
Financial Results for the Six Months Ended September 30, 2014
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 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, 2014	As of September 30, 2014
ASSETS:		
Cash and deposits	119,211	176,846
Call loans	471,100	227,000
Monetary claims bought	289,088	242,596
Securities	22,120,098	23,041,255
Loans	2,465,539	2,402,541
Tangible fixed assets	711,065	693,558
Intangible fixed assets	24,122	24,734
Due from agents	3	1
Reinsurance receivables	255	187
Other assets	261,420	291,830
Net defined benefit assets	234	94
Deferred tax assets	130,644	71,299
Allowance for possible loan losses	(2,189)	(1,849)
Total assets	26,590,594	27,170,095
LIABILITIES:		
Policy reserves and other reserves	23,704,788	23,842,775
Reserve for outstanding claims	108,068	112,411
Policy reserves	23,318,460	23,428,765
Policyholders' dividend reserves	278,259	301,598
Reinsurance payables	120	112
Corporate bonds	99,480	99,480
Other liabilities	1,149,679	1,392,411
Net defined benefit liabilities	36,090	56,265
Accrued retirement benefits for directors	13	9
Reserve for price fluctuation	231,492	257,208
Deferred tax liabilities	861	1,103
Deferred tax liabilities for land revaluation	22,164	21,127
Total liabilities	25,244,690	25,670,494
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	340,367
Total funds, reserve and surplus	1,005,643	979,370
Net unrealized gains on available-for-sale securities	422,951	605,865
Land revaluation differences	(74,963)	(76,803)
Foreign currency translation adjustments	2,497	(1,010)
Remeasurements of defined benefit plans	(14,042)	(7,878)
Total accumulated other comprehensive income	336,442	520,172
Minority interests	3,816	58
Total net assets	1,345,903	1,499,601
Total liabilities and net assets	26,590,594	27,170,095

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Ordinary income	1,756,699	1,695,300
Insurance premiums and other	1,246,356	1,256,906
Investment income	450,419	386,810
Interest, dividends and other income	274,300	270,037
Gains on trading securities	0	-
Gains on sales of securities	33,128	654
Investment gains on separate accounts	140,002	115,120
Other ordinary income	59,922	51,582
Ordinary expenses	1,640,773	1,606,043
Benefits and other payments	1,122,415	1,159,200
Claims paid	269,746	254,697
Annuity payments	194,005	378,399
Benefits payments	211,030	176,814
Surrender benefits	418,497	311,091
Provision for policy reserves and other reserves	162,113	114,858
Provision for reserves for outstanding claims	-	4,343
Provision for policy reserves	161,895	110,305
Provision for interest on policyholders' dividend reserves	218	209
Investment expenses	115,611	91,711
Interest expenses	4,502	3,758
Losses on sales of securities	1,110	707
Losses on valuation of securities	18	45
Operating expenses	168,389	163,972
Other ordinary expenses	72,241	76,300
Ordinary profit	115,925	89,256
Extraordinary gains	667	2,780
Gains on disposals of fixed assets	667	2,780
Extraordinary losses	48,873	33,683
Losses on disposals of fixed assets	405	705
Impairment losses	6,807	6,699
Provision for reserve for price fluctuation	41,118	25,716
Payments to social responsibility reserve	542	562
Surplus before income taxes and minority interests	67,718	58,353
Income taxes		
Current	44,428	29,258
Deferred	(28,611)	(19,471)
Total income taxes	15,817	9,786
Surplus before minority interests	51,901	48,566
Minority interests	(192)	(124)
Net surplus	52,093	48,690

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Surplus before minority interests	51,901	48,566
Other comprehensive income	24,081	185,601
Net unrealized gains on available-for-sale securities	23,378	182,989
Land revaluation differences	(0)	-
Foreign currency translation adjustments	114	(39)
Remeasurements of defined benefit plans	-	6,164
Share of other comprehensive income(loss) of associates accounted for under the equity method	589	(3,512)
Comprehensive income	75,983	234,167
Comprehensive income attributable to the Parent Company	76,210	234,261
Comprehensive income(loss) attributable to minority interests	(226)	(93)

