Overview of Business Activities and Financial Results

Status of Our Group Performance

Group performance refers to consolidated performance comprising the business results of Meiji Yasuda and its subsidiaries, including StanCorp Financial Group.

In the fiscal year ended March 31, 2021, the base profit of the Group remained at a robust level (see below). This accomplishment is surpassed only by our annual operating results in the three preceding years in which we achieved three consecutive record highs in the base profit of the Group.

Going forward, we will promote the domestic life insurance business, overseas insurance business and other businesses to enhance customer interest and continuously deliver unwavering peace of mind to customers.

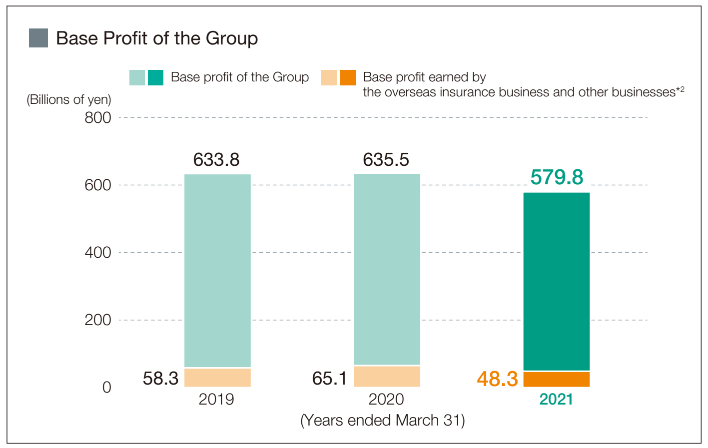
Base Profit of the Group*1

¥579.8 billion

In the fiscal year ended March 31, 2021, the base profit of the Group stood at ¥579.8 billion, suggesting a constantly high level of profitability.

(Billions of yen)

Years ended March 31,	2019	2020	2021
Base profit of the Group	633.8	635.5	579.8
Contribution by StanCorp	42.5	49.3	34.0

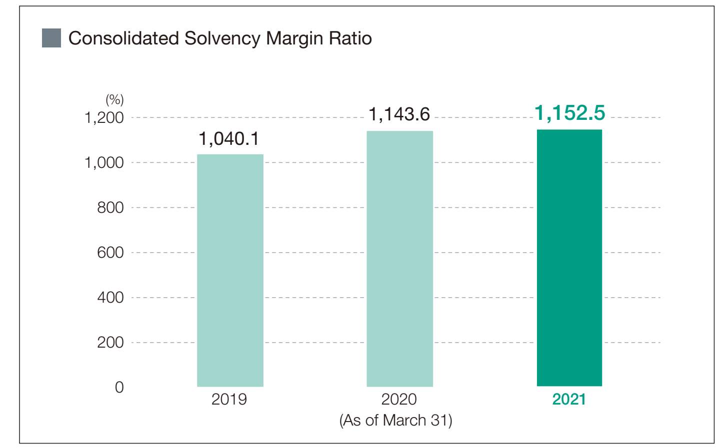


Consolidated Solvency Margin Ratio

1,152.5%

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

Our consolidated solvency margin ratio stood at 1,152.5%, maintaining the indicator at a high level.



Insurance Premiums of the Group*3

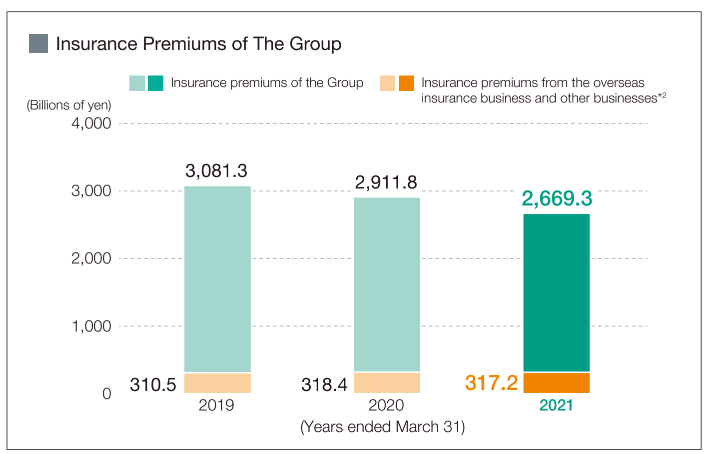
¥2,669.3 billion

Insurance premiums of the Group totaled ¥2,669.3 billion, a decrease of 8.3% year on year.

