
Financial Results for the Fiscal Year Ended March 31, 2018
(With Notes to the Unaudited Consolidated Financial Statements)

Sumitomo Life Insurance Company announces financial results for the fiscal year ended March 31, 2018.

[Contents]

1. Unaudited Consolidated Financial Statements	P.2
a. Unaudited Consolidated Balance Sheets	P.2
b. Unaudited Consolidated Statements of Income	P.3
c. Unaudited Consolidated Statements of Comprehensive Income	P.4
d. Unaudited Consolidated Statements of Cash Flows	P.5
e. Unaudited Consolidated Statements of Changes in Net Assets	P.6
2. Solvency Margin Ratio on a Consolidated Basis	P.28
3. Non-Consolidated Financial Information	P.29
a. Overall Composition of Investments (General Account)	P.29
b. Fair Value Information of Securities (General Account)	P.30
c. Fair Value Information of Derivative Transactions (General Account)	P.31
d. Risk-Monitored Loans	P.33

[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 March 31, 2018
ASSETS:		
Cash and deposits	979,462	1,448,620
Call loans	203,345	187,361
Monetary claims bought	230,518	283,252
Securities	27,878,540	29,089,625
Loans	3,642,493	3,445,029
Tangible fixed assets	589,710	581,239
Land	370,112	359,169
Buildings	208,730	201,923
Lease assets	3,641	2,191
Construction in progress	902	11,619
Other tangible fixed assets	6,323	6,335
Intangible fixed assets	301,993	283,089
Software	18,896	20,026
Goodwill	65,097	62,927
Lease assets	101	71
Other intangible fixed assets	217,898	200,063
Due from agents	83	109
Reinsurance receivables	889	2,737
Other assets	394,731	543,952
Net defined benefit assets	17,736	31,742
Deferred tax assets	114,575	140,721
Allowance for possible loan losses	(1,211)	(1,038)
Total assets	34,352,870	36,036,443
LIABILITIES:		
Policy reserves and other reserves	29,783,141	30,457,728
Reserve for outstanding claims	158,838	135,006
Policy reserves	29,378,351	30,087,173
Policyholders' dividend reserves	245,951	235,548
Reinsurance payables	5,880	8,017
Corporate bonds	401,948	545,868
Other liabilities	1,983,295	2,661,062
Payables under securities borrowing transactions	702,759	1,116,092
Other	1,280,535	1,544,970
Net defined benefit liabilities	22,565	11,356
Reserve for price fluctuation	502,439	657,060
Deferred tax liabilities	24,555	25,271
Deferred tax liabilities for land revaluation	16,061	13,257
Total liabilities	32,739,886	34,379,623
NET ASSETS:		
Foundation funds	170,000	100,000
Reserve for redemption of foundation funds	469,000	539,000
Reserve for revaluation	2	2
Surplus	306,955	248,102
Total funds, reserve and surplus	945,957	887,104
Net unrealized gains(losses) on available-for-sale securities	723,897	841,320
Deferred gains(losses) on derivatives under hedge accounting	1,703	(2,556)
Land revaluation differences	(59,460)	(63,710)
Foreign currency translation adjustments	(29,882)	(44,853)
Remeasurements of defined benefit plans	30,700	39,415
Total accumulated other comprehensive income	666,958	769,616
Non-controlling interests	66	99
Total net assets	1,612,983	1,656,820
Total liabilities and net assets	34,352,870	36,036,443

b. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Ordinary income	4,433,940	3,747,135
Insurance premiums and other	3,458,839	2,688,720
Investment income	861,239	908,399
Interest, dividends and other income	698,842	752,225
Gains on trading securities	1,882	376
Gains on sales of securities	90,746	84,817
Gains on redemption of securities	17,184	7,552
Foreign exchange gains	8,834	-
Reversal of allowance for possible loan losses	24	162
Other investment income	2,684	4,495
Investment gains on separate accounts	41,041	58,769
Other ordinary income	113,861	150,016
Ordinary expenses	4,244,184	3,529,268
Benefits and other payments	2,078,031	2,076,282
Claims paid	538,675	617,445
Annuity payments	703,742	634,259
Benefits payments	342,775	340,386
Surrender benefits	420,137	423,808
Other refunds	72,700	60,381
Provision for policy reserves and other reserves	1,412,115	723,728
Provision for policy reserves	1,411,994	723,689
Provision for interest on policyholders' dividend reserves	121	39
Investment expenses	191,492	175,517
Interest expenses	10,657	21,793
Losses on sales of securities	42,313	45,236
Losses on valuation of securities	2,328	4,390
Losses on redemption of securities	4,266	3,380
Losses on derivative financial instruments	99,942	69,781
Foreign exchange losses	-	2,119
Depreciation of real estate for investments	9,170	8,789
Other investment expenses	22,814	20,027
Operating expenses	411,227	402,620
Other ordinary expenses	151,317	151,119
Ordinary profit	189,756	217,867
Extraordinary gains	15,895	17,632
Gains on disposals of fixed assets	15,895	17,632
Extraordinary losses	156,681	180,001
Losses on disposals of fixed assets	5,386	1,635
Impairment losses	341	6,397
Provision for reserve for price fluctuation	150,218	154,620
Losses on reduction of noncurrent assets	-	16,601
Payments to social responsibility reserve	735	745
Surplus before income taxes	48,970	55,498
Income taxes		
Current	51,320	59,194
Deferred	(58,421)	(73,540)
Total income taxes	(7,101)	(14,346)
Net surplus	56,072	69,844
Net surplus attributable to non-controlling interests	3	9
Net surplus attributable to the Parent Company	56,068	69,835

c. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Net surplus	56,072	69,844
Other comprehensive income(loss)	617	97,623
Net unrealized gains(losses) on available-for-sale securities	279	105,982
Deferred gains(losses) on derivatives under hedge accounting	1,703	(3,771)
Land revaluation differences	(0)	2
Foreign currency translation adjustments	(16,207)	(13,049)
Remeasurements of defined benefit plans	16,589	8,715
Share of other comprehensive income(loss) of associates under the equity method	(1,746)	(255)
Comprehensive income(loss)	56,690	167,468
Comprehensive income(loss) attributable to the Parent Company	56,686	167,458
Comprehensive income(loss) attributable to non-controlling interests	3	9

d. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2017	Year ended March 31, 2018
I Cash flows from operating activities:		
Surplus before income taxes	48,970	55,498
Depreciation of real estate for investments	9,170	8,789
Depreciation	29,444	31,783
Impairment losses	341	6,397
Amortization of goodwill	3,126	3,559
Increase(Decrease) in reserve for outstanding claims	(9,617)	(23,313)
Increase(Decrease) in policy reserves	1,577,373	821,076
Provision for interest on policyholders' dividend reserves	121	39
Increase(Decrease) in allowance for possible loan losses	(306)	(171)
Increase(Decrease) in net defined benefit liabilities	(2,219)	(13,102)
Increase(Decrease) in reserve for price fluctuation	150,218	154,620
Interest, dividends and other income	(698,842)	(752,225)
Losses(Gains) on securities	(66,713)	(75,458)
Interest expenses	10,657	21,793
Foreign exchange losses(gains)	(8,887)	1,755
Losses(Gains) on tangible fixed assets	(5,244)	(127)
Investment losses(gains) under the equity method	(690)	(644)
Decrease(Increase) in due from agents	(8)	(28)
Decrease(Increase) in reinsurance receivables	490	(1,867)
Decrease(Increase) in other assets (excluding those related to investing and financing activities)	3,163	(18,129)
Increase(Decrease) in reinsurance payables	1,838	2,111
Increase(Decrease) in other liabilities (excluding those related to investing and financing activities)	21,159	2,300
Others, net	68,640	53,779
Subtotal	1,132,186	278,438
Interest, dividends and other income received	784,086	819,120
Interest paid	(11,270)	(19,740)
Policyholders' dividends paid	(64,947)	(62,177)
Others, net	(735)	(745)
Income taxes paid	(66,030)	(45,308)
Net cash provided by operating activities	1,773,290	969,586
II Cash flows from investing activities:		
Net decrease(increase) in deposits	(237,082)	(412,891)
Purchase of monetary claims bought	(183,092)	(224,078)
Proceeds from sales and redemption of monetary claims bought	149,787	172,640
Purchase of securities	(5,581,632)	(5,852,447)
Proceeds from sales and redemption of securities	4,290,915	4,650,460
Loans made	(1,253,566)	(2,157,988)
Proceeds from collection of loans	388,211	2,321,164
Others, net	692,436	556,087
Total investment activities (II a)	(1,734,022)	(947,052)
[I + II a]	[39,268]	[22,534]
Purchase of tangible fixed assets	(14,053)	(17,321)
Proceeds from sales of tangible fixed assets	39,879	3,852
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,437)
Others, net	(13,538)	(18,283)
Net cash used in investing activities	(1,721,735)	(982,241)
III Cash flows from financing activities:		
Proceeds from issuance of debt	34,947	23
Proceeds from issuance of corporate bonds	205,000	145,444
Redemption of corporate bonds	(34,947)	-
Redemption of foundation funds	(30,000)	(70,000)
Payment of interest on foundation funds	(2,445)	(1,918)
Others, net	(4,626)	(3,097)
Net cash provided by (used in) financing activities	167,927	70,451
IV Effect of foreign exchange rate changes on cash and cash equivalents	(1,222)	(1,529)
V Net increase(decrease) in cash and cash equivalents	218,260	56,266
VI Cash and cash equivalents at the beginning of the year	86,331	304,592
VII Cash and cash equivalents at the end of the year	304,592	360,858

e. Unaudited Consolidated Statements of Changes in Net Assets

Year ended March 31, 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	200,000	439,000	2	339,926	978,929
Changes in the fiscal year					
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				56,068	56,068
Redemption of foundation funds	(30,000)				(30,000)
Reversal of land revaluation differences				(5,045)	(5,045)
Net changes, excluding funds, reserve and surplus					
Net changes in the fiscal year	(30,000)	30,000	-	(32,971)	(32,971)
Ending balance	170,000	469,000	2	306,955	945,957

