

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Consolidated Balance Sheets

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>ASSETS:</b>			
Cash and deposits (Notes 3, 4, and 7)	¥ 1,246,447	¥ 1,210,322	\$ 10,932
Call loans (Note 3)	90,000	90,000	812
Monetary claims bought (Note 4)	204,335	264,184	2,386
Money held in trust (Note 4)	15,166	170,522	1,540
Securities (Notes 4, 5, 6, 7, and 8)	34,023,049	37,097,578	335,087
Loans (Notes 4, 7, 9, and 10)	4,913,456	4,937,975	44,602
<b>Tangible fixed assets (Notes 11, 12, and 15)</b>			
Land	617,250	624,069	5,636
Buildings	274,919	273,028	2,466
Leased assets	469	315	2
Construction in progress	4,828	3,653	33
Other tangible fixed assets	7,737	7,304	65
<b>Subtotal</b>	<b>905,204</b>	<b>908,371</b>	<b>8,204</b>
<b>Intangible fixed assets</b>			
Software	69,106	63,918	577
Goodwill	123,595	109,536	989
Other intangible fixed assets	249,527	228,986	2,068
<b>Subtotal</b>	<b>442,229</b>	<b>402,441</b>	<b>3,635</b>
<b>Due from agents</b>	<b>1,612</b>	<b>1,560</b>	<b>14</b>
<b>Reinsurance receivables</b>	<b>161,038</b>	<b>152,211</b>	<b>1,374</b>
<b>Other assets</b>	<b>529,429</b>	<b>601,097</b>	<b>5,429</b>
<b>Net defined benefit assets (Note 16)</b>	<b>66,029</b>	<b>126,976</b>	<b>1,146</b>
<b>Deferred tax assets (Note 17)</b>	<b>2,762</b>	<b>2,180</b>	<b>19</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>19,888</b>	<b>19,215</b>	<b>173</b>
<b>Allowance for possible loan losses</b>	<b>(6,754)</b>	<b>(6,837)</b>	<b>(61)</b>
<b>Total assets</b>	<b>¥ 42,613,896</b>	<b>¥ 45,977,802</b>	<b>\$ 415,299</b>

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>LIABILITIES:</b>			
<b>Policy reserves and other reserves</b>			
Reserve for outstanding claims	¥ 723,195	¥ 708,582	\$ 6,400
Policy reserves	34,848,442	35,297,785	318,831
Policyholders' dividend reserves (Note 18)	245,988	260,030	2,348
<b>Subtotal</b>	<b>35,817,626</b>	<b>36,266,398</b>	<b>327,580</b>
Due to agents	3,707	3,628	32
Reinsurance payables	964	802	7
Bonds payable (Notes 4 and 19)	668,563	666,866	6,023
<b>Total Other liabilities</b>	<b>1,584,263</b>	<b>3,175,679</b>	<b>28,684</b>
Payables under securities borrowing transactions	1,133,523	2,514,959	22,716
Other liabilities	450,740	660,720	5,968
<b>Net defined benefit liabilities (Note 16)</b>	<b>8,229</b>	<b>8,317</b>	<b>75</b>
Reserve for contingent liabilities	1	-	-
Reserve for price fluctuation	833,615	851,195	7,688
Deferred tax liabilities (Note 17)	56,462	378,208	3,416
Deferred tax liabilities for land revaluation	79,210	79,003	713
Acceptances and guarantees	19,888	19,215	173
<b>Total liabilities</b>	<b>39,072,534</b>	<b>41,449,317</b>	<b>374,395</b>
<b>NET ASSETS:</b>			
Foundation funds (Note 21)	250,000	250,000	2,258
Reserve for redemption of foundation funds (Note 21)	730,000	730,000	6,593
Reserve for revaluation	452	452	4
Surplus	475,912	515,259	4,654
<b>Total funds, reserve and surplus</b>	<b>1,456,365</b>	<b>1,495,712</b>	<b>13,510</b>
Net unrealized gains on available-for-sale securities	1,993,002	2,959,118	26,728
Deferred unrealized gains on derivatives under hedge accounting	45,187	28,261	255
Land revaluation differences	118,421	118,183	1,067
Foreign currency translation adjustments	(49,497)	(89,185)	(805)
Remeasurements of defined benefit plans	(22,818)	15,714	141
<b>Total accumulated other comprehensive income</b>	<b>2,084,295</b>	<b>3,032,091</b>	<b>27,387</b>
Non-controlling interests	700	681	6
<b>Total net assets</b>	<b>3,541,362</b>	<b>4,528,485</b>	<b>40,904</b>
<b>Total liabilities and net assets</b>	<b>¥ 42,613,896</b>	<b>¥ 45,977,802</b>	<b>\$ 415,299</b>

