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Financial Results for the Six Months Ended September 30, 2017  
( With Notes to the Unaudited Consolidated Financial Statements )

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Sumitomo Life Insurance Company announces financial results for the six months ended September 30, 2017.

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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, 2017	As of September 30, 2017
<b>ASSETS:</b>		
Cash and deposits	979,462	1,265,343
Call loans	203,345	176,894
Monetary claims bought	230,518	261,833
Securities	27,878,540	28,883,919
Loans	3,642,493	3,658,962
Tangible fixed assets	589,710	579,697
Intangible fixed assets	301,993	283,207
Due from agents	83	60
Reinsurance receivables	889	1,101
Other assets	394,731	390,296
Net defined benefit assets	17,736	18,895
Deferred tax assets	114,575	88,726
Allowance for possible loan losses	(1,211)	(1,051)
<b>Total assets</b>	<b>34,352,870</b>	<b>35,607,886</b>
<b>LIABILITIES:</b>		
Policy reserves and other reserves	29,783,141	30,104,004
Reserve for outstanding claims	158,838	142,750
Policy reserves	29,378,351	29,695,099
Policyholders' dividend reserves	245,951	266,153
Reinsurance payables	5,880	6,883
Corporate bonds	401,948	545,527
Other liabilities	1,983,295	2,662,609
Net defined benefit liabilities	22,565	24,298
Reserve for price fluctuation	502,439	565,749
Deferred tax liabilities	24,555	35,094
Deferred tax liabilities for land revaluation	16,061	15,587
<b>Total liabilities</b>	<b>32,739,886</b>	<b>33,959,754</b>
<b>NET ASSETS:</b>		
Foundation funds	170,000	100,000
Reserve for redemption of foundation funds	469,000	539,000
Reserve for revaluation	2	2
Surplus	306,955	215,237
Total funds, reserve and surplus	945,957	854,240
Net unrealized gains(losses) on available-for-sale securities	723,897	875,415
Deferred gains(losses) on derivatives under hedge accounting	1,703	(443)
Land revaluation differences	(59,460)	(60,605)
Foreign currency translation adjustments	(29,882)	(48,591)
Remeasurements of defined benefit plans	30,700	28,022
Total accumulated other comprehensive income	666,958	793,798
Non-controlling interests	66	93
<b>Total net assets</b>	<b>1,612,983</b>	<b>1,648,132</b>
<b>Total liabilities and net assets</b>	<b>34,352,870</b>	<b>35,607,886</b>

## b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Ordinary income	2,183,600	1,881,471
Insurance premiums and other	1,723,652	1,350,187
Investment income	402,848	460,862
Interest, dividends and other income	326,831	367,465
Gains on trading securities	642	349
Gains on sales of securities	72,744	36,713
Investment gains on separate accounts	-	50,573
Other ordinary income	57,099	70,421
Ordinary expenses	2,045,809	1,779,175
Benefits and other payments	1,032,900	1,047,513
Claims paid	260,458	295,037
Annuity payments	358,792	349,302
Benefits payments	162,600	165,378
Surrender benefits	211,584	210,100
Provision for policy reserves and other reserves	691,143	378,854
Provision for policy reserves	691,042	378,835
Provision for interest on policyholders' dividend reserves	101	19
Investment expenses	52,100	83,899
Interest expenses	3,860	9,681
Losses on sales of securities	5,596	16,401
Losses on valuation of securities	1,299	729
Investment losses on separate accounts	24,901	-
Operating expenses	196,448	197,179
Other ordinary expenses	73,215	71,727
Ordinary profit	137,791	102,296
Extraordinary gains	5,912	167
Gains on disposals of fixed assets	5,912	167
Extraordinary losses	108,070	70,070
Losses on disposals of fixed assets	108	1,138
Impairment losses	140	5,021
Provision for reserve for price fluctuation	107,208	63,310
Payments to social responsibility reserve	612	600
Surplus before income taxes	35,634	32,394
Income taxes		
Current	48,361	25,816
Deferred	(46,473)	(24,217)
Total income taxes	1,888	1,599
Net surplus	33,746	30,794
Net surplus attributable to non-controlling interests	2	3
Net surplus attributable to the Parent Company	33,744	30,791