	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 fiscal year								
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								56,068
Redemption of foundation funds								(30,000)
Reversal of land revaluation differences								(5,045)
Net changes, excluding funds, reserve and surplus	329	1,703	5,045	(18,004)	16,589	5,663	(98)	5,564
Net changes in the fiscal year	329	1,703	5,045	(18,004)	16,589	5,663	(98)	(27,406)
Ending balance	723,897	1,703	(59,460)	(29,882)	30,700	666,958	66	1,612,983

Year ended March 31, 2018

(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 fiscal year					
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				69,835	69,835
Redemption of foundation funds	(70,000)				(70,000)
Reversal of land revaluation differences				4,252	4,252
Net changes in surplus based on U.S. GAAP used for U.S. subsidiaries				(9,286)	(9,286)
Net changes, excluding funds, reserve and surplus					
Net changes in the fiscal year	(70,000)	70,000	-	(58,853)	(58,853)
Ending balance	100,000	539,000	2	248,102	887,104

	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 fiscal year								
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								69,835
Redemption of foundation funds								(70,000)
Reversal of land revaluation differences								4,252
Net changes in surplus based on U.S. GAAP used for U.S. subsidiaries								(9,286)
Net changes, excluding funds, reserve and surplus	117,423	(4,260)	(4,250)	(14,971)	8,715	102,657	32	102,690
Net changes in the fiscal year	117,423	(4,260)	(4,250)	(14,971)	8,715	102,657	32	43,837
Ending balance	841,320	(2,556)	(63,710)	(44,853)	39,415	769,616	99	1,656,820

Notes to the Unaudited Consolidated Financial Statements

Policies of Presenting the Unaudited Consolidated Financial Statements for the Fiscal Year Ended March 31, 2018

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 22 as of March 31, 2018.

The major subsidiaries as of March 31, 2018 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 fiscal year ended March 31, 2018.

2. Affiliates

The number of affiliates under the equity method was 10 as of March 31, 2018.

The major affiliates as of March 31, 2018 are listed as follows:

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

Mycommunication Co., Ltd. and Agent Co., Ltd. were included in the scope of equity-method affiliates as a result of share acquisition from the fiscal year ended March 31, 2018.

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. Fiscal year-end of consolidated subsidiaries

The fiscal year-end of foreign subsidiaries is December 31, 2017. The consolidated financial statements include the accounts of the subsidiaries as of their fiscal year-end, with appropriate adjustments made for material transactions between their fiscal year-end and the consolidated balance sheet date.

4. Goodwill on consolidation

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

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

Notes to the Unaudited Consolidated Balance Sheet as of March 31, 2018

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 March, 2018. 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. Derivatives are stated at the fair value.

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

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

5. 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.
6. 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.
7. The Company's allowance for possible loan losses is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses. For loans to borrowers that are legally bankrupt ("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 fiscal year was ¥36 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.
8. Net defined benefit liabilities are provided based on the projected benefit obligations and plan assets

as of the balance sheet date.

Assumptions used in accounting for the defined benefit plans for the fiscal year ended March 31, 2018 were as follows:

Method of attributing benefits to period of service	Benefits formula basis
Amortization period for actuarial losses (Commencing in the following fiscal year after they are incurred)	8 years
Amortization period for past service costs	3 years

The following provide details of the retirement benefit plans.

1) Summary of the retirement benefit plans

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

The Company established retirement benefit trusts for certain retirement allowance systems.

As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

Certain foreign consolidated subsidiaries have defined contribution plans.