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Income and**  
**Consolidated Statements of Comprehensive Income**  
**[Consolidated Statements of Income]**

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>ORDINARY INCOME:</b>			
Insurance premiums and other	¥ 2,911,826	¥ 2,669,358	\$ 24,111
<b>Investment income</b>			
Interest, dividends and other income	936,932	906,130	8,184
Gains on money held in trust	47	1,825	16
Gains on sales of securities	20,486	98,530	889
Gains on redemption of securities	90,742	133,300	1,204
Foreign exchange gains	-	44,445	401
Other investment income	2,895	3,197	28
Investment gains on separate accounts	-	75,981	686
<b>Subtotal</b>	<b>1,051,103</b>	<b>1,263,411</b>	<b>11,411</b>
<b>Other ordinary income</b>	<b>110,454</b>	<b>95,923</b>	<b>866</b>
<b>Total ordinary income</b>	<b>4,073,384</b>	<b>4,028,693</b>	<b>36,389</b>
<b>ORDINARY EXPENSES:</b>			
<b>Benefits and other payments</b>			
Claims paid	694,334	642,535	5,803
Annuity payments	629,047	663,129	5,989
Benefit payments	532,584	515,164	4,653
Surrender benefits	549,892	582,654	5,262
Other refunds	109,991	138,930	1,254
<b>Subtotal</b>	<b>2,515,851</b>	<b>2,542,415</b>	<b>22,964</b>
<b>Provision for policy reserves and other reserves</b>			
Provision for reserve for outstanding claims	-	11,014	99
Provision for policy reserves	264,143	293,947	2,655
Provision for interest on policyholders' dividend reserves (Note 18)	89	82	0
<b>Subtotal</b>	<b>264,233</b>	<b>305,044</b>	<b>2,755</b>
<b>Investment expenses</b>			
Interest expenses	44,740	43,401	392
Losses on sales of securities	6,983	63,723	575
Losses on valuation of securities	104,319	3,583	32
Losses on redemption of securities	32,140	78,895	712
Losses on derivative financial instruments	133,638	78,612	710
Foreign exchange losses	18,187	-	-
Provision for allowance for possible loan losses	1,818	2,867	25
Write-down of loans	393	-	-
Depreciation of real estate for non-insurance business	10,226	10,006	90
Other investment expenses	24,624	25,071	226
Investment losses on separate accounts	19,948	-	-
<b>Subtotal</b>	<b>397,021</b>	<b>306,162</b>	<b>2,765</b>
<b>Operating expenses (Note 23)</b>	<b>476,964</b>	<b>489,678</b>	<b>4,423</b>
<b>Other ordinary expenses</b>	<b>165,776</b>	<b>156,398</b>	<b>1,412</b>
<b>Total ordinary expenses</b>	<b>3,819,847</b>	<b>3,799,698</b>	<b>34,321</b>
<b>Ordinary profit</b>	<b>¥ 253,536</b>	<b>¥ 228,994</b>	<b>\$ 2,068</b>

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Income and**  
**Consolidated Statements of Comprehensive Income**  
**[Consolidated Statements of Income] (continued)**

