."

## 2015

### July

Transitioned to a Company with Committees.

### September

Launched "1-UP" a work disability income insurance

## 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

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



2005

2010

2015

# EMPOWERING YOUR **Future**

From the perspective of customers:

**Recommended company**



From the perspective of employees:

**Fulfilling 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 society:

## Indispensable company

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# *Creating New Value for Customers and Building the Future Together*



**Masahiro Hashimoto**

President & Chief Executive Officer

### **Looking Back on Fiscal 2016**

Recently, amid the advent of the aging population, customer needs have been increasingly diversifying such as in living benefits and medical coverage 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 2016, the final 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, we have started initiatives of the “Japan Vitality Project,” which aims to realize a healthy and long-living society through revolutionary Health-enhancing Insurance, and also entered into a partnership with NN Life Insurance Company, the Japanese subsidiary of NN Group N.V., an insurance group based in the Netherlands, in addition to our efforts to promote sales of “1UP,” a product that covers work disability.



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

### Performance

Reviewing our fiscal 2016 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 6.0% from the end of the previous fiscal year, to ¥2,739.4 billion, owing to an increase in annualized premiums from new policies.

Meanwhile, annualized premiums from policies in force for the third-sector (living benefits + medical coverage) insurances (total of Sumitomo Life and Medicare Life), which we focus on as one of the growth areas, increased 3.3% year on year to ¥552.9 billion, growing steadily for fourteen consecutive years since we started to publish such figures.

Total adjusted core business profit of the Group increased to ¥331.2 billion, as a result of a positive spread for three consecutive years since fiscal 2014.

### 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 an economic value-based solvency regime 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 stocks 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)

The Sumitomo Life Group's EEV at the end of fiscal 2016 increased ¥587.2 billion year on year to ¥3,523.8 billion primarily due to the positive effect of rising interest rates as well as the successful results of the insurance business such as acquiring new business and securing earnings from policies in force.

### Penetrating Growth Markets as an Industry Leader

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

For nursing care (including work disability) 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 our 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.

Furthermore, in September 2015, Sumitomo Life launched the "1UP," 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.

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.

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 500,000 policies in force in July 2017.

In the overseas markets, we have established PICC Life Insurance Company Limited in China in 2005, formed a strategic business alliance with Baoviet Holdings in Vietnam in 2012, and we acquired approximately 40% of the total number of issued shares of PT BNI Life Insurance in Indonesia in 2014.

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 assigns several of its employees to work in Symetra at the board and operational levels in order to establish strong communications with 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 stable growth 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

The Company's medium-term business plan "Sumitomo Life Medium-Term Business Plan 2019 ~Creating New Value for Customers and Building the Future Together~" began in fiscal 2017. In the Plan, we continuously further promote initiatives aimed at achieving the goal of becoming an "Ideal life designer", mainly based on our brand strategy. Through initiatives focusing on health, we also promote customer-oriented business operations from the perspective of pursuing the best interests of customers, as well as endeavor to realize CSV, which means creating shared value among customers, society, the Company and its employees.

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 2019

~ Creating New Value for Customers and Building the Future Together ~

## Review of the previous Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2016

In the Sumitomo Life Medium-Term Business Plan 2016, which began in April 2014, the brand strategy was positioned as the basis of all business activities, while “Multi-channels” (including life designers (sales representatives), agencies such as financial institutions and insurance outlets) and “Overseas operations” were the two pillars of the growth strategy. Accordingly, initiatives aimed at brand evolution and the establishment of a new growth path were implemented.

Regarding the final results, we achieved the targets for embedded value (EV) and annualized premium of policies in force. Although there was an unachieved target in the “living benefits + medical coverage” part of the annualized premium of policies in force, it had steadily increased and did well overall.

### Result of target values

	End of fiscal 2016 targets	End of fiscal 2016 results
Embedded value (EV)* <sup>1</sup>	¥3,530.0 billion (Three-year ROEV* <sup>2</sup> +12.2%)	¥3,766.0 billion (Three-year ROEV* <sup>2</sup> +19.7%)
Annualized premium of policies in force* <sup>1</sup>	¥2,256.7 billion (Three-year growth rate +2.7%)	¥2,352.3 billion (Three-year growth rate +7.1%)
Of which, living benefits + medical coverage* <sup>1</sup>	¥555.0 billion (Three-year growth rate +7.4%)	¥552.9 billion (Three-year growth rate +7.0%)

\*1 Total of Sumitomo Life and Medicare Life

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

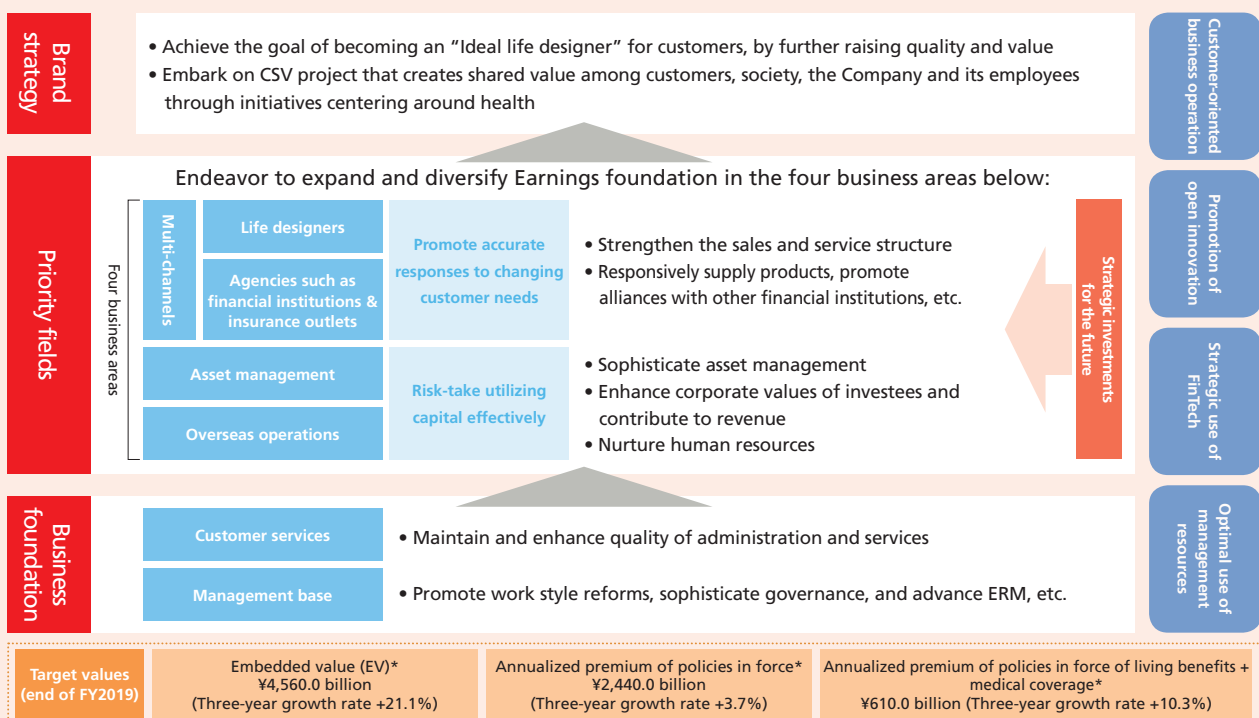
## Overview of the new Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2019

### Our basic stance and desired image

The Company’s new three-year plan “Sumitomo Life Medium-Term Business Plan 2019 ~Creating New Value for Customers and Building the Future Together~” (the “Plan”) began this fiscal year. In the Plan, we continuously further promote initiatives aimed at achieving the goal of becoming an “Ideal life designer”, mainly based on our brand strategy. Through initiatives focusing on health, we also promote customer-oriented business operations from the perspective of pursuing the best interests of customers, as well as endeavor to realize CSV\*, which means creating shared value among customers, society, the Company and its employees.

Furthermore, we aim to realize the goal of becoming “a recommended company from the perspective of

### Overview of the Medium-Term Business Plan



\*Total of Sumitomo Life + Medicare Life

customers, a fulfilling company from the perspective of employees, and an indispensable company from the perspective of society," as well as endeavor to strengthen our "Customer services" and "Management base" as the business foundation which supports our priority fields, "Life designers," "Agencies such as financial institutions and insurance outlets," "Asset management" and "Overseas operations."

\* Abbreviation for Creating Shared Value; management concept of corporation balancing goals of "resolving societal problems" and "enhancing corporate value (raising profits and competitiveness)"

## Each framework of the Plan

### 1. Brand strategy

We promote initiatives aimed at achieving the goal of becoming an "Ideal life designer" for customers, by enhancing the quality of services in every process through customers' purchase of insurance policies to payment of insurance claims. We will also develop the CSV project that creates shared value among customers, society, the Company and its employees via initiatives focusing on health, starting with the launch of "Vitality," a new Health-enhancing Insurance in 2018.

### 2. Priority fields

#### a. Multi-channels

(1) Life designers (sales representatives)

We work on building a sales and service structure aimed at CSV, as well as enhance consulting capabilities, promote the utilization of tablets for sales activities and provide expeditious services, recruiting and training excellent sales staffs.

(2) Agencies such as financial institutions and insurance outlets

We will promote the sales of products of the Company and our subsidiary Medicare Life Insurance, through maintaining and expanding the largest sales network in the industry, promoting the strategy to form a wider range of partnerships, and enhancing the product lineup in response to customer needs.

#### b. Asset management

We will carry out more sophisticated asset management while taking appropriate risk control measures in order to stably provide life insurance products suitable for customers' needs such as asset building as well as ensure payments of insurance claims and benefits to customers in the future.

#### c. Overseas operations

We aim to build an overseas business portfolio to achieve a balance between growth potential and profitability making efforts to enhance the value of our Asian business and achieving stability in revenues of Symetra Financial Corporation, while we are also pursuing new business potential. In addition, we will put in place the platform including the expansion of a pool of human resources which supports our overseas business development.

### 3. Business foundation

#### a. Customer services

By ensuring the basic quality of services in every process through customers' purchase of insurance policies to payment of insurance claims, we will promote swift, elaborate and sincere customer service, working on maintaining and enhancing the quality of administration and services as we strive towards the goal of "customer-oriented business operation."

#### b. Management base

We strive to strengthen the management base by promoting work style reforms and diversity, sophistication of corporate governance, and advancing ERM based on the risk-return balance.

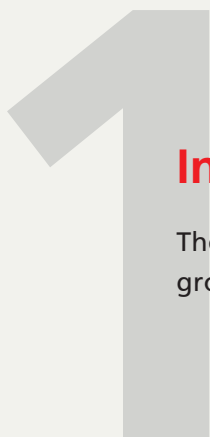
#### Target values

Target item	End of fiscal 2016	Medium-Term Business Plan targets (End of fiscal 2019)
Embedded value (EV) <sup>*1*2</sup>	¥3,766.0 billion	¥4,560.0 billion (Three-year ROEV <sup>*3</sup> +21.1%)
Annualized premium of policies in force <sup>*2</sup>	¥2,352.3 billion	¥2,440.0 billion (Three-year growth rate +3.7%)
Of which, living benefits + medical coverage <sup>*2</sup>	¥552.9 billion	¥610.0 billion (Three-year growth rate +10.3%)

\*1 Calculated based on certain economic assumptions

\*2 Total of Sumitomo Life and Medicare Life

\*3 Abbreviation for Return on EV, indicates the growth rate of EV



## Individual Life Insurance and Annuities

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

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

Reviewing our fiscal 2016 consolidated performance for the Sumitomo Life Group, annualized premiums from policies in force increased 6.0% from the end of the previous fiscal year to ¥2,739.4 billion (\$24.4 billion).

Meanwhile, annualized premiums from policies in force for the third-sector insurances, which we focus on as a growth area, increased 3.3% year on year to ¥552.9 billion (\$4.9 billion), on the basis of two domestic entities (Sumitomo Life and Medicare Life) excluding Symetra, growing steadily for fourteen consecutive years since we started to publish such figures.

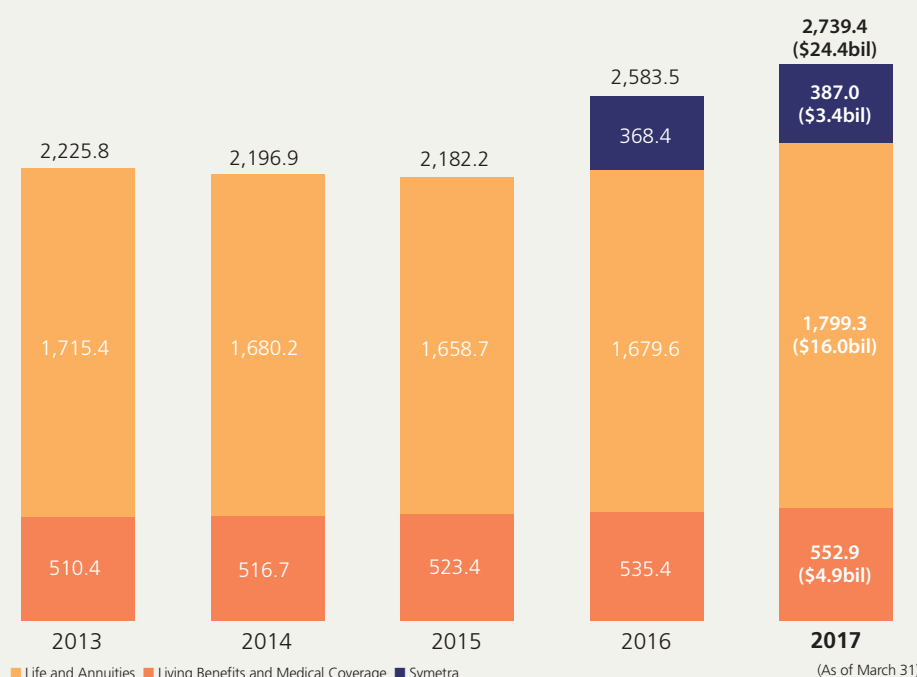
The two main reasons for these consecutive increases in Japan are:

1. We have achieved steady results through “multi-channel, multi-product strategy” in three growing markets (nursing care (including work disability), 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



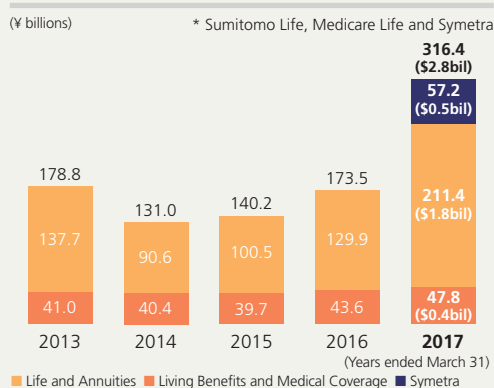
\*Symetra closes its account on December 31 each year. US dollar figures for Symetra have been converted from the Japanese yen figures published in the Japanese-language Financial Results using the exchange rate as of the end of March 2017.

## Annualized Premiums from New Business

In fiscal 2016, the Sumitomo Life Group's annualized premiums from new business of individual life insurance and annuities increased 82.3% from the previous fiscal year to ¥316.4 billion (\$2.8 billion). The two domestic entities (Sumitomo Life and Medicare Life) increased 49.4% to ¥259.2 billion (\$2.3 billion) from the previous fiscal year.

This increase was due mainly to the substantial increase in sales of saving-type products, especially individual annuities.

### Annualized Premiums from New Business (Sumitomo Life Group)



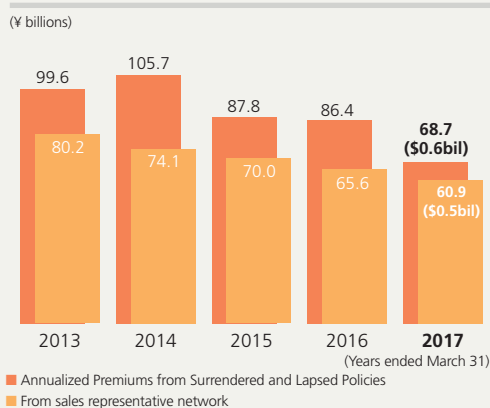
\*Symetra's performance has been recorded since fiscal 2016.

## Annualized Premiums from Surrendered and Lapsed Policies

Sumitomo Life's annualized premiums from surrendered and lapsed policies decreased 20.5% to ¥68.7 billion (\$0.6 billion) over the previous year.

The annualized premiums from surrendered and lapsed policies sold through our sales representatives, our primary sales channel, decreased 7.2% to ¥60.9 billion (\$0.5 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 of the Group grew steadily to ¥331.2 billion (\$2.9 billion).

### Core Business Profit

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

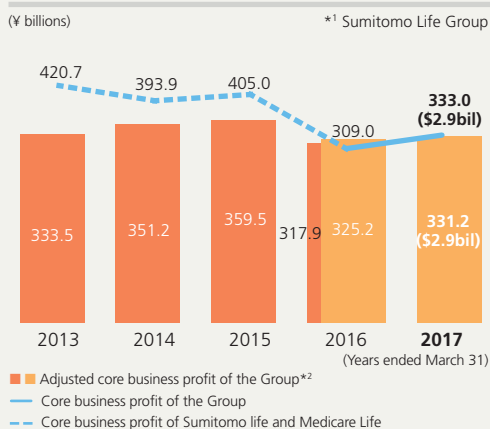
In fiscal 2016, core business profit (Sumitomo Life Group), which represents profitability excluding the impact of the standard policy reserves concerning the minimum guarantees for variable annuities, etc., increased 1.9% from the previous fiscal year to ¥331.2 billion (\$2.9 billion).

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 has expanded for two consecutive years.

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 improved as a result of our initiatives to improve earnings such as the expanded investment in foreign bonds despite the low interest rate environment.

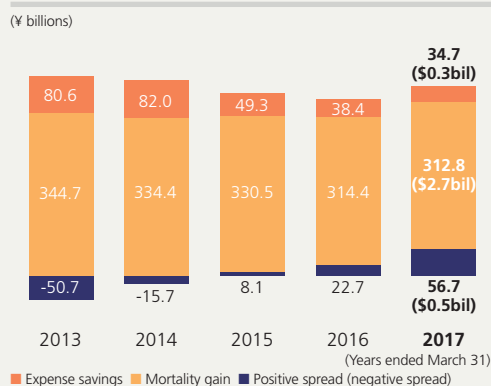
### Core Business Profit (line graph) and Adjusted Business Profit (bar graph)



\*1 Core business profit of the Group (see the solid line graph) is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments made to some internal transactions. The dotted line graph indicates the sum of core business profit of Sumitomo Life and Medicare Life.

\*2 Adjusted core business profit (see the bar graph): Core business profit excluding the impact of provision (reversal) of the standard policy reserves, etc. concerning variable annuities.

### Sources of Profits





# 3

## Financial Strength

Accumulated retained surplus increased to ¥1,617.0 billion (\$14.4 billion).

### Accumulated Retained Surplus

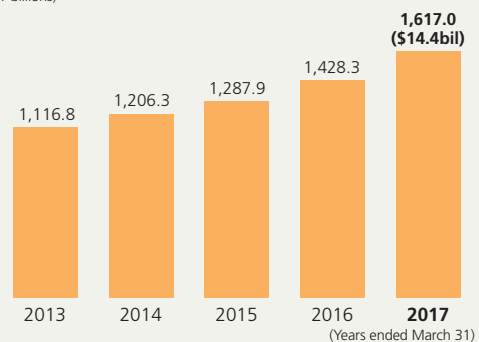
Accumulated retained surplus (Sumitomo Life)\* increased ¥188.7 billion in fiscal 2016, to ¥1,617.0 billion (\$14.4 billion).

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 an economic value-based solvency regime 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.

We made a ¥102.5 billion early repayment for perpetual subordinated loans raised in fiscal 2009 before maturity in January 2015, and the ¥20.0 billion subordinated loans raised in fiscal 2004 came to maturity in February 2015, with the favorable accumulation of retained surplus. Further, ¥70.0 billion of the foundation funds raised in fiscal 2010 came to maturity in July 2015, and ¥30.0 billion of the same raised in 2011 came to maturity in August 2016.

In the meantime, due to the lowered interest rate in Japan in 2016, we issued ¥100.0 billion of subordinated bonds in Japan in June 2016, and ¥105.0 billion of the same in December 2016.

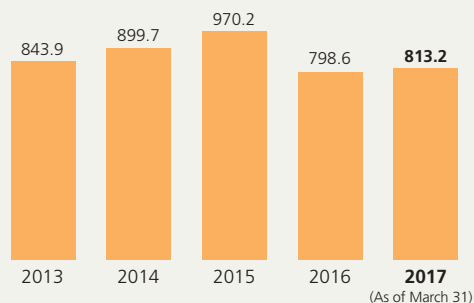
## Solvency Margin Ratio

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various risks. Our solvency margin ratio was 813.2% (consolidated) at the end of fiscal 2016. The ratio far exceeds 200%, the level which would require administrative-intervention in Japan.

In anticipation of the introduction of an economic value-based solvency regime, we are making efforts to control risk and accumulate retained surplus referring to the Solvency II Framework of Europe and the trend of international capital regulation.

### 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, for individual life insurance and individual annuities in fiscal 2016, we increased mortality dividend rates (including long-standing policy dividends for some riders of main products), decreased interest dividend rates, and maintained the same dividend rates for others.

## Financial Strength Ratings

As of the end of June 2017, 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, 2017)

## 4 European Embedded Value (EEV)

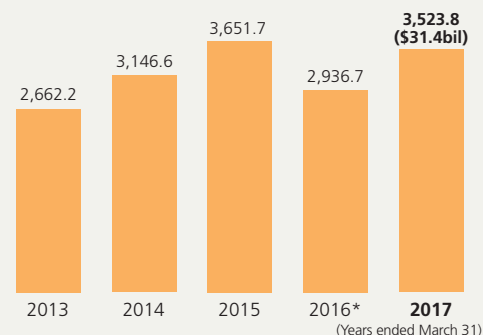
The Sumitomo Life Group's EEV increased ¥587.2 billion (\$5.2 billion) year on year to ¥3,523.8 billion (\$31.4 billion).

### European Embedded Value (EEV)

The Sumitomo Life Group's EEV at the end of fiscal 2016 increased ¥587.2 billion year on year to ¥3,523.8 billion, primarily due to the positive effect of rising interest rates as well as the successful results of the insurance business such as acquiring new business and securing earnings from policies in force.

#### EEV (Sumitomo Life Group)

(¥ billions)



\*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.

\*The EEV at the end of fiscal 2016 is the amount restated using an ultimate forward rate.

## Asset Management (General Account)

Our basic strategy is to promote the Asset-Liability Management (ALM) framework. In order to secure stable earnings and reliably make payments such as insurance claims, we will invest mainly in yen-denominated interest-bearing assets such as long-term public and corporate bonds and loans. Furthermore, we aim to improve returns by investing in stocks and foreign bonds within acceptable risks.

### Asset Management

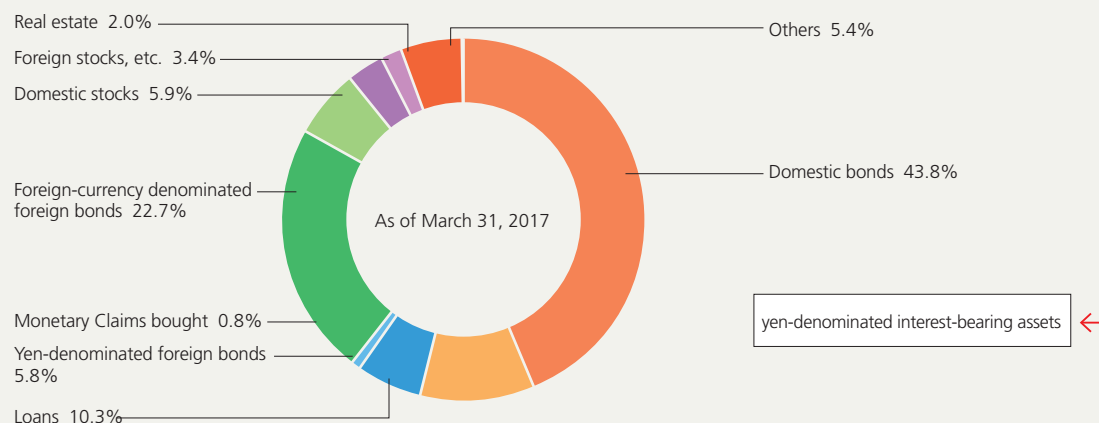
Since April 2016, we have divided the asset management portfolio into two categories, “improve returns” and “reinforced risk control” according to the purpose of each investment, thereby sophisticating our asset management in order to offer insurance products that meet customer needs.

With respect to the portfolio centered on yen-denominated interest-bearing assets serving objectives of reliable payments of insurance claims, etc., we expanded investment in credit assets and currency-hedged foreign bonds in order to improve investment returns under the prolonged low interest rate environment.

Concerning the portfolio centered on risk assets such as stocks and foreign bonds serving objectives of the sustainable improvement of corporate value (EV), we flexibly traded domestic stocks and non currency-hedged foreign bonds based on the market prospects.

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)	2013	2014	2015	2016	2017
General account assets	¥23.4 trillion	¥23.7 trillion	¥25.0 trillion	¥25.9 trillion	<b>¥28.8 trillion</b>
Domestic bonds	50.8%	52.7%	50.8%	49.6%	<b>43.8%</b>
Loans	11.4%	10.4%	9.3%	8.5%	<b>10.3%</b>
Yen-denominated foreign bonds*2	7.0%	6.2%	6.9%	6.6%	<b>5.8%</b>
Monetary Claims bought	1.3%	1.2%	1.0%	0.8%	<b>0.8%</b>
Foreign-currency denominated foreign bonds*1	15.2%	15.6%	17.2%	19.6%	<b>22.7%</b>
Domestic stocks	4.4%	5.1%	6.6%	5.5%	<b>5.9%</b>
Foreign stocks, etc.	2.5%	2.3%	2.3%	3.6%	<b>3.4%</b>
Real estate	3.5%	2.9%	2.6%	2.4%	<b>2.0%</b>
Others	4.0%	3.5%	3.3%	3.5%	<b>5.4%</b>

\*1 Foreign-currency denominated foreign bonds (including those issued by residents) 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 (including work disability), medical insurance, and retirement planning, 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 strategy.”

Sales Channels and Respective Products

Channel Company	Life designers Around 32,000 life designers	Agencies such as financial institutions Around 350 agencies	Insurance outlets Around 340 companies, around 3,200 outlets
 <b>Sumitomo Life</b> • High value-added	<ul style="list-style-type: none"> <li>Work disability income insurance                             <ul style="list-style-type: none"> <li></li> <li></li> </ul> </li> <li>Medical insurance, nursing care insurance, individual annuities                             <ul style="list-style-type: none"> <li></li> <li></li> <li></li> </ul> </li> <li>Term insurance for corporate clients                             <ul style="list-style-type: none"> <li></li> <li>* Entered into a partnership with NN Life Insurance Company</li> </ul> </li> <li>Insurance for health promotion                             <ul style="list-style-type: none"> <li></li> <li>To be launched in 2018</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Examples of products sold by financial institutions                             <ul style="list-style-type: none"> <li></li> <li>Level-premium whole life insurance</li> <li></li> <li>Individual annuities</li> <li></li> </ul> </li> <li>Example of product sold by post offices                             <ul style="list-style-type: none"> <li>Medical insurance</li> <li></li> </ul> </li> <li>Insurance denominated in foreign currencies                             <ul style="list-style-type: none"> <li></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Sumitomo Life outlets</li> <li>Izumi Life Designers (ILD)                             <ul style="list-style-type: none"> <li></li> </ul> </li> <li>Examples of products sold by outlets                             <ul style="list-style-type: none"> <li>Level-premium whole life insurance</li> <li></li> <li>Individual annuities</li> <li></li> </ul> </li> </ul>
 <b>Medicare Life</b> • Simple and affordable		<ul style="list-style-type: none"> <li>Medical insurance                             <ul style="list-style-type: none"> <li></li> </ul> </li> <li>Medical insurance (for substandard market)                             <ul style="list-style-type: none"> <li></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Income assurance insurance                             <ul style="list-style-type: none"> <li></li> </ul> </li> </ul>

### Sales Representatives

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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 (including work disability), medical insurance and retirement planning, 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 by 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 "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, "1-UP" is an insurance that enables customers to live vigorously. Based on that concept, "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.

"1-UP," which has been well received by many customers including young generation and single customers, has performed strong with consolidated sales of over 500,000 policies.

Moreover, in order for "1UP" to reach more customers, we released "Prime Fit," "1 PACK," a product for children, and "1UP WOMAN," a package plan for female customers, in March 2017, expanding our current product line-up.

We have started initiatives of the "Japan Vitality Project," which aims to realize a healthy and long-living society through revolutionary health-enhancing insurance, and also entered into a partnership with NN Life Insurance Company, the Japanese subsidiary of NN Group N.V., an insurance group based in the Netherlands, and are selling NN Life's products for corporate clients as its sales agent.

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.

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 2016 reached ¥65.2 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

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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.

In October 2016, in order to respond to customers’ needs under an environment with low interest rates, we resumed the sales of yen-denominated single-premium whole life insurance, which had temporarily been retired from our line-up. Furthermore, we started selling foreign currency-denominated insurances in April 2017.

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

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Privatized in October 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 2017), 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.

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.

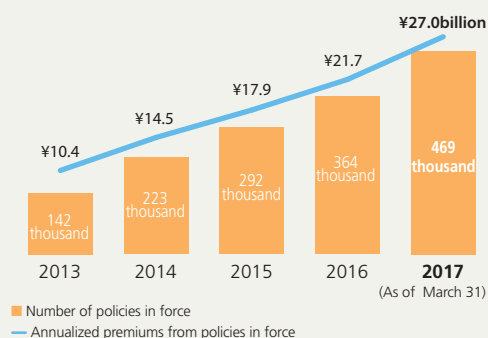
Medicare Life introduced level-premium medical insurance in April 2012. In addition, it launched sub-standard whole life medical insurance, which can be sold to customers who do not qualify for standard products in October 2013.

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

In fiscal 2016, its annualized premiums from policies in force increased 24.4% year on year to ¥27.0 billion, as a result of expansion of the product lineup through the introduction of 2 new products including specified disease insurance with lump sum benefits. In addition, the number of policies in force exceeded the 500,000 mark at the end of July 2017, 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 are earning dividend income from all investee companies overseas, which helps construct a business portfolio equipped with both stability and growth potential.

### 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.

Symetra 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 annualized premiums from new business were ¥57.2 billion, approximately 18% of the total of the Sumitomo Life Group's ¥316.4 billion for fiscal 2016. For policies in force, Symetra owns ¥387.0 billion, approximately 14% of the total of the Sumitomo Life Group's ¥2,739.4 billion. (US\$1 = ¥116.49, as of the end of December 2016.)

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 Limited, China's largest non-life insurance company. Sumitomo Life presently owns 10% of PICC Life as a strategic partner, and dispatches Directors to PICC Life to participate in its management.

PICC Life operates business offices across the country with premium income of ¥1.7 trillion (\$15.1 billion) for fiscal 2016 (US\$1 = 6.937 yuan; ¥100 = 5.9591 yuan, as of the end of December 2016)

increased by 17.5% year on year, which places the company seventh in the industry in terms of premium from policies in force.

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 are supporting the Group by providing our expertise, including product development and IT system development.

In 2016, life insurance premiums from new business increased by 32.3% year on year, and Baoviet Holdings became the No. 1 in the industry. Its non-life premiums also increased by 12.4% year on year, which has too made Baoviet Holdings No. 1 in the industry.

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 and auditors to BNI Life in an effort to establish the Indonesian market through technical support in areas including bancassurance, group insurance, and systems development.

In 2016, insurance premiums from new business increased by 54.9% year on year, and BNI Life moved from the top 16th in the industry in 2014 when we first invested in it, to the top eighth.

## **Representative Offices**

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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.