2) Defined benefit plans

a) Changes in the defined benefit obligations for the fiscal year ended March 31, 2018 were as follows:

	Millions of Yen
At the beginning of the fiscal year	302,904
Service costs	13,144
Interest costs on projected benefit obligations	4,355
Actuarial losses (gains)	2,615
Benefits paid	(18,673)
Past service costs	(11,385)
Others	106
At the end of the fiscal year	293,067

b) Changes in the plan assets for the fiscal year ended March 31, 2018 were as follows:

	Millions of Yen
At the beginning of the fiscal year	298,076
Expected return on plan assets	4,916
Actuarial gains (losses)	11,084
Contribution by employer	6,671
Benefits paid	(7,312)
Others	16
At the end of the fiscal year	313,452

c) The amounts of the defined benefit liabilities and the defined benefit assets in the consolidated balance sheet as of March 31, 2018 were determined as follows:

	Millions of Yen
Present value of funded obligations	291,509
Plan assets at fair value	(313,452)
Net present value of funded obligations	(21,942)
Present value of unfunded obligations	1,557
Net value on the balance sheet	(20,385)
Net defined benefit liabilities	11,356
Net defined benefit assets	(31,742)
Net value on the balance sheet	(20,385)

d) The amounts recognized in retirement benefit expenses in the consolidated statement of income for the fiscal year ended March 31, 2018 were as follows:

	Millions of Yen
Service costs	13,144
Interest costs on projected benefit obligations	4,355
Expected return on plan assets	(4,916)
Amortization of net actuarial losses (gains)	(7,426)
Amortization of net past service costs	(316)
Others	98
Retirement benefit expenses	4,939

e) Major components of other comprehensive income and accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the fiscal year ended March 31, 2018 were as follows:

	Millions of Yen
Actuarial gains	1,042
Past service costs	11,069
Total	12,111

Major components of accumulated other comprehensive income (before income tax effect adjustments) as of March 31, 2018 were as follows:

	Millions of Yen
Unrecognized actuarial gains	43,639
Unrecognized past service costs	11,069
Total	54,709

f) The plan assets

The plan assets as of March 31, 2018 were comprised as follows:

	% of total fair value of plan assets
Equity securities	42
General accounts of life insurance companies	41
Investment trusts	6

Debt securities	6
Others	5
Total	100

46% of the plan assets were the retirement benefit trusts as of March 31, 2018.

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

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

h) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the fiscal year ended March 31, 2018 were as follows:

Discount rate	1.473%
Expected long-term rates of return on the plan assets	
Defined benefit pension plans	3.0%
Retirement benefit trusts	0.0%

3) Defined contribution plans

The amounts recognized as expenses for the defined contribution plans were ¥1,761 million for the fiscal year ended March 31, 2018.

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

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

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

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

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

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

The Company mainly adopts the fair value hedge method and the allocation method to hedge foreign

currency risks of assets and liabilities denominated in foreign currencies.

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

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

11. National and local consumption taxes are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the fiscal year, 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 fiscal year ended March 31, 2018.
13. Policy reserves of the Company are provided pursuant to Article 116 of the Insurance Business Act. Premium reserves, a main component of policy reserves, are calculated according to the following methods:
 - 1) For contracts which are subject to the standard policy reserve requirements, the premium reserves are calculated using the method stipulated by the Commissioner of Financial Services Agency (Ministry of Finance Notification No. 48 in 1996).
 - 2) For contracts which are not subject to the standard policy reserve requirements, premium reserves are calculated using the net level premium method.

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

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

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

14. Capitalized software for internal use owned by the Company (included in intangible fixed assets) is amortized using the straight-line method over the estimated useful lives.
15. Qualitative information on financial instruments and fair value of financial instruments are as follows:
 - 1) Qualitative information on financial instruments
The Company applies Asset and Liability Management (ALM) considering characteristics of life insurance liabilities to enhance soundness and profitability of investment returns in mid-to-long term

by diversified investments mainly in assets denominated in yen such as bonds and loans, and in stocks within allowable risk limits. In addition, the Company utilizes derivative instruments primarily in order to hedge the risks of fluctuation of values of assets or liabilities.

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

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

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

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

When foreign currency forward contracts and currency swaps meet the criteria for applying the allocation method or when interest rate swap transactions meet the criteria for applying the exceptional method, hedge effectiveness is not assessed, according to accounting principles.

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

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

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

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

2) Fair value of financial instruments

The following table shows the carrying amounts in the consolidated balance sheet, the fair values and their differences of financial instruments as of March 31, 2018.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Cash and deposits	1,448,620	1,448,620	—
[Available-for-sale securities] *1	[441,084]	[441,084]	—
Call loans	187,361	187,361	—
Monetary claims bought	283,252	284,696	1,444
[Available-for-sale securities] *1	[209,492]	[209,492]	—
Securities *2	28,705,307	31,006,612	2,301,305
Trading securities	1,033,689	1,033,689	—
Held-to-maturity debt securities	1,954,345	2,279,893	325,548
Policy-reserve-matching bonds	11,206,795	13,156,647	1,949,852
Investments in unconsolidated subsidiaries and affiliated companies	28,062	53,967	25,904
Available-for-sale securities	14,482,414	14,482,414	—
Loans	3,445,029		
Allowance for possible loan losses *3	(832)		
	3,444,196	3,478,602	34,405
Corporate bonds	545,868	559,840	13,972
Payables under securities borrowing transactions	1,116,092	1,116,092	—
Derivative transactions *4	228,636	228,636	—
Hedge accounting not applied	39,950	39,950	—
Hedge accounting applied	188,686	188,686	—

*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 ¥384,318 million as of March 31, 2018.