Years ended March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars
			2021
<b>Extraordinary gains</b>			
Gains on disposals of fixed assets	¥ 45	¥ 385	\$ 3
Reversal of reserve for contingent liabilities	0	1	0
<b>Subtotal</b>	<b>46</b>	<b>386</b>	<b>3</b>
<b>Extraordinary losses</b>			
Losses on disposals of fixed assets	1,723	6,361	57
Impairment losses (Note 15)	2,428	2,262	20
Provision for reserve for price fluctuation	16,658	17,604	159
Losses on reduction entry of real estate	4	325	2
Contributions for promotion of social welfare project	510	661	5
Other extraordinary losses (Note 14)	-	4,383	39
<b>Subtotal</b>	<b>21,326</b>	<b>31,598</b>	<b>285</b>
<b>Surplus before income taxes and non-controlling interests</b>	<b>232,256</b>	<b>197,782</b>	<b>1,786</b>
<b>Income taxes (Note 17)</b>			
Current	56,111	57,904	523
Deferred	(31,784)	(48,923)	(441)
<b>Total income taxes</b>	<b>24,327</b>	<b>8,981</b>	<b>81</b>
<b>Net surplus</b>	<b>207,929</b>	<b>188,801</b>	<b>1,705</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>80</b>	<b>60</b>	<b>0</b>
<b>Net surplus attributable to the Parent Company</b>	<b>¥ 207,848</b>	<b>¥ 188,740</b>	<b>\$ 1,704</b>

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Income and**  
**Consolidated Statements of Comprehensive Income**  
**[Consolidated Statements of Comprehensive Income]**

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2020	2021	2020	2021
<b>Net surplus</b>	¥ 207,929	¥ 188,801	\$ 1,705	
<b>Other comprehensive income (loss) (Note 25)</b>	(472,354)	948,034	8,563	
Net unrealized gains (losses) on available-for-sale securities	(452,092)	965,043	8,716	
Deferred unrealized gains (losses) on derivatives under hedge accounting	3,933	(17,181)	(155)	
Foreign currency translation adjustments	(8,446)	(33,286)	(300)	
Remeasurements of defined benefit plans	(22,545)	38,532	348	
Share of other comprehensive income (loss) of associates accounted for under the equity method	6,795	(5,073)	(45)	
<b>Comprehensive income (loss)</b>	¥ (264,425)	¥ 1,136,835	\$ 10,268	
Comprehensive income (loss) attributable to the Parent Company	(264,505)	1,136,774	10,268	
Comprehensive income (loss) attributable to non-controlling interests	80	60	0	

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Changes in Net Assets (continued)**

Year ended March 31, 2020	Millions of Yen				
	Funds, reserves and surplus				
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	260,000	670,000	452	499,135	1,429,588
Changes in the fiscal year					
Issuance of foundation funds	50,000				50,000
Additions to policyholders' dividend reserves (Note 18)				(169,630)	(169,630)
Additions to reserve for redemption of foundation funds		60,000			60,000
Payment of interest on foundation funds				(918)	(918)
Net surplus attributable to the Parent Company				207,848	207,848
Redemption of foundation funds	(60,000)				(60,000)
Reversal of reserve for fund redemption				(60,000)	(60,000)
Reversal of land revaluation differences				(522)	(522)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(10,000)	60,000	-	(23,222)	26,777
Ending balance	250,000	730,000	452	475,912	1,456,365

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,442,225	41,253	117,898	(44,976)	(273)	2,556,127	705	3,986,421
Changes in the fiscal year								
Issuance of foundation funds								50,000
Additions to policyholders' dividend reserves (Note 18)								(169,630)
Additions to reserve for redemption of foundation funds								60,000
Payment of interest on foundation funds								(918)
Net surplus attributable to the Parent Company								207,848
Redemption of foundation funds								(60,000)
Reversal of reserve for fund redemption								(60,000)
Reversal of land revaluation differences								(522)
Net changes, excluding funds, reserves and surplus	(449,222)	3,933	522	(4,520)	(22,545)	(471,831)	(4)	(471,836)
Net changes in the fiscal year	(449,222)	3,933	522	(4,520)	(22,545)	(471,831)	(4)	(445,059)
Ending balance	1,993,002	45,187	118,421	(49,497)	(22,818)	2,084,295	700	3,541,362

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Changes in Net Assets (continued)**

