
Financial Results for the Fiscal Year Ended March 31, 2015
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the fiscal year ended March 31, 2015.

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[Note]

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, 2014	As of March 31, 2015
ASSETS:		
Cash and deposits	119,211	334,565
Call loans	471,100	365,000
Monetary claims bought	289,088	243,446
Securities	22,120,098	23,282,398
Loans	2,465,539	2,322,696
Tangible fixed assets	711,065	669,806
Land	430,092	410,102
Buildings	270,068	251,662
Lease assets	4,233	3,157
Construction in progress	1,626	198
Other tangible fixed assets	5,044	4,685
Intangible fixed assets	24,122	25,211
Software	18,486	18,200
Lease assets	31	62
Other intangible fixed assets	5,603	6,949
Due from agents	3	1
Reinsurance receivables	255	184
Other assets	261,420	237,958
Net defined benefit assets	234	9,800
Deferred tax assets	130,644	1,391
Allowance for possible loan losses	(2,189)	(1,757)
Total assets	26,590,594	27,490,704
LIABILITIES:		
Policy reserves and other reserves	23,704,788	24,059,522
Reserve for outstanding claims	108,068	132,122
Policy reserves	23,318,460	23,661,038
Policyholders' dividend reserves	278,259	266,361
Reinsurance payables	120	113
Corporate bonds	99,480	149,480
Other liabilities	1,149,679	1,025,457
Payables under securities borrowing transactions	556,184	550,433
Other	593,495	475,024
Net defined benefit liabilities	36,090	35,310
Accrued retirement benefits for directors	13	12
Reserve for price fluctuation	231,492	252,308
Deferred tax liabilities	861	48,860
Deferred tax liabilities for land revaluation	22,164	19,343
Total liabilities	25,244,690	25,590,408
NET ASSETS:		
Foundation funds	270,000	270,000
Reserve for redemption of foundation funds	369,000	369,000
Reserve for revaluation	2	2
Surplus	366,640	402,827
Total funds, reserve and surplus	1,005,643	1,041,829
Net unrealized gains on available-for-sale securities	422,951	896,074
Land revaluation differences	(74,963)	(61,310)
Foreign currency translation adjustments	2,497	9,891
Remeasurements of defined benefit plans	(14,042)	13,750
Total accumulated other comprehensive income	336,442	858,406
Minority interests	3,816	60
Total net assets	1,345,903	1,900,296
Total liabilities and net assets	26,590,594	27,490,704

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Ordinary income	3,463,356	3,582,673
Insurance premiums and other	2,522,529	2,596,923
Investment income	821,279	879,349
Interest, dividends and other income	543,900	552,709
Gains on trading securities	0	-
Gains on sales of securities	40,408	49,605
Gains on redemption of securities	-	8,123
Foreign exchange gains	1,780	1,616
Reversal of allowance for possible loan losses	1,089	311
Other investment income	1,941	731
Investment gains on separate accounts	232,159	266,250
Other ordinary income	119,547	106,400
Ordinary expenses	3,225,842	3,365,495
Benefits and other payments	2,215,287	2,305,452
Claims paid	547,299	522,203
Annuity payments	465,550	639,464
Benefits payments	409,471	355,388
Surrender benefits	727,257	707,802
Other refunds	65,708	80,594
Provision for policy reserves and other reserves	318,858	367,043
Provision for reserves for outstanding claims	5,285	24,054
Provision for policy reserves	313,143	342,577
Provision for interest on policyholders' dividend reserves	429	412
Investment expenses	194,229	202,599
Interest expenses	9,641	7,337
Losses on trading securities	-	24
Losses on sales of securities	9,371	5,042
Losses on valuation of securities	130	4,158
Losses on derivative financial instruments	144,999	161,005
Depreciation of real estate for investments	14,071	11,004
Other investment expenses	16,013	14,027
Operating expenses	346,589	337,217
Other ordinary expenses	150,878	153,181
Ordinary profit	237,513	217,178
Extraordinary gains	9,296	5,057
Gains on disposals of fixed assets	9,296	5,057
Extraordinary losses	85,812	39,833
Losses on disposals of fixed assets	9,565	4,733
Impairment losses	50,690	13,581
Provision for reserve for price fluctuation	24,918	20,816
Losses on reduction of noncurrent assets	16	-
Payments to social responsibility reserve	621	701
Surplus before income taxes and minority interests	160,996	182,402
Income taxes		
Current	66,273	61,416
Deferred	(27,582)	(4,238)
Total income taxes	38,691	57,177
Surplus before minority interests	122,305	125,225
Minority interests	(402)	(122)
Net surplus	122,708	125,347

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Surplus before minority interests	122,305	125,225
Other comprehensive income	77,446	509,637
Net unrealized gains on available-for-sale securities	74,648	471,278
Land revaluation differences	(16)	1,296
Foreign currency translation adjustments	179	153
Remeasurements of defined benefit plans	-	27,792
Share of other comprehensive income of associates accounted for under the equity method	2,635	9,116
Comprehensive income	199,752	634,862
Comprehensive income attributable to the Parent Company	200,150	634,954
Comprehensive income(loss) attributable to minority interests	(398)	(92)

