

Annual Report 2017

Meiji Yasuda Life Insurance Company, Year ended March 31, 2017



Contents

Corporate Profile	2
A Message from the President	4
History of Our Challenges	6
Review of the Meiji Yasuda NEXT Challenge Program (April 2014 – March 2017)	8
Profitability	14
Financial Soundness	16
Overview of MY INNOVATION 2020 (April 2017 – March 2020) —MEIJI YASUDA Three-Year Program	18
Value Creation Process at Meiji Yasuda Life	22
Topics	
Stepping up After-Sales Service Tailored for the Elderly	24
Enhancing Our Product Lineup	25
Establishing a “Customer-Focused Business Operations Policy”	26
Our Support of Meiji Yasuda J. League and Other Initiatives to Vitalize Local Communities	27
Initiatives to Realize Improved Work Engagement	29
Fostering a New Corporate Culture “Corporate Vision Realization Project”	30

Our Management Strategy

Growth Strategy

Domestic Life Insurance Business (Individual Insurance Marketing Reforms /Group Insurance Marketing Reforms)	31
Individual Administrative Services (Individual Administrative Service Reforms)	33
Group Insurance Administrative Services (Group Insurance Administrative Service Reforms)	34
Asset Management (Asset Management Reforms)	35
Asset Management Administrative Services (Asset Management Administrative Service Reforms)	36
Overseas Insurance Business (Overseas Insurance Business Reforms)	37
Domestic Affiliate Business (Domestic Affiliate Reforms)	38

Operating Base Reinforcement Strategy

Adopting a More Sophisticated Management Approach (Governance Reforms)	39
Human Resource Management (HR Reforms)	40
General Affairs & Infrastructure Management (General Affairs & Infrastructure Management Reforms)	41

Brand Strategy

Solidifying Brand Recognition by Disseminating the New Corporate Philosophy “Meiji Yasuda Philosophy”	42
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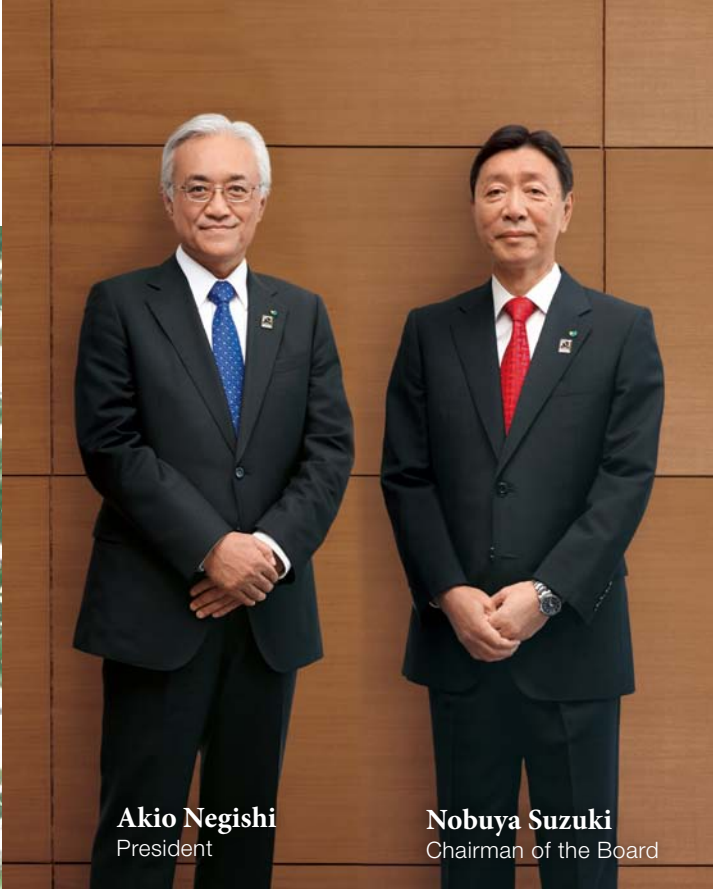


Business Activities	44
Our Overseas Insurance Initiatives	48
Governance and Compliance	
Operation of Mutual Company	50
Management Structure	52
Internal Control System	53
ERM and Risk Management Structure	55
Promoting Compliance	60
Stewardship Initiatives	62
IT Governance	63
Our Initiatives to Strengthen Corporate Governance	64
Interview with an Outside Director	66
Our Social Contribution Activities	68
Company Information	
Company Organization	72
Sources of Foundation Funds / Status of Employees	73
Directors, Executive Officers and Operating Officers	74
Domestic Subsidiaries, Affiliates and Others	76
Overseas Subsidiaries, Affiliates and Others	78

Financial Section	
Consolidated Basis	
Balance Sheets	80
Statements of Income	81
Statements of Comprehensive Income	82
Statements of Changes in Net Assets	83
Statements of Cash Flows	85
Notes to the Financial Statements	86
Independent Auditor's Report	105
Non-consolidated Basis	
Balance Sheets	106
Statements of Income	108
Statements of Changes in Net Assets	110
Proposed Appropriation of Surplus	111
Notes to the Financial Statements	112
Independent Auditor's Report	127
Supplementary Financial Information	128
Our History	186
International Directory	187







Akio Negishi
President

Nobuya Suzuki
Chairman of the Board

Company Name:

Meiji Yasuda Life Insurance Company

Established:

July 9, 1881

Location of Headquarters:

1-1, Marunouchi 2-chome, Chiyoda-ku,
Tokyo 100-0005, Japan

Domestic Network:

89 Regional Offices and Market Development
Departments, 995 Agency Offices, and
19 Group Marketing Departments
(As of April 1, 2017)

Total Assets:

¥37,561.4 billion

Foundation Funds:

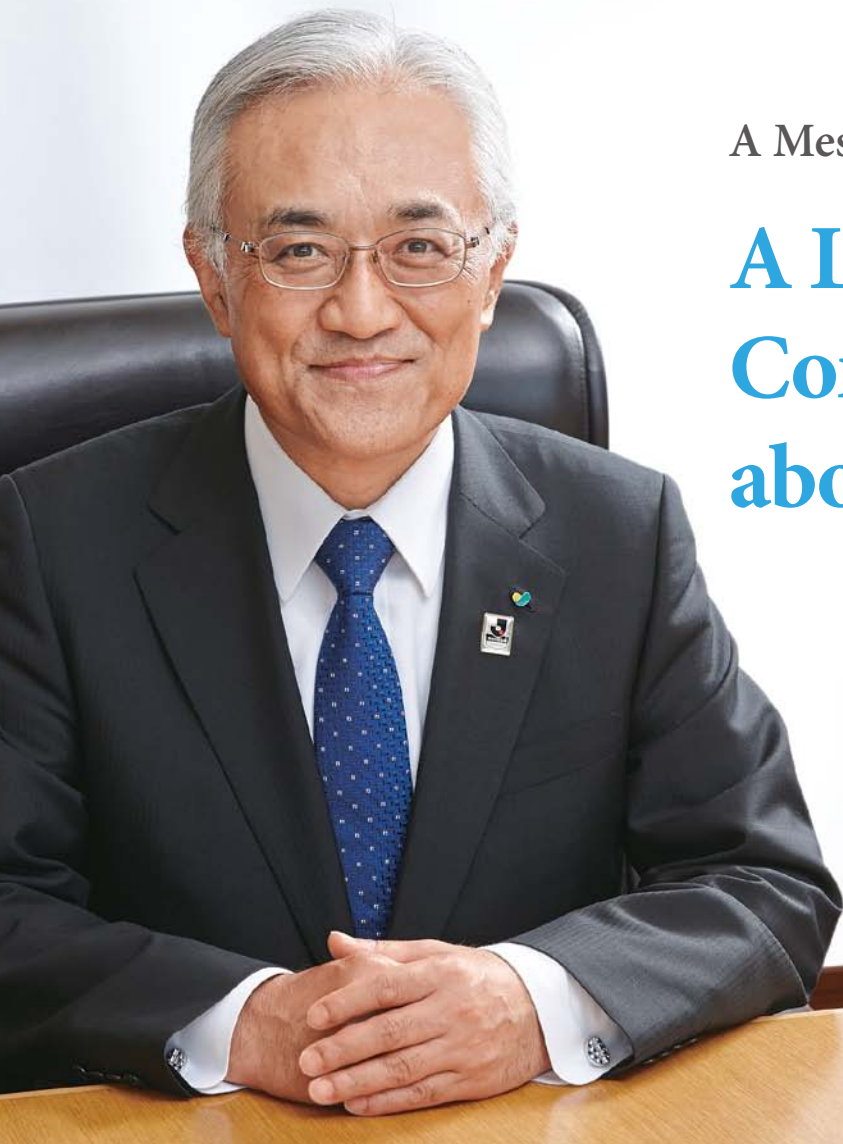
¥830.0 billion
(Including reserve for redemption
of foundation funds)

Number of Employees:

41,872

Sales personnel (My life plan advisors): 31,421

(As of March 31, 2017)



A Message from the President

A Life Insurance Company that Cares about People First

Akio Negishi

July 2017
Akio Negishi
President

On behalf of Meiji Yasuda Life, I would like to extend my sincere gratitude for your continued support.

In April 2014, we launched the three-year plan “Meiji Yasuda NEXT Challenge Program.” Under this program, we have been implementing a variety of initiatives aimed at securing a more solid financial base and continuously enhancing profitability over the next decade. Upon successfully reaching the plan’s finish line, our corporate value (European Embedded Value or EEV) stood at ¥5,504.6 billion, which exceeded our target, while customer satisfaction ratings hit a record-high. In short, we substantially achieved each of the plan’s management goals.

During the fiscal year ended March 31, 2017, the Company focused on securing profitability and financial soundness amid a prolonged era of ultra-low interest rates. This approach led to deliberate sales reductions for certain offerings, such as saving-type products and group pensions.

Consequently, insurance premiums and other of the Company totaled ¥2,615.8 billion and insurance premiums of the Group totaled ¥2,866.3 billion, which includes premiums recorded by wholly-owned subsidiary StanCorp Financial Group, Inc. Though these sales indicators are down year on year, they still surpassed our targets. Moreover, base profit of the Company grew to ¥472.3 billion and base profit of the Group reached ¥496.2 billion. We have thus achieved year-on-year growth and exceeded our targets for both profitability figures. Furthermore, our solvency margin ratio, one of several regulatory indicators displaying the soundness of life insurers, rose to 945.5%, maintaining the industry’s leading level of financial soundness.

We believe all of these achievements are only possible due to your steadfast support and encouragement.

In April 2017, we launched “MY INNOVATION 2020,” a new three-year program that encompasses a Medium-Term Business Plan and the “Corporate Vision Realization Project.” Together, these will facilitate business innovation, driving our transformative and creative initiatives aimed at realizing our new corporate philosophy, the “Meiji Yasuda Philosophy” (see page 19 for details).

More specifically, the Medium-Term Business Plan is prefaced on customer focus and thoroughgoing compliance while laying out seven key policies that incorporate innovative initiatives. These policies are designed to promote Meiji Yasuda Life’s growth strategy, operating base reinforcement strategy and brand strategy.

<p>Key Policy 01</p>	<p>Growth Strategy: Customer Base Expansion We will proactively supply products and provide enhanced after-sales service. We will also expand our advisor channel and increase market access. Furthermore, we will develop a more robust administrative service base through the utilization of information & communication technology (ICT). In these ways, we will dramatically increase our number of customers.</p>
<p>Key Policy 02</p>	<p>Growth Strategy: New Market Initiatives In the domestic life insurance market, we will enhance the lineup of medical and nursing care insurance, products for seniors and retirees, women-oriented products and services, and investment-type products. In the overseas insurance market, we will upgrade the Group’s business management structure while endeavoring to expand earnings of existing subsidiaries and affiliates, especially StanCorp Financial Group, Inc. Also, we will continue to assess and research new investment candidates.</p>
<p>Key Policy 03</p>	<p>Growth Strategy: Better Asset Management We will strengthen credit investment and financing activities at home and abroad while enhancing our asset management governance and risk management system. We will also promote investment and financing focused on sustainability as part of initiatives to upgrade and diversify our asset management methodologies and to broaden our investment income potential.</p>
<p>Key Policy 04</p>	<p>Growth Strategy: Advanced Technological Innovation We will promote the research and development of such advanced technologies as artificial intelligence (AI) and ICT. We will apply the results of these pursuits in our main business as well as in the creation of new businesses in such areas as healthcare.</p>
<p>Key Policy 05</p>	<p>Operating Base Reinforcement Strategy: Better Governance We will upgrade the Group’s business management structure while increasing opportunities to communicate with stakeholders via enhanced information disclosure. We will also promote and practice a more sophisticated method of business management based on enterprise risk management (ERM).</p>
<p>Key Policy 06</p>	<p>Operating Base Reinforcement Strategy: Improved Work Engagement We seek to realize improved work engagement, a state of mind where each employee feels pride and experiences fulfillment while working with vigor to pursue challenging targets. We will strive to continuously raise the bar of our human resources, promote initiatives to boost mental and physical health, embrace workforce diversity and help employees achieve success. By revising working styles, we strive to create spare capacity that can be allocated to help promote innovation.</p>
<p>Key Policy 07</p>	<p>Brand Strategy: Promote New Corporate Philosophy We endeavor to create a corporate brand consistent with our new Meiji Yasuda Philosophy through unified and effective promotions. We will implement the Corporate Vision Realization Project in order to foster a culture where each employee proactively works to realize the corporate vision using their creativity.</p>

Through the implementation of the MY INNOVATION 2020, we will strive to achieve stable and steady improvement in corporate value while striking a balance between growth potential, profitability and financial soundness. We will also place even stronger emphasis on customer-focused business operations, thereby realizing our new corporate vision, “A Long-Respected Life Insurance Company that Cares about People First.” By doing so, we will deliver our customers unwavering peace of mind.

We sincerely ask for your continued support and encouragement.

History of Our Challenges

In January 2004, Meiji Yasuda Life Insurance Company was inaugurated through the merger of the two life insurers in Japan, namely, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company, both of which boast a longstanding history extending more than 120 years.

Kyosai Gohyakumei-Sha (the forerunner of The Yasuda Mutual Life Insurance Company) established

Meiji Life Insurance Limited Company established

Received two separate administrative measures
Business suspension and improvement orders against inappropriate non-payments of insurance claims and benefits

Meiji Yasuda Life Insurance Company inaugurated

1880 1881 2004 2005 2006 2008

Regain the Trust of Customers

Meiji Yasuda Revitalization Plan

Medium-Term Business Plan

- Initiate drastic reforms in corporate governance
- Strengthen core functions (policy underwriting, policyholder services, and claim payments)
- Adopt sales and marketing policy that places greater emphasis on after-sales service

MOT Project for Creating a New Corporate Culture

Create a new corporate culture that supports our transformation into "a company placing utmost value on our customers"

Meiji Yasuda Challenge Plan

Medium-Term Business Plan

- Implement drastic reforms in our key distribution channel of agency (sales personnel)
- Diversify our sales channels and develop new markets
- Further strengthen core functions and the capital and financial base

MOT Project Phase II for Creating a New Corporate Culture

Promote a corporate culture that supports enhanced customer satisfaction

In 2002, two precursor companies signed a basic agreement in preparation for business integration in January and signed a memorandum for merger in October, declaring their decision on greenlighting the merger. With the merger taking effect in January 2004, Meiji Yasuda Life Insurance Company was thus inaugurated.



Initiatives to achieve revitalization and further growth

Drastic reforms in corporate governance

- Initiate the selection of voluntary candidates for policyholder representatives
 - Outside directors form the majority of the Board
 - Adopt the "Company-with-Committees" system*
- Ensure clear institutional separation between management supervision and executive functions, securing a more transparent management structure with solid oversight
- * The "Company with Three Committees system" from May 2015

Initiatives to regain the trust of customers

- Overhaul administration systems for the payment of claims and benefits
- Establish the Customer Satisfaction Advisory Council*
- Install a dedicated system for receiving customer complaints with regard to the payment of insurance claims and benefits
- Disclose the number of cases where claims were not eligible for payment and customer complaints

* The Customer Service Advisory Council from April 2015

Contribution to local society

CSR Management Declaration

- Declare the Company's determination to engage in long-lasting CSR management based on basic recognition of its corporate social responsibilities, along with the Company's commitment to the communities where customers live and to cherishing the environment

June 2006

A community initiative to protect the lives and safety of children



Expansion of the overseas insurance business

November 2010

Formed a business alliance with Talanx AG (Germany)

November 2010

Acquired equity stake in PT Avrist Assurance (Indonesia)

December 2010

Acquired equity stake in Founder Meiji Yasuda Life Insurance Co., Ltd. (China)

Having received administrative measures twice in 2005 due to such problems as non-payments of insurance claims and benefits, we took pause to deeply reflect on the seriousness of the mishaps that caused trouble and anxiety to our customers.

Drawing important lessons from these incidents, we formulated the Meiji Yasuda Revitalization Plan in January 2006. Under this plan, we pursued a variety of initiatives to reinforce our claim payment administration system and enhance the transparency of governance, with an eye to becoming a company that places utmost value on its customers.

Since then, we have endeavored to regain the trust of our customers. This included the successive implementation of the Meiji Yasuda Challenge Plan, Meiji Yasuda New Development Plan and Meiji Yasuda NEXT Challenge Program while upholding the MOT Project aimed at creating a new corporate culture.

In April 2017, we launched the new three-year program "MY INNOVATION 2020." We are all committed to working as one to achieve the Medium-Term Business Plan and the "Corporate Vision Realization Project," which are both designed to facilitate business innovation. In these ways, we will realize our new corporate vision, "A Long-Respected Life Insurance Company that Cares about People First," while delivering our customers unwavering peace of mind.

Reach a New Stage of Growth through Innovation

Enhance Customer Satisfaction while Building a Foundation for Stable Growth

Meiji Yasuda New Development Plan

Medium-Term Business Plan

- Secure sustainable growth potential in domestic life insurance business
- Actively invest in growth markets, such as the overseas insurance business and the nursing care service business
- Adopt sophisticated risk management and strengthen the capital and financial base

MOT Project Phase III for Further Enhancing Customer Satisfaction

Raise employees' awareness and facilitate their actions toward creating a company that places utmost value on its customers

Meiji Yasuda NEXT Challenge Program

Medium-Term Business Plan

- Pursue brand strategy centered on face-to-face after-sales service
- Execute growth strategy involving the enrichment of third-sector insurance products, such as medical insurance, and the proactive expansion of the overseas insurance business
- Reinforce operating base by stepping up capital policies and sophisticated risk management

The "Kando" Realization Project

Establish a new corporate culture through the "MoT Campaign" supported by small groups in which coworkers encourage one another in taking on challenges while fostering team strength

New Three-Year Program: MY INNOVATION 2020

Medium-Term Business Plan

- Growth strategies aimed at expanding our customer base, promoting new market initiatives and realizing better asset management
- Operating base reinforcement strategies aimed at ensuring better governance and improved work engagement
- Brand strategy aimed at promoting our new corporate philosophy, the "Meiji Yasuda Philosophy"

Corporate Vision Realization Project

Foster a culture where each employee proactively works to realize our new corporate philosophy, especially the corporate vision

2011

2014

2017

Administrative Service Reforms

(named the "AAA" project from April 2016)

- Thoroughly pursue swift, convenient and convincing services with the utmost priority on "putting ourselves in the customer's shoes"
- Promote cashless and paperless operations



Our response to the Great East Japan Earthquake

Confirm the safety of all customers through "Ominai-Houmon (visiting)" activities employing MY life plan advisors (sales personnel), thereby reaching 99.9% of customers and determining whether they had eligible claims as of October 2011



Upgrade our after-sales service structure by drawing lessons from the aforementioned "Ominai-Houmon" activities

Reforms in various fields

- Underwriting service
- Group insurance administrative service
- Asset management administrative service
- Human resource development
- Work style
- General affairs and infrastructure management

Initiatives to strengthen corporate governance

- Formulate the Corporate Governance Guidelines
- Establish the Outside Directors Council

June 2014

"Best Style," capable of providing comprehensive protection, released



October 2014

MY Anshin Family Registration Scheme, released

April 2015

MY Longevity Policy Checking Scheme, released



Establishment of the Meiji Yasuda Philosophy, a new corporate philosophy

Initiatives targeting "Eleven Reforms"

- Individual insurance marketing reforms
- Individual administrative service reforms
- Group insurance marketing reforms
- Group insurance administrative service reforms
- Asset management reforms
- Asset management administrative service reforms
- Overseas insurance business reforms
- Domestic affiliate reforms
- Governance reforms
- HR reforms
- General affairs & infrastructure management reforms

October 2016

"Simple Insurance Series Light! By Meiji Yasuda Life," released

April 2017

"Customer-Focused Business Operations Policy," established

Start checking on the safety of elderly

September 2014

A "Community Safety Initiative"

January 2015

A title partner contract with J. League



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June 2012

Acquired equity stake in TU Europa S.A. (Poland)

July 2012

Acquired equity stake in TUIR Warta S.A. (Poland)

November 2013

Acquired equity stake in Thai Life Insurance Public Company Limited (Thailand)

March 2016

Acquired StanCorp Financial Group, Inc., a U.S. life insurance group, making it a wholly-owned subsidiary



Review of the Meiji Yasuda NEXT Challenge Program (April 2014 — March 2017)

Over the three years since April 2014, we have been conducting the Meiji Yasuda NEXT Challenge Program, which entailed the implementation of a Medium-Term Business Plan and the “Kando” Realization Project.

Under this program, we have focused on maintaining strict compliance while endeavoring to become a life insurer capable of providing each customer with inspiring experience that makes an impression. To that end, we promoted our brand and growth strategies, along with the reinforcement of our operating base that enables these strategies. By doing so, we sought to continuously and steadily enhance our corporate value and establish a solid business foundation for the next decade.

1. Status of the Medium-Term Business Plan

1 Brand Strategy

In general, life insurance policies have long durations, making it important to provide longstanding after-sales service. We believe that, due to Japan’s rapidly advancing aging population, providing such after-sales service will become an even more crucial mission for insurers. In line with this belief, we have promoted face-to-face after-sales consultations with sales personnel and a range of other initiatives.

More specifically, we distributed the “*Anshin Roadmap*” booklet through sales personnel to customers who have enrolled in “Best Style,” a product capable of providing comprehensive protection. This booklet was intended to provide them with details about our after-sales services following enrollment. Furthermore, we have introduced a policy checking scheme to annually examine the content of policies and determine whether there are eligible claims that they can apply for. Simultaneously, we carried out a triennial policy check for customers who enrolled in comprehensive protection products with policies mandating periodic renewal to ascertain whether they are satisfied with their current coverage or intend to make coverage revisions.

We have also instituted the “MY *Anshin* Family Registration Scheme” to ensure that communication with the primary customer is swiftly reestablished in the event contact becomes difficult due to emergencies, such as major disasters, by securing pre-registered secondary contacts. For customers who reach celebrated ages, we implemented the “MY Longevity Policy Checking Scheme” in which the Company proactively reconfirms their latest contact information and checks whether they have policies eligible for claims that they need to apply for.

Meanwhile, in January 2015 Meiji Yasuda Life signed a title partner contract with the Japan Professional Football League (J. League). The signing of this contract was intended to support football teams under J. League and other local clubs to vitalize local communities.

In addition, we have sought to understand and reflect our customers’ values in the course of the implementation of the aforementioned brand strategy initiatives while effectively publicizing these initiatives through various media. In these ways, we endeavored to establish an unrivaled brand image based on excellence in after-sales service.

2 Growth Strategy

Domestic life insurance business

In our distribution channel of agency, we released “Best Style,” a new product capable of providing comprehensive protection in June 2014. Unlike conventional insurance products that require fixed primary coverage, “Best Style” boasts a broader variety of coverage options as well as greater flexibility in coverage revision after enrollment. We also released “Medical Style F” medical insurance in June 2015. Moreover, in June 2016, we released two new riders, a serious disease rider with ongoing coverage and a whole life annuity rider with nursing care

support, to enhance the flexibility of “Best Style.” In the same month, we began receiving applications from “Best Style” customers for revisions to their insurance coverage and whole life protection. Thanks to these efforts, the number of policies sold for “Best Style” reached 1.3 million (as of May 2017).

In October 2016, to attract younger customers, we launched “Simple Insurance Series Light! By Meiji Yasuda Life,” a new series of insurance products that are designed to be “simple,” “small amount” and “easy-to-understand.” Upon release, these products garnered favorable reviews from a number of customers, including first-timers who had not otherwise enrolled in life insurance, significantly contributing to the expansion of our customer base.

At the same time, we strove to strengthen our sales and service structures by enhancing training systems for sales personnel while establishing a new sales channel maintained by newly recruited sales personnel to better serve customers in urban areas.

In the Bancassurance channel, we executed the downward revision of assumed interest rates for saving-type products and deliberately controlled sales of such products, given the ongoing ultra-low interest rate environment since January 2016. We also expanded the scope of financial institutions handling such products as level premium protection-type products while stepping up sales support.

In the group insurance marketing channel, we strove to enhance after-sales services for group and corporate customers, thereby increasing the number of insured persons. We also promoted proposals aimed at improving employee benefits and value-added services for group life insurance products.

In our administrative services, we stepped up the utilization of ICT in various procedures, streamlined in-house rules for handling administrative services, enhanced the readability of customer notifications and business forms and revised our underwriting standards.



Overseas Insurance, Asset Management and Other Businesses

In the overseas insurance business, we made StanCorp Financial Group, Inc. (Oregon, the United States) a wholly-owned subsidiary in March 2016. We also upgraded the Group's business management structure while endeavoring to secure greater profits from this and other investees.

In the asset management business, Meiji Yasuda Asset Management Company Ltd., a subsidiary engaged in the management of group pension assets and investment trusts, strove to increase assets under management, with the aim of contributing to the profitability of Group operations.

In the nursing care service business, we provided multifaceted services, including an information service through "MY Kaigo-no-Hiroba," a general nursing care information website and the operation of private nursing home Sunvenus Tachikawa Company Limited.

3 Operating Base Reinforcement

In asset management, we strove to maintain and improve profitability through the pursuit of effective asset allocation. We also promoted investments in growth fields, such as the agricultural, forestry and fishery-related sectors in Japan and the environment, resource and infrastructure-related sectors overseas, thereby meeting our target of investing ¥400 billion during the period from October 2013 to March 2017.

In risk management, we implemented stress tests, engaged in key risk management and carried out Own Risk and Solvency Assessment (ORSA), continuously enhancing our risk management capability. Also, we introduced risk-return management and capital allocation management, both of which, in turn, contributed to the optimization of management strategies. These efforts helped us develop a more robust enterprise risk management (ERM) structure.

With regard to capital policy, in the wake of the ultra-low interest rate environment, we endeavored to secure our ability to ensure the payment of insurance claims and benefits into the future and, to this end, engaged in ongoing initiatives to strengthen our capital and financial base by, for example, procuring funds from such external sources as foundation funds and subordinated bonds.

In human resource management, we strove to help enhance the value of our human resources while stepping up diversity management initiatives, including assisting female employees in their career development. Thanks to these initiatives, as of April 2017 the proportion of women in overall managerial positions rose to 21.2% (up 3.3 percentage points compared with the previous fiscal year). We also promoted the employment of people with disabilities while encouraging middle-age and older employees to remain active components of our workforce.

Concerning corporate governance, we have established and announced our Corporate Governance Guidelines. These are consistent with the spirit of Japan's Corporate Governance Code, which was enacted for domestic listed companies. This step was undertaken as part of our initiatives to upgrade our governance structure and enhance management transparency. We also established the Outside Directors Council, implemented the self-evaluation of the Board of Directors and reviewed matters related to operations of the Board, such as the content of board meeting agenda items. Other initiatives in this regard included the maintenance of proactive information disclosure and the enhancement of policyholder engagement activities.



2. Status of Initiatives under the “Kando” Realization Project

To create a life insurer capable of providing each customer with inspiring experience that makes an impression, every employee played their role in the “Kando” Realization Project involving the proactive pursuit of initiatives placing utmost value on customers. The project was also intended to boost our organizational team strength to support this pursuit by facilitating a corporate culture in which employees are connected by deep bonds of mutual trust and understanding.

To promote this project, each business unit took part in the MoT* Campaign that involves every employee. This campaign springs from small groups and resulted in the launch of some companywide initiatives. For example, we began supporting football clubs that belong to J. League, under the slogan “supporters across-the-board,” with all officers and employees cheering for their favorite clubs during the successive seasons of the Meiji Yasuda Life J. League. We also undertook the “MY Message” activity in which sales personnel deliver handwritten message cards to their customers on special occasions like birthdays and enrollment anniversaries. This draws on the strength of our distribution channel of agency through which we provide face-to-face after-sales service. In addition, the campaign also entailed Work Style Reforms employing a bottom-up approach, with each business unit pursuing greater operational efficiency and making proposals to top management with regard to measures to create spare capacity.

* Moment of Truth Campaign: An initiative utilizing small groups to create more “moments of truth,” in which our services provide customers with an inspiring experience that absolutely confirms that Meiji Yasuda Life is the best choice for them

3. Progress in the Meiji Yasuda NEXT Challenge Program

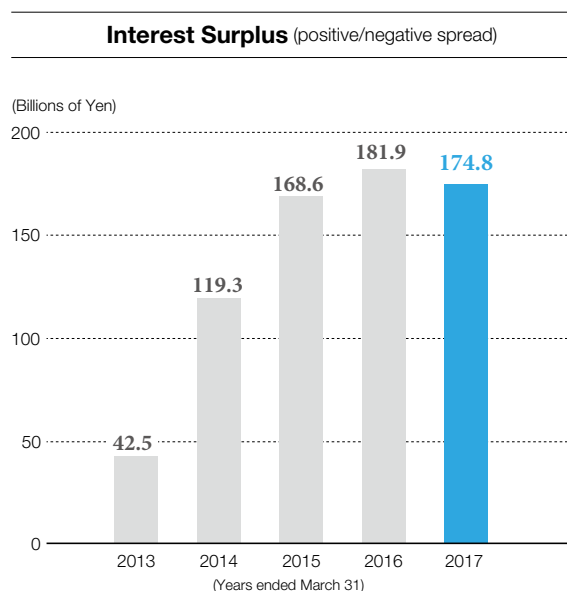
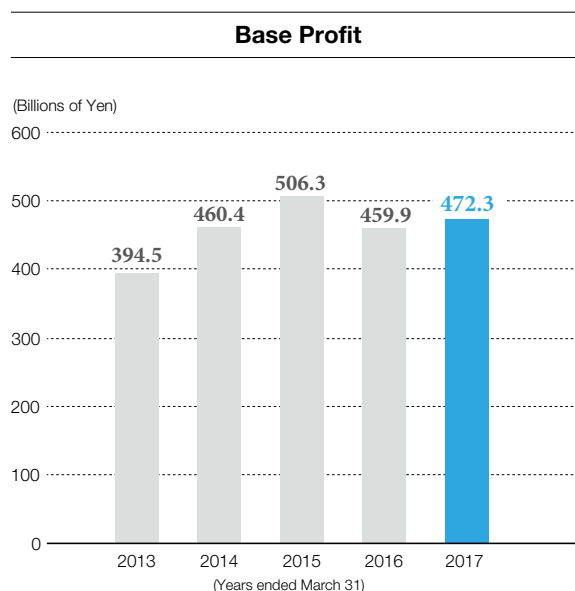
1 Growth in Operating Results

Thanks to the success of the aforementioned initiatives, we were able to record favorable results in corporate value (EEV), annualized premiums in force, group life insurance in force and group pension assets managed, all of which exceeded our Medium-Term Business Plan management performance targets.

Years ended March 31,		2015	2016	2017	Medium-Term Business Plan Targets
Corporate value (EEV)		¥4.6 trillion	¥5.0 trillion	¥5.5 trillion	¥5.3 trillion
Individual insurance marketing	Annualized premiums in force	¥2,099.3 billion	¥2,153.0 billion	¥2,205.2 billion	¥2,198.0 billion
Group insurance marketing	Group life insurance in force	¥111.6 trillion	¥111.9 trillion	¥112.9 trillion	Maintaining our No. 1 domestic market share
	Group pension assets managed	¥7.13 trillion	¥7.34 trillion	¥7.44 trillion	Maintaining and increasing assets under management steadily

2 Profitability

The Company has maintained base profit at continuously high levels despite the ultra-low interest rate environment.



3 Financial Soundness

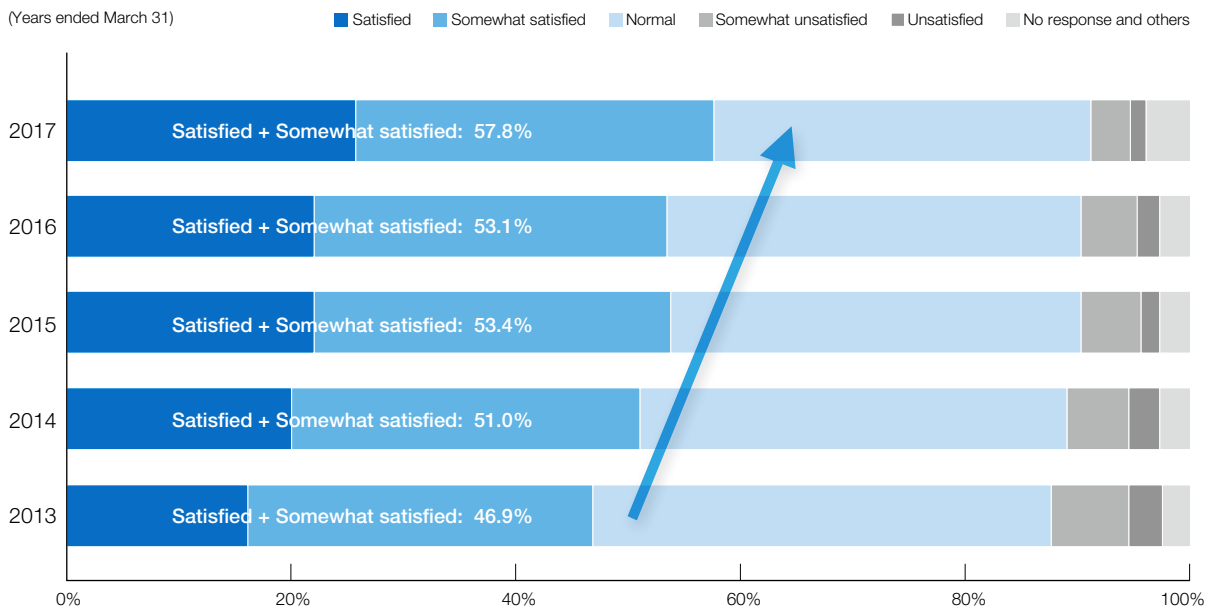
Our solvency margin ratio (one of several regulatory indicators displaying the soundness of life insurers) stood at 945.5%, maintaining the industry's leading level of financial soundness. We have also maintained other financial soundness indicators at continuously high levels.

As of March 31,	2015	2016	2017
Solvency margin ratio	1,041.0%	938.5%	945.5%
Real net assets	¥8,899.3 billion	¥9,515.6 billion	¥9,563.9 billion
Proportion in general account assets	25.0%	26.6%	26.0%
Unrealized gains/losses on general account assets	¥5,618.2 billion	¥6,170.7 billion	¥6,040.9 billion
Unrealized gains/losses on securities with market prices	¥5,276.7 billion	¥5,820.4 billion	¥5,666.9 billion

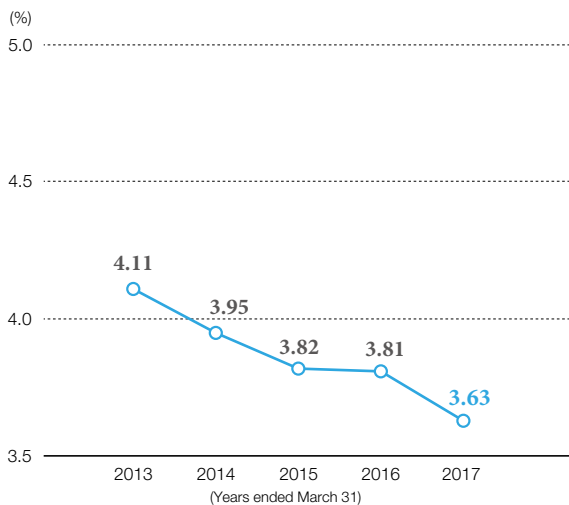
4 Management Quality

In the fiscal year ended March 31, 2017, total customer satisfaction (the proportion of “Satisfied” and “Somewhat satisfied”) stood at 57.8%, hitting a record high since we began customer satisfaction surveys in 2006, thanks to the success of our initiatives aimed at enhancing face-to-face after-sales service. Looking at the quality indicators of our policies, we were able to steadily improve the rates of surrender, lapse and partial surrender.

Total Customer Satisfaction Ratings from Customer Satisfaction Surveys

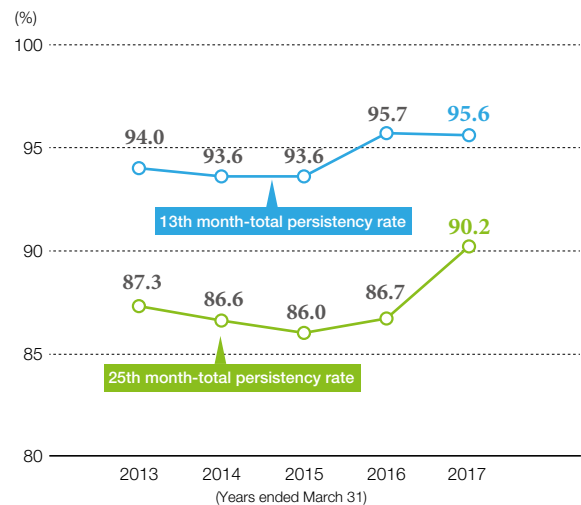


Rates of Surrender, Lapse and Partial Surrender



Note: Rates of surrender, lapse and partial surrender represent the proportion of surrendered, lapsed and partial surrendered policies to policies in force at the beginning of the fiscal year. The rates are calculated based on annualized premiums in force.

Total Persistency Rate



Note: Total persistency rate is based on the insurance amount of policies in force.

Profitability

Maintaining High Profitability in the Fiscal Year Ended March 31, 2017 Despite a Prolonged Period of Low Interest Rates

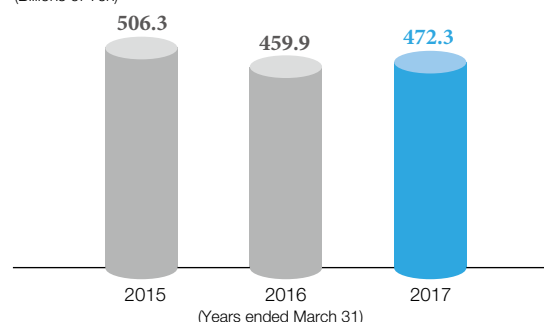
Base Profit

¥472.3 billion

Base profit is an indicator of annualized earnings from mainstay insurance operations. Base profit consists of gains and losses from life insurance business, such as insurance premiums and other, insurance claims and business expenses, as well as gains and losses attributable to asset management activities, including interest, dividends and other income.

Base Profit

(Billions of Yen)



(Billions of Yen)

Years ended March 31,	2015	2016	2017
Base profit (A: 1 - 2)	506.3	459.9	472.3
Base income (1)	4,372.3	4,227.2	3,520.5
Insurance premiums and other	3,408.4	3,357.8	2,615.8
Investment income	842.8	779.9	794.4
Base expenses (2)	3,866.0	3,767.3	3,048.2
Benefits and other payments	2,596.3	2,301.1	2,204.0
Provision for policy reserves and other reserves ¹	717.4	853.8	283.1
Investment expenses	23.9	57.2	37.0
Operating expenses	348.4	355.6	350.3
Capital gains/losses (B) ²	114.3	(113.5)	(113.0)
Temporary gains/losses (C) ³	(236.7)	(45.4)	(40.8)
Ordinary profit (A + B + C)	383.8	300.9	318.4

¹ Excluding those presented on the statements of income as provision for policy reserves and other reserves deemed to be temporary gains/losses.

² Including gains/losses on sales of securities, which are posted as components of investment income or investment expenses as part of total ordinary income or expenses.

³ Including provision for or reversal of specific allowance for possible loan losses, provision for or reversal of contingency reserves and provision for additional policy reserves which are posted as components of total ordinary income or expenses. These gains/losses exclude base profit and capital gains/losses.

Policyholder Dividends

Overview of the rate of policyholder dividends for the fiscal year ending March 31, 2018 based on the prior year's financial results

Financial results for the fiscal year ended March 31, 2017, included a decrease in insurance premiums and other due to the harsh operating environment reflecting the prolonged trend toward ultra-low interest rates. However, base profit grew year on year, thereby helping maintain the Company's financial soundness at high levels. Given these results, Meiji Yasuda Life decided to raise the rate of dividends on certain individual life insurance and individual annuities, including whole life annuity rider with disability income benefit, which is attached to comprehensive protection products.

The rate of dividends for group life insurance remained unchanged, taking into account the balance of insurance premiums against benefits and other payments.

The rate of dividends for some group pensions, such as those associated with defined benefit corporate pension plans, remained the same. Unlike individual life insurance and individual annuities, the rate of dividends for these products are performance based under the premise that capital gains, capital losses and other annual investment returns should be reflected in policyholder returns for group pensions. After giving due consideration to the investment performance of this asset category in the fiscal year ended March 31, 2017, the Company consequently maintained the rate of dividends for these products.

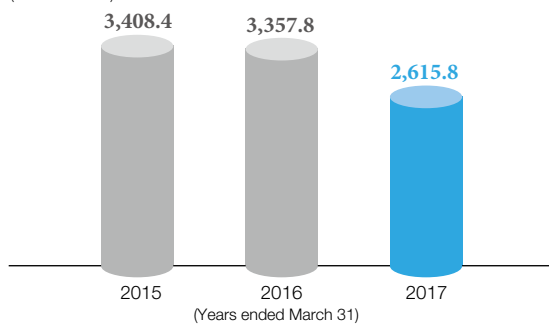
Insurance Premiums and Other

¥2,615.8 billion

Insurance premiums and other represent gains from insurance premiums paid by policyholders and proceeds from reinsurance refunds.

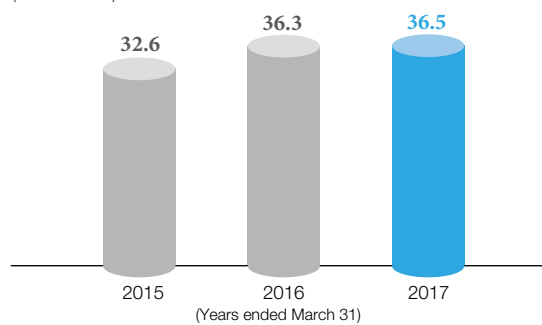
Insurance Premiums and Other

(Billions of Yen)



Annualized New Premiums* (third-sector insurance)

(Billions of Yen)



* A performance indicator that represents the annualized total of insurance premiums paid for new policies.

Insurance Claims, Annuities and Benefits on Policies Paid

¥1,656.3 billion

During the fiscal year ended March 31, 2017, the total of insurance claims, annuities and benefits on policies paid stood at ¥1,656.3 billion, approximately ¥4.5 billion per day. Going forward, Meiji Yasuda Life will continue to make sure that these payments are promptly and accurately carried out. By doing this, we will continue to provide reliable insurance service that brings our customers peace of mind.

Benefits

¥396.4 billion

(for 2,909 thousand cases)

Including hospitalization benefits and surgical benefits

¥51.2 billion (for 584 thousand cases)

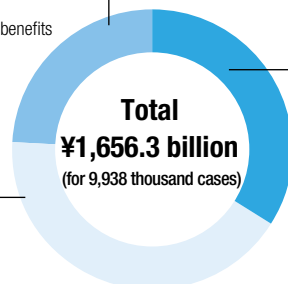
Annuities

¥695.2 billion

(for 6,819 thousand cases)

Including individual annuities

¥416.8 billion (for 702 thousand cases)



Insurance Claims

¥564.7 billion

(for 209 thousand cases)

Including death insurance claims

¥374.5 billion (for 101 thousand cases)

(Year ended March 31, 2017)

Financial Soundness

Maintaining Superior Soundness through Coordinated Efforts to Strengthen the Financial Base

Solvency Margin Ratio

945.5 %

The solvency margin ratio is one of several regulatory indicators displaying the soundness of insurers. The solvency margin ratio is presented to determine whether or not the insurer has sufficient claims-paying ability capable of withstanding the occurrence of such events as a collapse of stock prices that goes beyond usually predictable risk. When an insurer fails to maintain its solvency margin ratio at 200% or greater, such insurer is subject to a business improvement order and other administrative orders issued by a supervisory authority.

Strengthening Our Capital Base

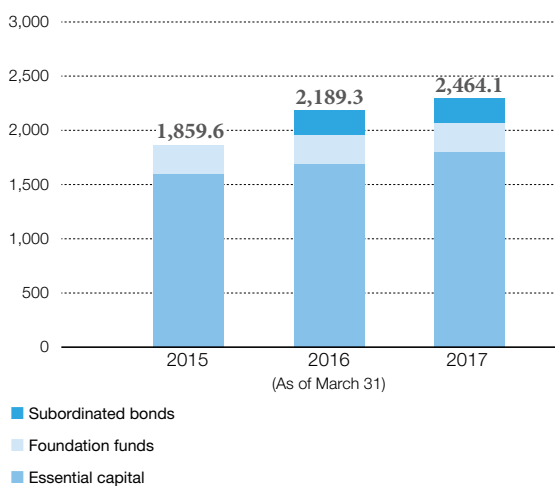
Securing a robust financial base capable of withstanding various risks

Meiji Yasuda Life aims to maintain and enhance its financial base so that the Company can ensure the payment of insurance claims and benefits even when the economic environment deteriorates drastically. To this end, the Company is steadily strengthening its capital, thereby securing preparedness to various risks. Moreover, we are promoting the adoption of more sophisticated Enterprise Risk Management (ERM) methodologies, with the aim of securing sustainable growth in corporate value while striking a balance between growth potential, profitability and financial soundness. (For more details of our ERM initiatives, please see page 55.)

In the fiscal year ended March 31, 2017, we raised foundation funds totaling ¥100 billion in August 2016 and issued domestic subordinated bonds totaling ¥115 billion in December 2016. By doing so, we enhanced our financial base. Furthermore, although on-balance sheet capital, which represents the total amount of specified internal reserves (essential capital) and externally financed capital, amounted to ¥2,464.1 billion as of March 31, 2017, we are endeavoring to raise it to ¥3,000.0 billion by the end of the fiscal year ending March 31, 2020, as we aim to secure our readiness to the upcoming regulations mandating economic-value based calculation of insurance liabilities and enhance our resilience to risk during periods of extreme financial volatility.

On-Balance Sheet Capital

(Billions of Yen)



European Embedded Value (EEV)

¥4,528.8 billion

EEV is an indicator that shows the corporate value of insurance companies. With StanCorp Financial Group, Inc. becoming a wholly-owned subsidiary, StanCorp's EEV is included in the Company's EEV calculated at March 31, 2016 and for subsequent fiscal years.

European Embedded Value (EEV)

EEV comprises the total value of in-force business (the expected future profit from life insurance in force) and adjusted net worth (total net assets adjusted for unrealized gains (losses) as well as reserves in liability such as contingency reserves and reserve for price fluctuation).

Ratings

Rating and Investment Information (R&I)

Insurance claims-paying ability

AA-

Japan Credit Rating Agency (JCR)

Insurance claims-paying ability rating

A+

Moody's

Insurance financial strength rating

A1

Standard & Poor's (S&P)

Insurer financial strength rating

A

Receiving consistent recognition from rating agencies for our financial soundness and profitability

Ratings represent a ranking of businesses or other entities on the basis of such factors as their profitability and financial standing. After making comprehensive assessment of these factors from various perspectives, rating agencies provide ratings, using easily understandable letter-code designations. (As of May 1, 2017)

Notes:

1. Insurance claims-paying ability and insurance claims-paying ability rating represent an agency's evaluation of the likelihood that a particular insurer will be able to fulfill its outstanding insurance obligations based on existing policies. An insurance financial strength rating represents an agency's evaluation of a particular insurer's ability to pay preferred liabilities stipulated in insurance policies without delay. An insurer financial strength rating represents an agency's evaluation of a particular insurer's financial position, which secures its ability to pay claims and benefits in accordance with conditions set forth in policies.
2. The ratings presented at the left were provided upon the request of Meiji Yasuda Life.
3. The abovementioned agencies are registered as credit rating agencies certified by Japan's Financial Services Agency.
4. The ratings are presented with no intention of encouraging the enrollment, surrender or extension of individual insurance policies.
5. These ratings simply represent the agencies' evaluation as of the date stated above. Therefore, they could be changed, suspended or withdrawn in the future.

Overview of MY INNOVATION 2020

(April 2017 — March 2020) — MEIJI YASUDA Three-Year Program

With the start of the fiscal year ending March 31, 2018, we are implementing the new three-year program MY INNOVATION 2020.

This program encompasses a Medium-Term Business Plan and the Corporate Vision Realization Project. Based on changes in the operating environment going forward, these two components are both designed to facilitate business innovation, driving our transformative and creative initiatives aimed at realizing our new corporate philosophy, the “Meiji Yasuda Philosophy.”

We began the first year of the three-year program by establishing and announcing the “Customer-Focused Business Operations Policy.” The move is intended to build on our longstanding initiatives aimed at placing utmost value on our customers and step up our customer focus based on the “Meiji Yasuda Philosophy.”

Moreover, as part of new market initiatives, we are enhancing the lineup of medical and nursing care insurance, products for seniors and retirees, women-oriented products and services, and investment-type products, targeting the domestic life insurance market. In the overseas insurance market, we are striving to expand earnings of existing subsidiaries and affiliates. Also, we will continue to assess and research new investment candidates.

In addition to these efforts, we will provide enhanced after-sales service based on a customer-focused approach while proactively offering our products. By doing so, we will drastically increase the number of our customers. Furthermore, we will achieve stable and steady improvement in corporate value by targeting a 20% increase in corporate value (EEV), compared with March 31, 2017, while striking a balance between growth potential, profitability and financial soundness.

Through the implementation of the MY INNOVATION 2020, we will enhance our ability to ensure the payment of insurance claims and benefits, secure stable sources of policyholder dividends and bring greater benefits to our customers. In these ways, we will realize our new corporate vision, “A Long-Respected Life Insurance Company that Cares about People First,” while delivering our customers unwavering peace of mind.



■ New Corporate Philosophy “Meiji Yasuda Philosophy” (established in April 2017)

Meiji Yasuda Philosophy	Management Philosophy	<p>Peace of mind, forever</p> <p>Since our founding, we have supported customers and local communities as a pioneer of the life insurance business based on a spirit of mutual aid.</p> <p>Our life insurance is imbued with people’s hopes; a fact that has remained unchanged throughout the years. Our duty is to respond to the hopes each customer has entrusted with us and continuously support them throughout their lives.</p> <p>“Peace of mind, forever.”</p> <p>We take these words to heart and truly value our customers, delivering unwavering peace of mind.</p>						
	Corporate Vision	<p>A Long-Respected Life Insurance Company that Cares about People First</p> <table border="0"> <tr> <td style="background-color: #e6f2ff; padding: 2px;">Relationship with customers</td> <td>We cater to our customers and seek to impress them with our after-sales service.</td> </tr> <tr> <td style="background-color: #e6f2ff; padding: 2px;">Relationship with local communities</td> <td>We create value to fill real social needs and help nurture local communities.</td> </tr> <tr> <td style="background-color: #e6f2ff; padding: 2px;">Relationship with fellow workers</td> <td>We respect ambition and diversity, and seek to create fulfilling workplaces.</td> </tr> </table>	Relationship with customers	We cater to our customers and seek to impress them with our after-sales service.	Relationship with local communities	We create value to fill real social needs and help nurture local communities.	Relationship with fellow workers	We respect ambition and diversity, and seek to create fulfilling workplaces.
	Relationship with customers	We cater to our customers and seek to impress them with our after-sales service.						
Relationship with local communities	We create value to fill real social needs and help nurture local communities.							
Relationship with fellow workers	We respect ambition and diversity, and seek to create fulfilling workplaces.							
Meiji Yasuda Values	<p>Each officer and employee should hold these ideals in high esteem.</p> <p>Customer Focus and Ethical Standards Ambition and Creation Teamwork and Growth</p>							

1. Overview of the Medium-Term Business Plan

1 Seven Key Policies

Under the Medium-Term Business Plan, we execute our growth strategy, operating base reinforcement strategy and brand strategy through the pursuit of the following seven key policies, thereby enhancing our corporate value mainly in the area of the domestic life insurance business. Simultaneously, we will aggressively expand into new business fields to leap toward a new stage of growth.

■ Seven Key Policies under MY INNOVATION 2020

We aim to achieve stable and firm improvement in corporate value and realize the new corporate philosophy.



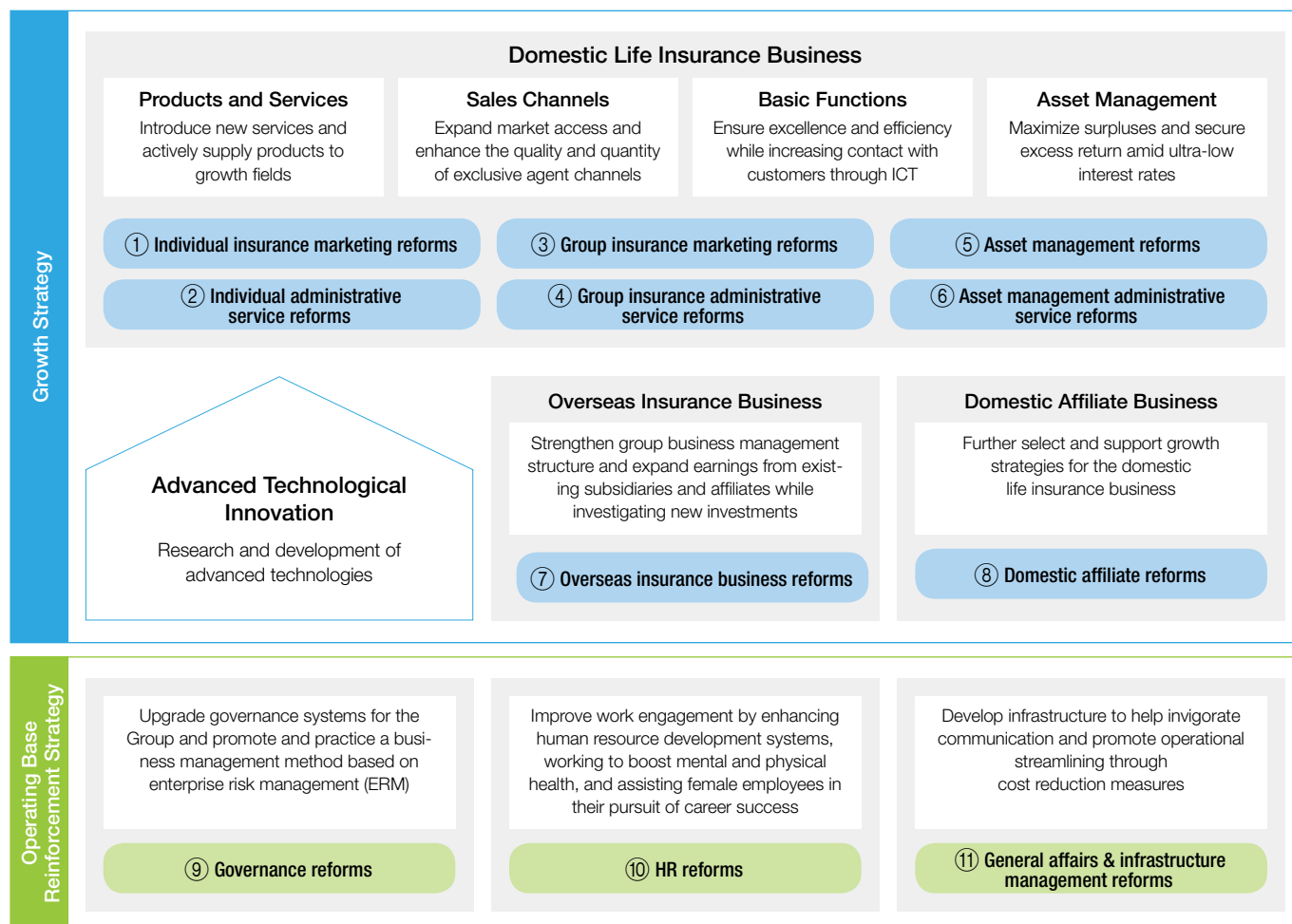
* Innovation includes incremental transformation and more radical creation, both generate new value. Innovation can be achieved either by improving an existing idea or by creating something that generates entirely new value. The Company promotes initiatives for both types of innovation.

2 Eleven Reforms

We are decisively allocating management resources and capital to the Eleven Reforms that will drive the growth strategy and operating base reinforcement strategy of the Medium-Term Business Plan.

The Eleven Reforms encompass growth strategy initiatives to facilitate business innovation in the domestic life insurance business and the overseas insurance business as well as the domestic affiliate business, along with our operating base reinforcement strategy aimed at securing a more robust foundation for future growth.

■ Eleven Reforms under MY INNOVATION 2020



2. Corporate Vision Realization Project

The new three-year program “MY INNOVATION 2020” involves the launch of the “Corporate Vision Realization Project.”

This project is aimed at realizing our corporate vision “A Long-Respected Life Insurance Company that Cares about People First.” More specifically, it entails initiatives to ensure that our new corporate philosophy the “Meiji Yasuda Philosophy” is fully understood by all employees and wins their hearts. This will help us foster a culture where each employee proactively works to realize the corporate vision using their creativity.

We have also launched the *Kizuna* Campaign, an initiative supported by small group activities aimed at drawing on the creativity of all employees. The *Kizuna* Campaign is intended to serve as a key to promoting the aforementioned efforts. We will thus engage in a variety of activities to realize our corporate vision, including those aimed at raising employee awareness, encouraging them to take action, facilitating inter-organizational communication and fostering a stronger sense of unity.

3. Management Performance Targets

Through the implementation of the aforementioned initiatives, we aim to achieve the following management performance targets at the end of the fiscal year ending March 31, 2020, the final year of the MY INNOVATION 2020.

Target figures for fiscal year ending March 31, 2020		
Corporate Value (EEV)*1	+20%	
Annualized Premiums in Force (Individual insurance marketing)	¥2,247.0 billion	
Group Life Insurance in Force (Group insurance marketing)	No. 1 Domestic Share	
Annualized New Premiums from Third-Sector Insurance*2	+40%	
Number of Customers	Advisor channel and other channels*3	7,000,000 (approx. +200,000)
	Group insurance marketing channel*4	4,940,000 (approx. +150,000)
Capital Efficiency Indicator (RoEEV: corporate value (EEV) base)*5	Stably ensure an annual average of around 6%	
Economic Solvency Ratio (ESR)*6	150-160% or more	
On-Balance Sheet Capital*7	¥3 trillion (+20%)	

1. These figures are based on the investment environment forecast as of March 31, 2017.
2. This figure is achieved by adding together annualized new premiums from third-sector insurance from individual insurance marketing and the third-sector insurance portion from group insurance marketing (Individual insurance products designed for group insurance customers, group medical insurance, group disability income insurance, and group credit life insurance) as well as the equivalent value of annualized new premiums of Meiji Yasuda General Insurance Co., Ltd. (accident insurance, disability income insurance and medical insurance).
3. Life insurance policyholders (including deferments and those currently receiving annuity payments) + Life insurance insured persons + Nonlife insurance policyholders (excluding redundant policyholders)
4. The number of insured persons of voluntary group life insurance (insured persons and insured spouses of group life insurance contracts solely underwritten by the Company)
5. An indicator that shows the ratio between profit efficiency and capital (This figure is based on the investment environment forecast as of March 31, 2017.)
6. An economic-value based indicator that shows whether the Company has secured sufficient capital in contrast with its total amount of risk. (Adopting a 99.5% confidence level, the figure assumes an investment environment based on the Company's internal model.) If the Ultimate Forward Rate (UFR) set at 3.5% is applied, the Company's ESR would amount to more than 160%. If an expected investment return of 0.15% is added to the risk-free rate used for liability discounts, the Company's ESR would amount to more than 170%.
7. The total amount of specified internal reserves and externally financed capital.



