
Financial Results for the Fiscal Year Ended March 31, 2014
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the fiscal year ended March 31, 2014.

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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, 2013	As of March 31, 2014
ASSETS:		
Cash and deposits	233,076	119,211
Call loans	434,100	471,100
Monetary claims bought	310,241	289,088
Securities	21,695,225	22,120,098
Loans	2,663,423	2,465,539
Tangible fixed assets	820,230	711,065
Land	481,625	430,092
Buildings	328,114	270,068
Lease assets	4,292	4,233
Construction in progress	542	1,626
Other tangible fixed assets	5,656	5,044
Intangible fixed assets	27,690	24,122
Software	17,124	18,486
Lease assets	52	31
Other intangible fixed assets	10,513	5,603
Due from agents	3	3
Reinsurance receivables	195	255
Other assets	247,044	261,420
Net defined benefit assets	-	234
Deferred tax assets	135,712	130,644
Customers' liabilities under acceptances and guarantees	3,000	-
Allowance for possible loan losses	(3,324)	(2,189)
Total assets	26,566,620	26,590,594
LIABILITIES:		
Policy reserves and other reserves	23,399,622	23,704,788
Reserve for outstanding claims	102,783	108,068
Policy reserves	23,005,316	23,318,460
Policyholders' dividend reserves	291,521	278,259
Reinsurance payables	115	120
Corporate bonds	-	99,480
Other liabilities	1,683,711	1,149,679
Payables under securities borrowing transactions	733,125	556,184
Other	950,585	593,495
Accrued retirement benefits	23,718	-
Net defined benefit liabilities	-	36,090
Accrued retirement benefits for directors	14	13
Reserve for price fluctuation	206,574	231,492
Deferred tax liabilities	843	861
Deferred tax liabilities for land revaluation	27,927	22,164
Acceptances and guarantees	3,000	-
Total liabilities	25,345,526	25,244,690
NET ASSETS:		
Foundation funds	270,000	270,000
Reserve for redemption of foundation funds	369,000	369,000
Reserve for revaluation	2	2
Surplus	323,928	366,640
Total funds, reserve and surplus	962,931	1,005,643
Net unrealized gains on available-for-sale securities	348,334	422,951
Land revaluation differences	(93,037)	(74,963)
Foreign currency translation adjustments	(345)	2,497
Remeasurements of defined benefit plans	-	(14,042)
Total accumulated other comprehensive income	254,950	336,442
Minority interests	3,212	3,816
Total net assets	1,221,094	1,345,903
Total liabilities and net assets	26,566,620	26,590,594

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Ordinary income	4,192,041	3,463,356
Insurance premiums and other	3,183,999	2,522,529
Investment income	894,321	821,279
Interest, dividends and other income	510,324	543,900
Gains on trading securities	1,131	0
Gains on sales of securities	33,389	40,408
Foreign exchange gains	-	1,780
Reversal of allowance for possible loan losses	720	1,089
Other investment income	1,129	1,941
Investment gains on separate accounts	347,626	232,159
Other ordinary income	113,720	119,547
Ordinary expenses	3,968,404	3,225,842
Benefits and other payments	1,940,792	2,215,287
Claims paid	569,565	547,299
Annuity payments	357,460	465,550
Benefits payments	389,894	409,471
Surrender benefits	514,929	727,257
Other refunds	108,942	65,708
Provision for policy reserves and other reserves	1,265,177	318,858
Provision for reserves for outstanding claims	1,234	5,285
Provision for policy reserves	1,263,494	313,143
Provision for interest on policyholders' dividend reserves	448	429
Investment expenses	237,548	194,229
Interest expenses	9,625	9,641
Losses on sales of securities	10,080	9,371
Losses on valuation of securities	13,318	130
Losses on derivative financial instruments	171,867	144,999
Foreign exchange losses	20	-
Depreciation of real estate for investments	16,181	14,071
Other investment expenses	16,454	16,013
Operating expenses	371,395	346,589
Other ordinary expenses	153,490	150,878
Ordinary profit	223,636	237,513
Extraordinary gains	11,765	9,296
Gains on disposals of fixed assets	11,765	9,296
Extraordinary losses	96,277	85,812
Losses on disposals of fixed assets	26,313	9,565
Impairment losses	24,237	50,690
Provision for reserve for price fluctuation	45,112	24,918
Losses on reduction of noncurrent assets	-	16
Payments to social responsibility reserve	614	621
Surplus before income taxes and minority interests	139,124	160,996
Income taxes		
Current	65,067	66,273
Deferred	(32,639)	(27,582)
Total income taxes	32,428	38,691
Surplus before minority interests	106,696	122,305
Minority interests	(1,138)	(402)
Net surplus	107,834	122,708