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2014	Year ended March 31, 2015
I Cash flows from operating activities:		
Surplus before income taxes and minority interests	160,996	182,402
Depreciation of real estate for investments	14,071	11,004
Depreciation	14,435	14,675
Impairment losses	50,690	13,581
Amortization of goodwill	1,003	1,336
Increase(Decrease) in reserve for outstanding claims	5,285	24,054
Increase(Decrease) in policy reserves	313,143	342,577
Provision for interest on policyholders' dividend reserves	429	412
Increase(Decrease) in allowance for possible loan losses	(1,134)	(432)
Increase(Decrease) in net defined benefit liabilities	(7,892)	19,703
Increase(Decrease) in reserve for price fluctuation	24,918	20,816
Interest, dividends, and other income	(543,900)	(552,709)
Losses(Gains) on securities	(148,809)	(202,236)
Interest expenses	9,641	7,337
Foreign exchange losses(gains)	(252)	(1,877)
Losses(Gains) on tangible fixed assets	1,210	(522)
Investment losses(gains) on equity method	(794)	360
Decrease(Increase) in due from agents	0	1
Decrease(Increase) in reinsurance receivables	(59)	71
Decrease(Increase) in other assets (excluding those related to investing and financial activities)	27,981	18,793
Increase(Decrease) in reinsurance payables	5	(6)
Increase(Decrease) in other liabilities (excluding those related to investing and financing activities)	(12,933)	24,608
Others, net	31,977	40,889
Subtotal	(59,988)	(35,159)
Interest, dividends, and other income received	679,120	694,193
Interest paid	(10,338)	(7,542)
Policyholders' dividends paid	(72,022)	(72,451)
Others, net	(621)	(701)
Income taxes paid	(88,619)	(66,141)
Net cash provided by operating activities	447,530	512,196
II Cash flows from investing activities:		
Net decrease(increase) in deposits	91,132	(200,396)
Purchase of monetary claims bought	(253,276)	(338,050)
Proceeds from sales and redemption of monetary claims bought	271,870	383,976
Purchase of securities	(3,336,603)	(3,830,982)
Proceeds from sales and redemption of securities	3,344,254	3,587,447
Loans made	(147,992)	(195,793)
Proceeds from collection of loans	336,136	327,214
Others, net	(804,380)	(154,426)
Total investment activities (II a)	(498,858)	(421,010)
[I + II a]	[(51,327)]	[91,185]
Purchase of tangible fixed assets	(10,515)	(10,451)
Proceeds from sales of tangible fixed assets	47,996	19,692
Others, net	(2,691)	(8,018)
Net cash used in investing activities	(464,068)	(419,789)
III Cash flows from financing activities:		
Proceeds from issuance of debt	1	-
Repayments of debt	(100,001)	(122,500)
Proceeds from issuance of corporate bonds	99,480	50,000
Payment of interest on foundation funds	(3,574)	(3,449)
Others, net	(2,285)	(1,636)
Net cash provided by (used in) financing activities	(6,380)	(77,586)
IV Effect of foreign exchange rate changes on cash and cash equivalents	15	12
V Net increase(decrease) in cash and cash equivalents	(22,902)	14,833
VI Cash and cash equivalents at the beginning of the year	60,792	37,890
VII Cash and cash equivalents at the end of the year	37,890	52,724

e. Unaudited Consolidated Statements of Changes in Net Assets

Year ended March 31, 2014

(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	270,000	369,000	2	323,928	962,931
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(58,330)	(58,330)
Payment of interest on foundation funds				(3,574)	(3,574)
Net surplus				122,708	122,708
Reversal of land revaluation differences				(18,091)	(18,091)
Net changes, excluding funds, reserve and surplus					
Net changes in the fiscal year	-	-	-	42,712	42,712
Ending balance	270,000	369,000	2	366,640	1,005,643

	Accumulated other comprehensive income(loss)					Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	348,334	(93,037)	(345)	-	254,950	3,212	1,221,094
Changes in the fiscal year							
Additions to policyholders' dividend reserves							(58,330)
Payment of interest on foundation funds							(3,574)
Net surplus							122,708
Reversal of land revaluation differences							(18,091)
Net changes, excluding funds, reserve and surplus	74,616	18,074	2,843	(14,042)	81,491	604	82,096
Net changes in the fiscal year	74,616	18,074	2,843	(14,042)	81,491	604	124,808
Ending balance	422,951	(74,963)	2,497	(14,042)	336,442	3,816	1,345,903

Year ended March 31, 2015

(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	270,000	369,000	2	366,640	1,005,643
Cumulative effect of change in accounting policies				(13,213)	(13,213)
Beginning balance after reflecting accounting policy changes	270,000	369,000	2	353,427	992,429
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(60,141)	(60,141)
Payment of interest on foundation funds				(3,449)	(3,449)
Net surplus				125,347	125,347
Reversal of land revaluation differences				(12,356)	(12,356)
Net changes, excluding funds, reserve and surplus					
Net changes in the fiscal year	-	-	-	49,399	49,399
Ending balance	270,000	369,000	2	402,827	1,041,829

	Accumulated other comprehensive income(loss)					Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	422,951	(74,963)	2,497	(14,042)	336,442	3,816	1,345,903
Cumulative effect of change in accounting policies							(13,213)
Beginning balance after reflecting accounting policy changes	422,951	(74,963)	2,497	(14,042)	336,442	3,816	1,332,689
Changes in the fiscal year							
Additions to policyholders' dividend reserves							(60,141)
Payment of interest on foundation funds							(3,449)
Net surplus							125,347
Reversal of land revaluation differences							(12,356)
Net changes, excluding funds, reserve and surplus	473,123	13,653	7,394	27,792	521,963	(3,756)	518,207
Net changes in the fiscal year	473,123	13,653	7,394	27,792	521,963	(3,756)	567,606
Ending balance	896,074	(61,310)	9,891	13,750	858,406	60	1,900,296

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Fiscal Year Ended March 31, 2015

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 12 as of March 31, 2015.

