

December 11, 2020

Financial Results for the Six Months Ended September 30, 2020
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 2020.

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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, 2020	As of September 30, 2020
ASSETS:		
Cash and deposits	1,603,446	1,488,512
Call loans	354,415	348,276
Monetary claims bought	326,239	600,768
Securities	31,224,974	33,011,027
Loans	2,834,875	2,674,212
Tangible fixed assets	573,778	571,919
Intangible fixed assets	234,531	215,316
Due from agents	181	107
Reinsurance receivables	1,186	3,439
Other assets	1,264,231	1,110,055
Net defined benefit assets	7,258	5,227
Deferred tax assets	218,110	73,383
Allowance for possible loan losses	(1,178)	(4,079)
Total assets	38,642,050	40,098,167
LIABILITIES:		
Policy reserves and other reserves	31,698,335	32,037,351
Reserve for outstanding claims	138,733	141,686
Policy reserves	31,338,115	31,652,831
Policyholders' dividend reserves	221,485	242,832
Reinsurance payables	11,958	13,652
Corporate bonds	477,709	476,034
Other liabilities	4,058,781	4,655,449
Payables under repurchase agreements	1,948,528	2,573,435
Other	2,110,252	2,082,013
Net defined benefit liabilities	13,655	12,155
Reserve for price fluctuation	787,707	825,020
Deferred tax liabilities	14,729	28,314
Deferred tax liabilities for land revaluation	12,923	12,922
Total liabilities	37,075,800	38,060,901
NET ASSETS:		
Reserve for redemption of foundation funds	639,000	639,000
Reserve for revaluation	2	2
Surplus	102,654	64,132
Total funds, reserve and surplus	741,656	703,134
Net unrealized gains(losses) on available-for-sale securities	949,379	1,458,912
Deferred gains(losses) on derivatives under hedge accounting	405	10,768
Land revaluation differences	(59,708)	(59,471)
Foreign currency translation adjustments	(61,476)	(68,916)
Remeasurements of defined benefit plans	(4,127)	(7,289)
Total accumulated other comprehensive income	824,471	1,334,004
Non-controlling interests	121	127
Total net assets	1,566,249	2,037,265
Total liabilities and net assets	38,642,050	40,098,167

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Ordinary income	1,762,736	1,723,931
Insurance premiums and other	1,252,665	1,167,688
Investment income	446,186	493,881
Interest, dividends and other income	377,002	373,865
Gains on trading securities	17,506	-
Gains on sales of securities	24,189	47,575
Investment gains on separate accounts	12,562	52,600
Other ordinary income	63,884	62,361
Ordinary expenses	1,758,609	1,682,613
Benefits and other payments	981,147	928,044
Claims paid	316,511	307,174
Annuity payments	252,924	214,386
Benefits payments	190,625	184,680
Surrender benefits	191,147	195,867
Provision for policy reserves and other reserves	348,178	334,318
Provision for reserves for outstanding claims	877	1,131
Provision for policy reserves	347,285	333,172
Provision for interest on policyholders' dividend reserves	16	15
Investment expenses	156,064	143,234
Interest expenses	15,141	8,117
Losses on trading securities	-	7,091
Losses on sales of securities	9,824	5,139
Losses on valuation of securities	11,434	12,261
Operating expenses	197,105	203,325
Other ordinary expenses	76,113	73,690
Ordinary profit	4,127	41,318
Extraordinary gains	45	2
Gains on disposals of fixed assets	45	2
Extraordinary losses	15,969	38,194
Losses on disposals of fixed assets	612	94
Impairment losses	641	211
Provision for reserve for price fluctuation	14,111	37,313
Payments to social responsibility reserve	603	575
Surplus(loss) before income taxes	(11,796)	3,126
Income taxes		
Current	29,162	30,043
Deferred	(36,464)	(36,096)
Total income taxes	(7,302)	(6,052)
Net surplus(loss)	(4,493)	9,179
Net surplus attributable to non-controlling interests	6	6
Net surplus(loss) attributable to the Parent Company	(4,500)	9,172