This was attributable to a decline in revenues of Meiji Yasuda on a non-consolidated basis.

(Billions of yen)

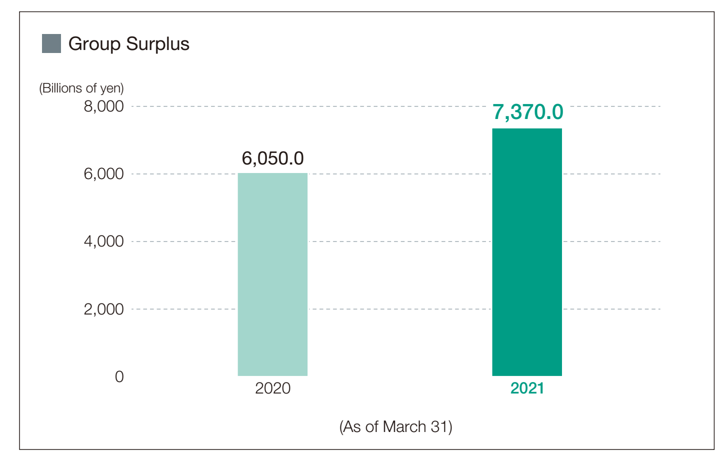
Years ended March 31,	2019	2020	2021
Insurance premiums of the Group	3,081.3	2,911.8	2,669.3
Contribution by StanCorp	286.7	294.4	295.6



Group Surplus*4

¥7,370.0 billion

Group surplus, an indicator for our corporate value, rose to ¥7,370.0 billion, up 21.8% from the end of the previous fiscal year.



*1 Calculated by adding the base profit of the Company to income before income taxes, which excludes capital gains and losses, recorded by its consolidated subsidiaries or subsidiary corporations etc. and equity method affiliates and adjusted based on the ratio of equity stakes held by the Company in these entities. Some intragroup transactions are offset in the course of calculating base profit.

*2 Sum of operations other than the domestic life insurance business.

*3 Insurance premiums and other as presented in the consolidated statement of income.

*4 Meiji Yasuda had previously disclosed European Embedded Value (EEV) to show its corporate value, a practice that began with the announcement of operating results for the fiscal year ended March 31, 2011. The Company has decided to replace EEV with a new indicator. Group surplus has been adopted and disclosed from the announcement of operating results for the fiscal year ended March 31, 2021. Group surplus has similarities with EEV in terms of being an economic value-based indicator for showing corporate value, but the two indicators also differ in some aspects, such as the discount rate to evaluate insurance liabilities.

Overview of Operating Results for the Fiscal Year Ended March 31, 2021

Business Environment

At the beginning of the fiscal year ended March 31, 2021, the Japanese economy underwent a significant plunge as the outbreak of COVID-19 prompted the national government to issue a state of emergency declaration and enforce restrictions on economic activities. Since then, the gradual resumption of economic activities led to a recovery in personal consumption from summer 2020 onward, while the release of economic stimulus packages exerted a positive effect. Moreover, exports to China and other countries abroad remained firm, returning the economy to a recovery track. However, the resurgence of COVID-19 in December 2020 led the economy to again stagnate. Against this backdrop, Meiji Yasuda voluntarily refrained from face-to-face sales activities and customer visits during periods when a state of emergency was declared. The Company also faced considerable restrictions imposed on its business activities including, for example, the need to continue operations via work-from-home platforms.

Main Indicators

In the fiscal year ended March 31, 2021, ordinary income decreased from the previous fiscal year to ¥3,611.7 billion, reflecting a decrease in insurance premiums due mainly to the lower sales volume of single premium foreign currency-denominated products and a decrease in group pensions on the back of the prolonged ultra-low interest rate environment. Ordinary profit similarly decreased year on year to ¥231.8 billion. Net surplus stood at ¥198.5 billion.

The Company's base profit fell from the previous fiscal year to ¥550.2 billion due mainly to decreases in interest on foreign bonds and dividends on domestic and foreign stocks.