The subsidiaries as of March 31, 2015 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)
Sumitomo Life Insurance Agency America, Inc. (U.S.A.)

2. Affiliates

The number of affiliates accounted for by the equity method was 10 as of March 31, 2015.

The major affiliates as of March 31, 2015 are listed as follows:

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

PT BNI Life Insurance has been included as an affiliate from the fiscal year ended March 31, 2015, corresponding to acquiring its shares.

Certain affiliates, including Japan Pension Service Co., Ltd., are excluded from the scope of equity method because of their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of CSS Co., Ltd. and Sumitomo Life Insurance Agency America, Inc are March 25 and December 31, respectively.

The consolidated financial statements include the accounts of such subsidiaries as of their respective fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

4. Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) are amortized on a straight-line basis over the period up to 20 years.

However, for items that are immaterial, the total amount of goodwill is fully recognized as expenses as incurred.

Notes to the Unaudited Consolidated Balance Sheet as of March 31, 2015

1. Securities held by Sumitomo Life Insurance Company ("the Company") are classified and accounted for as follows:

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

Held-to-maturity debt securities are stated at amortized cost and the cost of these securities sold is calculated using the moving average method. Amortization is calculated using the straight-line method.

Policy-reserve-matching bonds (refer to Note.2) are stated at amortized cost in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry ", issued by the Japanese Institute of Certified Public Accountants. The cost of these bonds sold is calculated using the moving average method and amortization is calculated using the straight-line method.

Investments in unconsolidated subsidiaries and affiliated companies (defined in Article 110 Clause 2 of the Insurance Business Act) are stated at cost.

Equity securities with readily determinable market values classified as available-for-sale securities are stated at market value which is determined as the average of the market value during the final month of the fiscal year. Other available-for-sale securities with readily determinable market values are stated at market value on the balance sheet date. Available-for-sale securities for which determination of fair value is impracticable are stated mainly at cost.

The cost of these securities sold is calculated using the moving average method.

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

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

2. With regard to 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 insurance, individual annuities and group annuities, the Company classifies those securities as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants.

3. Derivatives are stated at fair value.

4. The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.
The difference in value before and after revaluation is directly included in Net Assets and presented as Land revaluation differences, net of income taxes which is presented as Deferred tax liabilities for land revaluation in the consolidated balance sheets.

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

Pursuant to the provision of the Act on Revaluation of Land, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2 Paragraph 1 of the Order for Enforcement of the Act on Revaluation of Land (the "Order")) and appraisal value (detailed in Article 2 Paragraph 5 of the Order) for the revaluation.

5. Tangible fixed assets owned by the Company are depreciated as follows:
 - a. Buildings
Calculated using the straight-line method.

 - b. Lease assets related to financial leases where ownership is not transferred
Calculated using the straight-line method over the lease period.

 - c. Other tangible fixed assets
Calculated using the declining-balance method.

6. Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese Yen at the exchange rates prevailing 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.

7. The Company's allowance for possible loan losses is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees. For loans to borrowers that are likely to become bankrupt (hereafter,

"borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees. For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed based on the Company's standards for the self-assessment of asset quality and the assessment results are reviewed by a department independent of the department that performs and is responsible for the self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the period was ¥318 million.

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

8. Net Defined benefit liabilities of the Company are provided based on the projected benefit obligations and plan assets as of the balance sheet date in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits").

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2015 were as follows:

Method of attributing benefits to period of service	Benefits formula basis
Amortization period for actuarial gains(losses) (Commencing in the following year after they are incurred)	8 years

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance systems, which distributes a lump sum payment on retirement, as defined benefit plans, and a defined contribution pension plan as defined contribution plans.

The company established some retirement benefit trusts for certain retirement allowance system. As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

(2) Defined benefit plans

i) Changes in the defined benefit obligations for the fiscal year ended March 31, 2015 was as follows:

	Millions of Yen
At the beginning of the fiscal year	305,570
Cumulative effect of change in accounting policies	19,107
At the beginning of the fiscal year after reflecting accounting policy changes	324,677
Service costs	14,611
Interest cost on projected benefit obligation	4,770
Actuarial losses	(211)
Benefits paid	(22,631)
Others	63
At the end of the fiscal year	321,280

ii) Changes in the plan assets for the fiscal year ended March 31, 2015 was as follows:

	Millions of Yen
At the beginning of the fiscal year	269,713
Expected return on plan assets	3,535
Actuarial gains	21,585
Contribution by employer	10,604
Benefits paid	(9,697)
Others	29
At the end of the fiscal year	295,770

