Financial Section

Contents

Consolidated Balance Sheets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	**¥ 646,020**	¥ 505,583	**$ 6,080**
Call loans (Note 3)	**90,000**	90,000	**847**
Monetary claims bought (Note 4)	**214,730**	220,118	**2,021**
Money held in trust (Note 4)	**13,076**	200	**123**
Securities (Notes 4, 5, 6, 7, and 8)	**33,128,510**	32,046,079	**311,827**
Loans (Notes 4, 7, 9, and 10)	**5,276,491**	5,422,653	**49,665**
Tangible fixed assets (Notes 11, 12, and 13)			
Land	**614,975**	617,501	**5,788**
Buildings	**287,061**	295,568	**2,702**
Leased assets	**787**	612	**7**
Construction in progress	**5,273**	3,239	**49**
Other tangible fixed assets	**7,710**	6,253	**72**
Subtotal	**915,808**	923,175	**8,620**
Intangible fixed assets			
Software	**60,733**	59,942	**571**
Goodwill	**143,246**	155,799	**1,348**
Other intangible fixed assets	**281,087**	301,615	**2,645**
Subtotal	**485,067**	517,358	**4,565**
Due from agents	**1,569**	1,592	**14**
Reinsurance receivables	**121,167**	120,163	**1,140**
Other assets	**518,444**	455,560	**4,879**
Net defined benefit assets (Note 14)	**113,534**	92,747	**1,068**
Deferred tax assets (Note 15)	**2,375**	2,498	**22**
Customers' liabilities under acceptances and guarantees	**21,727**	20,888	**204**
Allowance for possible loan losses	**(5,100)**	(5,848)	**(48)**
Total assets	**¥41,543,423**	¥40,412,770	**$391,033**
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	**¥ 735,955**	¥ 732,370	**$ 6,927**
Policy reserves	**33,901,297**	33,332,707	**319,101**
Policyholders' dividend reserves (Note 16)	**233,768**	236,959	**2,200**
Subtotal	**34,871,021**	34,302,037	**328,228**
Due to agents	**2,931**	2,990	**27**
Reinsurance payables	**1,199**	815	**11**
Bonds payable (Notes 4 and 17)	**482,356**	409,753	**4,540**
Other liabilities	**891,457**	531,235	**8,390**
Net defined benefit liabilities (Note 14)	**6,328**	8,769	**59**
Reserve for contingent liabilities (Note 18)	**1**	1	**0**
Reserve for price fluctuation	**685,414**	578,227	**6,451**
Deferred tax liabilities (Note 15)	**377,710**	433,794	**3,555**
Deferred tax liabilities for land revaluation	**79,522**	79,910	**748**
Acceptances and guarantees	**21,727**	20,888	**204**
Total liabilities	**37,419,670**	36,368,425	**352,218**
NET ASSETS:			
Foundation funds (Note 19)	**260,000**	310,000	**2,447**
Reserve for redemption of foundation funds (Note 19)	**620,000**	520,000	**5,835**
Reserve for revaluation	**452**	452	**4**
Surplus	**504,951**	514,726	**4,752**
Total funds, reserve and surplus	**1,385,404**	1,345,179	**13,040**
Net unrealized gains on available-for-sale securities	**2,583,926**	2,542,572	**24,321**
Deferred unrealized gains on derivatives under hedge accounting	**35,881**	39,643	**337**
Land revaluation differences	**118,189**	117,025	**1,112**
Foreign currency translation adjustments	**(27,485)**	(19,750)	**(258)**
Remeasurements of defined benefit plans	**23,861**	15,701	**224**
Total accumulated other comprehensive income	**2,734,374**	2,695,192	**25,737**
Non-controlling interests	**3,974**	3,974	**37**
Total net assets	**4,123,752**	4,044,345	**38,815**
Total liabilities and net assets	**¥41,543,423**	¥40,412,770	**$391,033**

Consolidated Statements of Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
ORDINARY INCOME:			
Insurance premiums and other	**¥3,024,398**	¥2,866,387	**$28,467**
Investment income			
Interest, dividends and other income	**832,383**	772,142	**7,834**
Gains on money held in trust	**23**	—	**0**
Gains on sales of securities	**27,554**	23,968	**259**
Gains on redemption of securities	**59,184**	57,323	**557**
Reversal of allowance for possible loan losses	**270**	—	**2**
Other investment income	**2,010**	2,175	**18**
Investment gains on separate accounts	**37,356**	15,807	**351**
Subtotal	**958,785**	871,417	**9,024**
Other ordinary income	**133,890**	137,663	**1,260**
Total ordinary income	**4,117,073**	3,875,469	**38,752**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	**765,271**	635,367	**7,203**
Annuity payments	**647,404**	697,062	**6,093**
Benefit payments	**508,026**	501,942	**4,781**
Surrender benefits	**421,909**	454,118	**3,971**
Other refunds	**86,188**	94,717	**811**
Subtotal	**2,428,801**	2,383,208	**22,861**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	**19,170**	7,151	**180**
Provision for policy reserves	**417,353**	324,535	**3,928**
Provision for interest on policyholders' dividend reserves (Note 16)	**106**	135	**0**
Subtotal	**436,630**	331,822	**4,109**
Investment expenses			
Interest expenses	**32,897**	29,114	**309**
Losses on sales of securities	**38,219**	32,216	**359**
Losses on valuation of securities	**8,816**	12,137	**82**
Losses on redemption of securities	**4,307**	4,433	**40**
Losses on derivative financial instruments	**110,895**	88,918	**1,043**
Foreign exchange losses	**8,679**	399	**81**
Provision for allowance for possible loan losses	**—**	1,801	**—**
Depreciation of real estate for non-insurance business	**10,300**	9,513	**96**
Other investment expenses	**24,660**	18,534	**232**
Subtotal	**238,776**	197,070	**2,247**
Operating expenses (Note 21)	**461,670**	439,743	**4,345**
Other ordinary expenses	**181,004**	208,741	**1,703**
Total ordinary expenses	**3,746,883**	3,560,586	**35,268**
Ordinary profit	**370,190**	314,883	**3,484**
Extraordinary gains			
Gains on disposals of fixed assets	**1,678**	2,045	**15**
Reversal of reserve for contingent liabilities	**0**	0	**0**
Subtotal	**1,678**	2,045	**15**
Extraordinary losses			
Losses on disposals of fixed assets	**1,827**	4,317	**17**
Impairment losses (Note 13)	**896**	3,152	**8**
Provision for reserve for price fluctuation	**107,196**	56,121	**1,009**
Losses on reduction entry of real estate	**—**	333	**—**
Contributions for promotion of social welfare project	**553**	582	**5**
Other extraordinary losses	**40**	1	**0**
Subtotal	**110,515**	64,510	**1,040**
Surplus before income taxes and non-controlling interests	**261,353**	252,418	**2,460**
Income taxes (Note 15)			
Current	**58,604**	38,003	**551**
Deferred	**(63,225)**	(10,193)	**(595)**
Total income taxes	**(4,621)**	27,809	**(43)**
Net surplus	**265,974**	224,608	**2,503**
Net surplus attributable to non-controlling interests	**935**	878	**8**
Net surplus attributable to the Parent Company	**¥ 265,038**	¥ 223,730	**$ 2,494**

Consolidated Statements of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Net surplus	**¥265,974**	¥224,608	**$2,503**
Other comprehensive income (loss) (Note 24)	**35,923**	306,994	**338**
Net unrealized gains (losses) on available-for-sale securities	**36,425**	250,844	**342**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**(3,761)**	983	**(35)**
Foreign currency translation adjustments	**(19,061)**	11,887	**(179)**
Remeasurements of defined benefit plans	**8,339**	47,977	**78**
Share of other comprehensive income (loss) of associates accounted for under the equity method	**13,980**	(4,699)	**131**
Comprehensive income (loss)	**¥301,898**	¥531,602	**$2,841**
Comprehensive income (loss) attributable to the Parent Company	**300,965**	530,605	**2,832**
Comprehensive income (loss) attributable to non-controlling interests	**932**	997	**8**

Consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2017 (Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	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	¥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

Year ended March 31, 2018 (Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	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	**¥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**
Changes in the fiscal year													
Issuance of foundation funds	**50,000**				**50,000**								**50,000**
Additions to policyholders' dividend reserves (Note 16)				**(169,815)**	**(169,815)**								**(169,815)**
Additions to reserve for redemption of foundation funds		**100,000**			**100,000**								**100,000**
Payment of interest on foundation funds				**(1,846)**	**(1,846)**								**(1,846)**
Net surplus attributable to the Parent Company				**265,038**	**265,038**								**265,038**
Redemption of foundation funds	**(100,000)**				**(100,000)**								**(100,000)**
Reversal of reserve for fund redemption				**(100,000)**	**(100,000)**								**(100,000)**
Reversal of land revaluation differences				**(1,163)**	**(1,163)**								**(1,163)**
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				**(133)**	**(133)**								**(133)**
Increase due to merger				**235**	**235**								**235**
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate				**(2,091)**	**(2,091)**								**(2,091)**
Net changes, excluding funds, reserves and surplus						**41,354**	**(3,761)**	**1,163**	**(7,734)**	**8,159**	**39,181**	**0**	**39,181**
Net changes in the fiscal year	**(50,000)**	**100,000**	**—**	**(9,774)**	**40,225**	**41,354**	**(3,761)**	**1,163**	**(7,734)**	**8,159**	**39,181**	**0**	**79,406**
Ending balance	**¥260,000**	**¥620,000**	**¥452**	**¥504,951**	**¥1,385,404**	**¥2,583,926**	**¥35,881**	**¥118,189**	**¥(27,485)**	**¥23,861**	**¥2,734,374**	**¥3,974**	**¥4,123,752**

Year ended March 31, 2018 (Millions of U.S. Dollars)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	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	$2,917	$4,894	$4	$4,844	$12,661	$23,932	$373	$1,101	$(185)	$147	$25,368	$37	$38,068
Changes in the fiscal year													
Issuance of foundation funds	470				470								470
Additions to policyholders' dividend reserves (Note 16)				(1,598)	(1,598)								(1,598)
Additions to reserve for redemption of foundation funds		941			941								941
Payment of interest on foundation funds				(17)	(17)								(17)
Net surplus attributable to the Parent Company				2,494	2,494								2,494
Redemption of foundation funds	(941)				(941)								(941)
Reversal of reserve for fund redemption				(941)	(941)								(941)
Reversal of land revaluation differences				(10)	(10)								(10)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(1)	(1)								(1)
Increase due to merger				2	2								2
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate				(19)	(19)								(19)
Net changes, excluding funds, reserves and surplus						389	(35)	10	(72)	76	368	0	368
Net changes in the fiscal year	(470)	941	—	(92)	378	389	(35)	10	(72)	76	368	0	747
Ending balance	$2,447	$5,835	$4	$4,752	$13,040	$24,321	$337	$1,112	$(258)	$224	$25,737	$37	$38,815

