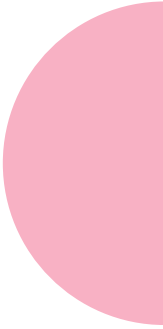
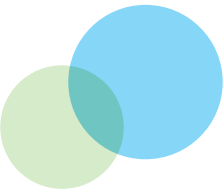
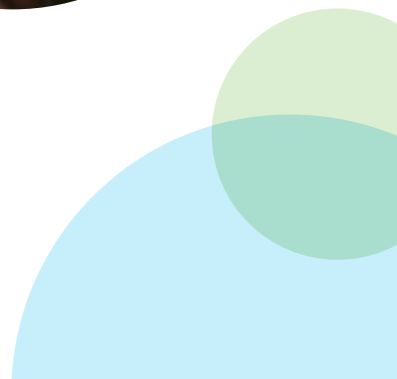
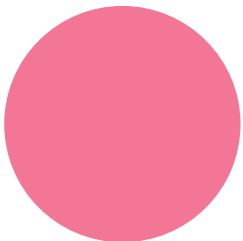


Empowering your future



Annual Report 2020



SUMITOMO LIFE in Numbers

(As of March 31, 2020)

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:

113 years

Number of Sales Representatives*¹:

32,206

Overview of Policies

Annualized Premiums from Policies in Force*²

\$25.7 billion

Annualized Premiums from New Policies*²

\$1.8 billion

Status of Profit

Core Business Profit*³

\$3.6 billion

Total Assets*⁴

\$355.0 billion

Embedded Value*²

\$32.9 billion

Solvency Margin Ratio*⁴

870.0%

*1 Sumitomo Life *2 Total of Sumitomo Life, Medicare Life and Symetra *3 Core business profit of the Group, excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities, etc. Core business profit of the Group is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Singlife, 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 = ¥108.83, as of March 31, 2020.

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 113 years of its establishment.

1900 1920 1940 1960 1980 2000

1900-1980

1907 May

Incorporated as Hinode Life Insurance Co., Ltd.

1926 May

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

1948 March

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

1952 June

Name changed to Sumitomo Life Insurance Company.

1972 August

Established New York Representative Office.

1980-2010

1980 July

Established London Representative Office.

1999 April

Launched nursing care coverage.

2002 October

Launched annuities through banks, etc.

2003 April

Established Beijing Representative Office.

2005 November

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

2007 May

100th anniversary of foundation.

2010

2015

2020

2010-2015

2010 April

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

2011 March

Launched "W Stage," providing more comprehensive nursing care and medical insurance coverage.

December

Established Hanoi (Vietnam) Representative Office.

2012 December

Formed strategic business alliance with Baoviet Holdings (Vietnam).

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.

2015-2020

2015 July

Transitioned to a Company with Committees.

September

Launched "1-UP," a work disability income insurance.

2016 February

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

July

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

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.

2018 April

Established Sumitomo Life Digital Innovation Labs (Tokyo/U.S.).

July

Launched SUMITOMO LIFE Vitality Shared-Value Insurance.

October

Reached basic agreement on business alliance with AXA Life Insurance Co., Ltd.

2019 January

Started business alliance with Sony Life Insurance Co., Ltd.

June

Invested in Singapore Life Pte. Ltd. (Singlife).

August

Acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary.

TO BE AN "INDISPENSABLE" Insurance Company for Society



Be Trusted by Society

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Contribute to Society



Adapt to Social Change

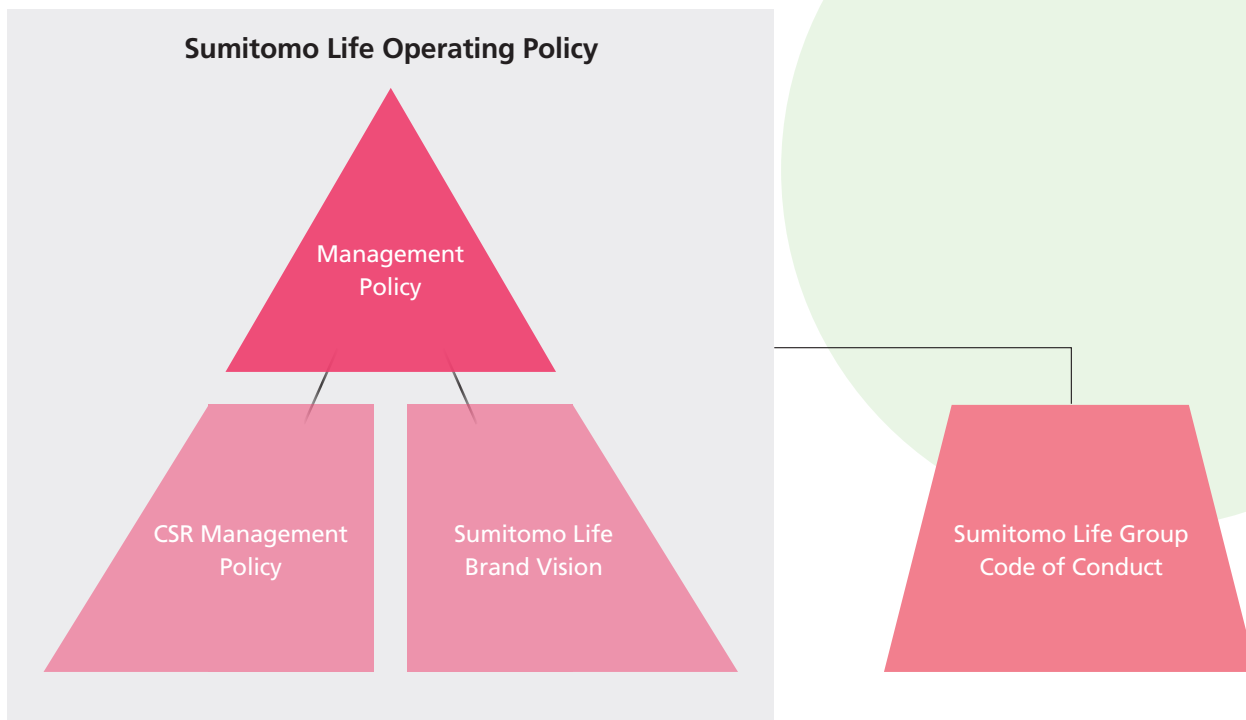


SUMITOMO LIFE

Our Mission, Vision and Values

The operating policy of the Company sets the “Management Policy,” which is our corporate philosophy, as the apex. The “CSR Management Policy” states the Company’s universal mission stated in the Management Policy reorganized from the CSR perspective, and the “Sumitomo Life Brand Vision” states the “Image of the Company from customer’s perspective” that we aim to become in the medium- to long-term.

The “Sumitomo Life Group Code of Conduct” has been established as a set of guidelines for executives and employees of Sumitomo Life and each Group company.



Management Policy

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.

CSR Management Policy

Sumitomo Life has established the “CSR Management Policy” as one of its management policies, and promotes CSR management. Against this backdrop, in view of global trends such as the SDGs, which were put forward by the United Nations and are pursued by both the public and private sectors in Japan, items that are important in the promotion of CSR management (key items of CSR) were summarized as follows.

CSR Management Policy

Through the sound operation and development of the insurance business, Sumitomo Life will contribute to the realization of a society of affluence, vitality and longevity.

Under this philosophy, through conducting honest business operations and a sound financial base, we aim to become the most trusted and supported company by our stakeholders including our customers, and to grow sustainably and stably.

To our customers

With the trust from our customers as the starting point of all our activities, we will provide optimal life security services to each and every person through the sound management of the insurance business.

To our business partners

We will earn the trust and support of our business partners, and fulfill our social responsibility together with them.

To our employees

We will work on creating a company where each and every employee can continuously work with pride, confidence and enthusiasm.

We will value a free and open corporate culture, where employees are filled with the spirit of challenging spirits.

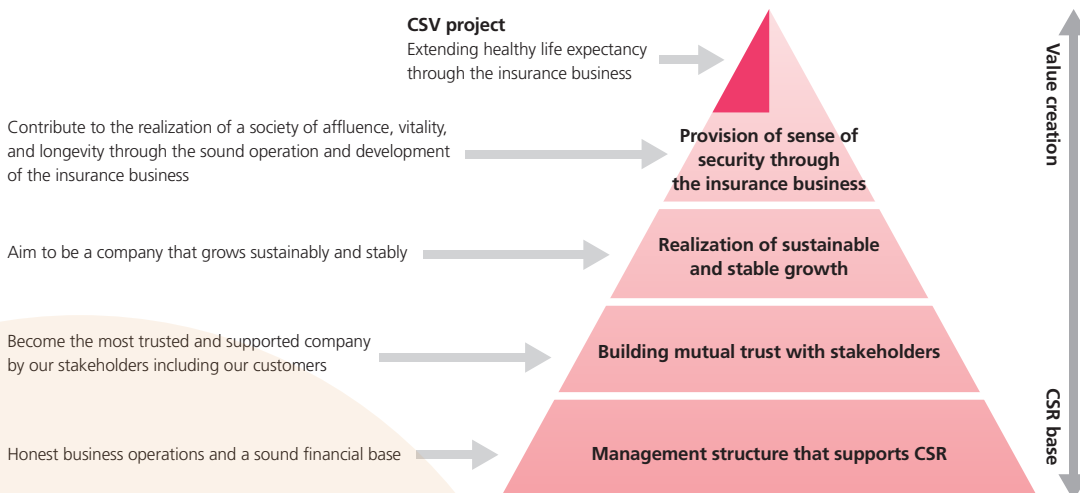
To society

We recognize our role and responsibility as a member of society, and will contribute to the creation of a healthy and enriched society, as well as the development of regional societies and the international society.

To the global environment

To support healthy lifestyles, we will constantly consider the impact of our business activities on the global environment and actively work on protecting it.

Key Items of CSR

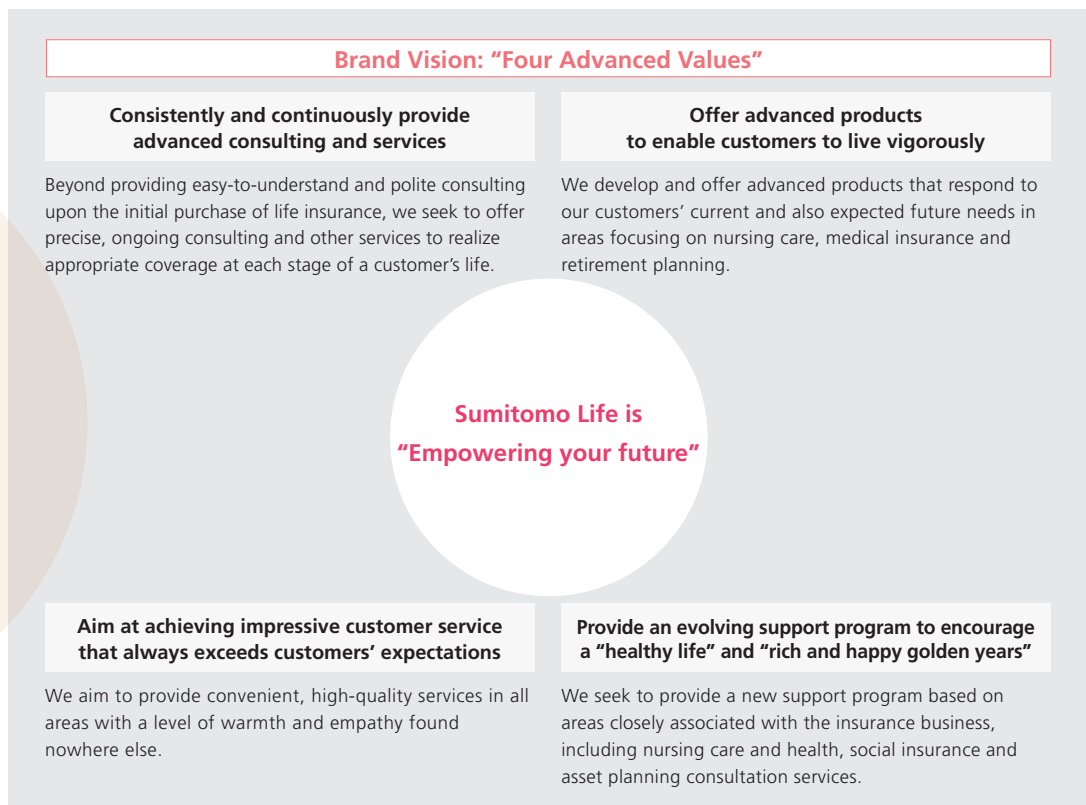


Brand vision

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.



Sumitomo Life Group Code of Conduct

The Company has formulated the "Sumitomo Life Group Code of Conduct" as a set of guidelines, in order to ensure that each and every executive or employee of Sumitomo Life and each Group company will put the operating policy into practice through their actions.

Through the sound operation and development of the insurance business and related businesses, Sumitomo Life Group (Sumitomo Life and its subsidiaries) will contribute to the realization of a society of affluence, vitality and longevity.

Under this philosophy, the "Sumitomo Life Group Code of Conduct" has been formulated as a set of guidelines for the Sumitomo Life Group and its executives and employees to follow in highly ethical manner.

Though the practice of this guideline, we aim to become the most trusted and supported company by our customers and society, and to grow sustainably and stably.

1. Basic stance

- a. With our customers' trust in us as the starting point of all our activities, we will provide optimal services to each and every person through the sound operation of the insurance business and related businesses. We will provide accurate and easy-to-understand explanations of the contents of insurance contracts and other important matters.
- b. We will earn the trust and support of our business partners, such as agents, and fulfill our social responsibility together with them.
- c. We will work to create a company where each and every employee can continuously work with pride, confidence and enthusiasm and will value a free and open corporate culture, where employees readily embrace challenges.
- d. We recognize our role and responsibility as a member of society, and will contribute to the creation of a healthy and enriched society, as well as the development of regional societies and international society.
- e. To support healthy lifestyles, we will constantly consider the impact of our business activities on the global environment and actively work to protect it.

2. Soundness and transparency of management

Mindful of the changing social environment, we will vigorously reflect the voice of the customer and views and opinions of internal and external parties in our business activities and appropriately disclose corporate information in an effort to enhance soundness and transparency of management.

3. Compliance and risk management

- a. We will conduct fair and honest business activities in compliance with laws and regulations and internal rules as well as in light of social norms.
- b. If it comes to our knowledge that an act violating laws and regulations or internal rules has been or is likely to be committed, we will report the matter to the head of the department or the relevant organization of the head office or to the contact point at the head office.
- c. We will enhance sensitivity to risks and endeavor to detect risks, prevent materialization of risks, and appropriately manage risks.

4. Strict information management

We will appropriately handle customer information and other important information that comes to our knowledge in the course of business within the scope necessary for business execution and for specified purposes and strictly manage such information to ensure there is no leakage to external parties. These structures also apply to former executives and employees of Sumitomo Life Group companies.

5. Prevention of internal collusion due to conflict of interest

We will strive to ensure that the interests of customers are not compromised due to conflict of interest between the Sumitomo Life Group and customers or among customers. As executives and employees of the Sumitomo Life Group, we will not behave in a manner that causes damage to customers or the Sumitomo Life Group or undermines trust in the Sumitomo Life Group for reasons of self-interest or to benefit any third party.

6. Respect for human rights and ensuring a good workplace environment

We will respect human rights and will not engage in any unjust discrimination. We will not behave in a manner that compromises the workplace environment, such as by engaging in sexual harassment or power harassment. If it comes to our knowledge that such behavior is occurring at workplaces, we will deal with the matter swiftly and appropriately.

7. Handling of antisocial forces

With respect to antisocial forces that threaten the order and safety of civil society, we will maintain a resolute stance and handle them systematically to reject any relationships with antisocial forces and eliminate them.

8. Education and training

We will strive to enhance expertise and business etiquette through education and training so that we can vigorously provide more advanced and appropriate services and information.

9. Exemplary role in society

Fully aware that we are involved in a business of a highly public nature, we will strive to fulfill an exemplary role in society. We will strictly refrain from any behavior that undermines trust in the Sumitomo Life Group.



Message from the President



Masahiro Hashimoto
President & Chief Executive Officer

***Aiming to Be
an “Indispensable”
Insurance Company for Society***

Looking Back on Fiscal 2019

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 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 2019, the final year of the three-year Sumitomo Life Medium-Term Business Plan 2019, we sought to extend healthy life expectancy by concentrating our efforts to promote health enhancement across society and health-focused management through the provision of SUMITOMO LIFE Vitality Shared-Value Insurance. We also strove to create new value for customers and build the future together by conducting initiatives such as developing “Dementia PLUS,” which is a new product that covers dementia, one of the major social issues in a long-living society.

Furthermore, due to the outbreak of the new coronavirus (COVID-19) in early 2020, and following the government’s announcement of a state of emergency, we were forced to temporarily close our sales offices and customer service counters, while refraining from sales visits, to prevent the spread of infection. Under such circumstances, Sumitomo Life decided to carry out various initiatives based on the important role of life insurance to protect customers and their families, as well as our mission to reliably deliver life insurance to customers. These initiatives include quick and simple processing of insurance claims, benefits and policyholder loans, extension of the grace period on premium payments, and interest rate reduction or exemption on policyholder loans. Through these initiatives, we continue to make efforts to fulfill our mission as a life insurance company to the best of our ability.

Annualized Premiums from Policies in Force Remained at a Stable Level

Performance

Reviewing our fiscal 2019 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 0.9% from the end of the previous fiscal year, to ¥2,806.5 billion. 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 1.1% year on year to ¥590.0 billion, growing steadily for seventeen consecutive years since we started to publish such figures. Total adjusted group core business profit* increased to ¥393.3 billion, as a result of a positive spread for six consecutive years since fiscal 2014.

Asset Management and Financial Strength

In terms of asset management, we promoted the management of two portfolios, the “ALM Investment Portfolio” and the “Balanced Investment Portfolio” (focused on highly liquid securities), and worked on enhancing profitability and strengthening risk control according to the purpose of each investment, with the aim of ensuring stable formation of customers’ assets and providing insurance products that meet customers’ needs, amid the persisting low interest rate environment. Furthermore, as a responsible institutional investor, we actively conduct stewardship activities which include the promotion of high-quality dialogue with the companies we invest in, with the aim of raising their medium- to long-term equity values. In March 2019, we formulated our ESG Investment Policy, based on the belief that ESG investment will enhance investment returns for an institutional investor who conducts investments on a medium- to long-term basis and also contribute to realizing a sustainable society. Furthermore, we signed the United Nations Principles for Responsible Investment in April 2019, and are further promoting ESG investment.

*Core business profit of the Group, excluding the impact of standard policy reserves concerning the minimum guarantees for variable annuities, etc. Core business profit of the Group is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Singlife and PICC Life attributable to Sumitomo Life’s equity stake in each company, with adjustments made to some internal transactions.

Message from the President

It is likely that Japan will 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 2019 decreased ¥114.8 billion year on year to ¥3,584.1 billion primarily due to negative impacts from lower domestic super-long-term interest rate and fall in stock prices, despite the positive results of the insurance business such as acquiring new policies and securing earnings from policies in force.

Creating New Value for Customers as an Industry Leader

In Japan's highly graying 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 have proactively offered coverage that extends beyond mortality to include morbidity and longevity. In September 2015, we launched "1-UP," which covers work disability, the first product of its kind offered by a major Japanese life insurance company, and supported the protection from the risk of becoming unable to work as a result of illness or injury.

Furthermore, the awareness of health is increasing rapidly amid the recent acceleration of initiatives to extend healthy life expectancy, and the expansion of health-related markets. Capturing this trend, we launched SUMITOMO LIFE Vitality Shared-Value Insurance in July 2018, which is an insurance product that incorporates the Vitality Wellness Program, and supports people who want to become healthier and to be prepared for risks at the same time, and the product has been highly evaluated in the market. The Vitality Wellness Program was originally developed by a South African financial services company, Discovery (Group Chief Executive: Adrian Gore), and is recognized globally, with 11.3 million members across 21 countries and regions (as of

June 30, 2019). Sumitomo Life has signed an exclusive agreement with Discovery in the Japanese market.

We also recognize that responding to dementia, which is expected to further increase in numbers in a long-living society, is one of the important social issues to be addressed in realizing a healthy and long-living society. In March 2020, we launched "Dementia PLUS," a rider aimed at providing a wide coverage and financial support for conditions ranging from mild cognitive impairment (MCI) to dementia, as well as achieving early detection and prevention.

In addition to adding Dementia PLUS to the list of products covered by SUMITOMO LIFE Vitality, we also newly included "Dental Check-up" and "Golf," which are said to be effective in preventing dementia, in the health enhancement menu of the Vitality Wellness Program. In this manner, we are advancing SUMITOMO LIFE Vitality into a program that encourages a wider range of health-enhancing activities.

Through SUMITOMO LIFE Vitality, we seek to make people healthier and to realize a healthy and long-living society. In addition, we will continue to "create new value for customers and to build the future together," through the acceleration of the "CSV* Project," whose goal is to create shared value among "customers," "society," and "the Company and its employees."

With respect to sales channels, for nursing care (including work disability), health enhancement 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 to bring attention unidentified customer needs.

Furthermore, we have focused on promoting insurance sales through channels such as "bancassurance" and "insurance outlets" ahead of other major life insurers, in order to respond flexibly to diversifying customer needs and market changes. Our bancassurance network is highly effective and ranks as one of the industry's largest, with over 300 participating banks and financial institutions.

We launched Medicare Life Insurance Co., Ltd. in April 2010, as the first life insurance subsidiary of a major

*Abbreviation of Creating Shared Value: A business management concept that aims to achieve both "Solution of social issues" and "Enhancement of corporate value (improvement of profits and competitiveness)" by corporate enterprises.

Japanese life insurance company to provide affordable medical insurance with sufficient coverage, mainly through insurance outlets. Medicare Life has been growing constantly, registering over 770,000 policies in force at the end of March 2020. In addition, we acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary in August 2019. The acquisition was aimed at capitalizing on the subsidiary's ability to launch new products and develop niche markets with the flexibility as a small-amount and short-term insurance company, and using the ability for Sumitomo Life's marketing strategy, so that we can provide a full range of services to our customers.

We aim to establish a framework to reach customers with various types of needs and to increase our presence in the domestic market, through enhancing the product lineup in order to meet diversifying customer needs and to serve the interests of customers, as well as the promotion of a wide range of strategic alliances.

In the overseas markets, in the Asian market, 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 acquired approximately 40% of the total number of issued shares of PT BNI Life Insurance in Indonesia in 2014. In addition, we invested in a life insurance company in Singapore, Singlife, in 2019.

In the U.S., we have acquired in February 2016 full ownership of Symetra Financial Corporation, a U.S. life insurance group that has a solid business base across the U.S. 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 strengthen our earnings base, and to realize risk diversification and enjoyment of stable growth in the U.S. market.

In addition to making efforts in domestic growth areas, we will work on developing overseas operations, in order to contribute to the diversification of the Group's earnings base and to the sustainable growth of corporate value in the medium- to long-term.

Towards a Sustainable Society

Sumitomo Life promotes CSR management with an aim to contribute to the realization of a society of affluence, vitality and longevity through the sound operation and development of our core insurance business. In 2018, we summarized five key items of CSR that are important in the promotion of CSR management, and SDGs that correspond to each key item of CSR. Our executives and employees will work together to contribute to the achievement of the SDGs and meet the expectations of our stakeholders, while "determining the true nature of an issue amid the changing times and environment in order to contribute to society," as stated in our corporate philosophy, the "Management Policy."

To Be an "Indispensable" Insurance Company for Society

Fiscal 2020 is the starting year of the new medium-term business plan, Sumitomo Life Medium-Term Business Plan 2022.

Turning our attention to the social and economic environment of recent years, we can perceive the ever increasing pace of changes, the effects of which may be felt throughout society. These include changing demographics, the acceleration of digitalization and work style reforms.

In this environment, we consider it vital to accurately grasp social changes, respond to the needs of society, and remain an indispensable company for society, in order to continue to be useful for our customers into the future. Hence, under the new medium-term business plan, we will aim to be an "indispensable insurance company for society," by contributing to society, being trusted by society, and adapting to society.

I sincerely appreciate your continued support.

橋本雅博

Masahiro Hashimoto
President & Chief Executive Officer



Sumitomo Life Medium-Term Business Plan 2022

~ To be an “indispensable” insurance company for society ~

Review of the previous Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2019

In the Sumitomo Life Medium-Term Business Plan 2019, which began in April 2017, we endeavored to expand and diversify the earnings foundation for “Life designers (sales representatives),” “Agencies such as financial institutions and insurance outlets,” “Asset management” and “Overseas operations,” which we had positioned as our priority fields, and strengthen our “Customer services” and “Management base” as the business foundation which supports them, while positioning our “brand strategy” as the basis of all business activities. We progressed with a range of initiatives including the launch of SUMITOMO LIFE Vitality, the provision of products through business alliances, and the expansion of group companies.

Regarding the final results, although SUMITOMO LIFE Vitality, an insurance product for health promotion launched in July 2018, has recorded steady sales with over 400 thousand policies written, we expect to fall short of all target values, mainly due to the effects of lower than anticipated interest rates.

Result of target values

	End of fiscal 2019 targets	End of fiscal 2019
Embedded Value (EV)*	¥4,481.2 billion	¥3,809.0 billion (¥672.1 billion below target)
Annualized premium of policies in force*	¥2,371.0 billion	¥2,344.0 billion (¥26.9 billion below target)
Of which, living benefits + medical coverage*	¥596.4 billion	¥590.0 billion (¥6.3 billion below target)

*Total of Sumitomo Life and Medicare Life.

Looking back on the implementation of this plan, we could clearly distinguish upcoming management tasks, including expanding participants in activities related to SUMITOMO LIFE Vitality, to better serve society and our customers, and utilizing the strengths of our group companies to expand our product lineup and enhance our customers’ convenience.

Overview of the new Medium-Term Business Plan: Sumitomo Life Medium-Term Business Plan 2022

Our basic stance and desired image

Turning our attention to the social and economic environments, we can perceive the ever-increasing pace of change, the effects of which may be felt throughout society. These include changing demographics, acceleration of digitalization and work style reforms.

Under the Sumitomo Life Medium-Term Business Plan 2022 (the “Plan”), the new three-year plan commencing in fiscal 2020, we will accurately grasp these changes in the environment, and aim to be an “indispensable insurance company for society” by contributing to society, being trusted by society, and adapting to society, in order to keep on meeting our customers’ expectations into the future.

We will advance all our businesses together with our customers: “Life designers (sales representatives),” “Agencies such as financial institutions and insurance outlets,” “Asset management,” “Overseas operations,” “Products & services” and “Management base.”

Overview

To be an “indispensable” insurance company for society



Each framework of the Plan

(1) Contribute to society ~ Contribute to achieving the SDGs ~

We will contribute to society through initiatives aimed at achieving the Sustainable Development Goals (SDGs) in our business activities, primarily by contributing to a healthy and long-living society through the promotion of SUMITOMO LIFE Vitality. In addition, by reaching across society with our unique value centering around SUMITOMO LIFE Vitality, we aim to establish a brand image of “health, security and familiarity.”

(2) Be trusted by society ~ “Customer” is the subject word ~

In order to further ensure that each and every executive and employee thinks and acts from the customer’s perspective, in addition to focusing on inculcating the “Sumitomo Life Group Code of Conduct,”*1 we will also promote our “WPI Project,”*2 which aims to promote transition to, and concentration on customer-oriented work styles, and create healthy, vibrant workplaces. By reforming the work styles and behavior of executives and employees through these measures, we will strive to gain yet greater social trust.

*1 Sumitomo Life Group Code of Conduct

A set of guidelines for executives and employees to follow in order to ensure that the Sumitomo Life Operating Policy is put into practice through their conduct. It serves as the basis for ethical and responsible business activities.

*2 WPI (Work Performance Innovation) Project

A project aiming to “enhance productivity from the customer perspective” by promoting transition to, and concentration on customer-oriented work styles, and creating healthy and vibrant workplaces.

(3) Adapt to social change ~ Transformation for continual evolution ~

Amid the ever-increasing pace of change, the effects of which may be felt throughout society, we will promote initiatives (service reform, HR nurturing, infrastructure building and innovation creation) to reform our business structure from a long-term perspective, to ensure we can adapt to any change in our environment.

Target values

Target item	End of fiscal 2019	Medium-Term Business Plan targets*1 (End of fiscal 2022)
Number of customers (policies in force)*2	13.86 million	14.22 million
Annualized premium of policies in force*2	¥2,344.0 billion	¥2,360.0 billion
Of which, living benefits + medical coverage*2	¥590.0 billion	¥620.0 billion
Core business profit: domestic operations*2	¥364.0 billion	3-year total ¥922.0 billion
Core business profit: overseas operations*3	¥33.9 billion	3-year total ¥141.0 billion

*1 Where, in the future, it is determined that the values set out in the Plan will be affected to a certain degree by market movements or other factors, it is possible that the Plan may be amended during fiscal 2020.

*2 Total of Sumitomo Life and Medicare Life. “Number of customers” is the total number of policies in force of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

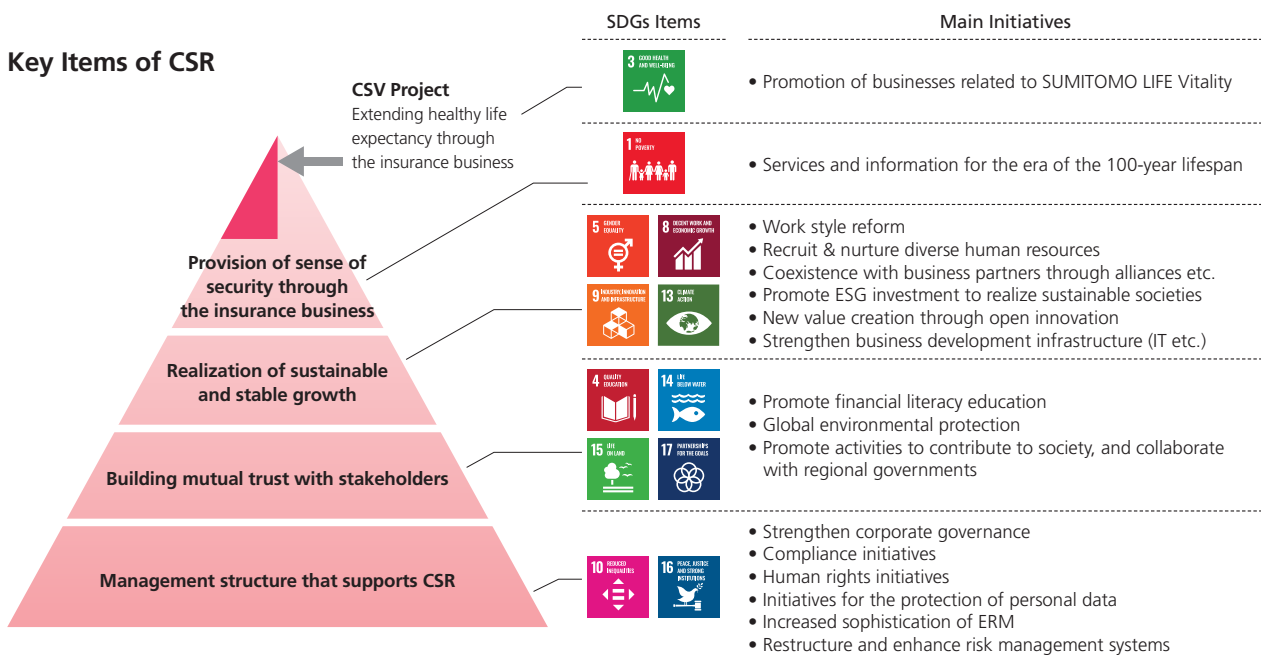
*3 Total of overseas operations (Symetra etc.).

Contribute to Society

— Contribution to the Achievement of the SDGs

Under the philosophy of contributing to the realization of a society of affluence, vitality and longevity through the sound operation and development of the insurance business, which is stated in the CSR Management Policy, we aim to become the most trusted and supported company by our stakeholders including our customers, and to grow sustainably and stably by conducting honest business operations and building a sound financial base.

In addition, we have defined items that are important in the promotion of CSR management (key items of CSR) and identified the SDGs that correspond to each key item of CSR, clarifying the issues that the Company focuses on.



As a structure to support these efforts, the Sustainability Promotion Council has been put in place to implement initiatives to share and solve social and environmental issues, such as the SDGs. The council convenes twice a year in principle, and discussions of the council are deliberated at the Executive Management Committee, an advisory body to the President, and reported to the Board of Directors.

One of the focuses of the new medium-term business plan is to contribute to society through initiatives aimed at achieving the SDGs in our business activities, primarily by contributing to a healthy and long-living society through the promotion of SUMITOMO LIFE Vitality.

We will further pursue sustainability management, together with the new medium-term business plan.

Sustainability promotion system



Initiative indicators for material issues (KPIs)

Key Items of CSR	Our Visions	Main Initiatives	Initiative Indicators
Extending healthy life expectancy through the insurance business	Contribute to extending healthy life expectancy in Japan through the insurance business, with a view to realizing a society where people can continue to live with peace of mind in good health	Promotion of businesses related to SUMITOMO LIFE Vitality	<ul style="list-style-type: none"> Implementation of the CSV project centered around health enhancement
Provision of sense of security through the insurance business	Provide all people with suitable life insurance products and services, as well as security that they will lead to, by pursuing customer-oriented management	Services and information for the era of the 100-year lifespan	<ul style="list-style-type: none"> Provision of products and services that contribute to solving social issues Promotion of initiatives that contribute to fulfilling our role in a highly graying society Provision of products and services optimized for each customer's circumstances and situation by fusing unique human value and digital technology Stepping up efforts based on the "Policy on customer-oriented business operations"
Realization of sustainable and stable growth	Under a management policy to be passed down through the ages, continue to grow steadily while responding to changes and reforms in society	Work style reform	<ul style="list-style-type: none"> Promotion of work-life balance <ul style="list-style-type: none"> The rate of childcare leave taken by male employees: 100% Percentage of employees who actually feel the effects of work style reform: 90% or more (FY2022) Percentage of employees who are able to work from the customer/market perspective: 80% or more (FY2022) Percentage of employees who have taken at least 17 days of paid annual leave: 80% (FY2022)
		Recruitment & nurturing of flexible and diverse human resources	<ul style="list-style-type: none"> Promotion of women's participation <ul style="list-style-type: none"> Percentage of female employees in managerial positions: 33% or more Promotion of employment of persons with disabilities (initiative to meet the legally required employment rate)
		Coexistence with business partners through alliances, etc.	<ul style="list-style-type: none"> Maintaining sound relationships with all business partners Provision of products and services through business tie-ups and strengthening of partnerships with financial institutions, etc.
		Promotion of ESG investment and financing to realize sustainable societies	<ul style="list-style-type: none"> Investment and financing decisions using ESG information in addition to quantitative information Promotion of engagement activities, taking ESG issues of investee companies into account Investments in bonds, etc. aimed at resolving ESG issues (ESG bonds) <ul style="list-style-type: none"> Target of investments in ESG bonds, etc.: ¥300 billion (3-year total)
		New value creation through open innovation	<ul style="list-style-type: none"> Creation of new value for customers and society through open innovation and digital innovation
		Strengthening business development infrastructure (IT, etc.)	<ul style="list-style-type: none"> Infrastructure investment that contributes to continuous maintenance and improvement of service quality and cost control
Building mutual trust with stakeholders	Meet the expectations of stakeholders and aim to be a company that is trusted and supported by them	Promotion of financial literacy education	<ul style="list-style-type: none"> External delivery of endowed lectures and promotion of understanding of life insurance and life planning for all generations
		Global environmental protection	<ul style="list-style-type: none"> Promotion of energy and resource conservation in business activities, initiatives for climate change issues, and environmental protection activities <ul style="list-style-type: none"> CO₂ emissions: 40% reduction from the FY2013 level (FY2030)
		Promotion of activities to contribute to society, and collaboration with regional governments	<ul style="list-style-type: none"> Promotion of contribution to local communities and society <ul style="list-style-type: none"> Participation rate in Sumisei "Humany" activities (staff volunteers): 100% Promotion of collaboration with local governments (status of collaboration with local governments)
Management structure that supports CSR	Contribute to the creation of a sustainable society by conducting honest business operations and building a sound financial base	Strengthening of corporate governance	<ul style="list-style-type: none"> Realization of a company that values customer feedback by creating a highly transparent mutual company organization
		Compliance initiatives and initiatives for the protection of personal data	<ul style="list-style-type: none"> Development of compliance framework and cultivation of compliance mindset Elimination of relationships with antisocial forces Strict management of personal information through systems, training, and networks, and further enhancement of security
		Human rights initiatives	<ul style="list-style-type: none"> Raising human rights awareness among employees and building a workplace culture that respects human rights
		Increased sophistication of ERM (including risk management systems)	<ul style="list-style-type: none"> Use of risk-return indicators and steady execution of operations based on capital allocation. Improvement taking effectiveness into account Appropriate control over the balance between risk and capital
Steady implementation of the Medium-Term Business Plan			<ul style="list-style-type: none"> KGIs for the Medium-Term Business Plan <ul style="list-style-type: none"> Number of customers (policies in force): 14.22 million (FY2022)*¹ Annualized premium of policies in force: ¥2,360 billion (FY2022)*² <ul style="list-style-type: none"> Of which, living benefits, medical coverage, etc.: ¥620 billion (FY2022)*² Core business profit for domestic business: ¥922 billion (3-year total)*² Core business profit for overseas business: ¥141 billion (3-year total)*³

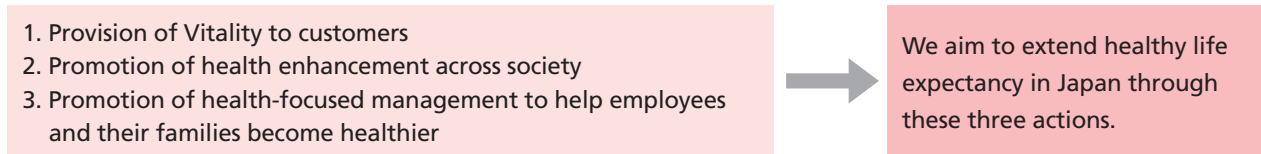
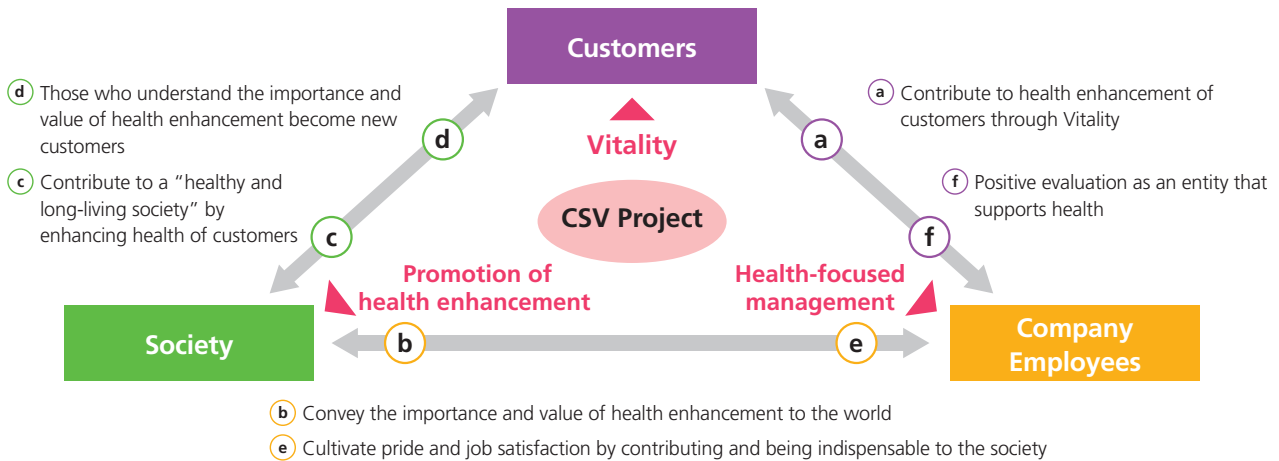
*1 Sumitomo Life + Medicare Life + business alliance partners. Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

*2 Sumitomo Life + Medicare Life.