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Surplus before minority interests	106,696	122,305
Other comprehensive income	241,247	77,446
Net unrealized gains on available-for-sale securities	241,109	74,648
Deferred unrealized gains(losses) on derivatives under hedge accounting	(59)	-
Land revaluation differences	-	(16)
Foreign currency translation adjustments	82	179
Share of other comprehensive income of associates accounted for under the equity method	114	2,635
Comprehensive income	347,943	199,752
Comprehensive income attributable to the Parent Company	348,826	200,150
Comprehensive income(loss) attributable to minority interests	(883)	(398)

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2013	Year ended March 31, 2014
I Cash flows from operating activities:		
Surplus before income taxes and minority interests	139,124	160,996
Depreciation of real estate for investments	16,181	14,071
Depreciation	14,200	14,435
Impairment losses	24,237	50,690
Amortization of goodwill	-	1,003
Increase(Decrease) in reserve for outstanding claims	1,234	5,285
Increase(Decrease) in policy reserves	1,263,494	313,143
Provision for interest on policyholders' dividend reserves	448	429
Increase(Decrease) in allowance for possible loan losses	(733)	(1,134)
Increase(Decrease) in accrued retirement benefits	1,413	-
Increase(Decrease) in net defined benefit liabilities	-	(7,892)
Increase(Decrease) in reserve for price fluctuation	45,112	24,918
Interest, dividends, and other income	(510,324)	(543,900)
Losses(Gains) on securities	(296,749)	(148,809)
Interest expenses	9,625	9,641
Foreign exchange losses(gains)	20	(252)
Losses(Gains) on tangible fixed assets	14,658	1,210
Investment losses(gains) on equity method	(1,163)	(794)
Decrease(Increase) in due from agents	1	0
Decrease(Increase) in reinsurance receivables	18	(59)
Decrease(Increase) in other assets (excluding those related to investing and financial activities)	35,625	27,981
Increase(Decrease) in reinsurance payables	(21)	5
Increase(Decrease) in other liabilities (excluding those related to investing and financing activities)	355,191	(12,933)
Others, net	(375,413)	31,977
Subtotal	736,183	(59,988)
Interest, dividends, and other income received	572,758	679,120
Interest paid	(11,812)	(10,338)
Policyholders' dividends paid	(75,806)	(72,022)
Others, net	(614)	(621)
Income taxes paid	(42,828)	(88,619)
Net cash provided by operating activities	1,177,880	447,530
II Cash flows from investing activities:		
Net decrease(increase) in deposits	(93,033)	91,132
Purchase of monetary claims bought	(52,799)	(253,276)
Proceeds from sales and redemption of monetary claims bought	94,510	271,870
Purchase of securities	(4,714,350)	(3,336,603)
Proceeds from sales and redemption of securities	2,864,233	3,344,254
Loans made	(145,203)	(147,992)
Proceeds from collection of loans	354,107	336,136
Others, net	591,094	(804,380)
Total investment activities (II a)	(1,101,441)	(498,858)
[I + II a]	[76,438]	[(51,327)]
Purchase of tangible fixed assets	(9,757)	(10,515)
Proceeds from sales of tangible fixed assets	42,366	47,996
Others, net	(7,070)	(2,691)
Net cash used in investing activities	(1,075,903)	(464,068)
III Cash flows from financing activities:		
Proceeds from issuance of debt	32	1
Repayments of debt	(135,032)	(100,001)
Proceeds from issuance of corporate bonds	-	99,480
Proceeds from issuance of foundation funds	100,000	-
Redemption of foundation funds	(50,000)	-
Payment of interest on foundation funds	(3,261)	(3,574)
Others, net	(1,060)	(2,285)
Net cash provided by (used in) financing activities	(89,322)	(6,380)
IV Effect of foreign exchange rate changes on cash and cash equivalents	5	15
V Net increase(decrease) in cash and cash equivalents	12,660	(22,902)
VI Cash and cash equivalents at the beginning of the year	48,132	60,792
VII Cash and cash equivalents at the end of the year	60,792	37,890