Consolidated Statements of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 261,353	¥ 252,418	$ 2,460
Depreciation of real estate for non-insurance business	10,300	9,513	96
Depreciation	47,087	44,440	443
Impairment losses	896	3,152	8
Amortization of goodwill	7,885	6,773	74
Increase (Decrease) in reserve for outstanding claims	22,034	10,563	207
Increase (Decrease) in policy reserves	510,493	420,352	4,805
Provision for interest on policyholders' dividend reserves	106	135	0
Increase (Decrease) in allowance for possible loan losses	(748)	391	(7)
Increase (Decrease) in net defined benefit liabilities	(5,142)	(2,248)	(48)
Increase (Decrease) in accrued retirement benefits for directors and executive officers	—	(82)	—
Increase (Decrease) in reserve for contingent liabilities	(0)	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	107,196	56,121	1,009
Interest, dividends, and other income	(832,383)	(772,142)	(7,834)
Losses (Gains) on securities	154,833	1,739	1,457
Interest expenses	32,897	29,114	309
Foreign exchange losses (gains)	2,409	314	22
Losses (Gains) on tangible fixed assets	247	2,407	2
Investment losses (gains) on equity method	(3,285)	(664)	(30)
Decrease (Increase) in due from agents	22	244	0
Decrease (Increase) in reinsurance receivables	(4,581)	(1,464)	(43)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(87,514)	53,346	(823)
Increase (Decrease) in due to agents	30	86	0
Increase (Decrease) in reinsurance payables	383	(16)	3
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(22,442)	41,165	(211)
Others, net	(2,955)	10,822	(27)
Subtotal	199,122	166,484	1,874
Interest, dividends, and other income received	882,268	830,960	8,304
Interest paid	(31,836)	(28,393)	(299)
Policyholders' dividends paid	(173,157)	(169,832)	(1,629)
Income taxes paid	(31,051)	(23,230)	(292)
Net cash provided by operating activities	845,345	775,989	7,956
II Cash flows from investing activities			
Net decrease (increase) in deposits	(1,087)	21,082	(10)
Purchase of monetary claims bought	(18,200)	(36,100)	(171)
Proceeds from sales and redemption of monetary claims bought	23,376	38,734	220
Purchase of money held in trust	(9,800)	—	(92)
Purchase of securities	(4,432,833)	(3,346,498)	(41,724)
Proceeds from sales and redemption of securities	3,311,315	2,256,783	31,168
Loans extended	(1,150,256)	(1,021,210)	(10,826)
Proceeds from collection of loans	1,267,871	1,243,234	11,934
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	337,468	95,952	3,176
Total investment activities (IIa)	(672,146)	(748,021)	(6,326)
[I + IIa]	173,199	27,968	1,630
Purchase of tangible fixed assets	(16,909)	(28,115)	(159)
Proceeds from sales of tangible fixed assets	3,669	13,549	34
Purchase of intangible fixed assets	(26,115)	(23,836)	(245)
Others, net	(1,172)	(452)	(11)
Net cash used in investing activities	(712,674)	(786,877)	(6,708)
III Cash flows from financing activities			
Proceeds from debt	316	—	2
Repayments of debt	(316)	(100,000)	(2)
Proceeds from issuance of bonds payable	99,331	114,204	934
Redemption of bonds payable	(28,577)	—	(268)
Proceeds from issuance of foundation funds	50,000	100,000	470
Redemption of foundation funds	(100,000)	(50,000)	(941)
Payment of interest on foundation funds	(1,846)	(2,101)	(17)
Acquisition of stock of subsidiaries without change in scope of consolidation	(831)	(841)	(7)
Others, net	(6,080)	(5,822)	(57)
Net cash provided by financing activities	11,995	55,439	112
IV Effect of foreign exchange rate changes on cash and cash equivalents	(3,187)	734	(30)
V Net increase (decrease) in cash and cash equivalents	141,479	45,286	1,331
VI Cash and cash equivalents at the beginning of the year	577,833	532,547	5,438
VII Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries	867	—	8
VIII Cash and cash equivalents at the end of the year (Note 3)	¥ 720,180	¥ 577,833	$ 6,778

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, 2018, which was ¥106.24 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, 2017 and 2018, respectively. The consolidated subsidiaries as of March 31, 2018 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 America Incorporated (U.S.A.)

The aforementioned Meiji Yasuda America Incorporated is a company formed by way of the merger of Meiji Yasuda Realty USA Incorporated, consolidated subsidiary and Meiji Yasuda America Incorporated, unconsolidated subsidiary on December 31, 2017.

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, 2017 and 2018 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 10 and 10 as of March 31, 2017 and 2018, respectively. The affiliates accounted for by the equity method as of March 31, 2018 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 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 are December 31. The consolidated financial statements include the accounts of such subsidiaries 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.

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, 2017 and 2018 amounted to ¥46 million and ¥370 million (U.S. $3 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 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.

For the year ended March 31, 2018, the Company additionally set aside the policy reserves for single premium individual annuity contracts concluded on or after April 2, 1998 pursuant to Article 69, Paragraph 5 of the ordinance. As a result, policy reserves increased by ¥2,471 million (U.S. $23 million) as of March 31, 2018 and ordinary profit and surplus before income taxes decreased by ¥2,471 million (U.S. $23 million) for the year ended March 31, 2018 compared to the cases where the Company would not have accumulated the additional reserves.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on 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 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 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.

3. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Cash and deposits	**¥626,937**	¥487,587	**$5,901**
Call loans	**90,000**	90,000	**847**
Money held in trust	**3,000**	200	**28**
Securities	**242**	45	**2**
Cash and cash equivalents	**¥720,180**	¥577,833	**$6,778**

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 denominated in foreign currencies 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 Council 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:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	**¥ 646,020**	**¥ 646,020**	**¥ —**	¥ 505,583	¥ 505,583	¥ —	**$6,080**	**$6,080**	**$ —**
Available-for-sale securities (CDs)	**35,999**	**35,999**	**—**	49,996	49,996	—	**338**	**338**	**—**
Monetary claims bought	**214,730**	**225,501**	**10,770**	220,118	230,634	10,516	**2,021**	**2,122**	**101**
Held-to-maturity debt securities	**197,914**	**208,685**	**10,770**	197,150	207,666	10,516	**1,862**	**1,964**	**101**
Available-for-sale securities	**16,816**	**16,816**	**—**	22,968	22,968	—	**158**	**158**	**—**
Money held in trust	**13,076**	**13,076**	**—**	200	200	—	**123**	**123**	**—**
Available-for-sale securities	**13,076**	**13,076**	**—**	200	200	—	**123**	**123**	**—**
Securities	**32,532,324**	**34,753,657**	**2,221,333**	31,413,526	33,554,677	2,141,150	**306,215**	**327,124**	**20,908**
Trading securities	**1,704,869**	**1,704,869**	**—**	1,570,297	1,570,297	—	**16,047**	**16,047**	**—**
Held-to-maturity debt securities	**4,365,326**	**5,164,696**	**799,370**	4,540,468	5,354,192	813,723	**41,089**	**48,613**	**7,524**
Policy-reserve-matching bonds	**7,549,821**	**8,971,785**	**1,421,963**	7,250,615	8,578,042	1,327,426	**71,063**	**84,448**	**13,384**
Available-for-sale securities	**18,912,306**	**18,912,306**	**—**	18,052,144	18,052,144	—	**178,014**	**178,014**	**—**
Loans	**5,276,491**	**5,558,870**	**282,378**	5,422,653	5,727,460	304,807	**49,665**	**52,323**	**2,657**
Policy loans	**252,884**	**252,884**	**—**	264,389	264,389	—	**2,380**	**2,380**	**—**
Industrial and consumer loans	**5,023,607**	**5,305,985**	**282,378**	5,158,264	5,463,071	304,807	**47,285**	**49,943**	**2,657**
Allowance for possible loan losses (*1)	**(3,739)**	**—**	**—**	(4,422)	—	—	**(35)**	**—**	**—**
	5,272,751	**5,558,870**	**286,118**	5,418,230	5,727,460	309,229	**49,630**	**52,323**	**2,693**
Bonds payable	**482,356**	**513,801**	**31,445**	409,753	439,662	29,908	**4,540**	**4,836**	**295**
Payables under repurchase agreements	**5,358**	**5,358**	**—**	—	—	—	**50**	**50**	**—**
Payables under securities borrowing transactions	**382,564**	**382,564**	**—**	130,034	130,034	—	**3,600**	**3,600**	**—**
Derivative financial instruments (*2)	**128,845**	**128,845**	**—**	22,324	22,324	—	**1,212**	**1,212**	**—**
Hedge accounting is not applied	**(748)**	**(748)**	**—**	(366)	(366)	—	**(7)**	**(7)**	**—**
Hedge accounting is applied	**129,593**	**129,593**	**—**	22,691	22,691	—	**1,219**	**1,219**	**—**

(*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 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

Securities managed as assets in trust of which market value is readily available are stated at market value at the balance sheet date.

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 ¥632,552 million and ¥596,185 million (U.S. $5,611 million) as of March 31, 2017 and 2018, respectively. Impairment losses on the unlisted stocks and others were ¥34 million and ¥211 million (U.S. $1 million) for the years ended March 31, 2017 and 2018, 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 repurchase agreements

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.

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.

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 ¥3,419 million and ¥(4,583) million (U.S. $(43) million) for the years ended March 31, 2017 and 2018, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2017 and 2018, respectively. 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		
	2018			2017			**2018**		
	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	**¥3,719,653**	**¥4,436,465**	**¥716,811**	¥3,837,880	¥4,568,480	¥730,600	**$35,011**	**$41,758**	**$6,747**
2) Corporate bonds	**518,348**	**594,193**	**75,845**	575,168	651,759	76,590	**4,879**	**5,592**	**713**
3) Others	**262,797**	**280,945**	**18,147**	269,112	287,460	18,348	**2,473**	**2,644**	**170**
Total	**4,500,799**	**5,311,604**	**810,804**	4,682,161	5,507,700	825,539	**42,364**	**49,996**	**7,631**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**921**	**916**	**(5)**	934	917	(17)	**8**	**8**	**(0)**
2) Corporate bonds	**2,800**	**2,786**	**(13)**	2,800	2,780	(19)	**26**	**26**	**(0)**
3) Others	**58,719**	**58,074**	**(645)**	51,723	50,461	(1,262)	**552**	**546**	**(6)**
Total	**62,441**	**61,777**	**(663)**	55,457	54,158	(1,298)	**587**	**581**	**(6)**

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

No policy-reserve-matching bonds were sold during the year ended March 31, 2017, and disposition of policy-reserve-matching bonds amounted to ¥889 million (U.S. $8 million) resulting in total gains on sales of ¥0 million and total losses of ¥27 million (U.S. $0 million) for the year ended March 31, 2018.