## 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.

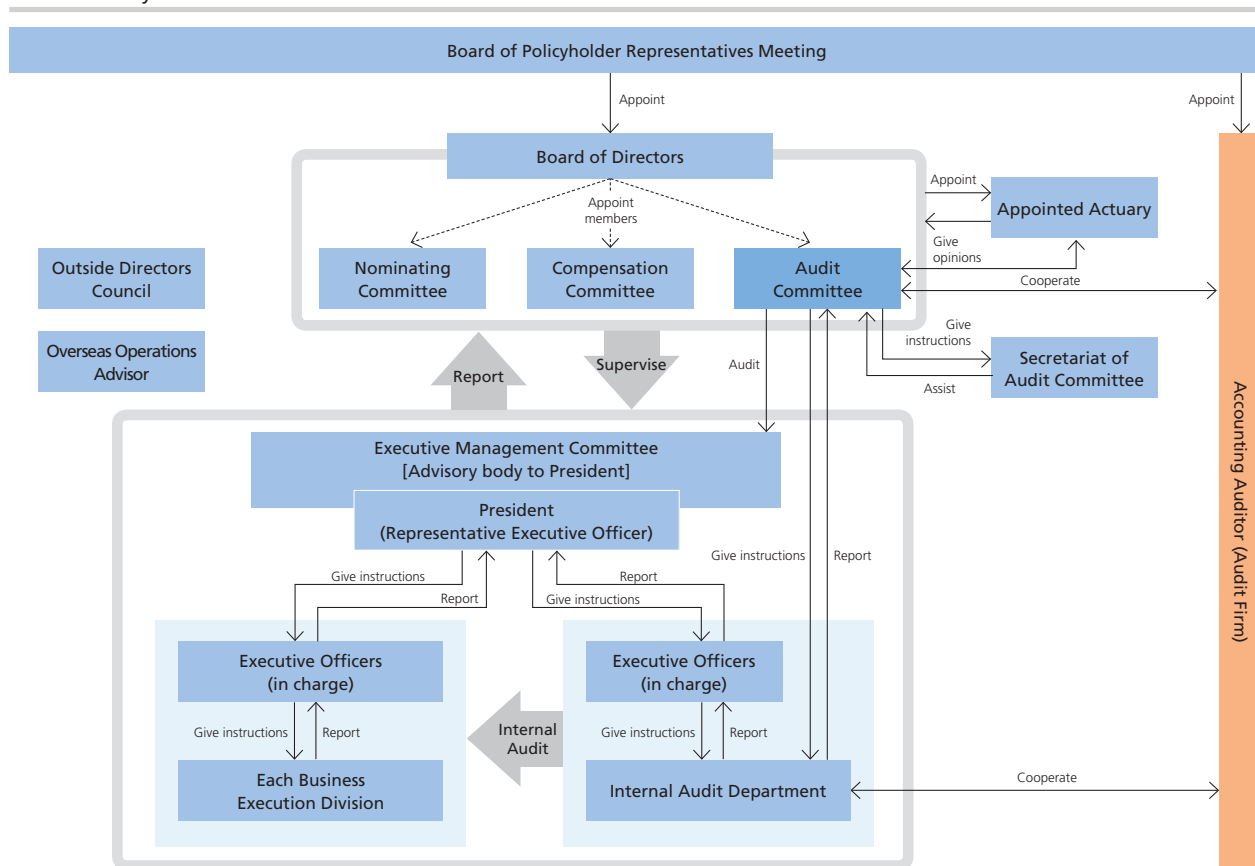
At the Annual Board of Policyholder Representatives Meeting, 180 elected policyholder representatives make decisions on important matters, including the appropriation of the Company's net surplus, changes to the articles of incorporation, and the appointment of directors.

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, strives to 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 2017, 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

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In Japan, introduction of an economic value-based solvency regime is expected.

In anticipation of the future introduction, we have taken advanced measures such as implementation of an economic value-based integrated risk management and disclosure of EEV for the first time as a mutual company in Japan.

We are utilizing and continuously upgrading our integrated risk management system as an effective tool that contributes to management's strategic decision making by comprehensively evaluating various risks arising in the changing business environment from a company-wide perspective, and measuring the risk relative to the level of capital, etc.

## 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.

In May 2017, we established the "Policy on customer-oriented business operations," and as a part of the measures based on these, we have decided to (1) newly establish the "Third-party Committee Regarding Stewardship Activities" and (2) individually disclose the results for the exercise of voting rights, in order to strengthen and increase the transparency of the management of conflicts of interests related to stewardship activities, including the exercise of voting rights.

# Corporate Information

(As of July 4, 2017)

## Directors



Chairman of the Board  
**Yoshio Sato \***



Director  
**Masahiro Hashimoto \***



Director  
**Yukio Noro \***



Director  
**Masaya Honjo**



Director  
**Hidenori Shinohara \***



Outside Director  
Attorney at law, Partner,  
Ihara & Motobayashi  
**Tohru Motobayashi**



Outside Director  
President, Keisen University  
**Masami Ohinata**



Outside Director  
Chief Corporate Adviser,  
NTT DATA Corporation  
**Toru Yamashita**



Outside Director  
Managing Partner,  
Yabuki Law Offices  
**Kimitoshi Yabuki**



Outside Director  
Executive Corporate  
Adviser, IHI Corporation  
**Kazuaki Kama**



Outside Director  
Adviser of The Japanese Institute of  
Certified Public Accountants as  
former President  
**Kimitaka Mori**

\* Executive Officer

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**

### Audit Committee

**Tohru Motobayashi (Chairman)**  
**Kazuaki Kama**  
**Kimitaka Mori**  
**Masaya Honjo**

### Compensation Committee

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



## 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 \***

**Hidenori Shinohara \***

Senior Managing Executive Officer

**Masahito Fujito**

Managing Executive Officers

**Hisato Kogawa**

**Toshimatsu Araki**

**Shinzo Kono**

**Hideharu Matsumoto**

**Kenichi Nagataki**

**Hideyuki Sumi**

**Katsunobu Fujiyama**

**Masashi Sakai**

**Takeshi Eimori**

\* Director

## Executive Officers, as defined in our internal regulations

Managing Executive Officers

**Toshiki Nakamura**

**Kazunori Suguru**

Senior Executive Officers

**Hiroshi Yonebayashi**

**Hirokazu Kitagoshi**

**Katsunori Hirai**

**Iwao Matsumoto**

Executive Officers

**Hiroaki Morikawa**

**Noboru Aoyama**

**Keiko Matsumoto**

**Hideki Oyama**

**Kazuhiko Kusaka**

**Yasuo Kobayashi**

**Fumihiko Komatsu**

**Tatsuya Yuri**

**Yukinori Takada**

**Hideo Fuji**

### Directory

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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

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Tel: +1 (212) 521-8340 Fax: +1 (212) 750-7930

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#### Beijing Representative Office

719, 7/F Beijing Fortune Building, No.5 Dong San Huan Bei Lu,  
Chao Yang District, Beijing 100004, China  
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#### Hanoi Representative Office

11th Floor, Thu Do Building, 72 Tran Hung Dao,  
Hoan Kiem, Hanoi, Vietnam  
Tel: +84 (24) 3946-0444 Fax: +84 (24) 3946-0445

# 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 priority themes: “Health-enhancing” and “support for child raising,” considering the affinity of these activities with the life insurance business.

## Health-enhancing

### CSR Activity to Commemorate the 110th Anniversary of Sumitomo Life “Sumisei Vitality Action”

Sumitomo Life celebrated its 110th anniversary of foundation in fiscal 2017.

The Company starts a new CSR activity, “Sumisei Vitality Action,” with the purpose of enhancing health while showing gratitude on the occasion of the 110th anniversary.

#### CONCEPT

- “Move your body with your loved ones!”

Sumisei Vitality Action is a project through which we hope to enhance health and happiness by encouraging participants to move their bodies with their loved ones.

To enhance health, an appropriate amount of regular exercise is necessary. To encourage regular exercise, we recommend participants to “Move your body with your loved ones.”

#### EFFORTS

- To create opportunities for participants to start exercising

Going forward, we will invite top athletes from every field to host “parent-child sports events,” etc. in 110 places all over Japan. Through encouraging parents and children to exercise together, we aim to enhance health and deepen family bonds.

Moreover, we also plan to participate in the organization of RUN events, etc., which are connected to the Health-enhancing by allowing participants to enjoy running with friends and family members.

- To promote deeper understanding of health-related issues

We will organize health-themed lectures all over Japan, joining hands with the Sumitomo Life Welfare and Culture Foundation and the Sumitomo Life Health Foundation. Furthermore, we are planning the publishing of promotional brochures, as well as other activities.



### Dementia Supporters and the Pink Ribbon Campaign

In the area of Health-enhancing, 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. 10,400 supporters (as of March 31, 2017) 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.

## 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 2017, we will hold the 41st contest. Over 10.99 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.



### 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 order to conserve coral reefs and promote the establishment of sustainable communities.

# Financial Section

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥112.19, the rate prevailing on March 31, 2017.  
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
	2016	2017	2017
<b>ASSETS:</b>			
Cash and deposits (Notes 3 and 4)	¥ 524,140	¥ 979,462	\$ 8,730
Call loans (Note 4)	105,000	203,345	1,812
Monetary claims bought (Note 4)	206,301	230,518	2,054
Securities (Notes 4, 6, 13 and 14)	26,695,820	27,878,540	248,493
Loans (Notes 4, 15 and 16)	2,817,173	3,642,493	32,467
Tangible fixed assets (Notes 5, 7 and 18)	624,054	589,710	5,256
Land	386,823	370,112	3,298
Buildings	227,635	208,730	1,860
Lease assets	2,253	3,641	32
Construction in progress	891	902	8
Other tangible fixed assets	6,451	6,323	56
Intangible fixed assets	326,184	301,993	2,691
Software	16,931	18,896	168
Goodwill	70,789	65,097	580
Lease assets	134	101	0
Other intangible fixed assets	238,329	217,898	1,942
Due from agents	77	83	0
Reinsurance receivables	1,422	889	7
Other assets	426,339	394,731	3,518
Net defined benefit assets (Note 10)	113	17,736	158
Deferred tax assets (Note 19)	70,939	114,575	1,021
Customers' liabilities under acceptances and guarantees	1,000	—	—
Allowance for possible loan losses	(1,518)	(1,211)	(10)
<b>Total assets</b>	<b>¥31,797,049</b>	<b>¥34,352,870</b>	<b>\$306,202</b>

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>LIABILITIES:</b>			
Policy reserves and other reserves	¥28,363,448	<b>¥29,783,141</b>	<b>\$265,470</b>
Reserve for outstanding claims	169,100	<b>158,838</b>	<b>1,415</b>
Policy reserves	27,935,119	<b>29,378,351</b>	<b>261,862</b>
Policyholders' dividend reserves (Note 9)	259,228	<b>245,951</b>	<b>2,192</b>
Reinsurance payables	4,176	<b>5,880</b>	<b>52</b>
Corporate bonds (Notes 4 and 20)	235,442	<b>401,948</b>	<b>3,582</b>
Other liabilities	1,123,499	<b>1,983,295</b>	<b>17,678</b>
Payables under securities borrowing transactions (Note 4)	597,551	<b>702,759</b>	<b>6,264</b>
Other	525,948	<b>1,280,535</b>	<b>11,413</b>
Net defined benefit liabilities (Note 10)	30,200	<b>22,565</b>	<b>201</b>
Accrued retirement benefits for directors	15	—	—
Reserve for price fluctuation	352,221	<b>502,439</b>	<b>4,478</b>
Deferred tax liabilities (Note 19)	29,658	<b>24,555</b>	<b>218</b>
Deferred tax liabilities for land revaluation	16,997	<b>16,061</b>	<b>143</b>
Acceptances and guarantees	1,000	—	—
<b>Total liabilities</b>	<b>30,156,659</b>	<b>32,739,886</b>	<b>291,825</b>
<b>NET ASSETS:</b>			
Foundation funds (Note 12)	200,000	<b>170,000</b>	<b>1,515</b>
Reserve for redemption of foundation funds (Note 12)	439,000	<b>469,000</b>	<b>4,180</b>
Reserve for revaluation	2	<b>2</b>	<b>0</b>
Surplus	339,926	<b>306,955</b>	<b>2,736</b>
<b>Total funds, reserve and surplus</b>	<b>978,929</b>	<b>945,957</b>	<b>8,431</b>
Net unrealized gains on available-for-sale securities	723,567	<b>723,897</b>	<b>6,452</b>
Deferred gains (losses) on derivatives under hedge accounting	—	<b>1,703</b>	<b>15</b>
Land revaluation differences	(64,505)	<b>(59,460)</b>	<b>(529)</b>
Foreign currency translation adjustments	(11,877)	<b>(29,882)</b>	<b>(266)</b>
Remeasurements of defined benefit plans	14,111	<b>30,700</b>	<b>273</b>
<b>Total accumulated other comprehensive income</b>	<b>661,295</b>	<b>666,958</b>	<b>5,944</b>
Non-controlling interests	165	<b>66</b>	<b>0</b>
<b>Total net assets</b>	<b>1,640,390</b>	<b>1,612,983</b>	<b>14,377</b>
<b>Total liabilities and net assets</b>	<b>¥31,797,049</b>	<b>¥34,352,870</b>	<b>\$306,202</b>

# 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
	2016	2017	2017
<b>Ordinary income</b>	¥ 3,733,584	¥ 4,433,940	\$ 39,521
Insurance premiums and other	3,044,897	3,458,839	30,830
Investment income	583,773	861,239	7,676
Interest, dividends and other income	566,944	698,842	6,229
Gains on trading securities	96	1,882	16
Gains on sales of securities	11,845	90,746	808
Gains on redemption of securities	3,902	17,184	153
Foreign exchange gains	241	8,834	78
Reversal of allowance for possible loan losses	172	24	0
Other investment income	570	2,684	23
Investment gains on separate accounts	—	41,041	365
Other ordinary income	104,913	113,861	1,014
<b>Ordinary expenses</b>	3,512,544	4,244,184	37,830
Benefits and other payments	2,481,303	2,078,031	18,522
Claims paid	543,420	538,675	4,801
Annuity payments	652,505	703,742	6,272
Benefits payments	321,258	342,775	3,055
Surrender benefits	880,534	420,137	3,744
Other refunds	83,584	72,700	648
Provision for policy reserves and other reserves	418,262	1,412,115	12,586
Provision for reserves for outstanding claims	19,214	—	—
Provision for policy reserves	398,709	1,411,994	12,585
Provision for interest on policyholders' dividend reserves (Note 9)	337	121	1
Investment expenses	88,108	191,492	1,706
Interest expenses	4,758	10,657	94
Losses on sales of securities	4,753	42,313	377
Losses on valuation of securities	1,034	2,328	20
Losses on redemption of securities	—	4,266	38
Losses on derivative financial instruments	23,229	99,942	890
Depreciation of real estate for investments	10,660	9,170	81
Other investment expenses	13,993	22,814	203
Investment losses on separate accounts	29,678	—	—
Operating expenses (Note 17)	347,677	411,227	3,665
Other ordinary expenses	177,193	151,317	1,348
<b>Ordinary profit</b>	¥ 221,039	¥ 189,756	\$ 1,691



## Comprehensive Income

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>Extraordinary gains</b>	¥ 3,558	¥ 15,895	\$ 141
Gains on disposals of fixed assets	3,558	15,895	141
<b>Extraordinary losses</b>	133,794	156,681	1,396
Losses on disposals of fixed assets	5,369	5,386	48
Impairment losses (Note 18)	27,711	341	3
Provision for reserve for price fluctuation	99,912	150,218	1,338
Payments to social responsibility reserve	800	735	6
<b>Surplus before income taxes</b>	90,803	48,970	436
<b>Income taxes (Note 19)</b>			
Current	61,394	51,320	457
Deferred	(36,718)	(58,421)	(520)
<b>Total income taxes</b>	24,676	(7,101)	(63)
<b>Net surplus</b>	66,127	56,072	499
<b>Net surplus attributable to non-controlling interests</b>	4	3	0
<b>Net surplus attributable to the Parent Company</b>	¥ 66,123	¥ 56,068	\$ 499

## [Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>Net surplus</b>	¥ 66,127	¥ 56,072	\$ 499
<b>Other comprehensive income (loss) (Note 21)</b>	(193,405)	617	5
Net unrealized gains (losses) on available-for-sale securities	(171,465)	279	2
Deferred gains (losses) on derivatives under hedge accounting	—	1,703	15
Land revaluation differences	510	(0)	(0)
Foreign currency translation adjustments	(16,574)	(16,207)	(144)
Remeasurements of defined benefit plans	360	16,589	147
Share of other comprehensive income (loss) of associates under the equity method	(6,236)	(1,746)	(15)
<b>Comprehensive income (loss)</b>	(127,277)	56,690	505
Comprehensive income (loss) attributable to the Parent Company	(127,281)	56,686	505
Comprehensive income (loss) attributable to non-controlling interests	4	3	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	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	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

	Millions of Yen												
	Funds, reserve and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	Total net assets
Beginning balance	200,000	439,000	2	339,926	978,929	723,567	—	(64,505)	(11,877)	14,111	661,295	165	1,640,390
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(51,548)	(51,548)								(51,548)
Additions to reserve for redemption of foundation funds		30,000		(30,000)	—								—
Payment of interest on foundation funds				(2,445)	(2,445)								(2,445)
Net surplus attributable to the Parent Company				56,068	56,068								56,068
Redemption of foundation funds	(30,000)				(30,000)								(30,000)
Reversal of land revaluation differences				(5,045)	(5,045)								(5,045)
Net changes, excluding funds, reserve and surplus						329	1,703	5,045	(18,004)	16,589	5,663	(98)	5,564
Net changes in the fiscal year	(30,000)	30,000	—	(32,971)	(32,971)	329	1,703	5,045	(18,004)	16,589	5,663	(98)	(27,406)
Ending balance	170,000	469,000	2	306,955	945,957	723,897	1,703	(59,460)	(29,882)	30,700	666,958	66	1,612,983

Year ended March 31, 2017

Millions of U.S. Dollars

	Funds, reserve and surplus				Accumulated other comprehensive income (loss)								
	Foundation funds (Note 12)	Reserve for redemption of foundation funds (Note 12)	Reserve for revaluation	Surplus	Total funds, reserve and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (losses)	Non-controlling interests	Total net assets
Beginning balance	1,782	3,913	0	3,029	8,725	6,449	—	(574)	(105)	125	5,894	1	14,621
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(459)	(459)								(459)
Additions to reserve for redemption of foundation funds		267		(267)	—								—
Payment of interest on foundation funds				(21)	(21)								(21)
Net surplus attributable to the Parent Company				499	499								499
Redemption of foundation funds	(267)				(267)								(267)
Reversal of land revaluation differences				(44)	(44)								(44)
Net changes, excluding funds, reserve and surplus						2	15	44	(160)	147	50	(0)	49
Net changes in the fiscal year	(267)	267	—	(293)	(293)	2	15	44	(160)	147	50	(0)	(244)
Ending balance	1,515	4,180	0	2,736	8,431	6,452	15	(529)	(266)	273	5,944	0	14,377

# Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>I Cash flows from operating activities</b>			
Surplus before income taxes	¥ 90,803	¥ 48,970	\$ 436
Depreciation of real estate for investments	10,660	9,170	81
Depreciation	14,660	29,444	262
Impairment losses	27,711	341	3
Amortization of goodwill	—	3,126	27
Increase (Decrease) in reserve for outstanding claims	19,214	(9,617)	(85)
Increase (Decrease) in policy reserves	398,709	1,577,373	14,059
Provision for interest on policyholders' dividend reserves	337	121	1
Increase (Decrease) in allowance for possible loan losses	(253)	(306)	(2)
Increase (Decrease) in net defined benefit liabilities	4,808	(2,219)	(19)
Increase (Decrease) in reserve for price fluctuation	99,912	150,218	1,338
Interest, dividends, and other income	(566,944)	(698,842)	(6,229)
Losses (Gains) on securities	68,648	(66,713)	(594)
Interest expenses	4,758	10,657	94
Foreign exchange losses (gains)	(527)	(8,887)	(79)
Losses (Gains) on tangible fixed assets	1,591	(5,244)	(46)
Investment losses (gains) under the equity method	5,729	(690)	(6)
Decrease (Increase) in due from agents	0	(8)	(0)
Decrease (Increase) in reinsurance receivables	(50)	490	4
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	285	3,163	28
Increase (Decrease) in reinsurance payables	(0)	1,838	16
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	93,038	21,159	188
Others, net	(24,853)	68,640	611
<b>Subtotal</b>	<b>248,241</b>	<b>1,132,186</b>	<b>10,091</b>
Interest, dividends, and other income received	641,384	784,086	6,988
Interest paid	(4,762)	(11,270)	(100)
Policyholders' dividends paid	(66,829)	(64,947)	(578)
Others, net	(800)	(735)	(6)
Income taxes paid	(46,365)	(66,030)	(588)
<b>Net cash provided by operating activities</b>	<b>¥ 770,867</b>	<b>¥ 1,773,290</b>	<b>\$ 15,806</b>

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>II Cash flows from investing activities</b>			
Net decrease (increase) in deposits	¥ (155,396)	¥ (237,082)	\$ (2,113)
Purchase of monetary claims bought	(288,593)	(183,092)	(1,631)
Proceeds from sales and redemption of monetary claims bought	328,463	149,787	1,335
Purchase of securities	(3,525,600)	(5,581,632)	(49,751)
Proceeds from sales and redemption of securities	3,022,069	4,290,915	38,246
Loans made	(246,552)	(1,253,566)	(11,173)
Proceeds from collection of loans	363,586	388,211	3,460
Others, net	276,280	692,436	6,172
<b>Total investment activities (IIa)</b>	<b>(225,745)</b>	<b>(1,734,022)</b>	<b>(15,456)</b>
[I+IIa]	[545,122]	[39,268]	[350]
Purchase of tangible fixed assets	(14,740)	(14,053)	(125)
Proceeds from sales of tangible fixed assets	15,509	39,879	355
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(430,171)	—	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	626	—	—
Others, net	(8,243)	(13,538)	(120)
<b>Net cash used in investing activities</b>	<b>(662,765)</b>	<b>(1,721,735)</b>	<b>(15,346)</b>
<b>III Cash flows from financing activities</b>			
Proceeds from issuance of debt	—	34,947	311
Proceeds from issuance of corporate bonds	—	205,000	1,827
Redemption of corporate bonds	—	(34,947)	(311)
Redemption of foundation funds	(70,000)	(30,000)	(267)
Payment of interest on foundation funds	(3,371)	(2,445)	(21)
Others, net	(1,117)	(4,626)	(41)
<b>Net cash provided by (used in) financing activities</b>	<b>(74,488)</b>	<b>167,927</b>	<b>1,496</b>
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(5)</b>	<b>(1,222)</b>	<b>(10)</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>33,607</b>	<b>218,260</b>	<b>1,945</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>52,724</b>	<b>86,331</b>	<b>769</b>
<b>VII Cash and cash equivalents at the end of the year (Note 3)</b>	<b>¥ 86,331</b>	<b>¥ 304,592</b>	<b>\$ 2,714</b>

## 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.

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of 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, 2017, which was ¥112.19 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

## Note 2

### Summary of Significant Accounting Policies

#### 1) Principles of consolidation

##### a) Consolidated subsidiaries

The numbers of consolidated subsidiaries were 24 and 21 as of March 31, 2016 and 2017, respectively.

The major subsidiaries as of March 31, 2017 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.)

Three subsidiaries of Symetra Financial Corporation were excluded from the scope of the consideration due to completion of liquidation in the fiscal year ended March 31, 2017.

##### b) Affiliates

The numbers of affiliates under the equity method were 8 and 8 as of March 31, 2016 and 2017, respectively.

The major affiliates as of March 31, 2017 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)

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 consolidated subsidiaries

The fiscal year-end of CSS Co., Ltd. is March 25. The Company previously used the subsidiary's financial statements as of its fiscal year-end with adjustments for material transactions between its fiscal year-end and the Company's fiscal year-end. With the Company's adoption of the consolidation tax filings from its fiscal year ending March 31, 2018, the Company has changed its method for consolidation and uses the subsidiary's provisional financial statements as of the Company's fiscal year-end. For the fiscal year ended March 31, 2017, the Company's consolidated statement of income includes the subsidiary's income for the period of 12 months and 6 days from March 26, 2016 through March 31, 2017.

The fiscal year-end of foreign subsidiaries is December 31. The Company uses the foreign subsidiaries' financial statements as of their fiscal year-end with adjustments for material transactions between their fiscal year-end and the Company's fiscal year-end.

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) Securities, derivative instruments, and hedge accounting

a) Securities

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

Trading securities are stated at the market value on the balance sheet date. The cost of the 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 (defined in 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 the 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 the readily determinable market values classified as available-for-sale securities are stated at the market value which is determined as the average of the market value in March, 2017. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the 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 the fair value.

c) Hedge accounting

Under Japanese GAAP, the deferred hedge method and the fair value hedge method are fundamental hedge accounting methods allowed.

Under the fair value hedge method, which is allowed only when available-for-sale securities are hedged items, hedging instruments' gains and losses on changes in the fair value are recognized in earnings together with hedged items' corresponding gains and losses attributable to risks being hedged.

In addition, for certain derivative instruments, exceptional hedge accounting methods are allowed under Japanese GAAP as follows:

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at foreign exchange rates 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 the fair value either on 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 the fair value, but the net amounts paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

The Company mainly adopts the fair value hedge method and 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 the fair values or cash flows of the hedged items and the hedging instruments.

**4) Policy-reserve-matching bonds**

The Company classifies debt securities held in order to match their duration to the duration of the corresponding subsections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurances, individual annuities and group annuities 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**

The Company's assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate 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 the revaluation is directly included in net assets and presented as land revaluation differences, net of 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) 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 ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("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 disposal of collaterals and execution of guarantees. For loans to borrowers that are likely to become bankrupt ("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 through disposal of collaterals and execution of guarantees. For the 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 collaterals and execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2016 and 2017 amounted to ¥204 million and ¥38 million (U.S. \$0 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 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 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 which 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 which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

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

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:

For 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.)

#### 13) Revenue recognition

The Company recognizes insurance premiums when premiums are received, and does not recognize insurance premiums due but not collected as revenues. The Company recognizes unearned insurance premiums as policy reserves.

#### 14) Policy acquisition costs

The Company recognizes policy acquisition costs when incurred.

#### 15) New accounting standards

"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 and surplus as of March 31, 2016 decreased by ¥2,660 million.

The Company and certain subsidiaries made an application for the consolidation tax fillings to the tax authority in December 2016. The application was approved, and the consolidation tax fillings will be adopted from the fiscal year ending March 31, 2018. Preparing for the adoption, the financial statements for the fiscal year ended March 31, 2017 are presented in accordance with "Tentative Solution for the Deferred Tax Accounting on Application of Tax Consolidation (part 1)" (Practical Issues Task Force No. 5, revised on January 16, 2015) and "Tentative Solution for the Deferred Tax Accounting on Application of Tax Consolidation (part 2)" (Practical Issues Task Force No. 7, revised on January 16, 2015).

### Note 3

## Cash and Cash Equivalents

### 1) Reconciliations of cash and cash equivalents

Reconciliations of cash and deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Cash and deposits	¥524,140	¥979,462	\$8,730
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(437,155)	(673,729)	(6,005)
Restricted cash of foreign consolidated subsidiaries	(653)	(1,140)	(10)
Short-term investment securities of foreign consolidated subsidiaries	0	0	0
Cash and cash equivalents	¥ 86,331	¥304,592	\$2,714

### 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 (details in Note 24), 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
Assets	¥4,444,292
Securities included in the above assets	3,468,467
Goodwill	70,789
Liabilities	(4,067,708)
Policy reserves and other reserves included in the above liabilities	(3,893,133)
Others	16,485
Acquisition cost of shares	463,858
Cash and cash equivalents	33,686
Net cash flow for the acquisition of shares	¥ 430,171

## Financial Instruments

### 1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) 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.

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 interest fluctuation risks of floating rate assets. Gains and losses on certain foreign currency forward contracts to hedge foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in the 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 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 rules. 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 situations.

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 the 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 conditions 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 with 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 shows the carrying amounts in the consolidated balance sheets, the fair values and their differences of financial instruments as of March 31, 2016 and 2017.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 524,140	¥ 524,140	¥ —	¥ 979,462	¥ 979,462	¥ —	\$ 8,730	\$ 8,730	\$ —
[Available-for-sale securities] <sup>*1</sup>	[368,478]	[368,478]	—	[609,980]	[609,980]	—	[5,437]	[5,437]	—
Call loans	105,000	105,000	—	203,345	203,345	—	1,812	1,812	—
Monetary claims bought	206,301	209,110	2,808	230,518	231,958	1,439	2,054	2,067	12
[Available-for-sale securities] <sup>*1</sup>	[170,586]	[170,586]	—	[196,810]	[196,810]	—	[1,754]	[1,754]	—
Securities <sup>*2</sup>	26,265,754	29,162,323	2,896,568	27,435,828	29,783,254	2,347,425	244,547	265,471	20,923
Trading securities	1,677,563	1,677,563	—	1,230,072	1,230,072	—	10,964	10,964	—
Held-to-maturity debt securities	2,102,869	2,515,176	412,307	2,004,475	2,376,784	372,309	17,866	21,185	3,318
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	11,088,673	13,056,296	1,967,623	98,838	116,376	17,538
Investments in subsidiaries and affiliated companies	29,624	30,947	1,323	28,261	35,754	7,493	251	318	66
Available-for-sale securities	11,116,681	11,116,681	—	13,084,346	13,084,346	—	116,626	116,626	—
Loans	2,817,173			3,642,493			32,467		
Allowance for possible loan losses <sup>*3</sup>	(1,033)			(990)			(8)		
	2,816,140	2,882,716	66,576	3,641,503	3,671,423	29,920	32,458	32,725	266
Corporate bonds	235,442	247,527	12,085	401,948	413,095	11,147	3,582	3,682	99
Payables under securities borrowing transactions	597,551	597,551	—	702,759	702,759	—	6,264	6,264	—
Derivative transactions <sup>*4</sup>	43,477	43,477	—	(244,328)	(244,328)	—	(2,177)	(2,177)	—
Hedge accounting not applied	10,184	10,184	—	(3,420)	(3,420)	—	(30)	(30)	—
Hedge accounting applied	33,292	33,292	—	(240,908)	(240,908)	—	(2,147)	(2,147)	—

\*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 ¥430,065 million and ¥442,711 million (U.S. \$3,946 million) as of March 31, 2016 and 2017, 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 Standard for Financial Instruments" (ASBJ Statement No. 10), the fair value is measured based on the closing market value on the balance sheet date.

2) Monetary claims bought

The fair value is measured mainly based on the closing market value on the balance sheet date.

3) Securities

As for stocks with the market values, the fair value is measured mainly based on the average market value in the last month of the fiscal year.

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

4) Loans

As for policy loans, the book value is deemed as the fair value since the fair value approximates the book 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.

As for loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

The fair value is measured mainly based on the closing market value 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, 2016 and 2017.

**1) Held-to-maturity debt securities**

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
	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	¥ 559,563	¥ 614,641	¥ 55,078	¥ 496,961	¥ 539,673	¥ 42,712	\$ 4,429	\$ 4,810	\$ 380
Foreign securities (bonds)	1,543,305	1,900,535	357,229	1,506,014	1,835,726	329,712	13,423	16,362	2,938
Fair value does not exceed the balance sheet amount									
Bonds	—	—	—	1,498	1,383	(115)	13	12	(1)
Foreign securities (bonds)	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>2,102,869</b>	<b>2,515,176</b>	<b>412,307</b>	<b>2,004,475</b>	<b>2,376,784</b>	<b>372,309</b>	<b>17,866</b>	<b>21,185</b>	<b>3,318</b>

**2) Policy-reserve-matching bonds**

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
	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	¥11,187,444	¥13,666,146	¥2,478,701	¥10,370,228	¥12,390,054	¥2,019,825	\$ 92,434	\$110,438	\$18,003
Foreign securities (bonds)	111,008	115,842	4,833	93,773	97,379	3,606	835	867	32
Fair value does not exceed the balance sheet amount									
Bonds	19,245	19,183	(61)	593,160	537,900	(55,260)	5,287	4,794	(492)
Foreign securities (bonds)	21,317	20,781	(536)	31,511	30,962	(548)	280	275	(4)
<b>Total</b>	<b>11,339,015</b>	<b>13,821,953</b>	<b>2,482,938</b>	<b>11,088,673</b>	<b>13,056,296</b>	<b>1,967,623</b>	<b>98,838</b>	<b>116,376</b>	<b>17,538</b>

The following table shows 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, 2016 and 2017.