e. Unaudited Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

(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	220,000	319,000	2	336,733	875,735
Changes in the fiscal year					
Issuance of foundation funds	100,000				100,000
Additions to policyholders' dividend reserves				(63,345)	(63,345)
Additions to reserve for redemption of foundation funds		50,000		(50,000)	-
Payment of interest on foundation funds				(3,261)	(3,261)
Net surplus				107,834	107,834
Redemption of foundation funds	(50,000)				(50,000)
Reversal of land revaluation differences				(4,031)	(4,031)
Net changes, excluding funds, reserve and surplus					
Net changes in the fiscal year	50,000	50,000	-	(12,804)	87,195
Ending balance	270,000	369,000	2	323,928	962,931

	Accumulated other comprehensive income(loss)						Minority interests	Total net assets
	Net unrealized gains on available-for-sale securities	Deferred unrealized gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	107,364	59	(97,069)	(428)	-	9,926	4,270	889,933
Changes in the fiscal year								
Issuance of foundation funds								100,000
Additions to policyholders' dividend reserves								(63,345)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(3,261)
Net surplus								107,834
Redemption of foundation funds								(50,000)
Reversal of land revaluation differences								(4,031)
Net changes, excluding funds, reserve and surplus	240,970	(59)	4,031	82	-	245,024	(1,058)	243,965
Net changes in the fiscal year	240,970	(59)	4,031	82	-	245,024	(1,058)	331,161
Ending balance	348,334	-	(93,037)	(345)	-	254,950	3,212	1,221,094

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	Deferred unrealized gains(losses) on derivatives under hedge accounting	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

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Fiscal Year Ended March 31, 2014

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 12 as of March 31, 2014.

The subsidiaries as of March 31, 2014 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 9 as of March 31, 2014.

The major affiliates as of March 31, 2014 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)

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, 2014

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.

The Act on Revaluation of Land requires to disclose the deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land. The deficiency of the new book value of the land below the market value after revaluation in accordance with Article 10 of the Act on Revaluation of Land was ¥20,556 million as of March 31, 2014.

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 ¥217 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, 2014 were as follows:

Method of attributing benefits to period of service	Straight-line basis
Amortization period for actuarial 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, 2014 was as follows:

	Millions of Yen
At the beginning of the fiscal year	312,865
Service costs	11,532
Interest cost on projected benefit obligation	6,243
Actuarial losses	2,056
Benefits paid	(27,211)
Others	83
At the end of the fiscal year	305,570

ii) Changes in the plan assets for the fiscal year ended March 31, 2014 was as follows:

	Millions of Yen
At the beginning of the fiscal year	240,066
Expected return on plan assets	2,773
Actuarial gains	26,377
Contribution by employer	13,456
Benefits paid	(12,985)
Others	25
At the end of the fiscal year	269,713

iii) The amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheet as of March 31, 2014 was determined as follows:

	Millions of Yen
Present value of funded obligations	304,191
Plan assets at fair value	(269,713)
Net present value of funded obligations	34,478
Present value of unfunded obligations	1,378
Net value of on the balance sheet	35,856
Net defined benefit liabilities	36,090
Net defined benefit assets	(234)
Net value of on the balance sheet	35,856

iv) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen
Service costs	11,532
Interest cost on projected benefit obligation	6,243
Expected return on plan assets	(2,773)
Amortization of net actuarial losses	11,891
Others	83
Retirement benefit expenses	26,976

v) Major components of total accumulated other comprehensive income

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

	Millions of Yen
Unrecognized actuarial gains(losses)	(20,264)
Total	(20,264)

vi) The plan assets

The plan assets as of March 31, 2014 was comprised as follows:

	% of total fair value of plan assets
Equity securities	43%
General account of life insurance companies	41%
Debt securities	9%
Others	7%
Total	100%

The plan assets include the retirement benefit trusts. The amount of the retirement benefit trusts is 43% 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, 2014 were as follows:

Discount rate	2.0%
Expected long-term rates of return on plan assets	
Defined benefit pension plans	1.9%
Retirement benefit trust	0.0%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans was ¥839 million for the fiscal year ended March 31, 2014.

