

## F. Summary of Portfolio Investment

### 1. Investment Income

The investment climate in fiscal 2004 was epitomized by the continuing super-low interest rate policy of the Bank of Japan and general uncertainty about the country's economic prospects which are opaque and continue to fluctuate. The rallying trend of Japanese stock prices, which have remained almost within the same price range of the year before when a surge took place, pushed up the amount of payments for interests and dividends, with the lowering interest rate as another factor. However, investment income shrank by 13.5 percent from the previous year to ¥5.441 trillion (\$50 billion), due to a sharp drop in gain on the sales of securities and the asset investment profit in the special accounts.

### 2. Investment Expenses

In fiscal 2004, investment expenses largely diminished by 22.3 percent to ¥1.316 trillion (\$12 billion), since losses on the sales of securities, those of stocks in particular, were curtailed sharply by 32.7 percent from a year earlier.

**Table 11. Asset Management**

Fiscal Year	End of Fiscal Year (¥) <sup>a</sup>		Working Assets Income (billion ¥)			Asset Management Costs (billion ¥)		
	Nikkei 225 Average	Yen-to-Dollar Rate	Total <sup>b</sup>	Interests and Dividends	Profit on Sales of Securities	Total <sup>b</sup>	Losses on Sales of Securities	Devaluation Losses on Securities
1960	1,116	360	69	55	12	2	0	0.5
1970	2,523	360	447	408	32	88	3	7
1980	6,556	249.7	1,818	1,785	-	113	43	40
1990	29,980	157.6	11,304	7,041	3,653	3,550	1,964	1,125
2000	12,999	123.90	5,873	4,347	1,347	2,597	730	446
2001	11,024	133.25	5,736	4,105	1,326	4,195	831	1,561
2002	7,972	120.20	5,644	3,970	1,283	4,660	909	1,877
2003	11,715	105.64	6,292	3,943	897	1,694	671	55
2004	11,668	106.97	5,441	4,005	736	1,316	451	63
G.R.(%)	-47 Yen	1.33 depreciation of Yen	-13.5	1.6	-17.9	-22.3	-32.7	15.9

<sup>a</sup> Figures of Nikkei 225 Average and Yen/Dollar rate are as of the end of each fiscal year (the end of March).

<sup>b</sup> The total amount of working assets income and asset management cost include other income and other costs respectively.

### 3. Income on Invested Assets Held in the General Account

Despite the ongoing tendency of extremely low interest rates, the investment yield on assets held in the general account rose slightly by 0.21 points to 2.15 percent in fiscal 2004 from the previous year, owing mainly to a substantial decrease in asset management costs and a large increase in the currency gain.

**Table 12. Yields on Working Assets in General Account**

Fiscal Year	Total <sup>a</sup>	Yields on Working Assets in the General Account <sup>b</sup> (%)		
		Bonds	Stocks	Foreign Securities
1960	8.74	-	-	-
1970	7.94	-	8.30	-
1980	7.56	8.08	3.94	11.05
1990	6.42	5.08	10.26	6.44
2000	2.15	2.58	2.44	2.46
2001	1.31	2.38	-5.14	4.51
2002	1.15	2.60	-9.58	4.12
2003	1.94	1.70	0.84	2.76
2004	2.15	1.56	3.75	3.03
Growth (point)	0.21	-0.14	2.91	0.27

<sup>a</sup> The total amount of the yields on working assets includes the yields on other assets not shown in the table.

<sup>b</sup> Yield on working assets in general account = (Working assets income - Asset management cost + Appraisal profit\*) / Average daily balance of working assets in the general account x 100 (%).

\* Appraisal profit referred to here is set forth in Section 112 of the Insurance Business Law.