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

*4 Debits and credits arising from derivative transactions are netted, and the net credit positions are shown in ().

Note 1: Valuation methods for financial instruments

Assets

1) Cash and deposits and call loans

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

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

2) Monetary claims bought

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

3) Securities

As for stocks with the market values, the fair value is measured based on the average market value during March, 2018.

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

4) Loans

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

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

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

Liabilities

1) Corporate bonds

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

2) Payables under securities borrowing transactions

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

Derivative transactions

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

The fair values of foreign currency forward contracts and currency swaps under the allocation method are included in the fair values of related 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 Standard for Financial Instruments” (ASBJ Statement No. 10)

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

2018.

1) Held-to-maturity debt securities

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	458,764	499,664	40,900
	Foreign securities (bonds)	1,493,938	1,778,660	284,722
Fair value does not exceed the balance sheet amount	Bonds	1,643	1,568	(74)
	Foreign securities (bonds)	—	—	—
Total		1,954,345	2,279,893	325,548

2) Policy-reserve-matching bonds

Millions of Yen				
	Type	Balance sheet amount	Fair value	Difference
Fair value exceeds the balance sheet amount	Bonds	10,397,017	12,388,306	1,991,289
	Foreign securities (bonds)	87,797	91,618	3,820
Fair value does not exceed the balance sheet amount	Bonds	537,536	497,343	(40,193)
	Foreign securities (bonds)	184,442	179,379	(5,063)
Total		11,206,795	13,156,647	1,949,852

The following table shows the acquisition costs or amortized costs, the carrying amounts in the consolidated balance sheet and their differences of available-for-sale securities as of March 31, 2018.

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	136,556	143,818	7,261
	Bonds	1,226,219	1,315,182	88,963
	Stocks	737,218	1,724,022	986,803
	Foreign securities	5,519,537	5,765,216	245,678
	Foreign bonds	5,338,247	5,564,082	225,835
	Other foreign securities	181,290	201,133	19,843
	Other securities	34,983	48,789	13,806
Balance sheet amount does not	Negotiable certificates of deposit	441,100	441,084	(15)

exceed	Monetary claims bought	65,766	65,674	(92)
acquisition cost or	Bonds	527,525	509,895	(17,629)
amortized cost	Stocks	101,508	88,848	(12,659)
	Foreign securities	5,176,781	5,020,519	(156,261)
	Foreign bonds	5,068,649	4,913,423	(155,226)
	Other foreign securities	108,132	107,096	(1,035)
	Other securities	10,000	9,940	(60)
	Total	13,977,197	15,132,992	1,155,794

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

Scheduled redemptions of monetary claims and securities with maturities, corporate bonds and other liabilities as of March 31, 2018.

	Millions of Yen			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	1,448,459	—	—	—
Call loans	187,361	—	—	—
Monetary claims bought	49,629	751	269	225,416
Securities	674,769	3,237,552	6,829,301	14,011,807
Held-to-maturity debt securities	66,028	196,809	639,313	1,049,882
Policy-reserve-matching bonds	136,707	517,935	1,697,358	8,781,093
Available-for-sale securities	472,034	2,522,807	4,492,630	4,180,831
Loans	1,037,849	671,541	701,391	672,980
Corporate bonds	—	—	28,250	516,874
Payables under securities borrowing transactions	1,116,092	—	—	—

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

16. The carrying amount for investment and rental properties was ¥390,398 million, and its fair value was ¥465,366 million as of March 31, 2018. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers. Asset retirement obligations for certain investment and rental properties were established as other liabilities in the amount of ¥1,383 million as of March 31, 2018.

17. The aggregate amount of risk-monitored loans, which was comprised of loans to bankrupt borrowers, loans in arrears, loans in arrears for three months or longer and restructured loans, was ¥1,379 million as of March 31, 2018. The details are as follows:

The amount of loans to bankrupt borrowers was nil, and loans in arrears was ¥909 million.

The amount of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet was ¥22 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 these borrowers recovering from financial difficulties. Loans in arrears also include non-accrual loans to borrowers classified as "borrowers substantially bankrupt" or "borrowers likely to become bankrupt" in self-assessment of asset quality. The amount of loans in arrears for three months or longer was 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 ¥469 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.

