
Financial Results for the Six Months Ended September 30, 2019
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 2019.

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The Financial Results are summarized English translations of the original disclosure in Japanese.

1. Unaudited Consolidated Financial Statements

a. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2019	As of September 30, 2019
ASSETS:		
Cash and deposits	1,604,760	1,621,425
Call loans	238,792	163,960
Monetary claims bought	317,252	393,556
Securities	30,006,016	30,958,536
Loans	3,550,593	3,522,347
Tangible fixed assets	571,169	567,136
Intangible fixed assets	271,938	241,855
Due from agents	179	144
Reinsurance receivables	2,203	1,184
Other assets	1,103,996	1,287,701
Net defined benefit assets	20,818	22,880
Deferred tax assets	124,912	73,016
Allowance for possible loan losses	(1,164)	(1,133)
Total assets	37,811,470	38,852,611
LIABILITIES:		
Policy reserves and other reserves	31,052,893	31,358,333
Reserve for outstanding claims	142,074	139,344
Policy reserves	30,684,495	30,972,541
Policyholders' dividend reserves	226,323	246,448
Reinsurance payables	12,846	10,375
Corporate bonds	528,305	527,306
Other liabilities	3,803,492	4,334,656
Payables under repurchase agreements	1,893,213	2,090,878
Other	1,910,278	2,243,778
Net defined benefit liabilities	10,445	12,269
Reserve for price fluctuation	744,582	758,694
Deferred tax liabilities	166	13,700
Deferred tax liabilities for land revaluation	13,014	12,946
Total liabilities	36,165,746	37,028,282
NET ASSETS:		
Foundation funds	50,000	-
Reserve for redemption of foundation funds	589,000	639,000
Reserve for revaluation	2	2
Surplus	203,072	94,765
Total funds, reserve and surplus	842,075	733,767
Net unrealized gains (losses) on available-for-sale securities	899,876	1,200,239
Deferred gains (losses) on derivatives under hedge accounting	810	3,733
Land revaluation differences	(61,417)	(61,526)
Foreign currency translation adjustments	(56,487)	(68,786)
Remeasurements of defined benefit plans	20,756	16,786
Total accumulated other comprehensive income	803,538	1,090,446
Non-controlling interests	109	115
Total net assets	1,645,723	1,824,329
Total liabilities and net assets	37,811,470	38,852,611

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Ordinary income	1,834,201	1,762,736
Insurance premiums and other	1,284,837	1,252,665
Investment income	492,091	446,186
Interest, dividends and other income	389,741	377,002
Gains on trading securities	118	17,506
Gains on sales of securities	55,364	24,189
Investment gains on separate accounts	30,802	12,562
Other ordinary income	57,272	63,884
Ordinary expenses	1,732,398	1,758,609
Benefits and other payments	975,596	981,147
Claims paid	317,429	316,511
Annuity payments	250,862	252,924
Benefits payments	182,119	190,625
Surrender benefits	193,258	191,147
Provision for policy reserves and other reserves	355,967	348,178
Provision for reserve for outstanding claims	3,931	877
Provision for policy reserves	352,017	347,285
Provision for interest on policyholders' dividend reserves	18	16
Investment expenses	119,719	156,064
Interest expenses	14,002	15,141
Losses on sales of securities	49,823	9,824
Losses on valuation of securities	1,594	11,434
Operating expenses	198,352	197,105
Other ordinary expenses	82,763	76,113
Ordinary profit	101,802	4,127
Extraordinary gains	534	45
Gains on disposals of fixed assets	534	45
Extraordinary losses	59,627	15,969
Losses on disposals of fixed assets	973	612
Impairment losses	96	641
Provision for reserve for price fluctuation	57,910	14,111
Payments to social responsibility reserve	646	603
Surplus (loss) before income taxes	42,709	(11,796)
Income taxes		
Current	24,288	29,162
Deferred	(15,706)	(36,464)
Total income taxes	8,582	(7,302)
Net surplus (loss)	34,126	(4,493)
Net surplus attributable to non-controlling interests	4	6
Net surplus (loss) attributable to the Parent Company	34,122	(4,500)

