

Financial Section

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Consolidated Balance Sheets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	¥ 1,287,537	¥ 646,020	\$ 11,600
Call loans (Note 3)	90,000	90,000	810
Monetary claims bought (Note 4)	212,307	214,730	1,912
Money held in trust (Note 4)	21,669	13,076	195
Securities (Notes 4, 5, 6, 7, and 8)	33,403,624	33,128,510	300,960
Loans (Notes 4, 7, 9, and 10)	5,019,827	5,276,491	45,227
Tangible fixed assets (Notes 11, 12, and 13)			
Land	618,014	614,975	5,568
Buildings	280,168	287,061	2,524
Leased assets	711	787	6
Construction in progress	5,221	5,273	47
Other tangible fixed assets	7,941	7,710	71
Subtotal	912,057	915,808	8,217
Intangible fixed assets			
Software	55,131	60,733	496
Goodwill	132,965	143,246	1,197
Other intangible fixed assets	279,086	281,087	2,514
Subtotal	467,182	485,067	4,209
Due from agents	1,578	1,569	14
Reinsurance receivables	164,308	121,167	1,480
Other assets	428,437	518,444	3,860
Net defined benefit assets (Note 14)	91,988	113,534	828
Deferred tax assets (Note 15)	2,994	2,375	26
Customers' liabilities under acceptances and guarantees	22,563	21,727	203
Allowance for possible loan losses	(5,361)	(5,100)	(48)
Total assets	¥42,120,715	¥41,543,423	\$379,500
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 738,628	¥ 735,955	\$ 6,654
Policy reserves	34,339,715	33,901,297	309,394
Policyholders' dividend reserves (Note 16)	242,957	233,768	2,189
Subtotal	35,321,301	34,871,021	318,238
Due to agents	2,937	2,931	26
Reinsurance payables	1,187	1,199	10
Bonds payable (Notes 4 and 17)	589,098	482,356	5,307
Other liabilities	1,012,377	891,457	9,121
Net defined benefit liabilities (Note 14)	6,995	6,328	63
Reserve for contingent liabilities (Note 18)	1	1	0
Reserve for price fluctuation	816,962	685,414	7,360
Deferred tax liabilities (Note 15)	281,498	377,710	2,536
Deferred tax liabilities for land revaluation	79,370	79,522	715
Acceptances and guarantees	22,563	21,727	203
Total liabilities	38,134,293	37,419,670	343,583
NET ASSETS:			
Foundation funds (Note 19)	260,000	260,000	2,342
Reserve for redemption of foundation funds (Note 19)	670,000	620,000	6,036
Reserve for revaluation	452	452	4
Surplus	499,135	504,951	4,497
Total funds, reserve and surplus	1,429,588	1,385,404	12,880
Net unrealized gains on available-for-sale securities	2,442,225	2,583,926	22,004
Deferred unrealized gains on derivatives under hedge accounting	41,253	35,881	371
Land revaluation differences	117,898	118,189	1,062
Foreign currency translation adjustments	(44,976)	(27,485)	(405)
Remeasurements of defined benefit plans	(273)	23,861	(2)
Total accumulated other comprehensive income	2,556,127	2,734,374	23,030
Non-controlling interests	705	3,974	6
Total net assets	3,986,421	4,123,752	35,916
Total liabilities and net assets	¥42,120,715	¥41,543,423	\$379,500

Consolidated Statements of Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
ORDINARY INCOME:			
Insurance premiums and other	¥3,081,385	¥3,024,398	\$27,762
Investment income			
Interest, dividends and other income	872,291	832,383	7,859
Gains on money held in trust	—	23	—
Gains on sales of securities	16,595	27,554	149
Gains on redemption of securities	76,949	59,184	693
Foreign exchange gains	8,186	—	73
Reversal of allowance for possible loan losses	—	270	—
Other investment income	2,408	2,010	21
Investment gains on separate accounts	3,824	37,356	34
Subtotal	980,255	958,785	8,831
Other ordinary income	120,860	133,890	1,088
Total ordinary income	4,182,501	4,117,073	37,683
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	725,847	765,271	6,539
Annuity payments	616,446	647,404	5,554
Benefit payments	523,719	508,026	4,718
Surrender benefits	464,349	421,909	4,183
Other refunds	94,147	86,188	848
Subtotal	2,424,510	2,428,801	21,844
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	13,631	19,170	122
Provision for policy reserves	451,985	417,353	4,072
Provision for interest on policyholders' dividend reserves (Note 16)	97	106	0
Subtotal	465,714	436,630	4,196
Investment expenses			
Interest expenses	33,866	32,897	305
Losses on money held in trust	183	—	1
Losses on sales of securities	39,925	38,219	359
Losses on valuation of securities	17,893	8,816	161
Losses on redemption of securities	5,075	4,307	45
Losses on derivative financial instruments	130,990	110,895	1,180
Foreign exchange losses	—	8,679	—
Provision for allowance for possible loan losses	779	—	7
Depreciation of real estate for non-insurance business	10,210	10,300	91
Other investment expenses	22,675	24,660	204
Subtotal	261,599	238,776	2,356
Operating expenses (Note 21)	468,136	461,670	4,217
Other ordinary expenses	171,920	181,004	1,548
Total ordinary expenses	3,791,882	3,746,883	34,164
Ordinary profit	390,618	370,190	3,519
Extraordinary gains			
Gains on disposals of fixed assets	2,758	1,678	24
Reversal of reserve for contingent liabilities	—	0	—
Subtotal	2,758	1,678	24
Extraordinary losses			
Losses on disposals of fixed assets	1,590	1,827	14
Impairment losses (Note 13)	1,204	896	10
Provision for reserve for contingent liabilities	0	—	0
Provision for reserve for price fluctuation	131,553	107,196	1,185
Losses on reduction entry of real estate	1,931	—	17
Contributions for promotion of social welfare project	565	553	5
Other extraordinary losses	6	40	0
Subtotal	136,852	110,515	1,233
Surplus before income taxes and non-controlling interests	256,525	261,353	2,311
Income taxes (Note 15)			
Current	58,212	58,604	524
Deferred	(32,673)	(63,225)	(294)
Total income taxes	25,539	(4,621)	230
Net surplus	230,985	265,974	2,081
Net surplus attributable to non-controlling interests	1,406	935	12
Net surplus attributable to the Parent Company	¥ 229,579	¥ 265,038	\$ 2,068

Consolidated Statements of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of
	2019	2018	2019
Net surplus	¥230,985	¥265,974	\$2,081
Other comprehensive income (loss) (Note 24)	(177,940)	35,923	(1,603)
Net unrealized gains (losses) on available-for-sale securities	(140,068)	36,425	(1,261)
Deferred unrealized gains (losses) on derivatives under hedge accounting	5,372	(3,761)	48
Foreign currency translation adjustments	(10,701)	(19,061)	(96)
Remeasurements of defined benefit plans	(24,130)	8,339	(217)
Share of other comprehensive income (loss) of associates accounted for under the equity method	(8,412)	13,980	(75)
Comprehensive income (loss)	¥ 53,045	¥301,898	\$ 477
Comprehensive income (loss) attributable to the Parent Company	51,623	300,965	465
Comprehensive income (loss) attributable to non-controlling interests	1,421	932	12

Consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2018

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							Total net assets
	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 transition adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
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, 2019

(Millions of Yen)

	Funds, reserves and surplus					Accumulated other comprehensive income (loss)							Total net assets
	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 transition adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Beginning 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
Changes in the fiscal year													
Issuance of foundation funds	50,000				50,000								50,000
Additions to policyholders' dividend reserves (Note 16)				(185,731)	(185,731)								(185,731)
Additions to reserve for redemption of foundation funds		50,000			50,000								50,000
Payment of interest on foundation funds				(1,171)	(1,171)								(1,171)
Net surplus attributable to the Parent Company				229,579	229,579								229,579
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				290	290								290
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				1,216	1,216								1,216
Net changes, excluding funds, reserves and surplus						(141,701)	5,372	(290)	(17,491)	(24,134)	(178,246)	(3,268)	(181,515)
Net changes in the fiscal year	—	50,000	—	(5,816)	44,183	(141,701)	5,372	(290)	(17,491)	(24,134)	(178,246)	(3,268)	(137,331)
Ending balance	¥260,000	¥670,000	¥452	¥499,135	¥1,429,588	¥2,442,225	¥41,253	¥117,898	¥(44,976)	¥(273)	¥2,556,127	¥705	¥3,986,421

Consolidated Statements of Changes in Net Assets (continued)

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Year ended March 31, 2019

(Millions of U.S. Dollars)

	Funds, reserves and surplus				Accumulated other comprehensive income (loss)								Total net assets
	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	
Beginning balance	\$2,342	\$5,586	\$4	\$4,549	\$12,482	\$23,280	\$323	\$1,064	\$(247)	\$214	\$24,636	\$35	\$37,154
Changes in the fiscal year													
Issuance of foundation funds	450				450								450
Additions to policyholders' dividend reserves (Note 16)				(1,673)	(1,673)								(1,673)
Additions to reserve for redemption of foundation funds		450			450								450
Payment of interest on foundation funds				(10)	(10)								(10)
Net surplus attributable to the Parent Company				2,068	2,068								2,068
Redemption of foundation funds	(450)				(450)								(450)
Reversal of reserve for fund redemption				(450)	(450)								(450)
Reversal of land revaluation differences				2	2								2
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				10	10								10
Net changes, excluding funds, reserves and surplus						(1,276)	48	(2)	(157)	(217)	(1,605)	(29)	(1,635)
Net changes in the fiscal year	—	450	—	(52)	398	(1,276)	48	(2)	(157)	(217)	(1,605)	(29)	(1,237)
Ending balance	\$2,342	\$6,036	\$4	\$4,497	\$12,880	\$22,004	\$371	\$1,062	\$(405)	\$ (2)	\$23,030	\$ 6	\$35,916