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.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2018			2017			**2018**		
	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	**¥7,356,786**	**¥8,778,393**	**¥1,421,607**	¥7,212,028	¥8,536,231	¥1,324,203	**$69,246**	**$82,627**	**$13,381**
2) Corporate bonds	**37,665**	**41,118**	**3,452**	37,687	40,912	3,225	**354**	**387**	**32**
3) Others	**33,070**	**33,376**	**305**	—	—	—	**311**	**314**	**2**
Total	**7,427,523**	**8,852,888**	**1,425,365**	7,249,715	8,577,144	1,327,428	**69,912**	**83,329**	**13,416**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
2) Corporate bonds	**—**	**—**	**—**	900	898	(1)	**—**	**—**	**—**
3) Others	**122,298**	**118,896**	**(3,401)**	—	—	—	**1,151**	**1,119**	**(32)**
Total	**122,298**	**118,896**	**(3,401)**	900	898	(1)	**1,151**	**1,119**	**(32)**

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥766,436 million and ¥1,049,828 million (U.S. $9,881 million) resulting in total gains on sales of ¥23,968 million and ¥27,553 million (U.S. $259 million) and total losses of ¥32,216 million and ¥38,191 million (U.S. $359 million) for the years ended March 31, 2017 and 2018, 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.

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	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	**¥ 1,548,799**	**¥ 4,227,216**	**¥2,678,417**	¥ 1,573,734	¥ 3,927,201	¥2,353,466	**$ 14,578**	**$ 39,789**	**$25,211**
(2) Bonds	**4,797,080**	**5,230,324**	**433,244**	4,708,985	5,166,736	457,750	**45,153**	**49,231**	**4,077**
1) National & local government bonds	**3,378,801**	**3,729,334**	**350,532**	3,432,103	3,812,161	380,057	**31,803**	**35,102**	**3,299**
2) Corporate bonds	**1,418,278**	**1,500,990**	**82,711**	1,276,882	1,354,574	77,692	**13,349**	**14,128**	**778**
(3) Others	**4,402,984**	**5,046,385**	**643,400**	4,890,844	5,702,478	811,633	**41,443**	**47,499**	**6,056**
Total	**10,748,864**	**14,503,927**	**3,755,062**	11,173,565	14,796,416	3,622,851	**101,175**	**136,520**	**35,345**
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	**123,241**	**112,743**	**(10,498)**	96,754	91,605	(5,149)	**1,160**	**1,061**	**(98)**
(2) Bonds	**218,475**	**212,102**	**(6,373)**	218,187	216,324	(1,862)	**2,056**	**1,996**	**(59)**
1) National & local government bonds	**3,972**	**3,965**	**(6)**	249	238	(10)	**37**	**37**	**0**
2) Corporate bonds	**214,503**	**208,136**	**(6,366)**	217,938	216,085	(1,852)	**2,019**	**1,959**	**(59)**
(3) Others	**4,308,316**	**4,149,426**	**(158,889)**	3,107,669	3,020,963	(86,706)	**40,552**	**39,057**	**(1,495)**
Total	**4,650,033**	**4,474,271**	**(175,761)**	3,422,611	3,328,892	(93,718)	**43,769**	**42,114**	**(1,654)**

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 ¥462 million and ¥1,467 million (U.S. $13 million) for the years ended March 31, 2017 and 2018, respectively.

c. Maturity analysis of monetary claims and securities with maturities

	Millions of Yen					
As of March 31,	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
Deposits	¥ 505,382	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	220,118
Money held in trust	200	—	—	—	—	—
Loans*	484,298	845,903	617,522	547,955	837,026	1,824,231
Securities						
Held-to-maturity debt securities	124,610	334,382	373,054	398,961	820,370	2,486,290
Policy-reserve-matching bonds	—	10,238	109,978	190,714	94,984	6,844,699
Available-for-sale securities with maturities	522,733	1,407,361	2,702,077	2,080,042	917,115	5,440,417
Total	1,637,225	2,597,886	3,802,632	3,217,673	2,669,497	16,815,756

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2018						2018					
	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	¥ 645,824	¥ —	¥ —	¥ —	¥ —	¥ —	$ 6,078	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	214,730	—	—	—	—	—	2,021
Money held in trust	3,000	—	—	—	—	—	28	—	—	—	—	—
Loans*	595,199	656,353	684,120	532,415	802,941	1,752,316	5,602	6,178	6,439	5,011	7,557	16,493
Securities												
Held-to-maturity debt securities	165,898	351,442	370,613	411,853	812,693	2,250,024	1,561	3,308	3,488	3,876	7,649	21,178
Policy-reserve-matching bonds	—	45,771	225,172	56,556	297,165	6,925,156	—	430	2,119	532	2,797	65,184
Available-for-sale securities with maturities	711,362	1,374,381	2,396,841	1,206,293	1,730,068	5,790,650	6,695	12,936	22,560	11,354	16,284	54,505
Total	2,121,285	2,427,949	3,676,748	2,207,118	3,642,869	16,932,878	19,966	22,853	34,607	20,774	34,289	159,383

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥1,305 million and ¥259 million (U.S. $2 million) as of March 31, 2017 and 2018, 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 and payables under repurchase agreements

As of March 31,	Millions of Yen					
	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
Bonds payable	¥ —	¥—	¥—	¥30,120	¥—	¥379,632
Payable under securities borrowing transactions	130,034	—	—	—	—	—
Total	130,034	—	—	30,120	—	379,632

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2018						2018					
	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	¥ —	¥—	¥29,046	¥—	¥—	¥453,310	$ —	$—	$273	$—	$—	$4,266
Payables under repurchase agreements	5,358	—	—	—	—	—	50	—	—	—	—	—
Payable under securities borrowing transactions	382,564	—	—	—	—	—	3,600	—	—	—	—	—
Total	387,922	—	29,046	—	—	453,310	3,651	—	273	—	—	4,266

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen 2017			
	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)
Receipts floating, payments fixed	1,555	—	0	0
Total				(4)

As of March 31,	Millions of Yen **2018**				Millions of U.S. Dollars **2018**			
	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	**¥1,200**	**¥1,200**	**¥ 4**	**¥ 4**	**$11**	**$11**	**$ 0**	**$ 0**
Receipts floating, payments fixed	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total				**4**				**0**

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

ii) Currency-related

As of March 31,	Millions of Yen 2017			
	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
(U.S. dollar)	106,347	—	575	575
(Euro)	224	—	1	1
(Australian dollar)	4,363	—	38	38
(British pound)	6,979	—	(23)	(23)
(Others)	92	—	0	0
Bought	11,993	—	38	38
(U.S. dollar)	11,742	—	40	40
(Euro)	146	—	(1)	(1)
(Australian dollar)	93	—	0	0
(Others)	9	—	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

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	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	¥88,295	¥ —	¥1,768	¥1,768	$ 831	$ —	$ 16	$ 16
(U.S. dollar)	62,385	—	1,661	1,661	587	—	15	15
(Euro)	13,904	—	37	37	130	—	0	0
(Australian dollar)	11,454	—	68	68	107	—	0	0
(British pound)	127	—	0	0	1	—	0	0
(Others)	422	—	0	0	3	—	0	0
Bought	19,226	—	61	61	180	—	0	0
(U.S. dollar)	9,566	—	64	64	90	—	0	0
(Euro)	6,914	—	(0)	(0)	65	—	(0)	(0)
(Australian dollar)	2,302	—	(0)	(0)	21	—	(0)	(0)
(Others)	442	—	(1)	(1)	4	—	(0)	(0)
Currency options								
Sold								
Call	—	—			—	—		
	—		—	—	—		—	—
(U.S. dollar)	—	—			—	—		
	—		—	—	—		—	—
Bought								
Put	—	—			—	—		
	—		—	—	—		—	—
(U.S. dollar)	—	—			—	—		
	—		—	—	—		—	—
Cross currency swaps	88,870	88,870	(4,389)	(4,389)	836	836	(41)	(41)
Total				(2,558)				(24)

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 2017			
	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)
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	1,098	—	3	3
Exchange-traded transactions				
Stock index options				
Bought				
Call	54,480	—		
	[1,090]		1,439	349
Total				323

As of March 31,	Millions of Yen 2018				Millions of U.S. Dollars 2018			
	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	**2,706**	**—**	**39**	**39**	**25**	**—**	**0**	**0**
Foreign currency-denominated stock index futures								
Sold	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Bought	**2,820**	**—**	**(93)**	**(93)**	**26**	**—**	**(0)**	**(0)**
Exchange-traded transactions								
Stock index options								
Bought								
Call	**63,552**	**292**			**598**	**2**		
	[1,399]	**[16]**	**2,011**	**612**	**[13]**	**[0]**	**18**	**5**
Total				**558**				**5**

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, 2017 and 2018.

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen 2017 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	¥232,600	¥232,600	¥51,026
Receipts floating, payments fixed	Bonds payable	29,460	29,460	384
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	48,654	45,462	(483)
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	16,755	8,755	395
Total				51,322

As of March 31,	Millions of Yen 2018 Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Millions of U.S. Dollars 2018 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**	**¥231,400**	**¥231,400**	**¥51,256**	**$2,178**	**$2,178**	**$482**
Receipts floating, payments fixed	**Bonds payable**						
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	**Securities (Bonds)**	**48,816**	**46,363**	**—**	**459**	**436**	**—**
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	**Loans**	**8,562**	**3,562**	**197**	**80**	**33**	**1**
Total				**51,453**			**484**

ii) Currency-related

As of March 31,	Millions of Yen 2017 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-denominated bonds	¥2,852,379	¥ —	¥(29,786)
(U.S. dollar)		2,560,560	—	(23,153)
(Euro)		168,759	—	(173)
(Australian dollar)		123,059	—	(6,459)
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	1,472
(Australian dollar)		4,305	4,305	78
Total				(28,235)

As of March 31,		Millions of Yen			Millions of U.S. Dollars		
		2018			2018		
	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**	**¥3,376,632**	**¥ —**	**¥79,785**	**$31,783**	**$ —**	**$750**
(U.S. dollar)		**3,058,604**	**—**	**76,837**	**28,789**	**—**	**723**
(Euro)		**183,159**	**—**	**319**	**1,724**	**—**	**3**
(Australian dollar)		**134,867**	**—**	**2,628**	**1,269**	**—**	**24**
Deferred hedge accounting							
Cross currency swaps							
(Euro)	**Foreign-currency-denominated bonds**	**35,575**	**35,575**	**(1,641)**	**334**	**334**	**(15)**
(Australian dollar)		**4,305**	**4,305**	**192**	**40**	**40**	**1**
Total				**78,337**			**737**

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, 2017 and 2018.

iv) Bond-related
No ending balance as of March 31, 2017 and 2018.

5. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,516,369 million and ¥2,169,636 million (U.S. $20,422 million) as of March 31, 2017 and 2018, respectively.

6. Securities sold under Repurchase Agreements

There were no securities sold under repurchase agreements as of march 31,2017 and securities sold under repurchase agreements amounted to ¥5,441 million (U.S. $51 million) as of march 31, 2018.

7. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥1,144 million as of March 31, 2017, securities in the amount of ¥6,944 million and ¥5,507 million (U.S. $51 million), and loans in the amount of ¥73,656 million and ¥105,781 million (U.S. $995 million) as of March 31, 2017 and 2018, respectively.

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥166,644 million and ¥180,079 million (U.S. $1,695 million) as of March 31, 2017 and 2018, 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 ¥31,398 million and ¥28,445 million (U.S. $267 million) as of March 31, 2017 and 2018, respectively.

There were no loans to bankrupt borrowers as of March 31, 2017 and 2018, respectively. The aggregate amounts of loans in arrears were ¥4,362 million and ¥3,633 million (U.S. $34 million) as of March 31, 2017 and 2018, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2017 and 2018 were ¥44 million and ¥368 million (U.S. $3 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥2 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, 2017 and 2018, respectively.

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 ¥27,036 million and ¥24,812 million (U.S. $233 million) as of March 31, 2017 and 2018, 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 and 2018, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Loans	**¥621**	¥775	**$5**

10. Loan Commitments

The amounts of loan commitments outstanding were ¥57,464 million and ¥67,062 million (U.S. $631 million) as of March 31, 2017 and 2018, respectively.

11. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥577,890 million and ¥585,700 million (U.S. $5,512 million), and their fair values were ¥690,327 million and ¥736,616 million (U.S. $6,933 million) as of March 31, 2017 and 2018, 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 ¥417,467 million and ¥429,347 million (U.S. $4,041 million) as of March 31, 2017 and 2018, respectively.

13. Impairment of Fixed Assets

The details of the impairment losses on fixed assets 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, 2017 and 2018, 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, 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, 2018

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	**0**	**¥ —**	**¥ —**	**¥ —**
Idle assets	**8**	**324**	**572**	**896**
Total	**8**	**¥324**	**¥572**	**¥896**

For the year ended March 31, 2018

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	**$—**	**$—**	**$—**
Idle assets	**3**	**5**	**8**
Total	**$ 3**	**$ 5**	**$ 8**

(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 1.97% and 1.92% for the years ended March 31, 2017 and 2018, 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, 2017 and 2018 were as follows:

Years ended March 31,	**2018**	2017
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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥361,873**	¥373,704	**$3,406**
Service costs	**12,026**	11,920	**113**
Interest cost on retirement benefit obligations	**5,311**	4,984	**49**
Actuarial losses (gains) recognized	**6,746**	(147)	**63**
Benefits paid	**(25,961)**	(30,372)	**(244)**
Partial suspension in defined benefit plans of the U.S. consolidated subsidiaries	**(5,241)**	—	**(49)**
Others	**(1,949)**	1,785	**(18)**
Balance at the end of the fiscal year	**¥352,805**	¥361,874	**$3,320**

c. Changes in the plan assets for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥445,853**	¥398,554	**$4,196**
Expected return on plan assets	**7,414**	6,920	**69**
Actuarial gains (losses) recognized	**9,767**	42,103	**91**
Contributions by employer	**9,714**	12,102	**91**
Benefits paid	**(11,013)**	(15,195)	**(103)**
Others	**(1,725)**	1,368	**(16)**
Balance at the end of the fiscal year	**¥460,011**	¥445,853	**$4,329**

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, 2017 and 2018 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Present value of funded retirement benefit obligations	**¥344,547**	¥353,057	**$3,243**
Plan assets at fair value	**(460,011)**	(445,853)	**(4,329)**
Net present value of funded retirement benefit obligations	**(115,463)**	(92,795)	**(1,086)**
Present value of non-funded retirement benefit obligations	**8,258**	8,816	**77**
Net balance on the consolidated balance sheet	**(107,205)**	(83,978)	**(1,009)**
Consists of:			
Defined benefit liabilities	**6,328**	8,769	**59**
Defined benefit assets	**(113,534)**	(92,747)	**(1,068)**

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Service costs	**¥12,026**	¥11,920	**$113**
Interest cost on retirement benefit obligations	**5,311**	4,984	**49**
Expected return on plan assets	**(7,414)**	(6,920)	**(69)**
Amortization of net actuarial losses (gains)	**8,872**	25,293	**83**
Amortization of net past service costs	**(860)**	(860)	**(8)**
Gains from partial suspension in defined benefit plans of the U.S. consolidated subsidiaries	**(4,977)**	—	**(46)**
Others	**49**	272	**0**
Retirement benefit expenses	**¥13,007**	¥34,690	**$122**

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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Actuarial gains (losses)	**¥12,099**	¥67,578	**$113**
Past service costs	**(859)**	(858)	**(8)**
Total	**¥11,239**	¥66,719	**$105**

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Unrecognized actuarial gains (losses)	**¥29,921**	¥17,826	**$281**
Unrecognized past service costs	**3,411**	4,270	**32**
Total	**¥33,332**	¥22,097	**$313**

g. Plan assets

Plan assets as of March 31, 2017 and 2018 were comprised as follows:

	% of total fair value of plan assets	
As of March 31,	**2018**	2017
Debt securities	**6.8%**	6.4%
Stocks	**36.9%**	38.0%
General account of life insurance companies	**29.0%**	29.0%
Jointly invested assets	**21.8%**	21.0%
Investment trusts	**3.3%**	—
Cash and deposits	**0.7%**	1.4%
Others	**1.4%**	4.3%
Total	**100.0%**	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 48.3% and 47.8% of total plan assets as of March 31, 2017 and 2018, 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, 2017 and 2018 were as follows:

Years ended March 31,	**2018**	2017
Discount rate		
Domestic	**0.9%**	0.9%
Overseas	**3.5 to 3.7%**	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	**3.9 to 7.3%**	4.2 to 7.7%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥2,382 million and ¥2,843 million (U.S. $26 million) for the years ended March 31, 2017 and 2018, respectively.

15. Deferred Taxes

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Deferred tax assets	**¥ 708,838**	¥ 686,498	**$ 6,672**
Valuation allowance for deferred tax assets	**(7,963)**	(7,108)	**(74)**
Subtotal	**700,875**	679,389	**6,597**
Deferred tax liabilities	**(1,076,209)**	(1,110,685)	**(10,129)**
Net deferred tax assets (liabilities)	**(375,334)**	(431,295)	**(3,532)**

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Deferred tax assets			
Policy reserves and other reserves	**¥432,814**	¥433,054	**$4,073**
Reserve for price fluctuation	**191,543**	161,585	**1,802**
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	**958,930**	952,346	**9,026**

(2) The statutory tax rates were 28.20% and 28.20% for the years ended March 31, 2017 and 2018, 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,	**2018**	2017
Policyholders' dividend reserves	**(18.66)%**	(18.32)%
Enactment of the Tax Cuts and Jobs Act	**(12.13)%**	—

(3) The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate was reduced from 35% to 21%, effective January 1, 2018, and measurement of deferred tax assets and liabilities recorded by the U.S. based consolidated subsidiaries was changed.

Due to this change, as of March 31, 2018, deferred tax liabilities of the Company in the consolidated balance sheet decreased by ¥31,696 million (U.S. $298 million), and deferred portion of income taxes of the Company in the consolidated statement of income decreased by ¥31,696 million (U.S. $298 million).

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥236,959**	¥240,902	**$2,230**
Transfer from surplus in the previous fiscal year	**169,815**	165,707	**1,598**
Dividend payments to policyholders during the fiscal year	**(173,157)**	(169,832)	**(1,629)**
Interest accrued during the fiscal year	**151**	182	**1**
Balance at the end of the fiscal year	**¥233,768**	¥236,959	**$2,200**

17. Subordinated Bonds

As of March 31, 2017 and 2018, bonds payable in liabilities included foreign currency-denominated subordinated bonds of ¥379,632 million, and subordinated bonds and foreign currency-denominated subordinated bonds of ¥453,310 million (U.S. $4,266 million), respectively, and the repayments of which are subordinated to other obligations.

18. 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 loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act".

19. 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 and ¥50,000 million (U.S. $470 million) pursuant to Article 60 of the "Insurance Business Act" in the years ended March 31, 2017 and 2018, respectively.

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 and ¥100,000 (U.S. $941 million) as of March 31, 2017 and 2018, respectively.

20. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥809,841 million and ¥876,492 million (U.S. $8,250 million) as of March 31, 2017 and 2018, respectively. The amounts of separate account liabilities were the same as these figures.

21. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥49,705 million and ¥48,499 million (U.S. $456 million) as of March 31, 2017 and 2018, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

22. Issuance of Subordinated Notes

On April 26, 2018, the Company issued corporate bonds as follows:

(1) Type

US dollar-denominated subordinated notes due 2048 with interest deferral options

(2) Offering price

100% of principal amount

(3) Principal amount

USD 1.0 billion

(4) Interest rate

A fixed rate of 5.10% per annum before April 2028 and a fixed rate reset with step-up thereafter (reset every 5 years)

(5) Maturity

April 2048

The Notes are callable on April 26, 2028 and every date which falls five, or multiple of five, years thereafter until the Notes are fully redeemed at the discretion of Meiji Yasuda, subject to prior consent by the regulatory authority, etc.

(6) Collateral and guarantees

The Notes are not secured or guaranteed, and there are no particular assets reserved for them.

(7) Use of funds

For general business

23. 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.