Value Creation Process at Meiji Yasuda Life

Sources of Value Creation

Human Capital

Human resources boasting professional skills for providing customers with lifelong support

The number of employees (consolidated basis)
46,641 (as of March 31, 2017)

The number of Certified Skilled Workers of Financial Planning
22,937 (as of March 1, 2017)

A robust workforce engaging in face-to-face after-sales service

Approximately **30,000** sales personnel (as of March 31, 2017)

Approximately **1,000** staff in charge of corporate and group customers (as of March 31, 2017)

Social Capital

A solid business foundation

Individual insurance marketing:
Approximately **6,800,000** customers

Group insurance marketing:
Approximately **4,800,000** persons insured by voluntary group life insurance policies

An extensive business network at home and abroad

Domestic bases:
1,103 locations (as of April 1, 2017)

Overseas bases:
Seven subsidiaries and affiliates in **five** countries (as of April 1, 2017)

Intellectual Capital

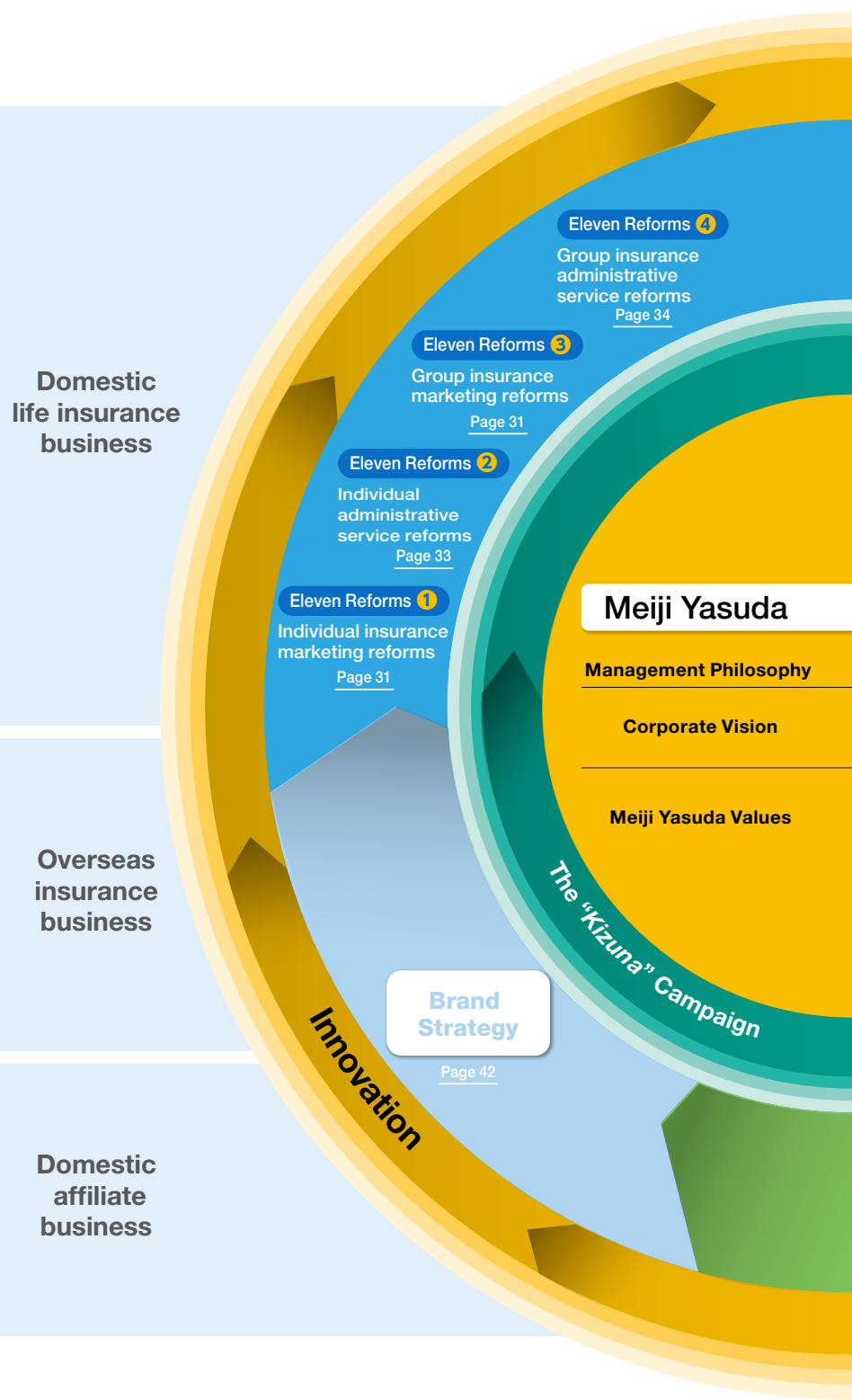
Highly specialized expertise and know-how accumulated through longstanding operations

Financial Capital

High level of financial soundness capable of delivering unwavering peace of mind to customers

Consolidated solvency margin ratio:
998.9% (as of March 31, 2017)

Value Creation Process



Sustainable growth in corporate value (EEV)



Value created via collaboration with stakeholders



Capital growth through innovation

Relationship with customers

We cater to customers and seek to impress them with our after-sales service.

- Proactively engage in after-sales services finely tuned to individual customer needs to deliver unwavering peace of mind



- Provide high-quality products and services



- Maintain the stable payment of policyholder dividends

Relationship with local communities

We create value to fill real social needs and help nurture local communities.

- Contribute to community vitalization through Meiji Yasuda J. League



A championship award ceremony for the Meiji Yasuda J. League 2016 season

A football clinic for elementary school students

- Contribute to community vitalization utilizing partnership agreements with local governments



A signing ceremony for a comprehensive partnership agreement between Meiji Yasuda Life and Akita Prefecture

Relationship with fellow workers

We respect ambition and diversity, and seek to create fulfilling workplaces.

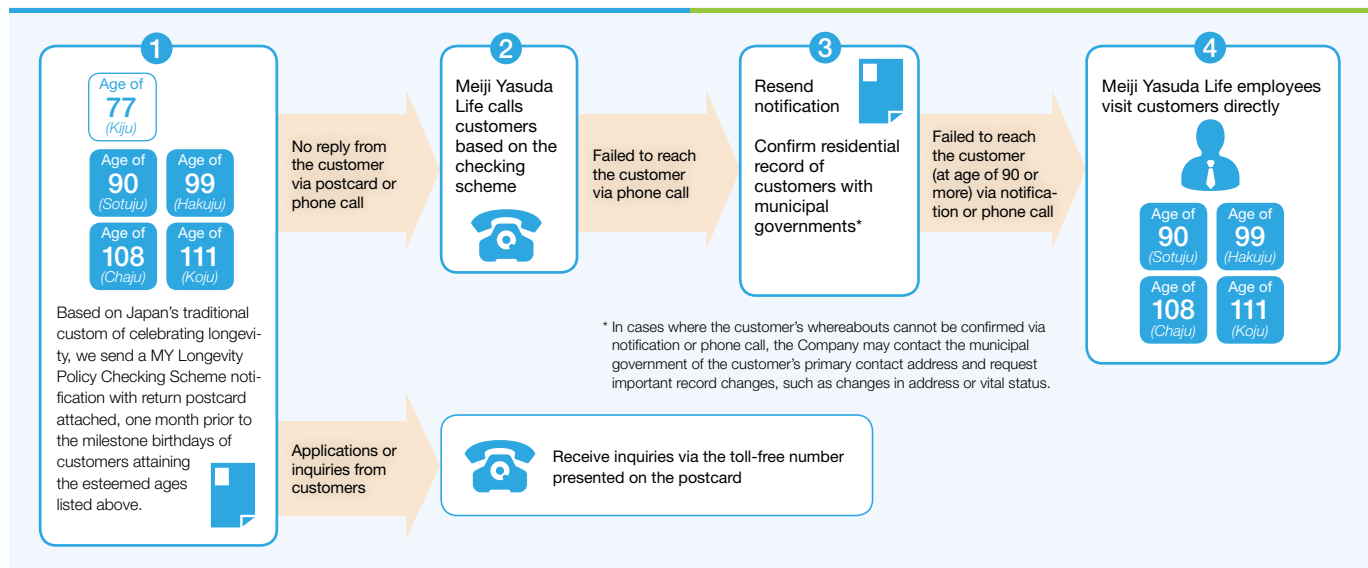


A training session for employees serving as "Kizuna" Campaign lead advocates from business bases across the nation

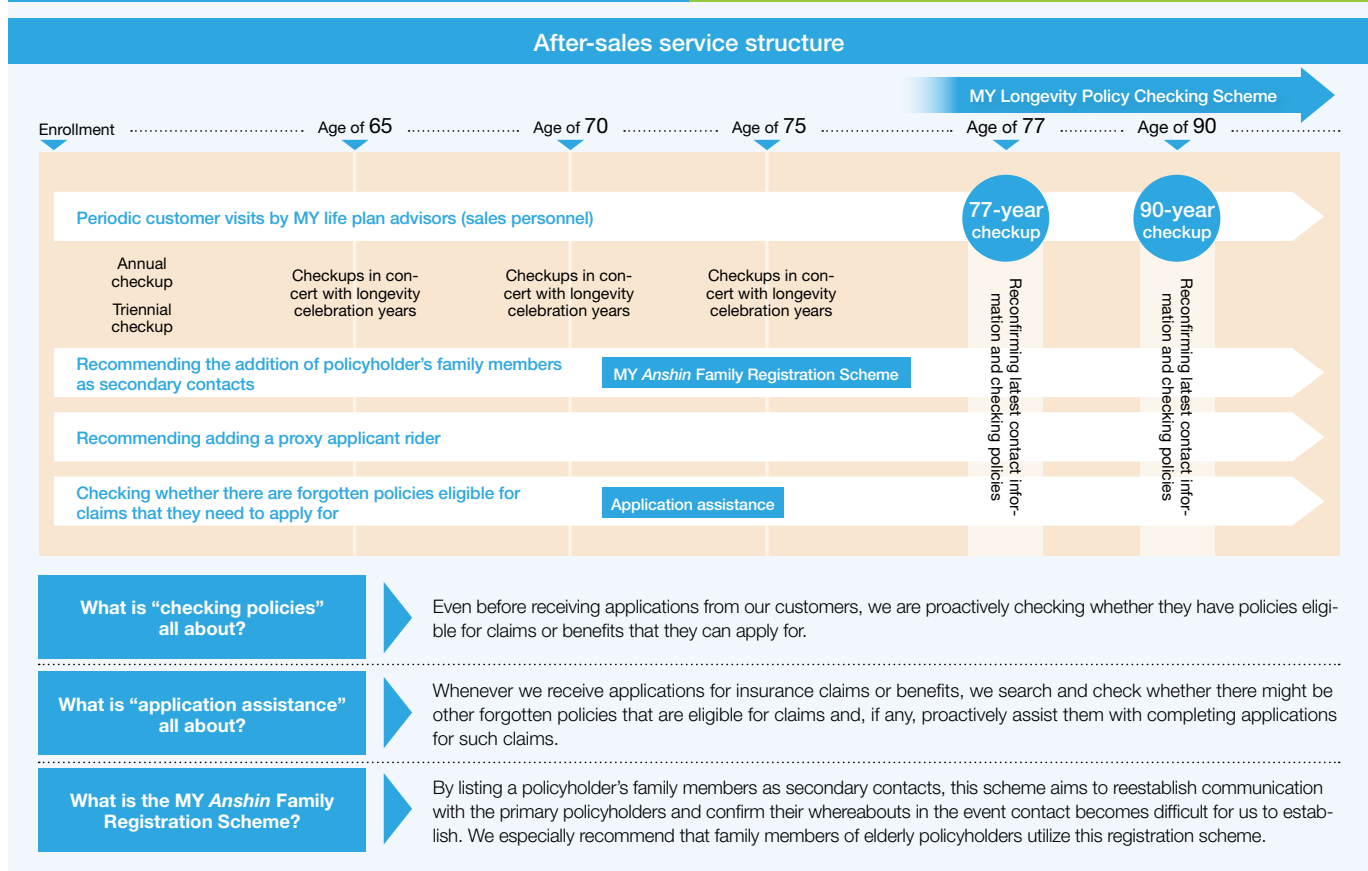
Stepping up After-Sales Service Tailored for the Elderly

We are Continuously Carrying out the MY Longevity Policy Checking Scheme with the Aim of Delivering Unwavering Peace of Mind.

Flow of the MY Longevity Policy Checking Scheme



We are proactively engaged in after-sales service through such initiatives as periodic customer visits by MY life plan advisors (sales personnel).

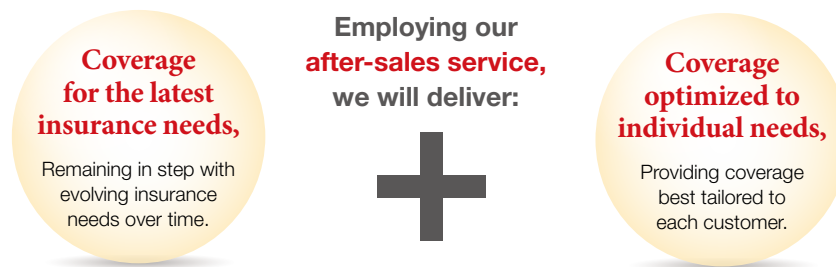


Enhancing Our Product Lineup

“Best Style” Provides Comprehensive Protection

“Best Style” boasts three key features: 1) an optimal combination of coverage at the time of enrollment, 2) flexible coverage revision after enrollment, and 3) easy-to-understand claim applications. Thus, the product is capable of delivering peace of mind to customers through one-stop services encompassing a customized coverage combination at the time of enrollment, coverage revision after enrollment and claim applications, with MY life plan advisors (sales personnel) engaging in after-sales services to ensure optimal coverage that is up-to-date. In essence, “Best Style” always offers optimal coverage attuned to the latest customer needs.

Since its launch in June 2014, “Best Style” has garnered extremely favorable reviews and sold over 1.3 million policies (as of May 31, 2017). Moreover, in June 2016 we released two new riders, a serious disease rider with ongoing coverage and a whole life annuity rider with nursing care support, to enhance the product.



Releasing “Simple Insurance Series Light! By Meiji Yasuda Life”

In recent years, the number of people who have yet to enroll in even one insurance policy provided by private insurers is growing, especially among younger generations. Also, consumer needs for insurance products are becoming increasingly diverse. With this in mind, in October 2016 we established a new series of insurance products that are designed to be “simple,” “small amount” and “easy-to-understand,” under the brand “Simple Insurance Series Light! By Meiji Yasuda Life.” These features are designed to attract younger customers in their 20s to 30s. As of May 31, 2017, the series has sold more than 320,000 policies. Furthermore, in April 2017 we added nonlife insurance policies to the series, further enhancing its lineup.

Newly Released Products	
<p>明治安田生命 じぶんの積立 無配当災害保障付積立保険</p> <p>“Meiji Yasuda Life <i>Jibun no Tumitate</i>” Easy-to-start wealth accumulation insurance that provides benefits upon maturity</p>	<p>明治安田生命 おてがる自転車 MEIJI YASUDA LIFE INSURANCE COMPANY LTD.</p> <p>“Meiji Yasuda Life <i>Otegaru Jitensya</i>” Bicycle insurance that provides customers with coverage for medical treatment of accident-related injuries and for crash-related damage that they cause</p>
<p>明治安田生命 つみたて学資 無配当こども保険</p> <p>“Meiji Yasuda Life <i>Tumitate Gakushi</i>” Child insurance that enables parents to systematically accumulate future educational expenses in step with their children’s development</p>	<p>明治安田生命 おまもり家財 MEIJI YASUDA LIFE INSURANCE COMPANY LTD.</p> <p>“Meiji Yasuda Life <i>Omamori Kazai</i>” A household property insurance that covers damage caused by fire as well as a variety of natural disasters, including earthquakes</p>
<p>明治安田生命 ひとくち終身 5年ごと利差配当付一時払特別終身保険</p> <p>“Meiji Yasuda Life <i>Hitokuchi Syuushin</i>” A whole life insurance that helps policyholders obtain lifelong coverage with simple procedures and reasonable premiums</p>	

Establishing a “Customer-Focused Business Operations Policy”

Pursuing Customer-Focused Business Operations

Meiji Yasuda Life provides insurance products and services that offer life-long protection. In light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that in addition to ensuring the payment of insurance claims and benefits, providing wholehearted after-sales services that are finely tuned to the needs of customers is the foremost mission of life insurance companies.

With the goal of delivering our customers unwavering peace of mind, we aim to become “a life insurance company that cares about people first.” In other words, we are committed to remaining a company that truly values its customers. Going forward, we will strive to deliver our best to our customers by proactively practicing customer-focused business operations from enrollment to the payment of insurance claims and benefits.

The Customer-Focused Business Operations Policy

1	Promote Thorough Customer-Focus	Guided by the new management philosophy “Peace of mind, forever,” we aim to become “a life insurance company that cares about people first.” We place the utmost value on customers. In order to best serve our customers’ interests, ensuring that employees act ethically is a basic principle that applies across all of our business operations. We will thoroughly pursue a customer-focused approach.
2	Incorporate Customer Feedback into Management	We keep ourselves open to a broad range of opinions and requests voiced by customers while promoting initiatives to incorporate customer feedback into corporate management. By doing so, we will enhance customer satisfaction. Moreover, we will also maintain proactive information disclosure.
3	Provide Optimum Products and Services that Address Customer Needs	As a life insurance company, we are well aware of our social responsibility to complement the public social security system and support the ability of people to help themselves. With this in mind, we will strive to develop high-quality products and services that accurately meet customer needs while effectively adapting to changes in social circumstances, such as a rapidly aging population. In addition, we recommend our insurance products only after closely listening to each customer’s intentions. By doing so, we endeavor to provide optimal products and services in light of each customer’s life stage, purpose for enrollment and unique financial situation.
4	Strengthen the Provision of Information to Customers at Insurance Enrollment	To help customers choose optimal products and services, we will explain information that is important to each customer via easy-to-understand and detailed presentations. We will also strive to furnish appropriate and sufficient information based on the characteristics of products and services the customers have chosen.
5	Enrich After-Sales Services Adapted to the Needs of Each Customer	Given the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we will provide wholehearted after-sales services* finely tuned to the needs of customers while ensuring the payment of insurance claims and benefits, thereby delivering our customers unwavering peace of mind. * After-sales services refer to ongoing services that are regularly provided for an extended period of time following enrollment.
6	Managing Conflicts of Interest	With the aim of appropriately controlling conflicts of interest, we have established such principles as “Policies for Managing Conflicts of Interest.” To protect customers’ interests from undue damage, we will strive to accurately assess potential conflicts with the customers’ interests in the course of transactions, seeking to appropriately control and manage such conflicts.
7	Maintain Customer-Focus Initiatives	To support various initiatives aimed at promoting customer-focused business operations, we will ensure that results of such initiatives are reflected in the performance evaluations of organizations and individuals while periodically verifying the effectiveness of such initiatives to make improvements. We will also enhance the content of educational and training programs to equip employees with knowledge and skills necessary to conduct consulting services based on a customer-focused approach.

Our Support of Meiji Yasuda J. League and Other Initiatives to Vitalize Local Communities

Under the slogan “supporters across-the-board,” we are supporting J. League and local football clubs.



The J. League aims to cultivate Japan’s sporting culture through the operation of sports clubs rooted in community. Fully agreeing with this objective, in January 2015 the Company signed a title partner contract with J. League.

With the 2017 season marking the third year of the Meiji Yasuda J. League, we are committed to supporting J. League and other local football clubs under the slogan “supporters across-the-board” along with people from communities in which we operate.



A championship award ceremony for the Meiji Yasuda J. League 2016 season



President Akio Negishi (right) attending a press conference to announce the Meiji Yasuda J. League World Challenge 2017

In collaboration with local football clubs, we are hosting football clinics for elementary school students and other community-rooted activities.



For the fiscal year ending March 31, 2018, we succeeded in signing sponsorship deals with all 54 member clubs of the J. League through our business bases nationwide, including 86 regional offices. In addition, some business bases operating in areas where J. League clubs are not active, became sponsors of clubs that belong to such associations as the Japan Football League (JFL). Thanks to partnerships we have with these clubs, we are able to carry out various initiatives that are deeply rooted in communities.

For example, in the 2016 season we held football clinics for elementary school students on 173 occasions in areas throughout Japan. A total of around 14,000 children and their parents participated in the clinics. Other initiatives included sponsoring futsal competitions in tandem with local football clubs and hosting lectures in which ex-J. League athletes take the platform.



Meiji Yasuda Life representatives presenting a supporter panel (Nagoya Marketing Headquarters)



A football clinic for elementary school students (Hakodate Regional Office)

Meiji Yasuda J. League 2017 Season TV Commercials Broadcast Nationwide



Embodying the sentiment supporters and local people feel, the lyrics of an original song play in the background. On the screen, these TV commercials feature fans cheering for their favorite J. League clubs and other local football clubs. They also capture the enjoyable interaction of elementary school students and professional football players at football clinics the Company has sponsored in collaboration with J. League and other football clubs.



Community Safety Initiative

In addition to their activities to protect the lives and safety of children, in September 2014 our regional offices nationwide began an initiative aimed at supporting elderly people living in their neighborhoods, with sales personnel checking on the homes of seniors in the course of customer visits. Whenever they recognize unusual signs (such as the same laundry hanging outside over several days or uncollected letters and newspapers overflowing from the mailbox), they notify local municipal authorities, thereby helping to prevent the elderly from experiencing unexpected incidents.



Partnership Agreements with Local Governments

We have entered into partnership agreements aimed at vitalizing communities with local governments and regional financial institutions, with the aim of better contributing to the development of local communities.



A signing ceremony for a comprehensive partnership agreement between Meiji Yasuda Life and Akita Prefecture

To provide details on its CSR activities, Meiji Yasuda Life has a dedicated website for reporting its latest CSR activities (Japanese only). <http://www.meijiyasuda.co.jp/profile/csr/>

Creating a Fulfilling and Inclusive Workplace for All Employees

Meiji Yasuda Life seeks to realize improved work engagement.* More specifically, we are striving to continuously raise the bar of our human resources, promoting initiatives to boost mental and physical health and fostering a culture that embraces workforce diversity. We are also endeavoring to create spare capacity by revising working styles.

Some of our initiatives that have earned external recognition are listed below. Looking ahead, we will continuously engage in diverse initiatives to create an inclusive workplace environment in which all employees can lead fulfilling careers.

* A state of mind where each employee feels pride and experiences fulfillment while working with vigor to pursue challenging targets

External Recognition for Initiatives to Help Women Achieve Career Success

▶ The Minister of State for Gender Equality Award under the Commendation for Leading Companies where Women Shine program (December 2016)

Meiji Yasuda Life was chosen to receive a prize presented by the Minister of State for Gender Equality under a commendation program sponsored by the Gender Equality Bureau Cabinet Office. Factors contributing to this recognition included a steadily increasing proportion of female managers in managerial positions, the success of the Company's efforts to reduce total overtime hours and other initiatives undertaken by each business unit to help employees strike an optimal balance between work and private life.



External Recognition for Initiatives to Promote Employee Health

▶ Recognized in the 5th Smart Life Project Award Program sponsored by the MHLW to promote longer, healthier lives (November 2016)

In collaboration with the health insurance association and labor unions, the Company has been engaged in a variety of initiatives to promote employee health, including hosting health awareness events, implementing mental health support measures and sending out follow-up notifications to employees in need of additional health checkups based on the results of regularly scheduled checkups. Thanks to these efforts, we were selected as a winner of an Award for Excellence (business corporation category), given by the Director General of the Health Service Bureau of the Ministry of Health, Labour and Welfare (MHLW).



▶ Recognized in the 2017 Certified Health and Productivity Management

Organization Recognition Program (White 500) sponsored by METI and the NIPPON KENKO KAIGI (the Japan health council) (February 2017)

Meiji Yasuda Life was certified as one of the "White 500" corporations under a program sponsored by the Ministry of Economy, Trade and Industry (METI) that commends entities displaying excellence in health management. This distinction recognized the Company's efforts to promote employee health. These efforts involve both the reinforcement of its organizational structure and the meticulous implementation of preventative measures to directly support individuals with a high risk of developing certain diseases.



External Recognition for Initiatives to Embrace Flexible Working Styles

▶ Award of the Minister for Internal Affairs and Communications for excellent pioneers among the top hundred telework pioneers (November 2016)

In recognition of its efforts to promote flexible and effective working styles through the utilization of telework, Meiji Yasuda Life received an Award of the Minister for Internal Affairs and Communications under a ministry-sponsored program designed to commend businesses engaged in trail-blazing initiatives that provide inspiring precedents for other corporations.



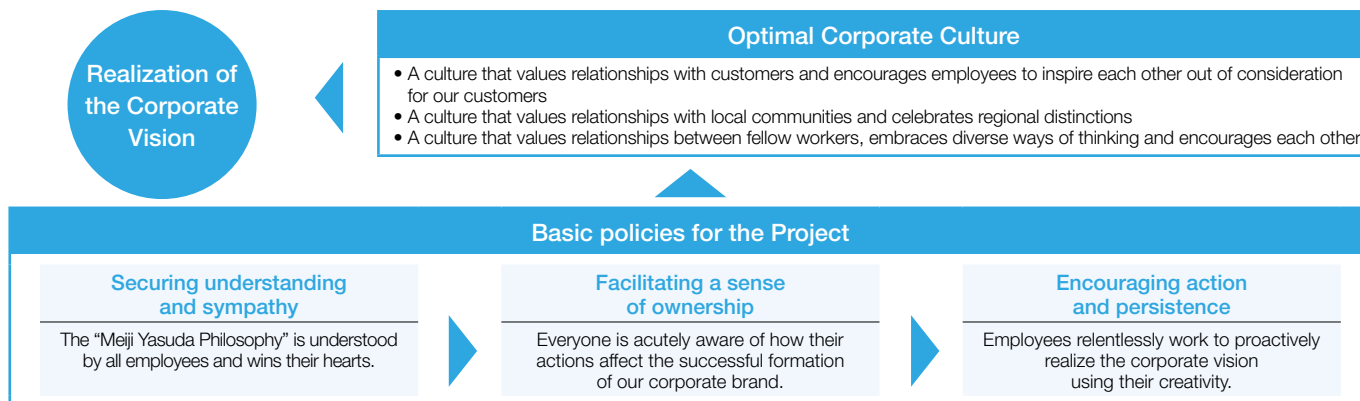
Fostering a New Corporate Culture “Corporate Vision Realization Project”

The Purpose of the Project

Having established the “Meiji Yasuda Philosophy,” our new corporate philosophy, we are striving to ensure that this philosophy is understood by all employees and wins their hearts. To step up this pursuit, we have launched the Corporate Vision Realization Project, a bottom-up project aimed at creating a new corporate culture. More specifically, we are endeavoring to create a culture where employees proactively work to realize the “Meiji Yasuda Philosophy,” especially our corporate vision, using their creativity, with everyone becoming acutely aware of how their actions affect the successful formation of our corporate brand.

Basic Policy for the Project and Optimal Corporate Culture

In addition to ensuring that our new corporate philosophy is understood by all employees and wins their hearts, we aim to raise each employee’s awareness so that they can act on the ideals of the corporate vision. With this in mind, we have defined the optimal corporate culture while laying out the project’s basic policies, which are designed to support the three fundamental “relationships” that all employees should be committed to nurturing.



Examples of Concrete Initiatives

- In April 2017, presentations were held at all of the Company’s business units, with officers directly explaining the content of the Medium-Term Business Plan and the “Meiji Yasuda Philosophy” to employees.



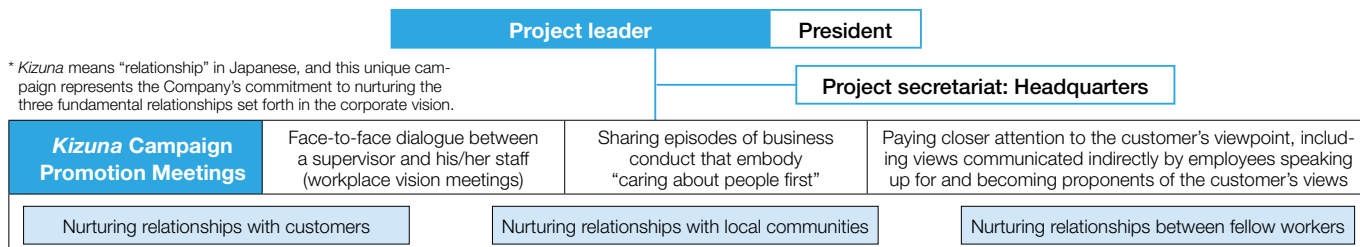
- In June 2017, the Chairman of the Board, President, as well as all the other officers and general managers of Headquarters departments, gathered with employee representatives from business units across the nation, to hold a planning session, with attendees being divided into small working groups.



The “Kizuna” Campaign—Key Initiative Empowered by Small Groups

We also launched the “Kizuna” Campaign,* a key initiative supported by small groups formed at each business unit, with the aim of effectively promoting the Corporate Vision Realization Project.

The campaign calls upon all employees across-the-board to fulfill their role and utilize their creativity in realizing our corporate vision. Through the pursuit of this campaign, we will proactively push forward with a variety of initiatives aimed at raising employee awareness, encouraging them to take action, facilitating inter-organizational communication and fostering a stronger sense of unity.



* Kizuna means “relationship” in Japanese, and this unique campaign represents the Company’s commitment to nurturing the three fundamental relationships set forth in the corporate vision.

Our Management Strategy

Growth Strategy

Domestic Life Insurance Business

Individual Insurance Marketing Reforms/Group Insurance Marketing Reforms

Securing Sustainable Corporate Growth by Drastically Increasing Contact with Customers and Expanding the Lineup of Attractive Products and Services

Tadashi Onishi

Senior Managing Executive Officer
Executive Officer in Charge of the Marketing Planning & Research
and the Group Market Planning & Research Departments



The Business Environment and Our Strategies

The domestic life insurance market is expected to shrink over the long term due to such factors as Japan's rapidly aging society and a declining birth rate. However, we would rather believe that private life insurers will be called upon to fill an even greater role to complement the public social security system and support the ability of people to help themselves. Moreover, we anticipate the future growth of markets for third-sector insurance—such as medical and nursing care insurance—as well as products for seniors and retirees, women-oriented products and investment-type products. Products in these four categories will become sought-after due to longer lifespans, the increase in one-person households and growth in the proportion of women in the workforce, as well as a shift from savings to investment. We also see that major advances in information and communication technology (ICT) and changes in people's lifestyles are diversifying both customer needs for insurance products and the ways they make their purchases. Meanwhile, providers of group life insurance are facing demand for solutions that address wide-ranging needs for improved employee benefits that provide coverage during employment and after retirement, help the insured persons stay healthy and assist them in their efforts to maintain financial independence.

Against this backdrop, we have positioned our distribution channel of agency (MY life plan advisors), which has strength in face-to-face after-sales service, as a key sales channel. We have identified two other basic channels: our Bancassurance channel, which has a customer base that includes the affluent, and our group insurance marketing channel, through which we maintain the No. 1 share in group life insurance. To enhance our corporate value, we will endeavor to maximize our strength in and solidify our foundations for each of these three basic channels by developing a more robust and overarching business structure.

More specifically, with a strong focus on promising markets, we will promote individual insurance marketing reforms aimed at drastically increasing the number of customers for the aforementioned four categories. These reforms will also include initiatives to enhance customer relations through the provision of such new offerings as health information services. Simultaneously, we will engage in group insurance marketing reforms. Drawing on our strengths backed by the No. 1 share in group life insurance, these reforms will take on the challenge of perfecting a Business to Employee (B to E) approach in which we directly make proposals to employees at corporate and group customers to create greater business opportunities. Through the pursuit of reforms in these two aspects, we will strive to ensure sustainable corporate growth in the domestic life insurance market.

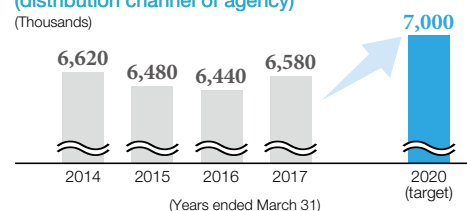
Main Initiatives

Individual Insurance Marketing

In our distribution channel of agency, we have made progress in efforts to develop a more robust sales and service structure, with the number of sales personnel who engage in face-to-face after-sales services for customers constantly surpassing 30,000. Looking ahead, we will review personnel systems and enhance training programs for sales personnel with the aim of nurturing and securing excellent human resources equipped with outstanding sales capabilities backed by skills in customer relations and consulting. By doing so, we will raise the level of our customer services.

We will also endeavor to increase contact with new customers by, for example, hosting seminars for employees at the corporate and group customers of our group life insurance policies, and by co-sponsoring events in tandem with J. League and other partners. At the same time, we will engage in web-based promotions that employ digital marketing techniques and other initiatives to step up market development.

The Number of Customers
(distribution channel of agency)
(Thousands)



Note: The target figure for the fiscal year ending March 31, 2020 indicates the number of Life insurance policyholders (including deferrals and those currently receiving annuity payments) + Life insurance insured persons + Nonlife insurance policyholders (excluding redundant policyholders); figures for fiscal years up to March 31, 2017 exclude the number of nonlife insurance policyholders.

Our Management Strategy

As for products, we are proactively endeavoring to develop and deliver products and services that accurately address customer needs, including those tailored to the specific needs of senior customers for medical coverage and others designed to meet the needs of the young and women for third-sector insurance coverage. These efforts have led to the upcoming release of foreign currency denominated endowment insurance with the single lump-sum payment of premiums scheduled for August 2017. In addition, given the growing health consciousness among the general public, we are promoting R&D into health information services and other products aimed at helping customers maintain their health.

We will also enhance the lineup of “Simple Insurance Series Light! By Meiji Yasuda Life,” a new series of insurance products that are designed to be “simple,” “small amount” and “easy-to-understand.” Furthermore, we will enhance the content of ongoing after-sales services following enrollment, such as the proposal for optimizing coverage based on each customer’s intentions and life stage, as well as the provision of useful information. Ultimately, these consulting services are designed to encourage customers to consider enrollment in “Best Style” and other comprehensive protection products.

In the Bancassurance channel, we will enhance our product lineup through the release of such products as single premium fixed-amount whole life insurance denominated in foreign currencies, thereby addressing asset investment and succession needs among middle-aged or older affluent customers. We will also step up sales support to obtain stable sales at each financial institution.

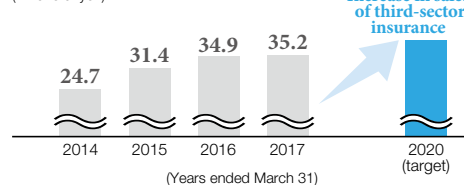
Group Insurance Marketing

In the group insurance marketing channel, we have maintained the No. 1 domestic share in terms of group life insurance in force since the inauguration of Meiji Yasuda Life in 2004. Supporting the future growth of our corporate and group customers to achieve mutual business development is our mission as the leader in group insurance. In line with this recognition, we will propose solutions to improve employee benefits in ways that are attuned to recent structural changes in the labor market due to such factors as extended retirement ages and the rising number of female workers pursuing career success. We will also step up the provision of support for persons insured at the time of and after enrollment. By doing so, we will increase the number of persons insured at corporate and group customers.

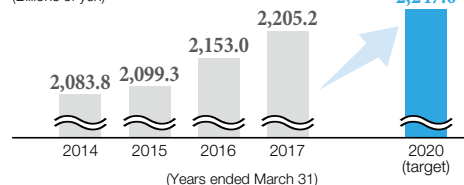
As for products, we are providing such third-sector insurance products as medical and nursing care insurance to help enhance the content of employee benefits at corporate and group customers. In group pensions, we are developing and delivering investment products with performance-based dividends to satisfy the diversifying asset management needs of our customers amid the prolonged period of ultra-low interest rates.

As for services, we will upgrade our online administrative services via the “MY *Hojin* Portal” for personnel who handle employee benefit programs at corporate and group customers. For example, we will release new functions that enable persons insured to confirm the latest content of their policies and receive various notifications. We will also endeavor to make our claim application procedures simpler and easier to understand while increasing contact with customers through our “Bereaved Family Guidance” consulting service, which aims to assist the bereaved families of insured persons. These are a few examples of our proactive initiatives to step up our after-sales services. We will also foster closer collaboration between group insurance marketing and individual insurance marketing, with the aim of leveraging the former’s customer base to offer comprehensive insurance services to workers at our group and corporate customers.

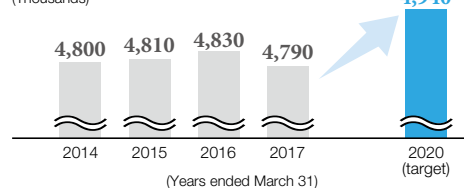
Annualized New Premiums from Third-Sector Insurance
(distribution channel of agency and Bancassurance channel)
(Billions of yen)



Annualized Premiums in Force
(distribution channel of agency and Bancassurance channel)
(Billions of yen)

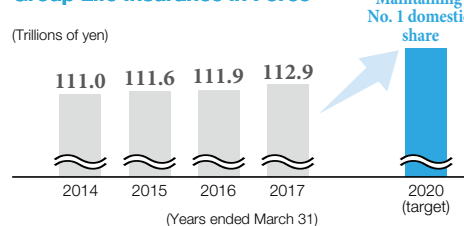


The Number of Customers
(group insurance marketing channel)
(Thousands)

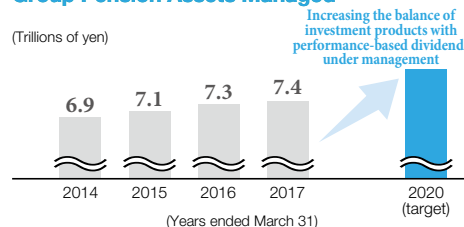


Note: Figures represent the number of insured persons of voluntary group life insurance (insured persons and insured spouses of group life insurance contracts solely underwritten by the Company)

Group Life Insurance in Force



Group Pension Assets Managed



Individual Administrative Services

Individual Administrative Service Reforms

Taking on the Challenge of Realizing the Industry's Leading Level of Administrative Service Quality

Teruki Umezaki

Managing Executive Officer

Executive Officer in Charge of the Customer Service Planning & Administration Department



The Business Environment and Our Strategies

The operating environment surrounding life insurers is continuously facing drastic change, driven by such factors as a rapidly aging society and the advance of information technology. Moreover, growing numbers of customers are becoming more knowledgeable and discerning in their choice of insurance coverage. These changes also affect customer requirements for our administrative services. These services encompass policy underwriting, policy maintenance, claim payment and other procedures deriving from the administration of policies. We now expect increasing demand for more convenient, sophisticated services.

Given these circumstances, in April 2016 Meiji Yasuda Life launched a four-year plan for individual administrative service reforms, aiming to realize the industry's leading level of administrative service quality. Furthermore, in line with the new Medium-Term Business Plan launched in April 2017, we have positioned these reforms as central to our growth strategy. Thus, we are striving to achieve significant advances in administrative services, with the aim of becoming a life insurer of choice for a broad range of customers.

Main Initiatives

Our initiatives during the fiscal year ended March 31, 2017, the first year of the aforementioned four-year plan, included enhancing customer convenience through enrollment procedures using "Meister Mobile" tablet terminals. For example, we upgraded the system interface to allow sales personnel to quickly modify coverage proposals based on customer requests and more smoothly usher them through enrollment procedures. This helped us garner extremely favorable customer reviews.

Improvements were also made to browser-based procedures for health disclosures. We adopted new browser pages with easy-to-follow on screen menus while revising questionnaire content to make it easier for customers to read and complete.

With regard to policy maintenance, we have introduced a single application procedure that simultaneously meets requests under different types of applications (such as dividend withdrawals, policyholder loans and claim payments under multiple policies). Thanks to this, we were able to relieve customers of burdensome paperwork. The introduction of this form also resulted in a significant decrease in the number of incomplete applications.

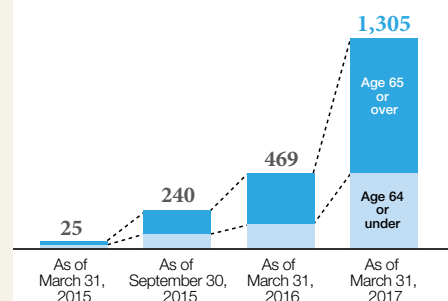
In addition, the release of foreign currency denominated insurance is scheduled for August 2017. This product will come with the launch of a web-based interface employing "MY *Hoken* Page," a website dedicated to policyholder services. More specifically, it will enable customers to check the amount of surrender benefits and submit applications for surrender using their own PC or smartphone—a trail-blazing service no other domestic life insurer provides policyholders of similar products.

Japan's population aging is expected to accelerate going forward. With this in mind, we are engaged in ongoing efforts to simplify application forms and review in-house rules for handling administrative services as part of our initiatives to enhance the after-sales service structure.

We are also proactively encouraging customers to utilize our "MY *Anshin* Family Registration Scheme" that registers family members as secondary contacts in case of an event when contact with policyholders is interrupted due to such emergencies as major disasters. With widespread customer support for this objective, the number of registered family members has steadily increased. We also have the "MY Longevity Policy Checking Scheme" in place to help policyholders reconfirm the details of their policies upon reaching prescribed ages, such as 77 (*Kiju*) and 90 (*Sotuju*), which are traditionally celebrated. Under this scheme, we contact such customers and proactively provide policy checks to determine whether they have eligible claims that they will want to apply for while reconfirming their latest contact. Other related initiatives include the December 2016 opening of a dedicated help desk for elderly customers, with specialized operators handling inquiries from these customers. As such, we are taking great care to provide our elderly customers with convenience.

The Number of People Who Registered Secondary Contacts

(Thousands)



Our Management Strategy

Growth Strategy

Group Insurance Administrative Services

Group Insurance Administrative Service Reforms

Building a Group Insurance Administrative Service Structure Capable of Providing Customers with the Best Possible Services

Shinji Nakatani

Managing Executive Officer

Executive Officer in Charge of the Group Insurance Administration and the Group Pension Administration Departments



The Business Environment and Our Strategies

Today, the rapid advance of ICT is leading to the realization of speedy, more efficient information processing and service transactions in a broad range of business sectors. Likewise, rapid information processing has become the norm in group insurance, which aims to improve employee benefits. We must therefore respond to calls from personnel in charge of group life insurance policies at our corporate customers and from the insured persons at such customers to deliver even more convenient administrative services. This trend is gaining additional momentum from the global expansion of Japanese corporations, the diversification of individual working styles and needs as well as the widespread use of smartphones, Social Networking Services (SNSs) and other novel social infrastructure. Committed to living up to our customers' expectations and remaining their life insurance company of choice, we thus launched group insurance administrative service reforms from 2014, undertaking thoroughgoing reviews of administrative services for group insurance to enhance customer convenience. These reforms are intended to ensure satisfactory services for personnel in charge of insurance policies as well as each person insured at corporate customers as we aim to maintain our leading position in group insurance marketing and enhance our strengths in this field.

Main Initiatives

As part of our group insurance administrative service reforms, in May 2017 we launched the "MY *Hojin* Portal" web system aimed at promoting paperless, speedy and automated administrative services for group insurance. Thanks to this system, correspondence between personnel in charge of life insurance policies at corporate customers and Meiji Yasuda Life personnel can be completed via internet. By eliminating paperwork previously associated with administrative services, the introduction of the "paperless" system has also contributed to significant workload reduction at our corporate customers.

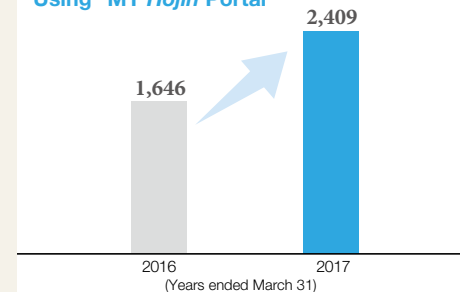
In addition to the aforementioned initiatives, we will review various in-house rules for handling administrative services and ease the burden on customers by, for example, eliminating the need for medical certificates in certain types of claim application procedures.

Moreover, we host annual customer meetings to engage in face-to-face exchanges with the staff in charge of insurance policies at corporate customers and obtain their feedback. We also send out annual questionnaires to the persons insured at our corporate customers to see what they have to say about our services. To ensure that needs of our customers are accurately addressed, we reflect this valuable feedback in the development of new services and revisions to existing services.

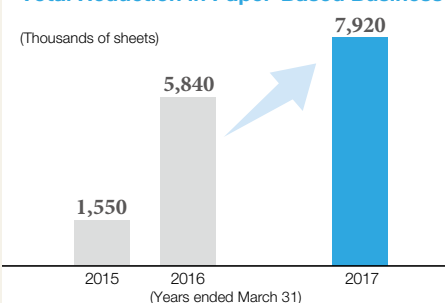
Looking ahead, we will push forward with initiatives centered on the "MY *Hojin* Portal" to promote paperless administrative services, with the goal of reducing business forms by 75%. To this end, plans call for the development of systems enabling the persons insured to confirm the content of their policies and submit various procedures using their own smartphones.

Furthermore, efforts are now under way to develop even more sophisticated administrative service through the use of AI and other cutting-edge technologies. In these ways, we will take on the challenge of achieving innovation as we work to realize the industry's leading level of administrative service quality, which exceeds our customers' expectations.

The Number of Corporate Customers Using "MY *Hojin* Portal"



Total Reduction in Paper-Based Business



Asset Management

Asset Management Reforms

Promoting Asset Management Reforms to Secure Greater Profitability and Enhance Our Financial Soundness

Toshihiko Yamashita

Director, Deputy President
Chief Executive, the Investment Division



The Business Environment and Our Strategies

Looking at the current investment environment, a prolonged trend toward ultra-low interest rates continues due to the Bank of Japan's negative interest rate policy. Moreover, market volatility remains at high levels, leading to fluctuations in stock prices and foreign exchange rates exacerbated by a number of unexpected political twists in Europe and the United States, as well as growing geopolitical risk.

Given these circumstances, we are promoting asset management reforms in line with the new Medium-Term Asset Management Plan (April 2017 to March 2020), focusing on such initiatives as adopting more sophisticated and diverse asset management methodologies and upgrading our asset management governance.

Specifically, we are conducting ongoing asset management activities centered on the surplus management type of asset liability management (ALM).^{*} We are also paying attention to the balance between profitability and financial soundness, in terms of both the accounting-based and economic value-based balances of our assets, while giving due consideration to the characteristics of insurance that we underwrite. In this manner, we are developing a robust asset management structure capable of contributing to sustainable growth in corporate value and securing the soundness of our financial base even when market conditions suddenly deteriorate.

^{*} ALM provides for the comprehensive management of assets and liabilities with the aim of controlling volatility risk by centering the capital strategy on surplus, which derives from the difference between the economic value of assets and liabilities based on fair value or market-consistent value determined using future cash flows.

Main Initiatives

In the fiscal year ended March 31, 2017, we engaged in investment activities aimed at effectively countering the ultra-low interest rate environment and changes in market conditions. More specifically, we invested mainly in foreign currency denominated bonds. As a result, interest, dividends and other income for the fiscal year hit a record high since the inauguration of Meiji Yasuda Life. In addition, we maintained a positive interest surplus for the sixth consecutive year since we achieved a turnaround from negative spread during the year ended March 31, 2012.

Looking ahead, we will step up investment in credit assets with the aim of expanding profitability. To this end, we have been strengthening our organizational structure by, for example, establishing the Credit Investment Department in April 2017 to secure a dedicated business unit charged with the management of credit assets in Japan and overseas.

Moreover, we will undertake credit investment totaling ¥1,600 billion, which comprises ¥800 billion for domestic investees and the same amount for overseas investees, in line with the Medium-Term Asset Management Plan. Meanwhile, the Credit Analysis & Investment Risk Management Department has established the International Credit Analysis Group under its supervision in an effort to develop a robust structure capable of controlling increased credit risk.

As part of our initiatives to upgrade our asset management governance, we have also established the Investment Council to discuss investment and financing plans by drawing on expert perspectives.

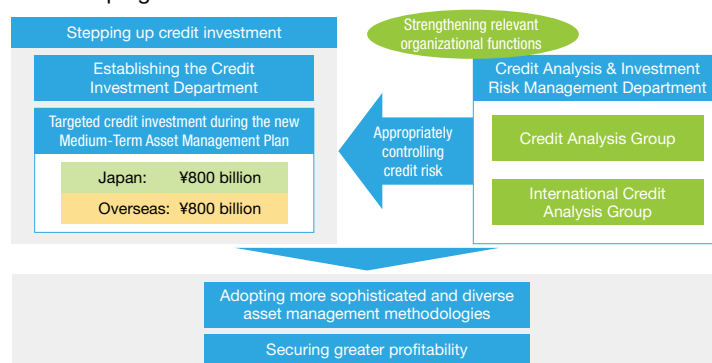
We will continuously focus on investment activities effectively attuned to the latest market conditions. Furthermore, we will endeavor to secure greater profitability and enhance our financial soundness through the pursuit of these and other asset management reform initiatives.

Base Profit

(Billions of yen)

Years ended March 31,	2011	2012	2013	2014	2015	2016	2017
Base profit	310.5	370.9	394.5	460.4	506.3	459.9	472.3
Interest surplus	(1.0)	19.2	42.5	119.3	168.6	181.9	174.8

Developing a robust credit investment structure



Our Management Strategy

Growth Strategy

Asset Management Administrative Services

Asset Management Administrative Service Reforms

Rising to Become the Industry Leader in Terms of Administrative Service Structure to Secure Sustainable Growth for the Company

Takashi Kikugawa

Managing Executive Officer

Executive Officer in Charge of the Investment Administration Department



The Business Environment and Our Strategies

The new Medium-Term Business Plan, launched in April 2017, is prefaced on customer focus and thoroughgoing compliance while setting forth initiatives aimed at promoting our growth strategy, operating base reinforcement strategy and brand strategy. As part of our initiatives to promote the Company's growth strategy, the Investment Division is striving to upgrade and diversify its asset management methodologies while developing a robust administrative service structure capable of supporting such methodologies.

With the aim of becoming the industry leader in terms of administrative service structure, we are pursuing asset management administrative service reforms spanning the four-year period from April 2016 to March 2020. These reforms are undertaken in collaboration with "asset management reforms," another key reform initiative the Investment Division is pursuing. Our asset management administrative service reforms are thus intended to reconstruct our administrative service structure to support unified and speedy administrative services, which will, in turn, assist the division in its pursuit of asset management reforms aimed at upgrading and diversifying its asset management methodologies.

Main Initiatives

In asset management administrative service reforms, we aim to establish an asset management platform capable of bolstering the Company's sustainable growth from a long-term perspective and, to this end, engage in system development and operational streamlining. In this way, we will create an administrative service structure that actively contributes to the growth strategy. More specifically, we will take on the following priority issues.

① Contributing to the upgrade of asset management methodologies

We will introduce a new system that helps us handle overseas credit investment and other investment products that we had not previously engaged in.

② Contributing to the Company's profit

We will build a new asset management administrative service structure capable of contributing to the expansion of our customer base via the introduction of such new insurance products as foreign currency denominated insurance.

③ Ensuring responsiveness to international standards

We will strive to ensure our readiness for the digitalization and automation of security transactions in the face of upcoming regulations, as well as changing transaction practices that require appropriate and swift response by security market players.

④ Reconstructing our administrative service system to make it more versatile

We will promote the utilization of IT, go paperless and streamline the workflow of administrative services, thereby eradicating the need for inefficient routine work.

⑤ Promoting Work Style Reforms and workforce diversity

We will carry out programs for developing human resources engaged in administrative services aimed at providing female employees with greater opportunities to achieve career success. We will also strive to create spare capacity to be redirected to tasks aimed at realizing innovation. To this end, we will streamline operational processes, step up human resource training to nurture professionals in asset management administrative services and reinforce the organizational structure to promote the utilization of IT. Carrying out these initiatives, we will raise the bar of our human resources while promoting workforce diversity.

We will pursue the aforementioned reform initiatives in a way that embodies the Meiji Yasuda Philosophy. By doing so, we will become the industry leader in terms of asset management administrative service structure and deliver our customers unwavering peace of mind supported by our asset management operations. Furthermore, through the pursuit of these reforms we will help adopt more sophisticated asset management methodologies capable of satisfying customer needs in an environment shaped by ultra-low interest rates and a rapidly aging society.

Overseas Insurance Business

Overseas Insurance Business Reforms

Pursuing Overseas Insurance Business Reforms to Seize Global Growth Opportunities

Kazunori Yamauchi

Managing Executive Officer

Executive Officer in Charge of the International Business Department



I The Business Environment and Our Strategies

The operating environment surrounding the life insurance industry is undergoing drastic change as Japan's rapidly aging society and declining birth rate lead to a shrinking working-age population while consumer needs continue to diversify. Amid these circumstances, Meiji Yasuda Life aims to seize opportunities in markets overseas as part of its growth strategy and, to this end, promotes its overseas insurance business with the goal of delivering customers unwavering peace of mind well into the future.

Looking at the overseas life insurance market, some developed countries like the United States demonstrate potential for continuing market expansion due to stable economic and population growth. Meanwhile, emerging markets, both in Asia and elsewhere, are expected to achieve future growth backed by burgeoning consumer demand for insurance and wealth accumulation products. With this in mind, Meiji Yasuda Life made U.S.-based StanCorp Financial Group, Inc. a wholly-owned subsidiary in March 2016. Thanks to this acquisition, our overseas insurance business now comprises seven companies in five countries, making this business an even greater source of profits for the Group.

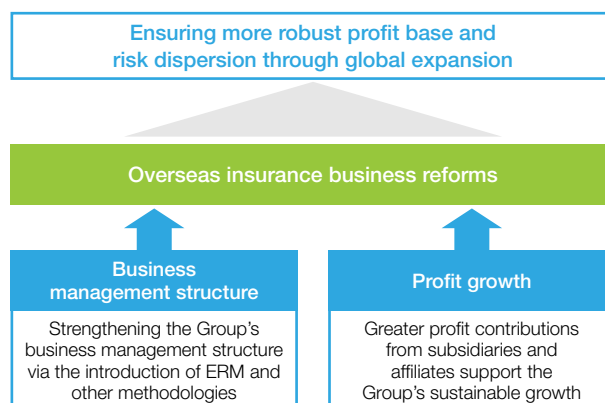
Looking ahead, we will strive to maintain stable earnings from operations in developed countries while reaching to emerging markets with medium- to long-term growth potential to secure further profit sources. In these ways, we will achieve stable and sustainable profit growth, which will, in turn, help us expand benefits for our customers.

I Main Initiatives

We focused on enhancing our business management structure for the Group, fostering a sense of unity among Group members and creating synergies through Group operations during the fiscal year ended March 31, 2017, which also marked the first full year since the acquisition of StanCorp Financial Group. Thanks to its strong showings in new policies sold, StanCorp achieved its second consecutive year of revenue growth and made a notable contribution to the Group's operating results. This stemmed mainly from group life insurance, a field where its distinctive strength lies. Going forward, we will continuously strive to help StanCorp achieve business expansion as a core player in our overseas insurance business.

We have also been assisting other subsidiaries and affiliates by dispatching officers and employees, providing our expertise and know-how to boost their sales capabilities and hosting joint training sessions aimed at sharing best practices undertaken by each Group company. We have thus endeavored to enhance the comprehensive strength and profitability of the Group.

Along with these ongoing efforts, the new Medium-Term Business Plan has laid out overseas insurance business reforms consisting of such initiatives as introducing ERM and further strengthening the business management structure on a group basis at overseas insurance subsidiaries. These reforms also focus on pursuing greater profit from subsidiaries and affiliates. Moreover, we will continuously endeavor to nurture globally capable human resources who are able to support the expansion of our overseas insurance business.



Our Management Strategy

Growth Strategy

Domestic Affiliate Business

Domestic Affiliate Reforms

Enhancing the Group's Corporate Value through the Execution of Reform Plans Finely Tuned to Each Affiliate Based on its Business

Hideki Nagashima

Managing Executive Officer

Executive Officer in Charge of the Affiliated Companies Department



The Business Environment and Our Strategies

Our domestic affiliate business comprises 19 domestic affiliates (as of June 2017) and several foundations which can be categorized mainly into four segments: 1) Insurance businesses that provide accident insurance products for corporate customers; 2) Asset management businesses that provide investment advisory services, as well as building and real estate management; 3) Outsourcing service businesses that provide policy maintenance and system development; and 4) Health research and wellness promotion businesses including operation of nursing care facilities. Boasting a total of approximately 4,700 employees, these affiliates and foundations (hereinafter, "affiliates") are playing a significant role as part of the Group in the pursuit of customer-focused business operations aimed at creating and delivering new value.

Having launched MY INNOVATION 2020, we are determined to significantly accelerate our value creation initiatives. Under this program, we have identified "group capabilities" as one of the important catchphrases, with the aim of enhancing the comprehensive strength of the Group. With all the affiliates endeavoring to hone their competitive edge in the areas where they specialize, we will push forward with domestic affiliate reforms aimed at bringing greater benefits to our policyholders while optimizing the entire business portfolio of the Group.

Taking into account the characteristics of each affiliate, the reform initiatives set forth three broad purposes that determine affiliate contributions. More specifically, we have specified that each affiliate should contribute to the Group by 1) stabilizing and expanding profit from highly profitable operations; 2) enhancing the quality and productivity of operations commissioned within Group companies; or 3) leveraging synergies by supporting businesses within the Group. In line with this definition, we will strive to help each affiliate fulfill its role in the Group. Simultaneously, we are promoting initiatives to foster a sense of unity as "Team Meiji Yasuda" in the pursuit of operating base reinforcement strategy and brand strategy as these are positioned as overarching issues to be addressed by all Group constituents.

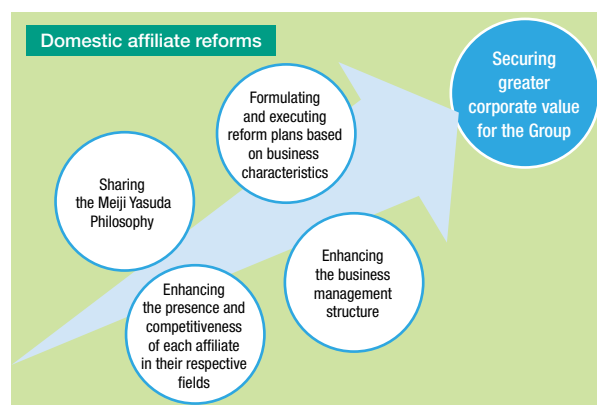
Main Initiatives

Domestic affiliate reforms began with each affiliate formulating corporate philosophies and visions in a way that coincides with the values encapsulated in the Meiji Yasuda Philosophy, our new corporate philosophy ("Peace of mind, forever") and our corporate vision ("A Long-Respected Life Insurance Company that Cares about People First"). By doing so, we strive to help affiliates enhance their presence and competitiveness in their respective fields, with every employee sharing a sense of unity as part of "Team Meiji Yasuda."