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheet as of March 31, 2015 was determined as follows:

	Millions of Yen
Present value of funded obligations	319,851
Plan assets at fair value	(295,770)
Net present value of funded obligations	24,080
Present value of unfunded obligations	1,428
Net value of on the balance sheet	25,509
Net defined benefit liabilities	35,310
Net defined benefit assets	(9,800)
Net value of on the balance sheet	25,509

iv) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal year ended March 31, 2015 were as follows:

	Millions of Yen
Service costs	14,611
Interest cost on projected benefit obligation	4,770
Expected return on plan assets	(3,535)
Amortization of net actuarial losses	17,795
Others	34
Retirement benefit expenses	33,676

v) Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) were as follows:

	Millions of Yen
Actuarial gains(losses)	39,592
Total	39,592

Major components of total accumulated other comprehensive income (before income tax effect adjustments) were as follows:

	Millions of Yen
Unrecognized actuarial gains(losses)	19,328
Total	19,328

vi) The plan assets

The plan assets as of March 31, 2015 was comprised as follows:

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

The plan assets include the retirement benefit trusts. The amount of the retirement benefit trusts is 45% of total plan assets.

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

The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

viii) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the year ended March 31, 2015 were as follows:

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

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans was ¥863 million for the fiscal year ended March 31, 2015.

9. Reserve for price fluctuation is calculated pursuant to the provisions of Article 115 of the Insurance

Business Act.

10. Under accounting principles generally accepted in Japan (“Japanese GAAP”), several hedge accounting models are allowed.

Two fundamental approaches are the deferred hedge method and the fair value hedge method.

Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged item, gains and losses on changes in fair value of the hedging instrument are recognized in earnings together with the corresponding gains or losses of the hedged item attributable to the risk being hedged.

In addition, for certain derivative instruments, exceptional treatments are permitted under Japanese GAAP.

Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts and currency swaps are allowed to be translated at the foreign exchange rate stipulated in the forward contracts and the currency swap agreements. Accordingly, the foreign exchange forward contracts and the currency swaps used as hedging instruments are not recognized as an asset or liability measured at fair value either at the initial recognition or subsequent reporting dates (the allocation method).

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the net paid or received under the swap agreements is recognized and included in interest expense or income of hedged items (the exceptional method).

The Company adopts mainly the fair value hedge method or the allocation method to hedge foreign currency risks of assets and liabilities denominated in foreign currencies.

The Company also adopts the exceptional method to hedge interest rate risk primarily of floating rate loans.

Hedge effectiveness is assessed by comparing the cumulative changes in fair values or cash flows of the hedged item and the hedging instrument.

11. National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the 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 method:

i) For contracts that are subject to the standard policy reserve requirements, the premium reserve is calculated pursuant to the method stipulated by the Commissioner of Financial Services Agency

(Ministry of Finance Notification No. 48, in 1996).

- ii) For contracts that are not subject to the standard policy reserve requirements, premium reserve is calculated using the net level premium method.

The Company changed its accounting policy for premium reserves for existing individual annuity contracts whose annuity payments commenced on or after April 1, 2006, effective from the year ended March 31, 2007, as follows:

The difference arising by applying the calculation basis determined by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996) to individual annuity contracts, assuming that the date of commencement of an annuity payment is the date of the annuity contract, has also been provided for by the Company.

The life insurance standard life table 2007 for after commencement of annuity payment is used for the assumed rate of mortality in the above calculation.

- 13. Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2015) is amortized using the straight-line method over the estimated useful lives.

- 14. "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25) have been applied at the beginning of the year ended March 31, 2015. Accordingly, from the year ended March 31, 2015, the Company has changed the periodic allocation method of estimated retirement benefits from the straight-line basis to the benefits formula basis.

With respect to the application of the revised accounting standards, in accordance with the transitional treatment set out in article 37 of the standard, the amount of the impact of changes to the method of calculation of retirement benefit obligations and service costs has been included in surplus as of the beginning of the year.

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

- 15. Qualitative information on financial instruments and fair value of financial instruments are as follows:

(1) Qualitative information on financial instruments

The Company applies Asset and Liability Management (ALM) with considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to long-term by diversified investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities held by the Company.

Main components of the Company's financial instruments and associated risks are as follows:

Domestic bonds are exposed to market risk, which arises from the fluctuation of interest rates and other market indicators, and credit risk of issuers. Domestic and foreign stocks are exposed to market risk, which arises from the fluctuation of stock prices and foreign exchange rates, and credit risk of issuers. Foreign bonds are exposed to market risk, which arises from the fluctuation of interest rates, foreign exchange rates and other market indicators, and credit risk of issuers. Loans, mainly to domestic companies, are exposed to credit risk, which arises from deterioration of the financial condition of counterparties. They are also exposed to market risk since certain loans, similarly with bonds, change the fair values by fluctuation of interest rates although no active secondary markets exist.

The Company utilizes foreign currency forward contracts, currency options and currency swaps to hedge foreign currency risks of assets and liabilities denominated in foreign currencies, futures trading, forwards trading and options to hedge market risks of stocks, bond futures, options and interest rate swaptions to hedge market risks of fixed rate assets relating to the fluctuation of interest rates, and interest rate swaps to hedge floating rate assets. Gains and losses on certain foreign currency contracts used for hedging foreign currency risks mainly of foreign securities are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in fair value of hedged items and hedging instruments.