Year ended March 31, 2021	Millions of Yen				
	Funds, reserves and surplus				
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	475,912	1,456,365
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 18)				(148,874)	(148,874)
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				188,740	188,740
Reversal of land revaluation differences				238	238
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	-	-	-	39,346	39,346
Ending balance	250,000	730,000	452	515,259	1,495,712

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	1,993,002	45,187	118,421	(49,497)	(22,818)	2,084,295	700	3,541,362
Changes in the fiscal year								
Additions to policyholders' dividend reserves (Note 18)								(148,874)
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								188,740
Reversal of land revaluation differences								238
Net changes, excluding funds, reserves and surplus	966,115	(16,926)	(238)	(39,687)	38,532	947,795	(19)	947,776
Net changes in the fiscal year	966,115	(16,926)	(238)	(39,687)	38,532	947,795	(19)	987,122
Ending balance	2,959,118	28,261	118,183	(89,185)	15,714	3,032,091	681	4,528,485

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Changes in Net Assets (continued)**

**Year ended March 31, 2021** **Millions of U.S. Dollars**

	Funds, reserves and surplus				
	Foundation funds (Note 21)	Reserve for redemption of foundation funds (Note 21)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	2,258	6,593	4	4,298	13,154
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Note 18)				(1,344)	(1,344)
Payment of interest on foundation funds				(6)	(6)
Net surplus attributable to the Parent Company				1,704	1,704
Reversal of land revaluation differences				2	2
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	-	-	-	355	355
Ending balance	2,258	6,593	4	4,654	13,510

	Accumulated other comprehensive income (loss)							Non-controlling interests	Total net assets
	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			
Beginning balance	18,002	408	1,069	(447)	(206)	18,826	6	31,987	
Changes in the fiscal year									
Additions to policyholders' dividend reserves (Note 18)								(1,344)	
Payment of interest on foundation funds								(6)	
Net surplus attributable to the Parent Company								1,704	
Reversal of land revaluation differences								2	
Net changes, excluding funds, reserves and surplus	8,726	(152)	(2)	(358)	348	8,561	(0)	8,560	
Net changes in the fiscal year	8,726	(152)	(2)	(358)	348	8,561	(0)	8,916	
Ending balance	26,728	255	1,067	(805)	141	27,387	6	40,904	



**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Cash Flows**

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>I Cash flows from operating activities</b>			
Surplus before income taxes and non-controlling interests	¥ 232,256	¥ 197,782	\$ 1,786
Depreciation of real estate for non-insurance business	10,226	10,006	90
Depreciation	43,525	44,059	397
Impairment losses	2,428	2,262	20
Amortization of goodwill	7,645	7,222	65
Increase (Decrease) in reserve for outstanding claims	(7,617)	18,158	164
Increase (Decrease) in policy reserves	361,070	459,457	4,150
Provision for interest on policyholders' dividend reserves	89	82	0
Increase (Decrease) in allowance for possible loan losses	1,392	82	0
Increase (Decrease) in net defined benefit liabilities	177	159	1
Increase (Decrease) in reserve for contingent liabilities	(0)	(1)	(0)
Increase (Decrease) in reserve for price fluctuation	16,658	17,604	159
Interest, dividends, and other income	(936,932)	(906,130)	(8,184)
Losses (Gains) on securities	177,238	(304,383)	(2,749)
Interest expenses	44,740	43,401	392
Foreign exchange losses (gains)	5,498	(33,266)	(300)
Losses (Gains) on tangible fixed assets	1,678	5,974	53
Investment losses (gains) on equity method	(4,249)	2,796	25
Decrease (Increase) in due from agents	(35)	48	0
Decrease (Increase) in reinsurance receivables	1,154	2	0
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(56,814)	56,968	514
Increase (Decrease) in due to agents	808	126	1
Increase (Decrease) in reinsurance payables	(222)	(162)	(1)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	65,339	209,971	1,896
Others, net	(220)	(1,947)	(17)
<b>Subtotal</b>	<b>(34,161)</b>	<b>(169,721)</b>	<b>(1,533)</b>
Interest, dividends, and other income received	983,116	945,305	8,538
Interest paid	(41,895)	(43,242)	(390)
Policyholders' dividends paid	(166,720)	(134,950)	(1,218)
Income taxes paid	(63,203)	(47,787)	(431)
<b>Net cash provided by operating activities</b>	<b>¥ 677,135</b>	<b>¥ 549,604</b>	<b>\$ 4,964</b>