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net surplus(loss)	(4,493)	9,179
Other comprehensive income(loss)	287,196	509,295
Net unrealized gains(losses) on available-for-sale securities	299,885	509,352
Deferred gains(losses) on derivatives under hedge accounting	2,982	10,363
Foreign currency translation adjustments	(11,497)	(5,992)
Remeasurements of defined benefit plans	(3,969)	(3,161)
Share of other comprehensive income(loss) of associates under the equity method	(204)	(1,267)
Comprehensive income(loss)	282,702	518,474
Comprehensive income(loss) attributable to the Parent Company	282,696	518,467
Comprehensive income(loss) attributable to non-controlling interests	6	6

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
I Cash flows from operating activities:		
Surplus(loss) before income taxes	(11,796)	3,126
Depreciation	19,909	19,942
Impairment losses	641	211
Amortization of goodwill	2,037	3,032
Increase(Decrease) in reserve for outstanding claims	(1,986)	3,435
Increase(Decrease) in policy reserves	396,297	393,027
Provision for interest on policyholders' dividend reserves	16	15
Increase(Decrease) in allowance for possible loan losses	(22)	1,066
Increase(Decrease) in net defined benefit liabilities	(5,749)	(3,856)
Increase(Decrease) in reserve for price fluctuation	14,111	37,313
Interest, dividends and other income	(377,002)	(373,865)
Losses(Gains) on securities	(12,104)	(84,401)
Interest expenses	15,141	8,117
Losses(Gains) on tangible fixed assets	543	80
Others, net	(7,545)	69,258
Subtotal	32,490	76,505
Interest, dividends and other income received	440,992	408,806
Interest paid	(16,375)	(8,890)
Policyholders' dividends paid	(30,177)	(26,119)
Others, net	(603)	(575)
Income taxes paid	(16,979)	(25,465)
Net cash provided by operating activities	409,346	424,260
II Cash flows from investing activities:		
Net decrease(increase) in deposits	(12,915)	118,761
Purchase of monetary claims bought	(125,999)	(365,950)
Proceeds from sales and redemption of monetary claims bought	49,290	90,857
Purchase of securities	(2,617,184)	(2,800,653)
Proceeds from sales and redemption of securities	1,762,572	1,852,178
Loans made	(1,106,016)	(212,362)
Proceeds from collection of loans	1,106,390	351,834
Others, net	451,326	545,115
Total investing activities (II a)	(492,536)	(420,218)
[I + II a]	[(83,190)]	[4,041]
Purchase of tangible fixed assets	(8,078)	(7,937)
Proceeds from sales of tangible fixed assets	168	4
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(443)	-
Others, net	(6,701)	(4,619)
Net cash used in investing activities	(507,591)	(432,771)
III Cash flows from financing activities:		
Proceeds from issuance of debt	50,000	-
Redemption of corporate bonds	-	(1,175)
Redemption of foundation funds	(50,000)	-
Payment of interest on foundation funds	(556)	-
Others, net	103,491	14,799
Net cash provided by (used in) financing activities	102,934	13,623
IV Effect of foreign exchange rate changes on cash and cash equivalents	(955)	(1,287)
V Net increase(decrease) in cash and cash equivalents	3,734	3,824
VI Cash and cash equivalents at the beginning of the period	435,129	584,224
VII Cash and cash equivalents at the end of the period	438,863	588,048

e. Unaudited Consolidated Statements of Changes in Net Assets

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

Six months ended September 30, 2020

(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	-	639,000	2	102,654	741,656
Cumulative effect due to U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries				(6)	(6)
Beginning balance after reflecting U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries	-	639,000	2	102,648	741,650
Changes in the period					
Additions to policyholders' dividend reserves				(47,451)	(47,451)
Net surplus attributable to the Parent Company				9,172	9,172
Reversal of land revaluation differences				(236)	(236)
Net changes, excluding funds, reserve and surplus					
Net changes in the period	-	-	-	(38,516)	(38,516)
Ending balance	-	639,000	2	64,132	703,134