When a foreign currency forward contract and currency swaps meets the criteria for applying the allocation method or when an interest rate swap transaction meets the criteria for applying the exceptional method, hedge effectiveness is not assessed.

The risk management department maintains asset risk management in accordance with Risk Management Policy established by the board of directors. In addition, the Company strives to enhance risk assessment and management quantitatively and comprehensively by defining the framework of risk management about market risk and credit risk of financial instruments and concrete risk management processes pursuant to related regulations. Moreover, the risk management department maintains effective risk management structures by independent monitoring whether trading departments operate in compliance with related policies and rules. The board of directors makes decisions in response to the reports of risk management positions.

In order to manage market risk, the Company assesses and analyzes sensitivities of existing financial instruments to changes in interest rates, foreign exchange rates, stock prices and other market indicators by comparing Value-at-Risk (VaR) as integrated risk exposure with the limit for market risk, which is calculated with consideration given to unrealized gains (losses) and realized gains (losses) on sales. In addition, monitoring of the value fluctuations is conducted on a daily basis to correspond to changes in the fair value of asset and liability portfolio.

In order to manage credit risk, the Company assesses financial assets such as loans by using internal credit ratings corresponding to financial condition of security issuers or counterparties of loans when the Company makes investments, and regularly reviews these ratings. Moreover, the

Company manages credit risk by comparing Value-at-Risk (VaR) calculated by Monte Carlo simulations, which are based on the assumptions such as probability of transition for each internal credit rating and expected recovery rate at default, with the limit for credit risk.

(2) Fair value of financial instruments

The following table summarizes the carrying amounts in the consolidated balance sheet and the fair values of financial instruments as of March 31, 2015 together with their differences.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	334,565	334,565	—
[Available-for-sale securities] *1	[99,983]	[99,983]	—
Call loans	365,000	365,000	—
Monetary claims bought	243,446	245,621	2,175
[Available-for-sale securities] *1	[202,579]	[202,579]	—
Securities *2	22,699,289	24,515,324	1,816,035
Trading securities	2,212,537	2,212,537	—
Held-to-maturity debt securities	2,111,160	2,441,258	330,097
Policy-reserve-matching bonds	11,209,377	12,711,116	1,501,738
Investments in unconsolidated subsidiaries and affiliated companies	39,173	23,372	(15,801)
Available-for-sale securities	7,127,040	7,127,040	—
Loans	2,322,696		
Allowance for possible loan losses *3	(1,155)		
	2,321,541	2,390,859	69,318
Corporate bonds	149,480	157,116	7,636
Payables under securities borrowing transactions	550,433	550,433	—
Derivative transactions *4	(197,665)	(197,665)	—
Hedge accounting not applied	(39,867)	(39,867)	—
Hedge accounting applied	(157,797)	(157,797)	—

*1 Available-for-sale securities are shown in parenthesis.

*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 ¥583,108 million as of March 31, 2015.

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

*4 Debits and credits arising from derivative transactions are netted, and the net credit position is shown in parenthesis.

Note.1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

In principle, the book value is deemed as the fair value.

As for certain deposits regarded as securities pursuant to "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10), fair value is measured based on the closing market price on the balance sheet date.

2) Monetary claims bought

Fair value is measured based on the closing market price on the balance sheet date.

3) Securities

As for stocks with market prices, fair value is measured based on the average market price during the final month of the fiscal year.

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

4) Loans

As for policy loans, the book value is deemed as the fair value since the book value approximates the fair value, considering that the loan amount is limited within surrender value with no contractual maturity and given their estimated repayment period and interest rate terms.

As for general loans, the fair value is measured mainly as the present value of estimated future cash flows from the loan.

With regard to loans to debtors that are legally or substantially bankrupt and doubtful debtors, the fair values are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

Liabilities

1) Corporate bonds

Fair value is measured based on the closing market price on the balance sheet date.

2) Payables under securities borrowing transactions

The book value is deemed as the fair value since the fair value approximates the book value.

Derivative transactions

Fair value is measured based on the closing market price on the balance sheet date.

The fair values of foreign currency forward contracts and currency swaps accounted for by the allocation method are included in the fair values of related securities and corporate bonds since they are accounted for with considering them as integrated transactions.

The fair values of certain interest rate swaps accounted for by the exceptional method are included in the fair values of related loans since they are accounted for with considering them as integrated transactions.

Note.2: Matters related to securities, including certain deposits regarded as securities pursuant to "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10).

The following tables show the carrying amounts in the consolidated balance sheet, the fair values and their differences of held-to-maturity securities and policy-reserve-matching bonds as of March 31, 2015.

1) Held-to-maturity debt securities

					Millions of Yen
	type		Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds		541,219	574,627	33,408
	Foreign (bonds)	securities	1,546,429	1,843,260	296,831
Fair value does not exceed the balance sheet amount	Bonds		21,511	21,379	(132)
	Foreign (bonds)	securities	2,000	1,990	(9)
Total			2,111,160	2,441,258	330,097

2) Policy-reserve-matching bonds

					Millions of Yen
	type		Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds		11,070,522	12,568,398	1,497,875
	Foreign (bonds)	securities	94,877	99,086	4,209
Fair value does not exceed the balance sheet amount	Bonds		27,474	27,163	(310)
	Foreign (bonds)	securities	16,503	16,467	(35)
Total			11,209,377	12,711,116	1,501,738

The following tables show the acquisition costs (or amortized costs), the carrying amounts in the consolidated balance sheet and their differences of available-for-sale securities as of March 31, 2015.