18. Accumulated depreciation of tangible fixed assets amounted to ¥421,023 million as of March 31, 2018.
19. The total amount of assets held in separate accounts defined in Article 118 of the Insurance Business Act was ¥986,044 million as of March 31, 2018. The total amount of separate account liabilities was the same as this.
20. Changes in policyholders' dividend reserves for the fiscal year ended March 31, 2018 were as follows:

	Millions of Yen
At the beginning of the fiscal year	245,951
Transfer from surplus in the previous fiscal year	51,735
Dividend payments to policyholders during the fiscal year	(62,177)
Interest accrued during the fiscal year	39
At the end of the fiscal year	235,548

21. Total amount of investments in affiliates was ¥74,058 million as of March 31, 2018.
22. Assets pledged as collateral were securities in the amount of ¥1,473,833 million and cash and deposits in the amount of ¥30 million as of March 31, 2018.
23. 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.

24. Securities loaned under security lending agreements amounted to ¥2,962,410 million as of March 31, 2018.
25. 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 ¥157,703 million, and none of the securities was pledged as collateral as of March 31, 2018.
26. The amount of loan commitments outstanding was ¥16,157 million as of March 31, 2018.
27. The amount of corporate bonds in liabilities included ¥516,874 million of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations, as of March 31, 2018.
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 March 31, 2018, pursuant to Article 259 of the Insurance Business Act.
The contributions are recognized as operating expenses when they are made.

29. Deferred tax assets/liabilities as of March 31, 2018 were recognized as follows:

	Millions of Yen
Deferred tax assets	547,415
Valuation allowance for deferred tax assets	(15,274)
Subtotal	532,140
Deferred tax liabilities	(416,691)
Net deferred tax assets	115,449

Major components of deferred tax assets/liabilities as of March 31, 2018 were as follows:

	Millions of Yen
Deferred tax assets:	
Policy reserves and other reserves	246,706
Reserve for price fluctuation	183,711
Net defined benefit liabilities	42,185
Deferred tax liabilities:	
Net unrealized gains on available-for-sale securities	(317,450)
Other intangible fixed assets	(37,277)

The actual effective income tax rate was (25.8)% for the fiscal year ended March 31, 2018. Major components in the difference with the statutory effective income tax rate of 28.20% as of March 31, 2018 were as follows:

Policyholders' dividend reserves	(28.0)%
Enactment of the Tax Cuts and Jobs Act	(26.9)%

On December 22, 2017, the Tax Cuts and Jobs Act was enacted in the U.S.A., reducing the corporate tax rate applicable to the Company's consolidated subsidiaries in the U.S.A. from 35% to 21%, effective January 1, 2018.

Following this change, as of March 31, 2018, deferred tax liabilities and income taxes – deferred decreased by ¥14,931 million, respectively.

Notes to the Unaudited Consolidated Statement of Income for the Fiscal Year Ended March 31, 2018

1. The details of the Company's impairment losses on fixed assets were as follows:

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

1) Method for grouping the assets

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

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

2) Description of impairment losses

For the fiscal year ended March 31, 2018, 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 amounts to the recoverable amounts, and recognized impairment losses as extraordinary losses in the consolidated statement of income.

3) Breakdown of impairment losses for the fiscal year ended March 31, 2018

Asset Group	Asset Category	Millions of Yen
Real estates for investment	Land and buildings	5,711
Idle assets	Land and buildings	658
Total		6,369

4) The recoverable amounts

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 Comprehensive Income for the Fiscal Year Ended March 31, 2018

1. The components of other comprehensive income for the fiscal year ended March 31, 2018 were as follows:

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

	Millions of Yen
<hr/>	
Net unrealized gains(losses) on available-for-sale securities:	
Amount arising during the fiscal year	141,283
Reclassification adjustments	9,148
Before income tax effect adjustments	150,432
Income tax effects	(44,450)
Net unrealized gains(losses) on available-for-sale securities	105,982
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Deferred gains(losses) on derivatives under hedge accounting:	
Amount arising during the fiscal year	(7,162)
Reclassification adjustments	1,321
Before income tax effect adjustments	(5,840)
Income tax effects	2,069
Deferred gains(losses) on derivatives under hedge accounting	(3,771)
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Land revaluation differences:	
Amount arising during the fiscal year	—
Reclassification adjustments	—
Before income tax effect adjustments	—
Income tax effects	2
Land revaluation differences	2
<hr/>	
Foreign currency translation adjustments:	
Amount arising during the fiscal year	(13,049)
Reclassification adjustments	—
Before income tax effect adjustments	(13,049)
Income tax effects	—
Foreign currency translation adjustments	(13,049)
<hr/>	
Remeasurements of defined benefit plans:	
Amount arising during the fiscal year	19,538
Reclassification adjustments	(7,426)
Before income tax effect adjustments	12,111
Income tax effects	(3,396)

Remeasurements of defined benefit plans	8,715
<hr/>	
Share of other comprehensive income of associates under the equity method:	
Amount arising during the year	(210)
Reclassification adjustments	(45)
Share of other comprehensive income of associates under the equity method	(255)
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Total other comprehensive income	97,623
<hr/>	