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
I Cash flows from operating activities:		
Surplus before income taxes and minority interests	67,718	58,353
Depreciation	14,750	13,026
Impairment losses	6,807	6,699
Amortization of goodwill	1,003	1,336
Increase(Decrease) in reserve for outstanding claims	(1,287)	4,343
Increase(Decrease) in policy reserves	161,895	110,305
Provision for interest on policyholders' dividend reserves	218	209
Increase(Decrease) in allowance for possible loan losses	(1,045)	(340)
Increase(Decrease) in accrued retirement benefits	4,842	-
Increase(Decrease) in net defined benefit liabilities	-	9,965
Increase(Decrease) in reserve for price fluctuation	41,118	25,716
Interest, dividends, and other income	(274,300)	(270,037)
Losses(Gains) on securities	(119,504)	(33,599)
Interest expenses	4,502	3,758
Losses(Gains) on tangible fixed assets	(280)	(2,093)
Others, net	(11,197)	(72,235)
Subtotal	(104,759)	(144,592)
Interest, dividends, and other income received	349,897	371,471
Interest paid	(2,136)	(3,666)
Policyholders' dividends paid	(37,591)	(37,012)
Others, net	(542)	(562)
Income taxes paid	(52,584)	(38,446)
Net cash provided by operating activities	152,281	147,191
II Cash flows from investing activities:		
Net decrease(increase) in deposits	98,009	(47,757)
Purchase of monetary claims bought	(141,786)	(102,082)
Proceeds from sales and redemption of monetary claims bought	144,256	149,157
Purchase of securities	(1,893,625)	(2,074,236)
Proceeds from sales and redemption of securities	1,807,310	1,561,208
Loans made	(60,901)	(82,605)
Proceeds from collection of loans	146,829	139,162
Others, net	(354,170)	325,860
Total investment activities (II a)	(254,079)	(131,294)
[I + II a]	[(101,797)]	[15,897]
Purchase of tangible fixed assets	(4,369)	(5,501)
Proceeds from sales of tangible fixed assets	2,208	7,636
Others, net	(927)	(4,029)
Net cash used in investing activities	(257,168)	(133,188)
III Cash flows from financing activities:		
Proceeds from issuance of corporate bonds	99,480	-
Payment of interest on foundation funds	(3,574)	(3,449)
Others, net	(1,774)	(625)
Net cash provided by (used in) financing activities	94,130	(4,074)
IV Effect of foreign exchange rate changes on cash and cash equivalents	8	(0)
V Net increase(decrease) in cash and cash equivalents	(10,747)	9,927
VI Cash and cash equivalents at the beginning of the period	60,792	37,890
VII Cash and cash equivalents at the end of the period	50,045	47,818

e. Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 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	270,000	369,000	2	323,928	962,931
Changes in the period					
Additions to policyholders' dividend reserves				(58,330)	(58,330)
Payment of interest on foundation funds				(3,574)	(3,574)
Net surplus				52,093	52,093
Reversal of land revaluation differences				590	590
Net changes, excluding funds, reserve and surplus					
Net changes in the period	-	-	-	(9,220)	(9,220)
Ending balance	270,000	369,000	2	314,707	953,710

	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 period							
Additions to policyholders' dividend reserves							(58,330)
Payment of interest on foundation funds							(3,574)
Net surplus							52,093
Reversal of land revaluation differences							590
Net changes, excluding funds, reserve and surplus	23,517	(591)	600	-	23,526	775	24,302
Net changes in the period	23,517	(591)	600	-	23,526	775	15,081
Ending balance	371,852	(93,628)	254	-	278,477	3,988	1,236,176

Six months ended September 30, 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	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 period					
Additions to policyholders' dividend reserves				(60,141)	(60,141)
Payment of interest on foundation funds				(3,449)	(3,449)
Net surplus				48,690	48,690
Reversal of land revaluation differences				1,840	1,840
Net changes, excluding funds, reserve and surplus					
Net changes in the period	-	-	-	(13,059)	(13,059)
Ending balance	270,000	369,000	2	340,367	979,370

	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 period							
Additions to policyholders' dividend reserves							(60,141)
Payment of interest on foundation funds							(3,449)
Net surplus							48,690
Reversal of land revaluation differences							1,840
Net changes, excluding funds, reserve and surplus	182,914	(1,840)	(3,507)	6,164	183,730	(3,758)	179,971
Net changes in the period	182,914	(1,840)	(3,507)	6,164	183,730	(3,758)	166,912
Ending balance	605,865	(76,803)	(1,010)	(7,878)	520,172	58	1,499,601

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2014

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 12 as of September 30, 2014.