*3 Symetra, etc.

Sumitomo Life is endeavoring to solve the social challenge of “extending healthy life expectancy” through its efforts to promote health enhancement across society and health-focused management, based on CSR management and centering around SUMITOMO LIFE Vitality. We regard these initiatives as our “CSV Project,” and aim to extend healthy life expectancy in Japan by creating a new shared value of health enhancement among customers, society, and the Company and our employees.

Overview and Philosophy of the CSV Project



* CSV is an abbreviation of Creating Shared Value. A business management concept that aims to achieve both “solution of social issues” and “enhancement of corporate value” through initiatives within the main business targeting social issues.

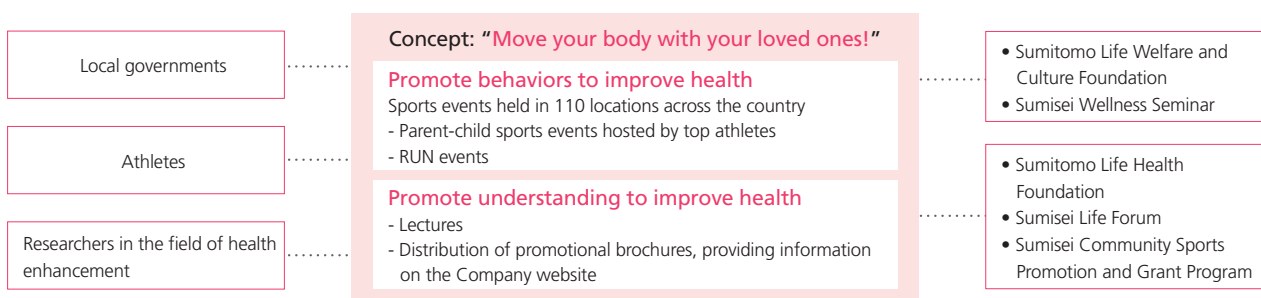
1. Provision of Vitality to customers

Through the provision of SUMITOMO LIFE Vitality Shared-Value Insurance, the core of the CSV project, we aim to improve health conditions by encouraging continuous health-enhancing activities, as well as to contribute to extending healthy life expectancy in Japan.

2. Promotion of health enhancement across society

“Sumisei Vitality Action,” a social contribution program with the theme of health enhancement, uses a characteristic approach of CSV called “collective impact,” whereby social issues are addressed by various actors leveraging each other’s strengths, rather than through the intervention of one individual organization. Through the program, we are working on the social issue of health enhancement with the cooperation of local governments, foundations, researchers, athletes, and others. Specifically, we encourage behavior and understanding to improve health and promote health enhancement across society through these activities.

Overview of Sumisei Vitality Action



3. Promotion of health-focused management to help employees and their families become healthier

We believe that it is very important for employees and their families to value their mental and physical health and live a healthy life so that employees can actively demonstrate their individual abilities to the fullest. Sumitomo Life is carrying out health enhancement-related initiatives to extend healthy life expectancy in Japan. The starting point for these efforts is naturally “awareness” and “behavior” of each employee regarding health. Based on this understanding, we have formulated the “Sumitomo Life Group Health-focused Management Declaration” and offer full support for the health maintenance and enhancement activities of our employees and their families from a management perspective. The Human Resources Department serves as a secretariat and coordinates with other departments in pursuing health-focused management. In addition, the outcomes of each year’s activities and the activities for the following year are reported to and approved by management at the Executive Management Committee, which is chaired by the President and comprises Executive Officers.

CSV Project Initiative — Arrival of parkrun in Japan



1. parkrun

parkrun is an athletic community event which takes place every Saturday morning with no entry charge in which participants walk, jog or run 5 kilometers. Currently, parkrun is held every week in over 1900 locations and 21 countries around the world, and more than 300,000 people take part every week as participants or volunteer staff.

Sumitomo Life signed a partnership agreement with parkrun Global (founder: Paul Sinton-Hewitt CBE), a non-profit organization in the U.K. As the only official sponsor in Japan, we offer full support for expanding parkrun in Japan.

2. Significance of engaging in parkrun in the CSV project

We regard parkrun as an important initiative within the CSV project that allows us to reach out to customers, society, and the Company and our employees at the same time. In terms of customers, Vitality members can earn Vitality points when they participate in parkrun events and complete the run (walk). This serves as an opportunity for us to support health-enhancing activities, which is the role Vitality plays. In terms of society, parkrun is intended to create opportunities for fostering exercise habits, targeting a wide range of people in local communities, and to support the development of local communities. In terms of the Company and our employees, we encourage employees to participate as runners, walkers, and volunteers, as an activity in which they can demonstrate their initiatives in health enhancement together with the Company.

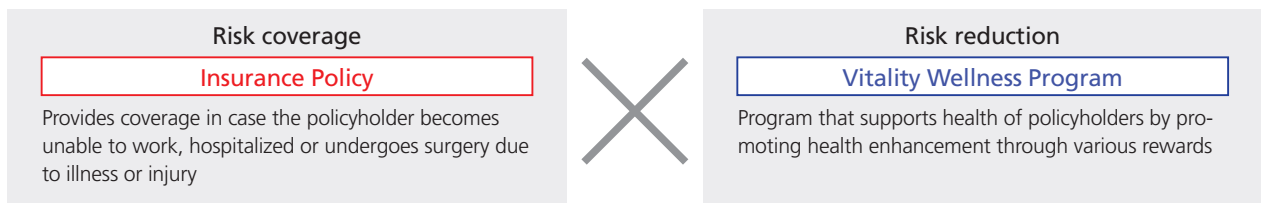
We will promote the parkrun initiative targeted at customers, society, and the Company and our employees in an all-encompassing way, and strive to extend healthy life expectancy in Japan, which is the CSV project’s philosophy.





Provision of SUMITOMO LIFE Vitality Shared-Value Insurance

Sumitomo Life launched the SUMITOMO LIFE Vitality Shared-Value Insurance on July 24, 2018. SUMITOMO LIFE Vitality is a product which, in addition to coverage, also features a Vitality Wellness Program*¹ that supports continuous engagement in health-enhancing activities. Besides coverage, the original purpose of insurance, for example against work disability through our product “1-UP,” SUMITOMO LIFE Vitality comprehensively evaluates daily health-enhancing activities of policyholders and determines the policyholder’s status based on their efforts to live a healthy life. Policyholders may receive a discount*² in their insurance premiums, depending on their status. Furthermore, as a measure to support those who have difficulties in continuing health-enhancing activities, this is a new product that includes various rewards such as a discount in the monthly fees of a gym membership and travel discounts.

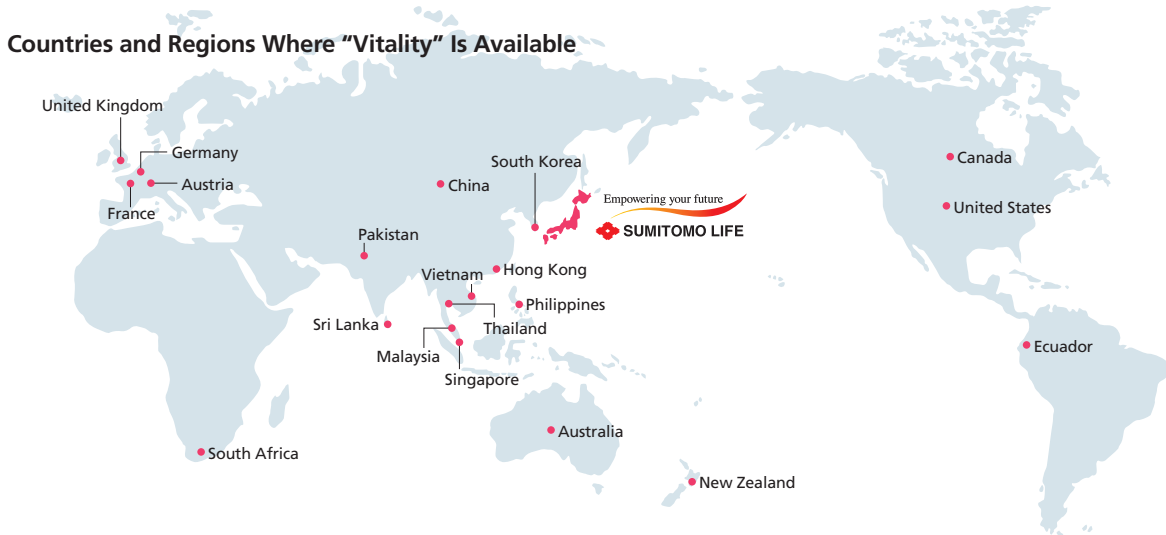


*1 To use the Vitality Wellness Program, a Vitality fee required in addition to insurance premiums.
*2 Depending on the policyholder’s status, insurance premiums may also be increased.

Vitality Wellness Program —A Program Implemented across 21 Countries and Regions Worldwide

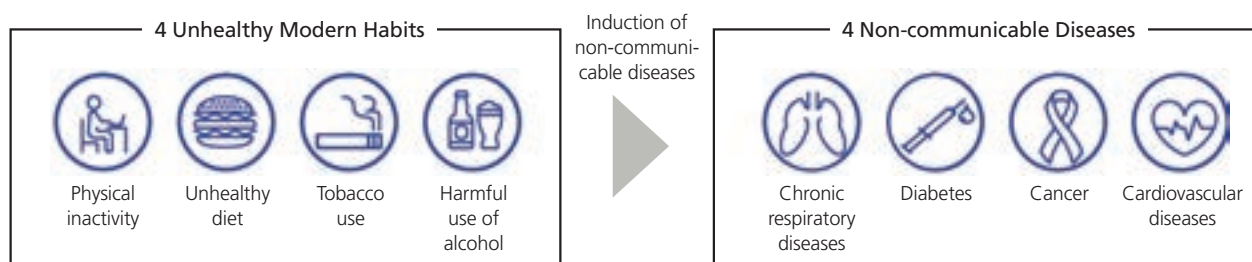
The Vitality Wellness Program is offered by a South African financial services company, Discovery Limited. In addition to South Africa, Discovery Limited has been offering the Vitality Wellness Program in various countries through partnerships with local life insurance companies throughout the world for over two decades (since 1997). Currently, the program is being offered across 21 countries and regions worldwide including the US, UK, Germany, China and Japan, to approximately 11.3 million members (as of June 30, 2019).

Through the launch of SUMITOMO LIFE Vitality, Sumitomo Life aims to make people healthier and contribute to the realization of a healthy and long-living society by encouraging people to continue engaging in health-enhancing activities.



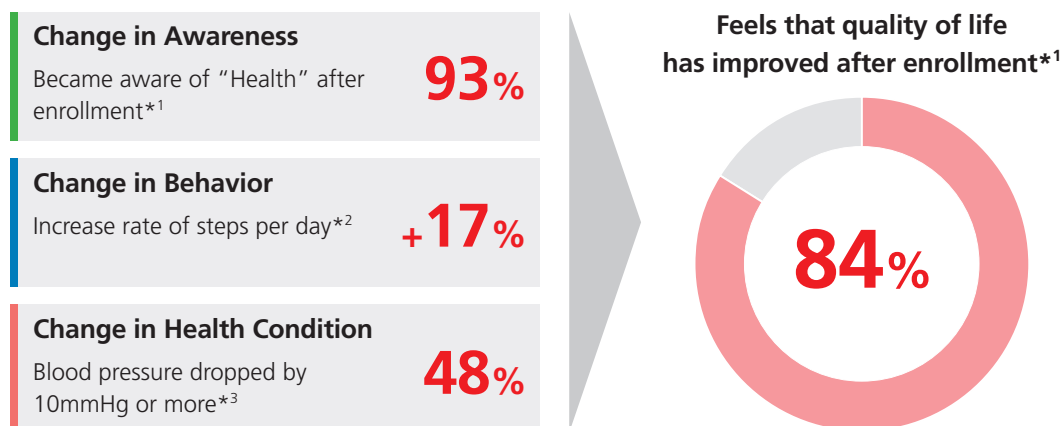
Realization of “A Healthy and Long-Living Society” —Towards the Era of Centenarians—

According to the World Health Organization (WHO), four lifestyle habits lead to four chronic diseases (chronic respiratory diseases, diabetes, cancer and cardiovascular diseases) that contribute to 60% of deaths worldwide. Through the introduction of the Vitality Wellness Program in Japan, the most rapidly aging country in the world, Sumitomo Life aims to make people healthier and contribute to the realization of a healthy and long-living society.



Questionnaire Survey of SUMITOMO LIFE Vitality Members and Results of Survey on Number of Steps and Blood Pressure

Sumitomo Life conducted a customer questionnaire and a survey on the number of steps walked and blood pressure among Vitality members in November 2019. The results showed that about 93% of people became more conscious of health after enrolling in Vitality; the number of steps taken per day increased by about 17%, which indicates a change in behaviors; and about 48% of those who had had high blood pressure (systolic blood pressure of over 140 mmHg) at enrollment experienced a reduction in blood pressure by over 10 mmHg, which indicates a change in health condition. In addition, about 84% of the survey respondents felt that their quality of life improved after enrollment.



*1 Questionnaire by Sumitomo Life. The number of responses:15,702 (excluding Sumitomo Life employees).

*2 Condition at the end of May 2019, of policies written from September to November 2018. Comparison of steps in the first month after enrollment (8,260steps) and those from the second month onward (9,655steps).

*3 For persons whose systolic blood pressure was over 140mmHg at enrollment, of policies written from September to November 2018. Comparison of results of health checks submitted at the time of enrollment and those submitted after enrollment.

Awards Related to SUMITOMO LIFE Vitality

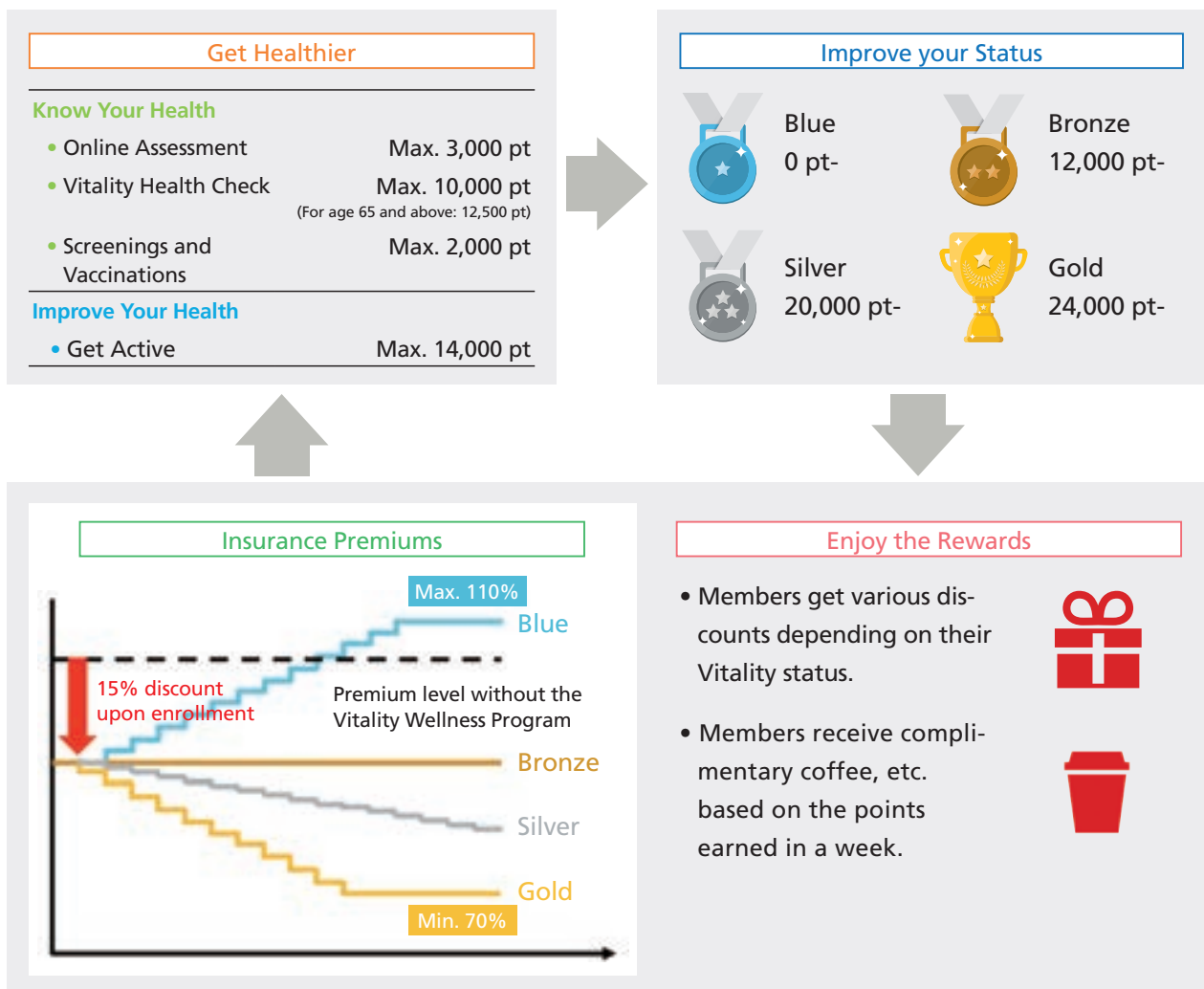
SUMITOMO LIFE Vitality received 2018 Nikkei Superior Products and Services Awards Nikkei Veritas Award for Excellence. Sumitomo Life became the first life insurance company to receive this award for the 5th time*.

In addition, Sumitomo Life's "CSV project centered around health enhancement: Looking to extend healthy life expectancy through Vitality" received the 7th Smart Life Project Award (Let's extend healthy life expectancy!) – Minister-of-Health Award for Excellence. The award is sponsored by the Ministry of Health, Labour and Welfare and the Japan Sports Agency.



* Based on a Sumitomo Life survey as of May 2019

Overview of SUMITOMO LIFE Vitality





Individual Life Insurance and Annuities

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

Annualized Premiums from Policies in Force

Reviewing our fiscal 2019 consolidated performance for the Sumitomo Life Group, annualized premiums from policies in force increased 0.9% from the end of the previous fiscal year to ¥2,806.5 billion (\$25.7 billion).

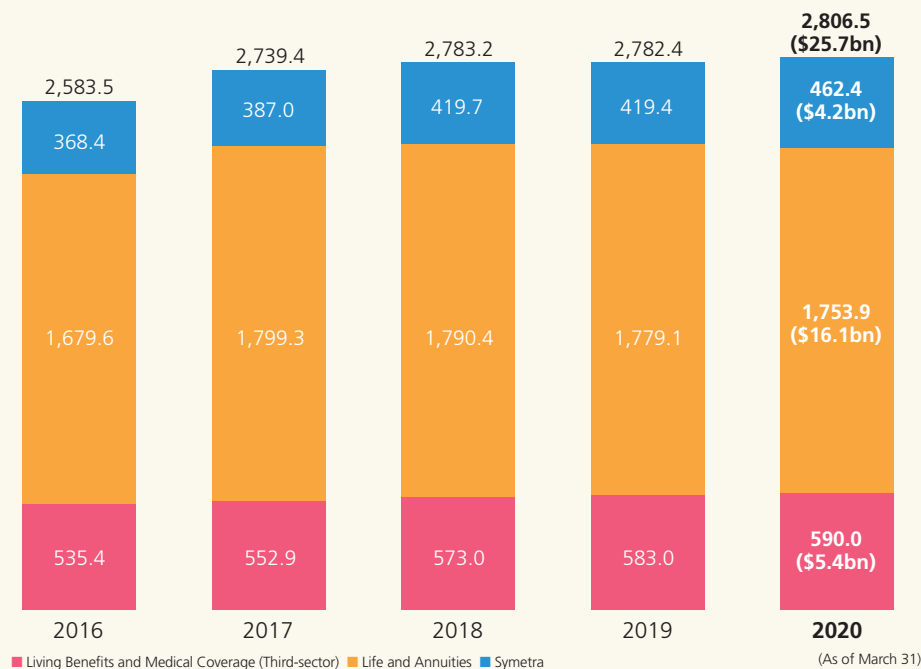
Annualized premiums from policies in force for the third-sector insurances, which we focus on as a growth area, increased 1.1% year on year to ¥590.0 billion (\$5.4 billion), on the basis of two domestic entities (Sumitomo Life and Medicare Life) excluding Symetra, growing steadily for seventeen consecutive years since we started to publish such figures.

The main reason for this is that we have achieved steady results through “multi-channel, multi-product strategy” in the nursing care (including work disability) and medical insurance markets, which are expanding along with the advent of a long lived society.

Annualized Premiums from Policies in Force (Sumitomo Life Group)

(¥ billions)

* Sumitomo Life, Medicare Life and Symetra

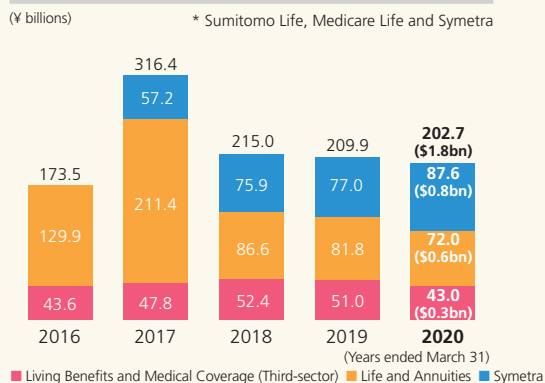


*Symetra closes its account on December 31 each year. US dollar figures for Symetra have been converted from the Japanese yen figures published in the Japanese-language Financial Results using the exchange rate as of the end of March 2020.

Annualized Premiums from New Policies

In fiscal 2019, the Sumitomo Life Group's annualized premiums from new policies decreased 3.4% from the previous fiscal year to ¥202.7 billion (\$1.8 billion). The decrease from the previous fiscal year was mainly due to a drop in sales volume of single-premium whole life insurance in the domestic business.

Annualized Premiums from New Policies (Sumitomo Life Group)



*Symetra's performance has been recorded since February 2016.



Operating Results

Adjusted group core business profit remained firm at ¥393.3 billion (\$3.6 billion).

Core Business Profit

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

In fiscal 2019, adjusted group core business profit, which represents profitability excluding the impact of the standard policy reserves concerning the minimum guarantees for variable annuities, etc., decreased 1.2% from the previous fiscal year to ¥393.3 billion (\$3.6 billion).

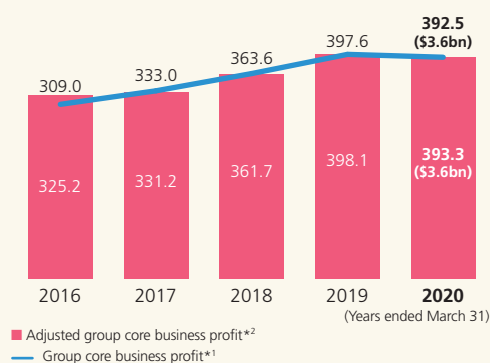
Meanwhile, the size of the negative spread has been constantly shrinking since fiscal 2001 when the Company started its disclosure, which turned positive for the first time in fiscal 2014 and the width of the positive spread has expanded for six consecutive years.

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.

Adjusted Group Core Business Profit

(¥ billions) * Sumitomo Life Group*¹

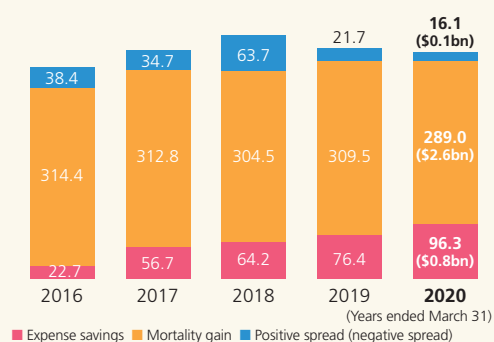


*¹ Group core business profit (see the solid line graph) is calculated by combining core business profit of Sumitomo Life and Medicare Life, and profit before tax of Symetra, Baoviet Holdings, BNI Life, Singlife, and PICC Life attributable to Sumitomo Life's equity stake in each company, with adjustments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

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

Sources of Profits (Sumitomo Life)

(¥ billions)



3

Financial Strength

Accumulated retained surplus increased to ¥2,008.6 billion (\$18.4 billion).

Accumulated Retained Surplus

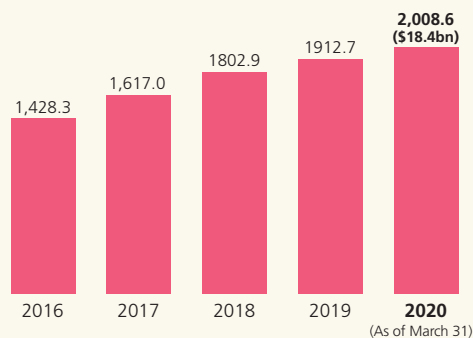
Accumulated retained surplus (Sumitomo Life)* increased ¥95.9 billion in fiscal 2019, to ¥2,008.6 billion (\$18.4 billion).

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 for building capital and to have external financing play a supplemental role.

We financed ¥50.0 billion through subordinated loan denominated in Japanese-yen in June 2019. Meanwhile, ¥50.0 billion of the foundation funds raised in 2012 came to maturity in August 2019, and in November 2019, we exercised the first call option of the ¥50.0 billion subordinated bond issued in 2014.

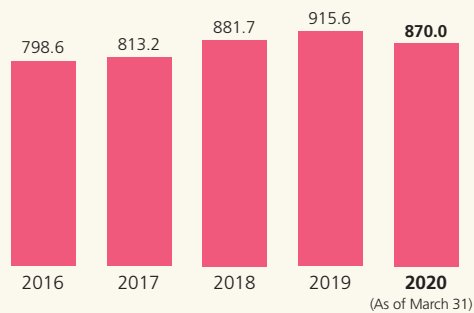
Solvency Margin Ratio

The solvency margin ratio is the ratio of total solvency margin to total risk amount, which quantifies various risks. Our solvency margin ratio was 870.0% (consolidated) at the end of fiscal 2019. 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 regulation, we are making efforts to control risk and accumulate retained surplus based on the discussions of the ICS.

Solvency Margin Ratio (Consolidated)

(%)



Dividends to Policyholders

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

Based on the above policy, we increased the dividend rates of some medical insurance products, etc. for individual life insurance and individual annuities, and maintained the same dividend rates for others in fiscal 2019.

Financial Strength Ratings

As of the end of June 2020, we have received ratings of A or above from four rating agencies, namely A+ from Standard & Poor's (S&P), A1 from Moody's, AA- from Rating and Investment Information (R&I), and AA- from Japan Credit Rating Agency (JCR).

Our current rating is at the highest level since 1997.

Rating Status

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

(As of June 30, 2020)



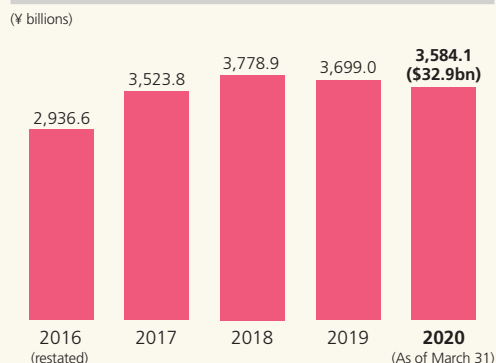
European Embedded Value (EEV)

The Sumitomo Life Group's EEV marked ¥3,584.1 billion (\$32.9 billion) at the end of fiscal 2019.

European Embedded Value (EEV)

The Sumitomo Life Group's EEV at the end of fiscal 2019 decreased ¥114.8 billion year on year to ¥3,584.1 billion primarily due to negative impacts from the lower domestic super-long-term interest rate and fall in stock prices, despite the positive results of the insurance business such as acquiring new policies and securing earnings from policies in force.

EEV (Sumitomo Life Group)



* The EEV of the Group is calculated as follows: Sumitomo Life's EEV plus Medicare Life's EEV and Symetra's EEV, less Sumitomo Life's carrying amount of equity of Medicare Life and Symetra.

* The ultimate forward rate has been applied for the super-long-term interest rate since fiscal 2016. Hence, the EEV figure as of March 31, 2016 is restated based on the same method.

5

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 graying society and changes in lifestyle. Moreover, focusing on the increase in awareness of health, we launched SUMITOMO LIFE Vitality Shared-Value Insurance in July 2018.

We are marketing products in these growth areas through our sales representatives as well as through our bancassurance network including banks and financial institutions. In addition, our subsidiary Medicare Life Insurance Co., Ltd., mainly provides affordable medical insurance that offers total support covering cancer, medical treatments and others through insurance outlets, the Internet and bancassurance. AIARU Small Amount & Short Term Insurance Co., LTD. is contributing to the Sumitomo Life's marketing strategy by leveraging its flexibility as a small-amount and short-term insurance company to launch new products and develop niche markets.

We strive to improve our market presence by providing advanced products that meet diversifying customer needs through our unique "multi-channel, multi-product strategy."

Sales Representatives

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

Our sales representatives with their strong consulting abilities are the most effective sales channel to provide the new value of life insurance, i.e., health enhancement, to numerous customers while developing the growing fields of nursing care (including work disability), medical insurance and retirement planning.








We believe it is important to provide high-quality face-to-face consulting services and reliable aftersales 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 14 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, as well as provide the latest information. Through regular visiting activities conducted every year, we ensure customers fully understand the contents of the insurance policies they hold, and via checking for major life events such as marriage or childbirth or any necessary procedures, we provide consulting on whether the coverage best fits the current customer needs, and make proposals on review of coverage or additional policies if necessary.

* Number of individual life insurance and individual annuities, including products provided by our business alliance partners (Mitsui Sumitomo Insurance, NN Life, Sony Life).

Sales Channels and Respective Products

(As of July 2020)

		Life Insurance				P&C Insurance		
Customer Needs	Individual Life				Corporate Insurance	In case of a sudden accident		
	Mortality	Nursing Care / Work Disability	Medical Insurance	Savings				
Products	<p>Comprehensive Protection Insurance</p>  <p>[Launched in March 2020] Dementia Protection</p>  <p>Wellness program that could be attached to the above main products</p> 		<p>Medical Insurance</p> <p>スミセイの医療保険</p> 		<p>Single-Premium Insurance</p> <p>[Yen] (Whole life)</p> <p>ふるは〜と</p>  <p>[Foreign Currency] (Whole life)</p> <p>ふるは〜と</p>  <p>たのしみグローバル</p> 		<p>Term Life</p> <p>スミセイの定期保険</p>  <p>新長期プラン</p>	<p>Automobile Insurance</p>  <p>クルマでの保護</p> <p>Property Insurance</p>  <p>すまいの保障</p> <p>Casualty Insurance</p>  <p>ケガの保障</p>
	<p>Income Assurance Insurance</p> <p>軽率区分型収入保障保険 (特約の適用あり)</p>  <p>Medical Insurance (Simple and affordable)</p>  <p>Medication Insurance</p> 		<p>Level-Premium Insurance</p> <p>[Yen] (Whole life)</p> <p>スミセイの低解約返戻金型終身保険</p>  <p>スミセイの低解約返戻金型介護終身保険</p>  <p>[Foreign Currency] (Whole life)</p>  <p>(Endowment)</p>  <p>Sony Life</p> <p>(Annuity)</p> <p>スミセイの個人年金保険</p>  <p>(Annuity)</p> 		<p>インブレムN</p>  <p>インブレムN</p>  <p>NN</p>  <p>Medical Protection</p>  <p>Work Disability Protection</p> 			

Furthermore, in January 2019, we digitalized the application for new life insurance policies through the “Sumisei Lief,” and in April 2019, we introduced digital application for new automobile insurance policies, endeavoring to increase the level of convenience for customers. In addition, 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.

On the product front, in September 2015, Sumitomo Life launched “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.

In July 2018, we launched SUMITOMO LIFE Vitality Shared-Value Insurance. The Vitality Wellness Program is a globally recognized program that helps policyholders get healthier by giving them the tools, knowledge, access, and incentives to enhance their health. SUMITOMO LIFE Vitality is a product that incorporates this program, which reduces risk itself at the same time as preparing in case of a risk, and could be said to be an insurance which allows us to “create new value for customers and build the future together.”

In March 2020, we introduced “Dementia PLUS,” a new rider designed to offer coverage early on and provide financial support for dementia, one of the major social issues in a long-living society, as well as to achieve early detection and prevention. Dementia PLUS was added to the list of products covered by SUMITOMO LIFE Vitality.

To further respond to diversifying customer needs, we 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 Sony Life Insurance Co., Ltd. We have been selling NN Life’s products for corporate clients since April 2017, and Sony Life’s foreign currency-denominated products since January 2019, as the sales agent of both companies.

On the service front, recognizing that support for subsequent policy maintenance becomes important when a customer progresses dementia or other cognitive issues, we launched “Sumisei Family Assist Plus” in March 2020. The service is intended to enhance support for policy maintenance after a policyholder or an insured person progresses dementia or other cognitive issues, and it enables family members of the policyholder or insured person to check the policy contents and initiate procedures on behalf of that person.

In addition, we are implementing initiatives 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.

Review of Operations

As need of long-term care and support is expected to increase continuously with the advancement of the aging society, we reached a basic agreement on a business alliance with AXA Life Insurance Co., Ltd. in October 2018, regarding the "joint development and usage of long-term care services." From October 2019, we started offering a long-term care service that realizes a total coordination of long-term care for customers in some regions of both companies. We will continue working on creating advanced services, utilizing the knowledge and experience cultivated by both companies.

Furthermore, 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 Co., Ltd., a major Japanese non-life insurance company.

As an agent of Mitsui Sumitomo Insurance, annualized premiums from property-casualty insurance sold in fiscal 2019 reached ¥80.8 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

Bancassurance

The “retirement planning” market of annuities and other savings-type products for a comfortable and worry-free post-retirement life is projected to grow with the advent of a highly graying society. Banks and other financial institutions, with total deposits of over ¥1,000 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. In April 2017, we launched foreign currency-denominated single-premium whole life insurance. Furthermore, in August 2018, we launched foreign currency-denominated single-premium individual annuity, developed by utilizing the knowledge of our subsidiary in the U.S., Symetra Financial Corporation, and in April 2019, we launched foreign currency-denominated level-premium individual annuity. Through these launches, we have expanded our product lineup in order to meet diverse customer needs.

On the service front, we digitalized the application of new policies, and also introduced a system that allows customers to conduct surrender procedures online after checking information such as the surrender value of the policy as of the date of inquiry. The aim is to enhance customer convenience.

Medicare Life

On the back of a growing number of customers who 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.

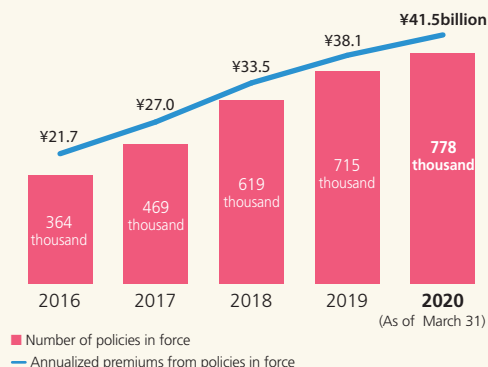
We responded to these trends by launching a subsidiary, Medicare Life in April 2010 to provide competitive, simple and affordable insurance products through insurance outlets, the Internet and financial institutions, under a brand distinct from Sumitomo Life.

Besides its key product, level-premium medical insurance, Medicare Life has expanded its product lineup by introducing products such as substandard whole life medical insurance, which can be sold to customers who do not qualify for standard products, income protection insurance, and specified disease insurance with lump sum benefits. In May 2019, Medicare Life also launched insurance that covers outpatient medication treatment, which had not been provided by previous medical insurance.

Review of Operations

Efforts were made also to increase customer convenience such as digitalizing application procedures in fiscal 2017. As a result, in fiscal 2019, its annualized premiums from policies in force increased 8.7% year on year to ¥41.5 billion. In addition, it registered over 770,000 policies in force at the end of March 2020, showing that it is on a favorable growth track.