9. Reserve for price fluctuation is calculated pursuant to the provisions of Article 115 of the Insurance Business Act.
10. Effective April 1, 2008, the Company started to recognize the leased assets and the related obligations for finance lease transactions pursuant to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). However, certain finance leases not transferring ownership with the lease terms commenced prior to April 1, 2008 are accounted for as operating leases.

11. 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.

12. 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.

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 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.

14. Capitalized software for internal use owned by the Company (included in Intangible fixed assets as of March 31, 2014) is amortized using the straight-line method over the estimated useful lives.

15. "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced Accounting Standard for Retirement Benefits issued by the Business Accounting Council in 1998 with the effective date of April 1, 2000 and the related practical guidances, being followed by partial amendments from time to time through 2009, have been applied at the end of the fiscal year ended March 31, 2014.

Actuarial gains and losses, past service costs and the difference between projected benefit obligations and plan assets that have yet to be recognized in profit or loss, are recognized as net defined benefit liabilities or assets.

As a result, net defined benefit assets of ¥234 million and net defined benefit liabilities of ¥36,090 million were recognized as of March 31, 2014. And deferred tax assets increased by ¥6,222 million, and total accumulated other comprehensive income decreased by ¥14,042 million as of March 31, 2014.

Retrospective application of this accounting standard to consolidated financial statements in prior fiscal years is not required or permitted.

16. The accounting standard and relevant guidance that are not yet applied but scheduled to be applied are as follows:

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced Accounting Standard for Retirement Benefits and the related practical guidances.

The Company expects to apply the revised accounting method for calculating projected benefit obligations and service costs from the fiscal year beginning on April 1, 2014.

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

17. 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.

Floating rate loans are exposed to interest rate risk.

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.

Gains and losses on certain interest rate swaps used for hedging interest rate risks mainly of floating rate loans are accounted for under hedge accounting. The hedge effectiveness is regularly assessed by comparing fluctuations in cash flows of hedged items and hedging instruments. When 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, 2014 together with their differences.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 119,211	¥ 119,211	¥ —
[Available-for-sale securities] *1	[37,997]	[37,997]	—
Call loans	471,100	471,100	—
Monetary claims bought	289,088	291,095	2,006
[Available-for-sale securities] *1	[246,599]	[246,599]	—
Securities *2	21,584,531	22,773,748	1,189,217
Trading securities	2,526,847	2,526,847	—
Held-to-maturity debt securities	1,901,297	2,098,485	197,187
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431
Investments in unconsolidated subsidiaries and affiliated companies	34,350	26,949	(7,401)
Available-for-sale securities	6,105,027	6,105,027	—
Loans	2,465,539		
Allowance for possible loan losses *3	(1,610)		
	2,463,928	2,539,338	75,410
Corporate bonds	99,480	108,296	8,816
Payables under securities borrowing transactions	556,184	556,184	—
Long-term debt	122,500	124,865	2,365
Derivative transactions *4	(262,462)	(262,462)	—
Hedge accounting not applied	(13,275)	(13,275)	—
Hedge accounting applied	(249,187)	(249,187)	—

*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 ¥535,567 million as of March 31, 2014.

*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.

3) Long-term borrowings

As for the fair value of long-term borrowings, the fair value is measured as the present value of estimated future cash flows.

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, 2014.

1) Held-to-maturity debt securities

		Millions of Yen		
	type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	¥ 576,140	¥ 600,266	¥ 24,125
	Foreign securities (bonds)	1,314,572	1,487,837	173,265
Fair value does not exceed the balance sheet amount	Bonds	10,584	10,380	(203)
	Foreign securities (bonds)	—	—	—
Total		1,901,297	2,098,485	197,187

2) Policy-reserve-matching bonds

		Millions of Yen		
	type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	¥10,572,822	¥11,570,465	¥997,643
	Foreign securities (bonds)	92,347	96,975	4,627
Fair value does not exceed the balance sheet amount	Bonds	346,838	344,052	(2,785)
	Foreign securities (bonds)	5,000	4,946	(54)
Total		11,017,008	12,016,439	999,431

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, 2014.