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Statements of Cash Flows (continued)**

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>II Cash flows from investing activities</b>			
Net decrease (increase) in deposits	¥ (9,422)	¥ (22,689)	\$ (204)
Purchase of monetary claims bought	(5,500)	(2,500)	(22)
Proceeds from sales and redemption of monetary claims bought	13,261	12,355	111
Increase in money held in trust	-	(131,500)	(1,187)
Purchase of securities	(5,552,359)	(7,727,693)	(69,801)
Proceeds from sales and redemption of securities	4,243,843	6,238,296	56,348
Loans extended	(1,157,755)	(1,034,296)	(9,342)
Proceeds from collection of loans	1,246,619	969,888	8,760
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	535,699	1,234,854	11,153
<b>Total investment activities (IIa)</b>	<b>(685,613)</b>	<b>(463,284)</b>	<b>(4,184)</b>
<b>[I + IIa]</b>	<b>(8,477)</b>	<b>86,320</b>	<b>779</b>
Purchase of tangible fixed assets	(17,129)	(32,182)	(290)
Proceeds from sales of tangible fixed assets	47	951	8
Purchase of intangible fixed assets	(27,694)	(26,978)	(243)
Others, net	(1,082)	(2,286)	(20)
<b>Net cash used in investing activities</b>	<b>(731,470)</b>	<b>(523,779)</b>	<b>(4,731)</b>
<b>III Cash flows from financing activities</b>			
Proceeds from issuance of bonds payable	79,460	-	-
Proceeds from issuance of foundation funds	50,000	-	-
Redemption of foundation funds	(60,000)	-	-
Payment of interest on foundation funds	(918)	(757)	(6)
Others, net	3,498	(3,870)	(34)
<b>Net cash provided by financing activities</b>	<b>72,040</b>	<b>(4,627)</b>	<b>(41)</b>
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(1,496)</b>	<b>4,434</b>	<b>40</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>16,207</b>	<b>25,631</b>	<b>231</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>1,347,470</b>	<b>1,293,097</b>	<b>11,680</b>
<b>VII. Increase (decrease) in cash and cash equivalents due to split with subsidiaries</b>	<b>(70,580)</b>	<b>-</b>	<b>-</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 3)</b>	<b>¥ 1,293,097</b>	<b>¥ 1,318,728</b>	<b>\$ 11,911</b>

## 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, 2021, which was ¥110.71 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 18 as of March 31, 2020 and 2021, respectively. The main subsidiaries that are going to be consolidated as of March 31, 2021 are 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.)

A new entity established as a subsidiary of the StanCorp Financial Group, Inc. is included in the range of this year’s consolidated financial statements.

A main subsidiary that is not consolidated, is Meiji Yasuda Life Planning Center Company, Limited.

The non-consolidated subsidiaries are excluded from the range of consolidation, due to all of them being small in scale from a total asset, sales, current profit/loss and (profit) surplus perspective. 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 9 and 9 as of March 31, 2020 and 2021, respectively. The affiliates accounted for by the equity method as of March 31, 2021 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)

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. 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.

### **(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," issued by the Japanese Institute of Certified Public Accountants (JICPA). 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” issued by the JICPA.

#### **(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 ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. 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," issued by the JICPA.

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.

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. Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on each country's accounting standard, such as U.S. generally accepted accounting principles (hereafter, "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, 2020 and 2021 amounted to ¥183 million and ¥391 million (U.S. \$3 million), respectively.

### **(12) Policy reserves**

Regarding contracts for which the insurer's liability under insurance policies has started as of the end of the fiscal year, policy reserves of the Company are set aside in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the "Insurance Business Act") pursuant to Article 116, Paragraph 1 of the "Insurance Business Act", in order to prepare for future fulfilment of obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated by the following methods:

- a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime minister (Notification of the Minister of Finance No. 48, 1996).
- b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy

reserves set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:

- The policy reserves set aside in the fiscal year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 4 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

While, since the fiscal year ended March 31, 2008, additional reserves were set aside 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 scope of the contracts subject to additional reserves were expanded and the expected rate of interest was reduced from this fiscal year.