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net surplus (loss)	34,126	(4,493)
Other comprehensive income (loss)	(71,092)	287,196
Net unrealized gains (losses) on available-for-sale securities	(51,214)	299,885
Deferred gains (losses) on derivatives under hedge accounting	(1,540)	2,982
Foreign currency translation adjustments	(9,515)	(11,497)
Remeasurements of defined benefit plans	(3,621)	(3,969)
Share of other comprehensive income (loss) of associates under the equity method	(5,199)	(204)
Comprehensive income (loss)	(36,965)	282,702
Comprehensive income (loss) attributable to the Parent Company	(36,969)	282,696
Comprehensive income (loss) attributable to non-controlling interests	4	6

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
I Cash flows from operating activities:		
Surplus (loss) before income taxes	42,709	(11,796)
Depreciation	20,225	19,909
Impairment losses	96	641
Amortization of goodwill	1,785	2,037
Increase (Decrease) in reserve for outstanding claims	5,246	(1,986)
Increase (Decrease) in policy reserves	390,228	396,297
Provision for interest on policyholders' dividend reserves	18	16
Increase (Decrease) in allowance for possible loan losses	(34)	(22)
Increase (Decrease) in net defined benefit liabilities	(4,529)	(5,749)
Increase (Decrease) in reserve for price fluctuation	57,910	14,111
Interest, dividends and other income	(389,741)	(377,002)
Losses (Gains) on securities	(25,708)	(12,104)
Interest expenses	14,002	15,141
Losses (Gains) on tangible fixed assets	325	543
Others, net	(48,531)	(7,545)
Subtotal	64,004	32,490
Interest, dividends and other income received	430,192	440,992
Interest paid	(13,275)	(16,375)
Policyholders' dividends paid	(30,429)	(30,177)
Others, net	(638)	(603)
Income taxes paid	(33,344)	(16,979)
Net cash provided by operating activities	416,507	409,346
II Cash flows from investing activities:		
Net decrease (increase) in deposits	30,800	(12,915)
Purchase of monetary claims bought	(73,730)	(125,999)
Proceeds from sales and redemption of monetary claims bought	89,615	49,290
Purchase of securities	(3,341,520)	(2,617,184)
Proceeds from sales and redemption of securities	2,624,807	1,762,572
Loans made	(1,231,969)	(1,106,016)
Proceeds from collection of loans	952,642	1,106,390
Others, net	729,404	451,326
Total investing activities (II a)	(219,950)	(492,536)
[I + II a]	[196,557]	[(83,190)]
Purchase of tangible fixed assets	(6,949)	(8,078)
Proceeds from sales of tangible fixed assets	4,628	168
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(443)
Others, net	(5,456)	(6,701)
Net cash used in investing activities	(227,727)	(507,591)
III Cash flows from financing activities:		
Proceeds from issuance of debt	-	50,000
Repayments of debt	(33,162)	-
Redemption of corporate bonds	(16,581)	-
Redemption of foundation funds	(50,000)	(50,000)
Payment of interest on foundation funds	(1,116)	(556)
Others, net	(994)	103,491
Net cash provided by (used in) financing activities	(101,853)	102,934
IV Effect of foreign exchange rate changes on cash and cash equivalents	(1,197)	(955)
V Net increase (decrease) in cash and cash equivalents	85,729	3,734
VI Cash and cash equivalents at the beginning of the period	360,858	435,129
VII Cash and cash equivalents at the end of the period	446,588	438,863

e. Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2018

(Millions of Yen)

	Funds, reserve and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	100,000	539,000	2	248,102	887,104
Cumulative effect due to U.S. GAAP(ASU2016-01) used for U.S. subsidiaries				12,918	12,918
Beginning balance after reflecting U.S. GAAP(ASU2016-01) used for U.S. subsidiaries	100,000	539,000	2	261,020	900,022
Changes in the period					
Additions to policyholders' dividend reserves				(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)
Net surplus attributable to the Parent Company				34,122	34,122
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				309	309
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(50,000)	50,000	-	(69,488)	(69,488)
Ending balance	50,000	589,000	2	191,531	830,534