### 3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of U.S. Dollars			
	2016			2017			2017			
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	
<b>Balance sheet amount exceeds acquisition costs or amortized costs</b>										
Negotiable certificates of deposit	¥	—	¥	—	¥	—	\$	—	\$	—
Monetary claims bought	149,622	164,586	14,963	128,437	134,786	6,349	1,144	1,201	56	
Bonds	1,218,265	1,319,775	101,509	1,220,923	1,310,173	89,250	10,882	11,678	795	
Stocks	612,220	1,211,460	599,240	684,098	1,492,891	808,793	6,097	13,306	7,209	
Foreign securities	4,296,359	4,601,253	304,894	4,614,584	4,865,250	250,666	41,131	43,366	2,234	
Foreign bonds	4,284,483	4,588,942	304,459	4,515,556	4,755,954	240,397	40,249	42,391	2,142	
Other foreign securities	11,876	12,311	435	99,027	109,295	10,268	882	974	91	
Other securities	19,862	29,720	9,858	102,526	116,596	14,070	913	1,039	125	
<b>Balance sheet amount does not exceed acquisition costs or amortized costs</b>										
Negotiable certificates of deposit	368,500	368,478	(21)	610,000	609,980	(19)	5,437	5,437	(0)	
Monetary claims bought	5,999	5,999	(0)	62,499	62,024	(475)	557	552	(4)	
Bonds	29,503	29,349	(153)	355,814	350,593	(5,220)	3,171	3,124	(46)	
Stocks	164,403	134,925	(29,477)	100,310	91,997	(8,312)	894	820	(74)	
Foreign securities	3,785,683	3,779,010	(6,672)	4,986,431	4,832,612	(153,818)	44,446	43,075	(1,371)	
Foreign bonds	3,675,498	3,669,183	(6,315)	4,938,183	4,785,275	(152,908)	44,016	42,653	(1,362)	
Other foreign securities	110,184	109,827	(356)	48,247	47,337	(909)	430	421	(8)	
Other securities	12,950	11,185	(1,765)	24,895	24,229	(665)	221	215	(5)	
<b>Total</b>	<b>10,663,371</b>	<b>11,655,746</b>	<b>992,375</b>	<b>12,890,520</b>	<b>13,891,137</b>	<b>1,000,616</b>	<b>114,899</b>	<b>123,817</b>	<b>8,918</b>	



**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, 2016

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	¥ 523,944	¥ —	¥ —	¥ —
Call loans	105,000	—	—	—
Monetary claims bought	7,089	1,291	333	182,696
Securities	1,102,865	3,249,057	4,886,530	12,897,824
Held-to-maturity debt securities	54,654	258,348	595,526	1,190,981
Policy-reserve-matching bonds	428,598	580,020	937,391	9,316,111
Available-for-sale securities	619,613	2,410,689	3,353,612	2,390,731
Loans	337,448	1,016,535	781,838	287,272
Corporate bonds	36,261	—	30,217	167,610
Payables under securities borrowing transactions	597,551	—	—	—

As of March 31, 2017

	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
Deposits	¥ 979,293	¥ —	¥ —	¥ —	\$ 8,728	\$ —	\$ —	\$ —
Call loans	203,345	—	—	—	1,812	—	—	—
Monetary claims bought	39,760	1,242	452	183,196	354	11	4	1,632
Securities	735,718	3,123,626	6,387,528	13,359,791	6,557	27,842	56,934	119,081
Held-to-maturity debt securities	20,942	240,001	636,760	1,104,140	186	2,139	5,675	9,841
Policy-reserve-matching bonds	217,218	529,041	1,334,051	8,950,657	1,936	4,715	11,890	79,781
Available-for-sale securities	497,556	2,354,584	4,416,716	3,304,992	4,434	20,987	39,368	29,458
Loans	1,210,125	747,204	718,674	581,819	10,786	6,660	6,405	5,186
Corporate bonds	—	—	29,122	371,953	—	—	259	3,315
Payables under securities borrowing transactions	702,759	—	—	—	6,264	—	—	—

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

#### Note.4: Fair values of derivative transactions

##### 1) Interest-rate related

##### a) Hedge accounting not applied

As of March 31, 2016

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	¥ 12,908	¥ 12,908	¥172	¥ 172
Interest rate swaptions				
Bought				
Receipts floating, payments fixed	290,000	170,000		
	[1,622]		167	(1,455)
<b>Total</b>				<b>(1,282)</b>

As of March 31, 2017

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	¥ 14,731	¥14,731	¥(9)	¥ (9)	\$ 131	\$131	\$(0)	\$(0)
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	170,000	—			1,515	—		
	[635]		4	(630)	[5]		0	(5)
<b>Total</b>				<b>(639)</b>				<b>(5)</b>

\* 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.

##### b) Hedge accounting applied

As of March 31, 2016

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	¥49,532	¥33,828	¥ 929
Interest rate swaps					
Cash flow hedge	Receipts fixed, payments floating	Bonds	61,347	61,347	1,655
<b>Total</b>					<b>2,584</b>

As of March 31, 2017

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	¥33,828	¥17,520	¥ 388	\$ 301	\$156	\$ 3
Interest rate swaps								
Cash flow hedge	Receipts fixed, payments floating	Bonds	98,849	98,849	(1,638)	881	881	(14)
<b>Total</b>					<b>(1,250)</b>			<b>(11)</b>

## 2) Currency-related

### a) Hedge accounting not applied

As of March 31, 2016

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	¥468,585	¥—	¥ 303	¥ 303
(Australian dollar)	212,376	—	5,437	5,437
(U.S. dollar)	52,861	—	(4,623)	(4,623)
(Euro)	200,102	—	(461)	(461)
Bought	157,402	—	4,201	4,201
(U.S. dollar)	4,807	—	(5)	(5)
(Euro)	152,314	—	4,205	4,205
Currency options				
Sold				
Call	360,000	—		
	[2,225]		1,063	1,161
(U.S. dollar)	360,000	—		
	[2,225]		1,063	1,161
Bought				
Put	303,000	—		
	[2,453]		823	(1,629)
(U.S. dollar)	303,000	—		
	[2,453]		823	(1,629)
<b>Total</b>				<b>4,038</b>

As of March 31, 2017

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	<b>¥298,777</b>	<b>¥818</b>	<b>¥(15,800)</b>	<b>¥(15,800)</b>	<b>\$2,663</b>	<b>\$ 7</b>	<b>\$(140)</b>	<b>\$(140)</b>
(Australian dollar)	<b>187,661</b>	—	<b>(14,281)</b>	<b>(14,281)</b>	<b>1,672</b>	—	<b>(127)</b>	<b>(127)</b>
(U.S. dollar)	<b>66,485</b>	<b>818</b>	<b>(1,977)</b>	<b>(1,977)</b>	<b>592</b>	<b>7</b>	<b>(17)</b>	<b>(17)</b>
(Euro)	<b>40,743</b>	—	<b>443</b>	<b>443</b>	<b>363</b>	—	<b>3</b>	<b>3</b>
Bought	<b>535,150</b>	—	<b>(5,192)</b>	<b>(5,192)</b>	<b>4,770</b>	—	<b>(46)</b>	<b>(46)</b>
(U.S. dollar)	<b>532,305</b>	—	<b>(5,204)</b>	<b>(5,204)</b>	<b>4,744</b>	—	<b>(46)</b>	<b>(46)</b>
(Euro)	<b>1,738</b>	—	<b>4</b>	<b>4</b>	<b>15</b>	—	<b>0</b>	<b>0</b>
Currency options								
Sold								
Call	—	—			—	—		
	[—]		—	—	[—]		—	—
(U.S. dollar)	—	—			—	—		
	[—]		—	—	[—]		—	—
Bought								
Put	<b>54,750</b>	—			<b>488</b>	—		
	<b>[397]</b>		<b>177</b>	<b>(219)</b>	<b>[3]</b>		<b>1</b>	<b>(1)</b>
(U.S. dollar)	<b>54,750</b>	—			<b>488</b>	—		
	<b>[397]</b>		<b>177</b>	<b>(219)</b>	<b>[3]</b>		<b>1</b>	<b>(1)</b>
<b>Total</b>				<b>(21,212)</b>				<b>(189)</b>

\*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.

## b) Hedge accounting applied

As of March 31, 2016

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	¥4,103,209	¥403,200	¥ 20,770
	(U.S. dollar)		1,978,336	146,484	95,624
	(Euro)		998,011	—	(2,146)
	(Australian dollar)		1,005,363	256,715	(80,961)
	Foreign currency forward contracts				
Allocation method	Sold	Foreign-currency-denominated assets	98,327	61,590	(29,576)
	(Australian dollar)		84,048	58,533	(25,489)
	(U.S. dollar)		14,279	3,057	(4,087)
Allocation method	Currency swaps	Foreign-currency-denominated assets	94,277	94,277	9,889
	(U.S. dollar)		94,277	94,277	9,889
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	20,359
	(U.S. dollar)		99,480	99,480	20,359
Cash flow hedge method	Currency swaps	Foreign-currency-denominated assets	82,161	82,161	10,866
	(Great Britain pound)		70,761	70,761	8,925
	(U.S. dollar)		—	—	—
	(Euro)		10,012	10,012	1,755
<b>Total</b>					<b>32,310</b>

As of March 31, 2017

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	¥5,424,477	¥320,453	¥(255,228)	\$48,350	\$2,856	\$(2,274)
	(U.S. dollar)		3,227,455	233,066	(140,801)	28,767	2,077	(1,255)
	(Euro)		1,146,493	—	(6,205)	10,219	—	(55)
	(Australian dollar)		868,089	87,387	(101,535)	7,737	778	(905)
	Foreign currency forward contracts							
Allocation method	Sold	Foreign-currency-denominated assets	58,502	55,505	(20,963)	521	494	(186)
	(Australian dollar)		55,505	55,505	(20,033)	494	494	(178)
	(U.S. dollar)		2,996	—	(929)	26	—	(8)
Allocation method	Currency swaps	Foreign-currency-denominated assets	127,077	127,077	6,470	1,132	1,132	57
	(U.S. dollar)		127,077	127,077	6,470	1,132	1,132	57
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	15,816	886	886	140
	(U.S. dollar)		99,480	99,480	15,816	886	886	140
Cash flow hedge method	Currency swaps	Foreign-currency-denominated assets	108,455	108,455	15,958	966	966	142
	(Great Britain pound)		67,558	67,558	14,793	602	602	131
	(U.S. dollar)		24,326	24,326	(614)	216	216	(5)
	(Euro)		15,233	15,233	1,688	135	135	15
<b>Total</b>								<b>(2,120)</b>

### 3) Stock-related

#### a) Hedge accounting not applied

As of March 31, 2016

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	¥133,413	¥ —	¥(1,444)	¥(1,444)
	Bought	2,165	266	41	41
Stock index forwards					
Over-the-counter transactions	Sold	42,600	—	2,188	2,188
Stock index options					
Sold					
	Call	155,208	—	953	590
		[1,543]			
	Put	—	—	—	—
		[—]			
Bought					
	Call	476,427	26,129	5,347	(6,272)
		[11,619]			
	Put	99,999	—	467	(1,073)
		[1,541]			
Total return swaps					
		—	—	—	—
<b>Total</b>					<b>(5,969)</b>

As of March 31, 2017

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	¥101,191	¥ 1,176	¥ 1,769	¥ 1,769	\$ 901	\$ 10	\$ 15	\$ 15
	Bought	25,039	1,086	(346)	(346)	223	9	(3)	(3)
Stock index forwards									
Over-the-counter transactions	Sold	—	—	—	—	—	—	—	—
Stock index options									
Sold									
	Call	4,898	—	201	(32)	43	—	1	(0)
		[168]				[1]			
	Put	278	—	7	0	2	—	0	0
		[8]				[0]			
Bought									
	Call	591,561	2,005	18,833	4,600	5,272	17	167	41
		[14,232]				[126]			
	Put	170	—	3	(0)	1	—	0	(0)
		[4]				[0]			
Total return swaps									
		44,715	44,715	(2,652)	(2,652)	398	398	(23)	(23)
<b>Total</b>					<b>3,338</b>				<b>29</b>

\*1 Option fees are shown in [ ].

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

#### b) Hedge accounting applied

No ending balances as of March 31, 2016 and 2017.

#### 4) Other

##### a) Hedge accounting not applied

As of March 31, 2016

		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	¥1,208	¥1,208	¥(69)	¥(69)
<b>Total</b>		<b>1,208</b>	<b>1,208</b>	<b>(69)</b>	<b>(69)</b>

As of March 31, 2017

		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	¥—	¥—	¥—	¥—	\$—	\$—	\$—	\$—
<b>Total</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

\*1 Net gains (losses) represent the fair values for credit default swaps.

##### b) Hedge accounting applied

No ending balance as of March 31, 2016 and 2017.

Note 5

## Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥430,870 million and ¥403,242 million (U.S. \$3,594 million), and their fair values were ¥454,246 million and ¥444,111 million (U.S. \$3,958 million) as of March 31, 2016 and 2017, 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 ¥1,506 million and ¥1,360 million (U.S. \$12 million) as of March 31, 2016 and 2017, respectively.

Note 6

## Securities Lending

Securities loaned under security lending agreements amounted to ¥1,415,288 million and ¥1,676,673 million (U.S. \$14,944 million) as of March 31, 2016 and 2017, respectively.

Note 7

## Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥439,312 million and ¥416,891 million (U.S. \$3,715 million) as of March 31, 2016 and 2017, respectively.

Note 8

## Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥1,702,853 million and ¥1,243,010 million (U.S. \$11,079 million) as of March 31, 2016 and 2017, 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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
At the beginning of the fiscal year	¥266,361	<b>¥259,228</b>	<b>\$2,310</b>
Transfer from surplus in the previous fiscal year	59,358	<b>51,548</b>	<b>459</b>
Dividend payments to policyholders during the fiscal year	(66,829)	<b>(64,947)</b>	<b>(578)</b>
Interest accrued during the fiscal year	337	<b>121</b>	<b>1</b>
At the end of the fiscal year	¥259,228	<b>¥245,951</b>	<b>\$2,192</b>

## Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2016 and 2017 were as follows:

	2016	2017
Method of attributing benefits to period of service	Benefit formula basis	<b>Benefit formula basis</b>
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	<b>8 years</b>

The following provide details of 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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
At the beginning of the fiscal year	¥321,280	<b>¥304,042</b>	<b>\$2,710</b>
Service costs	14,076	<b>13,247</b>	<b>118</b>
Interest costs on projected benefit obligations	4,719	<b>4,388</b>	<b>39</b>
Actuarial gains (losses)	(13,119)	<b>2,617</b>	<b>23</b>
Benefits paid	(22,985)	<b>(21,490)</b>	<b>(191)</b>
Others	71	<b>99</b>	<b>0</b>
At the end of the fiscal year	¥304,042	<b>¥302,904</b>	<b>\$2,699</b>

b) Changes in the plan assets for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
At the beginning of the fiscal year	¥295,770	<b>¥273,955</b>	<b>\$2,441</b>
Expected return on plan assets	3,901	<b>2,456</b>	<b>21</b>
Actuarial gains (losses)	(25,800)	<b>20,947</b>	<b>186</b>
Contribution by employer	10,461	<b>10,490</b>	<b>93</b>
Benefits paid	(10,374)	<b>(9,783)</b>	<b>(87)</b>
Others	(3)	<b>9</b>	<b>0</b>
At the end of the fiscal year	¥273,955	<b>¥298,076</b>	<b>\$2,656</b>

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheets as of March 31, 2016 and 2017 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Present value of funded obligations	¥302,569	<b>¥301,386</b>	<b>\$2,686</b>
Plan assets at fair value	(273,955)	<b>(298,076)</b>	<b>(2,656)</b>
Net present value of funded obligations	28,614	<b>3,309</b>	<b>29</b>
Present value of unfunded obligations	1,472	<b>1,518</b>	<b>13</b>
Net value on the balance sheet	30,087	<b>4,828</b>	<b>43</b>
Net defined benefit liabilities	30,200	<b>22,565</b>	<b>201</b>
Net defined benefit assets	(113)	<b>(17,736)</b>	<b>(158)</b>
Net value on the balance sheet	¥ 30,087	<b>¥ 4,828</b>	<b>\$ 43</b>



d) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Service costs	¥14,076	¥13,247	\$118
Interest costs on projected benefit obligations	4,719	4,388	39
Expected return on plan assets	(3,901)	(2,456)	(21)
Amortization of net actuarial losses	12,910	4,708	41
Others	83	108	0
Retirement benefit expenses	¥27,887	¥19,997	\$178

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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Actuarial gains	¥230	¥23,039	\$205
Total	¥230	¥23,039	\$205

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Unrecognized actuarial gains	¥19,558	¥42,597	\$379
Total	¥19,558	¥42,597	\$379

f) The plan assets

The plan assets as of March 31, 2016 and 2017 were comprised as follows:

	% of total fair value of plan assets	
	2016	2017
Equity securities	39%	42%
General accounts of life insurance companies	44%	42%
Investment trusts	—	6%
Debt securities	6%	5%
Others	11%	5%
Total	100%	100%

41% and 44% of the plan assets were the retirement benefit trusts as of March 31, 2016 and 2017, respectively.

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

The expected long-term rate of return on the plan assets is calculated by aggregating the weighted rates of return derived from each asset category. The expected long-term rates 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, 2016 and 2017 were as follows:

	2016	2017
Discount rate	1.473%	1.473%
Expected long-term rates of return on the plan assets		
Defined benefit pension plans	2.4%	1.5%
Retirement benefit trusts	0.0%	0.0%

### 3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥872 million and ¥1,742 million (U.S. \$15 million) for the fiscal years ended March 31, 2016 and 2017, 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 and ¥30,000 million (U.S. \$267 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 for the fiscal years ended March 31, 2016 and 2017, respectively.

**Note 13****Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥594,441 million and ¥1,148,005 million (U.S. \$10,232 million) as of March 31, 2016 and 2017, respectively.

**Note 14****Investments in Affiliates**

Total amounts of investments in affiliates were ¥76,656 million and ¥71,505 million (U.S. \$637 million) as of March 31, 2016 and 2017, 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 ¥1,092 million and ¥960 million (U.S. \$8 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥980 million and ¥877 million (U.S. \$7 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets were ¥29 million and ¥24 million (U.S. \$0 million) for loans in arrears as of March 31, 2016 and 2017, 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 or 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 ¥1 million and ¥0 million (U.S. \$0 million) as of March 31, 2016 and 2017, 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 ¥110 million and ¥82 million (U.S. \$0 million) as of March 31, 2016 and 2017, 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 ¥19,535 million and ¥17,836 million (U.S. \$158 million) as of March 31, 2016 and 2017, respectively.

**Note 17****Contributions to the Life Insurance Policyholders Protection Corporation**

The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥42,933 million and ¥40,989 million (U.S. \$365 million) as of March 31, 2016 and 2017, 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.

The Company treats real estates for investment and idle assets as an independent asset group for the impairment test.

### 2) Description of impairment losses

For the fiscal years ended March 31, 2016 and 2017, the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

### 3) Breakdown of impairment losses for the fiscal years ended March 31, 2016 and 2017

Asset Group	Asset Categories	Millions of Yen		Millions of U.S. Dollars
		2016	2017	2017
Real estates for investment	Land and buildings	¥26,640	¥226	\$2
Idle assets	Land and buildings	1,058	115	1
Total		¥27,698	¥341	\$3

### 4) The recoverable amount

The recoverable amounts of real estates 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 as of March 31, 2016 and 2017 were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Deferred tax assets	¥508,903	<b>¥554,051</b>	<b>\$4,938</b>
Valuation allowance for deferred tax assets	(22,837)	<b>(22,984)</b>	<b>(204)</b>
Subtotal	486,065	<b>531,066</b>	<b>4,733</b>
Deferred tax liabilities	(444,785)	<b>(441,045)</b>	<b>(3,931)</b>
Net deferred tax assets	41,280	<b>90,020</b>	<b>802</b>

Major components of deferred tax assets/liabilities as of March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Deferred tax assets			
Policy reserves and other reserves	¥271,956	<b>¥280,816</b>	<b>\$2,503</b>
Reserve for price fluctuation	98,460	<b>140,479</b>	<b>1,252</b>
Net defined benefit liabilities	46,548	<b>46,038</b>	<b>410</b>
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(280,466)	<b>(282,775)</b>	<b>(2,520)</b>
Other intangible fixed assets	(79,901)	<b>(70,130)</b>	<b>(625)</b>

2) The actual effective income tax rates were 27.1% and (14.5)% for the fiscal years ended March 31, 2016 and 2017, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2016	2017
Policyholders' dividend reserves	(17.3)%	<b>(30.3)%</b>
Investment tax credits of foreign consolidated subsidiaries	—	<b>(12.3)%</b>
Effects of changes in the statutory income tax rate	11.4 %	—

3) 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 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 and ¥510 million, respectively, and income taxes-deferred increased by ¥10,349 million.

## Subordinated Bonds

The amount of corporate bonds in liabilities included ¥167,701 million and ¥371,991 million (U.S. \$3,315 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2016 and 2017, respectively.

## Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2016 and 2017 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
	2016	2017	2017
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥(241,404)	¥(15,674)	\$(139)
Reclassification adjustments	(11,448)	18,263	162
Before income tax effect adjustments	(252,852)	2,589	23
Income tax effects	81,387	(2,309)	(20)
Net unrealized gains (losses) on available-for-sale securities	(171,465)	279	2
Deferred gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥(16,587)	¥4,389	\$39
Reclassification adjustments	—	(1,715)	(15)
Adjustments for acquisition cost of assets	16,587	—	—
Before income tax effect adjustments	—	2,674	23
Income tax effects	—	(971)	(8)
Deferred gains (losses) on derivatives under hedge accounting	—	1,703	15
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥—	\$—
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	510	(0)	(0)
Land revaluation differences	510	(0)	(0)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥(16,546)	¥(16,207)	\$(144)
Reclassification adjustments	(22)	—	—
Before income tax effect adjustments	(16,569)	(16,207)	(144)
Income tax effects	(5)	—	—
Foreign currency translation adjustments	(16,574)	(16,207)	(144)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥(12,680)	¥18,330	\$163
Reclassification adjustments	12,910	4,708	41
Before income tax effect adjustments	230	23,039	205
Income tax effects	130	(6,449)	(57)
Remeasurements of defined benefit plans	360	16,589	147
Share of other comprehensive income of associates under the equity method:			
Amount arising during the year	¥(6,218)	¥(1,603)	\$(14)
Reclassification adjustments	(17)	(142)	(1)
Share of other comprehensive income of associates under the equity method	(6,236)	(1,746)	(15)
Total other comprehensive income (loss)	¥(193,405)	¥ 617	\$ 5

## Securities Borrowed under Borrowing Agreements

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair value of the securities which were not sold or pledged as collateral were nil and ¥80,949 million (U.S. \$721 million), and none of the securities was pledged as collateral as of March 31, 2016 and 2017, respectively.

## 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
Total	¥463,858 million

### 4) Cost related to acquisition

Fees to outside advisors, etc.	¥2,660 million
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### 5) Goodwill

#### a) Amount

¥70,789 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
Securities included in the above "Total assets"	¥3,468,467 million
Total liabilities	¥4,067,708 million
Policy reserves and others included in the above "Total liabilities"	¥3,893,133 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
Ordinary profit	¥8,565 million
Net surplus attributable to the Parent Company	¥14,171 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, 2016 and 2017, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Life Insurance Company and its consolidated subsidiaries as at March 31, 2016 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 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, 2017  
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
	2016	2017	2017
<b>ASSETS:</b>			
Cash and deposits (Note 3)	¥ 449,506	¥ 878,754	\$ 7,832
Cash	214	184	1
Deposits	449,291	878,570	7,831
Call loans (Note 3)	105,000	203,345	1,812
Monetary claims bought (Note 3)	206,301	230,518	2,054
Securities (Notes 3, 5, 14 and 15)	23,632,461	24,732,137	220,448
National government bonds	10,778,107	10,320,018	91,986
Local government bonds	98,818	141,330	1,259
Corporate bonds	2,852,696	3,020,333	26,921
Domestic stocks	1,771,946	1,911,643	17,039
Foreign securities	7,919,394	9,070,061	80,845
Other securities	211,498	268,750	2,395
Loans (Notes 3, 16 and 17)	2,196,475	2,972,689	26,496
Policy loans	314,654	303,290	2,703
Industrial and consumer loans	1,881,821	2,669,398	23,793
Tangible fixed assets (Notes 4, 6 and 22)	620,330	583,856	5,204
Land	386,740	370,032	3,298
Buildings	226,738	207,876	1,852
Lease assets	2,076	1,146	10
Construction in progress	891	902	8
Other tangible fixed assets	3,885	3,897	34
Intangible fixed assets	23,394	28,160	251
Software	15,279	15,983	142
Other intangible fixed assets	8,115	12,176	108
Due from agents	1	0	0
Reinsurance receivables	233	235	2
Other assets	333,057	273,807	2,440
Accounts receivable	24,715	51,734	461
Prepaid expenses	11,415	6,855	61
Accrued income	109,690	116,360	1,037
Money on deposit	4,094	4,001	35
Deposits for futures transactions	2,896	337	3
Derivative financial instruments (Note 3)	166,333	37,539	334
Cash collateral paid for financial instruments	—	48,810	435
Suspense	9,872	4,620	41
Other assets	4,039	3,548	31
Deferred tax assets (Note 23)	75,322	124,609	1,110
Customers' liabilities under acceptances and guarantees	1,000	—	—
Allowance for possible loan losses	(1,502)	(1,132)	(10)
<b>Total assets</b>	<b>¥27,641,583</b>	<b>¥30,026,983</b>	<b>\$267,644</b>

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>LIABILITIES:</b>			
Policy reserves and other reserves	¥24,342,069	<b>¥25,604,632</b>	<b>\$228,225</b>
Reserve for outstanding claims (Note 18)	150,671	<b>140,787</b>	<b>1,254</b>
Policy reserves (Note 18)	23,932,169	<b>25,217,893</b>	<b>224,778</b>
Policyholders' dividend reserves (Note 9)	259,228	<b>245,951</b>	<b>2,192</b>
Reinsurance payables	109	<b>145</b>	<b>1</b>
Corporate bonds (Notes 3, 25 and 26)	149,480	<b>354,480</b>	<b>3,159</b>
Other liabilities	1,063,809	<b>1,847,064</b>	<b>16,463</b>
Payables under repurchase agreements (Note 3)	—	<b>556,909</b>	<b>4,963</b>
Payables under securities borrowing transactions (Note 3)	597,551	<b>702,759</b>	<b>6,264</b>
Income taxes payable	29,872	<b>12,114</b>	<b>107</b>
Accounts payable	32,193	<b>61,514</b>	<b>548</b>
Accrued expenses	42,097	<b>42,759</b>	<b>381</b>
Deferred income	1,536	<b>1,504</b>	<b>13</b>
Deposits received	59,611	<b>62,260</b>	<b>554</b>
Guarantee deposits received	32,343	<b>29,971</b>	<b>267</b>
Derivative financial instruments (Note 3)	140,875	<b>312,868</b>	<b>2,788</b>
Cash collateral received for financial instruments	115,444	<b>3,175</b>	<b>28</b>
Lease obligations	2,037	<b>1,111</b>	<b>9</b>
Asset retirement obligations	1,918	<b>1,734</b>	<b>15</b>
Suspense receipts	8,328	<b>6,082</b>	<b>54</b>
Rest of other liabilities	—	<b>52,298</b>	<b>466</b>
Accrued retirement benefits (Note 11)	47,962	<b>45,448</b>	<b>405</b>
Reserve for price fluctuation	352,147	<b>502,347</b>	<b>4,477</b>
Deferred tax liabilities for land revaluation	16,997	<b>16,061</b>	<b>143</b>
Acceptances and guarantees	1,000	—	—
<b>Total liabilities</b>	<b>25,973,575</b>	<b>28,370,180</b>	<b>252,876</b>
<b>NET ASSETS:</b>			
Foundation funds (Note 13)	200,000	<b>170,000</b>	<b>1,515</b>
Reserve for redemption of foundation funds (Note 13)	439,000	<b>469,000</b>	<b>4,180</b>
Reserve for revaluation	2	<b>2</b>	<b>0</b>
Surplus	376,253	<b>373,478</b>	<b>3,328</b>
Reserve for future losses	5,004	<b>5,204</b>	<b>46</b>
Other surplus	371,249	<b>368,274</b>	<b>3,282</b>
Reserve for fund redemption (Note 13)	116,600	<b>119,600</b>	<b>1,066</b>
Fund for price fluctuation allowance	165,000	<b>165,000</b>	<b>1,470</b>
Reserve for assisting social responsibility	1,531	<b>1,496</b>	<b>13</b>
Other reserves	223	<b>223</b>	<b>1</b>
Unappropriated surplus	87,894	<b>81,954</b>	<b>730</b>
<b>Total funds, reserve and surplus</b>	<b>1,015,256</b>	<b>1,012,481</b>	<b>9,024</b>
Net unrealized gains on available-for-sale securities	717,257	<b>704,140</b>	<b>6,276</b>
Deferred gains (losses) on derivatives under hedge accounting	—	<b>(358)</b>	<b>(3)</b>
Land revaluation differences	(64,505)	<b>(59,460)</b>	<b>(529)</b>
<b>Total unrealized gains, revaluation reserve and adjustments</b>	<b>652,752</b>	<b>644,321</b>	<b>5,743</b>
<b>Total net assets</b>	<b>1,668,008</b>	<b>1,656,802</b>	<b>14,767</b>
<b>Total liabilities and net assets</b>	<b>¥27,641,583</b>	<b>¥30,026,983</b>	<b>\$267,644</b>

# Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>Ordinary income</b>	¥3,695,250	<b>¥4,153,242</b>	<b>\$37,019</b>
<b>Insurance premiums and other</b>	3,022,000	<b>3,315,480</b>	<b>29,552</b>
Insurance premiums	3,018,250	<b>3,311,796</b>	<b>29,519</b>
Reinsurance revenue	641	<b>644</b>	<b>5</b>
Other income to policy reserves	3,108	<b>3,039</b>	<b>27</b>
<b>Investment income (Note 20)</b>	585,154	<b>744,052</b>	<b>6,632</b>
Interest, dividends and other income	568,457	<b>588,852</b>	<b>5,248</b>
Interest on deposits	125	<b>64</b>	<b>0</b>
Interest and dividends on securities	478,557	<b>505,535</b>	<b>4,506</b>
Interest on loans	44,015	<b>37,695</b>	<b>335</b>
Rent revenue from real estate	40,439	<b>38,997</b>	<b>347</b>
Other interest and dividend	5,318	<b>6,559</b>	<b>58</b>
Gains on trading securities	96	<b>108</b>	<b>0</b>
Gains on sales of securities	11,720	<b>88,036</b>	<b>784</b>
Gains on redemption of securities	3,902	<b>16,578</b>	<b>147</b>
Foreign exchange gains	233	<b>8,810</b>	<b>78</b>
Reversal of allowance for possible loan losses	172	<b>102</b>	<b>0</b>
Other investment income	570	<b>522</b>	<b>4</b>
Investment gains on separate accounts	—	<b>41,041</b>	<b>365</b>
<b>Other ordinary income</b>	88,095	<b>93,708</b>	<b>835</b>
Annuity supplementary contract premiums	13,799	<b>12,590</b>	<b>112</b>
Proceeds from deferred insurance	57,808	<b>54,027</b>	<b>481</b>
Reversal of reserves for outstanding claims (Note 21)	—	<b>9,884</b>	<b>88</b>
Reversal of accrued retirement benefits	—	<b>2,513</b>	<b>22</b>
Other ordinary income	16,488	<b>14,693</b>	<b>130</b>
<b>Ordinary expenses</b>	3,457,746	<b>3,924,448</b>	<b>34,980</b>
<b>Benefits and other payments</b>	2,477,569	<b>1,999,214</b>	<b>17,819</b>
Claims paid	543,199	<b>519,829</b>	<b>4,633</b>
Annuity payments	652,505	<b>703,740</b>	<b>6,272</b>
Benefits payments	318,733	<b>288,931</b>	<b>2,575</b>
Surrender benefits	879,564	<b>418,593</b>	<b>3,731</b>
Other refunds	82,780	<b>67,285</b>	<b>599</b>
Reinsurance premiums	786	<b>833</b>	<b>7</b>