	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	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,249
Cumulative effect due to U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries								(6)
Beginning balance after reflecting U.S. GAAP(ASU2016-13,ASU2019-05) used for U.S. subsidiaries	949,379	405	(59,708)	(61,476)	(4,127)	824,471	121	1,566,243
Changes in the period								
Additions to policyholders' dividend reserves								(47,451)
Net surplus attributable to the Parent Company								9,172
Reversal of land revaluation differences								(236)
Net changes, excluding funds, reserve and surplus	509,533	10,363	236	(7,440)	(3,161)	509,532	6	509,538
Net changes in the period	509,533	10,363	236	(7,440)	(3,161)	509,532	6	471,022
Ending balance	1,458,912	10,768	(59,471)	(68,916)	(7,289)	1,334,004	127	2,037,265

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2020

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 25 as of September 30, 2020.

The major subsidiaries as of September 30, 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.)

One subsidiary of Symetra Financial Corporation was excluded from the scope of the consolidation due to the sale of equity from the period ended September 30, 2020.

The unconsolidated subsidiary is SL Fund I Tokumei Kumiai.

The unconsolidated subsidiary is excluded from consolidation, because its effect is immaterial, individually and in aggregate on the consolidated total assets, revenues, net income and surplus. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position and the results of the group operations.

2. Affiliates

The number of unconsolidated subsidiaries under the equity method was 0 as of September 30, 2020.

The number of affiliates under the equity method was 8 as of September 30, 2020.

The major affiliates as of September 30, 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)

Unconsolidated subsidiaries and affiliates (Japan Pension Service Co., Ltd.) are excluded from affiliates under the equity method because these effect are immaterial, individually and in aggregate, on the consolidated net income and surplus.

3. Interim closing dates of consolidated subsidiaries

The interim closing dates of foreign subsidiaries are June 30, 2020. 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.

4. Amortization treatment of goodwill

The goodwill recorded in U.S. subsidiaries was amortized using a straight-line basis over 20 years, however, from the beginning of the period ended September 30, 2020, amortization term has been changed to a straight-line basis over 10 years, due to adoption of accounting alternative under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification, Topic 350, “Intangible-Goodwill and Other” which became available to elect in U.S. subsidiaries. The effect of this change was to decrease ordinary profit and surplus before income taxes by ¥1,455 million compared with the former method, respectively.

Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2020

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 these 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 2020. 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 sheet.

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 sheet.

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 ¥34 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, 2020, are provided based on the projected benefit obligations and plan assets as of March 31, 2021. Assumptions used in accounting for the defined benefit plans for the period ended September 30, 2020 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. 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 and certain subsidiaries

recognized deferred tax assets/liabilities as of September 30, 2020 based on the provisions of pre-amended Tax Act.

13. 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.

14. 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.
15. 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.
16. 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, 2020.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	1,488,512	1,488,512	-
[Available-for-sale securities] *1	[480,466]	[480,466]	-
Call loans	348,276	348,276	-
Monetary claims bought	600,768	603,751	2,982
[Available-for-sale securities] *1	[471,084]	[471,084]	-
Securities *2	32,893,942	35,025,984	2,132,042
Trading securities	1,074,153	1,074,153	-

Held-to-maturity debt securities	1,706,446	2,000,479	294,032
Policy-reserve-matching bonds	12,051,366	13,896,625	1,845,258
Investments in unconsolidated subsidiaries and affiliated companies	43,684	36,435	(7,248)
Available-for-sale securities	18,018,290	18,018,290	-
Loans	2,674,212		
Allowance for possible loan losses ^{*3}	(3,398)		
	2,670,813	2,704,615	33,801
Corporate bonds	476,034	487,862	11,828
Payables under repurchase agreements	2,573,435	2,573,435	-
Payables under securities borrowing transactions	569,870	569,870	-
Derivative transactions ^{*4}	(33,395)	(33,395)	-
Hedge accounting not applied	24,761	24,761	-
Hedge accounting applied	(58,157)	(58,157)	-

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

*2 This table does not include financial instruments for which the fair values are not practically determinable, such as unlisted securities. The consolidated balance sheet amount of these securities was ¥117,085 million as of September 30, 2020.