Policies in Force of Medicare Life



AIARU Small Amount & Short Term Insurance

In the domestic insurance market, customer needs are becoming diversified and fragmented, and the need to provide coverage for niche fields is increasing. In response to such needs, we acquired AIARU Small Amount & Short Term Insurance Co., LTD. as a subsidiary in August 2019. The acquisition was aimed at capitalizing on the subsidiary's ability to launch new products and develop niche markets with the flexibility as a small-amount and short-term insurance company, and using the ability for Sumitomo Life's marketing strategy, so that we can provide a full range of services to our customers.

6

Overseas Operations

Along with efforts to develop domestic growth areas, we are actively seeking growth opportunities in overseas markets. We aim to supplement earnings from the domestic life insurance business by expanding the earnings base through regionally distributing the life insurance business that is concentrated in Japan, and securing the profitability and growth potential of overseas life insurance markets within the Company. Through these initiatives, we strive to strengthen sustainability. Through sharing information and producing synergies with overseas life insurance companies that we invest in, we strive to sophisticate our asset management, diversify our product development, and create added value such as business innovation through utilizing InsurTech. Our long term goal is to secure 20% of the Group's core business profit from overseas operations.

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 ¥87.6 billion, approximately 43% of the total of the Sumitomo Life Group's ¥202.7 billion for fiscal 2019. For policies in force, Symetra owns ¥462.4 billion, approximately 16% of the total of the Sumitomo Life Group's ¥2,806.5 billion. (US\$1 = ¥109.56, as of the end of December 2019.)

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 base, 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. In addition, we invested in Singlife in Singapore in June 2019.

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. The company saw total premiums for fiscal 2019 increase by 4.7% year on year, maintaining its eighth place in the industry in terms of total premiums.

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 companies of the Group. To capitalize on the growth in the Vietnamese market, we are supporting the Group by providing our expertise, including product development and IT system development. We singlehandedly underwrote a capital increase for the growth of the company in 2019, which resulted in our equity stake reaching approximately 22%. Premium income from life insurance of Baoviet Holdings increased by 18.3% year on year in 2019, and the company ranked 1st among domestic life insurance companies in terms of premium income.

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 risk management. In 2019, BNI Life moved to the top 12th in the industry from the top 16th in 2014 when we first invested in it, although total premiums decreased by 14.6% year on year.

Furthermore, in June 2019, we acquired approximately 25% of the total number of issued and outstanding shares of Singlife, with a seat on the board of directors. Through the investment in Singlife, which possesses know-how in utilizing digital technology, we hope to benefit from the high growth potential of the Asian life insurance market, and at the same time, improve convenience for the Group's customers and achieve greater management efficiency.

Representative Offices

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

7

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. As part of our responsibility as an institutional investor, we will also promote ESG investment and stewardship activities centered on dialogue with investee companies.

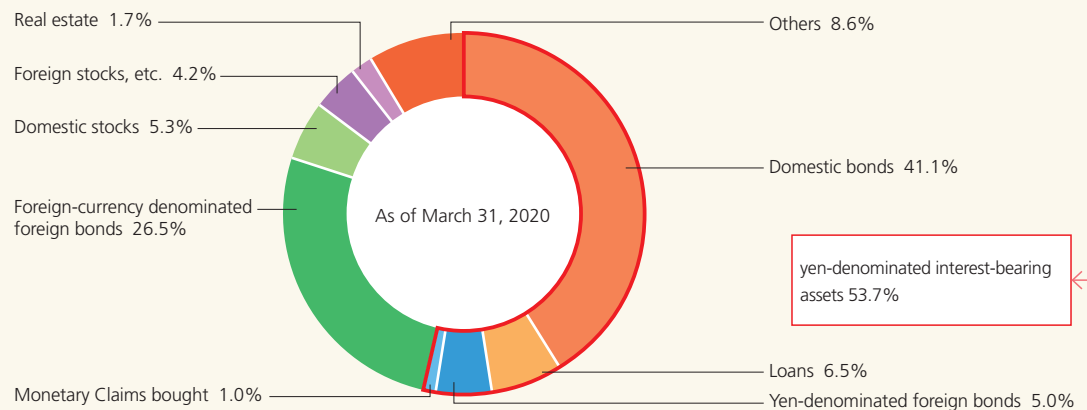
Asset Management

Our asset management portfolio is divided into two categories, the “ALM Investment Portfolio” and the “Balanced Investment Portfolio.” We strive to sophisticate our asset management through “improving returns” and “reinforcing risk control” according to the purpose of each investment, in order to offer insurance products that meet customer needs.

With respect to the “ALM Investment Portfolio” focused on yen-denominated interest-bearing assets serving objectives of reliable payments of insurance claims, etc., while promoting ALM and steadily controlling domestic interest rate risk by investing in super-long-term domestic bonds, we actively invested in foreign currency-denominated credit assets with relatively high yields.

Concerning the “Balanced Investment Portfolio” focused on highly liquid securities such as stocks and foreign bonds serving objectives of the sustainable growth of corporate value, within an acceptable scope of risks, we invested in unhedged foreign bonds based on exchange rate, interest rate, and stock price outlooks,

General Account Assets Portfolio (Balance sheet basis)



(As of March 31)	2016	2017	2018	2019	2020
General account assets	¥25.9 trillion	¥28.8 trillion	¥30.5 trillion	¥31.9 trillion	¥32.2 trillion
Domestic bonds	49.6%	43.8%	41.1%	40.4%	41.1%
Loans	8.5%	10.3%	9.1%	9.0%	6.5%
Yen-denominated foreign bonds*1	6.6%	5.8%	5.3%	4.9%	5.0%
Monetary Claims bought	0.8%	0.8%	0.9%	1.0%	1.0%
Foreign-currency denominated foreign bonds*2	19.6%	22.7%	25.1%	25.9%	26.5%
Domestic stocks	5.5%	5.9%	6.3%	5.9%	5.3%
Foreign stocks, etc.	3.6%	3.4%	3.5%	3.9%	4.2%
Real estate	2.4%	2.0%	1.9%	1.7%	1.7%
Others	3.5%	5.4%	6.8%	7.3%	8.6%

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

*2 Foreign-currency denominated foreign bonds (including those issued by residents) include hedged foreign bonds.

Review of Operations

as well as highly liquid securities such as domestic and overseas stocks.

Furthermore, as a responsible institutional investor, we pursued stewardship activities centered on dialogue with investee companies with a view to enhancing their equity values.

Based on the belief that ESG investment will enhance investment returns for a medium- to long-term institutional investor and contribute to the realization of a sustainable society at the same time, we formulated the ESG Investment Policy in March 2019. In April 2019, we signed the United Nations Principles for Responsible Investment.

Under the Sumitomo Life Medium-Term Business Plan starting in fiscal 2020, we will further promote ESG investment, positioning it as one of our initiatives to achieve the SDGs.

Key Initiatives

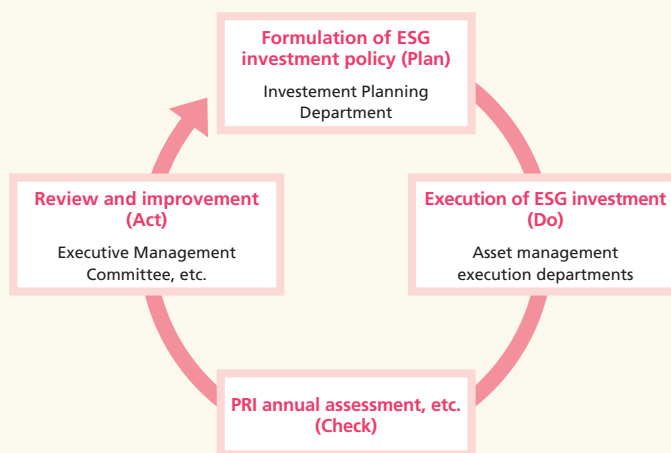
ESG Investment Methodology	Description
Integration	<ul style="list-style-type: none"> Incorporate an ESG perspective in the investment process Specify and assess important issues in each sector when investing in stocks Started the initiatives described above when investing in credit assets (bonds and loans) from FY2020
Engagement	<ul style="list-style-type: none"> Engage in dialogue and stewardship activities with invested portfolio companies Started dialogues with domestic companies of which we possess bonds from FY2020, in addition to domestic listed companies
Thematic investing	<ul style="list-style-type: none"> Investments and loans aimed at resolving ESG issues Set a target of JPY 300bn for new investments and loans described above during the new medium-term business plan (2020-2022)
Negative screening	<ul style="list-style-type: none"> Exclude companies that manufacture cluster munitions from the scope of investments, and do not engage in investment in coal-power generation projects

Key Initiatives to Date

Examples of Key Initiatives to Date	Related SDGs
Investment in green bonds, microfinance funds, solar power projects, and environment-friendly real estate properties, etc.	     

We will raise the level of ESG investment through steps such as annual assessment based on the PRI, deliberation at the Company's Asset Management Strategy Committee*¹, and reporting to the Sustainability Promotion Council*².

Through these efforts, we strive to further promote ESG investment and contribute to realizing a sustainable society.



*1 The committee deliberates and makes decisions on important matters related to asset management.

*2 The council discusses and reviews initiatives to achieve the SDGs, and shares information on social and environmental issues.

Governance

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

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

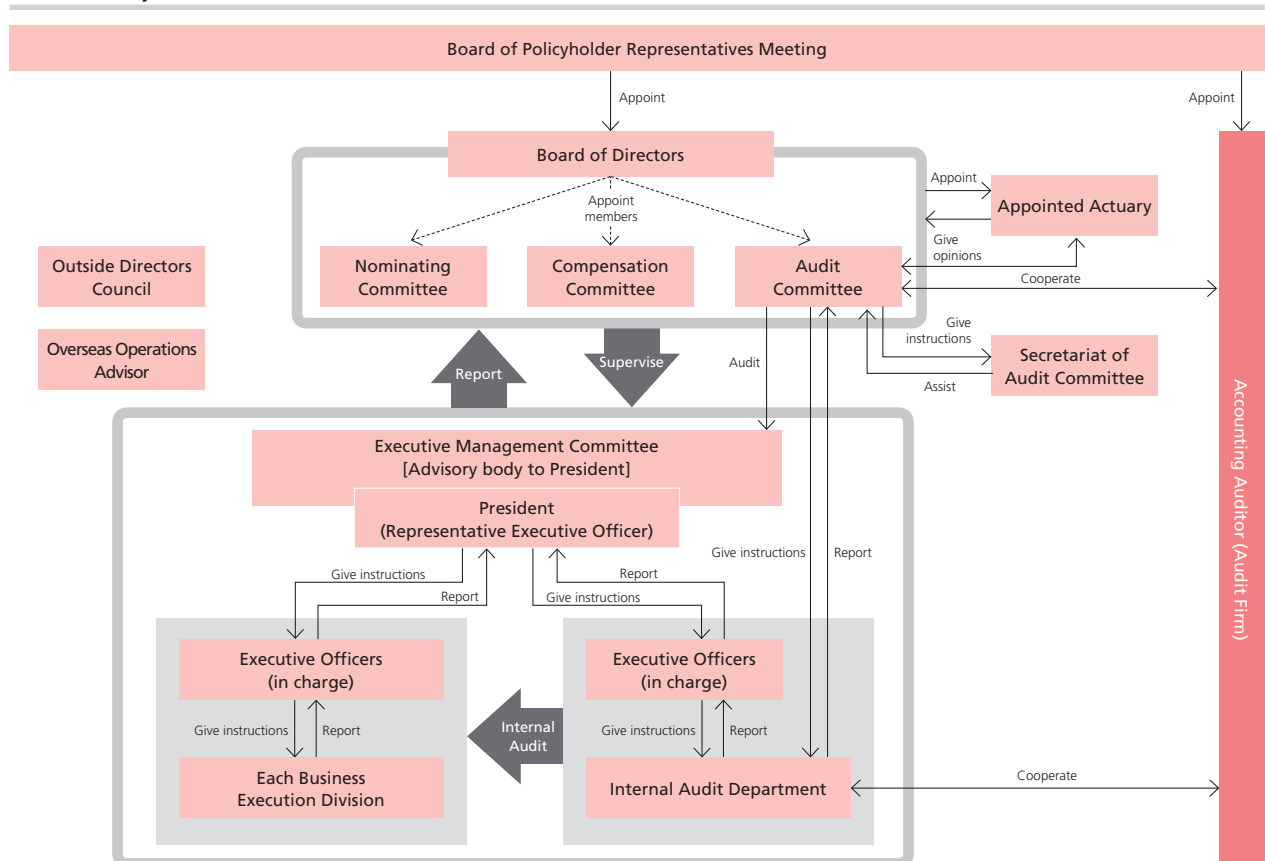
As for the design of bodies involved in management including the Board of Directors, the Company transitioned to Company with Committees in July 2015, with a view to further strengthening its corporate governance framework.

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

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

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

Governance System



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 2020, we held 89 such Dialogues at branches throughout the country for executives to listen directly to the opinions of policyholders and reflect those opinions in company management.

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

Our Measures for the Corporate Governance Code

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

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

Promoting Compliance

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

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

Furthermore, in an aim to foster a corporate culture that values compliance, we utilize the Compliance Manual and Insurance Solicitation Compliance Manual that cover matters such as the basic approach to compliance and particularly important matters in order to ensure that they become fully aware of compliance, and have also been holding broad training programs concerning compliance.

In addition, Compliance Committee has been established with the President as the chairman to receive reports on matters such as the status of monitoring and analysis on individual issues and to conduct discussions aimed at resolving these issues.

Furthermore, the Compliance Control Department that supervises compliance for the Company works to address the individual issues described above, makes reports on the state of compliance for the entire Company to bodies including the Board of Directors, and receives instructions as required for the management of operations.

Risk Management

In Japan, introduction of 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 established the "Third-party Committee Regarding Stewardship Activities" and started disclosing the results for the exercise of voting rights individually, 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.

Directors



Chairman of the Board
Yoshio Sato *



Director
Masahiro Hashimoto *



Director
Hidenori Shinohara *



Director
Masahito Fujito *



Director
Kenichi Nagataki



Outside Director
Toru Yamashita
School Corporation
Den-en-chofu Futaba
Gakuen
President



Outside Director
Kazuaki Kama
Special Advisor,
IHI Corporation



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



Outside Director
Toshiko Katayama
Partner, Katayama -
Hiraizumi Law Offices



Outside Director
Masaaki Oka
Attorney at Law,
Kajitani Law Offices



Outside Director
Kenzo Yamamoto
Representative,
Office KY Initiative

* Executive Officer

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

Nominating Committee

Toru Yamashita (Chairman)
Toshiko Katayama
Kenzo Yamamoto
Yoshio Sato
Masahiro Hashimoto

Audit Committee

Kazuaki Kama (Chairman)
Kimitaka Mori
Masaaki Oka
Kenichi Nagataki

Compensation Committee

Toru Yamashita (Chairman)
Toshiko Katayama
Kenzo Yamamoto
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 *

Deputy President & Executive Officer

Representative Executive Officer

Hidenori Shinohara *

Masahito Fujito *

Senior Managing Executive Officer

Hideharu Matsumoto

Managing Executive Officers

Hideyuki Sumi

Takeshi Eimori

Iwao Matsumoto

Yukinori Takada

Hirokazu Kitagoshi

Kazuhiko Kusaka

Tatsuya Yuri

Toyoki Iwai

* Director

Executive Officers, as defined in our internal regulations

Managing Executive Officers

Katsunori Hirai

Hideki Oyama

Yasuo Kobayashi

Fumihiko Komatsu

Hideo Fuji

Kiyoshi Horie

Senior Executive Officers

Kazuhiko Arai

Yoshihiro Nakano

Makoto Matsumoto

Ichiryu Kawai

Toru Shiomitsu

Executive Officers

Tatsuro Nakanishi

Makoto Kayama

Fumito Fujimoto

Satoshi Sadanaga

Satoshi Mouri

Atsushi Hashimoto

Muneo Sasagawa

Hiroki Fujimoto

Masateru Matsuyama

Keisuke Terasaki

Nobuji Takao

Katsusuke Nagahashi

Kentaro Tsukamoto

Number of Directors and Executive Officers, as defined in the Companies Act

Male: 19, Female: 1

The ratio of female Directors and Executive Officers, as defined in the Companies Act: 5.0%

Directory

SUMITOMO LIFE INSURANCE COMPANY

Head Office

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Tokyo Head Office

7-18-24, Tsukiji, Chuo-ku, Tokyo 104-8430, Japan
Tel: +81 (3) 5550-1100

* If you have any inquiries, please contact:

Capital Planning Section

Corporate Planning Department

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

Email: sumisei_ir@am.sumitomolife.co.jp

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New York Representative Office

142 West 57th Street, 11th Floor,
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Tel: +1 (212) 521-8340

London Representative Office

1 Fore Street Avenue, London, EC2Y 9DT, U.K.
Tel: +44 (20) 7256-7630

Beijing Representative Office

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

Hanoi Representative Office

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

Subsidiaries and Affiliates

Name	Country	Main business	Issued capital (millions of yen)	Equity held directly or indirectly by Sumitomo Life (%)
Domestic				
Medicare Life Insurance Co., Ltd.*	Japan	Life insurance business	¥40,000	100.00%
AIARU Small Amount & Short Term Insurance Co., Ltd.*	Japan	Small-amount and short-term insurance business	¥149	98.27
SUMISEI Insurance Service Corporation*	Japan	Life insurance confirmation business	¥15	100.00
Izumi Life Designers Co., Ltd.*	Japan	Insurance solicitation business	¥100	100.00
SUMISEI-Support & Consulting Co., Ltd.*	Japan	Insurance solicitation business	¥100	100.00
INSURANCE DESIGN*	Japan	Insurance solicitation business	¥20	95.00
Agent Co., Ltd.*	Japan	Insurance solicitation business	¥231	44.83
Mycommunication Co., Ltd.*	Japan	Insurance solicitation business	¥76	43.00
Japan Pension Navigator Co., Ltd.*	Japan	Defined contribution pension administration business	¥1,600	15.95
Nippon Building Fund Management Ltd.*	Japan	Investment trust business and investment corporation asset management business	¥495	35.00
Sumisei Building Management Co., Ltd.*	Japan	Real estate maintenance and management	¥100	100.00
Shinjuku Green Building Kanri K.K.*	Japan	Real estate maintenance and management	¥20	64.69
Sumisei Bussan K.K.*	Japan	Merchandising business	¥10	100.00
Sumisei Business Service Co., Ltd.*	Japan	Clerical work agency	¥70	100.00
SUMISEI Harmony K.K.*	Japan	Administrative business	¥50	100.00
Japan Pension Service Co., Ltd.	Japan	Corporate pension service agency	¥2,000	39.67
Sumitomo Life Information Systems Co., Ltd.*	Japan	Computer operations	¥300	100.00
CSS Co., Ltd.*	Japan	Payment collection agency	¥10	100.00
Overseas				
PT BNI Life Insurance*	Indonesia	Life insurance business	IDR300,699 million	39.99
Singapore Life Pte. Ltd.*	Singapore	Life insurance business	\$154,859,142	25.11
Symetra Financial Corporation*	U.S.A.	Bank holding company	\$1	100.00
Baoviet Holdings*	Vietnam	Bank holding company	VND 7,423,227 million	22.08

* Consolidated subsidiaries and affiliated companies accounted for by the equity method as of March 31, 2020.

(Notes) 1. 12 Subsidiaries of Symetra Financial Corporation, including Symetra Life Insurance Company, are included in our subsidiaries.

2. Baoviet Life Corporation, which is a subsidiary of Baoviet Holdings is included in our affiliates.

Global Environmental Protection

To support healthy lifestyles, we have constantly carried out various activities in consideration of the impact of our business activities on the global environment. We will continue to actively engage in such activities while keeping abreast of the times.

Initiatives through Business Activities

[Addressing climate change (endorsement of the TCFD recommendations)]

With climate change becoming a major talking point, as seen in the adoption of the Paris Agreement in 2015, we announced our endorsement of the final recommendations report published by the Task Force on Climate-related Financial Disclosures (TCFD), referred to as the “TCFD recommendations,” which set out a framework for disclosure of information on climate-related risks and opportunities.

[Investment to solve environmental issues]

We invest in bonds and other financial instruments aimed at solving environmental issues, such as green bonds and solar power projects in Japan. Based on the ESG Investment Policy formulated in 2019, we are further promoting this effort as part of our initiatives to achieve the SDGs.



Sumisei Lief, a mobile terminal

Energy and Resource Conservation

[Initiatives through business activities]

We are making company-wide efforts to save energy and resources. Specifically, each department takes the initiative in reducing paper and electricity consumption in its business activities, which has a large environmental impact. In addition, we began digitalizing new policy contracts in 2019, which is expected to further reduce paper consumption.



[Environment-friendly print materials]

We use environment-friendly print materials for calendars and product pamphlets we provide to our customers, and for in-house training materials. We also put our unique eco symbol on such print materials, raising environmental awareness of our employees as part of company-wide efforts.

[Environment-friendly property management]

We make efforts to save energy by installing energy-saving equipment and carefully setting the temperature of air conditioners at approximately 100 tenanted buildings owned by the Company across Japan.

Support for the Environment and Social Contribution Activities

[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. To conserve coral reefs and foster sustainable communities, we have been engaged in the Coral Reef Conservation Project since 2008, supporting WWF Japan’s activities to save the coral reef ecosystem in the Nansei Islands.

[Addressing the marine plastic issue]

We abolished the use of plastic straws and switched to paper straws at our Head Office and Tokyo Head Office in October 2019. In support of the Ministry of the Environment’s Plastics Smart Campaign, we also engage in efforts to reduce disposable plastics and in beach and river cleanup activities.

Creation of Affluent Society

We believe that contributing and returning to society is one of our most important management priorities, and are advancing social contribution activities primarily focused on priority themes: “health enhancement,” “support for child raising,” and “global environmental protection,” considering the affinity of these activities with the life insurance business.

Health Enhancement

Social Contribution Business related to Health

The Company started the CSR activity “Sumisei Vitality Action” in 2017 with the purpose of enhancing health and commemorating the 110th anniversary of foundation.

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 health enhancement by allowing participants to enjoy running with friends and family members.

In addition, the Sumitomo Life Health Foundation provides support to regional sports groups.

- To promote deeper understanding of health-related issues

We 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 distribute promotional brochures, as well as other activities.

[Initiatives related to cancer]

We support cancer patient associations, etc. for the purpose of promoting early detection and treatment of cancer as well as supporting cancer patients and their families. We also conduct educational activities such as the “Cancer Treatment without a Fight: Particle Beams Seminar,”



where we welcome the Doctor of Medicine Mr. Yoshio Hishikawa to give a lecture on "Cutting-Edge Cancer Treatment: Particle Beam Therapy." Furthermore, under the supervision of the National Cancer Center Japan, we have created tools such as "Things to Know about Cancer" and "Cancer Prevention Supporter," which are distributed throughout Japan.

[Initiatives related to dementia]

We also provide support to associations that engage in dementia care. In addition, through specified courses, we have been training "dementia supporters." 16,096 supporters (as of March 31, 2020) have completed the course so far.

Support for Child Raising

Sumitomo Life provides support in child raising, mainly from before childbirth to later childhood, focusing on the concept of "a place for children," in order to support the healthy growth of children and child raising in society.

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. The project is supported by the Ministry of Education, Culture, Sports, Science and Technology. With the aim of creating a more enjoyable and safer environment for elementary school children to spend their time after school, we visit after-school child care centers throughout Japan to offer classes under the themes of life, health, and the future. This initiative received the "2017 Good Design Award."



Creation of Affluent Society

Children's Drawing Contests

Since 1977, we have also organized international children's drawing contests to help the healthy growth of children. Over 11.5 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. However, the exhibition at the Louvre Museum was canceled in fiscal 2020 due to the new coronavirus outbreak.



Financial Statements

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥108.83, the rate prevailing on March 31, 2020
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	
	2018	2019	2020	2020
ASSETS:				
Cash and deposits (Notes 3, 4 and 13)	¥ 1,448,620	¥ 1,604,760	¥ 1,603,446	\$ 14,733
Call loans (Note 4)	187,361	238,792	354,415	3,256
Monetary claims bought (Note 4)	283,252	317,252	326,239	2,997
Securities (Notes 4, 6, 13 and 14)	29,089,625	30,006,016	31,224,974	286,915
Loans (Notes 4, 13, 15 and 16)	3,445,029	3,550,593	2,834,875	26,048
Tangible fixed assets (Notes 5, 7 and 18)	581,239	571,169	573,778	5,272
Land	359,169	351,911	360,839	3,315
Buildings	201,923	185,680	178,097	1,636
Lease assets	2,191	8,045	6,225	57
Construction in progress	11,619	17,748	20,871	191
Other tangible fixed assets	6,335	7,784	7,744	71
Intangible fixed assets	283,089	271,938	234,531	2,155
Software	20,026	34,956	34,970	321
Goodwill	62,927	55,528	51,599	474
Lease assets	71	41	12	0
Other intangible fixed assets	200,063	181,412	147,948	1,359
Due from agents	109	179	181	1
Reinsurance receivables	2,737	2,203	1,186	10
Other assets (Note 24)	543,952	1,103,996	1,264,231	11,616
Net defined benefit assets (Note 10)	31,742	20,818	7,258	66
Deferred tax assets (Note 11 and 19)	140,721	124,912	218,110	2,004
Allowance for possible loan losses	(1,038)	(1,164)	(1,178)	(10)
Total assets	¥36,036,443	¥37,811,470	¥38,642,050	\$355,068

As of March 31	Millions of Yen			Millions of
	2018	2019	2020	U.S. Dollars
LIABILITIES:				2020
Policy reserves and other reserves	¥30,457,728	¥31,052,893	¥31,698,335	\$291,264
Reserve for outstanding claims	135,006	142,074	138,733	1,274
Policy reserves	30,087,173	30,684,495	31,338,115	287,954
Policyholders' dividend reserves (Note 9)	235,548	226,323	221,485	2,035
Reinsurance payables	8,017	12,846	11,958	109
Corporate bonds (Notes 4 and 20)	545,868	528,305	477,709	4,389
Other liabilities (Note 21 and 24)	2,661,062	3,803,492	4,058,781	37,294
Payables under repurchase agreements (Note 4)	860,119	1,893,213	1,948,528	17,904
Payables under securities borrowing transactions (Note 4)	1,116,092	772,360	590,008	5,421
Other	684,851	1,137,918	1,520,244	13,968
Net defined benefit liabilities (Note 10)	11,356	10,445	13,655	125
Reserve for price fluctuation	657,060	744,582	787,707	7,237
Deferred tax liabilities (Note 11 and 19)	25,271	166	14,729	135
Deferred tax liabilities for land revaluation	13,257	13,014	12,923	118
Total liabilities	34,379,623	36,165,746	37,075,800	340,676
NET ASSETS:				
Foundation funds (Note 12)	100,000	50,000	—	—
Reserve for redemption of foundation funds (Note 12)	539,000	589,000	639,000	5,871
Reserve for revaluation	2	2	2	0
Surplus	248,102	203,072	102,654	943
Total funds, reserve and surplus	887,104	842,075	741,656	6,814
Net unrealized gains (losses) on available-for-sale securities	841,320	899,876	949,379	8,723
Deferred gains (losses) on derivatives under hedge accounting	(2,556)	810	405	3
Land revaluation differences	(63,710)	(61,417)	(59,708)	(548)
Foreign currency translation adjustments	(44,853)	(56,487)	(61,476)	(564)
Remeasurements of defined benefit plans	39,415	20,756	(4,127)	(37)
Total accumulated other comprehensive income	769,616	803,538	824,471	7,575
Non-controlling interests	99	109	121	1
Total net assets	1,656,820	1,645,723	1,566,249	14,391
Total liabilities and net assets	¥36,036,443	¥37,811,470	¥38,642,050	\$355,068

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
	2018	2019	2020	U.S. Dollars
				2020
Ordinary income	¥ 3,747,135	¥3,639,446	¥3,485,973	\$32,031
Insurance premiums and other	2,688,720	2,605,680	2,446,744	22,482
Investment income	908,399	899,775	904,006	8,306
Interest, dividends and other income	752,225	769,003	766,032	7,038
Gains on trading securities	376	—	24,055	221
Gains on sales of securities	84,817	103,679	94,074	864
Gains on redemption of securities	7,552	2,011	14,001	128
Foreign exchange gains	—	4,461	—	—
Reversal of allowance for possible loan losses	162	—	—	—
Other investment income	4,495	4,994	5,842	53
Investment gains on separate accounts	58,769	15,624	—	—
Other ordinary income	150,016	133,990	135,222	1,242
Ordinary expenses	3,529,268	3,488,605	3,448,381	31,685
Benefits and other payments	2,076,282	2,065,538	2,011,767	18,485
Claims paid	617,445	666,493	636,852	5,851
Annuity payments	634,259	504,170	488,078	4,484
Benefits payments	340,386	368,394	394,265	3,622
Surrender benefits	423,808	459,457	430,784	3,958
Other refunds	60,381	67,022	61,787	567
Provision for policy reserves and other reserves	723,728	557,329	553,536	5,086
Provision for reserves for outstanding claims	—	4,548	—	—
Provision for policy reserves	723,689	552,746	553,504	5,085
Provision for interest on policyholders' dividend reserves (Note 9)	39	35	32	0
Investment expenses	175,517	294,168	325,237	2,988
Interest expenses	21,793	30,271	28,553	262
Losses on trading securities	—	2,514	—	—
Losses on sales of securities	45,236	97,320	17,108	157
Losses on valuation of securities	4,390	6,364	55,202	507
Losses on redemption of securities	3,380	1,460	5,847	53
Losses on derivative financial instruments	69,781	119,914	84,282	774
Foreign exchange losses	2,119	—	11,645	107
Provision for allowance for possible loan losses	—	141	26	0
Depreciation of real estate for investments	8,789	8,648	8,635	79
Other investment expenses	20,027	27,533	91,969	845
Investment losses on separate accounts	—	—	21,964	201
Operating expenses (Note 17)	402,620	409,598	401,645	3,690
Other ordinary expenses	151,119	161,970	156,194	1,435
Ordinary profit	¥ 217,867	¥ 150,840	¥ 37,591	\$ 345

Comprehensive Income

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Extraordinary gains	¥ 17,632	¥ 1,031	¥ 247	\$ 2
Gains on disposals of fixed assets	17,632	1,031	247	2
Extraordinary losses	180,001	101,786	46,712	429
Losses on disposals of fixed assets	1,635	2,976	1,991	18
Impairment losses (Note 18)	6,397	10,458	873	8
Provision for reserve for price fluctuation	154,620	87,522	43,124	396
Losses on reduction of real estate	16,601	—	—	—
Payments to social responsibility reserve	745	829	723	6
Surplus (loss) before income taxes	55,498	50,085	(8,873)	(81)
Income taxes (Notes 11 and 19)				
Current	59,194	44,165	56,078	515
Deferred	(73,540)	(42,357)	(70,168)	(644)
Total income taxes	(14,346)	1,807	(14,090)	(129)
Net surplus	69,844	48,277	5,217	47
Net surplus attributable to non-controlling interests	9	10	10	0
Net surplus attributable to the Parent Company	¥ 69,835	¥ 48,266	¥ 5,207	\$ 47

[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Net surplus	¥ 69,844	¥ 48,277	¥ 5,217	\$ 47
Other comprehensive income (loss) (Note 22)	97,623	44,547	19,403	178
Net unrealized gains (losses) on available-for-sale securities	105,982	73,444	47,474	436
Deferred gains (losses) on derivatives under hedge accounting	(3,771)	3,367	(345)	(3)
Land revaluation differences	2	—	—	—
Foreign currency translation adjustments	(13,049)	(7,826)	(5,157)	(47)
Remeasurements of defined benefit plans	8,715	(18,659)	(24,884)	(228)
Share of other comprehensive income (loss) of associates under the equity method	(255)	(5,779)	2,317	21
Comprehensive income (loss)	167,468	92,825	24,620	226
Comprehensive income (loss) attributable to the Parent Company	167,458	92,814	24,610	226
Comprehensive income (loss) attributable to non-controlling interests	9	10	10	0

Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2018	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 (loss)	Non-controlling interests	Total net assets
Beginning 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
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(51,735)	(51,735)								(51,735)
Additions to reserve for redemption of foundation funds		70,000		(70,000)	—								—
Payment of interest on foundation funds				(1,918)	(1,918)								(1,918)
Net surplus attributable to the Parent Company				69,835	69,835								69,835
Redemption of foundation funds	(70,000)				(70,000)								(70,000)
Reversal of land revaluation differences				4,252	4,252								4,252
Net changes in surplus based on U.S. GAAP used for U.S. subsidiaries				(9,286)	(9,286)								(9,286)
Net changes, excluding funds, reserve and surplus						117,423	(4,260)	(4,250)	(14,971)	8,715	102,657	32	102,690
Net changes in the fiscal year	(70,000)	70,000	—	(58,853)	(58,853)	117,423	(4,260)	(4,250)	(14,971)	8,715	102,657	32	43,837
Ending balance	100,000	539,000	2	248,102	887,104	841,320	(2,556)	(63,710)	(44,853)	39,415	769,616	99	1,656,820
Year ended March 31, 2019	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 (loss)	Non-controlling interests	Total net assets
Beginning balance	100,000	539,000	2	248,102	887,104	841,320	(2,556)	(63,710)	(44,853)	39,415	769,616	99	1,656,820
Cumulative effect due to U.S. GAAP (ASU 2016-01) used for U.S. subsidiaries				12,918	12,918	(12,918)					(12,918)		—
Beginning balance after reflecting U.S. GAAP (ASU 2016-01) used for U.S. subsidiaries	100,000	539,000	2	261,020	900,022	828,402	(2,556)	(63,710)	(44,853)	39,415	756,697	99	1,656,820
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(52,804)	(52,804)								(52,804)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—								—
Payment of interest on foundation funds				(1,116)	(1,116)								(1,116)
Net surplus attributable to the Parent Company				48,266	48,266								48,266
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Reversal of land revaluation differences				(2,293)	(2,293)								(2,293)
Net changes, excluding funds, reserve and surplus						71,473	3,367	2,293	(11,634)	(18,659)	46,840	9	46,850
Net changes in the fiscal year	(50,000)	50,000	—	(57,947)	(57,947)	71,473	3,367	2,293	(11,634)	(18,659)	46,840	9	(11,096)
Ending balance	50,000	589,000	2	203,072	842,075	899,876	810	(61,417)	(56,487)	20,756	803,538	109	1,645,723

Year ended March 31, 2020

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 (loss)	Non-controlling interests	Total net assets
Beginning balance	50,000	589,000	2	203,072	842,075	899,876	810	(61,417)	(56,487)	20,756	803,538	109	1,645,723
Cumulative effect due to U.S. GAAP (ASU2017-12) used for U.S. subsidiaries				60	60		(60)				(60)		—
Beginning balance after reflecting U.S. GAAP (ASU2017-12) used for U.S. subsidiaries	50,000	589,000	2	203,133	842,135	899,876	750	(61,417)	(56,487)	20,756	803,478	109	1,645,723
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(50,285)	(50,285)								(50,285)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	—								—
Payment of interest on foundation funds				(556)	(556)								(556)
Net surplus attributable to the Parent Company				5,207	5,207								5,207
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Change in scope of equity method				(3,135)	(3,135)								(3,135)
Reversal of land revaluation differences				(1,708)	(1,708)								(1,708)
Net changes, excluding funds, reserve and surplus						49,503	(345)	1,708	(4,988)	(24,884)	20,993	11	21,004
Net changes in the fiscal year	(50,000)	50,000	—	(100,478)	(100,478)	49,503	(345)	1,708	(4,988)	(24,884)	20,993	11	(79,474)
Ending balance	—	639,000	2	102,654	741,656	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,249

Year ended March 31, 2020

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 (loss)	Non-controlling interests	Total net assets
Beginning balance	459	5,412	0	1,865	7,737	8,268	7	(564)	(519)	190	7,383	1	15,121
Cumulative effect due to U.S. GAAP (ASU2017-12) used for U.S. subsidiaries				0	0		(0)				(0)		—
Beginning balance after reflecting U.S. GAAP (ASU2017-12) used for U.S. subsidiaries	459	5,412	0	1,866	7,738	8,268	6	(564)	(519)	190	7,382	1	15,121
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 9)				(462)	(462)								(462)
Additions to reserve for redemption of foundation funds		459		(459)	—								—
Payment of interest on foundation funds				(5)	(5)								(5)
Net surplus attributable to the Parent Company				47	47								47
Redemption of foundation funds	(459)				(459)								(459)
Change in scope of equity method				(28)	(28)								(28)
Reversal of land revaluation differences				(15)	(15)								(15)
Net changes, excluding funds, reserve and surplus						454	(3)	15	(45)	(228)	192	0	193
Net changes in the fiscal year	(459)	459	—	(923)	(923)	454	(3)	15	(45)	(228)	192	0	(730)
Ending balance	—	5,871	0	943	6,814	8,723	3	(548)	(564)	(37)	7,575	1	14,391

Consolidated Statements of Cash Flows

Sumitomo Life Insurance Company and Consolidated Subsidiaries

Years ended March 31	Millions of Yen			Millions of
	2018	2019	2020	U.S. Dollars
I Cash flows from operating activities				2020
Surplus (loss) before income taxes	¥ 55,498	¥ 50,085	¥ (8,873)	\$ (81)
Depreciation of real estate for investments	8,789	8,648	8,635	79
Depreciation	31,783	31,524	32,162	295
Impairment losses	6,397	10,458	873	8
Amortization of goodwill	3,559	6,340	3,673	33
Increase (Decrease) in reserve for outstanding claims	(23,313)	7,464	(3,016)	(27)
Increase (Decrease) in policy reserves	821,076	680,328	681,090	6,258
Provision for interest on policyholders' dividend reserves	39	35	32	0
Increase (Decrease) in allowance for possible loan losses	(171)	128	17	0
Increase (Decrease) in net defined benefit liabilities	(13,102)	(15,883)	(17,779)	(163)
Increase (Decrease) in reserve for price fluctuation	154,620	87,522	43,124	396
Interest, dividends, and other income	(752,225)	(769,003)	(766,032)	(7,038)
Losses (Gains) on securities	(75,458)	13,317	6,065	55
Interest expenses	21,793	30,271	28,553	262
Foreign exchange losses (gains)	1,755	(3,916)	11,381	104
Losses (Gains) on tangible fixed assets	(127)	1,795	1,696	15
Investment losses (gains) under the equity method	(644)	12,344	(175)	(1)
Decrease (Increase) in due from agents	(28)	(71)	(4)	(0)
Decrease (Increase) in reinsurance receivables	(1,867)	488	997	9
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(18,129)	(674,913)	6,432	59
Increase (Decrease) in reinsurance payables	2,111	5,392	(1,279)	(11)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	2,300	629,173	48,693	447
Others, net	53,779	99,862	51,589	474
Subtotal	278,438	211,392	127,859	1,174
Interest, dividends, and other income received	819,120	839,009	845,549	7,769
Interest paid	(19,740)	(31,628)	(30,611)	(281)
Policyholders' dividends paid	(62,177)	(62,064)	(55,155)	(506)
Others, net	(745)	(829)	(723)	(6)
Income taxes paid	(45,308)	(63,563)	(37,894)	(348)
Net cash provided by operating activities	¥ 969,586	¥ 892,314	¥ 849,025	\$ 7,801

	Millions of Yen		Millions of U.S. Dollars	
	2018	2019	2020	2020
II Cash flows from investing activities				
Net decrease (increase) in deposits	¥ (412,891)	¥ (81,913)	¥ 150,380	\$ 1,381
Purchase of monetary claims bought	(224,078)	(155,924)	(245,999)	(2,260)
Proceeds from sales and redemption of monetary claims bought	172,640	122,717	237,501	2,182
Purchase of securities	(5,852,447)	(6,073,745)	(5,211,014)	(47,882)
Proceeds from sales and redemption of securities	4,650,460	5,029,382	3,697,814	33,977
Loans made	(2,157,988)	(2,414,395)	(1,518,948)	(13,957)
Proceeds from collection of loans	2,321,164	2,283,581	2,210,826	20,314
Others, net	556,087	597,985	(81,078)	(745)
Total investment activities (IIa)	(947,052)	(692,311)	(760,519)	(6,988)
[I+IIa]	[22,534]	[200,003]	[88,506]	[813]
Purchase of tangible fixed assets	(17,321)	(18,804)	(24,166)	(222)
Proceeds from sales of tangible fixed assets	3,852	8,378	1,320	12
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,437)	—	(443)	(4)
Others, net	(18,283)	(11,162)	(14,501)	(133)
Net cash used in investing activities	(982,241)	(713,899)	(798,310)	(7,335)
III Cash flows from financing activities				
Proceeds from issuance of debt	23	0	50,000	459
Repayments of debt	—	(33,300)	—	—
Proceeds from issuance of corporate bonds	145,444	—	—	—
Redemption of corporate bonds	—	(16,650)	(50,000)	(459)
Redemption of foundation funds	(70,000)	(50,000)	(50,000)	(459)
Payment of interest on foundation funds	(1,918)	(1,116)	(556)	(5)
Others, net	(3,097)	(2,016)	149,362	1,372
Net cash provided by (used in) financing activities	70,451	(103,082)	98,805	907
IV Effect of foreign exchange rate changes on cash and cash equivalents	(1,529)	(1,061)	(426)	(3)
V Net increase (decrease) in cash and cash equivalents	56,266	74,270	149,094	1,369
VI Cash and cash equivalents at the beginning of the year	304,592	360,858	435,129	3,998
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 360,858	¥ 435,129	¥ 584,224	\$ 5,368

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the 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. 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, 2020 which was ¥108.83 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 22, 25 and 26 as of March 31, 2018, 2019 and 2020, respectively.