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>Provision for policy reserves and other reserves</b>	¥ 403,294	<b>¥1,285,845</b>	<b>\$11,461</b>
Provision for reserve for outstanding claims (Note 21)	19,110	—	—
Provision for policy reserves (Note 21)	383,846	<b>1,285,724</b>	<b>11,460</b>
Provision for interest on policyholders' dividend reserves (Note 9)	337	<b>121</b>	<b>1</b>
<b>Investment expenses (Note 20)</b>	88,099	<b>176,580</b>	<b>1,573</b>
Interest expenses	4,756	<b>7,698</b>	<b>68</b>
Losses on sales of securities	4,746	<b>39,074</b>	<b>348</b>
Losses on valuation of securities	1,034	<b>6</b>	<b>0</b>
Losses on derivative financial instruments	23,229	<b>107,144</b>	<b>955</b>
Depreciation of real estate for investments	10,660	<b>9,152</b>	<b>81</b>
Other investment expenses	13,993	<b>13,504</b>	<b>120</b>
Investment losses on separate accounts	29,678	—	—
<b>Operating expenses (Note 19)</b>	336,571	<b>346,894</b>	<b>3,092</b>
<b>Other ordinary expenses</b>	152,210	<b>115,913</b>	<b>1,033</b>
Payments of benefits left to accumulate at interest	96,412	<b>63,989</b>	<b>570</b>
Taxes	25,554	<b>28,078</b>	<b>250</b>
Depreciation	14,134	<b>13,337</b>	<b>118</b>
Provision for accrued retirement benefits	4,867	—	—
Other ordinary expenses	11,242	<b>10,508</b>	<b>93</b>
<b>Ordinary profit</b>	237,503	<b>228,793</b>	<b>2,039</b>
<b>Extraordinary gains</b>	3,572	<b>17,033</b>	<b>151</b>
Gains on disposals of fixed assets	3,572	<b>17,033</b>	<b>151</b>
<b>Extraordinary losses</b>	133,756	<b>156,646</b>	<b>1,396</b>
Losses on disposals of fixed assets	5,356	<b>5,369</b>	<b>47</b>
Impairment losses (Note 22)	27,698	<b>341</b>	<b>3</b>
Provision for reserve for price fluctuation	99,900	<b>150,200</b>	<b>1,338</b>
Payments to social responsibility reserve	800	<b>735</b>	<b>6</b>
<b>Surplus before income taxes</b>	107,320	<b>89,180</b>	<b>794</b>
<b>Income taxes (Note 23)</b>			
Current	60,669	<b>47,908</b>	<b>427</b>
Deferred	(36,736)	<b>(44,992)</b>	<b>(401)</b>
<b>Total income taxes</b>	23,932	<b>2,915</b>	<b>25</b>
<b>Net surplus</b>	¥ 83,387	<b>¥ 86,264</b>	<b>\$ 768</b>

# Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2016

Millions of Yen

	Funds, reserve and surplus										Total funds, reserve and surplus
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Surplus			Total surplus	
							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	Deferred gains (losses) on derivatives under hedge accounting	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, 2017

Millions of Yen

	Funds, reserve and surplus										Total funds, reserve and surplus
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Surplus					Total surplus	
					Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	200,000	439,000	2	5,004	116,600	165,000	1,531	223	87,894	376,253	1,015,256
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(51,548)	(51,548)	(51,548)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		30,000									30,000
Payment of interest on foundation funds									(2,445)	(2,445)	(2,445)
Net surplus									86,264	86,264	86,264
Redemption of foundation funds	(30,000)										(30,000)
Additions to reserve for fund redemption					33,000				(33,000)	—	—
Reversal of reserve for fund redemption					(30,000)					(30,000)	(30,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(735)		735	—	—
Reversal of land revaluation differences									(5,045)	(5,045)	(5,045)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(30,000)	30,000	—	200	3,000	—	(35)	—	(5,939)	(2,774)	(2,774)
Ending balance	170,000	469,000	2	5,204	119,600	165,000	1,496	223	81,954	373,478	1,012,481

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	717,257	—	(64,505)	652,752	1,668,008
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(51,548)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				30,000	
Payment of interest on foundation funds				(2,445)	
Net surplus				86,264	
Redemption of foundation funds				(30,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(30,000)	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				(5,045)	
Net changes, excluding funds, reserve and surplus	(13,117)	(358)	5,045	(8,430)	(8,430)
Net changes in the fiscal year	(13,117)	(358)	5,045	(8,430)	(11,205)
Ending balance	704,140	(358)	(59,460)	644,321	1,656,802

Year ended March 31, 2017

Millions of U.S. Dollars

	Funds, reserve and surplus										
	Reserve for redemption of foundation funds			Surplus							Total funds, reserve and surplus
	Foundation funds (Note 13)	foundation funds (Note 13)	Reserve for revaluation	Other surplus						Total surplus	
				Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	1,782	3,913	0	44	1,039	1,470	13	1	783	3,353	9,049
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(459)	(459)	(459)
Additions to reserve for future losses				1					(1)	—	—
Additions to reserve for redemption of foundation funds		267									267
Payment of interest on foundation funds									(21)	(21)	(21)
Net surplus									768	768	768
Redemption of foundation funds	(267)										(267)
Additions to reserve for fund redemption					294				(294)	—	—
Reversal of reserve for fund redemption					(267)					(267)	(267)
Additions to reserve for assisting social responsibility							6		(6)	—	—
Reversal of reserve for assisting social responsibility							(6)		6	—	—
Reversal of land revaluation differences									(44)	(44)	(44)
Net changes, excluding funds, reserve and surplus									(44)	(44)	(44)
Net changes in the fiscal year	(267)	267	—	1	26	—	(0)	—	(52)	(24)	(24)
Ending balance	1,515	4,180	0	46	1,066	1,470	13	1	730	3,328	9,024

	Unrealized gains(losses), revaluation reserve				
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains(losses), revaluation reserve	Total net assets
Beginning balance	6,393	—	(574)	5,818	14,867
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)					(459)
Additions to reserve for future losses					—
Additions to reserve for redemption of foundation funds					267
Payment of interest on foundation funds					(21)
Net surplus					768
Redemption of foundation funds					(267)
Additions to reserve for fund redemption					—
Reversal of reserve for fund redemption					(267)
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(44)
Net changes, excluding funds, reserve and surplus	(116)	(3)	44	(75)	(75)
Net changes in the fiscal year	(116)	(3)	44	(75)	(99)
Ending balance	6,276	(3)	(529)	5,743	14,767



## Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
<b>Unappropriated surplus</b>	¥87,894	<b>¥81,954</b>	<b>\$730</b>
<b>Appropriation of surplus</b>	87,894	<b>81,954</b>	<b>730</b>
Policyholders' dividend reserves	51,548	<b>51,735</b>	<b>461</b>
Net surplus	36,345	<b>30,218</b>	<b>269</b>
Reserve for future losses	200	<b>200</b>	<b>1</b>
Interest on foundation funds	2,445	<b>1,918</b>	<b>17</b>
Voluntary surplus reserves	33,700	<b>28,100</b>	<b>250</b>
Reserve for fund redemption	33,000	<b>27,400</b>	<b>244</b>
Reserve for assisting social responsibility	700	<b>700</b>	<b>6</b>

## 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 the Japanese GAAP but is presented herein as additional information.

Japanese yen amounts are rounded down to million yen amounts. As a result, the totals do not add up. The translation of 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, 2017, which was ¥112.19 to U.S. \$1. The convenience translation should not be construed as representations that Japanese yen amounts were, have been, or may in the future be, converted into U.S. dollars at this or any other exchange rate.

## Note 2

### Summary of Significant Accounting Policies

#### 1) Securities, derivative instruments, and hedge accounting

##### a) Securities

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

Trading securities are stated at the market value on the balance sheet date. The cost of the 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 (defined in 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 the 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 the readily determinable market values classified as available-for-sale securities are stated at the market value which is determined as the average of the market value in March, 2017. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the 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 the fair value.

##### c) Hedge accounting

Under Japanese GAAP, the deferred hedge method and the fair value hedge method are fundamental hedge accounting methods allowed.

Under the fair value hedge method, which is allowed only when available-for-sale securities are hedged items, hedging instruments' gains and losses on changes in the fair value are recognized in earnings together with hedged items' corresponding gains and losses attributable to risks being hedged.

In addition, for certain derivative instruments, exceptional hedge accounting methods are allowed under Japanese GAAP as follows:

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at foreign exchange rates 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 the fair value either on 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 the fair value, but the net amounts paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

The Company mainly adopts the fair value hedge method and 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 the fair values or cash flows of the hedged items and the hedging instruments.

## 2) Policy-reserve-matching bonds

The Company classifies debt securities held in order to match their duration to the duration of the corresponding subsections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurances, individual annuities and group annuities 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

The Company's assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate 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 the revaluation is directly included in net assets and presented as land revaluation differences, net of 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 included in intangible fixed assets 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 ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("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 disposal of collaterals and execution of guarantees. For loans to borrowers that are likely to become bankrupt ("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 through disposal of collaterals and execution of guarantees. For the 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 collaterals and execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the fiscal years ended March 31, 2016 and 2017 amounted to ¥204 million and ¥38 million (U.S. \$0 million), respectively.

#### 7) Accrued retirement benefits

Accrued retirement benefits 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 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 which 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 which 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:

For 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**

The Company recognizes insurance premiums when premiums are received, and does not recognize insurance premiums due but not collected as revenues. The Company recognizes unearned insurance premiums as policy reserves.

### **12) Policy acquisition costs**

The Company recognizes policy acquisition costs when incurred.

### **13) New accounting standards**

The Company and certain subsidiaries made an application for the consolidation tax fillings to the tax authority in December 2016. The application was approved, and the consolidation tax fillings will be adopted from the fiscal year ending March 31, 2018. Preparing for the adoption, the financial statements for the fiscal year ended March 31, 2017 are presented in accordance with "Tentative Solution for the Deferred Tax Accounting on Application of Tax Consolidation (part 1)" (Practical Issues Task Force No. 5, revised on January 16, 2015) and "Tentative Solution for the Deferred Tax Accounting on Application of Tax Consolidation (part 2)" (Practical Issues Task Force No. 7, revised on January 16, 2015).

## Financial Instruments

### 1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) 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.

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 interest fluctuation risks of floating rate assets. Gains and losses on certain foreign currency forward contracts to hedge foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in the 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 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 rules. 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 situations.

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 the 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 conditions 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 with 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 shows the carrying amounts in the non-consolidated balance sheets and the fair values and their differences of financial instruments as of March 31, 2016 and 2017.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 449,506	¥ 449,506	¥ —	¥ 878,754	¥ 878,754	¥ —	\$ 7,832	\$ 7,832	\$ —
[Available-for-sale securities]*1	[368,478]	[368,478]	—	[609,980]	[609,980]	—	[5,437]	[5,437]	—
Call loans	105,000	105,000	—	203,345	203,345	—	1,812	1,812	—
Monetary claims bought	206,301	209,110	2,808	230,518	231,958	1,439	2,054	2,067	12
[Available-for-sale securities]*1	[170,586]	[170,586]	—	[196,810]	[196,810]	—	[1,754]	[1,754]	—
Securities *2	22,668,169	25,547,939	2,879,770	23,750,503	26,082,142	2,331,638	211,698	232,481	20,782
Trading securities	1,568,501	1,568,501	—	1,117,627	1,117,627	—	9,961	9,961	—
Held-to-maturity debt securities	2,041,222	2,440,281	399,058	1,942,014	2,303,448	361,434	17,310	20,531	3,221
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	11,088,673	13,056,296	1,967,623	98,838	116,376	17,538
Investments in subsidiaries and affiliated companies	33,173	30,947	(2,226)	33,173	35,754	2,580	295	318	22
Available-for-sale securities	7,686,255	7,686,255	—	9,569,013	9,569,013	—	85,292	85,292	—
Loans	2,196,475			2,972,689			26,496		
Allowance for possible loan losses *3	(1,018)			(912)			(8)		
	2,195,456	2,262,033	66,576	2,971,776	3,019,717	47,940	26,488	26,916	427
Corporate bonds	149,480	161,565	12,085	354,480	366,595	12,115	3,159	3,267	107
Payables under repurchase agreements	—	—	—	556,909	556,909	—	4,963	4,963	—
Payables under securities borrowing transactions	597,551	597,551	—	702,759	702,759	—	6,264	6,264	—
Derivative transactions *4	25,458	25,458	—	(275,329)	(275,329)	—	(2,454)	(2,454)	—
Hedge accounting not applied	4,687	4,687	—	(19,407)	(19,407)	—	(172)	(172)	—
Hedge accounting applied	20,770	20,770	—	(255,922)	(255,922)	—	(2,281)	(2,281)	—

\*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 ¥964,291 million and ¥981,634 million (U.S. \$8,749 million) as of March 31, 2016 and 2017, respectively.

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

\*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are 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 Standard for Financial Instruments" (ASBJ Statement No. 10), the fair value is measured based on the closing market value on the balance sheet date.

#### 2) Monetary claims bought

The fair value is measured mainly based on the closing market value on the balance sheet date.

#### 3) Securities

As for stocks with the market values, the fair value is measured mainly based on the average market value in the last month of the fiscal year.

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

#### 4) Loans

As for policy loans, the book value is deemed as the fair value since the fair value approximates the book 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.

As for loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

### Liabilities

#### 1) Corporate bonds

The fair value is measured mainly based on the closing market value on the balance sheet date.

#### 2) Payables under repurchase agreements and 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 Standard 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, 2016 and 2017.

### 1) Held-to-maturity debt securities

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
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	¥ 497,916	¥ 539,746	¥ 41,829	¥ 435,999	¥ 467,721	¥ 31,722	\$ 3,886	\$ 4,169	\$ 282
Foreign securities (bonds)	1,543,305	1,900,535	357,229	1,506,014	1,835,726	329,712	13,423	16,362	2,938
Fair value does not exceed the balance sheet amount									
Bonds	—	—	—	—	—	—	—	—	—
Foreign securities (bonds)	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>2,041,222</b>	<b>2,440,281</b>	<b>399,058</b>	<b>1,942,014</b>	<b>2,303,448</b>	<b>361,434</b>	<b>17,310</b>	<b>20,531</b>	<b>3,221</b>

### 2) Policy-reserve-matching bonds

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2016			2017			2017		
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	¥11,187,444	¥13,666,146	¥2,478,701	¥10,370,228	¥12,390,054	¥2,019,825	\$92,434	\$110,438	\$18,003
Foreign securities (bonds)	111,008	115,842	4,833	93,773	97,379	3,606	835	867	32
Fair value does not exceed the balance sheet amount									
Bonds	19,245	19,183	(61)	593,160	537,900	(55,260)	5,287	4,794	(492)
Foreign securities (bonds)	21,317	20,781	(536)	31,511	30,962	(548)	280	275	(4)
<b>Total</b>	<b>11,339,015</b>	<b>13,821,953</b>	<b>2,482,938</b>	<b>11,088,673</b>	<b>13,056,296</b>	<b>1,967,623</b>	<b>98,838</b>	<b>116,376</b>	<b>17,538</b>

The following table shows 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, 2016 and 2017.

### 3) Available-for-sale securities

As of March 31	Millions of Yen						Millions of U.S. Dollars			
	2016			2017			2017			
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	149,622	164,586	14,963	128,437	134,786	6,349	1,144	1,201	56	
Bonds	1,156,280	1,250,396	94,116	1,157,758	1,240,808	83,050	10,319	11,059	740	
Stocks	612,164	1,211,346	599,181	684,042	1,492,781	808,738	6,097	13,305	7,208	
Foreign securities	4,296,359	4,601,253	304,894	2,862,019	3,052,982	190,963	25,510	27,212	1,702	
Foreign bonds	4,284,483	4,588,942	304,459	2,825,383	3,015,533	190,150	25,183	26,878	1,694	
Other foreign securities	11,876	12,311	435	36,636	37,448	812	326	333	7	
Other securities	19,862	29,720	9,858	102,526	116,596	14,070	913	1,039	125	
Balance sheet amount does not exceed acquisition costs or amortized costs										
Negotiable certificates of deposit	368,500	368,478	(21)	610,000	609,980	(19)	5,437	5,437	(0)	
Monetary claims bought	5,999	5,999	(0)	62,499	62,024	(475)	557	552	(4)	
Bonds	27,967	27,821	(145)	326,363	321,695	(4,668)	2,909	2,867	(41)	
Stocks	164,403	134,925	(29,477)	100,158	91,851	(8,307)	892	818	(74)	
Foreign securities	426,277	419,605	(6,672)	3,347,280	3,228,069	(119,211)	29,835	28,773	(1,062)	
Foreign bonds	419,453	413,137	(6,315)	3,311,499	3,192,385	(119,114)	29,516	28,455	(1,061)	
Other foreign securities	6,824	6,468	(356)	35,781	35,684	(97)	318	318	(0)	
Other securities	12,950	11,185	(1,765)	24,895	24,229	(665)	221	215	(5)	
<b>Total</b>	<b>7,240,388</b>	<b>8,225,320</b>	<b>984,931</b>	<b>9,405,982</b>	<b>10,375,805</b>	<b>969,822</b>	<b>83,839</b>	<b>92,484</b>	<b>8,644</b>	

### 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, 2016

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	¥ 449,312	¥ —	¥ —	¥ —
Call loans	105,000	—	—	—
Monetary claims bought	7,089	1,291	333	182,696
Securities	1,033,967	2,413,830	3,656,608	11,849,817
Held-to-maturity debt securities	54,094	256,850	594,731	1,132,442
Policy-reserve-matching bonds	428,598	580,020	937,391	9,316,111
Available-for-sale securities	551,274	1,576,959	2,124,485	1,401,262
Loans	308,242	863,400	545,263	126,787
Corporate bonds	—	—	—	149,480
Payables under repurchase agreements	—	—	—	—
Payables under securities borrowing transactions	597,551	—	—	—

As of March 31, 2017

	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	¥ 878,589	¥ —	¥ —	¥ —	\$ 7,831	\$ —	\$ —	\$ —
Call loans	203,345	—	—	—	1,812	—	—	—
Monetary claims bought	39,760	1,242	452	183,196	354	11	4	1,632
Securities	624,666	2,226,308	5,125,845	12,250,045	5,567	19,844	45,688	109,190
Held-to-maturity debt securities	20,342	238,908	635,931	1,044,531	181	2,129	5,668	9,310
Policy-reserve-matching bonds	217,218	529,041	1,334,051	8,950,657	1,936	4,715	11,890	79,781
Available-for-sale securities	387,105	1,458,358	3,155,862	2,254,856	3,450	12,999	28,129	20,098
Loans	1,203,855	659,320	534,394	223,828	10,730	5,876	4,763	1,995
Corporate bonds	—	—	—	354,480	—	—	—	3,159
Payables under repurchase agreements	556,909	—	—	—	4,963	—	—	—
Payables under securities borrowing transactions	702,759	—	—	—	6,264	—	—	—

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

#### Note.4: Fair values of derivative transactions

##### 1) Interest-rate related

##### a) Hedge accounting not applied

As of March 31, 2016

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	¥290,000	¥170,000		
	[1,622]		¥167	¥(1,455)
<b>Total</b>				<b>(1,455)</b>

As of March 31, 2017

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	¥170,000	¥—			\$1,515	\$—	\$0	\$—
	[635]		¥4	¥(630)	[5]		\$0	\$(5)
<b>Total</b>				<b>(630)</b>				<b>(5)</b>

\*1.Option fees are shown in [ ].

\*2.Net gains (losses) represent the differences between the option fees and the fair values.

##### b) Hedge accounting applied

As of March 31, 2016

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	¥49,532	¥33,828	¥929
	Interest rate swaps				
Deferred hedge method	Receipts fixed, payments floating	—	—	—	—
<b>Total</b>					<b>929</b>

As of March 31, 2017

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	¥33,828	¥17,520	¥388	\$301	\$156	\$3
	Interest rate swaps							
Deferred hedge method	Receipts fixed, payments floating	Loans	15,000	15,000	(119)	133	133	(1)
<b>Total</b>					<b>268</b>			<b>2</b>

2) Currency-related  
a) Hedge accounting not applied

As of March 31, 2016

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	¥467,436	¥—	¥ 264	¥ 264
(Australian dollar)	212,376	—	5,437	5,437
(U.S. dollar)	52,861	—	(4,623)	(4,623)
(Euro)	199,397	—	(471)	(471)
Bought	157,402	—	4,201	4,201
(U.S. dollar)	4,807	—	(5)	(5)
(Euro)	152,314	—	4,205	4,205
Currency options				
Sold				
Call	360,000	—		
	[2,225]		1,063	1,161
(U.S. dollar)	360,000	—		
	[2,225]		1,063	1,161
Bought				
Put	303,000	—		
	[2,453]		823	(1,629)
(U.S. dollar)	303,000	—		
	[2,453]		823	(1,629)
<b>Total</b>				<b>3,998</b>

As of March 31, 2017

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	¥298,747	¥818	¥(15,806)	¥(15,806)	\$2,662	\$ 7	\$(140)	\$(140)
(Australian dollar)	187,661	—	(14,281)	(14,281)	1,672	—	(127)	(127)
(U.S. dollar)	66,485	818	(1,977)	(1,977)	592	7	(17)	(17)
(Euro)	40,713	—	438	438	362	—	3	3
Bought	533,720	—	(5,205)	(5,205)	4,757	—	(46)	(46)
(U.S. dollar)	532,305	—	(5,204)	(5,204)	4,744	—	(46)	(46)
(Euro)	1,078	—	(1)	(1)	9	—	(0)	(0)
Currency options								
Sold								
Call	—	—			—	—		
	[—]				[—]			
(U.S. dollar)	—	—			—	—		
	[—]				[—]			
Bought								
Put	54,750	—			488	—		
	[397]		177	(219)	[3]		1	(1)
(U.S. dollar)	54,750	—			488	—		
	[397]		177	(219)	[3]		1	(1)
<b>Total</b>				<b>(21,230)</b>				<b>(189)</b>

\* 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.

## b) Hedge accounting applied

As of March 31, 2016

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	¥4,103,209	¥403,200	¥ 20,770	
			(U.S. dollar)	1,978,336	146,484	95,624
			(Euro)	998,011	—	(2,146)
			(Australian dollar)	1,005,363	256,715	(80,961)
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	98,327	61,590	(29,576)	
			(Australian dollar)	84,048	58,533	(25,489)
			(U.S. dollar)	14,279	3,057	(4,087)
Allocation method	Currency swaps	Foreign-currency-denominated assets	94,277	94,277	9,889	
	(U.S. dollar)		94,277	94,277	9,889	
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	20,359	
			(U.S. dollar)	99,480	99,480	20,359
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	—	—	—	
			(U.S. dollar)	—	—	—
<b>Total</b>					<b>21,443</b>	

As of March 31, 2017

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	¥5,424,477	¥320,453	¥(255,228)	\$48,350	\$2,856	\$(2,274)	
			(U.S. dollar)	3,227,455	233,066	(140,801)	28,767	2,077	(1,255)
			(Euro)	1,146,493	—	(6,205)	10,219	—	(55)
			(Australian dollar)	868,089	87,387	(101,535)	7,737	778	(905)
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	58,502	55,505	(20,963)	521	494	(186)	
			(Australian dollar)	55,505	55,505	(20,033)	494	494	(178)
			(U.S. dollar)	2,996	—	(929)	26	—	(8)
Allocation method	Currency swaps	Foreign-currency-denominated assets	127,077	127,077	6,470	1,132	1,132	57	
			(U.S. dollar)	127,077	127,077	6,470	1,132	1,132	57
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	99,480	99,480	15,816	886	886	140	
			(U.S. dollar)	99,480	99,480	15,816	886	886	140
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	26,780	26,780	(574)	238	238	(5)	
			(U.S. dollar)	24,326	24,326	(614)	216	216	(5)
<b>Total</b>					<b>(254,479)</b>		<b>(2,268)</b>		

### 3) Stock-related

#### a) Hedge accounting not applied

As of March 31, 2016

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	¥133,413	¥ —	¥(1,444)	¥(1,444)
	Bought	1,899	—	33	33
Stock index forwards					
Over-the-counter transactions	Sold	42,600	—	2,188	2,188
Stock index options					
	Sold				
	Call	155,208 [1,543]	—	953	590
	Bought				
	Put	99,999 [1,541]	—	467	(1,073)
<b>Total</b>					<b>294</b>

As of March 31, 2017

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	¥100,015	¥ —	¥1,763	¥1,763	\$891	\$ —	\$15	\$15
	Bought	23,952	—	(342)	(342)	213	—	(3)	(3)
Stock index forwards									
Over-the-counter transactions	Sold	—	—	—	—	—	—	—	—
Stock index options									
	Sold								
	Call	— [—]	—	—	—	— [—]	—	—	—
	Bought								
	Put	— [—]	—	—	—	— [—]	—	—	—
<b>Total</b>					<b>1,421</b>	<b>12</b>			

\*1.Option fees are shown in [ ].

\*2.Net gains (losses) represent the fair values for futures trading, the 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 balances as of March 31, 2016 and 2017.

Note 4

## Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥430,422 million and ¥402,828 million (U.S. \$3,590 million), and their fair values were ¥453,798 million and ¥443,679 million (U.S. \$3,954 million) as of March 31, 2016 and 2017, 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 ¥1,506 million and ¥1,360 million (U.S. \$12 million) as of March 31, 2016 and 2017, respectively.

Note 5

## Securities Lending

Securities loaned under security lending agreements amounted to ¥1,415,288 million and ¥1,676,673 million (U.S. \$14,944 million) as of March 31, 2016 and 2017, respectively.

Note 6

## Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥438,004 million and ¥414,720 million (U.S. \$3,696 million) as of March 31, 2016 and 2017, respectively.

Note 7

## Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥1,702,853 million and ¥1,243,010 million (U.S. \$11,079 million) as of March 31, 2016 and 2017, 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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S.
	2016	2017	Dollars
Monetary receivable	¥ 251	¥ 822	\$ 7
Monetary payable	6,872	8,159	72

Note 9

## Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S.
	2016	2017	Dollars
At the beginning of the fiscal year	¥266,361	¥259,228	\$2,310
Transfer from surplus in the previous fiscal year	59,358	51,548	459
Dividend payments to policyholders during the fiscal year	(66,829)	(64,947)	(578)
Interest accrued during the fiscal year	337	121	1
At the end of the fiscal year	¥259,228	¥245,951	\$2,192

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 ¥717,260 million and ¥703,784 million (U.S. \$6,273 million) as of March 31, 2016 and 2017, respectively.



## Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2016 and 2017 were as follows:

	2016	2017
Method of attributing benefits to period of service	Benefit formula basis	<b>Benefit formula basis</b>
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	<b>8 years</b>

The following provides details of 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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
At the beginning of the fiscal year	¥314,865	<b>¥296,319</b>	<b>\$2,641</b>
Service costs	13,754	<b>12,864</b>	<b>114</b>
Interest costs on projected benefit obligations	4,637	<b>4,364</b>	<b>38</b>
Actuarial gains (losses)	(14,083)	<b>2,699</b>	<b>24</b>
Benefits paid	(22,854)	<b>(21,292)</b>	<b>(189)</b>
At the end of the fiscal year	¥296,319	<b>¥294,955</b>	<b>\$2,629</b>

b) Changes in the plan assets for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
At the beginning of the fiscal year	¥290,782	<b>¥268,727</b>	<b>\$2,395</b>
Expected return on plan assets	3,811	<b>2,361</b>	<b>21</b>
Actuarial gains (losses)	(25,764)	<b>20,952</b>	<b>186</b>
Contribution by employer	10,189	<b>10,211</b>	<b>91</b>
Benefits paid	(10,291)	<b>(9,640)</b>	<b>(85)</b>
At the end of the fiscal year	¥268,727	<b>¥292,612</b>	<b>\$2,608</b>

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheets as of March 31, 2016 and 2017 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Present value of funded obligations	¥ 296,319	<b>¥ 294,955</b>	<b>\$ 2,629</b>
Plan assets at fair value	(268,727)	<b>(292,612)</b>	<b>(2,608)</b>
Net present value of funded obligations	27,592	<b>2,342</b>	<b>20</b>
Unrecognized actuarial gains (losses)	20,370	<b>43,105</b>	<b>384</b>
Net value on the balance sheet	47,962	<b>45,448</b>	<b>405</b>
Accrued retirement benefits	47,962	<b>45,448</b>	<b>405</b>
Net value on the balance sheet	¥ 47,962	<b>¥ 45,448</b>	<b>\$ 405</b>

d) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Service costs	¥13,754	<b>¥12,864</b>	<b>\$114</b>
Interest costs on projected benefit obligations	4,637	<b>4,364</b>	<b>38</b>
Expected return on plan assets	(3,811)	<b>(2,361)</b>	<b>(21)</b>
Amortization of net actuarial losses	13,039	<b>4,482</b>	<b>39</b>
Retirement benefit expenses	¥27,619	<b>¥19,349</b>	<b>\$172</b>

e) The plan assets

The plan assets as of March 31, 2016 and 2017 were comprised as follows:

	% of total fair value of plan assets	
	2016	2017
Equity securities	39%	<b>42%</b>
General accounts of life insurance companies	44%	<b>42%</b>
Investment trusts	—	<b>6%</b>
Debt securities	6%	<b>5%</b>
Others	11%	<b>5%</b>
Total	100%	<b>100%</b>

41% and 45% of the plan assets were the retirement benefit trusts as of March 31, 2016 and 2017, respectively.

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

The expected long-term rate of return on the plan assets is calculated by aggregating the weighted rates of return derived from each asset category. The expected long-term rates 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, 2016 and 2017 were as follows:

	2016	2017
Discount rate	1.473%	<b>1.473%</b>
Expected long-term rates of return on the plan assets		
Defined benefit pension plans	2.4%	<b>1.5%</b>
Retirement benefit trusts	0.0%	<b>0.0%</b>

### 3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥872 million and ¥892 million (U.S. \$7 million) for the fiscal years ended March 31, 2016 and 2017, 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 and ¥30,000 million (U.S. \$267 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 for the fiscal years ended March 31, 2016 and 2017, respectively.

**Note 14****Pledged Assets**

Assets pledged as collateral were securities in the amounts of ¥594,441 million and ¥1,148,005 million (U.S. \$10,232 million) as of March 31, 2016 and 2017, respectively.

**Note 15****Equity Investments in Subsidiaries**

Total amounts of equity investments in subsidiaries were ¥614,432 million and ¥638,081 million (U.S. \$5,687 million) as of March 31, 2016 and 2017, 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 ¥982 million and ¥877 million (U.S. \$7 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans to bankrupt borrowers were nil and nil, and loans in arrears were ¥980 million and ¥877 million (U.S. \$7 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets were ¥29 million and ¥24 million (U.S. \$0 million) for loans in arrears as of March 31, 2016 and 2017, 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 or 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 ¥1 million and ¥0 million (U.S. \$0 million) as of March 31, 2016 and 2017, 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, 2016 and 2017, 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 ¥12,506 million and ¥12,140 million (U.S. \$108 million) as of March 31, 2016 and 2017, respectively.