3) Available-for-sale securities

		Millions of Yen		
	Type	Acquisition costs or amortized costs	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition costs or amortized costs	Negotiable certificates of deposit	—	—	—
	Monetary claims bought	170,343	182,587	12,244
	Bonds	1,144,064	1,196,214	52,150
	Stocks	725,720	1,501,034	775,314
	Foreign securities	3,726,236	4,123,233	396,996
	Foreign bonds	3,725,586	4,122,547	396,960
	Other foreign securities	649	686	36
	Other securities	24,609	34,692	10,082
	Balance sheet amount does not exceed acquisition costs or amortized costs	Negotiable certificates of deposit	100,000	99,983
Monetary claims bought		19,994	19,992	(2)
Bonds		27,860	27,673	(186)
Stocks		47,887	42,019	(5,868)
Foreign securities		202,713	202,172	(541)
Foreign bonds		201,487	201,101	(386)
Other foreign securities		1,226	1,070	(155)
Other securities	—	—	—	
Total		6,189,431	7,429,603	1,240,172

Note.3: Maturity analysis of monetary claims, securities with maturities, corporate bonds and other liabilities

Scheduled redemptions of monetary claims and securities with maturities, corporate bonds and other liabilities as of March 31, 2015.

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

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

16. The carrying amount for investment and rental properties was ¥466,204 million, and its fair value was ¥455,800 million as of March 31, 2015. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amount of ¥1,547 million as of March 31, 2015.

17. As of March 31, 2015, the aggregate amount of risk-monitored loans, which was comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, was ¥1,066 million.

The aggregate amount of loans to bankrupt borrowers was nil and loans in arrears was ¥1,066 million. The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥34 million for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikeliness of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Item 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

The amount of loans in arrears for three months or longer was ¥0 million.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.

Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amount of restructured loans was nil.

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.

18. Accumulated depreciation of tangible fixed assets amounted to ¥447,423 million as of March 31, 2015.

19. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥2,367,255 million as of March 31, 2015. The amount of separate account liabilities was the same as this figure.

20. Changes in policyholders' dividend reserves for the fiscal year ended March 31, 2015 were as follows:

	Millions of Yen
Balance at the beginning of the fiscal year	278,259
Transfer from surplus in the previous fiscal year	60,141
Dividend payments to policyholders during the fiscal year	(72,451)
Interest accrued during the fiscal year	412
Balance at the end of the fiscal year	266,361

21. Total amount of investments in unconsolidated subsidiaries and affiliates as of March 31, 2015 was ¥90,117 million.

22. Assets pledged as collateral were securities in the amount of ¥612,948 million as of March 31, 2015.

23. Securities loaned under security lending agreements amounted to ¥1,318,689 million as of March 31, 2015.

24. The amount of loan commitments outstanding was ¥13,172 million as of March 31, 2015.

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

26. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥43,507 million as of March 31, 2015, pursuant to Article 259 of the Insurance Business Act.

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

27. Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen
Deferred tax assets	357,309
Valuation allowance for deferred tax assets	21,804
Subtotal	335,504
Deferred tax liabilities	382,973
Net deferred tax liabilities	47,469

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

	Millions of Yen
Deferred tax assets	
Policy reserves and other reserves	172,289
Reserve for price fluctuation	72,647
Net defined benefit liabilities	46,462
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	361,836

The effective income tax rate was 30.73% for the fiscal year ended March 31, 2015. Main factors in the difference between the effective income tax rate and the actual income tax rate after considering deferred tax rate were as follows:

Policyholders' dividend reserves	(9.9)%
Effects of changes in the income tax rate	11.7 %

Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) on March 31, 2015, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for fiscal year beginning on April 1, 2015. As a result of this change, the effective income tax rate which is used to measure deferred tax assets and liabilities, will be changed from 30.73% to 28.80% for temporary differences that are expected to be reversed in the fiscal years beginning on and after April 1, 2015.

Due to this change, as of March 31, 2015, deferred tax liabilities and deferred tax liabilities for land revaluation decreased by ¥3,249 million and ¥1,296 million, respectively, and income taxes—deferred increased by ¥21,447 million.

Notes to the Unaudited Consolidated Statement of Income for the Fiscal Year Ended March 31, 2015

1. Major components of gains on sales of securities were as follows:

	Millions of Yen
Domestic bonds including national government bonds	1,615
Domestic stocks	3,732
Foreign securities	44,257

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

	Millions of Yen
Domestic bonds including national government bonds	25
Domestic stocks	125
Foreign securities	4,891

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

	Millions of Yen
Domestic stocks	4,158

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

	Millions of Yen
Gains (Losses) on sales of securities	(24)

3. Losses on derivative financial instruments, net, included net valuation losses of ¥39,980 million for the year ended March 31, 2015.
4. The details of the impairment losses on fixed assets of the Company are as follows:

Accumulated impairment losses on fixed assets are directly deducted from the total asset amounts of their respective asset categories.