The major subsidiaries as of March 31, 2020 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)
- INSURANCE DESIGN (Japan)
- AIARU Small Amount & Short Term Insurance Co., Ltd. (Japan)
- Symetra Financial Corporation (U.S.A.)

Three subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of their establishment from the period ended March 31, 2019.

AIARU Small Amount & Short Term Insurance Co., Ltd. was included in the scope of the consolidation as a result of share acquisition from the period ended March 31, 2020.

Two subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of their establishment from the period ended March 31, 2020.

Two subsidiaries of Symetra Financial Corporation were excluded from the scope of the consolidation due to completion of liquidation in the year ended March 31, 2020.

b) Affiliates

The numbers of affiliates under the equity method were 10, 8 and 8 as of March 31, 2018, 2019, and 2020, respectively.

The major affiliates as of March 31, 2020 are listed as follows:

Nippon Building Fund Management Ltd. (Japan)
Japan Pension Navigator Co., Ltd. (Japan)
Mycommunication Co., Ltd. (Japan)
Agent Co., Ltd. (Japan)
Baoviet Holdings (Vietnam)
PT BNI Life Insurance (Indonesia)
Singapore Life Pte. Ltd. (Singapore)

Two subsidiaries of Baoviet Holdings were excluded from affiliates accounted for by the equity method as those companies were excluded from affiliates from the period ended March 31, 2019.

Singapore Life Pte. Ltd. was included in the scope of equity method affiliates as a result of share acquisition from the period ended March 31, 2020.

Sumitomo Mitsui Asset Management Company, Limited was excluded from affiliates accounted for by the equity method as the company was excluded from affiliates from the period ended March 31, 2020.

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 foreign subsidiaries is December 31. The consolidated financial statements include the accounts of the subsidiaries as of their fiscal year-end, with appropriate adjustments made for material transactions between their fiscal year-end and the consolidated balance sheet date.

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 the 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 during the last month of the fiscal year. 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 the 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 the 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.

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

6) Tangible fixed assets

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

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

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

The estimated useful lives of major items are as follows:

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

Revaluation of land

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

The difference in value before and after 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, 2018, 2019 and 2020 amounted to ¥36 million, ¥35 million and ¥35 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.

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 fiscal 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.)

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

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) Accounting Standards and guidance not yet applied

Following accounting standards and guidance are those issued but not yet applied.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

a) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Guidance on Accounting Standard for Fair Value Measurement" ("Fair Value Accounting Standards") have been developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in “Accounting Standard for Financial Instruments”

Additionally, the “Guidance on Disclosures about Fair Value of Financial Instruments” has been revised and the notes to the breakdown, etc., of the fair value of financial instruments by level and other items have been established.

b) Effective date

Fair Value Accounting Standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2022.

c) Impact of applying the standards and guidance

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

16) Additional Information

The consolidation tax filings were adopted from the fiscal year ended March 31, 2018.

Following the enactment of “Act for Partial Revision of the Income Tax Act, etc.” (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force No.39, March 31, 2020), the Company recognized deferred tax assets/liabilities as of March 31, 2020 based on the provisions of pre-amended Tax Act.

Note 3

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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of
	2018	2019	2020	U.S. dollars
Cash and deposits	¥1,448,620	¥1,604,760	¥1,603,446	\$14,733
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(1,086,861)	(1,168,585)	(1,019,222)	(9,365)
Restricted cash of foreign consolidated subsidiaries	(900)	(1,045)	—	—
Short-term investment securities of foreign consolidated subsidiaries	0	—	—	—
Cash and cash equivalents	¥ 360,858	¥ 435,129	¥ 584,224	\$ 5,368

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 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, 2018, 2019 and 2020.

As of March 31	Millions of Yen			Millions of Yen		
	2018			2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,448,620	¥ 1,448,620	¥ —	¥ 1,604,760	¥ 1,604,760	¥ —
[Available-for-sale securities] ^{*1}	[441,084]	[441,084]	—	[386,779]	[386,779]	—
Call loans	187,361	187,361	—	238,792	238,792	—
Monetary claims bought	283,252	284,696	1,444	317,252	319,745	2,493
[Available-for-sale securities] ^{*1}	[209,492]	[209,492]	—	[174,259]	[174,259]	—
Securities ^{*2}	28,705,307	31,006,612	2,301,305	29,709,964	32,225,984	2,516,019
Trading securities	1,033,689	1,033,689	—	1,021,016	1,021,016	—
Held-to-maturity debt securities	1,954,345	2,279,893	325,548	1,869,326	2,215,434	346,108
Policy-reserve-matching bonds	11,206,795	13,156,647	1,949,852	11,674,328	13,813,577	2,139,248
Investments in subsidiaries and affiliated companies	28,062	53,967	25,904	24,911	55,574	30,662
Available-for-sale securities	14,482,414	14,482,414	—	15,120,382	15,120,382	—
Loans	3,445,029			3,550,593		
Allowance for possible loan losses ^{*3}	(832)			(784)		
	3,444,196	3,478,602	34,405	3,549,808	3,570,221	20,413
Corporate bonds	545,868	559,840	13,972	528,305	540,002	11,696
Payables under repurchase agreements	860,119	860,119	—	1,893,213	1,893,213	—
Payables under securities borrowing transactions	1,116,092	1,116,092	—	772,360	772,360	—
Derivative transactions ^{*4}	228,636	228,636	—	51,576	51,576	—
Hedge accounting not applied	39,950	39,950	—	11,388	11,388	—
Hedge accounting applied	188,686	188,686	—	40,188	40,188	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2020			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,603,446	¥ 1,603,446	¥ —	\$ 14,733	\$ 14,733	\$ —
[Available-for-sale securities] ^{*1}	[435,863]	[435,863]	—	[4,004]	[4,004]	—
Call loans	354,415	354,415	—	3,256	3,256	—
Monetary claims bought	326,239	329,205	2,966	2,997	3,024	27
[Available-for-sale securities] ^{*1}	[193,071]	[193,071]	—	[1,774]	[1,774]	—
Securities ^{*2}	31,107,116	33,429,771	2,322,654	285,832	307,174	21,342
Trading securities	1,008,273	1,008,273	—	9,264	9,264	—
Held-to-maturity debt securities	1,795,570	2,131,695	336,124	16,498	19,587	3,088
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	110,532	128,936	18,403
Investments in subsidiaries and affiliated companies	44,205	27,869	(16,336)	406	256	(150)
Available-for-sale securities	16,229,817	16,229,817	—	149,129	149,129	—
Loans	2,834,875			26,048		
Allowance for possible loan losses ^{*3}	(768)			(7)		
	2,834,106	2,852,340	18,233	26,041	26,209	167
Corporate bonds	477,709	464,761	(12,948)	4,389	4,270	(118)
Payables under repurchase agreements	1,948,528	1,948,528	—	17,904	17,904	—
Payables under securities borrowing transactions	590,008	590,008	—	5,421	5,421	—
Derivative transactions ^{*4}	179,494	179,494	—	1,649	1,649	—
Hedge accounting not applied	39,568	39,568	—	363	363	—
Hedge accounting applied	139,925	139,925	—	1,285	1,285	—

*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 ¥384,318 million, ¥296,052 million and ¥117,857 million (U.S. \$1,082 million) as of March 31, 2018, 2019 and 2020, 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 based on the average market value during 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 consolidated balance sheets, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of March 31, 2018, 2019 and 2020.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 458,764	¥ 499,664	¥ 40,900	¥ 427,604	¥ 470,400	¥ 42,795
Foreign securities (bonds)	1,493,938	1,778,660	284,722	1,440,600	1,743,924	303,324
Fair value does not exceed the balance sheet amount						
Bonds	1,643	1,568	(74)	1,122	1,109	(12)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,954,345	2,279,893	325,548	1,869,326	2,215,434	346,108

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 379,792	¥ 416,661	¥ 36,869	\$ 3,489	\$ 3,828	\$ 338
Foreign securities (bonds)	1,414,600	1,713,866	299,266	12,998	15,748	2,749
Fair value does not exceed the balance sheet amount						
Bonds	1,178	1,167	(11)	10	10	(0)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,795,570	2,131,695	336,124	16,498	19,587	3,088

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,397,017	¥12,388,306	¥1,991,289	¥10,988,196	¥13,119,392	¥2,131,195
Foreign securities (bonds)	87,797	91,618	3,820	416,916	432,782	15,865
Fair value does not exceed the balance sheet amount						
Bonds	537,536	497,343	(40,193)	151,573	146,912	(4,661)
Foreign securities (bonds)	184,442	179,379	(5,063)	117,641	114,489	(3,151)
Total	11,206,795	13,156,647	1,949,852	11,674,328	13,813,577	2,139,248

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,989,452	¥12,959,664	¥1,970,212	\$ 100,978	\$ 119,081	\$ 18,103
Foreign securities (bonds)	559,223	603,107	43,884	5,138	5,541	403
Fair value does not exceed the balance sheet amount						
Bonds	302,785	297,241	(5,543)	2,782	2,731	(50)
Foreign securities (bonds)	177,788	172,101	(5,687)	1,633	1,581	(52)
Total	12,029,249	14,032,115	2,002,866	110,532	128,936	18,403

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, 2018, 2019 and 2020.

3) Available-for-sale securities

As of March 31	Millions of Yen			Millions of Yen		
	2018			2019		
Type	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	136,556	143,818	7,261	151,297	159,271	7,973
Bonds	1,226,219	1,315,182	88,963	1,764,026	1,875,360	111,334
Stocks	737,218	1,724,022	986,803	659,033	1,606,017	946,984
Foreign securities	5,519,537	5,765,216	245,678	6,176,880	6,486,590	309,709
Foreign bonds	5,338,247	5,564,082	225,835	5,786,900	6,085,256	298,356
Other foreign securities	181,290	201,133	19,843	389,980	401,333	11,353
Other securities	34,983	48,789	13,806	57,271	72,548	15,276
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	441,100	441,084	(15)	386,800	386,779	(20)
Monetary claims bought	65,766	65,674	(92)	14,999	14,988	(11)
Bonds	527,525	509,895	(17,629)	91,546	90,157	(1,389)
Stocks	101,508	88,848	(12,659)	180,614	142,018	(38,595)
Foreign securities	5,176,781	5,020,519	(156,261)	4,913,718	4,795,219	(118,499)
Foreign bonds	5,068,649	4,913,423	(155,226)	4,823,385	4,705,231	(118,154)
Other foreign securities	108,132	107,096	(1,035)	90,332	89,987	(345)
Other securities	10,000	9,940	(60)	52,623	52,469	(153)
Total	13,977,197	15,132,992	1,155,794	14,448,811	15,681,421	1,232,610

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2020			2020		
Type	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	159,666	168,153	8,486	1,467	1,545	77
Bonds	1,659,026	1,754,917	95,891	15,244	16,125	881
Stocks	590,729	1,270,735	680,005	5,428	11,676	6,248
Foreign securities	9,473,520	10,184,734	711,214	87,048	93,583	6,535
Foreign bonds	9,159,745	9,856,756	697,011	84,165	90,570	6,404
Other foreign securities	313,774	327,978	14,203	2,883	3,013	130
Other securities	54,551	66,754	12,202	501	613	112
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	435,900	435,863	(36)	4,005	4,004	(0)
Monetary claims bought	24,952	24,918	(34)	229	228	(0)
Bonds	591,297	577,571	(13,725)	5,433	5,307	(126)
Stocks	405,472	324,583	(80,889)	3,725	2,982	(743)
Foreign securities	1,885,745	1,819,711	(66,033)	17,327	16,720	(606)
Foreign bonds	1,427,585	1,383,966	(43,618)	13,117	12,716	(400)
Other foreign securities	458,160	435,744	(22,415)	4,209	4,003	(205)
Other securities	248,971	230,808	(18,163)	2,287	2,120	(166)
Total	15,529,834	16,858,752	1,328,917	142,698	154,909	12,210

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	Millions of Yen				Millions of Yen			
	2018				2019			
	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	¥1,448,459	¥ —	¥ —	¥ —	¥1,604,608	¥ —	¥ —	¥ —
Call loans	187,361	—	—	—	238,792	—	—	—
Monetary claims bought	49,629	751	269	225,416	14,446	267	275	294,271
Securities	674,769	3,237,552	6,829,301	14,011,807	504,341	3,131,361	7,380,421	14,319,291
Held-to-maturity debt securities	66,028	196,809	639,313	1,049,882	54,218	185,209	597,526	1,030,381
Policy-reserve-matching bonds	136,707	517,935	1,697,358	8,781,093	20,796	522,045	2,040,638	9,009,764
Available-for-sale securities	472,034	2,522,807	4,492,630	4,180,831	429,326	2,424,106	4,742,256	4,279,145
Loans	1,037,849	671,541	701,391	672,980	1,219,422	556,855	660,861	793,078
Corporate bonds	—	—	28,250	516,874	—	—	27,750	499,924
Payables under repurchase agreements	860,119	—	—	—	1,893,213	—	—	—
Payables under securities borrowing transactions	1,116,092	—	—	—	772,360	—	—	—

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2020				2020			
	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	¥1,603,343	¥ —	¥ —	¥ —	\$14,732	\$ —	\$ —	\$ —
Call loans	354,415	—	—	—	3,256	—	—	—
Monetary claims bought	24,116	203	282	293,163	221	1	2	2,693
Securities	699,726	3,043,624	8,459,941	13,699,243	6,429	27,966	77,735	125,877
Held-to-maturity debt securities	117,198	283,826	402,846	989,981	1,076	2,607	3,701	9,096
Policy-reserve-matching bonds	62,917	618,889	3,325,789	7,920,101	578	5,686	30,559	72,774
Available-for-sale securities	519,611	2,140,909	4,731,305	4,789,159	4,774	19,672	43,474	44,005
Loans	401,786	547,750	630,543	947,115	3,691	5,033	5,793	8,702
Corporate bonds	—	27,390	—	449,924	—	251	—	4,134
Payables under repurchase agreements	1,948,528	—	—	—	17,904	—	—	—
Payables under securities borrowing transactions	590,008	—	—	—	5,421	—	—	—

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	Millions of Yen				Millions of Yen			
			2018				2019	
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)
Interest rate swaps								
Receipts floating, payments fixed	¥47,808	¥47,808	¥660	¥660	¥49,945	¥49,945	¥349	¥349
Others	—	—	—	—	—	—	—	—
Total				660				349

As of March 31	Millions of Yen				Millions of U.S. Dollars			
			2020				2020	
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)
Interest rate swaps								
Receipts floating, payments fixed	¥ 48,973	¥ —	¥(544)	¥(544)	\$ 450	\$ —	\$(5)	\$(5)
Others	130,010	130,010	(16)	(16)	1,194	1,194	(0)	(0)
Total				(560)				(5)

*1. Net gains (losses) represent the fair values for interest rate swaps.

b) Hedge accounting applied

As of March 31	Millions of Yen				Millions of Yen			
			2018				2019	
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Interest rate swaps							
Exceptional method	Receipts fixed, payments floating	Loans	¥ 17,520	¥ 14,236	¥ 119	¥ 14,236	¥ 4,535	¥ 64
	Interest rate swaps							
Cash flow hedge	Receipts fixed, payments floating	Bonds	124,395	118,858	(2,219)	116,747	116,044	(2,639)
Total					(2,099)			(2,575)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
			2020				2020	
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
	Interest rate swaps							
Exceptional method	Receipts fixed, payments floating	Loans	¥ 4,535	¥ 145	¥ 5	\$ 41	\$ 1	\$0
	Interest rate swaps							
Cash flow hedge	Receipts fixed, payments floating	Bonds	114,755	114,061	1,012	1,054	1,048	9
Total					1,018			9

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

2) Currency-related

a) Hedge accounting not applied

As of March 31

Type	Millions of Yen				Millions of Yen			
	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)
				2018				2019
Foreign currency forward contracts								
Sold	¥333,609	¥—	¥13,762	¥13,762	¥652,734	¥—	¥ 7,430	¥ 7,430
(U.S. dollar)	89,636	—	1,886	1,886	147,543	—	(2,178)	(2,178)
(Euro)	21,527	—	(55)	(55)	32,214	—	509	509
(Australian dollar)	214,582	—	11,972	11,972	462,061	—	8,999	8,999
Bought	276,116	—	(3,911)	(3,911)	291,802	—	(6,908)	(6,908)
(U.S. dollar)	171,648	—	(3,618)	(3,618)	23,024	—	125	125
(Euro)	53,012	—	(325)	(325)	400	—	(0)	(0)
(Australian dollar)	51,245	—	32	32	266,038	—	(7,036)	(7,036)
Currency options								
Sold								
Call	—	—	—	—	172,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[465]	—	425	39
Bought	—	—	—	—	172,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[465]	—	425	39
Bought								
Put	—	—	—	—	157,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[1,585]	—	1,434	(151)
	—	—	—	—	157,500	—	—	—
	[—]	—	—	—	[1,585]	—	1,434	(151)
Total				9,851				410

As of March 31

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)
				2020				2020
Foreign currency forward contracts								
Sold	¥2,458,184	¥ —	¥ 21,491	¥ 21,491	\$22,587	\$ —	\$ 197	\$197
(U.S. dollar)	1,304,922	—	(21,989)	(21,989)	11,990	—	(202)	(202)
(Euro)	750,151	—	6,909	6,909	6,892	—	63	63
(Australian dollar)	156,299	—	13,987	13,987	1,436	—	128	128
Bought	2,354,980	165,027	(22,626)	(22,626)	21,639	1,516	(207)	(207)
(U.S. dollar)	1,189,033	—	1,595	1,595	10,925	—	14	14
(Euro)	907,915	165,027	(1,984)	(1,984)	8,342	1,516	(18)	(18)
(Australian dollar)	22,344	—	(1,519)	(1,519)	205	—	(13)	(13)
Currency options								
Sold								
Call	220,250	—	—	—	2,023	—	—	—
(U.S. dollar)	[907]	—	1,783	(876)	[8]	—	16	(8)
Bought	220,250	—	—	—	2,023	—	—	—
(U.S. dollar)	[907]	—	1,783	(876)	[8]	—	16	(8)
Bought								
Put	199,000	—	—	—	1,828	—	—	—
(U.S. dollar)	[1,986]	—	1,201	(784)	[18]	—	11	(7)
	199,000	—	—	—	1,828	—	—	—
	[1,986]	—	1,201	(784)	[18]	—	11	(7)
Total				(2,795)				(25)

*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

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of Yen			
			2018			2019			
			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							
			Sold	¥6,803,557	¥187,916	¥180,238	¥6,760,420	¥437,618	¥28,497
			(U.S. dollar)	3,704,596	127,932	141,139	3,009,559	—	(37,510)
			(Euro)	1,821,424	—	9,954	2,404,420	—	73,119
	(Australian dollar)	981,860	59,984	23,450	952,792	437,618	(4,106)		
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	Sold	53,778	—	(18,082)	—	—	—
			(Australian dollar)	53,778	—	(18,082)	—	—	—
Allocation method	Currency swaps	Foreign-currency-denominated assets	(U.S. dollar)	141,197	141,197	12,310	155,908	155,908	8,192
			(U.S. dollar)	141,197	141,197	12,310	155,908	155,908	8,192
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	(U.S. dollar)	244,924	244,924	(5,221)	244,924	244,924	11,553
			(U.S. dollar)	244,924	244,924	(5,221)	244,924	244,924	11,553
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	(Great Britain pound)	104,323	99,879	8,516	126,745	121,902	11,486
			(U.S. dollar)	61,913	58,796	7,928	68,266	63,423	11,504
			(U.S. dollar)	24,326	24,326	808	35,351	35,351	(893)
			(Euro)	16,786	15,460	(238)	19,711	19,711	630
Total					177,762			59,729	

As of March 31

Hedge accounting model	Type	Main hedged items	Millions of Yen			Millions of U.S. Dollars			
			2020			2020			
			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	Sold	¥7,329,758	¥1,191,995	¥134,617	\$67,350	\$10,952	\$1,236
			(U.S. dollar)	3,754,163	1,138,338	(24,521)	34,495	10,459	(225)
			(Euro)	2,155,977	—	24,938	19,810	—	229
			(Australian dollar)	915,189	53,656	97,658	8,409	493	897
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets	Sold	—	—	—	—	—	—
			(Australian dollar)	—	—	—	—	—	—
Allocation method	Currency swaps	Foreign-currency-denominated assets	(U.S. dollar)	168,916	168,916	12,234	1,552	1,552	112
			(U.S. dollar)	168,916	168,916	12,234	1,552	1,552	112
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	(U.S. dollar)	244,924	244,924	28,825	2,250	2,250	264
			(U.S. dollar)	244,924	244,924	28,825	2,250	2,250	264
Cash flow hedge	Currency swaps	Foreign-currency-denominated assets	(Great Britain pound)	139,541	131,908	5,422	1,282	1,212	49
			(U.S. dollar)	73,309	67,473	7,878	673	619	72
			(U.S. dollar)	35,351	35,351	(3,656)	324	324	(33)
			(Euro)	27,328	25,530	1,138	251	234	10
Total					181,100			1,664	

*1. The fair values of foreign currency forward contracts and currency swaps under the allocation method are included in the fair values of related foreign-currency-denominated assets and liabilities since they are accounted for as integrated transactions.

3) Stock-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2018				2019			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 9,758	¥ —	¥ (231)	¥ (231)	¥ 684	¥ —	¥ 3	¥ 3
	Bought	13,284	2,381	249	249	8,365	2,796	(55)	(55)
Over-the-counter transactions	Stock index options								
	Sold								
	Call	4,793	—	172	(62)	2,415	—	39	(43)
		[109]				[82]			
	Put	149	—	1	2	566	—	30	23
	[3]				[6]				
	Bought								
	Call	751,943	4,661	29,594	11,493	910,712	3,261	6,863	(16,097)
	[18,100]					[22,960]			(16,168)
Total					11,450				(16,168)

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2020				2020			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
	Bought	32,153	12,652	1,344	1,344	295	116	12	12
Over-the-counter transactions	Stock index options								
	Sold								
	Call	—	—	—	—	—	—	—	—
		[—]				[—]			
	Put	10,751	5,723	(134)	(157)	98	52	(1)	(1)
	[(292)]				[(2)]				
	Bought								
	Call	961,900	736,347	39,796	14,384	8,838	6,766	365	132
	[25,412]					[233]			132
Total					15,571				143

*1. Option fees are shown in [].

*2. Net gains (losses) represent the fair values for futures 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, 2018, 2019 and 2020.

4) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
				2018				2019	
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)
Over-the-counter transactions	Multi-Asset index options								
	Sold								
	Call	¥ — [—]	¥ —	¥ —	¥ —	¥78,933 [34]	¥ —	¥ 197	¥ (163)
	Bought								
	Call	— [—]	—	—	—	72,059 [1,567]	—	2,963	1,395
Total									1,232

As of March 31		Millions of Yen				Millions of U.S. Dollars			
				2020				2020	
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)
Over-the-counter transactions	Multi-Asset index options								
	Sold								
	Call	¥139,122 [337]	¥—	¥ 62	¥ 275	\$1,278 [3]	\$—	\$ 0	\$ 2
	Bought								
	Call	128,961 [2,816]	—	900	(1,915)	1,184 [25]	—	8	(17)
Total					(1,639)				(15)

*1. Option fees are shown in [].

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

b) Hedge accounting applied

No ending balances as of March 31, 2018, 2019 and 2020.

Note 5

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥390,398 million, ¥384,351 million and ¥393,623 million (U.S. \$3,616 million), and their fair values were ¥465,366 million, ¥483,378 million and ¥504,776 million (U.S. \$4,638 million) as of March 31, 2018, 2019 and 2020, 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 ¥1,383 million, ¥1,326 million and ¥1,364 million (U.S. \$12 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 6

Securities Lending

Securities loaned under security lending agreements amounted to ¥2,962,410 million, ¥3,420,988 million and ¥3,905,476 million (U.S. \$35,886 million) as of March 31, 2018, 2019 and 2020, respectively.

Note **7**

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥421,023 million, ¥418,389 million and ¥424,009 million (U.S. \$3,896 million) as of March 31, 2018, 2019 and 2020, respectively.

Note **8**

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥986,044 million, ¥829,521 million and ¥726,126 million (U.S. \$6,672 million) as of March 31, 2018, 2019 and 2020, 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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥245,951	¥235,548	¥226,323	\$2,079
Transfer from surplus in the previous fiscal year	51,735	52,804	50,285	462
Dividend payments to policyholders during the fiscal year	(62,177)	(62,064)	(55,155)	(506)
Interest accrued during the fiscal year	39	35	32	0
At the end of the fiscal year	¥235,548	¥226,323	¥221,485	\$2,035

Note **10**

Net Defined Benefit Liabilities

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	2018	2019	2020
	Benefit formula basis	Benefit formula basis	Benefit formula basis
Method of attributing benefits to period of service			
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	8 years	8 years
Amortization period for past service costs	3 years	3 years	3 years

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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥302,904	¥293,067	¥290,529	\$2,669
Service costs	13,144	12,470	12,154	111
Interest costs on projected benefit obligations	4,355	4,220	4,179	38
Actuarial losses (gains)	2,615	1,800	(60)	(0)
Benefits paid	(18,673)	(21,127)	(27,087)	(248)
Past service costs	(11,385)	—	(737)	(6)
Others	106	96	112	1
At the end of the fiscal year	¥293,067	¥290,529	¥279,090	\$2,564

b) Changes in the plan assets for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥298,076	¥313,452	¥300,902	\$2,764
Expected return on plan assets	4,916	3,865	3,719	34
Actuarial gains (losses)	11,084	(14,050)	(24,323)	(223)
Contribution by employer	6,671	6,753	7,012	64
Benefits paid	(7,312)	(9,122)	(14,608)	(134)
Others	16	3	(9)	(0)
At the end of the fiscal year	¥313,452	¥300,902	¥272,693	\$2,505

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheets as of March 31, 2018, 2019 and 2020 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Present value of funded obligations	¥ 291,509	¥ 288,746	¥ 277,305	\$ 2,548
Plan assets at fair value	(313,452)	(300,902)	(272,693)	(2,505)
Net present value of funded obligations	(21,942)	(12,155)	4,612	42
Present value of unfunded obligations	1,557	1,782	1,784	16
Net value on the balance sheet	(20,385)	(10,372)	6,396	58
Net defined benefit liabilities	11,356	10,445	13,655	125
Net defined benefit assets	(31,742)	(20,818)	(7,258)	(66)
Net value on the balance sheet	¥ (20,385)	¥ (10,372)	¥ 6,396	\$ 58

d) The amounts recognized in retirement benefit expenses in the consolidated statements of income for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Service costs	¥13,144	¥12,470	¥12,154	\$111
Interest costs on projected benefit obligations	4,355	4,220	4,179	38
Expected return on plan assets	(4,916)	(3,865)	(3,719)	(34)
Amortization of net actuarial losses (gains)	(7,426)	(6,249)	(7,227)	(66)
Amortization of net past service costs	(316)	(3,795)	(3,795)	(34)
Others	98	123	135	1
Retirement benefit expenses	¥ 4,939	¥ 2,905	¥ 1,726	\$ 15

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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Actuarial gains (losses)	¥ 1,042	¥(22,100)	¥(31,491)	\$(289)
Past service costs	11,069	(3,795)	(3,057)	(28)
Total	¥12,111	¥(25,895)	¥(34,548)	\$(317)

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Unrecognized actuarial gains (losses)	¥43,639	¥21,539	¥(9,951)	\$(91)
Unrecognized past service costs	11,069	7,274	4,216	38
Total	¥54,709	¥28,813	¥(5,735)	\$(52)

f) The plan assets

The plan assets as of March 31, 2018, 2019 and 2020 were comprised as follows:

	% of total fair value of plan assets		
	2018	2019	2020
General accounts of life insurance companies	41	43	46
Equity securities	42	38	32
Investment trusts	6	7	8
Debt securities	6	6	7
Others	5	6	7
Total	100	100	100

46%, 43% and 40% of the plan assets were the retirement benefit trusts as of March 31, 2018, 2019 and 2020, 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 are 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, 2018, 2019 and 2020 were as follows:

	2018	2019	2020
Discount rate	1.473%	1.473%	1.473%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	3.0%	2.3%	2.2%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥1,761 million, ¥2,046 million and ¥2,170 million (U.S. \$19 million) for the fiscal years ended March 31, 2018, 2019 and 2020, 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, ¥50,000 million and ¥50,000 million (U.S. \$459 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, 2018, 2019 and 2020, respectively.

Note 13

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥1,473,833 million, ¥1,593,874 million and ¥2,565,127 million (U.S. \$23,570 million), loans in the amounts of nil, nil and ¥203,300 million (U.S. \$1,868 million) and cash and deposits in the amounts of ¥30 million, nil and ¥1,102 million (U.S. \$10 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 14

Investments in Affiliates

Total amounts of investments in affiliates were ¥74,058 million, ¥52,779 million and ¥76,949 million (U.S. \$707 million) as of March 31, 2018, 2019 and 2020, 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 ¥1,379 million, ¥787 million and ¥1,062 million (U.S. \$9 million) as of March 31, 2018, 2019 and 2020, respectively.

The amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥909 million, ¥787 million and ¥808 million (U.S. \$7 million) as of March 31, 2018, 2019 and 2020, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets were ¥22 million, ¥21 million and ¥21 million (U.S. \$0 million) for loans in arrears as of March 31, 2018, 2019 and 2020, 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 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 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 nil, nil and ¥254 million (U.S. \$2 million) as of March 31, 2018, 2019 and 2020, respectively.

Loans in arrears for three months or longer represent 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 ¥469 million, nil and nil as of March 31, 2018, 2019 and 2020, respectively.

Restructured loans represent 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 ¥16,157 million, ¥17,312 million and ¥17,777 million (U.S. \$163 million) as of March 31, 2018, 2019 and 2020, 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 ¥39,685 million, ¥38,388 million and ¥37,924 million (U.S. \$348 million) as of March 31, 2018, 2019 and 2020, 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 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, 2018, 2019 and 2020, 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, 2018, 2019 and 2020

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars	
		2018	2019	2020	2020	2020
Real estates for investment	Land and buildings	¥5,711	¥ —	¥ —	\$ —	\$ —
Idle assets, etc.	Land and buildings	658	10,443	514	4	4
Total		¥6,369	¥10,443	¥514	\$ 4	\$ 4

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 19

Deferred Taxes

1) Deferred tax assets/liabilities as of March 31, 2018, 2019 and 2020 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Deferred tax assets	¥ 547,415	¥ 570,498	¥ 648,740	\$ 5,961
Valuation allowance for deferred tax assets	(15,274)	(15,622)	(16,234)	(149)
Subtotal	532,140	554,875	632,505	5,811
Deferred tax liabilities	(416,691)	(430,128)	(429,125)	(3,943)
Net deferred tax assets (liabilities)	115,449	124,746	203,380	1,868

Major components of deferred tax assets/liabilities as of March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Deferred tax assets:				
Policy reserves and other reserves	¥ 246,706	¥ 246,238	¥ 309,500	\$ 2,843
Reserve for price fluctuation	183,711	208,182	220,239	2,023
Net defined benefit liabilities	42,185	29,645	34,322	315
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	(317,450)	(363,320)	(354,974)	(3,261)
Other intangible fixed assets	(37,277)	(36,233)	(28,291)	(259)

2) The actual effective income tax rates were (25.8)% and 3.6% for the fiscal years ended March 31, 2018 and 2019, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2018	2019	2020
Policyholders' dividend reserves	(28.0)%	(28.0)%	
Enactment of the Tax Cuts and Jobs Act	(26.9)%	—	
Investment tax credits of foreign consolidated subsidiaries	—	(8.9)%	*1
Investment losses and gains under the equity method	(0.3)%	6.8 %	
Amortization of goodwill	1.8 %	3.5 %	

*1 The reconciliation for the fiscal year ended March 31, 2020, was not presented because of loss before income taxes.

On December 22, 2017, the Tax Cuts and Jobs Act was enacted in the U.S.A., reducing the corporate tax rate applicable to the Company's consolidated subsidiaries in the U.S.A. from 35% to 21%, effective January 1, 2018.

Following this change, as of March 31, 2018, deferred tax liabilities and income taxes – deferred decreased by ¥14,931 million, respectively.

Note 20

Subordinated Bonds

The amounts of corporate bonds in liabilities included ¥516,874 million, ¥499,924 million and ¥449,924 million (U.S. \$4,134 million) of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2018, 2019 and 2020, respectively.

Note 21

Subordinated Debt

Other liabilities included subordinated debt of ¥50,000 million (U.S. \$459 million), the repayments of which are subordinated to other obligations, as of March 31, 2020.

Note 22

Other Comprehensive Income

The components of other comprehensive income for the fiscal years ended March 31, 2018, 2019 and 2020 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
	2018	2019	2020	2020
Net unrealized gains (losses) on available-for-sale securities:				
Amount arising during the fiscal year	¥141,283	¥ 41,524	¥ 66,193	\$ 608
Reclassification adjustments	9,148	71,412	(17,252)	(158)
Before income tax effect adjustments	150,432	112,936	48,940	449
Income tax effects	(44,450)	(39,491)	(1,466)	(13)
Net unrealized gains (losses) on available-for-sale securities	105,982	73,444	47,474	436
Deferred gains (losses) on derivatives under hedge accounting:				
Amount arising during the fiscal year	¥ (7,162)	¥ 2,409	¥ (310)	\$ (2)
Reclassification adjustments	1,321	1,730	(364)	(3)
Before income tax effect adjustments	(5,840)	4,140	(674)	(6)
Income tax effects	2,069	(772)	329	3
Deferred gains (losses) on derivatives under hedge accounting	(3,771)	3,367	(345)	(3)
Land revaluation differences:				
Amount arising during the fiscal year	¥ —	¥ —	¥ —	\$ —
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	—	—	—	—
Income tax effects	2	—	—	—
Land revaluation differences	2	—	—	—
Foreign currency translation adjustments:				
Amount arising during the fiscal year	¥ (13,049)	¥ (7,826)	¥ (5,157)	\$ (47)
Reclassification adjustments	—	—	—	—
Before income tax effect adjustments	(13,049)	(7,826)	(5,157)	(47)
Income tax effects	—	—	—	—
Foreign currency translation adjustments	(13,049)	(7,826)	(5,157)	(47)
Remeasurements of defined benefit plans:				
Amount arising during the fiscal year	¥ 19,538	¥ (15,850)	¥(23,525)	\$(216)
Reclassification adjustments	(7,426)	(10,044)	(11,023)	(101)
Before income tax effect adjustments	12,111	(25,895)	(34,548)	(317)
Income tax effects	(3,396)	7,236	9,664	88
Remeasurements of defined benefit plans	8,715	(18,659)	(24,884)	(228)
Share of other comprehensive income of associates under the equity method:				
Amount arising during the fiscal year	¥ (210)	¥ (4,421)	¥ 2,104	\$ 19
Reclassification adjustments	(45)	(1,357)	212	1
Share of other comprehensive income of associates under the equity method	(255)	(5,779)	2,317	21
Total other comprehensive income (loss)	¥ 97,623	¥ 44,547	¥ 19,403	\$ 178

Note 23

Securities Borrowed under Borrowing Agreements

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair values of the securities which were not sold or pledged as collateral were ¥157,703 million, ¥63,886 million and ¥34,460 million (U.S. \$316 million), and none of the securities was pledged as collateral as of March 31, 2018, 2019 and 2020, respectively.