24. 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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	**¥21,517**	¥325,627	**$202**
Reclassification adjustments	**29,988**	22,889	**282**
Before income tax effect adjustments	**51,505**	348,517	**484**
Income tax effects	**(15,079)**	(97,672)	**(141)**
Net unrealized gains on available-for-sale securities	**36,425**	250,844	**342**
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	**¥1,448**	¥1,616	**$13**
Reclassification adjustments	**(6,935)**	(1,155)	**(65)**
Before income tax effect adjustments	**(5,487)**	460	**(51)**
Income tax effects	**1,725**	523	**16**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**(3,761)**	983	**(35)**
Foreign currency translation adjustments:			
Amount arising during the fiscal year	**¥(19,061)**	¥11,887	**$(179)**
Reclassification adjustments	**—**	—	**—**
Before income tax effect adjustments	**(19,061)**	11,887	**(179)**
Income tax effects	**—**	—	**—**
Foreign currency translation adjustments	**(19,061)**	11,887	**(179)**
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	**¥ 2,594**	¥ 38,233	**$ 24**
Reclassification adjustments	**8,644**	28,482	**81**
Before income tax effect adjustments	**11,239**	66,715	**105**
Income tax effects	**(2,899)**	(18,737)	**(27)**
Remeasurements of defined benefit plans	**8,339**	47,977	**78**
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	**¥13,288**	¥ (4,729)	**$125**
Reclassification adjustments	**752**	29	**7**
Share of other comprehensive income of affiliates accounted for by the equity method	**13,980**	(4,699)	**131**
Total other comprehensive income	**¥35,923**	¥306,994	**$338**

25. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2018 was approved as planned at the annual meeting of the representatives of policyholders held on July 3, 2018.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 3, 2018, 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, 2019.

KPMG

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, 2017 and 2018, 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 misstatement, 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, 2017 and 2018, 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, 2018 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
August 7, 2018
Tokyo, Japan

As of March 31,	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 192	¥ 196	$ 1
Deposits	507,276	323,312	4,774
Subtotal	507,469	323,509	4,776
Call loans	90,000	90,000	847
Monetary claims bought (Note 3)	214,730	220,118	2,021
Money held in trust (Note 3)	10,076	—	94
Securities (Notes 3, 4, 5, 6, and 7)			
National government bonds	14,412,932	14,309,347	135,663
Local government bonds	503,877	612,257	4,742
Corporate bonds	2,292,833	2,200,671	21,581
Domestic stocks	4,593,785	4,279,285	43,239
Foreign securities	8,990,244	8,703,539	84,622
Other securities	988,287	758,308	9,302
Subtotal	31,781,961	30,863,410	299,152
Loans (Notes 3, 8, and 9)			
Policy loans	249,260	260,726	2,346
Industrial and consumer loans	4,258,109	4,421,255	40,080
Subtotal	4,507,370	4,681,981	42,426
Tangible fixed assets (Notes 10, 11, 12, and 13)			
Land	600,808	602,976	5,655
Buildings	264,156	273,269	2,486
Construction in progress	3,934	2,252	37
Other tangible fixed assets	4,125	3,916	38
Subtotal	873,024	882,414	8,217
Intangible fixed assets			
Software	52,269	51,577	491
Other intangible fixed assets	28,465	25,400	267
Subtotal	80,734	76,978	759
Due from agents	0	—	0
Reinsurance receivables	663	612	6
Other assets			
Accounts receivable	99,319	118,710	934
Prepaid expenses	6,032	6,166	56
Accrued income	100,063	98,883	941
Money on deposit	9,668	9,287	91
Deposits for futures transactions	2,559	2,293	24
Margins on futures transactions	—	10	—
Derivative financial instruments (Note 3)	138,466	69,765	1,303
Cash collaterals pledged for financial instruments	33,327	19,198	313
Suspense	5,212	2,550	49
Other assets	9,576	9,699	90
Subtotal	404,228	336,566	3,804
Prepaid pension cost (Note 14)	77,447	70,844	728
Customers' liabilities under acceptances and guarantees	21,727	20,888	204
Allowance for possible loan losses	(5,100)	(5,848)	(48)
Total assets	¥38,564,334	¥37,561,475	$362,992

As of March 31,	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 15)	¥ 115,109	¥ 111,491	$ 1,083
Policy reserves (Note 15)	31,798,563	31,383,201	299,308
Policyholders' dividend reserves (Note 16)	233,768	236,959	2,200
Subtotal	32,147,442	31,731,653	302,592
Reinsurance payables	1,067	688	10
Bonds payable (Notes 3 and 17)	453,310	353,310	4,266
Other liabilities			
Payables under repurchase agreements (Note 3)	5,358	—	50
Payables under securities borrowing transactions (Note 3)	382,564	130,034	3,600
Income taxes payable	23,530	—	221
Accounts payable	67,250	52,973	633
Accrued expenses	31,965	28,891	300
Deferred income	2,519	2,408	23
Deposits received	25,833	27,584	243
Guarantee deposits received	34,390	33,399	323
Margins on futures transactions	24	—	0
Derivative financial instruments (Note 3)	11,633	48,780	109
Cash collaterals received for financial instruments	161,876	68,166	1,523
Asset retirement obligations	3,223	3,159	30
Suspense receipts	4,760	5,731	44
Subtotal	754,930	401,130	7,105
Reserve for contingent liabilities (Note 18)	1	1	0
Reserve for price fluctuation	684,594	577,545	6,443
Deferred tax liabilities (Note 19)	317,386	338,745	2,987
Deferred tax liabilities for land revaluation	79,522	79,910	748
Acceptances and guarantees	21,727	20,888	204
Total liabilities	34,459,982	33,503,874	324,359
NET ASSETS:			
Foundation funds (Note 20)	260,000	310,000	2,447
Reserve for redemption of foundation funds (Note 20)	620,000	520,000	5,835
Reserve for revaluation	452	452	4
Surplus	505,757	538,395	4,760
Reserve for future losses	10,902	10,387	102
Other surplus	494,855	528,007	4,657
Reserve for fund redemption	96,000	134,000	903
Fund for price fluctuation allowance	29,764	29,764	280
Reserve for promotion of social welfare project	47	18	0
Reserve for business infrastructure	100,000	100,000	941
Reserve for reduction entry of real estate	27,380	24,882	257
Special reserves	2,000	2,000	18
Other reserves	85	85	0
Unappropriated surplus	239,577	237,256	2,255
Total funds, reserve and surplus	1,386,210	1,368,848	13,047
Net unrealized gains on available-for-sale securities	2,564,070	2,533,850	24,134
Deferred unrealized gains on derivatives under hedge accounting	35,881	37,876	337
Land revaluation differences	118,189	117,025	1,112
Total unrealized gains, revaluation reserves and adjustments	2,718,141	2,688,753	25,584
Total net assets	4,104,352	4,057,601	38,632
Total liabilities and net assets	¥38,564,334	¥37,561,475	$362,992

Years ended March 31,	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	**¥2,718,837**	¥2,614,768	**$25,591**
Reinsurance revenue	**632**	1,104	**5**
Subtotal	**2,719,469**	2,615,872	**25,597**
Investment income (Note 24)			
Interest, dividends and other income	**768,959**	721,464	**7,237**
Interest on deposits	**21**	16	**0**
Interest and dividends on securities	**641,470**	591,340	**6,037**
Interest on loans	**79,112**	84,525	**744**
Rent revenue from real estate	**36,175**	35,023	**340**
Other interest and dividends	**12,179**	10,557	**114**
Gains on money held in trust	**22**	—	**0**
Gains on sales of securities	**25,175**	21,635	**236**
Gains on redemption of securities	**58,119**	56,692	**547**
Reversal of allowance for possible loan losses	**399**	—	**3**
Other investment income	**85**	468	**0**
Investment gains on separate accounts	**37,356**	15,807	**351**
Subtotal	**890,118**	816,067	**8,378**
Other ordinary income			
Income from annuity riders	**15,082**	15,339	**141**
Income from deferred benefits	**71,258**	87,184	**670**
Reversal of accrued retirement benefits	**6,603**	—	**62**
Other ordinary income	**7,637**	7,738	**71**
Subtotal	**100,582**	110,262	**946**
Total ordinary income	**3,710,171**	3,542,202	**34,922**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	**679,816**	564,719	**6,398**
Annuity payments	**645,353**	695,207	**6,074**
Benefit payments	**380,435**	396,440	**3,580**
Surrender benefits	**420,757**	452,951	**3,960**
Other refunds	**80,543**	89,190	**758**
Reinsurance premiums	**5,645**	5,527	**53**
Subtotal	**2,212,551**	2,204,036	**20,825**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 25)	**3,618**	1,348	**34**
Provision for policy reserves (Note 25)	**415,361**	322,205	**3,909**
Provision for interest on policyholders' dividend reserves (Note 16)	**106**	135	**0**
Subtotal	**419,086**	323,690	**3,944**
Investment expenses (Note 24)			
Interest expenses	**10,085**	11,307	**94**
Losses on sales of securities	**38,046**	32,078	**358**
Losses on valuation of securities	**8,530**	12,009	**80**
Losses on redemption of securities	**4,302**	4,423	**40**
Losses on derivative financial instruments	**113,851**	90,154	**1,071**
Foreign exchange losses	**8,679**	399	**81**
Provision for allowance for possible loan losses	**—**	459	**—**
Depreciation of real estate for non-insurance business	**9,687**	9,353	**91**
Other investment expenses	**14,110**	11,852	**132**
Subtotal	**207,294**	172,037	**1,951**

Years ended March 31,	Millions of Yen 2018	Millions of Yen 2017	Millions of U.S. Dollars 2018
Operating expenses (Note 26)	**356,467**	350,389	**3,355**
Other ordinary expenses			
Deferred benefit payments	**87,413**	108,264	**822**
Taxes	**26,653**	26,264	**250**
Depreciation	**27,616**	24,389	**259**
Provision for accrued retirement benefits	**—**	9,522	**—**
Other ordinary expenses	**4,728**	5,153	**44**
Subtotal	**146,411**	173,594	**1,378**
Total ordinary expenses	**3,341,811**	3,223,747	**31,455**
Ordinary profit	**368,360**	318,455	**3,467**
Extraordinary gains			
Gains on disposals of fixed assets	**1,529**	1,766	**14**
Reversal of reserve for contingent liabilities	**0**	0	**0**
Subtotal	**1,529**	1,766	**14**
Extraordinary losses			
Losses on disposals of fixed assets	**1,791**	4,261	**16**
Impairment losses (Note 13)	**755**	3,033	**7**
Provision for reserve for price fluctuation	**107,048**	55,868	**1,007**
Losses on reduction entry of real estate	**—**	333	**—**
Contributions for promotion of social welfare project	**553**	582	**5**
Subtotal	**110,148**	64,079	**1,036**
Surplus before income taxes	**259,741**	256,141	**2,444**
Income taxes (Note 19)			
Current	**52,255**	36,653	**491**
Deferred	**(32,701)**	(14,317)	**(307)**
Total income taxes	**19,553**	22,336	**184**
Net surplus	**¥ 240,187**	¥ 233,805	**$ 2,260**