(1) Method for grouping the assets

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

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

(2) Description of impairment losses recognized

For the year ended March 31, 2015, the Company recognized impairment losses on real estate for investment that experienced the deterioration of profitability and on the idle assets that

experienced the decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount, and recognized impairment losses as extraordinary losses in the consolidated statement of income.

(3) Details of fixed assets causing impairment losses

Asset Group	Asset Categories	Millions of Yen
Real estate for investment	Land and buildings	13,084
Idle assets	Land and buildings	468
Total		13,553

(4) The recoverable amount

The recoverable amounts of real estate for investment are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on 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 Comprehensive Income for the Fiscal Year Ended March 31, 2015

1. The components of other comprehensive income for the year ended March 31, 2015 were as follows:

Reclassification adjustments and income tax effects relating to other comprehensive income were as follows:

	Millions of Yen
Net unrealized gains on available-for-sale securities:	
Amount arising during the fiscal year	694,201
Reclassification adjustments	(48,852)
Before income tax effect adjustments	645,349
Income tax effects	(174,071)
Net unrealized gains on available-for-sale securities	471,278
Land revaluation differences:	
Amount arising during the fiscal year	—
Reclassification adjustments	—
Before income tax effect adjustments	—
Income tax effects	1,296
Land revaluation differences	1,296
Foreign currency translation adjustments:	
Amount arising during the fiscal year	148
Reclassification adjustments	—
Before income tax effect adjustments	148
Income tax effects	5
Foreign currency translation adjustments	153
Remeasurements of defined benefit plans:	
Amount arising during the fiscal year	21,797
Reclassification adjustments	17,795
Before income tax effect adjustments	39,592
Income tax effects	(11,799)
Remeasurements of defined benefit plans	27,792
Share of other comprehensive income of associates accounted for by the equity method:	
Amount arising during the year	9,251
Reclassification adjustments	(134)
Share of other comprehensive income of associates accounted for by the equity method	9,116
Total other comprehensive income	509,637

Notes to the Unaudited Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2015

- 1. For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents are comprised of cash on hand and bank deposits bearing no interest.

- 2. Reconciliation of cash and deposits in the consolidated balance sheet and cash and cash equivalents in the consolidated statement of cash flows as of March 31, 2015 was as follows:

	Millions of Yen
Cash and deposits	334,565
Deposits bearing interest	(281,841)
Cash and cash equivalents	52,724

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31, 2014	As of March 31, 2015
Solvency margin gross amount (A)	2,772,886	3,422,644
Foundation funds and others	945,868	979,159
Reserve for price fluctuation	231,492	252,308
Contingency reserve	301,807	315,804
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,609	1,154
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	549,947	1,130,761
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(85,859)	(44,936)
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	(20,264)	19,328
Excess of continued Zillmerized reserve	619,955	633,128
Qualifying subordinated debt	201,980	149,480
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(53,787)	(89,583)
Others	80,137	76,039
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	616,378	705,494
Insurance risk R_1	81,996	79,337
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	50,018	51,286
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	220,364	215,482
Minimum guarantee risk R_7^{**}	52,793	32,738
Investment risk R_3	314,179	428,634
Operational risk R_4	14,387	16,149
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	899.7%	970.2%

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

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

3. Non-Consolidated Financial Information

a. Overall Composition of Investments (General Account)

(millions of yen, %)

	As of March 31, 2014		As of March 31, 2015	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	430,981	1.8	551,413	2.2
Monetary claims bought	289,088	1.2	243,446	1.0
Investments in securities	19,507,535	82.1	20,991,510	83.9
Domestic bonds	12,526,843	52.7	12,748,042	51.0
Domestic stocks	1,218,629	5.1	1,644,083	6.6
Foreign securities	5,729,106	24.1	6,563,751	26.2
Foreign bonds	5,191,255	21.8	5,983,458	23.9
Other foreign securities	537,850	2.3	580,292	2.3
Other securities	32,955	0.1	35,633	0.1
Loans	2,465,539	10.4	2,322,696	9.3
Policy loans	335,002	1.4	323,711	1.3
Industrial and consumer loans	2,130,536	9.0	1,998,985	8.0
Real estate	701,212	2.9	661,398	2.6
Investment property	497,088	2.1	464,290	1.9
Deferred tax assets	123,415	0.5	-	-
Other assets	255,612	1.1	244,064	1.0
Allowance for possible loan losses	(2,189)	(0.0)	(1,757)	(0.0)
Total	23,771,196	100.0	25,012,772	100.0
Foreign currency denominated assets	3,856,203	16.2	4,473,488	17.9

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, 2014 or March 31, 2015.