Note 24

Other assets and other liabilities

Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of nil and nil as of March 31, 2018, respectively. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥657,168 million and ¥620,478 million as of March 31, 2019, respectively. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥617,869 million (U.S. \$5,677 million) and ¥651,281 million (U.S. \$5,984 million) as of March 31, 2020, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying consolidated financial statements of Sumitomo Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2018, 2019 and 2020, 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 notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018, 2019 and 2020, and its consolidated financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

/S/ Yukihiisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/ Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 30, 2020

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Non-Consolidated Balance Sheets

Sumitomo Life Insurance Company

As of March 31	Millions of Yen			Millions of
	2018	2019	2020	U.S. Dollars
				2020
ASSETS:				
Cash and deposits (Note 3)	¥ 1,301,620	¥ 1,510,097	¥ 1,467,878	\$ 13,487
Cash	173	169	136	1
Deposits	1,301,447	1,509,927	1,467,741	13,486
Call loans (Note 3)	187,361	238,792	354,415	3,256
Monetary claims bought (Note 3)	283,252	317,252	326,239	2,997
Securities (Notes 3, 5, 14 and 15)	25,819,731	26,764,618	27,423,878	251,988
National government bonds	10,160,111	10,198,381	10,182,036	93,559
Local government bonds	147,445	169,012	235,930	2,167
Corporate bonds	3,134,969	3,307,330	3,683,890	33,849
Domestic stocks	2,091,344	2,010,333	1,831,515	16,829
Foreign securities	10,118,472	10,875,563	11,181,658	102,744
Other securities	167,387	203,996	308,848	2,837
Loans (Notes 3, 16 and 17)	2,781,305	2,874,970	2,099,584	19,292
Policy loans	294,742	289,747	281,112	2,583
Industrial and consumer loans	2,486,563	2,585,222	1,818,472	16,709
Tangible fixed assets (Notes 4, 6 and 22)	576,228	565,893	569,148	5,229
Land	359,040	351,684	360,643	3,313
Buildings	200,987	184,413	177,036	1,626
Lease assets	344	6,787	5,525	50
Construction in progress	11,613	17,640	20,871	191
Other tangible fixed assets	4,242	5,367	5,070	46
Intangible fixed assets	36,885	38,494	40,387	371
Software	16,845	32,586	31,627	290
Other intangible fixed assets	20,039	5,908	8,760	80
Due from agents	1	0	0	0
Reinsurance receivables	163	196	110	1
Other assets	396,590	293,671	443,657	4,076
Accounts receivable	21,602	20,323	26,944	247
Prepaid expenses	3,497	4,585	5,042	46
Accrued income	125,990	135,686	132,779	1,220
Money on deposit	3,910	3,792	4,258	39
Deposits for futures transactions	186	2,271	3,663	33
Derivative financial instruments (Note 3)	228,563	114,604	241,663	2,220
Cash collateral paid for financial instruments	—	—	9	0
Suspense	9,563	6,933	5,078	46
Other assets	3,276	5,473	24,218	222
Prepaid pension cost (Note 11)	—	3,376	12,482	114
Deferred tax assets (Note 12 and 23)	154,714	123,979	214,138	1,967
Allowance for possible loan losses	(921)	(870)	(816)	(7)
Total assets	¥31,536,934	¥32,730,472	¥32,951,105	\$302,775

As of March 31	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
LIABILITIES:				
Policy reserves and other reserves	¥26,147,799	¥26,579,948	¥26,965,750	\$247,778
Reserve for outstanding claims (Note 18)	111,680	114,734	108,199	994
Policy reserves (Note 18)	25,800,570	26,238,890	26,636,065	244,749
Policyholders' dividend reserves (Note 9)	235,548	226,323	221,485	2,035
Reinsurance payables	158	150	200	1
Corporate bonds (Notes 3 and 25)	499,924	499,924	449,924	4,134
Other liabilities	2,523,022	3,091,489	3,085,190	28,348
Payables under repurchase agreements (Note 3)	860,119	1,893,213	1,948,528	17,904
Payables under securities borrowing transactions (Note 3)	1,116,092	772,360	590,008	5,421
Loans payable (Note 3 and 26)	—	—	50,000	459
Income taxes payable	28,742	6,835	22,503	206
Accounts payable	130,976	60,489	94,843	871
Accrued expenses	40,102	40,518	37,892	348
Deferred income	1,351	1,344	1,384	12
Deposits received	65,141	67,487	67,316	618
Guarantee deposits received	29,777	28,321	28,750	264
Derivative financial instruments (Note 3)	37,938	82,744	110,413	1,014
Cash collateral received for financial instruments	147,588	73,646	118,280	1,086
Lease obligations	329	7,081	5,762	52
Asset retirement obligations	1,756	1,711	1,749	16
Suspense receipts	8,126	6,499	6,609	60
Rest of other liabilities	54,982	49,235	1,147	10
Accrued retirement benefits (Note 11)	32,082	19,371	10,730	98
Reserve for price fluctuation	656,947	744,447	787,547	7,236
Deferred tax liabilities for land revaluation	13,257	13,014	12,923	118
Total liabilities	29,873,192	30,948,346	31,312,267	287,717
NET ASSETS:				
Foundation funds (Note 13)	100,000	50,000	—	—
Reserve for redemption of foundation funds (Note 13)	539,000	589,000	639,000	5,871
Reserve for revaluation	2	2	2	0
Surplus	319,499	273,890	220,677	2,027
Reserve for future losses	5,404	5,604	5,804	53
Other surplus	314,095	268,286	214,873	1,974
Reserve for fund redemption (Note 13)	77,000	42,600	—	—
Fund for price fluctuation allowance	165,000	165,000	165,000	1,516
Reserve for assisting social responsibility	1,450	1,321	1,298	11
Other reserves	223	223	223	2
Unappropriated surplus	70,421	59,141	48,351	444
Total funds, reserve and surplus	958,502	912,893	859,680	7,899
Net unrealized gains on available-for-sale securities	768,377	931,081	841,237	7,729
Deferred gains (losses) on derivatives under hedge accounting	573	(431)	(2,371)	(21)
Land revaluation differences	(63,710)	(61,417)	(59,708)	(548)
Total unrealized gains, revaluation reserve and adjustments	705,239	869,233	779,157	7,159
Total net assets	1,663,742	1,782,126	1,638,837	15,058
Total liabilities and net assets	¥31,536,934	¥32,730,472	¥32,951,105	\$302,775

Non-Consolidated Statements of Income

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen			Millions of
	2018	2019	2020	U.S. Dollars
				2020
Ordinary income	¥3,400,872	¥3,285,089	¥3,085,037	\$28,347
Insurance premiums and other	2,508,579	2,405,338	2,224,303	20,438
Insurance premiums	2,505,129	2,402,089	2,221,182	20,409
Reinsurance revenue	463	427	526	4
Other income to policy reserves	2,986	2,821	2,594	23
Investment income (Note 20)	758,732	759,829	740,064	6,800
Interest, dividends and other income	613,474	638,543	639,439	5,875
Interest on deposits	4,107	17,575	13,656	125
Interest and dividends on securities	530,326	541,597	549,407	5,048
Interest on loans	33,303	30,851	27,182	249
Rent revenue from real estate	36,112	35,338	35,206	323
Other interest and dividend	9,625	13,180	13,986	128
Gains on trading securities	401	—	—	—
Gains on sales of securities	78,714	100,357	86,022	790
Gains on redemption of securities	5,065	—	13,534	124
Foreign exchange gains	—	4,432	—	—
Reversal of allowance for possible loan losses	203	38	44	0
Other investment income	2,104	832	1,022	9
Investment gains on separate accounts	58,769	15,624	—	—
Other ordinary income	133,560	119,921	120,670	1,108
Annuity supplementary contract premiums	9,077	9,198	7,141	65
Proceeds from deferred insurance	62,126	72,994	66,119	607
Reversal of reserves for outstanding claims (Note 21)	29,107	—	6,535	60
Reversal of accrued retirement benefits	13,366	16,087	17,746	163
Other ordinary income	19,882	21,640	23,127	212
Ordinary expenses	3,170,939	3,084,497	2,989,898	27,473
Benefits and other payments	1,972,330	1,953,487	1,885,624	17,326
Claims paid	589,860	639,442	608,258	5,589
Annuity payments	634,251	504,134	488,059	4,484
Benefits payments	274,834	294,861	306,947	2,820
Surrender benefits	421,811	457,526	428,994	3,941
Other refunds	50,654	56,509	52,323	480
Reinsurance premiums	917	1,013	1,040	9

Years ended March 31	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Provision for policy reserves and other reserves	¥582,716	¥441,408	¥397,207	\$3,649
Provision for reserve for outstanding claims (Note 21)	—	3,054	—	—
Provision for policy reserves (Note 21)	582,677	438,319	397,174	3,649
Provision for interest on policyholders' dividend reserves (Note 9)	39	35	32	0
Investment expenses (Note 20)	175,540	244,150	268,467	2,466
Interest expenses	18,507	28,850	24,529	225
Losses on trading securities	—	25	—	—
Losses on sales of securities	43,629	92,827	14,782	135
Losses on valuation of securities	276	2,746	52,233	479
Losses on redemption of securities	—	—	4,028	37
Losses on derivative financial instruments	89,723	99,104	118,531	1,089
Foreign exchange losses	2,286	—	11,416	104
Depreciation of real estate for investments	8,768	8,611	8,601	79
Other investment expenses	12,349	11,983	12,380	113
Investment losses on separate accounts	—	—	21,964	201
Operating expenses (Note 19)	328,569	327,952	320,034	2,940
Other ordinary expenses	111,782	117,497	118,563	1,089
Payments of benefits left to accumulate at interest	60,876	65,285	62,947	578
Taxes	24,232	24,213	24,760	227
Depreciation	13,433	15,271	17,007	156
Other ordinary expenses	13,239	12,727	13,848	127
Ordinary profit	229,933	200,591	95,138	874
Extraordinary gains	17,632	1,031	198	1
Gains on disposals of fixed assets	17,632	1,031	198	1
Extraordinary losses	179,938	127,300	46,290	425
Losses on disposals of fixed assets	1,621	2,946	1,952	17
Impairment losses (Note 22)	6,369	10,443	514	4
Losses on valuation of shares of subsidiaries and affiliates	—	25,580	—	—
Provision for reserve for price fluctuation	154,600	87,500	43,100	396
Losses on reduction of real estate	16,601	—	—	—
Payments to social responsibility reserve	745	829	723	6
Surplus before income taxes	67,626	74,322	49,046	450
Income taxes (Notes 12 and 23)				
Current	60,403	45,982	54,336	499
Deferred	(58,199)	(32,265)	(54,627)	(501)
Total income taxes	2,204	13,716	(290)	(2)
Net surplus	¥ 65,422	¥ 60,605	¥ 49,337	\$ 453

Non-Consolidated Statements of Changes in Net Assets

Sumitomo Life Insurance Company

Year ended March 31, 2018

Millions of Yen

	Funds, reserve and surplus										Total funds, reserve and surplus
	Surplus										
	Other surplus										
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	
Beginning balance	170,000	469,000	2	5,204	119,600	165,000	1,496	223	81,954	373,478	1,012,481
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(51,735)	(51,735)	(51,735)
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									(1,918)	(1,918)	(1,918)
Net surplus									65,422	65,422	65,422
Redemption of foundation funds	(70,000)										(70,000)
Additions to reserve for fund redemption					27,400				(27,400)	—	—
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							(745)		745	—	—
Reversal of land revaluation differences									4,252	4,252	4,252
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(70,000)	70,000	—	200	(42,600)	—	(45)	—	(11,533)	(53,979)	(53,979)
Ending balance	100,000	539,000	2	5,404	77,000	165,000	1,450	223	70,421	319,499	958,502

	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	704,140	(358)	(59,460)	644,321	1,656,802
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(51,735)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				70,000	
Payment of interest on foundation funds				(1,918)	
Net surplus				65,422	
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				4,252	
Net changes, excluding funds, reserve and surplus	64,236	931	(4,250)	60,918	60,918
Net changes in the fiscal year	64,236	931	(4,250)	60,918	6,939
Ending balance	768,377	573	(63,710)	705,239	1,663,742

Year ended March 31, 2019

Millions of Yen

	Funds, reserve and surplus										Total funds, reserve and surplus
	Surplus										
	Other surplus										
	Foundation funds (Note 13)	Reserve for redemption of foundation funds (Note 13)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus	Total surplus	
Beginning balance	100,000	539,000	2	5,404	77,000	165,000	1,450	223	70,421	319,499	958,502
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(52,804)	(52,804)	(52,804)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		50,000									50,000
Payment of interest on foundation funds									(1,116)	(1,116)	(1,116)
Net surplus									60,605	60,605	60,605
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for fund redemption					15,600				(15,600)	—	—
Reversal of reserve for fund redemption					(50,000)					(50,000)	(50,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(829)		829	—	—
Reversal of land revaluation differences									(2,293)	(2,293)	(2,293)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(50,000)	50,000	—	200	(34,400)	—	(129)	—	(11,279)	(45,608)	(45,608)
Ending balance	50,000	589,000	2	5,604	42,600	165,000	1,321	223	59,141	273,890	912,893

	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	768,377	573	(63,710)	705,239	1,663,742
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(52,804)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				50,000	
Payment of interest on foundation funds				(1,116)	
Net surplus				60,605	
Redemption of foundation funds				(50,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(50,000)	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				(2,293)	
Net changes, excluding funds, reserve and surplus	162,704	(1,004)	2,293	163,993	163,993
Net changes in the fiscal year	162,704	(1,004)	2,293	163,993	118,384
Ending balance	931,081	(431)	(61,417)	869,233	1,782,126

Year ended March 31, 2020

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	
					Other surplus						
					Reserve for fund redemption (Note 13)	Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	50,000	589,000	2	5,604	42,600	165,000	1,321	223	59,141	273,890	912,893
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(50,285)	(50,285)	(50,285)
Additions to reserve for future losses				200					(200)	—	—
Additions to reserve for redemption of foundation funds		50,000									50,000
Payment of interest on foundation funds									(556)	(556)	(556)
Net surplus									49,337	49,337	49,337
Redemption of foundation funds	(50,000)										(50,000)
Additions to reserve for fund redemption					7,400				(7,400)	—	—
Reversal of reserve for fund redemption					(50,000)					(50,000)	(50,000)
Additions to reserve for assisting social responsibility							700		(700)	—	—
Reversal of reserve for assisting social responsibility							(723)		723	—	—
Reversal of land revaluation differences									(1,708)	(1,708)	(1,708)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(50,000)	50,000	—	200	(42,600)	—	(23)	—	(10,790)	(53,213)	(53,213)
Ending balance	—	639,000	2	5,804	—	165,000	1,298	223	48,351	220,677	859,680

	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	931,081	(431)	(61,417)	869,233	1,782,126
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)				(50,285)	
Additions to reserve for future losses				—	
Additions to reserve for redemption of foundation funds				50,000	
Payment of interest on foundation funds				(556)	
Net surplus				49,337	
Redemption of foundation funds				(50,000)	
Additions to reserve for fund redemption				—	
Reversal of reserve for fund redemption				(50,000)	
Additions to reserve for assisting social responsibility				—	
Reversal of reserve for assisting social responsibility				—	
Reversal of land revaluation differences				(1,708)	
Net changes, excluding funds, reserve and surplus	(89,844)	(1,939)	1,708	(90,075)	(90,075)
Net changes in the fiscal year	(89,844)	(1,939)	1,708	(90,075)	(143,289)
Ending balance	841,237	(2,371)	(59,708)	779,157	1,638,837

	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 funds, reserve and surplus
					Reserve for fund redemption (Note 13)	Other surplus				Total surplus	
						Fund for price fluctuation allowance	Reserve for assisting social responsibility	Other reserves	Unappropriated surplus		
Beginning balance	459	5,412	0	51	391	1,516	12	2	543	2,516	8,388
Changes in the fiscal year											
Additions to policyholders' dividend reserves (Note 9)									(462)	(462)	(462)
Additions to reserve for future losses				1					(1)	—	—
Additions to reserve for redemption of foundation funds		459									459
Payment of interest on foundation funds									(5)	(5)	(5)
Net surplus									453	453	453
Redemption of foundation funds	(459)										(459)
Additions to reserve for fund redemption					67				(67)	—	—
Reversal of reserve for fund redemption					(459)					(459)	(459)
Additions to reserve for assisting social responsibility							6		(6)	—	—
Reversal of reserve for assisting social responsibility							(6)		6	—	—
Reversal of land revaluation differences									(15)	(15)	(15)
Net changes, excluding funds, reserve and surplus											
Net changes in the fiscal year	(459)	459	—	1	(391)	—	(0)	—	(99)	(488)	(488)
Ending balance	—	5,871	0	53	—	1,516	11	2	444	2,027	7,899

	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	8,555	(3)	(564)	7,987	16,375
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 9)					(462)
Additions to reserve for future losses					—
Additions to reserve for redemption of foundation funds					459
Payment of interest on foundation funds					(5)
Net surplus					453
Redemption of foundation funds					(459)
Additions to reserve for fund redemption					—
Reversal of reserve for fund redemption					(459)
Additions to reserve for assisting social responsibility					—
Reversal of reserve for assisting social responsibility					—
Reversal of land revaluation differences					(15)
Net changes, excluding funds, reserve and surplus	(825)	(17)	15	(827)	(827)
Net changes in the fiscal year	(825)	(17)	15	(827)	(1,316)
Ending balance	7,729	(21)	(548)	7,159	15,058

Non-Consolidated Proposed Appropriation of Surplus

Sumitomo Life Insurance Company

Years ended March 31	Millions of Yen			Millions of
	2018	2019	2020	U.S. Dollars
Unappropriated surplus	¥70,421	¥59,141	¥48,351	\$444
Appropriation of surplus	70,421	59,141	48,351	444
Policyholders' dividend reserves	52,804	50,285	47,451	436
Net surplus	17,616	8,856	900	8
Reserve for future losses	200	200	200	1
Interest on foundation funds	1,116	556	—	—
Voluntary surplus reserves	16,300	8,100	700	6
Reserve for fund redemption	15,600	7,400	—	—
Reserve for assisting social responsibility	700	700	700	6

Note 1

Basis of Presentation

SUMITOMO LIFE INSURANCE COMPANY ("the Company") has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the 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. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the non-consolidated financial statements include the information which is not required under Japanese GAAP but is presented herein as additional information.

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, 2020, which was ¥108.83 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 the 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 during the last month of the fiscal year. 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 the 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 the 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 subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

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

4) Tangible fixed assets

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

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

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

The estimated useful lives of major items are as follows:

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

Revaluation of land

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

The difference in value before and after 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, 2018, 2019 and 2020 amounted to ¥36 million, ¥35 million and ¥35 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 fiscal 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) Accounting Standards and guidance not yet applied

Following accounting standards and guidance are those issued but not yet applied.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

a) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Guidance on Accounting Standard for Fair Value Measurement" ("Fair Value Accounting Standards") have been developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in "Accounting Standard for Financial Instruments"

Additionally, the "Guidance on Disclosures about Fair Value of Financial Instruments" has been revised and the notes to the breakdown, etc., of the fair value of financial instruments by level and other items have been established.

b) Effective date

Fair Value Accounting Standards and guidance will be effective from the beginning of the fiscal year ending March 31, 2022.

c) Impact of applying the standards and guidance

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

14) Additional Information

The consolidation tax filings were adopted, with the Company being a parent company under the system from the fiscal year ended March 31, 2018.

Following the enactment of "Act for Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020), the transition from the consolidation tax filings to the group tax sharing system will be applied for the fiscal year beginning on April 1, 2022. With the adoption of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Issues Task Force No.39, March 31, 2020), the Company recognized deferred tax assets/liabilities as of March 31, 2020 based on the provisions of pre-amended Tax Act.

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 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, 2018, 2019 and 2020.

As of March 31	Millions of Yen			Millions of Yen		
			2018			2019
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,301,620	¥ 1,301,620	¥ —	¥ 1,510,097	¥ 1,510,097	¥ —
[Available-for-sale securities]* ¹	[441,084]	[441,084]	—	[386,779]	[386,779]	—
Call loans	187,361	187,361	—	238,792	238,792	—
Monetary claims bought	283,252	284,696	1,444	317,252	319,745	2,493
[Available-for-sale securities]* ¹	[209,492]	[209,492]	—	[174,259]	[174,259]	—
Securities * ²	24,888,639	27,173,343	2,284,704	25,925,558	28,419,737	2,494,178
Trading securities	917,228	917,228	—	782,809	782,809	—
Held-to-maturity debt securities	1,888,273	2,202,331	314,058	1,799,665	2,132,194	332,529
Policy-reserve-matching bonds	11,206,795	13,156,647	1,949,852	11,674,328	13,813,577	2,139,248
Investments in subsidiaries and affiliated companies	33,173	53,967	20,793	33,173	55,574	22,400
Available-for-sale securities	10,843,168	10,843,168	—	11,635,582	11,635,582	—
Loans	2,781,305			2,874,970		
Allowance for possible loan losses * ³	(719)			(618)		
	2,780,585	2,821,076	40,490	2,874,352	2,909,763	35,411
Corporate bonds	499,924	514,191	14,267	499,924	512,782	12,857
Payables under repurchase agreements	860,119	860,119	—	1,893,213	1,893,213	—
Payables under securities borrowing transactions	1,116,092	1,116,092	—	772,360	772,360	—
Loans payable	—	—	—	—	—	—
Derivative transactions * ⁴	190,625	190,625	—	31,860	31,860	—
Hedge accounting not applied	9,851	9,851	—	4,295	4,295	—
Hedge accounting applied	180,774	180,774	—	27,565	27,565	—

As of March 31	Millions of Yen			Millions of U.S. Dollars		
			2020			2020
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,467,878	¥ 1,467,878	¥ —	\$ 13,487	\$ 13,487	\$ —
[Available-for-sale securities]* ¹	[435,863]	[435,863]	—	[4,004]	[4,004]	—
Call loans	354,415	354,415	—	3,256	3,256	—
Monetary claims bought	326,239	329,205	2,966	2,997	3,024	27
[Available-for-sale securities]* ¹	[193,071]	[193,071]	—	[1,774]	[1,774]	—
Securities * ²	26,762,393	29,064,098	2,301,705	245,910	267,059	21,149
Trading securities	633,006	633,006	—	5,816	5,816	—
Held-to-maturity debt securities	1,725,807	2,049,016	323,208	15,857	18,827	2,969
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	110,532	128,936	18,403
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	480	256	(223)
Available-for-sale securities	12,322,091	12,322,091	—	113,223	113,223	—
Loans	2,099,584			19,292		
Allowance for possible loan losses * ³	(598)			(5)		
	2,098,985	2,104,022	5,036	19,286	19,333	46
Corporate bonds	449,924	435,958	(13,965)	4,134	4,005	(128)
Payables under repurchase agreements	1,948,528	1,948,528	—	17,904	17,904	—
Payables under securities borrowing transactions	590,008	590,008	—	5,421	5,421	—
Loans payable	50,000	49,680	(320)	459	456	(2)
Derivative transactions * ⁴	131,250	131,250	—	1,206	1,206	—
Hedge accounting not applied	247	247	—	2	2	—
Hedge accounting applied	131,002	131,002	—	1,203	1,203	—

*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 ¥931,092 million, ¥839,059 million and ¥661,485 million (U.S. \$6,078 million) as of March 31, 2018, 2019 and 2020, 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 based on the average market value during 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.

3) Loans payable

The fair value is measured at the fair value of the corporate bonds issued to back the loans payable on the balance sheet date.

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, 2018, 2019 and 2020.

1) Held-to-maturity debt securities

As of March 31	Millions of Yen			Millions of Yen		
			2018			2019
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 394,228	¥ 423,565	¥ 29,336	¥ 358,543	¥ 387,748	¥ 29,205
Foreign securities (bonds)	1,493,938	1,778,660	284,722	1,440,600	1,743,924	303,324
Fair value does not exceed the balance sheet amount						
Bonds	106	105	(0)	522	521	(0)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,888,273	2,202,331	314,058	1,799,665	2,132,194	332,529

As of March 31	Millions of Yen			Millions of U.S. Dollars		
			2020			2020
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥ 310,662	¥ 334,609	¥ 23,947	\$ 2,854	\$ 3,074	\$ 220
Foreign securities (bonds)	1,414,600	1,713,866	299,266	12,998	15,748	2,749
Fair value does not exceed the balance sheet amount						
Bonds	545	540	(5)	5	4	(0)
Foreign securities (bonds)	—	—	—	—	—	—
Total	1,725,807	2,049,016	323,208	15,857	18,827	2,969

2) Policy-reserve-matching bonds

As of March 31	Millions of Yen			Millions of Yen		
			2018			2019
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,397,017	¥12,388,306	¥1,991,289	¥10,988,196	¥13,119,392	¥2,131,195
Foreign securities (bonds)	87,797	91,618	3,820	416,916	432,782	15,865
Fair value does not exceed the balance sheet amount						
Bonds	537,536	497,343	(40,193)	151,573	146,912	(4,661)
Foreign securities (bonds)	184,442	179,379	(5,063)	117,641	114,489	(3,151)
Total	11,206,795	13,156,647	1,949,852	11,674,328	13,813,577	2,139,248

As of March 31	Millions of Yen			Millions of U.S. Dollars		
			2020			2020
Type	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount						
Bonds	¥10,989,452	¥12,959,664	¥1,970,212	\$100,978	\$119,081	\$18,103
Foreign securities (bonds)	559,223	603,107	43,884	5,138	5,541	403
Fair value does not exceed the balance sheet amount						
Bonds	302,785	297,241	(5,543)	2,782	2,731	(50)
Foreign securities (bonds)	177,788	172,101	(5,687)	1,633	1,581	(52)
Total	12,029,249	14,032,115	2,002,866	110,532	128,936	18,403

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, 2018, 2019 and 2020.

3) Available-for-sale securities

As of March 31	Millions of Yen			Millions of Yen		
	2018			2019		
Type	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	136,556	143,818	7,261	151,297	159,271	7,973
Bonds	1,145,648	1,228,359	82,711	1,660,058	1,764,458	104,399
Stocks	737,091	1,723,815	986,723	658,977	1,605,890	946,912
Foreign securities	3,284,045	3,421,553	137,507	5,442,279	5,727,096	284,817
Foreign bonds	3,163,585	3,298,255	134,670	5,052,299	5,325,762	273,463
Other foreign securities	120,460	123,297	2,837	389,980	401,333	11,353
Other securities	34,983	48,789	13,806	57,271	72,548	15,276
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	441,100	441,084	(15)	386,800	386,779	(20)
Monetary claims bought	65,766	65,674	(92)	14,999	14,988	(11)
Bonds	503,611	486,145	(17,466)	86,513	85,159	(1,353)
Stocks	101,508	88,848	(12,659)	180,614	142,018	(38,595)
Foreign securities	3,976,319	3,835,717	(140,601)	2,220,984	2,185,939	(35,044)
Foreign bonds	3,876,399	3,736,152	(140,246)	2,131,873	2,097,173	(34,699)
Other foreign securities	99,919	99,564	(355)	89,111	88,766	(345)
Other securities	10,000	9,940	(60)	52,623	52,469	(153)
Total	10,436,630	11,493,745	1,057,115	10,912,420	12,196,621	1,284,201

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2020			2020		
Type	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	159,666	168,153	8,486	1,467	1,545	77
Bonds	1,565,064	1,655,370	90,306	14,380	15,210	829
Stocks	590,674	1,270,621	679,946	5,427	11,675	6,247
Foreign securities	6,376,328	6,920,454	544,125	58,589	63,589	4,999
Foreign bonds	6,062,554	6,592,476	529,922	55,706	60,575	4,869
Other foreign securities	313,774	327,978	14,203	2,883	3,013	130
Other securities	54,551	66,754	12,202	501	613	112
Balance sheet amount does not exceed acquisition costs or amortized costs						
Negotiable certificates of deposit	435,900	435,863	(36)	4,005	4,004	(0)
Monetary claims bought	24,952	24,918	(34)	229	228	(0)
Bonds	563,691	550,254	(13,437)	5,179	5,056	(123)
Stocks	405,472	324,583	(80,889)	3,725	2,982	(743)
Foreign securities	1,363,273	1,303,244	(60,028)	12,526	11,975	(551)
Foreign bonds	905,113	867,499	(37,613)	8,316	7,971	(345)
Other foreign securities	458,160	435,744	(22,415)	4,209	4,003	(205)
Other securities	248,971	230,808	(18,163)	2,287	2,120	(166)
Total	11,788,547	12,951,026	1,162,478	108,320	119,002	10,681

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	Millions of Yen				Millions of Yen			
	2018				2019			
	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	¥1,301,462	¥ —	¥ —	¥ —	¥1,509,947	¥ —	¥ —	¥ —
Call loans	187,361	—	—	—	238,792	—	—	—
Monetary claims bought	49,629	751	269	225,416	14,446	267	275	294,271
Securities	567,009	2,294,060	5,495,859	12,842,958	351,172	2,127,895	6,043,472	13,339,419
Held-to-maturity debt securities	65,428	196,116	638,295	986,561	54,118	184,416	595,915	963,653
Policy-reserve-matching bonds	136,707	517,935	1,697,358	8,781,093	20,796	522,045	2,040,638	9,009,764
Available-for-sale securities	364,874	1,580,008	3,160,206	3,075,302	276,258	1,421,433	3,406,919	3,366,001
Loans	1,029,722	629,709	514,079	273,052	1,214,128	518,500	478,753	363,840
Corporate bonds	—	—	—	499,924	—	—	—	499,924
Payables under repurchase agreements	860,119	—	—	—	1,893,213	—	—	—
Payables under securities borrowing transactions	1,116,092	—	—	—	772,360	—	—	—
Loans payable	—	—	—	—	—	—	—	—

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2020				2020			
	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	¥1,467,778	¥ —	¥ —	¥ —	\$13,486	\$ —	\$ —	\$ —
Call loans	354,415	—	—	—	3,256	—	—	—
Monetary claims bought	24,116	203	282	293,163	221	1	2	2,693
Securities	547,096	1,961,310	7,185,892	12,534,174	5,027	18,021	66,028	115,172
Held-to-maturity debt securities	117,000	283,031	400,400	924,088	1,075	2,600	3,679	8,491
Policy-reserve-matching bonds	62,917	618,889	3,325,789	7,920,101	578	5,686	30,559	72,774
Available-for-sale securities	367,179	1,059,390	3,459,702	3,689,983	3,373	9,734	31,789	33,905
Loans	441,242	454,636	446,426	466,166	4,054	4,177	4,102	4,283
Corporate bonds	—	—	—	449,924	—	—	—	4,134
Payables under repurchase agreements	1,948,528	—	—	—	17,904	—	—	—
Payables under securities borrowing transactions	590,008	—	—	—	5,421	—	—	—
Loans payable	—	—	—	50,000	—	—	—	459

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

No ending balances as of March 31, 2018, 2019 and 2020.

b) Hedge accounting applied

As of March 31		Millions of Yen			Millions of Yen			
		2018			2019			
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥17,520	¥14,236	¥119	¥14,236	¥ 4,535	¥ 64
	Receipts floating, payments fixed	Loans	47,808	47,808	660	49,945	49,945	349
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	15,000	15,000	(79)	15,000	15,000	39
Total					701	452		

As of March 31		Millions of Yen			Millions of U.S. Dollars			
		2020			2020			
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Exceptional method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	¥ 4,535	¥ 145	¥ 5	\$ 41	\$ 1	\$ 0
	Receipts floating, payments fixed	Loans	48,973	—	(544)	450	—	(5)
Deferred hedge method	Interest rate swaps							
	Receipts fixed, payments floating	Loans	15,500	15,500	23	142	142	0
Total					(515)	(4)		

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

2) Currency-related

a) Hedge accounting not applied

As of March 31	Millions of Yen				Millions of Yen			
				2018				2019
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥333,609	¥—	¥13,762	¥13,762	¥652,734	¥—	¥7,430	¥7,430
(U.S. dollar)	89,636	—	1,886	1,886	147,543	—	(2,178)	(2,178)
(Euro)	21,527	—	(55)	(55)	32,214	—	509	509
(Australian dollar)	214,582	—	11,972	11,972	462,061	—	8,999	8,999
Bought	276,116	—	(3,911)	(3,911)	291,802	—	(6,908)	(6,908)
(U.S. dollar)	171,648	—	(3,618)	(3,618)	23,024	—	125	125
(Euro)	53,012	—	(325)	(325)	400	—	(0)	(0)
(Australian dollar)	51,245	—	32	32	266,038	—	(7,036)	(7,036)
Currency options								
Sold								
Call	—	—	—	—	172,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[465]	—	425	39
Bought	—	—	—	—	172,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[465]	—	425	39
Bought								
Put	—	—	—	—	157,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[1,585]	—	1,434	(151)
(U.S. dollar)	—	—	—	—	157,500	—	—	—
(U.S. dollar)	[—]	—	—	—	[1,585]	—	1,434	(151)
Total				9,851				410

As of March 31	Millions of Yen				Millions of U.S. Dollars			
				2020				2020
Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥2,458,184	¥—	¥21,491	¥21,491	\$22,587	\$—	\$197	\$197
(U.S. dollar)	1,304,922	—	(21,989)	(21,989)	11,990	—	(202)	(202)
(Euro)	750,151	—	6,909	6,909	6,892	—	63	63
(Australian dollar)	156,299	—	13,987	13,987	1,436	—	128	128
Bought	2,354,980	165,027	(22,626)	(22,626)	21,639	1,516	(207)	(207)
(U.S. dollar)	1,189,033	—	1,595	1,595	10,925	—	14	14
(Euro)	907,915	165,027	(1,984)	(1,984)	8,342	1,516	(18)	(18)
(Australian dollar)	22,344	—	(1,519)	(1,519)	205	—	(13)	(13)
Currency options								
Sold								
Call	220,250	—	—	—	2,023	—	—	—
(U.S. dollar)	[907]	—	1,783	(876)	[8]	—	16	(8)
Bought	—	—	—	—	2,023	—	—	—
(U.S. dollar)	[907]	—	1,783	(876)	[8]	—	16	(8)
Bought								
Put	199,000	—	—	—	1,828	—	—	—
(U.S. dollar)	[1,986]	—	1,201	(784)	[18]	—	11	(7)
(U.S. dollar)	199,000	—	—	—	1,828	—	—	—
(U.S. dollar)	[1,986]	—	1,201	(784)	[18]	—	11	(7)
Total				(2,795)				(25)

*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			Millions of Yen			Millions of Yen			
			2018			2019			
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets							
			Sold	¥6,803,557	¥187,916	¥180,238	¥6,760,420	¥437,618	¥ 28,497
			(U.S. dollar)	3,704,596	127,932	141,139	3,009,559	—	(37,510)
			(Euro)	1,821,424	—	9,954	2,404,420	—	73,119
	(Australian dollar)		981,860	59,984	23,450	952,792	437,618	(4,106)	
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets							
			Sold	53,778	—	(18,082)	—	—	—
	(Australian dollar)		53,778	—	(18,082)	—	—	—	
Allocation method	Currency swaps	Foreign-currency-denominated assets	141,197	141,197	12,310	155,908	155,908	8,192	
	(U.S. dollar)		141,197	141,197	12,310	155,908	155,908	8,192	
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	244,924	244,924	(5,221)	244,924	244,924	11,553	
			(U.S. dollar)	244,924	244,924	(5,221)	244,924	244,924	11,553
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	26,780	26,780	615	37,806	37,806	(972)	
			(U.S. dollar)	24,326	24,326	808	35,351	35,351	(893)
Total					169,860			47,271	

As of March 31			Millions of Yen			Millions of U.S. Dollars			
			2020			2020			
Hedge accounting model	Type	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	
Fair value hedge method	Foreign currency forward contracts	Foreign-currency-denominated assets							
			Sold	¥7,329,758	¥1,191,995	¥134,617	\$67,350	\$10,952	\$1,236
			(U.S. dollar)	3,754,163	1,138,338	(24,521)	34,495	10,459	(225)
			(Euro)	2,155,977	—	24,938	19,810	—	229
	(Australian dollar)		915,189	53,656	97,658	8,409	493	897	
Allocation method	Foreign currency forward contracts	Foreign-currency-denominated assets							
			Sold	—	—	—	—	—	—
	(Australian dollar)		—	—	—	—	—	—	
Allocation method	Currency swaps	Foreign-currency-denominated assets	168,916	168,916	12,234	1,552	1,552	112	
	(U.S. dollar)		168,916	168,916	12,234	1,552	1,552	112	
Allocation method	Currency swaps	Foreign-currency-denominated liabilities	244,924	244,924	28,825	2,250	2,250	264	
			(U.S. dollar)	244,924	244,924	28,825	2,250	2,250	264
Deferred hedge method	Currency swaps	Foreign-currency-denominated assets	37,806	37,806	(3,638)	347	347	(33)	
			(U.S. dollar)	35,351	35,351	(3,656)	324	324	(33)
Total					172,039			1,580	

- *1. The fair values of foreign currency forward contracts and currency swaps under the allocation method are included in the fair values of related foreign-currency-denominated assets and liabilities since they are accounted for as integrated transactions.