*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 September, 2020.

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 mainly 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, 2020.

1) Held-to-maturity debt securities

		Millions of Yen		
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	365,302	400,413	35,110
	Foreign securities (bonds)	1,338,600	1,597,560	258,960
Fair value does not exceed the balance sheet amount	Bonds	2,543	2,505	(38)
	Foreign securities (bonds)	-	-	-
Total		1,706,446	2,000,479	294,032

2) Policy-reserve-matching bonds

				Millions of Yen
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,251,215	12,029,099	1,777,884
	Foreign securities (bonds)	668,075	760,064	91,989
Fair value does not exceed the balance sheet amount	Bonds	1,041,977	1,021,571	(20,405)
	Foreign securities (bonds)	90,098	85,888	(4,209)
Total		12,051,366	13,896,625	1,845,258

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, 2020.

3) Available-for-sale securities

				Millions of Yen
	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Negotiable certificates of deposit	-	-	-
	Monetary claims bought	141,313	149,340	8,026
	Bonds	1,799,257	1,913,076	113,818
	Stocks	757,646	1,733,552	975,905
	Foreign securities	10,771,678	11,810,539	1,038,860
	Foreign bonds	9,853,275	10,822,620	969,344
	Other foreign securities	918,402	987,919	69,516
	Other securities	263,919	292,947	29,027
Balance sheet amount does not exceed acquisition cost or amortized cost	Negotiable certificates of deposit	480,500	480,466	(33)
	Monetary claims bought	321,915	321,744	(170)
	Bonds	658,116	631,702	(26,414)
	Stocks	323,194	273,334	(49,859)
	Foreign securities	1,361,910	1,322,022	(39,887)
	Foreign bonds	1,284,153	1,245,556	(38,596)
	Other foreign securities	77,757	76,466	(1,291)
	Other securities	42,000	41,116	(883)
Total		16,921,452	18,969,841	2,048,389

17. As of September 30, 2020, 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.

18. As of September 30, 2020, 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 ¥1,487 million. The details are as follows:

The amount of loans to bankrupt borrowers was nil, and loans in arrears was ¥899 million.

The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥20 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 (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 amount of loans in arrears for three months or longer was ¥250 million.

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 ¥337 million.

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.

19. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥786,372 million as of September 30, 2020. The total amount of separate account liabilities was the same as this.

20. Changes in policyholders' dividend reserves for the period ended September 30, 2020 were as follows:

	Millions of Yen
At the beginning of the fiscal year	221,485
Transfer from surplus in the previous fiscal year	47,451
Dividend payments to policyholders during the period	26,119
Interest accrued during the period	15
At the end of the period	242,832

21. Assets pledged as collateral were securities in the amount of ¥3,166,173 million, loans in the amount of ¥287,917 million and cash and deposits in the amount of ¥1,081 million as of September 30, 2020.
22. On October 20, 2020, the Company issued subordinated debt of ¥70,000 million, the repayment of which are subordinated to other obligations.
23. Securities loaned under security lending agreements amounted to ¥4,084,049 million as of September 30, 2020.
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 ¥12,586 million, and none of the securities was pledged as collateral as of September 30, 2020.
25. The amount of loan commitments outstanding was ¥9,497 million as of September 30, 2020.
26. The amount of corporate bonds in liabilities included ¥449,924 million of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of September 30, 2020.
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 ¥569,870 million as of September 30, 2020.
28. Other assets and other liabilities included assets and liabilities related to the modified coinsurance in U.S. subsidiary of ¥592,804 million and ¥630,547 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 ¥36,294 million as of September 30, 2020, pursuant to Article 259 of the Insurance Business Act.
The 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, 2020

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, 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 statement of income.