Main Initiatives during the Fiscal Year Ended March 31, 2021

Agency and Other Distribution Channels

In the agency and other distribution channels, we informed our customers of such special treatments as the extension of insurance premium grace periods for those facing difficulties in the payment of insurance premiums due to fallout from the COVID-19 pandemic. We also promoted "Delivering Peace of Mind Activities" to provide customers with consulting services on the content of coverage and insurance premiums that align with their individual conditions. In these ways, we strove to thoroughly accommodate customer needs via after-sales services.

We allowed face-to-face sales activities only if our agents received prior consent from the customers involved. Moreover, we pushed ahead with the utilization of no-physical-contact customer communication methods, such as messaging functions afforded via LINE installed in company-furnished smartphones ("MY phones"). As a result, the number of customer contacts secured via face-to-face meetings during the period following the lifting of the state of emergency declaration in May 2020 remained virtually unchanged from the same period of the previous fiscal year. In addition, the annual number of customer contacts secured via no-physical-contact methods increased about threefold from the previous fiscal year.

In July 2020, we introduced online customer interview systems at our *Hoken Shops*, our physical outlets, enabling customers to receive web-based product proposals and other consulting services supported by teleconferencing and screen sharing functions. From April 2021 onward, similar systems have been used at our regional offices and agency offices nationwide.

As a result of these initiatives, the number of customer contacts was well in excess of our management target. Furthermore, the total persistency rate grew from the previous fiscal year to 95.3% (up 0.8 points) and 88.8% (up 0.1 points) for the 13th month and 25th month, respectively. In addition, based on results of customer satisfaction surveys, customer satisfaction with MY life plan advisors rose to 67.8% (up 7.7 points), while customer satisfaction with our products, including satisfaction with product explanations offered by sales personnel, rose to 64.8% (up 2.1 points), with the both hitting record highs.

In the general agent marketing channel, we provided each agency with the web-based video-streaming educational materials designed to help their staff enhance their product proposal capabilities to meet customer needs and otherwise offered them useful information via web-conferencing systems. Taking full advantage of no-physical-contact communication methods as well, we have thus assisted agencies with their staff education.

Group Insurance Marketing

In the group insurance marketing channel, we strove to maintain relationships with our customers amid the COVID-19 pandemic and, to this end, promoted "Delivering Peace of Mind Activities for Corporate Policyholders." For example, we thoroughly supported corporate and group customers in confirming the content of their policies while offering proposals regarding the revision of employee benefit programs and the facilitation of such programs based on the broad assessment of changes in insurance needs due to the COVID-19 pandemic and other factors. Targeting existing group insurance members, we also distributed a booklet describing group insurance mechanisms as part of our activities to help renew their recognition of the value offered by group insurance.

In light of the diversification of work styles at corporate and group customers, we encouraged these customers to introduce and utilize "*Min-na-no* MY Portal," a web-based service dedicated to their employees. This service enables these individuals to apply for new enrollment in group insurance and otherwise carry out hassle-free procedures via smartphones. As of March 31, 2021, the number of corporate and group customers utilizing this service totaled 837 groups, up 642 from the end of the previous fiscal year.

These and other initiatives enabled us to meet our management target for the number of customer contacts. Moreover, based on the results of group customer satisfaction surveys, total customer satisfaction ratings given by our corporate and group customers rose from the previous fiscal year to 82.1% (up 1.9 points).

Enhancing Administrative Service Quality

In the individual insurance field, we endeavored to meet growing customer needs for no-physical-contact services. First of all, we initiated the acceptance of postal mail- and phone-based applications for policy enrollment in some of our products in May 2020. We also began accepting web-based application for new enrollment via "MY *Hoken* Page," a website dedicated to customers, in April 2021. We have thus expanded the scope of no-physical-contact procedures.

As a result of our efforts to inform our customers of this website, which serves as a key platform for no-physical-contact procedures, the number of customers who subscribed for the "MY *Hoken* Page" reached approximately 1.86 million as of March 31, 2021.