Year ended March 31, 2017 (Millions of Yen)

	Funds, reserves and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
			Surplus																
					Other surplus														
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	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	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
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

Year ended March 31, 2018 (Millions of Yen)

	Funds, reserves and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
			Surplus																
					Other surplus														
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	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	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
Beginning 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
Changes in the fiscal year																			
Issuance of foundation funds	50,000													50,000					50,000
Additions to policyholders' dividend reserves (Note 16)												(169,815)	(169,815)	(169,815)					(169,815)
Additions to reserve for future losses				515								(515)							
Additions to reserve for redemption of foundation funds		100,000												100,000					100,000
Payment of interest on foundation funds												(1,846)	(1,846)	(1,846)					(1,846)
Net surplus												240,187	240,187	240,187					240,187
Redemption of foundation funds	(100,000)													(100,000)					(100,000)
Additions to reserve for fund redemption					62,000							(62,000)							
Reversal of reserve for fund redemption					(100,000)								(100,000)	(100,000)					(100,000)
Additions to reserve for promotion of social welfare project							582					(582)							
Reversal of reserve for promotion of social welfare project							(553)					553							
Additions to reserve for reduction entry of real estate									4,743			(4,743)							
Reversal of reserve for reduction entry of real estate									(2,245)			2,245							
Reversal of land revaluation differences												(1,163)	(1,163)	(1,163)					(1,163)
Net changes, excluding funds, reserves and surplus															30,220	(1,994)	1,163	29,388	29,388
Net changes in the fiscal year	(50,000)	100,000	—	515	(38,000)	—	29	—	2,497	—	—	2,320	(32,637)	17,362	30,220	(1,994)	1,163	29,388	46,751
Ending balance	¥260,000	¥620,000	¥452	¥10,902	¥ 96,000	¥29,764	¥47	¥100,000	¥27,380	¥2,000	¥85	¥239,577	¥505,757	¥1,386,210	¥2,564,070	¥35,881	¥118,189	¥2,718,141	¥4,104,352

Non-consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company

Year ended March 31, 2018 (Millions of U.S. Dollars)

	Funds, reserves and surplus														Unrealized gains (losses), revaluation reserve and adjustments				
			Surplus																
				Other surplus															
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	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	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
Beginning balance	$2,917	$4,894	$4	$ 97	$1,261	$280	$0	$941	$234	$18	$0	$2,233	$5,067	$12,884	$23,850	$356	$1,101	$25,308	$38,192
Changes in the fiscal year																			
Issuance of foundation funds	470													470					470
Additions to policyholders' dividend reserves (Note 16)												(1,598)	(1,598)	(1,598)					(1,598)
Additions to reserve for future losses				4								(4)							
Additions to reserve for redemption of foundation funds		941												941					941
Payment of interest on foundation funds												(17)	(17)	(17)					(17)
Net surplus												2,260	2,260	2,260					2,260
Redemption of foundation funds	(941)													(941)					(941)
Additions to reserve for fund redemption					583							(583)							
Reversal of reserve for fund redemption					(941)								(941)	(941)					(941)
Additions to reserve for promotion of social welfare project							5					(5)							
Reversal of reserve for promotion of social welfare project							(5)					5							
Additions to reserve for reduction entry of real estate									44			(44)							
Reversal of reserve for reduction entry of real estate									(21)			21							
Reversal of land revaluation differences												(10)	(10)	(10)					(10)
Net changes, excluding funds, reserves and surplus															284	(18)	10	276	276
Net changes in the fiscal year	(470)	941	—	4	(357)	—	0	—	23	—	—	21	(307)	163	284	(18)	10	276	440
Ending balance	$2,447	$5,835	$4	$102	$ 903	$280	$0	$941	$257	$18	$0	$2,255	$4,760	$13,047	$24,134	$337	$1,112	$25,584	$38,632

Non-consolidated Proposed Appropriation of Surplus

Meiji Yasuda Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Unappropriated surplus	**¥239,577**	¥237,256	**$2,255**
Reversal of voluntary surplus reserves:	**544**	2,245	**5**
Reversal of reserve for reduction entry of real estate	**544**	2,245	**5**
Total	**240,122**	239,502	**2,260**
Appropriation of surplus	**240,122**	239,502	**2,260**
Provision for policyholders' dividend reserves	**185,731**	169,815	**1,748**
Net surplus	**54,390**	69,687	**511**
Reserve for future losses	**561**	515	**5**
Interest on foundation funds	**1,171**	1,846	**11**
Voluntary surplus reserves:	**52,658**	67,326	**495**
Reserve for fund redemption	**52,000**	62,000	**489**
Reserve for promotion of social welfare project	**553**	582	**5**
Reserve for reduction entry of real estate	**105**	4,743	**0**

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, 2018, which was ¥106.24 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, 2017 and 2018 amounted to ¥46 million and ¥370 million (U.S. $3 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.

For the year ended March 31, 2018, the Company additionally set aside the policy reserves for single premium individual annuity contracts concluded on or after April 2, 1998 pursuant to Article 69, Paragraph 5 of the ordinance. As a result, policy reserves increased by ¥2,471 million (U.S. $23 million) as of March 31, 2018 and ordinary profit and surplus before income taxes decreased by ¥2,471 million (U.S. $23 million) for the year ended March 31, 2018 compared to the cases where the Company would not have accumulated the additional reserves.

(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, 2017 and 2018, 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 Council 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:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ **507,469**	¥ **507,469**	¥ **—**	¥ 323,509	¥ 323,509	¥ —	$ **4,776**	$ **4,776**	$ **—**
Available-for-sale securities (CDs)	**35,999**	**35,999**	**—**	49,996	49,996	—	**338**	**338**	**—**
Monetary claims bought	**214,730**	**225,501**	**10,770**	220,118	230,634	10,516	**2,021**	**2,122**	**101**
Held-to-maturity debt securities	**197,914**	**208,685**	**10,770**	197,150	207,666	10,516	**1,862**	**1,964**	**101**
Available-for-sale securities	**16,816**	**16,816**	**—**	22,968	22,968	—	**158**	**158**	**—**
Money held in trust	**10,076**	**10,076**	**—**	—	—	—	**94**	**94**	**—**
Available-for-sale securities	**10,076**	**10,076**	**—**	—	—	—	**94**	**94**	**—**
Securities	**30,490,448**	**32,710,178**	**2,219,729**	29,505,359	31,644,800	2,139,441	**286,995**	**307,889**	**20,893**
Trading securities	**785,232**	**785,232**	**—**	741,879	741,879	—	**7,391**	**7,391**	**—**
Held-to-maturity debt securities	**4,342,387**	**5,140,154**	**797,766**	4,518,170	5,330,185	812,014	**40,873**	**48,382**	**7,509**
Policy-reserve-matching bonds	**7,549,821**	**8,971,785**	**1,421,963**	7,250,615	8,578,042	1,327,426	**71,063**	**84,448**	**13,384**
Available-for-sale securities	**17,813,006**	**17,813,006**	**—**	16,994,693	16,994,693	—	**167,667**	**167,667**	**—**
Loans	**4,507,370**	**4,785,620**	**278,250**	4,681,981	4,976,601	294,619	**42,426**	**45,045**	**2,619**
Policy loans	**249,260**	**249,260**	**—**	260,726	260,726	—	**2,346**	**2,346**	**—**
Industrial and consumer loans	**4,258,109**	**4,536,360**	**278,250**	4,421,255	4,715,875	294,619	**40,080**	**42,699**	**2,619**
Allowance for possible loan losses (*1)	**(3,739)**	**—**	**—**	(4,422)	—	—	**(35)**	**—**	**—**
	4,503,630	**4,785,620**	**281,990**	4,677,559	4,976,601	299,042	**42,391**	**45,045**	**2,654**
Bonds payable	**453,310**	**483,415**	**30,105**	353,310	383,459	30,149	**4,266**	**4,550**	**283**
Payables under repurchase agreements	**5,358**	**5,358**	**—**	—	—	—	**50**	**50**	**—**
Payables under securities borrowing transactions	**382,564**	**382,564**	**—**	130,034	130,034	—	**3,600**	**3,600**	**—**
Derivative financial instruments (*2)	**126,833**	**126,833**	**—**	20,984	20,984	—	**1,193**	**1,193**	**—**
Hedge accounting is not applied	**(2,760)**	**(2,760)**	**—**	(1,806)	(1,806)	—	**(25)**	**(25)**	**—**
Hedge accounting is applied	**129,593**	**129,593**	**—**	22,790	22,790	—	**1,219**	**1,219**	**—**

(*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.

Money held in trust

Securities managed as assets in trust of which market value is readily available are stated at market value 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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Unlisted stocks and others	**¥1,291,512**	¥1,358,051	**$12,156**
Equity securities issued by subsidiaries and affiliates	**875,118**	891,559	**8,237**

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥34 million and ¥211 million (U.S. $1 million) for the years ended March 31, 2017 and 2018, 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 repurchase agreements

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.

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.

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 ¥3,419 million and ¥(4,583) million (U.S. $(43) million) for the years ended March 31, 2017 and 2018, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2017 and 2018, respectively. 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.

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	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	**¥3,701,807**	**¥4,417,009**	**¥715,202**	¥3,819,916	¥4,548,790	¥728,873	**$34,843**	**$41,575**	**$6,731**
2) Corporate bonds	**518,348**	**594,193**	**75,845**	575,168	651,759	76,590	**4,879**	**5,592**	**713**
3) Others	**262,797**	**280,945**	**18,147**	269,112	287,460	18,348	**2,473**	**2,644**	**170**
Total	**4,482,952**	**5,292,148**	**809,196**	4,664,197	5,488,010	823,812	**42,196**	**49,813**	**7,616**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
2) Corporate bonds	**2,800**	**2,786**	**(13)**	2,800	2,780	(19)	**26**	**26**	**(0)**
3) Others	**54,549**	**53,903**	**(645)**	48,323	47,061	(1,262)	**513**	**507**	**(6)**
Total	**57,349**	**56,690**	**(658)**	51,123	49,841	(1,281)	**539**	**533**	**(6)**

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

No policy-reserve-matching bonds were sold during the year ended March 31, 2017, and disposition of policy-reserve-matching bonds amounted to ¥889 million (U.S. $8 million) resulting in total gains on sales of ¥0 million (U.S. $0 million) and total losses of ¥27 million (U.S. $0 million) for the year ended March 31, 2018.