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	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)		
Beginning balance	841,320	(2,556)	(63,710)	(44,853)	39,415	769,616	99	1,656,820
Cumulative effect due to U.S. GAAP(ASU2016-01) used for U.S. subsidiaries	(12,918)					(12,918)		-
Beginning balance after reflecting U.S. GAAP(ASU2016-01) used for U.S. subsidiaries	828,402	(2,556)	(63,710)	(44,853)	39,415	756,697	99	1,656,820
Changes in the period								
Additions to policyholders' dividend reserves								(52,804)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(1,116)
Net surplus attributable to the Parent Company								34,122
Redemption of foundation funds								(50,000)
Reversal of land revaluation differences								309
Net changes, excluding funds, reserve and surplus	(52,773)	(1,540)	(309)	(13,157)	(3,621)	(71,402)	3	(71,398)
Net changes in the period	(52,773)	(1,540)	(309)	(13,157)	(3,621)	(71,402)	3	(140,887)
Ending balance	775,629	(4,097)	(64,020)	(58,010)	35,794	685,295	103	1,515,932

Six months ended September 30, 2019

(Millions of Yen)

	Funds, reserve and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserve and surplus
Beginning balance	50,000	589,000	2	203,072	842,075
Cumulative effect due to U.S. GAAP(ASU2017-12) used for U.S. subsidiaries				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
Changes in the period					
Additions to policyholders' dividend reserves				(50,285)	(50,285)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	-
Payment of interest on foundation funds				(556)	(556)
Net surplus (loss) attributable to the Parent Company				(4,500)	(4,500)
Redemption of foundation funds	(50,000)				(50,000)
Change in scope of equity method				(3,135)	(3,135)
Reversal of land revaluation differences				109	109
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(50,000)	50,000	-	(108,367)	(108,367)
Ending balance	-	639,000	2	94,765	733,767

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	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)		
Beginning balance	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)		-
Beginning balance after reflecting U.S. GAAP(ASU2017-12) used for U.S. subsidiaries	899,876	750	(61,417)	(56,487)	20,756	803,478	109	1,645,723
Changes in the period								
Additions to policyholders' dividend reserves								(50,285)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(556)
Net surplus (loss) attributable to the Parent Company								(4,500)
Redemption of foundation funds								(50,000)
Change in scope of equity method								(3,135)
Reversal of land revaluation differences								109
Net changes, excluding funds, reserve and surplus	300,363	2,982	(109)	(12,298)	(3,969)	286,967	5	286,973
Net changes in the period	300,363	2,982	(109)	(12,298)	(3,969)	286,967	5	178,605
Ending balance	1,200,239	3,733	(61,526)	(68,786)	16,786	1,090,446	115	1,824,329

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2019

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 27 as of September 30, 2019.

The major subsidiaries as of September 30, 2019 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.)

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 September 30, 2019.

Two subsidiaries of Symetra Financial Corporation were included in the scope of the consolidation as a result of its establishment from the period ended September 30, 2019.

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to completion of liquidation from the period ended September 30, 2019.

2. Affiliates

The number of affiliates under the equity method was 8 as of September 30, 2019.

The major affiliates as of September 30, 2019 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)

Singapore Life Pte. Ltd. was included in the scope of equity method affiliates as a result of share acquisition from the period ended September 30, 2019.

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 September 30, 2019.

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.

3. Interim closing dates of consolidated subsidiaries

The interim closing dates of foreign subsidiaries are June 30, 2019. The consolidated financial statements include the accounts of the subsidiaries as of their interim closing dates, with appropriate adjustments made for material transactions between their interim closing dates and the consolidated balance sheet date.

Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2019

1. Securities held by SUMITOMO LIFE INSURANCE COMPANY ("the Company") are classified and accounted for as follows:

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

Held-to-maturity debt securities are stated at amortized cost and the cost of these securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method. Policy-reserve-matching bonds (defined in Note 2 below) 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 September, 2019. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the fair value is impracticable are stated mainly at cost. The cost of these securities sold is calculated using the moving average method.