3) Available-for-sale securities

		Millions of Yen		
	Type	Acquisition costs or amortized costs	Balance sheet amount	Difference
	Negotiable certificates of deposit	—	—	—
	Monetary claims bought	¥ 190,138	¥ 202,117	¥ 11,978
Balance sheet amount exceeds acquisition costs or amortized costs	Bonds	954,210	979,601	25,391
	Stocks	576,453	955,612	379,159
	Foreign securities	3,353,180	3,567,687	214,507
	Foreign bonds	3,352,490	3,566,923	214,432
	Other foreign securities	689	764	75
	Other securities	18,833	26,895	8,062
	Negotiable certificates of deposit	38,000	37,997	(2)
	Monetary claims bought	44,496	44,481	(14)
Balance sheet amount does not exceed acquisition costs or amortized costs	Bonds	186,839	186,663	(176)
	Stocks	196,684	166,978	(29,705)
	Foreign securities	223,059	216,396	(6,663)
	Foreign bonds	217,822	212,412	(5,409)
	Other foreign securities	5,237	3,983	(1,253)
	Other securities	5,802	5,192	(610)
	Total	5,787,698	6,389,624	601,926

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, 2014.

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Cash and deposits	¥ 118,903	¥ 52	¥ —	¥ —
Call loans	471,100	—	—	—
Monetary claims bought	44,225	1,923	921	230,282
Securities	849,771	2,939,410	2,898,254	10,840,109
Held-to-maturity debt securities	160,329	190,014	233,389	1,298,550
Policy-reserve-matching bonds	282,173	1,173,919	535,885	8,971,430
Available-for-sale securities	407,268	1,575,476	2,128,979	570,129
Loans	283,337	1,111,173	551,610	80,903
Corporate bonds	—	—	—	99,480
Payables under securities borrowing transactions	556,184	—	—	—
Long-term debt	20,000	—	—	—

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.

18. The carrying amount for investment and rental properties was ¥499,414 million, and its fair value was ¥475,823 million as of March 31, 2014. 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 ¥1,534 million as of March 31, 2014.

19. As of March 31, 2014, 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 ¥1,400 million.

The aggregate amount of loans to bankrupt borrowers was nil and loans in arrears was ¥1,139 million. The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥40 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 ¥260 million.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

20. Accumulated depreciation of tangible fixed assets amounted to ¥452,904 million as of March 31, 2014.

21. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥2,732,872 million as of March 31, 2014. The amount of separate account liabilities was the same as this figure.

22. Changes in policyholders' dividend reserves for the fiscal year ended March 31, 2014 were as follows:

	Millions of Yen
Balance at the beginning of the fiscal year	¥ 291,521
Transfer from surplus in the previous fiscal year	58,330
Dividend payments to policyholders during the fiscal year	(72,022)
Interest accrued during the fiscal year	429
Balance at the end of the fiscal year	¥278,259

23. Total amount of investments in unconsolidated subsidiaries and affiliates as of March 31, 2014 was ¥45,204 million.

24. Assets pledged as collateral were securities in the amount of ¥589,173 million as of March 31, 2014.

25. Securities loaned under security lending agreements amounted to ¥745,359 million as of March 31, 2014.

26. The amount of loan commitments outstanding was ¥8,172 million as of March 31, 2014.

27. As of March 31, 2014, corporate bonds in liabilities are foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

28. As of March 31, 2014, other liabilities included subordinated debt of ¥122,500 million, the repayments of which are subordinated to other obligations.

29. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥44,036 million as of March 31, 2014, pursuant to Article 259 of the Insurance Business Act.

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

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

	Millions of Yen
Deferred tax assets	¥ 356,232
Valuation allowance for deferred tax assets	21,422
Subtotal	334,810
Deferred tax liabilities	205,027
Net deferred tax assets	129,782

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

	Millions of Yen
Deferred tax assets	
Policy reserves and other reserves	¥ 169,564
Reserve for price fluctuation	71,123
Net defined benefit liabilities	46,840
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	187,774

The effective income tax rate was 33.28% for the fiscal year ended March 31, 2014. Main factor in the difference between the effective income tax rate and the actual income tax rate after considering deferred tax rate was as follows:

Policyholders' dividend reserves	(12.9)%
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Following the promulgation of "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) on March 30, 2014, the statutory tax rate applied to measure deferred tax assets and liabilities will be lowered for fiscal year beginning on April 1, 2014. 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 33.28% to 30.73% for temporary differences that are expected to be reversed during the fiscal year beginning within the period from April 1, 2014 to March 31, 2015.