The carrying amounts in the non-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.

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	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	**¥7,356,786**	**¥8,778,393**	**¥1,421,607**	¥7,212,028	¥8,536,231	¥1,324,203	**$69,246**	**$82,627**	**$13,381**
2) Corporate bonds	**37,665**	**41,118**	**3,452**	37,687	40,912	3,225	**354**	**387**	**32**
3) Others	**33,070**	**33,376**	**305**	—	—	—	**311**	**314**	**2**
Total	**7,427,523**	**8,852,888**	**1,425,365**	7,249,715	8,577,144	1,327,428	**69,912**	**83,329**	**13,416**
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
2) Corporate bonds	**—**	**—**	**—**	900	898	(1)	**—**	**—**	**—**
3) Others	**122,298**	**118,896**	**(3,401)**	—	—	—	**1,151**	**1,119**	**(32)**
Total	**122,298**	**118,896**	**(3,401)**	900	898	(1)	**1,151**	**1,119**	**(32)**

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥709,394 million and ¥872,181 million (U.S. $8,209 million) resulting in total gains on sales of ¥21,635 million and ¥25,175 million (U.S. $236 million) and total losses of ¥32,078 million and ¥38,018 million (U.S. $357 million) for the years ended March 31, 2017 and 2018, 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.

	Millions of Yen						Millions of U.S. Dollars		
As of March 31,	**2018**			2017			**2018**		
	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	**¥ 1,548,692**	**¥ 4,227,017**	**¥2,678,324**	¥ 1,573,628	¥ 3,927,005	¥2,353,377	**$14,577**	**$39,787**	**$25,210**
(2) Bonds	**4,762,611**	**5,195,056**	**432,444**	4,662,842	5,119,499	456,657	**44,828**	**48,899**	**4,070**
1) National & local government bonds	**3,349,267**	**3,699,049**	**349,781**	3,394,352	3,773,363	379,011	**31,525**	**34,817**	**3,292**
2) Corporate bonds	**1,413,343**	**1,496,006**	**82,662**	1,268,490	1,346,136	77,646	**13,303**	**14,081**	**778**
(3) Others	**3,776,433**	**4,395,059**	**618,626**	4,385,774	5,177,901	792,127	**35,546**	**41,369**	**5,822**
Total	**10,087,737**	**13,817,132**	**3,729,394**	10,622,245	14,224,406	3,602,161	**94,952**	**130,055**	**35,103**
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	**123,241**	**112,743**	**(10,498)**	96,754	91,605	(5,149)	**1,160**	**1,061**	**(98)**
(2) Bonds	**212,170**	**205,822**	**(6,347)**	204,402	202,649	(1,753)	**1,997**	**1,937**	**(59)**
1) National & local government bonds	**3,972**	**3,965**	**(6)**	249	238	(10)	**37**	**37**	**0**
2) Corporate bonds	**208,198**	**201,857**	**(6,341)**	204,153	202,410	(1,743)	**1,959**	**1,900**	**(59)**
(3) Others	**3,894,555**	**3,740,200**	**(154,354)**	2,627,296	2,548,997	(78,299)	**36,658**	**35,205**	**(1,452)**
Total	**4,229,967**	**4,058,766**	**(171,200)**	2,928,453	2,843,251	(85,202)	**39,815**	**38,203**	**(1,611)**

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 ¥334 million and ¥1,181 million (U.S. $11 million) for the years ended March 31, 2017 and 2018, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	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
Deposits	¥ 323,312	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	220,118
Loans*	470,932	807,642	586,427	528,367	796,471	1,230,089
Securities	524,238	1,601,076	2,990,926	2,469,878	1,626,311	14,579,064
Held-to-maturity debt securities	124,610	334,382	371,346	395,496	814,796	2,474,738
Policy-reserve-matching bonds	—	10,238	109,978	190,714	94,984	6,844,699
Available-for-sale securities with maturities	399,628	1,256,455	2,509,601	1,883,667	716,530	5,259,626
Total	1,318,483	2,408,718	3,577,353	2,998,245	2,422,782	16,029,271

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2018						**2018**					
	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	**¥ 507,276**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**$ 4,774**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Monetary claims bought	**—**	**—**	**—**	**—**	**—**	**214,730**	**—**	**—**	**—**	**—**	**—**	**2,021**
Loans*	**576,053**	**603,987**	**658,298**	**510,759**	**760,783**	**1,147,968**	**5,422**	**5,685**	**6,196**	**4,807**	**7,160**	**10,805**
Securities	**811,026**	**1,629,985**	**2,748,904**	**1,520,306**	**2,582,464**	**14,722,987**	**7,633**	**15,342**	**25,874**	**14,310**	**24,307**	**138,582**
Held-to-maturity debt securities	**165,898**	**351,442**	**367,191**	**408,363**	**807,085**	**2,239,605**	**1,561**	**3,308**	**3,456**	**3,843**	**7,596**	**21,080**
Policy-reserve-matching bonds	**—**	**45,771**	**225,172**	**56,556**	**297,165**	**6,925,156**	**—**	**430**	**2,119**	**532**	**2,797**	**65,184**
Available-for-sale securities with maturities	**645,128**	**1,232,771**	**2,156,541**	**1,055,386**	**1,478,212**	**5,558,225**	**6,072**	**11,603**	**20,298**	**9,933**	**13,913**	**52,317**
Total	**1,894,357**	**2,233,973**	**3,407,202**	**2,031,066**	**3,343,247**	**16,085,687**	**17,830**	**21,027**	**32,070**	**19,117**	**31,468**	**151,408**

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥1,305 million and ¥259 million (U.S. $2 million) as of March 31, 2017 and 2018, 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 and payables under repurchase agreements

As of March 31,	Millions of Yen					
	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
Bonds payable	¥ —	¥—	¥—	¥—	¥—	¥353,310
Payable under securities borrowing transactions	130,034	—	—	—	—	—
Total	130,034	—	—	—	—	353,310

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2018						**2018**					
	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	**¥ —**	**¥—**	**¥—**	**¥—**	**¥—**	**¥453,310**	**$ —**	**$—**	**$—**	**$—**	**$—**	**$4,266**
Payables under repurchase agreements	**5,358**	**—**	**—**	**—**	**—**	**—**	**50**	**—**	**—**	**—**	**—**	**—**
Payable under securities borrowing transactions	**382,564**	**—**	**—**	**—**	**—**	**—**	**3,600**	**—**	**—**	**—**	**—**	**—**
Total	**387,922**	**—**	**—**	**—**	**—**	**453,310**	**3,651**	**—**	**—**	**—**	**—**	**4,266**

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen 2017 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)
Total				(5)

As of March 31,	Millions of Yen 2018 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Millions of U.S. Dollars 2018 Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	**¥1,200**	**¥1,200**	**¥4**	**¥4**	**$11**	**$11**	**$0**	**$0**
Total				**4**				**0**

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

ii) Currency-related

As of March 31,	Millions of Yen 2017 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
(U.S. dollar)	106,347	—	575	575
(Euro)	224	—	1	1
(Australian dollar)	4,363	—	38	38
(British pound)	6,979	—	(23)	(23)
(Others)	92	—	0	0
Bought	11,993	—	38	38
(U.S. dollar)	11,742	—	40	40
(Euro)	146	—	(1)	(1)
(Australian dollar)	93	—	0	0
(Others)	9	—	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

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	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	¥88,295	¥ —	¥1,768	¥1,768	$831	$ —	$16	$16
(U.S. dollar)	62,385	—	1,661	1,661	587	—	15	15
(Euro)	13,904	—	37	37	130	—	0	0
(Australian dollar)	11,454	—	68	68	107	—	0	0
(British pound)	127	—	0	0	1	—	0	0
(Others)	422	—	0	0	3	—	0	0
Bought	19,226	—	61	61	180	—	0	0
(U.S. dollar)	9,566	—	64	64	90	—	0	0
(Euro)	6,914	—	(0)	(0)	65	—	(0)	(0)
(Australian dollar)	2,302	—	(0)	(0)	21	—	(0)	(0)
(Others)	442	—	(1)	(1)	4	—	(0)	(0)
Currency options								
Sold								
Call	—	—			—	—		
	—		—	—	—		—	—
(U.S. dollar)	—	—			—	—		
	—		—	—	—		—	—
Bought								
Put	—	—			—	—		
	—		—	—	—		—	—
(U.S. dollar)	—	—			—	—		
	—		—	—	—		—	—
Cross currency swaps	88,870	88,870	(4,389)	(4,389)	836	836	(41)	(41)
Total				(2,558)				(24)

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			
	2017			
	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)
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	1,098	—	3	3
Total				(25)

As of March 31,	Millions of Yen 2018				Millions of U.S. Dollars 2018			
	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	2,706	—	39	39	25	—	0	0
Foreign currency-denominated stock index futures								
Sold	—	—	—	—	—	—	—	—
Bought	2,820	—	(93)	(93)	26	—	(0)	(0)
Total				(53)				(0)

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

iv) Bond-related

No ending balance as of March 31, 2017 and 2018.

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen 2017			
	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	¥232,600	¥232,600	¥51,026
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	16,755	8,755	395
Total				51,422

As of March 31,	Millions of Yen 2018				Millions of U.S. Dollars 2018		
	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	¥231,400	¥231,400	¥51,256	$2,178	$2,178	$482
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	8,562	3,562	197	80	33	1
Total				51,453			484

ii) Currency-related

As of March 31,	Millions of Yen 2017			
	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-denominated bonds	¥2,852,379	¥ —	¥(29,786)
(U.S. dollar)		2,560,560	—	(23,153)
(Euro)		168,759	—	(173)
(Australian dollar)		123,059	—	(6,459)
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-denominated bonds	35,575	35,575	1,472
(Australian dollar)		4,305	4,305	78
Total				(28,235)

As of March 31,		Millions of Yen			Millions of U.S. Dollars		
		2018			2018		
	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**	**¥3,376,632**	**¥ —**	**¥79,785**	**$31,783**	**$ —**	**$750**
(U.S. dollar)		**3,058,604**	**—**	**76,837**	**28,789**	**—**	**723**
(Euro)		**183,159**	**—**	**319**	**1,724**	**—**	**3**
(Australian dollar)		**134,867**	**—**	**2,628**	**1,269**	**—**	**24**
Deferred hedge accounting							
Cross currency swaps							
(Euro)	**Foreign-currency-denominated bonds**	**35,575**	**35,575**	**(1,641)**	**334**	**334**	**(15)**
(Australian dollar)		**4,305**	**4,305**	**192**	**40**	**40**	**1**
Total				**78,337**			**737**

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, 2017 and 2018.

iv) Bond-related

No ending balance as of March 31, 2017 and 2018.