## Note 18

### Reinsurance

The amounts of reinsurance recoverable on outstanding claims pursuant to Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act which applies mutatis mutandis to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on outstanding claims"), were ¥45 million and ¥45 million (U.S. \$0 million) as of March 31, 2016 and 2017, respectively.

The amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act ("reinsurance recoverable on policy reserves") were ¥83 million and ¥112 million (U.S. \$0 million) as of March 31, 2016 and 2017, 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 ¥42,680 million and ¥40,722 million (U.S. \$362 million) as of March 31, 2016 and 2017, 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 for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Domestic bonds including national government bonds	¥ 579	<b>¥82,941</b>	<b>\$739</b>
Domestic stocks	10,230	<b>5,094</b>	<b>45</b>
Foreign securities	910	<b>1</b>	<b>0</b>

Major components of losses on sales of securities for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Domestic bonds including national government bonds	¥ 738	<b>¥ 1,583</b>	<b>\$ 14</b>
Domestic stocks	1,422	<b>2,351</b>	<b>20</b>
Foreign securities	2,586	<b>35,139</b>	<b>313</b>

Major components of losses on valuation of securities for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Domestic stocks	¥1,034	<b>¥6</b>	<b>\$0</b>

Major components of gains (losses) on trading securities for the fiscal years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Interest and dividend income	¥ 6	<b>¥ 4</b>	<b>\$0</b>
Gains (Losses) on sales of securities	90	<b>104</b>	<b>0</b>

Gains or losses on derivative financial instruments, net, included net valuation gains of ¥30,753 million and losses of ¥19,312 million (U.S. \$172 million) for the fiscal years ended March 31, 2016 and 2017, 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 years ended March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥40	<b>¥ 0</b>	<b>\$0</b>
Provision for (reversal of) reinsurance recoverable on policy reserves	3	<b>29</b>	<b>0</b>

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.

The Company treats real estates for investment and idle assets as an independent asset group for the impairment test.

### 2) Description of impairment losses

For the fiscal years ended March 31, 2016 and 2017, the Company recognized impairment losses on real estates for investment that experienced the deterioration of profitability and on the idle assets that experienced the decline in the fair value. For these assets, the Company reduced the carrying amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

### 3) Breakdown of impairment losses for the fiscal years ended March 31, 2016 and 2017

Asset Group	Asset Categories	Millions of Yen		Millions of U.S. Dollars
		2016	2017	2017
Real estate for investment	Land and buildings	¥26,640	<b>¥226</b>	<b>\$2</b>
Idle assets	Land and buildings	1,058	<b>115</b>	<b>1</b>
Total		¥27,698	<b>¥341</b>	<b>\$3</b>

### 4) The recoverable amounts

The recoverable amounts of real estates 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 as of March 31, 2016 and 2017 were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Deferred tax assets	¥379,840	<b>¥421,812</b>	<b>\$3,759</b>
Valuation allowance for deferred tax assets	(12,585)	<b>(12,353)</b>	<b>(110)</b>
Subtotal	367,254	<b>409,459</b>	<b>3,649</b>
Deferred tax liabilities	(291,931)	<b>(284,849)</b>	<b>(2,538)</b>
Net deferred tax assets/(liabilities)	75,322	<b>124,609</b>	<b>1,110</b>

Major components of deferred tax assets/liabilities as of March 31, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2016	2017	2017
Deferred tax assets			
Policy reserves and other reserves	¥175,596	<b>¥182,721</b>	<b>\$1,628</b>
Reserve for price fluctuation	98,460	<b>140,456</b>	<b>1,251</b>
Accrued retirement benefits	46,051	<b>45,285</b>	<b>403</b>
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	278,380	<b>273,289</b>	<b>2,435</b>

2) The actual effective income tax rates were 22.3% and 3.2% for the fiscal years ended March 31, 2016 and 2017, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2016	2017
Policyholders' dividend reserves	(14.6)%	<b>(16.6)%</b>
Exclusion from gross profits of dividend received	—	<b>(6.1)%</b>
Effects of changes in the statutory income tax rate	9.6%	—

3) 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 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 and ¥510 million, respectively, and income taxes-deferred increased by ¥10,302 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, 2016 and 2017 were as follows:

	Millions of Yen		Millions of U.S. Dollars	
	2016	2017	2016	2017
Total income	¥ 4,135	<b>¥24,516</b>	<b>\$218</b>	
Total expenses	18,735	<b>18,089</b>	<b>161</b>	

## Note 25

### Subordinated Bonds

Corporate bonds in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

## Note 26

### Securities Borrowed under Borrowing Agreements

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair value of the securities which were not sold or pledged as collateral were nil and ¥80,949 million (U.S. \$721 million), and none of the securities was pledged as collateral as of March 31, 2016 and 2017, respectively.

# 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, 2016 and 2017, and the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Non-Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Life Insurance Company as at March 31, 2016 and 2017, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2017 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, 2017  
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, 2016	Fiscal year ended March 31, 2017
Core business profit A	308,248	<b>337,697</b>
Capital gains	12,051	<b>96,955</b>
Gains on trading securities	96	<b>108</b>
Gains on sales of securities	11,720	<b>88,036</b>
Foreign exchange gains	233	<b>8,810</b>
Capital losses	29,010	<b>146,224</b>
Losses on sales of securities	4,746	<b>39,074</b>
Losses on valuation of securities	1,034	<b>6</b>
Losses on derivative financial instruments	23,229	<b>107,144</b>
Net capital gains / losses B	(16,959)	<b>(49,269)</b>
Core business profit including net capital gains / losses A+B	291,288	<b>288,427</b>
Nonrecurring gains	36	—
Reversal of specific allowance for possible loan losses	36	—
Nonrecurring losses	53,821	<b>59,634</b>
Provision for contingency reserve	7,500	<b>11,100</b>
Provision for specific allowance for possible loan losses	—	<b>4</b>
Other nonrecurring losses	46,321	<b>48,529</b>
Nonrecurring gains / losses C	(53,784)	<b>(59,634)</b>
Ordinary profit A+B+C	237,503	<b>228,793</b>

(Note) Other nonrecurring losses comprised the additional provisions of policy reserves for part of the individual annuity contracts after the commencement of annuity payments.

## 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, 2016		As of March 31, 2017	
	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	1,568,501	(154,511)	<b>1,117,627</b>	<b>(41,831)</b>

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2016 and 2017.

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

Millions of Yen

Classification	As of March 31, 2016					As of March 31, 2017				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,041,222	2,440,281	399,058	399,058	—	<b>1,942,014</b>	<b>2,303,448</b>	<b>361,434</b>	<b>361,434</b>	—
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	2,483,535	(597)	<b>11,088,673</b>	<b>13,056,296</b>	<b>1,967,623</b>	<b>2,023,431</b>	<b>(55,808)</b>
Investments in subsidiaries and affiliated companies	33,173	30,947	(2,226)	—	(2,226)	<b>33,173</b>	<b>35,754</b>	<b>2,580</b>	<b>2,580</b>	—
Available-for-sale securities	7,240,388	8,225,320	984,931	1,023,014	(38,082)	<b>9,405,982</b>	<b>10,375,805</b>	<b>969,822</b>	<b>1,103,170</b>	<b>(133,348)</b>
Domestic bonds	1,184,247	1,278,218	93,970	94,116	(145)	<b>1,484,122</b>	<b>1,562,503</b>	<b>78,381</b>	<b>83,050</b>	<b>(4,668)</b>
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	<b>784,201</b>	<b>1,584,632</b>	<b>800,430</b>	<b>808,738</b>	<b>(8,307)</b>
Foreign securities	4,722,636	5,020,859	298,222	304,894	(6,672)	<b>6,209,300</b>	<b>6,281,051</b>	<b>71,751</b>	<b>190,963</b>	<b>(119,211)</b>
Foreign bonds	4,703,936	5,002,079	298,143	304,459	(6,315)	<b>6,136,882</b>	<b>6,207,918</b>	<b>71,036</b>	<b>190,150</b>	<b>(119,114)</b>
Other foreign securities	18,700	18,779	78	435	(356)	<b>72,417</b>	<b>73,132</b>	<b>714</b>	<b>812</b>	<b>(97)</b>
Other securities	32,812	40,905	8,093	9,858	(1,765)	<b>127,421</b>	<b>140,826</b>	<b>13,404</b>	<b>14,070</b>	<b>(665)</b>
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	<b>190,936</b>	<b>196,810</b>	<b>5,874</b>	<b>6,349</b>	<b>(475)</b>
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	<b>610,000</b>	<b>609,980</b>	<b>(19)</b>	—	<b>(19)</b>
Others	—	—	—	—	—	—	—	—	—	—
Total	20,653,800	24,518,502	3,864,702	3,905,609	(40,906)	<b>22,469,844</b>	<b>25,771,305</b>	<b>3,301,461</b>	<b>3,490,618</b>	<b>(189,156)</b>
Domestic bonds	12,888,854	15,503,294	2,614,440	2,614,647	(207)	<b>12,883,510</b>	<b>14,958,180</b>	<b>2,074,669</b>	<b>2,134,598</b>	<b>(59,928)</b>
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	<b>784,201</b>	<b>1,584,632</b>	<b>800,430</b>	<b>808,738</b>	<b>(8,307)</b>
Foreign securities	6,431,442	7,088,965	657,522	666,957	(9,434)	<b>7,873,773</b>	<b>8,280,876</b>	<b>407,102</b>	<b>526,862</b>	<b>(119,760)</b>
Foreign bonds	6,379,567	7,039,238	659,670	666,522	(6,851)	<b>7,768,181</b>	<b>8,171,988</b>	<b>403,806</b>	<b>523,468</b>	<b>(119,662)</b>
Other foreign securities	51,874	49,727	(2,147)	435	(2,582)	<b>105,591</b>	<b>108,887</b>	<b>3,295</b>	<b>3,393</b>	<b>(97)</b>
Other securities	32,812	40,905	8,093	9,858	(1,765)	<b>127,421</b>	<b>140,826</b>	<b>13,404</b>	<b>14,070</b>	<b>(665)</b>
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	<b>190,936</b>	<b>196,810</b>	<b>5,874</b>	<b>6,349</b>	<b>(475)</b>
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	<b>610,000</b>	<b>609,980</b>	<b>(19)</b>	—	<b>(19)</b>
Others	—	—	—	—	—	—	—	—	—	—

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

### ●Held-to-maturity debt securities

Millions of Yen

		As of March 31, 2016			As of March 31, 2017		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	497,916	539,746	41,829	<b>435,999</b>	<b>467,721</b>	<b>31,722</b>
	Foreign securities (bonds)	1,543,305	1,900,535	357,229	<b>1,506,014</b>	<b>1,835,726</b>	<b>329,712</b>
Fair value does not exceed the balance sheet amount	Bonds	—	—	—	—	—	—
	Foreign securities (bonds)	—	—	—	—	—	—
Total		2,041,222	2,440,281	399,058	<b>1,942,014</b>	<b>2,303,448</b>	<b>361,434</b>

### ●Policy-reserve-matching bonds

Millions of Yen

		As of March 31, 2016			As of March 31, 2017		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	11,187,444	13,666,146	2,478,701	<b>10,370,228</b>	<b>12,390,054</b>	<b>2,019,825</b>
	Foreign securities (bonds)	111,008	115,842	4,833	<b>93,773</b>	<b>97,379</b>	<b>3,606</b>
Fair value does not exceed the balance sheet amount	Bonds	19,245	19,183	(61)	<b>593,160</b>	<b>537,900</b>	<b>(55,260)</b>
	Foreign securities (bonds)	21,317	20,781	(536)	<b>31,511</b>	<b>30,962</b>	<b>(548)</b>
Total		11,339,015	13,821,953	2,482,938	<b>11,088,673</b>	<b>13,056,296</b>	<b>1,967,623</b>

● Available-for-sale securities

Millions of Yen

	Type	As of March 31, 2016			As of March 31, 2017		
		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	149,622	164,586	14,963	<b>128,437</b>	<b>134,786</b>	<b>6,349</b>
	Domestic bonds	1,156,280	1,250,396	94,116	<b>1,157,758</b>	<b>1,240,808</b>	<b>83,050</b>
	Domestic stocks	612,164	1,211,346	599,181	<b>684,042</b>	<b>1,492,781</b>	<b>808,738</b>
	Foreign securities	4,296,359	4,601,253	304,894	<b>2,862,019</b>	<b>3,052,982</b>	<b>190,963</b>
	Foreign bonds	4,284,483	4,588,942	304,459	<b>2,825,383</b>	<b>3,015,533</b>	<b>190,150</b>
	Other foreign securities	11,876	12,311	435	<b>36,636</b>	<b>37,448</b>	<b>812</b>
	Other securities	19,862	29,720	9,858	<b>102,526</b>	<b>116,596</b>	<b>14,070</b>
Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	368,500	368,478	(21)	<b>610,000</b>	<b>609,980</b>	<b>(19)</b>
	Monetary claims bought	5,999	5,999	(0)	<b>62,499</b>	<b>62,024</b>	<b>(475)</b>
	Domestic bonds	27,967	27,821	(145)	<b>326,363</b>	<b>321,695</b>	<b>(4,668)</b>
	Domestic stocks	164,403	134,925	(29,477)	<b>100,158</b>	<b>91,851</b>	<b>(8,307)</b>
	Foreign securities	426,277	419,605	(6,672)	<b>3,347,280</b>	<b>3,228,069</b>	<b>(119,211)</b>
	Foreign bonds	419,453	413,137	(6,315)	<b>3,311,499</b>	<b>3,192,385</b>	<b>(119,114)</b>
	Other foreign securities	6,824	6,468	(356)	<b>35,781</b>	<b>35,684</b>	<b>(97)</b>
	Other securities	12,950	11,185	(1,765)	<b>24,895</b>	<b>24,229</b>	<b>(665)</b>
<b>Total</b>		<b>7,240,388</b>	<b>8,225,320</b>	<b>984,931</b>	<b>9,405,982</b>	<b>10,375,805</b>	<b>969,822</b>

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

Millions of Yen

Classification	As of March 31, 2016	As of March 31, 2017
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	581,258	<b>604,907</b>
Available-for-sale securities	372,326	<b>369,119</b>
Unlisted domestic stocks (excluding over-the-counter stocks)	15,599	<b>15,701</b>
Unlisted foreign stocks (excluding over-the-counter stocks)	355,258	<b>351,558</b>
Unlisted foreign bonds	—	—
Others	1,468	<b>1,859</b>
<b>Total</b>	<b>953,585</b>	<b>974,026</b>

## 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, 2016 and 2017.

### b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2016 and 2017.

## 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, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2017
Interest rate swaps				
Interest rate swaptions (Bought)	3,395	<b>2,188</b>	21	<b>6</b>
Foreign currency forward contracts	48,263	<b>63,154</b>	2,311	<b>1,131</b>
Currency swaps				
Currency options (Bought)	4,967	<b>3,080</b>	489	<b>440</b>
Stock options (Bought)				
Stock index forwards	1,425	—	112	—
Total			2,134	<b>530</b>

(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, 2016						As of March 31, 2017					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	929	21,443	—	—	—	22,372	268	(254,479)	—	—	—	(254,210)
Hedge accounting not applied	(1,455)	3,998	294	—	—	2,838	(630)	(21,230)	1,421	—	—	(20,440)
Total	(525)	25,442	294	—	—	25,211	(361)	(275,710)	1,421	—	—	(274,650)

(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 gains of ¥20,770 million and loss of ¥255,228 million in currency-related as of March 31, 2016 and 2017, respectively.

### ● Interest-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2016			As of March 31, 2017		
		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	290,000	170,000		170,000	—	
		[1,622]	167	(1,455)	[635]	4	(630)
Total							(630)

(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, 2016			As of March 31, 2017		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Fair value		Over 1 year	Fair value	
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	—	—	—	15,000	15,000	(119)
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	49,532	33,828	929	33,828	17,520	388
Total								268

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2016			As of March 31, 2017				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	467,436	—	264	264	<b>298,747</b>	<b>818</b>	<b>(15,806)</b>	<b>(15,806)</b>
	(Australian dollar)	212,376	—	5,437	5,437	<b>187,661</b>	—	<b>(14,281)</b>	<b>(14,281)</b>
	(U.S. dollar)	52,861	—	(4,623)	(4,623)	<b>66,485</b>	<b>818</b>	<b>(1,977)</b>	<b>(1,977)</b>
	(Euro)	199,397	—	(471)	(471)	<b>40,713</b>	—	<b>438</b>	<b>438</b>
	Bought	157,402	—	4,201	4,201	<b>533,720</b>	—	<b>(5,205)</b>	<b>(5,205)</b>
	(U.S. dollar)	4,807	—	(5)	(5)	<b>532,305</b>	—	<b>(5,204)</b>	<b>(5,204)</b>
	(Euro)	152,314	—	4,205	4,205	<b>1,078</b>	—	<b>(1)</b>	<b>(1)</b>
	Currency options								
	Sold								
	call	360,000	—			—	—		
		[2,225]		1,063	1,161	[—]			
	(U.S. dollar)	360,000	—			—	—		
		[2,225]		1,063	1,161	[—]			
	Bought								
	Put	303,000	—			<b>54,750</b>	—		
		[2,453]		823	(1,629)	<b>[397]</b>		<b>177</b>	<b>(219)</b>
	(U.S. dollar)	303,000	—			<b>54,750</b>	—		
		[2,453]		823	(1,629)	<b>[397]</b>		<b>177</b>	<b>(219)</b>
Total					3,998				<b>(21,230)</b>

(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, 2016			As of March 31, 2017		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Fair value		Over 1 year	Fair value	
Fair value hedge method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		4,103,209	403,200	20,770	<b>5,424,477</b>	<b>320,453</b>	<b>(255,228)</b>
	(U.S. dollar)		1,978,336	146,484	95,624	<b>3,227,455</b>	<b>233,066</b>	<b>(140,801)</b>
	(Euro)		998,011	—	(2,146)	<b>1,146,493</b>	—	<b>(6,205)</b>
	(Australian dollar)		1,005,363	256,715	(80,961)	<b>868,089</b>	<b>87,387</b>	<b>(101,535)</b>
Deferred hedge method	Currency swaps	Assets denominated in foreign currencies	—	—	—	<b>26,780</b>	<b>26,780</b>	<b>(574)</b>
	(U.S. dollar)		—	—	—	<b>24,326</b>	<b>24,326</b>	<b>(614)</b>
	(Euro)		—	—	—	<b>2,454</b>	<b>2,454</b>	<b>40</b>
Allocation method	Foreign currency forward contracts	Assets denominated in foreign currencies						
	Sold		98,327	61,590	(29,576)	<b>58,502</b>	<b>55,505</b>	<b>(20,963)</b>
	(Australian dollar)		84,048	58,533	(25,489)	<b>55,505</b>	<b>55,505</b>	<b>(20,033)</b>
	(U.S. dollar)		14,279	3,057	(4,087)	<b>2,996</b>	—	<b>(929)</b>
	Currency swaps	Assets denominated in foreign currencies	94,277	94,277	9,889	<b>127,077</b>	<b>127,077</b>	<b>6,470</b>
	(U.S. dollar)		94,277	94,277	9,889	<b>127,077</b>	<b>127,077</b>	<b>6,470</b>
	Currency swaps	Liabilities denominated in foreign currencies	99,480	99,480	20,359	<b>99,480</b>	<b>99,480</b>	<b>15,816</b>
	(U.S. dollar)		99,480	99,480	20,359	<b>99,480</b>	<b>99,480</b>	<b>15,816</b>
Total					21,443			<b>(254,479)</b>



●Stock-related (Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2016				As of March 31, 2017			
		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	133,413	—	(1,444)	(1,444)	<b>100,015</b>	—	<b>1,763</b>	<b>1,763</b>
	Bought	1,899	—	33	33	<b>23,952</b>	—	<b>(342)</b>	<b>(342)</b>
Over-the-counter transactions	Stock index forwards								
	Sold	42,600	—	2,188	2,188	—	—	—	—
	Stock index options								
	Sold								
	Call	155,208	—	953	590	—	—	—	—
	Bought	[1,543]				[—]			
	Put	99,999	—			—	—		
		[1,541]		467	(1,073)	[—]		—	—
<b>Total</b>					<b>294</b>				<b>1,421</b>

(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, 2016 and 2017.

●Bond-related

(Hedge accounting not applied)

Omitted as there are no ending balances for March 31, 2016 and 2017.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2016 and 2017.

# Assets

## 1. Portfolio Trends (General Account)

### a. Asset structure

Classification	Millions of Yen, %			
	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Cash, deposits and call loans	448,860	1.7	1,007,015	3.5
Monetary claims bought	206,301	0.8	230,518	0.8
Investment in securities	22,063,959	85.0	23,614,509	82.0
Domestic bonds	12,982,825	50.0	12,961,892	45.0
Domestic stocks	1,438,497	5.5	1,700,608	5.9
Foreign securities	7,600,287	29.3	8,809,343	30.6
Foreign bonds	6,677,711	25.7	7,839,217	27.2
Other foreign securities	922,576	3.6	970,125	3.4
Other securities	42,349	0.2	142,666	0.5
Loans	2,196,475	8.5	2,972,689	10.3
Policy loans	314,654	1.2	303,290	1.1
Industrial and consumer loans	1,881,821	7.3	2,669,398	9.3
Real estate	614,369	2.4	578,811	2.0
Investment property	429,136	1.7	401,966	1.4
Deferred tax assets	75,322	0.3	124,609	0.4
Other assets	351,018	1.4	277,239	1.0
Allowance for possible loan losses	(1,502)	(0.0)	(1,132)	(0.0)
Total	25,954,805	100.0	28,804,261	100.0
Foreign currency denominated assets	5,725,806	22.1	7,367,770	25.6

(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, 2016	Fiscal year ended March 31, 2017
	Amount	Amount
Cash, deposits and call loans	(102,552)	558,154
Monetary claims bought	(37,144)	24,216
Investment in securities	1,072,448	1,550,550
Domestic bonds	234,782	(20,932)
Domestic stocks	(205,586)	262,110
Foreign securities	1,036,536	1,209,055
Foreign bonds	694,253	1,161,506
Other foreign securities	342,283	47,549
Other securities	6,715	100,316
Loans	(126,220)	776,213
Policy loans	(9,056)	(11,363)
Industrial and consumer loans	(117,164)	787,576
Real estate	(47,029)	(35,557)
Investment property	(35,154)	(27,169)
Deferred tax assets	75,322	49,287
Other assets	106,954	(73,779)
Allowance for possible loan losses	254	370
Total	942,032	2,849,455
Foreign currency denominated assets	1,252,317	1,641,964

(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, 2016	Fiscal year ended March 31, 2017
Cash, deposits and call loans	0.09	1.75
Monetary claims bought	1.67	1.74
Investment in securities	2.29	2.10
Domestic bonds	1.78	2.35
Domestic stocks	6.69	2.04
Foreign securities	2.67	1.73
Foreign bonds	2.54	1.48
Other foreign securities	4.13	3.78
Loans	1.93	1.64
Industrial and consumer loans	1.53	1.23
Real estate	2.52	2.84
Investment property	3.58	4.06
Total	2.16	1.98
Overseas investments	2.63	1.72

(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, 2016		Fiscal year ended March 31, 2017	
	Amount	Share	Amount	Share
Cash, deposits and call loans	346,606		520,110	
Monetary claims bought	255,516		200,969	
Investment in securities	20,277,587		22,252,131	
Domestic bonds	12,836,095		12,988,282	
Domestic stocks	873,580		894,218	
Foreign securities	6,535,889		8,299,759	
Foreign bonds	6,008,955		7,390,901	
Other foreign securities	526,934		908,857	
Loans	2,297,257		2,323,316	
Industrial and consumer loans	1,973,377		2,010,165	
Real estate	662,175		616,074	
Investment property	465,113		431,673	
Total	24,441,895		26,557,749	
Overseas investments	6,797,603		8,781,305	

### 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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
National government bonds	10,120,674	45.9	9,903,340	41.9
Local government bonds	66,816	0.3	104,870	0.4
Corporate bonds	2,795,333	12.7	2,953,682	12.5
Public entity bonds	1,948,847	8.8	1,767,880	7.5
Domestic stocks	1,438,497	6.5	1,700,608	7.2
Foreign securities	7,600,287	34.4	8,809,343	37.3
Foreign bonds	6,677,711	30.3	7,839,217	33.2
Foreign-currency-denominated bonds	4,955,239	22.5	6,181,041	26.2
Other foreign securities	922,576	4.2	970,125	4.1
Foreign-currency-denominated other securities	598,980	2.7	649,857	2.8
Other securities	42,349	0.2	142,666	0.6
Total	22,063,959	100.0	23,614,509	100.0
Foreign-currency-denominated securities	5,673,862	25.7	7,179,643	30.4

## 7. Securities by Maturity Date (General Account)

(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	—	—	—	—	—	—	—	—
<b>Total</b>	<b>1,420,319</b>	<b>1,316,490</b>	<b>1,232,367</b>	<b>1,250,163</b>	<b>2,568,935</b>	<b>12,252,955</b>	<b>2,561,793</b>	<b>22,603,024</b>

(As of March 31, 2017)

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	635,300	1,063,020	1,263,507	1,351,573	3,804,468	12,428,073	3,068,565	23,614,509
National government bonds	61,605	147,363	338,358	294,967	928,252	8,132,793	—	9,903,340
Local government bonds	907	5,033	—	2,760	6,029	90,138	—	104,870
Corporate bonds	141,269	152,939	133,890	219,351	551,635	1,497,262	257,332	2,953,682
Domestic stocks	—	—	—	—	—	—	1,700,608	1,700,608
Foreign securities	431,518	757,683	791,132	834,494	2,318,400	2,707,878	968,234	8,809,343
Foreign bonds	431,498	755,860	791,132	834,494	2,318,352	2,707,878	—	7,839,217
Other foreign securities	19	1,823	—	—	47	—	968,234	970,125
Other securities	—	—	125	—	151	—	142,389	142,666
Monetary claims bought	38,989	—	—	—	—	157,821	—	196,810
Negotiable certificates of deposit	609,980	—	—	—	—	—	—	609,980
Others	—	—	—	—	—	—	—	—
<b>Total</b>	<b>1,284,271</b>	<b>1,063,020</b>	<b>1,263,507</b>	<b>1,351,573</b>	<b>3,804,468</b>	<b>12,585,894</b>	<b>3,068,565</b>	<b>24,421,301</b>

(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, 2016	As of March 31, 2017
Hokkaido	—	—
Tohoku	—	—
Kanto	39,492	53,422
Chubu	10,626	22,822
Kinki	8,108	14,822
Chugoku	118	117
Shikoku	—	—
Kyushu	8,471	13,685
<b>Total</b>	<b>66,816</b>	<b>104,870</b>

## 9. Bonds Yields (General Account)

%

Classification	As of March 31, 2016	As of March 31, 2017
Domestic bonds	1.83	1.80
Foreign bonds	3.51	3.20

## 10. Domestic Stocks by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Fishery, agriculture and forestry	243	0.0	<b>302</b>	<b>0.0</b>
Mining	65	0.0	<b>79</b>	<b>0.0</b>
Construction	57,550	4.0	<b>62,234</b>	<b>3.7</b>
Manufacturing				
Food	59,741	4.2	<b>67,945</b>	<b>4.0</b>
Textiles and apparel	8,293	0.6	<b>9,311</b>	<b>0.5</b>
Pulp and paper	5,637	0.4	<b>6,155</b>	<b>0.4</b>
Chemicals	135,027	9.4	<b>182,944</b>	<b>10.8</b>
Pharmaceuticals	130,259	9.1	<b>142,575</b>	<b>8.4</b>
Oil and coal products	4,003	0.3	<b>6,585</b>	<b>0.4</b>
Rubber products	6,223	0.4	<b>7,033</b>	<b>0.4</b>
Glass and ceramic products	16,590	1.2	<b>22,145</b>	<b>1.3</b>
Iron and steel	22,096	1.5	<b>25,425</b>	<b>1.5</b>
Nonferrous metals	33,478	2.3	<b>44,924</b>	<b>2.6</b>
Metal products	7,536	0.5	<b>10,221</b>	<b>0.6</b>
Machinery	93,166	6.5	<b>126,281</b>	<b>7.4</b>
Electric appliances	167,453	11.6	<b>205,226</b>	<b>12.1</b>
Transportation equipment	42,913	3.0	<b>50,511</b>	<b>3.0</b>
Precision instruments	8,357	0.6	<b>8,558</b>	<b>0.5</b>
Other products	39,617	2.8	<b>39,815</b>	<b>2.3</b>
Electric power and gas	33,126	2.3	<b>31,689</b>	<b>1.9</b>
Transportation, information and communication				
Land transportation	146,552	10.2	<b>141,161</b>	<b>8.3</b>
Marine transportation	2,933	0.2	<b>4,066</b>	<b>0.2</b>
Air transportation	4,032	0.3	<b>4,266</b>	<b>0.3</b>
Warehousing and harbor transportation services	8,025	0.6	<b>8,385</b>	<b>0.5</b>
Information and communication	13,270	0.9	<b>14,197</b>	<b>0.8</b>
Trade and services				
Wholesale trade	77,494	5.4	<b>95,117</b>	<b>5.6</b>
Retail trade	23,465	1.6	<b>26,204</b>	<b>1.5</b>
Finance and insurance				
Banking	146,662	10.2	<b>181,968</b>	<b>10.7</b>
Securities and trading	8,334	0.6	<b>7,117</b>	<b>0.4</b>
Insurance	75,724	5.3	<b>105,388</b>	<b>6.2</b>
Other financial services	3,488	0.2	<b>3,459</b>	<b>0.2</b>
Real estate	15,252	1.1	<b>18,326</b>	<b>1.1</b>
Services	41,875	2.9	<b>40,978</b>	<b>2.4</b>
<b>Total</b>	<b>1,438,497</b>	<b>100.0</b>	<b>1,700,608</b>	<b>100.0</b>

(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, 2016, and 2017.