The additional reserves arising from the changes in the scope and expected rate of interest are accumulated for 4 years from this fiscal year; and ¥608,713 million (U.S. \$5,498 million) of the reserve is set aside in this fiscal year, which is the initial year of accumulation: As a result, 89.3% of the required amount of the reserves is set aside as of the end of this fiscal year. In addition, ¥364,016 million (U.S. \$3,288 million) of contingency reserves included in policy reserves was reversed and utilized for provision of the additional reserves.

Regarding setting aside policy reserves, an appointed actuary performs a future income and expense analysis, a stress test on the third-sector insurance and other tests in each fiscal year in order to validate whether the amount of policy reserves are set aside appropriately in accordance with Article 121, Paragraph 1 of the “Insurance Business Act”, and Article 80 of the “Ordinance for Enforcement of the Insurance Business Act”.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the “Insurance Business Act”, and Article 69, Paragraph 1, Item 3 of the “Ordinance for Enforcement of the Insurance Business Act” to cover risks that may occur in the future in order to ensure the performance of future obligations under insurance contracts.

Policy reserves of certain overseas consolidated subsidiaries are recorded the amount calculated in accordance with 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, 2020 and 2021 were as follows:

<b>As of March 31</b>	<b>2020</b>	<b>2021</b>	<b>Millions of U.S. Dollars</b>
Cash and deposits	¥ 1,246,447	¥ 1,210,322	\$ 10,932
Time deposits (over 3 months)	(44,926)	(67,616)	(610)
Call loans	90,000	90,000	812
Monetary claims bought (matured within 3 months from the date of acquisition)	-	69,990	632
Money held in trust (matured within 3 months)	1,200	15,900	143
Securities (matured within 3 months from the date of acquisition)	377	132	1
Cash and cash equivalents	1,293,097	1,318,728	11,911

### 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 derivatives is mainly used for 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 ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. 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		
	2020			2021			2021		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,246,447	¥ 1,246,447	¥ —	¥ 1,210,322	¥ 1,210,322	¥ —	\$ 10,932	\$ 10,932	\$ —
Available-for-sale securities (CDs)	32,995	32,995	—	52,995	52,995	—	478	478	—
Monetary claims bought	204,335	217,514	13,179	264,184	273,558	9,374	2,386	2,470	84
Held-to-maturity debt securities	192,270	205,449	13,179	185,473	194,847	9,374	1,675	1,759	84
Available-for-sale securities	12,064	12,064	—	78,711	78,711	—	710	710	—
Money held in trust	15,166	15,166	—	170,522	170,522	—	1,540	1,540	—
Available-for-sale securities	15,166	15,166	—	170,522	170,522	—	1,540	1,540	—
Securities	33,792,528	36,135,945	2,343,417	36,843,824	38,799,520	1,955,695	332,795	350,460	17,665
Trading securities	1,733,941	1,733,941	—	1,731,803	1,731,803	—	15,642	15,642	—
Held-to-maturity debt securities	3,966,078	4,700,997	734,919	3,753,345	4,389,597	636,252	33,902	39,649	5,747
Policy-reserve-matching bonds	8,923,833	10,532,331	1,608,498	10,648,522	11,967,965	1,319,442	96,183	108,101	11,918
Available-for-sale securities	19,168,675	19,168,675	—	20,710,153	20,710,153	—	187,066	187,066	—
Loans	4,913,456	5,134,958	221,502	4,937,975	5,159,899	221,923	44,602	46,607	2,004
Policy loans	233,382	233,382	—	211,058	211,058	—	1,906	1,906	—
Industrial and consumer loans	4,680,073	4,901,575	221,502	4,726,917	4,948,840	221,923	42,696	44,700	2,004
Allowance for possible loan losses (*1)	(5,452)	—	—	(5,580)	—	—	(50)	—	—
	4,908,003	5,134,958	226,955	4,932,395	5,159,899	227,504	44,552	46,607	2,054
Bonds payable	668,563	658,399	(10,164)	666,866	695,032	28,166	6,023	6,277	254
Payables under repurchase agreements	73,233	73,233	—	101,346	101,346	—	915	915	—
Payables under securities borrowing transactions	1,133,523	1,133,523	—	2,514,959	2,514,959	—	22,716	22,716	—
Derivative financial instruments (*2)	25,793	25,793	—	(219,408)	(219,408)	—	(1,981)	(1,981)	—
Hedge accounting is not applied	(25,475)	(25,475)	—	(30,988)	(30,988)	—	(279)	(279)	—
Hedge accounting is applied	51,269	51,269	—	(188,420)	(188,420)	—	(1,701)	(1,701)	—