In addition, we decided to exempt our customers from the filing of medical certificate for a growing scope of insurance incidents so that they can easily apply for the payment of benefits. This was just one example of our initiatives to enhance customer convenience in procedures associated with policy underwriting, policy maintenance and claim payment. Also, business process reengineering (BPR) is currently under way to thoroughly restructure headquarters operations to improve their efficiency.

Meanwhile, Meiji Yasuda has striven to reduce the workload of routine clerical operations at agency offices and other business bases. These efforts resulted in the creation of spare capacity of employees who have been charged with administrative procedures and services. The Company appointed approximately 2,000 "administrative service concierges" from among such employees, assigning them new tasks that involve face-to-face service activities in which they visit and support customers in a way that takes full advantage of their expertise in these operations.

In the field of group insurance, we promoted the use of such web-based platforms as "MY *Hojin* Portal" designed for individuals responsible for insurance policies at corporate and group customers. As of March 31, 2021, the number of corporate and group customers utilizing "MY *Hojin* Portal" rose 163 to 1,224 from the end of the previous fiscal year.

Furthermore, we initiated the development of new functions for "*Min-na-no* MY Portal," a web-based service for employees at corporate and group customers, with the aim of enabling web-based application for the payment of benefits. In these and other ways, we have endeavored to upgrade various administrative services based on opinions and requests from our customers.

Reflecting the success of our ongoing initiatives to enhance customer convenience, our surveys aimed at assessing customer satisfaction for group insurance administrative services revealed that total customer satisfaction grew to 73.3% (up 2.9 points) from the previous fiscal year. In May 2020, we have acquired business model patents for some functions of "*Min-na-no* MY Portal," including those enabling individuals responsible for insurance policies at corporate and group customers to confirm the enrollment status of employees.

Asset Management

As we aim to realize asset management that contributes to both financial soundness and profitability, we are striving to enhance our core asset management functions, rebuild our asset management platforms and strengthen asset management governance.

In the fiscal year ended March 31, 2021, we flexibly revised our asset management plans as the global and ongoing trend toward the low interest rate environment also made it difficult to predict stock and exchange market trends.

To enhance our core asset management functions, we expanded the scope of investment vehicles entrusted to external asset managers for investment in domestic and foreign bonds and stocks, while investing in an even broader range of foreign bonds. Through such initiatives, we continued to diversify and upgrade our asset management methodologies to secure robust investment income. In preparation for the introduction of economic value-based capital regulations in 2025, we strove to step up risk management. For example, we resumed comprehensive liability hedging that employs interest rate swaps, with the aim of reducing interest rate risks. In line with these initiatives, we invested in overseas credit assets when the credit spread expanded in overseas bond markets while increasing the proportion of ultra-long-term Japanese government bonds in our portfolio when the domestic interest rate rose.

As a responsible institutional investor, Meiji Yasuda is striving to carry out ESG investment and financing, push ahead with stewardship initiatives and otherwise promote responsible investment. In the fiscal year ended March 31, 2021, the Company announced its ESG Investment and Financing Policy that stipulates its fundamental concepts on investment in this field. In line with this policy, we extended approximately ¥150.0 billion in ESG investment and financing in addition to incorporating ESG perspectives into our investment and financing process. With regard to stewardship initiatives, we strove to engage in in-depth dialogue with investees to address sustainability (medium- to long-term sustainability including ESG elements). We have also expanded the scope of investees invited for dialogue, with the intent of reaching out to those we invested in via corporate bonds, in addition to maintaining engagement with stock investees.

To rebuild our asset management platforms, we endeavored to nurture specialist human resources while promoting initiatives to upgrade and diversify asset management methodologies via the use of AI and other cutting-edge technologies. We have also striven to enhance the efficiency of asset management-related administrative operations through digitalization.

To strengthen asset management governance, we carried out the review of credit asset screening policies and other related rules to strengthen our check-and-balance functions in asset management.

In response to fallout from the COVID-19 pandemic, we worked to accommodate requests from borrowers regarding the provision of fresh loans and changes in repayment conditions from the perspective of maintaining the functions of the financial system as well as financial and capital markets. For tenants of our real estate properties, we offered such special treatments as a grace period for rent payments.

Overseas Insurance Business

In the face of uncertain circumstances under the influence of the COVID-19 pandemic, we ensured the safety of employees while focusing on the financial soundness of the overseas Group companies, the steady execution of the payment of insurance claims and other core functions, as well as the promotion of no-physical-contact sales activities, in an effort to prevent a decline of business performance.