Notes to the Unaudited Consolidated Statement of Cash Flows for the Fiscal Year Ended March 31, 2018

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 March 31, 2018 was as follows:

	Millions of Yen
Cash and deposits	1,448,620
Deposits bearing interest of the Company and domestic consolidated subsidiaries	(1,086,861)
Restricted cash of foreign consolidated subsidiaries	(900)
Short-term investment securities of foreign consolidated subsidiaries	0
Cash and cash equivalents	360,858

2. Solvency Margin Ratio on a Consolidated Basis

(Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Solvency margin gross amount (A)	3,466,335	3,962,535
Foundation funds and others	622,329	591,238
Reserve for price fluctuation	502,439	657,060
Contingency reserve	335,070	351,157
Unusual contingency reserve	-	-
General allowance for possible loan losses	989	831
(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	1,037,714
Net unrealized gains on real estate × 85% (Multiplied by 100% if losses)	13,361	48,808
Total amount of unrecognized actuarial gains (losses) and unrecognized past service costs	42,597	54,709
Excess of continued Zillmerized reserve	684,241	722,113
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)	(70,399)
Others	70,799	69,376
Total amount of risk $\sqrt{(R_1^2 + R_5^2 + R_6 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	852,499	898,743
Insurance risk R_1	97,042	96,858
General insurance risk R_5	-	-
Large disaster risk R_6	-	-
Third-sector insurance risk R_8	68,087	72,278
Insurance risk of small-amount, short-term insurer R_9	-	-
Risk of assumed yield R_2	204,402	200,497
Minimum guarantee risk R_7^{\ast}	19,228	4,941
Investment risk R_3	592,705	656,245
Operational risk R_4	19,629	20,616
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	813.2%	881.7%

※ 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, 2017		As of March 31, 2018	
	Amount	% of total	Amount	% of total
Cash, deposits and call loans	1,007,015	3.5	1,443,490	4.7
Monetary claims bought	230,518	0.8	283,252	0.9
Investments in securities	23,614,509	82.0	24,902,898	81.5
Domestic bonds	12,961,892	45.0	13,043,393	42.7
Domestic stocks	1,700,608	5.9	1,933,967	6.3
Foreign securities	8,809,343	30.6	9,864,763	32.3
Foreign bonds	7,839,217	27.2	8,800,982	28.8
Other foreign securities	970,125	3.4	1,063,780	3.5
Other securities	142,666	0.5	60,773	0.2
Loans	2,972,689	10.3	2,781,305	9.1
Policy loans	303,290	1.1	294,742	1.0
Industrial and consumer loans	2,669,398	9.3	2,486,563	8.1
Real estate	578,811	2.0	571,641	1.9
Investment property	401,966	1.4	388,745	1.3
Deferred tax assets	124,609	0.4	154,714	0.5
Other assets	277,239	1.0	425,958	1.4
Allowance for possible loan losses	(1,132)	(0.0)	(921)	(0.0)
Total	28,804,261	100.0	30,562,340	100.0
Foreign currency denominated assets	7,367,770	25.6	9,252,661	30.3

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

(Millions of Yen)

	As of March 31, 2017		As of March 31, 2018	
	Balance sheet amount	Net Valuation gains(losses) included in statement of income	Balance sheet amount	Net Valuation gains(losses) included in statement of income
Trading securities	-	-	395	(5)

Note: Although the above table includes securities in "money-held-in-trusts for trading purposes," there were no applicable amounts for March 31, 2017 and 2018.

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

(Millions of Yen)