The subsidiaries as of September 30, 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 10 as of September 30, 2014.

The major affiliates as of September 30, 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)
PT BNI Life Insurance (Indonesia)

PT BNI Life Insurance has been included as an affiliate since the end of the period ended September 30, 2014, 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. Interim closing dates of consolidated subsidiaries

The interim closing dates of CSS Co., Ltd. and Sumitomo Life Insurance Agency America, Inc are September 25 and June 30, respectively.

The consolidated financial statements include the accounts of such subsidiaries as of their

respective interim closing dates, with appropriate adjustments made for material transactions occurring between their respective interim closing dates and the date of the consolidated financial statements.

Notes to the Unaudited Consolidated Balance Sheet as of September 30, 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 period ended September 30, 2014. 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. 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.

4. 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.
5. 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.
6. The Company's allowance for possible loan losses is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (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 ¥216 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.

7. Net Defined benefit liabilities of the Company, supposed to be incurred as of September 30, 2014, 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 period ended September 30, 2014 were as follows:

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

8. 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.

9. Derivatives are stated at fair value.
10. Reserve for price fluctuation is calculated pursuant to the provisions of Article 115 of the Insurance Business Act.

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 September 30, 2014) is amortized using the straight-line method over the estimated useful lives.
14. The corporate income taxes and inhabitant taxes of the Company for the period are calculated based on the assumption of additions to policyholders' dividend reserves and payment of interest on foundation funds due to appropriation of surplus in the current fiscal year.
15. "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 period ended September 30, 2014. Accordingly, from the period ended September 30, 2014, 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 period.

As a result, surplus at the beginning of the period decreased ¥13,213 million. In addition, ordinary profit and surplus before income taxes and minority interests decreased ¥987 million for the period ended September 30, 2014.

16. The following table summarizes the carrying amounts in the consolidated balance sheet and the fair values of financial instruments as of September 30, 2014 together with their differences.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 176,846	¥ 176,846	¥ —
[Available-for-sale securities] *1	[72,984]	[72,984]	—
Call loans	227,000	227,000	—
Monetary claims bought	242,596	244,785	2,189
[Available-for-sale securities] *1	[202,452]	[202,452]	—
Securities *2	22,467,709	23,902,907	1,435,198
Trading securities	2,280,551	2,280,551	—
Held-to-maturity debt securities	2,189,599	2,432,097	242,498
Policy-reserve-matching bonds	11,202,172	12,401,141	1,198,969
Investments in unconsolidated subsidiaries and affiliated companies	31,683	25,414	(6,269)
Available-for-sale securities	6,763,702	6,763,702	—
Loans	2,402,541		
Allowance for possible loan losses *3	(1,194)		
	2,401,347	2,476,703	75,356
Corporate bonds	99,480	110,138	10,658
Payables under securities borrowing transactions	744,251	744,251	—
Long-term debt	122,500	123,529	1,029
Derivative transactions *4	(262,188)	(262,188)	—
Hedge accounting not applied	(25,188)	(25,188)	—
Hedge accounting applied	(236,999)	(236,999)	—

*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 ¥573,546 million as of September 30, 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 period.

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, loans 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 September 30, 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	¥ 589,994	¥ 618,495	¥ 28,501
	Foreign securities (bonds)	1,520,445	1,734,843	214,398
Fair value does not exceed the balance sheet amount	Bonds	4,159	4,114	(45)
	Foreign securities (bonds)	75,000	74,643	(356)
Total		2,189,599	2,432,097	242,498

2) Policy-reserve-matching bonds

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	¥11,068,548	¥12,263,213	¥1,194,665
	Foreign securities (bonds)	98,565	103,027	4,462
Fair value does not exceed the balance sheet amount	Bonds	28,958	28,803	(154)
	Foreign securities (bonds)	6,100	6,096	(3)
Total		11,202,172	12,401,141	1,198,969

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 September 30, 2014.