In addition, each affiliate established its own medium-term business plan in conformity with strategies set forth in the MY INNOVATION 2020, under which they are expected to make contributions to the Group by harnessing their business strengths and to enhance their business management structure.

As for the latter, we will step up our ongoing initiatives associated with risk management and legal compliance, as well as those aimed at enhancing the quality of our operations through the utilization of the PDCA cycle. We will also review current human resource management practices by, for example, revising our personnel systems.

We believe that the success of the Meiji Yasuda Life brand depends on the actions of each Group employee in the course of day-to-day operations. Sharing this belief across the board, we will pursue best practices throughout the Group's business management and thereby enhance the corporate value of the Group.



Adopting a More Sophisticated Management Approach

Governance Reforms

Ensuring Sustainable Growth in Corporate Value by Promoting and Practicing ERM while Upgrading Group Governance Systems

Masao Aratani

Senior Managing Executive Officer
Executive Officer in Charge of the Corporate Planning Department



The Business Environment and Our Strategies

As it aims to drive its growth and brand strategies, Meiji Yasuda Life is clearly aware of the importance of making effective use of capital and raising corporate value with an eye to recent international trends regarding capital regulations and accounting standards. The Company also recognizes the need to secure a more robust financial base capable of ensuring the payment of insurance claims and benefits even when the economic environment deteriorates drastically.

In line with this recognition, Meiji Yasuda Life is stepping up the surplus management type of asset liability management (ALM) and risk mitigation measures while enhancing its resilience to risks by steadily increasing its capital. At the same time, the Company is striving to adopt a more sophisticated approach to ERM. This pursuit constitutes a key part of our initiatives to sustainably enhance corporate value by striking the right balance between growth potential, profitability and financial soundness while giving due consideration to diverse management perspectives.

Moreover, we are executing governance reforms under the new Medium-Term Business Plan. Specifically, we are pushing forward with various initiatives aimed at upgrading our governance systems, such as increasing opportunities to communicate with stakeholders including enhancement of information disclosure content and promoting the adoption of cutting-edge ERM-based business management methodologies. In addition, we will also update our groupwide management structure by, for example, agilely adapting to the latest international accounting standards and capital regulations.

Main Initiatives

Having utilized the ERM framework in the formulation of the new Medium-Term Business Plan, we are promoting the use of this framework in an even broader range of management activities. In addition, the Medium-Term Business Plan lays out such management performance targets as the European Embedded Value (EEV), which is an indicator of corporate value, and the Economic Solvency Ratio (ESR), a key financial soundness indicator for insurance companies, with the aim of ensuring sustainable growth in corporate value.

With regard to capital policies, we raised foundation funds totaling ¥100 billion in August 2016 and issued subordinated bonds totaling ¥115 billion in December 2016, aiming to strengthen our financial base. We are also strenuously working to prepare for the upcoming introduction of economic-value based capital regulations while simultaneously enhancing our resilience to risk during periods of extreme financial volatility. For example, we are striving to increase our on-balance sheet capital, which is the total amount of specified internal reserves and externally financed capital, to ¥3 trillion by the end of the fiscal year ending March 31, 2020.

Meanwhile, we are working to update our business management structure for the Group, keeping our eyes on the latest trends in international regulatory frameworks. Also, in conducting their self-evaluation, the Board of Directors incorporated a third-party perspective in reviewing the effectiveness of the Board's operations, including the selection of agenda items discussed at its meetings. Furthermore, we are upgrading our governance systems, especially in terms of enhancing the effectiveness of our mutual company system.

Management Performance Targets under the Medium-Term Business Plan (financial soundness indicators)

	As of March 31, 2020
Economic Solvency Ratio (ESR)* ¹	150-160% or more
On-Balance Sheet Capital* ²	¥3 trillion

1. An economic-value based indicator that shows whether the Company has secured sufficient capital relative to its total amount of risk. (Adopting a 99.5% confidence level, the figure assumes an investment environment based on the Company's internal model.) If the Ultimate Forward Rate (UFR) set at 3.5% is applied, the Company's ESR would amount to more than 160%. If an expected investment return of 0.15% is added to the risk-free rate used for liability discounts, the Company's ESR would amount to more than 170%.

2. The total amount of specified internal reserves and externally financed capital

Our Management Strategy

Operating Base Reinforcement Strategy

Human Resource Management

HR Reforms

Creating a Rewarding and Inclusive Workplace through the Pursuit of HR Reforms

Masahiro Ifuku

Director, Deputy President
Executive Officer in Charge of the Human Resources Department



The Business Environment and Our Strategies

We believe people are our most powerful management resource. In line with this belief, our management focus is largely placed on human resource development aimed at enhancing the value of our people. We also recognize that the realization of the Meiji Yasuda Philosophy depends on each officer and employee. With this in view, we have identified ideal traits for our team members based on the Meiji Yasuda Values, which we expect them to practice in their day-to-day operations.

1. Those who value customers and act with the highest ethical standards.
2. Those who actively take on challenges and create new value.
3. Those who help their fellow workers and grow together.

As part of the operating base reinforcement strategy under MY INNOVATION 2020, we are promoting HR reforms aimed at better adapting to the aging workforce, securing the competitiveness of our human resources and helping diverse employees achieve career success. In short, we are striving to create a rewarding and inclusive workplace and, to this end, pursuing improved work engagement.*

*A state of mind where each employee feels pride and experiences fulfillment while working with vigor to pursue challenging targets.

Main Initiatives

HR reforms focus on the following four priority issues.

① Continuously raise the bar of our human resources

In addition to conducting employee education richly steeped in the Meiji Yasuda Philosophy, we are engaged in across-the-board human resource development initiatives, such as helping managers enhance their skills in tutoring staff and providing training programs tailored to the trainee's area of specialization. Furthermore, we are implementing personnel reshuffling aimed at proactively offering greater career opportunities to ambitious human resources.

② Boost mental and physical health (health management)

We are engaged in proactive initiatives to help employees maintain their health, implementing effective countermeasures to prevent the development or aggravation of lifestyle-related diseases, mental health problems and women-specific diseases.

③ Embrace workforce diversity

We are developing personnel systems that enable women, seniors and people with disabilities to pursue success while fostering an inclusive corporate culture to make the acceptance of diverse people a norm common to all employees regardless of job rank. Moreover, we are endeavoring to offer greater opportunities to women, with the goal of raising the ratio of female managers to overall managerial positions to approximately 30% by 2020. Currently, this ratio is steadily increasing.

④ Revise working styles to create spare capacity

We are thoroughly streamlining our operations, with each company, business unit and individual job function undergoing reviews aimed at creating spare capacity that can be allocated to help achieve innovation. At the same time, we are developing a working environment that embraces diverse working styles by, for example, introducing telework systems. Also, we are striving to maintain appropriate labor management through the prevention of excessive overtime hours.

General Affairs & Infrastructure Management

General Affairs & Infrastructure Management Reforms

Supporting Innovation through Relentless Initiatives to Curb General Affairs Expenses and Improve Working Environments

Tsuyoshi Mizuno

Executive Officer

Executive Officer in Charge of the General Affairs Department



I The Business Environment and Our Strategies

The operating environment surrounding Meiji Yasuda Life is becoming ever harsher and more competitive, reflecting such external factors as the prolonged trend toward ultra-low interest rates and the diversification of sales channels. Accordingly, we believe that in order to reinforce our operating base, operating expenses must be reduced further. Likewise, we must also streamline the Group's entire operations as corporate groups face growing calls to adopt more efficient management.

Corporations are also being asked to respond to new market trends, the advance of information and communication technology (ICT) and novel business models, such as FinTech, that are now being developed. In response, businesses must create unconventional solutions through innovation.

In this context, we will strive to reduce the Group's general affairs expenses, focusing especially on those associated with printing, in-house logistics and basic operations.

In line with the new Medium-Term Business Plan aimed at realizing innovation through various reform initiatives, we recognize the importance of helping officers and employees create spare capacity, invigorating communication and enhancing productivity. Therefore, we intend to support innovation through means such as realizing a better work environment.

I Main Initiatives

General affairs & infrastructure management reforms are focused on reducing general affairs expenses through the realization of the Group's comprehensive strengths and by developing the Group's infrastructure in close collaboration with other reform initiatives aimed at promoting innovation.

① Reducing general affairs expenses through the realization of the Group's comprehensive strength

- We will reduce costs for the maintenance and management of in-house infrastructure by thoroughly reviewing the paper-based value chain (printing, distribution, storage and disposal) and through the utilization of outsourcing and ICT.
- We will drastically cut the volume of paper used internally through the further promotion of paperless operations.
- We will leverage scale merits to reduce general affairs expenses by, for example, sharing common infrastructure needs, such as printers and warehouses, among Group companies and introducing joint procurement schemes.

② Developing the infrastructure in close collaboration with other reform initiatives aimed at promoting innovation

- We will upgrade two-way communication tools as well as new schemes to support labor saving operations at regional offices and affiliates, with the aim of enhancing organizational and labor productivity and generating spare capacity.
- We will develop a working environment that facilitates communication and collaboration that transcends sectional boundaries. We will thus help pursue innovation through the consolidation of internal and external expertise, which, in turn, lead to co-creation.

Through the promotion of general affairs & infrastructure management reforms, we will realize a safe and efficient infrastructure that allows all officers and employees to work vibrantly, thereby contributing to the creation of an even more productive workforce.

Our Management Strategy

Brand Strategy

Solidifying Brand Recognition by Disseminating the New Corporate Philosophy “Meiji Yasuda Philosophy”

Masao Aratani

Senior Managing Executive Officer
Executive Officer in Charge of the Corporate Communications Department



The Business Environment and Our Strategies

Since our founding, we have supported customers and local communities based on a spirit of mutual aid as a pioneer in the life insurance industry of Japan. Our commitment to supplementing the public social security system and supporting the ability of people to help themselves is unchanged despite the rapidly changing business environment. We will therefore continue to strive to deliver our customers unwavering peace of mind.

Having launched the MY INNOVATION 2020 three-year program in April 2017, we are poised to push forward with unified and effective promotions aimed at disseminating messages encapsulated in the Meiji Yasuda Philosophy, our new corporate philosophy, as we aim to realize our corporate vision: A Long-Respected Life Insurance Company that Cares about People First.

Main Initiatives

To solidify Meiji Yasuda Life's brand recognition, the corporate vision defines three types of relationships that should be valued by all employees.

Firstly, relationships with customers. We promote face-to-face after-sales consultations through the “Ease of Mind Service Activities Program” undertaken by sales personnel. We also operate comprehensive service frameworks for the elderly, such as “MY Longevity Policy Checking Scheme” and “MY *Anshin* Family Registration Scheme.” In short, we are implementing multifaceted initiatives that place great emphasis on enhancing after-sales services. At the same time, we are engaged in a variety of promotional activities via TV commercials, websites and newspapers to send messages and information tailored to audience interests segmented by age group. By doing so, we are broadening the general public's understanding of the value of our after-sales services.

Secondly, relationships with local communities. Meiji Yasuda Life has sales and service bases in all 47 prefectures throughout Japan, thereby providing customers nationwide with its insurance products and services. This status also suggests that as a corporate citizen, it is important for Meiji Yasuda Life to contribute to the sound development of communities by creating value to fill unmet needs. With this in mind, in January 2015 Meiji Yasuda Life signed a title partner contract with the J. League as part of its social contribution activities. Currently, we are supporting J. League and local football clubs to contribute to the vitalization of local communities while stepping up partnerships with each club to sponsor football clinics for elementary school students and promote other ongoing initiatives to assist the sound upbringing of children. Furthermore, we will contribute to regional development by utilizing comprehensive partnership agreements pertaining to community vitalization that we have entered into with local governments and regional financial institutions.

Thirdly, relationships between fellow workers. We will foster a corporate culture that encourages employees to tackle ambitious goals and respects diversity. We will also revise our working styles. We believe that creating a workplace in which employees find their jobs rewarding will, in turn, help us strengthen our relationships with customers and local communities.



A scene from a TV commercial touches on after-sales service

Corporate advertisements aimed at disseminating the Meiji Yasuda Philosophy

① Newspaper ads



「人に一番やさしい生命保険会社」をめざして

当社は創業以来、相互扶助の精神のもと、わが国生命保険事業のパイオニアとして、創業まですべて地域経営にもとずけてまいりました。私たちが最も大切に考えているのは、お客様に寄り添ったサービスを提供することです。これからは、お客様が安心して生活できるように、これからも温かな心をつらやましてまいります。

また、スタートアップへの支援を大膽にし、創業を応援させていただきます。"人に一番やさしい生命保険会社"として、家々の未来を共に築いてまいります。

そのために、私ども経営陣が率先して新しい挑戦をいたします。



1つ目はお客様との絆。"生命保険の良の価値は、長期にわたる継続的なサービスとの信頼関係。"アフターフォロー"にあると考えています。顧客の声を聞きながら、商品にも多岐にわたる"アフターフォロー"がますます充実いたします。"アフターフォロー"で、お客様の未来を共に築いてまいります。

2つ目は地域社会との絆。"経営課題の解決"に、所属の全社員が地域のみならずとも貢献します。また"小学堂向けサービス"を、展開することを決めています。"地域社会の発展"や"子どもたちの成長"に貢献してまいります。

3つ目は働く仲間との絆。従業員一人ひとりの成長を支援し、働きやすい環境を整えます。"働きやすさ"が、お客様の未来を共に築いてまいります。

創業以来、地域社会、そして働く仲間によって"やさしい会社"でありたい。経営陣の思い、従業員が共に築いてまいります。"人に一番やさしい生命保険会社"をめざしてまいります。

温かな安心を、いつまでも
明治安田生命

ホームページはこちらをご覧ください。
〒100-8388 東京都千代田区千代田 1-1-1 明治生命ビル 10F
03-5561-1111 (受付時間: 平日 9:00~17:00) 千代田区役所 東本町支店



「人に一番やさしい生命保険会社」へ

私ども明治安田生命は創業以来、相互扶助の精神のもと、わが国生命保険事業のパイオニアとして、創業まですべて地域経営にもとずけてまいりました。私たちが最も大切に考えているのは、お客様に寄り添ったサービスを提供することです。これからは、お客様が安心して生活できるように、これからも温かな心をつらやましてまいります。そのために、私ども経営陣が率先して新しい挑戦をいたします。

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温かな安心を、いつまでも
明治安田生命

Posted in March 2017

② TV commercials featuring "Ai Ni Naru," an original song written by Mr. Kazumasa Oda

Strengthening our corporate image via commercials featuring a slide show of outstanding selections from the Meiji Yasuda Life 2016 MY HAPPINESS photography competition



"Yasashii Jikan"



"Chiisana Hikari"

Business Activities

Individual Insurance Marketing

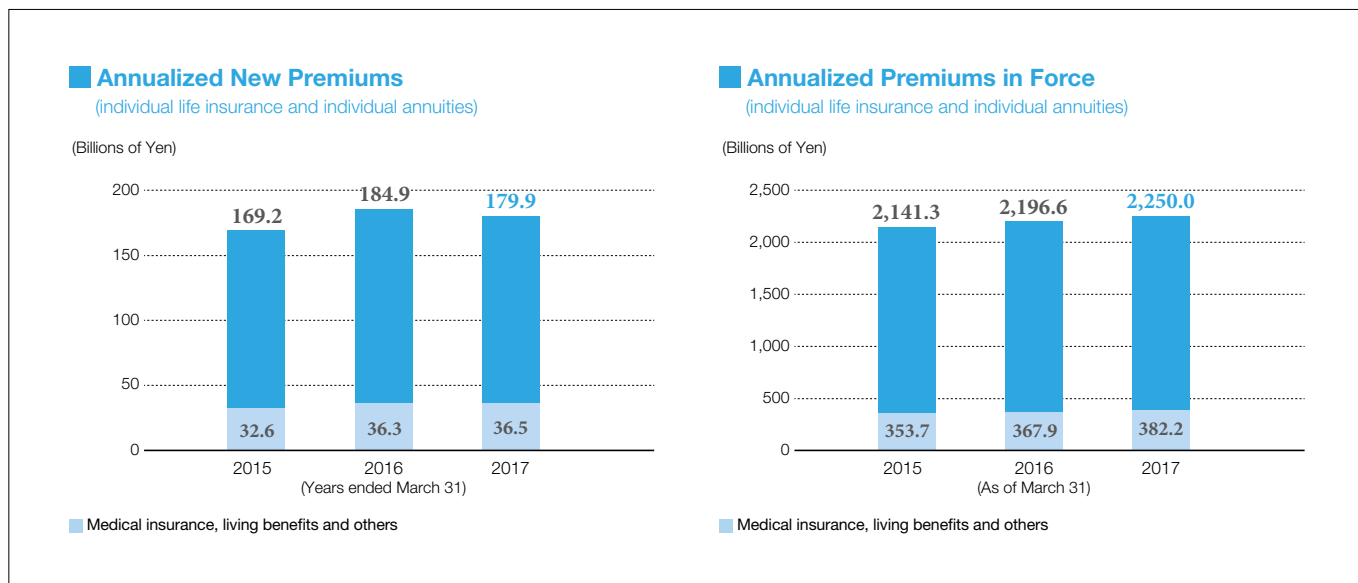
In our distribution channel of agency, we strive to expand sales of level premium protection-type products in third-sector insurance such as medical and nursing care insurance while building a more robust sales and service network.

As for products, in June 2016 we released two new riders to enhance “Best Style,” a product capable of providing comprehensive protection. In the same month, we began receiving applications from “Best Style” customers for revisions to their insurance coverage and whole life protection. As “Best Style” enjoyed strong showings backed by constantly high customer reputation, the total number of policies sold for this product exceeded 1,230,000 as of March 31, 2017.

In October 2016, we released “Simple Insurance Series Light! By Meiji Yasuda Life” to attract younger customers. Consisting of insurance products that are designed to be “simple,” “small amount” and “easy-to-understand,” this series also garnered extremely favorable customer reviews. As of March 31, 2017, the series has sold more than 260,000 policies.

As for our sales and service structure, we have striven to enhance our human resource development systems. For example, we have established a dedicated organization for hosting joint training sessions targeting employees in charge of urban areas while increasing the number of staff charged with supporting employee education. We also rolled out the Meiji Yasuda Relationship Associate (MYRA), a sales channel maintained by newly recruited sales personnel, in an even broader range of regions. Furthermore, we have established a new sales channel aimed at acquiring corporate customers among small and medium size businesses. These initiatives are expected to boost our market competitiveness, especially in urban areas. In addition, we were able to secure a strong workforce of more than 30,000 sales personnel (as of March 31, 2017), which, in turn, drove our efforts to reinforce our customer service structure.

We endeavored to enhance access to new customers by conducting campaigns in tandem with J. League, hosting various seminars and engaging in web-based promotions that employ digital marketing methodologies. Along with our efforts to market the aforementioned “Simple Insurance Series Light! By Meiji Yasuda Life,” these initiatives helped us expand our customer base. As a result, the number of customers as of March 31, 2017 (distribution channel of agency) rose to 6,580,000, a turnaround from the year-on-year decrease recorded in recent years.

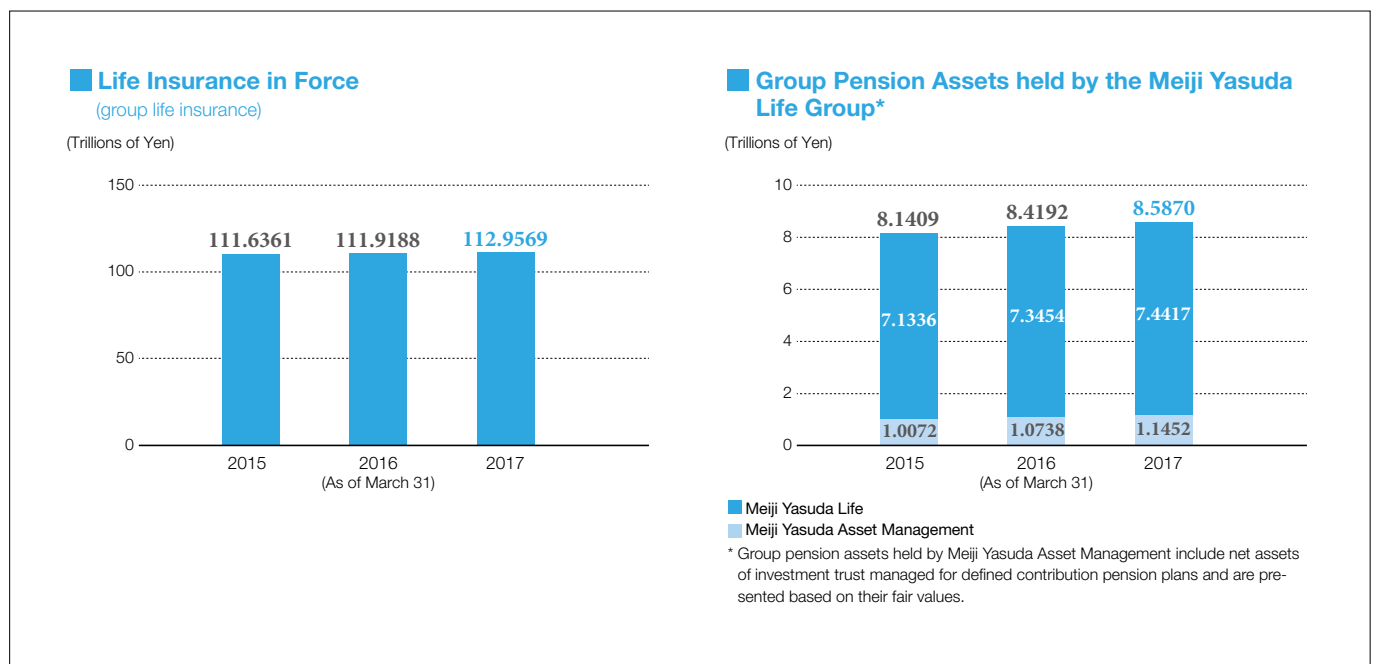


Group Insurance Marketing

In group life insurance, we made proposals targeting new corporate and group customers to help them adopt our employee benefit systems while offering improved solutions to entities that already have our systems in place. Consequently, group life insurance in force totaled ¥112.9 trillion, achieving the seventh consecutive annual growth. Moreover, the sales of third-sector insurance have also expanded thanks to the introduction of a new medical rider, which we began underwriting in April 2016.

As for group pensions, we engaged in consulting services aimed at meeting diversifying asset management needs, thereby proposing such products as those finely tuned for customers who prefer stable investment performance. Backed by these efforts, we were able to step up the marketing of separate accounts assets as well as promoting products of our subsidiary that engages in investment advisory and consulting through our brokerage service.

In addition, efforts are now under way to increase contact with customers by leveraging the customer base we have gained through group insurance marketing. For example, our sales personnel ask existing corporate customers for approval of more frequent office visits and promotional events at their worksites to increase sales opportunities. In these ways, we are striving to boost the number of persons insured and sales of our products for corporate customers.



General Agent Marketing

In the Bancassurance channel at banks and other financial institutions, besides single premium whole life insurance, which aims to address the needs of lifetime coverage, inheritance planning and stable wealth building, we provide an array of products tailored to diverse customer needs. While deliberately controlling sales of these products as necessary, we are endeavoring to build an optimal product lineup that is resilient to fluctuations in domestic interest rates.

We are also striving to secure a greater number of corporate agencies and tax accountant agencies and facilitate collaboration with these agencies, thereby cultivating new corporate customers. At the same time, we are providing agencies with training and other assistance.

Business Activities

Asset Management

We have implemented asset management activities centered on the surplus management type of asset liability management (ALM) while adopting an investment approach effectively tailored to the ultra-low interest rate environment and other market factors.

In the fiscal year ended March 31, 2017, we invested mainly in foreign currency denominated bonds, keeping our eyes on the gap between domestic and overseas interest rates, as well as foreign exchange rate trends, amid the ultra-low interest rate environment springing from the Bank of Japan's negative interest rate policy. When interest rates rose, we also executed purchases of Japanese government bonds. As such, we have maintained a policy of carrying out timely investment based on market conditions. Thanks to these efforts, we were able to maintain high levels of net unrealized gains on securities.

Furthermore, we strove to boost profitability by investing in domestic corporate bonds as well as funds that invest in domestic and foreign stocks.

To support the Japan Revitalization Strategy led by the government, we have proactively invested in growth fields in Japan and overseas, with the total investment mandate set at ¥400 billion for the 3.5 year period from October 2013 to March 2017.

In addition, we secure our financial soundness by adopting increasingly sophisticated methods to monitor indicators of domestic interest rate hikes and by upgrading our contingency plans for drastic changes in the market environment.

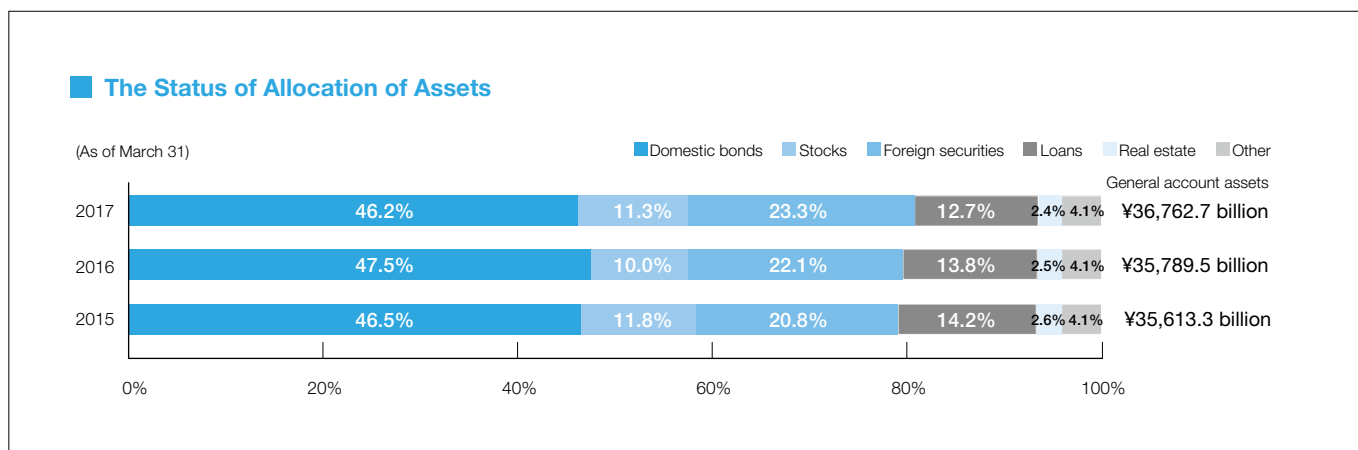
Based on its "Policies for Fulfilling Our Stewardship Responsibilities," Meiji Yasuda Life is engaging in such stewardship initiatives as dialogue with investees and the exercise of its voting rights. By doing so, we are helping our investees secure greater corporate value, which will, in turn, allow us to enjoy long-term returns as a shareholder.

Overview of Asset Management Results

With constant focus being placed on asset management centered on ALM, we worked to maintain optimal asset allocation consistent with the present market environment, giving due consideration to the gap between domestic and overseas interest rates, as well as trends in foreign exchange rates. By doing so, we strove to maintain a higher level of profitability despite the ongoing ultra-low interest rate environment in Japan. Specifically, we engaged in investment activities centered on foreign bonds.

General account assets as of March 31, 2017 stood at ¥36,762.7 billion, up ¥973.1 billion compared with March 31, 2016. Detailed year-on-year comparisons by asset type follow.

Domestic bonds fell ¥27.8 billion due mainly to a decline in bond prices in step with a rise in domestic interest rates. The value of stocks held increased ¥560.2 billion due to such factors as rising stock prices. Foreign securities rose ¥667.7 billion due mainly to the purchase of foreign bonds. Loans decreased ¥267.8 billion. This was attributable to decreases from repayments during the fiscal year, which exceeded the increase due to lending. Real estate holdings declined ¥10.9 billion due mainly to depreciation.



Proceeds from Investment

Investment income increased to ¥800.2 billion, up 1.5% compared with the previous fiscal year, due mainly to increases in interest, dividends and other income, and gains on sales of securities. On the other hand, investment expenses grew to ¥172.0 billion, up 13.9% compared with the previous fiscal year, due mainly to an increase in losses on sales of securities.

As a result, proceeds from investment declined to ¥628.2 billion, down 1.4% compared with last year's figure. Investment return on base profit and overall investment return fell year on year to 2.52% and 1.89%, respectively, compared with the previous fiscal year.

Rate of Return

Years ended March 31,	2015	2016	2017
Investment Return on Base Profit = (proceeds from investment in base profit – provision for interest on dividend reserves)/policy reserves in general account	2.64%	2.60%	2.52%
Investment Return = net investment income/average daily balance of general account assets	2.72%	1.99%	1.89%

Pursuing High-Quality Administrative Service

In the individual insurance field, we are promoting paperless procedures for enrollment in new policies and policy maintenance by utilizing the “Meister Mobile” tablet terminals carried by sales personnel. As a result, 99% of applications for enrollment in new policies are performed online. These efforts helped decrease the number of incomplete applications and shortened the time necessary for customers to finish enrollment procedures. We have thus striven to enhance customer experience.

In addition, efforts are now under way to upgrade our structure for after-sales services to ensure its responsiveness to evolving customer needs in a rapidly aging society. For example, we are endeavoring to simplify application forms, speeding up the payment of insurance claims and benefits, and assisting policyholders who have policies eligible for overlooked claims and benefits with the filing of claim applications.

We also promoted our MY *Anshin* Family Registration Scheme that registers family members of policyholders as secondary contacts. This scheme is intended to ensure that our contact with policyholders, especially the elderly, can be secured even in the event of such emergencies as major disasters. We also carried out the MY Longevity Policy Checking Scheme, thereby helping policyholders who reach celebrated ages check whether they might have forgotten policies eligible for claims.

In the field of group insurance, we launched the web-based “MY *Hojin* Portal” support service in April 2015, with the aim of further enhancing convenience for personnel in charge of group life insurance policies at our corporate customers. We are expanding the scope of application forms that can be submitted via these services based on customer requests. Furthermore, we relaxed administrative rules related to application procedures while continuously refining our system for administrating the payment of insurance claims and benefits.

Our Overseas Insurance Initiatives

In addition to the domestic insurance business, we are developing our overseas insurance business to secure a more robust profit base and ensure risk dispersion.

Currently, Meiji Yasuda Life's overseas insurance business encompasses seven subsidiaries and affiliates spanning five countries. With the aim of seizing growth opportunities in promising markets abroad, we are promoting initiatives to expand profit from existing subsidiaries and affiliates. At the same time, we are assessing and researching new investment candidates through overseas bases in New York, London and Hong Kong, in preparation for future business development.

Overview of the Overseas Insurance Business

● Overseas bases in New York, London and Hong Kong



Meiji Yasuda Europe Limited



TU Europa S.A. and TUIR Warta S.A. (Poland)

In 2012, we invested in two major Polish insurers TU Europa S.A. and TUIR Warta S.A. jointly with our alliance partner Talanx AG, a well known German insurer, thereby making these two companies our affiliates. By doing so, we became the first Japanese insurer to enter the Polish insurance market.

We are striving to reinforce the business foundation of these two companies, helping them expand their operations.



Meiji Yasuda Asia Limited



Founder Meiji Yasuda Life Insurance Co., Ltd. (China)

In 2010, we invested in a Chinese life insurance company, the precursor of Founder Meiji Yasuda Life Insurance Co., Ltd., making it an affiliate. Efforts are now underway to expand business at this joint venture with the other two shareholders, namely, Peking University Founder Group Co., Ltd. (created by Peking University) and Haier Group (a leading Chinese manufacturer of consumer electronics and home appliances).



Thai Life Insurance Public Company Limited (Thailand)

In 2013, we invested in major life insurer Thai Life Insurance Public Company Limited and thus made it our affiliate. Along with a track record that extends more than 70 years since its founding, Thai Life boasts significant brand recognition as an insurer run by Thai people for Thai people. Meiji Yasuda Life is assisting Thai Life with its efforts to strengthen the distribution channel of agency, thereby helping it achieve sustainable growth.





StanCorp Financial Group, Inc. (Portland, the United States)

In March 2016, we acquired a 100% equity stake in StanCorp Financial Group, Inc., a corporate group handling life insurance business, making it a wholly-owned subsidiary. Headquartered in Portland, Oregon, StanCorp boasts a solid track record extending more than 100 years, as well as a leading position in the field of group life insurance in the United States, the world's largest life insurance market. StanCorp maintains a management philosophy to lead the insurance industry by "helping people achieve financial well-being and peace of mind," with its business network extending to regions throughout the United States.

Having positioned this subsidiary as a strategic base in the United States for securing future growth for Group operations, Meiji Yasuda Life is supporting StanCorp's customer-oriented business approach. We are providing this subsidiary with management oversight and monitoring by, for example, dispatching our personnel to serve as a director at StanCorp, with the aim of helping it achieve business expansion and greater profitability.



Meiji Yasuda America Incorporated



Pacific Guardian Life Insurance Company, Limited (Honolulu, the United States)

In 1976, we acquired a majority equity stake in Pacific Guardian Life Insurance Company, Limited (PGL) to participate in its management, thereby becoming the first Japanese life insurer to enter the U.S. life insurance market. In 1985, we went on to increase our equity stake in PGL to 100%, making it our wholly-owned subsidiary. Currently, PGL provides life insurance tailored for the needs of customers in local communities, mainly in Hawaii and the west coast. Meiji Yasuda Life is helping PGL strengthen its operating base through arrangements including dispatching personnel to serve as a director.



PT Avrist Assurance (Indonesia)

In 2010, we invested in Indonesian life insurer PT Avrist Assurance. Since then, we gradually stepped up investment, increasing our shareholdings in Avrist, making it our affiliate in 2012. Meiji Yasuda Life is dispatching officers and employees to share its experience and know-how with Avrist, thereby helping this affiliate improve its corporate value through such measures as improving administrative services and strengthening sales capabilities.



Governance and Compliance

Operation of Mutual Company

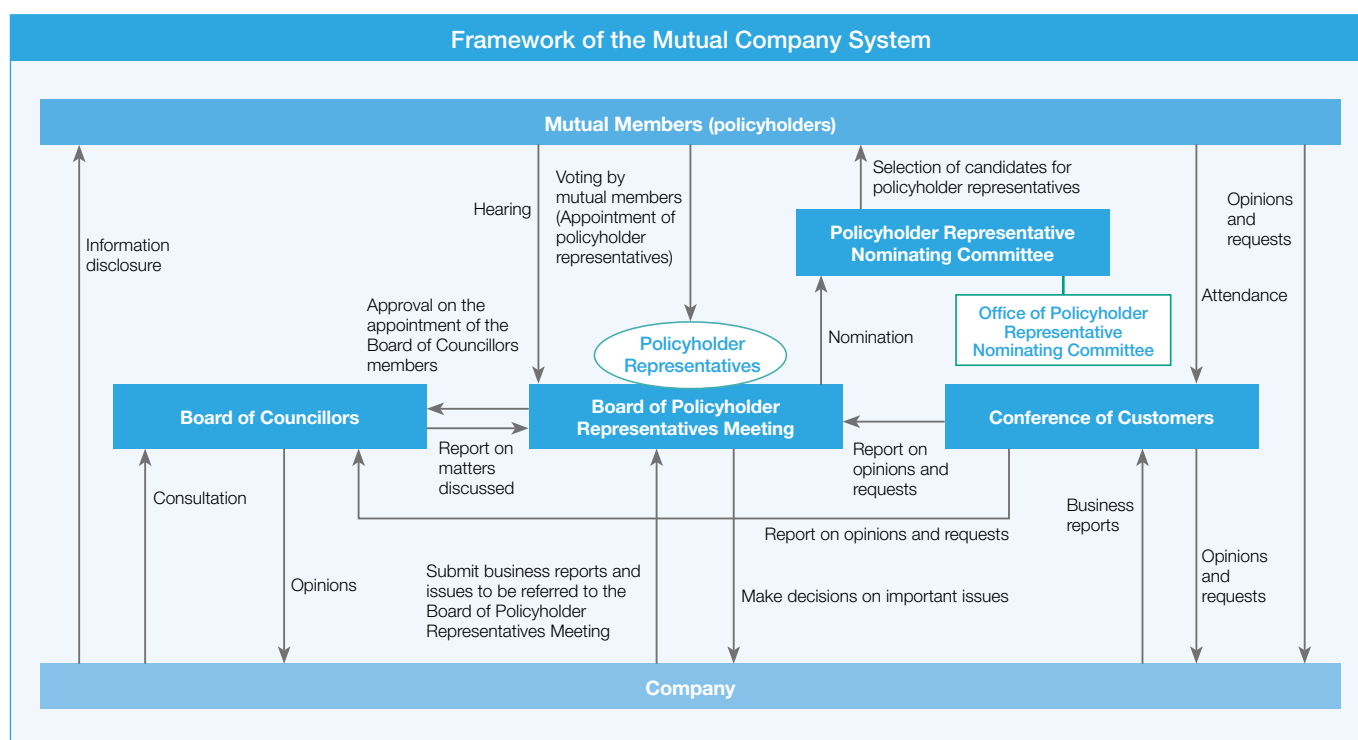
Framework of the Mutual Company System

Although a life insurance company can be established as either a “stock company” or a “mutual company,” Meiji Yasuda Life was founded as a mutual company in accordance with Japan’s Insurance Business Act.

A mutual company is an incorporated body in which those* who enroll in its insurance policies also become “mutual members.” These members own the mutual company, just as shareholders own a stock company. As of March 31, 2017, Meiji Yasuda Life’s mutual members numbered approximately 6.66 million.

Since Meiji Yasuda Life operates in the form of a mutual company, it is committed to placing the utmost emphasis on the interests of its policyholders. In addition to the Board of Policyholder Representatives Meeting, Meiji Yasuda Life maintains the Policyholder Representative Nominating Committee and the Board of Councillors, as well as the Conference of Customers to enhance the operation of its governance system to ensure that policyholders’ opinions and requests are better reflected in the Company’s management.

* Excluding those who enroll only in policies without dividends



Board of Policyholder Representatives Meeting

In order to operate the Company in the way that directly reflects every member’s opinion, it is necessary to hold a “General Meeting of Policyholders.” In reality, however, inviting roughly 6.66 million policyholders nationwide to attend a single meeting is simply impossible.

Meiji Yasuda Life therefore has the Board of Policyholder Representatives Meeting, which consists of representatives selected from policyholders in accordance with the Insurance Business Act. As the highest decision making body of the Company, the Board of Policyholder Representatives Meeting reviews reports on financial results and deliberates on the appropriation of surplus and the appointment of directors, before making decisions on these and other important management issues.

Policyholder Representatives

In line with its Articles of Incorporation, Meiji Yasuda Life has set the number of policyholder representatives at 222. Of these, 120 representatives are selected from all 47 prefectures throughout Japan. While using a proportional representation system based on the number of policyholders residing in each prefecture, the Company selects a minimum of one representative from every prefecture. An additional 80 representatives are selected irrespective of where they reside. These measures are designed to ensure that representatives reflect the diverse demographic base of our mutual members, including people from every region and age group, as well as various occupations.

Furthermore, the Company appoints 22 representatives from policyholders who voluntarily apply to become candidates. As such, Meiji Yasuda Life maintains diverse and transparent processes for the selection of its policyholder representatives.

In light of the primary role of policyholder representatives, who attend the Board of Policyholder Representatives Meeting and engage in practical discussions involving question and answer sessions, we believe the size of this body is appropriate to reflect the consensus of all policyholders and supervise management from diverse perspectives.

Policyholder Representative Nominating Committee

The Policyholder Representative Nominating Committee consists of members selected from policyholders and appointed by the Board of Policyholder Representatives Meeting. The number of committee members is limited to 10 or less.

In addition, Meiji Yasuda Life maintains a support team to assist the Policyholder Representative Nominating Committee. With the aim of securing a transparent selection process that is independent of management, the Company consigns supervision of this team to an outside individual who is not an employee of the Company.

Board of Councillors

The Board of Councillors serves as an advisory body to management and is in charge of addressing policyholders' opinions and requests that are deemed important management issues, as well as other significant matters of concern. The board meets three times a year, and matters discussed at these meetings are reported to the Board of Policyholder Representatives Meeting.

The members of the Board of Councillors are appointed from policyholders or academic experts upon the approval of the Board of Policyholder Representatives Meeting. The number of such members is limited to 20 or less in accordance with the Company's Articles of Incorporation.

Conference of Customers

Ahead of other insurers in Japan, in 1973 Meiji Yasuda Life began holding an annual Conference of Customers on a nationwide basis. These meetings were held at a total of 92 locations, including regional offices across Japan, from January to March 2017, with a total of 2,162 policyholders attending.

The conference provided briefings on the operating results for the first half of the fiscal year (April 1 to September 30, 2016), Meiji Yasuda Life's medium- to long-term management approach, and the Company's social contribution activities. In addition, a total of 7,751 opinions and requests were submitted by attendees. This input is very important for us.

These opinions and requests are reported to the Board of Policyholder Representatives Meeting and the Board of Councillors. In addition, whenever we receive opinions identifying issues in need of improvement, the department in charge of addressing the particular issue considers options and implements improvement measures, while the Customer Satisfaction Verification Committee, an advisory body to the Management Council, follows up to verify the status of implementation.

Policyholder representatives who attend the Conference of Customers are asked to make suggestions at the Board of Policyholder Representatives Meeting to reflect the policyholders' opinions and requests submitted at the conference. Moreover, we select a certain number of policyholder representatives from the attendees of the conference.

These are some of the ways the Board of Policyholder Representatives Meeting and the Conference of Customers complement each other.

To notify our members of the application procedures to attend the upcoming Conference of Customers during the fiscal year ending March 31, 2018, we will display posters at regional offices and other business bases, as well as making this information available via our website, prior to holding the conference. Related information is also available to policyholders upon inquiry at the nearest Meiji Yasuda Life regional office or business base.



Conference of Customers

Governance and Compliance

Management Structure

Meiji Yasuda Life has adopted the “Company-with-Committees” system (currently known as the Company with Three Committees system) to strengthen its corporate governance and increase transparency. The Board of Directors consists of 11 elected directors, including six outside directors who make up the majority. The Company also maintains Nominating, Audit, and Compensation committees, with the majority of each committee comprised of outside directors. Moreover, Meiji Yasuda Life has designated executive officers in charge of business execution, thereby ensuring clear institutional separation between management supervision and executive functions. In these ways, the Company secures a transparent management structure capable of ensuring solid oversight.

Board of Directors

The Board of Directors reaches decisions on important management issues while supervising business execution undertaken by directors and executive officers. In addition, the Outside Directors Council is in place, with all the outside directors serving as members to deliberate key management matters.

Nominating Committee

The Nominating Committee determines proposals related to the election and dismissal of directors. These are submitted to the Board of Policyholder Representatives Meeting.

○ Teruo Kise*
Miyako Suda*
Masaki Akita*
Nobuya Suzuki
Akio Negishi

Audit Committee

The Audit Committee audits the business execution of directors and executive officers, and prepares audit reports. It also submits recommendations to the Board of Policyholder Representatives Meeting on the election and dismissal of accounting auditors.

○ Seiichi Ochiai*
Teruo Kise*
Miyako Suda*
Keiko Kitamura*
Kenji Kojo

Compensation Committee

The Compensation Committee formulates the overall policy on remuneration for those in key positions, such as directors and executive officers, and thereby determines the content of remuneration for such individuals.

○ Shigehiko Hattori*
Seiichi Ochiai*
Keiko Kitamura*
Nobuya Suzuki
Akio Negishi

○ Committee Chairperson
* Outside Director

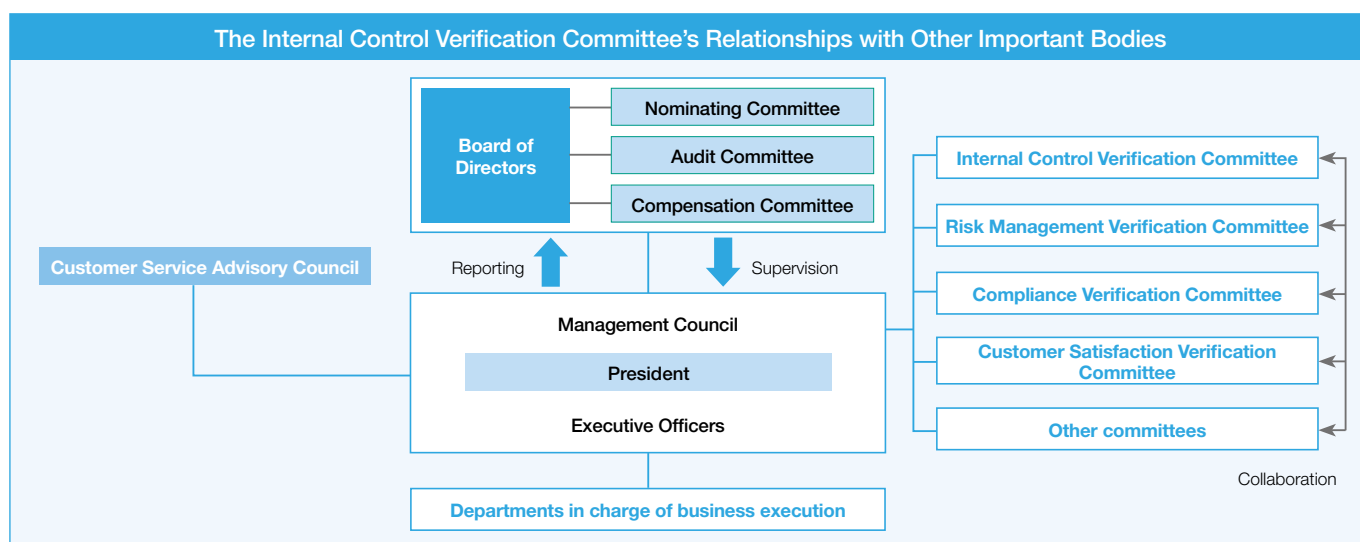
Internal Control System

I Development and Enhancement of the Internal Control System

Meiji Yasuda Life established the Basic Policies for the Internal Control System that guides its initiatives to develop and maintain sophisticated internal controls. Moreover, the Company set up the Internal Control Verification Committee, an advisory body to the Management Council with the aim of deliberating various matters related to internal controls from across-the-board perspectives.

Although it operates as a mutual company, Meiji Yasuda Life voluntarily adopts internal control and financial reporting systems as well as related in-house rules that are mandatory for all domestically listed companies, thereby enhancing the reliability of its financial reporting. At the close of its full-year financial results, the Company evaluates the status of its internal controls to confirm whether or not significant problems requiring disclosure were identified. Based on this evaluation, the Company prepares internal control reports. These reports are audited by our external auditors, who then issue an internal control auditing report.

To develop a robust internal control structure, designated personnel, such as internal control managers, have been assigned throughout the organization. These personnel spearhead the internal control self-assessments performed by each business unit and, by checking operations for the appropriateness of internal controls, they confirm whether legal requirements are met and business risk is managed. We are also developing an internal control structure that includes system platforms that enable us to quickly verify internal controls and rapidly correct any shortcomings. Within this structure, the Company also pursues other internal control activities, such as executing rigorous follow-up self-assessments, thereby ensuring the appropriateness of its business operations.



Our Basic Policies for the Internal Control System

In concert with the enforcement of the Company Act in May 2006, Japan's Insurance Business Act was revised, making it mandatory for insurers to resolve related policies at their board of directors meetings. Accordingly, Meiji Yasuda Life established basic policies governing such matters as its Audit Committee support structure, as well as systems to ensure the appropriateness of operations through legal compliance and risk management.

Governance and Compliance

Internal Audit Structure

Basic Approach

Meiji Yasuda Life has positioned internal auditing as an important process in which it obtains advice and recommendation from auditors who evaluate the status of its business operations from a fair and objective standpoint with the aim of helping the Company achieve its management targets. To secure the effectiveness of internal audits, the Company established its Policy on Internal Audit. In line with this policy, the Internal Audit Division has been put in place, operating under the dedicated supervision of the executive officer serving as Chairman of the Board. With the aim of ensuring that its audit function is strictly independent from business execution functions, the Company requires the approval of the Audit Committee for any change in its Policy on Internal Audit or the formulation of internal audit plans while consolidating all internal audit results to be reported to the committee.

Moreover, the head of the Internal Audit Department attends every Audit Committee meeting while regularly exchanging opinions with a full-time Audit Committee member. As such, the department maintains close collaboration with the Audit Committee.

Initiatives to Reinforce Our Internal Audit Structure

To ensure that internal audits are carried out in an efficient and effective manner, internal audit plans are formulated based on risk assessments, with the scope of audits encompassing all business units and activities of Meiji Yasuda Life, its subsidiaries and affiliates. Specific audit themes include the status of countermeasures aimed at addressing key risks and the progress of the Medium-Term Business Plan. These themes are applied across-the-board in audits covering subsidiaries and affiliates. Meanwhile, headquarters and other business bases, including regional offices as well as group marketing departments, are subject to unit-specific audits aimed at determining the status of business activities at each business unit.

In addition, these audits involve off-site monitoring in which meeting materials and other documents are examined as necessary, with monitoring results being reflected in risk assessment process. The results of internal audits and the status of recommended improvement measures are swiftly reported to the Management Council, Audit Committee and Board of Directors.

Meiji Yasuda Life's main domestic subsidiaries and affiliates also have their own Internal Audit departments operating under the instruction of and receiving advice from their counterparts at the Company. Meiji Yasuda Life is cooperating with its overseas insurance subsidiaries and affiliates as necessary, with the aim of strengthening the internal auditing systems of the entire Group.

Initiatives to Maintain and Enhance the Quality of Internal Audits

To maintain and enhance specialist knowledge and skills possessed by internal auditors, we established in-house educational programs and are regularly providing training sessions. In doing so, we are striving to nurture expert human resources who can be accredited under the Certified Internal Auditor (CIA) scheme sponsored by The Institute of Internal Auditors (IIA), an international association of internal auditing professionals. Moreover, efforts are now under way to conduct training in collaboration with external auditors and other outside experts to secure in-house personnel capable of performing highly specialized auditing.

Also, we have formulated audit quality management programs to constantly enhance the quality of internal auditing, thereby carrying out the periodic evaluation of audit quality. Our internal audits for the fiscal year ended March 31, 2015 were assessed by a third party audit firm, which evaluated the quality of our audit results based on the International Standards for the Professional Practice of Internal Auditing set forth by the IIA. These assessments concluded that our audits deserve a "Generally Conforms" rating, which represents the highest degree of conformity to the standards.

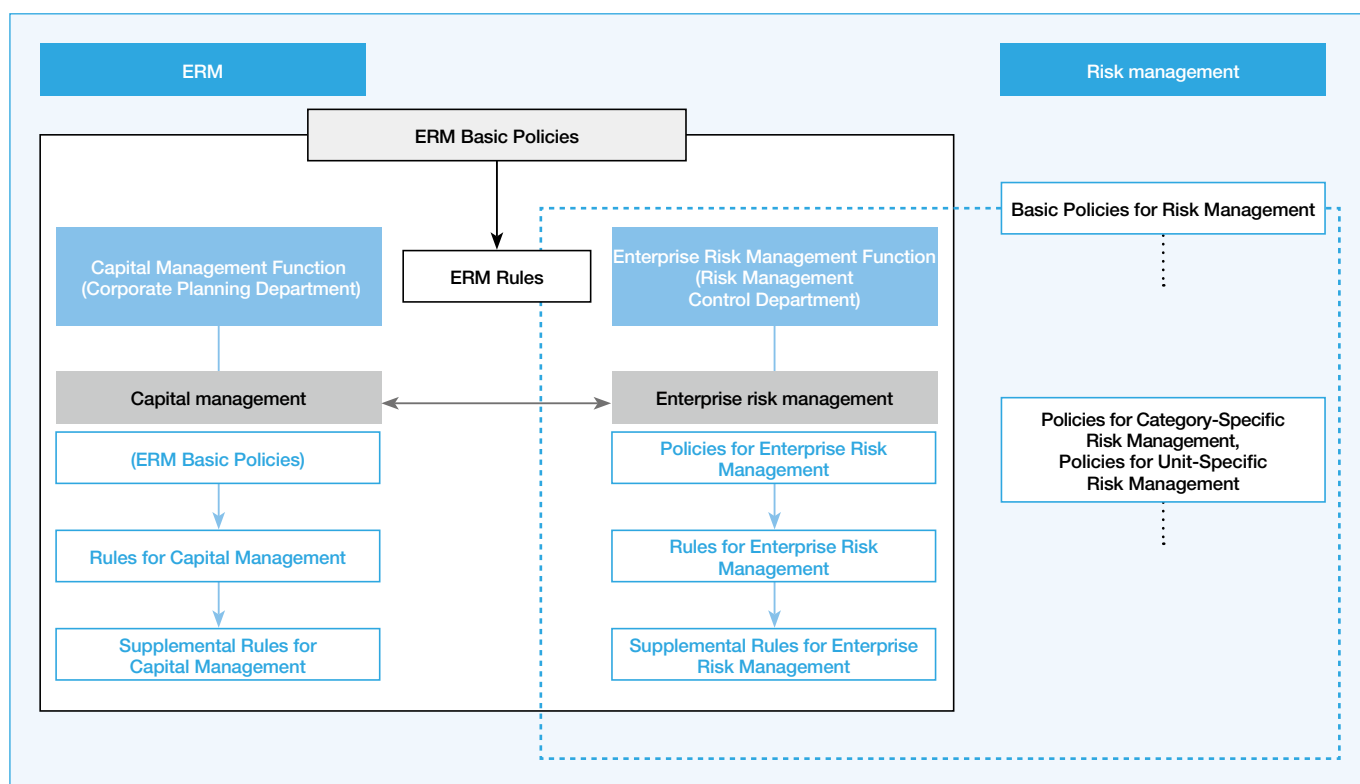
ERM and Risk Management Structure

Basic Recognition, ERM, and Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieve its goal of delivering customers unwavering peace of mind. In line with this recognition, we view risk management as one of the most crucial elements of business management, with ERM, which aims to control all operational risk in a way consistent with management strategies, positioned as a key methodology. Accordingly, the Board of Directors, Management Council and other bodies set ERM and risk management policies and rules.

ERM Structure

Meiji Yasuda Life has determined that its ERM structure must serve two functions: capital management and enterprise risk management. In line with this determination, the Company has charged its Corporate Planning Department with the former function while assigning the latter function to the Risk Management Control Department, which is in charge of overall risk management. These two bodies are expected to realize synergies in the practice of ERM while mutually providing checks and balances.

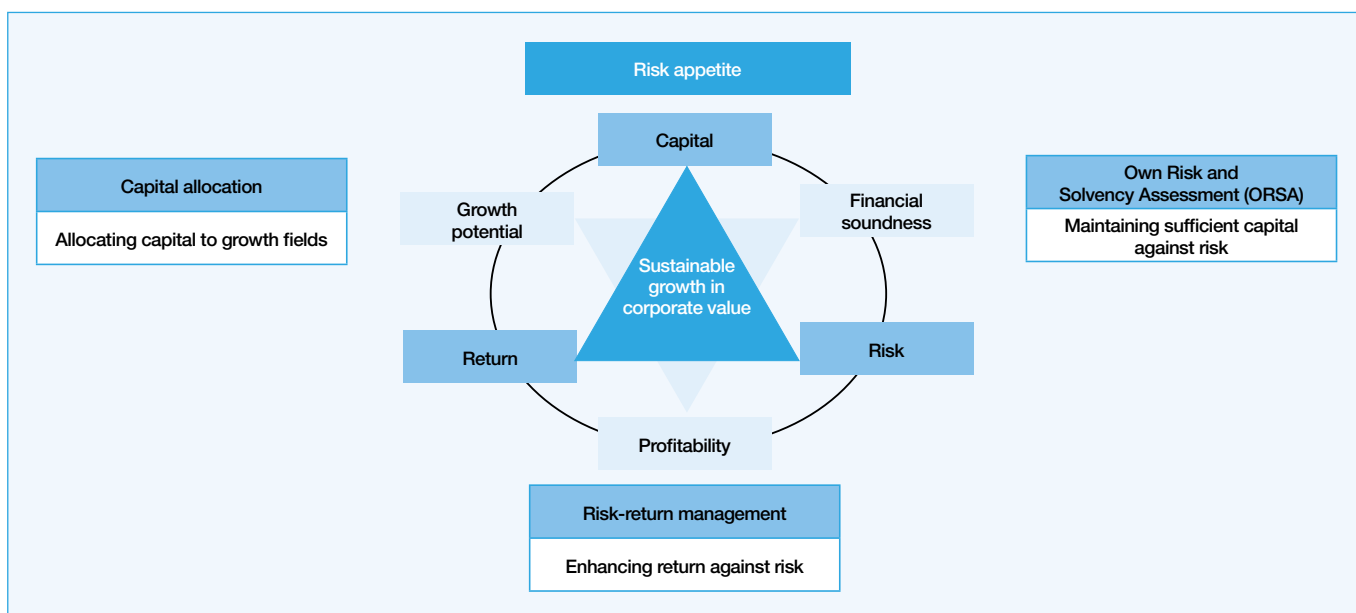


Governance and Compliance

The ERM Framework in Operation

With the aim of enhancing corporate value while striking a balance between growth potential, profitability and financial soundness, we have utilized our ERM framework in the formulation of MY INNOVATION 2020, a three-year program beginning in April 2017.

More specifically, to ensure sustainable growth in corporate value and based upon the Company's unique risk appetite, which clarifies the types and levels of acceptable risk, Meiji Yasuda Life engages in capital allocation, risk-return management and Own Risk and Solvency Assessment (ORSA) in an integrated manner. We also utilize ESR as the primary indicator of our financial soundness.



Economic Solvency Ratio (ESR)

An economic-value based indicator that shows whether the Company has secured sufficient capital in contrast with its total amount of risk. (Adopting a 99.5% confidence level, the figure assumes an investment environment based on the Company's internal model.)

$$\text{ESR} = \text{capital} / \text{total amount of risk}$$

► Risk Appetite

At Meiji Yasuda Life, risk appetite designates the types and levels of risk the Company is willing to take. It clarifies Meiji Yasuda Life's targets for risk and returns, which, in turn, are utilized to direct its decision making and manage its business activities. The Company's risk appetite is set forth in its ERM Basic Policies and serves as a key element supporting business plan formulation and operations management.

Outline of Meiji Yasuda Life's Risk Appetite

- Based on its management philosophy, the Company aims to deliver its customers unwavering peace of mind and, to this end, engages in risk-taking in the pursuit of its domestic life insurance business, asset management, affiliate businesses and other operations as long as its financial soundness is maintained at high levels.
- To maintain financial soundness that can earn an "AA" rating, the Company modifies its risk-taking practices based on the level of its ESR, striking a balance between growth potential, profitability and financial soundness. By doing so, the Company will secure stable profit while enhancing its corporate value.
- In the domestic life insurance business, the Company aims to diversify insurance underwriting risk. At the same time, the Company proactively underwrites certain types including medical and nursing care insurance.
- In asset management, the Company focuses on controlling interest rate risk, with due consideration given to the impact of interest rates on its liabilities. The Company also disperses its asset management risk while diversifying its asset management methodologies. In these ways, the Company engages in risk-taking, with the aim of securing the greatest profitability possible within its risk tolerance.
- In the affiliate business, the Company engages in risk-taking aimed at securing potential for sustainable future growth while avoiding the concentration of risk in the domestic life insurance business.

