

F. Summary of Portfolio Investment

1. Investment Income

The investment climate in FY2005 was epitomized by clear signs of recovery of Japanese economy and significant upgrades in stock prices amid the ongoing super-low interest rate policy of the Bank of Japan. These factors pushed up significantly the amount of payments for interests and dividends mainly for securities. Meanwhile, investment income surged spectacularly by 50.4 percent from the previous year to Y8.185 trillion (\$69 billion), due to a rise in gain on the sales of securities and the asset investment profit in the special accounts.

2. Investment Expenses

In FY2005 investment expenses diminished by 5.3 percent to Y1.246 trillion (\$10 billion), since loss on the sales of securities, those of stocks in particular, were curtailed from a year earlier.

Table 11. Asset Management

(Y billion)

Fiscal Year	Working Assets Incomes			Asset Management Costs			Reference (Yen)	
	Total ¹	Interests and Dividends	Profit on Sales of Securities	Total ¹	Loss on Sales of Securities	Devaluation Loss on Securities	Nikkei 225 Average	Yen-to-Dollar Rate
1960	69	55	12	2	0	0.5	1,116	360
1970	447	408	32	88	3	7	2,523	360
1980	1,818	1,785	-	113	43	40	6,556	249.7
1990	11,304	7,041	3,653	3,550	1,964	1,125	29,980	157.6
2001	5,736	4,105	1,326	4,195	831	1,561	11,024	133.25
2002	5,644	3,970	1,283	4,660	909	1,877	7,972	120.20
2003	6,292	3,943	897	1,694	671	55	11,715	105.64
2004	5,441	4,005	736	1,316	451	63	11,668	106.97
2005	8,185	4,262	766	1,246	408	26	17,059	117.40
Growth	50.4%	6.4%	4.0%	-5.3%	-9.6%	-58.7%	5,391	10.43 (depreciation of Yen)

¹ The total amount of working assets income includes other relevant income and the total of asset management costs includes other relevant costs.

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 0.27 percentage points to 2.42 percent in FY2005 from the previous year, owing mainly to a substantial increase in the working asset income and a large decrease in the asset management costs.

Table 12. Yields on Working Assets in General Account (%)

Fiscal Year	Total ^m	Yields on Working Assets in the General Account ⁿ		
		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
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
2005	2.42	1.53	4.68	3.96
Growth (in percentage points)	0.27	-0.03	0.93	0.93

^m The total amount of the yields on working assets includes the yields on other assets not shown in the table.

ⁿ 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.