3) Stock-related

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2018				2019			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ 9,758	¥ —	¥(231)	¥(231)	¥ 684	¥ —	¥ 3	¥ 3
	Bought	10,903	—	231	231	5,568	—	(5)	(5)
Total					(0)	(1)			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2020				2020			
Classification	Type	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions	Stock index futures								
	Sold	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
	Bought	19,501	—	1,126	1,126	179	—	10	10
Total					1,126	10			

*1. Net gains (losses) represent the fair values for futures trading.

b) Hedge accounting applied

No ending balances as of March 31, 2018, 2019 and 2020.

4) Other

a) Hedge accounting not applied

As of March 31		Millions of Yen				Millions of Yen			
		2018				2019			
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)
Over-the-counter transactions	Multi-Asset index options								
	Sold	¥ —	¥ —			¥78,933	¥ —		
		[—]		¥ —	¥ —	[34]	—	¥ 197	¥ (163)
	Bought	—	—			72,059	—		
		[—]		—	—	[1,567]	—	2,963	1,395
Total					—	1,232			

As of March 31		Millions of Yen				Millions of U.S. Dollars			
		2020				2020			
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)
Over-the-counter transactions	Multi-Asset index options								
	Sold								
	Call	¥139,122	¥ —	¥ 62	¥ 275	\$1,278	\$ —	\$ 0	\$ 2
		[337]				[3]			
	Bought								
	Call	128,961	—	900	(1,915)	1,184	—	8	(17)
		[2,816]				[25]			
Total					(1,639)	(15)			

*1. Option fees are shown in [].

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

b) Hedge accounting applied

No ending balances as of March 31, 2018, 2019 and 2020.

Note 4

Fair Value of Investment and Rental Property

The carrying amounts for investment and rental properties were ¥389,919 million, ¥383,454 million and ¥392,983 million (U.S. \$3,610 million), and their fair values were ¥464,822 million, ¥482,402 million and ¥504,136 million (U.S. \$4,632 million) as of March 31, 2018, 2019 and 2020, 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 ¥1,383 million, ¥1,326 million and ¥1,364 million (U.S. \$12 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 5

Securities Lending

Securities loaned under security lending agreements amounted to ¥2,962,410 million, ¥3,420,988 million and ¥3,905,476 million (U.S. \$35,886 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 6

Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥417,823 million, ¥414,133 million and ¥419,213 million (U.S. \$3,852 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 7

Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 of the Insurance Business Act were ¥986,044 million, ¥829,521 million and ¥726,126 million (U.S. \$6,672 million) as of March 31, 2018, 2019 and 2020, 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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Monetary receivable	¥49,198	¥51,312	¥50,195	\$461
Monetary payable	11,554	12,108	11,474	105

Note 9

Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥245,951	¥235,548	¥226,323	\$2,079
Transfer from surplus in the previous fiscal year	51,735	52,804	50,285	462
Dividend payments to policyholders during the fiscal year	(62,177)	(62,064)	(55,155)	(506)
Interest accrued during the fiscal year	39	35	32	0
At the end of the fiscal year	¥235,548	¥226,323	¥221,485	\$2,035

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 ¥768,952 million, ¥930,652 million and ¥838,868 million (U.S. \$7,708 million) as of March 31, 2018, 2019 and 2020, respectively.

Note **11**

Accrued Retirement Benefits

Assumptions used in accounting for the defined benefit plans for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	2018	2019	2020
Method of attributing benefits to period of service	Benefit formula basis	Benefit formula basis	Benefit formula basis
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years	8 years	8 years
Amortization period for past service costs	3 years	3 years	3 years

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.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥294,955	¥284,862	¥282,010	\$2,591
Service costs	12,760	12,085	11,764	108
Interest costs on projected benefit obligations	4,331	4,196	4,154	38
Actuarial losses (gains)	2,702	1,770	(22)	(0)
Benefits paid	(18,501)	(20,904)	(26,777)	(246)
Past service costs	(11,385)	—	(737)	(6)
At the end of the fiscal year	¥284,862	¥282,010	¥270,390	\$2,484

b) Changes in the plan assets for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
At the beginning of the fiscal year	¥292,612	¥307,619	¥294,803	\$2,708
Expected return on plan assets	4,816	3,759	3,607	33
Actuarial gains (losses)	11,019	(13,979)	(24,159)	(221)
Contribution by employer	6,388	6,419	6,676	61
Benefits paid	(7,218)	(9,015)	(14,377)	(132)
At the end of the fiscal year	¥307,619	¥294,803	¥266,550	\$2,449

c) The amounts of the defined benefit liabilities and the defined benefit assets in the non-consolidated balance sheets as of March 31, 2018, 2019 and 2020 were determined as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Present value of funded obligations	¥ 284,862	¥ 282,010	¥ 270,390	\$ 2,484
Plan assets at fair value	(307,619)	(294,803)	(266,550)	(2,449)
Net present value of funded obligations	(22,756)	(12,793)	3,840	35
Unrecognized actuarial gains (losses)	43,769	21,513	(9,808)	(90)
Unrecognized past service costs	11,069	7,274	4,216	38
Net value on the balance sheet	32,082	15,994	(1,751)	(16)
Accrued retirement benefits	32,082	19,371	10,730	98
Prepaid pension cost	—	(3,376)	(12,482)	(114)
Net value on the balance sheet	¥ 32,082	¥ 15,994	¥ (1,751)	\$ (16)

d) The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Service costs	¥12,760	¥12,085	¥11,764	\$108
Interest costs on projected benefit obligations	4,331	4,196	4,154	38
Expected return on plan assets	(4,816)	(3,759)	(3,607)	(33)
Amortization of net actuarial losses (gains)	(7,653)	(6,506)	(7,185)	(66)
Amortization of net past service costs	(316)	(3,795)	(3,795)	(34)
Retirement benefit expenses	¥ 4,305	¥ 2,220	¥ 1,329	\$ 12

e) The plan assets

The plan assets as of March 31, 2018, 2019 and 2020 were comprised as follows:

	% of total fair value of plan assets		
	2018	2019	2020
General accounts of life insurance companies	41	43	46
Equity securities	43	39	33
Investment trusts	6	7	8
Debt securities	5	5	6
Others	5	6	7
Total	100	100	100

47%, 44% and 41% of the plan assets were the retirement benefit trusts as of March 31, 2018, 2019 and 2020, 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 are 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, 2018, 2019 and 2020 were as follows:

	2018	2019	2020
Discount rate	1.473%	1.473%	1.473%
Expected long-term rates of return on the plan assets			
Defined benefit pension plans	3.0%	2.3%	2.2%
Retirement benefit trusts	0.0%	0.0%	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥930 million, ¥969 million and ¥1,008 million (U.S. \$9 million) for the fiscal years ended March 31, 2018, 2019 and 2020, 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, ¥50,000 million and ¥50,000 million (U.S. \$459 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, 2018, 2019 and 2020, respectively.

Note 14

Pledged Assets

Assets pledged as collateral were securities in the amounts of ¥1,473,833 million, ¥1,566,969 million and ¥2,508,450 million (U.S. \$23,049 million) as of March 31, 2018, 2019 and 2020, respectively.

Note 15

Equity Investments in Subsidiaries

Total amounts of equity investments in subsidiaries were ¥645,489 million, ¥620,073 million and ¥646,220 million (U.S. \$5,937 million) as of March 31, 2018, 2019 and 2020, 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 ¥909 million, ¥787 million and ¥808 million (U.S. \$7 million) as of March 31, 2018, 2019 and 2020, respectively.

The amounts of loans to bankrupt borrowers were nil, nil and nil, and loans in arrears were ¥909 million, ¥787 million and ¥808 million (U.S. \$7 million) as of March 31, 2018, 2019 and 2020, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets were ¥22 million, ¥21 million and ¥21 million (U.S. \$0 million) for loans in arrears as of March 31, 2018, 2019 and 2020, respectively.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1 Item 3 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 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 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 nil, nil and nil as of March 31, 2018, 2019 and 2020, respectively.

Loans in arrears for three months or longer represent 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, nil and nil as of March 31, 2018, 2019 and 2020, respectively.

Restructured loans represent 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 ¥10,149 million, ¥10,000 million and ¥7,185 million (U.S. \$66 million) as of March 31, 2018, 2019 and 2020, 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 ¥12 million, ¥14 million and ¥8 million (U.S. \$0 million) as of March 31, 2018, 2019 and 2020, 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 ¥1,155 million, ¥1,171 million and ¥1,300 million (U.S. \$11 million) as of March 31, 2018, 2019 and 2020, 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 ¥39,400 million, ¥38,076 million and ¥37,567 million (U.S. \$345 million) as of March 31, 2018, 2019 and 2020, 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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Domestic bonds including national government bonds	¥53,092	¥80,132	¥41,035	\$377
Domestic stocks	17,937	13,049	8,177	75
Foreign securities	7,683	7,175	36,810	338

Major components of losses on sales of securities for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Domestic bonds including national government bonds	¥ 138	¥ 3,440	¥ 186	\$ 1
Domestic stocks	2,937	2,593	9,654	88
Foreign securities	40,553	86,792	4,940	45

Major components of losses on valuation of securities for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Domestic stocks	¥276	¥1,453	¥36,524	\$335
Foreign securities	—	1,293	15,709	144

Major components of gains (losses) on trading securities for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Interest and dividend income	¥ 18	¥ 10	¥—	\$—
Gains (losses) on sales of securities	388	(41)	—	—
Gains (losses) on valuation	(5)	5	—	—

Gains or losses on derivative financial instruments, net, included net valuation gains of ¥89,527 million, losses of ¥33,261 million and gains of ¥8,017 million (U.S. \$73 million) for the fiscal years ended March 31, 2018, 2019 and 2020, 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, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ (32)	¥ 1	¥ (5)	\$(0)
Provision for (reversal of) reinsurance recoverable on policy reserves	1,042	15	128	1

Note **22**

Impairment of Fixed Assets

The details of 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, 2018, 2019 and 2020, 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, 2018, 2019 and 2020

Asset Group	Asset Category	Millions of Yen			Millions of U.S. Dollars
		2018	2019	2020	2020
Real estates for investment	Land and buildings	¥5,711	¥ —	¥ —	\$ —
Idle assets, etc.	Land and buildings	658	10,443	514	4
Total		¥6,369	¥10,443	¥514	\$ 4

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, 2018, 2019 and 2020 were recognized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Deferred tax assets	¥ 476,915	¥ 515,852	¥ 573,812	\$ 5,272
Valuation allowance for deferred tax assets	(12,191)	(19,657)	(20,448)	(187)
Subtotal	464,723	496,195	553,364	5,084
Deferred tax liabilities	(310,008)	(372,216)	(339,226)	(3,117)
Net deferred tax assets (liabilities)	154,714	123,979	214,138	1,967

Major components of deferred tax assets/liabilities as of March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Deferred tax assets:				
Policy reserves and other reserves	¥195,372	¥207,776	¥244,324	\$2,245
Reserve for price fluctuation	183,682	208,147	220,198	2,023
Accrued retirement benefits	41,493	36,995	32,033	294
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	298,220	361,369	326,499	3,000

2) The actual effective income tax rates were 3.2%, 18.4% and (0.5)% for the fiscal years ended March 31, 2018, 2019 and 2020, respectively. Major components in the differences with the statutory effective income tax rates were as follows:

	2018	2019	2020
Policyholders' dividend reserves	(23.0)%	(18.9)%	(27.0)%
Losses on valuation of shares of subsidiaries and affiliates	—	9.6 %	—

Note **24**

Transactions with Subsidiaries

The total amounts of income and expenses resulting from transactions with subsidiaries for the fiscal years ended March 31, 2018, 2019 and 2020 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2018	2019	2020	2020
Total income	¥11,800	¥ 6,836	¥ 9,176	\$ 84
Total expenses	17,390	16,470	16,496	151

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**

Subordinated Debt

Loan payables are subordinated debt, the repayments of which are subordinated to other obligations, as of March 31, 2020.

Note **27**

Securities Borrowed under Borrowing Agreements

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair values of the securities which were not sold or pledged as collateral were ¥157,703 million, ¥63,886 million and ¥34,460 million (U.S. \$316 million), and none of the securities was pledged as collateral as of March 31, 2018, 2019 and 2020, respectively.



Independent auditor's report

To the Board of Directors of Sumitomo Life Insurance Company:

Opinion

We have audited the accompanying non-consolidated financial statements of Sumitomo Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2018, 2019 and 2020, 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 notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, 2019 and 2020, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2020 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.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Kanako Ogura
Designated Engagement Partner
Certified Public Accountant

/S/ Yukihiisa Tatsumi
Designated Engagement Partner
Certified Public Accountant

/S/ Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 30, 2020

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Financial Information

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Notes: 1. U.S. dollar amounts are converted at U.S. \$1.00 = ¥108.83, the rate prevailing on March 31, 2020.
2. Amounts of less than one million yen or less than one million dollars have been truncated.

Breakdown of Ordinary Profit (Core Business Profit)

Millions of Yen

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Core business profit A	377,090	371,547
Capital gains	104,789	101,194
Gains on sales of securities	100,357	86,022
Foreign exchange gains	4,432	—
Other capital gains	—	15,171
Capital losses	203,677	257,281
Losses on trading securities	25	—
Losses on sales of securities	92,827	14,782
Losses on valuation of securities	2,746	52,233
Losses on derivative financial instruments	99,104	118,531
Foreign exchange losses	—	11,416
Other capital losses	8,973	60,317
Net capital gains / losses B	(98,887)	(156,087)
Core business profit including net capital gains / losses A+B	278,202	215,459
Nonrecurring gains	—	25
Reversal of specific allowance for possible loan losses	—	25
Nonrecurring losses	77,610	120,345
Provision for contingency reserve	14,900	52,800
Provision for specific allowance for possible loan losses	62	—
Other nonrecurring losses	62,647	67,545
Nonrecurring gains / losses C	(77,610)	(120,320)
Ordinary profit A+B+C	200,591	95,138

(Reference) Breakdown of other items

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	
Core business profit	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	234	57,830
	Financial impact of market exchange rate fluctuations concerning foreign currency-denominated insurance policies	7,523	(15,171)
	Financial impact of fluctuations in insurance reserve funds concerning index linking	1,214	2,487
Other capital gains	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	—	15,171
Other capital losses	Financial impact of fluctuations in the surrender benefits amount concerning market value adjustment	234	57,830
	Financial impact of market exchange rate fluctuations concerning foreign currency-denominated insurance policies	7,523	—
	Financial impact of fluctuations in insurance reserve funds concerning index linking	1,214	2,487
Other nonrecurring losses	Additional provisions of insurance reserve funds for part of the individual annuity contracts after the commencement of annuity payments and part of the single premium endowment insurance contracts	62,647	67,545

Fair Value Information of Securities (Company Total)

1. Fair Value Information of Securities (Company Total)

a. Net valuation gains (losses) on trading securities

Classification	As of March 31, 2019		As of March 31, 2020	
	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	782,809	(25,801)	633,006	(68,569)

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2019 and 2020.

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

Classification	As of March 31, 2019					As of March 31, 2020				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,799,665	2,132,194	332,529	332,529	(0)	1,725,807	2,049,016	323,208	323,213	(5)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	22,400	—	52,238	27,869	(24,369)	—	(24,369)
Available-for-sale securities	10,912,420	12,196,621	1,284,201	1,359,380	(75,178)	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	2,128,756	2,205,625	76,869	90,306	(13,437)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	996,146	1,595,204	599,057	679,946	(80,889)
Foreign securities	7,663,264	7,913,036	249,772	284,817	(35,044)	7,739,602	8,223,698	484,096	544,125	(60,028)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	6,967,667	7,459,975	492,308	529,922	(37,613)
Other foreign securities	479,091	490,100	11,008	11,353	(345)	771,934	763,722	(8,211)	14,203	(22,415)
Other securities	109,895	125,018	15,123	15,276	(153)	303,523	297,562	(5,960)	12,202	(18,163)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
Others	—	—	—	—	—	—	—	—	—	—
Total	24,419,588	28,197,967	3,778,379	3,861,372	(82,992)	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	996,146	1,595,204	599,057	679,946	(80,889)
Foreign securities	9,671,596	10,259,807	588,211	626,408	(38,196)	9,943,452	10,740,642	797,190	887,275	(90,085)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,119,279	9,949,050	829,771	873,072	(43,300)
Other foreign securities	512,265	545,674	33,408	33,753	(345)	824,173	791,591	(32,581)	14,203	(46,784)
Other securities	109,895	125,018	15,123	15,276	(153)	303,523	297,562	(5,960)	12,202	(18,163)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
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, 2019			As of March 31, 2020		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	358,543	387,748	29,205	310,662	334,609	23,947
	Foreign securities (bonds)	1,440,600	1,743,924	303,324	1,414,600	1,713,866	299,266
Fair value does not exceed the balance sheet amount	Bonds	522	521	(0)	545	540	(5)
	Foreign securities (bonds)	—	—	—	—	—	—
Total		1,799,665	2,132,194	332,529	1,725,807	2,049,016	323,208

●Policy-reserve-matching bonds

Millions of Yen

		As of March 31, 2019			As of March 31, 2020		
		Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,988,196	13,119,392	2,131,195	10,989,452	12,959,664	1,970,212
	Foreign securities (bonds)	416,916	432,782	15,865	559,223	603,107	43,884
Fair value does not exceed the balance sheet amount	Bonds	151,573	146,912	(4,661)	302,785	297,241	(5,543)
	Foreign securities (bonds)	117,641	114,489	(3,151)	177,788	172,101	(5,687)
Total		11,674,328	13,813,577	2,139,248	12,029,249	14,032,115	2,002,866

● Available-for-sale securities

		Millions of Yen					
		As of March 31, 2019			As of March 31, 2020		
	Type	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	151,297	159,271	7,973	159,666	168,153	8,486
	Domestic bonds	1,660,058	1,764,458	104,399	1,565,064	1,655,370	90,306
	Domestic stocks	658,977	1,605,890	946,912	590,674	1,270,621	679,946
	Foreign securities	5,442,279	5,727,096	284,817	6,376,328	6,920,454	544,125
	Foreign bonds	5,052,299	5,325,762	273,463	6,062,554	6,592,476	529,922
	Other foreign securities	389,980	401,333	11,353	313,774	327,978	14,203
	Other securities	57,271	72,548	15,276	54,551	66,754	12,202
Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	386,800	386,779	(20)	435,900	435,863	(36)
	Monetary claims bought	14,999	14,988	(11)	24,952	24,918	(34)
	Domestic bonds	86,513	85,159	(1,353)	563,691	550,254	(13,437)
	Domestic stocks	180,614	142,018	(38,595)	405,472	324,583	(80,889)
	Foreign securities	2,220,984	2,185,939	(35,044)	1,363,273	1,303,244	(60,028)
	Foreign bonds	2,131,873	2,097,173	(34,699)	905,113	867,499	(37,613)
	Other foreign securities	89,111	88,766	(345)	458,160	435,744	(22,415)
	Other securities	52,623	52,469	(153)	248,971	230,808	(18,163)
Total		10,912,420	12,196,621	1,284,201	11,788,547	12,951,026	1,162,478

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

		Millions of Yen	
		As of March 31, 2019	As of March 31, 2020
Held-to-maturity debt securities		—	—
Unlisted foreign bonds		—	—
Others		—	—
Policy-reserve-matching bonds		—	—
Investments in subsidiaries and affiliated companies		586,899	593,981
Available-for-sale securities		243,910	62,246
Unlisted domestic stocks (excluding over-the-counter stocks)		16,136	21,841
Unlisted foreign stocks (excluding over-the-counter stocks)		224,558	34,558
Unlisted foreign bonds		—	—
Others		3,215	5,845
Total		830,809	656,227

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, 2019 and 2020.

b. Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2019 and 2020.

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
Others	—	Multi-asset index 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, 2019	As of March 31, 2020	As of March 31, 2019	As of March 31, 2020
Interest rate swaps				
Interest rate swaptions (Bought)	791	685	8	1
Foreign currency forward contracts	77,049	121,429	2,039	4,118
Currency swaps				
Currency options (Bought)	5,961	6,506	569	760
Multi-asset index options (Bought)	720	1,289	101	137
Total			1,744	3,515

(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, 2019						As of March 31, 2020					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	452	47,271	—	—	—	47,723	(515)	172,039	—	—	—	171,523
Hedge accounting not applied	—	410	(1)	—	1,232	1,641	—	(2,795)	1,126	—	(1,639)	(3,309)
Total	452	47,681	(1)	—	1,232	49,365	(515)	169,243	1,126	—	(1,639)	168,214

(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 ¥28,497 million and gains of ¥134,617 million in currency-related as of March 31, 2019 and 2020, respectively.

● Interest-related

(Hedge accounting not applied)

Omitted as there are no ending balances for March 31, 2019 and 2020.

(Hedge accounting applied)

Millions of Yen

Hedge accounting model	Type	Main hedged items	As of March 31, 2019			As of March 31, 2020		
			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	39	15,500	15,500	23
			14,236	4,535	64	4,535	145	5
Exceptional method	Interest rate swaps Receipts floating, payments fixed	Loans	49,945	49,945	349	48,973	—	(544)
Total					452			(515)

●Currency-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value	
Over-the-counter transactions	Foreign currency forward contracts								
	Sold	652,734	—	7,430	7,430	2,458,184	—	21,491	21,491
	(U.S. dollar)	147,543	—	(2,178)	(2,178)	1,304,922	—	(21,989)	(21,989)
	(Euro)	32,214	—	509	509	750,151	—	6,909	6,909
	(Australian dollar)	462,061	—	8,999	8,999	156,299	—	13,987	13,987
	Bought	291,802	—	(6,908)	(6,908)	2,354,980	165,027	(22,626)	(22,626)
	(U.S. dollar)	23,024	—	125	125	1,189,033	—	1,595	1,595
	(Euro)	400	—	(0)	(0)	907,915	165,027	(1,984)	(1,984)
	(Australian dollar)	266,038	—	(7,036)	(7,036)	22,344	—	(1,519)	(1,519)
	Currency options								
	Sold								
	Call	172,500	—			220,250	—		
		[465]		425	39	[907]		1,783	(876)
	(U.S. dollar)	172,500	—			220,250	—		
		[465]		425	39	[907]		1,783	(876)
	Bought								
	Put	157,500	—			199,000	—		
		[1,585]		1,434	(151)	[1,986]		1,201	(784)
	(U.S. dollar)	157,500	—			199,000	—		
		[1,585]		1,434	(151)	[1,986]		1,201	(784)
Total					410				(2,795)

(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, 2019			As of March 31, 2020		
			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		6,760,420	437,618	28,497	7,329,758	1,191,995	134,617
	(U.S. dollar)		3,009,559	—	(37,510)	3,754,163	1,138,338	(24,521)
	(Euro)		2,404,420	—	73,119	2,155,977	—	24,938
	(Australian dollar)		952,792	437,618	(4,106)	915,189	53,656	97,658
Deferred hedge method	Currency swaps	Assets denominated in foreign currencies	37,806	37,806	(972)	37,806	37,806	(3,638)
	(U.S. dollar)		35,351	35,351	(893)	35,351	36,351	(3,656)
	(Euro)		2,454	2,454	(78)	2,454	2,454	18
Allocation method	Currency swaps	Assets denominated in foreign currencies	155,908	155,908	8,192	168,916	168,916	12,234
	(U.S. dollar)		155,908	155,908	8,192	168,916	168,916	12,234
	Currency swaps	Liabilities denominated in foreign currencies	244,924	244,924	11,553	244,924	244,924	28,825
	(U.S. dollar)		244,924	244,924	11,553	244,924	244,924	28,825
Total					47,271			172,039

●Stock-related

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value	
Exchange-traded transactions	Stock index futures								
	Sold	684	—	3	3	—	—	—	—
	Bought	5,568	—	(5)	(5)	19,501	—	1,126	1,126
Total					(1)				1,126

(Note) Net gains (losses) represent the fair values.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2019 and 2020.

●Bond-related

(Hedge accounting not applied)

Omitted as there are no ending balances for March 31, 2019 and 2020.

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2019 and 2020.

●Others (Company Total)

(Hedge accounting not applied)

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020				
		Notional amount/ contract value		Net gains (losses)	Notional amount/ contract value		Net gains (losses)		
		Over 1 year	Fair value		Over 1 year	Fair value	Over 1 year	Fair value	
Over-the-counter transactions	Multi-asset index options								
	Sold								
	Call	78,933	—	197	(163)	139,122	—	62	275
		[34]				[337]			
	Bought								
	Call	72,059	—	2,963	1,395	128,961	—	900	(1,915)
		[1,567]				[2,816]			
Total					1,232				(1,639)

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

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

(Hedge accounting applied)

Omitted as there are no ending balances for March 31, 2019 and 2020.

Assets

1. Portfolio Trends (General Account)

a. Asset structure

Classification	Millions of Yen, %			
	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Cash, deposits and call loans	1,728,859	5.4	1,751,825	5.4
Monetary claims bought	317,252	1.0	326,239	1.0
Investment in securities	25,981,809	81.4	26,790,871	83.1
Domestic bonds	13,348,453	41.8	13,809,070	42.8
Domestic stocks	1,868,704	5.9	1,718,821	5.3
Foreign securities	10,636,418	33.3	10,959,518	34.0
Foreign bonds	9,398,093	29.4	9,611,587	29.8
Other foreign securities	1,238,325	3.9	1,347,930	4.2
Other securities	128,231	0.4	303,462	0.9
Loans	2,874,970	9.0	2,099,584	6.5
Policy loans	289,747	0.9	281,112	0.9
Industrial and consumer loans	2,585,222	8.1	1,818,472	5.6
Real estate	553,738	1.7	558,552	1.7
Investment property	380,980	1.2	389,872	1.2
Deferred tax assets	123,979	0.4	214,138	0.7
Other assets	337,027	1.1	493,105	1.5
Allowance for possible loan losses	(870)	(0.0)	(816)	(0.0)
Total	31,916,765	100.0	32,233,500	100.0
Foreign currency denominated assets	10,117,094	31.7	10,453,682	32.4

(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, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Cash, deposits and call loans	285,368	22,966
Monetary claims bought	34,000	8,987
Investment in securities	1,078,910	809,062
Domestic bonds	305,059	460,616
Domestic stocks	(65,263)	(149,883)
Foreign securities	771,655	323,099
Foreign bonds	597,111	213,493
Other foreign securities	174,544	109,605
Other securities	67,458	175,230
Loans	93,665	(775,386)
Policy loans	(4,994)	(8,635)
Industrial and consumer loans	98,659	(766,750)
Real estate	(17,903)	4,813
Investment property	(7,765)	8,892
Deferred tax assets	(30,735)	90,159
Other assets	(88,930)	156,077
Allowance for possible loan losses	51	53
Total	1,354,425	316,734
Foreign currency denominated assets	864,432	336,588

(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, 2019	Fiscal year ended March 31, 2020
Cash, deposits and call loans	3.86	(0.01)
Monetary claims bought	1.11	0.89
Investment in securities	1.83	1.75
Domestic bonds	2.20	1.84
Domestic stocks	5.11	1.30
Foreign securities	0.99	1.72
Foreign bonds	0.96	1.77
Other foreign securities	1.23	1.35
Loans	1.12	0.89
Industrial and consumer loans	0.78	0.53
Real estate	2.94	3.12
Investment property	4.33	4.50
Total	1.64	1.56
Overseas investments	0.93	1.57

(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, 2019		Fiscal year ended March 31, 2020	
	Amount	Share	Amount	Share
Cash, deposits and call loans	1,282,354		1,304,516	
Monetary claims bought	284,961		347,881	
Investment in securities	24,492,284		25,492,081	
Domestic bonds	13,165,898		13,534,866	
Domestic stocks	963,279		1,013,668	
Foreign securities	10,270,272		10,752,960	
Foreign bonds	9,161,433		9,548,198	
Other foreign securities	1,108,838		1,204,761	
Loans	2,901,281		2,692,687	
Industrial and consumer loans	2,604,698		2,403,856	
Real estate	573,183		556,721	
Investment property	389,231		385,189	
Total	30,566,089		31,549,859	
Overseas investments	11,860,449		12,309,189	

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, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
National government bonds	9,979,710	38.4	9,975,756	37.2
Local government bonds	128,733	0.5	211,689	0.8
Corporate bonds	3,240,009	12.5	3,621,624	13.5
Public entity bonds	2,077,089	8.0	2,267,727	8.5
Foreign-currency-denominated bonds	444,724	1.7	549,151	2.0
Domestic stocks	1,868,704	7.2	1,718,821	6.4
Foreign securities	10,636,418	40.9	10,959,518	40.9
Foreign bonds	9,398,093	36.2	9,611,587	35.9
Foreign-currency-denominated bonds	7,831,640	30.1	7,985,172	29.8
Other foreign securities	1,238,325	4.8	1,347,930	5.0
Foreign-currency-denominated other securities	909,479	3.5	1,227,638	4.6
Other securities	128,231	0.5	303,462	1.1
Total	25,981,809	100.0	26,790,871	100.0
Foreign-currency-denominated securities	9,185,845	35.4	9,761,962	36.4

7. Securities by Maturity Date (General Account)

(As of March 31, 2019)

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	355,500	1,046,345	1,158,229	1,939,758	4,221,485	13,707,478	3,553,010	25,981,809
National government bonds	18,184	316,250	222,694	260,089	1,427,853	7,734,638	—	9,979,710
Local government bonds	4,003	—	2,805	6,015	—	115,908	—	128,733
Corporate bonds	31,933	90,793	222,797	264,570	471,271	1,822,337	336,305	3,240,009
Domestic stocks	—	—	—	—	—	—	1,868,704	1,868,704
Foreign securities	301,378	639,128	709,932	1,408,677	2,321,647	4,034,594	1,221,060	10,636,418
Foreign bonds	301,359	639,128	706,602	1,408,677	2,318,015	4,024,309	—	9,398,093
Other foreign securities	19	—	3,329	—	3,631	10,284	1,221,060	1,238,325
Other securities	—	174	—	404	713	—	126,938	128,231
Monetary claims bought	13,998	—	—	—	—	160,260	—	174,259
Negotiable certificates of deposit	386,779	—	—	—	—	—	—	386,779
Others	—	—	—	—	—	—	—	—
Total	756,279	1,046,345	1,158,229	1,939,758	4,221,485	13,867,739	3,553,010	26,542,848

(As of March 31, 2020)

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	551,068	809,023	1,241,082	2,382,331	5,120,099	12,989,790	3,697,476	26,790,871
National government bonds	134,999	353,716	138,970	550,265	2,372,877	6,424,926	—	9,975,756
Local government bonds	—	—	8,812	—	2,827	200,049	—	211,689
Corporate bonds	39,943	122,063	279,102	413,915	332,420	2,057,423	376,755	3,621,624
Domestic stocks	—	—	—	—	—	—	1,718,821	1,718,821
Foreign securities	376,124	333,068	814,197	1,417,489	2,410,747	4,307,390	1,300,499	10,959,518
Foreign bonds	376,106	329,803	812,292	1,412,694	2,400,849	4,279,840	—	9,611,587
Other foreign securities	18	3,264	1,904	4,795	9,897	27,549	1,300,499	1,347,930
Other securities	—	174	—	660	1,226	—	301,400	303,462
Monetary claims bought	23,998	—	—	—	—	169,072	—	193,071
Negotiable certificates of deposit	435,863	—	—	—	—	—	—	435,863
Others	—	—	—	—	—	—	—	—
Total	1,010,931	809,023	1,241,082	2,382,331	5,120,099	13,158,863	3,697,476	27,419,806

(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, 2019	As of March 31, 2020
Hokkaido	—	2,312
Tohoku	—	—
Kanto	67,567	86,522
Chubu	29,872	38,267
Kinki	14,670	42,538
Chugoku	115	8,141
Shikoku	—	—
Kyushu	16,508	33,906
Total	128,733	211,689

9. Bonds Yields (General Account)

%

Classification	As of March 31, 2019	As of March 31, 2020
Domestic bonds	1.70	1.65
Foreign bonds	3.03	2.95

10. Domestic Stocks by Industry (General Account)

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Fishery, agriculture and forestry	346	0.0	243	0.0
Mining	76	0.0	49	0.0
Construction	66,603	3.6	57,952	3.4
Manufacturing				
Food	71,668	3.8	71,436	4.2
Textiles and apparel	10,816	0.6	8,629	0.5
Pulp and paper	8,504	0.5	6,807	0.4
Chemicals	210,998	11.3	188,428	11.0
Pharmaceuticals	185,645	9.9	167,246	9.7
Oil and coal products	6,891	0.4	4,438	0.3
Rubber products	5,922	0.3	9,903	0.6
Glass and ceramic products	21,179	1.1	22,518	1.3
Iron and steel	19,679	1.1	11,213	0.7
Nonferrous metals	38,637	2.1	27,978	1.6
Metal products	8,273	0.4	6,423	0.4
Machinery	125,007	6.7	121,747	7.1
Electric appliances	212,089	11.3	195,553	11.4
Transportation equipment	47,199	2.5	60,834	3.5
Precision instruments	13,548	0.7	15,125	0.9
Other products	58,755	3.1	49,815	2.9
Electric power and gas	37,538	2.0	28,105	1.6
Transportation, information and communication				
Land transportation	214,023	11.5	159,013	9.3
Marine transportation	2,700	0.1	2,042	0.1
Air transportation	4,915	0.3	3,438	0.2
Warehousing and harbor transportation services	9,392	0.5	7,303	0.4
Information and communication	19,660	1.1	52,496	3.1
Trade and services				
Wholesale trade	108,329	5.8	116,705	6.8
Retail trade	24,775	1.3	22,638	1.3
Finance and insurance				
Banking	142,576	7.6	109,581	6.4
Securities and trading	4,920	0.3	3,727	0.2
Insurance	110,056	5.9	108,437	6.3
Other financial services	4,131	0.2	15,001	0.9
Real estate	28,228	1.5	21,592	1.3
Services	45,610	2.4	42,393	2.5
Total	1,868,704	100.0	1,718,821	100.0

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

11. Fair Value Information of Securities (General Account)

a. Net valuation gains (losses) on trading securities

Classification	As of March 31, 2019		As of March 31, 2020	
	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	—	5	—	—

(Note) Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2019 and 2020.

b. Fair value information of securities

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

Classification	As of March 31, 2019					As of March 31, 2020				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,799,665	2,132,194	332,529	332,529	(0)	1,725,807	2,049,016	323,208	323,213	(5)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	22,400	—	52,238	27,869	(24,369)	—	(24,369)
Available-for-sale securities	10,912,420	12,196,621	1,284,201	1,359,380	(75,178)	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	2,128,756	2,205,625	76,869	90,306	(13,437)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	996,146	1,595,204	599,057	679,946	(80,889)
Foreign securities	7,663,264	7,913,036	249,772	284,817	(35,044)	7,739,602	8,223,698	484,096	544,125	(60,028)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	6,967,667	7,459,975	492,308	529,922	(37,613)
Other foreign securities	479,091	490,100	11,008	11,353	(345)	771,934	763,722	(8,211)	14,203	(22,415)
Other securities	109,895	125,018	15,123	15,276	(153)	303,523	297,562	(5,960)	12,202	(18,163)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
Others	—	—	—	—	—	—	—	—	—	—
Total	24,419,588	28,197,967	3,778,379	3,861,372	(82,992)	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	996,146	1,595,204	599,057	679,946	(80,889)
Foreign securities	9,671,596	10,259,807	588,211	626,408	(38,196)	9,943,452	10,740,642	797,190	887,275	(90,085)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,119,279	9,949,050	829,771	873,072	(43,300)
Other foreign securities	512,265	545,674	33,408	33,753	(345)	824,173	791,591	(32,581)	14,203	(46,784)
Other securities	109,895	125,018	15,123	15,276	(153)	303,523	297,562	(5,960)	12,202	(18,163)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
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, 2019	As of March 31, 2020
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Investments in subsidiaries and affiliated companies	586,899	593,981
Available-for-sale securities	243,910	62,246
Unlisted domestic stocks (excluding over-the-counter stocks)	16,136	21,841
Unlisted foreign stocks (excluding over-the-counter stocks)	224,558	34,558
Unlisted foreign bonds	—	—
Others	3,215	5,845
Total	830,809	656,227

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)
 - Individual life insurance and individual annuity denominated in U.S. dollars
 - Individual life insurance and individual annuity denominated in Australian dollars (excluding individual annuity denominated in designated currency (single premium) with a 5 yearly payment of dividend of interest gains)
 - 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 (General Account)

(1) Money-held-in trusts for trading

Omitted as there are no ending balances for March 31, 2019 and 2020.

(2) Money-held-in trusts except for trading

Omitted as there are no ending balances for March 31, 2019 and 2020.

(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, 2019					As of March 31, 2020				
	Book value	Fair value	Net gains (losses)	Gains	Losses	Book value	Fair value	Net gains (losses)	Gains	Losses
Held-to-maturity debt securities	1,799,665	2,132,194	332,529	332,529	(0)	1,725,807	2,049,016	323,208	323,213	(5)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)
Investments in subsidiaries and affiliated companies	620,073	589,539	(30,534)	22,813	(53,348)	646,220	558,722	(87,497)	122	(87,619)
Available-for-sale securities	11,156,330	12,448,781	1,292,450	1,367,633	(75,182)	11,850,793	13,018,529	1,167,736	1,340,331	(172,595)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	2,128,756	2,205,625	76,869	90,306	(13,437)
Domestic stocks	855,727	1,764,045	908,317	946,912	(38,595)	1,017,988	1,617,046	599,057	679,946	(80,889)
Foreign securities	7,887,842	8,145,846	258,004	293,049	(35,045)	7,774,180	8,263,461	489,280	549,310	(60,029)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	6,967,667	7,459,975	492,308	529,922	(37,613)
Other foreign securities	703,670	722,910	19,240	19,586	(345)	806,513	803,485	(3,027)	19,388	(22,416)
Other securities	113,090	128,231	15,140	15,297	(156)	309,349	303,462	(5,887)	12,280	(18,167)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
Others	—	—	—	—	—	—	—	—	—	—
Total	25,250,397	28,984,092	3,733,694	3,870,039	(136,344)	26,252,070	29,658,384	3,406,313	3,677,764	(271,450)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)
Domestic stocks	960,387	1,868,704	908,317	946,912	(38,595)	1,119,763	1,718,821	599,057	679,946	(80,889)
Foreign securities	10,378,414	10,921,923	543,509	635,054	(91,545)	10,470,237	11,209,483	739,246	892,583	(153,337)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,119,279	9,949,050	829,771	873,072	(43,300)
Other foreign securities	1,219,084	1,207,790	(11,293)	42,400	(53,693)	1,350,958	1,260,433	(90,524)	19,511	(110,036)
Other securities	113,090	128,231	15,140	15,297	(156)	309,349	303,462	(5,887)	12,280	(18,167)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	184,619	193,071	8,451	8,486	(34)
Negotiable certificates of deposit	386,800	386,779	(20)	—	(20)	435,900	435,863	(36)	—	(36)
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 ¥44,684 million and loss of ¥57,870 million as of March 31, 2019 and 2020, respectively.