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

(millions of yen)

	As of March 31, 2014					As of March 31, 2015				
	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	1,849,463	2,043,711	194,248	194,450	(202)	2,059,190	2,383,300	324,109	324,244	(134)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,209,377	12,711,116	1,501,738	1,502,085	(346)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	-	(6,224)	33,173	23,372	(9,801)	-	(9,801)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)	6,109,247	7,344,762	1,235,515	1,242,124	(6,609)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,091,825	1,139,283	47,458	47,638	(180)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)	3,928,950	4,325,405	396,455	396,996	(541)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	3,927,074	4,323,648	396,574	396,960	(386)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)	1,876	1,757	(118)	36	(155)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	-
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	100,000	99,983	(16)	-	(16)
Others	-	-	-	-	-	-	-	-	-	-
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)	19,410,990	22,462,552	3,051,562	3,068,453	(16,891)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,700,583	14,272,895	1,572,311	1,572,927	(615)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,544	1,542,884	769,339	775,208	(5,868)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)	5,621,934	6,309,582	687,648	698,037	(10,388)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,586,884	6,284,453	697,569	698,000	(431)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)	35,050	25,129	(9,920)	36	(9,957)
Other securities	24,635	32,087	7,451	8,062	(610)	24,589	34,626	10,036	10,036	-
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	190,337	202,579	12,241	12,244	(2)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	100,000	99,983	(16)	-	(16)
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, 2014	As of March 31, 2015
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	72,290	115,403
Available-for-sale securities	515,586	515,935
Unlisted domestic stocks (excluding over-the-counter stocks)	24,580	24,573
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	490,321
Unlisted foreign bonds	-	-
Others	685	1,040
Total	587,876	631,338

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

(1) Net Gains and Losses on Derivatives

(millions of yen)

	As of March 31, 2014						As of March 31, 2015					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	1,834	(272,703)	-	-	-	(270,869)	1,259	(162,558)	-	-	-	(161,298)
Hedge accounting not applied	(847)	(23,098)	(1,317)	1,043	-	(24,220)	(1,813)	(27,582)	(13,591)	-	-	(42,988)
Total	986	(295,802)	(1,317)	1,043	-	(295,090)	(554)	(190,140)	(13,591)	-	-	(204,287)

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 loss of ¥249,187 million and loss of ¥157,797 million as of March 31, 2014 and March 31, 2015, respectively.

(2) Interest-related

(millions of yen)

Type	As of March 31, 2014				As of March 31, 2015			
	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	54,726	48,721	1,834	1,834	56,121	45,532	1,259	1,259
Receipts floating, payments fixed	34,500	-	(94)	(94)	-	-	-	-
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	120,000	120,000	500	(753)	240,000	120,000	427	(1,813)
	[1,254]				[2,241]			
Total				986				(554)

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

2. Net gains (losses) represent the fair values for interest rate swaps and the difference between the option fees and the fair values for interest rate swaptions.

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

[As of March 31, 2015]

(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)	10,588	32,012	12,985	455	80	-	56,121
Average fixed rate (receipt)	1.90	1.86	0.69	0.40	0.97	-	1.59
Average floating rate (payment)	0.37	0.38	0.34	0.27	0.73	-	0.37

(3) Currency-related

(millions of yen)

Type	As of March 31, 2014				As of March 31, 2015			
	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	3,190,809	914,294	(268,793)	(268,793)	3,599,075	1,025,354	(185,110)	(185,110)
(U.S. dollar)	975,384	392,060	(34,318)	(34,318)	1,396,146	543,023	(134,324)	(134,324)
(Australian dollar)	873,240	383,402	(124,732)	(124,732)	1,266,522	302,024	(83,894)	(83,894)
(Euro)	1,261,584	138,831	(100,105)	(100,105)	877,043	180,306	36,354	36,354
Bought	1,326	489	(6)	(6)	165,605	-	(269)	(269)
(U.S. dollar)	1,326	489	(6)	(6)	165,605	-	(269)	(269)
Currency options								
Bought								
Put	22,043	-			-	-		
(U.S. dollar)	[3,526]	-	40	(3,485)	[-]	-		
	22,043	-			-	-		
	[3,526]	-	40	(3,485)	[-]	-		
Total				(272,285)				(185,380)

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 the difference between the option fees and the fair values for option transactions.

(4) Stock-related

(millions of yen)

Type	As of March 31, 2014				As of March 31, 2015			
	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								
Sold	257,919	-	3,809	3,809	107,788	-	(1,537)	(1,537)
Over-the-counter transactions								
Stock index forwards								
Sold	108,510	-	350	350	104,122	-	(11,548)	(11,548)
Stock index options								
Sold								
Put	5,099	-			423	-		
	[85]		6	78	[1]		0	0
Bought								
Call	60,000	30,000			-	-		
	[1,131]		712	(419)	-			
Put	24,200	-			19,503	-		
	[5,179]		42	(5,136)	[529]		23	(506)
Total				(1,317)				(13,591)

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

2. Net gains (losses) represent the fair values for future tradings and forward tradings and the difference between the option fees and the fair values for option transactions.

(5) Bond-related

(millions of yen)

Type	As of March 31, 2014				As of March 31, 2015			
	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	293,251	-	1,043	1,043	-	-	-	-
Total				1,043				-

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

d. Risk-Monitored Loans

(millions of yen, %)

	As of March 31, 2014	As of March 31, 2015
Loans to bankrupt borrowers	-	-
Loans in arrears	1,139	1,066
Loans in arrears for three months or longer	0	0
Restructured loans	260	-
Total	1,400	1,066
(Percentage of total loans)	(0.06)	(0.05)
(Percentage of total assets)	(0.01)	(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, 2014 and March 31, 2015 amounted to ¥40 million and ¥34 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.