Consolidated Statements of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 256,525	¥ 261,353	\$ 2,311
Depreciation of real estate for non-insurance business	10,210	10,300	91
Depreciation	44,147	47,087	397
Impairment losses	1,204	896	10
Amortization of goodwill	7,745	7,885	69
Increase (Decrease) in reserve for outstanding claims	13,571	22,034	122
Increase (Decrease) in policy reserves	552,611	510,493	4,978
Provision for interest on policyholders' dividend reserves	97	106	0
Increase (Decrease) in allowance for possible loan losses	260	(748)	2
Increase (Decrease) in net defined benefit liabilities	2,904	(5,142)	26
Increase (Decrease) in reserve for contingent liabilities	0	(0)	0
Increase (Decrease) in reserve for price fluctuation	131,553	107,196	1,185
Interest, dividends, and other income	(872,291)	(832,383)	(7,859)
Losses (Gains) on securities	(138,094)	154,833	(1,244)
Interest expenses	33,866	32,897	305
Foreign exchange losses (gains)	(13,715)	2,409	(123)
Losses (Gains) on tangible fixed assets	(994)	247	(8)
Investment losses (gains) on equity method	(3,638)	(3,285)	(32)
Decrease (Increase) in due from agents	(9)	22	(0)
Decrease (Increase) in reinsurance receivables	1,805	(4,581)	16
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	80,572	(87,514)	725
Increase (Decrease) in due to agents	58	30	0
Increase (Decrease) in reinsurance payables	(11)	383	(0)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	12,012	(22,442)	108
Others, net	(10,290)	(2,955)	(92)
Subtotal	110,101	199,122	991
Interest, dividends, and other income received	911,560	882,268	8,212
Interest paid	(34,255)	(31,836)	(308)
Policyholders' dividends paid	(176,676)	(173,157)	(1,591)
Income taxes paid	(67,371)	(31,051)	(607)
Net cash provided by operating activities	743,358	845,345	6,697
II Cash flows from investing activities			
Net decrease (increase) in deposits	(16,421)	(1,087)	(147)
Purchase of monetary claims bought	(12,400)	(18,200)	(111)
Proceeds from sales and redemption of monetary claims bought	14,724	23,376	132
Purchase of money held in trust	(8,300)	(9,800)	(74)
Purchase of securities	(4,509,597)	(4,432,833)	(40,630)
Proceeds from sales and redemption of securities	3,962,251	3,311,315	35,699
Loans extended	(1,230,885)	(1,150,256)	(11,090)
Proceeds from collection of loans	1,472,996	1,267,871	13,271
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	159,433	337,468	1,436
Total investment activities (IIa)	(168,198)	(672,146)	(1,515)
[I + IIa]	575,159	173,199	5,182
Purchase of tangible fixed assets	(20,054)	(16,909)	(180)
Proceeds from sales of tangible fixed assets	4,278	3,669	38
Purchase of intangible fixed assets	(33,305)	(26,115)	(300)
Others, net	(535)	(1,172)	(4)
Net cash used in investing activities	(217,816)	(712,674)	(1,962)
III Cash flows from financing activities			
Proceeds from debt	—	316	—
Repayments of debt	—	(316)	—
Proceeds from issuance of bonds payable	106,014	99,331	955
Redemption of bonds payable	—	(28,577)	—
Proceeds from issuance of foundation funds	50,000	50,000	450
Redemption of foundation funds	(50,000)	(100,000)	(450)
Payment of interest on foundation funds	(1,171)	(1,846)	(10)
Acquisition of stock of subsidiaries without change in scope of consolidation	(2,498)	(831)	(22)
Others, net	(524)	(6,080)	(4)
Net cash provided by financing activities	101,820	11,995	917
IV Effect of foreign exchange rate changes on cash and cash equivalents	(72)	(3,187)	(0)
V Net increase (decrease) in cash and cash equivalents	627,289	141,479	5,651
VI Cash and cash equivalents at the beginning of the year	720,180	577,833	6,488
VII Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries	—	867	—
VIII Cash and cash equivalents at the end of the year (Note 3)	¥1,347,470	¥ 720,180	\$12,140

Notes to the Consolidated Financial Statements

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

1. Basis of Presentation

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2019, which was ¥110.99 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 number of consolidated subsidiaries was 17 and 17 as of March 31, 2018 and 2019, respectively. The consolidated subsidiaries as of March 31, 2019 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 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, 2018 and 2019 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 number of affiliates accounted for by the equity method was 10 and 9 as of March 31, 2018 and 2019, respectively. The affiliates accounted for by the equity method as of March 31, 2019 include as follows:

Founder Meiji Yasuda Life Insurance Co., Ltd. (China)
PT Avrist Assurance (Indonesia)
TU Europa S.A. (Poland)
TUIR Warta S.A. (Poland)
Thai Life Insurance Public Company Limited (Thailand)

One affiliate of StanCorp Financial Group, Inc. has been excluded from the scope of the equity method as of March 31, 2019, due to the sales 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 Industry Audit Committee Report No.21, “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 Industry Audit Committee Report No.21, "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, from the year ended March 31, 2010, based on the Industry Audit Committee Report No. 26, "Accounting and Auditing Treatments related to Application of Accounting Standard for Financial Instruments in the Insurance Industry," (JICPA, issued on September 3, 2002).

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) 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) 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.

(10) 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 each country's accounting standard, such as U.S. GAAP.

(11) 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, 2018 and 2019 amounted to ¥370 million and ¥93 million (U.S. \$0 million), respectively.

(12) 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 which are additionally set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act” include the following:

- the policy reserves for 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. 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 set aside in the year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995; and
- the policy reserves set aside in the year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

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

(13) 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.

(14) 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”.

(15) 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.

(16) 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.

(17) 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”.

(18) 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, 2018 and 2019 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash and deposits	¥1,287,537	¥646,020	\$11,600
Time deposits (over 3 months)	(35,504)	(19,083)	(319)
Call loans	90,000	90,000	810
Money held in trust (matured within 3 months)	5,000	3,000	45
Securities (matured within 3 months from the date of acquisition)	437	242	3
Cash and cash equivalents	1,347,470	720,180	12,140

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 risk management verification committee 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 value of financial instruments

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

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,287,537	¥ 1,287,537	¥ —	¥ 646,020	¥ 646,020	¥ —	\$ 11,600	\$ 11,600	\$ —
Available-for-sale securities (CDs)	33,998	33,998	—	35,999	35,999	—	306	306	—
Monetary claims bought	212,307	225,616	13,309	214,730	225,501	10,770	1,912	2,032	119
Held-to-maturity debt securities	197,980	211,289	13,309	197,914	208,685	10,770	1,783	1,903	119
Available-for-sale securities	14,327	14,327	—	16,816	16,816	—	129	129	—
Money held in trust	21,669	21,669	—	13,076	13,076	—	195	195	—
Available-for-sale securities	21,669	21,669	—	13,076	13,076	—	195	195	—
Securities	32,932,586	35,411,027	2,478,440	32,532,324	34,753,657	2,221,333	296,716	319,047	22,330
Trading securities	1,601,661	1,601,661	—	1,704,869	1,704,869	—	14,430	14,430	—
Held-to-maturity debt securities	4,160,730	4,983,463	822,733	4,365,326	5,164,696	799,370	37,487	44,900	7,412
Policy-reserve-matching bonds	8,057,811	9,713,518	1,655,706	7,549,821	8,971,785	1,421,963	72,599	87,517	14,917
Available-for-sale securities	19,112,383	19,112,383	—	18,912,306	18,912,306	—	172,199	172,199	—
Loans	5,019,827	5,292,784	272,957	5,276,491	5,558,870	282,378	45,227	47,687	2,459
Policy loans	242,958	242,958	—	252,884	252,884	—	2,189	2,189	—
Industrial and consumer loans	4,776,869	5,049,826	272,957	5,023,607	5,305,985	282,378	43,038	45,498	2,459
Allowance for possible loan losses ⁽¹⁾	(4,033)	—	—	(3,739)	—	—	(36)	—	—
	5,015,794	5,292,784	276,990	5,272,751	5,558,870	286,118	45,191	47,687	2,495
Bonds payable	589,098	616,693	27,595	482,356	513,801	31,445	5,307	5,556	248
Payables under repurchase agreements	58,266	58,266	—	5,358	5,358	—	524	524	—
Payables under securities borrowing transactions	552,716	552,716	—	382,564	382,564	—	4,979	4,979	—
Derivative financial instruments ⁽²⁾	46,533	46,533	—	128,845	128,845	—	419	419	—
Hedge accounting is not applied	(2,131)	(2,131)	—	(748)	(748)	—	(19)	(19)	—
Hedge accounting is applied	48,664	48,664	—	129,593	129,593	—	438	438	—

(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 ¥596,185 million and ¥471,037 million (U.S. \$4,243 million) as of March 31, 2018 and 2019, respectively. Impairment losses on the unlisted stocks and others were ¥211 million and ¥0 million (U.S. \$0 million) for the years ended March 31, 2018 and 2019, 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 mainly stated at a price 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 a price based on data provided by pricing vendors.