### 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, 2016					As of March 31, 2017				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,041,222	2,440,281	399,058	399,058	—	1,942,014	2,303,448	361,434	361,434	—
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	2,483,535	(597)	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)
Investments in subsidiaries and affiliated companies	33,173	30,947	(2,226)	—	(2,226)	33,173	35,754	2,580	2,580	—
Available-for-sale securities	7,240,388	8,225,320	984,931	1,023,014	(38,082)	9,405,982	10,375,805	969,822	1,103,170	(133,348)
Domestic bonds	1,184,247	1,278,218	93,970	94,116	(145)	1,484,122	1,562,503	78,381	83,050	(4,668)
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	784,201	1,584,632	800,430	808,738	(8,307)
Foreign securities	4,722,636	5,020,859	298,222	304,894	(6,672)	6,209,300	6,281,051	71,751	190,963	(119,211)
Foreign bonds	4,703,936	5,002,079	298,143	304,459	(6,315)	6,136,882	6,207,918	71,036	190,150	(119,114)
Other foreign securities	18,700	18,779	78	435	(356)	72,417	73,132	714	812	(97)
Other securities	32,812	40,905	8,093	9,858	(1,765)	127,421	140,826	13,404	14,070	(665)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	190,936	196,810	5,874	6,349	(475)
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	610,000	609,980	(19)	—	(19)
Others	—	—	—	—	—	—	—	—	—	—
Total	20,653,800	24,518,502	3,864,702	3,905,609	(40,906)	22,469,844	25,771,305	3,301,461	3,490,618	(189,156)
Domestic bonds	12,888,854	15,503,294	2,614,440	2,614,647	(207)	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)
Domestic stocks	776,568	1,346,271	569,703	599,181	(29,477)	784,201	1,584,632	800,430	808,738	(8,307)
Foreign securities	6,431,442	7,088,965	657,522	666,957	(9,434)	7,873,773	8,280,876	407,102	526,862	(119,760)
Foreign bonds	6,379,567	7,039,238	659,670	666,522	(6,851)	7,768,181	8,171,988	403,806	523,468	(119,662)
Other foreign securities	51,874	49,727	(2,147)	435	(2,582)	105,591	108,887	3,295	3,393	(97)
Other securities	32,812	40,905	8,093	9,858	(1,765)	127,421	140,826	13,404	14,070	(665)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	190,936	196,810	5,874	6,349	(475)
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	610,000	609,980	(19)	—	(19)
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, 2016	As of March 31, 2017
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	581,258	604,907
Available-for-sale securities	372,326	369,119
Unlisted domestic stocks (excluding over-the-counter stocks)	15,599	15,701
Unlisted foreign stocks (excluding over-the-counter stocks)	355,258	351,558
Unlisted foreign bonds	—	—
Others	1,468	1,859
<b>Total</b>	<b>953,585</b>	<b>974,026</b>

#### 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, 2016 and 2017.

#### ●Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2016 and 2017.

(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, 2016					As of March 31, 2017				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	2,041,222	2,440,281	399,058	399,058	—	1,942,014	2,303,448	361,434	361,434	—
Policy-reserve-matching bonds	11,339,015	13,821,953	2,482,938	2,483,535	(597)	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)
Investments in subsidiaries and affiliated companies	614,432	563,221	(51,211)	—	(51,211)	638,081	589,427	(48,653)	2,580	(51,234)
Available-for-sale securities	7,612,715	8,608,353	995,638	1,033,721	(38,083)	9,775,102	10,752,532	977,430	1,110,778	(133,348)
Domestic bonds	1,184,247	1,278,218	93,970	94,116	(145)	1,484,122	1,562,503	78,381	83,050	(4,668)
Domestic stocks	792,167	1,361,871	569,703	599,181	(29,477)	799,902	1,600,333	800,430	808,738	(8,307)
Foreign securities	5,077,920	5,386,849	308,928	315,601	(6,672)	6,560,879	6,640,237	79,358	198,570	(119,212)
Foreign bonds	4,703,936	5,002,079	298,143	304,459	(6,315)	6,136,882	6,207,918	71,036	190,150	(119,114)
Other foreign securities	373,984	384,769	10,785	11,141	(356)	423,996	432,318	8,322	8,420	(98)
Other securities	34,256	42,349	8,093	9,858	(1,765)	129,261	142,666	13,405	14,070	(665)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	190,936	196,810	5,874	6,349	(475)
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	610,000	609,980	(19)	—	(19)
Others	—	—	—	—	—	—	—	—	—	—
Total	21,607,386	25,433,809	3,826,423	3,916,315	(89,892)	23,443,871	26,701,705	3,257,834	3,498,226	(240,392)
Domestic bonds	12,888,854	15,503,294	2,614,440	2,614,647	(207)	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)
Domestic stocks	868,793	1,438,497	569,703	599,181	(29,477)	900,177	1,700,608	800,430	808,738	(8,307)
Foreign securities	7,291,358	7,910,603	619,244	677,664	(58,419)	8,729,984	9,093,459	363,474	534,470	(170,995)
Foreign bonds	6,379,567	7,039,238	659,670	666,522	(6,851)	7,768,181	8,171,988	403,806	523,468	(119,662)
Other foreign securities	911,790	871,364	(40,426)	11,141	(51,567)	961,803	921,471	(40,331)	11,001	(51,332)
Other securities	34,256	42,349	8,093	9,858	(1,765)	129,261	142,666	13,405	14,070	(665)
Monetary claims bought	155,622	170,586	14,963	14,963	(0)	190,936	196,810	5,874	6,349	(475)
Negotiable certificates of deposit	368,500	368,478	(21)	—	(21)	610,000	609,980	(19)	—	(19)
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 losses of securities with fair value and the net losses in this table was loss of ¥38,278 million and loss of ¥43,627 million as of March 31, 2016 and 2017, respectively.

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

Millions of Yen

Classification	As of March 31, 2016	As of March 31, 2017
Net gains (losses) on real estate	35,336	59,120

(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, 2016						As of March 31, 2017					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	929	21,443	—	—	—	22,372	268	(254,479)	—	—	—	(254,210)
Hedge accounting not applied	(1,455)	4,476	311	—	—	3,332	(630)	(21,547)	1,741	—	—	(20,437)
<b>Total</b>	<b>(525)</b>	<b>25,920</b>	<b>311</b>	<b>—</b>	<b>—</b>	<b>25,705</b>	<b>(361)</b>	<b>(276,026)</b>	<b>1,741</b>	<b>—</b>	<b>—</b>	<b>(274,647)</b>

(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 gain of ¥20,770 million and loss of ¥255,228 million in currency-related as of March 31, 2016 and 2017, respectively.

##### ● Interest-related

Millions of Yen

Classification	Type	As of March 31, 2016				As of March 31, 2017			
		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	49,532	33,828	929	929	48,828	32,520	268	268
	Interest rate swaptions								
	Bought								
	Receipts floating, payments fixed	290,000	170,000			170,000	—		
		[1,622]		167	(1,455)	[635]		4	(630)
<b>Total</b>									<b>(361)</b>

(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, 2017						
	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)	16,308	12,985	8,455	11,070	10	—	48,828
Average fixed rate (receipt)	1.74	0.69	0.91	1.20	0.86	—	1.20
Average floating rate (payment)	0.24	0.23	0.79	1.20	0.56	—	0.55

●Currency-related

Millions of Yen

Classification	Type	As of March 31, 2016				As of March 31, 2017			
		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	4,544,584	403,200	21,535	21,535	5,685,242	321,272	(271,315)	(271,315)
	(U.S. dollar)	2,019,291	146,484	90,937	90,937	3,274,262	233,885	(142,981)	(142,981)
	(Euro)	1,186,443	—	(2,158)	(2,158)	1,172,994	—	(5,818)	(5,818)
	(Australian dollar)	1,217,351	256,715	(75,498)	(75,498)	1,055,090	87,387	(115,829)	(115,829)
	Bought	154,357	—	4,180	4,180	527,011	—	(5,240)	(5,240)
	(U.S. dollar)	3,346	—	(0)	(0)	526,915	—	(5,241)	(5,241)
	(Euro)	151,010	—	4,180	4,180	—	—	—	—
	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	—			54,750	—		
	(U.S. dollar)	[2,453]		823	(1,629)	[397]		177	(219)
	(Euro)	303,000	—	823	(1,629)	54,750	—	177	(219)
	Currency swaps								
	(U.S. dollar)	—	—	—	—	26,780	26,780	(574)	(574)
	(Euro)	—	—	—	—	24,326	24,326	(614)	(614)
	(Euro)	—	—	—	—	2,454	2,454	40	40
<b>Total</b>					25,247				(277,350)

(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, 2016 include the contract sold 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 sold in U.S. dollar with contract value of ¥14,279 million, fair value of ¥(4,087) million and net loss of ¥4,087 million; and those as of March 31, 2017 include the contract sold in Australian dollar with contract value of ¥55,505 million, fair value of ¥(20,033) million and net loss of ¥20,033 million; and the contract sold in U.S. dollar with contract value of ¥2,996 million, fair value of ¥(929) million and net loss of ¥929 million. Currency swaps excluded from disclosure 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; and those as of March 31, 2017 include contract value in U.S. dollar of ¥226,557 million, fair value of ¥22,286 million and net gain of ¥22,286 million.

3. Net gains (losses) represent the fair values for foreign currency forward contracts as well as swap transactions, and the differences between the option fees and the fair values for option transactions.

## ●Stock-related

		Millions of Yen							
		As of March 31, 2016				As of March 31, 2017			
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	131,563	—	(1,394)	(1,394)	<b>98,753</b>	—	<b>1,741</b>	<b>1,741</b>
Over-the-counter transactions	Stock index forwards Sold	42,600	—	2,188	2,188	—	—	—	—
	Stock index options Sold								
	Call	155,208	—	953	590	—	—	—	—
	Bought	[1,543]				[—]			
	Put	99,999	—			—	—	—	—
		[1,541]		467	(1,073)	[—]		—	—
<b>Total</b>					<b>311</b>				<b>1,741</b>

(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, 2016, and 2017.

## 12. Loans (General Account)

		Millions of Yen	
Classification		As of March 31, 2016	As of March 31, 2017
Policy loans		314,654	<b>303,290</b>
Policy holder loans		286,091	<b>276,962</b>
Premium loans		28,562	<b>26,328</b>
Industrial and consumer loans		1,881,821	<b>2,669,398</b>
[Loans to non-residents]		[25,627]	<b>[17,000]</b>
Corporate loans		1,851,922	<b>1,771,558</b>
[Corporate loans - domestic]		[1,844,922]	<b>[1,769,558]</b>
Loans to national, international and government-affiliated organizations		10,209	<b>883,368</b>
Loans to public entities		14,295	<b>10,161</b>
Housing loans		5,171	<b>4,259</b>
Consumer loans		221	<b>50</b>
Other loans		—	—
<b>Total</b>		<b>2,196,475</b>	<b>2,972,689</b>

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

(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
<b>Total loans</b>	<b>295,261</b>	<b>517,802</b>	<b>343,182</b>	<b>266,249</b>	<b>291,006</b>	<b>130,317</b>	<b>38,000</b>	<b>1,881,821</b>

(As of March 31, 2017)

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	<b>26,089</b>	<b>17,905</b>	<b>4,635</b>	<b>45,635</b>	<b>10,566</b>	<b>45,263</b>	<b>48,000</b>	<b>198,096</b>
Fixed-rate loans	<b>1,167,484</b>	<b>398,788</b>	<b>236,098</b>	<b>197,393</b>	<b>288,025</b>	<b>183,511</b>	—	<b>2,471,301</b>
<b>Total loans</b>	<b>1,193,573</b>	<b>416,694</b>	<b>240,733</b>	<b>243,029</b>	<b>298,592</b>	<b>228,774</b>	<b>48,000</b>	<b>2,669,398</b>

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

Number of borrowers, Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Number of borrowers	Share	Number of borrowers	Share
Large companies	196	79.7	<b>184</b>	<b>81.1</b>
	1,708,292	92.6	<b>1,631,211</b>	<b>92.2</b>
Medium-sized companies	6	2.4	<b>2</b>	<b>0.9</b>
	13,306	0.7	<b>3,023</b>	<b>0.2</b>
Small companies	44	17.9	<b>41</b>	<b>18.1</b>
	123,323	6.7	<b>135,324</b>	<b>7.6</b>
Total loans to domestic companies	246	100.0	<b>227</b>	<b>100.0</b>
	1,844,922	100.0	<b>1,769,558</b>	<b>100.0</b>

(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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Domestic	364,773	19.4	292,492	11.0
Manufacturing				
Food	19,813	1.1	11,369	0.4
Textiles and apparel	12,592	0.7	4,561	0.2
Wood, wood products	1,000	0.1	800	0.0
Pulp and paper	20,967	1.1	11,950	0.4
Printing	2	0.0	—	—
Chemicals	52,749	2.8	47,436	1.8
Oil and coal products	37,680	2.0	36,680	1.4
Ceramics, soil and stone	12,037	0.6	9,836	0.4
Iron and steel	61,900	3.3	54,900	2.1
Nonferrous metals	5,780	0.3	6,020	0.2
Metal products	—	—	—	—
General purpose, production, and industrial machinery	26,605	1.4	18,620	0.7
Electric appliances	61,291	3.3	53,918	2.0
Transportation equipment	45,656	2.4	32,722	1.2
Other manufacturing products	6,700	0.4	3,680	0.1
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel mining	—	—	—	—
Construction	2,243	0.1	1,858	0.1
Electric power, gas, heat supply and waterworks	266,577	14.2	262,646	9.8
Information and communication	38,900	2.1	30,600	1.1
Logistics and postal services	138,561	7.4	137,888	5.2
Wholesale trade	481,480	25.6	470,160	17.6
Retail trade	6,886	0.4	6,197	0.2
Financing and insurance	298,830	15.9	333,950	12.5
Real estate	136,363	7.2	127,926	4.8
Rental and leasing services	104,650	5.6	95,129	3.6
Scientific, professional, and technical services	—	—	—	—
Lodging	24	0.0	1,000	0.0
Restaurants	1	0.0	—	—
Lifestyle and leisure	—	—	—	—
Education and training	—	—	—	—
Medical and welfare	—	—	—	—
Other services	11,321	0.6	11,119	0.4
Local organizations and public entities	184	0.0	138	0.0
Individuals (residential/consumption/local taxes/other)	5,393	0.3	4,309	0.2
Subtotal	1,856,193	98.6	2,652,398	99.4
Overseas				
Governments and public entities	18,627	1.0	15,000	0.6
Financial institutions	7,000	0.4	2,000	0.1
Commerce and industry	—	—	—	—
Subtotal	25,627	1.4	17,000	0.6
Total loans	1,881,821	100.0	2,669,398	100.0

(Notes) 1. 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)."

2. "Subtotal" of domestic loans as well as "total loans" include ¥876.9 billion of loans to the Japanese government.

## 16. Loans by Use (General Account)

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Capital investments	338,234	18.0	<b>311,686</b>	<b>11.7</b>
Operations	1,209,314	64.3	<b>1,125,186</b>	<b>42.2</b>

(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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Hokkaido	10,945	0.6	<b>12,197</b>	<b>0.5</b>
Tohoku	29,166	1.6	<b>29,000</b>	<b>1.1</b>
Kanto	1,337,765	72.3	<b>2,190,963</b>	<b>82.7</b>
Chubu	116,610	6.3	<b>99,870</b>	<b>3.8</b>
Kinki	269,667	14.6	<b>229,426</b>	<b>8.7</b>
Chugoku	38,389	2.1	<b>35,154</b>	<b>1.3</b>
Shikoku	10,100	0.5	<b>10,100</b>	<b>0.4</b>
Kyushu	38,155	2.1	<b>41,375</b>	<b>1.6</b>
Total	1,850,799	100.0	<b>2,648,088</b>	<b>100.0</b>

(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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Secured loans	685	0.0	<b>550</b>	<b>0.0</b>
Loans secured by securities	580	0.0	<b>460</b>	<b>0.0</b>
Loans secured by real estate, movables and foundations	105	0.0	<b>90</b>	<b>0.0</b>
Loans secured by personal guarantees	—	—	<b>—</b>	<b>—</b>
Guarantee loans	39,863	2.1	<b>35,747</b>	<b>1.3</b>
Fiduciary loans	1,835,879	97.6	<b>2,628,790</b>	<b>98.5</b>
Other loans	5,393	0.3	<b>4,309</b>	<b>0.2</b>
Industrial and consumer loans	1,881,821	100.0	<b>2,669,398</b>	<b>100.0</b>
Subordinated loans	135,000	7.2	<b>185,000</b>	<b>6.9</b>

## 19. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2016	As of March 31, 2017
Loans to bankrupt borrowers	—	—
Loans in arrears	980	<b>877</b>
Loans in arrears for three months or longer	1	<b>0</b>
Restructured loans	—	—
Total	982	<b>877</b>
[Percentage of total loans]	[0.04]	<b>[0.03]</b>

(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, 2016 and March 31, 2017 amounted to ¥29 million and ¥24 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, 2016	As of March 31, 2017
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	1,011	905
Substandard loans	1	0
Subtotal	1,012	905
[Percentage of total]	[0.03]	[0.02]
Normal loans	3,635,611	4,670,964
<b>Total</b>	<b>3,636,624</b>	<b>4,671,870</b>

- (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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Non-categorized	21,827	99.4	29,593	99.5
Category II	137	0.6	133	0.5
Category III	0	0.0	0	0.0
Category IV	—	—	—	—
<b>Total loans</b>	<b>21,964</b>	<b>100.0</b>	<b>29,726</b>	<b>100.0</b>

- (Notes)
1. ¥0 hundred million each in specific allowance for possible loan losses for loans in Category III were reported as of March 31, 2016 and 2017, 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, 2016 and 2017, respectively.

### (Reference) Status of Allowance for possible loan losses

Classification	Hundred million yen	
	As of March 31, 2016	As of March 31, 2017
Balance of specific allowance for possible loan losses	4	2
Balance of general allowance for possible loan losses	10	9
<b>Total allowance for possible loan losses</b>	<b>15</b>	<b>11</b>

## 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, 2016	As of March 31, 2017
Solvency margin gross amount (A)	3,327,579	<b>3,709,163</b>
Foundation funds and others	961,262	<b>958,826</b>
Reserve for price fluctuation	352,147	<b>502,347</b>
Contingency reserve	322,600	<b>333,700</b>
General allowance for possible loan losses	1,017	<b>910</b>
(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)	896,074	<b>879,345</b>
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(12,172)	<b>13,363</b>
Excess of continued Zillmerized reserve	640,070	<b>675,390</b>
Qualifying subordinated debt	149,480	<b>354,480</b>
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	<b>—</b>
Deduction clause	(55,000)	<b>(80,000)</b>
Others	72,100	<b>70,799</b>
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	796,553	<b>897,110</b>
Insurance risk R <sub>1</sub>	76,577	<b>73,512</b>
Third-sector insurance risk R <sub>8</sub>	52,711	<b>55,217</b>
Risk of assumed yield R <sub>2</sub>	210,130	<b>204,386</b>
Minimum guarantee risk R <sub>7</sub> *	32,970	<b>17,494</b>
Investment risk R <sub>3</sub>	524,700	<b>645,804</b>
Operational risk R <sub>4</sub>	17,941	<b>19,928</b>
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	835.4%	<b>826.9%</b>

\* The standard method is used for the calculation of the amount equivalent to minimum guarantee risk, in accordance with Appendix 6-2 of Ministry of Finance Public Notice No. 50 of 1996.

(Note) The above table was calculated based on Article 130 of the Insurance Business Act, Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50 of 1996.

### ●Solvency margin ratio

The “solvency margin” refers to the “amount of surplus capacity available to make payments” to cover its liabilities when risks that could not normally be anticipated, such as a massive earthquake or a stock market collapse, have materialized.

The solvency margin ratio is a percentage of “solvency margin gross amount” to the portion of “quantified total amount of risk” exceeding the quantified amount of risks that could normally be anticipated; it is one of the indicators to gauge the insurer’s ability to cover liabilities when unforeseen events occur.

When this ratio falls below 200%, an insurance company is subject to administrative intervention by the regulatory agencies to take “prompt corrective action.”

The solvency margin ratio is one of the financial indicators indicating sound business management, however, it should not be solely relied upon to evaluate the business management soundness of an insurance company. The evaluation of sound business management should be made in a comprehensive manner with due consideration of not only the solvency margin ratio but also other business management information such as asset management performance and trends in business results.



## ●Solvency margin gross amount

Component items of the “solvency margin gross amount” and their statutory grounds are shown below.

Item	Description	Statutory grounds
Foundation funds and others	<p>The amount represents the total net assets after deduction of the total valuation and translation adjustments and the amount to be distributed as an appropriation of surplus (including provisions for policyholders' dividend reserves) on the balance sheets. Meanwhile, of the items specified in Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act, the amounts presented under the assets section of the balance sheets and deferred assets presented under the assets section of the balance sheets pursuant to the provisions set forth in the first sentence of Article 113 of the Insurance Business Act (hereinafter “the Act”) were not applicable.</p> $\text{Foundation funds} = \text{Total net assets on the balance sheets} - \text{Total valuation and translation adjustments} - \text{The amount to be distributed as an appropriation of surplus} - \text{Others (Deferred assets, etc.)}$	Article 86 Paragraph 1 Item 1 of the Ordinance for Enforcement of the Insurance Business Act (hereinafter “the Ordinance”).
Foundation funds ( <i>kikin</i> )	<p>Foundation funds (<i>kikin</i>), components of “foundation funds”, are described below.            Foundation funds (<i>kikin</i>) are the equivalent to a stock company's capital. They are collateral assets of a mutual company prescribed by the Act and presented under the net assets section of the balance sheets.            Foundation funds (<i>kikin</i>) are redeemed on the due dates and, upon the redemption of principal amount, it is required to provide the reserve for redemption of foundation funds with the amount equal to that. These reserves are served as their retained surplus. For further information on redemption dates for foundation funds (<i>kikin</i>), please refer to “Fund redemption schedule” on page 141.</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, 2016	As of March 31, 2017
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	149,480	<b>354,480</b>
	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	<b>354,480</b>
	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 contracts 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 and 3 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, 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
<b>Total</b>	<b>668,815</b>	<b>14,870</b>	<b>46,153</b>	<b>17,201</b>	<b>620,330</b>	<b>438,004</b>	<b>—</b>

(As of March 31, 2017)

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	<b>386,740</b>	<b>1,190</b>	<b>17,898</b> [280]	—	<b>370,032</b>	—	—
Buildings	<b>226,738</b>	<b>10,968</b>	<b>16,717</b> [60]	<b>13,112</b>	<b>207,876</b>	<b>387,011</b>	<b>65.0</b>
Lease assets	<b>2,076</b>	—	<b>8</b>	<b>920</b>	<b>1,146</b>	<b>4,538</b>	<b>79.8</b>
Construction in progress	<b>891</b>	<b>3,801</b>	<b>3,789</b>	—	<b>902</b>	—	—
Other tangible fixed assets	<b>3,885</b>	<b>1,388</b>	<b>90</b>	<b>1,285</b>	<b>3,897</b>	<b>23,170</b>	<b>85.6</b>
<b>Total</b>	<b>620,330</b>	<b>17,348</b>	<b>38,504</b>	<b>15,319</b>	<b>583,856</b>	<b>414,720</b>	<b>—</b>

(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 ¥402,828 million as of March 31, 2017.

### b. Amount of real estate and numbers held

Millions of Yen

Classification	As of March 31, 2016	As of March 31, 2017
Amount of real estate	614,369	<b>578,811</b>
For business operations	185,233	<b>176,845</b>
For lease	429,136	<b>401,966</b>
Number of buildings held for leasing	119	<b>103</b>

## 24. Other Assets

(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
<b>Total</b>	<b>39,358</b>	<b>308</b>	<b>564</b>	<b>35,319</b>	<b>4,039</b>

(As of March 31, 2017)

Millions of Yen

Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance
Deferred assets	<b>31,313</b>	<b>39</b>	<b>385</b>	<b>30,356</b>	<b>956</b>
Others	<b>7,767</b>	<b>3</b>	<b>148</b>	<b>5,175</b>	<b>2,591</b>
<b>Total</b>	<b>39,080</b>	<b>43</b>	<b>534</b>	<b>35,532</b>	<b>3,548</b>

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

Millions of Yen

Classification		Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Public bonds	National government bonds	—	—
	Local government bonds	—	—
	Public entity bonds	2,152	799
	Subtotal	2,152	799
Loans	Government-affiliated organizations	1,582	878,368
	Local organizations and public entities	—	—
	Subtotal	1,582	878,368
<b>Total</b>	<b>3,734</b>	<b>879,167</b>	

(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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Foreign bonds	5,074,882	64.0	6,529,786	68.3
Other foreign securities	598,980	7.6	649,857	6.8
Cash, deposits and others	51,943	0.7	188,126	2.0
<b>Net foreign currency denominated assets</b>	<b>5,725,806</b>	<b>72.2</b>	<b>7,367,770</b>	<b>77.1</b>

#### ● Foreign currency denominated assets with fixed yen value

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Loans	94,277	1.2	127,077	1.3
Foreign bonds	92,712	1.2	56,324	0.6
Cash, deposits and others	28,035	0.4	25,049	0.3
<b>Net foreign currency denominated assets with fixed yen value</b>	<b>215,024</b>	<b>2.7</b>	<b>208,450</b>	<b>2.2</b>

(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, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Loans to non-residents	25,627	0.3	17,000	0.2
Foreign bonds	1,629,759	20.6	1,601,851	16.8
Other foreign securities	323,595	4.1	320,268	3.4
Cash, deposits and others	7,033	0.1	39,752	0.4
<b>Net yen-denominated assets</b>	<b>1,986,017</b>	<b>25.1</b>	<b>1,978,872</b>	<b>20.7</b>

#### ● Total

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
Overseas loans and investments	7,926,847	100.0	9,555,093	100.0

## b. Overseas loans and investments by geographic area

(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
<b>Total</b>	<b>7,600,287</b>	<b>100.0</b>	<b>6,677,711</b>	<b>100.0</b>	<b>922,576</b>	<b>100.0</b>	<b>25,627</b>	<b>100.0</b>

(As of March 31, 2017)

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	<b>3,148,957</b>	<b>35.7</b>	<b>2,682,438</b>	<b>34.2</b>	<b>466,519</b>	<b>48.1</b>	—	—
Europe	<b>2,162,077</b>	<b>24.5</b>	<b>2,160,206</b>	<b>27.6</b>	<b>1,871</b>	<b>0.2</b>	<b>12,000</b>	<b>70.6</b>
Oceania	<b>363,939</b>	<b>4.1</b>	<b>363,939</b>	<b>4.6</b>	—	—	—	—
Asia	<b>115,598</b>	<b>1.3</b>	<b>2,144</b>	<b>0.0</b>	<b>113,453</b>	<b>11.7</b>	—	—
Central and South America	<b>2,524,203</b>	<b>28.7</b>	<b>2,135,921</b>	<b>27.2</b>	<b>388,281</b>	<b>40.0</b>	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	<b>3,523</b>	<b>0.0</b>	<b>3,523</b>	<b>0.0</b>	—	—	—	—
International organizations	<b>491,044</b>	<b>5.6</b>	<b>491,044</b>	<b>6.3</b>	—	—	<b>5,000</b>	<b>29.4</b>
<b>Total</b>	<b>8,809,343</b>	<b>100.0</b>	<b>7,839,217</b>	<b>100.0</b>	<b>970,125</b>	<b>100.0</b>	<b>17,000</b>	<b>100.0</b>

(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.

## c. Foreign currency dominated assets by currency

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Share	Amount	Share
U.S. dollar	3,096,182	54.1	<b>4,686,636</b>	<b>63.6</b>
Australian dollar	1,360,829	23.8	<b>1,221,366</b>	<b>16.6</b>
Euro	1,035,806	18.1	<b>1,157,582</b>	<b>15.7</b>
New Zealand dollar	12,545	0.2	<b>115,395</b>	<b>1.6</b>
Polish zloty	—	—	<b>73,108</b>	<b>1.0</b>
Chinese yuan	45,274	0.8	<b>42,175</b>	<b>0.6</b>
Indonesia Rupiah	38,278	0.7	<b>38,300</b>	<b>0.5</b>
Vietnam dong	33,200	0.6	<b>33,180</b>	<b>0.5</b>
British pound	56,569	1.0	<b>24</b>	<b>0.0</b>
Mexican peso	47,117	0.8	—	—
<b>Total</b>	<b>5,725,806</b>	<b>100.0</b>	<b>7,367,770</b>	<b>100.0</b>

# Liabilities

## 1. Reserve for Outstanding Claims

Millions of Yen

Classification		As of March 31, 2016	As of March 31, 2017
Claims paid	Mortality insurance claims	49,722	50,214
	Accident insurance claims	1,153	862
	Serious disability insurance claims	6,342	4,812
	Maturity insurance amount	2,694	2,020
	Others	715	790
	Subtotal	60,628	58,701
Annuity payments		3,746	4,421
Benefits payments		24,695	23,514
Surrender benefits		55,590	47,730
Payments of benefits left to accumulate at interest		5,096	5,087
Total including other reserves		150,671	140,787

## 2. Policy Reserves

Millions of Yen

Classification		As of March 31, 2016	As of March 31, 2017
Policy reserves (excluding contingency reserves)	Individual life insurance	13,251,529	13,945,538
	[General account]	[13,189,075]	[13,882,816]
	[Separate account]	[62,453]	[62,721]
	Individual annuities	7,569,066	8,144,049
	[General account]	[6,541,846]	[7,590,267]
	[Separate account]	[1,027,220]	[553,781]
	Group insurance	16,147	16,266
	[General account]	[16,147]	[16,266]
	[Separate account]	[—]	[—]
	Group annuities	2,555,584	2,565,431
	[General account]	[1,971,618]	[1,970,058]
	[Separate account]	[583,965]	[595,373]
	Others	217,241	212,907
	[General account]	[217,241]	[212,907]
	[Separate account]	[—]	[—]
	Subtotal	23,609,569	24,884,193
	[General account]	[21,935,928]	[23,672,316]
	[Separate account]	[1,673,640]	[1,211,876]
Contingency reserves		322,600	333,700
Total		23,932,169	25,217,893
	[General account]	[22,258,528]	[24,006,016]
	[Separate account]	[1,673,640]	[1,211,876]

## 3. Policy Reserve Balance

(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

(As of March 31, 2017)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total as of March 31, 2017
Balance	22,722,846	2,161,346	—	333,700	25,217,893

## 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, 2016	As of March 31, 2017
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)	<b>The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)</b>
	Policies not applicable to standard policy reserves	Net level premium method	<b>Net level premium method</b>
Valuation ratio (excluding contingency reserves)		100.0%	<b>100.0%</b>

- (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 and medical life 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	<b>136,629</b>	<b>4.00% - 5.00%</b>
1981 - 1985	<b>369,038</b>	<b>5.00% - 5.50%</b>
1986 - 1990	<b>2,421,835</b>	<b>5.50%</b>
1991 - 1995	<b>3,184,448</b>	<b>3.75% - 5.50%</b>
1996 - 2000	<b>1,358,385</b>	<b>2.00% - 2.75%</b>
2001 - 2005	<b>1,296,478</b>	<b>1.50%</b>
2006 - 2010	<b>3,743,574</b>	<b>1.00% - 1.50%</b>
2011	<b>1,117,694</b>	<b>1.00% - 1.50%</b>
2012	<b>1,673,137</b>	<b>1.00% - 1.50%</b>
2013	<b>1,126,803</b>	<b>0.50% - 1.00%</b>
2014	<b>1,223,950</b>	<b>0.50% - 1.00%</b>
2015	<b>1,645,504</b>	<b>0.50% - 1.00%</b>
2016	<b>2,175,604</b>	<b>0.25% - 1.00%</b>

- (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 2017.



○ Test results

The test verifies the possibility of insufficient reserves by subtracting P from A as explained below.

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	60.5%	55.2%	64.8%
Of which, the general medical riders group	53.2%	50.5%	56.5%
Of which, the specified severe lifestyle disease coverage group	81.0%	71.8%	90.0%
Of which, the lifestyle disability coverage group	58.1%	36.9%	88.3%

As a result of the stress test conducted at the closing of the fiscal year ended March 31, 2017, ¥280 million of contingency reserves were provided for part of third-sector insurances. Meanwhile, results of the liability adequacy test showed that no provisions for additional policy reserves were necessary.

The balance of insurance reserve funds additionally accumulated and earmarked for part of the third-sector insurances as of March 31, 2017 was ¥9,170 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, 2016	As of March 31, 2017
Policy reserve balance (General account)	16,864	7,737

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.  
 3. An amount of ¥28 million was deducted at March 31, 2017 as policy reserves corresponding to the reinsured portion as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act.

### 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)	Individual variable annuities with minimum guarantee (Lump-sum payment) (16)
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)	Standard method as defined in the Ministry of Finance Public Notice No. 48 of 1996
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	The rate as defined in the Ministry of Finance Public Notice No. 48 of 1996
	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).	18.4% (This rate is 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, 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]

(Fiscal year ended March 31, 2017)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	<b>243,110</b>	<b>11,860</b>	<b>3,182</b>	<b>188</b>	<b>784</b>	<b>102</b>	<b>259,228</b>
Transfer from surplus in the previous fiscal year	<b>9,760</b>	<b>2,352</b>	<b>36,296</b>	<b>2,844</b>	<b>(0)</b>	<b>294</b>	<b>51,548</b>
Interest accrued during the fiscal year	<b>116</b>	<b>3</b>	<b>0</b>	<b>—</b>	<b>0</b>	<b>0</b>	<b>121</b>
Dividend payments to policyholders during the fiscal year	<b>21,410</b>	<b>1,061</b>	<b>39,065</b>	<b>2,945</b>	<b>88</b>	<b>376</b>	<b>64,947</b>
Ending balance	<b>231,242</b>	<b>13,157</b>	<b>753</b>	<b>81</b>	<b>695</b>	<b>20</b>	<b>245,951</b>
	<b>[226,903]</b>	<b>[9,956]</b>	<b>[296]</b>	<b>[—]</b>	<b>[690]</b>	<b>[11]</b>	<b>[237,859]</b>

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

## 8. Allowance for Possible Loan Losses and Other Reserves

(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.