4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,516,369 million and ¥2,169,636 million (U.S. $20,422 million) as of March 31, 2017 and 2018, respectively.

5. Securities sold under Repurchase Agreements

There were no securities sold under repurchase agreements as of march 31,2017 and securities sold under repurchase agreements amounted to ¥5,441 million (U.S. $51 million) as of march 31, 2018.

6. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,331 million and ¥3,922 million (U.S. $36 million) as of March 31, 2017 and 2018, respectively.

7. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥892,181 million and ¥875,409 million (U.S. $8,239 million) as of March 31, 2017 and 2018, 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 ¥20,066 million and ¥18,780 million (U.S. $176 million) as of March 31, 2017 and 2018, respectively.

There were no loans to bankrupt borrowers as of March 31, 2017 and 2018, respectively. The aggregate amounts of loans in arrears were ¥4,284 million and ¥3,533 million (U.S. $33 million) as of March 31, 2017 and 2018, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2017 and 2018 were ¥44 million and ¥368 million (U.S. $3 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥2 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, 2017 and 2018, respectively.

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 ¥15,781 million and ¥15,246 million (U.S. $143 million) as of March 31, 2017 and 2018, 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 ¥29,320 million and ¥52,315 million (U.S. $492 million) as of March 31, 2017 and 2018, respectively.

10. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥562,987 million and ¥571,662 million (U.S. $5,380 million), and their fair values were ¥665,227 million and ¥712,503 million (U.S. $6,706 million) as of March 31, 2017 and 2018, 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 ¥409,454 million and ¥419,972 million (U.S. $3,953 million) as of March 31, 2017 and 2018, 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 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, 2017 and 2018, 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, 2017

	Number of properties impaired	Millions of Yen		
Asset group		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, 2018

	Number of properties impaired	Millions of Yen		
Asset group		Land	Buildings	Total
Real estate for non-insurance business	**0**	**¥ —**	**¥ —**	**¥ —**
Idle assets	**5**	**324**	**430**	**755**
Total	**5**	**¥324**	**¥430**	**¥755**

For the year ended March 31, 2018

	Millions of U.S. Dollars		
Asset group	Land	Buildings	Total
Real estate for non-insurance business	**$—**	**$—**	**$—**
Idle assets	**3**	**4**	**7**
Total	**$ 3**	**$ 4**	**$ 7**

(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 1.97% and 1.92% for the years ended March 31, 2017 and 2018, 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, 2017 and 2018 were as follows:

Years ended March 31,	**2018**	2017
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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥291,451**	¥301,611	**$2,743**
Service costs	**10,524**	10,658	**99**
Interest cost on retirement benefit obligations	**2,623**	2,714	**24**
Actuarial losses (gains) recognized	**436**	767	**4**
Benefits paid	**(23,901)**	(24,300)	**(224)**
Balance at the end of the fiscal year	**¥281,135**	¥291,451	**$2,646**

c. Changes in the plan assets for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥383,905**	¥338,755	**$3,613**
Expected return on plan assets	**3,368**	3,265	**31**
Actuarial gains (losses) recognized	**6,515**	41,261	**61**
Contributions by employer	**9,550**	9,730	**89**
Benefits paid	**(9,106)**	(9,108)	**(85)**
Balance at the end of the fiscal year	**¥394,232**	¥383,905	**$3,710**

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the prepaid pension cost recognized in the non-consolidated balance sheets as of March 31, 2017 and 2018 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Present value of funded retirement benefit obligations	**¥280,144**	¥290,385	**$2,636**
Plan assets at fair value	**(394,232)**	(383,905)	**(3,710)**
Net present value of funded retirement benefit obligations	**(114,088)**	(93,519)	**(1,073)**
Present value of non-funded retirement benefit obligations	**991**	1,066	**9**
Unrecognized actuarial losses (gains)	**32,194**	17,286	**303**
Unrecognized past service costs	**3,455**	4,322	**32**
Accrued retirement benefits (Prepaid pension cost)	**¥ (77,447)**	¥ (70,844)	**$ (728)**

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Service costs	**¥10,524**	¥10,658	**$ 99**
Interest cost on retirement benefit obligations	**2,623**	2,714	**24**
Expected return on plan assets	**(3,368)**	(3,265)	**(31)**
Amortization of net actuarial losses (gains)	**8,828**	25,204	**83**
Amortization of net past service costs	**(866)**	(866)	**(8)**
Retirement benefit expenses	**¥17,741**	¥34,445	**$166**

f. Plan assets
Plan assets as of March 31, 2017 and 2018 were comprised as follows:

	% of total fair value of plan assets	
As of March 31,	**2018**	2017
Debt securities	**7.2%**	6.6%
Stocks	**43.0%**	44.1%
General account of life insurance companies	**26.0%**	26.3%
Jointly invested assets	**18.2%**	17.5%
Investment trusts	**3.4%**	—
Cash and deposits	**0.7%**	1.1%
Others	**1.5%**	4.4%
Total	**100.0%**	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 56.1% and 55.8% of total plan assets as of March 31, 2017 and 2018, 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, 2017 and 2018 were as follows:

Years ended March 31,	**2018**	2017
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 ¥1,065 million and ¥1,051 million (U.S. $9 million) for the years ended March 31, 2017 and 2018, respectively.

15. Reinsurance

As of March 31, 2017 and 2018, 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 ¥9 million and ¥55 million (U.S. $0 million), respectively.

As of March 31, 2017 and 2018, 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 ¥21,315 million and ¥23,236 million (U.S. $218 million), respectively.

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Balance at the beginning of the fiscal year	**¥236,959**	¥240,902	**$2,230**
Transfer from surplus in the previous fiscal year	**169,815**	165,707	**1,598**
Dividend payments to policyholders during the fiscal year	**(173,157)**	(169,832)	**(1,629)**
Interest accrued during the fiscal year	**151**	182	**1**
Balance at the end of the fiscal year	**¥233,768**	¥236,959	**$2,200**

17. Subordinated Bonds

As of March 31, 2017 and 2018, bonds payable in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, respectively, and the repayments of which are subordinated to other obligations.

18. 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 loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act."

19. Deferred Taxes

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Deferred tax assets	**¥686,215**	¥653,540	**$6,459**
Valuation allowance for deferred tax assets	**(3,823)**	(3,135)	**35**
Subtotal	**682,392**	650,404	**6,423**
Deferred tax liabilities	**(999,778)**	(989,150)	**(9,410)**
Net deferred tax assets (liabilities)	**(317,386)**	(338,745)	**(2,987)**

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Deferred tax assets			
Policy reserves and other reserves	**¥410,353**	¥409,795	**$3,862**
Reserve for price fluctuation	**191,412**	161,481	**1,801**
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	**954,762**	942,376	**8,986**

(2) The statutory tax rates were 28.20% and 28.20% for the years ended March 31, 2017 and 2018, 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,	**2018**	2017
Policyholders' dividend reserves	**(18.78)%**	(18.05)%

20. 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 and ¥50,000 million (U.S. $470 million) pursuant to Article 60 of the "Insurance Business Act" in the year ended March 31, 2017 and 2018, respectively.

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 and ¥100,000 (U.S. $941 million) as of March 31, 2017 and 2018, respectively.

21. 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 ¥2,689,205 million and ¥2,718,594 million (U.S. $25,589 million) as of March 31, 2017 and 2018, respectively.

22. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥809,841 million and ¥876,492 million (U.S. $8,250 million) as of March 31, 2017 and 2018, respectively. The amounts of separate account liabilities were the same as these figures.

23. 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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	**2018**	2017	**2018**
Monetary receivable	**¥2,695**	¥3,930	**$25**
Monetary payable	**3,679**	3,701	**34**

24. Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Domestic bonds including national government bonds	**¥ 495**	¥ 523	**$ 4**
Domestic stocks	**2,427**	3,976	**22**
Foreign securities	**22,253**	17,135	**209**

Major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Domestic bonds including national government bonds	**¥ 220**	¥ 362	**$ 2**
Domestic stocks	**15**	605	**0**
Foreign securities	**37,809**	31,110	**355**

Major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Domestic stocks	**¥1,393**	¥ 366	**$13**
Foreign securities	**6,931**	11,168	**65**

Loss on derivative financial instruments included net valuation losses of ¥161,312 million and ¥99,914 million (U.S. $940 million) for the years ended March 31, 2017 and 2018, respectively.

25. 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 (added) in calculating provision for (reversal of) reserve for outstanding claims and policy reserves, for the years ended March 31, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Provision for (reversal of) reinsurance recoverable on outstanding claims	**¥ 45**	¥ (42)	**$ 0**
Provision for (reversal of) reinsurance recoverable on policy reserves	**1,920**	7,946	**18**

26. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥49,705 million and ¥48,499 million (U.S. $456 million) as of March 31, 2017 and 2018, respectively, pursuant to Article 259 of the “Insurance Business Act”.

These contributions are recognized as operating expenses when contributed.

27. 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, 2017 and 2018 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	**2018**	2017	**2018**
Total income	**¥17,314**	¥17,732	**$162**
Total expenses	**35,174**	34,668	**331**

28. Issuance of Subordinated Notes

On April 26, 2018, the Company issued corporate bonds as follows:

(1) Type
US dollar-denominated subordinated notes due 2048 with interest deferral options

(2) Offering price
100% of principal amount

(3) Principal amount
USD 1.0 billion

(4) Interest rate
A fixed rate of 5.10% per annum before April 2028 and a fixed rate reset with step-up thereafter (reset every 5 years)

(5) Maturity
April 2048

The Notes are callable on April 26, 2028 and every date which falls five, or multiple of five, years thereafter until the Notes are fully redeemed at the discretion of Meiji Yasuda, subject to prior consent by the regulatory authority, etc.

(6) Collateral and guarantees
The Notes are not secured or guaranteed, and there are no particular assets reserved for them.

(7) Use of funds
For general business

29. 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.

30. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2018 was approved as planned at the annual meeting of the representatives of policyholders held on July 3, 2018.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 3, 2018, 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, 2019.

KPMG

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, 2017 and 2018, 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 comformity 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 misstatement, 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, 2017 and 2018, 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, 2018 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
August 7, 2018
Tokyo, Japan