Due to this change, as of March 31, 2014, deferred tax liabilities for land revaluation and income taxes—deferred increased by ¥16 million and ¥2,528 million, respectively, and deferred tax assets decreased by ¥2,528 million.

Notes to the Unaudited Consolidated Statement of Income for the Fiscal Year Ended March 31, 2014

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

	Millions of Yen
Domestic bonds including national government bonds	¥ 3,824
Domestic stocks	3,607
Foreign securities	32,975

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

	Millions of Yen
Domestic bonds including national government bonds	¥ 3
Domestic stocks	195
Foreign securities	9,172

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

	Millions of Yen
Domestic stocks	¥ 130

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

	Millions of Yen
Interest and dividend income	¥ 0

3. Losses on derivative financial instruments, net, included net valuation gains of ¥83,740 million for the year ended March 31, 2014.
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, 2014, 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	¥ 48,963
Idle assets	Land and buildings	1,699
Total		¥ 50,662

(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, 2014

1. The components of other comprehensive income for the year ended March 31, 2014 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	¥135,697
Reclassification adjustments	(27,932)
Before income tax effect adjustments	107,765
Income tax effects	(33,117)
Net unrealized gains on available-for-sale securities	74,648
Land revaluation differences:	
Amount arising during the fiscal year	¥—
Reclassification adjustments	—
Before income tax effect adjustments	—
Income tax effects	(16)
Land revaluation differences	(16)
Foreign currency translation adjustments:	
Amount arising during the fiscal year	¥179
Reclassification adjustments	—
Before income tax effect adjustments	179
Income tax effects	—
Foreign currency translation adjustments	179
Share of other comprehensive income of associates accounted for by the equity method:	
Amount arising during the year	¥ 2,680
Reclassification adjustments	(44)
Share of other comprehensive income of associates accounted for by the equity method	2,635
Total other comprehensive income	¥77,446

Notes to the Unaudited Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2014

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, 2014 was as follows:

	Millions of Yen
Cash and deposits	¥ 119,211
Deposits bearing interest	(81,321)
Cash and cash equivalents	¥ 37,890

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31, 2013	As of March 31, 2014
Solvency margin gross amount (A)	2,586,196	2,772,886
Foundation funds	904,238	945,868
Reserve for price fluctuation	206,574	231,492
Contingency reserve	284,002	301,807
Unusual contingency reserve	-	-
General allowance for possible loan losses	2,735	1,609
Unrealized gains on available-for-sale securities × 90 % (Multiplied by 100% if losses)	452,958	549,947
Net unrealized gains on real estate × 85 % (Multiplied by 100% if losses)	(109,789)	(85,859)
Total amount of unrecognized actuarial losses and unrecognized past service costs	-	(20,264)
Excess of continued Zillmerized reserve	612,187	619,955
Qualifying subordinated debt	206,500	201,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(54,461)	(53,787)
Others	81,250	80,137
Total amount of risk $\sqrt{(R_1^2 + R_5^2 + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	612,901	616,378
Insurance risk R_1	84,920	81,996
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	48,964	50,018
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	226,271	220,364
Minimum guarantee risk R_7^{**}	63,755	52,793
Investment risk R_3	293,362	314,179
Operational risk R_4	14,345	14,387
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	843.9%	899.7%

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

Notes: 1. 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.

2. Solvency margin gross amount as of March 31, 2014 is calculated including "Total amount of unrecognized actuarial losses and unrecognized past service costs". (The amount as of March 31, 2013 is calculated based on previous method.)

3. Non-Consolidated Financial Information

a. Overall Composition of Investments (General Account)

(millions of yen, %)

	As of March 31, 2013		As of March 31, 2014	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	509,781	2.2	430,981	1.8
Monetary claims bought	310,241	1.3	289,088	1.2
Investments in securities	18,755,961	80.1	19,507,535	82.1
Domestic bonds	11,930,424	50.9	12,526,843	52.7
Domestic stocks	1,038,610	4.4	1,218,629	5.1
Foreign securities	5,748,426	24.5	5,729,106	24.1
Foreign bonds	5,161,354	22.0	5,191,255	21.8
Other foreign securities	587,071	2.5	537,850	2.3
Other securities	38,500	0.2	32,955	0.1
Loans	2,663,423	11.4	2,465,539	10.4
Policy loans	344,392	1.5	335,002	1.4
Industrial and consumer loans	2,319,031	9.9	2,130,536	9.0
Real estate	809,814	3.5	701,212	2.9
Investment property	591,295	2.5	497,088	2.1
Deferred tax assets	134,607	0.6	123,415	0.5
Other assets	249,244	1.1	255,612	1.1
Allowance for possible loan losses	(3,324)	(0.0)	(2,189)	(0.0)
Total	23,429,750	100.0	23,771,196	100.0
Foreign currency denominated assets	3,699,814	15.8	3,856,203	16.2

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, 2013 or March 31, 2014.