**c. Unaudited Consolidated Statements of Comprehensive Income**

(Millions of Yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net surplus	33,746	30,794
Other comprehensive income(loss)	(61,015)	127,985
Net unrealized gains(losses) on available-for-sale securities	8,940	150,725
Deferred gains(losses) on derivatives under hedge accounting	2,632	(2,146)
Land revaluation differences	(0)	(0)
Foreign currency translation adjustments	(66,473)	(16,560)
Remeasurements of defined benefit plans	1,693	(2,678)
Share of other comprehensive income(loss) of associates under the equity method	(7,808)	(1,355)
Comprehensive income(loss)	(27,269)	158,780
Comprehensive income(loss) attributable to the Parent Company	(27,258)	158,776
Comprehensive income(loss) attributable to non-controlling interests	(11)	3



## e. Unaudited Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2016

(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	200,000	439,000	2	339,926	978,929
Changes in the period					
Additions to policyholders' dividend reserves				(51,548)	(51,548)
Additions to reserve for redemption of foundation funds		30,000		(30,000)	-
Payment of interest on foundation funds				(2,445)	(2,445)
Net surplus attributable to the Parent Company				33,744	33,744
Redemption of foundation funds	(30,000)				(30,000)
Reversal of land revaluation differences				205	205
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(30,000)	30,000	-	(50,044)	(50,044)
Ending balance	170,000	469,000	2	289,882	928,884

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income(loss)		
Beginning balance	723,567	-	(64,505)	(11,877)	14,111	661,295	165	1,640,390
Changes in the period								
Additions to policyholders' dividend reserves								(51,548)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(2,445)
Net surplus attributable to the Parent Company								33,744
Redemption of foundation funds								(30,000)
Reversal of land revaluation differences								205
Net changes, excluding funds, reserve and surplus	8,805	2,632	(205)	(74,132)	1,693	(61,207)	(11)	(61,219)
Net changes in the period	8,805	2,632	(205)	(74,132)	1,693	(61,207)	(11)	(111,264)
Ending balance	732,372	2,632	(64,711)	(86,010)	15,804	600,087	153	1,529,125

Six months ended September 30, 2017

(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	170,000	469,000	2	306,955	945,957
Changes in the period					
Additions to policyholders' dividend reserves				(51,735)	(51,735)
Additions to reserve for redemption of foundation funds		70,000		(70,000)	-
Payment of interest on foundation funds				(1,918)	(1,918)
Net surplus attributable to the Parent Company				30,791	30,791
Redemption of foundation funds	(70,000)				(70,000)
Reversal of land revaluation differences				1,145	1,145
Net changes, excluding funds, reserve and surplus					
Net changes in the period	(70,000)	70,000	-	(91,717)	(91,717)
Ending balance	100,000	539,000	2	215,237	854,240

	Accumulated other comprehensive income(loss)						Non-controlling interests	Total net assets
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains(losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income(loss)		
Beginning balance	723,897	1,703	(59,460)	(29,882)	30,700	666,958	66	1,612,983
Changes in the period								
Additions to policyholders' dividend reserves								(51,735)
Additions to reserve for redemption of foundation funds								-
Payment of interest on foundation funds								(1,918)
Net surplus attributable to the Parent Company								30,791
Redemption of foundation funds								(70,000)
Reversal of land revaluation differences								1,145
Net changes, excluding funds, reserve and surplus	151,518	(2,146)	(1,145)	(18,708)	(2,678)	126,839	26	126,866
Net changes in the period	151,518	(2,146)	(1,145)	(18,708)	(2,678)	126,839	26	35,148
Ending balance	875,415	(443)	(60,605)	(48,591)	28,022	793,798	93	1,648,132

## Notes to the Unaudited Consolidated Financial Statements

### Policies of Presenting the Unaudited Consolidated Financial Statements for the Six Months Ended September 30, 2017

#### 1. Consolidated subsidiaries

The number of consolidated subsidiaries was 22 as of September 30, 2017.