► **Capital Allocation**

Since its risk-taking approach is designed to secure both financial soundness and growth potential, Meiji Yasuda Life has set the maximum amount of risk that can be taken, with economic capital being allocated to each business category and risk type based on the maximum amount of risk specified by the Company. In general, organizations in each business category engage in risk-taking within the scope of allocated capital.

► **Risk-Return Management**

In line with its aim of securing profitability corresponding to risk, Meiji Yasuda Life employs a risk-adjusted return index, a profitability indicator that takes risk into account. The Company utilizes this indicator in the course of business planning, product development and asset management.

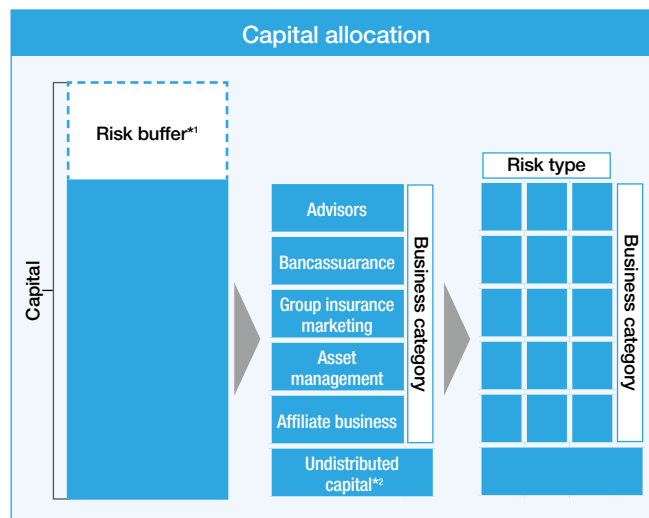
► **Own Risk and Solvency Assessment (ORSA)**

ORSA provides a comprehensive verification of an insurer’s risk-taking strategies by evaluating the sufficiency of its capital through comparisons of present and future risk and capital. To analyze internal and external conditions, Meiji Yasuda Life undertakes an ORSA whenever formulating or revising business plans, with the sufficiency of its capital being evaluated via such methods as stress tests based on foreseeable medium-term risk scenarios over three to five years.

The ERM Basis of the Medium-Term Business Plan

Meiji Yasuda Life aims to maintain financial soundness that can earn an “AA” rating and, to this end, is controlling its risk-taking approach based on the level of its ESR which is a key financial soundness indicator. More specifically, the new Medium-Term Business Plan has established an ESR target of 150 to 160% or more for the fiscal year ending March 31, 2020, taking into account international trends in capital regulations.

Moreover, the Company has formulated the Medium-Term Business Plan in alignment with its risk appetite. To maintain financial soundness, the Company is striving to meet its ESR target while engaging in risk-taking based on the capital allocated to each operation. In these ways, we endeavor to achieve management performance targets for profitability and growth, with the aim of securing sustainable growth in corporate value. (Please see page 21 for the management performance targets set forth in the Medium-Term Business Plan.)

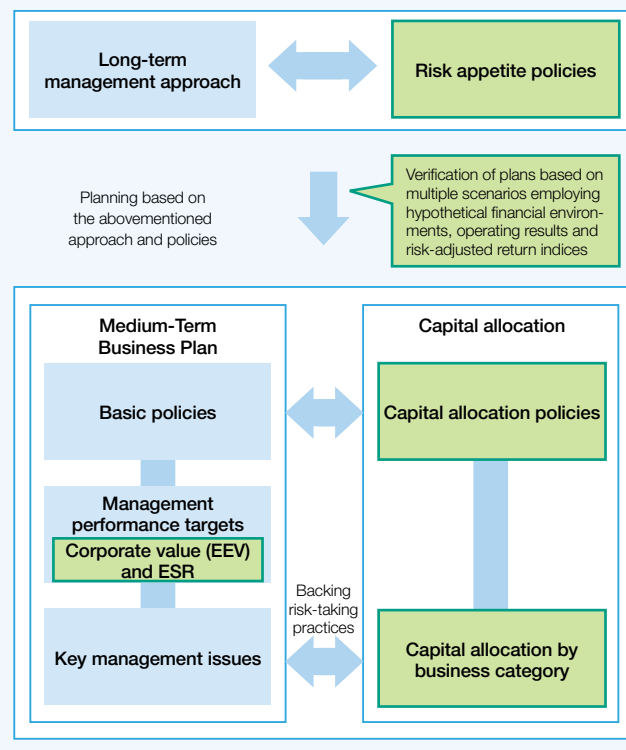


*1 Retaining adequate capital to ensure financial soundness capable of withstanding changes in external factors

**2 Capital retained by management in order to ensure financial soundness and in preparation for risk-taking through new investment, M&A and other future undertakings

The Utilization of ERM in the Medium-Term Business Plan

ERM-based elements (rectangles with green borders) incorporated in the Medium-Term Business Plan

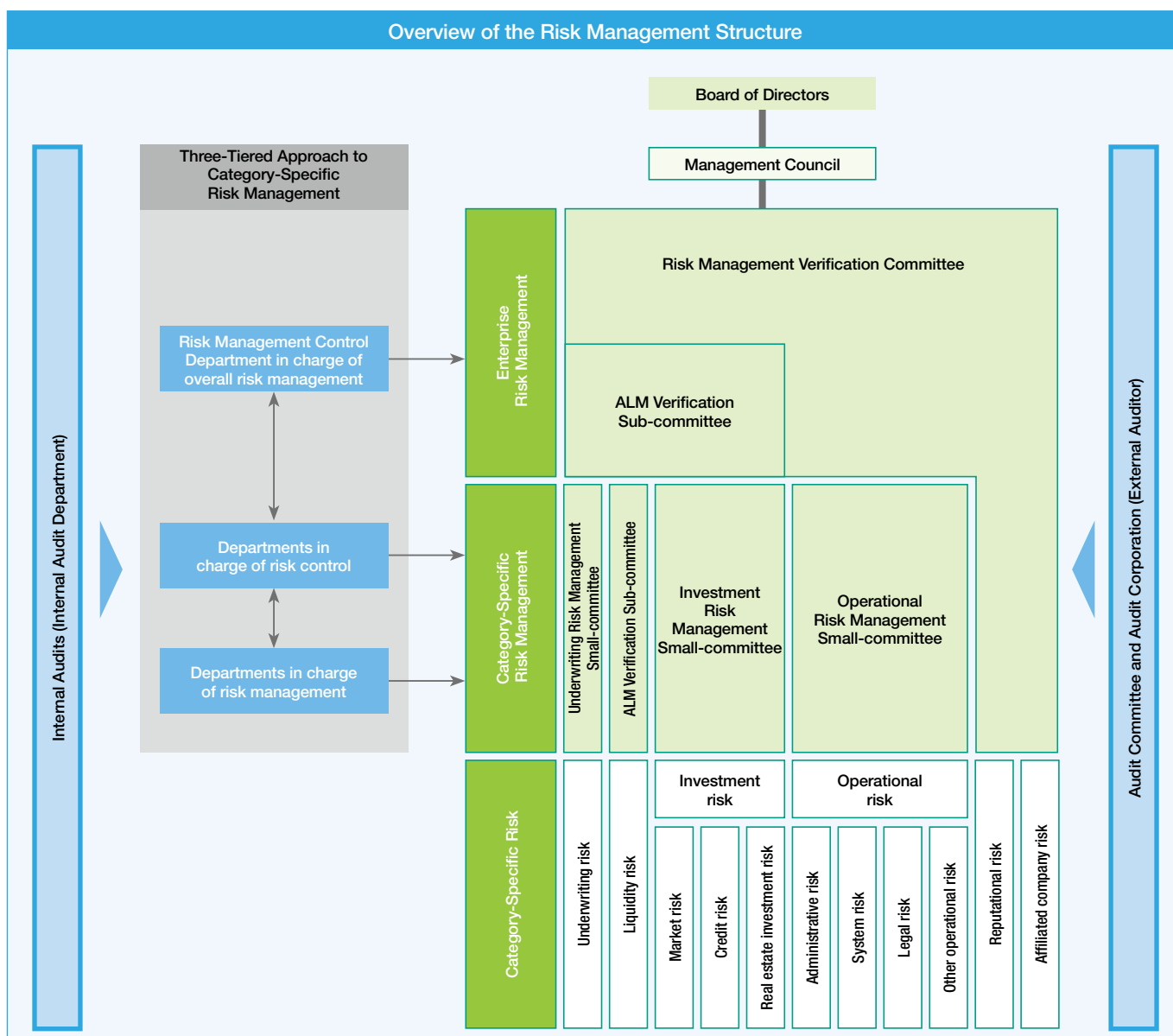


Governance and Compliance

Risk Management Structure

The department in charge of overall risk management (Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and supervises the overall status of risk management while also providing expert advice to departments in charge of risk control and departments in charge of risk management, both of which are established to handle category-specific risk. Moreover, the Risk Management Verification Committee serves as an advisory body for the Management Council and oversees sub-committees and small-committees specialized to deal with category-specific risk in their respective areas, with the aim of ensuring regular monitoring and appropriate control of all manner of risks.

To enhance the effectiveness of our risk management, the Internal Audit Department undertakes internal audits, while the Audit Committee carries out inspections and the External Auditor undertakes external audits. These audits examine the appropriateness and efficacy of risk management functions, as well as the risk management system.



Enterprise Risk Management

In addition to maintaining an integrated risk management framework to handle all category-specific risks, Meiji Yasuda Life pays close attention to the enterprise risk associated with its entire operations. More specifically, the Company performs risk management employing a PDCA cycle, in which it undertakes the quantitative and qualitative evaluation of enterprise risk, including potential risks that may significantly impact its business operations, while monitoring and controlling for such risk. The Company also employs ORSA, a process for verifying the appropriateness of its risk-taking strategies, as a core methodology to promote enterprise risk management.

Furthermore, the Company has developed an overarching framework for assessing and managing risks associated with the entire Group in step with the expansion of the scope of its overall operations, quantitatively measuring the risk related to such operations.

The status of these risk management activities is periodically reported to the Risk Management Verification Committee, the Management Council and the Board of Directors.

▶ ALM Risk Management

Risk management employing an Asset Liability Management (ALM) approach has two basic roles. It helps the Company perform asset management attuned to the probable cash flows of liabilities, based on the characteristic of insurance claims and benefits under insurance policies. Moreover, ALM can be utilized to better reflect the current asset management environment in the Company's product development and sales strategies.

Accordingly, Meiji Yasuda Life has positioned ALM as an important management method and is endeavoring to appropriately control asset-liability mismatches.

▶ Key Risk Management

Meiji Yasuda Life identifies key risks (such as a drastic plunge in stock prices, the occurrence of a major earthquake or a contagious pandemic), which can cause significant loss to the Company, taking into account the impact of these events on its business operations based on their magnitude and probabilities. In addition to closely monitoring indicators suggesting the occurrence of these events, we are implementing preemptive countermeasures as necessary and working to maintain a robust risk management process aimed at ensuring flexible response in the event a key risk materializes.

▶ Risk Tolerance and Risk Limitation Management

Based on the Company's risk appetite, we engage in risk-taking in the course of our domestic life insurance business, asset management, affiliate businesses and other operations provided our financial soundness is maintained at high levels. To this end, Meiji Yasuda Life has clarified management's views on and approach toward risk-taking, including criteria that need to be met upon assuming risk, in order to specify its risk tolerance as written rules. These rules are used to determine quantitative limits on the risk that can be taken as necessary, helping us maintain appropriate control over our risk-taking.

▶ Stress Tests

In addition to employing the Value at Risk (VaR)* method (one of several ERM methodologies that measures enterprise risk based on maximum foreseeable loss), we conduct stress tests to simulate conditions that exceed normal forecasts and cannot be assessed with VaR, such as drastic economic deterioration and major disasters including earthquakes. Through stress tests, we perform multivariate analysis on such factors as the assumed impact on assets and liabilities, as well as the level of increase in insurance payments.

Test results are utilized to verify the appropriateness of the Company's risk-taking strategies and discuss measures for strengthening the financial foundation.

* A method for measuring specific portfolio risk based on the maximum foreseeable loss that can be incurred in a certain period of time with a certain probability. Utilizing statistical analysis, VaR boasts advantages in accurately and uniformly assessing the value of risk associated with each asset type.

Category-Specific Risk Management

We categorize and manage risks based on their causative factors and characteristics. We are striving to ensure that newly emerging risk is rapidly identified by giving due consideration to the uniqueness of risk in each category. Moreover, as risks are identified, the incidents are quantitatively and qualitatively evaluated so that appropriate risk control measures can be implemented as necessary.

Governance and Compliance

Promoting Compliance

In line with its Basic Code of Compliance, Meiji Yasuda Life defines compliance as “acting with fairness and integrity, not only by complying with laws and in-house rules, but also through the exercise of common sense.” We recognize that every officer and employee of the Group must practice compliance to achieve our management philosophy aimed at delivering our customers unwavering peace of mind. With this in mind, we are implementing the following initiatives to promote compliance.

I Thoroughly Disseminating Our Philosophy on Compliance

Guided by its management philosophy, the Meiji Yasuda Life Group aims to deliver its customers unwavering peace of mind while striving to live up to the expectations of customers, local communities and employees. To that end, our “Code of Corporate Conduct (CSR Action Policies)” is in place, setting forth action principles aimed at fulfilling our corporate social responsibility. These principles also serve as basic compliance policies and standards.

The “Meiji Yasuda Sales and Service Policy” lays out our motto of enhancing after-sales service and meticulously accommodating the needs of the elderly as well as the rule of providing detailed product explanations, and other matters such as severing relationships with antisocial forces and responding appropriately to money laundering and other financial crimes. By doing so, it aims to ensure compliance throughout our business operations, including the solicitation of insurance, with the aim of maintaining the trust of customers.

Moreover, to ensure that every officer and employee practices compliance to build closer relationships with customers, “Our Pledge” sets out commitments to maintain proper bearing and a strong moral compass, as well as to act appropriately with sincerity in fulfilling work responsibilities.

To ensure that we never lose sight of the significance of compliance, every member of the Group carries a card bearing the “Code of Corporate Conduct (CSR Action Policies),” “Meiji Yasuda Sales and Service Policy,” and “Our Pledge” so that each of us will always remain faithful to our customers. In these ways, we are striving to instill deep-seated awareness toward compliance.

In addition, the “Compliance Manuals” are a set of comprehensive manuals aimed at ensuring that every employee is well-versed in the procedures and instructions necessary to maintain compliance. The manuals cover a range of laws, regulations and in-house rules that must be observed by employees in their day-to-day business conduct.

I Compliance Promotion Structure

To develop a sophisticated compliance promotion structure, we have put the Compliance Control Department in place to carry out integrated management of compliance issues throughout the Meiji Yasuda Life Group, including subsidiaries and affiliates.

Also, we established the Financial Crime Prevention Office under the Compliance Control Department, thereby building a centralized structure. This enables us to implement more robust countermeasures against the threat of antisocial forces as well as money laundering, insider trading and other financial crimes through the integration of related in-house functions.

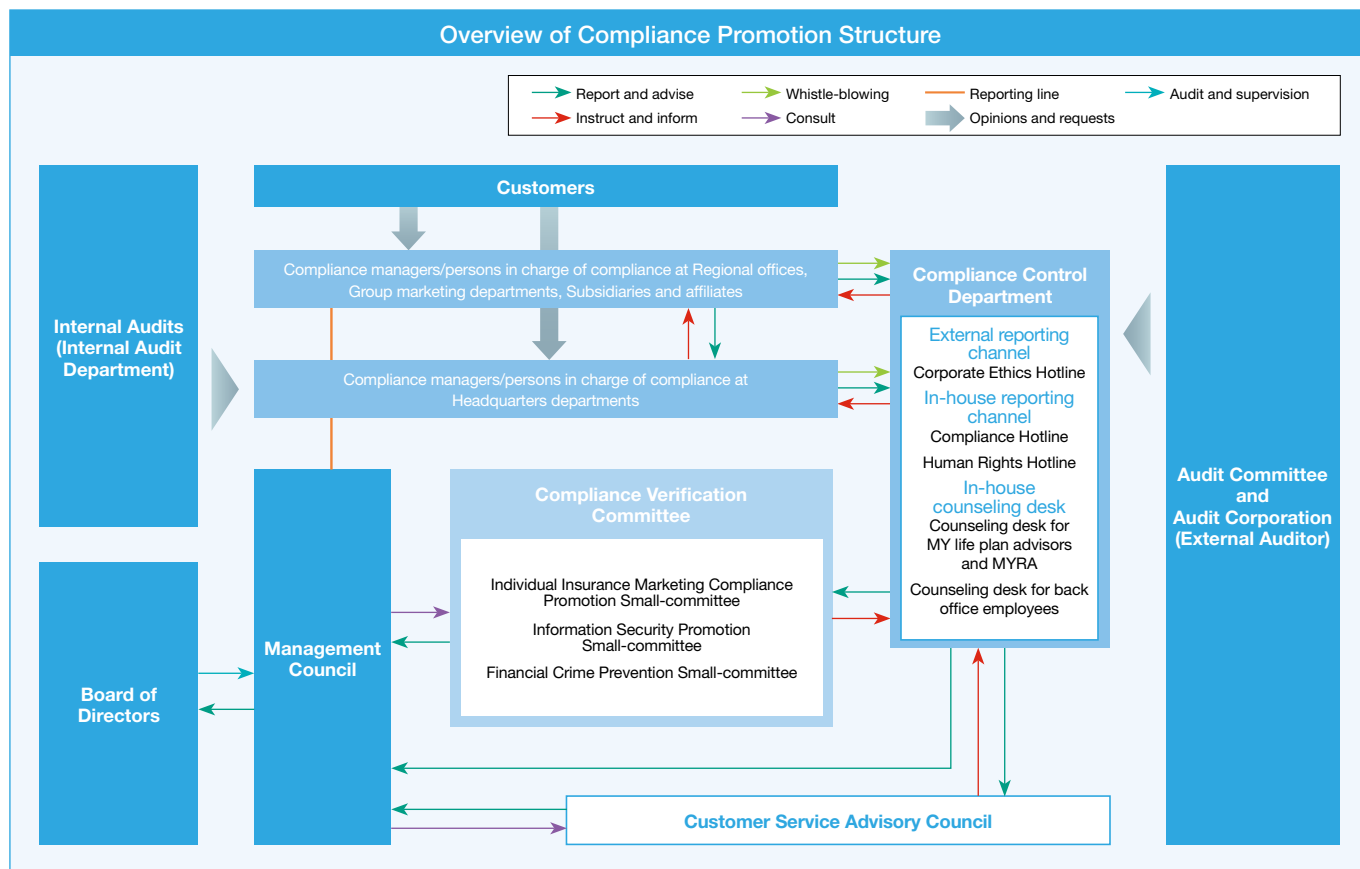
In cooperation with compliance managers and persons in charge of compliance at each business section, the Compliance Control Department also implements preemptive measures such as compliance education while dealing with compliance issues when improprieties are identified. In addition, any occurrence of impropriety is reported to the Compliance Control Department through the compliance managers and persons in charge of compliance at the departments in question. To ensure the prompt reporting of potential impropriety, we provide our people with multiple points of contact. For example, our “Corporate Ethics Hotline” provides an external reporting channel, while we maintain other in-house reporting channels that include a “Compliance Hotline” and “Human Rights Hotline.” We also maintain dedicated in-house counseling desks for MY life plan advisors, Meiji Yasuda Relationship Associates (MYRA) and back office employees.

The “Compliance Verification Committee” pursues compliance on a comprehensive basis. It plans and develops compliance systems throughout the Meiji Yasuda Life Group while providing guidance to departments charged with business execution. Moreover, the Customer Service Advisory Council is in place, with external specialists serving as some of the council members. This council deliberates such important matters as the development and improvement of compliance systems aimed at supporting customer-focused business operations, thereby serving as an advisory body on these matters.

I Initiatives to Promote Robust Compliance

Every fiscal year, we draw up a “Compliance Practice Plan” setting forth concrete action plans aimed at promoting compliance. In line with the companywide action plan, headquarters and regional offices, as well as group marketing departments, each formulate their own specific action plans to address individual issues confronting them and thereby work to ensure compliance in a proactive manner. The Compliance Verification Committee and other bodies report the status of these action plans to the Board of Directors.

Overview of Compliance Promotion Structure



Countermeasures against the Threat of Antisocial Forces and Financial Crimes

Meiji Yasuda Life places utmost value on its customers and aims to become a company that is trusted by every customer as well as society as a whole. Therefore, Meiji Yasuda Life recognizes that for the Company to fulfill its responsibility as a corporate citizen, severing ties with antisocial forces and implementing robust countermeasures against such financial crimes as money laundering and insider trading is an essential management task.

In line with this recognition, our “Code of Corporate Conduct (CSR Action Policies)” sets forth policies of severing any relationships with antisocial forces, preventing our business transactions from being exploited as a vehicle for money laundering and other financial crimes, and abstaining from conducting any unfair transactions such as insider trading. In addition, we formulated “Basic Concepts Guiding Our Business Execution,” which lays out more concrete guidelines designed to embody the spirit of the “Code of Corporate Conduct (CSR Action Policies).” Specifically, these rules oblige employees to decisively refuse unlawful requests from antisocial forces and to collaborate with related departments to handle the issues on an organizational basis. In addition, the provision of monetary and other benefits to such forces is strictly prohibited by these rules. The rules also urge employees to pay close attention to avoid engaging with members of antisocial forces in the course of the sale of insurance, the execution of investment and the procurement of goods.

Protection of Personal Information

Meiji Yasuda Life established its “Basic Policies for the Protection of Personal Information” and has disclosed these policies through such media as its corporate website.

In line with the aforementioned policies, the Company strives to develop a robust information management system, ensuring that information is protected on every stage of its lifecycle, from acquisition to disposal of information, while strictly controlling the handling of its information by subcontractors.

Governance and Compliance

Stewardship Initiatives

I Our Initiatives Related to Principles for Responsible Institutional Investors (Japan's Stewardship Code)

In line with its "Policies for Fulfilling Our Stewardship Responsibilities," announced in August 2014, Meiji Yasuda Life is maintaining ongoing and constructive dialogue with its investees from a long-term perspective, engaging in discussions with regard to their initiatives to secure sustainable growth and corporate governance systems. Maintaining such dialogue also helps us ensure the appropriate exercise of our voting rights. In addition, we are regularly verifying the appropriateness of dialogue and the exercise of voting rights.

Although our fundamental concept for stock investment has been to yield stable returns over the long term in step with growth in each investee's corporate value, we will step up our efforts to fulfill our responsibilities as an institutional investor by practicing the abovementioned policies and by encouraging our investees to maximize their corporate value through dialogue and other activities.

In addition, we regularly announce the latest status of such activities on our corporate website.



<http://www.meijiyasuda.co.jp/profile/csr/governance/>
(Japanese only)

Policies for Fulfilling Our Stewardship Responsibilities

1. Purpose

These policies aim to stipulate basic matters concerning Meiji Yasuda Life's efforts to fulfill its stewardship responsibilities while clarifying the Company's commitment to act appropriately as a responsible institutional investor.

2. Fundamental Concept

From the stance of a long-term perspective, the Company recognizes that securing investment profits while controlling risk is essential to fulfill its obligation to its customers. Therefore, the Company's fundamental concept for stock investment is to yield stable returns over the long term in step with growth in each investee's corporate value.

In doing so, Meiji Yasuda Life engages in dialogue with investees to encourage them to maximize their corporate value, thereby fulfilling its responsibilities as an institutional investor.

3. Concrete Initiatives

(1) Assessing the latest status of investees

We will continuously monitor developments at our investees and accurately assess the quantitative and qualitative aspects of their operating status, thereby maintaining ongoing dialogue and appropriately exercising our voting rights.

(2) Dialogue

We recognize that maintaining dialogue with investees and helping them maximize their corporate value is key to fulfilling our responsibilities as an institutional investor over the long term. Moreover, improved corporate value will lead to greater shareholder value, which will, in turn, be attributable to Meiji Yasuda Life as a shareholder. Therefore, from the stance of a long-term perspective, we will engage in dialogue with the Company's investees with regard to their initiatives to achieve sustainable growth and corporate governance. By doing so, we will ensure that they can share our perspective. In this process, we ask investees to make improvements when problems have been identified.

In addition, we will document dialogue with investees and preserve a record of the dialogue, thereby ensuring that discussions will remain constructive and be held on an ongoing basis.

Meiji Yasuda Life never intends to receive undisclosed important information from investees in the course of dialogue. In cases where the Company happens to receive such information from an investee, we will immediately suspend the transaction of its shares and take other necessary steps in accordance with laws, regulations and in-house rules.

(3) Exercise of voting rights

We will undertake the appropriate exercise of voting rights in accordance with the Company's in-house rules and the following concepts.

- Our basic stance on the exercise of voting rights is to respect the uniqueness of each investee's management approach and corporate governance

system. However, with regard to companies that have problems in their structures and ineffective functions in relation to initiatives to enhance the interests of shareholders or in relation to their corporate governance, we encourage the investee to enhance corporate value and the interests of shareholders from a long-term perspective by proactively engaging in dialogue and by undertaking the appropriate exercise of voting rights.

- With regard to proposals submitted to the shareholders meetings, we will carefully examine each proposal. If we determine a proposal may be problematic from the perspective of securing the investee's corporate governance functions or it may pose a negative impact on the interests of shareholders, we will make a suggestion or take action as a shareholder.
- We provide details of our stance on the exercise of voting rights in "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" (http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/vote_approach.pdf) and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" (http://www.meijiyasuda.co.jp/profile/csr/governance/pdf/separate_account.pdf)

(4) Periodic reporting

We will periodically update the implementation status of these policies on our corporate website. To see the latest information, please visit the following URL. (http://www.meijiyasuda.co.jp/english/about-us/pdf/stewardship_report.pdf)

(5) Initiatives aimed at better fulfilling our stewardship responsibilities

The "Responsible Investment Promotion Small-committee" monitors the status of dialogue with investees and the exercise of voting rights, thereby verifying the appropriateness of these activities periodically. Based on the results of this verification, we will review our "Policies for Fulfilling Our Stewardship Responsibilities," "Our Initiatives Related to the Exercise of Voting Rights for General Account Assets" and "Our Initiatives Related to the Exercise of Voting Rights for Separate Account Assets" as necessary. Through these initiatives, we will develop and enhance our structure to better fulfill our stewardship responsibilities into the future.

(6) Management of conflicts of interest

In cases where a conflict of interest emerges in the course of the implementation of our stewardship initiatives, we put the utmost value on the interest of our customers. To prevent the interest of our customers from being unjustly damaged, we appropriately manage our stewardship initiatives in line with the "Policies for Managing Conflicts of Interest," (<http://www.meijiyasuda.co.jp/reciprocity/index.html>) which are intended to prevent a conflict of interest in all aspects of the Company's business operations.

* Japanese only

IT Governance

I Developing a Solid IT Governance Structure

Striving to become a life insurance company that cares about people first, Meiji Yasuda Life proactively works to develop various business processes, including those supported by Information Technology (IT).

To constantly provide high-quality products and services tailored to customer needs, we prioritize development projects for our IT systems based on their potential contribution to management performance as well as their investment efficiency. At the same time, we manage such development projects with an eye to realizing the optimal combination of system resources while implementing thoroughgoing risk mitigation measures, thereby building a business process of superior quality.

In the fiscal year ended March 31, 2017, we invested around ¥20 billion in IT system development projects, especially those aimed at helping enhance our competitive advantages and facilitate business expansion in growth fields.

Specifically, we developed IT systems associated with the release of the “Simple Insurance Series Light! By Meiji Yasuda Life,” as well as the introduction of a single application procedure that simultaneously meets requests under different types of applications ranging from policy maintenance to claim payments. As such, we directed our IT-related resources to develop new products and enhance customer convenience.

I Business Continuity at the Time of Major Disasters and Other Emergencies

Meiji Yasuda Life has built its system infrastructure within computer centers that are located in areas with firm ground. Moreover, these facilities boast vibration-damping and earthquake-resistant structures, with backup power generation equipment installed at each center.

To fulfill our longstanding obligations set forth in insurance policies, we also develop Business Continuity Plans (BCPs) aimed at preventing the disruption of our core operations, such as the payment of insurance claims and benefits, during the time of emergencies. If a major natural disaster or similar event were to strike our main computer centers, we would launch backup systems installed in the Kansai area in accordance with our BCPs and thereby continue core operations.

I Initiatives to Protect Customer Information

As we are entrusted with the handling of personal and other important information of our customers, we continuously reinforce our measures to prevent information leakage, ensuring that tablet terminals used by sales personnel retain no customer information, switching over our PCs to “dataless” workstations, restricting the use of electronic recording media and executing the encryption of data transmitted to external entities via network and electronic recording media. Moreover, our Information Systems Department acquired ISMS* certification, striving to realize an even higher security level in its information management activities.

To counter the external threat of cyberattacks, we have established a dedicated Computer Security Incident Response Team (CSIRT) in charge of handling such incidents. Furthermore, we are remaining apprised of the latest developments by leveraging external sources that share this information. We are also updating our incident response procedures to minimize damage caused by cyberattacks while implementing periodic drills.

* A certification under the ISMS conformity assessment employing a third-party evaluation scheme based on the ISO 27001 standard

Governance and Compliance

Our Initiatives to Strengthen Corporate Governance

Meiji Yasuda Life operates as a mutual company in which policyholders* act as mutual members and, therefore, is striving to better reflect policyholders' intentions in its operations. Moreover, the Company has worked to strengthen corporate governance and enhance management transparency by, for example, selecting some policyholder representatives from voluntary candidates, shifting to the Company with Three Committees system and developing an internal control system.

Although Japan's Corporate Governance Code, enacted for domestically listed companies, does not legally apply to mutual companies, Meiji Yasuda Life recognizes that the code comprises important principles for realizing effective corporate governance. In line with the spirit of the Corporate Governance Code, Meiji Yasuda Life is voluntarily incorporating steps to ensure responsiveness to principles stipulated in the code.

Meiji Yasuda Life also established and announced its Corporate Governance Guidelines, which set forth its fundamental concepts and basic policies on this matter, with the aim of developing a more sophisticated corporate governance structure through such initiatives as facilitating proactive information disclosure and stepping up dialogue with policyholders.

The Company constantly discloses and updates the status of its corporate governance structure and its initiatives aimed at strengthening this structure through a "Corporate Governance Report" posted on its corporate website.

* Excluding those who enroll only in policies without dividends

Corporate Governance Guidelines

Guided by its management philosophy, Meiji Yasuda Life strives to deliver its customers unwavering peace of mind and, to this end, practices the following fundamental concepts in our effort to strengthen the Company's corporate governance structure.

Our Fundamental Concepts regarding Corporate Governance

We recognize that providing customers with lifelong protection is a life insurers' essential mission. More specifically, in light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that establishing a sophisticated corporate governance structure, capable of better supporting our mutual company system, is of primary importance to ensure the payment of insurance claims and benefits, as well as to help our customers enjoy peace of mind and affluent lives.

We recognize that our relationships with various stakeholders (including customers, employees and communities) are indispensable to achieving sustainable corporate growth. We therefore strive to build appropriate and robust relationships with each stakeholder.

We regularly review these guidelines to promote our initiatives to strengthen corporate governance. By doing so, we improve our corporate governance structure, maintain the soundness of our operations and secure the ability to make prompt decisions aimed at realizing sustainable growth in business operations as well as corporate value.

I. General Provision

1. A Company Placing Utmost Value on Customers Giving due consideration to the characteristics of the mutual company system, we will strive to enhance customer satisfaction by appropriately reflecting customer feedback in the Company's operations. Specifically, we collect and analyze customer requests and opinions, including those communicated as secondhand information. In these ways, we commit ourselves to being a company that places utmost value on its customers.

2. Information Disclosure and Transparency We appropriately disclose our corporate information as required by the law, and further, proactively disclose other management information that can be deemed beneficial to our customers and other stakeholders from the perspective of securing the transparency and fairness of management decisions, or that otherwise upholds the effectiveness of corporate governance.

3. Internal Controls We recognize that a sophisticated internal control system constitutes a key factor to winning the trust of our customers and other stakeholders. In line with this recognition, we established and announced the Basic Policies for the Internal Control System. Putting these policies into practice, we continuously strengthen our internal auditing systems and enhance our compliance and risk management structures.

II. Management Structure

4. Board of Policyholder Representatives Meeting We strive to ensure that the intentions of our mutual members are better reflected in management through the operation of the Board of Policyholder Representatives Meeting, which consists of policyholder representatives selected from among mutual members and serves as the highest decision-making body of the Company.

5. Selection of Voluntary Candidates for Policyholder Representatives We continuously work to diversify the selection process for policyholder representatives by, for example, choosing some representatives from the voluntary candidates.

6. Provision of Information to Policyholder Representatives We promptly provide policyholder representatives with information that may help them reach appropriate decisions at the Board of Policyholder Representatives Meeting.

7. Company with Three Committees We have adopted a Company with Three Committees system based on recognition that this system is best suited for our goal of accelerating decision making and enhancing management efficiency. Under this system, we secure a clear separation between functions for the supervision and execution of business operations, with the Nominating, Audit and Compensation committees being put in place. In principle, we delegate the execution of business operations to executive officers, except for matters to be referred to the Board of Directors in accordance with the law.

8. Composition of Outside Directors We appoint a sufficient number of outside directors to ensure they comprise the majority of directors (currently, six out of 11 directors) and ensure these directors represent diverse backgrounds. With an eye to securing the effectiveness and consistency of management supervision by outside directors, we limit their term of service to eight years in principle. In these ways, we reinforce the overall function of the Board of Directors to ensure more robust supervision of management.

9. Board of Directors To realize our management philosophy, our Board of Directors supervises management and makes decisions on basic policies for business operations while engaging in constructive discussions on concrete strategies and plans aimed at supporting appropriate business execution.

10. Role of Directors Fully aware of their obligation to loyally perform their fiduciary duties with due care and prudence, our directors strive to secure the effectiveness of the Board of Directors' function for management supervision, in addition to maintaining appropriate and robust relationships with stakeholders. To this end, they engage in thoroughgoing discussions at Board meetings and require the Company to provide necessary information, thereby fulfilling their roles and duties in an effective manner.

11. Role of Outside Directors Our outside directors bring an objective perspective and employ their diverse standpoints to supervise management in terms of the appropriateness of business execution. At the same time, they contribute their expertise and provide advice aimed at helping the Company achieve sustainable growth in business operations and in corporate value. As they have independent positions from the Company, they also work to ensure that opinions voiced by policyholders and other stakeholders are better reflected in decisions made at the Board meetings.

12. Outside Directors Council Having established the Nominating, Audit and Compensation committees in accordance with the law, we also put the Outside Directors Council in place to secure robust communication among outside directors and to facilitate the exchange of opinions between outside directors and the Chairman of the Board, President, relevant directors and executive officers with regard to important management issues.

13. Roles of Executive Officers Our executive officers work to maintain the Company's financial soundness and secure sustainable growth in business operations and corporate value within the scope of their authorities delegated by the Board of Directors with regard to business execution. They also strive to nurture human resources to lead the Company's future operations.

14. Medium-Term Business Plan As we aim to accomplish the Medium-Term Business Plan, we make sure that the progress under this plan is appropriately evaluated and reported to the Board of Directors. In cases where a target set forth in the plan has been missed, we thoroughly analyze the causes, reflect these in formulating future plans, and provide sufficient explanation to our mutual members (policyholders).

15. Training of Directors and Executive Officers Our directors and executive officers strive to realize their maximum potential, and the Company provides them with necessary opportunities to develop their competencies.

III. Relationships with Policyholders and Other Stakeholders

16. Structure to Maintain Dialogue with Mutual Members (Policyholders) We work to maintain favorable relationships and smooth communications with our mutual members (policyholders) through the Board of Policyholder Representatives Meeting, Reporting Meetings for Policyholder Representatives, the Conference of Customers and other opportunities aimed at facilitating dialogue.

17. CSR We recognize that to grow sustainably in tandem with society, it is essential to win the trust and understanding of our customers and other stakeholders. With this in mind, we established and announced our Code of Corporate Conduct (CSR Action Policies), which guides and empowers our social contribution and environmental protection activities aimed at better accommodating the needs of local society.

Governance and Compliance

Interview with an Outside Director



Meiji Yasuda Life recognizes that providing customers with life-long protection is a life insurer's essential mission. More specifically, in light of the unique characteristics of life insurance policies whose duration may extend to the ultra-long term, we believe that establishing a sophisticated corporate governance structure as a mutual company is the most important management issue.

In line with this belief, the Company has announced its Corporate Governance Guidelines, which set forth fundamental concepts and basic policies on corporate governance consistent with the spirit of Japan's Corporate Governance Code that was enacted in June 2015 for listed companies.

Under these guidelines, the Company has been endeavoring to upgrade its corporate governance systems. Prior to the formulation of the new Medium-Term Business Plan (April 2017 to March 2020), Meiji Yasuda Life utilized such venues as Outside Directors Council meetings to promote constructive discussions on its medium-term management approach and the adoption of ERM and other methodologies while helping outside directors enhance their understanding of the Company's business activities. Moreover, Meiji Yasuda Life's Board of Directors performs a self-evaluation to identify issues it needs to address and countermeasures to improve its operations while disclosing these matters to the general public.

Here, we invited Mr. Seiichi Ochiai, who has been serving as an outside director since 2012 and has served as the Chairperson of the Company's Audit Committee since 2014, to ask about his views on the Meiji Yasuda Life's initiative to enhance its corporate governance and what roles outside directors should play in this pursuit.



Director

Seiichi Ochiai

- 1981 Professor at Faculty of Law of Seikei University
- 1990 Professor at Graduate Schools for Law and Politics and Faculty of Law of the University of Tokyo
- 2007 Professor at Chuo Law School
- 2007 Registered as an attorney-at-law
- 2007 Professor emeritus at the University of Tokyo (continuing)
- 2012 Outside director of Meiji Yasuda Life Insurance Company

Question

How do you evaluate initiatives undertaken hitherto by Meiji Yasuda Life to strengthen corporate governance?

Answer

Meiji Yasuda Life has adopted the “Company-with-Committees” system—currently known as the Company with Three Committees system—which clearly separates functions for management supervision and business execution. Because of this, matters pertaining to business execution are generally delegated to executive officers, with the exception of legally mandated matters requiring decisions by the Board of Directors. While the “Company with a Board of Auditors” system allows the Board of Directors to engage in both decision making and management supervision, the Company with Three Committees system is designed to delegate a significant portion of decision making functions to executive officers, thereby enabling the Board of Directors to devote greater attention to fulfilling supervisory functions.

This type of Board of Directors is oriented toward the so-called “monitoring model,” with a primary role of exercising supervision over top management executives by evaluating and overseeing their decision making and business execution. At Meiji Yasuda Life, the Board of Directors is thus acting on behalf of the interests of all policyholders through the oversight of executive officers who are entrusted with corporate management. With this in mind, the Company’s outside directors, including myself, are striving to fulfill our important mission to support the monitoring functions of the Board of Directors.

Furthermore, Meiji Yasuda Life has Nominating, Audit and Compensation committees in place while maintaining the Outside Directors Council, which as necessary convenes meetings attended only by outside directors. This council functions very well as a body for identifying matters that require explanations from top management and allowing for the frank, unfettered exchange of opinions. I evaluate the Company’s decision to establish the Outside Directors Council highly, as this has helped enhance the effectiveness of the Board of Directors’ monitoring activities.

The realization of robust corporate governance depends on, first and foremost, top management’s strong commitment to enhancing governance systems. Otherwise, governance can be easily deprived of its effectiveness. Fortunately, Meiji Yasuda Life has top management leaders who are enthusiastic about the enhancement of corporate governance. Working hand in hand with them, we as outside directors are committed to enhancing Meiji Yasuda Life’s governance systems, with the goal of bringing greater benefits to each policyholder.

Question

What do you think of your role as Audit Committee Chairperson?

Answer

Although the Company with Three Committees system mandates that the monitoring of business execution by directors and executive officers should be performed by the Board of Directors, the Audit Committee also plays a crucial role in supporting the “monitoring model.” In fact, results of internal audits, undertaken primarily by the Audit Committee, are reflected in the monitoring activities of the Board of Directors, thus helping it ensure timely and appropriate supervision of business execution.

Meiji Yasuda Life’s Audit Committee operates under close collaboration among non-executive directors who serve as the committee members, staff at the Internal Audit Division and the accounting auditors. Maintaining smooth collaboration is essential to obtaining accurate audit findings. Accordingly, as the Committee Chairperson, I take great care to ensure strong collaboration while leading the committee to help it fulfill its role.

For the Audit Committee to fully realize its function, the committee and its members must be furnished with sufficient information with regard to matters subject to auditing. Therefore, I think the office of the Audit Committee also plays an important role. Its independence from other organizations, as well as the sufficiency of its personnel, also merit consideration. Going forward, I am determined to do my best as Committee Chairperson to help the Audit Committee realize its full potential with the support of the office of the Audit Committee and other relevant bodies.

Our Social Contribution Activities

Remaining true to the spirit of mutual assistance, which led to our founding as a mutual company, we are implementing social contribution activities aimed at better accommodating the needs of society on a local level.

In particular, we have been active in supporting the sound upbringing of children. Having named such activities the “*Kodomo-no Ashita Ouen* (Support the Future of Children) Project,” we are assisting the development of future generations in a comprehensive manner.

Our Ongoing Support of Meiji Yasuda J. League

We have been supporting J. League since the signing of a title partner contract, and the 2017 season marks the third year of the Meiji Yasuda J. League. Our regional offices across Japan have also entered sponsorship deals with J. League and other football clubs in areas where they operate. Employing partnerships with these clubs, we are engaged in nationwide initiatives to support the sound upbringing of children and the vitalization of communities by, for example, hosting football clinics for elementary school students and organizing tours for supporters to cheer live at the stadium for their favorite J. League club. Please see pages 27 and 28 for more details on these initiatives.

Initiatives Aimed at Contributing to Communities and the Sound Upbringing of Children

Community Safety Initiative

In September 2014, we launched community-based initiatives in which sales personnel check on children and elderly people living in the neighborhood in the course of their customer visit activities. Whenever they recognize something unusual, they report it to police stations or local municipal authorities, thereby preventing unexpected incidents from occurring. In this way, we are contributing to the safety of local communities.



Donations to NPOs

In the fiscal year ended March 31, 2017, the Company made donations to NPOs engaged in initiatives to address social issues, selecting eight recipients from around the country in collaboration with the Japan Philanthropic Association. The beneficiaries included organizations supporting the elderly, people with disabilities and sexual minorities.



Presenting Yellow Patches

Our longstanding traffic safety campaign of presenting Yellow Patches to new elementary school children has now been in service for more than half a century. Each Yellow Patch confers insurance protection against traffic-related injuries while helping drivers better spot the children, thereby protecting them from accidents. Since 1965, we have presented approximately 64,430,000 children with these patches.

Note: This activity is conducted in tandem with Mizuho Financial Group, Inc., Sompo Japan Nipponkoa Insurance Inc. and The Dai-ichi Life Insurance Company, Limited.



| Creative Education through Music

Fureai Concerts

Since 1984, we have been sponsoring the *Fureai Concerts* featuring Shigeki Torizuka of the famous pop group “The Wild Ones,” to give children with disabilities a chance to interact with live music. Over the past 33 years, the concerts have been held at 146 special-needs schools around Japan.



Love & Peace Charity Concert and Classes in Playing Music of the “Future”

Aiming to nurture a rich aesthetic sense by providing children with opportunities to become more familiar with music, we have since 2009 been sponsoring the “Love & Peace Charity Concert,” performed by the famous composer Shigeaki Saegusa across Japan, as well as “Classes in Playing Music of the ‘Future’” at elementary schools and junior high schools.



| Supporting Orphans with Their Pursuit of Education

Ashinaga Charity & Philanthropy Walk

In Japanese, *Ashinaga* means “Daddy-Long-Legs,” a fitting name for this activity in which Meiji Yasuda Life employees take part. This walking event and the related charitable fund raising campaign raise money to support orphans with their schooling and mental health-care. In 2016, the number of employees and their families who participated in this activity totaled approximately 38,000.



| Community Contributions Undertaken Overseas

The Standard’s Employee Giving Campaign

StanCorp Financial Group, Inc., a wholly-owned U.S. subsidiary, provides support in the areas of health disabilities, education and cultural development through the annual Employee Giving Campaign. This campaign encourages employees to get actively involved in contributing to their communities by offering a dollar-for-dollar match of their donations by the company. Meiji Yasuda is supporting this campaign and last year’s campaign benefited more than 1,500 schools and nonprofit organizations across the United States.

StanCorp Financial Group is also engaged in other community contribution through employees’ volunteering and The Standard Charitable Foundation.



Our Social Contribution Activities

Initiatives Undertaken by Our Foundations

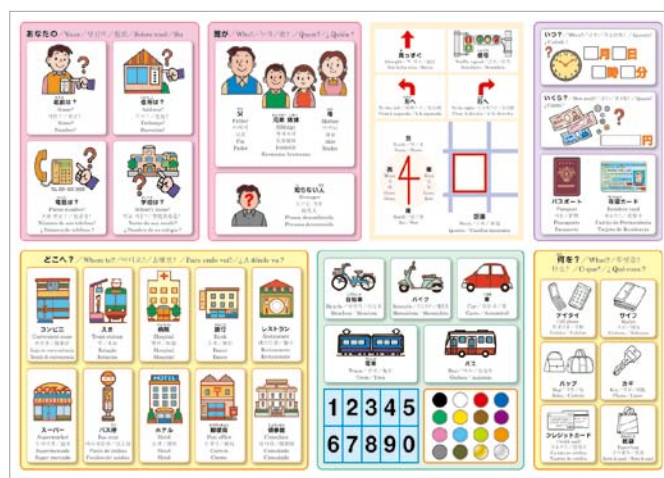
Meiji Yasuda Life Foundation of Health and Welfare

Established in June 1962 and certified as a public interest incorporated foundation in 2012, this foundation undertakes a range of surveys and research on health promotion while working to disseminate its know-how on raising the general public's health awareness. Moreover, the foundation provides subsidies to young researchers, with the aim of contributing to society as a whole.

Note: In December 2016, this foundation spun off part of its operations related to health research (including the Shinjuku Health Checkup Center) to the Meiji Yasuda Health Development Foundation, which started its operation in April 2017.

Meiji Yasuda Mental Health Foundation

Established in March 1965 and certified as a public interest incorporated foundation in 2012, this foundation's calling remains centered on supporting the sound upbringing of children. To assist parents raising children with autism and other developmental disorders, the foundation provides expert counseling and other services. It also provides similar counseling services directly to the children facing the challenges. Moreover, the foundation sponsors training programs to nurture specialists in mental healthcare and child psychology while also providing researchers in this field with subsidies. In addition, with the initial aim of overcoming barriers attributable to language disorders, the foundation has promoted the use of communication assistance boards, which have, in turn, become a popular support tool for a broadening range of people, including those with disabilities, foreigners and the elderly.



Communication assistance board used by police officers

The Meiji Yasuda Cultural Foundation

Established in June 1991 and certified as a public interest incorporated foundation in 2012, this foundation aims to preserve regional cultural heritage, especially performing arts conveying folklore and handcrafting techniques. To this end, it focuses on providing subsidy systems to foster young artisan apprentices who will take over and preserve this rich heritage. The foundation also provides subsidies to young classical musicians who have ambitions to study abroad to become world-renowned performers. In these ways, the foundation contributes to the betterment of people's quality of life and Japan's cultural development.

Meiji Yasuda Institute of Life and Wellness, Inc.

Founded in July 1991, the institute is engaged in survey, research, training and consulting services aimed at promoting wellness in an aging society. Specifically, it addresses problems confronting the elderly, including nursing care, as well as such matters as healthcare, medical treatment and social welfare issues, such as child raising, in addition to life planning, pension plans, consumer awareness and employee benefit plans.

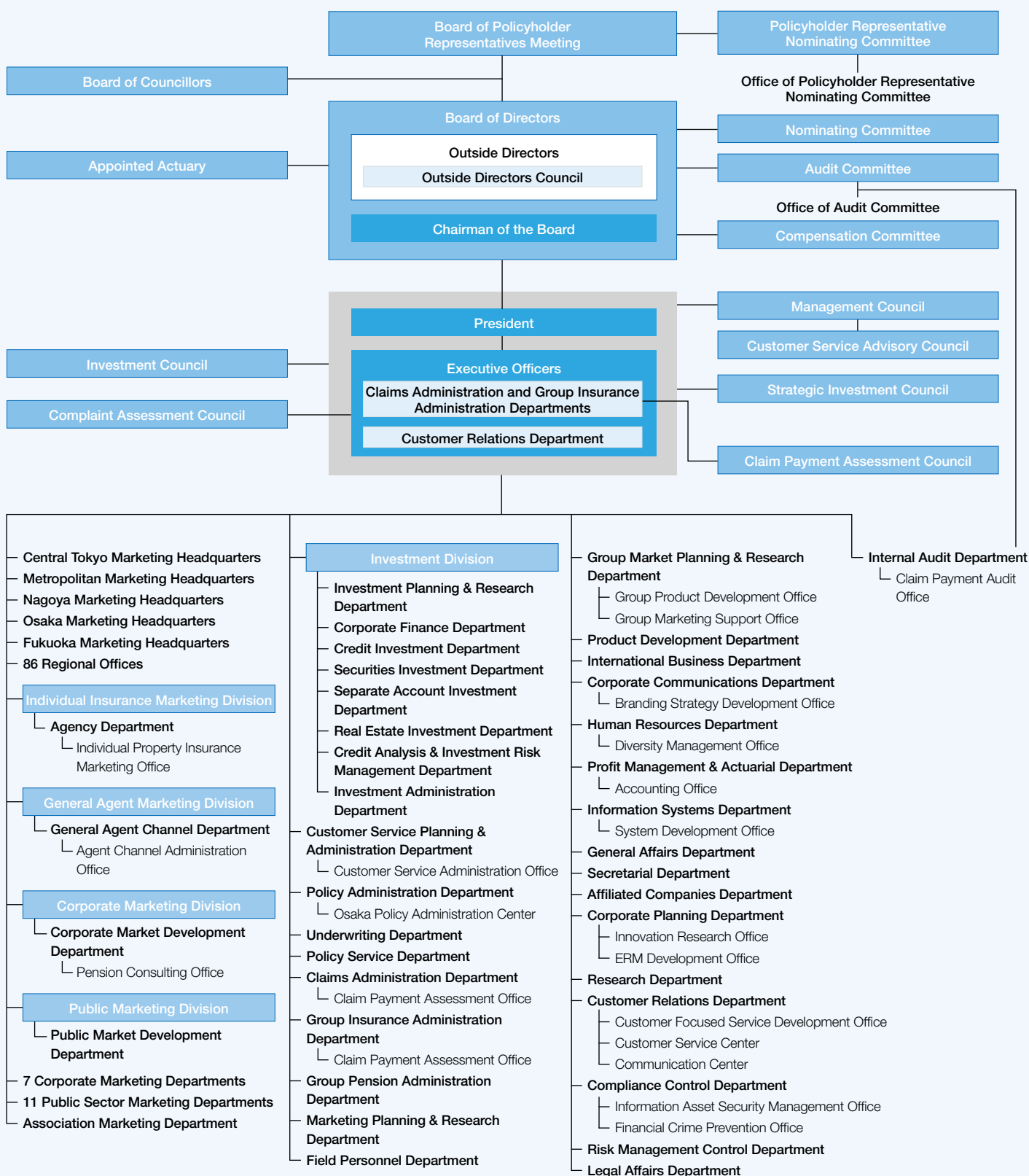
Company Information

Contents

Company Organization	72
Sources of Foundation Funds / Status of Employees	73
Directors, Executive Officers and Operating Officers	74
Domestic Subsidiaries, Affiliates and Others	76
Overseas Subsidiaries, Affiliates and Others	78

Company Organization

(As of July 4, 2017)



Sources of Foundation Funds / Status of Employees

Contributors

(As of March 31, 2017)

Contributors	Size of Contribution	
	Amounts Contributed (millions of yen)	Proportion (%)
Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd.	100,000	32.26
Meiji Yasuda Life 2016 Fund Special Purpose Company, Ltd.	100,000	32.26
Meiji Yasuda Life 2014 Fund Special Purpose Company, Ltd.	60,000	19.35
Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd.	50,000	16.13

Note: Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd., Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd., Meiji Yasuda Life 2014 Fund Special Purpose Company, Ltd. and Meiji Yasuda Life 2016 Fund Special Purpose Company, Ltd. have issued special corporate bonds, backed by claims on the funds. Proceeds from bond issuance are used to purchase claims on the funds. The Company has not made investments in any of these special purpose companies.

Status of Employees

As of and years ended March 31,	Total Employees		New Recruits		2017	
	2016	2017	2016	2017	Average age	Average length of service
Permanent staff	10,514	10,451	251	290	43 years, 10 months	16 years, 0 month
Male	4,466	4,439	130	131	43 years, 10 months	20 years, 2 months
Female	6,048	6,012	121	159	43 years, 11 months	12 years, 10 months
Sales personnel	30,531	31,421	5,464	5,327	46 years, 6 months	10 years, 8 months
Male	8	7	—	—	72 years, 1 month	42 years, 5 months
Female	30,523	31,414	5,464	5,327	46 years, 6 months	10 years, 8 months

Notes: 1. The scope of the total employees (permanent staff) excludes those seconded to external companies, those taking long-term leave and those dedicated to service for labor unions.

2. New recruits (permanent staff) indicates the number of new employees who joined the Company immediately after graduation.

3. The average length of service for sales personnel includes time spent as sales personnel under consignment contracts with the Company upon reaching age 60 or thereafter.

Reference: Status of Employees (Consolidated Basis)

As of March 31,	Total Employees	
	2016	2017
Permanent staff	15,039	15,220
Sales personnel	30,531	31,421

Directors, Executive Officers and Operating Officers

(As of July 4, 2017)

Directors



Chairman of the Board
Nobuya Suzuki*



Director, President
Akio Negishi*



Director, Deputy President
Toshihiko Yamashita



Director, Deputy President
Masahiro Ifuku



Director
Kenji Kojo



Director
Shigehiko Hattori**
Senior Advisor,
Shimadzu Corporation



Director
Seiichi Ochiai**
Professor Emeritus,
the University of Tokyo



Director
Teruo Kise**
Special Advisor, TOTO LTD.



Director
Miyako Suda**
Special Advisor,
The Canon Institute for Global Studies



Director
Keiko Kitamura**
Professor Emeritus,
Chuo University



Director
Masaki Akita**
Representative Director, President and
Executive Operating Officer, Matsuya Co., Ltd.

* Representative Executive Officer
** Outside Director

Executive Officers

Senior Managing Executive Officers

Akio Sakai	Chief Executive, Public Marketing
Tadashi Onishi	
Masao Aratani	
Shinya Makino	
Tetsuo Maejima	Chief Executive, Corporate Marketing

Managing Executive Officers

Masahiko Sagara	Chief Executive, General Agent Marketing
Takashi Kikugawa	
Yasuyuki Ayai	Chief Executive, Individual Insurance Marketing
Teruki Umezaki	
Kazunori Yamauchi	
Hideki Nagashima	
Shinji Nakatani	

Executive Officer

Tsuyoshi Mizuno	
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Operating Officers

Managing Operating Officers

Takashi Tsunematsu	Chief General Manager, Central Tokyo Marketing Headquarters
Kazuhiko Umakoshi	Chief General Manager, Metropolitan Marketing Headquarters

Operating Officers

Michihiko Hayashi	Chief General Manager, Osaka Marketing Headquarters
Yoshiro Shimizu	Chief General Manager, Fukuoka Marketing Headquarters
Hideki Yamaguchi	Chief General Manager, Nagoya Marketing Headquarters
Shiro Kishimoto	General Manager, Compliance Control Department
Koichi Nagao	General Manager, Group Market Planning & Research Department
Atsushi Nakamura	General Manager, Corporate Planning Department
Masanao Kawamura	General Manager, Corporate Market Development Department
Masahiro Koyama	General Manager, Agency Department
Toshiyuki Sumiyoshi	General Manager, Human Resources Department
Yasushi Ueda	General Manager, Profit Management & Actuarial Department

Domestic Subsidiaries, Affiliates and Others

(As of March 31, 2017)

Consolidated Subsidiaries

Company name	Main business site	Capital (millions of yen)	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Meiji Yasuda General Insurance Co., Ltd.	Chiyoda-ku, Tokyo	52,000	August 8, 1996	Nonlife insurance (property and casualty)	100.0	0.0	<ul style="list-style-type: none"> Two of whose directors/officers concurrently serves as the Company's officers The Company serves as a nonlife insurance agency for this subsidiary A tenant of a building owned by the Company
Meiji Yasuda Asset Management Company Ltd.	Minato-ku, Tokyo	1,000	November 15, 1986	Investment advisory and agency business, investment management business and "Type II Financial Instruments Business"	92.9	0.0	<ul style="list-style-type: none"> One of whose directors/officers concurrently serves as the Company's officer Commissioned by the Company to provide investment advisory services
Meiji Yasuda System Technology Company Limited	Koto-ku, Tokyo	100	April 1, 1982	Development, operation and management of systems; consulting service; payment collection; services related to nursing care and disease prevention	20.5	40.1	<ul style="list-style-type: none"> One of whose directors/officers concurrently serves as the Company's officer Commissioned by the Company to provide such services as system development A tenant of a building owned by the Company

Others

Company name	Main business site	Capital or Investment (millions of yen)	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)
Meiji Yasuda Insurance Service Company, Limited	Shinjuku-ku, Tokyo	30	April 5, 1984	Insurance agency	100.0	0.0
Meiji Capital 9th Investment Partnership	Chiyoda-ku, Tokyo	211 (Investment)	May 22, 2008	Investment in unlisted companies and management of invested capital	—	—
RP Alpha Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	15,210	August 7, 2001	Real estate and related investment	—	—
Meiji Yasuda Real Estate Management Company Limited	Shinagawa-ku, Tokyo	10	April 30, 1963	Building management	100.0	0.0
Meiji Yasuda Life Planning Center Company, Limited	Toshima-ku, Tokyo	10	November 10, 1978	Insurance-related clerical work; insurance agency; survey and research regarding life planning; consulting service	100.0	0.0
MYJ Co., Ltd.	Koto-ku, Tokyo	100	April 1, 1987	Accounting and record keeping related to policyholder services; life insurance contract confirmation; printing, book binding, packaging and distribution; insurance agency; clerical work related to employee benefit programs	100.0	0.0
Diamond Athletics, Ltd.	Minato-ku, Tokyo	50	July 1, 1983	Operation of athletic clubs	35.0	0.0
Meiji Yasuda Institute of Life and Wellness, Inc.	Chiyoda-ku, Tokyo	25	July 1, 1991	Survey, research and consulting regarding pension plans, healthcare, medical care, nursing care and life planning aimed at promoting wellness in an aging society	17.0	74.0
Sunvenus Tachikawa Company Limited	Tachikawa City, Tokyo	490	December 1, 1987	Operation of private nursing home	100.0	0.0
MST Insurance Service Co., Ltd.	Shinjuku-ku, Tokyo	1,010	October 1, 2003	Insurance agency	16.1	0.0
Yasuda Enterprise Development Co., Ltd.	Chiyoda-ku, Tokyo	100	December 17, 1996	Venture capital	50.0	0.0
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	480	December 25, 1998	Research and evaluation of investment trusts; investment advisory and agency business	25.0	0.0
THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP	Chiyoda-ku, Tokyo	1,087 (Investment)	January 31, 2008	Investment in unlisted companies and management of invested capital	—	—
KSP COMMUNITY, Inc.	Kawasaki City, Kanagawa	20	October 25, 1988	Management of Kanagawa Science Park Building	10.0	8.5
Japan Pension Service Co., Ltd.	Osaka City, Osaka	2,000	April 1, 1988	Clerical work and system development related to corporate pensions	39.7	0.0

Note: The investment amounts in Meiji Capital 9th Investment Partnership and THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP represent figures as of December 31, 2016.