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 ¥(4,583) million and ¥10,376 million (U.S. \$93 million) for the years ended March 31, 2018 and 2019, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2018 and 2019, 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		
	2019			2018			2019		
	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	¥3,581,847	¥4,317,920	¥736,072	¥3,719,653	¥4,436,465	¥716,811	\$32,271	\$38,903	\$6,631
2) Corporate bonds	467,140	547,364	80,224	518,348	594,193	75,845	4,208	4,931	722
3) Others	297,929	317,752	19,822	262,797	280,945	18,147	2,684	2,862	178
Total	4,346,917	5,183,037	836,120	4,500,799	5,311,604	810,804	39,164	46,698	7,533
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	921	916	(5)	—	—	—
2) Corporate bonds	2,800	2,798	(1)	2,800	2,786	(13)	25	25	(0)
3) Others	8,993	8,917	(75)	58,719	58,074	(645)	81	80	(0)
Total	11,793	11,716	(76)	62,441	61,777	(663)	106	105	(0)

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

Disposition of policy-reserve-matching bonds amounted to ¥889 million and ¥50,733 million (U.S. \$457 million) resulting in total gains on sales of ¥0 million and ¥800 million (U.S. \$7 million) for the years ended March 31, 2018 and 2019, respectively. Total loss on sales was ¥27 million for the year ended March 31, 2018. There was no total loss on sales for the year ended March 31, 2019.

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		
	2019			2018			2019		
	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	¥7,492,896	¥9,127,506	¥1,634,610	¥7,356,786	¥8,778,393	¥1,421,607	\$67,509	\$82,237	\$14,727
2) Corporate bonds	30,344	34,303	3,959	37,665	41,118	3,452	273	309	35
3) Others	493,842	511,581	17,739	33,070	33,376	305	4,449	4,609	159
Total	8,017,082	9,673,392	1,656,309	7,427,523	8,852,888	1,425,365	72,232	87,155	14,923
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	—	—	—	—	—	—	—	—	—
3) Others	40,728	40,125	(603)	122,298	118,896	(3,401)	366	361	(5)
Total	40,728	40,125	(603)	122,298	118,896	(3,401)	366	361	(5)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,049,828 million and ¥1,088,252 million (U.S. \$9,804 million) resulting in total gains on sales of ¥27,553 million and ¥15,794 million (U.S. \$142 million) and total losses of ¥38,191 million and ¥39,925 million (U.S. \$359 million) for

the years ended March 31, 2018 and 2019, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	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	¥1,478,135	¥3,835,843	¥2,357,708	¥1,548,799	¥4,227,216	¥2,678,417	\$13,317	\$34,560	\$21,242
(2) Bonds	4,861,369	5,299,063	437,693	4,797,080	5,230,324	433,244	43,800	47,743	3,943
1) National & local government bonds	3,188,231	3,533,547	345,316	3,378,801	3,729,334	350,532	28,725	31,836	3,111
2) Corporate bonds	1,673,138	1,765,515	92,377	1,418,278	1,500,990	82,711	15,074	15,906	832
(3) Others	6,012,079	6,712,864	700,785	4,402,984	5,046,385	643,400	54,167	60,481	6,313
Total	12,351,583	15,847,770	3,496,187	10,748,864	14,503,927	3,755,062	111,285	142,785	31,500
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	196,093	173,524	(22,569)	123,241	112,743	(10,498)	1,766	1,563	(203)
(2) Bonds	60,165	59,715	(450)	218,475	212,102	(6,373)	542	538	(4)
1) National & local government bonds	—	—	—	3,972	3,965	(6)	—	—	—
2) Corporate bonds	60,165	59,715	(450)	214,503	208,136	(6,366)	542	538	(4)
(3) Others	3,188,739	3,101,368	(87,371)	4,308,316	4,149,426	(158,889)	28,729	27,942	(787)
Total	3,444,999	3,334,608	(110,390)	4,650,033	4,474,271	(175,761)	31,038	30,044	(994)

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

"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 ¥1,467 million and ¥11,546 million (U.S. \$104 million) for the years ended March 31, 2018 and 2019, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	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
Deposits	¥ 645,824	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	214,730
Money held in trust	3,000	—	—	—	—	—
Loans*	595,199	656,353	684,120	532,415	802,941	1,752,316
Securities						
Held-to-maturity debt securities	165,898	351,442	370,613	411,853	812,693	2,250,024
Policy-reserve-matching bonds	—	45,771	225,172	56,556	297,165	6,925,156
Available-for-sale securities with maturities	711,362	1,374,381	2,396,841	1,206,293	1,730,068	5,790,650
Total	2,121,285	2,427,949	3,676,748	2,207,118	3,642,869	16,932,878

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	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	¥1,287,385	¥ —	¥ —	¥ —	¥ —	¥ —	\$11,599	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	212,307	—	—	—	—	—	1,912
Money held in trust	5,000	—	—	—	—	—	45	—	—	—	—	—
Loans*	472,783	656,974	679,859	594,924	751,319	1,620,634	4,259	5,919	6,125	5,360	6,769	14,601
Securities												
Held-to-maturity debt securities	166,788	371,590	398,958	552,343	521,576	2,146,673	1,502	3,347	3,594	4,976	4,699	19,341
Policy-reserve-matching bonds	—	68,957	190,309	72,345	838,067	6,888,130	—	621	1,714	651	7,550	62,060
Available-for-sale securities with maturities	562,525	2,121,525	1,734,143	670,326	2,312,293	6,050,737	5,068	19,114	15,624	6,039	20,833	54,516
Total	2,494,482	3,219,048	3,003,271	1,889,939	4,423,256	16,918,482	22,474	29,003	27,058	17,028	39,852	152,432

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥259 million and ¥374 million (U.S. \$3 million) as of March 31, 2018 and 2019, 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					
	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
Bonds payable	¥ —	¥—	¥29,046	¥—	¥—	¥453,310
Payables under repurchase agreements	5,358	—	—	—	—	—
Payable under securities borrowing transactions	382,564	—	—	—	—	—
Total	387,922	—	29,046	—	—	453,310

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	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	¥ —	¥—	¥28,363	¥—	¥—	¥560,735	\$ —	\$—	\$255	\$—	\$—	\$5,052
Payables under repurchase agreements	58,266	—	—	—	—	—	524	—	—	—	—	—
Payable under securities borrowing transactions	552,716	—	—	—	—	—	4,979	—	—	—	—	—
Total	610,983	—	28,363	—	—	560,735	5,504	—	255	—	—	5,052

e. Fair value of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	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
Receipts floating, payments fixed	—	—	—	—
Total				4

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥12,810	¥11,145	¥ 4	¥ 4	\$115	\$100	\$ 0	\$ 0
Receipts floating, payments fixed	6,049	6,049	—	—	54	54	—	—
Total				4				0

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

ii) Currency-related

As of March 31,	Millions of Yen			
	2018			
	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
(U.S. dollar)	62,385	—	1,661	1,661
(Euro)	13,904	—	37	37
(Australian dollar)	11,454	—	68	68
(British pound)	127	—	0	0
(Others)	422	—	0	0
Bought	19,226	—	61	61
(U.S. dollar)	9,566	—	64	64
(Euro)	6,914	—	(0)	(0)
(Australian dollar)	2,302	—	(0)	(0)
(Others)	442	—	(1)	(1)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	—	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	—	—	—	—
Cross currency swaps				
Yen payments / Australian dollar receipts	88,870	88,870	(4,389)	(4,389)
Yen payments / U.S. dollar receipts	—	—	—	—
Total				(2,558)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥194,632	¥ —	¥ 199	¥ 199	\$1,753	\$ —	\$ 1	\$ 1
(U.S. dollar)	160,265	—	(23)	(23)	1,443	—	(0)	(0)
(Euro)	14,252	—	122	122	128	—	1	1
(Australian dollar)	20,073	—	100	100	180	—	0	0
(British pound)	40	—	0	0	0	—	0	0
(Others)	1	—	(0)	(0)	0	—	(0)	(0)
Bought	11,875	—	(24)	(24)	106	—	(0)	(0)
(U.S. dollar)	6,577	—	3	3	59	—	0	0
(Euro)	3,864	—	(28)	(28)	34	—	(0)	(0)
(Australian dollar)	1,378	—	1	1	12	—	0	0
(Others)	55	—	(0)	(0)	0	—	(0)	(0)
Currency options								
Sold	198,628	—			1,789	—		
Call	[476]		1	474	[4]		0	4
(U.S. dollar)	[476]		1	474	[4]		0	4
Bought	178,500	—			1,608	—		
Put	[476]		32	(443)	[4]		0	(3)
(U.S. dollar)	[476]		32	(443)	[4]		0	(3)
Cross currency swaps								
Yen payments / Australian dollar receipts	154,546	154,546	(3,143)	(3,143)	1,392	1,392	(28)	(28)
Yen payments / U.S. dollar receipts	11,740	11,740	300	300	105	105	2	2
Total				(2,637)				(23)

Notes: 1. Net gains (losses) on foreign currency forward contracts and cross currency swaps 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			
	2018			
	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
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	2,820	—	(93)	(93)
Exchange-traded transactions				
Foreign currency-denominated				
Stock index options				
Bought				
Call	63,552	292		
	[1,399]	[16]	2,011	612
Total				558

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 2,672	¥ —	¥ (18)	¥ (18)	\$ 24	\$—	\$(0)	\$(0)
Bought	4,154	—	0	0	37	—	0	0
Foreign currency-denominated stock index futures								
Sold	327	—	(9)	(9)	2	—	(0)	(0)
Bought	5,444	—	72	72	49	—	0	0
Exchange-traded transactions								
Foreign currency-denominated								
Stock index options								
Bought								
Call	60,773	382			547	3		
	[1,464]	[20]	453	(1,010)	[13]	[0]	4	(9)
Total				(965)				(8)

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, 2018.