The major subsidiaries as of September 30, 2017 are listed as follows:

Medicare Life Insurance Co., Ltd. (Japan)  
Sumisei Building Management Co., Ltd. (Japan)  
Sumisei Bussan K.K. (Japan)  
Sumisei Business Service Co., Ltd. (Japan)  
Shinjuku Green Building Kanri K.K. (Japan)  
SUMISEI Harmony K.K. (Japan)  
Sumitomo Life Information Systems Co., Ltd. (Japan)  
CSS Co., Ltd. (Japan)  
SUMISEI Insurance Service Corporation (Japan)  
Izumi Life Designers Co., Ltd. (Japan)  
SUMISEI-Support & Consulting Co., Ltd. (Japan)  
INSURANCE DESIGN (Japan)  
Symetra Financial Corporation (U.S.A.)

INSURANCE DESIGN was included in the scope of consolidation as a result of the share acquisition from the period ended September 30, 2017.

#### 2. Affiliates

The number of affiliates under the equity method was 8 as of September 30, 2017.

The major affiliates as of September 30, 2017 are listed as follows:

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

Japan Pension Service Co., Ltd., is excluded from affiliates under the equity method because its effect is immaterial, individually and in aggregate, on the consolidated net income and consolidated surplus.

#### 3. Interim closing dates of consolidated subsidiaries

The interim closing dates of foreign subsidiaries are June 30, 2017. The consolidated financial statements include the accounts of the subsidiaries as of their interim closing dates, with appropriate

adjustments made for material transactions between their interim closing dates and the consolidated balance sheet date.

## Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2017

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

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

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

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

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

Equity securities with the readily determinable market values classified as available-for-sale securities are stated at the market value which is determined as the average of the market value during September, 2017. The other available-for-sale securities with the readily determinable market values are stated mainly at the market value on the balance sheet date. Available-for-sale securities for which determination of the fair value is impracticable are stated mainly at cost. The cost of these securities sold is calculated using the moving average method.

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

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

2. The Company classifies debt securities held in order to match their duration to the duration of the corresponding subsections - segregated by type of insurance, remaining coverage period and investment policy - of the liabilities provided for future payments of insurance claims in individual insurances, individual annuities and group annuities as policy-reserve-matching bonds in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry", issued by the Japanese Institute of Certified Public Accountants.

3. The Company revalued certain parcels of land owned for operating use as of March 31, 2001, as permitted by the Act on Revaluation of Land.

The difference in value before and after revaluation is directly included in net assets and presented as land revaluation differences, net of deferred tax liabilities for land revaluation in the consolidated balance sheets.

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

Pursuant to the Article, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Paragraph 1 of the Order for Enforcement of the Act on

Revaluation of Land ("the Order")) and appraisal value (detailed in Article 2, Paragraph 5 of the Order) for the revaluation.

4. Tangible fixed assets owned by the Company are depreciated as follows:
  - 1) Buildings  
Calculated using the straight-line method.
  - 2) Lease assets related to financial leases where ownership is not transferred  
Calculated using the straight-line method over the lease period.
  - 3) Other tangible fixed assets  
Calculated using the declining-balance method.
5. The Company's assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rate on the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.
6. The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses. For loans to borrowers that are legally bankrupt ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("substantially bankrupt borrowers"), an allowance is provided based on the total amount of the loans after deduction of charge-offs and any amounts expected to be collected through disposal of collaterals and execution of guarantees. For loans to borrowers that are likely to become bankrupt ("borrowers likely to become bankrupt"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection through disposal of collaterals and execution of guarantees. For the other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

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

For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals and execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the period amounted to ¥37 million.