	As of March 31, 2017					As of March 31, 2018				
	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	-	1,888,273	2,202,331	314,058	314,058	(0)
Policy-reserve-matching bonds	11,088,673	13,056,296	1,967,623	2,023,431	(55,808)	11,206,795	13,156,647	1,949,852	1,995,109	(45,256)
Investments in subsidiaries and affiliated companies	33,173	35,754	2,580	2,580	-	33,173	53,967	20,793	20,793	-
Available-for-sale securities	9,405,982	10,375,805	969,822	1,103,170	(133,348)	10,436,630	11,493,745	1,057,115	1,228,009	(170,894)
Domestic bonds	1,484,122	1,562,503	78,381	83,050	(4,668)	1,649,259	1,714,504	65,245	82,711	(17,466)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	838,599	1,812,663	974,063	986,723	(12,659)
Foreign securities	6,209,300	6,281,051	71,751	190,963	(119,211)	7,260,364	7,257,270	(3,094)	137,507	(140,601)
Foreign bonds	6,136,882	6,207,918	71,036	190,150	(119,114)	7,039,984	7,034,408	(5,576)	134,670	(140,246)
Other foreign securities	72,417	73,132	714	812	(97)	220,380	222,862	2,482	2,837	(355)
Other securities	127,421	140,826	13,404	14,070	(665)	44,983	58,729	13,746	13,806	(60)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	202,323	209,492	7,169	7,261	(92)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	441,100	441,084	(15)	-	(15)
Others	-	-	-	-	-	-	-	-	-	-
Total	22,469,844	25,771,305	3,301,461	3,490,618	(189,156)	23,564,872	26,906,692	3,341,819	3,557,971	(216,152)
Domestic bonds	12,883,510	14,958,180	2,074,669	2,134,598	(59,928)	12,978,148	15,023,825	2,045,676	2,103,337	(57,660)
Domestic stocks	784,201	1,584,632	800,430	808,738	(8,307)	838,599	1,812,663	974,063	986,723	(12,659)
Foreign securities	7,873,773	8,280,876	407,102	526,862	(119,760)	9,059,717	9,360,895	301,178	446,843	(145,665)
Foreign bonds	7,768,181	8,171,988	403,806	523,468	(119,662)	8,806,163	9,084,066	277,902	423,212	(145,309)
Other foreign securities	105,591	108,887	3,295	3,393	(97)	253,554	276,829	23,275	23,631	(355)
Other securities	127,421	140,826	13,404	14,070	(665)	44,983	58,729	13,746	13,806	(60)
Monetary claims bought	190,936	196,810	5,874	6,349	(475)	202,323	209,492	7,169	7,261	(92)
Negotiable certificates of deposit	610,000	609,980	(19)	-	(19)	441,100	441,084	(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, 2017	As of March 31, 2018
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliated companies	604,907	612,315
Available-for-sale securities	369,119	309,293
Unlisted domestic stocks (excluding over-the-counter stocks)	15,701	13,620
Unlisted foreign stocks (excluding over-the-counter stocks)	351,558	293,558
Unlisted foreign bonds	-	-
Others	1,859	2,114
Total	974,026	921,609

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 March 31, 2018					
	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)	701	169,860	-	-	-	170,561
Hedge accounting not applied	(630)	(21,547)	1,741	-	-	(20,437)	-	9,956	-	-	-	9,956
Total	(361)	(276,026)	1,741	-	-	(274,647)	701	179,816	-	-	-	180,518

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 gain of ¥180,238 million as of March 31, 2017 and March 31, 2018, respectively.

(2) Interest-related

(Millions of Yen)

Type	As of March 31, 2017				As of March 31, 2018			
	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	32,520	29,236	40	40
Receipts floating, payments fixed	-	-	-	-	47,808	47,808	660	660
Interest rate swaptions								
Bought								
Receipts floating, payments fixed	170,000	-	4	(630)	-	-	-	-
	[635]				[-]			
Total				(361)				701

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

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

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

[As of March 31, 2018]

(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)	3,283	14,091	4,110	11,035	-	-	32,520
Average fixed rate (receipt)	0.56	0.64	1.43	1.20	-	-	0.92
Average floating rate (payment)	0.22	0.20	1.43	1.16	-	-	0.68
Notional amount (receipts floating, payments fixed)	-	47,808	-	-	-	-	47,808
Average fixed rate (payment)	-	2.68	-	-	-	-	2.68
Average floating rate (receipt)	-	2.35	-	-	-	-	2.35

(3) Currency-related

(Millions of Yen)

Type	As of March 31, 2017				As of March 31, 2018			
	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)	7,090,003	187,916	194,100	194,100
(U.S. dollar)	3,274,262	233,885	(142,981)	(142,981)	3,773,737	127,932	143,034	143,034
(Euro)	1,172,994	-	(5,818)	(5,818)	1,822,000	-	9,955	9,955
(Australian dollar)	1,055,090	87,387	(115,829)	(115,829)	1,195,503	59,984	35,417	35,417
Bought	527,011	-	(5,240)	(5,240)	273,894	-	(3,905)	(3,905)
(U.S. dollar)	526,915	-	(5,241)	(5,241)	170,630	-	(3,616)	(3,616)
(Euro)	-	-	-	-	52,083	-	(321)	(321)
(Australian dollar)	96	-	0	0	51,180	-	32	32
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	615	615
(U.S. dollar)	24,326	24,326	(614)	(614)	24,326	24,326	808	808
(Euro)	2,454	2,454	40	40	2,454	2,454	(193)	(193)
Total				(277,350)				190,810

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 March 31, 2018			
	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	-	-	-	-
Total				1,741				-

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

d. Risk-Monitored Loans

(Millions of Yen, %)

	As of March 31, 2017	As of March 31, 2018
Loans to bankrupt borrowers	-	-
Loans in arrears	877	909
Loans in arrears for three months or longer	0	-
Restructured loans	-	-
Total	877	909
(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 March 31, 2018 amounted to ¥24 million and ¥22 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.