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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								
Foreign currency-denominated bond index futures								
Bought	¥123	¥—	¥2	¥2	\$1	\$—	\$0	\$0
Total				2				0

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

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2018			
	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	¥231,400	¥231,400	¥51,256
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	48,816	46,363	—
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	8,562	3,562	197
Total				51,453

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2019			2019		
	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	¥230,700	¥230,700	¥57,446	\$2,078	\$2,078	\$517
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	57,657	54,558	—	519	491	—
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,369	3,324	185	30	29	1
Total				57,632			519

ii) Currency-related

As of March 31,	Millions of Yen			
		2018		
	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	¥3,376,632	¥ —	¥79,785
(U.S. dollar)		3,058,604	—	76,837
(Euro)		183,159	—	319
(Australian dollar)		134,867	—	2,628
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency- denominated bonds	35,575	35,575	(1,641)
(Australian dollar)		4,305	4,305	192
Total				78,337

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2019			2019		
	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	¥3,887,217	¥ —	¥ (8,600)	\$35,023	\$ —	\$(77)
(U.S. dollar)		3,529,862	—	(10,393)	31,803	—	(93)
(Euro)		199,793	—	700	1,800	—	6
(Australian dollar)		142,408	—	980	1,283	—	8
(Others)		15,152	—	112	136	—	1
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency- denominated bonds	35,575	35,575	(381)	320	320	(3)
(Australian dollar)		4,305	4,305	199	38	38	1
Total				(8,782)			(79)

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, 2018 and 2019.

iv) Bond-related

No ending balance as of March 31, 2018 and 2019.

5. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,169,636 million and ¥2,322,166 million (U.S. \$20,922 million) as of March 31, 2018 and 2019, respectively.

6. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥5,441 million and ¥58,278 million (U.S. \$525 million) as of March 31, 2018 and 2019, respectively.

7. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥8 million (U.S. \$0 million) as of March 31, 2019, securities in the amount of ¥5,507 million and ¥4,823 million (U.S. \$43 million), and loans in the amount of ¥105,781 million and ¥104,745 million (U.S. \$943 million) as of March 31, 2018 and 2019, respectively.

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥180,079 million and ¥174,468 million (U.S. \$1,571 million) as of March 31, 2018 and 2019, 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 ¥28,445 million and ¥25,934 million (U.S. \$233 million) as of March 31, 2018 and 2019, respectively.

There were no loans to bankrupt borrowers as of March 31, 2018 and 2019, respectively. The aggregate amounts of loans in arrears were ¥3,633 million and ¥4,265 million (U.S. \$38 million) as of March 31, 2018 and 2019, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2018 and 2019 were ¥368 million and ¥91 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥2 million and ¥1 million (U.S. \$0 million), respectively, for loans in arrears.

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

There were no loans in arrears for three months or longer as of March 31, 2018 and 2019, 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 ¥24,812 million and ¥21,668 million (U.S. \$195 million) as of March 31, 2018 and 2019, 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, 2018 and 2019, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2019	2018	2019
Loans	¥614	¥621	\$5

10. Loan Commitments

The amounts of loan commitments outstanding were ¥67,062 million and ¥87,902 million (U.S. \$791 million) as of March 31, 2018 and 2019, respectively.

11. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥585,700 million and ¥581,588 million (U.S. \$5,240 million), and their fair values were ¥736,616 million and ¥782,819 million (U.S. \$7,053 million) as of March 31, 2018 and 2019, 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 ¥429,347 million and ¥447,080 million (U.S. \$4,028 million) as of March 31, 2018 and 2019, 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, 2018 and 2019, 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, 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, 2019

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥ —	¥231	¥ 231
Idle assets	6	692	280	972
Total	7	692	511	1,204

For the year ended March 31, 2019

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$—	\$2	\$ 2
Idle assets	6	2	8
Total	6	4	10

(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 1.92% and 1.90% for the years ended March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

Years ended March 31,	2019	2018
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, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Balance at the beginning of the fiscal year	¥352,805	¥361,873	\$3,178
Service costs	10,356	12,026	93
Interest cost on retirement benefit obligations	4,875	5,311	43
Actuarial losses (gains) recognized	(4,266)	6,746	(38)
Benefits paid	(25,177)	(25,961)	(226)
Partial suspension in defined benefit plans of the U.S. consolidated subsidiaries	—	(5,241)	—
Past service costs	(47)	—	0
Others	(1,106)	(1,949)	(9)
Balance at the end of the fiscal year	337,440	352,805	3,040

c. Changes in the plan assets for the years ended March 31, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Balance at the beginning of the fiscal year	¥460,011	¥445,853	\$4,144
Expected return on plan assets	7,824	7,414	70
Actuarial gains (losses) recognized	(36,605)	9,767	(329)
Contributions by employer	3,714	9,714	33
Benefits paid	(11,469)	(11,013)	(103)
Others	(1,042)	(1,725)	(9)
Balance at the end of the fiscal year	422,433	460,011	3,806

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, 2018 and 2019 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31,			
Present value of funded retirement benefit obligations	¥329,650	¥344,547	\$2,970
Plan assets at fair value	(422,433)	(460,011)	(3,806)
Net present value of funded retirement benefit obligations	(92,782)	(115,463)	(835)
Present value of non-funded retirement benefit obligations	7,790	8,258	70
Net balance on the consolidated balance sheet	(84,992)	(107,205)	(765)
Consists of:			
Defined benefit liabilities	6,995	6,328	63
Defined benefit assets	(91,988)	(113,534)	(828)

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Years ended March 31,			
Service costs	¥10,356	¥12,026	\$93
Interest cost on retirement benefit obligations	4,875	5,311	43
Expected return on plan assets	(7,824)	(7,414)	(70)
Amortization of net actuarial losses (gains)	(571)	8,872	(5)
Amortization of net past service costs	(865)	(860)	(7)
Gains from partial suspension in defined benefit plans of the U.S. consolidated subsidiaries	—	(4,977)	—
Others	91	49	0
Retirement benefit expenses	6,062	13,007	54

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, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Years ended March 31,			
Actuarial gains (losses)	¥(32,873)	¥12,099	\$(296)
Past service costs	(817)	(859)	(7)
Total	(33,691)	11,239	303

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Years ended March 31,			
Unrecognized actuarial gains (losses)	¥(2,952)	¥29,921	\$(26)
Unrecognized past service costs	2,593	3,411	23
Total	(358)	33,332	(3)

g. Plan assets

Plan assets as of March 31, 2018 and 2019 were comprised as follows:

	% of total fair value of plan assets	
	2019	2018
As of March 31,		
Debt securities	7.3%	6.8%
Stocks	32.3%	36.9%
General account of life insurance companies	31.0%	29.0%
Jointly invested assets	22.5%	21.8%
Investment trusts	3.1%	3.3%
Cash and deposits	0.9%	0.7%
Others	2.9%	1.4%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 47.8% and 45.2% of total plan assets as of March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

Years ended March 31,	2019	2018
Discount rate		
Domestic	0.9%	0.9%
Overseas	4.3 to 4.4%	3.5 to 3.7%
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%	3.9 to 7.3%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥2,843 million and ¥3,953 million (U.S. \$35 million) for the years ended March 31, 2018 and 2019, respectively.

15. Deferred Taxes

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

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31,			
Deferred tax assets	¥ 764,906	¥ 708,838	\$6,891
Valuation allowance for deferred tax assets	(8,396)	(7,963)	(75)
Subtotal	756,510	700,875	6,816
Deferred tax liabilities	(1,035,013)	(1,076,209)	(9,325)
Net deferred tax assets (liabilities)	(278,503)	(375,334)	(2,509)

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

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
As of March 31,			
Deferred tax assets			
Policy reserves and other reserves	¥436,003	¥432,814	\$3,928
Reserve for price fluctuation	228,319	191,543	2,057
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	916,966	958,930	8,261

(2) The statutory tax rates were 28.20% and 27.96% for the years ended March 31, 2018 and 2019, 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,	2019	2018
Policyholders' dividend reserves	(17.82)%	(18.66)%
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, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Years ended March 31,			
Balance at the beginning of the fiscal year	¥233,768	¥236,959	\$2,106
Transfer from surplus in the previous fiscal year	185,731	169,815	1,673
Dividend payments to policyholders during the fiscal year	(176,676)	(173,157)	(1,591)
Interest accrued during the fiscal year	134	151	1
	242,957	233,768	2,188

17. Subordinated Bonds

As of March 31, 2018 and 2019, bonds payable in liabilities included foreign currency-denominated subordinated bonds of ¥453,310 million, and subordinated bonds and foreign currency-denominated subordinated bonds of ¥560,735 million (U.S. \$5,052 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 ¥50,000 million and ¥50,000 million (U.S. \$450 million) pursuant to Article 60 of the "Insurance Business Act" in the years ended March 31, 2018 and 2019, 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 ¥100,000 million and ¥50,000 million (U.S. \$450 million) as of March 31, 2018 and 2019, 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 ¥876,492 million and ¥825,371 million (U.S. \$7,436 million) as of March 31, 2018 and 2019, 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 ¥48,499 million and ¥47,718 million (U.S. \$429 million) as of March 31, 2018 and 2019, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

22. 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.