3) Breakdown of impairment losses for the period ended September 30, 2020

Asset Group	Asset Category	Millions of Yen
Idle assets	Land and buildings	211
Total		211

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%.

Notes to the Unaudited Consolidated Statement of Cash Flows for the Six Months Ended September 30, 2020

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, 2020 was as follows:

	Millions of Yen
Cash and deposits	1,488,512
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(900,463)
Cash and cash equivalents	588,048

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2020	As of September 30, 2020
Solvency margin gross amount (A)	4,264,500	5,012,174
Foundation funds and others	505,118	507,907
Reserve for price fluctuation	787,707	825,020
Contingency reserve	419,176	460,562
Unusual contingency reserve	-	-
General allowance for possible loan losses	767	3,667
(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)	1,171,645	1,815,264
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	96,066	101,668
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(5,735)	(10,122)
Excess of continued Zillmerized reserve	796,434	815,354
Qualifying subordinated debt	499,924	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(76,870)	(77,807)
Others	70,265	70,734
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)	980,290	1,067,060
Insurance risk R_1	91,876	91,860
General insurance risk R_5	-	-
Large disaster risk R_6	0	0
Third-sector insurance risk R_8	81,094	81,922
Insurance risk of small-amount, short-term insurer R_9	7	7
Risk of assumed yield R_2	188,775	184,993
Minimum guarantee risk R_7^*	6,025	5,759
Investment risk R_3	747,438	837,682
Operational risk R_4	22,304	24,044
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	870.0%	939.4%

* 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, 2020		As of September 30, 2020	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,751,825	5.4	1,637,557	4.9
Monetary claims bought	326,239	1.0	600,768	1.8
Investments in securities	26,790,871	83.1	28,406,648	84.6
Domestic bonds	13,809,070	42.8	13,998,222	41.7
Domestic stocks	1,718,821	5.3	2,130,001	6.3
Foreign securities	10,959,518	34.0	11,935,259	35.6
Foreign bonds	9,611,587	29.8	10,285,989	30.6
Other foreign securities	1,347,930	4.2	1,649,269	4.9
Other securities	303,462	0.9	343,165	1.0
Loans	2,099,584	6.5	1,925,810	5.7
Policy loans	281,112	0.9	270,459	0.8
Industrial and consumer loans	1,818,472	5.6	1,655,351	4.9
Real estate	558,552	1.7	557,657	1.7
Investment property	389,872	1.2	389,870	1.2
Deferred tax assets	214,138	0.7	67,991	0.2
Other assets	493,105	1.5	371,354	1.1
Allowance for possible loan losses	(816)	(0.0)	(744)	(0.0)
Total	32,233,500	100.0	33,567,043	100.0
Foreign currency denominated assets	10,453,682	32.4	11,285,984	33.6

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

No net valuation gains and losses as of March 31, 2020 and September 30, 2020.

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

(Millions of Yen)