Reference: Foundations Established by the Company

Foundation name	Main business site	Capital endowment (millions of yen)	Establishment	Principal function
Meiji Yasuda Life Foundation of Health and Welfare	Shinjuku-ku, Tokyo	250	June 6, 1962	Surveys and research pertaining to health promotion, development and provision of services aimed at supporting health maintenance, and assistance to younger researchers
Meiji Yasuda Mental Health Foundation	Toshima-ku, Tokyo	460	March 26, 1965	Assistance with research aimed at addressing issues regarding social welfare; operation of consulting center; provision of training programs
The Meiji Yasuda Cultural Foundation	Shinjuku-ku, Tokyo	1,520	June 10, 1991	Fostering artists and other human resources in the field of music; the maintenance of cultural traditions, including nurturing successors, to ensure the preservation of these traditions
Meiji Yasuda Health Development Foundation	Shinjuku-ku, Tokyo	3	December 1, 2016	Provision of health checkups, surveys and research into public hygiene and assistance with research pertaining to health promotion

Overseas Subsidiaries, Affiliates and Others

(As of March 31, 2017)

Consolidated Subsidiaries

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Pacific Guardian Life Insurance Company, Limited	Honolulu, Hawaii, U.S.A.	USD 6.35 million	August 3, 1961	Life and health insurance	100.0	0.0	One of whose directors/officers concurrently serves as the Company's officer
StanCorp Financial Group, Inc.	Portland, Oregon, U.S.A.	USD 4,950 million	September 23, 1998	Life insurance and insurance related-businesses	100.0	0.0	One of whose directors/officers concurrently serves as the Company's officer
Meiji Yasuda Realty USA Incorporated	Wilmington, Delaware, U.S.A.	USD 42.66 million	August 3, 1998	Real estate investing business in U.S.A.	100.0	0.0	—

Equity-Method Affiliates

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)	Relationships with Meiji Yasuda Life
Founder Meiji Yasuda Life Insurance Co., Ltd.	Shanghai, China	CNY 1,930 million	November 28, 2002	Life insurance	29.2	0.0	Two of whose directors/officers concurrently serves as the Company's officers
PT AVRIST Assurance	Jakarta, Indonesia	IDR 4.5 billion	May 19, 1975	Life insurance	29.9	0.0	—
Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna (TU Europa S.A.)	Wroclaw, Poland	PLN 37.8 million	November 28, 1994	Nonlife insurance	33.5	0.0	—
Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna (TUIR Warta S.A.)	Warsaw, Poland	PLN 187.938 million	September 3, 1920	Nonlife insurance	24.3	0.0	—
Thai Life Insurance Public Company Limited	Bangkok, Thailand	THB 10.6 billion	January 22, 1942	Life insurance	15.0	0.0	One of whose directors/officers concurrently serves as the Company's officer

Others

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)	Proportion of voting rights held by Meiji Yasuda Life's subsidiaries (%)
Meiji Yasuda America Incorporated	New York, New York, U.S.A.	USD 7 million	October 15, 1986	Customer development assistance in financing business, and financial and economic research	100.0	0.0
Meiji Yasuda Europe Limited	London, UK	GBP 4 million	August 10, 1987	Financial and economic research, and customer development assistance in financing business	100.0	0.0
Meiji Yasuda Asia Limited	Hong Kong, China	USD 3 million	December 17, 2001	Brokerage of insurance products, investment advisory, investment management, financial and economic research, customer development assistance in financing business	100.0	0.0

Notes: 1. Equity stakes were acquired in Pacific Guardian Life Insurance Company, Limited (March 1976), StanCorp Financial Group, Inc. (March 2016), Founder Meiji Yasuda Life Insurance Co., Ltd. (December 2010), PT AVRIST Assurance (November 2010), Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna (June 2012), Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna (July 2012) and Thai Life Insurance Public Company Limited (November 2013).

2. The status of the subsidiaries of Meiji Yasuda Life's overseas subsidiaries and affiliates follows:

- StanCorp Financial Group, Inc.: Ten subsidiaries (nine of which are Meiji Yasuda Life's subsidiaries, with another being Meiji Yasuda Life's affiliate)
- Meiji Yasuda Realty USA Incorporated: Two subsidiaries (Meiji Yasuda Life's subsidiaries)
- PT AVRIST Assurance: Two subsidiaries (Meiji Yasuda Life's affiliates)
- Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna: Three subsidiaries (Meiji Yasuda Life's affiliates)
- Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna: One subsidiary (Meiji Yasuda Life's affiliate)
- Thai Life Insurance Public Company Limited: One subsidiary (Meiji Yasuda Life's affiliate; under liquidation proceedings as of March 31, 2017)

Financial Section

Contents

Consolidated Basis

Balance Sheets	80
Statements of Income	81
Statements of Comprehensive Income	82
Statements of Changes in Net Assets	83
Statements of Cash Flows	85
Notes to the Financial Statements	86
Independent Auditor's Report	105

Non-consolidated Basis

Balance Sheets	106
Statements of Income	108
Statements of Changes in Net Assets	110
Proposed Appropriation of Surplus	111
Notes to the Financial Statements	112
Independent Auditor's Report	127
Supplementary Financial Information	128

Consolidated Balance Sheets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	¥ 505,583	¥ 481,381	\$ 4,506
Call loans (Note 3)	90,000	90,000	802
Monetary claims bought (Note 4)	220,118	223,659	1,962
Money held in trust (Note 4)	200	—	1
Securities (Notes 4, 5, 6, 7, and 8)	32,046,079	30,624,492	285,641
Loans (Notes 4, 7, 9, and 10)	5,422,653	5,634,123	48,334
Tangible fixed assets (Notes 11, 12, and 13)			
Land	617,501	617,463	5,504
Buildings	295,568	306,647	2,634
Leased assets	612	87	5
Construction in progress	3,239	1,667	28
Other tangible fixed assets	6,253	4,728	55
Subtotal	923,175	930,595	8,228
Intangible fixed assets			
Software	59,942	50,821	534
Goodwill (Note 26)	155,799	158,679	1,388
Other intangible fixed assets	301,615	317,643	2,688
Subtotal	517,358	527,144	4,611
Due from agents	1,592	1,831	14
Reinsurance receivables	120,163	115,877	1,071
Other assets	455,560	480,002	4,060
Net defined benefit assets (Note 14)	92,747	37,298	826
Deferred tax assets (Note 15)	2,498	2,485	22
Customers' liabilities under acceptances and guarantees	20,888	20,854	186
Allowance for possible loan losses	(5,848)	(5,457)	(52)
Total assets	¥40,412,770	¥39,164,289	\$360,217
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 732,370	¥ 707,333	\$ 6,527
Policy reserves	33,332,707	32,842,168	297,109
Policyholders' dividend reserves (Note 16)	236,959	240,902	2,112
Subtotal	34,302,037	33,790,403	305,749
Due to agents	2,990	2,835	26
Reinsurance payables	815	832	7
Bonds payable	409,753	293,445	3,652
Other liabilities	531,235	478,051	4,735
Net defined benefit liabilities (Note 14)	8,769	12,447	78
Accrued retirement benefits for directors and executive officers (Note 19)	—	82	—
Reserve for contingent liabilities (Note 20)	1	1	0
Reserve for price fluctuation	578,227	522,116	5,153
Deferred tax liabilities (Note 15)	433,794	329,406	3,866
Deferred tax liabilities for land revaluation	79,910	82,137	712
Acceptances and guarantees	20,888	20,854	186
Total liabilities	36,368,425	35,532,618	324,168
NET ASSETS:			
Foundation funds (Note 21)	310,000	260,000	2,763
Reserve for redemption of foundation funds (Note 21)	520,000	470,000	4,634
Reserve for revaluation	452	452	4
Surplus	514,726	506,083	4,587
Total funds, reserve and surplus	1,345,179	1,236,536	11,990
Net unrealized gains on available-for-sale securities	2,542,572	2,291,022	22,663
Deferred unrealized gains on derivatives under hedge accounting	39,643	38,659	353
Land revaluation differences	117,025	119,894	1,043
Foreign currency translation adjustments	(19,750)	(26,190)	(176)
Remeasurements of defined benefit plans	15,701	(32,200)	139
Total accumulated other comprehensive income	2,695,192	2,391,186	24,023
Non-controlling interests	3,974	3,947	35
Total net assets	4,044,345	3,631,671	36,049
Total liabilities and net assets	¥40,412,770	¥39,164,289	\$360,217

Consolidated Statements of Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
ORDINARY INCOME:			
Insurance premiums and other	¥2,866,387	¥3,381,621	\$25,549
Investment income			
Interest, dividends and other income	772,142	690,493	6,882
Gains on money held in trust	—	0	—
Gains on sales of securities	23,968	8,505	213
Gains on redemption of securities	57,323	88,701	510
Foreign exchange gains	—	154	—
Other investment income	2,175	892	19
Investment gains on separate accounts	15,807	—	140
Subtotal	871,417	788,747	7,767
Other ordinary income	137,663	106,171	1,227
Total ordinary income	3,875,469	4,276,540	34,543
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	635,367	569,516	5,663
Annuity payments	697,062	696,036	6,213
Benefit payments	501,942	412,172	4,474
Surrender benefits	454,118	455,478	4,047
Other refunds	94,717	178,963	844
Subtotal	2,383,208	2,312,168	21,242
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	7,151	1,866	63
Provision for policy reserves	324,535	898,470	2,892
Provision for interest on policyholders' dividend reserves (Note 16)	135	251	1
Subtotal	331,822	900,587	2,957
Investment expenses			
Interest expenses	29,114	6,288	259
Losses on sales of securities	32,216	1,967	287
Losses on valuation of securities	12,137	12,791	108
Losses on redemption of securities	4,433	37	39
Losses on derivative financial instruments	88,918	107,329	792
Foreign exchange losses	399	—	3
Provision for allowance for possible loan losses	1,801	664	16
Depreciation of real estate for non-insurance business	9,513	9,732	84
Other investment expenses	18,534	14,320	165
Investment losses on separate accounts	—	28,956	—
Subtotal	197,070	182,088	1,756
Operating expenses (Note 23)	439,743	372,229	3,919
Other ordinary expenses	208,741	210,360	1,860
Total ordinary expenses	3,560,586	3,977,433	31,737
Ordinary profit	314,883	299,107	2,806
Extraordinary gains			
Gains on disposals of fixed assets	2,045	2,614	18
Reversal of reserve for contingent liabilities	0	0	0
Subtotal	2,045	2,615	18
Extraordinary losses			
Losses on disposals of fixed assets	4,317	6,589	38
Impairment losses (Note 13)	3,152	3,807	28
Provision for reserve for price fluctuation	56,121	29,209	500
Losses on reduction entry of real estate	333	—	2
Contributions for promotion of social welfare project	582	553	5
Other extraordinary losses	1	—	0
Subtotal	64,510	40,160	575
Surplus before income taxes and non-controlling interests	252,418	261,561	2,249
Income taxes (Note 15)			
Current	38,003	54,641	338
Deferred	(10,193)	(7,706)	(90)
Total income taxes	27,809	46,934	247
Net surplus	224,608	214,627	2,002
Net surplus attributable to non-controlling interests	878	528	7
Net surplus attributable to the Parent Company	¥ 223,730	¥ 214,099	\$ 1,994

Consolidated Statements of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of
	2017	2016	2017
Net surplus	¥224,608	¥ 214,627	\$2,002
Other comprehensive income (loss) (Note 25)	306,994	(580,454)	2,736
Net unrealized gains (losses) on available-for-sale securities	250,844	(546,805)	2,235
Deferred unrealized gains (losses) on derivatives under hedge accounting	983	23,203	8
Land revaluation differences	—	2,506	—
Foreign currency translation adjustments	11,887	(36,574)	105
Remeasurements of defined benefit plans	47,977	(9,501)	427
Share of other comprehensive income (loss) of associates accounted for under the equity method	(4,699)	(13,283)	(41)
Comprehensive income (loss)	¥531,602	¥(365,827)	\$4,738
Comprehensive income (loss) attributable to the Parent Company	530,605	(366,188)	4,729
Comprehensive income (loss) attributable to non-controlling interests	997	361	8

Consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2016

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							Total net assets
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Beginning balance	¥260,000	¥470,000	¥452	¥472,533	¥1,202,986	¥2,838,597	¥15,456	¥118,988	¥22,894	¥(22,862)	¥2,973,074	¥4,274	¥4,180,335
Changes in the fiscal year													
Additions to policyholders' dividend reserves (Note 16)				(180,044)	(180,044)								(180,044)
Payment of interest on foundation funds				(2,101)	(2,101)								(2,101)
Net surplus attributable to the Parent Company				214,099	214,099								214,099
Reversal of land revaluation differences				1,599	1,599								1,599
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(2)	(2)								(2)
Net changes, excluding funds, reserves and surplus						(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(582,214)
Net changes in the fiscal year	—	—	—	33,550	33,550	(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(548,664)
Ending balance	¥260,000	¥470,000	¥452	¥506,083	¥1,236,536	¥2,291,022	¥38,659	¥119,894	¥(26,190)	¥(32,200)	¥2,391,186	¥3,947	¥3,631,671

Year ended March 31, 2017

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							Total net assets
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Beginning balance	¥260,000	¥470,000	¥452	¥506,083	¥1,236,536	¥2,291,022	¥38,659	¥119,894	¥(26,190)	¥(32,200)	¥2,391,186	¥3,947	¥3,631,671
Changes in the fiscal year													
Issuance of foundation funds	100,000				100,000								100,000
Additions to policyholders' dividend reserves (Note 16)				(165,707)	(165,707)								(165,707)
Additions to reserve for redemption of foundation funds		50,000			50,000								50,000
Payment of interest on foundation funds				(2,101)	(2,101)								(2,101)
Net surplus attributable to the Parent Company				223,730	223,730								223,730
Redemption of foundation funds	(50,000)				(50,000)								(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)								(50,000)
Reversal of land revaluation differences				2,868	2,868								2,868
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(147)	(147)								(147)
Net changes, excluding funds, reserves and surplus						251,549	983	(2,868)	6,439	47,901	304,005	26	304,032
Net changes in the fiscal year	50,000	50,000	—	8,642	108,642	251,549	983	(2,868)	6,439	47,901	304,005	26	412,674
Ending balance	¥310,000	¥520,000	¥452	¥514,726	¥1,345,179	¥2,542,572	¥39,643	¥117,025	¥(19,750)	¥15,701	¥2,695,192	¥3,974	¥4,044,345

Consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2017

(Millions of U.S. Dollars)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	\$2,317	\$4,189	\$4	\$4,510	\$11,021	\$20,420	\$344	\$1,068	\$(233)	\$(287)	\$21,313	\$35	\$32,370
Changes in the fiscal year													
Issuance of foundation funds	891				891								891
Additions to policyholders' dividend reserves (Note 16)				(1,477)	(1,477)								(1,477)
Additions to reserve for redemption of foundation funds		445			445								445
Payment of interest on foundation funds				(18)	(18)								(18)
Net surplus attributable to the Parent Company				1,994	1,994								1,994
Redemption of foundation funds	(445)				(445)								(445)
Reversal of reserve for fund redemption				(445)	(445)								(445)
Reversal of land revaluation differences				25	25								25
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(1)	(1)								(1)
Net changes, excluding funds, reserves and surplus						2,242	8	(25)	57	426	2,709	0	2,709
Net changes in the fiscal year	445	445	—	77	968	2,242	8	(25)	57	426	2,709	0	3,678
Ending balance	\$2,763	\$4,634	\$4	\$4,587	\$11,990	\$22,663	\$353	\$1,043	\$(176)	\$ 139	\$24,023	\$35	\$36,049

Consolidated Statements of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 252,418	¥ 261,561	\$ 2,249
Depreciation of real estate for non-insurance business	9,513	9,732	84
Depreciation	44,440	21,647	396
Impairment losses	3,152	3,807	28
Amortization of goodwill	6,773	—	60
Increase (Decrease) in reserve for outstanding claims	10,563	1,944	94
Increase (Decrease) in policy reserves	420,352	898,283	3,746
Provision for interest on policyholders' dividend reserves	135	251	1
Increase (Decrease) in allowance for possible loan losses	391	423	3
Increase (Decrease) in net defined benefit liabilities	(2,248)	67	(20)
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(82)	(9)	(0)
Increase (Decrease) in reserve for contingent liabilities	(0)	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	56,121	29,209	500
Interest, dividends, and other income	(772,142)	(690,493)	(6,882)
Losses (Gains) on securities	1,739	168,606	15
Interest expenses	29,114	6,288	259
Foreign exchange losses (gains)	314	29	2
Losses (Gains) on tangible fixed assets	2,407	3,523	21
Investment losses (gains) on equity method	(664)	(1,920)	(5)
Decrease (Increase) in due from agents	244	49	2
Decrease (Increase) in reinsurance receivables	(1,464)	(173)	(13)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	53,346	(89,689)	475
Increase (Decrease) in due to agents	86	8	0
Increase (Decrease) in reinsurance payables	(16)	28	(0)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	41,165	(53,926)	366
Others, net	10,822	24,571	96
Subtotal	166,484	593,820	1,483
Interest, dividends, and other income received	830,960	738,937	7,406
Interest paid	(28,393)	(3,283)	(253)
Policyholders' dividends paid	(169,832)	(192,857)	(1,513)
Income taxes paid	(23,230)	(123,357)	(207)
Net cash provided by operating activities	775,989	1,013,259	6,916
II Cash flows from investing activities			
Net decrease (increase) in deposits	21,082	(9,985)	187
Purchase of monetary claims bought	(36,100)	(19,800)	(321)
Proceeds from sales and redemption of monetary claims bought	38,734	26,155	345
Purchase of securities	(3,346,498)	(2,485,561)	(29,828)
Proceeds from sales and redemption of securities	2,256,783	1,762,429	20,115
Loans extended	(1,021,210)	(1,009,828)	(9,102)
Proceeds from collection of loans	1,243,234	1,110,671	11,081
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	95,952	(113,710)	855
Total investment activities (IIa)	(748,021)	(739,629)	(6,667)
[I + IIa]	27,968	273,630	249
Purchase of tangible fixed assets	(28,115)	(11,852)	(250)
Proceeds from sales of tangible fixed assets	13,549	15,702	120
Purchase of intangible fixed assets	(23,836)	(22,397)	(212)
Acquisition of stock of subsidiaries with change in scope of consolidation (Note 26)	—	(531,629)	—
Others, net	(452)	(2,627)	(4)
Net cash used in investing activities	(786,877)	(1,292,434)	(7,013)
III Cash flows from financing activities			
Proceeds from debt	—	150	—
Repayments of debt	(100,000)	(150)	(891)
Proceeds from issuance of bonds payable	114,204	235,514	1,017
Proceeds from issuance of foundation funds	100,000	—	891
Redemption of foundation funds	(50,000)	—	(445)
Payment of interest on foundation funds	(2,101)	(2,101)	(18)
Acquisition of stock of subsidiaries without change in scope of consolidation	(841)	(395)	(7)
Others, net	(5,822)	(294)	(51)
Net cash provided by financing activities	55,439	232,722	494
IV Effect of foreign exchange rate changes on cash and cash equivalents	734	(45)	6
V Net increase (decrease) in cash and cash equivalents	45,286	(46,497)	403
VI Cash and cash equivalents at the beginning of the year	532,547	579,044	4,746
VII Cash and cash equivalents at the end of the year (Note 3)	¥ 577,833	¥ 532,547	\$ 5,150

Notes to the Consolidated Financial Statements

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

1. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese “Insurance Business Act” and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles in the respective countries of domicile. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2017, which was ¥112.19 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

a. Consolidated subsidiaries

The numbers of consolidated subsidiaries were 17 and 17 as of March 31, 2016 and 2017, respectively. The consolidated subsidiaries as of March 31, 2017 include as follows:

Meiji Yasuda General Insurance Co., Ltd. (Japan)
Meiji Yasuda Asset Management Company Ltd. (Japan)
Meiji Yasuda System Technology Company Limited (Japan)
Pacific Guardian Life Insurance Company, Limited (U.S.A.)
StanCorp Financial Group, Inc. (U.S.A.)
Meiji Yasuda Realty USA Incorporated (U.S.A.)

StanCorp Financial Group, Inc. and its nine subsidiaries have been included in consolidation from the year ended March 31, 2016.

The subsidiaries excluded from consolidation include subsidiaries such as Meiji Yasuda Life Planning Center Company, Limited.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the years ended March 31, 2016 and 2017 are immaterial. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

b. Affiliates

The numbers of affiliates accounted for by the equity method were 12 and 10 as of March 31, 2016 and 2017, respectively. The affiliates accounted for by the equity method as of March 31, 2017 include as follows:

Founder Meiji Yasuda Life Insurance Co., Ltd. (China)
PT Avrist Assurance (Indonesia)

TU Europa S.A. (Poland)

TUIr Warta S.A. (Poland)

Thai Life Insurance Public Company Limited (Thailand)

One affiliate of StanCorp Financial Group, Inc. and one affiliate of Thai Life Insurance Public Company Limited have been included as affiliates from the year ended March 31, 2016.

Two affiliates of TU Europa S.A. have been excluded from the scope of the equity method as of March 31, 2016, due to their decreased materiality.

One affiliate of Thai Life Insurance Public Company Limited has been excluded from the scope of the equity method as of March 31, 2017, due to its decreased materiality.

One affiliate of TU Europa S.A. has been excluded from the scope of the equity method as of March 31, 2017, due to the sale of its shares.

The subsidiaries not consolidated, e.g., Meiji Yasuda Life Planning Center Company, Limited and others, and certain affiliates are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

c. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of consolidated overseas subsidiaries and affiliates are December 31. The consolidated financial statements include the accounts of such subsidiaries and affiliates as of their fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements. However, for certain overseas consolidated subsidiaries, financial statements as of March 7, 2016 (U.S. local time), the date of business combination, is used to prepare the consolidated financial statements as of March 31, 2016.

d. Valuation of assets and liabilities of consolidated subsidiaries and affiliates

The Company applies the fair value method.

e. Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is amortized on the straight-line basis over 20 years. However, immaterial amounts of goodwill are fully recognized as expenses as incurred.

f. All the significant intercompany balances and transactions are eliminated in consolidation. In addition, all the material unrealized gains/losses included in assets/liabilities resulting from intercompany transactions are also eliminated.

(2) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, demand deposits and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(3) Securities

Securities held by the Company are classified and accounted for as follows:

a. Trading securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

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

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the "Insurance Business Act" and Article 13-5-2, Paragraph 3 of the "Order for Enforcement of the Insurance Business Act." The affiliates are under Paragraph 4 of the order.

e. Available-for-sale securities

i) Securities of which market value is readily available
Stocks are stated at the average of the market value during the final month of the fiscal year.

Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

ii) Securities of which market value is extremely difficult to determine
Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The amortization is calculated using the straight-line method. Other securities are stated at cost using the moving average method.

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

(4) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (JICPA, issued on November 16, 2000).

(5) Money held in trust

Money held in trust is stated at fair value.

(6) Derivative transactions

Derivative transactions are stated at fair value.

(7) Method of hedge accounting

Methods of hedge accounting of the Company are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:

-the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable;

-the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;

-the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;

-the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and

-the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(8) Tangible fixed assets

Tangible fixed assets (excluding leased assets) owned by the Company are depreciated as follows:

a. Buildings

Calculated using the straight-line method.

b. Other tangible fixed assets

Calculated using the declining-balance method.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Tangible fixed assets owned by the Company's overseas consolidated subsidiaries are depreciated by mainly using the straight-line method.

Leased assets related to finance leases that do not transfer ownership to the lessees are depreciated by using the straight-line method, with the lease period being considered as useful lives of assets and residual value being set at zero.

Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land".

The difference in value before and after revaluation is directly included in net assets in the consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

(9) Software

Capitalized software for internal use owned by the Company and subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives (3 to 5 years). Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on the each country's accounting standard, such as U.S. GAAP.

(10) Allowance for possible loan losses

Allowance for possible loan losses of the Company is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collaterals and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, "borrowers with high possibility of bankruptcy"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collaterals and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company's standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2016 and 2017 amounted to ¥46 million and ¥46 million (U.S. \$0 million), respectively.

(11) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the "Insurance Business Act".

Premium reserves, a main component of policy reserves, are calculated according to the following method:

a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).

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

The policy reserves of the Company include an amount to be additionally set aside as the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996 pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act". The accumulation of the amount was com-

pleted on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts.

The policy reserves also include reserves which are additionally set aside for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on the each country's accounting standard, such as U.S. GAAP.

(12) Net defined benefit liabilities and assets

Net defined benefit liabilities and assets are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

(13) Reserve for price fluctuation

Reserve for price fluctuation of the Company and the domestic consolidated insurance subsidiary is calculated pursuant to Article 115 of the "Insurance Business Act".

(14) Revenue recognition

Insurance premiums of the Company are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenue. Unearned insurance premiums are recognized as policy reserves.

Insurance premiums of certain overseas consolidated subsidiaries are recognized based on the each country's accounting standard, such as U.S. GAAP.

(15) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

Policy acquisition costs of certain overseas consolidated subsidiaries are calculated based on the each country's accounting standard, such as U.S. GAAP.

(16) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act".

(17) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues and expenses of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate at the end of their fiscal year, and translation adjustments are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheets.

(18) New accounting standards

“Revised Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13, 2013; hereafter the “Business Combinations Accounting Standard”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013; hereafter the “Consolidation Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, September 13, 2013; hereafter the “Business Divestitures Accounting Standard”) have been applied from the beginning of the year ended March 31, 2016. Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as surplus, and acquisition-related costs are recorded as expenses for the period in which the costs are incurred. For business combinations implemented on or after the beginning of the year ended March 31, 2016, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the year containing the date of the business combinations. In addition, the presentation method of net surplus was changed as well as the name was changed from “minority interests” to “non-controlling interests”.

In the consolidated statements of cash flows for the year ended March 31, 2016, cash flows from the acquisition or sales of stock of subsidiaries without changes in scope of consolidation is stated in cash flows from financing activities. Cash flows related to the cost of acquisition of stock of subsidiaries with changes in scope of consolidation or cost of the acquisition or sales of stock of subsidiaries without changes in scope of consolidation is stated in cash flows from operating activities.

With respect to application of the Accounting Standards regarding business combinations, the transitional treatments as prescribed in Article 58-2(4) of the Business Combinations Accounting Standard, Article 44-5(4) of the Consolidation Accounting Standard and Article 57-4(4) of the Business Divestitures Accounting Standard have been applied prospectively on and after the beginning of the year ended March 31, 2016.

As a result, ordinary profit and surplus before income taxes and non-controlling interests decreased by ¥3,256 million for the year ended March 31, 2016 and, as well, surplus at the end of the year decreased by ¥3,259 million.

3. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2016 and 2017 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Cash and deposits	¥487,587	¥442,303	\$4,346
Call loans	90,000	90,000	802
Money held in trust	200	—	1
Securities	45	243	0
Cash and cash equivalents	¥577,833	¥532,547	\$5,150

4. Financial Instruments

(1) Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the “Insurance Business Act”).

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks and investment trusts. Loans primarily consist of loans to domestic corporate borrowers. Securities held by certain overseas consolidated subsidiaries primarily consist of bonds, and loans primarily consist of loans to overseas borrowers.

The use of derivatives is, in principle, limited to hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the “Accounting Standard for Financial Instruments” (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities held by the Company and certain overseas consolidated subsidiaries are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Some of the loans payable and bonds payable of the Company and certain overseas consolidated subsidiaries which are floating interest rate-based and denominated in foreign currencies are exposed to interest rate fluctuation risk and exchange rate fluctuation risk.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage the price fluctuation risk, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the small-committee of investment risk management and, on important matters, reported directly to the Board of Directors and Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Committee (Management Committee) to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair value of financial instruments is based on the market price or, in cases where market price is not available, based on prices calculated using reasonable methods in the Company and subsidiaries.

Since certain assumptions are adopted for the price calculations, the prices calculated may differ when different assumptions are used.

(2) Fair values of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets at the end of the fiscal year, and fair values and the differences between them, were as follows:

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 505,583	¥ 505,583	¥ —	¥ 481,381	¥ 481,381	¥ —	\$ 4,506	\$ 4,506	\$ —
Available-for-sale securities (CDs)	49,996	49,996	—	23,998	23,998	—	445	445	—
Monetary claims bought	220,118	230,634	10,516	223,659	241,204	17,545	1,962	2,055	93
Held-to-maturity debt securities	197,150	207,666	10,516	195,380	212,925	17,545	1,757	1,851	93
Available-for-sale securities	22,968	22,968	—	28,278	28,278	—	204	204	—
Money held in trust	200	200	—	—	—	—	1	1	—
Available-for-sale securities	200	200	—	—	—	—	1	1	—
Securities	31,413,526	33,554,677	2,141,150	29,864,488	32,493,864	2,629,375	280,002	299,087	19,085
Trading securities	1,570,297	1,570,297	—	1,526,261	1,526,261	—	13,996	13,996	—
Held-to-maturity debt securities	4,540,468	5,354,192	813,723	4,680,863	5,654,681	973,818	40,471	47,724	7,253
Policy-reserve-matching bonds	7,250,615	8,578,042	1,327,426	7,162,085	8,817,642	1,655,556	64,627	76,459	11,831
Available-for-sale securities	18,052,144	18,052,144	—	16,495,277	16,495,277	—	160,906	160,906	—
Loans	5,422,653	5,727,460	304,807	5,634,123	5,963,967	329,844	48,334	51,051	2,716
Policy loans	264,389	264,389	—	278,719	278,719	—	2,356	2,356	—
Industrial and consumer loans	5,158,264	5,463,071	304,807	5,355,403	5,685,247	329,844	45,977	48,694	2,716
Allowance for possible loan losses ^(*)	(4,422)	—	—	(3,955)	—	—	(39)	—	—
	5,418,230	5,727,460	309,229	5,630,168	5,963,967	333,799	48,295	51,051	2,756
Bonds payable	409,753	439,662	29,908	293,445	325,435	31,990	3,652	3,918	266
Payables under securities borrowing transactions	130,034	130,034	—	—	—	—	1,159	1,159	—
Loans payable	—	—	—	100,000	100,000	—	—	—	—
Derivative financial instruments ^(**)	22,324	22,324	—	143,564	143,564	—	198	198	—
Hedge accounting is not applied	(366)	(366)	—	492	492	—	(3)	(3)	—
Hedge accounting is applied	22,691	22,691	—	143,071	143,071	—	202	202	—

(*) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.

(**) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

Notes:

a. Method used to determine the fair value of financial instruments

i) Assets

Cash and deposits

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term

nature of these contracts. Fair value of deposits deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated in the same method shown in "Securities."

Monetary claims bought

Fair value of monetary claims bought deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated using the same method shown in "Securities" and the fair value of these monetary claims bought is stated at theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from counterparties at the balance sheet date.

Money held in trust

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of the jointly invested money held in trust with the same characteristics as deposits.

Securities

As for available-for-sale securities, domestic stocks of which market value is readily available are stated at the average of the market value during the final month of the fiscal year. Other securities are stated at market value at the balance sheet date.

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amounts of the unlisted stocks and others reported in the consolidated balance sheets were ¥760,003 million and ¥632,552 million (U.S. \$5,638 million) as of March 31, 2016 and 2017, respectively. Impairment losses on the unlisted stocks and others were ¥98 million and ¥34 million (U.S. \$0 million) for the years ended March 31, 2016 and 2017, respectively.

Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value in light of factors such as projected repayment period and interest condition.

As for industrial and consumer loans, their fair value of these loans is primarily stated at theoretical prices calculated by discounting the future cash flows to the present value. The fair value of loans of the Company to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts arrived at by deducting estimated losses from the book value before direct write-off.

ii) Liabilities

Bonds payable

The fair value of bonds payable is stated at the market price at the balance sheet date, or based on data provided by pricing vendors.

Payables under securities borrowing transactions

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts.

Loans payable

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value since loans are made at floating interest rates that reflect market interest rates timely, and since the Company's credit standing has not changed significantly after borrowing.

iii) Derivative financial instruments

Listed transactions

The fair value of listed transactions, such as stock index futures and bond futures, is stated at the closing or settlement prices at the balance sheet date.

OTC transactions

The fair value of Over-the-Counter (OTC) transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or a price based on data provided by pricing vendors.

Since OTC transactions of currency swaps contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair value is included in the fair value of hedged loans and bonds payable in the table above.

Interest rate swap transactions

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value.

Since interest rate swaps subject to the special hedge accounting are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(59,656) million and ¥3,419 million (U.S. \$30 million) for the years ended March 31, 2016 and 2017, respectively.

Held-to-maturity debt securities

Disposition of held-to-maturity debt securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,650 million resulting in total losses on sales of ¥350 million for the year ended March 31, 2016. No held-to-maturity debt securities were sold during the year ended March 31, 2017. The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥3,837,880	¥4,568,480	¥730,600	¥3,907,176	¥4,778,510	¥871,334	\$34,208	\$40,720	\$6,512
2) Corporate bonds	575,168	651,759	76,590	654,758	750,528	95,769	5,126	5,809	682
3) Others	269,112	287,460	18,348	298,768	323,721	24,953	2,398	2,562	163
Total	4,682,161	5,507,700	825,539	4,860,703	5,852,760	992,056	41,734	49,092	7,358
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	934	917	(17)	621	618	(3)	8	8	(0)
2) Corporate bonds	2,800	2,780	(19)	—	—	—	24	24	(0)
3) Others	51,723	50,461	(1,262)	14,918	14,228	(689)	461	449	(11)
Total	55,457	54,158	(1,298)	15,540	14,847	(693)	494	482	(11)

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

Policy-reserve-matching bonds

The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following

table, along with their fair values and the differences between these amounts. No policy-reserve-matching bonds were sold during the years ended March 31, 2016 and 2017.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥7,212,028	¥8,536,231	¥1,324,203	¥7,123,476	¥8,775,028	¥1,651,552	\$64,284	\$76,087	\$11,803
2) Corporate bonds	37,687	40,912	3,225	37,709	41,721	4,011	335	364	28
3) Others	—	—	—	—	—	—	—	—	—
Total	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563	64,619	76,451	11,831
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	900	898	(1)	900	892	(7)	8	8	(0)
3) Others	—	—	—	—	—	—	—	—	—
Total	900	898	(1)	900	892	(7)	8	8	(0)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥106,957 million and ¥766,436 million (U.S. \$6,831 million) resulting in total gains on sales of ¥8,505 million and ¥23,968 million (U.S. \$213 million) and total losses of ¥1,617 million and ¥32,216 million (U.S. \$287 million) for

the years ended March 31, 2016 and 2017, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	¥ 1,573,734	¥ 3,927,201	¥2,353,466	¥ 1,515,661	¥ 3,317,853	¥1,802,192	\$14,027	\$ 35,004	\$20,977
(2) Bonds	4,708,985	5,166,736	457,750	4,791,138	5,333,851	542,712	41,973	46,053	4,080
1) National & local government bonds	3,432,103	3,812,161	380,057	3,538,179	3,994,223	456,043	30,591	33,979	3,387
2) Corporate bonds	1,276,882	1,354,574	77,692	1,252,958	1,339,628	86,669	11,381	12,073	692
(3) Others	4,890,844	5,702,478	811,633	4,239,269	5,146,013	906,743	43,594	50,828	7,234
Total	11,173,565	14,796,416	3,622,851	10,546,069	13,797,718	3,251,649	99,595	131,887	32,292
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	96,754	91,605	(5,149)	135,757	121,378	(14,378)	862	816	(45)
(2) Bonds	218,187	216,324	(1,862)	30,517	29,776	(741)	1,944	1,928	(16)
1) National & local government bonds	249	238	(10)	550	550	(0)	2	2	(0)
2) Corporate bonds	217,938	216,085	(1,852)	29,967	29,226	(741)	1,942	1,926	(16)
(3) Others	3,107,669	3,020,963	(86,706)	2,656,942	2,598,682	(58,260)	27,700	26,927	(772)
Total	3,422,611	3,328,892	(93,718)	2,823,217	2,749,836	(73,380)	30,507	29,671	(835)

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

With regards to bonds among available-for-sale securities denominated in foreign currencies, translation adjustments caused by significant yen appreciation are recorded in losses on valuation of securities.

Previously, the existence of "significant yen appreciation" had been determined based on the exchange rate at the end of fiscal year. The Company changed the method to make such determination based on the average exchange rate during the final month of the period from

the year ended March 31, 2017. This change had no impact on gains and losses for the year ended March 31, 2017.

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥8,358 million and ¥462 million (U.S. \$4 million) for the years ended March 31, 2016 and 2017, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	2016					
	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
Deposits	¥ 481,171	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	223,659
Loans*	581,335	928,243	592,073	571,511	791,828	1,888,797
Securities						
Held-to-maturity debt securities	70,578	292,108	353,517	371,596	768,374	2,823,265
Policy-reserve-matching bonds	—	—	46,663	226,053	109,673	6,779,695
Available-for-sale securities with maturities	334,983	1,298,700	1,778,995	3,228,125	1,435,037	4,352,303
Total	1,468,069	2,519,052	2,771,249	4,397,287	3,104,914	16,067,720

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2017						2017					
	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	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
Deposits	¥ 505,382	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 4,504	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	220,118	—	—	—	—	—	1,962
Money held in trust	200	—	—	—	—	—	1	—	—	—	—	—
Loans*	484,298	845,903	617,522	547,955	837,026	1,824,231	4,316	7,539	5,504	4,884	7,460	16,260
Securities												
Held-to-maturity debt securities	124,610	334,382	373,054	398,961	820,370	2,486,290	1,110	2,980	3,325	3,556	7,312	22,161
Policy-reserve-matching bonds	—	10,238	109,978	190,714	94,984	6,844,699	—	91	980	1,699	846	61,009
Available-for-sale securities with maturities	522,733	1,407,361	2,702,077	2,080,042	917,115	5,440,417	4,659	12,544	24,084	18,540	8,174	48,492
Total	1,637,225	2,597,886	3,802,632	3,217,673	2,669,497	16,815,756	14,593	23,156	33,894	28,680	23,794	149,886

*Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥1,220 million and ¥1,305 million (U.S. \$11 million) as of March 31, 2016 and 2017, respectively.

*Policy loans are not included because they have no defined maturity dates.

d. Maturity analysis of payable under securities borrowing transactions, bonds and loans payable

As of March 31,	Millions of Yen					
	2016					
	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
Bonds payable	¥ —	¥—	¥—	¥29,543	¥—	¥263,901
Loans payable*	100,000	—	—	—	—	—
Total	100,000	—	—	29,543	—	263,901

*Loans payable are included in "Within 1 year", due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2017						2017					
	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	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
Bonds payable	¥ —	¥—	¥—	¥30,120	¥—	¥379,632	\$ —	\$—	\$—	\$268	\$—	\$3,383
Payable under securities borrowing transactions	130,034	—	—	—	—	—	1,159	—	—	—	—	—
Total	130,034	—	—	30,120	—	379,632	1,159	—	—	268	—	3,383

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 100	¥100	¥(0)	¥(0)
Receipts floating, payments fixed	2,347	949	(1)	(1)
Total				(2)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 200	¥200	¥(5)	¥(5)	\$ 1	\$ 1	\$(0)	\$(0)
Receipts floating, payments fixed	1,555	—	0	0	13	—	0	0
Total				(4)				(0)

Note: Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥12,946	¥—	¥(103)	¥(103)
(U.S. dollar)	519	—	3	3
(British pound)	32	—	0	0
(Australian dollar)	12,226	—	(105)	(105)
(Others)	169	—	(1)	(1)
Bought	5,339	—	39	39
(U.S. dollar)	3,572	—	(7)	(7)
(Euro)	1,641	—	46	46
(Others)	125	—	0	0
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Total				(63)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥118,008	¥—	¥592	¥592	\$1,051	\$—	\$5	\$5
(U.S. dollar)	106,347	—	575	575	947	—	5	5
(British pound)	6,979	—	(23)	(23)	62	—	(0)	(0)
(Australian dollar)	4,363	—	38	38	38	—	0	0
(Others)	317	—	1	1	2	—	0	0
Bought	11,993	—	38	38	106	—	0	0
(U.S. dollar)	11,742	—	40	40	104	—	0	0
(Euro)	146	—	(1)	(1)	1	—	(0)	(0)
(Others)	103	—	0	0	0	—	0	0
Currency options								
Sold								
Call	105,400	—	—	499	939	—	—	4
(U.S. dollar)	[499]	—	—	499	[4]	—	—	4
Bought								
Put	89,250	—	0	(499)	795	—	0	(4)
(U.S. dollar)	[499]	—	0	(499)	[4]	—	0	(4)
Total				632				5

Notes: 1. Net gains (losses) on foreign currency forward contracts represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
2. Option fees are shown in [].

iii) Stock-related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 274	¥—	¥ 4	¥ 4
Bought	1,824	—	21	21
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	2,332	—	17	17
Exchange-traded transactions				
Stock index options				
Bought				
Call	53,254	—	515	(548)
	[1,063]			
Total				(505)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ —	¥—	¥ —	¥ —	\$ —	\$—	\$—	\$—
Bought	2,192	—	(29)	(29)	19	—	(0)	(0)
Foreign currency-denominated stock index futures								
Sold	—	—	—	—	—	—	—	—
Bought	1,098	—	3	3	9	—	0	0
Exchange-traded transactions								
Stock index options								
Bought								
Call	54,480	—	1,439	349	485	—	12	3
	[1,090]				[9]			
Total				323				2

Notes: 1. Net gains (losses) represent the fair values for futures trading, and the difference between the option fees and the fair values for option transactions.
2. Option fees are shown in [].

iv) Bond-related

No ending balance as of March 31, 2016 and 2017.

Hedge accounting applied

i) Interest-rate related

Millions of Yen				
As of March 31,	2016			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥233,900	¥233,900	¥59,067
Receipts floating, payments fixed	Bonds payable	28,754	28,754	(4,825)
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	37,221	37,221	574
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	28,948	18,948	922
Total				55,738

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2017			2017		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥232,600	¥232,600	¥51,026	\$2,073	\$2,073	\$454
Receipts floating, payments fixed	Bonds payable	29,460	29,460	384	262	262	3
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	48,654	45,462	(483)	433	405	(4)
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	16,755	8,755	395	149	78	3
Total				51,322			457

ii) Currency-related

Millions of Yen				
As of March 31,	2016			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-	¥2,123,031	¥ —	¥89,473
(U.S. dollar)	denominated bonds	1,808,792	—	86,840
(Euro)		182,880	—	1,773
(Australian dollar)		131,358	—	859
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-	35,575	35,575	(1,307)
(Australian dollar)	denominated bonds	4,305	4,305	89
Total				88,255

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2017			2017		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥2,852,379	¥ —	¥(29,786)	\$25,424	\$ —	\$(265)
(U.S. dollar)		2,560,560	—	(23,153)	22,823	—	(206)
(Euro)		168,759	—	(173)	1,504	—	(1)
(Australian dollar)		123,059	—	(6,459)	1,096	—	(57)
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	1,472	317	317	13
(Australian dollar)		4,305	4,305	78	38	38	0
Total				(28,235)			(251)

Note: The table does not include foreign currency derivative transactions regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen.

iii) Stock-related

No ending balance as of March 31, 2016 and 2017.

iv) Bond-related

No ending balance as of March 31, 2016 and 2017.

5. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,440,683 million and ¥1,516,369 million (U.S. \$13,516 million) as of March 31, 2016 and 2017, respectively.

6. Securities Borrowed

Assets that can be sold or resecured are marketable securities borrowed under borrowing agreements. These assets were held without disposal totaling ¥12,076 million at fair value as of March 31, 2016.

7. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥6,261 million and ¥1,144 million (U.S. \$10 million), securities in the amount of ¥5,096 million and ¥6,944 million (U.S. \$61 million), and loans in the amount of ¥40,311 million and ¥73,656 million (U.S. \$656 million) as of March 31, 2016 and 2017, respectively.

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥175,014 million and ¥166,644 million (U.S. \$1,485 million) as of March 31, 2016 and 2017, respectively.

9. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥29,840 million and ¥31,398 million (U.S. \$279 million) as of March 31, 2016 and 2017, respectively.

There were no loans to bankrupt borrowers, and none as of March 31, 2016 and 2017. The aggregate amounts of loans in arrears were ¥3,985 million and ¥4,362 million (U.S. \$38 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2016 and 2017 were ¥44 million and ¥44 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥1 million (U.S. \$0 million), respectively, for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, "non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

The amounts of loans in arrears for three months or longer were ¥125 million as of March 31, 2016. There were no loans in arrears for three months or longer as of March 31, 2017.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.

Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥25,728 million and ¥27,036 million (U.S. \$240 million) as of March 31, 2016 and 2017, respectively.

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.

The certain overseas consolidated subsidiaries directly deducted allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2017. The amount is as follows:

Loans ¥775 million (U.S. \$6 million)

10. Loan Commitments

The amounts of loan commitments outstanding were ¥45,588 million and ¥57,464 million (U.S. \$512 million) as of March 31, 2016 and 2017, respectively.

11. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥582,778 million and ¥577,890 million (U.S. \$5,150 million), and their fair values were ¥669,136 million and ¥690,327 million (U.S. \$6,153 million) as of March 31, 2016 and 2017, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

12. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥409,136 million and ¥417,467 million (U.S. \$3,721 million) as of March 31, 2016 and 2017, respectively.

13. Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.

For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2016 and 2017, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2016

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	41	1,518	2,282	3,800
Total	41	¥1,518	¥2,282	¥3,800

For the year ended March 31, 2017

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	22	714	2,438	3,152
Total	22	¥714	¥2,438	¥3,152

For the year ended March 31, 2017

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$—	\$—	\$—
Idle assets	6	21	28
Total	\$ 6	\$21	\$28

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.03% and 1.97% for the years ended March 31, 2016 and 2017, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

14. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

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

Certain overseas consolidated subsidiaries have defined benefit plans and defined contribution plans.

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

(2) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	2017	2016
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥373,704	¥317,110	\$3,330
Service costs	11,920	11,225	106
Interest cost on retirement benefit obligations	4,984	2,935	44
Actuarial losses (gains) recognized	(147)	2,079	(1)
Benefits paid	(30,372)	(26,236)	(270)
Increase due to new consolidation	—	66,546	—
Others	1,785	42	15
Balance at the end of the fiscal year	¥361,874	¥373,704	\$3,225

c. Changes in the plan assets for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥398,554	¥390,372	\$3,552
Expected return on plan assets	6,920	3,433	61
Actuarial gains (losses) recognized	42,103	(50,245)	375
Contributions by employer	12,102	9,798	107
Benefits paid	(15,195)	(10,122)	(135)
Increase due to new consolidation	—	55,280	—
Others	1,368	38	12
Balance at the end of the fiscal year	¥445,853	¥398,554	\$3,974

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets as of March 31, 2016 and 2017 were determined as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Present value of funded retirement benefit obligations	¥353,057	¥365,218	\$3,146
Plan assets at fair value	(445,853)	(398,554)	(3,974)
Net present value of funded retirement benefit obligations	(92,795)	(33,336)	(827)
Present value of non-funded retirement benefit obligations	8,816	8,486	78
Net balance on the consolidated balance sheet	(83,978)	(24,850)	(748)
Consists of:			
Defined benefit liabilities	8,769	12,447	78
Defined benefit assets	(92,747)	(37,298)	(826)

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Service costs	¥11,920	¥11,225	\$106
Interest cost on retirement benefit obligations	4,984	2,935	44
Expected return on plan assets	(6,920)	(3,433)	(61)
Amortization of net actuarial losses (gains)	25,293	40,288	225
Amortization of net past service costs	(860)	(860)	(7)
Others	272	74	2
Retirement benefit expenses	¥34,690	¥50,229	\$309

f. Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Actuarial gains (losses)	¥67,578	¥(12,037)	\$602
Past service costs	(858)	(860)	(7)
Total	¥66,719	¥(12,898)	\$594

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Unrecognized actuarial gains (losses)	¥17,826	¥(49,751)	\$158
Unrecognized past service costs	4,270	5,129	38
Total	¥22,097	¥(44,622)	\$196

g. Plan assets

Plan assets as of March 31, 2016 and 2017 were comprised as follows:

As of March 31,	% of total fair value of plan assets	
	2017	2016
Debt securities	6.4%	8.1%
Stocks	38.0%	33.4%
General account of life insurance companies	29.0%	31.9%
Jointly invested assets	21.0%	22.6%
Cash and deposits	1.4%	0.7%
Others	4.3%	3.3%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 44.0% and 48.3% of total plan assets as of March 31, 2016 and 2017, respectively.

h. The expected long-term rate of return on plan assets

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

i. Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	2017	2016
Discount rate		
Domestic	0.9%	0.9%
Overseas	4.3 to 4.4%	—
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	4.2 to 7.7%	—

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥1,147 million and ¥2,382 million (U.S. \$21 million) for the years ended March 31, 2016 and 2017, respectively.

15. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Deferred tax assets	¥ 686,498	¥ 700,506	\$ 6,119
Valuation allowance for deferred tax assets	(7,108)	(6,055)	(63)
Subtotal	679,389	694,451	6,055
Deferred tax liabilities	(1,110,685)	(1,021,373)	(9,900)
Net deferred tax assets (liabilities)	(431,295)	(326,921)	(3,844)

Major components of deferred tax assets/liabilities were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Deferred tax assets			
Policy reserves and other reserves	¥433,054	¥433,251	\$3,860
Reserve for price fluctuation	161,585	145,892	1,440
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	952,346	863,417	8,488

(2) The statutory tax rates were 28.80% and 28.20% for the years ended March 31, 2016 and 2017, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31,	2017	2016
Policyholders' dividend reserves	(18.32)%	(17.59)%
Effects of changes in the income tax rate	—	7.25%

(3) From the end of the year ended March 31, 2016, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities were changed from 28.80% to 28.20% for the years ended March 31, 2017 and 2018, and to 27.96% for the year ended March 31, 2019 or later in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 15 in 2016).

Due to this change, as of March 31, 2016, deferred tax liabilities of the Company in the consolidated balance sheet decreased by ¥8,234 million, deferred tax liabilities for land revaluation in the consolidated balance sheet decreased by ¥2,467 million, and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥18,968 million.

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥ 240,902	¥ 253,414	\$ 2,147
Transfer from surplus in the previous fiscal year	165,707	180,044	1,477
Dividend payments to policyholders during the fiscal year	(169,832)	(192,857)	(1,513)
Interest accrued during the fiscal year	182	300	1
Balance at the end of the fiscal year	¥ 236,959	¥ 240,902	\$ 2,112

17. Subordinated Bonds

As of March 31, 2016 and 2017, bonds payable in liabilities included foreign currency-denominated subordinated bonds of ¥263,901 million, and subordinated bonds and foreign currency-denominated subordinated bonds of ¥379,632 million (U.S. \$3,383 million), respectively, and the repayments of which are subordinated to other obligations.

18. Subordinated Debts

As of March 31, 2016, other liabilities included subordinated debts of ¥100,000 million, and the repayments of which are subordinated to other obligations.

In April 2016, the Company made a repayment of the subordinated debts in the amount of ¥100,000 million, prior to their maturity.

19. Accrued Retirement Benefits for Directors and Executive Officers

Accrued retirement benefits for directors and executive officers of the Company are provided based on a portion accrued for the period of the estimated payable amount as of March 31, 2016.

In 2008, the Compensation Committee of the Company decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008. No provisions have been made for incumbent directors and executive officers since that date.

20. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company is provided for the amount of estimated possible losses in the future with respect to the securitizations of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act".

21. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company offered foundation funds in the amount of ¥100,000 million (U.S. \$891 million) pursuant to Article 60 of the "Insurance Business Act" in the year ended March 31, 2017.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥50,000 million (U.S. \$445 million) as of March 31, 2017.

22. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥799,603 million and ¥809,841 million (U.S. \$7,218 million) as of March 31, 2016 and 2017, respectively. The amounts of separate account liabilities were the same as these figures.

23. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥52,265 million and ¥49,705 million (U.S. \$443 million) as of March 31, 2016 and 2017, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

24. Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

25. Other Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥325,627	¥(810,847)	\$2,902
Reclassification adjustments	22,889	5,220	204
Before income tax effect adjustments	348,517	(805,626)	3,106
Income tax effects	(97,672)	258,820	(870)
Net unrealized gains on available-for-sale securities	250,844	(546,805)	2,235
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ 1,616	¥34,773	\$ 14
Reclassification adjustments	(1,155)	(3,106)	(10)
Before income tax effect adjustments	460	31,666	4
Income tax effects	523	(8,463)	4
Deferred unrealized gains (losses) on derivatives under hedge accounting	983	23,203	8
Land revaluation differences:			
Amount arising during the fiscal year	¥—	¥ —	\$—
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	—	2,506	—
Land revaluation differences	—	2,506	—
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥11,887	¥(36,574)	\$105
Reclassification adjustments	—	—	—
Before income tax effect adjustments	11,887	(36,574)	105
Income tax effects	—	—	—
Foreign currency translation adjustments	11,887	(36,574)	105
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 38,233	¥(47,115)	\$ 340
Reclassification adjustments	28,482	34,217	253
Before income tax effect adjustments	66,715	(12,898)	594
Income tax effects	(18,737)	3,397	(167)
Remeasurements of defined benefit plans	47,977	(9,501)	427
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ (4,729)	¥ (13,388)	\$ (42)
Reclassification adjustments	29	105	0
Share of other comprehensive income of affiliates accounted for by the equity method	(4,699)	(13,283)	(41)
Total other comprehensive income	¥306,994	¥(580,454)	\$2,736

26. Business Combination

(1) Overview of business combination

i) Name and business of the acquired company
 Company name: StanCorp Financial Group, Inc.
 Business: Life insurance and insurance related business*
 *StanCorp Financial Group, Inc. is a holding company and its subsidiaries operate life insurance business and others.

ii) Purpose of the acquisition

Through expanding the scale and increasing the level of profits of overseas insurance business, the Company aims to enhance profits and diversify the business portfolio (disperse business risk) of the entire Group, and further improve value for policyholders.

iii) Date of business combination

March 7, 2016 (U.S. local time)

iv) Legal form of business combination

Acquisition through a reverse triangular merger in accordance with the U.S. laws regarding corporate reorganization

v) Name of the acquired company after business combination

StanCorp Financial Group, Inc.

vi) Acquired percentage of shareholdings after completion of the transaction

100%

vii) Controlling company

The Company holds more than a 50% stake in the acquired company and, therefore, the Company controls the decision-making body.

(2) Period of the acquired company's financial results included in the consolidated financial statements

The acquired company's financial results are not included in the consolidated statement of income for the year ended March 31, 2016, as the Company used the consolidated statement as of the date of business combination.

(3) Breakdown of acquisition costs

Consideration of acquisition (cash)	¥599,410 million
Acquisition cost	¥599,410 million

(4) Primary component of other expenses associated with the acquisition

Advisory fees and others	¥3,256 million
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(5) Goodwill

i) Amount of goodwill

¥158,679 million

ii) Reason to recognize goodwill

The acquisition cost, which was calculated by taking into account projections of the acquired company's future profit as of the valuation date, exceeded the net amounts of acquired assets and liabilities assumed.

iii) Amortization method and period

Amortized on the straight-line basis over 20 years

(6) The amount of acquired assets and liabilities assumed at the date of business combination

Total assets	¥2,938,535 million
Securities included above "Total assets"	¥1,694,223 million
Total liabilities	¥2,534,399 million
Policy reserves and others included above "Total liabilities"	¥2,309,724 million

(7) Proforma effect on consolidated financial results had the business combination been completed at the beginning of the year ended March 31, 2016

Ordinary income	¥350,058 million
Ordinary profit	¥27,670 million
Net surplus attributable to the Parent Company	¥17,454 million

The ordinary income, ordinary profit and net surplus attributable to the Parent Company are calculated based on the *Annual Report* (Form 10-K) which StanCorp Financial Group, Inc. submitted to the U.S. Securities and Exchange Commission for the year ended December 31, 2015. The goodwill recognized as of the date of business combination was deemed to be recognized at the beginning of the year ended March 31, 2016 and its amortization is included in the proforma financial results. The amortization amount of other intangible fixed assets recognized at the date of business combination is not included. These amount do not represent the actual figures, which were calculated assuming that the business combination was completed at the beginning of the year ended March 31, 2016. This note is unaudited.

(8) Breakdown of assets and liabilities of newly consolidated subsidiaries as a result of the acquisition of shares

Associated with the consolidation of StanCorp Financial Group, Inc. as a result of the acquisition of shares, the breakdown of the assets and liabilities at the beginning of the consolidation, and the relationship between the acquisition price and net cash flow for the acquisition were as follows:

	Millions of Yen
As of March 31,	2016
Assets	¥ 2,938,535
Securities included above "Assets"	1,694,223
Goodwill	158,679
Liabilities	(2,534,399)
Policy reserves and other reserves included above "Liabilities"	(2,309,724)
Foreign currency translation adjustments	36,595
Acquisition price of stock of subsidiaries	599,410
Cash and cash equivalents of subsidiaries	(67,780)
Net cash flow for the acquisition of stock of subsidiaries	¥ 531,629

27. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2017 was approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million during the year ending March 31, 2018.