(Fiscal year ended March 31, 2017)

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	1,017	910	(106)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	485	221	(263)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		47,962	45,448	(2,513)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		352,147	502,347	150,200	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, 2016	As of March 31, 2017
Amount of provision	689	260
Amount of reversal (Excluding reversal accompanying write-off)	725	255
Net provision	(36)	44

## 10. Status of Allowance for Specific Overseas Debt

### a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2016 and 2017.

### b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2016 and 2017.

## 11. Loans payable by Due Date

(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

(As of March 31, 2017)

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	—	—	—	—	—	354,480	354,480

# Net Assets

## 1. Status of Foundation Funds (*Kikin*)

Payment date	Total amount of offering	Redemption period	Interest rate	Use of funds
August 11, 2011	¥70.0 billion	Within 6 years	Market interest rates (fixed interest rate or market interest rate-linked floating interest rate)	Enhancement of financial basis
August 8, 2012	¥50.0 billion	Within 6 years	Market interest rates (fixed interest rate)	
August 10, 2012	¥50.0 billion	Within 7 years	Market interest rates (fixed interest rate or market interest rate-linked floating interest rate)	
<b>Total foundation funds (as of March 31, 2017)</b>		<b>¥639.0 billion (including ¥469.0 billion in reserve for redemption of foundation funds)</b>		

Millions of Yen, %

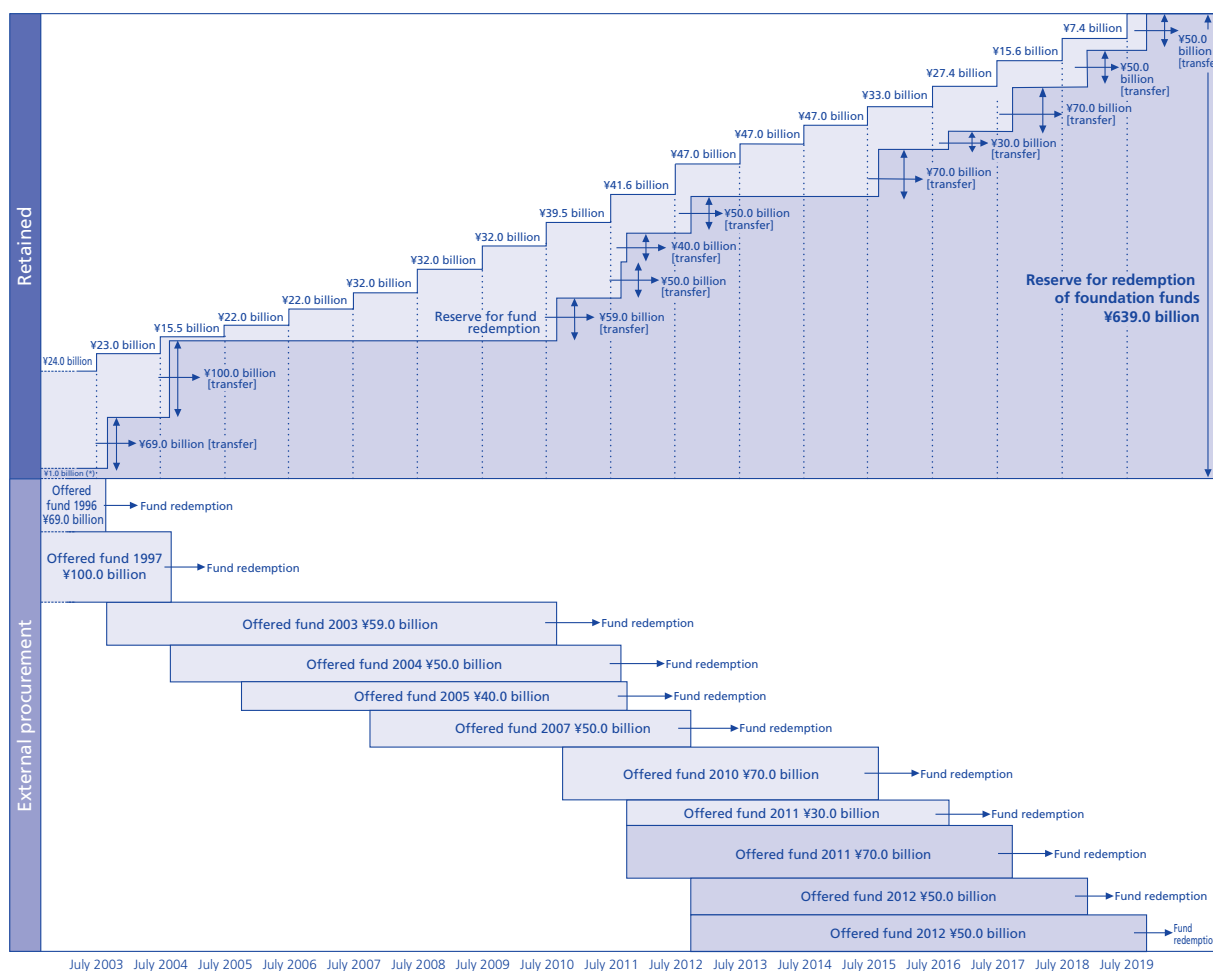
Names of fund contributor	Fund contributions to the Company	
	Amount	Fund contribution
Sumitomo Mitsui Banking Corporation	71,000	41.76
Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company	50,000	29.41
Sumitomo Mitsui Trust Bank, Limited	26,000	15.29
Mizuho Bank, Ltd.	15,000	8.82
Mitsui Sumitomo Insurance Company, Limited	6,000	3.52
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	1.17

(Notes) 1. Fund contributors are listed in descending order of amount of their contributions as of March 31, 2017.

2. Sumitomo Life 5th Foundation Fund Securitization Special Purpose Company issues 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, 2016	Fiscal year ended March 31, 2017
<b>Individual life insurance</b>	1,778,545	<b>1,858,379</b>
(Lump-sum payment)	613,283	<b>410,764</b>
(Annual payment)	246,814	<b>543,742</b>
(Semiannual payment)	6,251	<b>5,952</b>
(Monthly payment)	912,196	<b>897,920</b>
<b>Individual annuities</b>	643,866	<b>1,108,809</b>
(Lump-sum payment)	139	<b>5,312</b>
(Annual payment)	393,140	<b>822,119</b>
(Semiannual payment)	3,112	<b>3,544</b>
(Monthly payment)	247,474	<b>277,832</b>
<b>Group insurance</b>	95,635	<b>95,745</b>
<b>Group annuities</b>	479,270	<b>228,995</b>
<b>Total including other premiums</b>	3,018,250	<b>3,311,796</b>

(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, 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
<b>Total</b>	<b>486,716</b>	<b>6,317</b>	<b>45,689</b>	<b>3,640</b>	<b>831</b>	<b>3</b>	<b>543,199</b>

(Fiscal year ended March 31, 2017)

Classification	Millions of Yen						
	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	<b>276,408</b>	<b>5,294</b>	<b>41,035</b>	—	—	<b>2</b>	<b>322,741</b>
Accident	<b>4,320</b>	<b>13</b>	<b>89</b>	—	<b>34</b>	—	<b>4,457</b>
Serious disability	<b>8,060</b>	<b>28</b>	<b>3,415</b>	—	—	—	<b>11,503</b>
Maturity	<b>175,712</b>	<b>5</b>	—	—	<b>782</b>	—	<b>176,500</b>
Others	<b>2,045</b>	—	—	<b>2,580</b>	—	—	<b>4,626</b>
<b>Total</b>	<b>466,548</b>	<b>5,340</b>	<b>44,540</b>	<b>2,580</b>	<b>817</b>	<b>2</b>	<b>519,829</b>

## b. Number of policies

(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
<b>Total</b>	<b>132,285</b>	<b>1,304</b>	<b>47,119</b>	<b>—</b>	<b>1,336</b>	<b>218</b>	<b>182,262</b>

(Fiscal year ended March 31, 2017)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	<b>53,371</b>	<b>1,024</b>	<b>42,574</b>	—	—	<b>168</b>	<b>97,137</b>
Accident	<b>780</b>	<b>2</b>	<b>174</b>	—	<b>5</b>	—	<b>961</b>
Serious disability	<b>967</b>	<b>6</b>	<b>2,983</b>	—	—	—	<b>3,956</b>
Maturity	<b>54,308</b>	<b>88</b>	—	—	<b>1,422</b>	—	<b>55,818</b>
Others	<b>3,830</b>	—	—	—	—	—	<b>3,830</b>
<b>Total</b>	<b>113,256</b>	<b>1,120</b>	<b>45,731</b>	<b>—</b>	<b>1,427</b>	<b>168</b>	<b>161,702</b>

## 3. Annuity Payments

### a. Amount

(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

(Fiscal year ended March 31, 2017)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	<b>633,995</b>	<b>514</b>	<b>64,568</b>	<b>4,661</b>	—	<b>703,740</b>

### b. Number of policies

(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

(Fiscal year ended March 31, 2017)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	<b>599,458</b>	<b>24,038</b>	<b>1,966,034</b>	<b>15,109</b>	—	<b>2,604,639</b>



## 4. Benefits Payments

### a. Amount

(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
<b>Total</b>	<b>179,871</b>	<b>26,910</b>	<b>134</b>	<b>110,700</b>	<b>1,027</b>	<b>88</b>	<b>318,733</b>

(Fiscal year ended March 31, 2017)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	<b>7,136</b>	<b>17,703</b>	<b>6</b>	—	<b>247</b>	—	<b>25,094</b>
Hospitalization benefits	<b>64,601</b>	<b>744</b>	<b>89</b>	—	—	<b>68</b>	<b>65,504</b>
Surgical benefits	<b>33,376</b>	<b>703</b>	—	—	—	—	<b>34,080</b>
Disability benefits	<b>4,787</b>	<b>12</b>	<b>27</b>	—	—	—	<b>4,827</b>
Survival benefits	<b>54,420</b>	<b>305</b>	—	—	<b>548</b>	—	<b>55,274</b>
Others	<b>2,572</b>	<b>0</b>	<b>2</b>	<b>101,513</b>	<b>57</b>	<b>3</b>	<b>104,149</b>
<b>Total</b>	<b>166,895</b>	<b>19,471</b>	<b>125</b>	<b>101,513</b>	<b>853</b>	<b>71</b>	<b>288,931</b>

### b. Number of policies

(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
<b>Total</b>	<b>1,545,139</b>	<b>26,152</b>	<b>4,379</b>	<b>486,312</b>	<b>495</b>	<b>8,683</b>	<b>2,071,160</b>

(Fiscal year ended March 31, 2017)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	<b>13,364</b>	<b>4,837</b>	<b>429</b>	—	<b>80</b>	—	<b>18,710</b>
Hospitalization benefits	<b>827,909</b>	<b>9,686</b>	<b>3,353</b>	—	—	<b>7,579</b>	<b>848,527</b>
Surgical benefits	<b>401,357</b>	<b>8,768</b>	—	—	—	—	<b>410,125</b>
Disability benefits	<b>56,602</b>	<b>134</b>	<b>158</b>	—	—	—	<b>56,894</b>
Survival benefits	<b>199,542</b>	<b>1,760</b>	—	—	<b>244</b>	—	<b>201,546</b>
Others	<b>12,628</b>	<b>4</b>	<b>159</b>	<b>473,815</b>	<b>105</b>	<b>102</b>	<b>486,813</b>
<b>Total</b>	<b>1,511,402</b>	<b>25,189</b>	<b>4,099</b>	<b>473,815</b>	<b>429</b>	<b>7,681</b>	<b>2,022,615</b>

## 5. Surrender Benefits

(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

(Fiscal year ended March 31, 2017)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
<b>254,140</b>	<b>80,731</b>	—	<b>64,225</b>	<b>19,495</b>	—	<b>418,593</b>

# Investment-related Income

## 1. Investment Income (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Interest, dividends, and other income	568,457	<b>588,852</b>
Gains on trading securities	96	<b>108</b>
Gains on sales of securities	11,720	<b>88,036</b>
Gains on redemption of securities	3,902	<b>16,578</b>
Foreign exchange gains	233	<b>8,810</b>
Reversal of allowance for possible loan losses	172	<b>102</b>
Other investment income	570	<b>522</b>
<b>Total</b>	<b>585,154</b>	<b>703,011</b>

## 2. Investment Expenses (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Interest expenses	4,756	<b>7,698</b>
Losses on sales of securities	4,746	<b>39,074</b>
Losses on valuation of securities	1,034	<b>6</b>
Losses on derivative financial instruments	23,229	<b>107,144</b>
Depreciation of real estate for investments	10,660	<b>9,152</b>
Other investment expenses	13,993	<b>13,504</b>
<b>Total</b>	<b>58,421</b>	<b>176,580</b>

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

Classification	Millions of Yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Interest on deposits	125	<b>64</b>
Interest and dividends on securities	478,557	<b>505,535</b>
Interest on domestic bonds	228,401	<b>226,433</b>
Domestic stock dividends	29,361	<b>31,608</b>
Interest and dividends on foreign securities	217,535	<b>246,054</b>
Interest on loans	44,015	<b>37,695</b>
Interest on industrial and consumer loans	29,869	<b>24,317</b>
Rent revenue from real estate	40,439	<b>38,997</b>
<b>Total including other income</b>	<b>568,457</b>	<b>588,852</b>

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

Fiscal Year ended March 31, 2017	Millions of Yen		
	Increase (decrease) in balance	Increase/decrease in interests	Total increase (decrease)
Interest, dividends, and other income	<b>48,335</b>	<b>(27,940)</b>	<b>20,395</b>
Cash, deposits and call loans	<b>323</b>	<b>599</b>	<b>923</b>
Securities	<b>46,070</b>	<b>(19,091)</b>	<b>26,978</b>
Loans	<b>427</b>	<b>(6,748)</b>	<b>(6,320)</b>
Real estate	<b>(2,848)</b>	<b>1,406</b>	<b>(1,441)</b>

## 5. Gains on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Domestic bonds including national government bonds	579	<b>82,941</b>
Domestic stocks and others	10,230	<b>5,094</b>
Foreign securities	910	<b>1</b>
Total including other gains on sales of securities	11,720	<b>88,036</b>

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

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Tangible fixed assets	3,114	<b>10,595</b>
Land	534	<b>714</b>
Buildings	2,579	<b>9,881</b>
Lease assets	—	—
Other assets	—	—
Intangible fixed assets	—	—
Others	458	<b>6,437</b>
Total	3,572	<b>17,033</b>
Investment and rental properties	2,386	<b>9,287</b>

## 7. Losses on Sales of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Domestic bonds including national government bonds	738	<b>1,583</b>
Domestic stocks and others	1,422	<b>2,351</b>
Foreign securities	2,586	<b>35,139</b>
Total including other losses on sales of securities	4,746	<b>39,074</b>

## 8. Losses on Valuation of Securities (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Domestic bonds including national government bonds	—	—
Domestic stocks and others	1,034	<b>6</b>
Foreign securities	—	—
Total including other losses on sales of securities	1,034	<b>6</b>

## 9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2016 and after.

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

(Fiscal year ended March 31, 2016)

Classification	Millions of Yen				
	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%
<b>Total</b>	<b>432,680</b>	<b>10,660</b>	<b>280,831</b>	<b>151,848</b>	<b>64.9%</b>

(Fiscal year ended March 31, 2017)

Classification	Millions of Yen				
	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	<b>389,628</b>	<b>8,829</b>	<b>253,778</b>	<b>135,850</b>	<b>65.1%</b>
Buildings	<b>388,554</b>	<b>8,800</b>	<b>252,779</b>	<b>135,775</b>	<b>65.1%</b>
Other tangible fixed assets	<b>1,074</b>	<b>29</b>	<b>999</b>	<b>75</b>	<b>93.0%</b>
Intangible fixed assets	<b>15</b>	<b>1</b>	<b>13</b>	<b>1</b>	<b>87.7%</b>
Others	<b>8,022</b>	<b>320</b>	<b>7,185</b>	<b>837</b>	<b>89.6%</b>
<b>Total</b>	<b>397,667</b>	<b>9,152</b>	<b>260,977</b>	<b>136,690</b>	<b>65.6%</b>

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

Classification	Millions of Yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Tangible fixed assets	4,697	<b>5,339</b>
Land	3,747	<b>2,748</b>
Buildings	888	<b>2,516</b>
Lease assets	10	<b>8</b>
Other assets	51	<b>66</b>
Intangible fixed assets	625	<b>0</b>
Others	33	<b>29</b>
<b>Total</b>	<b>5,356</b>	<b>5,369</b>
Investment and rental properties	3,988	<b>4,384</b>

# Others

## 1. Depreciation

(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%
<b>Total</b>	<b>366,476</b>	<b>14,134</b>	<b>261,911</b>	<b>104,581</b>	<b>71.5%</b>

(Fiscal year ended March 31, 2017)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	<b>238,013</b>	<b>6,492</b>	<b>160,961</b>	<b>77,070</b>	<b>67.6%</b>
Buildings	<b>206,333</b>	<b>4,312</b>	<b>134,232</b>	<b>72,100</b>	<b>65.1%</b>
Lease assets	<b>5,685</b>	<b>923</b>	<b>4,557</b>	<b>1,146</b>	<b>80.2%</b>
Other tangible fixed assets	<b>25,994</b>	<b>1,255</b>	<b>22,171</b>	<b>3,822</b>	<b>85.3%</b>
Intangible fixed assets	<b>107,827</b>	<b>6,804</b>	<b>80,634</b>	<b>27,193</b>	<b>74.8%</b>
Others	<b>23,290</b>	<b>41</b>	<b>23,171</b>	<b>118</b>	<b>99.5%</b>
<b>Total</b>	<b>369,130</b>	<b>13,337</b>	<b>264,767</b>	<b>104,382</b>	<b>71.7%</b>

## 2. Operating Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Marketing operations	118,378	<b>128,482</b>
Marketing administration	60,575	<b>61,400</b>
General and administrative expenses	157,618	<b>157,011</b>
<b>Total</b>	<b>336,571</b>	<b>346,894</b>

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥3,053 million and ¥2,918 million in the fiscal year ended March 31, 2016 and 2017, respectively.

### 3. Tax Expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
National tax	14,383	15,606
Consumption tax	11,643	12,326
Special local corporate tax	2,426	2,926
Documentary stamp tax	306	343
Registration and license tax	5	4
Other national tax	0	5
Local tax	11,171	12,471
Local consumption tax	3,136	3,321
Corporate enterprise tax	5,811	7,008
Fixed asset tax	1,779	1,703
Real-estate acquisition tax	0	0
Corporate income tax	433	431
Other local tax	10	5
<b>Total</b>	<b>25,554</b>	<b>28,078</b>

### 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, 2016 and 2017.

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

Omitted as there are no ending balances for March 31, 2016 and 2017.

#### c. Lease fees paid, depreciation and interest expenses

Omitted as there are no ending balances for March 31, 2016 and 2017.

#### 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, 2016		As of March 31, 2017		
		Policies	Amount	Policies	Amount	
Death protection	Death protection due to illness/accident	Individual life insurance	8,208	83,608,623	<b>8,261</b>	<b>77,138,409</b>
		Individual annuities	—	—	—	—
		Group insurance	22,001	31,555,837	<b>21,823</b>	<b>31,482,206</b>
		Group annuities	—	—	—	—
		Total including other types	30,210	115,164,460	<b>30,084</b>	<b>108,620,615</b>
	Death protection due to accident	Individual life insurance	[7,905]	[19,898,318]	<b>[7,849]</b>	<b>[19,267,743]</b>
		Individual annuities	[49]	[214,880]	<b>[44]</b>	<b>[194,384]</b>
		Group insurance	[2,548]	[873,524]	<b>[2,521]</b>	<b>[851,391]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[10,502]	[20,986,724]	<b>[10,414]</b>	<b>[20,313,519]</b>
	Death protection due to specific causes	Individual life insurance	[0]	[32]	<b>[0]</b>	<b>[19]</b>
		Individual annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Group insurance	[63]	[34,074]	<b>[63]</b>	<b>[33,138]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[63]	[34,107]	<b>[63]</b>	<b>[33,157]</b>
Pure endowment	Maturity and survival benefits	Individual life insurance	212	410,767	<b>212</b>	<b>405,768</b>
		Individual annuities	2,458	12,557,215	<b>2,842</b>	<b>14,425,826</b>
		Group insurance	0	147	<b>0</b>	<b>194</b>
		Group annuities	—	—	—	—
		Total including other types	2,680	12,992,301	<b>3,063</b>	<b>14,854,070</b>
	Annuity	Individual life insurance	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Individual annuities	[2,895]	[1,758,813]	<b>[3,337]</b>	<b>[1,992,402]</b>
		Group insurance	[8]	[510]	<b>[7]</b>	<b>[486]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[2,917]	[1,764,210]	<b>[3,358]</b>	<b>[1,997,539]</b>
	Others	Individual life insurance	—	—	—	—
		Individual annuities	436	1,439,236	<b>494</b>	<b>1,576,693</b>
		Group insurance	7	3,158	<b>7</b>	<b>3,041</b>
		Group annuities	6,615	2,555,584	<b>6,601</b>	<b>2,565,431</b>
		Total including other types	7,140	4,190,985	<b>7,180</b>	<b>4,335,738</b>
Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[5,088]	[32,012]	<b>[5,000]</b>	<b>[31,070]</b>
		Individual annuities	[121]	[576]	<b>[113]</b>	<b>[538]</b>
		Group insurance	[1,340]	[1,151]	<b>[1,342]</b>	<b>[1,125]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[6,857]	[33,908]	<b>[6,726]</b>	<b>[32,873]</b>
	Coverage for hospitalization due to illness	Individual life insurance	[5,073]	[31,732]	<b>[4,988]</b>	<b>[30,847]</b>
		Individual annuities	[119]	[565]	<b>[111]</b>	<b>[528]</b>
		Group insurance	[10]	[44]	<b>[11]</b>	<b>[48]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[5,510]	[32,509]	<b>[5,381]</b>	<b>[31,563]</b>
	Coverage for hospitalization due to other causes	Individual life insurance	[9,025]	[213,999]	<b>[8,816]</b>	<b>[219,777]</b>
		Individual annuities	[45]	[376]	<b>[43]</b>	<b>[350]</b>
		Group insurance	[62]	[54]	<b>[63]</b>	<b>[57]</b>
		Group annuities	[—]	[—]	<b>[—]</b>	<b>[—]</b>
		Total including other types	[9,133]	[214,430]	<b>[8,922]</b>	<b>[220,185]</b>

- (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, 2016	As of March 31, 2017
Disability coverage	Individual life insurance	6,626,941	<b>6,478,264</b>
	Individual annuities	35,030	<b>33,132</b>
	Group insurance	2,344,278	<b>2,315,566</b>
	Group annuities	—	—
	Total including other types	9,006,249	<b>8,826,962</b>
Surgical coverage	Individual life insurance	7,084,286	<b>6,636,251</b>
	Individual annuities	148,007	<b>138,368</b>
	Group insurance	—	—
	Group annuities	—	—
	Total including other types	7,232,293	<b>6,774,619</b>



## 2. Annualized Premiums

### a. Policies in force

Classification	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	1,484,714	0.7	<b>1,517,985</b>	<b>2.2</b>
Individual annuities	708,734	2.8	<b>807,327</b>	<b>13.9</b>
Total	2,193,448	1.4	<b>2,325,313</b>	<b>6.0</b>
Living benefits, medical coverage, and others	519,792	1.8	<b>532,677</b>	<b>2.5</b>

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

Classification	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	106,626	16.9	<b>120,709</b>	<b>13.2</b>
Individual annuities	62,575	39.0	<b>132,284</b>	<b>111.4</b>
Total	169,202	24.2	<b>252,994</b>	<b>49.5</b>
Living benefits, medical coverage, and others	40,019	11.3	<b>42,408</b>	<b>6.0</b>

(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, 2016				As of March 31, 2017			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,421	0.1	84,019,391	(5.7)	<b>8,473</b>	<b>0.6</b>	<b>77,544,178</b>	<b>(7.7)</b>
Individual annuities	2,895	4.5	13,996,452	3.3	<b>3,337</b>	<b>15.3</b>	<b>16,002,519</b>	<b>14.3</b>
Group insurance	—	—	31,559,143	(0.5)	—	—	<b>31,485,442</b>	<b>(0.2)</b>
Group annuities	—	—	2,555,584	(4.4)	—	—	<b>2,565,431</b>	<b>0.4</b>

(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, 2016						Fiscal year ended March 31, 2017					
	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	844	12.1	2,012,994	(44.9)	2,993,717	(980,722)	<b>781</b>	<b>(7.6)</b>	<b>74,122</b>	<b>(96.3)</b>	<b>2,113,676</b>	<b>(2,039,554)</b>
Individual annuities	301	25.7	1,340,224	36.0	1,359,213	(18,988)	<b>608</b>	<b>101.9</b>	<b>2,876,240</b>	<b>114.6</b>	<b>2,889,122</b>	<b>(12,881)</b>
Group insurance	—	—	73,525	31.2	73,525	—	—	—	<b>51,363</b>	<b>(30.1)</b>	<b>51,363</b>	—
Group annuities	—	—	124	132.7	124	—	—	—	<b>58</b>	<b>(53.2)</b>	<b>58</b>	—

(Notes) 1. Number of policies is a total of numbers of new policies acquired, new policies by conversion and new policies after rider replacement.

2. Net increase by conversion includes net increase by rider replacement.

3. Net increase by the acquisition of new policies and conversion in individual annuities represents the annuity resources at the start of annuity payments.

4. New policies in group annuities show the first time premium revenues.

## 4. Trends and Transitions of Policies in Force

Thousand policies, millions of yen, %

Classification			As of March 31, 2016				As of March 31, 2017			
			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	1,871	8.8	10,290,114	6.4	<b>2,025</b>	<b>8.2</b>	<b>10,620,935</b>	<b>3.2</b>
		Whole life insurance with term rider	1,688	(3.2)	21,725,520	(8.1)	<b>1,620</b>	<b>(4.0)</b>	<b>19,420,926</b>	<b>(10.6)</b>
		Whole life insurance with variable accumulation rate	2,756	0.5	44,296,978	(6.4)	<b>2,787</b>	<b>1.1</b>	<b>40,367,090</b>	<b>(8.9)</b>
		Term life insurance	134	(8.3)	2,234,350	(2.9)	<b>128</b>	<b>(4.2)</b>	<b>2,207,906</b>	<b>(1.2)</b>
		Total including other types	7,485	1.5	80,113,315	(5.3)	<b>7,615</b>	<b>1.7</b>	<b>74,063,172</b>	<b>(7.6)</b>
	Life and mortality insurance	Endowment insurance	426	(10.2)	1,883,321	(9.9)	<b>386</b>	<b>(9.4)</b>	<b>1,691,540</b>	<b>(10.2)</b>
		Endowment insurance with term rider	67	(21.1)	670,919	(19.0)	<b>55</b>	<b>(17.7)</b>	<b>557,445</b>	<b>(16.9)</b>
		Term life insurance with survival benefits	164	(9.5)	625,931	(13.0)	<b>153</b>	<b>(6.8)</b>	<b>566,320</b>	<b>(9.5)</b>
		Total including other types	916	(9.4)	3,830,920	(11.8)	<b>843</b>	<b>(8.0)</b>	<b>3,417,965</b>	<b>(10.8)</b>
		Pure endowment	19	(24.8)	75,155	(16.8)	<b>14</b>	<b>(27.5)</b>	<b>63,040</b>	<b>(16.1)</b>
Subtotal (1)			8,421	0.1	84,019,391	(5.7)	<b>8,473</b>	<b>0.6</b>	<b>77,544,178</b>	<b>(7.7)</b>
Individual annuities (2)			2,895	4.5	13,996,452	3.3	<b>3,337</b>	<b>15.3</b>	<b>16,002,519</b>	<b>14.3</b>
<b>(1) + (2) Total</b>			11,316	1.2	98,015,843	(4.5)	<b>11,810</b>	<b>4.4</b>	<b>93,546,698</b>	<b>(4.6)</b>
Group insurance	Group term life insurance		7,262	(0.0)	5,606,531	(1.6)	<b>7,290</b>	<b>0.4</b>	<b>5,514,013</b>	<b>(1.7)</b>
	General welfare group term life insurance		3,656	0.5	9,053,308	(1.0)	<b>3,702</b>	<b>1.3</b>	<b>9,049,956</b>	<b>(0.0)</b>
	Group credit life insurance		11,037	(1.5)	16,856,133	0.1	<b>10,786</b>	<b>(2.3)</b>	<b>16,880,461</b>	<b>0.1</b>
	Consumer credit group insurance		45	(2.9)	11,739	(8.6)	<b>44</b>	<b>(2.6)</b>	<b>10,598</b>	<b>(9.7)</b>
	Group whole life insurance		0	(10.2)	94	(24.9)	<b>0</b>	<b>(15.1)</b>	<b>76</b>	<b>(19.7)</b>
	Life insurance for sustainers of disabled		47	(3.4)	28,030	(3.0)	<b>45</b>	<b>(4.0)</b>	<b>27,100</b>	<b>(3.3)</b>
	Annuities rider		8	(4.2)	3,305	(5.9)	<b>7</b>	<b>(5.0)</b>	<b>3,236</b>	<b>(2.1)</b>
	Subtotal (3)			22,009	(0.7)	31,559,143	(0.5)	<b>21,831</b>	<b>(0.8)</b>	<b>31,485,442</b>
<b>(1) + (2) + (3) Total</b>			33,326	(0.0)	129,574,986	(3.6)	<b>33,642</b>	<b>0.9</b>	<b>125,032,140</b>	<b>(3.5)</b>
Group annuities	Corporate pension plans		0	(3.6)	234	2.3	<b>0</b>	<b>(5.1)</b>	<b>236</b>	<b>0.8</b>
	New corporate pension plans		3,781	0.6	78,313	(3.3)	<b>3,926</b>	<b>3.8</b>	<b>77,736</b>	<b>(0.7)</b>
	Insured contributory pension plans		2,396	(0.7)	789,628	(1.3)	<b>2,389</b>	<b>(0.3)</b>	<b>788,283</b>	<b>(0.2)</b>
	Employees' pension fund insurance		437	(29.0)	66,167	(61.3)	<b>284</b>	<b>(34.9)</b>	<b>23,141</b>	<b>(65.0)</b>
	National pension fund insurance		—	—	9	6.0	—	—	<b>10</b>	<b>5.3</b>
	Group pure endowment insurance		—	—	39,455	(0.2)	—	—	<b>49,433</b>	<b>25.3</b>
	Defined benefit corporate pension plans		—	—	1,491,545	(0.3)	—	—	<b>1,528,803</b>	<b>2.5</b>
	Defined contribution pension plans		—	—	90,228	7.1	—	—	<b>97,786</b>	<b>8.4</b>
	Subtotal			6,615	(2.6)	2,555,584	(4.4)	<b>6,601</b>	<b>(0.2)</b>	<b>2,565,431</b>
Workers' asset formation insurance			65	(4.8)	167,330	(1.1)	<b>62</b>	<b>(4.8)</b>	<b>166,404</b>	<b>(0.6)</b>
Workers' asset formation annuities			23	(5.0)	49,846	(6.7)	<b>22</b>	<b>(5.1)</b>	<b>46,448</b>	<b>(6.8)</b>
Medical life insurance			306	(14.1)	167	(17.2)	<b>270</b>	<b>(11.9)</b>	<b>138</b>	<b>(17.3)</b>
Hospitalization/accident riders	Accident rider with extra premium		1,551	(4.8)	7,521,933	(7.9)	<b>1,491</b>	<b>(3.9)</b>	<b>7,023,675</b>	<b>(6.6)</b>
	Accident coverage rider		14	(18.2)	18,914	(18.2)	<b>11</b>	<b>(21.9)</b>	<b>14,810</b>	<b>(21.7)</b>
	Personal accident rider		3,304	(3.5)	11,954,042	(5.5)	<b>3,178</b>	<b>(3.8)</b>	<b>11,360,138</b>	<b>(5.0)</b>
	Accident injury rider		3,319	(0.8)	171,448	(0.8)	<b>3,299</b>	<b>(0.6)</b>	<b>170,510</b>	<b>(0.5)</b>
	General medical rider		2,309	10.1	15,567	8.3	<b>2,455</b>	<b>6.3</b>	<b>16,302</b>	<b>4.7</b>
	Hospitalization due to accident rider		1,825	(16.2)	11,243	(17.7)	<b>1,557</b>	<b>(14.7)</b>	<b>9,461</b>	<b>(15.9)</b>
	Hospitalization due to illness rider		1,904	(15.4)	11,365	(17.0)	<b>1,645</b>	<b>(13.6)</b>	<b>9,661</b>	<b>(15.0)</b>
	Hospitalization due to adult disease rider		1,985	(4.9)	9,444	(5.8)	<b>1,893</b>	<b>(4.6)</b>	<b>8,929</b>	<b>(5.4)</b>
	Hospitalization due to other causes rider		7,060	(1.9)	204,775	5.4	<b>6,942</b>	<b>(1.7)</b>	<b>211,052</b>	<b>3.1</b>
	Advanced medical treatment rider		3,472	3.0	—	—	<b>3,539</b>	<b>1.9</b>	—	—
	Cancer diagnosis rider		1,116	43.2	667,664	39.2	<b>1,365</b>	<b>22.4</b>	<b>823,409</b>	<b>23.3</b>
	Cancer medication rider		1,154	43.1	73,831	39.1	<b>1,410</b>	<b>22.2</b>	<b>88,786</b>	<b>20.3</b>