An allowance for possible loan losses of the consolidated subsidiaries is provided mainly pursuant to their standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses which each consolidated subsidiary sets and maintains consistently with those of the Company.

7. Net defined benefit liabilities, supposed to be incurred as of September 30, 2017, are provided based on the projected benefit obligations and plan assets as of March 31, 2018.

Assumptions used in accounting for the defined benefit plans for the period ended September 30, 2017 were as follows:

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

8. Under accounting principles generally accepted in Japan (“Japanese GAAP”), the deferred hedge method and the fair value hedge method are fundamental hedge accounting methods allowed.

Under the fair value hedge method, which is allowed only when available-for-sale securities are hedged items, hedging instruments' gains and losses on changes in the fair value are recognized in earnings together with hedged items' corresponding gains and losses attributable to risks being hedged.

In addition, for certain derivative instruments, exceptional hedge accounting methods are allowed under Japanese GAAP as follows:

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

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

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

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

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

9. Derivatives are stated at the fair value.
10. Reserve for price fluctuation is calculated pursuant to Article 115 of the Insurance Business Act.
11. National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the Corporation Tax Act.
12. The Company and certain subsidiaries adopted the consolidation tax filings from the period ended September 30, 2017.

13. Policy reserves of the Company are provided pursuant to Article 116 of the Insurance Business Act. Premium reserves, a main component of policy reserves, are calculated according to the following methods:

1) For contracts which are subject to the standard policy reserve requirements, the premium reserves are calculated using the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996).

2) For contracts which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

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

For individual annuity contracts which commenced on or after April 1, 2006, the Company has regarded their commencement dates of annuity payments as the contract dates, and applied the calculation basis stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996). (For contracts which commenced by March 31, 2007, assumed mortality rates on the 2007 life insurance standard life table have been used.)

Policy reserves of the consolidated foreign subsidiaries are provided pursuant to accounting principles generally accepted in the United States of America.

14. Capitalized software for internal use included in intangible fixed assets is amortized using the straight-line method over the estimated useful lives.

15. The corporate income taxes and inhabitant taxes of the Company for the period are calculated based on the assumption of provisions to policyholders' dividend reserves and payments of interest on foundation funds due to appropriation of surplus in the current fiscal year.

16. The following table shows the carrying amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of September 30, 2017.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	1,265,343	1,265,343	—
[Available-for-sale securities] *1	[643,476]	[643,476]	—
Call loans	176,894	176,894	—
Monetary claims bought	261,833	263,214	1,381
[Available-for-sale securities] *1	[213,662]	[213,662]	—
Securities *2	28,443,438	30,740,147	2,296,709
Trading securities	1,097,759	1,097,759	—
Held-to-maturity debt securities	1,977,942	2,345,787	367,845
Policy-reserve-matching bonds	11,142,398	13,065,389	1,922,991
Investments in subsidiaries and affiliated companies	27,497	33,369	5,872
Available-for-sale securities	14,197,840	14,197,840	—
Loans	3,658,962		
Allowance for possible loan losses *3	(843)		
	3,658,119	3,694,091	35,972
Corporate bonds	545,527	558,826	13,299
Payables under securities borrowing transactions	1,142,642	1,142,642	—
Derivative transactions *4	(306,152)	(306,152)	—
Hedge accounting not applied	(47,517)	(47,517)	—
Hedge accounting applied	(258,635)	(258,635)	—

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

\*2 This table does not include financial instruments for which the fair values are not practically determinable, such as unlisted securities. The consolidated balance sheet amount of these securities was ¥440,480 million as of September 30, 2017.

\*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 ( ).

#### Note 1: Valuation methods for financial instruments

##### Assets

##### 1) Cash and deposits and call loans

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

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

## 2) Monetary claims bought

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

## 3) Securities

As for stocks with the market values, the fair value is measured mainly based on the average market value during September, 2017.