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

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

2. 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. 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.

4. Tangible fixed assets owned by the Company are depreciated as follows:
- 1) Buildings
Calculated using the straight-line method.
 - 2) Lease assets related to financial leases where ownership is not transferred
Calculated using the straight-line method over the lease period.
 - 3) Other tangible fixed assets
Calculated using the declining-balance method.
5. The Company's assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.
6. 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 period amounted to ¥59 million. 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.
7. Net defined benefit liabilities, supposed to be incurred as of September 30, 2019, are provided based on the projected benefit obligations and plan assets as of March 31, 2020. Assumptions used in accounting for the defined benefit plans for the period ended September 30, 2019 were as follows:

Method of attributing benefits to period of service

Benefits formula basis

Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years
Amortization period for past service costs	3 years

8. Under accounting principles generally accepted in Japan (“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.
9. Derivatives are stated at the fair value.
10. Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.
11. National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.
12. 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:
- 1) 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).

2) 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. 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.
14. The corporate income taxes and inhabitant taxes of the Company for the period are calculated based on the assumption of provisions to policyholders' dividend reserves and payments of interest on foundation funds due to appropriation of surplus in the current fiscal year.
15. The following table shows the carrying amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of September 30, 2019.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	1,621,425	1,621,425	-
[Available-for-sale securities] *1	[587,975]	[587,975]	-
Call loans	163,960	163,960	-
Monetary claims bought	393,556	395,147	1,591
[Available-for-sale securities] *1	[254,870]	[254,870]	-
Securities *2	30,782,976	33,507,269	2,724,292
Trading securities	1,044,482	1,044,482	-
Held-to-maturity debt securities	1,839,179	2,182,117	342,938
Policy-reserve-matching bonds	11,856,654	14,218,978	2,362,323
Investments in unconsolidated subsidiaries and affiliated companies	23,612	42,643	19,030
Available-for-sale securities	16,019,046	16,019,046	-
Loans	3,522,347		
Allowance for possible loan losses *3	(780)		
	3,521,566	3,561,512	39,946
Corporate bonds	527,306	543,381	16,075

Payables under repurchase agreements	2,090,878	2,090,878	-
Payables under securities borrowing transactions	738,325	738,325	-
Derivative transactions *4	232,318	232,318	-
Hedge accounting not applied	77,803	77,803	-
Hedge accounting applied	154,514	154,514	-

*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 amount of these securities was ¥175,559 million as of September 30, 2019.

*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 position 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 September, 2019.

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

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

The fair values of foreign currency forward contracts and currency swaps under the allocation method are included in the fair values of related loans and corporate bonds since they are accounted for as integrated transactions.

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.

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 sheet, the fair values and their differences of held-to-maturity debt securities and policy-reserve-matching bonds as of September 30, 2019.

1) Held-to-maturity debt securities

		Millions of Yen		
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	398,112	443,674	45,561
	Foreign securities (bonds)	1,440,600	1,737,978	297,378
Fair value does not exceed the balance sheet amount	Bonds	467	465	(1)
	Foreign securities (bonds)	-	-	-
Total		1,839,179	2,182,117	342,938

2) Policy-reserve-matching bonds

		Millions of Yen		
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	11,120,884	13,427,068	2,306,183
	Foreign securities (bonds)	611,182	669,311	58,128
Fair value does not exceed the balance sheet amount	Bonds	108,886	107,102	(1,784)
	Foreign securities (bonds)	15,700	15,495	(205)
Total		11,856,654	14,218,978	2,362,323

The following table shows the acquisition costs or amortized costs, the carrying amounts in the consolidated balance sheet and their differences of available-for-sale securities as of September 30, 2019.