3) Available-for-sale securities

Millions of Yen				
	Type	Acquisition costs or amortized costs	Balance sheet amount	Difference
	Negotiable certificates of deposit	—	—	—
Balance sheet	Monetary claims bought	¥ 179,910	¥ 192,453	¥ 12,543
amount exceeds	Bonds	1,075,950	1,114,288	38,338
acquisition costs	Stocks	637,245	1,149,701	512,455
or amortized	Foreign securities	3,827,902	4,140,369	312,466
costs	Foreign bonds	3,827,321	4,139,669	312,347
	Other foreign securities	581	700	119
	Other securities	15,909	24,729	8,820
	Negotiable certificates of deposit	73,000	72,984	(15)
Balance sheet	Monetary claims bought	9,998	9,998	(0)
amount does not	Bonds	61,066	61,033	(32)
exceed acquisition	Stocks	136,571	119,166	(17,405)
costs or amortized	Foreign securities	156,427	152,819	(3,608)
costs	Foreign bonds	152,545	149,644	(2,900)
	Other foreign securities	3,882	3,174	(707)
	Other securities	1,680	1,594	(86)
	Total	6,175,663	7,039,139	863,475

17. As of September 30, 2014, the note of fair value of investment and rental property is omitted since there were no significant changes in the balance sheet amounts and fair values of investment and rental properties from the end of the previous fiscal year.

18. As of September 30, 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 ¥1,124 million.

The aggregate amount of loans to bankrupt borrowers was nil and loans in arrears was ¥1,124 million. The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥37 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.

19. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥2,469,043 million as of September 30, 2014. The amount of separate account liabilities was the same as this figure.
20. Changes in policyholders' dividend reserves for the period ended September 30, 2014 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥ 278,259
Transfer from surplus in the previous fiscal year	60,141
Dividend payments to policyholders during the period	(37,012)
Interest accrued during the period	209
Balance at the end of the period	¥301,598

21. Assets pledged as collateral were securities in the amount of ¥596,062 million as of September 30, 2014.
22. Securities loaned under security lending agreements amounted to ¥1,429,256 million as of September 30, 2014.
23. The amount of loan commitments outstanding was ¥13,172 million as of September 30, 2014.
24. As of September 30, 2014, corporate bonds in liabilities are foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.
25. The Company issued subordinated bonds of ¥50,000 million, the repayments of which are

subordinated to other obligations, on November 20, 2014.

26. As of September 30, 2014, other liabilities included subordinated debt of ¥122,500 million, the repayments of which are subordinated to other obligations, and payables under securities borrowing transactions of ¥744,251 million.
27. The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥43,507 million as of September 30, 2014, pursuant to Article 259 of the Insurance Business Act.
These contributions are recognized as operating expenses when they are made.

Notes to the Unaudited Consolidated Statement of Income for the Six Months Ended September 30, 2014

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

	Millions of Yen
Domestic bonds including national government bonds	¥ 547
Domestic stocks	15
Foreign securities	91

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

	Millions of Yen
Domestic bonds including national government bonds	¥ 0
Domestic stocks	51
Foreign securities	655

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

	Millions of Yen
Domestic stocks	¥ 45

2. 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 period ended September 30, 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	¥ 6,547
Idle assets	Land and buildings	147
Total		¥ 6,694

(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 Cash Flows for the Six Months Ended September 30, 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 September 30, 2014 was as follows:

	Millions of Yen
Cash and deposits	¥ 176,846
Deposits bearing interest	(129,028)
Cash and cash equivalents	¥ 47,818

2. Solvency Margin Ratio on a Consolidated Basis

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Solvency margin gross amount (A)	2,772,886	3,015,067
Foundation funds and others	945,868	947,672
Reserve for price fluctuation	231,492	257,208
Contingency reserve	301,807	308,811
Unusual contingency reserve	-	-
General allowance for possible loan losses	1,609	1,192
Net unrealized gains on available-for-sale securities × 90% (Multiplied by 100% if losses)	549,947	787,700
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	(85,859)	(84,851)
Total amount of unrecognized actuarial losses and unrecognized past service costs	(20,264)	(11,366)
Excess of continued Zillmerized reserve	619,955	621,698
Qualifying subordinated debt	201,980	201,980
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	-	-
Deduction clause	(53,787)	(90,133)
Others	80,137	75,156
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	649,997
Insurance risk R_1	81,996	80,656
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	50,018	50,597
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	220,364	218,371
Minimum guarantee risk R_7^{**}	52,793	49,504
Investment risk R_3	314,179	353,358
Operational risk R_4	14,387	15,049
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	899.7%	927.7%