23. 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, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of
	2019	2018	U.S. Dollars
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥(184,383)	¥ 21,517	\$ (1,661)
Reclassification adjustments	(6,840)	29,988	(61)
Before income tax effect adjustments	(191,223)	51,505	(1,722)
Income tax effects	51,154	(15,079)	460
Net unrealized gains on available-for-sale securities	(140,068)	36,425	(1,261)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ 11,354	¥ 1,448	\$ 102
Reclassification adjustments	(3,897)	(6,935)	(35)
Before income tax effect adjustments	7,457	(5,487)	67
Income tax effects	(2,085)	1,725	(18)
Deferred unrealized gains (losses) on derivatives under hedge accounting	5,372	(3,761)	48
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ (10,701)	¥(19,061)	\$ (96)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(10,701)	(19,061)	(96)
Income tax effects	—	—	—
Foreign currency translation adjustments	(10,701)	(19,061)	(96)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ (28,867)	¥ 2,594	\$ (260)
Reclassification adjustments	(4,823)	8,644	(43)
Before income tax effect adjustments	(33,691)	11,239	(303)
Income tax effects	9,560	(2,899)	86
Remeasurements of defined benefit plans	(24,130)	8,339	(217)
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ (8,191)	¥ 13,288	\$ (73)
Reclassification adjustments	(220)	752	(1)
Share of other comprehensive income of affiliates accounted for by the equity method	(8,412)	13,980	(75)
Total other comprehensive income	(177,940)	35,923	(1,603)

24. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2019 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2019.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 2, 2019, 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, 2020.

Redemption of foundation funds

The Company redeemed foundation funds on August 2, 2019 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥60,000 million.



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, 2018 and 2019, 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, 2018 and 2019, 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, 2019 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 5, 2019
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Non-consolidated Balance Sheets

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
ASSETS:			
Cash and deposits (Note 3)			
Cash	¥ 149	¥ 192	\$ 1
Deposits	1,147,565	507,276	10,339
Subtotal	1,147,715	507,469	10,340
Call loans	90,000	90,000	810
Monetary claims bought (Note 3)	212,307	214,730	1,912
Money held in trust	16,669	10,076	150
Securities (Notes 3, 4, 5, 6, and 7)			
National government bonds	14,346,841	14,412,932	129,262
Local government bonds	372,091	503,877	3,352
Corporate bonds	2,373,171	2,292,833	21,381
Domestic stocks	4,243,360	4,593,785	38,231
Foreign securities	9,702,141	8,990,244	87,414
Other securities	1,144,574	988,287	10,312
Subtotal	32,182,181	31,781,961	289,955
Loans (Notes 3, 8, and 9)			
Policy loans	239,335	249,260	2,156
Industrial and consumer loans	3,984,470	4,258,109	35,899
Subtotal	4,223,805	4,507,370	38,055
Tangible fixed assets (Notes 10, 11, 12, and 13)			
Land	603,904	600,808	5,441
Buildings	258,110	264,156	2,325
Construction in progress	4,329	3,934	39
Other tangible fixed assets	4,012	4,125	36
Subtotal	870,356	873,024	7,841
Intangible fixed assets			
Software	47,640	52,269	429
Other intangible fixed assets	40,848	28,465	368
Subtotal	88,489	80,734	797
Due from agents	0	0	0
Reinsurance receivables	1,189	663	10
Other assets			
Accounts receivable	95,809	99,319	863
Prepaid expenses	5,906	6,032	53
Accrued income	105,150	100,063	947
Money on deposit	10,079	9,668	90
Deposits for futures transactions	2,355	2,559	21
Margins on futures transactions	26	—	0
Derivative financial instruments (Note 3)	73,754	138,466	664
Cash collaterals pledged for financial instruments	17,391	33,327	156
Suspense	3,256	5,212	29
Other assets	10,254	9,576	92
Subtotal	323,984	404,228	2,919
Prepaid pension cost (Note 14)	86,903	77,447	782
Customers' liabilities under acceptances and guarantees	22,563	21,727	203
Allowance for possible loan losses	(5,361)	(5,100)	(48)
Total assets	¥39,260,805	¥38,564,334	\$353,732

Non-consolidated Balance Sheets (continued)

Meiji Yasuda Life Insurance Company

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (Note 15)	¥ 130,411	¥ 115,109	\$ 1,174
Policy reserves (Note 15)	32,248,774	31,798,563	290,555
Policyholders' dividend reserves (Note 16)	242,957	233,768	2,189
Subtotal	32,622,143	32,147,442	293,919
Reinsurance payables	1,065	1,067	9
Bonds payable (Notes 3 and 17)	560,735	453,310	5,052
Other liabilities			
Payables under repurchase agreements (Note 3)	58,266	5,358	524
Payables under securities borrowing transactions (Note 3)	552,716	382,564	4,979
Income taxes payable	13,615	23,530	122
Accounts payable	52,073	67,250	469
Accrued expenses	30,149	31,965	271
Deferred income	2,681	2,519	24
Deposits received	26,073	25,833	234
Guarantee deposits received	35,589	34,390	320
Margins on futures transactions	—	24	—
Derivative financial instruments (Note 3)	27,674	11,633	249
Cash collaterals received for financial instruments	82,313	161,876	741
Asset retirement obligations	3,288	3,223	29
Suspense receipts	3,710	4,760	33
Subtotal	888,152	754,930	8,002
Reserve for contingent liabilities (Note 20)	1	1	0
Reserve for price fluctuation	815,975	684,594	7,351
Deferred tax liabilities (Note 21)	239,296	317,386	2,156
Deferred tax liabilities for land revaluation	79,370	79,522	715
Acceptances and guarantees	22,563	21,727	203
Total liabilities	35,229,303	34,459,982	317,409
NET ASSETS:			
Foundation funds (Note 22)	260,000	260,000	2,342
Reserve for redemption of foundation funds (Note 22)	670,000	620,000	6,036
Reserve for revaluation	452	452	4
Surplus	491,675	505,757	4,429
Reserve for future losses	11,463	10,902	103
Other surplus	480,212	494,855	4,326
Reserve for fund redemption	98,000	96,000	882
Fund for price fluctuation allowance	29,764	29,764	268
Reserve for promotion of social welfare project	35	47	0
Reserve for business infrastructure	100,000	100,000	900
Reserve for reduction entry of real estate	26,940	27,380	242
Special reserves	2,000	2,000	18
Other reserves	85	85	0
Unappropriated surplus	223,386	239,577	2,012
Total funds, reserve and surplus	1,422,128	1,386,210	12,813
Net unrealized gains on available-for-sale securities	2,450,220	2,564,070	22,076
Deferred unrealized gains on derivatives under hedge accounting	41,253	35,881	371
Land revaluation differences	117,898	118,189	1,062
Total unrealized gains, revaluation reserves and adjustments	2,609,372	2,718,141	23,509
Total net assets	4,031,501	4,104,352	36,323
Total liabilities and net assets	¥39,260,805	¥38,564,334	\$353,732

Non-consolidated Statements of Income

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of
	2019	2018	2019
			U.S. Dollars
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥2,769,643	¥2,718,837	\$24,953
Reinsurance revenue	1,236	632	11
Subtotal	2,770,879	2,719,469	24,965
Investment income (Note 26)			
Interest, dividends and other income	807,260	768,959	7,273
Interest on deposits	999	21	9
Interest and dividends on securities	677,845	641,470	6,107
Interest on loans	74,234	79,112	668
Rent revenue from real estate	37,991	36,175	342
Other interest and dividends	16,190	12,179	145
Gains on money held in trust	—	22	—
Gains on sales of securities	15,762	25,175	142
Gains on redemption of securities	76,650	58,119	690
Foreign exchange gains	8,185	—	73
Reversal of allowance for possible loan losses	—	399	—
Other investment income	125	85	1
Investment gains on separate accounts	3,824	37,356	34
Subtotal	911,810	890,118	8,215
Other ordinary income			
Income from annuity riders	16,217	15,082	146
Income from deferred benefits	52,178	71,258	470
Reversal of accrued retirement benefits	9,455	6,603	85
Other ordinary income	7,670	7,637	69
Subtotal	85,522	100,582	770
Total ordinary income	3,768,212	3,710,171	33,950
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	637,897	679,816	5,747
Annuity payments	614,555	645,353	5,537
Benefit payments	395,524	380,435	3,563
Surrender benefits	463,306	420,757	4,174
Other refunds	89,249	80,543	804
Reinsurance premiums	4,897	5,645	44
Subtotal	2,205,432	2,212,551	19,870
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (Note 27)	15,301	3,618	137
Provision for policy reserves (Note 27)	450,211	415,361	4,056
Provision for interest on policyholders' dividend reserves (Note 16)	97	106	0
Subtotal	465,609	419,086	4,195
Investment expenses (Note 26)			
Interest expenses	12,572	10,085	113
Losses on money held in trust	184	—	1
Losses on sales of securities	37,527	38,046	338
Losses on valuation of securities	17,708	8,530	159
Losses on redemption of securities	4,983	4,302	44
Losses on derivative financial instruments	130,169	113,851	1,172
Foreign exchange losses	—	8,679	—
Provision for allowance for possible loan losses	341	—	3
Depreciation of real estate for non-insurance business	9,516	9,687	85
Other investment expenses	14,132	14,110	127
Subtotal	227,135	207,294	2,046

Non-consolidated Statements of Income (continued)

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Operating expenses (Note 28)	357,421	356,467	3,220
Other ordinary expenses			
Deferred benefit payments	78,698	87,413	709
Taxes	27,606	26,653	248
Depreciation	28,125	27,616	253
Other ordinary expenses	4,660	4,728	41
Subtotal	139,090	146,411	1,253
Total ordinary expenses	3,394,689	3,341,811	30,585
Ordinary profit	373,522	368,360	3,365
Extraordinary gains			
Gains on disposals of fixed assets	2,409	1,529	21
Reversal of reserve for contingent liabilities	—	0	—
Subtotal	2,409	1,529	21
Extraordinary losses			
Losses on disposals of fixed assets	1,547	1,791	13
Impairment losses (Note 13)	1,204	755	10
Provision for reserve for contingent liabilities	0	—	0
Provision for reserve for price fluctuation	131,380	107,048	1,183
Losses on reduction entry of real estate	1,931	—	17
Contributions for promotion of social welfare project	565	553	5
Subtotal	136,629	110,148	1,231
Surplus before income taxes	239,302	259,741	2,156
Income taxes (Note 21)			
Current	52,912	52,255	476
Deferred	(36,140)	(32,701)	(325)
Total income taxes	16,771	19,553	151
Net surplus	¥ 222,530	¥ 240,187	\$ 2,004