	As of March 31, 2020					As of September 30, 2020				
	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	1,725,807	2,049,016	323,208	323,213	(5)	1,635,302	1,917,387	282,085	282,092	(6)
Policy-reserve-matching bonds	12,029,249	14,032,115	2,002,866	2,014,096	(11,230)	12,051,366	13,896,625	1,845,258	1,869,873	(24,615)
Investments in subsidiaries and affiliated companies	52,238	27,869	(24,369)	-	(24,369)	52,238	36,435	(15,802)	-	(15,802)
Available-for-sale securities	11,788,547	12,951,026	1,162,478	1,335,068	(172,589)	13,142,314	14,954,296	1,811,982	1,897,527	(85,544)
Domestic bonds	2,128,756	2,205,625	76,869	90,306	(13,437)	2,325,829	2,408,327	82,497	108,254	(25,757)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,080,784	2,006,753	925,968	975,828	(49,859)
Foreign securities	7,739,602	8,223,698	484,096	544,125	(60,028)	8,486,050	9,253,601	767,550	776,389	(8,839)
Foreign bonds	6,967,667	7,459,975	492,308	529,922	(37,613)	7,489,890	8,189,215	699,324	706,873	(7,548)
Other foreign securities	771,934	763,722	(8,211)	14,203	(22,415)	996,160	1,064,385	68,225	69,516	(1,291)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	305,920	334,063	28,143	29,027	(883)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	463,228	471,084	7,856	8,026	(170)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	480,500	480,466	(33)	-	(33)
Others	-	-	-	-	-	-	-	-	-	-
Total	25,595,843	29,060,026	3,464,183	3,672,378	(208,194)	26,881,221	30,804,744	3,923,523	4,049,493	(125,969)
Domestic bonds	13,732,200	15,797,682	2,065,481	2,084,466	(18,985)	13,915,725	15,778,825	1,863,100	1,909,270	(46,170)
Domestic stocks	996,146	1,595,204	599,057	679,946	(80,889)	1,080,784	2,006,753	925,968	975,828	(49,859)
Foreign securities	9,943,452	10,740,642	797,190	887,275	(90,085)	10,635,063	11,733,551	1,098,487	1,127,339	(28,852)
Foreign bonds	9,119,279	9,949,050	829,771	873,072	(43,300)	9,586,664	10,632,729	1,046,065	1,057,823	(11,758)
Other foreign securities	824,173	791,591	(32,581)	14,203	(46,784)	1,048,398	1,100,821	52,422	69,516	(17,093)
Other securities	303,523	297,562	(5,960)	12,202	(18,163)	305,920	334,063	28,143	29,027	(883)
Monetary claims bought	184,619	193,071	8,451	8,486	(34)	463,228	471,084	7,856	8,026	(170)
Negotiable certificates of deposit	435,900	435,863	(36)	-	(36)	480,500	480,466	(33)	-	(33)
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, 2020	As of September 30, 2020
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	593,981	596,523
Available-for-sale securities	62,246	62,611
Unlisted domestic stocks (excluding over-the-counter stocks)	21,841	21,473
Unlisted foreign stocks (excluding over-the-counter stocks)	34,558	34,558
Unlisted foreign bonds	-	-
Others	5,845	6,579
Total	656,227	659,134

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

(1) Net Gains and Losses on Derivatives

(Millions of Yen)

	As of March 31, 2020						As of September 30, 2020					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	(515)	172,039	-	-	-	171,523	(456)	(35,014)	-	-	-	(35,471)
Hedge accounting not applied	-	(3,162)	697	-	(1,639)	(4,105)	-	(5,076)	(4,810)	122	(827)	(10,591)
Total	(515)	168,876	697	-	(1,639)	167,418	(456)	(40,090)	(4,810)	122	(827)	(46,063)

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 ¥134,617 million and loss of ¥70,435 million as of March 31, 2020 and September 30, 2020, respectively.

(2) Interest-related

(Millions of Yen)

Type	As of March 31, 2020				As of September 30, 2020			
	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	20,035	15,645	28	28	15,690	11,612	26	26
Receipts floating, payments fixed	48,973	-	(544)	(544)	95,220	47,610	(483)	(483)
Total				(515)				(456)

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

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

[As of September 30, 2020]

(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)	4,077	6,090	5,022	500	-	-	15,690
Average fixed rate (receipt)	1.43	1.66	0.64	0.16	-	-	1.23
Average floating rate (payment)	1.42	1.62	0.60	0.24	-	-	1.19
Notional amount (receipts floating, payments fixed)	47,610	-	-	-	-	47,610	95,220
Average fixed rate (payment)	2.68	-	-	-	-	2.39	2.54
Average floating rate (receipt)	0.90	-	-	-	-	1.92	1.41