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

(millions of yen)

	As of March 31, 2013					As of March 31, 2014				
	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	1,874,597	2,072,776	198,178	198,509	(331)	1,849,463	2,043,711	194,248	194,450	(202)
Policy-reserve-matching bonds	10,862,267	11,936,600	1,074,333	1,076,539	(2,206)	11,017,008	12,016,439	999,431	1,002,270	(2,839)
Investments in subsidiaries and affiliated companies	33,173	27,317	(5,856)	-	(5,856)	33,173	26,949	(6,224)	-	(6,224)
Available-for-sale securities	5,264,813	5,760,738	495,925	550,150	(54,224)	5,696,439	6,295,483	599,044	636,213	(37,169)
Domestic bonds	709,114	734,483	25,369	25,641	(271)	1,049,875	1,072,292	22,416	22,590	(173)
Domestic stocks	769,413	971,952	202,538	249,981	(47,443)	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	3,383,002	3,628,717	245,714	250,008	(4,293)	3,576,239	3,784,083	207,844	214,507	(6,663)
Foreign bonds	3,373,651	3,620,429	246,778	249,906	(3,127)	3,570,313	3,779,335	209,022	214,432	(5,409)
Other foreign securities	9,351	8,287	(1,063)	102	(1,166)	5,926	4,747	(1,178)	75	(1,253)
Other securities	30,116	37,898	7,781	9,990	(2,208)	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	243,165	257,694	14,528	14,528	(0)	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	130,000	129,992	(7)	-	(7)	38,000	37,997	(2)	-	(2)
Others	-	-	-	-	-	-	-	-	-	-
Total	18,034,852	19,797,432	1,762,580	1,825,199	(62,619)	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)
Domestic bonds	11,905,054	13,022,422	1,117,367	1,119,634	(2,266)	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)
Domestic stocks	769,413	971,952	202,538	249,981	(47,443)	773,053	1,122,423	349,370	379,075	(29,705)
Foreign securities	4,957,100	5,377,472	420,371	431,064	(10,692)	5,021,333	5,400,791	379,458	392,399	(12,941)
Foreign bonds	4,914,575	5,341,868	427,292	430,961	(3,669)	4,982,232	5,369,094	386,861	392,324	(5,463)
Other foreign securities	42,525	35,604	(6,920)	102	(7,022)	39,100	31,697	(7,402)	75	(7,477)
Other securities	30,116	37,898	7,781	9,990	(2,208)	24,635	32,087	7,451	8,062	(610)
Monetary claims bought	243,165	257,694	14,528	14,528	(0)	234,635	246,599	11,963	11,978	(14)
Negotiable certificates of deposit	130,000	129,992	(7)	-	(7)	38,000	37,997	(2)	-	(2)
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, 2013	As of March 31, 2014
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	42,290	72,290
Available-for-sale securities	566,016	515,586
Unlisted domestic stocks (excluding over-the-counter stocks)	25,031	24,580
Unlisted foreign stocks (excluding over-the-counter stocks)	540,321	490,321
Unlisted foreign bonds	-	-
Others	663	685
Total	608,306	587,876

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

(1) Net Gains and Losses on Derivatives

(millions of yen)

	As of March 31, 2013						As of March 31, 2014					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	2,606	(402,239)	-	-	-	(399,632)	1,834	(272,703)	-	-	-	(270,869)
Hedge accounting not applied	(228)	(106,826)	(12,486)	(2,421)	-	(121,963)	(847)	(23,098)	(1,317)	1,043	-	(24,220)
Total	2,378	(509,065)	(12,486)	(2,421)	-	(521,595)	986	(295,802)	(1,317)	1,043	-	(295,090)

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 ¥ 361,580 million and loss of ¥ 249,187 million as of March 31, 2013 and March 31, 2014, respectively.