Non-consolidated Statements of Changes in Net Assets

Meiji Yasuda Life Insurance Company

Year ended March 31, 2018

(Millions of Yen)

	Funds, reserves and surplus													Unrealized gains (losses), revaluation reserve and adjustments					Total net assets
	Surplus													Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments		
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus					
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

Year ended March 31, 2019

(Millions of Yen)

	Funds, reserves and surplus													Unrealized gains (losses), revaluation reserve and adjustments					Total net assets
	Surplus													Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments		
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus					
Beginning 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
Changes in the fiscal year																			
Issuance of foundation funds	50,000													50,000					50,000
Additions to policyholders' dividend reserves (Note 16)												(185,731)	(185,731)	(185,731)					(185,731)
Additions to reserve for future losses				561								(561)							
Additions to reserve for redemption of foundation funds		50,000												50,000					50,000
Payment of interest on foundation funds												(1,171)	(1,171)	(1,171)					(1,171)
Net surplus												222,530	222,530	222,530					222,530
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					(500,000)								(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							(565)					565							
Additions to reserve for reduction entry of real estate									105			(105)							
Reversal of reserve for reduction entry of real estate									(544)			544							
Reversal of land revaluation differences												290	290	290					290
Net changes, excluding funds, reserves and surplus															(113,850)	5,372	(290)	(108,768)	(108,768)
Net changes in the fiscal year	—	50,000	—	561	2,000	—	(11)	—	(439)	—	—	(16,190)	(14,081)	35,918	(113,850)	5,372	(290)	(108,768)	(72,850)
Ending balance	¥260,000	¥670,000	¥452	¥11,463	¥98,000	¥29,764	¥35	¥100,000	¥26,940	¥2,000	¥85	¥223,386	¥491,675	¥1,422,128	¥2,450,220	¥41,253	¥117,898	¥2,609,372	¥4,031,501

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

Meiji Yasuda Life Insurance Company

Year ended March 31, 2019

(Millions of U.S. Dollars)

	Funds, reserves and surplus												Unrealized gains (losses), revaluation reserve and adjustments					Total net assets	
	Surplus											Total funds, reserves and surplus	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments			
	Other surplus																		
	Foundation funds (Note 22)	Reserve for redemption of foundation funds (Note 22)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves						Unappropriated surplus		Total surplus
Beginning balance	\$2,342	\$5,586	\$ 4	\$ 98	\$864	\$268	\$0	\$900	\$246	\$18	\$ 0	\$2,158	\$4,556	\$12,489	\$23,101	\$323	\$1,064	\$24,489	\$36,979
Changes in the fiscal year																			
Issuance of foundation funds	450													450					450
Additions to policyholders' dividend reserves (Note 16)												(1,673)	(1,673)	(1,673)					(1,673)
Additions to reserve for future losses				5									(5)						
Additions to reserve for redemption of foundation funds		450												450					450
Payment of interest on foundation funds												(10)	(10)	(10)					(10)
Net surplus												2,004	2,004	2,004					2,004
Redemption of foundation funds	(450)													(450)					(450)
Additions to reserve for fund redemption					468									(468)					
Reversal of reserve for fund redemption					(450)									(450)					(450)
Additions to reserve for promotion of social welfare project							4							(4)					
Reversal of reserve for promotion of social welfare project							(5)							5					
Additions to reserve for reduction entry of real estate								0						(0)					
Reversal of reserve for reduction entry of real estate								(4)						4					
Reversal of land revaluation differences												2	2	2					2
Net changes, excluding funds, reserves and surplus															(1,025)	48	(2)	(979)	(979)
Net changes in the fiscal year	—	450	—	5	18	—	(0)	—	(3)	—	—	(145)	(126)	323	(1,025)	48	(2)	(979)	(656)
Ending balance	\$2,342	\$6,036	\$ 4	\$103	\$882	\$268	\$0	\$900	\$242	\$18	\$ 0	\$2,012	\$4,429	\$12,813	\$22,076	\$371	\$1,062	\$23,509	\$36,323

Non-consolidated Proposed Appropriation of Surplus

Meiji Yasuda Life Insurance Company

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Unappropriated surplus	¥223,386	¥239,577	\$2,012
Reversal of voluntary surplus reserves:	544	544	4
Reversal of reserve for reduction entry of real estate	544	544	4
Total	223,931	240,122	2,017
Appropriation of surplus	223,931	240,122	2,017
Provision for policyholders' dividend reserves	169,630	185,731	1,528
Net surplus	54,300	54,390	489
Reserve for future losses	512	561	4
Interest on foundation funds	918	1,171	8
Voluntary surplus reserves:	52,870	52,658	476
Reserve for fund redemption	52,000	52,000	468
Reserve for promotion of social welfare project	564	553	5
Reserve for reduction entry of real estate	306	105	2

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, 2019, which was ¥110.99 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 Industry Audit Committee Report No.21, “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 Industry Audit Committee Report No.21, “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, from the year ended March 31, 2010, based on the Industry Audit Committee Report No. 26, “Accounting and Auditing Treatments related to Application of Accounting Standard for Financial Instruments in the Insurance Industry,” (JICPA, issued on September 3, 2002).
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) 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) 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

(7) 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).

(8) 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, 2018 and 2019 amounted to ¥370 million and ¥93 million (U.S. \$0 million), respectively.

(9) 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 which are additionally set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act" include the following:

-the policy reserves for 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. 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 set aside in the year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995; and

-the policy reserves set aside in the year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

(10) 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, 2018 and 2019, respectively.

(11) Reserve for price fluctuation

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

(12) 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.

(13) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(14) 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".

(15) 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 risk management verification committee 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 value of financial instruments

The amounts of the principal financial assets and liabilities reported in the non-consolidated balance sheets at the end of the fiscal year, and

fair values and the differences between them, were as follows:

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,147,715	¥ 1,147,715	¥ —	¥ 507,469	¥ 507,469	¥ —	\$ 10,340	\$ 10,340	\$ —
Available-for-sale securities (CDs)	33,998	33,998	—	35,999	35,999	—	306	306	—
Monetary claims bought	212,307	225,616	13,309	214,730	225,501	10,770	1,912	2,032	119
Held-to-maturity debt securities	197,980	211,289	13,309	197,914	208,685	10,770	1,783	1,903	119
Available-for-sale securities	14,327	14,327	—	16,816	16,816	—	129	129	—
Money held in trust	16,669	16,669	—	10,076	10,076	—	150	150	—
Available-for-sale securities	16,669	16,669	—	10,076	10,076	—	150	150	—
Securities	31,003,951	33,480,771	2,476,819	30,490,448	32,710,178	2,219,729	279,340	301,655	22,315
Trading securities	775,564	775,564	—	785,232	785,232	—	6,987	6,987	—
Held-to-maturity debt securities	4,138,098	4,959,211	821,112	4,342,387	5,140,154	797,766	37,283	44,681	7,398
Policy-reserve-matching bonds	8,057,811	9,713,518	1,655,706	7,549,821	8,971,785	1,421,963	72,599	87,517	14,917
Available-for-sale securities	18,032,477	18,032,477	—	17,813,006	17,813,006	—	162,469	162,469	—
Loans	4,223,805	4,498,906	275,100	4,507,370	4,785,620	278,250	38,055	40,534	2,478
Policy loans	239,335	239,335	—	249,260	249,260	—	2,156	2,156	—
Industrial and consumer loans	3,984,470	4,259,571	275,100	4,258,109	4,536,360	278,250	35,899	38,377	2,478
Allowance for possible loan losses ⁽¹⁾	(4,033)	—	—	(3,739)	—	—	(36)	—	—
	4,219,772	4,498,906	279,133	4,503,630	4,785,620	281,990	38,019	40,534	2,514
Bonds payable	560,735	587,971	27,236	453,310	483,415	30,105	5,052	5,297	245
Payables under repurchase agreements	58,266	58,266	—	5,358	5,358	—	524	524	—
Payables under securities borrowing transactions	552,716	552,716	—	382,564	382,564	—	4,979	4,979	—
Derivative financial instruments ⁽²⁾	46,079	46,079	—	126,833	126,833	—	415	415	—
Hedge accounting is not applied	(2,585)	(2,585)	—	(2,760)	(2,760)	—	(23)	(23)	—
Hedge accounting is applied	48,664	48,664	—	129,593	129,593	—	438	438	—

⁽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, 2018 and 2019 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Unlisted stocks and others	¥1,178,229	¥1,291,512	\$10,615
Equity securities issued by subsidiaries and affiliates	881,663	875,118	7,943

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥221 million and ¥0 million (U.S. \$0 million) for the years ended March 31, 2018 and 2019, 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 stated at a price 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 a price based on data provided by pricing vendors at the balance sheet date.

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 ¥(4,583) million and ¥10,376 million (U.S. \$93 million) for the years ended March 31, 2018 and 2019, respectively.

Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2018 and 2019, 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.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	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	¥3,563,208	¥4,297,660	¥734,452	¥3,701,807	¥4,417,009	¥715,202	\$32,103	\$38,721	\$6,617
2) Corporate bonds	467,140	547,364	80,224	518,348	594,193	75,845	4,208	4,931	722
3) Others	297,929	317,752	19,822	262,797	280,945	18,147	2,684	2,862	178
Total	4,328,278	5,162,778	834,499	4,482,952	5,292,148	809,196	38,997	46,515	7,518
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	2,800	2,798	(1)	2,800	2,786	(13)	25	25	(0)
3) Others	5,000	4,924	(75)	54,549	53,903	(645)	45	44	(0)
Total	7,800	7,723	(76)	57,349	56,690	(658)	70	69	(0)

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

Disposition of policy-reserve-matching bonds amounted to ¥889 million and ¥50,733 million (U.S. \$457 million) resulting in total gains on sales of ¥0 million and ¥800 million (U.S. \$7 million) for the year ended March 31, 2018 and 2019, respectively. Total loss on sales was ¥27 million for the year ended March 31, 2018. There was no total loss on sales for the year ended March 31, 2019.

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.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	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	¥7,492,896	¥9,127,506	¥1,634,610	¥7,356,786	¥8,778,393	¥1,421,607	\$67,509	\$82,237	\$14,727
2) Corporate bonds	30,344	34,303	3,959	37,665	41,118	3,452	273	309	35
3) Others	493,842	511,581	17,739	33,070	33,376	305	4,449	4,609	159
Total	8,017,082	9,673,392	1,656,309	7,427,523	8,852,888	1,425,365	72,232	87,155	14,923
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	—	—	—	—	—	—	—	—	—
3) Others	40,728	40,125	(603)	122,298	118,896	(3,401)	366	361	(5)
Total	40,728	40,125	(603)	122,298	118,896	(3,401)	366	361	(5)

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥872,181 million and ¥891,891 million (U.S. \$8,035 million) resulting in total gains on sales of ¥25,175 million and ¥14,962 million (U.S. \$134 million) and total losses of ¥38,018 million and ¥37,527 million (U.S. \$338 million) for the years ended March 31, 2018 and 2019, respectively. With

regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the non-consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31,	Millions of Yen						Millions of U.S. Dollars		
	2019			2018			2019		
	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	¥ 1,478,135	¥ 3,835,843	¥2,357,708	¥ 1,548,692	¥ 4,227,017	¥2,678,324	\$ 13,317	\$ 34,560	\$21,242
(2) Bonds	4,839,378	5,276,532	437,153	4,762,611	5,195,056	432,444	43,601	47,540	3,938
1) National & local government bonds	3,167,226	3,512,009	344,783	3,349,267	3,699,049	349,781	28,536	31,642	3,106
2) Corporate bonds	1,672,152	1,764,522	92,370	1,413,343	1,496,006	82,662	15,065	15,898	832
(3) Others	5,759,780	6,451,371	691,590	3,776,433	4,395,059	618,626	51,894	58,125	6,231
Total	12,077,294	15,563,746	3,486,452	10,087,737	13,817,132	3,729,394	108,814	140,226	31,412
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	196,093	173,524	(22,569)	123,241	112,743	(10,498)	1,766	1,563	(203)
(2) Bonds	49,321	49,065	(255)	212,170	205,822	(6,347)	444	442	(2)
1) National & local government bonds	—	—	—	3,972	3,965	(6)	—	—	—
2) Corporate bonds	49,321	49,065	(255)	208,198	201,857	(6,341)	444	442	(2)
(3) Others	2,374,142	2,311,136	(63,005)	3,894,555	3,740,200	(154,354)	21,390	20,822	(567)
Total	2,619,557	2,533,726	(85,830)	4,229,967	4,058,766	(171,200)	23,601	22,828	(773)

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

"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 ¥1,181 million and ¥11,361 million (U.S. \$102 million) for the years ended March 31, 2018 and 2019, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31,	Millions of Yen					
	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
Deposits	¥ 507,276	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	214,730
Loans*	576,053	603,987	658,298	510,759	760,783	1,147,968
Securities	811,026	1,629,985	2,748,904	1,520,306	2,582,464	14,722,987
Held-to-maturity debt securities	165,898	351,442	367,191	408,363	807,085	2,239,605
Policy-reserve-matching bonds	—	45,771	225,172	56,556	297,165	6,925,156
Available-for-sale securities with maturities	645,128	1,232,771	2,156,541	1,055,386	1,478,212	5,558,225
Total	1,894,357	2,233,973	3,407,202	2,031,066	3,343,247	16,085,687

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	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	¥1,147,565	¥ —	¥ —	¥ —	¥ —	¥ —	\$10,339	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	212,307	—	—	—	—	—	1,912
Loans*	443,009	604,622	648,901	574,134	710,617	1,002,811	3,991	5,447	5,846	5,172	6,402	9,035
Securities	677,302	2,389,931	2,092,797	1,118,538	3,442,754	14,853,441	6,102	21,532	18,855	10,077	31,018	133,826
Held-to-maturity debt securities	166,788	369,907	395,511	548,735	515,916	2,138,438	1,502	3,332	3,563	4,944	4,648	19,266
Policy-reserve-matching bonds	—	68,957	190,309	72,345	838,067	6,888,130	—	621	1,714	651	7,550	62,060
Available-for-sale securities with maturities	510,513	1,951,066	1,506,976	497,457	2,088,770	5,826,872	4,599	17,578	13,577	4,481	18,819	52,499
Total	2,267,877	2,994,553	2,741,699	1,692,673	4,153,371	16,068,560	20,433	26,980	24,702	15,250	37,421	144,774

* Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥259 million and ¥374 million (U.S. \$3 million) as of March 31, 2018 and 2019, 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					
	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
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥453,310
Payables under repurchase agreements	5,358	—	—	—	—	—
Payable under securities borrowing transactions	382,564	—	—	—	—	—
Total	610,983	—	—	—	—	453,310

As of March 31,	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	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	¥ —	¥ —	¥ —	¥ —	¥ —	¥560,735	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,052
Payables under repurchase agreements	58,266	—	—	—	—	—	524	—	—	—	—	—
Payable under securities borrowing transactions	552,716	—	—	—	—	—	4,979	—	—	—	—	—
Total	610,983	—	—	—	—	560,735	5,504	—	—	—	—	5,052

e. Fair value of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	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
Total				4

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥700	¥700	¥4	¥4	\$6	\$6	\$0	\$0
Total				4				0

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

ii) Currency-related

As of March 31,	Millions of Yen			
	2018			
	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
(U.S. dollar)	62,385	—	—	1,661
(Euro)	13,904	—	—	37
(Australian dollar)	11,454	—	—	68
(British pound)	127	—	—	0
(Others)	422	—	—	0
Bought	19,226	—	—	61
(U.S. dollar)	9,566	—	—	64
(Euro)	6,914	—	—	(0)
(Australian dollar)	2,302	—	—	(0)
(Others)	442	—	—	(1)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	—	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	—	—	—	—
Cross currency swaps				
Yen payments / Australian dollar receipts	88,870	88,870	(4,389)	(4,389)
Yen payments / U.S. dollar receipts	—	—	—	—
Total				(2,558)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	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	¥ 194,632	¥ —	¥ 199	¥ 199	\$1,753	\$ —	\$ 1	\$ 1
(U.S. dollar)	160,265	—	(23)	(23)	1,443	—	(0)	(0)
(Euro)	14,252	—	122	122	128	—	1	1
(Australian dollar)	20,073	—	100	100	180	—	0	0
(British pound)	40	—	0	0	0	—	0	0
(Others)	1	—	(0)	(0)	0	—	(0)	(0)
Bought	11,875	—	(24)	(24)	106	—	(0)	(0)
(U.S. dollar)	6,577	—	3	3	59	—	0	0
(Euro)	3,864	—	(28)	(28)	34	—	(0)	(0)
(Australian dollar)	1,378	—	1	1	12	—	0	0
(Others)	55	—	(0)	(0)	0	—	(0)	(0)
Currency options								
Sold								
Call	198,628	—			1,789	—		
[U.S. dollar]	[476]		1	474	[4]		0	4
Bought	198,628	—			1,789	—		
[U.S. dollar]	[476]		1	474	[4]		0	4
Put	178,500	—			1,608	—		
[U.S. dollar]	[476]		32	(443)	[4]		0	(3)
Bought	178,500	—			1,608	—		
[U.S. dollar]	[476]		32	(443)	[4]		0	(3)
Cross currency swaps								
Yen payments / Australian dollar receipts	154,546	154,546	(3,143)	(3,143)	1,392	1,392	(28)	(28)
Yen payments / U.S. dollar receipts	11,740	11,740	300	300	105	105	2	2
Total				(2,637)				(23)

Notes: 1. Net gains (losses) on foreign currency forward contracts and cross currency swaps 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			
	2018			
	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
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	2,820	—	(93)	(93)
Total				(53)

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019		2019		2019		2019	
	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	¥2,672	¥—	¥(18)	¥(18)	\$24	\$—	\$(0)	\$(0)
Bought	4,154	—	0	0	37	—	0	0
Foreign currency-denominated stock index futures								
Sold	327	—	(9)	(9)	2	—	(0)	(0)
Bought	5,444	—	72	72	49	—	0	0
Total				45				0

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

iv) Bond-related

No ending balance as of March 31, 2018.