※ 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 September 30, 2014	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	430,981	1.8	266,628	1.1
Monetary claims bought	289,088	1.2	242,596	1.0
Investments in securities	19,507,535	82.1	20,695,201	84.0
Domestic bonds	12,526,843	52.7	12,731,120	51.7
Domestic stocks	1,218,629	5.1	1,369,809	5.6
Foreign securities	5,729,106	24.1	6,567,356	26.7
Foreign bonds	5,191,255	21.8	5,989,424	24.3
Other foreign securities	537,850	2.3	577,932	2.3
Other securities	32,955	0.1	26,914	0.1
Loans	2,465,539	10.4	2,402,541	9.8
Policy loans	335,002	1.4	328,675	1.3
Industrial and consumer loans	2,130,536	9.0	2,073,865	8.4
Real estate	701,212	2.9	684,213	2.8
Investment property	497,088	2.1	483,340	2.0
Deferred tax assets	123,415	0.5	66,403	0.3
Other assets	255,612	1.1	274,057	1.1
Allowance for possible loan losses	(2,189)	(0.0)	(1,849)	(0.0)
Total	23,771,196	100.0	24,629,791	100.0
Foreign currency denominated assets	3,856,203	16.2	4,414,430	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 September 30, 2014.

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

(millions of yen)

	As of March 31, 2014					As of September 30, 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	1,849,463	2,043,711	194,248	194,450	(202)	2,137,626	2,375,831	238,205	238,607	(401)
Policy-reserve-matching bonds	11,017,008	12,016,439	999,431	1,002,270	(2,839)	11,202,172	12,401,141	1,198,969	1,199,127	(158)
Investments in subsidiaries and affiliated companies	33,173	26,949	(6,224)	-	(6,224)	33,173	25,414	(7,759)	-	(7,759)
Available-for-sale securities	5,696,439	6,295,483	599,044	636,213	(37,169)	6,095,274	6,955,070	859,795	880,944	(21,148)
Domestic bonds	1,049,875	1,072,292	22,416	22,590	(173)	1,056,711	1,091,432	34,721	34,753	(32)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,732	1,268,688	494,955	512,360	(17,405)
Foreign securities	3,576,239	3,784,083	207,844	214,507	(6,663)	3,984,330	4,293,188	308,858	312,466	(3,608)
Foreign bonds	3,570,313	3,779,335	209,022	214,432	(5,409)	3,979,867	4,289,313	309,446	312,347	(2,900)
Other foreign securities	5,926	4,747	(1,178)	75	(1,253)	4,463	3,874	(588)	119	(707)
Other securities	24,635	32,087	7,451	8,062	(610)	17,589	26,324	8,734	8,820	(86)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	189,909	202,452	12,542	12,543	(0)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	73,000	72,984	(15)	-	(15)
Others	-	-	-	-	-	-	-	-	-	-
Total	18,596,085	20,382,584	1,786,499	1,832,935	(46,436)	19,468,246	21,757,457	2,289,210	2,318,679	(29,468)
Domestic bonds	12,504,427	13,542,685	1,038,257	1,041,418	(3,161)	12,696,399	13,949,794	1,253,395	1,253,627	(232)
Domestic stocks	773,053	1,122,423	349,370	379,075	(29,705)	773,732	1,268,688	494,955	512,360	(17,405)
Foreign securities	5,021,333	5,400,791	379,458	392,399	(12,941)	5,717,615	6,237,213	519,598	531,327	(11,728)
Foreign bonds	4,982,232	5,369,094	386,861	392,324	(5,463)	5,679,977	6,207,924	527,947	531,208	(3,260)
Other foreign securities	39,100	31,697	(7,402)	75	(7,477)	37,637	29,289	(8,348)	119	(8,467)
Other securities	24,635	32,087	7,451	8,062	(610)	17,589	26,324	8,734	8,820	(86)
Monetary claims bought	234,635	246,599	11,963	11,978	(14)	189,909	202,452	12,542	12,543	(0)
Negotiable certificates of deposit	38,000	37,997	(2)	-	(2)	73,000	72,984	(15)	-	(15)
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 September 30, 2014
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	515,445
Unlisted domestic stocks (excluding over-the-counter stocks)	24,580	24,495
Unlisted foreign stocks (excluding over-the-counter stocks)	490,321	490,321
Unlisted foreign bonds	-	-
Others	685	628
Total	587,876	630,848