3) Available-for-sale securities

				Millions of Yen
	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
	Negotiable certificates of deposit	-	-	-
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	145,337	153,016	7,679
	Bonds	1,991,776	2,139,045	147,269
	Stocks	644,645	1,530,211	885,566
	Foreign securities	9,898,941	10,594,582	695,641
	Foreign bonds	9,387,355	10,056,563	669,207
	Other foreign securities	511,585	538,019	26,433
	Other securities	125,767	146,046	20,279
	Negotiable certificates of deposit	588,000	587,975	(24)
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	101,976	101,854	(121)
	Bonds	98,465	94,558	(3,906)
	Stocks	199,729	150,147	(49,582)
	Foreign securities	1,363,279	1,334,462	(28,817)
	Foreign bonds	1,298,572	1,270,593	(27,978)
	Other foreign securities	64,706	63,868	(838)
	Other securities	30,000	29,991	(9)
	Total	15,187,918	16,861,893	1,673,974

16. As of September 30, 2019, the note of the fair value of investment and rental properties was omitted since there were no significant changes in the balance sheet amounts and the fair values of investment and rental properties from the end of the previous fiscal year.

17. As of September 30, 2019, the aggregate amount of risk-monitored loans, which was comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer, and restructured loans, was ¥1,062 million. The details are as follows:

The amount of loans to bankrupt borrowers was nil and loans in arrears was ¥1,062 million.

The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥22 million for loans in arrears.

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 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 amount of loans in arrears for three months or longer was nil.

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 amount of restructured loans was nil.

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 the 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.

18. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥769,257 million as of September 30, 2019. The total amount of separate account liabilities was the same as this.

19. Changes in policyholders' dividend reserves for the period ended September 30, 2019 were as follows:

	Millions of Yen
At the beginning of the period	226,323
Transfer from surplus in the previous fiscal year	50,285
Dividend payments to policyholders during the period	(30,177)
Interest accrued during the period	16
At the end of the period	246,448

20. Assets pledged as collateral were securities in the amount of ¥2,639,622 million and loans in the amount of ¥120,967 million as of September 30, 2019.

21. The Company redeemed ¥50,000 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.

22. On November 20, 2019, the Company will make an early repayment of subordinated bonds in the amount of ¥50,000 million before its maturity, the repayment of which are subordinated to other obligations.

23. Securities loaned under security lending agreements amounted to ¥3,360,290 million as of September 30, 2019.

24. Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair value

of the securities which were not sold or pledged as collateral was ¥55,833 million, and none of the securities was pledged as collateral as of September 30, 2019.

25. The amount of loan commitments outstanding was ¥20,528 million as of September 30, 2019.
26. The amount of corporate bonds in liabilities included ¥499,924 million of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of September 30, 2019.
27. Other liabilities included subordinated debt of ¥50,000 million, the repayments of which are subordinated to other obligations and payables under securities borrowing transactions of ¥738,325 million as of September 30, 2019.
28. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥623,252 million and ¥635,495 million, respectively.
29. The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥37,924 million as of September 30, 2019, pursuant to Article 259 of the Insurance Business Act.
These contributions are recognized as operating expenses when they are made.

Notes to the Unaudited Consolidated Statement of Income for the Six Months Ended September 30, 2019

1. The details of the Company's 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 period ended September 30, 2019, 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 statement of income.

3) Breakdown of impairment losses for the period ended September 30, 2019

Asset Group	Asset Categories	Millions of Yen
Idle assets	Land and buildings	433
Total		433

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 future cash flows discounted at 5.0%.

Notes to the Unaudited Consolidated Statement of Cash Flows for the Six Months Ended September 30, 2019

1. In the consolidated statement 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 short-term investment securities of foreign consolidated subsidiaries.
2. Reconciliation of cash and deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows as of September 30, 2019 was as follows:

	Millions of Yen
Cash and deposits	1,621,425
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(1,182,561)
Cash and cash equivalents	438,863