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Meiji Yasuda Life Insurance Company:

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2016 and 2017, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries as at March 31, 2016 and 2017, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC
KPMG AZSA LLC
July 28, 2017
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Non-consolidated Balance Sheets

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 196	¥ 205	\$ 1
Deposits	323,312	321,220	2,881
Subtotal	323,509	321,425	2,883
Call loans	90,000	90,000	802
Monetary claims bought (Note 3)	220,118	223,659	1,962
Securities (Notes 3, 4, 5, 6, and 7)			
National government bonds	14,309,347	14,358,321	127,545
Local government bonds	612,257	697,305	5,457
Corporate bonds	2,200,671	2,069,524	19,615
Domestic stocks	4,279,285	3,713,046	38,143
Foreign securities	8,703,539	8,053,941	77,578
Other securities	758,308	643,840	6,759
Subtotal	30,863,410	29,535,980	275,099
Loans (Notes 3, 8, and 9)			
Policy loans	260,726	275,085	2,323
Industrial and consumer loans	4,421,255	4,674,782	39,408
Subtotal	4,681,981	4,949,867	41,732
Tangible fixed assets (Notes 10, 11, 12, and 13)			
Land	602,976	602,923	5,374
Buildings	273,269	284,975	2,435
Construction in progress	2,252	1,516	20
Other tangible fixed assets	3,916	3,330	34
Subtotal	882,414	892,746	7,865
Intangible fixed assets			
Software	51,577	41,631	459
Other intangible fixed assets	25,400	31,169	226
Subtotal	76,978	72,801	686
Due from agents	—	30	—
Reinsurance receivables	612	718	5
Other assets			
Accounts receivable	118,710	102,552	1,058
Prepaid expenses	6,166	5,110	54
Accrued income	98,883	100,105	881
Money on deposit	9,287	8,358	82
Deposits for futures transactions	2,293	2,812	20
Margins on futures transactions	10	—	0
Derivative financial instruments (Note 3)	69,765	152,102	621
Cash collaterals pledged for financial instruments	19,198	10,400	171
Suspense	2,550	2,306	22
Other assets	9,699	9,940	86
Subtotal	336,566	393,688	2,999
Prepaid pension cost (Note 14)	70,844	80,366	631
Customers' liabilities under acceptances and guarantees	20,888	20,854	186
Allowance for possible loan losses	(5,848)	(5,457)	(52)
Total assets	¥37,561,475	¥36,576,681	\$334,802

Non-consolidated Balance Sheets (continued)

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 15)	¥ 111,491	¥ 110,142	\$ 993
Policy reserves (Note 15)	31,383,201	31,060,996	279,732
Policyholders' dividend reserves (Note 16)	236,959	240,902	2,112
Subtotal	31,731,653	31,412,041	282,838
Reinsurance payables	688	683	6
Bonds payable (Notes 3 and 17)	353,310	238,310	3,149
Other liabilities			
Payables under securities borrowing transactions (Note 3)	130,034	—	1,159
Loans payable (Notes 3 and 18)	—	100,000	—
Accounts payable	52,973	41,938	472
Accrued expenses	28,891	29,694	257
Deferred income	2,408	2,530	21
Deposits received	27,584	25,054	245
Guarantee deposits received	33,399	32,191	297
Margins on futures transactions	—	49	—
Derivative financial instruments (Note 3)	48,780	4,799	434
Cash collaterals received for financial instruments	68,166	93,450	607
Asset retirement obligations	3,159	3,097	28
Suspense receipts	5,731	14,648	51
Subtotal	401,130	347,455	3,575
Accrued retirement benefits for directors and executive officers (Note 19)	—	82	—
Reserve for contingent liabilities (Note 20)	1	1	0
Reserve for price fluctuation	577,545	521,677	5,147
Deferred tax liabilities (Note 21)	338,745	256,892	3,019
Deferred tax liabilities for land revaluation	79,910	82,137	712
Acceptances and guarantees	20,888	20,854	186
Total liabilities	33,503,874	32,880,138	298,635
NET ASSETS:			
Foundation funds (Note 22)	310,000	260,000	2,763
Reserve for redemption of foundation funds (Note 22)	520,000	470,000	4,634
Reserve for revaluation	452	452	4
Surplus	538,395	519,529	4,798
Reserve for future losses	10,387	9,883	92
Other surplus	528,007	509,646	4,706
Reserve for fund redemption	134,000	132,000	1,194
Fund for price fluctuation allowance	29,764	29,764	265
Reserve for promotion of social welfare project	18	48	0
Reserve for business infrastructure	100,000	100,000	891
Reserve for reduction entry of real estate	24,882	25,123	221
Special reserves	2,000	2,000	17
Other reserves	85	85	0
Unappropriated surplus	237,256	220,625	2,114
Total funds, reserve and surplus	1,368,848	1,249,982	12,201
Net unrealized gains on available-for-sale securities	2,533,850	2,288,005	22,585
Deferred unrealized gains on derivatives under hedge accounting	37,876	38,659	337
Land revaluation differences	117,025	119,894	1,043
Total unrealized gains, revaluation reserves and adjustments	2,688,753	2,446,559	23,966
Total net assets	4,057,601	3,696,542	36,167
Total liabilities and net assets	¥37,561,475	¥36,576,681	\$334,802

Non-consolidated Statements of Income

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of
	2017	2016	2017
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥2,614,768	¥3,357,042	\$23,306
Reinsurance revenue	1,104	816	9
Subtotal	2,615,872	3,357,858	23,316
Investment income (Note 26)			
Interest, dividends and other income	721,464	690,849	6,430
Interest on deposits	16	42	0
Interest and dividends on securities	591,340	554,603	5,270
Interest on loans	84,525	90,474	753
Rent revenue from real estate	35,023	34,861	312
Other interest and dividends	10,557	10,867	94
Gains on money held in trust	—	0	—
Gains on sales of securities	21,635	8,415	192
Gains on redemption of securities	56,692	88,701	505
Foreign exchange gains	—	153	—
Other investment income	468	24	4
Investment gains on separate accounts	15,807	—	140
Subtotal	816,067	788,144	7,273
Other ordinary income			
Income from annuity riders	15,339	15,004	136
Income from deferred benefits	87,184	66,906	777
Other ordinary income	7,738	7,540	68
Subtotal	110,262	89,452	982
Total ordinary income	3,542,202	4,235,455	31,573
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	564,719	562,557	5,033
Annuity payments	695,207	695,922	6,196
Benefit payments	396,440	409,457	3,533
Surrender benefits	452,951	454,237	4,037
Other refunds	89,190	173,064	794
Reinsurance premiums	5,527	5,898	49
Subtotal	2,204,036	2,301,138	19,645
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 27)	1,348	1,659	12
Provision for policy reserves (Note 27)	322,205	896,366	2,871
Provision for interest on policyholders' dividend reserves (Note 16)	135	251	1
Subtotal	323,690	898,277	2,885
Investment expenses (Note 26)			
Interest expenses	11,307	6,217	100
Losses on sales of securities	32,078	1,959	285
Losses on valuation of securities	12,009	12,791	107
Losses on redemption of securities	4,423	37	39
Losses on derivative financial instruments	90,154	107,329	803
Foreign exchange losses	399	—	3
Provision for allowance for possible loan losses	459	664	4
Depreciation of real estate for non-insurance business	9,353	9,508	83
Other investment expenses	11,852	12,538	105
Investment losses on separate accounts	—	28,956	—
Subtotal	172,037	180,002	1,533

Non-consolidated Statements of Income (continued)

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of
	2017	2016	2017
			U.S. Dollars
Operating expenses (Note 28)	350,389	355,644	3,123
Other ordinary expenses			
Deferred benefit payments	108,264	120,001	965
Taxes	26,264	28,395	234
Depreciation	24,389	21,618	217
Provision for accrued retirement benefits	9,522	24,167	84
Other ordinary expenses	5,153	5,256	45
Subtotal	173,594	199,438	1,547
Total ordinary expenses	3,223,747	3,934,501	28,734
Ordinary profit	318,455	300,953	2,838
Extraordinary gains			
Gains on disposals of fixed assets	1,766	2,614	15
Reversal of reserve for contingent liabilities	0	0	0
Subtotal	1,766	2,615	15
Extraordinary losses			
Losses on disposals of fixed assets	4,261	6,584	37
Impairment losses (Note 13)	3,033	3,800	27
Provision for reserve for price fluctuation	55,868	29,195	497
Losses on reduction entry of real estate	333	—	2
Contributions for promotion of social welfare project	582	553	5
Subtotal	64,079	40,133	571
Surplus before income taxes	256,141	263,435	2,283
Income taxes (Note 21)			
Current	36,653	52,632	326
Deferred	(14,317)	(7,668)	(127)
Total income taxes	22,336	44,963	199
Net surplus	¥ 233,805	¥ 218,472	\$ 2,084

Non-consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company

Year ended March 31, 2016

(Millions of Yen)

	Funds, reserves and surplus											Unrealized gains (losses), revaluation reserve and adjustments							
	Surplus											Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets			
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus					
Beginning balance	¥260,000	¥470,000	¥452	¥9,336	¥80,000	¥29,764	¥48	¥75,000	¥23,859	¥2,000	¥85	¥261,509	¥481,603	¥1,212,056	¥2,833,827	¥15,456	¥118,988	¥2,968,272	¥4,180,328
Changes in the fiscal year																			
Additions to policyholders' dividend reserves (Note 16)												(180,044)	(180,044)	(180,044)					(180,044)
Additions to reserve for future losses				547								(547)							
Payment of interest on foundation funds												(2,101)	(2,101)	(2,101)					(2,101)
Net surplus												218,472	218,472	218,472					218,472
Additions to reserve for fund redemption					52,000							(52,000)							
Additions to reserve for promotion of social welfare project							553					(553)							
Reversal of reserve for promotion of social welfare project							(553)					553							
Additions to reserve for business infrastructure								25,000				(25,000)							
Additions to reserve for reduction entry of real estate									1,838			(1,838)							
Reversal of reserve for reduction entry of real estate									(574)			574							
Reversal of land revaluation differences												1,599	1,599	1,599					1,599
Net changes, excluding funds, reserves and surplus															(545,822)	23,203	906	(521,712)	(521,712)
Net changes in the fiscal year	—	—	—	547	52,000	—	(0)	25,000	1,263	—	—	(40,884)	37,926	37,926	(545,822)	23,203	906	(521,712)	(483,786)
Ending balance	¥260,000	¥470,000	¥452	¥9,883	¥132,000	¥29,764	¥48	¥100,000	¥25,123	¥2,000	¥85	¥220,625	¥519,529	¥1,249,982	¥2,288,005	¥38,659	¥119,894	¥2,446,559	¥3,696,542

Year ended March 31, 2017

(Millions of Yen)

	Funds, reserves and surplus											Unrealized gains (losses), revaluation reserve and adjustments							
	Surplus											Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets			
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus					
Beginning balance	¥260,000	¥470,000	¥452	¥9,883	¥132,000	¥29,764	¥48	¥100,000	¥25,123	¥2,000	¥85	¥220,625	¥519,529	¥1,249,982	¥2,288,005	¥38,659	¥119,894	¥2,446,559	¥3,696,542
Changes in the fiscal year																			
Issuance of foundation funds	100,000													100,000					100,000
Additions to policyholders' dividend reserves (Note 16)												(165,707)	(165,707)	(165,707)					(165,707)
Additions to reserve for future losses				504								(504)							
Additions to reserve for redemption of foundation funds		50,000												50,000					50,000
Payment of interest on foundation funds												(2,101)	(2,101)	(2,101)					(2,101)
Net surplus												233,805	233,805	233,805					233,805
Redemption of foundation funds	(50,000)													(50,000)					(50,000)
Additions to reserve for fund redemption					52,000							(52,000)							
Reversal of reserve for fund redemption					(50,000)									(50,000)	(50,000)				(50,000)
Additions to reserve for promotion of social welfare project							553					(553)							
Reversal of reserve for promotion of social welfare project							(582)					582							
Additions to reserve for reduction entry of real estate									391			(391)							
Reversal of reserve for reduction entry of real estate									(631)			631							
Reversal of land revaluation differences												2,868	2,868	2,868					2,868
Net changes, excluding funds, reserves and surplus															245,845	(783)	(2,868)	242,193	242,193
Net changes in the fiscal year	50,000	50,000	—	504	2,000	—	(29)	—	(240)	—	—	16,631	18,865	118,865	245,845	(783)	(2,868)	242,193	361,058
Ending balance	¥310,000	¥520,000	¥452	¥10,387	¥134,000	¥29,764	¥18	¥100,000	¥24,882	¥2,000	¥85	¥237,256	¥538,395	¥1,368,848	¥2,533,850	¥37,876	¥117,025	¥2,688,753	¥4,057,601

Non-consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company

Year ended March 31, 2017

(Millions of U.S. Dollars)

	Funds, reserves and surplus												Unrealized gains (losses), revaluation reserve and adjustments					Total net assets	
	Surplus											Total funds, reserves and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments			
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves						Unappropriated surplus		Total surplus
Beginning balance	\$2,317	\$4,189	\$4	\$88	\$1,176	\$265	\$0	\$891	\$223	\$17	\$0	\$1,966	\$4,630	\$11,141	\$20,394	\$344	\$1,068	\$21,807	\$32,948
Changes in the fiscal year																			
Issuance of foundation funds	891														891				891
Additions to policyholders' dividend reserves (Note 16)												(1,477)	(1,477)	(1,477)					(1,477)
Additions to reserve for future losses				4								(4)							
Additions to reserve for redemption of foundation funds		445													445				445
Payment of interest on foundation funds												(18)	(18)	(18)					(18)
Net surplus												2,084	2,084	2,084					2,084
Redemption of foundation funds	(445)														(445)				(445)
Additions to reserve for fund redemption					463							(463)							
Reversal of reserve for fund redemption					(445)								(445)	(445)					(445)
Additions to reserve for promotion of social welfare project								4				(4)							
Reversal of reserve for promotion of social welfare project								(5)				5							
Additions to reserve for reduction entry of real estate									3			(3)							
Reversal of reserve for reduction entry of real estate									(5)			5							
Reversal of land revaluation differences												25	25	25					25
Net changes, excluding funds, reserves and surplus															2,191	(6)	(25)	2,158	2,158
Net changes in the fiscal year	445	445	—	4	17	—	(0)	—	(2)	—	—	148	168	1,059	2,191	(6)	(25)	2,158	3,218
Ending balance	\$2,763	\$4,634	\$4	\$92	\$1,194	\$265	\$0	\$891	\$221	\$17	\$0	\$2,114	\$4,798	\$12,201	\$22,585	\$337	\$1,043	\$23,966	\$36,167

Non-consolidated Proposed Appropriation of Surplus

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Unappropriated surplus	¥237,256	¥220,625	\$2,114
Reversal of voluntary surplus reserves:	2,245	631	20
Reversal of reserve for reduction entry of real estate	2,245	631	20
Total	239,502	221,256	2,134
Appropriation of surplus	239,502	221,256	2,134
Provision for policyholders' dividend reserves	169,815	165,707	1,513
Net surplus	69,687	55,549	621
Reserve for future losses	515	504	4
Interest on foundation funds	1,846	2,101	16
Voluntary surplus reserves:	67,326	52,944	600
Reserve for fund redemption	62,000	52,000	552
Reserve for promotion of social welfare project	582	553	5
Reserve for reduction entry of real estate	4,743	391	42

Notes to the Non-consolidated Financial Statements

Meiji Yasuda Life Insurance Company

1. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) has prepared the accompanying non-consolidated financial statements in accordance with the provisions set forth in the Japanese “Insurance Business Act” and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2017, which was ¥112.19 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Securities

Securities held by the Company are classified and accounted for as follows:

- a. Trading securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.
- b. Held-to-maturity debt securities are stated at amortized cost using the moving average method and the amortization is calculated using the straight-line method.
- c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.
- d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the “Insurance Business Act” and Article 13-5-2, Paragraph 3 of the “Order for Enforcement of the Insurance Business Act.” The affiliates are under Paragraph 4 of the order.
- e. Available-for-sale securities
 - i) Securities of which market value is readily available
Stocks are stated at the average of the market value during the final month of the fiscal year. Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

- ii) Securities of which market value is extremely difficult to determine
Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The amortization is calculated using the straight-line method. Other securities are stated at cost using the moving average method.

- iii) Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the non-consolidated balance sheets.

(2) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry” (JICPA, issued on November 16, 2000).

(3) Derivative transactions

Derivative transactions are stated at fair value.

(4) Method of hedge accounting

Methods of hedge accounting are in accordance with the “Accounting Standard for Financial Instruments” (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(5) Tangible fixed assets

Tangible fixed assets owned by the Company are depreciated as follows:

- a. Buildings
Calculated using the straight-line method.
- b. Other tangible fixed assets
Calculated using the declining-balance method.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land".

The difference in value before and after revaluation is directly included in net assets in the non-consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the non-consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

(6) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets in the non-consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives (3 to 5 years).

(7) Allowance for possible loan losses

Allowance for possible loan losses of the Company is provided pursuant to its standards for self assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collaterals and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, "borrowers with high possibility of bankruptcy"), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collaterals and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company's standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans

written off for the years ended March 31, 2016 and 2017 amounted to ¥46 million and ¥46 million (U.S. \$0 million), respectively.

(8) Policy reserves

Policy reserves of the Company are provided pursuant to Article 116 of the "Insurance Business Act".

Premium reserves, a main component of policy reserves, are calculated according to the following method:

a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).

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

The policy reserves include an amount to be additionally set aside as the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996 pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act". The accumulation of the amount was completed on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts.

The policy reserves also include reserves which are additionally set aside for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance.

(9) Accrued retirement benefits

Accrued retirement benefits of the Company are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

No accrued retirement benefits were recognized on the liabilities due to the plan assets in excess of the retirement benefit obligations as of March 31, 2016 and 2017, respectively.

(10) Reserve for price fluctuation

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

(11) Revenue recognition

Insurance premiums are recognized when premiums are received, and insurance premiums due but not collected are not recognized as revenue. Unearned insurance premiums are recognized as policy reserves.

(12) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(13) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act".

(14) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

3. Financial Instruments

(1) Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the "Insurance Business Act").

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks and investment trusts. Loans primarily consist of loans to domestic corporate borrowers.

The use of derivatives is, in principle, limited to hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008). These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Loans payable are exposed to interest rate fluctuation risk arising from floating interest rate borrowings. Foreign currency denominated bonds payable are exposed to exchange rate fluctuation risk.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage the price fluctuation risk, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the small-committee of investment risk management and, on important matters reported directly to the Board of Directors and Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Committee (Management Committee) to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair value of financial instruments is based on the market price or, in cases where market price is not available, based on prices calculated using reasonable methods.

Since certain assumptions are adopted for the price calculations, the prices calculated may differ when different assumptions are used.

(2) Fair values of financial instruments

The amounts of the principal financial assets and liabilities reported in the non-consolidated balance sheets at the end of the fiscal year, and fair values and the differences between them, were as follows:

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 323,509	¥ 323,509	¥ —	¥ 321,425	¥ 321,425	¥ —	\$ 2,883	\$ 2,883	\$ —
Available-for-sale securities (CDs)	49,996	49,996	—	23,998	23,998	—	445	445	—
Monetary claims bought	220,118	230,634	10,516	223,659	241,204	17,545	1,962	2,055	93
Held-to-maturity debt securities	197,150	207,666	10,516	195,380	212,925	17,545	1,757	1,851	93
Available-for-sale securities	22,968	22,968	—	28,278	28,278	—	204	204	—
Securities	29,505,359	31,644,800	2,139,441	28,059,227	30,686,513	2,627,286	262,994	282,064	19,069
Trading securities	741,879	741,879	—	746,596	746,596	—	6,612	6,612	—
Held-to-maturity debt securities	4,518,170	5,330,185	812,014	4,659,686	5,631,416	971,729	40,272	47,510	7,237
Policy-reserve-matching bonds	7,250,615	8,578,042	1,327,426	7,162,085	8,817,642	1,655,556	64,627	76,459	11,831
Available-for-sale securities	16,994,693	16,994,693	—	15,490,858	15,490,858	—	151,481	151,481	—
Loans	4,681,981	4,976,601	294,619	4,949,867	5,278,744	328,877	41,732	44,358	2,626
Policy loans	260,726	260,726	—	275,085	275,085	—	2,323	2,323	—
Industrial and consumer loans	4,421,255	4,715,875	294,619	4,674,782	5,003,659	328,877	39,408	42,034	2,626
Allowance for possible loan losses ^(*)	(4,422)	—	—	(3,955)	—	—	(39)	—	—
	4,677,559	4,976,601	299,042	4,945,912	5,278,744	332,832	41,693	44,358	2,665
Bonds payable	353,310	383,459	30,149	238,310	270,300	31,990	3,149	3,417	268
Payables under securities borrowing transactions	130,034	130,034	—	—	—	—	1,159	1,159	—
Loans payable	—	—	—	100,000	100,000	—	—	—	—
Derivative financial instruments ^(*)	20,984	20,984	—	147,302	147,302	—	187	187	—
Hedge accounting is not applied	(1,806)	(1,806)	—	(20)	(20)	—	(16)	(16)	—
Hedge accounting is applied	22,790	22,790	—	147,323	147,323	—	203	203	—

(*)1 The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.

(*)2 The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

Notes:

a. Method used to determine the fair value of financial instruments

i) Assets

Cash and deposits

The Company regards book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts. Fair value of deposits deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated in the same method shown in "Securities."

Monetary claims bought

Fair value of monetary claims bought deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated using the same method shown in "Securities" and the fair value of these monetary claims bought is stated at theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from counterparties at the balance sheet date.

Securities

As for available-for-sale securities, domestic stocks of which market value is readily available are stated at the average of the market value during the final month of the fiscal year. Other securities are stated at market value at the balance sheet date.

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely

difficult to determine fair value. The amounts of the unlisted stocks and others reported in the non-consolidated balance sheets as of March 31, 2016 and 2017 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Unlisted stocks and others	¥1,358,051	¥1,476,752	\$12,104
Equity securities issued by subsidiaries and affiliates	891,559	890,889	7,946

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥98 million and ¥34 million (U.S. \$0 million) for the years ended March 31, 2016 and 2017, respectively.

Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards book value as fair value with the assumption that fair value approximates book value in light of factors such as projected repayment period and interest condition.

As for industrial and consumer loans, their fair value of these loans is primarily stated at theoretical prices calculated by discounting the future cash flows to the present value. The fair value of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts arrived at by deducting estimated losses from the book value before direct write-off.

ii) Liabilities

Bonds payable

The fair value of bonds payable is based on data provided by pricing vendors at the balance sheet date.

Payables under securities borrowing transactions

The Company regards book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts.

Loans payable

The Company regards book value as fair value with the assumption that fair value approximates book value since loans are made at floating interest rates that reflect market interest rates timely, and since the Company's credit standing has not changed significantly after borrowing.

iii) Derivative financial instruments

Listed transactions

The fair value of listed transactions, such as stock index futures and bond futures, is stated at the closing or settlement prices at the balance sheet date.

OTC transactions

The fair value of Over-the-Counter (OTC) transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or a price based on data provided by pricing vendors.

Since OTC transactions of currency swaps contracts subject to the

allocation method are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair value is included in the fair value of hedged loans and bonds payable in the table above.

Interest rate swap transactions

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value.

Since interest rate swaps subject to the special hedge accounting are treated as an integral part of the hedged loan, their fair value is included in the fair value of hedged loans in the table above.

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(59,656) million and ¥3,419 million (U.S. \$30 million) for the years ended March 31, 2016 and 2017, respectively.

Held-to-maturity debt securities

Disposition of held-to-maturity debt securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,650 million resulting in total losses on sales of ¥350 million for the year ended March 31, 2016. No held-to-maturity debt securities were sold during the year ended March 31, 2017. The amounts reported in the non-consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥3,819,916	¥4,548,790	¥728,873	¥3,889,095	¥4,758,337	¥869,241	\$34,048	\$40,545	\$6,496
2) Corporate bonds	575,168	651,759	76,590	654,758	750,528	95,769	5,126	5,809	682
3) Others	269,112	287,460	18,348	298,768	323,721	24,953	2,398	2,562	163
Total	4,664,197	5,488,010	823,812	4,842,623	5,832,587	989,964	41,574	48,917	7,343
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	2,800	2,780	(19)	—	—	—	24	24	0
3) Others	48,323	47,061	(1,262)	12,444	11,755	(689)	430	419	(11)
Total	51,123	49,841	(1,281)	12,444	11,755	(689)	455	444	(11)

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

Policy-reserve-matching bonds

The carrying amounts in the non-consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the follow-

ing table, along with their fair values and the differences between these amounts. No policy-reserve-matching bonds were sold during the years ended March 31, 2016 and 2017.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥7,212,028	¥8,536,231	¥1,324,203	¥7,123,476	¥8,775,028	¥1,651,552	\$64,284	\$76,087	\$11,803
2) Corporate bonds	37,687	40,912	3,225	37,709	41,721	4,011	335	364	28
3) Others	—	—	—	—	—	—	—	—	—
Total	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563	64,619	76,451	11,831
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	900	898	(1)	900	892	(7)	8	8	(0)
3) Others	—	—	—	—	—	—	—	—	—
Total	900	898	(1)	900	892	(7)	8	8	(0)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥86,396 million and ¥709,394 million (U.S. \$6,323 million) resulting in total gains on sales of ¥8,415 million and ¥21,635 million (U.S. \$192 million) and total losses of ¥1,609 million and ¥32,078 million (U.S. \$285 million) for the years ended March 31, 2016 and 2017, respectively. With regard to

available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the non-consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2017			2016			2017		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	¥ 1,573,628	¥ 3,927,005	¥2,353,377	¥ 1,515,554	¥ 3,317,732	¥1,802,177	\$14,026	\$ 35,003	\$20,976
(2) Bonds	4,662,842	5,119,499	456,657	4,744,251	5,285,472	541,220	41,562	45,632	4,070
1) National & local government bonds	3,394,352	3,773,363	379,011	3,491,392	3,945,944	454,551	30,255	33,633	3,378
2) Corporate bonds	1,268,490	1,346,136	77,646	1,252,858	1,339,527	86,668	11,306	11,998	692
(3) Others	4,385,774	5,177,901	792,127	4,216,928	5,121,887	904,959	39,092	46,152	7,060
Total	10,622,245	14,224,406	3,602,161	10,476,734	13,725,092	3,248,357	94,680	126,788	32,107
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	96,754	91,605	(5,149)	135,757	121,378	(14,378)	862	816	(45)
(2) Bonds	204,402	202,649	(1,753)	7,828	7,086	(741)	1,821	1,806	(15)
1) National & local government bonds	249	238	(10)	—	—	—	2	2	(0)
2) Corporate bonds	204,153	202,410	(1,743)	7,828	7,086	(741)	1,819	1,804	(15)
(3) Others	2,627,296	2,548,997	(78,299)	1,747,189	1,689,578	(57,610)	23,418	22,720	(697)
Total	2,928,453	2,843,251	(85,202)	1,890,774	1,818,043	(72,730)	26,102	25,343	(759)

Note: This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

With regards to bonds among available-for-sale securities denominated in foreign currencies, translation adjustments caused by significant yen appreciation are recorded in losses on valuation of securities. Previously, the existence of "significant yen appreciation" had been determined based on the exchange rate at the end of fiscal year. The Company changed the method to make such determination based on the average exchange rate during the final month of the period from

the year ended March 31, 2017. This change had no impact on gains and losses for the year ended March 31, 2017.

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥8,358 million and ¥334 million (U.S. \$2 million) for the years ended March 31, 2016 and 2017, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	2016					
	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
Deposits	¥ 321,220	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	223,659
Loans*	563,111	893,532	560,817	551,759	755,220	1,348,727
Securities	318,432	1,373,259	2,029,070	3,614,158	2,133,003	13,788,523
Held-to-maturity debt securities	70,578	292,108	353,517	368,236	763,174	2,812,071
Policy-reserve-matching bonds	—	—	46,663	226,053	109,673	6,779,695
Available-for-sale securities with maturities	247,853	1,081,150	1,628,890	3,019,868	1,260,155	4,196,757
Total	1,202,763	2,266,791	2,589,888	4,165,917	2,888,224	15,360,910

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2017						2017					
	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	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
Deposits	¥ 323,312	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 2,881	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	220,118	—	—	—	—	—	1,962
Loans*	470,932	807,642	586,427	528,367	796,471	1,230,089	4,197	7,198	5,227	4,709	7,099	10,964
Securities	524,238	1,601,076	2,990,926	2,469,878	1,626,311	14,579,064	4,672	14,271	26,659	22,015	14,496	129,949
Held-to-maturity debt securities	124,610	334,382	371,346	395,496	814,796	2,474,738	1,110	2,980	3,309	3,525	7,262	22,058
Policy-reserve-matching bonds	—	10,238	109,978	190,714	94,984	6,844,699	—	91	980	1,699	846	61,009
Available-for-sale securities with maturities	399,628	1,256,455	2,509,601	1,883,667	716,530	5,259,626	3,562	11,199	22,369	16,789	6,386	46,881
Total	1,318,483	2,408,718	3,577,353	2,998,245	2,422,782	16,029,271	11,752	21,469	31,886	26,724	21,595	142,876

*Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥1,220 million and ¥1,305 million (U.S. \$11 million) as of March 31, 2016 and 2017, respectively.

*Policy loans are not included because they have no defined maturity dates.

d. Maturity analysis of payable under securities borrowing transactions, bonds and loans payable

As of March 31,	Millions of Yen					
	2016					
	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
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥238,310
Loans payable*	100,000	—	—	—	—	—
Total	100,000	—	—	—	—	238,310

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2017						2017					
	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	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
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥353,310	\$ —	\$ —	\$ —	\$ —	\$ —	\$3,149
Payable under securities borrowing transactions	130,034	—	—	—	—	—	1,159	—	—	—	—	—
Total	130,034	—	—	—	—	353,310	1,159	—	—	—	—	3,149

*Loans payable are included in "Within 1 year", due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥100	¥100	¥(0)	¥(0)
Total				(0)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥200	¥200	¥(5)	¥(5)	\$1	\$1	\$(0)	\$(0)
Total				(5)				(0)

Note: Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥12,946	¥—	¥(103)	¥(103)
(U.S. dollar)	519	—	3	3
(British pound)	32	—	0	0
(Australian dollar)	12,226	—	(105)	(105)
(Others)	169	—	(1)	(1)
Bought	5,339	—	39	39
(U.S. dollar)	3,572	—	(7)	(7)
(Euro)	1,641	—	46	46
(Others)	125	—	0	0
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	[—]	—	—	—
Total				(63)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥118,008	¥—	¥592	¥ 592	\$1,051	\$—	\$ 5	\$ 5
(U.S. dollar)	106,347	—	575	575	947	—	5	5
(British pound)	6,979	—	(23)	(23)	62	—	(0)	(0)
(Australian dollar)	4,363	—	38	38	38	—	0	0
(Others)	317	—	1	1	2	—	0	0
Bought	11,993	—	38	38	106	—	0	0
(U.S. dollar)	11,742	—	40	40	104	—	0	0
(Euro)	146	—	(1)	(1)	1	—	(0)	(0)
(Others)	103	—	0	0	0	—	0	0
Currency options								
Sold								
Call	105,400	—			939	—		
[U.S. dollar]	[499]	—	—	499	[4]	—	—	4
Bought	105,400	—			939	—		
[U.S. dollar]	[499]	—	—	499	[4]	—	—	4
Put	89,250	—			795	—		
[U.S. dollar]	[499]	—	0	(499)	[4]	—	0	(4)
Bought	89,250	—			795	—		
[U.S. dollar]	[499]	—	0	(499)	[4]	—	0	(4)
Total				632				5

Notes: 1. Net gains (losses) on foreign currency forward contracts represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
2. Option fees are shown in [].

iii) Stock-related

As of March 31,	Millions of Yen			
	2016			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 274	¥—	¥ 4	¥ 4
Bought	1,824	—	21	21
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	2,332	—	17	17
Total				43

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2017				2017			
	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ —	¥—	¥—	¥—	\$—	\$—	\$—	\$—
Bought	2,192	—	(29)	(29)	19	—	(0)	(0)
Foreign currency-denominated stock index futures								
Sold	—	—	—	—	—	—	—	—
Bought	1,098	—	3	3	9	—	0	0
Total				(25)				(0)

Note: Net gains (losses) represent the fair values.

iv) Bond-related

No ending balance as of March 31, 2016 and 2017.

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
2016				
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥233,900	¥233,900	¥59,067
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	28,948	18,948	922
Total				59,990

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
2017							
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥232,600	¥232,600	¥51,026	\$2,073	\$2,073	\$454
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	16,755	8,755	395	149	78	3
Total				51,422			458

ii) Currency-related

As of March 31,	Millions of Yen			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
2016				
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥2,123,031	¥ —	¥89,473
(U.S. dollar)		1,808,792	—	86,840
(Euro)		182,880	—	1,773
(Australian dollar)		131,358	—	859
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	(1,307)
(Australian dollar)		4,305	4,305	89
Total				88,255

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
2017							
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥2,852,379	¥ —	¥(29,786)	\$25,424	\$ —	\$(265)
(U.S. dollar)		2,560,560	—	(23,153)	22,823	—	(206)
(Euro)		168,759	—	(173)	1,504	—	(1)
(Australian dollar)		123,059	—	(6,459)	1,096	—	(57)
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	1,472	317	317	13
(Australian dollar)		4,305	4,305	78	38	38	0
Total				(28,235)			(251)

Note: The table does not include foreign currency derivative transactions regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen.

iii) Stock-related

No ending balance as of March 31, 2016 and 2017.

iv) Bond-related

No ending balance as of March 31, 2016 and 2017.

4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,440,683 million and ¥1,516,369 million (U.S. \$13,516 million) as of March 31, 2016 and 2017, respectively.

5. Securities Borrowed

Assets that can be sold or resecured are marketable securities borrowed under borrowing agreements. These assets were held without disposal totaling ¥12,076 million at fair value as of March 31, 2016.

6. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,028 million and ¥3,331 million (U.S. \$29 million) as of March 31, 2016 and 2017, respectively.

7. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥891,955 million and ¥892,181 million (U.S. \$7,952 million) as of March 31, 2016 and 2017, respectively.

8. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥20,172 million and ¥20,066 million (U.S. \$178 million) as of March 31, 2016 and 2017, respectively.

There were no loans to bankrupt borrowers, and none as of March 31, 2016 and 2017. The aggregate amounts of loans in arrears were ¥3,722 million and ¥4,284 million (U.S. \$38 million) as of March 31, 2016 and 2017, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2016 and 2017 were ¥44 million and ¥44 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥1 million (U.S. \$0 million), respectively, for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, "non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

There were no loans in arrears for three months or longer as of March 31, 2016 and 2017.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months

from the day following the contractual due date. Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amounts of restructured loans were ¥16,450 million and ¥15,781 million (U.S. \$140 million) as of March 31, 2016 and 2017, respectively.

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.

9. Loan Commitments

The amounts of loan commitments outstanding were ¥23,133 million and ¥29,320 million (U.S. \$261 million) as of March 31, 2016 and 2017, respectively.

10. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥567,414 million and ¥562,987 million (U.S. \$5,018 million), and their fair values were ¥641,946 million and ¥665,227 million (U.S. \$5,929 million) as of March 31, 2016 and 2017, respectively. 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.

11. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥401,947 million and ¥409,454 million (U.S. \$3,649 million) as of March 31, 2016 and 2017, respectively.

12. Leased Assets

The Company holds some leased assets, such as computers and other equipment, in addition to the tangible and intangible fixed assets in the non-consolidated balance sheets.

13. Impairment of Fixed Assets

The details of the impairment losses on fixed assets of the Company are as follows:

(1) Method for grouping the assets

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

For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2016 and 2017, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the non-

consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2016

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	41	1,518	2,282	3,800
Total	41	¥1,518	¥2,282	¥3,800

For the year ended March 31, 2017

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	17	714	2,319	3,033
Total	17	¥714	¥2,319	¥3,033

For the year ended March 31, 2017

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$—	\$—	\$—
Idle assets	6	20	27
Total	\$ 6	\$20	\$27

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.03% and 1.97% for the years ended March 31, 2016 and 2017, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

14. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

(1) Summary of the retirement benefit plans

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

(2) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	2017	2016
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥301,611	¥311,806	\$2,688
Service costs	10,658	11,053	94
Interest cost on retirement benefit obligations	2,714	2,806	24
Actuarial losses (gains) recognized	767	2,066	6
Benefits paid	(24,300)	(26,121)	(216)
Balance at the end of the fiscal year	¥291,451	¥301,611	\$2,597

c. Changes in the plan assets for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥338,755	¥385,856	\$3,019
Expected return on plan assets	3,265	3,262	29
Actuarial gains (losses) recognized	41,261	(50,037)	367
Contributions by employer	9,730	9,698	86
Benefits paid	(9,108)	(10,024)	(81)
Balance at the end of the fiscal year	¥383,905	¥338,755	\$3,421

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the pre-paid pension cost recognized in the non-consolidated balance sheets as of March 31, 2016 and 2017 were determined as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Present value of funded retirement benefit obligations	¥ 290,385	¥ 300,471	\$ 2,588
Plan assets at fair value	(383,905)	(338,755)	(3,421)
Net present value of funded retirement benefit obligations	(93,519)	(38,283)	(833)
Present value of non-funded retirement benefit obligations	1,066	1,139	9
Unrecognized actuarial losses (gains)	17,286	(48,412)	154
Unrecognized past service costs	4,322	5,189	38
Accrued retirement benefits (Prepaid pension cost)	¥ (70,844)	¥ (80,366)	\$ (631)

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Service costs	¥10,658	¥11,053	\$ 94
Interest cost on retirement benefit obligations	2,714	2,806	24
Expected return on plan assets	(3,265)	(3,262)	(29)
Amortization of net actuarial losses (gains)	25,204	40,232	224
Amortization of net past service costs	(866)	(866)	(7)
Retirement benefit expenses	¥34,445	¥49,962	\$307

f. Plan assets

Plan assets as of March 31, 2016 and 2017 were comprised as follows:

As of March 31,	% of total fair value of plan assets	
	2017	2016
Debt securities	6.6%	8.5%
Stocks	44.1%	39.2%
General account of life insurance companies	26.3%	29.4%
Jointly invested assets	17.5%	18.8%
Cash and deposits	1.1%	0.9%
Others	4.4%	3.2%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 51.8% and 56.1% of total plan assets as of March 31, 2016 and 2017, respectively.

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

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

h. Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	2017	2016
Discount rate	0.9%	0.9%
Expected long-term rate of return on plan assets		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥1,072 million and ¥1,065 million (U.S. \$9 million) for the years ended March 31, 2016 and 2017, respectively.

15. Reinsurance

As of March 31, 2016 and 2017, the amounts of reinsurance recoverable on reserve for outstanding claims, which is applied mutatis mutandis to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" pursuant to Article 73, Paragraph 3 of the ordinance (hereafter, "reinsurance recoverable on reserve for outstanding claims"), were ¥52 million and ¥9 million (U.S. \$0 million), respectively.

As of March 31, 2016 and 2017, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" (hereafter, "reinsurance recoverable on policy reserves") were ¥13,369 million and ¥21,315 million (U.S. \$189 million), respectively.

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Balance at the beginning of the fiscal year	¥ 240,902	¥ 253,414	\$ 2,147
Transfer from surplus in the previous fiscal year	165,707	180,044	1,477
Dividend payments to policyholders during the fiscal year	(169,832)	(192,857)	(1,513)
Interest accrued during the fiscal year	182	300	1
Balance at the end of the fiscal year	¥ 236,959	¥ 240,902	\$ 2,112

17. Subordinated Bonds

As of March 31, 2016 and 2017, bonds payable in liabilities are foreign currency-denominated subordinated bonds, and subordinated bonds and foreign currency-denominated subordinated bonds, respectively, and the repayments of which are subordinated to other obligations.

18. Subordinated Debts

As of March 31, 2016, loans payable are subordinated debts, the repayments of which are subordinated to other obligations.

In April 2016, the Company made a repayment of the subordinated debts in the amount of ¥100,000 million, prior to their maturity.

19. Accrued Retirement Benefits for Directors and Executive Officers

Accrued retirement benefits for directors and executive officers of the Company are provided based on a portion accrued for the period of the estimated payable amount as of March 31, 2016.

In 2008, the Compensation Committee decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008. No provisions have been made for incumbent directors and executive officers since that date.

20. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company is provided for the amount of estimated possible losses in the future with respect to the securitizations of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act."

21. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Deferred tax assets	¥ 653,540	¥ 647,718	\$ 5,825
Valuation allowance for deferred tax assets	(3,135)	(2,313)	(27)
Subtotal	650,404	645,405	5,797
Deferred tax liabilities	(989,150)	(902,298)	(8,816)
Net deferred tax assets (liabilities)	(338,745)	(256,892)	(3,019)

Major components of deferred tax assets/liabilities were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Deferred tax assets			
Policy reserves and other reserves	¥409,795	¥410,469	\$3,652
Reserve for price fluctuation	161,481	145,861	1,439
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	942,376	856,637	8,399

(2) The statutory tax rates were 28.80% and 28.20% for the years ended March 31, 2016 and 2017, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31,	2017	2016
Policyholders' dividend reserves	(18.05)%	(17.47)%
Effects of changes in the income tax rate	—	7.20%

(3) From the end of the year ended March 31, 2016, the statutory tax rates which are used to measure deferred tax assets and liabilities were changed from 28.80% to 28.20% for the years ended March 31, 2017 and 2018, and to 27.96% for the year ended March 31, 2019 or later in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 15 in 2016).

Due to this change, as of March 31, 2016, deferred tax liabilities in the non-consolidated balance sheets decreased by ¥8,234 million, deferred tax liabilities for land revaluation in the non-consolidated balance sheets decreased by ¥2,467 million, and deferred portion of income taxes in the non-consolidated statements of income increased by ¥18,968 million.

22. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company offered foundation funds in the amount of ¥100,000 million (U.S. \$891 million) pursuant to Article 60 of the "Insurance Business Act" in the year ended March 31, 2017.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥50,000 million (U.S. \$445 million) as of March 31, 2017.

23. Net Assets stipulated by the "Ordinance for Enforcement of the Insurance Business Act"

The amounts of net assets pursuant to Article 30, Paragraph 2 of the "Ordinance for Enforcement of the Insurance Business Act" were ¥2,447,012 million and ¥2,689,205 million (U.S. \$23,970 million) as of March 31, 2016 and 2017, respectively.

24. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥799,603 million and ¥809,841 million (U.S. \$7,218 million) as of March 31, 2016 and 2017, respectively. The amounts of separate account liabilities were the same as these figures.

25. Monetary Receivable from and Payable to Subsidiaries and Affiliates

The total amounts of monetary receivable from and payable to subsidiaries and affiliates as of March 31, 2016 and 2017 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Monetary receivable	¥3,930	¥3,100	\$35
Monetary payable	3,701	3,983	32

26. Investment Income and Expenses

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Domestic bonds including national government bonds	¥ 523	¥ 4	\$ 4
Domestic stocks	3,976	2,073	35
Foreign securities	17,135	6,337	152

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Domestic bonds including national government bonds	¥ 362	¥ 21	\$ 3
Domestic stocks	605	472	5
Foreign securities	31,110	1,465	277

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Domestic stocks	¥ 366	¥8,457	\$ 3
Foreign securities	11,168	4,333	99

Loss on derivative financial instruments included net valuation losses of ¥52,055 million and ¥161,312 million (U.S. \$1,437 million) for the years ended March 31, 2016 and 2017, respectively.

27. Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) reinsurance recoverable on reserve for outstanding claims and reinsurance recoverable on policy reserves, which are deducted in calculating reversal of (provision for) reserve for outstanding claims and policy reserves, for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 42	¥ 110	\$ 0
Provision for (reversal of) reinsurance recoverable on policy reserves	7,946	7,642	70

28. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥52,265 million and ¥49,705 million (U.S. \$443 million) as of March 31, 2016 and 2017, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

29. Transactions with Subsidiaries and Affiliates

The total amounts of income and expenses resulting from transactions with subsidiaries and affiliates for the years ended March 31, 2016 and 2017 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2017	2016	2017
Total income	¥17,732	¥11,942	\$158
Total expenses	34,668	32,932	309

30. Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

31. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2017 was approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2017.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 4, 2017, a resolution was passed to partially amend the Articles of Incorporation in connection with an issuance of foundation funds of ¥50,000 million during the year ending March 31, 2018.

Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Meiji Yasuda Life Insurance Company:

We have audited the accompanying non-consolidated financial statements of Meiji Yasuda Life Insurance Company, which comprise the non-consolidated balance sheets as at March 31, 2016 and 2017, and the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Meiji Yasuda Life Insurance Company as at March 31, 2016 and 2017, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG AZSA LLC
KPMG AZSA LLC
July 28, 2017
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Non-consolidated Information

Assets

Loans Categorized by Internal Classification of Borrowers

(Millions of Yen)

As of March 31,	2017	2016
Loans to legally bankrupt and substantially bankrupt borrowers	629	497
Loans to borrowers with high possibility of bankruptcy	3,655	3,224
Loans with collection risk	16,018	16,695
Subtotal	20,303	20,417
Proportion of total loans (%)	0.33	0.32
Normal loans	6,217,629	6,411,416
Total	6,237,932	6,431,834

- Notes: 1. Loans to legally bankrupt and substantially bankrupt borrowers are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.
2. Loans to borrowers with high possibility of bankruptcy are loans with a high probability of failure in the payment of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance. These loans exclude loans to legally bankrupt and substantially bankrupt borrowers.
3. Loans with collection risk consist of loans in arrears three months or more and restructured loans. Loans in arrears three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement (excluding the loans described above in Notes 1. and 2.). Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. Restructured loans exclude the loans described above in Notes 1. and 2. as well as loans in arrears three months or more.
4. Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in Notes 1. to 3.

Non-performing Loans

(Millions of Yen)

As of March 31,	2017	2016
Loans to bankrupt borrowers	—	—
Loans in arrears	4,284	3,722
Loans in arrears for three months or longer	—	—
Restructured loans	15,781	16,450
Total	20,066	20,172
Non-performing loans/total loans (%)	0.43	0.41

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2016; and ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2017.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears for three months or longer.

Self Assessment of Loans and other Assets

Under relevant regulations, insurance companies are obliged to assess the quality of their assets. Prior to determining write-offs or allowance, each asset is classified according to collectability and impairment risk.

To ensure stringent implementation, the Company has established

detailed rules governing the procedures for self assessment. In addition, a separate department performs internal audits on these rules and the results of self assessment. External accounting auditors provide a further check to ensure the reliability of the self assessment.

As of March 31,	2017		2016	
	Amount	% of total value of loans	Amount	% of total value of loans
Not Classified	6,196,663	99.3	6,387,813	99.3
Class II	41,155	0.7	43,951	0.7
Class III	113	0.0	69	0.0
Class IV	—	—	—	—
Subtotal of II-IV	41,269	0.7	44,021	0.7
Total	6,237,932	100.0	6,431,834	100.0

Notes: 1. Loans and other assets comprise loans, loaned securities, customers' liabilities under acceptances and guarantees, accrued income (asset related) and suspense payments (loan style).

2. The above chart presents figures after posting write-offs and allowances.

3. "Not classified" loans are deemed as non-problematic based on collectability or impairment risk.

4. "Class II" loans and other assets are deemed to present higher than normal collectability risks due to such reasons as the borrower's failure to meet conditions for maintaining such loans and other issues of creditworthiness.

5. "Class III" loans and other assets present serious doubts regarding their ultimate collectability or value. These assets are very likely to result in an impairment loss, but the amount of impairment cannot reasonably be estimated.

6. "Class IV" assets are deemed to be uncollectible or worthless.

Loans Involving Guaranteed Investment Trusts

Not applicable.

Enhancement of Ability for Insurance Claim and Benefit Payout (Solvency margin ratio)

As of March 31,	2017	2016
(A) Total solvency margin	7,328,416	6,805,494
① Foundation funds	1,194,040	1,079,518
② Reserve for price fluctuation	577,545	521,677
③ Contingency reserves	681,534	675,573
④ General allowance for possible loan losses	1,388	1,310
⑤ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	3,166,950	2,857,322
⑥ Unrealized gains on land × 85% (100% in case of losses)	310,754	281,996
⑦ Excess of continued Zillmerized reserve	953,588	966,800
⑧ Qualifying subordinated debt	353,310	338,310
⑨ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑩ Deductions	—	—
⑪ Other (tax effect adjustment)	89,303	82,985
(B) Total amount of risk $\sqrt{(12+13)^2+(14+15+16)^2+17}$	1,550,146	1,450,251
⑫ Insurance risk	119,135	118,650
⑬ Third-sector insurance risk	57,838	56,014
⑭ Assumed interest rate risk	146,781	150,273
⑮ Minimum guarantee risk	12,011	8,800
⑯ Investment risk	1,347,329	1,248,733
⑰ Business management risk	33,661	31,649
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	945.5	938.5

Notes: 1. The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.

2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 2, Paragraph 4 of said notification.

Real Net Assets

(Millions of Yen)

As of March 31,	2017	2016
Real net assets	9,563,981	9,515,679
Ratio of real net assets to general account assets (%)	26.0	26.6

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. prescribed in Article 132, Paragraph 2 of the Insurance Business Act.

Reference

(Millions of Yen)

As of March 31,	2017	2016
Real net assets after deducting unrealized gains and losses on held-to-maturity debt securities and policy-reserve-matching bonds	7,414,023	6,870,848

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. prescribed in Article 132, Paragraph 2 of the Insurance Business Act and Section II-2-2-6 of Comprehensive Guidelines for Supervision of Insurance Companies issued by the Financial Services Agency.

Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2017		2016	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	741,879	3,419	746,596	(59,656)
General account	—	—	—	—
Separate account	741,879	3,419	746,596	(59,656)

Fair Value of Securities

• Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2017					2016				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	4,715,320	5,537,852	822,531	823,812	(1,281)	4,855,067	5,844,342	989,274	989,964	(689)
Policy-reserve-matching bonds	7,250,615	8,578,042	1,327,426	1,327,428	(1)	7,162,085	8,817,642	1,655,556	1,655,563	(7)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	13,550,699	17,067,658	3,516,959	3,602,161	(85,202)	12,367,508	15,543,135	3,175,626	3,248,357	(72,730)
Domestic bonds	4,867,245	5,322,149	454,903	456,657	(1,753)	4,752,079	5,292,559	540,479	541,220	(741)
Domestic stocks	1,670,383	4,018,610	2,348,227	2,353,377	(5,149)	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)
Foreign securities	6,580,194	7,247,738	667,544	745,092	(77,548)	5,662,264	6,484,268	822,004	871,607	(49,603)
Foreign bonds	5,934,260	6,461,472	527,211	597,262	(70,050)	5,051,489	5,750,923	699,433	741,873	(42,439)
Foreign stocks and others	645,934	786,266	140,332	147,830	(7,497)	610,774	733,345	122,570	129,733	(7,163)
Other securities	361,309	406,195	44,885	45,633	(748)	251,881	274,920	23,038	31,044	(8,006)
Monetary claims bought	21,567	22,968	1,400	1,400	—	25,971	28,278	2,307	2,307	—
Negotiable deposits	50,000	49,996	(3)	0	(3)	24,000	23,998	(1)	—	(1)
Others	—	—	—	—	—	—	—	—	—	—
Total	25,516,636	31,183,553	5,666,917	5,753,402	(86,485)	24,384,662	30,205,120	5,820,458	5,893,885	(73,427)
Domestic bonds	16,515,746	19,103,521	2,587,775	2,589,550	(1,774)	16,458,020	19,619,067	3,161,046	3,161,795	(748)
Domestic stocks	1,670,383	4,018,610	2,348,227	2,353,377	(5,149)	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)
Foreign securities	6,700,479	7,374,594	674,114	751,679	(77,565)	5,778,096	6,606,819	828,722	879,015	(50,292)
Foreign bonds	6,054,545	6,588,327	533,781	603,849	(70,067)	5,167,321	5,873,474	706,152	749,281	(43,129)
Foreign stocks and others	645,934	786,266	140,332	147,830	(7,497)	610,774	733,345	122,570	129,733	(7,163)
Other securities	361,309	406,195	44,885	45,633	(748)	251,881	274,920	23,038	31,044	(8,006)
Monetary claims bought	218,717	230,634	11,917	13,162	(1,245)	221,352	241,204	19,852	19,852	—
Negotiable deposits	50,000	49,996	(3)	0	(3)	24,000	23,998	(1)	—	(1)
Others	—	—	—	—	—	—	—	—	—	—

Note: Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

• Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2017			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	4,664,197	5,488,010	823,812	4,842,623	5,832,587	989,964
Domestic bonds	4,395,085	5,200,549	805,464	4,543,854	5,508,865	965,010
Foreign bonds	108,062	114,649	6,587	103,387	110,795	7,407
Monetary claims bought	161,050	172,811	11,761	195,380	212,925	17,545
Securities whose fair value does not exceed the balance sheet amount	51,123	49,841	(1,281)	12,444	11,755	(689)
Domestic bonds	2,800	2,780	(19)	—	—	—
Foreign bonds	12,223	12,206	(17)	12,444	11,755	(689)
Monetary claims bought	36,100	34,854	(1,245)	—	—	—

• Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2017			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563
Domestic bonds	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563
Securities whose fair value does not exceed the balance sheet amount	900	898	(1)	900	892	(7)
Domestic bonds	900	898	(1)	900	892	(7)

• Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2017			2016		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs	10,622,245	14,224,406	3,602,161	10,476,734	13,725,092	3,248,357
Domestic bonds	4,662,842	5,119,499	456,657	4,744,251	5,285,472	541,220
Domestic stocks	1,573,628	3,927,005	2,353,377	1,515,554	3,317,732	1,802,177
Foreign securities	4,023,370	4,768,463	745,092	4,046,382	4,917,990	871,607
Other securities	334,836	380,470	45,633	144,574	175,618	31,044
Monetary claims bought	21,567	22,968	1,400	25,971	28,278	2,307
Negotiable deposits	6,000	6,000	0	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	2,928,453	2,843,251	(85,202)	1,890,774	1,818,043	(72,730)
Domestic bonds	204,402	202,649	(1,753)	7,828	7,086	(741)
Domestic stocks	96,754	91,605	(5,149)	135,757	121,378	(14,378)
Foreign securities	2,556,823	2,479,275	(77,548)	1,615,881	1,566,278	(49,603)
Other securities	26,473	25,724	(748)	107,307	99,301	(8,006)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	44,000	43,996	(3)	24,000	23,998	(1)

• Book Value of Securities of Which Market Value is Extremely Difficult to Determine

(Millions of Yen)

As of March 31,	2017	2016
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	891,559	890,889
Available-for-sale securities	466,167	585,469
Unlisted domestic stocks	28,456	48,290
Unlisted foreign stocks	427,126	527,126
Other foreign securities	1,168	1,461
Others	9,416	8,590
Total	1,357,727	1,476,359

Fair Value of Money-Held-in-Trust

Not applicable.

Policy-Reserve-Matching Bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (JICPA, issued on November 16, 2000).

The effectiveness of the duration matching of these policy-reserve-matching bonds is periodically reevaluated.

Fair Value of Derivative Transactions

1. Qualitative Information

(1) Content of Transactions

The main types of derivative transactions executed by the Company are those related to:

- Interest rates: interest rate futures, interest rate options, interest rate swaps and swaptions
- Currencies: foreign exchange contracts, currency options and currency swaps
- Stocks: stock index futures and stock options
- Bonds: bond futures and bond options

None of the Over-the-Counter (OTC) transactions involves excessive risk that may emerge from the complexity of the transaction structure.

(2) Transaction Policy

The Company positions derivative transactions as a key hedging method against risks associated with invested assets, insurance liabilities and bonds payable. In principle, such transactions are executed only for hedging purposes.

(3) Purpose of Transactions

Derivative transactions are mainly used as follows:

- Interest rate-related transactions are intended to fix the interest rate of loans and debts with floating rates and to hedge against interest rate risk of insurance liabilities.
- Currency-related transactions are intended to fix currency exchange rates applied to the purchase or sale of foreign currency denominated assets and liabilities, to minimize unexpected losses caused by exchange rate fluctuations, and avoid other risks associated with foreign currency exchange.

- Stock-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of stocks due to a time lag between the decision on and execution of such deal as well as risks resulting from the fluctuation in the value of the Company's stock portfolio.

- Bond-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of bonds due to a time lag between the decision on and execution of such deal.

Of the transactions described above, some interest-rate transactions are subject to exceptional accounting treatment and deferred hedge accounting. Also, some transactions aimed at avoiding foreign currency exchange risk are subject to fair value hedge accounting, deferred hedge accounting and the allocation method for currency swaps.

(4) Risk Content

In principle, these derivative transactions are aimed at hedging against invested asset risk, insurance liability risk and bonds payable risk. Accordingly, the market-related risk accompanying these transactions is mitigated and limited.

In addition, transactions are executed through market exchange or OTC transactions. The latter give due consideration to assessing the soundness of counterparties. Therefore, the Company believes these transactions pose limited risk that might emerge from counterparty default due to such reasons as insolvency.

(5) Risk Management Structure

With regard to handling derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. By using the Current Exposure Method, the Company calculates counterparty credit risk based on replacement cost, thereby limiting exposure risk. Counterparties are selected based on their soundness, giving due consideration to their ratings and other factors.

The overall status of these transactions is managed comprehensively. For example, the small-committee for investment risk management monitors the total value and balance of transactions and other invested assets subject to hedge accounting. Moreover, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

(6) Supplementary Explanation on Quantitative Information

(i) Calculation of Fair Value

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value.

The fair value of OTC transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or fair value based on data provided by pricing vendors.

The fair value of stock index futures and bond futures is calculated based on closing or settlement prices as of March 31.

(ii) Net Gains and Losses on Transactions

In principle, the Company utilizes derivative transactions as a hedging method against risk associated with invested assets, insurance liabilities and bonds payable, and, therefore, does not engage in derivative transactions for speculative purpose.

For example, interest rate swap transactions related to invested

assets are executed mainly for the purpose of fixing interest rates on assets with floating rates. Likewise, interest rate swap transactions related to insurance liabilities are intended to control the impact of interest rate fluctuations on such liabilities.

In short, the Company undertakes derivative transactions in combination with invested assets, insurance liabilities and bonds payable subject to hedge accounting, rather than on an individual transaction basis.

2. Quantitative Information

(1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2017						2016					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	51,422	(28,235)	—	—	—	23,186	59,990	88,255	—	—	—	148,246
Hedge accounting not applied	(5)	632	(25)	—	—	601	(0)	(63)	43	—	—	(20)
Total	51,416	(27,603)	(25)	—	—	23,788	59,989	88,192	43	—	—	148,225

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied included gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016 and loss attributable to currency-related transactions totaling ¥29,786 million as of March 31, 2017. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

(2) Transactions Where Hedge Accounting is Not Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Interest rate swaps								
Receipts fixed, payments floating	200	200	(5)	(5)	100	100	(0)	(0)
Total				(5)				(0)

Note: Net gains (losses) represent the fair values.

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2017							2016							
	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	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	
Receipts fixed, payments floating swap															
Notional amount	—	—	—	—	—	200	200	—	—	—	—	—	—	100	100
Average interest rate in receipt (%)	—	—	—	—	—	0.46	0.46	—	—	—	—	—	—	0.46	0.46
Average interest rate in payment (%)	—	—	—	—	—	0.02	0.02	—	—	—	—	—	—	0.02	0.02

◆ Currency-Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Foreign currency forward contracts								
Sold	118,008	—	592	592	12,946	—	(103)	(103)
(U.S. dollar)	106,347	—	575	575	519	—	3	3
(British pound)	6,979	—	(23)	(23)	32	—	0	0
(Australian dollar)	4,363	—	38	38	12,226	—	(105)	(105)
(Others)	317	—	1	1	169	—	(1)	(1)
Bought	11,993	—	38	38	5,339	—	39	39
(U.S. dollar)	11,742	—	40	40	3,572	—	(7)	(7)
(Euro)	146	—	(1)	(1)	1,641	—	46	46
(Others)	103	—	0	0	125	—	0	0
Currency options								
Sold								
Call	105,400	—			—	—		
	[499]		—	499	[—]		—	—
(U.S. dollar)	105,400	—			—	—		
	[499]		—	499	[—]		—	—
Bought								
Put	89,250	—			—	—		
	[499]		0	(499)	[—]		—	—
(U.S. dollar)	89,250	—			—	—		
	[499]		0	(499)	[—]		—	—
Total				632				(63)

Notes: 1. Net gains (losses) on foreign currency forward contracts represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.

2. Option fees are shown in [].

◆ Stock-Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
Exchange-traded transactions								
Yen Stock index futures								
Sold	—	—	—	—	274	—	4	4
Bought	2,192	—	(29)	(29)	1,824	—	21	21
Foreign currency-denominated stock index futures								
Bought	1,098	—	3	3	2,332	—	17	17
Total				(25)				43

Note: Net gains (losses) represent the fair values.