As of March 31,	Millions of Yen				Millions of U.S. Dollars			
	2019		2019		2019		2019	
	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								
Foreign currency-denominated bond index futures								
Bought	¥123	¥—	¥2	¥2	\$1	\$—	\$0	\$0
Total				2				0

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

Hedge accounting applied

i) Interest-rate related

As of March 31,	Millions of Yen			
	2018		2018	
	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	¥231,400	¥231,400	¥51,256
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	8,562	3,562	197
Total				51,453

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
	2019		2019		2019		2019
	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	¥230,700	¥230,700	¥57,446	\$2,078	\$2,078	\$517
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,369	3,324	185	30	29	1
Total				57,632			519

ii) Currency-related

As of March 31,	Millions of Yen			
		2018		
	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	¥3,376,632	¥ —	¥79,785
(U.S. dollar)		3,058,604	—	76,837
(Euro)		183,159	—	319
(Australian dollar)		134,867	—	2,628
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency- denominated bonds	35,575	35,575	(1,641)
(Australian dollar)		4,305	4,305	192
Total				78,337

As of March 31,	Millions of Yen				Millions of U.S. Dollars		
		2019			2019		
	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	¥3,887,217	¥ —	¥ (8,600)	\$35,023	\$ —	\$(77)
(U.S. dollar)		3,529,862	—	(10,393)	31,803	—	(93)
(Euro)		199,793	—	700	1,800	—	6
(Australian dollar)		142,408	—	980	1,283	—	8
(Others)		15,152	—	112	136	—	1
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency- denominated bonds	35,575	35,575	(381)	320	320	(3)
(Australian dollar)		4,305	4,305	199	38	38	1
Total				(8,782)			(79)

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, 2018 and 2019.

iv) Bond-related

No ending balance as of March 31, 2018 and 2019.

4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,169,636 million and ¥2,322,166 million (U.S. \$20,922 million) as of March 31, 2018 and 2019, respectively.

5. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥5,441 million and ¥58,278 (U.S. \$525 million) as of March 31, 2018 and 2019, respectively.

6. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,922 million and ¥3,187 million (U.S. \$28 million) as of March 31, 2018 and 2019, respectively.

7. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥875,409 million and ¥881,663 million (U.S. \$7,943 million) as of March 31, 2018 and 2019, 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 ¥18,780 million and ¥18,955 million (U.S. \$170 million) as of March 31, 2018 and 2019, respectively.

There were no loans to bankrupt borrowers as of March 31, 2018 and 2019, respectively. The aggregate amounts of loans in arrears were ¥3,533 million and ¥3,943 million (U.S. \$35 million) as of March 31, 2018 and 2019, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2018 and 2019 were ¥368 million and ¥91 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥2 million and ¥1 million (U.S. \$0 million), respectively, for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest

resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, "non-accrual loans") and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

There were no loans in arrears for three months or longer as of March 31, 2018 and 2019, 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 ¥15,246 million and ¥15,012 million (U.S. \$135 million) as of March 31, 2018 and 2019, 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 ¥52,315 million and ¥65,181 million (U.S. \$587 million) as of March 31, 2018 and 2019, respectively.

10. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥571,662 million and ¥568,568 million (U.S. \$5,122 million), and their fair values were ¥712,503 million and ¥759,655 million (U.S. \$6,844 million) as of March 31, 2018 and 2019, 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 ¥419,972 million and ¥436,021 million (U.S. \$3,928 million) as of March 31, 2018 and 2019, 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, 2018 and 2019, 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, 2018

Asset group	Number of properties impaired	Millions of Yen		
		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, 2019

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥ —	¥231	¥ 231
Idle assets	6	692	280	972
Total	7	692	511	1,204

For the year ended March 31, 2019

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$—	\$2	\$ 2
Idle assets	6	2	8
Total	6	4	10

(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 1.92% and 1.90% for the years ended March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

Years ended March 31,	2019	2018
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, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2019	2018	2019
Balance at the beginning of the fiscal year	¥281,135	¥291,451	\$2,532
Service costs	10,148	10,524	91
Interest cost on retirement benefit obligations	2,530	2,623	22
Actuarial losses (gains) recognized	2,552	436	22
Benefits paid	(22,920)	(23,901)	(206)
Balance at the end of the fiscal year	273,446	281,135	2,463

c. Changes in the plan assets for the years ended March 31, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2019	2018	2019
Balance at the beginning of the fiscal year	¥394,232	¥383,905	\$3,551
Expected return on plan assets	3,487	3,368	31
Actuarial gains (losses) recognized	(31,217)	6,515	(281)
Contributions by employer	3,588	9,550	32
Benefits paid	(9,367)	(9,106)	(84)
Balance at the end of the fiscal year	360,723	394,232	3,250

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the pre-paid pension cost recognized in the non-consolidated balance sheets as of March 31, 2018 and 2019 were determined as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31,	2019	2018	2019
Present value of funded retirement benefit obligations	¥272,480	¥280,144	\$2,454
Plan assets at fair value	(360,723)	(394,232)	(3,250)
Net present value of funded retirement benefit obligations	(88,243)	(114,088)	(795)
Present value of non-funded retirement benefit obligations	965	991	8
Unrecognized actuarial losses (gains)	(2,214)	32,194	(19)
Unrecognized past service costs	2,588	3,455	23
Accrued retirement benefits (Prepaid pension cost)	(86,903)	(77,447)	(782)

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2018 and 2019 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31,	2019	2018	2019
Service costs	¥10,148	¥10,524	\$91
Interest cost on retirement benefit obligations	2,530	2,623	22
Expected return on plan assets	(3,487)	(3,368)	(31)
Amortization of net actuarial losses (gains)	(639)	8,828	(5)
Amortization of net past service costs	(866)	(866)	(7)
Retirement benefit expenses	7,685	17,741	69

f. Plan assets

Plan assets as of March 31, 2018 and 2019 were comprised as follows:

	% of total fair value of plan assets	
As of March 31,	2019	2018
Debt securities	7.7%	7.2%
Stocks	37.5%	43.0%
General account of life insurance companies	27.8%	26.0%
Jointly invested assets	19.3%	18.2%
Investment trusts	3.6%	3.4%
Cash and deposits	0.9%	0.7%
Others	3.2%	1.5%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 55.8% and 52.9% of total plan assets as of March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

Years ended March 31,	2019	2018
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 ¥1,051 million and ¥1,018 million (U.S. \$9 million) for the years ended March 31, 2018 and 2019, respectively.

15. Reinsurance

As of March 31, 2018 and 2019, 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 ¥55 million and ¥318 million (U.S. \$2 million), respectively.

As of March 31, 2018 and 2019, 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 ¥23,236 million and ¥28,250 million (U.S. \$254 million), respectively.

16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Balance at the beginning of the fiscal year	¥233,768	¥236,959	\$2,106
Transfer from surplus in the previous fiscal year	185,731	169,815	1,673
Dividend payments to policyholders during the fiscal year	(176,676)	(173,157)	(1,591)
Interest accrued during the fiscal year	134	151	1
Balance at the end of the fiscal year	242,957	233,768	2,188

17. Subordinated Bonds

As of March 31, 2018 and 2019, 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 the 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:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Deferred tax assets	¥730,103	¥686,215	\$6,578
Valuation allowance for deferred tax assets	4,139	(3,823)	37
Subtotal	734,242	682,392	6,615
Deferred tax liabilities	(965,260)	(999,778)	(8,696)
Net deferred tax assets (liabilities)	(231,018)	(317,386)	(2,081)

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

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Deferred tax assets			
Policy reserves and other reserves	¥413,482	¥410,353	\$3,725
Reserve for price fluctuation	228,146	191,412	2,055
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	916,612	954,762	8,258

(2) The statutory tax rates were 28.20% and 27.96% for the years ended March 31, 2018 and 2019, 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,	2019	2018
Policyholders' dividend reserves	(19.10)%	(18.78)%

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 ¥50,000 million and ¥50,000 million (U.S. \$450 million) pursuant to Article 60 of the "Insurance Business Act" in the year ended March 31, 2018 and 2019, 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 ¥100,000 million and ¥50,000 million (U.S. \$450 million) as of March 31, 2018 and 2019, 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 ¥2,718,594 million and ¥2,609,825 million (U.S. \$23,514 million) as of March 31, 2018 and 2019, 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 ¥876,492 million and ¥825,371 million (U.S. \$7,436 million) as of March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

As of March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Monetary receivable	¥2,530	¥2,695	\$22
Monetary payable	4,460	3,679	40

24. Investment Income and Expenses

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic bonds including national government bonds	¥ 1,705	¥ 495	\$15
Domestic stocks	3,287	2,427	29
Foreign securities	10,769	22,253	97

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic bonds including national government bonds	¥ 78	¥ 220	\$ 0
Domestic stocks	488	15	4
Foreign securities	36,960	37,809	333

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

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Domestic stocks	¥11,361	¥1,393	\$102
Foreign securities	6,142	6,931	55

Loss on derivative financial instruments included net valuation loss of ¥99,914 million for the years ended March 31, 2018 and net valuation gain of ¥23,151 million (U.S. \$208 million) for the years ended March 31, 2019.

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, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 262	¥ 45	\$ 2
Provision for (reversal of) reinsurance recoverable on policy reserves	5,014	1,920	45

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 ¥48,499 million and ¥47,718 million (U.S. \$429 million) as of March 31, 2018 and 2019, 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, 2018 and 2019 were as follows:

Years ended March 31,	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Total income	¥18,957	¥17,314	\$170
Total expenses	38,849	35,174	350

28. 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.

29. Subsequent Events

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2019 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2019.

Offering of foundation funds

During the annual meeting of representatives of policyholders held on July 2, 2019, 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, 2020.

Redemption of foundation funds

The Company redeemed foundation funds on August 2, 2019 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥60,000 million.



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, 2018 and 2019, and the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material 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, 2018 and 2019, 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, 2019 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 5, 2019
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.