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

## 4) Loans

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

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

As for loans to borrowers that are legally or substantially bankrupt and borrowers likely to become bankrupt, the fair value are, in principle, measured as the carrying amounts less the allowance for possible loan losses.

## Liabilities

### 1) Corporate bonds

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

### 2) Payables under securities borrowing transactions

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

## Derivative transactions

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

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

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

Note 2: Matters related to securities, including certain deposits regarded as securities pursuant to “Accounting 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 debt securities and policy-reserve-matching bonds as of September 30, 2017.

1) Held-to-maturity debt securities

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	475,652	517,051	41,398
	Foreign securities (bonds)	1,500,738	1,827,296	326,558
Fair value does not exceed the balance sheet amount	Bonds	1,551	1,440	(110)
	Foreign securities (bonds)	—	—	—
Total		1,977,942	2,345,787	367,845

2) Policy-reserve-matching bonds

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,253,585	12,235,606	1,982,021
	Foreign securities (bonds)	87,897	91,640	3,742
Fair value does not exceed the balance sheet amount	Bonds	700,369	638,630	(61,738)
	Foreign securities (bonds)	100,545	99,511	(1,034)
Total		11,142,398	13,065,389	1,922,991

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, 2017.

3) Available-for-sale securities

Millions of Yen				
	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
	Negotiable certificates of deposit	—	—	—
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	129,431	136,349	6,918
	Bonds	1,526,711	1,619,958	93,247
	Stocks	712,804	1,623,343	910,539
	Foreign securities	6,118,345	6,408,567	290,222
	Foreign bonds	5,979,713	6,255,179	275,465
	Other foreign securities	138,631	153,388	14,756
	Other securities	84,805	102,402	17,597
	Negotiable certificates of deposit	643,500	643,476	(23)
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	77,499	77,312	(187)
	Bonds	179,237	177,377	(1,860)
	Stocks	90,688	80,683	(10,004)
	Foreign securities	4,270,654	4,185,507	(85,147)
	Foreign bonds	4,218,170	4,133,593	(84,576)
	Other foreign securities	52,484	51,913	(571)
	Other securities	0	0	(0)
	Total	13,833,677	15,054,979	1,221,301

17. As of September 30, 2017, the note of the fair value of investment and rental properties was omitted since there were no significant changes in the balance sheet amounts and the fair values of investment and rental properties from the end of the previous fiscal year.

18. As of September 30, 2017, the aggregate amount of risk-monitored loans, which was comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer, and restructured loans, was ¥982 million. The details are as follows:

The amount of loans to bankrupt borrowers was nil and loans in arrears was ¥878 million.

The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥23 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 or 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965).

Loans in arrears represent non-accrual loans excluding loans to bankrupt borrowers and loans of which interest payments are postponed in order to support the borrowers recovering from financial difficulties. Loans in arrears also include non-accrual loans to borrowers classified as “borrowers substantially bankrupt” or “borrowers likely to become bankrupt” in self-assessment of asset quality.

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

Loans in arrears for three months or longer represent loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amount of restructured loans was ¥103 million.

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

19. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥1,074,373 million as of September 30, 2017. The total amount of separate account liabilities was the same as this.

20. Changes in policyholders’ dividend reserves for the period ended September 30, 2017 were as follows:

	Millions of Yen
At the beginning of the period	245,951
Transfer from surplus in the previous fiscal year	51,735
Dividend payments to policyholders during the period	(31,553)
Interest accrued during the period	19
At the end of the period	266,153

21. Assets pledged as collateral were securities in the amount of ¥1,305,361 million and cash and deposits in the amount of ¥30 million as of September 30, 2017.

22. The Company redeemed ¥70,000 million of foundation funds and transferred the same amount of reserve for fund redemption to reserve for redemption of foundation funds as prescribed in Article 56 of the Insurance Business Act.

23. Securities loaned under security lending agreements amounted to ¥2,554,694 million as of September 30, 2017.

24. Securities borrowed under borrowing agreements can be sold or pledged as collateral. The fair value of the securities which were not sold or pledged as collateral was ¥71,339 million as of September 30, 2017.