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2019	As of September 30, 2019
Solvency margin gross amount (A)	4,160,280	4,597,690
Foundation funds and others	561,899	510,240
Reserve for price fluctuation	744,582	758,694
Contingency reserve	366,246	389,032
Unusual contingency reserve	-	-
General allowance for possible loan losses	784	762
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	1,128,259	1,493,811
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	77,334	84,150
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	28,813	23,302
Excess of continued Zillmerized reserve	737,635	776,419
Qualifying subordinated debt	499,924	549,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(54,899)	(58,298)
Others	69,699	69,652
Total amount of risk $\sqrt{(R_1^2 + R_5^2 + R_6 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	908,662	927,269
Insurance risk R_1	91,958	91,618
General insurance risk R_5	-	-
Large disaster risk R_6	-	0
Third-sector insurance risk R_8	76,223	78,292
Insurance risk of small-amount, short-term insurer R_9	-	9
Risk of assumed yield R_2	196,938	194,080
Minimum guarantee risk R_7 ※	5,025	5,261
Investment risk R_3	669,825	690,653
Operational risk R_4	20,799	21,198
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	915.6%	991.6%

※ 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. Non-Consolidated Financial Information

a. Overall Composition of Investments (General Account)

(Millions of Yen, %)

	As of March 31, 2019		As of September 30, 2019	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,728,859	5.4	1,637,073	5.0
Monetary claims bought	317,252	1.0	393,556	1.2
Investments in securities	25,981,809	81.4	26,707,002	81.6
Domestic bonds	13,348,453	41.8	13,669,601	41.8
Domestic stocks	1,868,704	5.9	1,804,287	5.5
Foreign securities	10,636,418	33.3	11,052,809	33.8
Foreign bonds	9,398,093	29.4	9,868,583	30.1
Other foreign securities	1,238,325	3.9	1,184,225	3.6
Other securities	128,231	0.4	180,304	0.6
Loans	2,874,970	9.0	2,835,807	8.7
Policy loans	289,747	0.9	285,695	0.9
Industrial and consumer loans	2,585,222	8.1	2,550,112	7.8
Real estate	553,738	1.7	551,020	1.7
Investment property	380,980	1.2	380,164	1.2
Deferred tax assets	123,979	0.4	77,718	0.2
Other assets	337,027	1.1	539,871	1.6
Allowance for possible loan losses	(870)	(0.0)	(823)	(0.0)
Total	31,916,765	100.0	32,741,227	100.0
Foreign currency denominated assets	10,117,094	31.7	10,517,353	32.1

Note: Real estate is recorded as the sum total of land, buildings and construction in progress.

b. Fair Value Information of Securities (General Account)

(1) Net Valuation Gains and Losses on Trading Securities

(Millions of Yen)

	As of March 31, 2019		As of September 30, 2019	
	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 September 30, 2019.

(2) Fair Value Information of Securities (With Fair Value except for Trading Securities)

(Millions of Yen)