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

Millions of Yen

Classification	As of March 31, 2019	As of March 31, 2020
Net gains (losses) on real estate	139,387	159,807

(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) (General Account)

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

Millions of Yen

Classification	As of March 31, 2019						As of March 31, 2020					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	452	47,271	—	—	—	47,723	(515)	172,039	—	—	—	171,523
Hedge accounting not applied	—	(313)	(7)	—	1,232	912	—	(3,162)	697	—	(1,639)	(4,105)
Total	452	46,957	(7)	—	1,232	48,636	(515)	168,876	697	—	(1,639)	167,418

(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 ¥28,497 million and gains of ¥134,617 million in currency-related as of March 31, 2019 and 2020, respectively.

(2) Interest-related

Millions of Yen

Classification	Type	As of March 31, 2019				As of March 31, 2020			
		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	29,236	19,535	103	103	20,035	15,645	28	28
	Receipts floating, payments fixed	49,945	49,945	349	349	48,973	—	(544)	(544)
Total									(515)

(Notes) 1. Net gains (losses) represent the fair values.

(Reference) Details of interest rate swaps

Millions of Yen, %

Classification	As of March 31, 2020						
	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)	4,390	4,110	11,035	500	—	—	20,035
Average fixed rate (receipt)	0.43	1.43	1.20	0.16	—	—	1.05
Average floating rate (payment)	0.11	1.42	1.15	0.24	—	—	0.96
Notional amount (payments fixed, receipts floating)	48,973	—	—	—	—	—	48,973
Average fixed rate (payment)	2.68	—	—	—	—	—	2.68
Average floating rate (receipt)	2.47	—	—	—	—	—	2.47

(3) Currency-related

Millions of Yen

Classification	Type	As of March 31, 2019				As of March 31, 2020			
		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	7,364,537	437,618	35,203	35,203	9,733,616	1,191,995	155,729	155,729
	(U.S. dollar)	3,134,162	—	(39,862)	(39,862)	5,032,379	1,138,338	(46,419)	(46,419)
	(Euro)	2,416,954	—	73,198	73,198	2,884,417	—	31,661	31,661
	(Australian dollar)	1,413,999	437,618	4,886	4,886	1,070,479	53,656	111,582	111,582
	Bought	290,616	—	(6,908)	(6,908)	2,353,557	165,027	(22,613)	(22,613)
	(U.S. dollar)	22,550	—	124	124	1,188,828	—	1,595	1,595
	(Euro)	—	—	—	—	906,728	165,027	(1,971)	(1,971)
	(Australian dollar)	266,038	—	(7,036)	(7,036)	22,344	—	(1,519)	(1,519)
	Currency options								
	Sold								
	Call	172,500	—			220,250	—		
	(U.S. dollar)	[465]		425	39	[907]	—	1,783	(876)
		172,500	—			220,250	—		
		[465]		425	39	[907]		1,783	(876)
	Bought								
	Put	157,500	—			199,000	—		
	(U.S. dollar)	[1,585]		1,434	(151)	[1,986]	—	1,201	(784)
		157,500	—			199,000	—		
		[1,585]		1,434	(151)	[1,986]		1,201	(784)
	Currency swaps								
	(U.S. dollar)	37,806	37,806	(972)	(972)	37,806	37,806	(3,638)	(3,638)
	(Euro)	35,351	35,351	(893)	(893)	35,351	35,351	(3,656)	(3,656)
		2,454	2,454	(78)	(78)	2,454	2,454	18	18
Total					27,211				127,816

(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. Currency swaps excluded from disclosure as of March 31, 2019 include contract value in U.S. dollar of ¥400,833 million, fair value of ¥19,745 million and net gain of ¥19,745 million; and those as of March 31, 2020 include contract value in U.S. dollar of ¥413,840 million, fair value of ¥41,060 million and net gain of ¥41,060 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.

(4) Stock-related

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020				
		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								
	Bought	1,067	—	(7)	(7)	10,069	—	697	697
Total					(7)				697

(Note) Net gains (losses) represent the fair values.

(5) Bond-related

Omitted as there are no ending balances for March 31, 2019, and 2020.

(6) Others

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020				
		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	Multi-asset index options								
	Sold								
	Call	78,933	—			13,122	—		
		[34]		197	(163)	[337]		62	275
	Bought								
	Call	72,059	—			128,961	—		
		[1,567]		2,963	1,395	[2,816]		900	(1,915)
Total					1,232				(1,639)

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

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

12. Loans (General Account)

Millions of Yen

Classification	As of March 31, 2019	As of March 31, 2020
Policy loans	289,747	281,112
Policy holder loans	264,921	256,882
Premium loans	24,825	24,299
Industrial and consumer loans	2,585,222	1,818,472
[Loans to non-residents]	[59,945]	[48,973]
Corporate loans	1,606,471	1,588,214
[Corporate loans - domestic]	[1,556,525]	[1,539,241]
Loans to national, international and government-affiliated organizations	961,433	213,528
Loans to public entities	14,045	14,000
Housing loans	3,269	2,727
Consumer loans	3	2
Other loans	—	—
Total	2,874,970	2,099,584

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

(As of March 31, 2019)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Floating-rate loans	48,646	54,565	371	4,426	18,746	59,087	10,000	195,844
Fixed-rate loans	1,150,032	235,161	216,037	212,984	247,476	327,686	—	2,389,378
Total loans	1,198,679	289,727	216,408	217,410	266,223	386,774	10,000	2,585,222

(As of March 31, 2020)

Millions of Yen

Classification	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	No fixed maturity	Total
Floating-rate loans	95,433	259	1,392	17,472	7,561	52,376	10,000	184,494
Fixed-rate loans	334,849	231,740	201,631	218,987	209,458	437,310	—	1,633,977
Total loans	430,282	231,999	203,023	236,459	217,020	489,686	10,000	1,818,472

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

Number of borrowers, Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Share		Share	
	Number of borrowers	Amount of loans	Number of borrowers	Amount of loans
Large companies	176	77.2	177	75.6
	1,384,790	89.0	1,354,530	88.0
Medium-sized companies	1	0.4	—	—
	1,000	0.1	—	—
Small companies	51	22.4	57	24.4
	170,735	11.0	184,710	12.0
Total loans to domestic companies	228	100.0	234	100.0
	1,556,525	100.0	1,539,241	100.0

(Notes) 1. Classifications are defined as follows:

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

- Number of borrowers is the number of borrowers identified by name and is not the number of loans.
- The number of employees and the amount of paid-in capital are based on information available to the Company at the time of preparation of these materials.
- The services industry comprises the "rental and leasing services," "scientific, professional, and technical services," "lodging," "life-style and leisure," "education and training," "medical and welfare," and "other services."
- Size classifications are based on the classification of size used in the Bank of Japan's "Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industry)."

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

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Domestic	188,961	7.3	189,725	10.4
Manufacturing				
Food	12,142	0.5	12,132	0.7
Textiles and apparel	400	0.0	400	0.0
Wood, wood products	600	0.0	600	0.0
Pulp and paper	12,040	0.5	13,390	0.7
Printing	—	—	—	—
Chemicals	24,422	0.9	25,856	1.4
Oil and coal products	31,230	1.2	31,750	1.7
Ceramics, soil and stone	10,518	0.4	8,522	0.5
Iron and steel	44,800	1.7	46,300	2.5
Nonferrous metals	6,150	0.2	1,300	0.1
Metal products	190	0.0	148	0.0
General purpose, production, and industrial machinery	12,864	0.5	12,442	0.7
Electric appliances	20,442	0.8	20,738	1.1
Transportation equipment	9,522	0.4	14,546	0.8
Other manufacturing products	3,640	0.1	1,600	0.1
Agriculture and forestry	—	—	—	—
Fishery	—	—	—	—
Mining, quarrying and gravel mining	—	—	—	—
Construction	1,937	0.1	2,522	0.1
Electric power, gas, heat supply and waterworks	235,476	9.1	219,890	12.1
Information and communication	26,100	1.0	26,100	1.4
Logistics and postal services	147,288	5.7	156,332	8.6
Wholesale trade	397,950	15.4	371,850	20.4
Retail trade	4,452	0.2	5,983	0.3
Financing and insurance	301,805	11.7	305,737	16.8
Real estate	136,701	5.3	158,677	8.7
Rental and leasing services	115,634	4.5	108,111	5.9
Scientific, professional, and technical services	—	—	—	—
Lodging	1,000	0.0	—	—
Restaurants	—	—	—	—
Lifestyle and leisure	—	—	—	—
Education and training	—	—	—	—
Medical and welfare	—	—	—	—
Other services	9,091	0.4	9,091	0.5
Local organizations and public entities	45	0.0	—	—
Individuals (residential/consumption/local taxes/other)	3,272	0.1	2,729	0.2
Subtotal	2,525,277	97.7	1,769,498	97.3
Overseas				
Governments and public entities	10,000	0.4	—	—
Financial institutions	49,945	1.9	48,973	2.7
Commerce and industry	—	—	—	—
Subtotal	59,945	2.3	48,973	2.7
Total loans	2,585,222	100.0	1,818,472	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 loans to the Japanese government. (¥955.5 billion as of March 31, 2019; ¥212.7 billion as of March 31, 2020)

16. Loans by Use (General Account)

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Capital investments	238,254	9.2	211,373	11.6
Operations	1,022,288	39.5	1,027,876	56.5

(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, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Hokkaido	11,355	0.5	9,997	0.6
Tohoku	19,309	0.8	18,813	1.1
Kanto	2,161,029	85.7	1,439,883	81.5
Chubu	85,688	3.4	92,601	5.2
Kinki	171,143	6.8	149,672	8.5
Chugoku	26,609	1.1	21,001	1.2
Shikoku	10,100	0.4	5,100	0.3
Kyushu	36,770	1.5	29,700	1.7
Total	2,522,004	100.0	1,766,769	100.0

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

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

18. Loans by Collateral (General Account)

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Secured loans	16,221	0.6	14,177	0.8
Loans secured by securities	250	0.0	150	0.0
Loans secured by real estate, movables and foundations	15,971	0.6	14,027	0.8
Loans secured by personal guarantees	—	—	—	—
Guarantee loans	22,605	0.9	17,907	1.0
Fiduciary loans	2,543,123	98.4	1,783,658	98.1
Other loans	3,272	0.1	2,729	0.2
Industrial and consumer loans	2,585,222	100.0	1,818,472	100.0
Subordinated loans	117,000	4.5	117,000	6.4

19. Status of Risk-Monitored Loans

Millions of Yen, %

Classification	As of March 31, 2019	As of March 31, 2020
Loans to bankrupt borrowers	—	—
Loans in arrears	787	808
Loans in arrears for three months or longer	—	—
Restructured loans	—	—
Total	787	808
[Percentage of total loans]	[0.03]	[0.04]
[Percentage of total assets]	[0.00]	[0.00]

(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, 2019 and March 31, 2020 amounted to ¥21 million and ¥21 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, 2019	As of March 31, 2020
Bankrupt and quasi-bankrupt loans	—	—
Doubtful loans	813	835
Substandard loans	—	—
Subtotal	813	835
[Percentage of total]	[0.01]	[0.01]
Normal loans	6,323,020	6,026,957
Total	6,323,833	6,027,793

- (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, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Non-categorized	28,702	99.8	20,923	99.7
Category II	46	0.2	72	0.3
Category III	0	0.0	0	0.0
Category IV	—	—	—	—
Total loans	28,749	100.0	20,995	100.0

- (Notes) 1. ¥0 hundred million each in specific allowance for possible loan losses for loans in Category III were reported as of March 31, 2019 and 2020, 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, 2019 and 2020, respectively.

(Reference) Status of Allowance for possible loan losses

Classification	Hundred million Yen	
	As of March 31, 2019	As of March 31, 2020
Balance of specific allowance for possible loan losses	2	2
Balance of general allowance for possible loan losses	6	5
Total allowance for possible loan losses	8	8

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, 2019	As of March 31, 2020	
Solvency margin gross amount (A)	4,420,380	4,426,429	
Foundation funds and others	862,051	812,228	
Reserve for price fluctuation	744,447	787,547	
Contingency reserve	364,300	417,100	
General allowance for possible loan losses	616	597	
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	1,162,631	1,047,979	
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	77,337	96,069	
Excess of continued Zillmerized reserve	719,371	774,721	
Qualifying subordinated debt	499,924	499,924	
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—	
Deduction clause	(80,000)	(80,000)	
Others	69,699	70,261	
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	950,497	1,013,271	
Insurance risk	R ₁	68,818	66,661
Third-sector insurance risk	R ₈	60,561	63,072
Risk of assumed yield	R ₂	196,919	188,754
Minimum guarantee risk	R ₇ *	3,700	4,513
Investment risk	R ₃	719,832	789,230
Operational risk	R ₄	20,996	22,244
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	930.1%	873.6%	

* 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.

(Reference) Policy reserve valuation method and valuation ratio

Classification	As of March 31, 2019	As of March 31, 2020
Valuation method		
Policies applicable to standard policy reserves	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)
Policies not applicable to standard policy reserves	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)	100.0%	100.0%

(Notes) 1. Individual life insurance and annuities are applicable to valuation method and ratio. The above figures do not include policy reserves for group insurance and annuities, workers' asset-formation insurance and annuities, medical life insurance, and assumed reinsurance.

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.

●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.</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”)

	Item	Millions of Yen		
		As of March 31, 2019	As of March 31, 2020	
Qualifying subordinated debt	The amount represents the value of qualifying subordinated debt, a component of loans payable presented on the balance sheets, as stated below.			Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 4 Item 5 of the Public Notice No. 50
	The amount of qualifying subordinated debt ((i)+(ii)+(iii))	499,924	499,924	
	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)	499,924	499,924	
	The amount of exclusion (iii)	—	—	
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	The amount represents the excess of the value of the total amount of excess of continued Zillmerized reserve and qualifying subordinated debt (excluding specified qualifying subordinated debt as prescribed in Article 1 Paragraph 6 of the Public Notice No. 50) over the amount of core capacity for the payment of insurance claims (the total amount of foundation funds, reserve for price fluctuation, contingency reserve, the unallocated portion of dividend reserves and net unrealized losses on available-for-sale securities after deduction of the amount of deferred tax assets and the balance of unamortized commission associated with reinsurance contracts as stipulated in Article 1 Paragraph 5 of the Public Notice No. 50 to be excluded).			Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1 Paragraph 5 of the Public Notice No. 50
Deduction clause	The amount represents the total amount of the following items. A. The amount represents the value of "intentionally held" capital instruments as specified by the general supervisory guidance for insurance companies among all the capital instruments held by the Company issued by other insurance companies and financial institutions. B. The amount represents the balance of unamortized commission associated with reinsurance contacts as stipulated in Article 1-3 of the Public Notice No.50.			Article 86 Paragraph 1 Item 7 of the Ordinance and Article 1-2 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 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, 2019)

Classification	Millions of Yen, %						
	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	359,040	2,007	9,363 [3,178]	—	351,684	—	—
Buildings	200,987	7,272	11,049 [7,265]	12,796	184,413	388,233	67.7
Lease assets	344	7,811	99	1,268	6,787	5,466	44.6
Construction in progress	11,613	9,462	3,436	—	17,640	—	—
Other tangible fixed assets	4,242	2,622	99	1,398	5,367	20,433	79.1
Total	576,228	29,176	24,048	15,463	565,893	414,133	—

(As of March 31, 2020)

Classification	Millions of Yen, %						
	Beginning balance	Increase in the fiscal year	Decrease in the fiscal year	Depreciation in the fiscal year	Ending balance	Accumulated depreciation	Accumulated depreciation percentage
Land	351,684	9,774	815 [266]	—	360,643	—	—
Buildings	184,413	7,407	2,375 [248]	12,408	177,036	395,497	69.0
Lease assets	6,787	87	6	1,343	5,525	2,748	33.2
Construction in progress	17,640	4,533	1,301	—	20,871	—	—
Other tangible fixed assets	5,367	1,283	56	1,524	5,070	20,967	80.5
Total	565,893	23,086	4,555	15,276	569,148	419,213	—

(Note) Figures in [] under the "Decrease in the fiscal year" column indicate the amount of decrease due to impairment losses.

b. Amount of real estate and numbers held

Classification	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Amount of real estate	553,738	558,552
For business operations	172,758	168,679
For lease	380,980	389,872
Number of buildings held for leasing	93	89

24. Other Assets

(As of March 31, 2019)						Millions of Yen
Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance	
Deferred assets	24,412	35	192	23,694	717	
Others	4,756	2,362	8	0	4,756	
Total	29,168	2,398	200	23,694	5,473	

(As of March 31, 2020)						Millions of Yen
Type of asset	Acquisition cost	Increase in the fiscal year	Decrease in the fiscal year	Accumulated depreciation	Ending balance	
Deferred assets	22,312	29	84	21,650	662	
Others	23,556	33,988	15,188	0	23,556	
Total	45,869	34,017	15,273	21,650	24,218	

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

Classification		Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
Public bonds	National government bonds		—		—
	Local government bonds		—		—
	Public entity bonds		1,095		944
	Subtotal		1,095		944
Loans	Government-affiliated organizations		2,010,416		1,102,898
	Local organizations and public entities		9,000		5,000
	Subtotal		2,019,416		1,107,898
Total		2,020,511		1,108,842	

(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

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Foreign bonds	8,276,365	67.1	8,534,323	67.7
Other foreign securities	909,479	7.4	1,227,638	9.7
Cash, deposits and others	931,248	7.6	691,720	5.5
Net foreign currency denominated assets	10,117,094	82.1	10,453,682	82.9

● Foreign currency denominated assets with fixed yen value

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Loans	155,908	1.3	168,916	1.3
Cash, deposits and others	72,786	0.6	72,843	0.6
Net foreign currency denominated assets with fixed yen value	228,695	1.9	241,759	1.9

● Yen-denominated assets

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Foreign bonds	1,566,453	12.7	1,626,415	12.9
Other foreign securities	389,096	3.2	277,123	2.2
Loans to non-residents	10,000	0.1	—	—
Others	14,383	0.1	4,382	0.0
Net yen-denominated assets	1,979,933	16.1	1,907,921	15.1

● Total

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
Overseas loans and investments	12,325,723	100.0	12,603,363	100.0

(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.

b. Overseas loans and investments by geographic area

(As of March 31, 2019)

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	3,637,307	34.2	3,163,347	33.7	473,959	38.3	49,945	83.3
Europe	3,278,736	30.8	3,269,150	34.8	9,586	0.8	5,000	8.3
Oceania	468,747	4.4	468,747	5.0	—	—	—	—
Asia	93,816	0.9	2,129	0.0	91,686	7.4	—	—
Central and South America	2,843,476	26.7	2,180,384	23.2	663,092	53.5	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	3,705	0.0	3,705	0.0	—	—	—	—
International organizations	310,628	2.9	310,628	3.3	—	—	5,000	8.3
Total	10,636,418	100.0	9,398,093	100.0	1,238,325	100.0	59,945	100.0

(As of March 31, 2020)

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	4,248,785	38.8	3,689,348	38.4	559,437	41.5	48,973	100
Europe	3,039,756	27.7	3,021,100	31.4	18,655	1.4	—	—
Oceania	413,378	3.8	413,378	4.3	—	—	—	—
Asia	119,765	1.1	2,096	0.0	117,669	8.7	—	—
Central and South America	2,816,180	25.7	2,164,013	22.5	652,167	48.4	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	3,664	0.0	3,664	0.0	—	—	—	—
International organizations	317,985	2.9	317,985	3.3	—	—	—	—
Total	10,959,518	100.0	9,611,587	100.0	1,347,930	100.0	48,973	100.0

(Notes) 1. This table has been compiled based on the nationality of the issuers.

2. Foreign securities under Central and South America comprise bonds, preferred equity securities or foreign investment trusts, etc., issued by most 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/Asian/Oceania region.

c. Foreign currency dominated assets by currency

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Share	Amount	Share
U.S. Dollar	5,932,327	58.6	6,745,962	64.5
Euro	2,452,470	24.2	2,123,674	20.3
Australian Dollar	1,226,942	12.1	999,089	9.6
New Zealand Dollar	300,817	3.0	282,425	2.7
Polish Zloty	112,432	1.1	148,842	1.4
Vietnam Dong	33,182	0.3	52,247	0.5
Mexican Peso	—	—	45,949	0.4
Chinese Yuan	43,175	0.4	39,748	0.4
Indonesia Rupiah	15,726	0.2	15,722	0.2
Others	19	0.0	21	0.0
Total	10,117,094	100.0	10,453,682	100.0

Liabilities

1. Reserve for Outstanding Claims

Millions of Yen

Classification		As of March 31, 2019	As of March 31, 2020
Claims paid	Mortality insurance claims	53,193	53,607
	Accident insurance claims	1,056	1,639
	Serious disability insurance claims	3,433	3,584
	Maturity insurance amount	8,970	1,995
	Others	620	772
	Subtotal	67,274	61,598
Annuity payments		6,617	4,866
Benefits payments		24,153	24,553
Surrender benefits		8,183	8,269
Payments of benefits left to accumulate at interest		6,651	6,168
Total including other reserves		114,734	108,199

2. Policy Reserves

Millions of Yen

Classification		As of March 31, 2019	As of March 31, 2020
Policy reserves (excluding contingency reserves)	Individual life insurance	14,637,578	14,767,657
	[General account]	[14,577,791]	[14,714,822]
	[Separate account]	[59,786]	[52,834]
	Individual annuities	8,426,127	8,661,003
	[General account]	[8,263,097]	[8,581,730]
	[Separate account]	[163,029]	[79,272]
	Group insurance	15,827	15,860
	[General account]	[15,827]	[15,860]
	[Separate account]	[—]	[—]
	Group annuities	2,589,611	2,573,891
	[General account]	[1,991,240]	[1,991,197]
	[Separate account]	[598,371]	[582,694]
	Others	205,445	200,552
	[General account]	[205,445]	[200,552]
	[Separate account]	[—]	[—]
Subtotal	25,874,590	26,218,965	
[General account]	[25,053,402]	[25,504,163]	
[Separate account]	[821,187]	[714,801]	
Contingency reserves		364,300	417,100
Total		26,238,890	26,636,065
[General account]		[25,417,702]	[25,921,263]
[Separate account]		[821,187]	[714,801]

3. Policy Reserve Balance

(As of March 31, 2019)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total
Balance	23,916,163	1,958,426	—	364,300	26,238,890

(As of March 31, 2020)

Millions of Yen

Classification	Insurance reserve funds	Unearned insurance premiums	Refund reserve	Contingency reserves	Total
Balance	24,410,254	1,808,710	—	417,100	26,636,065

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, 2019	As of March 31, 2020
Valuation method	Policies applicable to standard policy reserves	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)	The method specified by the Commissioner of Financial Services Agency (Ministry of Finance Public Notice No. 48 of 1996)
	Policies not applicable to standard policy reserves	Net level premium method	Net level premium method
Valuation ratio (excluding contingency reserves)		100.0%	100.0%

(Notes) 1. Individual life insurance and annuities are applicable to valuation method and ratio. The above figures do not include policy reserves for group insurance and annuities, workers' asset-formation insurance and annuities, medical life insurance, and assumed reinsurance.

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	109,364	4.00% – 5.00%
1981 – 1985	351,528	5.00% – 5.50%
1986 – 1990	1,837,212	5.50%
1991 – 1995	3,112,142	3.75% – 5.50%
1996 – 2000	1,295,261	2.00% – 2.75%
2001 – 2005	1,212,123	1.50%
2006 – 2010	3,141,745	1.00% – 1.50%
2011	1,046,950	1.00% – 1.50%
2012	1,582,915	1.00% – 1.50%
2013	1,054,159	0.50% – 1.00%
2014	1,176,818	0.50% – 1.00%
2015	1,626,029	0.50% – 1.00%
2016	2,231,004	0.25% – 1.00%
2017	1,267,215	0.25% – 3.75%
2018	1,173,814	0.25% – 3.95%
2019	1,078,265	0.25% – 3.55%

(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 2020.

○ 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	59.6%	65.1%
Of which, the general medical riders group	51.3%	57.0%
Of which, the specified severe lifestyle disease coverage group	72.3%	81.5%
Of which, the lifestyle disability coverage group	67.0%	91.9%

As a result of the stress test conducted at the closing of the fiscal year ended March 31, 2020, no group was found to have insufficient reserves.

The balance of insurance reserve funds additionally accumulated and earmarked for part of the third-sector insurances as of March 31, 2020 was ¥6,903 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, 2019	As of March 31, 2020
Policy reserve balance (General account)	1,737	651

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 ¥1,259 million was deducted at March 31, 2020 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) (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, 2019)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	221,199	12,240	1,256	214	607	29	235,548
Transfer from surplus in the previous fiscal year	9,191	196	41,138	2,051	0	226	52,804
Interest accrued during the fiscal year	34	0	0	—	0	0	35
Dividend payments to policyholders during the fiscal year	17,811	951	40,801	2,182	78	238	62,064
Ending balance	212,610	11,488	1,594	84	529	16	226,323
	[209,328]	[10,332]	[314]	[—]	[526]	[9]	[220,511]

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Beginning balance	212,610	11,488	1,594	84	529	16	226,323
Transfer from surplus in the previous fiscal year	12,113	643	36,181	1,204	0	142	50,285
Interest accrued during the fiscal year	31	0	0	—	0	0	32
Dividend payments to policyholders during the fiscal year	17,302	920	35,503	1,219	61	147	55,155
Ending balance	207,451	11,213	2,272	68	467	11	221,485
	[203,920]	[10,322]	[307]	[—]	[463]	[7]	[215,022]

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

8. Allowance for Possible Loan Losses and Other Reserves

(Fiscal year ended March 31, 2019)

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	717	616	(101)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	203	253	49	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		32,082	19,371	(12,710)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		656,947	744,447	87,500	Reserve for price fluctuations is recorded based on the provisions of Article 115 of the Insurance Business Act.

(Fiscal year ended March 31, 2020)

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	616	597	(19)	Allowance for possible loan losses is recorded to cover bad-debt loss.
	Specific allowance for possible loan losses	253	219	(34)	
	Allowance for specific overseas debt	—	—	—	
Accrued retirement benefits		19,371	10,730	(8,640)	Accrued retirement benefits are recorded based on "Accounting Standard for Retirement Benefits."
Reserve for price fluctuations		744,447	787,547	43,100	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, 2019	As of March 31, 2020
Amount of provision	289	254
Amount of reversal (Excluding reversal accompanying write-off)	226	279
Net provision	62	(25)

10. Status of Allowance for Specific Overseas Debt

a. Allowance for specific overseas debt

Omitted as there are no ending balances for March 31, 2019 and 2020.

b. Balance of debt by creditor countries

Omitted as there are no ending balances for March 31, 2019 and 2020.

11. Loans payable by Due Date

(As of March 31, 2019)

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	—	—	—	—	—	499,924	499,924

(As of March 31, 2020)

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	—	—	—	—	—	50,000	50,000
Corporate bonds	—	—	—	—	—	449,924	449,924

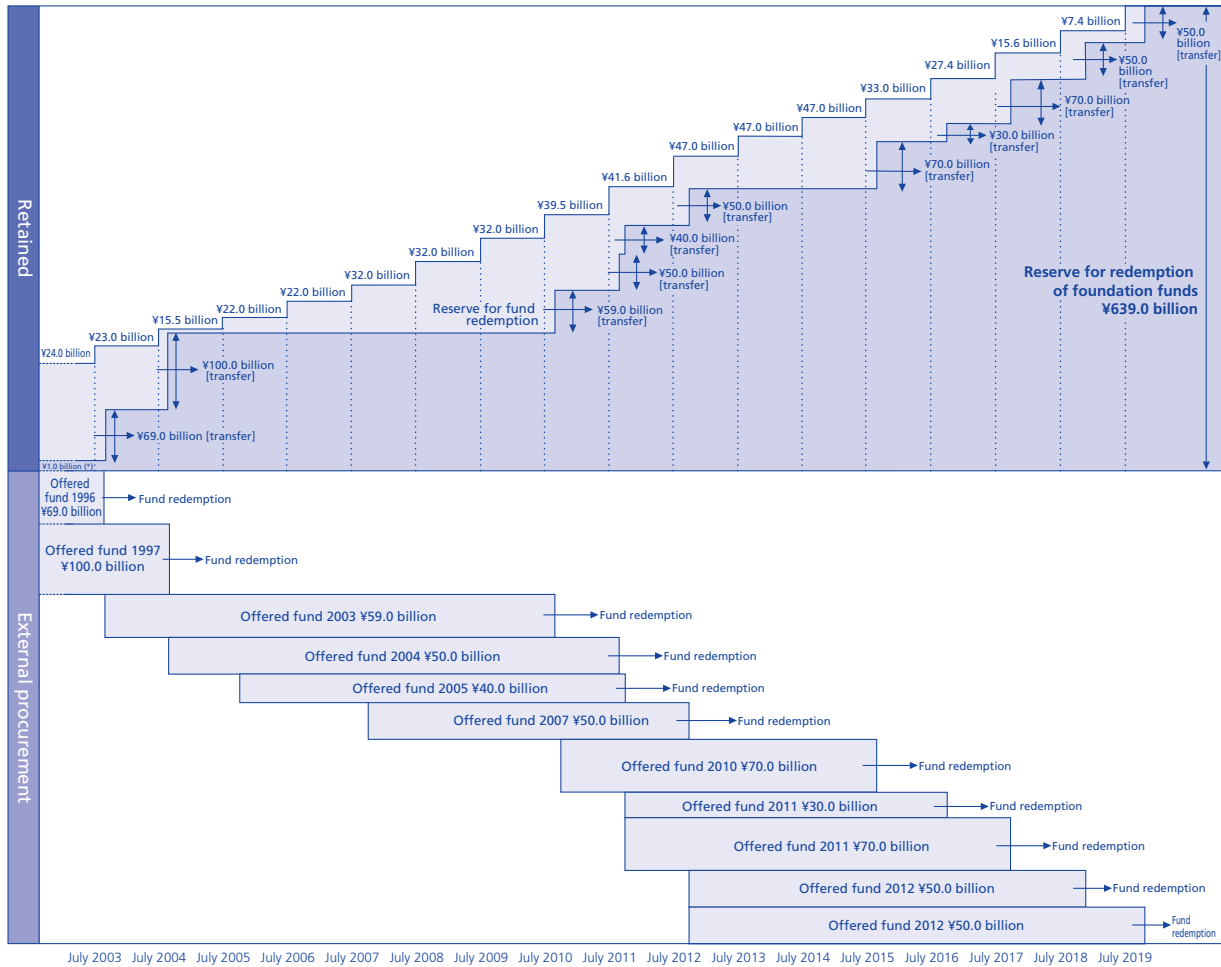
Net Assets

1. Status of Foundation Funds (Kikin)

Total foundation funds (the total of foundation funds and reserve for redemption of foundation funds) as of March 31, 2020 was ¥639.0 billion.

Fund redemption history

The following diagram shows the history of accumulation of reserve for fund redemption, transfer to the reserve for redemption of foundation funds and fund redemption.



*The minimum fund amount as stipulated in the Insurance Business Act is ¥1.0 billion.

Insurance-related Income

1. Insurance Premiums

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Individual life insurance	1,552,022	1,387,738
(Lump-sum payment)	516,339	391,320
(Annual payment)	161,985	142,950
(Semiannual payment)	5,215	4,761
(Monthly payment)	868,481	848,706
Individual annuities	535,372	531,669
(Lump-sum payment)	79,550	67,961
(Annual payment)	144,578	158,093
(Semiannual payment)	3,477	3,290
(Monthly payment)	307,766	302,324
Group insurance	93,938	88,150
Group annuities	202,890	196,751
Total including other premiums	2,402,089	2,221,182

(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, 2019)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	291,079	4,615	39,307	—	—	1	335,004
Accident	4,475	13	55	—	55	—	4,600
Serious disability	6,664	38	3,204	—	—	—	9,907
Maturity	282,563	4	—	—	1,153	—	283,721
Others	2,938	1	—	3,269	—	—	6,209
Total	587,721	4,671	42,568	3,269	1,209	1	639,442

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	305,615	4,079	40,167	—	—	1	349,864
Accident	4,768	10	65	—	65	—	4,909
Serious disability	6,532	17	3,056	—	—	—	9,606
Maturity	239,169	1	—	—	1,060	—	240,231
Others	3,645	1	—	—	—	—	3,646
Total	559,731	4,109	43,289	—	1,126	1	608,258

b. Number of policies

(Fiscal year ended March 31, 2019)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	59,111	842	39,722	—	—	158	99,833
Accident	845	3	148	—	6	—	1,002
Serious disability	890	6	2,699	—	—	—	3,595
Maturity	70,097	69	—	—	1,401	—	71,567
Others	5,604	2	—	—	—	—	5,606
Total	136,547	922	42,569	—	1,407	158	181,603

(Fiscal year ended March 31, 2020)

Number of claims

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Mortality	62,971	715	38,978	—	—	120	102,784
Accident	886	1	160	—	5	—	1,052
Serious disability	903	3	2,638	—	—	—	3,544
Maturity	57,125	42	—	—	1,293	—	58,460
Others	6,808	1	—	—	—	—	6,809
Total	128,693	762	41,776	—	1,298	120	172,649

3. Annuity Payments

a. Amount

(Fiscal year ended March 31, 2019)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	444,700	481	54,887	4,065	—	504,134

(Fiscal year ended March 31, 2020)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	430,133	437	53,650	3,838	—	488,059

b. Number of policies

(Fiscal year ended March 31, 2019)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	595,853	21,068	2,048,129	13,487	—	2,678,537

(Fiscal year ended March 31, 2020)

Number of policies

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
—	599,573	19,786	2,027,929	12,917	—	2,660,205

4. Benefits Payments

a. Amount

(Fiscal year ended March 31, 2019)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	26,841	8,494	5	—	285	—	35,628
Hospitalization benefits	64,471	638	89	—	—	61	65,261
Surgical benefits	32,334	640	—	—	—	15	32,990
Disability benefits	4,763	9	33	—	—	—	4,806
Survival benefits	42,413	268	—	—	382	—	43,064
Others	4,562	0	1	108,496	45	3	113,110
Total	175,387	10,052	130	108,496	713	80	294,861

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	34,658	7,917	6	—	266	—	42,849
Hospitalization benefits	64,306	623	89	—	—	55	65,074
Surgical benefits	32,749	638	—	—	—	24	33,413
Disability benefits	4,800	10	27	—	—	—	4,839
Survival benefits	38,050	296	—	—	448	—	38,794
Others	6,644	4	1	115,257	66	2	121,977
Total	181,210	9,491	123	115,257	781	82	306,947

b. Number of policies

(Fiscal year ended March 31, 2019)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	17,044	3,683	413	—	62	—	21,202
Hospitalization benefits	846,128	8,635	3,471	—	—	6,744	864,978
Surgical benefits	411,537	8,083	—	—	—	1,752	421,372
Disability benefits	58,720	138	115	—	—	—	58,973
Survival benefits	137,758	1,347	—	—	159	—	139,264
Others	25,237	5	222	482,815	84	105	508,468
Total	1,496,424	21,891	4,221	482,815	305	8,601	2,014,257

(Fiscal year ended March 31, 2020)

Number of policies

Classification	Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
Death benefits	18,809	3,675	436	—	76	—	22,996
Hospitalization benefits	857,881	8,340	3,186	—	—	6,739	876,146
Surgical benefits	428,455	8,051	—	—	—	2,773	439,279
Disability benefits	60,166	135	117	—	—	—	60,418
Survival benefits	131,287	1,503	—	—	159	—	132,949
Others	34,744	14	122	492,738	111	57	527,786
Total	1,531,342	21,718	3,861	492,738	346	9,569	2,059,574

5. Surrender Benefits

(Fiscal year ended March 31, 2019)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
288,143	64,959	—	85,923	18,499	—	457,526

(Fiscal year ended March 31, 2020)

Millions of Yen

Individual life insurance	Individual annuities	Group insurance	Group annuities	Workers' asset-formation insurance and annuities	Other insurance	Total
310,949	74,076	—	26,192	17,776	—	428,994

Investment-related Income

1. Investment Income (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Interest, dividends, and other income	638,543	639,439
Gains on sales of securities	100,357	86,022
Gains on redemption of securities	—	13,534
Foreign exchange gains	4,432	—
Reversal of allowance for possible loan losses	38	44
Other investment income	832	1,022
Total	744,204	740,064

2. Investment Expenses (General Account)

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Interest expenses	28,850	24,529
Losses on trading securities	25	—
Losses on sales of securities	92,827	14,782
Losses on valuation of securities	2,746	52,233
Losses on redemption of securities	—	4,028
Losses on derivative financial instruments	99,104	118,531
Foreign exchange losses	—	11,416
Depreciation of real estate for investments	8,611	8,601
Other investment expenses	11,983	12,380
Total	244,150	246,503

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

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Interest on deposits	17,575	13,656
Interest and dividends on securities	541,597	549,407
Interest on domestic bonds	222,927	220,952
Domestic stock dividends	46,182	45,811
Interest and dividends on foreign securities	269,717	276,757
Interest on loans	30,851	27,182
Interest on industrial and consumer loans	18,755	15,770
Rent revenue from real estate	35,338	35,206
Total including other income	638,543	639,439

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

Millions of Yen

Fiscal Year ended March 31, 2020	Increase (decrease) in balance	Increase (decrease) in interests	Total increase (decrease)
Interest, dividends, and other income	20,247	(19,351)	895
Cash, deposits and call loans	266	(5,428)	(5,161)
Securities	21,684	(14,074)	7,810
Loans	(2,172)	(1,497)	(3,669)
Real estate	(1,026)	894	(132)

5. Gains on Sales of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Domestic bonds including national government bonds	80,132	41,038
Domestic stocks and others	13,049	8,177
Foreign securities	7,175	36,807
Total including other gains on sales of securities	100,357	86,022

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

Classification	Millions of Yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Tangible fixed assets	1,031	198
Land	828	38
Buildings	203	159
Lease assets	—	—
Other assets	—	—
Intangible fixed assets	—	—
Others	—	—
Total	1,031	198

7. Losses on Sales of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Domestic bonds including national government bonds	3,440	186
Domestic stocks and others	2,593	9,654
Foreign securities	86,792	4,940
Total including other losses on sales of securities	92,827	14,782

8. Losses on Valuation of Securities (General Account)

Classification	Millions of Yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Domestic bonds including national government bonds	—	—
Domestic stocks and others	1,453	36,524
Foreign securities	1,293	15,709
Total including other losses on valuations of securities	2,746	52,233

9. Write-off of Loans (General Account)

No loans have been written off in the fiscal year ended March 31, 2019 and 2020.