(2) Interest-related

(millions of yen)

Type	As of March 31, 2013				As of March 31, 2014			
	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	58,342	51,576	2,607	2,607	54,726	48,721	1,834	1,834
Receipts floating, payments fixed	34,562	34,500	(228)	(228)	34,500	-	(94)	(94)
Interest rate swaptions								
Bought	-	-	-	-	120,000	120,000	-	-
Receipts floating, payments fixed	-	-	-	-	[1,254]	-	500	(753)
Total				2,378				986

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, 2014]

(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)	6,004	26,273	19,571	2,771	105	-	54,726
Average fixed rate (receipt)	2.00	1.95	1.55	1.53	1.10	-	1.79
Average floating rate (payment)	0.37	0.44	0.40	0.48	0.82	-	0.42
Notional amount (receipts floating, payments fixed)	34,500	-	-	-	-	-	34,500
Average fixed rate (payment)	0.62	-	-	-	-	-	0.62
Average floating rate (receipt)	0.32	-	-	-	-	-	0.32
Total notional amount	40,504	26,273	19,571	2,771	105	-	89,226

(3) Currency-related

(millions of yen)

Type	As of March 31, 2013				As of March 31, 2014			
	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								
(Euro)	3,067,673	547,881	(465,680)	(465,680)	3,190,809	914,294	(268,793)	(268,793)
(U.S. dollar)	1,192,066	83,267	(155,107)	(155,107)	1,261,584	138,831	(100,105)	(100,105)
(Australian dollar)	932,971	70,964	(115,622)	(115,622)	975,384	392,060	(34,318)	(34,318)
Bought								
(U.S. dollar)	867,464	393,649	(194,542)	(194,542)	873,240	383,402	(124,732)	(124,732)
(Euro)	11,030	-	8	8	1,326	489	(6)	(6)
	174	-	(1)	(1)	1,326	489	(6)	(6)
	10,855	-	9	9	-	-	-	-
Currency options								
Sold								
Call								
(Australian dollar)	91,500	-	4,494	(2,558)	-	-	-	-
	[1,936]	-			[-]			
(U.S. dollar)	46,750	-	2,205	(1,296)	-	-	-	-
	[909]	-			[-]			
	44,750	-	2,289	(1,261)	-	-	-	-
	[1,027]	-			[-]			
Bought								
Call								
(Australian dollar)	186,000	-	6,332	4,346	-	-	-	-
	[1,985]	-			[-]			
(U.S. dollar)	95,000	-	3,097	2,155	-	-	-	-
	[941]	-			[-]			
	91,000	-	3,234	2,191	-	-	-	-
	[1,043]	-			[-]			
Put								
(U.S. dollar)	116,876	29,789	2,087	(4,523)	22,043	-	40	(3,485)
	[6,611]				[3,526]			
	116,876	29,789	2,087	(4,523)	22,043	-	40	(3,485)
	[6,611]				[3,526]			
Total				(468,407)				(272,285)

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, 2013				As of March 31, 2014			
	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	302,741	-	(6,036)	(6,036)	257,919	-	3,809	3,809
Over-the-counter transactions								
Stock index forwards								
Sold	-	-	-	-	108,510	-	350	350
Stock index options								
Sold								
Put	2,499 [53]	1,399	49	3	5,099 [85]	-	6	78
Bought								
Call	- [-]	-	-	-	60,000 [1,131]	30,000	712	(419)
Put	82,600 [7,383]	27,000	929	(6,454)	24,200 [5,179]	-	42	(5,136)
Total				(12,486)				(1,317)

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, 2013				As of March 31, 2014			
	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	173,228	-	(2,421)	(2,421)	293,251	-	1,043	1,043
Total				(2,421)				1,043

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

d. Risk-Monitored Loans

(millions of yen, %)

	As of March 31, 2013	As of March 31, 2014
Loans to bankrupt borrowers	-	-
Loans in arrears	1,444	1,139
Loans in arrears for three months or longer	0	0
Restructured loans	294	260
Total	1,739	1,400
(Percentage of total loans)	(0.07)	(0.06)
(Percentage of total assets)	(0.01)	(0.01)

- Notes: 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted for the fiscal years ended March 31, 2013 and March 31, 2014 amounted to ¥42 million and ¥40 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.