(3) Currency-related

(Millions of Yen)

Type	As of March 31, 2020				As of September 30, 2020			
	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	9,733,616	1,191,995	155,729	155,729	9,394,928	448,519	(82,889)	(82,889)
(U.S. dollar)	5,032,379	1,138,338	(46,419)	(46,419)	4,308,575	18,412	52,466	52,466
(Euro)	2,884,417	-	31,661	31,661	2,738,947	224,588	(88,647)	(88,647)
(Australian dollar)	1,070,479	53,656	111,582	111,582	1,442,163	205,517	(46,605)	(46,605)
Bought	2,353,557	165,027	(22,613)	(22,613)	2,334,871	-	6,994	6,994
(Euro)	906,728	165,027	(1,971)	(1,971)	1,096,045	-	17,809	17,809
(U.S. dollar)	1,188,828	-	1,595	1,595	619,616	-	1,071	1,071
(Australian dollar)	22,344	-	(1,519)	(1,519)	270,515	-	(3,904)	(3,904)
Currency options								
Sold								
Call	220,250	-			172,500	-		
[907]			1,783	(876)	[726]		179	546
(U.S. dollar)	220,250	-			172,500	-		
[907]			1,783	(876)	[726]		179	546
Put	-	-			135,000	-		
[-]					[681]		288	393
(U.S. dollar)	-	-			135,000	-		
[-]					[681]		288	393
Bought								
Put	199,000	-			150,000	-		
[1,986]			1,201	(784)	[2,186]		1,629	(556)
(U.S. dollar)	199,000	-			150,000	-		
[1,986]			1,201	(784)	[2,186]		1,629	(556)
Currency swaps	37,806	37,806	(3,638)	(3,638)	37,806	37,806	(3,203)	(3,203)
(U.S. dollar)	35,351	35,351	(3,656)	(3,656)	35,351	35,351	(3,100)	(3,100)
(Euro)	2,454	2,454	18	18	2,454	2,454	(102)	(102)
Total				127,816				(78,715)

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, 2020				As of September 30, 2020			
	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	10,069	-	697	697	8,979	-	(113)	(113)
Over-the-counter transactions								
Stock index options								
Sold								
Call	-	-	-	-	148,470	-	4,203	(2,529)
Put	[-]	-	-	-	[1,674]	-	-	-
Bought								
Put	-	-	-	-	122,715	-	563	1,763
	[-]	-	-	-	[2,326]	-	-	-
	-	-	-	-	149,985	-	1,550	(3,931)
	[-]	-	-	-	[5,481]	-	-	-
Total				697				(4,810)

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

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

(5) Bond-related

(Millions of Yen)

Type	As of March 31, 2020				As of September 30, 2020			
	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								
Sold	-	-	-	-	2,492	-	(2)	(2)
Bought	-	-	-	-	50,445	-	124	124
Total				-				122

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

(6) Others

(Millions of Yen)

Type	As of March 31, 2020				As of September 30, 2020			
	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	139,122	-	62	275	138,641	-	359	98
	[337]	-	-	-	[457]	-	-	-
Bought								
Call	128,961	-	900	(1,915)	129,206	-	1,900	(925)
	[2,816]	-	-	-	[2,825]	-	-	-
Total				(1,639)				(827)

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, 2020	As of September 30, 2020
Loans to bankrupt borrowers	-	-
Loans in arrears	808	899
Loans in arrears for three months or longer	-	-
Restructured loans	-	337
Total	808	1,236
[Percentage of total loans]	[0.04]	[0.06]
[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, 2020 and September 30, 2020 amounted to ¥21 million and ¥20 million, respectively.
2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).
3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.
4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.
5. Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.