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

(Fiscal year ended March 31, 2019)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	381,150	8,562	258,659	122,490	67.8%
Buildings	380,202	8,538	257,763	122,438	67.7%
Other tangible fixed assets	948	23	896	51	94.5%
Intangible fixed assets	1	0	1	0	76.0%
Others	1,436	49	804	631	56.0%
Total	382,588	8,611	259,466	123,122	67.8%

(Fiscal year ended March 31, 2020)

Millions of Yen

Classification	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	381,894	8,553	264,051	117,843	69.1%
Buildings	380,954	8,533	263,157	117,797	69.0%
Other tangible fixed assets	940	20	894	45	95.1%
Intangible fixed assets	0	0	0	0	70.4%
Others	1,396	48	813	583	58.2%
Total	383,292	8,601	264,865	118,426	69.1%

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

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Tangible fixed assets	2,809	1,931
Land	1,438	293
Buildings	1,191	1,578
Lease assets	99	6
Other assets	79	52
Intangible fixed assets	14	0
Others	122	21
Total	2,946	1,952

Others

1. Depreciation

(Fiscal year ended March 31, 2019)

Classification	Millions of Yen				
	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	229,551	6,901	155,473	74,077	67.7%
Buildings	192,444	4,257	130,470	61,974	67.7%
Lease assets	12,254	1,268	5,466	6,787	44.6%
Other tangible fixed assets	24,852	1,374	19,536	5,316	78.6%
Intangible fixed assets	127,391	8,339	89,862	37,529	70.5%
Others	22,976	30	22,889	86	99.6%
Total	379,919	15,271	268,226	111,693	70.6%

(Fiscal year ended March 31, 2020)

Classification	Millions of Yen				
	Acquisition cost	Depreciation in the fiscal year	Accumulated depreciation	Ending balance	Accumulated depreciation percentage
Tangible fixed assets	224,951	6,723	155,162	69,789	68.9%
Buildings	191,579	3,875	132,339	59,239	69.0%
Lease assets	8,274	1,343	2,748	5,525	33.2%
Other tangible fixed assets	25,098	1,504	20,073	5,024	79.9%
Intangible fixed assets	139,269	10,259	99,847	39,422	71.6%
Others	20,915	24	20,836	79	99.6%
Total	385,137	17,007	275,845	109,291	71.6%

2. Operating Expenses

Classification	Millions of Yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Marketing operations	111,831	106,129
Marketing administration	61,814	59,452
General and administrative expenses	154,306	154,453
Total	327,952	320,034

(Note) Of general and administrative expenses, contributions to the Life Insurance Policyholders Protection Corporation of Japan were ¥2,728 million and ¥2,692 million in the fiscal year ended March 31, 2019 and 2020, respectively.

3. Tax Expenses

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
National tax	13,878	14,658
Consumption tax	11,520	12,446
Special local corporate tax	2,125	1,965
Documentary stamp tax	231	212
Registration and license tax	0	1
Other national tax	0	33
Local tax	10,335	10,102
Local consumption tax	3,107	3,435
Corporate enterprise tax	5,091	4,711
Fixed asset tax	1,545	1,523
Real-estate acquisition tax	155	1
Corporate income tax	430	428
Other local tax	4	1
Total	24,213	24,760

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, 2019 and 2020.

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

Omitted as there are no ending balances for March 31, 2019 and 2020.

c. Lease fees paid, depreciation and interest expenses

Omitted as there are no ending balances for March 31, 2019 and 2020.

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, 2019		As of March 31, 2020			
		Policies	Amount	Policies	Amount		
Death protection	Death protection due to illness/accident	Individual life insurance	8,225	66,392,592	8,102	61,741,914	
		Individual annuities	—	—	—	—	
		Group insurance	22,500	32,213,552	22,307	32,443,897	
		Group annuities	—	—	—	—	
		Total including other types	30,726	98,606,144	30,410	94,185,811	
	Death protection due to accident	Individual life insurance	[7,309]	[17,388,301]	[7,038]	[16,324,091]	
		Individual annuities	[37]	[169,376]	[31]	[141,748]	
		Group insurance	[2,455]	[816,293]	[2,421]	[808,278]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[9,802]	[18,373,972]	[9,491]	[17,274,119]	
	Death protection due to specific causes	Individual life insurance	[0]	[9]	[0]	[6]	
		Individual annuities	[—]	[—]	[—]	[—]	
Group insurance		[63]	[32,353]	[63]	[31,171]		
Group annuities		[—]	[—]	[—]	[—]		
	Total including other types	[63]	[32,362]	[63]	[31,177]		
Pure endowment	Maturity and survival benefits	Individual life insurance	201	376,618	199	367,127	
		Individual annuities	2,711	13,691,944	2,669	13,445,755	
		Group insurance	0	93	0	124	
		Group annuities	—	—	—	—	
		Total including other types	2,919	14,087,632	2,875	13,830,477	
	Annuity	Individual life insurance	[—]	[—]	[—]	[—]	
		Individual annuities	[3,246]	[1,914,399]	[3,204]	[1,881,764]	
		Group insurance	[6]	[441]	[6]	[412]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[3,265]	[1,918,905]	[3,222]	[1,885,988]	
	Others	Individual life insurance	—	—	[—]	[—]	
		Individual annuities	535	1,614,070	535	1,619,553	
		Group insurance	6	2,787	6	2,579	
		Group annuities	6,370	2,589,611	6,392	2,573,891	
		Total including other types	6,981	4,392,900	6,998	4,379,071	
	Hospitalization coverage	Coverage for hospitalization due to accident	Individual life insurance	[4,840]	[29,335]	[4,719]	[28,400]
			Individual annuities	[97]	[463]	[90]	[428]
			Group insurance	[1,294]	[1,093]	[1,274]	[1,099]
Group annuities			[—]	[—]	[—]	[—]	
		Total including other types	[6,460]	[31,004]	[6,309]	[30,037]	
Coverage for hospitalization due to illness		Individual life insurance	[4,833]	[29,200]	[4,714]	[28,289]	
		Individual annuities	[96]	[454]	[88]	[420]	
		Group insurance	[12]	[55]	[13]	[58]	
		Group annuities	[—]	[—]	[—]	[—]	
		Total including other types	[5,170]	[29,821]	[5,041]	[28,875]	
Coverage for hospitalization due to other causes		Individual life insurance	[8,396]	[226,386]	[8,139]	[224,962]	
		Individual annuities	[37]	[305]	[34]	[286]	
	Group insurance	[65]	[63]	[65]	[66]		
	Group annuities	[—]	[—]	[—]	[—]		
	Total including other types	[8,560]	[226,788]	[8,302]	[225,348]		

- (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, 2019	As of March 31, 2020
Disability coverage	Individual life insurance	6,175,051	5,997,732
	Individual annuities	29,201	27,469
	Group insurance	2,220,134	2,179,762
	Group annuities	—	—
	Total including other types	8,424,386	8,204,963
Surgical coverage	Individual life insurance	5,944,465	5,673,454
	Individual annuities	119,106	110,178
	Group insurance	—	—
	Group annuities	—	—
	Total including other types	6,125,684	5,846,942

2. Annualized Premiums

a. Policies in force

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	1,529,812	(0.3)	1,512,641	(1.1)
Individual annuities	795,010	(0.1)	789,927	(0.6)
Total	2,324,822	(0.2)	2,302,569	(1.0)
Living benefits, medical coverage, and others	553,194	1.2	556,475	0.6

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

Classification	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Amount	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	100,847	(7.1)	81,759	(18.9)
Individual annuities	25,682	12.8	28,026	9.1
Total	126,529	(3.7)	109,785	(13.2)
Living benefits, medical coverage, and others	45,267	0.0	38,445	(15.1)

- (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, dementia 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, 2019				As of March 31, 2020			
	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)	Policies	Rate of increase (decrease)	Amount	Rate of increase (decrease)
Individual life insurance	8,427	(0.7)	66,769,210	(6.9)	8,302	(1.5)	62,109,041	(7.0)
Individual annuities	3,246	(1.3)	15,306,014	(2.0)	3,204	(1.3)	15,065,308	(1.6)
Group insurance	—	—	32,216,432	1.0	—	—	32,446,601	0.7
Group annuities	—	—	2,589,611	(1.3)	—	—	2,573,891	(0.6)

- (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.
3. The group insurance for three major diseases does not provide death protection, so it is not recorded in the policies in force of group insurance above. The insurance amounts for three major diseases of the group insurance policies for three major diseases were ¥113,984 million and ¥201,059 million as of March 31, 2019 and 2020, respectively.

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

Classification	Fiscal year ended March 31, 2019						Fiscal year ended March 31, 2020					
	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	703	(7.9)	1,497,439	455.9	2,502,873	(1,005,434)	602	(14.4)	1,023,326	(31.7)	1,843,342	(820,015)
Individual annuities	91	(18.3)	373,814	(16.4)	379,283	(5,468)	98	7.9	422,042	12.9	426,196	(4,154)
Group insurance	—	—	96,090	179.6	96,090	—	—	—	121,406	26.3	121,406	—
Group annuities	—	—	43	39.9	43	—	—	—	12	(71.5)	12	—

- (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.
5. The group insurance for three major diseases does not provide death protection, so it is not recorded in the new policies of group insurance above. The insurance amounts for three major diseases of new policies of group insurance for three major diseases were ¥114,890 million and ¥89,513 million in the fiscal years ended March 31, 2019 and 2020, respectively.

4. Trends and Transitions of Policies in Force

			Thousand policies, millions of yen					
			As of March 31, 2019			As of March 31, 2020		
	Classification		Policies	Insurance amount	Annualized premiums	Policies	Insurance amount	Annualized premiums
Individual life insurance	Mortality insurance	Whole life insurance	1,709	9,414,087	393,368	1,720	9,535,856	402,482
		Whole life insurance substandard disclosure	141	118,967	23,259	141	121,729	22,912
		Whole life insurance covering nursing care	85	413,865	10,594	90	429,732	11,125
		Whole life insurance with variable assumed interest rate	157	962,294	80,247	151	935,134	76,562
		Whole life insurance denominated in designated currency	70	446,796	34,851	78	557,680	39,721
		Total whole life insurance including other types	2,211	11,560,374	546,230	2,235	11,805,541	558,683
		Whole life insurance with term rider	1,443	14,852,207	185,109	1,348	12,782,002	163,692
		Whole life insurance with variable accumulation rate	2,541	30,461,371	508,804	2,447	27,071,534	493,543
		Term life insurance	67	1,786,357	33,938	62	1,670,666	31,897
		Total term life insurance including other types	115	1,960,717	36,898	107	1,832,766	34,664
	Riders combination insurance	373	4,142,957	54,415	488	5,291,693	72,669	
	Medical whole life insurance	513	119,117	70,182	541	123,255	74,312	
	Medical term life insurance	482	282,730	26,437	467	268,246	26,291	
	Total including other types	7,758	64,210,576	1,432,967	7,709	59,929,071	1,428,386	
	Life and mortality insurance	Endowment insurance	264	1,144,862	45,681	213	907,047	36,268
		Endowment insurance with term rider	35	362,389	3,815	27	288,022	3,027
		Term life insurance with survival benefits	139	495,540	19,447	133	464,628	18,474
		Juvenile insurance	222	502,952	26,705	213	473,271	25,401
		Total including other types	662	2,514,639	95,654	587	2,141,371	83,175
	Pure endowment		6	43,994	1,190	5	38,598	1,079
Subtotal (1)		8,427	66,769,210	1,529,812	8,302	62,109,041	1,512,641	
Individual annuities	Individual fixed annuities	Individual annuities	587	3,116,108	190,216	561	2,944,408	187,224
		Annuities focused on survival coverage	2,446	11,580,372	480,405	2,442	11,514,785	487,609
		Individual annuities denominated in designated currency	14	81,252	9,842	24	139,131	16,810
		Individual annuities denominated in designated currency with variable assumed interest rate	—	—	—	10	36,461	1,867
		Total including other types	3,084	14,909,254	703,511	3,073	14,773,403	716,289
	Individual variable annuities	162	396,759	91,498	130	291,905	73,638	
Subtotal (2)		3,246	15,306,014	795,010	3,204	15,065,308	789,927	
(1) + (2) Total		11,673	82,075,224	2,324,822	11,506	77,174,350	2,302,569	

			Thousand policies, millions of yen			
			As of March 31, 2019		As of March 31, 2020	
	Classification		Policies	Amount	Policies	Amount
Group insurance	Group term life insurance		8,176	5,353,917	8,111	5,256,128
	General welfare group term life insurance		3,796	9,305,415	3,827	9,610,393
	Group credit life insurance		10,370	17,519,377	10,147	17,543,984
	Consumer credit group insurance		41	8,735	40	7,700
	Group whole life insurance		0	56	0	51
	Life insurance for sustainers of disabled		42	26,050	41	25,638
	Group insurance for three major diseases		115	113,984	181	201,059
	Annuities rider		6	2,880	6	2,704
	Subtotal		22,507	32,216,432	22,313	32,446,601
	Group annuities	Corporate pension plans		0	255	0
New corporate pension plans			3,995	75,698	4,042	76,007
Insured contributory pension plans			2,362	788,208	2,348	785,862
Employees' pension fund insurance			10	178	0	104
National pension fund insurance			—	10	—	—
Defined benefit corporate pension plans			—	1,618,600	—	1,600,720
Defined contribution pension plans			—	106,658	—	110,935
Subtotal		6,370	2,589,611	6,392	2,573,891	
Workers' asset formation insurance		56	164,954	53	162,797	
Workers' asset formation annuities		19	40,453	18	37,719	
Medical life insurance		166	78	160	74	
Assumed reinsurance		62	32	63	33	

		Thousand policies, millions of yen			
		As of March 31, 2019		As of March 31, 2020	
Classification		Policies	Amount	Policies	Amount
Hospitalization/ accident riders	Accident rider with extra premium	1,368	6,133,248	1,308	5,741,881
	Accident coverage rider	6	8,586	4	6,338
	Personal accident rider	2,921	10,245,820	2,791	9,727,740
	Accident injury rider	3,257	168,637	3,211	166,385
	General medical rider	2,650	17,109	2,652	16,981
	Hospitalization due to accident rider	1,139	6,727	1,000	5,863
	Hospitalization due to illness rider	1,257	7,124	1,118	6,282
	Hospitalization due to adult disease rider	1,708	7,930	1,620	7,462
	Hospitalization due to other causes rider	6,704	218,637	6,535	217,671
	Advanced medical treatment rider	3,563	—	3,537	—
	Cancer diagnosis rider	1,755	1,060,389	1,881	1,137,661
	Cancer medication rider	1,821	112,344	1,960	120,715

- (Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, workers' asset formation annuities, medical life insurance and assumed reinsurance each represents respective number of insured persons.
2. Number of policies for life insurance for sustainers of disabled is not included in the subtotal. Also, the amount for the group insurance for three major diseases represents the insurance amount for three major diseases, and is not included in the subtotal.
3. The "Insurance amount" and "Amount" columns show principal amounts of coverage.
- 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.
 - Group annuities and workers' asset formation insurance show respective policy reserves.
 - 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.
 - Medical life insurance and assumed reinsurance show the amount of daily hospital benefit.
4. 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).
5. Amount of accident injury rider shows the amount of benefit, while hospitalization riders show daily hospital benefit.
6. Accident coverage rider includes traffic accident rider.
7. Hospitalization due to illness rider includes substandard medical rider.

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

Thousand policies, millions of yen

			Fiscal year ended March 31, 2019			Fiscal year ended March 31, 2020			
Classification			Policies	Insurance amount	Annualized premiums	Policies	Insurance amount	Annualized premiums	
Individual life insurance	Mortality insurance	Whole life insurance	83	360,522	31,222	67	306,783	26,097	
		Whole life insurance substandard disclosure	36	22,008	5,122	19	15,541	2,703	
		Whole life insurance covering nursing care	11	37,729	946	8	28,544	838	
		Whole life insurance with variable assumed interest rate	—	—	—	—	—	—	
		Whole life insurance denominated in designated currency	33	212,471	17,208	18	132,965	10,799	
		Total whole life insurance including other types	163	632,908	54,509	114	484,000	40,447	
		Whole life insurance with term rider	5	82,592	1,379	—	—	0	
		Whole life insurance with variable accumulation rate	153	1,493,117	30,099	211	2,374,812	42,275	
		Term life insurance	4	72,106	1,527	0	23,877	564	
		Total term life insurance including other types	4	72,106	1,527	0	23,877	564	
		Riders combination insurance	252	3,194,223	39,781	155	1,713,960	23,592	
		Medical whole life insurance	55	12,630	7,830	54	13,314	8,139	
		Medical term life insurance	48	26,367	3,048	44	26,999	2,892	
		Total including other types	684	5,514,093	138,176	581	4,637,063	117,911	
		Life and mortality insurance	Endowment insurance	6	22,105	1,282	8	29,318	1,808
			Endowment insurance with term rider	—	—	—	—	—	—
Term life insurance with survival benefits	7		28,486	1,093	7	26,053	1,020		
Juvenile insurance	5		7,900	553	5	8,447	594		
Total including other types	19		58,491	2,928	20	63,818	3,423		
Pure endowment	—	—	—	—	—	—			
Subtotal (1)		703	5,572,585	141,105	602	4,700,882	121,335		
Individual annuities	Individual fixed annuities	Individual annuities	—	—	—	—	—	—	
		Annuities focused on survival coverage	76	297,387	15,928	75	317,838	17,167	
		Individual annuities denominated in designated currency	14	81,896	9,918	12	71,298	9,092	
		Individual annuities denominated in designated currency with variable assumed interest rate	—	—	—	10	37,059	1,889	
		Total including other types	91	379,283	25,847	98	426,196	28,149	
Individual variable annuities	—	—	—	—	—	—			
Subtotal (2)		91	379,283	25,847	98	426,196	28,149		
(1) + (2) Total		794	5,951,868	166,952	700	5,127,079	149,484		

Thousand policies, millions of yen

Classification		Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
		Policies	Amount	Policies	Amount
Group insurance	Group term life insurance	9	2,829	46	15,683
	General welfare group term life insurance	74	93,260	51	105,722
	Group credit life insurance	—	—	—	—
	Consumer credit group insurance	—	—	—	—
	Group whole life insurance	—	—	—	—
	Life insurance for sustainers of disabled	—	—	—	—
	Group insurance for three major diseases	115	114,890	67	89,513
	Annuities rider	—	—	—	—
	Subtotal	199	96,090	165	121,406
Group annuities	Corporate pension plans	—	—	—	—
	New corporate pension plans	—	—	—	—
	Insured contributory pension plans	—	—	—	—
	Employees' pension fund insurance	—	—	—	—
	National pension fund insurance	—	—	—	—
	Defined benefit corporate pension plans	—	23	—	2
	Defined contribution pension plans	—	19	—	9
	Subtotal	—	43	—	12
	Workers' asset formation insurance	0	22	0	10
	Workers' asset formation annuities	0	10	0	3
	Medical life insurance	—	—	—	—
	Assumed reinsurance	60	31	—	—

- (Notes) 1. Number of policies for group insurance, group annuities, workers' asset formation insurance, worker's asset formation annuities, medical life insurance and assumed reinsurance each represents respective number of insured persons.
2. The amount for the group insurance for three major diseases represents the insurance amount for three major diseases, and is not included in the subtotal.
3. The "Insurance amount" and "Amount" columns show principal amounts of coverage.
- Individual annuities show annuity resources at the start of annuity payments.
 - Group annuities and workers' asset formation insurance show the first time premium revenues.
 - 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.
 - Medical life insurance and assumed reinsurance show the amount of daily hospital benefit.
4. 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).
5. Individual life insurance and individual annuities include increases due to conversion as well as rider replacement.

Indicators Related to Separate Accounts

1. Status of the balance of assets held in separate accounts

Millions of Yen

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount		Amount	
Individual variable insurance	60,316		53,327	
Individual variable annuities	168,836		85,491	
Group annuities	600,368		587,306	
Total of separate accounts	829,521		726,126	

2. Status of the separate accounts of individual variable insurance and individual variable annuities

a. Overview of investment of fiscal 2019

Stock markets at home and abroad were volatile amid concerns over U.S.-China trade negotiations in the first half. In the second half of the year, stock prices showed an upward trend on hopes of progress on U.S.-China trade negotiations, easing monetary policies by the Federal Reserve Board (FRB), and rising expectations for economic recovery backed by robust economic indicators in the U.S. However, stock markets fell sharply toward the end of the fiscal year due to alarm over an economic downturn triggered by the outbreak of COVID-19. Long-term interest rates in Japan declined in the first half of the year due to concerns over U.S.-China trade negotiations, but they rose in the second half of the year on the back of hopes of future progress in the negotiations and the Bank of Japan's decision to hold off an interest rate cut. Meanwhile, U.S. long-term interest rates showed a downward trend against the backdrop of the FRB's easing monetary policy, falling significantly toward the end of the fiscal year for fear of an economic downturn due to the COVID-19 epidemic. Regarding foreign exchange (yen against the dollar), while the decline in U.S. interest rates and concerns over U.S.-China trade negotiations caused the yen to appreciate against the U.S. dollar in the first half of the year, the yen depreciated against the U.S. dollar as stock prices rallied in the second half of the year.

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, while reducing the share of domestic and foreign bonds. Furthermore, the Company sold some of its domestic and foreign stocks when the stock markets were rising, and bought stocks when the stock markets were falling in anticipation of a rebound in the prices of those stocks. As a result, the investment yield was negative. 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. As a result, the investment yield was negative. Among separate accounts for individual variable annuities, those whose funds were primarily managed for investment trusts maintained fairly 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, 2019		As of March 31, 2020	
	Policies	Amount	Policies	Amount
Individual variable insurance (Defined term type)	60	257	33	130
Individual variable insurance (Whole life type)	50,886	263,369	49,422	256,028
Total	50,946	263,626	49,455	256,158

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

● Individual variable annuities

Classification	Number of policies, millions of yen			
	As of March 31, 2019		As of March 31, 2020	
	Policies	Amount	Policies	Amount
Individual variable annuities	162,312	396,759	130,672	291,905

c. Breakdown of assets held in separate accounts

● Individual variable insurance

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	1,077	1.8	2,530	4.7
Securities	56,955	94.4	49,058	92.0
Domestic bonds	16,315	27.0	17,215	32.3
Domestic stocks	17,252	28.6	13,198	24.7
Foreign securities	23,387	38.8	18,644	35.0
Foreign bonds	5,598	9.3	6,151	11.5
Other foreign securities	17,789	29.5	12,492	23.4
Other securities	—	—	—	—
Loans	—	—	—	—
Others	2,284	3.8	1,738	3.3
Allowance for possible loan losses	—	—	—	—
Total	60,316	100.0	53,327	100.0

● Individual variable annuities

Millions of Yen, %

Classification	As of March 31, 2019		As of March 31, 2020	
	Amount	Composition ratio	Amount	Composition ratio
Cash, deposits and call loans	3,953	2.3	7,937	9.3
Securities	155,941	92.4	72,918	85.3
Domestic bonds	43,972	26.0	33,694	39.4
Domestic stocks	15,330	9.1	9,761	11.4
Foreign securities	28,400	16.8	24,753	29.0
Foreign bonds	24,524	14.5	21,713	25.4
Other foreign securities	3,876	2.3	3,039	3.6
Other securities	68,237	40.4	4,709	5.5
Loans	—	—	—	—
Others	8,941	5.3	4,635	5.4
Allowance for possible loan losses	—	—	—	—
Total	168,836	100.0	85,491	100.0

d. Investment income and expenses

● Individual variable insurance

Millions of Yen

Classification	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Amount	Amount
Interest, dividends, and other income	1,247	1,080
Gains on sales of securities	2,558	3,244
Gains on redemption of securities	—	0
Gains on valuation of securities	8,466	6,620
Foreign exchange gains	12	29
Gains on derivative financial instruments	90	148
Other investment income	2	2
Losses on sales of securities	1,197	1,881
Losses on redemption of securities	10	26
Losses on valuation of securities	9,688	11,546
Foreign exchange losses	4	11
Losses on derivative financial instruments	188	208
Other investment expenses	0	0
Net investment income	1,289	(2,549)

(Note) ¥8,466 million gains on valuation of securities for the fiscal year ended March 31, 2019 include ¥1,253 million reversal for gains on valuation of securities, while ¥9,688 million losses on valuation of securities include ¥7,610 million reversal for losses on valuation of securities.

¥6,620 million gains on valuation of securities for the fiscal year ended March 31, 2020 include ¥2,078 million reversal for gains on valuation of securities, while ¥11,546 million losses on valuation of securities include ¥7,213 million reversal for losses on valuation of securities.

●Individual variable annuities

Millions of Yen

Classification	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Amount		Amount	
Interest, dividends, and other income	15,793		25,648	
Gains on sales of securities	5,304		2,983	
Gains on redemption of securities	0		2	
Gains on valuation of securities	33,888		6,557	
Foreign exchange gains, net	166		95	
Gains on derivative financial instruments, net	978		312	
Other investment income	7		8	
Losses on sales of securities	1,080		682	
Losses on redemption of securities	10		10	
Losses on valuation of securities	49,302		34,489	
Foreign exchange losses	153		90	
Losses on derivative financial instruments	711		145	
Other investment expenses	494		732	
Net investment income	4,385		(541)	

(Note) ¥33,888 million losses on valuation of securities for the fiscal year ended March 31, 2019 include ¥1,566 million reversal for gains on valuation of securities, while ¥49,302 million losses on valuation of securities include ¥48,173 million reversal for losses on valuation of securities.

¥6,557 million losses on valuation of securities for the fiscal year ended March 31, 2020 include ¥1,129 million reversal for gains on valuation of securities, while ¥34,489 million losses on valuation of securities include ¥32,322 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, 2019		As of March 31, 2020	
	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	56,955	5,135	49,058	208

<Individual variable annuities>

Millions of Yen

Classification	As of March 31, 2019		As of March 31, 2020	
	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	155,941	31,193	72,918	3,261

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

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2019 and 2020.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2019 and 2020.

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, 2019						As of March 31, 2020					
	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	—	—	—	—	—	—	—	(0)	7	—	—	7
Total	—	—	—	—	—	—	—	(0)	7	—	—	7

(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, 2019						As of March 31, 2020					
	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	—	—	10	—	—	10	—	0	11	—	—	11
Total	—	—	10	—	—	10	—	0	11	—	—	11

(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, 2019 and 2020.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2019 and 2020.

●Currency-related

<Individual variable insurance>

Millions of Yen

Classification	Type	As of March 31, 2019			As of March 31, 2020			
		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	—	—	—	132	—	0	0
	(Euro)	—	—	—	132	—	0	0
	Bought	—	—	—	132	—	(0)	(0)
	(Euro)	—	—	—	132	—	(0)	(0)
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, 2019			As of March 31, 2020			
		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	—	—	—	91	—	0	0
	(Euro)	—	—	—	91	—	0	0
	Bought	—	—	—	90	—	(0)	(0)
	(Euro)	—	—	—	90	—	(0)	(0)
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, 2019				As of March 31, 2020			
		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 Bought	—	—	—	—	516	—	7	7
Total				—					7

<Individual variable annuities>

Millions of Yen

Classification	Type	As of March 31, 2019				As of March 31, 2020			
		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	684	—	3	3	—	—	—	—
	Bought	468	—	6	6	781	—	11	11
Total				10					11

●Bond-related

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2019 and 2020.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2019 and 2020.

●Others

<Individual variable insurance>

Omitted as there are no ending balances for March 31, 2019 and 2020.

<Individual variable annuities>

Omitted as there are no ending balances for March 31, 2019 and 2020.

3. Separate Account for Group Annuities

a. Entrusted fund in separate account for group annuities

Cases, hundred million yen

	As of March 31, 2019		As of March 31, 2020	
	Cases	Fair value balance	Cases	Fair value balance
First treaty	1,446	5,991	1,447	5,836
Second treaty	—	—	—	—
Total	1,446	5,991	1,447	5,836

(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, 2020

	%					%		
	Long-term primary portfolio					Asset management plan for the fiscal year ended March 31, 2020		
	Composition ratio	Range	Expected return	Standard deviation		Expected composition ratio	Expected return	Standard deviation
Domestic bonds	33	13 – 53	0.50	2.39	Domestic bonds	32	(0.51)	1.67
Domestic stocks	27	12 – 42	5.80	18.15	Domestic stocks	28	7.26	16.98
Foreign bonds	13	3 – 23	2.70	10.80	Foreign bonds	12	2.43	8.87
Foreign stocks	25	10 – 40	6.50	19.51	Foreign stocks	26	7.67	17.81
Cash, deposits and others	2	—	0.10	0.06	Cash, deposits and others	2	0.00	0.02
Total	100	—	3.71	9.50	Total	100	4.14	9.54

●Trend of asset management results

%

	Fiscal year ended March 31, 2019			Fiscal year ended March 31, 2020		
	Fund	Benchmark	Excess return	Fund	Benchmark	Excess return
Domestic bonds	1.92	1.89	0.03	(0.05)	(0.18)	0.13
Domestic stocks	(6.09)	(5.04)	(1.05)	(11.52)	(9.50)	(2.02)
	[(6.46)]			[(11.69)]		
Foreign bonds	2.31	2.46	(0.15)	4.51	4.37	0.14
Foreign stocks	10.31	10.14	0.17	(12.01)	(12.42)	0.41
Cash, deposits and others	(0.06)	(0.06)	0.00	0.55	(0.05)	0.60
Total	1.67	2.37	(0.71)	(5.95)	(5.12)	(0.84)

- (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, 2020

- Investment performance for the fiscal year ended March 31, 2020 delivered a return of (5.95)%, underperforming the combined benchmark based on annual investment plans of (5.12)%.
- With respect to asset allocation, the underweight position of domestic and foreign bonds and the overweight position of foreign stocks contributed to the weak performance.
- With respect to individual asset performances, underperformance of domestic stocks made negative contributions to the overall performance.

●Trend of fair value balance by asset type

Millions of Yen, %

	As of March 31, 2019		As of March 31, 2020	
	Fair value	Composition ratio	Fair value	Composition ratio
Domestic bonds	50,395	30.4	45,728	30.5
Domestic stocks	48,961	29.5	34,245	22.8
Foreign bonds	15,250	9.2	16,134	10.8
Foreign stocks	45,586	27.5	39,112	26.1
Cash, deposits and others	5,791	3.5	14,790	9.9
Total	165,986	100.0	150,010	100.0

c. Separate account first treaty (comprehensive account S)

●Asset management results

%

Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
1.66	0.98

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

●Fair value balance

Millions of Yen

As of March 31, 2019	As of March 31, 2020
155,290	170,102

●Status of asset management for the fiscal year ended March 31, 2020

- 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, 2020 was 0.98%.

Business Indicators

1. Average Policy Coverage (Individual Life Insurance)

Classification	Thousand yen	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Average policy coverage for new policies	5,254	4,889
Average policy coverage for policies in force	7,923	7,480

(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, 2019	Fiscal year ended March 31, 2020
Individual life insurance	3.5	2.8
Individual annuities	2.4	2.8
Group insurance	0.3	0.4

(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, 2019	Fiscal year ended March 31, 2020
Individual life insurance	5.1	4.6
Individual annuities	1.9	2.0
Group insurance	0.7	0.2

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

Yen	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
127,967	130,581

(Note) Converted policies are excluded.

5. Mortality Rate (Primary Individual Life Insurance Policies)

a. Number of policies

%	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
7.18	7.86

b. Insurance amount

%	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
4.81	5.50

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

Classification		%	
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Accidental death	Ratio of the number of policies	0.18	0.17
	Ratio of the amount of claims on policies	0.19	0.20
Disability	Ratio of the number of policies	0.31	0.31
	Ratio of the amount of claims on policies	0.11	0.11
Hospitalization due to accident	Ratio of the number of policies	7.03	7.15
	Ratio of the amount of claims on policies	170	172
Hospitalization due to illness	Ratio of the number of policies	85.27	89.46
	Ratio of the amount of claims on policies	1,280	1,317
Hospitalization due to adult disease	Ratio of the number of policies	25.45	26.02
	Ratio of the amount of claims on policies	533	530
Surgery due to illness or injury	Ratio of the number of policies	78.87	84.58
Surgery due to adult disease	Ratio of the number of policies	22.47	24.83

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

%	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
13.7	14.4

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

Number of insurance companies	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
8 [2]	8 [2]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

9. The Ratio of Reinsurance Premiums to Total Premiums Written by the Top Five Insurance Companies Using Reinsurance

%	
Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
99.3 [100.0]	99.6 [100.0]

(Note) Figures in [] indicate third-sector insurances paid that stipulate no coverage by policy reserves in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

10. The Ratio of Insurance Companies Which Accepted Reinsurance Agreements by Ratings Assessed

Classification	%	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Over A	100.0 [100.0]	100.0 [100.0]
Over BBB	— [—]	— [—]
Others (Including no rating)	— [—]	— [—]
Total	100.0 [100.0]	100.0 [100.0]

- (Notes) 1. Ratings are classified as follows:
a. S&P Global (S&P) ratings are used as criterion, while insurers without S&P ratings are classified as "Others (Including no rating)."
b. 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, 2019	Fiscal year ended March 31, 2020
139	55
[72]	[6]

- (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, 2019	Fiscal year ended March 31, 2020
Third-sector incidence rate	36.0	37.6
Medical care	38.2	39.8
Cancer	38.5	39.4
Nursing care	30.0	31.7
Others	32.3	33.0

- (Notes) 1. Figures are classified into main categories belonging to the third-sector benefits, by type of insurance (or rider).
2. 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."
3. 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.
4. 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, 2019	April 10	1.00	Fiscal year ended March 31, 2020	April 10	1.00
	May 10	1.00		May 10	1.00
	June 8	1.00		June 11	1.00
	July 10	1.00		July 10	0.95
	August 10	1.00		August 9	0.95
	September 11	1.00		September 10	0.95
	October 10	1.00		October 10	0.95
	November 9	1.00		November 8	0.95
	December 11	1.00		December 10	0.95
	January 10	1.00		January 10	0.95
	February 8	1.00		February 13	0.95
	March 8	1.00		March 10	0.95

Status of Consolidated Financial Results (Supplemental)

1. Status of Consolidated Risk-monitored Loans

Classification	Millions of Yen, %	
	As of March 31, 2019	As of March 31, 2020
Loans to bankrupt borrowers	—	—
Loans in arrears	787	808
Loans in arrears for three months or longer	—	254
Restructured loans	—	—
Total	787	1,062
[Percentage of total loans]	[0.02]	[0.04]
[Percentage of total assets]	[0.00]	[0.00]

- (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, 2019 and March 31, 2020 amounted to ¥21 million and ¥21 million, respectively.
2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).
3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.
4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.
5. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

2. Status of Insurance Claims Paying Ability of the Company and Insurance Subsidiaries (Consolidated Solvency Margin Ratio)

Items	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Solvency margin gross amount (A)	4,160,280	4,264,500
Foundation funds and others	561,899	505,118
Reserve for price fluctuation	744,582	787,707
Contingency reserve	366,246	419,176
Unusual contingency reserve	—	—
General allowance for possible loan losses	784	767
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred unrealized gains (losses) on derivatives under hedge accounting (before income tax effect adjustments) × 90% (Multiplied by 100% if losses)	1,128,259	1,171,645
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	77,334	96,066
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	28,813	(5,735)
Excess of continued Zillmerized reserve	737,635	796,434
Qualifying subordinated debt	499,924	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
Deduction clause	(54,899)	(76,870)
Others	69,699	70,265
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)	908,662	980,290
Insurance risk R ₁	91,958	91,876
General insurance risk R ₅	—	—
Large disaster risk R ₆	—	0
Third-sector insurance risk R ₈	76,223	81,094
Insurance risk of small-amount, short-term insurer R ₉	—	7
Risk of assumed yield R ₂	196,938	188,775
Minimum guarantee risk R ₇ *	5,025	6,025
Investment risk R ₃	669,825	747,438
Operational risk R ₄	20,799	22,304
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	915.6%	870.0%

* 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, 2019	As of March 31, 2020
Solvency margin gross amount (A)	52,612	48,736
Paid-in capital, etc.	26,065	20,252
Reserve for price fluctuation	135	159
Contingency reserve	1,946	2,076
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)	6,201	4,534
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	—	—
Excess of continued Zillmerized reserve	18,263	21,713
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)	3,736	4,147
Insurance risk R ₁	364	373
Third-sector insurance risk R ₈	1,449	1,566
Risk of assumed yield R ₂	18	20
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	3,078	3,459
Operational risk R ₄	147	162
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,815.8%	2,350.4%

(Note) Figures shown above are calculated in accordance with the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act as well as the Ministry of Finance Public Notice No. 50 of 1996.

4. Segment Information

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019), and the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020), 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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