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 September 30, 2014					
	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)	1,569	(255,591)	-	-	-	(254,022)
Hedge accounting not applied	(847)	(23,098)	(1,317)	1,043	-	(24,220)	(1,707)	(14,538)	(14,120)	979	-	(29,386)
Total	986	(295,802)	(1,317)	1,043	-	(295,090)	(137)	(270,130)	(14,120)	979	-	(283,408)

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 ¥236,999 million as of March 31, 2014 and September 30, 2014, respectively.

(2) Interest-related

(millions of yen)

Type	As of March 31, 2014				As of September 30, 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	54,726	48,721	1,834	1,834	53,010	47,432	1,569	1,569
Receipts floating, payments fixed	34,500	-	(94)	(94)	34,500	-	(55)	(55)
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	120,000 [1,254]	120,000	500	(753)	210,000 [2,082]	150,000	430	(1,651)
Total				986				(137)

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 September 30, 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)	5,578	24,133	20,559	2,662	77	-	53,010
Average fixed rate (receipt)	2.00	1.94	1.27	1.54	1.08	-	1.67
Average floating rate (payment)	0.51	0.40	0.39	0.47	0.81	-	0.41
Notional amount (receipts floating, payments fixed)	34,500	-	-	-	-	-	34,500
Average fixed rate (payment)	0.62	-	-	-	-	-	0.62
Average floating rate (receipt)	0.30	-	-	-	-	-	0.30
Total notional amount	40,078	24,133	20,559	2,662	77	-	87,510

(3) Currency-related

(millions of yen)

Type	As of March 31, 2014				As of September 30, 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)	3,190,809	914,294	(268,793)	(268,793)	3,649,235	1,002,179	(254,992)	(254,992)
(Australian dollar)	1,261,584	138,831	(100,105)	(100,105)	1,367,250	227,460	(28,660)	(28,660)
(U.S. dollar)	873,240	383,402	(124,732)	(124,732)	1,099,045	318,324	(124,323)	(124,323)
(British pound)	975,384	392,060	(34,318)	(34,318)	1,074,934	456,395	(95,475)	(95,475)
Bought	80,600	-	(9,637)	(9,637)	108,004	-	(6,533)	(6,533)
(U.S. dollar)	1,326	489	(6)	(6)	78,243	489	4,051	4,051
(British pound)	1,326	489	(6)	(6)	49,210	489	3,562	3,562
Currency options								
Bought								
Put	22,043	-	40	(3,485)	3,500	-	-	(596)
(U.S. dollar)	[3,526]	-	40	(3,485)	[596]	-	-	(596)
	22,043	-	40	(3,485)	3,500	-	-	(596)
	[3,526]	-	40	(3,485)	[596]	-	-	(596)
Total				(272,285)				(251,538)

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 September 30, 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	257,919	-	3,809	3,809	194,602	-	(5,327)	(5,327)
Over-the-counter transactions								
Stock index forwards								
Sold	108,510	-	350	350	111,693	-	(7,424)	(7,424)
Stock index options								
Sold								
Call	-	-	-	-	12,000	-	-	-
Put	[-]	-	-	-	[142]	-	72	69
Bought								
Call	5,099	-	6	78	834	-	0	10
Put	[85]	-	6	78	[10]	-	0	10
Bought								
Call	60,000	30,000	-	-	12,000	-	-	-
Put	[1,131]	-	712	(419)	[208]	-	72	(136)
Put	24,200	-	-	-	32,672	-	-	-
Put	[5,179]	-	42	(5,136)	[1,468]	-	156	(1,311)
Total				(1,317)				(14,120)

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 September 30, 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	293,251	-	1,043	1,043	309,677	-	979	979
Total				1,043				979

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 September 30, 2014
Loans to bankrupt borrowers	-	-
Loans in arrears	1,139	1,124
Loans in arrears for three months or longer	0	0
Restructured loans	260	-
Total	1,400	1,124
(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 September 30, 2014 amounted to ¥40 million and ¥37 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.