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting is Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,			2017			2016		
Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year			Over 1 year		
Deferred hedge accounting	Interest rate swaps Receipts fixed, payments floating	Insurance liabilities	232,600	232,600	51,026	233,900	233,900	59,067
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	16,755	8,755	395	28,948	18,948	922
Total			51,422			59,990		

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,		2017							2016						
		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	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
		Receipts fixed, payments floating swap													
	Notional amount	8,000	5,227	7,500	7,500	16,028	205,100	249,355	10,000	15,000	4,118	7,400	16,130	210,200	262,848
	Average interest rate in receipt (%)	1.90	2.12	1.56	1.75	1.79	1.89	1.87	1.95	1.97	1.51	1.68	1.73	1.89	1.88
	Average interest rate in payment (%)	0.21	0.20	0.02	0.03	0.12	0.02	0.04	0.22	0.23	0.01	0.04	0.16	0.06	0.08

◆ Currency-Related

(Millions of Yen)

As of March 31,			2017			2016					
Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value			
			Over 1 year			Over 1 year					
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency-denominated bonds	Sold								
			(U.S. dollar)	2,852,379		—	(29,786)		2,123,031	—	89,473
			(Euro)	2,560,560		—	(23,153)		1,808,792	—	86,840
			(Australian dollar)	168,759		—	(173)		182,880	—	1,773
			123,059	—	(6,459)	131,358	—	859			
Deferred hedge accounting	Cross currency swaps	Foreign-currency-denominated bonds	(Euro)	35,575	35,575	1,472	35,575	35,575	(1,307)		
			(Australian dollar)	4,305	4,305	78	4,305	4,305	89		
			Total	(28,235)			88,255				

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities whose value is fixed in yen at the time of settlement through such means as forward exchange contracts and can thus be included in yen on the balance sheet.

◆ Stock-Related

Not applicable.

◆ Bond-Related

Not applicable.

Status of Stocks Held

1. Investment Securities Held Excluding Those Held Solely for the Purpose of Investment

Number of stocks held: 13

Total amount reported in the balance sheet: 55,891 million yen

2. Of Which, Details of Investment Securities Excluding Unlisted Stocks

As of March 31, 2017

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	12,493	49,469	To reinforce a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of facilitating the expansion of the Company's overseas insurance business

As of March 31, 2016

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	12,493	47,878	To reinforce a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of facilitating the expansion of the Company's overseas insurance business

3. Investment Securities Held Solely for Investment

(Millions of Yen)

As of and years ended March 31,	2017					2016				
	Balance sheet amount	Dividends received	Gains/Losses on sales	Valuation gains/losses		Balance sheet amount	Dividends received	Gains/Losses on sales	Valuation gains/losses	
				Unrealized gains/losses	Impairment losses				Unrealized gains/losses	Impairment losses
Unlisted stocks	27,079	1,974	716	917	(34)	46,912	2,249	164	897	(98)
Others	4,066,262	79,852	12,108	2,372,282	(332)	3,493,060	74,109	12,711	1,801,510	(8,358)

Components of Ordinary Profit (Base Profit)

(Millions of Yen)

Years ended March 31,	2017	2016
Base income ①	3,520,567	4,227,253
Insurance premiums and other	2,615,872	3,357,858
Insurance premiums	2,614,768	3,357,042
Investment income (Note 1)	794,431	779,942
Interest, dividends and other income	721,464	690,849
Other ordinary income (Note 1)	110,262	89,452
Base expenses ②	3,048,224	3,767,349
Benefits and other payments	2,204,036	2,301,138
Claims paid	564,719	562,557
Annuity payments	695,207	695,922
Benefit payments	396,440	409,457
Surrender benefits	452,951	454,237
Other refunds	89,190	173,064
Provision for policy reserves and other reserves (Note 1)	283,189	853,869
Investment expenses (Note 1)	37,014	57,257
Operating expenses	350,389	355,644
Other ordinary expenses	173,594	199,438
Base profit	A (①-②)	459,903
Capital income ③	21,635	8,568
Gains on money held in trust	—	0
Gains on trading securities	—	—
Gains on sales of securities	21,635	8,415
Gains on derivative financial instruments	—	—
Foreign exchange gains	—	153
Other capital income	—	—
Capital expenses ④	134,641	122,080
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	32,078	1,959
Losses on valuation of securities	12,009	12,791
Losses on derivative financial instruments	90,154	107,329
Foreign exchange losses	399	—
Other capital expenses	—	—
Capital gains/losses	B (③-④)	(113,511)
Total of base profit and capital gains/losses	A+B	346,392
Temporary income ⑤	—	—
Reversal of contingency reserves	—	—
Reversal of specific allowance for possible loan losses	—	—
Other temporary income	—	—
Temporary expenses ⑥	40,882	45,438
Provision for contingency reserves	5,960	8,227
Provision for specific allowance for possible loan losses	381	1,031
Provision for specific allowance for possible overseas loan losses	—	—
Write-off of doubtful accounts	—	—
Other temporary expenses (Note 2)	34,540	36,179
Temporary gains/losses	C (⑤-⑥)	(45,438)
Ordinary profit	A+B+C	300,953

Notes: 1. Excludes items presented on the statements of income as investment income and expenses, other ordinary income and provision for policy reserves and other reserves, which are all deemed to be capital income/expenses and temporary gains/losses.

2. Other temporary expenses presented above are provision for policy reserves posted in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

Components of Base Profit (Three Surplus Factors)

(Billions of Yen)

Years ended March 31,		2017	2016
Base profit	A	472.3	459.9
Interest surplus		174.8	181.9
Mortality profit		281.6	267.9
Expense profit		15.8	9.9
Capital gains/losses	B	(113.0)	(113.5)
Temporary gains/losses	C	(40.8)	(45.4)
Ordinary profit	D (=A+B+C)	318.4	300.9
Extraordinary gains/losses, income taxes	E	(81.1)	(80.3)
Unappropriated surplus	F (=D+E)	237.2	220.6

Performance Indicators

Performance Indicators for Main Business Annualized Premiums and Number of Policies

(1) Policies in Force

• Annualized Premiums

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	1,561,156	102.2	1,527,436	103.4
Individual annuities	688,870	102.9	669,261	100.8
Total	2,250,027	102.4	2,196,698	102.6
Medical insurance, living benefits and others	382,233	103.9	367,950	104.0

• Number of Policies

As of March 31,	2017		2016	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	9,152,556	102.5	8,925,048	101.4
Individual annuities	2,687,165	105.2	2,553,514	102.7
Total	11,839,721	103.1	11,478,562	101.7

(2) New Policies

• Annualized Premiums

(Millions of Yen)

Years ended March 31,	2017		2016	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	127,695	87.7	145,629	110.9
Individual annuities	52,228	132.7	39,345	103.9
Total	179,924	97.3	184,974	109.3
Medical insurance, living benefits and others	36,545	100.6	36,337	111.2

• Number of Policies

Years ended March 31,	2017		2016	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	1,096,308	109.2	1,004,226	99.6
Individual annuities	248,088	133.3	186,062	111.2
Total	1,344,396	112.9	1,190,288	101.2

Notes: 1. Annualized premiums are calculated by multiplying the amount of premium payments for twelve months by a coefficient determined by payment frequency. (For policies with a single lump-sum payment, the amount is calculated by dividing total premiums by years contracted).
2. Figures for medical insurance, living benefits and others represent annualized premiums paid for coverage under medical insurance (hospitalization benefits and surgery benefits), living benefits (benefits under coverage for specified diseases and nursing care) and benefits subject to premium payment waiver (including premium payment waiver for those who suffer from specified diseases or require nursing care; excluding waivers for those who become disabled).
3. In (2) new policies, annualized premiums include net increase in premiums resulting from conversion of policies, coverage revision and rider changes. The number of policies includes the number of policies subject to such conversion, revision or changes.

Insurance Amount of Policies in Force and New Policies

(1) Policies in Force

As of March 31,	2017		2016	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	68,042,279	95.6	71,193,761	95.6
Individual annuities	14,503,891	103.6	14,003,510	101.0
Subtotal	82,546,170	96.9	85,197,272	96.5
Group life insurance	112,956,900	100.9	111,918,819	100.3
Total	195,503,071	99.2	197,116,091	98.6
Group pensions	7,441,786	101.3	7,345,422	103.0

Notes: 1. Figures for individual annuities represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.
2. Figures for group pensions represent the amount of policy reserves.

(2) New Policies

Years ended March 31,	2017				2016			
	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)
Individual life insurance	2,866,864	(1,038,459)	1,828,405	81.5	3,460,275	(1,217,031)	2,243,243	147.6
Individual annuities	1,268,440	(857)	1,267,583	139.6	908,972	(1,098)	907,873	107.1
Subtotal	4,135,305	(1,039,317)	3,095,988	98.3	4,369,247	(1,218,130)	3,151,117	133.1
Group life insurance	504,243	—	504,243	80.1	629,310	—	629,310	83.8
Total	4,639,549	(1,039,317)	3,600,232	95.2	4,998,558	(1,218,130)	3,780,428	121.2
Group pensions	83	—	83	1.6	5,275	—	5,275	336.3

Notes: 1. Net increase from conversion includes net increase due to coverage revision and rider changes.
2. Figures for new policies and net increase from conversion in individual annuities represent planned annuity value at the start of annuity payments.
3. The figures for new policies in group pensions represent insurance premiums from the first payment.

Insurance Amount of Policies in Force and New Policies by Product Type

Individual Life Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2017)				New policies (year ended March 31, 2017)			
	Number of policies	% of policies	Amount	% of policies	Number of policies	% of policies	Amount	% of policies
Mortality insurance	8,099,978	88.5	65,209,350	95.8	[789,534]	[72.0]	[7,037,778]	[95.3]
Whole life insurance	1,109,881	12.1	6,607,943	9.7	476,762	43.5	2,521,639	34.2
Whole life insurance with living benefits	97,594	1.1	133,989	0.2	[29,746]	[2.7]	[295,811]	[4.0]
Whole life insurance whose period of premium payments has finished	35,972	0.4	107,558	0.2	29,646	2.7	293,009	4.0
Single premium special whole life insurance	860,761	9.4	5,517,990	8.1	[6,376]	[0.6]	[801]	[0.0]
Lump-sum whole-life insurance with periodic benefits	5,033	0.1	37,719	0.1	6,376	0.6	801	0.0
Increasing whole life insurance	326,449	3.6	2,266,943	3.3	—	—	—	—
Whole life insurance with term rider	590,236	6.4	5,674,805	8.3	—	—	—	—
Wealth accumulation whole life insurance with floating interest	1,200,043	13.1	19,563,550	28.8	—	—	—	—
Comprehensive protection insurance with combined policies	1,304,062	14.2	16,930,630	24.9	[2,769]	[0.3]	[47,180]	[0.6]
Term life insurance	555,757	6.1	2,743,784	4.0	—	—	—	—
Increasing term life insurance	22,034	0.2	499,514	0.7	191,050	17.4	1,334,710	18.1
Term life insurance with coverage for specified diseases	1,387,836	15.2	2,209,300	3.2	[33,609]	[3.1]	[269,562]	[3.7]
Variable insurance (whole-life type)	53,023	0.6	498,163	0.7	33,609	3.1	269,562	3.7
Whole life insurance for surviving spouses with term rider	33,210	0.4	403,576	0.6	[6,693]	[0.6]	[102,738]	[1.4]
Whole life hospitalization insurance	149,959	1.6	1,184,509	1.7	6,693	0.6	102,738	1.4
Medical and nursing care insurance	368,128	4.0	182,516	0.3	—	—	—	—
Term rider	[145,386]	—	638,948	0.9	—	—	—	—
Others	[3,814]	—	7,905	0.0	—	—	—	—
Hybrid insurance	463,192	5.1	2,050,121	3.0	—	—	—	—
Endowment insurance	231,068	2.5	851,887	1.3	[6,485]	[0.6]	[38,996]	[0.5]
Endowment insurance with term rider	128,658	1.4	465,526	0.7	6,402	0.6	37,992	0.5
					[5,361]	[0.5]	[26,539]	[0.4]
					5,348	0.5	26,240	0.4
					[61]	[0.0]	[352]	[0.0]
					59	0.0	342	0.0

(Millions of Yen)

	Policies in force (as of March 31, 2017)				New policies (year ended March 31, 2017)			
	Number of policies	% of policies	Amount	% of policies	Number of policies	% of policies	Amount	% of policies
Endowment insurance with term rider with living benefits	34,575	0.4	320,580	0.5	[1,063]	[0.1]	[12,105]	[0.2]
					995	0.1	11,410	0.2
Term life insurance with living benefits	13,632	0.1	130,948	0.2	—	—	—	—
Child insurance with annuity for child	55,259	0.6	246,486	0.4	—	—	—	—
Term rider with living benefits	[20,635]	—	34,692	0.1	—	—	—	—
Pure endowment insurance	589,386	6.4	782,808	1.2	[300,289]	[27.4]	[307,232]	[4.2]
					300,289	27.4	307,232	4.2
Wealth accumulation insurance with death/accident benefits for women	264,847	2.9	136,791	0.2	[222,970]	[20.3]	[108,554]	[1.5]
					222,970	20.3	108,554	1.5
Child insurance	266,524	2.9	581,893	0.9	[77,319]	[7.1]	[198,678]	[2.7]
					77,319	7.1	198,678	2.7
Child insurance with educational endowment	58,015	0.6	41,342	0.1	—	—	—	—
Policy aggregation rider	[1,158,188]	—	22,781	0.0	—	—	—	—
Total	9,152,556	100.0	68,042,279	100.0	[1,096,308]	[100.0]	[7,384,007]	[100.0]
					783,453	71.5	2,866,864	38.8

Notes: 1. Figures presented in brackets in the first row of each line item for new policies in the year ended March 31, 2017 include policies subject to conversion, coverage revision and rider changes.

2. Total number of policies does not include the number of riders presented in brackets.

Individual Annuities

(Millions of Yen)

	Policies in force (as of March 31, 2017)		New policies (year ended March 31, 2017)	
	Number of policies	Amount	Number of policies	Amount
Whole life annuities with term life insurance	4,079	5,647	—	—
Individual annuities	2,582,050	14,131,460	246,936	1,263,415
Variable individual annuities	470	1,491	—	—
Variable individual annuities (that assure planned annuity value)	95,565	328,580	1,085	4,465
Annuity type payment rider attached to life insurance policies	2,499	8,356	67	559
Income protection rider	1,641	9,927	—	—
Whole life or fixed-term annuity rider with disability income benefit	541	7,288	—	—
Whole life annuity rider with disability income benefit	284	6,334	—	—
Whole life nursing care annuity rider	36	373	—	—
Others	1,021	4,430	—	—
Total	2,687,165	14,503,891	248,088	1,268,440

Notes: 1. Others is not included in the total number of policies.

2. The amount of policies in force represents the expected future value of accumulated capital of insurance policies written prior to payout at pension eligibility and policy reserves of insurance policies written after pension payout.

3. The amount of new policies represents planned annuity value at the start of annuity payments.

4. The figures for whole life annuity rider with disability income benefit include whole life annuity rider with nursing care support.

Group Life Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2017)		New policies (year ended March 31, 2017)	
	Number of policies	Amount	Number of policies	Amount
Group term life insurance	11,496,301	53,624,456	98,272	449,074
Comprehensive group term life insurance for employees	4,758,192	14,088,511	88,635	54,596
Group credit life insurance	12,156,828	45,089,798	440	573
Consumer group credit life insurance	5,643	3,323	—	—
Group whole life insurance	1,573	5,282	—	—
Life insurance for disability support	45,239	27,100	—	—
Annuity type payment rider attached to group term life insurance	20,427	118,426	—	—
Total	28,438,964	112,956,900	187,347	504,243

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of annuity type payment rider represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

3. The total number of policies does not include the number of life insurance policies for disability support.

Group Pensions

(Millions of Yen)

	Policies in force (as of March 31, 2017)		New policies (year ended March 31, 2017)	
	Number of policies	Amount	Number of policies	Amount
Corporate pensions	774	490	—	—
New corporate pensions	7,968,123	425,020	—	—
Corporate pensions with individual contribution	3,245,010	3,519,253	302	45
National pension fund insurance	—	1,294	—	—
Employees' pension fund insurance	476,380	155,744	—	—
Group pure endowment insurance	—	130,765	—	—
Defined contribution pension plans (corporate)	—	103,591	—	12
Defined contribution pension plans (individual)	—	5,882	—	—
Defined benefit corporate pension plans (contract-type)	—	1,720,764	—	—
Defined benefit corporate pension plans (fund-type)	—	1,378,977	—	24
Total	11,690,287	7,441,786	302	83

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of policies in force represents policy reserves.

3. The amount of new policies represents insurance premiums from the first payment of premiums.

Other Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2017)		New policies (year ended March 31, 2017)	
	Number of policies	Amount	Number of policies	Amount
Asset formation insurance and asset formation annuities				
Asset formation saving insurance	50,360	136,087	805	64
Asset formation for home acquisition insurance	4,783	15,038	121	7
Asset formation benefit saving insurance	7,292	1,071	1,244	38
Asset formation annuities	827	1,891	—	—
Asset formation wealth accumulation annuities	30,080	63,279	422	25
Subtotal	93,342	217,368	2,592	136
Medical life insurance	916,964	3,122	66,277	23
Disability income insurance	49,091	2,963	—	—
Reinsurance underwritten	295,610	100,564	1,694	450

Notes: 1. The number of policies represents the number of insured persons.

2. Insurance amount of policies in force in categories under asset formation insurance and asset formation annuities (excluding figures for "asset formation annuities") represents policy reserves. The amount of new policies represents insurance premiums from the first payment of premiums.

3. The amount of asset formation annuities represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

4. The amount of medical life insurance represents the amount of daily hospitalization benefits.

5. The amount of disability income insurance represents the amount of monthly disability income benefits.

Insurance Amount of Policies in Force by Coverage Type

(Millions of Yen)

As of March 31,	2017	2016
Death coverage		
Death protection due to illness/accidents		
Individual life insurance	67,259,471	70,672,275
Individual annuities	4,538	4,850
Group life insurance	112,838,473	111,797,105
Group pensions	—	—
Total (including others)	180,203,047	182,575,750
Death protection due to accidents		
Individual life insurance	[11,943,504]	[12,571,325]
Individual annuities	[140,722]	[152,056]
Group life insurance	[6,151,337]	[6,259,500]
Group pensions	[—]	[—]
Total (including others)	[18,266,184]	[19,014,008]
Death protection due to other causes		
Individual life insurance	—	—
Individual annuities	[—]	[—]
Group life insurance	[45,382]	[46,596]
Group pensions	[—]	[—]
Total (including others)	—	—
Pure endowment		
Maturity and living benefits		
Individual life insurance	782,808	521,485
Individual annuities	12,638,458	12,193,288
Group life insurance	5,522	5,703
Group pensions	—	—
Total (including others)	13,468,336	12,763,887
Annuities		
Individual life insurance	[47,452]	[42,781]
Individual annuities	[1,642,591]	[1,564,694]
Group life insurance	[16,794]	[17,242]
Group pensions	[—]	[—]
Total (including others)	[1,711,090]	[1,629,140]
Others		
Individual life insurance	—	—
Individual annuities	1,860,894	1,805,371
Group life insurance	112,904	116,010
Group pensions	7,441,786	7,345,422
Total (including others)	9,591,406	9,442,163
Hospitalization coverage		
Hospitalization due to accidents		
Individual life insurance	[29,990]	[30,028]
Individual annuities	[689]	[747]
Group life insurance	[4,041]	[4,097]
Group pensions	[—]	[—]
Total (including others)	[37,844]	[37,986]
Hospitalization due to illness		
Individual life insurance	[29,591]	[29,528]
Individual annuities	[683]	[740]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[33,398]	[33,383]

(Millions of Yen)

As of March 31,	2017	2016
Hospitalization due to other causes		
Individual life insurance	[40,390]	[48,075]
Individual annuities	[1,234]	[1,322]
Group life insurance	[34]	[34]
Group pensions	[—]	[—]
Total (including others)	[41,660]	[49,432]

- Notes: 1. Figures in brackets are additional coverage and rider coverage attached to coverage under primary policies. However, death coverage due to illness/accidents under term rider is included in figures for coverage under primary policies.
2. In the pure endowment category, the figures for maturity and living benefits of individual annuities and group life insurance represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility.
3. In the pure endowment category, the figures in annuities represent the annual amount of annuity payments.
4. In the pure endowment category, the figures in others represent policy reserves.
5. The figures for hospitalization coverage represent daily hospitalization benefits.
6. The total (including others) of hospitalization due to illness includes coverage under primary policies and additional coverage.

(Number of Policies)

As of March 31,	2017	2016
Disability coverage		
Individual life insurance	[4,305,195]	[4,672,131]
Individual annuities	[24,720]	[26,434]
Group life insurance	[3,169,717]	[3,181,059]
Group pensions	[—]	[—]
Total (including others)	[7,499,632]	[7,879,624]
Surgery coverage		
Individual life insurance	[7,625,815]	[7,288,508]
Individual annuities	[127,871]	[137,472]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[7,753,686]	[7,425,980]

Note: Figures in brackets represent the number of policies and riders attached to coverage under primary policies.

Insurance Amount of Individual Life Insurance and Individual Annuities in Force by Type of Policy

(Millions of Yen)

As of March 31,	2017	2016
Mortality insurance		
Whole life insurance	14,680,260	14,386,694
Whole life insurance with term rider	5,674,805	6,653,489
Wealth accumulation whole life insurance with floating interest	19,563,550	25,018,820
Comprehensive protection insurance with combined policies	16,930,630	13,013,576
Whole life hospitalization insurance	1,184,509	1,996,131
Term insurance	5,452,599	5,360,260
Total (including others)	65,209,350	68,269,715
Hybrid insurance		
Endowment insurance	851,887	953,904
Endowment insurance with term rider	786,106	913,957
Term life insurance with living benefits	130,948	179,866
Total (including others)	2,050,121	2,402,560
Pure endowment insurance		
Wealth accumulation insurance with death/accident benefits for women	136,791	37,595
Child insurance	581,893	392,845
Total (including others)	782,808	521,485
Annuities		
Individual annuities	14,503,891	14,003,510

			(Millions of Yen)	
As of March 31,	2017	2016		
Rider coverage for accidents and illness				
Accidental death benefit rider	1,719,567	2,027,131		
Rider for injuries	8,267,211	8,660,590		
Hospitalization rider due to accidents	2,106	2,421		
Hospitalization rider due to illness	27,845	27,516		
Hospitalization rider due to lifestyle-related diseases	1,942	2,368		
Hospitalization rider due to cancer	1,377	1,717		
Hospitalization rider for female-specific critical illness	6,474	7,547		
Home care rider (post-hospitalization)	21,066	25,435		
Rider for specific injuries	70,702	67,496		
(Number of Policies)				
Surgery rider	2,471,703	2,305,644		
Rider for protection against cancer	2,649,222	2,125,029		
Advanced medical care rider	2,105,012	1,956,179		
Serious disease rider with ongoing coverage	1,423,416	1,140,932		
New nursing care rider	658,777	573,486		

- Notes: 1. Amount of individual annuities in force represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.
2. Figures for hospitalization rider due to accidents, illness, lifestyle-related diseases, and cancer as well as hospitalization rider for female-specific critical illness represent daily hospitalization benefits. However, hospitalization rider due to accidents includes standard daily benefits under rider for leisure coverage and comprehensive injury rider.
3. The home care rider (post-hospitalization) represents standard benefits paid to the insured person after hospital release for home treatment.
4. Rider for specific injuries represents injury benefits paid for such injuries.
5. The figures for surgery rider, rider for protection against cancer, advanced medical care rider, serious disease rider with ongoing coverage and new nursing care rider represent the number of policies with such riders.
6. Rider for protection against cancer includes the number of policies with rider for cancer treatment and rider for intraepithelial neoplasia and other types of cancer.
7. Serious disease rider with ongoing coverage includes the number of policies with riders for six specified diseases and riders for seven specified diseases.
8. New nursing care rider includes the number of riders (excluding riders with a set period for premium payments) with lump-sum benefits for policyholders requiring long-term nursing care and those requiring lighter nursing assistance.

Trend of Policy Transitions

Individual Life Insurance

					(Millions of Yen)	
Years ended March 31,	2017		2016			
	Number of policies	Amount	Number of policies	Amount		
At the beginning of the fiscal year	8,925,048	71,193,761	8,797,798	74,463,264		
New policies	783,453	2,866,864	697,842	3,460,275		
Renewal	1,404,415	2,393,108	1,356,500	2,322,777		
Reinstatement	23,337	237,611	21,802	239,343		
Increase of insurance amount	—	48	—	15		
Increase from conversion	312,855	4,517,142	306,384	4,823,253		
Death	53,936	312,365	52,286	309,993		
Maturity	1,554,227	3,424,198	1,513,078	3,459,648		
Decrease of insurance amount	—	608,702	—	650,864		
Decrease from conversion	316,130	5,555,602	308,185	6,040,284		
Surrender	317,206	2,738,062	328,367	2,978,822		
Lapse	52,122	496,914	50,652	517,466		
Decrease due to other changes	2,931	30,413	2,710	158,087		
At the end of the fiscal year	9,152,556	68,042,279	8,925,048	71,193,761		
Rate of increase (%)	2.5	(4.4)	1.4	(4.4)		
Net increase	227,508	(3,151,481)	127,250	(3,269,503)		
Year-on-year change in net increase (%)	78.8	—	—	—		

- Notes: 1. Amount represents coverage under primary policies (mortality insurance, hybrid insurance, and pure endowment insurance).
2. The figures for increase/decrease from conversion include, respectively, increase/decrease due to coverage revision and rider changes.

Individual Annuities

(Millions of Yen)

Years ended March 31,	2017		2016	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	2,553,514	14,003,510	2,486,262	13,866,218
<Annual amount of annuity payments>		<1,564,694>		<1,527,475>
New policies	248,088	1,268,440	186,062	908,972
Reinstatement	2,895	14,925	2,098	11,180
Increase of annuity amount	—	60	—	31
Increase due to conversion	—	—	—	—
Death	5,160	26,564	5,220	29,199
Completion of payments	24,394	59	27,342	79
Decrease of annuity amount	—	27,365	—	21,137
Decrease due to conversion	156	857	179	1,098
Surrender	59,289	334,560	61,210	356,569
Lapse	6,684	32,708	5,168	25,240
Decrease due to other changes	21,649	360,930	21,789	349,565
At the end of the fiscal year	2,687,165	14,503,891	2,553,514	14,003,510
Rate of increase (%)	5.2	3.6	2.7	1.0
<Annual amount of annuity payments>		<1,642,591>		<1,564,694>
Net increase	133,651	500,380	67,252	137,292
Year-on-year change in net increase (%)	98.7	264.5	96.2	—

Note: The amounts represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

Group Life Insurance

(Millions of Yen)

Years ended March 31,	2017		2016	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	28,510,739	111,918,819	28,622,943	111,636,133
New policies	187,347	504,243	369,402	629,310
Renewal	16,280,517	67,888,228	16,079,343	66,541,632
Reinstatement	—	—	—	—
Midterm enrollment	1,716,456	6,677,746	1,637,333	6,075,835
Increase of insurance amount	—	1,076,155	—	647,415
Death	48,385	139,348	49,976	142,627
Maturity	16,222,237	67,123,008	16,313,501	66,257,814
Withdrawal	1,960,441	5,162,893	1,793,116	4,663,557
Decrease of insurance amount	—	2,639,793	—	2,462,962
Surrender	26,549	40,327	42,776	79,707
Lapse	—	—	466	1,528
Decrease due to other changes	(1,517)	2,922	(1,553)	3,311
At the end of the fiscal year	28,438,964	112,956,900	28,510,739	111,918,819
Rate of increase (%)	(0.3)	0.9	(0.4)	0.3
Net increase	(71,775)	1,038,081	(112,204)	282,685
Year-on-year change in net increase (%)	—	267.2	—	(55.1)

Notes: 1. Amounts represent coverage under primary policies (mortality insurance, hybrid insurance, and policies with annuity rider attached to death coverage).

2. The number of policies represents the number of insured persons.

3. In decrease due to other changes, the number of policies includes changes in policies where the cause had yet to be determined.

Group Pensions

(Millions of Yen)

Years ended March 31,	2017		2016	
	Number of policies	Amount	Number of policies	Amount
At the beginning of the fiscal year	11,814,280	7,345,422	11,908,270	7,133,678
New policies	302	83	489	5,275
Annuity payments	2,561,296	247,638	2,310,868	260,780
Lump-sum payments	592,886	237,324	610,728	248,179
Surrender	206,694	59,355	158,881	31,099
At the end of the fiscal year	11,690,287	7,441,786	11,814,280	7,345,422
Rate of increase (%)	(1.0)	1.3	(0.8)	3.0
Net increase	(123,993)	96,363	(93,990)	211,744
Year-on-year change in net increase (%)	—	(54.5)	—	29.8

Notes: 1. Amount at the beginning and the end of the fiscal year represents policy reserves.

2. The figures for new policies represents insurance premiums from the first payment.

3. The figures for annuity payments, lump-sum payments and surrender represents the amount of benefits paid in each instance.

4. The number of policies represents the number of insured persons.

Performance Indicators for Insurance Policies

Rate of Change of Policies in Force

(%)

Years ended March 31,	2017	2016
Individual life insurance	(4.4)	(4.4)
Individual annuities	3.6	1.0
Group life insurance	0.9	0.3
Group pensions	1.3	3.0

Average Insured Amount per New Policy and Policy in Force (individual life insurance)

(Thousands of Yen)

Years ended March 31,	2017	2016
New policy	3,659	4,958
Policy in force	7,434	7,976

Note: New policy does not include policies subject to conversion, revision of coverage and changes in rider.

New Policy Rate (comparison between the beginning and end of the year)

(%)

Years ended March 31,	2017	2016
Individual life insurance	4.0	4.6
Individual annuities	9.1	6.6
Group life insurance	0.5	0.6

Note: Figures represent the proportion of new policies (excluding those resulting from conversion, revision of coverage and changes in rider) to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of new policies.

Surrender and Lapse Rates (comparison between the beginning and end of the year)

(%)

Years ended March 31,	2017	2016
Individual life insurance	4.5	4.7
Individual annuities	2.6	2.8
Group life insurance	0.0	0.1

Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of surrendered and lapsed policies.

Average Premiums for New Policies (individual life insurance policies with monthly payments)

(Yen)

Year ended March 31, 2017	Year ended March 31, 2016
90,853	87,942

Notes: 1. Excludes converted policies.
2. The premiums have been annualized

Mortality Rate (individual life insurance)

(‰)

Rate by number of policies		Rate by insurance amount	
Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
5.95	5.88	4.48	4.25

Notes: 1. The rate is calculated on the basis of figures for policies with mortality claims (numerator) divided by total policies (denominator).
2. Calculations for total policies are based on one-half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with mortality claims.
3. Mortality includes severe incapacitation.
4. Figures are presented on a per thousand (‰) basis.

Rate of Incidence of Events Covered by Riders (individual life insurance)

(‰)

Years ended March 31,	2017		2016	
	By the number of policies with paid rider	By amount of claims paid	By the number of policies with paid rider	By amount of claims paid
Accidental death	0.15	0.13	0.19	0.17
Disability	0.29	0.10	0.29	0.11
Hospitalization due to accidents	4.76	157.53	4.55	149.27
Hospitalization due to illness	49.56	1,356.34	48.06	1,291.50
Hospitalization due to lifestyle-related diseases	47.42	1,426.26	45.77	1,368.88
Surgery for illness and injuries	82.94		76.18	
Surgery for lifestyle-related diseases	37.44		35.04	

Notes: 1. Rates are calculated by dividing the number of policies with paid rider or the amount of claims paid based on such rider (numerator) by the number of total policies or amount of maximum possible claims under such policies (denominator).
2. Calculations for total policies for accidental death are based on one-half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with accidental death claims. However, calculations for total policies for other claims are based on the average of policies in force at the beginning and the end of the fiscal year.
3. Accidental deaths include severe incapacitation.
4. Figures are presented on a per thousand (‰) basis.

Ratio of Operating Expenses to Insurance Premiums

(%)

Year ended March 31, 2017	Year ended March 31, 2016
13.4	10.6

The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Year ended March 31, 2017	Year ended March 31, 2016
9	9

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

Ratio of Reinsurance Premiums Paid to the Top Five Counterparties

(%)

Year ended March 31, 2017	Year ended March 31, 2016
96.3	96.7

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

Ratio of Reinsurance Premiums by Counterparty Rating

Years ended March 31,	(%)	
	2017	2016
A or higher	99.1	99.1
BBB or higher	0.9	0.9
Others	—	—

Notes: 1. Ratings are based on assessments by Standard & Poor's.
 2. A or higher includes A-. BBB or higher includes BBB-.
 3. An unrated insurance subsidiary has been included in the data under the rating of its parent company.
 4. There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

Unreceived Reinsurance Claims

	(Millions of Yen)	
Year ended March 31, 2017	Year ended March 31, 2016	
136	224	

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

Ratio of Premiums Paid as Benefit Payments under Third-Sector Insurance, with Coverage Breakdown

Years ended March 31,	(%)	
	2017	2016
Ratio of benefits paid under third-sector insurance	32.0	32.5
Medical coverage (for illness)	39.8	40.0
Cancer coverage	43.1	43.7
Nursing care coverage	17.3	18.1
Others	17.2	18.0

Notes: 1. Benefits include operating expenses associated with the payment of claims and benefits for third-sector insurance policies.
 2. Premiums paid are calculated by averaging annualized premiums in force at the beginning of and at the end of the fiscal year.

Performance Indicators for Accounting Reserve for Outstanding Claims

As of March 31,	(Millions of Yen)	
	2017	2016
Insurance claims	76,075	74,832
Death insurance claims	61,325	58,418
Insurance claims for accidents	666	906
Insurance claims for disabilities	13,555	15,105
Insurance claims upon maturity	505	382
Others	22	19
Annuity payments	2,710	2,716
Benefit payments	22,366	21,303
Surrender benefits	9,609	10,348
Other refunds	308	282
Deferred benefit payments	422	659
Total	111,491	110,142

Policy Reserves

(Millions of Yen)

As of March 31,	2017	2016
Policy reserves (excluding contingency reserves)		
Individual life insurance	15,466,625	15,300,601
General account	15,403,062	15,234,938
Separate account	63,562	65,662
Individual annuities	7,433,070	7,374,541
General account	7,107,088	7,030,615
Separate account	325,982	343,926
Group life insurance	141,479	144,804
General account	141,479	144,804
Separate account	—	—
Group pensions	7,441,786	7,345,422
General account	7,037,215	6,965,716
Separate account	404,571	379,706
Others	218,705	220,051
General account	218,705	220,051
Separate account	—	—
Subtotal	30,701,667	30,385,422
General account	29,907,551	29,596,126
Separate account	794,116	789,295
Contingency reserves	681,534	675,573
Total	31,383,201	31,060,996
General account	30,589,085	30,271,700
Separate account	794,116	789,295

Breakdown of Policy Reserves

(Millions of Yen)

	Premium reserves	Unearned premiums	Refund reserves	Contingency reserves	Total
As of March 31, 2017	29,912,086	789,581	—	681,534	31,383,201
As of March 31, 2016	29,737,051	648,370	—	675,573	31,060,996

Policy Reserves for Individual Life Insurance and Individual Annuities

Policy Reserve Accumulation Method and Ratio

As of March 31,		2017	2016
Accumulation method	Policies subject to standard policy reserves	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)
	Policies not subject to standard policy reserves	Net level premium method	Net level premium method
Accumulation ratio (excluding contingency reserves)		100%	100%

- Notes: 1. The aforementioned accumulation method and ratio apply to policy reserves for individual life insurance and individual annuities.
2. The above table excludes policy reserves for group life insurance and group pensions because these policies are not subject to the accumulation method under the notification described below.
3. The accumulation ratio of policies subject to standard policy reserves is calculated using a method stipulated by Ministry of Finance Notification No. 48 in 1996. The accumulation ratio of other policies represents the ratio of policy reserves to the total of insurance premium reserves calculated using the net level premiums method and unearned premiums.

Policy Reserves (Categorized by Fiscal Year in Which Policies were Signed)

	Policy reserves (Millions of Yen)	Assumed interest rates (%)
Up to year ended March 31, 1981	288,956	2.75 – 5.00
Years ended March 31, 1982 to 1986	798,864	2.75 – 6.00
Years ended March 31, 1987 to 1991	2,987,852	2.75 – 6.00
Years ended March 31, 1992 to 1996	3,863,093	1.00 – 5.50
Years ended March 31, 1997 to 2001	1,264,516	1.00 – 3.75
Years ended March 31, 2002 to 2006	767,679	0.55 – 2.35
Years ended March 31, 2007 to 2011	3,458,875	0.55 – 1.85
Year ended March 31, 2012	2,858,391	0.71 – 1.50
Year ended March 31, 2013	1,546,140	0.45 – 1.50
Year ended March 31, 2014	1,404,798	0.45 – 1.50
Year ended March 31, 2015	1,319,537	0.35 – 1.09
Year ended March 31, 2016	1,284,835	0.44 – 1.05
Year ended March 31, 2017	666,609	0.25 – 1.00

Notes: 1. The policy reserves balances presented above include reserves for individual life insurance and individual annuity policies, but exclude policy reserves held in separate accounts and contingency reserves.
 2. The above table displays the principal assumed interest rates of policy reserves that were signed into effect during each period and subject to reserves.
 3. The allocation of policy reserves is determined based on reasonable actuarial methods.

Balance of, calculation method for, and coefficient used as the basis for the calculation of policy reserves in general account in relation to insurance policies with separate account and minimum insurance benefit guarantee

• Policy Reserves (General Account)

	(Millions of Yen)	
As of March 31,	2017	2016
Policy reserves (general account)	20,189	12,526

Notes: 1. Policy reserves (general account) are accumulated for insurance policies stipulated by Article 68 of the Ordinance for Enforcement of the Insurance Business Act as being subject to standard policy reserves.
 2. Policy reserves (general account) represent insurance premium reserves necessary to ensure minimum insurance benefit guarantee.

• Calculation Method and Coefficient Used for the Calculation

(1) Calculation method

The “scenario testing method” stipulated as an alternative method by Article 9, Paragraph 1, Item 1 of Ministry of Finance Notification No. 48 in 1996 is used for:

- Single premium variable individual annuities with periodic (every five years) and surplus dividends;
- Single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends;
- Single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) and surplus dividends.

The standard method stipulated by Article 9, Paragraph 1, Item 1 of said notification is used for variable annuities other than those stated above.

(2) Coefficient used for the calculation

i) Assumed mortality rate

The rate stipulated by Article 9, Paragraph 1, Item 2 of said notification.

ii) Discount rate

The rate stipulated by Article 9, Paragraph 1, Item 3 of said notification.

iii) Expected return and volatility

The rate stipulated by Article 9, Paragraph 1, Item 4 of said notification. However, the following rates are set in line with rates stipulated by the statement of calculation procedures for insurance premiums and

policy reserves.

- Volatility of short-term funds: 0.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends: 5.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) dividends: 4.3% annually for standard-type policies; 3.5% annually for surplus-type policies

Confirming the Soundness and Validity of Actuarial Assumptions in Accordance with Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Relating to Third-Sector Insurance Only)

(1) Securing appropriate funding of policy reserves for third-sector insurance policies

The Company secures a sufficient level of policy reserves by performing liability adequacy tests and stress tests in accordance with provisions stipulated by Financial Supervisory Agency and Ministry of Finance Notification No. 22 in 2000 and Ministry of Finance Notification No. 231 in 1998.

(2) Soundness and validity of risk frequency and other assumptions set for liability adequacy tests and stress tests

In principle, the Company classifies its policies by the occurrence rate of insurance claims based on historical data for insurance claims and

thereby determines risk frequency for each classification of policies. The Company also allows for some additional stress factors in this calculation. As a result, possible increases in insurance claims due to changes in occurrence rates are covered with a 97.7% and a 99% degree of certainty.

(3) Results of liability adequacy tests and stress tests

In the year ended March 31, 2017, the Company set aside provision

for contingency reserves totaling ¥22 million (based on the results of stress tests). On the other hand, the Company did not identify a need for additional policy reserves (based on the results of liability adequacy tests). In line with in-house rules, the soundness and validity of methods for establishing risk frequency ratios and test results are double-checked by the small-committee for underwriting risk management, which is independent from departments performing said calculation.

Policyholders' Dividend Reserves

(Millions of Yen)

	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance, Asset formation annuities	Other insurance	Total
Year ended March 31, 2017							
Balance at the beginning of the fiscal year	203,952	9,751	22,387	3,452	449	908	240,902
Transfer from surplus in the previous fiscal year	10,357	2,560	128,392	19,067	9	5,319	165,707
Interest accrued during the fiscal year	130	1	3	0	0	0	135
Other increases	46	—	—	—	—	—	46
Dividend payments to policyholders during the fiscal year	17,760	1,378	125,220	20,076	55	5,340	169,832
Balance at the end of the fiscal year	196,726	10,935	25,562	2,443	404	887	236,959
	[185,426]	[7,968]	[16,571]	[—]	[400]	[2]	[210,368]
Year ended March 31, 2016							
Balance at the beginning of the fiscal year	214,551	9,896	23,766	3,293	533	1,373	253,414
Transfer from surplus in the previous fiscal year	8,838	1,758	120,396	44,289	(11)	4,773	180,044
Interest accrued during the fiscal year	233	5	12	0	0	0	251
Other increases	48	—	—	—	—	—	48
Dividend payments to policyholders during the fiscal year	19,718	1,908	121,787	44,131	72	5,238	192,857
Balance at the end of the fiscal year	203,952	9,751	22,387	3,452	449	908	240,902
	[194,356]	[7,788]	[17,334]	[—]	[446]	[2]	[219,928]

Note: Balance at the end of the fiscal year figures in brackets represent amounts appropriated to dividends.

Allowance for Possible Loan Losses and Other Reserves

(Millions of Yen)

	Beginning balance	Ending balance	YOY increase (decrease)
Year ended March 31, 2017			
Allowance for possible loan losses			
General allowance for possible loan losses	1,310	1,388	78
Specific allowance for possible loan losses	4,147	4,459	312
Specific allowance for possible overseas loan losses	—	—	—
Accrued retirement benefits for directors and executive officers	82	—	(82)
Reserve for contingent liabilities	1	1	(0)
Reserve for price fluctuation	521,677	577,545	55,868
Year ended March 31, 2016			
Allowance for possible loan losses			
General allowance for possible loan losses	1,677	1,310	(366)
Specific allowance for possible loan losses	3,356	4,147	790
Specific allowance for possible overseas loan losses	—	—	—
Accrued retirement benefits for directors and executive officers	92	82	(9)
Reserve for contingent liabilities	2	1	(0)
Reserve for price fluctuation	492,482	521,677	29,195

Specific Allowance for Possible Overseas Loan Losses

• Specific Allowance for Possible Overseas Loan Losses

Not applicable.

• Balance of Specific Allowance for Possible Overseas Loan Losses by Country

Not applicable.

Insurance Premiums

		(Millions of Yen)	
Years ended March 31,		2017	2016
Individual life insurance		1,277,484	1,821,120
Lump-sum payment		296,592	915,087
Annual payment		246,693	178,101
Biannual payment		4,835	4,803
Monthly payment		729,362	723,128
Individual annuities		385,666	346,822
Lump-sum payment		5,709	10,805
Annual payment		57,902	43,533
Biannual payment		679	751
Monthly payment		321,374	291,732
Group life insurance		313,015	310,584
Group pensions		602,866	841,898
Total (including others)*		2,614,768	3,357,042

* Includes premiums from asset formation insurance and annuities, medical life insurance, disability income insurance, and reinsurance underwritten.

Insurance Premiums Categorized by Policy Year

		(Millions of Yen)	
Years ended March 31,		2017	2016
Individual life insurance	First-year premiums	516,067	1,126,838
Individual annuities	Premiums for the second year and beyond	1,147,083	1,041,105
	Subtotal	1,663,151	2,167,943
Group life insurance	First-year premiums	933	2,193
	Premiums for the second year and beyond	312,081	308,390
	Subtotal	313,015	310,584
Group pensions	First-year premiums	1,975	15,782
	Premiums for the second year and beyond	600,890	826,116
	Subtotal	602,866	841,898
Total (including others)*	First-year premiums	519,723	1,145,713
	Premiums for the second year and beyond	2,095,045	2,211,328
	Total	2,614,768	3,357,042
	Growth rate (%)	(22.1)	(1.5)

* Includes premiums from asset formation insurance and annuities, medical life insurance, disability income insurance, and reinsurance underwritten.

Insurance Claims, Annuities and Benefits Paid

(Millions of Yen)

	Year ended March 31, 2017							Year ended March 31, 2016
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance Asset formation annuities	Other insurance	Total	Total
Claims paid:	421,025	753	139,481	1,967	821	670	564,719	562,557
Death insurance claims	245,470	656	127,714	—	—	667	374,508	375,240
Insurance claims for accidents	2,349	9	394	—	29	—	2,782	2,990
Insurance claims for disabilities	32,743	40	11,320	—	—	2	44,106	45,265
Insurance claims upon maturity	140,462	47	—	1,967	792	—	143,269	139,042
Others	—	—	52	—	—	0	52	19
Annuity payments	7,766	416,897	18,080	247,638	4,824	—	695,207	695,922
Benefit payments:	137,293	18,395	451	237,324	866	2,109	396,440	409,457
Death benefits	31,445	15,260	6	3,181	207	14	50,115	49,522
Hospitalization benefits	32,002	1,038	291	—	—	1,780	35,112	36,269
Surgery benefits	15,055	835	—	—	—	241	16,132	16,939
Disability benefits	865	6	85	—	8	—	966	1,090
Survivor benefits	25,058	1,201	—	—	649	—	26,908	27,542
Lump-sum benefits	—	—	57	232,204	—	—	232,262	242,522
Others	32,866	53	10	1,939	—	73	34,943	35,570
Surrender benefits	303,479	73,443	—	59,355	16,673	0	452,951	454,237

The Number of Cases Where Claims, Annuities and Benefits were Paid

	Year ended March 31, 2017							Year ended March 31, 2016
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance Asset formation annuities	Other insurance	Total	Total
Claims paid:	143,341	106	50,779	1	2,121	13,275	209,623	206,666
Death insurance claims	41,136	89	47,036	—	—	13,266	101,527	101,571
Insurance claims for accidents	605	4	196	—	5	—	810	850
Insurance claims for disabilities	17,046	13	3,541	—	—	6	20,606	18,706
Insurance claims upon maturity	84,554	—	—	1	2,116	—	86,671	85,526
Others	—	—	6	—	—	3	9	13
Annuity payments	5,368	702,691	58,577	6,037,073	15,447	—	6,819,156	8,115,397
Benefit payments:	2,156,318	35,029	4,632	678,820	373	34,240	2,909,412	3,244,332
Death benefits	10,049	3,632	429	4,088	93	30	18,321	17,670
Hospitalization benefits	355,937	10,536	3,837	—	—	29,667	399,977	401,560
Surgery benefits	172,432	9,120	—	—	—	2,979	184,531	187,119
Disability benefits	580	12	179	—	2	—	773	775
Survivor benefits	90,008	10,610	—	—	278	—	100,896	98,412
Lump-sum benefits	—	—	181	674,728	—	—	674,909	697,145
Others	1,527,312	1,119	6	4	—	1,564	1,530,005	1,841,651

Depreciation

(Millions of Yen)

	Acquisition cost	Current-year depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
Year ended March 31, 2017					
Tangible fixed assets	303,882	8,328	184,753	119,129	60.8
Buildings	286,571	7,179	170,987	115,584	59.7
Others	17,310	1,149	13,765	3,544	79.5
Intangible fixed assets	89,073	16,014	37,644	51,428	42.3
Others	263	46	117	145	44.7
Total	393,219	24,389	222,515	170,703	56.6
Year ended March 31, 2016					
Tangible fixed assets	301,164	8,294	176,964	124,200	58.8
Buildings	284,458	7,171	163,242	121,216	57.4
Others	16,705	1,122	13,722	2,983	82.1
Intangible fixed assets	72,973	13,280	31,600	41,373	43.3
Others	262	43	112	149	42.9
Total	374,400	21,618	208,677	165,723	55.7

Operating Expenses

(Millions of Yen)

Years ended March 31,	2017	2016
Marketing promotion expenses	131,822	138,382
Marketing administration expenses	51,540	50,846
General and administration expenses	167,026	166,415
Total	350,389	355,644

Note: General and administration expenses include funding contributions that the Company paid for Insurance Policyholders Protection Corporation of Japan in accordance with Article 259 of the Insurance Business Act, which totaled ¥3,739 million and ¥3,562 million in the years ended March 31, 2016 and March 31, 2017, respectively.

Taxes

(Millions of Yen)

Years ended March 31,	2017	2016
National tax	15,183	16,022
Consumption tax	12,988	13,336
Special local corporate tax	1,885	2,370
Revenue stamp tax	297	288
Registration and license tax	4	10
Other national taxes	7	16
Local tax	11,080	12,373
Local consumption tax	3,492	3,581
Corporate enterprise tax	4,515	5,676
Fixed asset tax	2,597	2,642
Real estate acquisition tax	5	4
Business office tax	468	467
Other local taxes	0	2
Total	26,264	28,395

Lease Transactions

Acquisition cost, accumulated depreciation and ending balance of leased assets

Not applicable.

Ending balance of future lease payments

Not applicable.

Cumulative lease fees paid, depreciation and interest expenses

Not applicable.

Balance of Loans Payable by Remaining Loan Period

(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
As of March 31, 2017							
Bonds payable	—	—	—	—	—	353,310	353,310
Payables under securities borrowing transactions	130,034	—	—	—	—	—	130,034
Loans payable	—	—	—	—	—	—	—
Total	130,034	—	—	—	—	353,310	483,344
As of March 31, 2016							
Bonds payable	—	—	—	—	—	238,310	238,310
Payables under securities borrowing transactions	—	—	—	—	—	—	—
Loans payable*	100,000	—	—	—	—	—	100,000
Total	100,000	—	—	—	—	238,310	338,310

* Loans payable are included in "Within 1 year," due to the repayment of ¥100,000 million in April 2016, prior to their maturity.

Reference: Average Interest Rates of Bonds and Loans Payable

(%)

As of March 31,	2017	2016
Bonds payable (denominated in yen)	1.11	—
Bonds payable (denominated in foreign currencies)	5.20	5.20
Loans payable	—	1.31

Notes: 1. Average interest rates presented above are weighted average interest rates applied to balances at the end of each fiscal year.

2. Bonds payable (denominated in yen) consist of subordinated bonds denominated in yen with the date of maturity set at December 2046 or 2051. Bonds payable (denominated in foreign currencies) consist of subordinated bonds denominated in U.S. dollars with the date of maturity set at October 2045.

Quarterly Information

(Millions of Yen)

	As of June 30, 2016	As of September 30, 2016	As of December 31, 2016	As of March 31, 2017
Insurance premiums and other	748,644	1,376,362	1,958,499	2,615,872
Base profit	87,763	209,868	302,111	472,343

Investment Performance Indicators

Breakdown of Invested Assets (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	380,822	1.0	394,726	1.1
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	220,118	0.6	223,659	0.6
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	30,121,531	81.9	28,789,384	80.4
Domestic bonds	16,970,650	46.2	16,998,500	47.5
Domestic stocks	4,141,988	11.3	3,581,780	10.0
Foreign securities	8,578,000	23.3	7,910,257	22.1
Foreign bonds	6,581,757	17.9	5,866,755	16.4
Foreign stocks and others	1,996,242	5.4	2,043,502	5.7
Other securities	430,891	1.2	298,845	0.8
Loans	4,681,981	12.7	4,949,867	13.8
Policy loans	260,726	0.7	275,085	0.8
Industrial and consumer loans	4,421,255	12.0	4,674,782	13.1
Real estate	878,498	2.4	889,415	2.5
Deferred tax assets	—	—	—	—
Others	485,612	1.3	547,927	1.5
Allowance for possible loan losses	(5,848)	(0.0)	(5,457)	(0.0)
Total	36,762,716	100.0	35,789,522	100.0
Assets denominated in foreign currencies	8,041,467	21.9	7,111,751	19.9

Note: Real estate reflects the total value of land, buildings and construction in progress.

Increase (Decrease) by Asset Type (General Account)

	(Millions of Yen)	
Years ended March 31,	2017	2016
Cash, deposits and call loans	(13,903)	(112,587)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	(3,541)	(5,864)
Trading account securities	—	—
Money held in trust	—	—
Securities	1,332,147	355,921
Domestic bonds	(27,849)	432,060
Domestic stocks	560,207	(631,671)
Foreign securities	667,742	510,724
Foreign bonds	715,002	54,500
Foreign stocks and others	(47,259)	456,223
Other securities	132,046	44,808
Loans	(267,885)	(102,371)
Policy loans	(14,359)	(14,835)
Industrial and consumer loans	(253,526)	(87,535)
Real estate	(10,917)	(27,171)
Deferred tax assets	—	—
Others	(62,315)	68,659
Allowance for possible loan losses	(391)	(423)
Total	973,193	176,162
Assets denominated in foreign currencies	929,716	659,215

Note: Real estate reflects the total value of land, buildings and construction in progress.

Investment Returns (General Account)

	(%)	
Years ended March 31,	2017	2016
Cash, deposits and call loans	0.00	0.07
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	1.90	2.02
Trading account securities	—	—
Money held in trust	—	—
Securities	2.06	2.16
Domestic bonds	1.63	1.63
Domestic stocks	4.65	3.86
Foreign securities	2.19	3.09
Foreign bonds	1.57	2.92
Foreign stocks and others	3.91	3.65
Loans	1.72	1.80
Industrial and consumer loans	1.57	1.64
Real estate	1.95	1.80
Total	1.89	1.99
Overseas investments	2.16	3.01

Notes: 1. The rate of return is calculated by deducting investment expenses from investment income (numerator: presented as ordinary profit), and by dividing the result by the average daily balance (denominator: based on the book value).

2. Overseas investments include assets denominated in yen.

Average Balances of Assets (General Account)

(Millions of Yen)

Years ended March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	491,121	1.5	426,643	1.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	216,158	0.6	230,756	0.7
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	25,800,376	77.5	24,424,290	76.2
Domestic bonds	16,518,828	49.6	16,432,599	51.3
Domestic stocks	1,799,003	5.4	1,793,861	5.6
Foreign securities	7,068,938	21.2	5,951,875	18.6
Foreign bonds	5,208,069	15.6	4,597,569	14.3
Foreign stocks and others	1,860,868	5.6	1,354,305	4.2
Loans	4,833,951	14.5	5,009,928	15.6
Industrial and consumer loans	4,566,071	13.7	4,727,548	14.7
Real estate	892,889	2.7	919,494	2.9
Total	33,295,711	100.0	32,052,039	100.0
Overseas investments	7,321,359	22.0	6,201,016	19.3

Notes: 1. Average balances are calculated based on book value.
2. Overseas investments include assets denominated in yen.

Investment Income (General Account)

(Millions of Yen)

Years ended March 31,	2017	2016
Interest, dividends and other income	721,464	690,849
Gains on securities products	—	—
Gains on money held in trust	—	0
Gains on trading securities	—	—
Gains on sales of securities	21,635	8,415
Gains on redemption of securities	56,692	88,701
Gains on derivative financial instruments	—	—
Foreign exchange gains	—	153
Reversal of allowance for possible loan losses	—	—
Other investment income	468	24
Total	800,260	788,144

Investment Expenses (General Account)

(Millions of Yen)

Years ended March 31,	2017	2016
Interest expenses	11,307	6,217
Losses on securities products	—	—
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	32,078	1,959
Losses on valuation of securities	12,009	12,791
Losses on redemption of securities	4,423	37
Losses on derivative financial instruments	90,154	107,329
Foreign exchange losses	399	—
Provision for allowance for possible loan losses	459	664
Redemption of loans	—	—
Depreciation of real estate for non-insurance business	9,353	9,508
Other investment expenses	11,852	12,538
Total	172,037	151,045

Interest, Dividends and Other Income (General Account)

		(Millions of Yen)	
Years ended March 31,		2017	2016
Interest on deposits		16	42
Interest and dividends on securities		591,340	554,603
Interest on domestic bonds		269,484	268,008
Dividends on domestic stocks		80,568	76,093
Interest and dividends on foreign securities		217,351	203,015
Interest on loans		84,525	90,474
Rent on real estate		35,023	34,861
Total (including others)		721,464	690,849

Attribution Analysis of Interest, Dividends and Other Income (General Account)

		2017			2016		
Years ended March 31,		Net increase (decrease)	Change in balance	Change due to interest rate and others	Net increase (decrease)	Change in balance	Change due to interest rate and others
Interest, dividends and other income		30,614	26,806	3,808	(7,292)	18,778	(26,071)
Securities		36,737	31,246	5,490	(4,020)	17,701	(21,721)
Loans		(5,948)	(3,177)	(2,771)	(4,532)	(1,874)	(2,658)
Real estate		162	(1,008)	1,171	1,456	(737)	2,193

Gains on Sales of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2017	2016
Domestic bonds and others		523	4
Domestic stocks and others		3,976	2,073
Foreign securities		17,135	6,337
Total (including others)		21,635	8,415

Losses on Sales of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2017	2016
Domestic bonds and others		362	21
Domestic stocks and others		605	472
Foreign securities		31,110	1,465
Total (including others)		32,078	1,959

Losses on Valuation of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2017	2016
Domestic bonds and others		—	—
Domestic stocks and others		366	8,457
Foreign securities		11,168	4,333
Total (including others)		12,009	12,791

Balance of Securities (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Government bonds	14,199,391	47.1	14,265,684	49.6
Municipal bonds	606,156	2.0	692,832	2.4
Corporate bonds	2,165,103	7.2	2,039,982	7.1
Public entity bonds	466,266	1.5	486,090	1.7
Domestic stocks	4,141,988	13.8	3,581,780	12.4
Foreign securities	8,578,000	28.5	7,910,257	27.5
Foreign bonds	6,581,757	21.9	5,866,755	20.4
Foreign stocks and others	1,996,242	6.6	2,043,502	7.1
Other securities	430,891	1.4	298,845	1.0
Total	30,121,531	100.0	28,789,384	100.0

Breakdown of Municipal Bonds by Region

(Millions of Yen)

As of March 31,	2017	2016
Hokkaido	23,075	31,618
Tohoku	300	5,818
Kanto	188,183	208,242
Chubu	83,664	86,947
Kinki	157,626	193,114
Chugoku	30,224	30,754
Shikoku	—	—
Kyushu	47,494	50,805
Others	75,586	85,529
Total	606,156	692,832

Note: Others represents municipal bonds issued through public offering under the Joint Local Government Bonds scheme.