	As of March 31, 2019					As of September 30, 2019				
	Book value	Fair value	Net gains (losses)	Net gains (losses)		Book value	Fair value	Net gains (losses)	Net gains (losses)	
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	1,799,665	2,132,194	332,529	332,529	(0)	1,769,534	2,097,246	327,712	327,714	(1)
Policy-reserve-matching bonds	11,674,328	13,813,577	2,139,248	2,147,061	(7,813)	11,856,654	14,218,978	2,362,323	2,364,312	(1,989)
Investments in subsidiaries and affiliated companies	33,173	55,574	22,400	22,400	-	33,173	42,643	9,469	9,469	-
Available-for-sale securities	10,912,420	12,196,621	1,284,201	1,359,380	(75,178)	11,623,141	13,170,282	1,547,141	1,620,514	(73,373)
Domestic bonds	1,746,572	1,849,618	103,045	104,399	(1,353)	1,975,348	2,110,895	135,546	139,427	(3,880)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	844,318	1,680,215	835,896	885,478	(49,582)
Foreign securities	7,663,264	7,913,036	249,772	284,817	(35,044)	7,812,392	8,360,286	547,894	567,650	(19,755)
Foreign bonds	7,184,172	7,422,935	238,763	273,463	(34,699)	7,278,797	7,801,100	522,303	541,220	(18,917)
Other foreign securities	479,091	490,100	11,008	11,353	(345)	533,594	559,186	25,591	26,429	(838)
Other securities	109,895	125,018	15,123	15,276	(153)	155,768	176,038	20,269	20,279	(9)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	247,313	254,870	7,557	7,679	(121)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	588,000	587,975	(24)	-	(24)
Others	-	-	-	-	-	-	-	-	-	-
Total	24,419,588	28,197,967	3,778,379	3,861,372	(82,992)	25,282,504	29,529,151	4,246,646	4,322,011	(75,364)
Domestic bonds	13,245,407	15,504,192	2,258,784	2,264,800	(6,015)	13,534,054	16,004,335	2,470,281	2,475,947	(5,666)
Domestic stocks	839,591	1,747,909	908,317	946,912	(38,595)	844,318	1,680,215	835,896	885,478	(49,582)
Foreign securities	9,671,596	10,259,807	588,211	626,408	(38,196)	9,913,049	10,825,715	912,665	932,626	(19,961)
Foreign bonds	9,159,330	9,714,132	554,802	592,654	(37,851)	9,346,280	10,223,885	877,604	896,727	(19,122)
Other foreign securities	512,265	545,674	33,408	33,753	(345)	566,768	601,829	35,060	35,899	(838)
Other securities	109,895	125,018	15,123	15,276	(153)	155,768	176,038	20,269	20,279	(9)
Monetary claims bought	166,297	174,259	7,962	7,973	(11)	247,313	254,870	7,557	7,679	(121)
Negotiable certificates of deposit	386,800	386,779	(20)	-	(20)	588,000	587,975	(24)	-	(24)
Others	-	-	-	-	-	-	-	-	-	-

Note: The table above includes securities that are deemed appropriate 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)

	As of March 31, 2019	As of September 30, 2019
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	586,899	594,379
Available-for-sale securities	243,910	120,743
Unlisted domestic stocks (excluding over-the-counter stocks)	16,136	21,898
Unlisted foreign stocks (excluding over-the-counter stocks)	224,558	94,558
Unlisted foreign bonds	-	-
Others	3,215	4,286
Total	830,809	715,123

c. Fair Value Information of Derivative Transactions (General Account)

(1) Net Gains and Losses on Derivatives

(Millions of Yen)

	As of March 31, 2019						As of September 30, 2019					
	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	(39)	169,628	-	-	-	169,589
Hedge accounting not applied	-	(313)	(7)	-	1,232	912	-	42,897	(463)	19	4,282	46,735
Total	452	46,957	(7)	-	1,232	48,636	(39)	212,525	(463)	19	4,282	216,324

Notes: Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied, and net gains (losses) from derivatives with hedge accounting not applied are recorded on the statement of income.

Net gains (losses) from derivatives with hedge accounting (fair value hedge method) applied amounted to gain of ¥28,497 million and ¥143,780 million as of March 31, 2019 and September 30, 2019, respectively.

(2) Interest-related

(Millions of Yen)

Type	As of March 31, 2019				As of September 30, 2019			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Interest rate swaps								
Receipts fixed, payments floating	29,236	19,535	103	103	25,595	15,690	133	133
Receipts floating, payments fixed	49,945	49,945	349	349	48,564	48,564	(172)	(172)
Total				452				(39)

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

(Reference)**Interest rate swaps by contractual maturity dates**

[As of September 30, 2019]

(Millions of Yen, %)

	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)	9,905	4,132	11,052	505	-	-	25,595
Average fixed rate (receipt)	0.69	1.43	1.20	0.17	-	-	1.02
Average floating rate (payment)	0.15	1.37	1.12	0.24	-	-	0.77
Notional amount (receipts floating, payments fixed)	-	48,564	-	-	-	-	48,564
Average fixed rate (payment)	-	2.68	-	-	-	-	2.68
Average floating rate (receipt)	-	2.95	-	-	-	-	2.95

(3) Currency-related

(Millions of Yen)