To ensure recovery and return to a growth track, we also encouraged the overseas Group companies to execute forward-looking investment including the update of sales and operating infrastructure. Moreover, we assisted their efforts to reinforce their operating bases by, for example, hosting the Best Practice Conference to share innovative achievements within the Group. With the aim of ensuring the sustainable development of our overseas insurance business, we continuously focus on the human resource development, emphasizing specialized skills and flexibility, as well as overseas market research employing our overseas resources.

ERM-Based Business Management and Risk Management

In line with our Risk Appetite Policy that stipulates the types and levels of risk the Company is willing to take, we formulate our business plan using an enterprise risk management (ERM) framework. Progress in and the effect of the business plan is being verified via the monitoring of corporate value (EEV) and the Economic Solvency Ratio (ESR). In the fiscal year ended March 31, 2021, we revised and put into practice our model for ESR measurement with the aim of further enhancing ERM-based management approach, taking into consideration the developments in discussions on economic value-based capital regulations to be introduced in 2025.

In the course of formulating the next Medium-Term Business Plan, we updated our Risk Appetite Policy to clarify that, with the aim of delivering a stable stream of policyholder dividends, we first focus on securing financial soundness and then engage in risk-taking for maintaining and enhancing our growth potential and profitability, to the extent that is consistent with the level of financial soundness. In terms of financial and capital policy, we have thus placed the utmost priority on securing financial soundness and are continuously striving for maintaining and improving our financial base.

In the risk management area, we promote integrated risk management targeting the entirety of our business operations. In the integrated risk management process, we first understand and recognize various risks arising from the execution of business operations, evaluate such risks quantitatively and qualitatively, and then carry out risk monitoring, risk control and other risk management processes. In addition, we have identified risks that could possibly exert a material impact on Meiji Yasuda's operations as key risks. Of these, we specified "decline in financial soundness due to rapid changes in the market environment" and "insufficiency of compliance with legal regulations associated with the solicitation of insurance" as top risks at the beginning of the fiscal year ended March 31, 2021.

In May 2020, we included "insufficiency of response to the fallout from the COVID-19 pandemic" in the list of top risks. This move was based on our awareness of the risk associated with the pandemic's impact on our business environment and operations, and the prolongation of such impact. We have updated our business plan to incorporate countermeasures to this risk factor, with efforts currently under way to introduce measures to prevent its materialization and, should it materialize, mitigate the impact.

As part of other key risks, we have also maintained our focus on preventing risks arising from "insufficiency of measures to strengthen cyber security." To this end, we have established and reinforced dedicated organizations tasked with handling matters related to cyber security while strengthening our technological measures. For example, the Computer Security Incident Response Team (CSIRT), an internal specialist team, is engaged in information gathering and other activities to counter security-related incidents in collaboration with external specialists and other partners.

External Ratings by Rating Agencies

Meiji Yasuda obtains external ratings to help stakeholders objectively evaluate its operating status, including financial soundness. These ratings are obtained from rating agencies and represent the Company's ability to pay insurance claims and insurance financial strength. (As of May 1, 2021)

AA−	AA−	A1	A+
Rating and Investment Information (R&I)	**Japan Credit Rating Agency (JCR)**	**Moody's**	**S&P**
Insurance claims paying ability	**The ability to pay insurance claims rating**	**Insurance financial strength rating**	**Insurer financial enhancement rating**
Very high claims paying ability supported by some excellent factors.	A very high level of certainty to honor the financial obligations.	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

Notes:
1. The ratings presented above were provided upon the request of Meiji Yasuda.
2. The abovementioned agencies are registered as credit rating agencies certified by Japan's Financial Services Agency.
3. Ratings with "+" or "-" represent the Company's standing relative to peers in the same category.
   As for a rating by Moody's, "1" suggests that the Company commands high ranking in the same category represented by the letter "A."
4. The ratings are presented with no intention of encouraging the enrollment, surrender or extension of individual insurance policies.
5. These ratings simply represent the agencies' evaluation as of the date stated above. Therefore, they could be changed, suspended or withdrawn in the future.