25. The amount of loan commitments outstanding was ¥23,714 million as of September 30, 2017.

26. The amount of corporate bonds in liabilities included ¥516,741 million of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligation, as of September 30, 2017.
27. Other liabilities included payables under securities borrowing transactions of ¥1,142,642 million as of September 30, 2017.
28. The Company and a domestic life insurance business subsidiary estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥39,685 million as of September 30, 2017, 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, 2017

1. The details of impairment losses on fixed assets were as follows:

Accumulated impairment losses on fixed assets are directly deducted from amounts of their respective assets.

1) Method for grouping the assets

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

The Company treats real estates for investment and idle assets as an independent asset group for the impairment test.

2) Description of impairment losses

For the period ended September 30, 2017, 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 the fair value. For these assets, the Company reduced the carrying amount to the recoverable amount, and recognized impairment losses as extraordinary losses in the consolidated statement of income.

3) Breakdown of impairment losses for the period ended September 30, 2017

Asset Group	Asset Categories	Millions of Yen
Real estate for investment	Land and buildings	4,889
Idle assets	Land and buildings	132
Total		5,021

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 determined at net realizable value. Net realizable value is calculated based on an estimated selling value, appraisal value based on the Real Estate Appraisal Standards, or publicly announced value. Value in use is determined as the estimated future cash flows discounted at 5.0%.

## Notes to the Unaudited Consolidated Statement of Cash Flows for the Six Months Ended September 30, 2017

1. In the consolidated statement of cash flows, cash and cash equivalents are comprised of cash on hand, deposits (except deposits bearing interest of the Company and domestic consolidated subsidiaries, and restricted cash of foreign consolidated subsidiaries), and short-term investment securities of foreign consolidated subsidiaries.
2. Reconciliation of cash and deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows as of September 30, 2017 was as follows:

	Millions of Yen
Cash and deposits	1,265,343
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(946,449)
Restricted cash of foreign consolidated subsidiaries	(1,202)
Short-term investment securities of foreign consolidated subsidiaries	0
Cash and cash equivalents	317,691

## 2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2017	As of September 30, 2017
Solvency margin gross amount (A)	3,466,335	3,848,852
Foundation funds and others	622,329	580,634
Reserve for price fluctuation	502,439	565,749
Contingency reserve	335,070	327,963
Unusual contingency reserve	–	–
General allowance for possible loan losses	989	842
(Net unrealized gains (losses) on available-for-sale securities (before income tax effect adjustments) and deferred gains (losses) on derivatives under hedge accounting (before income tax effect adjustments)) × 90% (Multiplied by 100% if losses)	907,617	1,096,910
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	13,361	26,243
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	42,597	38,884
Excess of continued Zillmerized reserve	684,241	707,457
Qualifying subordinated debt	354,480	499,924
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	–	–
Deduction clause	(67,589)	(66,981)
Others	70,799	71,223
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)	852,499	882,692
Insurance risk $R_1$	97,042	96,674
General insurance risk $R_5$	–	–
Large disaster risk $R_6$	–	–
Third-sector insurance risk $R_8$	68,087	70,256
Insurance risk of small-amount, short-term insurer $R_9$	–	–
Risk of assumed yield $R_2$	204,402	203,267
Minimum guarantee risk $R_7^{**}$	19,228	7,420
Investment risk $R_3$	592,705	635,434
Operational risk $R_4$	19,629	20,261
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	813.2%	872.0%