- (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, 2016				Fiscal year ended March 31, 2017			
			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	216	45.0	758,677	19.8	<b>214</b>	<b>(0.7)</b>	<b>519,354</b>	<b>(31.5)</b>
		Whole life insurance with term rider	69	(12.0)	1,647,331	(24.1)	<b>44</b>	<b>(35.9)</b>	<b>763,241</b>	<b>(53.7)</b>
		Whole life insurance with variable accumulation rate	418	14.0	6,757,401	(4.6)	<b>385</b>	<b>(7.9)</b>	<b>4,532,400</b>	<b>(32.9)</b>
		Term life insurance	7	(3.9)	175,868	(4.6)	<b>7</b>	<b>1.9</b>	<b>181,309</b>	<b>3.1</b>
		Total including other types	817	12.9	9,400,287	(7.3)	<b>753</b>	<b>(7.8)</b>	<b>6,043,243</b>	<b>(35.7)</b>
	Life and mortality insurance	Endowment insurance	8	0.4	28,723	(8.4)	<b>8</b>	<b>1.5</b>	<b>26,421</b>	<b>(8.0)</b>
		Endowment insurance with term rider	—	—	2	(33.3)	—	—	—	<b>(100.0)</b>
		Term life insurance with survival benefits	9	(14.7)	38,971	(18.6)	<b>8</b>	<b>(8.9)</b>	<b>33,664</b>	<b>(13.6)</b>
		Total including other types	27	(8.1)	87,614	(15.8)	<b>27</b>	<b>(0.5)</b>	<b>77,301</b>	<b>(11.8)</b>
	Pure endowment	—	—	—	(100.0)	—	—	—	—	
Subtotal (1)	844	12.1	9,487,901	(7.4)	<b>781</b>	<b>(7.6)</b>	<b>6,120,544</b>	<b>(35.5)</b>		
Individual annuities (2)	301	25.7	1,359,213	34.7	<b>608</b>	<b>101.9</b>	<b>2,889,122</b>	<b>112.6</b>		
(1) + (2) Total	1,146	15.3	10,847,115	(3.7)	<b>1,389</b>	<b>21.2</b>	<b>9,009,667</b>	<b>(16.9)</b>		
Group insurance	Group term life insurance	335	10379.0	40,127	2087.2	<b>32</b>	<b>(90.3)</b>	<b>5,510</b>	<b>(86.3)</b>	
	General welfare group term life insurance	39	(4.8)	29,604	(45.1)	<b>77</b>	<b>95.7</b>	<b>44,570</b>	<b>50.6</b>	
	Group credit life insurance	41	56074.0	3,793	1390.1	<b>11</b>	<b>(71.4)</b>	<b>1,281</b>	<b>(66.2)</b>	
	Consumer credit group insurance	—	—	—	—	—	—	—	—	
	Group whole life insurance	—	—	—	—	—	—	—	—	
	Life insurance for sustainers of disabled	—	—	—	—	—	—	—	—	
	Annuities rider	—	—	—	—	—	—	—	—	
	Subtotal (3)	415	826.5	73,525	31.2	<b>121</b>	<b>(70.7)</b>	<b>51,363</b>	<b>(30.1)</b>	
(1) + (2) + (3) Total	1,561	50.4	10,920,641	(3.5)	<b>1,511</b>	<b>(3.2)</b>	<b>9,061,030</b>	<b>(17.0)</b>		
Group annuities	Corporate pension plans	—	—	—	—	—	—	—	—	
	New corporate pension plans	—	—	102	—	—	—	—	<b>(100.0)</b>	
	Insured contributory pension plans	—	(100.0)	—	(100.0)	<b>0</b>	—	<b>1</b>	—	
	Employees' pension fund insurance	—	—	—	—	—	—	—	—	
	National pension fund insurance	—	—	—	—	—	—	—	—	
	Group pure endowment insurance	—	—	—	—	—	—	—	—	
	Defined benefit corporate pension plans	—	—	10	(65.6)	—	—	<b>33</b>	<b>217.8</b>	
	Defined contribution pension plans	—	—	11	(51.0)	—	—	<b>23</b>	<b>112.2</b>	
Subtotal	—	(100.0)	124	132.7	<b>0</b>	—	<b>58</b>	<b>(53.2)</b>		
Workers' asset formation insurance	0	(12.3)	59	87.7	<b>0</b>	<b>(2.3)</b>	<b>19</b>	<b>(67.0)</b>		
Workers' asset formation annuities	0	5.7	9	(0.2)	<b>0</b>	<b>(6.7)</b>	<b>4</b>	<b>(58.7)</b>		
Medical life insurance	—	(100.0)	—	(100.0)	<b>0</b>	—	<b>1</b>	—		

(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, 2016			Fiscal year ended March 31, 2017			
		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, Full Heart J Road Plus, Full Heart F]	201	23.8	746,548	195	25.1	508,742	
			Whole life insurance covering specified illness [Reguard]	0	0.1	3,127	—	—	—	
			Whole life insurance substandard disclosure [Senkyakubanrai, Tayoreru YOU Plus]	14	1.7	8,616	18	2.4	10,419	
			Single-premium whole life insurance for retirement	0	0.0	385	0	0.0	193	
				216	25.6	758,677	214	27.5	519,354	
			Whole life insurance with term rider [W Stage]	69	8.3	1,647,331	44	5.7	763,241	
			Whole life insurance with variable accumulation rate [LIVE ONE, Q Pack]	418	49.5	6,757,401	385	49.4	4,532,400	
			Term life insurance	Term life insurance [Term life insurance, Emblem GP, Jujitsu Premium, Emblem YOU Premium]	7	0.9	173,847	7	1.0	181,309
				Term life insurance covering specified illness [Reguard]	0	0.1	2,021	—	—	—
				7	0.9	175,868	7	1.0	181,309	
			Medical life insurance [Doctor GO]	105	12.5	46,086	101	12.9	38,498	
			Term rider	(3)	(0.4)	14,920	(2)	(0.3)	8,437	
			Subtotal	817	96.8	9,400,287	753	96.5	6,043,243	
			Life and mortality insurance	Endowment insurance	Endowment insurance [Jiyuu Hoken]	8	1.0	28,723	8	1.0
Endowment insurance with term rider [Shiawase no Hoken]	—	—			2	—	—	—		
Term life insurance with survival benefits [Kinenbi Sengen]	9	1.1			38,971	8	1.1	33,664		
Juvenile insurance [Kodomo Sukusuku Hoken]	9	1.2			19,916	10	1.3	17,215		
Subtotal	27	3.2			87,614	27	3.5	77,301		
Total	844	100.0	9,487,901	781	100.0	6,120,544				
Individual annuities	Individual fixed annuities	Annuitants focused on survival coverage [Tanoshimi Wonderful, Tanoshimi Canvas, Jujitsu Mirai, Tanoshimi Mirai]	301	100.0	1,359,213	607	99.8	2,884,014		
		Individual variable annuities	—	—	—	1	0.2	5,108		
	Total	301	100.0	1,359,213	608	100.0	2,889,122			

- (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, 2016		Fiscal year ended March 31, 2017	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	8,409	89,060,403	<b>8,421</b>	<b>84,019,391</b>
New policies	491	2,993,717	<b>492</b>	<b>2,113,676</b>
Renewals	20	59,373	<b>16</b>	<b>49,756</b>
Reinstatements	21	251,136	<b>20</b>	<b>217,762</b>
Increase from conversion	353	6,494,183	<b>288</b>	<b>4,006,867</b>
Death	49	306,350	<b>51</b>	<b>303,360</b>
Maturity	117	447,987	<b>94</b>	<b>365,336</b>
Decrease of benefits	[107]	779,929	<b>[101]</b>	<b>716,497</b>
Decrease from conversion	353	7,474,906	<b>288</b>	<b>6,046,422</b>
Cancellation	294	3,510,240	<b>273</b>	<b>3,111,462</b>
Expiration	62	736,521	<b>59</b>	<b>610,873</b>
Other increase (decrease)	2	(1,583,488)	<b>0</b>	<b>(1,709,324)</b>
At the end of the fiscal year	8,421	84,019,391	<b>8,473</b>	<b>77,544,178</b>
Rate of increase (decrease)	0.1	(5.7)	<b>0.6</b>	<b>(7.7)</b>
Net increase (decrease)	11	(5,041,012)	<b>51</b>	<b>(6,475,212)</b>
Rate of net increase (decrease)	—	—	<b>338.2</b>	<b>—</b>

(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, 2016		Fiscal year ended March 31, 2017	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	2,769	<1,711,685> 13,555,033	<b>2,895</b>	<b>&lt;1,758,813&gt;</b> <b>13,996,452</b>
New policies	301	<162,377> 1,359,213	<b>608</b>	<b>&lt;338,466&gt;</b> <b>2,889,122</b>
Reinstatements	0	3,139	<b>0</b>	<b>3,236</b>
Increase from conversion	—	—	<b>—</b>	<b>—</b>
Death	7	40,245	<b>6</b>	<b>31,746</b>
Completion of payments	19	61	<b>21</b>	<b>67</b>
Decrease of insurance amount	[5]	13,591	<b>[5]</b>	<b>15,297</b>
Decrease from conversion	4	18,988	<b>2</b>	<b>12,881</b>
Cancellation	78	375,125	<b>58</b>	<b>262,018</b>
Expiration	4	19,418	<b>4</b>	<b>18,903</b>
Other increase (decrease)	(62)	(453,503)	<b>(74)</b>	<b>(545,376)</b>
At the end of the fiscal year	2,895	<1,758,813> 13,996,452	<b>3,337</b>	<b>&lt;1,992,402&gt;</b> <b>16,002,519</b>
Rate of increase (decrease)	4.5	3.3	<b>15.3</b>	<b>14.3</b>
Net increase (decrease)	125	441,418	<b>441</b>	<b>2,006,067</b>
Rate of net increase (decrease)	96.8	202	<b>251.6</b>	<b>354.5</b>

(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, 2016		Fiscal year ended March 31, 2017	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	22,159	31,732,389	<b>22,009</b>	<b>31,559,143</b>
New policies	415	73,525	<b>121</b>	<b>51,363</b>
Renewals	10,427	14,527,355	<b>10,759</b>	<b>14,405,158</b>
Midterm enrollment	1,632	2,539,484	<b>1,758</b>	<b>2,968,518</b>
Increase of insurance amount	[607]	591,997	<b>[643]</b>	<b>680,291</b>
Death	44	45,984	<b>42</b>	<b>44,862</b>
Maturity	10,836	14,715,927	<b>10,831</b>	<b>14,519,377</b>
Withdrawal	1,722	1,829,060	<b>1,899</b>	<b>2,361,406</b>
Decrease of insurance amount	[437]	473,881	<b>[380]</b>	<b>398,557</b>
Cancellation	22	32,342	<b>43</b>	<b>50,241</b>
Expiration	0	538	<b>0</b>	<b>871</b>
Other increase (decrease)	0	(807,875)	<b>0</b>	<b>(803,714)</b>
At the end of the fiscal year	22,009	31,559,143	<b>21,831</b>	<b>31,485,442</b>
Rate of increase (decrease)	(0.7)	(0.5)	<b>(0.8)</b>	<b>(0.2)</b>
Net increase (decrease)	(149)	(173,246)	<b>(178)</b>	<b>(73,700)</b>
Rate of net increase (decrease)	—	—	<b>—</b>	<b>—</b>

(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, 2016		Fiscal year ended March 31, 2017	
	Policies	Amount	Policies	Amount
At the beginning of the fiscal year	6,790	2,673,014	<b>6,615</b>	<b>2,555,584</b>
New policies	0	124	<b>0</b>	<b>58</b>
Annuity payments	2,045	91,027	<b>1,966</b>	<b>64,568</b>
Single payments	486	111,735	<b>473</b>	<b>101,400</b>
Cancellation	129	335,728	<b>100</b>	<b>64,225</b>
At the end of the fiscal year	6,615	2,555,584	<b>6,601</b>	<b>2,565,431</b>
Rate of increase (decrease)	(2.6)	(4.4)	<b>(0.2)</b>	<b>0.4</b>
Net increase (decrease)	(174)	(117,429)	<b>(14)</b>	<b>9,847</b>
Rate of net increase (decrease)	—	—	<b>—</b>	<b>—</b>

(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, 2016		As of March 31, 2017	
	Amount		Amount	
Individual variable insurance	62,863		<b>63,452</b>	
Individual variable annuities	1,041,237		<b>567,478</b>	
Group annuities	598,752		<b>612,079</b>	
Total of separate accounts	1,702,853		<b>1,243,010</b>	

### 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 for a period, following the U.K.'s referendum for leaving the E.U. in June, and the results of the U.S. Presidential election in November. However, they later rebounded and rose in Japan, supported by the expectation of improvements in corporate earnings and purchase activities by the Bank of Japan for stock index-linked exchange-traded fund (ETF), and also in the U.S., on the back of the robust corporate earnings. As a result, both domestic and overseas stocks generated positive returns. Long-term interest rates in Japan remained at low levels throughout the year, under the "Quantitative and Qualitative Monetary Easing with Yield Curve Control" conducted by the Bank of Japan. Meanwhile, U.S. long-term interest rates remained on a moderate rising trend on the back of robust macroeconomic conditions primarily in employment. As a result, both domestic and overseas bonds generated negative returns. Referring to foreign exchange, yen appreciated against U.S. dollar in the earlier part of the year, due to the market force in favor of buying yen as a safe asset in the aftermath of the U.K.'s referendum for leaving the E.U., while such trend reversed in the latter part of the year, in expectation of economic expansion associated with tax cuts and infrastructure investments following Mr. Trump's victory in the U.S. Presidential election.

In these circumstances, the Company managed funds held in separate accounts for individual variable insurance policies, basically taking a slightly increased share of domestic and foreign stocks along with a reduced share of domestic and foreign 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, 2016		As of March 31, 2017	
	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	260	1,060	<b>151</b>	<b>645</b>
Individual variable insurance (Whole life type)	55,071	284,032	<b>53,801</b>	<b>277,655</b>
Total	55,331	285,093	<b>53,952</b>	<b>278,301</b>

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

##### ● Individual variable annuities

Classification	Number of policies, millions of yen			
	As of March 31, 2016		As of March 31, 2017	
	Policies	Amount	Policies	Amount
Individual variable annuities	322,660	1,230,724	<b>246,414</b>	<b>845,369</b>

### c. Breakdown of assets held in separate accounts

#### ● Individual variable insurance

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	2,232	3.6	547	0.9
Securities	59,020	93.9	61,272	96.6
Domestic bonds	16,643	26.5	16,864	26.6
Domestic stocks	22,376	35.6	23,096	36.4
Foreign securities	19,999	31.8	21,311	33.6
Foreign bonds	6,371	10.1	6,013	9.5
Other foreign securities	13,627	21.7	15,297	24.1
Other securities	—	—	—	—
Loans	—	—	—	—
Others	1,610	2.6	1,633	2.6
Allowance for possible loan losses	—	—	—	—
<b>Total</b>	<b>62,863</b>	<b>100.0</b>	<b>63,452</b>	<b>100.0</b>

#### ● Individual variable annuities

Millions of Yen, %

Classification	As of March 31, 2016		As of March 31, 2017	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	68,412	6.6	39,537	7.0
Securities	959,807	92.2	507,831	89.5
Domestic bonds	478,655	46.0	246,301	43.4
Domestic stocks	185,478	17.8	73,767	13.0
Foreign securities	127,569	12.3	68,140	12.0
Foreign bonds	100,517	9.7	52,356	9.2
Other foreign securities	27,052	2.6	15,783	2.8
Other securities	168,103	16.1	119,622	21.1
Loans	—	—	—	—
Others	13,017	1.3	20,109	3.5
Allowance for possible loan losses	—	—	—	—
<b>Total</b>	<b>1,041,237</b>	<b>100.0</b>	<b>567,478</b>	<b>100.0</b>

### d. Investment income and expenses

#### ● Individual variable insurance

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Amount	Amount
Interest, dividends, and other income	1,322	1,162
Gains on sales of securities	3,245	3,877
Gains on redemption of securities	0	0
Gains on valuation of securities	11,070	12,935
Foreign exchange gains	51	63
Gains on derivative financial instruments	47	151
Other investment income	2	1
Losses on sales of securities	907	2,276
Losses on redemption of securities	1	7
Losses on valuation of securities	18,060	11,123
Foreign exchange losses	35	50
Losses on derivative financial instruments	89	36
Other investment expenses	0	0
<b>Net investment income</b>	<b>(3,355)</b>	<b>4,699</b>

(Note) ¥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, ¥12,935 million gains on valuation of securities for the fiscal year ended March 31, 2017 include ¥3,332 million reversal for gains on valuation of securities, while ¥11,123 million losses on valuation of securities include ¥9,643 million reversal for losses on valuation of securities.



## ●Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Amount	Amount
Interest, dividends, and other income	36,970	<b>23,591</b>
Gains on sales of securities	63,023	<b>54,927</b>
Gains on redemption of securities	5	—
Gains on valuation of securities	152,885	<b>93,275</b>
Foreign exchange gains, net	871	<b>742</b>
Gains on derivative financial instruments, net	1,867	<b>1,172</b>
Other investment income	36	<b>13</b>
Losses on sales of securities	20,027	<b>17,632</b>
Losses on redemption of securities	181	<b>32</b>
Losses on valuation of securities	250,058	<b>138,869</b>
Foreign exchange losses	680	<b>736</b>
Losses on derivative financial instruments	888	<b>1,529</b>
Other investment expenses	1,046	<b>572</b>
Net investment income	(17,220)	<b>14,348</b>

(Note) ¥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, ¥93,275 million gains on valuation of securities for the fiscal year ended March 31, 2017 include ¥18,736 million reversal for gains on valuation of securities, while ¥138,869 million losses on valuation of securities include ¥133,979 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, 2016		As of March 31, 2017	
	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	59,020	6,311	<b>61,272</b>	<b>8,123</b>

#### <Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2016		As of March 31, 2017	
	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	959,807	115,243	<b>507,831</b>	<b>69,649</b>

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

#### <Individual variable insurance>

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

#### <Individual variable annuities>

Omitted as there are no ending balances for March 31, 2016 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, 2016						As of March 31, 2017					
	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	—	512	—	—	—	512
Total	—	—	21	—	—	21	—	512	—	—	—	512

(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, 2016						As of March 31, 2017					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	—	—	—	—	—	—	4,413	21,368	—	—	25,781
Total	—	—	—	—	—	—	—	4,413	21,368	—	—	25,781

(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, 2016 and after.

#### <Individual variable annuities>

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

### ● Currency-related

#### <Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2016				As of March 31, 2017			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	—	—	—	256	—	(2)	(2)	
	(U.S. dollar)	—	—	—	256	—	(2)	(2)	
	(Euro)	—	—	—	—	—	—	—	
	Bought	—	—	—	256	—	2	2	
	(U.S. dollar)	—	—	—	256	—	2	2	
	(Euro)	—	—	—	—	—	—	—	
Total								(0)	

(Notes) 1. Foreign exchange rates at the end of the year are based on forward rates.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and are reported in yen amounts in the balance sheets, those foreign currency forward contracts are excluded from the table above.

#### <Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2016				As of March 31, 2017			
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value			
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	—	—	—	2,208	—	(24)	(24)	
	(U.S. dollar)	—	—	—	2,208	—	(24)	(24)	
	(Euro)	—	—	—	—	—	—	—	
	Bought	—	—	—	2,205	—	24	24	
	(U.S. dollar)	—	—	—	2,205	—	24	24	
	(Euro)	—	—	—	—	—	—	—	
Total								(0)	

(Notes) 1. Foreign exchange rates at the end of the year are based on forward rates.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and are reported in yen amounts in the balance sheets, those foreign currency forward contracts are excluded from the table above.

●Stock-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2016			As of March 31, 2017		
		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	—	—	—
<b>Total</b>				<b>21</b>			<b>—</b>

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2016			As of March 31, 2017		
		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	—	—	—	<b>21,368</b>	<b>(299)</b>	<b>(299)</b>
<b>Total</b>				<b>—</b>			<b>(299)</b>

●Bond-related

<Individual variable insurance>

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

<Individual variable annuities>

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

●Others

<Individual variable insurance>

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

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2016 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, 2016		As of March 31, 2017	
	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,445	5,459	<b>1,424</b>	<b>5,472</b>
Second treaty	1	395	<b>1</b>	<b>494</b>
<b>Total</b>	<b>1,446</b>	<b>5,854</b>	<b>1,425</b>	<b>5,967</b>

(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	<b>30</b>	<b>1.72</b>	<b>1.83</b>	
Domestic stocks	33	23 – 43	6.10	18.65	<b>34</b>	<b>6.22</b>	<b>19.15</b>	
Foreign bonds	11	1 – 21	3.10	10.81	<b>11</b>	<b>1.90</b>	<b>10.35</b>	
Foreign stocks	21	11 – 31	7.60	18.63	<b>23</b>	<b>6.68</b>	<b>21.25</b>	
Cash, deposits and others	2	—	0.30	0.51	<b>2</b>	<b>(0.09)</b>	<b>0.05</b>	
<b>Total</b>	<b>100</b>	<b>—</b>	<b>4.35</b>	<b>9.14</b>	<b>100</b>	<b>4.37</b>	<b>11.63</b>	

### ●Trend of asset management results

%

	Fiscal year ended March 31, 2016			Fiscal year ended March 31, 2017		
	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return
Domestic bonds	5.65	5.40	0.25	<b>(0.94)</b>	<b>(1.15)</b>	<b>0.22</b>
Domestic stocks	(10.62)	(10.82)	(0.23)	<b>16.11</b>	<b>14.69</b>	<b>1.41</b>
	[(11.05)]			<b>[15.74]</b>		
Foreign bonds	(3.27)	(2.74)	(0.53)	<b>(6.41)</b>	<b>(5.41)</b>	<b>(1.00)</b>
Foreign stocks	(8.80)	(8.64)	(0.16)	<b>14.09</b>	<b>14.51</b>	<b>(0.42)</b>
Cash, deposits and others	0.19	0.06	0.13	<b>(0.73)</b>	<b>(0.05)</b>	<b>(0.68)</b>
Total	(6.27)	(4.13)	(2.13)	<b>7.21</b>	<b>7.42</b>	<b>(0.21)</b>

- (Notes) 1. Asset management results incorporate futures positions. Figures in [ ] exclude futures positions (except for the figures of futures deposits, and valuation gains or losses of futures).
2. 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.
3. 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.
4. The above benchmark rate of return by asset type refers to percentage change of major indices which represents changes in each market.
5. 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, 2017

- Investment performance for the fiscal year ended March 31, 2017 delivered a return of 7.21%, underperforming the combined benchmark based on annual investment plans of 7.42%.
- With respect to asset allocation, in the first quarter, the underweighted position of domestic bonds and overweighted position of domestic stocks contributed to the weak performance.
- With respect to individual asset performances, overperformance of domestic stocks made positive contributions to the overall performance.

### ●Trend of fair value balance by asset type

Millions of Yen, %

	As of March 31, 2016		As of March 31, 2017	
	Fair value	Composition ratio	Fair value	Composition ratio
Domestic bonds	35,721	21.5	<b>40,325</b>	<b>25.9</b>
Domestic stocks	64,054	38.6	<b>52,464</b>	<b>33.7</b>
Foreign bonds	19,370	11.7	<b>16,214</b>	<b>10.4</b>
Foreign stocks	43,436	26.2	<b>40,218</b>	<b>25.8</b>
Cash, deposits and others	3,283	2.0	<b>6,622</b>	<b>4.2</b>
Total	165,863	100.0	<b>155,843</b>	<b>100.0</b>

### 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, 2016	Fiscal year ended March 31, 2017
2.81	<b>0.15</b>

(Note) Results indicate the rate of increase in unit prices.

### ●Fair value balance

Millions of Yen

As of March 31, 2016	As of March 31, 2017
98,436	<b>122,238</b>

### ●Status of asset management for the fiscal year ended March 31, 2017

- 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, 2017 was 0.15%.

## Business Indicators

### 1. Average Policy Coverage (Individual Life Insurance)

Classification	Thousand yen	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Average policy coverage for new policies	6,090	<b>4,296</b>
Average policy coverage for policies in force	9,976	<b>9,151</b>

(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, 2016	Fiscal year ended March 31, 2017
Individual life insurance	3.4	<b>2.5</b>
Individual annuities	10.0	<b>20.6</b>
Group insurance	0.2	<b>0.2</b>

(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, 2016	Fiscal year ended March 31, 2017
Individual life insurance	4.8	<b>4.4</b>
Individual annuities	2.9	<b>2.0</b>
Group insurance	0.1	<b>0.2</b>

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

Yen	
Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
140,028	<b>141,382</b>

(Note) Converted policies are excluded.

### 5. Mortality Rate (Primary Individual Life Insurance Policies)

#### a. Number of policies

%	
Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
5.81	<b>6.09</b>

#### b. Insurance amount

%	
Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
3.53	<b>3.75</b>

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

Classification		%	
		Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Accidental death	Ratio of the number of policies	0.17	<b>0.17</b>
	Ratio of the amount of claims on policies	0.19	<b>0.18</b>
Disability	Ratio of the number of policies	0.27	<b>0.30</b>
	Ratio of the amount of claims on policies	0.10	<b>0.11</b>
Hospitalization due to accident	Ratio of the number of policies	6.37	<b>6.53</b>
	Ratio of the amount of claims on policies	157	<b>161</b>
Hospitalization due to illness	Ratio of the number of policies	75.37	<b>78.55</b>
	Ratio of the amount of claims on policies	1,188	<b>1,218</b>
Hospitalization due to adult disease	Ratio of the number of policies	22.28	<b>23.71</b>
	Ratio of the amount of claims on policies	511	<b>526</b>
Surgery due to illness or injury	Ratio of the number of policies	69.78	<b>72.92</b>
Surgery due to adult disease	Ratio of the number of policies	16.39	<b>19.22</b>

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

%	
Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
11.2	<b>10.5</b>

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

Number of insurance companies	
Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
8 [2]	<b>9</b> <b>[2]</b>

(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, 2016	Fiscal year ended March 31, 2017
97.1 [100.0]	<b>90.7</b> <b>[100.0]</b>

(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, 2016	Fiscal year ended March 31, 2017
Over A	79.7 [100.0]	<b>81.6</b> <b>[100.0]</b>
Over BBB	— [—]	— [—]
Others (Including no rating)	20.3 [—]	<b>18.4</b> [—]
Total	100.0 [100.0]	<b>100.0</b> <b>[100.0]</b>

(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, 2016	Fiscal year ended March 31, 2017
219	<b>134</b>
[23]	<b>[34]</b>

(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, 2016	Fiscal year ended March 31, 2017
Third-sector incidence rate	35.3	<b>35.6</b>
Medical care	38.1	<b>38.7</b>
Cancer	41.9	<b>40.8</b>
Nursing care	27.0	<b>27.1</b>
Others	30.5	<b>30.6</b>

(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, 2016	April 10	1.15	Fiscal year ended March 31, 2017	<b>April 8</b>	<b>0.95</b>
	May 8	1.15		<b>May 10</b>	<b>0.95</b>
	June 10	1.15		<b>June 10</b>	<b>0.95</b>
	July 10	1.15		<b>July 8</b>	<b>0.90</b>
	August 11	1.15		<b>August 10</b>	<b>0.95</b>
	September 10	1.10		<b>September 9</b>	<b>0.95</b>
	October 9	1.10		<b>October 12</b>	<b>0.95</b>
	November 10	1.10		<b>November 10</b>	<b>0.95</b>
	December 10	1.10		<b>December 9</b>	<b>0.95</b>
	January 8	1.10		<b>January 11</b>	<b>0.95</b>
	February 10	1.00		<b>February 10</b>	<b>0.95</b>
	March 10	0.95		<b>March 10</b>	<b>0.95</b>

# Status of Consolidated Financial Results (Supplemental)

## 1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %	
	As of March 31, 2016	As of March 31, 2017
Loans to bankrupt borrowers	—	—
Loans in arrears	980	877
Loans in arrears for three months or longer	1	0
Restructured loans	110	82
Total	1,092	960
[Percentage of total loans]	[0.04]	[0.03]

- (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, 2016 and March 31, 2017 amounted to ¥29 million and ¥24 million, respectively.
2. 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 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, 2016	As of March 31, 2017
Solvency margin gross amount (A)	3,008,173	3,466,335
Foundation funds and others	624,723	622,329
Reserve for price fluctuation	352,221	502,439
Contingency reserve	323,583	335,070
Unusual contingency reserve	—	—
General allowance for possible loan losses	1,018	989
(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)	902,773	907,617
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(12,174)	13,361
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	19,558	42,597
Excess of continued Zillmerized reserve	645,885	684,241
Qualifying subordinated debt	149,480	354,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(70,994)	(67,589)
Others	72,100	70,799
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)	753,288	852,499
Insurance risk R <sub>1</sub>	98,046	97,042
General insurance risk R <sub>5</sub>	—	—
Large disaster risk R <sub>6</sub>	—	—
Third-sector insurance risk R <sub>8</sub>	64,959	68,087
Insurance risk of small-amount, short-term insurer R <sub>9</sub>	—	—
Risk of assumed yield R <sub>2</sub>	210,145	204,402
Minimum guarantee risk R <sub>7</sub> *	34,880	19,228
Investment risk R <sub>3</sub>	472,368	592,705
Operational risk R <sub>4</sub>	17,608	19,629
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	798.6%	813.2%

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

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



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

(Medicare Life Insurance Co., Ltd.)

Millions of Yen

Items	As of March 31, 2016	As of March 31, 2017
Solvency margin gross amount (A)	40,124	<b>59,979</b>
Paid-in capital, etc.	26,607	<b>44,582</b>
Reserve for price fluctuation	73	<b>92</b>
Contingency reserve	983	<b>1,370</b>
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)	6,646	<b>5,083</b>
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—
Excess of continued Zillmerized reserve	5,814	<b>8,851</b>
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)	2,077	<b>3,008</b>
Insurance risk R <sub>1</sub>	100	<b>247</b>
Third-sector insurance risk R <sub>8</sub>	789	<b>1,015</b>
Risk of assumed yield R <sub>2</sub>	14	<b>15</b>
Minimum guarantee risk R <sub>7</sub>	—	—
Investment risk R <sub>3</sub>	1,772	<b>2,586</b>
Operational risk R <sub>4</sub>	80	<b>115</b>
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,863.6%	<b>3,987.7%</b>

(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, 2016 (from April 1, 2015 to March 31, 2016), and the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017), segment information and its related information are omitted because there is only one business segment in the Company and its subsidiaries.

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