Type	As of March 31, 2019				As of September 30, 2019			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Foreign currency forward contracts								
Sold	7,364,537	437,618	35,203	35,203	8,719,533	429,004	197,284	197,284
(U.S. dollar)	3,134,162	-	(39,862)	(39,862)	4,256,909	-	(5,251)	(5,251)
(Euro)	2,416,954	-	73,198	73,198	2,598,081	-	134,464	134,464
(Australian dollar)	1,413,999	437,618	4,886	4,886	1,231,641	429,004	35,198	35,198
(New Zealand dollar)	286,563	-	(5,012)	(5,012)	441,791	-	24,938	24,938
Bought	290,616	-	(6,908)	(6,908)	1,251,088	-	(9,250)	(9,250)
(U.S. dollar)	22,550	-	124	124	636,011	-	6,115	6,115
(Euro)	-	-	-	-	328,223	-	(171)	(171)
(Australian dollar)	266,038	-	(7,036)	(7,036)	154,233	-	(12,340)	(12,340)
(New Zealand dollar)	-	-	-	-	132,619	-	(2,853)	(2,853)
Currency options								
Sold								
Call	172,500	-			282,750	-		
[U.S. dollar]	[465]		425	39	[897]		529	367
(U.S. dollar)	172,500	-			282,750	-		
[U.S. dollar]	[465]		425	39	[897]		529	367
Bought								
Put	157,500	-			256,500	-		
[U.S. dollar]	[1,585]		1,434	(151)	[2,225]		501	(1,724)
(U.S. dollar)	157,500	-			256,500	-		
(U.S. dollar)	[1,585]		1,434	(151)	[2,225]		501	(1,724)
Currency swaps								
(U.S. dollar)	37,806	37,806	(972)	(972)	37,806	37,806	(1,476)	(1,476)
(Euro)	35,351	35,351	(893)	(893)	35,351	35,351	(1,493)	(1,493)
(Euro)	2,454	2,454	(78)	(78)	2,454	2,454	16	16
Total				27,211				185,200

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.

3. Net gains (losses) represent the fair values for foreign currency forward contracts and currency swaps, and the difference between the option fees and the fair values for currency options.

(4) Stock-related

(Millions of Yen)

Type	As of March 31, 2019				As of September 30, 2019			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Exchange-traded transactions								
Stock index futures								
Bought	1,067	-	(7)	(7)	39,678	-	(463)	(463)
Total				(7)				(463)

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

(5) Bond-related

(Millions of Yen)

Type	As of March 31, 2019				As of September 30, 2019			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Exchange-traded transactions								
Bond futures								
Bought	-	-	-	-	2,803	-	9	9
Over-the-counter transactions								
Bond options								
Sold								
Call	-	-	-	-	10,798	-		
Put	[-]	-	-	-	[12]	-	3	8
Bought								
Call	-	-	-	-	16,338	-	14	0
Put	[-]	-	-	-	[15]	-		
Bought								
Call	-	-	-	-	6,049	-		
Put	[-]	-	-	-	[3]	-	2	(1)
Bought								
Call	-	-	-	-	407	-		
Put	[-]	-	-	-	[3]	-	5	1
Total				-				19

Notes: 1. Option fees are shown in [].

2. Net gains (losses) represent the fair value for bond futures and the difference between the option fees and the fair values for bond options.

(6) Others

(Millions of Yen)

Type	As of March 31, 2019				As of September 30, 2019			
	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Net gains (losses)
Over-the-counter transactions								
Multi-asset index options								
Sold								
Call	78,933	-	197	(163)	119,454	-	2,127	(1,959)
Put	[34]	-			[167]	-		
Bought								
Call	72,059	-	2,963	1,395	110,011	-	8,677	6,242
Put	[1,567]	-			[2,435]	-		
Total				1,232				4,282

Notes: 1. Option fees are shown in [].

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

d. Risk-Monitored Loans

(Millions of Yen, %)

	As of March 31, 2019	As of September 30, 2019
Loans to bankrupt borrowers	-	-
Loans in arrears	787	754
Loans in arrears for three months or longer	-	-
Restructured loans	-	-
Total	787	754
[Percentage of total loans]	[0.03]	[0.03]
[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 as of March 31, 2019 and September 30, 2019 amounted to ¥21 million and ¥22 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.