Breakdown of Securities by Remaining Period for Maturity (General Account)

(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
As of March 31, 2017							
Securities	524,238	1,601,076	2,990,926	2,469,878	1,626,311	20,909,099	30,121,531
Government bonds	189,390	507,274	1,187,234	1,178,740	1,133,414	10,003,337	14,199,391
Municipal bonds	104,945	229,797	9,196	5,084	35,960	221,172	606,156
Corporate bonds	97,014	204,881	181,584	150,091	131,421	1,400,110	2,165,103
Domestic stocks	—	—	—	—	—	4,141,988	4,141,988
Foreign securities	131,502	658,934	1,607,462	1,134,875	324,392	4,720,833	8,578,000
Foreign bonds	131,149	658,934	1,607,462	1,134,875	324,392	2,724,942	6,581,757
Foreign stocks and others	352	—	—	—	—	1,995,890	1,996,242
Other securities	1,386	188	5,448	1,086	1,124	421,657	430,891
Monetary claims bought	—	—	—	—	—	220,118	220,118
Negotiable deposits	49,996	—	—	—	—	—	49,996
Others	—	—	—	—	—	—	—
Total	574,235	1,601,076	2,990,926	2,469,878	1,626,311	21,129,217	30,391,646
As of March 31, 2016							
Securities	318,432	1,373,259	2,029,070	3,614,158	2,133,003	19,321,459	28,789,384
Government bonds	73,059	475,658	422,387	1,535,523	1,463,934	10,295,121	14,265,684
Municipal bonds	80,751	274,025	72,797	100	6,787	258,369	692,832
Corporate bonds	70,607	235,357	152,060	167,678	105,777	1,308,501	2,039,982
Domestic stocks	100	—	—	—	—	3,581,680	3,581,780
Foreign securities	93,851	384,715	1,377,737	1,907,919	556,142	3,589,892	7,910,257
Foreign bonds	93,188	384,715	1,377,737	1,907,919	556,142	1,547,052	5,866,755
Foreign stocks and others	662	—	—	—	—	2,042,839	2,043,502
Other securities	61	3,503	4,087	2,937	362	287,893	298,845
Monetary claims bought	—	—	—	—	—	223,659	223,659
Negotiable deposits	23,998	—	—	—	—	—	23,998
Others	—	—	—	—	—	—	—
Total	342,430	1,373,259	2,029,070	3,614,158	2,133,003	19,545,118	29,037,042

Notes: 1. Figures for over 10 years include financial instruments with no specified maturity period.

2. Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

Rate of Return on Bonds at Fiscal Year End (General Account)

(%)

As of March 31,	2017	2016
Domestic bonds	1.74	1.73
Foreign bonds	3.11	2.96

Breakdown of Stocks Held by Industry (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Fishery, agriculture & forestry	1,503	0.0	973	0.0
Mining	—	—	—	—
Construction	83,669	2.0	77,671	2.2
Manufacturing				
Foods	201,907	4.9	178,484	5.0
Textiles & apparels	23,759	0.6	21,142	0.6
Pulp & paper	4,366	0.1	4,037	0.1
Chemicals	366,381	8.8	249,312	7.0
Pharmaceuticals	109,656	2.6	136,044	3.8
Oil & coal products	6,410	0.2	5,360	0.1
Rubber products	13,548	0.3	11,589	0.3
Glass & ceramics products	187,391	4.5	144,415	4.0
Iron & steel	69,821	1.7	56,580	1.6
Nonferrous metals	17,795	0.4	16,051	0.4
Metal products	21,476	0.5	19,351	0.5
Machinery	271,557	6.6	217,555	6.1
Electric appliances	494,918	11.9	391,128	10.9
Transportation equipment	463,829	11.2	419,330	11.7
Precision instruments	139,401	3.4	139,908	3.9
Other products	42,052	1.0	35,626	1.0
Electric power & gas	140,203	3.4	143,616	4.0
Transportation, information & communication				
Land transportation	202,816	4.9	194,939	5.4
Marine transportation	8,866	0.2	7,920	0.2
Air transportation	3,445	0.1	3,295	0.1
Warehouse & harbor transportation services	26,081	0.6	24,122	0.7
Information & communication	26,643	0.6	24,696	0.7
Trade				
Wholesale trade	258,171	6.2	211,057	5.9
Retail trade	40,209	1.0	39,449	1.1
Finance & insurance				
Banks	439,201	10.6	369,222	10.3
Securities & commodity futures	16,837	0.4	16,275	0.5
Insurance	176,512	4.3	156,477	4.4
Other financing business	70,656	1.7	63,312	1.8
Real estate	164,997	4.0	164,330	4.6
Services	47,897	1.2	38,499	1.1
Total	4,141,988	100.0	3,581,780	100.0

Note: Classification is based on industrial sector classification specified by the Securities Identification Code Committee.

Loans (General Account)

		(Millions of Yen)	
As of March 31,		2017	2016
Policy loans		260,726	275,085
Policyholder loans		245,684	258,842
Premium loans		15,042	16,242
Industrial and consumer loans		4,421,255	4,674,782
(Loans for non-residents)		67,560	104,704
Corporate loans		4,229,354	4,429,189
(To domestic corporations)		4,197,814	4,398,279
Loans to governments and supranationals		27,315	58,270
Loans to public organizations		143,792	165,195
Housing loans		1,201	1,737
Consumer loans		19,005	19,580
Others		585	809
Total		4,681,981	4,949,867

Breakdown of Loans by Duration (General Account)

		(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
As of March 31, 2017								
Floating interest rate		37,971	6,729	20,459	25,712	9,994	36,974	137,842
Fixed interest rate		370,268	643,707	554,976	590,821	853,841	1,269,797	4,283,413
Total		408,240	650,437	575,435	616,534	863,835	1,306,772	4,421,255
As of March 31, 2016								
Floating interest rate		20,199	16,842	2,212	37,929	26,864	6,944	110,993
Fixed interest rate		446,511	763,468	526,396	564,691	876,976	1,385,743	4,563,788
Total		466,711	780,311	528,608	602,621	903,841	1,392,688	4,674,782

Note: Figures for over 10 years include loans with no specified maturity period.

Breakdown of Domestic Corporate Loans by Size of Borrower (General Account)

		(Millions of Yen)			
As of March 31,		2017		2016	
			(%)		(%)
Large size corporations	Number of borrowers	683	61.1	693	64.0
	Loan amount	3,779,101	90.0	3,992,999	90.8
Medium size corporations	Number of borrowers	91	8.1	79	7.3
	Loan amount	20,236	0.5	33,661	0.8
Small size corporations	Number of borrowers	344	30.8	311	28.7
	Loan amount	398,476	9.5	371,617	8.4
Total	Number of borrowers	1,118	100.0	1,083	100.0
	Loan amount	4,197,814	100.0	4,398,279	100.0

Notes: 1. Please refer to the following chart for the classification of borrowers by size and industry.

2. The number of borrowers does not represent the number of loans, as a single borrower may have multiple loans under the same name.

Size	Conditions	1. All industries excluding 2. to 4.	2. Retail trade, food and beverage service	3. Service industry	4. Wholesale trade
Large	Capital	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Medium	Capital	More than ¥300 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥100 million and less than ¥1 billion
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Small	Capital*	¥300 million or smaller	¥50 million or smaller	¥50 million or smaller	¥100 million or smaller
	Number of regular employees*	300 or less	50 or less	100 or less	100 or less

* Entities that meet either of two conditions stipulated for this classification shall be defined as small-size corporations.

Breakdown of Loans by Industry (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Domestic				
Manufacturing	769,199	17.4	861,921	18.4
Foodstuffs and beverages	55,118	1.2	56,804	1.2
Textile products	11,766	0.3	11,930	0.3
Lumber and wood products	—	—	—	—
Pulp, paper, and paper products	43,142	1.0	50,370	1.1
Printing	5,326	0.1	5,314	0.1
Chemical and allied products	110,949	2.5	128,205	2.7
Petroleum refining	84,650	1.9	81,080	1.7
Ceramic, stone, and clay products	68,688	1.6	80,171	1.7
Iron and steel	127,318	2.9	143,228	3.1
Nonferrous metals and products	13,944	0.3	16,807	0.4
Fabricated metal products	2,474	0.1	3,221	0.1
General-purpose, production, and business-oriented machinery	56,403	1.3	58,994	1.3
Electrical machinery equipment and supplies	95,125	2.2	113,224	2.4
Transportation equipment	88,974	2.0	105,934	2.3
Miscellaneous manufacturing industries	5,318	0.1	6,636	0.1
Agriculture and forestry	120	0.0	100	0.0
Fishery	—	—	—	—
Mining and quarrying of stone and gravel	78	0.0	131	0.0
Construction	16,745	0.4	18,488	0.4
Electricity, gas, heat supply, and water	658,588	14.9	694,175	14.8
Information and communications	92,505	2.1	93,559	2.0
Transport and postal activities	307,776	7.0	326,861	7.0
Wholesale trade	891,822	20.2	914,010	19.6
Retail trade	16,625	0.4	20,867	0.4
Finance and insurance	1,092,417	24.7	1,115,034	23.9
Real estate	338,629	7.7	332,213	7.1
Goods rental and leasing	118,666	2.7	140,573	3.0
Scientific research, and professional and technical services	20,700	0.5	20,700	0.4
Hotels	2,198	0.0	2,249	0.0
Eating and drinking services	612	0.0	598	0.0
Living-related and personal services, and amusement services	3,256	0.1	3,437	0.1
Education and learning support	722	0.0	817	0.0
Medical, health care, and welfare services	191	0.0	252	0.0
Other services	1,865	0.0	1,687	0.0
Local governments	764	0.0	1,080	0.0
Loans for housing funds and consumer credit (with installment repayments)	20,207	0.5	21,317	0.5
Others	—	—	—	—
Subtotal	4,353,695	98.5	4,570,077	97.8
Overseas				
Governments and others	36,020	0.8	73,793	1.6
Financial institutions	15,540	0.4	17,880	0.4
Commerce, industry and others	16,000	0.4	13,030	0.3
Subtotal	67,560	1.5	104,704	2.2
Total of industrial and consumer loans	4,421,255	100.0	4,674,782	100.0

Note: For domestic borrowers, industrial sectors are classified based on Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industries) issued by the Bank of Japan.

Breakdown of Loans by Usage (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Capital expenditures	889,577	20.1	905,335	19.4
Operating capital	3,531,678	79.9	3,769,446	80.6

Breakdown of Loans by Region (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Hokkaido	39,955	0.9	40,951	0.9
Tohoku	56,615	1.3	69,371	1.5
Kanto	3,352,191	77.4	3,452,126	75.9
Chubu	359,795	8.3	410,509	9.0
Kinki	275,572	6.4	310,368	6.8
Chugoku	52,769	1.2	58,222	1.3
Shikoku	52,864	1.2	56,336	1.2
Kyushu	143,724	3.3	150,874	3.3
Total	4,333,488	100.0	4,548,760	100.0

Notes: 1. Excludes individual loans, loans for non-residents and policy loans.
2. Regions are based on the locations of the borrowers' headquarters.

Breakdown of Loans by Collateral (General Account)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Collateral loans	16,051	0.4	17,632	0.4
Loans secured by securities	4,629	0.1	5,276	0.1
Loans secured by real estate, movable assets or aggregated foundation collateral	10,231	0.2	11,218	0.2
Loans secured by nominative claims	1,190	0.0	1,137	0.0
Guaranteed loans	81,070	1.8	96,154	2.1
Fiduciary loans	4,303,925	97.3	4,539,677	97.1
Others	20,207	0.5	21,317	0.5
Total of industrial and consumer loans	4,421,255	100.0	4,674,782	100.0
Subordinated loans	503,800	11.4	481,800	10.3

Tangible and Intangible Fixed Assets (General Account)

(Millions of Yen)

	Beginning balance	Increase	Decrease		Ending balance	Accumulated depreciation	Accumulated depreciation ratio (%)	
			Impairment losses	Depreciation				
Year ended March 31, 2017								
Land	602,923	9,724	9,671	714	—	602,976	—	—
Buildings	284,975	11,470	6,835	2,319	16,341	273,269	394,212	59.1
Construction in progress	1,516	20,049	19,313	—	—	2,252	—	—
Other tangible fixed assets	3,330	1,930	59	—	1,286	3,916	15,241	79.6
Total of tangible fixed assets	892,746	43,175	35,879	3,033	17,628	882,414	409,454	—
Real estate for rent	555,366	45,284	39,915	3,033	9,164	551,571	229,012	—
Software	41,631	26,140	—	—	16,194	51,577	37,770	42.3
Other intangible fixed assets	31,169	26,565	32,317	—	17	25,400	175	—
Total of intangible fixed assets	72,801	52,706	32,317	—	16,212	76,978	37,945	—
Year ended March 31, 2016								
Land	613,832	340	11,249	1,518	—	602,923	—	—
Buildings	296,709	14,376	9,580	2,282	16,529	284,975	386,782	57.6
Construction in progress	6,045	9,843	14,372	—	—	1,516	—	—
Other tangible fixed assets	3,248	1,334	46	—	1,205	3,330	15,164	82.0
Total of tangible fixed assets	919,835	25,895	35,248	3,800	17,735	892,746	401,947	—
Real estate for rent	570,298	27,058	32,631	3,763	9,359	555,366	227,246	—
Software	37,443	17,695	—	—	13,506	41,631	32,320	43.7
Other intangible fixed assets	26,274	27,422	22,509	—	18	31,169	168	—
Total of intangible fixed assets	63,717	45,118	22,509	—	13,525	72,801	32,489	—

Note: Figures for increase and decrease of "Real estate for rent" include increases and decreases due to changes in usage, such as from operational to rental usage.

Real Estate Balance and the Number of Buildings Owned

(Millions of Yen)

As of March 31,	2017	2016
Real estate	878,498	889,415
For operational use	331,252	337,158
For rent	547,245	552,257
The number of buildings for rent	154 buildings	155 buildings

Gains on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2017	2016
Tangible fixed assets	1,766	2,552
Land	1,468	1,686
Buildings	297	866
Others	—	—
Intangible fixed assets	—	62
Others	—	—
Total	1,766	2,614
Real estate for rent	1,608	2,560

Losses on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2017	2016
Tangible fixed assets	3,571	5,896
Land	753	768
Buildings	2,758	5,088
Others	59	39
Intangible fixed assets	485	132
Others	204	555
Total	4,261	6,584
Real estate for rent	3,285	3,817

Depreciation of Real Estate for Non-Insurance Business (General Account)

(Millions of Yen)

	Acquisition cost	Depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
Year ended March 31, 2017					
Tangible fixed assets	382,750	9,299	224,694	158,055	58.7
Buildings	380,910	9,162	223,224	157,685	58.6
Others	1,840	136	1,469	370	79.9
Intangible fixed assets	85	4	54	31	63.2
Others	560	49	447	112	79.9
Total	383,396	9,353	225,196	158,199	58.7
Year ended March 31, 2016					
Tangible fixed assets	389,076	9,441	224,971	164,105	57.8
Buildings	387,299	9,358	223,540	163,758	57.7
Others	1,776	82	1,430	346	80.5
Intangible fixed assets	89	5	51	37	57.8
Others	822	61	655	167	79.6
Total	389,989	9,508	225,678	164,310	57.9

Foreign Securities Investment and Overseas Loans (General Account)

Breakdown by Asset Type

(1) Assets denominated in foreign currencies

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Bonds	6,420,171	72.3	5,578,278	68.3
Stocks and others	1,548,076	17.4	1,495,185	18.3
Cash, deposits and others	39,563	0.4	38,287	0.5
Subtotal	8,007,810	90.1	7,111,751	87.0

(2) Assets with value fixed in yen

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Loans	119,856	1.3	119,856	1.5
Others	89	0.0	85	0.0
Subtotal	119,945	1.4	119,941	1.5

Note: The above figures represent the value of assets whose value is fixed in yen at the time of settlement through such means as forward exchange contracts. These values are included in yen on the balance sheet.

(3) Assets denominated in yen

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Loans for non-residents	67,560	0.8	104,704	1.3
Domestic bonds (foreign bonds issued in yen)	240,001	2.7	288,477	3.5
Others	448,166	5.0	548,317	6.7
Subtotal	755,728	8.5	941,498	11.5

(4) Total of (1)+(2)+(3)

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Foreign securities investment and overseas loans	8,883,484	100.0	8,173,191	100.0
Overseas real estate	24,843	0.3	24,843	0.3

Breakdown of Foreign Securities Investment and Overseas Loans by Region

(Millions of Yen)

	Foreign securities							
			Bonds		Stocks and others		Loans for non-residents	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
As of March 31, 2017								
North America	5,949,950	69.4	5,294,087	80.4	655,863	32.9	21,000	31.1
Europe	901,215	10.5	758,030	11.5	143,184	7.2	29,500	43.7
Oceania	249,842	2.9	249,842	3.8	—	—	—	—
Asia	162,777	1.9	49,723	0.8	113,054	5.7	2,040	3.0
Latin America	1,152,224	13.4	68,083	1.0	1,084,140	54.3	—	—
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	161,989	1.9	161,989	2.5	—	—	15,020	22.2
Total	8,578,000	100.0	6,581,757	100.0	1,996,242	100.0	67,560	100.0
As of March 31, 2016								
North America	5,143,121	65.0	4,491,085	76.6	652,035	31.9	23,000	22.0
Europe	973,456	12.3	823,260	14.0	150,196	7.3	38,500	36.8
Oceania	265,052	3.4	265,052	4.5	—	—	—	—
Asia	173,325	2.2	61,136	1.0	112,188	5.5	2,380	2.3
Latin America	1,196,082	15.1	67,001	1.1	1,129,081	55.3	30	0.0
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	159,219	2.0	159,219	2.7	—	—	40,793	39.0
Total	7,910,257	100.0	5,866,755	100.0	2,043,502	100.0	104,704	100.0

Breakdown of Foreign Currency-Denominated Assets by Currency

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
(U.S. dollar)	6,944,640	86.4	5,910,446	83.1
(Euro)	472,323	5.9	517,893	7.3
(Others)	624,504	7.8	683,410	9.6
Total	8,041,467	100.0	7,111,751	100.0

Investments and Loans for Public Entities (General Account)

(Millions of Yen)

Years ended March 31,	2017	2016
Bonds		
Government bonds	—	—
Municipal bonds	—	—
Other public entity bonds	797	2,118
Subtotal	797	2,118
Loans		
Loans for government-related agencies	1,295	1,477
Loans for other public entities	—	5,800
Subtotal	1,295	7,277
Total	2,092	9,395

Note: Figures for bonds represent the value of bonds underwritten during the fiscal year. Figures for loans represent loans made during each fiscal year to domestic borrowers.

Interest Rates of Loans

Not applicable.

Other Assets (General Account)

(Millions of Yen)

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Ending balance
Year ended March 31, 2017					
Deferred assets	3,880	862	328	1,009	3,405
Others	—	685	1,358	—	6,294
Total	3,880	1,548	1,687	1,009	9,699
Year ended March 31, 2016					
Deferred assets	1,079	2,862	60	907	2,973
Others	—	739	1,624	—	6,967
Total	1,079	3,602	1,685	907	9,940

Note: Acquisition cost and accumulated depreciation represent amount for deferred assets only.

Fair Values of Financial Instruments (General Account)
Gains and Losses on Valuation of Trading Securities (General Account)

Not applicable.

Fair Values of Securities (General Account)

• **Securities with Fair Value (excluding trading securities)**

(Millions of Yen)

As of March 31,	2017					2016				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	4,715,320	5,537,852	822,531	823,812	(1,281)	4,855,067	5,844,342	989,274	989,964	(689)
Policy-reserve-matching bonds	7,250,615	8,578,042	1,327,426	1,327,428	(1)	7,162,085	8,817,642	1,655,556	1,655,563	(7)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	13,550,699	17,067,658	3,516,959	3,602,161	(85,202)	12,367,508	15,543,135	3,175,626	3,248,357	(72,730)
Domestic bonds	4,867,245	5,322,149	454,903	456,657	(1,753)	4,752,079	5,292,559	540,479	541,220	(741)
Domestic stocks	1,670,383	4,018,610	2,348,227	2,353,377	(5,149)	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)
Foreign securities	6,580,194	7,247,738	667,544	745,092	(77,548)	5,662,264	6,484,268	822,004	871,607	(49,603)
Foreign bonds	5,934,260	6,461,472	527,211	597,262	(70,050)	5,051,489	5,750,923	699,433	741,873	(42,439)
Foreign stocks and others	645,934	786,266	140,332	147,830	(7,497)	610,774	733,345	122,570	129,733	(7,163)
Other securities	361,309	406,195	44,885	45,633	(748)	251,881	274,920	23,038	31,044	(8,006)
Monetary claims bought	21,567	22,968	1,400	1,400	—	25,971	28,278	2,307	2,307	—
Negotiable deposits	50,000	49,996	(3)	0	(3)	24,000	23,998	(1)	—	(1)
Others	—	—	—	—	—	—	—	—	—	—
Total	25,516,636	31,183,553	5,666,917	5,753,402	(86,485)	24,384,662	30,205,120	5,820,458	5,893,885	(73,427)
Domestic bonds	16,515,746	19,103,521	2,587,775	2,589,550	(1,774)	16,458,020	19,619,067	3,161,046	3,161,795	(748)
Domestic stocks	1,670,383	4,018,610	2,348,227	2,353,377	(5,149)	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)
Foreign securities	6,700,479	7,374,594	674,114	751,679	(77,565)	5,778,096	6,606,819	828,722	879,015	(50,292)
Foreign bonds	6,054,545	6,588,327	533,781	603,849	(70,067)	5,167,321	5,873,474	706,152	749,281	(43,129)
Foreign stocks and others	645,934	786,266	140,332	147,830	(7,497)	610,774	733,345	122,570	129,733	(7,163)
Other securities	361,309	406,195	44,885	45,633	(748)	251,881	274,920	23,038	31,044	(8,006)
Monetary claims bought	218,717	230,634	11,917	13,162	(1,245)	221,352	241,204	19,852	19,852	—
Negotiable deposits	50,000	49,996	(3)	0	(3)	24,000	23,998	(1)	—	(1)
Others	—	—	—	—	—	—	—	—	—	—

Note: Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

(1) Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2017			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	4,664,197	5,488,010	823,812	4,842,623	5,832,587	989,964
Domestic bonds	4,395,085	5,200,549	805,464	4,543,854	5,508,865	965,010
Foreign bonds	108,062	114,649	6,587	103,387	110,795	7,407
Monetary claims bought	161,050	172,811	11,761	195,380	212,925	17,545
Securities whose fair value does not exceed the balance sheet amount	51,123	49,841	(1,281)	12,444	11,755	(689)
Domestic bonds	2,800	2,780	(19)	—	—	—
Foreign bonds	12,223	12,206	(17)	12,444	11,755	(689)
Monetary claims bought	36,100	34,854	(1,245)	—	—	—

(2) Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2017			2016		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563
Domestic bonds	7,249,715	8,577,144	1,327,428	7,161,185	8,816,749	1,655,563
Securities whose fair value does not exceed the balance sheet amount	900	898	(1)	900	892	(7)
Domestic bonds	900	898	(1)	900	892	(7)

(3) Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2017			2016		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs	10,622,245	14,224,406	3,602,161	10,476,734	13,725,092	3,248,357
Domestic bonds	4,662,842	5,119,499	456,657	4,744,251	5,285,472	541,220
Domestic stocks	1,573,628	3,927,005	2,353,377	1,515,554	3,317,732	1,802,177
Foreign securities	4,023,370	4,768,463	745,092	4,046,382	4,917,990	871,607
Other securities	334,836	380,470	45,633	144,574	175,618	31,044
Monetary claims bought	21,567	22,968	1,400	25,971	28,278	2,307
Negotiable deposits	6,000	6,000	0	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	2,928,453	2,843,251	(85,202)	1,890,774	1,818,043	(72,730)
Domestic bonds	204,402	202,649	(1,753)	7,828	7,086	(741)
Domestic stocks	96,754	91,605	(5,149)	135,757	121,378	(14,378)
Foreign securities	2,556,823	2,479,275	(77,548)	1,615,881	1,566,278	(49,603)
Other securities	26,473	25,724	(748)	107,307	99,301	(8,006)
Monetary claims bought	—	—	—	—	—	—
Negotiable deposits	44,000	43,996	(3)	24,000	23,998	(1)

• Book Value of Securities of Which Market Value is Extremely Difficult to Determine

(Millions of Yen)

As of March 31,	2017	2016
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	891,559	890,889
Available-for-sale securities	466,167	585,469
Unlisted domestic stocks	28,456	48,290
Unlisted foreign stocks	427,126	527,126
Other foreign securities	1,168	1,461
Others	9,416	8,590
Total	1,357,727	1,476,359

Reference: Foreign currency denominated stocks and others of subsidiaries and affiliates (as presented in the above chart) with additional information on fair value of general account securities calculated with adjustments for foreign exchange valuation and other factors

(Millions of Yen)

As of March 31,	2017					2016				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Domestic bonds	16,515,746	19,103,521	2,587,775	2,589,550	(1,774)	16,458,020	19,619,067	3,161,046	3,161,795	(748)
Domestic stocks	1,670,383	4,018,610	2,348,227	2,353,377	(5,149)	1,651,311	3,439,110	1,787,799	1,802,177	(14,378)
Foreign securities	7,487,203	8,116,945	629,741	765,590	(135,848)	6,564,984	7,353,653	788,668	894,473	(105,804)
Foreign bonds	6,054,545	6,588,327	533,781	603,849	(70,067)	5,167,321	5,873,474	706,152	749,281	(43,129)
Foreign stocks and others	1,432,657	1,528,617	95,960	161,740	(65,780)	1,397,662	1,480,179	82,516	145,191	(62,675)
Other securities	362,367	407,324	44,956	45,726	(770)	253,003	276,167	23,163	31,171	(8,007)
Others	268,717	280,631	11,914	13,162	(1,248)	245,352	265,203	19,851	19,852	(1)
Total	26,304,417	31,927,033	5,622,615	5,767,406	(144,790)	25,172,672	30,953,201	5,780,529	5,909,470	(128,940)

Notes: 1. Figures presented above exclude ¥688,348 million comprising unlisted domestic securities totaling ¥165,348 million and unlisted foreign securities totaling ¥523,000 million, both of which were posted at book value as of March 31, 2016.

2. Figures presented above exclude ¥569,946 million comprising unlisted domestic securities totaling ¥146,945 million and unlisted foreign securities totaling ¥423,000 million, both of which were posted at book value as of March 31, 2017.

3. After these exclusions, the above figures account for 97.3% and 97.8% of total securities, respectively, as of March 31, 2016 and March 31, 2017.

4. This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

Fair Value of Money-Held-in-Trust (General Account)

Not applicable.

Fair Value of Derivative Transactions (General Account)

(1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2017						2016					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	51,422	(28,235)	—	—	—	23,186	59,990	88,255	—	—	—	148,246
Hedge accounting not applied	(5)	638	—	—	—	633	(0)	(106)	—	—	—	(107)
Total	51,416	(27,597)	—	—	—	23,819	59,989	88,149	—	—	—	148,138

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied included gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016 and loss attributable to currency-related transactions totaling ¥29,786 million as of March 31, 2017. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

(2) Transactions Where Hedge Accounting is Not Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value			Net gains (losses)	Notional amount/ contract value			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value		
OTC								
Interest rate swaps								
Receipts fixed, payments floating	200	200	(5)	(5)	100	100	(0)	(0)
Total				(5)				(0)

Note: Net gains (losses) represent the fair values.

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2017							2016						
	Notional amount/ contract value							Notional amount/ contract value						
	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	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
Receipts fixed, payments floating swap														
Notional amount	—	—	—	—	—	200	200	—	—	—	—	—	100	100
Average interest rate in receipt (%)	—	—	—	—	—	0.46	0.46	—	—	—	—	—	0.46	0.46
Average interest rate in payment (%)	—	—	—	—	—	0.02	0.02	—	—	—	—	—	0.02	0.02

◆ Currency-Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value			Net gains (losses)	Notional amount/ contract value			Net gains (losses)
	Over 1 year	Fair value			Over 1 year	Fair value		
OTC								
Foreign currency forward contracts								
Sold	117,654	—	591	591	12,367	—	(106)	(106)
(U.S. dollar)	106,317	—	575	575	141	—	(0)	(0)
(British pound)	6,973	—	(23)	(23)	—	—	—	—
(Australian dollar)	4,363	—	38	38	12,226	—	(105)	(105)
Bought	11,171	—	46	46	—	—	—	—
(U.S. dollar)	11,171	—	46	46	—	—	—	—
Currency options								
Sold								
Call	105,400	—	—	499	—	—	—	—
[499]				499	[—]			
(U.S. dollar)	105,400	—	—	499	—	—	—	—
[499]				499	[—]			
Bought								
Put	89,250	—	—	(499)	—	—	—	—
[499]				(499)	[—]			
(U.S. dollar)	89,250	—	—	(499)	—	—	—	—
[499]				(499)	[—]			
Total				638				(106)

Notes: 1. Net gains (losses) on foreign currency forward contracts represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.

2. Option fees are shown in [].

◆ Stock-Related

Not applicable.

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting is Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,			2017			2016		
Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year	Over 1 year		Over 1 year	Over 1 year	
Deferred hedge accounting	Interest rate swaps Receipts fixed, payments floating	Insurance liabilities	232,600	232,600	51,026	233,900	233,900	59,067
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	16,755	8,755	395	28,948	18,948	922
Total			51,422			59,990		

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,		2017							2016						
		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	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
		Receipts fixed, payments floating swap													
	Notional amount	8,000	5,227	7,500	7,500	16,028	205,100	249,355	10,000	15,000	4,118	7,400	16,130	210,200	262,848
	Average interest rate in receipt (%)	1.90	2.12	1.56	1.75	1.79	1.89	1.87	1.95	1.97	1.51	1.68	1.73	1.89	1.88
	Average interest rate in payment (%)	0.21	0.20	0.02	0.03	0.12	0.02	0.04	0.22	0.23	0.01	0.04	0.16	0.06	0.08

◆ Currency-Related

(Millions of Yen)

As of March 31,			2017			2016			
Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value	
			Over 1 year	Over 1 year		Over 1 year	Over 1 year		
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency-denominated bonds							
			Sold	2,852,379	—	(29,786)	2,123,031	—	89,473
			(U.S. dollar)	2,560,560	—	(23,153)	1,808,792	—	86,840
			(Euro)	168,759	—	(173)	182,880	—	1,773
	(Australian dollar)	123,059	—	(6,459)	131,358	—	859		
Deferred hedge accounting	Cross currency swaps	Foreign-currency-denominated bonds							
			(Euro)	35,575	35,575	1,472	35,575	35,575	(1,307)
			(Australian dollar)	4,305	4,305	78	4,305	4,305	89
Total			(28,235)			88,255			

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities whose value is fixed in yen at the time of settlement through such means as forward exchange contracts and can thus be included in yen on the balance sheet.

◆ Stock-Related

Not applicable.

◆ Bond-Related

Not applicable.

Fair Value of Land (General Account)

(Millions of Yen)

	Net unrealized gains			
		Revaluation differences	Unrealized gains in off-balance-sheet transactions	
			Book value	Fair value
As of March 31, 2017	365,593	196,936	168,657	783,927
As of March 31, 2016	331,760	202,032	129,727	745,777

Notes: 1. Includes land used under leasehold rights.

2. Revaluation differences are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land.

3. Unrealized gains in off-balance-sheet transactions result from fluctuations in market value before and after revaluation.

Unrealized Gains and Losses on Overall Assets (General Account)

(Millions of Yen)

As of March 31,	2017	2016
Securities	5,622,615	5,780,529
Valuation differences	3,517,282	3,176,020
Unrealized gains in off-balance-sheet transactions	2,105,332	2,604,508
Land	365,593	331,760
Revaluation differences	196,936	202,032
Unrealized gains in off-balance-sheet transactions	168,657	129,727
Others	52,724	58,510
Total	6,040,933	6,170,799

- Notes: 1. Figures for securities represent unrealized gains attributable to such factors as foreign currency translation adjustments of securities with market prices as well as those whose market value is extremely difficult to determine (e.g., foreign currency denominated stocks of subsidiaries and affiliates).
2. Securities include financial instruments that are deemed appropriate to handle as securities under the Financial Instruments and Exchange Act.
3. Revaluation differences of land are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land. In addition, land includes land used under leasehold rights.
4. Others include unrealized gains and losses on derivative transactions. In addition, the Company applied hedge accounting to some of these transactions. The above table presents unrealized gains and losses on derivative transaction where hedge accounting (deferred hedge accounting or special hedge accounting treatment) is applied. Of those transactions, derivative transactions where fair value hedge accounting is applied posted gain attributable to currency-related transactions totaling ¥89,473 million as of March 31, 2016 and loss attributable to currency-related transactions totaling ¥29,786 million as of March 31, 2017. These figures are presented on the statements of income on the basis of valuation gains and losses, together with gains and losses on transactions where hedge accounting is not applied. None of these transactions included unrealized gains and losses.

Performance Indicators for Separate Account Balance of Separate Account Assets

(Millions of Yen)

As of March 31,	2017	2016
Variable individual life insurance	63,967	66,061
Variable individual annuities	327,786	345,612
Group pensions	418,087	387,929
Total	809,841	799,603

Investment Status of Separate Account Assets for Variable Individual Life Insurance and Variable Individual Annuities

In the domestic bond market, long-term yields initially fell on the back of a growing risk avoidance in the wake of the Leave camp's victory in the June 2016 Brexit referendum and increasing expectations for the Bank of Japan (BOJ) to undertake additional monetary easing measures. However, long-term bond yields rose with the BOJ's decision near the end of July to abstain from fortifying its negative interest rate policy and gained further support from U.S. interest rate hikes following Mr. Trump's November victory in the presidential election. As a result, the yield on ten-year JGBs rose to 0.065% as of March 31, 2017, up 0.115% compared with the end of the previous fiscal year.

In the domestic stock market, rising prices for U.S. stocks and crude oil provided an overall boost, until fallout from the Brexit referendum led to drastic price plunges. However, the market rebounded in July 2016 amid expectations that supplemental national budgets would be announced by the Japanese government and on anticipation of additional monetary easing measures from the BOJ. After that, the stock market remained robust on the back of positive market sentiment influenced by the BOJ's announcement at the end of July with regard to its decision to supplement its monetary easing policies by expanding purchases of exchange traded funds (ETFs). During the November 2016 U.S. presidential election, domestic stock prices suddenly fell as polls announced the high probability of Mr. Trump's victory. After the results were confirmed, however, stock prices rose again, significantly buoyed by higher U.S. stock prices and interest rates, as well as considerable yen depreciation in anticipation of the new administration's upcoming economic policies. From January 2017 onward, however, the rise in stock prices grew muted due to such factors as the appreciation of the yen. As a result, the Nikkei average as of March 31, 2017 was ¥18,909, up ¥2,151 from March 31, 2016.

In the U.S. bond market, long-term interest rates declined on the June 2016 announcement that employment statistics fell short of market predictions and amid growing risk aversion due to fallout from the Brexit referendum. Long-term interest rates remained predictably low from the middle of July onward. After Mr. Trump's election, however, long-term interest rates rose amid expectations that the new administration's economic policies would boost both the budget deficit and the inflation rate. Moreover, statements on upward rate revisions made by members of the Federal Open Market Committee in December 2016 contributed to higher long-term interest rates. The Federal Reserve's subsequent decision to raise U.S. interest rates was consistent with market predictions. From January, long-term interest rates remained at higher levels. As a result, the yield on ten-year U.S. Treasuries was 2.388% as of March 31, 2017, up 0.618% from a year earlier.

In the U.S. stock market, prices were stable, until dropping amid fallout from the UK referendum. However, stock prices recovered on a turnaround in sentiment as investors decided they had been overly risk averse and with the announcement of employment statistics that exceeded market expectations. Stock prices remained stagnant from the middle of July 2016 onward. However, growing expectations for the new U.S. administration's economic policies and favorable corporate earnings served as positive factors contributing to subsequent growth in stock prices. As a result, the Dow Jones Industrial Average stood at US\$20,663 on March 31, 2017, up US\$2,978 year on year.

As for foreign currency exchange rates, the yen appreciated due mainly to growing risk aversion associated with fallout from the Brexit referendum. Although the yen declined on the back of the increases in U.S. interest rates and stock prices following Mr. Trump's presidential election victory, the yen gained some strength from January 2017. As of March 31, 2017, the exchange rate stood at ¥112.19 to the U.S. dollar, up ¥0.49 year on year. Against the euro, the exchange rate stood at ¥119.79, up ¥7.91 year on year.

Given this environment, the Company strove to secure stable returns from variable individual life insurance through diversified investment in both domestic and overseas assets. Specifically, during the fiscal year ended March 31, 2017, the Company flexibly adjusted its asset portfolio on the back of ongoing volatility in the stock market by, for example, decreasing stock allocations when risk aversion prevailed and by raising them when stock prices were rising.

As for variable individual annuities, the Company invested in investment trusts formulated for each product. Generally, the ratio of such assets in investment trusts remained high during the fiscal year under review.

Variable Individual Life Insurance (Separate Account) Insurance Amount of Policies in Force

As of March 31,	2017		2016	
	Number of policies	Amount	Number of policies	Amount
Variable life insurance (term type)	—	—	2	6
Variable life insurance (whole-life type)	53,023	498,163	54,077	513,183
Total	53,023	498,163	54,079	513,190

Note: Insurance amount of policies in force includes coverage under term rider.

Breakdown of Assets

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	1,888	3.0	1,904	2.9
Securities	57,871	90.5	59,189	89.6
Domestic bonds	13,438	21.0	11,614	17.6
Domestic stocks	23,877	37.3	23,951	36.3
Foreign securities	20,554	32.1	23,623	35.8
Foreign bonds	4,634	7.2	7,165	10.8
Foreign stocks and others	15,920	24.9	16,457	24.9
Other securities	—	—	—	—
Loans	—	—	—	—
Others	4,206	6.6	4,968	7.5
Allowance for possible loan losses	—	—	—	—
Total	63,967	100.0	66,061	100.0

Investment Returns

(Millions of Yen)

Years ended March 31,	2017	2016
Interest, dividends and other income	1,266	1,480
Gains on sales of securities	3,809	6,211
Gains on redemption of securities	—	—
Gains on valuation of securities	9,552	6,020
Foreign exchange gains	39	55
Gains on derivative financial instruments	480	762
Other income	3	4
Losses on sales of securities	3,249	2,132
Losses on redemption of securities	—	0
Losses on valuation of securities	6,556	15,196
Foreign exchange losses	57	81
Losses on derivative financial instruments	638	800
Other expenses	1	0
Net gains (losses)	4,649	(3,674)

Fair Value of Securities

Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2017		2016	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	57,871	2,995	59,189	(9,175)

Fair Value of Money-Held-in-Trust

Not applicable.

Fair Value of Derivative Transactions

(1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2017						2016					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	0	—	—	—	0	—	11	15	—	—	27
Total	—	0	—	—	—	0	—	11	15	—	—	27

Note: Gains and losses on derivative transactions where hedge accounting is not applied are presented on the statements of income.

(2) Transactions Where Hedge Accounting is Not Applied

◆ Interest-Rate Related

Not applicable.

◆ Currency-Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Foreign currency forward contracts								
Sold	34	—	(0)	(0)	—	—	—	—
(Euro)	25	—	(0)	(0)	—	—	—	—
(Polish zloty)	9	—	(0)	(0)	—	—	—	—
Bought	35	—	0	0	1,008	—	11	11
(U.S. dollar)	25	—	0	0	708	—	1	1
(Australian dollar)	9	—	0	0	—	—	—	—
(Euro)	—	—	—	—	300	—	10	10
Total				0				11

Note: Net gains (losses) represent the fair values.

◆ Stock-Related

(Millions of Yen)

As of March 31,	2017				2016			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
Exchange-traded transactions								
Yen Stock index futures								
Sold	—	—	—	—	274	—	4	4
Foreign currency-denominated stock index futures								
Bought	—	—	—	—	1,087	—	10	10
Total				—				15

Note: Net gains (losses) represent the fair values.

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting is Applied

Not applicable.

**Variable Individual Annuities (Separate Account)
Policies in Force**

(Millions of Yen)

As of March 31,	2017		2016	
	Number of policies	Amount	Number of policies	Amount
Variable individual annuities	96,035	330,072	96,785	351,165

Note: Insurance amount of policies in force includes the amount of general account policies written after pension payout.

Breakdown of Assets

(Millions of Yen)

As of March 31,	2017		2016	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	307	0.1	655	0.2
Securities	324,825	99.1	342,083	99.0
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and others	—	—	—	—
Other securities	324,825	99.1	342,083	99.0
Loans	—	—	—	—
Others	2,653	0.8	2,873	0.8
Allowance for possible loan losses	—	—	—	—
Total	327,786	100.0	345,612	100.0

Investment Returns

(Millions of Yen)

Years ended March 31,	2017	2016
Interest, dividends and other income	1,719	2,919
Gains on sales of securities	0	0
Gains on redemption of securities	—	—
Gains on valuation of securities	38,759	36,528
Foreign exchange gains	—	—
Gains on derivative financial instruments	—	—
Other income	—	—
Losses on sales of securities	202	0
Losses on redemption of securities	—	—
Losses on valuation of securities	48,266	49,848
Foreign exchange losses	—	—
Losses on derivative financial instruments	—	—
Other expenses	—	—
Net gains (losses)	(7,990)	(10,400)

Fair Value of Securities

Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2017		2016	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	324,825	(9,507)	342,083	(13,319)

Fair Value of Money-Held-in-Trust

Not applicable.

Fair Value of Derivative Transactions

Not applicable.

Group Pensions (Separate Account) Separate Account Assets Managed for Group Pension Policyholders

(Millions of Yen)

As of March 31,	2017		2016	
	Number of groups	Fair value	Number of groups	Fair value
First treaty separate account	769	404,571	742	379,706
Comprehensive account	517	204,612	565	233,110
Accounts established for each investee	296	199,958	189	146,596
Total	769	404,571	742	379,706

Note: First treaty separate account jointly manages the assets of multiple group pension policyholders.

Investment Performance of First Treaty Separate Account (Comprehensive Account)

(1) Investment Status in the Year Ended March 31, 2017

In line with its annual investment plan, the Company generally maintained a greater allocation of stocks, both domestic and overseas, in its portfolio and a smaller allocation of domestic bonds. As necessary, the Company rebalanced its asset allocations to maintain this policy and adapt to changes in the market environment. The average time-weighted return rate for comprehensive account assets during the fiscal year ended March 31, 2017 was 7.25%. This was attributable to positive returns recorded in both domestic and foreign stockholdings.

(%)

	Planned figures for year ended March 31, 2017	Asset Allocations				As of March 31, 2017
		As of March 31, 2016	As of June 30, 2016	As of September 30, 2016	As of December 31, 2016	
Domestic bonds	30.0	19.9	27.0	26.1	24.7	20.9
Domestic stocks	33.0	35.3	33.9	37.9	41.0	37.6
Foreign bonds	10.0	11.0	8.7	9.3	8.1	10.1
Foreign stocks	24.0	27.2	26.2	24.9	24.7	26.2
Short-term funds and others	3.0	6.5	4.1	1.8	1.4	5.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Notes: 1. Asset allocations are based on fair value.

2. The figures for allocation by asset type from June 2016 onward include the finalized results of futures transactions.

(2) Balance in Fair Value by Asset Type

(Millions of Yen)

As of March 31,	2017		2016	
	Fair value	(%)	Fair value	(%)
Domestic bonds	42,758	20.9	46,381	19.9
Domestic stocks	76,925	37.6	82,323	35.3
Foreign bonds	20,658	10.1	25,736	11.0
Foreign stocks	53,689	26.2	63,404	27.2
Short-term funds and others	10,581	5.2	15,264	6.5
Total	204,612	100.0	233,110	100.0

Note: The figures for balance in fair value as of March 31, 2017 include the finalized results of futures transactions.

(3) Investment Performance

(%)

Years ended March 31,	2017	2016
Time-weighted return rate	7.25	(5.13)

First Treaty Separate Account (Accounts Established for Each Investee)

(1) Investment Status in the Year Ended March 31, 2017

Fund	Status
Yen currency denominated bond account	Based on fundamental analysis, the Company determined its duration, yield curve and sector allocation strategies, thus executing active investment. Having expected the low interest rate environment to remain in place, the Company adjusted its duration strategy while monitoring trends in interest rates and investor sentiment. Looking at the allocation by bond category, the Company maintained a greater proportion of non-government bonds.
Yen currency denominated bond account—A	The Company engaged in active investment while taking a cautious stance in executing its duration, yield curve and sector allocation strategies. The Company adjusted the allocation by duration in line with changes in yield curves. Looking at the allocation by bond category, the Company maintained a greater proportion of industrial bonds.
Yen currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment while controlling exposure to risks specific to certain business sectors. The Company also reshuffled its stock portfolio by focusing on investment efficiency, growth potential and other factors. The Company also gave due consideration to such market factors as economic trends in Japan, the United States and other countries, as well as changes in monetary policies.
Yen currency denominated stock account—B	The Company adopted a “factor rotation strategy,” an investment strategy that focuses on various factors affecting investment performance to adjust allocation in step with changes due to market conditions. In this way, the Company executed enhanced index investing. The Company maintains a neutral sector allocation policy while focusing on value indices and profitability.
Foreign currency denominated bond account	Based on fundamental analysis, the Company determined its currency, duration and yield curve strategies, thereby executing active investment. Allocation by currency was flexibly revised based on the outlook of future trends by country. The Company was also flexible in adjusting bond duration, with due consideration given to gaps between U.S. and German interest rates, as well as the prevailing interest rates in other markets.
Foreign currency denominated bond account—A	The Company maintained a cautious stance in executing its currency, duration, yield curve and sector allocation strategies, thereby executing active investment. On the other hand, the Company has flexibly adjusted allocation by currency and bond duration. The Company also adjusted allocation by duration based on changes in yield curves while including non-government bonds.
Foreign currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment. In developed countries, the Company controlled its exposure to risks specific to certain business sectors while maintaining regionally neutral allocation. In selecting stocks, the Company also focused on the issuer's unique growth drivers and growth potential in shareholder returns. In addition, the Company continuously invested in stocks issued by companies in emerging Asian nations.
Foreign currency denominated stock account—B	The Company adopted a “factor rotation strategy,” an investment strategy that focuses on various factors affecting investment performance to adjust allocations in step with changes in market conditions. In this way, the Company executed enhanced index investing. Remaining neutral on region- and sector-based allocation, the Company focused on value indices for both U.S. and European stocks.
Short-term fund account	The Company engaged in investment focusing on maintaining liquidity and stability.

(2) Fair Value and Investment Performance

(Millions of Yen)

As of and years ended March 31,	2017		2016	
	Fair value	Time-weighted return rate (%)	Fair value	Time-weighted return rate (%)
Yen currency denominated bond account	77,942	(1.24)	53,921	5.43
Yen currency denominated bond account—A	20,354	(0.98)	20,396	5.50
Yen currency denominated stock account	15,536	15.03	13,641	(10.57)
Yen currency denominated stock account—B	25,312	15.68	14,625	(11.02)
Foreign currency denominated bond account	9,029	(5.60)	9,120	(2.81)
Foreign currency denominated bond account—A	6,679	(5.57)	6,975	(2.81)
Foreign currency denominated stock account	10,235	14.11	9,629	(9.03)
Foreign currency denominated stock account—B	9,383	14.25	8,517	(8.16)
Short-term fund account	25,484	0.00	9,769	0.06
Total	199,958		146,596	

Consolidated Information

Non-performing Loans

	(Millions of Yen)	
As of March 31,	2017	2016
Loans to bankrupt borrowers	—	—
Loans in arrears	4,362	3,985
Loans in arrears for three months or longer	—	125
Restructured loans	27,036	25,728
Total	31,398	29,840
Non-performing loans/total loans (%)	0.58	0.53

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2016; and ¥44 million for loans to bankrupt borrowers and ¥1 million for loans in arrears as of March 31, 2017.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and restructured loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears for three months or longer.

The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed by the Insurance Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

	(Millions of Yen)	
As of March 31,	2017	2016
(A) Total solvency margin	6,801,090	6,195,368
① Foundation funds and capital and others	739,676	626,226
② Reserve for price fluctuation	578,227	522,116
③ Contingency reserves	681,563	675,607
④ Catastrophe reserves	9,586	9,116
⑤ General allowance for possible loan losses	1,389	1,310
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	3,177,007	2,859,755
⑦ Unrealized gains on land × 85% (100% in case of losses)	316,220	288,299
⑧ Total of unrecognized actuarial differences and unrecognized past service costs	21,998	(44,743)
⑨ Excess of continued Zillmerized reserve	953,588	966,800
⑩ Qualifying subordinated debt	379,632	363,901
⑪ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑫ Deductions	(147,646)	(156,398)
⑬ Other (tax effect adjustment)	89,844	83,374
(B) Total amount of risk $\sqrt{(\sqrt{14^2+15^2+17+18})^2+(19+20+21)^2+16+22}$	1,361,632	1,259,489
⑭ Insurance risk	158,532	155,024
⑮ General underwriting risk	1,785	1,782
⑯ Major disaster risk	471	500
⑰ Third-sector insurance risk	58,241	56,391
⑱ Insurance risk of small-amount short-term insurer	—	—
⑲ Assumed interest rate risk	146,789	150,281
⑳ Minimum guarantee risk	12,011	8,800
㉑ Investment risk	1,153,945	1,053,088
㉒ Business management risk	30,635	28,517
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	998.9	983.7

- Notes: 1. The figures presented above are calculated based on provisions in Article 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Notification No. 23 in 2011.
2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 4, Paragraph 5 of said notification.

The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed by the Insurance Company's Subsidiary (Solvency Margin Ratio)

Meiji Yasuda General Insurance Co., Ltd.

(Millions of Yen)

As of March 31,	2017	2016
(A) Total solvency margin	70,276	68,902
① Foundation funds and capital and others	57,700	57,136
② Reserve for price fluctuation	370	113
③ Contingency reserves	29	34
④ Catastrophe reserves	9,586	9,116
⑤ General allowance for possible loan losses	—	—
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	1,165	1,198
⑦ Unrealized gains on land × 85% (100% in case of losses)	883	915
⑧ Excess of refund reserves	—	—
⑨ Qualifying subordinated debt	—	—
⑩ Excess of refund reserves and qualifying subordinated debt not included in margin calculation	—	—
⑪ Deductions	—	—
⑫ Others	540	389
(B) Total amount of risk $\sqrt{((13+14)^2+(15+16)^2+(17)+18)}$	2,731	2,735
⑬ General underwriting risk	1,785	1,782
⑭ Third-sector insurance risk	—	—
⑮ Assumed interest rate risk	7	8
⑯ Investment risk	1,259	1,221
⑰ Business management risk	70	70
⑱ Major disaster risk	471	500
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	5,146.2	5,036.7

Note: The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.

Segment Information

Business operations undertaken by the Company, its consolidated subsidiaries and subsidiary entities during the years ended March 31, 2016 and March 31, 2017, included the nonlife insurance business in addition to the life insurance business. However, the nonlife insurance business has been omitted from segment information since it represents such a minor proportion of total operations and the Company's operations can be regarded as consisting of a single business segment.

Our History

Meiji Yasuda Life Insurance Company was inaugurated through the merger of the two oldest life insurers in Japan, namely, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.

History of Meiji Life Insurance Company

In 1881, Taizo Abe, a former student of Yukichi Fukuzawa, established Meiji Life Insurance Limited Company in tandem with Heigoro Shoda and other early pioneers of the Mitsubishi conglomerate. Meiji Life was the first company in Japan to provide a modern-day life insurance service, in which premiums were determined based on expected mortality rates and other actuarial factors.

History of The Yasuda Mutual Life Insurance Company

In 1880, Zenjiro Yasuda founded “Kyosai Gohyakumei-Sha,” a mutual aid company supported by 500 contributors. In the beginning, this organization adopted “assessment insurance,” a system that obliges a limited number of contributors to equally bear the cost of insurance claims paid, with the aim of providing an easy-to-understand insurance system.

To improve its service, in 1894 Kyosai Gohyakumei-Sha reorganized into “Kyosai Seimei Hoken Goshi Gaisya,” a modern-day life insurance mutual aid company, thus laying the foundation for the development of The Yasuda Mutual Life Insurance Company.

History of Meiji Yasuda Life Insurance Company

2004

January 1

- Meiji Yasuda Life Insurance Company was inaugurated through the merger of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company

January

- Launched “Life Account L.A. Double” to commemorate the Company’s inauguration

August

- Meiji Yasuda Life Building was completed in Marunouchi, Tokyo

2005

April

- Meiji Yasuda General Insurance Co., Ltd. was inaugurated through the merger of Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd.

2006

July

- Meiji Yasuda Life began utilizing self-nominees, who voluntarily apply, in the selection of its policyholder representatives while adopting the “Company-with-Committees” system

September

- Launched “Everybody,” a single premium special whole life insurance

2009

June

- Launched “Ashita no Mikata” hospitalization insurance

2010

June

- Launched “Iryohi Link Series,” a lineup of riders providing coverage for medical expenses

November

- Formed a business alliance with Talanx AG (Germany)
- Formed a business alliance with PT Avrist Assurance (Indonesia)

December

- Formed a business alliance with Haier Group (China)

2012

March

- Acquired the majority of shares in private nursing home operator Sunvenus Tachikawa Company Limited, thereby initiating the operation of nursing care facilities

June

- Acquired 27% of shares in TU Europa S.A. (Poland)

July

- Acquired 30% of shares in TUIR Warta S.A. (Poland)

2013

July

- Formed a strategic partnership with Thai Life Insurance Public Company Limited (Thailand)

September

- Introduced “Meister Mobile” tablet terminals

2014

June

- Launched “Best Style”

2015

January

- Signed a title partner contract with the J. League

2016

March

- Acquired StanCorp Financial Group, Inc. (the United States) and made it a wholly-owned subsidiary

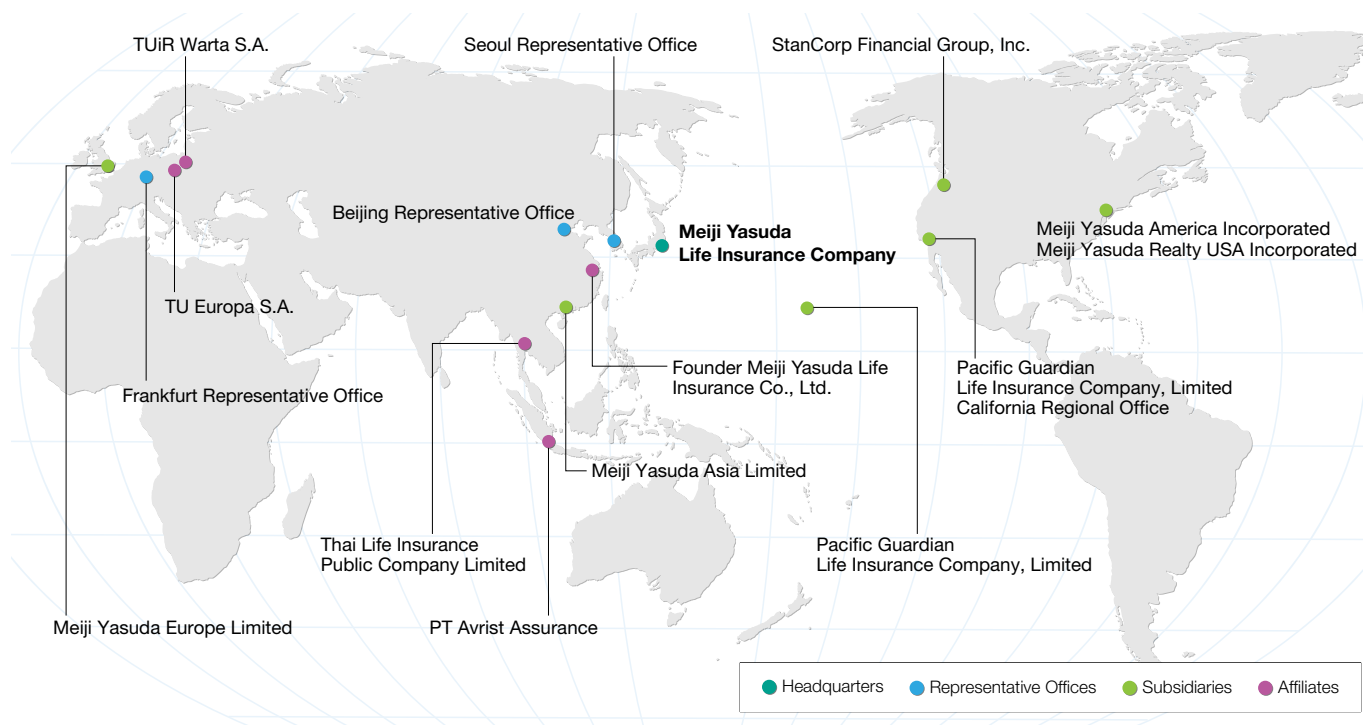
2017

April

- Established a new corporate philosophy, the “Meiji Yasuda Philosophy”

International Directory

(As of March 31, 2017)



● Headquarters ● Representative Offices ● Subsidiaries ● Affiliates

Headquarters

● **Meiji Yasuda Life Insurance Company**
 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
 100-0005, Japan
 Phone:+81-3-3283-8293 Fax:+81-3-3215-8123

Representative Offices

● **Meiji Yasuda Life Insurance Company Frankfurt Representative Office**
 Goethestrasse 7, 60313 Frankfurt am Main, Germany
 Phone:+49-69-748000 Fax:+49-69-748021

● **Meiji Yasuda Life Insurance Company Seoul Representative Office**
 The Seoul Shinmun Daily (Korea Press Center) Bldg.,
 9th Floor, 124 Sejong-daero, Jung-gu,
 Seoul 100-745, Korea
 Phone:+82-2-723-9111 Fax:+82-2-723-6489

● **Meiji Yasuda Life Insurance Company Beijing Representative Office**
 Room 6003, 6th Floor, Changfugong Office Building,
 26 Jianguomen Wai Avenue, Chaoyang District,
 Beijing 100022, China
 Phone:+86-10-6513-9815 Fax:+86-10-6513-9818

Subsidiaries

● **Pacific Guardian Life Insurance Company, Limited**
 1440 Kapiolani Boulevard, Suite 1700, Honolulu, Hawaii
 96814, U.S.A.
 Phone:+1-808-955-2236 Fax:+1-808-942-1290

● **StanCorp Financial Group, Inc.**
 1100 SW Sixth Avenue, Portland, Oregon 97204, U.S.A.
 Phone:+1-971-321-7000 Fax:+1-971-321-7540

● **Meiji Yasuda America Incorporated
 Meiji Yasuda Realty USA Incorporated**
 780 Third Avenue, 42nd Floor, New York,
 New York 10017, U.S.A.
 Phone:+1-212-332-4900 Fax:+1-212-332-4960

● **Meiji Yasuda Europe Limited**
 125 Finsbury Pavement, London EC2A 1NQ, U.K.
 Phone:+44-20-7448-8800 Fax:+44-20-7448-8819

● **Pacific Guardian Life Insurance Company, Limited California Regional Office**
 18545 S. Western Avenue Gardena,
 California 90248, U.S.A.
 Phone:+1-714-784-7301 Fax:+1-310-538-8327

● **Meiji Yasuda Asia Limited**
 Unit 2, 18/F., Tower 1, Admiralty Centre,
 18 Harcourt Road, Admiralty, Hong Kong, China
 Phone:+852-2524-7021 Fax:+852-2868-4419

Affiliates

● **Founder Meiji Yasuda Life Insurance Co., Ltd.**
 21F, Building A, Oriental Financial Plaza 1168 Century
 Avenue, Pudong New District, Shanghai 200122, China

● **PT Avrist Assurance**
 Gedung Bank Panin Senayan Lt. 3, 7, 8
 Jl. Jenderal Sudirman, Jakarta 10270, Indonesia

● **TU Europa S.A.**
 62 Gwiaździsta Street, 53-413 Wrocław, Poland

● **TUIR Warta S.A.**
 Chmielna Street 85/87, 00-805 Warsaw, Poland

● **Thai Life Insurance Public Company Limited**
 123 Ratchadapisek Road, Din Daeng, Bangkok, 10400,
 Thailand



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