※ 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, 2017		As of September 30, 2017	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,007,015	3.5	1,288,392	4.3
Monetary claims bought	230,518	0.8	261,833	0.9
Investments in securities	23,614,509	82.0	24,722,542	81.8
Domestic bonds	12,961,892	45.0	13,059,621	43.2
Domestic stocks	1,700,608	5.9	1,823,558	6.0
Foreign securities	8,809,343	30.6	9,735,095	32.2
Foreign bonds	7,839,217	27.2	8,708,824	28.8
Other foreign securities	970,125	3.4	1,026,270	3.4
Other securities	142,666	0.5	104,267	0.3
Loans	2,972,689	10.3	2,992,023	9.9
Policy loans	303,290	1.1	297,198	1.0
Industrial and consumer loans	2,669,398	9.3	2,694,824	8.9
Real estate	578,811	2.0	569,745	1.9
Investment property	401,966	1.4	395,000	1.3
Deferred tax assets	124,609	0.4	97,915	0.3
Other assets	277,239	1.0	287,381	1.0
Allowance for possible loan losses	(1,132)	(0.0)	(975)	(0.0)
Total	28,804,261	100.0	30,218,858	100.0
Foreign currency denominated assets	7,367,770	25.6	8,698,576	28.8

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, 2017 or September 30, 2017.

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

(Millions of Yen)

	As of March 31, 2017					As of September 30, 2017				
	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	1,942,014	2,303,448	361,434	361,434	-	1,915,491	2,272,352	356,861	356,861	(0)
Policy-reserve-matching bonds	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)	11,142,398	13,065,389	1,922,991	1,985,764	(62,772)
Investments in subsidiaries and affiliated companies	33,173	35,754	2,580	2,580	-	33,173	33,369	195	195	-
Available-for-sale securities	9,405,982	10,375,805	969,822	1,103,170	(133,348)	10,364,398	11,501,285	1,136,887	1,219,161	(82,273)
Domestic bonds	1,484,122	1,562,503	78,381	83,050	(4,668)	1,605,336	1,690,914	85,577	87,108	(1,531)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	803,341	1,703,810	900,468	910,473	(10,004)
Foreign securities	6,209,300	6,281,051	71,751	190,963	(119,211)	7,020,484	7,147,019	126,535	197,063	(70,527)
Foreign bonds	6,136,882	6,207,918	71,036	190,150	(119,114)	6,896,575	7,019,643	123,067	193,529	(70,461)
Other foreign securities	72,417	73,132	714	812	(97)	123,908	127,376	3,467	3,533	(66)
Other securities	127,421	140,826	13,404	14,070	(665)	84,805	102,402	17,597	17,597	(0)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	206,930	213,662	6,731	6,918	(187)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	643,500	643,476	(23)	-	(23)
Others	-	-	-	-	-	-	-	-	-	-
Total	22,469,844	25,771,305	3,301,461	3,490,618	(189,156)	23,455,462	26,872,397	3,416,935	3,561,982	(145,047)
Domestic bonds	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)	12,974,043	15,010,207	2,036,163	2,099,433	(63,270)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	803,341	1,703,810	900,468	910,473	(10,004)
Foreign securities	7,873,773	8,280,876	407,102	526,862	(119,760)	8,742,840	9,198,838	455,998	527,560	(71,562)
Foreign bonds	7,768,181	8,171,988	403,806	523,468	(119,662)	8,585,757	9,038,091	452,334	523,830	(71,495)
Other foreign securities	105,591	108,887	3,295	3,393	(97)	157,082	160,746	3,663	3,729	(66)
Other securities	127,421	140,826	13,404	14,070	(665)	84,805	102,402	17,597	17,597	(0)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	206,930	213,662	6,731	6,918	(187)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	643,500	643,476	(23)	-	(23)
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, 2017	As of September 30, 2017
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	604,907	608,726
Available-for-sale securities	369,119	369,097
Unlisted domestic stocks (excluding over-the-counter stocks)	15,701	15,653
Unlisted foreign stocks (excluding over-the-counter stocks)	351,558	351,558
Unlisted foreign bonds	-	-
Others	1,859	1,884
Total	974,026	977,823

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

**(1) Net Gains and Losses on Derivatives**

(Millions of Yen)

	As of March 31, 2017						As of September 30, 2017					
	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	268	(254,479)	-	-	-	(254,210)	135	(268,419)	-	-	-	(268,284)
Hedge accounting not applied	(630)	(21,547)	1,741	-	-	(20,437)	(195)	(69,614)	(603)	-	-	(70,413)
Total	(361)	(276,026)	1,741	-	-	(274,647)	(60)	(338,034)	(603)	-	-	(338,698)

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 ¥255,228 million and loss of ¥269,159 million as of March 31, 2017 and September 30, 2017, respectively.

**(2) Interest-related**

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	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	48,828	32,520	268	268	45,674	32,378	135	135
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	170,000	-	4	(630)	70,000	-	0	(195)
	[635]				[196]			
Total				(361)				(60)

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, 2017]

(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)	13,295	17,188	4,132	11,052	5	-	45,674
Average fixed rate (receipt)	1.69	0.62	1.43	1.20	0.86	-	1.14
Average floating rate (payment)	0.25	0.20	1.42	1.17	0.56	-	0.56

**(3) Currency-related**

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	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	5,685,242	321,272	(271,315)	(271,315)	7,358,016	934,364	(360,719)	(360,719)
(U.S. dollar)	3,274,262	233,885	(142,981)	(142,981)	3,819,218	258,020	(91,138)	(91,138)
(Euro)	1,172,994	-	(5,818)	(5,818)	2,100,707	614,178	(118,616)	(118,616)
(Australian dollar)	1,055,090	87,387	(115,829)	(115,829)	1,173,264	62,165	(138,842)	(138,842)
Bought	527,011	-	(5,240)	(5,240)	1,236,868	-	21,946	21,946
(Euro)	-	-	-	-	812,695	-	17,812	17,812
(U.S. dollar)	526,915	-	(5,241)	(5,241)	424,172	-	4,134	4,134
Currency options								
Bought								
Put	54,750	-			-	-		
(U.S. dollar)	[397]	-	177	(219)	[ - ]	-	-	-
(U.S. dollar)	54,750	-	177	(219)	[ - ]	-	-	-
(U.S. dollar)	[397]	-	177	(219)	[ - ]	-	-	-
Currency swaps	26,780	26,780	(574)	(574)	26,780	26,780	(1,431)	(1,431)
(U.S. dollar)	24,326	24,326	(614)	(614)	24,326	24,326	(1,178)	(1,178)
(Euro)	2,454	2,454	40	40	2,454	2,454	(253)	(253)
Total				(277,350)				(340,205)

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

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under foreign currency forward contracts and currency swaps and are reported in yen amounts in the balance sheets, those foreign currency forward contracts and currency swaps are excluded from the table above.

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

#### (4) Stock-related

(Millions of Yen)

Type	As of March 31, 2017				As of September 30, 2017			
	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	98,753	-	1,741	1,741	9,365	-	(383)	(383)
Stock index options								
Bought								
Put	-	-	-	-	17,280	-	23	(220)
	[ - ]				[244]			
<b>Total</b>				<b>1,741</b>				<b>(603)</b>

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.

#### d. Risk-Monitored Loans

(Millions of Yen, %)

	As of March 31, 2017	As of September 30, 2017
Loans to bankrupt borrowers	-	-
Loans in arrears	877	878
Loans in arrears for three months or longer	0	-
Restructured loans	-	-
<b>Total</b>	<b>877</b>	<b>878</b>
(Percentage of total loans)	(0.03)	(0.03)
(Percentage of total assets)	(0.00)	(0.00)

Notes: 1. For loans to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and directly deducted. The amount of loans in arrears directly deducted as of March 31, 2017 and September 30, 2017 amounted to ¥24 million and ¥23 million, respectively.

2. Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquency of principal or interest for a certain period or other reasons ("non-accrual loans") and also meet the conditions stipulated in Article 96 Paragraph 1 Items 3 and 4 of Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965).

3. Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties. Loans in arrears also include the non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in the self-assessment of asset quality.

4. Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

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