(\*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 the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" is calculated in the same method shown in "Securities."

*Monetary claims bought*

Fair value of monetary claims bought deemed as securities transactions based on the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" 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 ¥230,521 million and ¥253,754 million (U.S. \$2,292 million) as of March 31, 2020 and 2021, respectively. Impairment losses on the unlisted stocks and others were ¥287 million and ¥470 million (U.S. \$4 million) for the years ended March 31, 2020 and 2021, 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 ¥(32,957) million and ¥45,148 million (U.S. \$407 million) for the years ended March 31, 2020 and 2021, respectively.

### Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2020. Among the held-to-maturity debt securities, disposition of securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,887 million (U.S. \$44 million) resulting in the losses on sales of ¥112 million (U.S. \$1 million) for the year ended March 31, 2021. In addition, 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		
	2020			2021			2021		
	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	¥ 3,416,075	¥ 4,070,853	¥ 654,778	¥ 3,245,561	¥ 3,812,541	¥ 566,980	\$ 29,315	\$ 34,437	\$ 5,121
2) Corporate bonds	438,346	512,962	74,616	410,714	475,162	64,447	3,709	4,291	582
3) Others	288,620	307,556	18,936	266,823	281,115	14,292	2,410	2,539	129
<b>Total</b>	<b>4,143,041</b>	<b>4,891,372</b>	<b>748,331</b>	<b>3,923,099</b>	<b>4,568,819</b>	<b>645,720</b>	<b>35,435</b>	<b>41,268</b>	<b>5,832</b>
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	2,800	2,798	(1)	2,991	2,991	(0)	27	27	(0)
3) Others	12,506	12,275	(231)	12,727	12,633	(93)	114	114	(0)
<b>Total</b>	<b>15,306</b>	<b>15,074</b>	<b>(232)</b>	<b>15,718</b>	<b>15,625</b>	<b>(93)</b>	<b>141</b>	<b>141</b>	<b>(0)</b>

(\*) 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 ¥285,843 million and ¥786,256 million (U.S. \$7,101 million) resulting in total gains on sales of ¥12,913 million and ¥6,220 million (U.S. \$56 million) for the years ended March 31, 2020 and 2021, respectively. Total losses on sales were ¥25 million and ¥35,679 million (U.S. \$322 million) for the years ended March 31, 2020 and 2021, respectively. Disposition of policy-reserve-matching bonds due to considerable deterioration of the issuer's credit standing amounted to ¥1,128 million resulting in the losses on sales of ¥104 million for the year ended March 31, 2020. 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		
	2020			2021			2021		
	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	¥ 7,474,934	¥ 9,023,047	¥ 1,548,113	¥ 7,637,948	¥ 8,953,434	¥ 1,315,486	\$ 68,990	\$ 80,872	\$ 11,882
2) Corporate bonds	17,156	21,193	4,037	17,038	20,443	3,405	153	184	30
3) Others	678,166	746,731	68,565	631,053	682,972	51,918	5,700	6,169	468
Total	8,170,256	9,790,973	1,620,716	8,286,040	9,656,850	1,370,809	74,844	87,226	12,381
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	643,382	634,664	(8,717)	1,926,000	1,905,510	(20,489)	17,396	17,211	(185)
2) Corporate bonds	1,853	1,829	(24)	336	333	(2)	3	3	(0)
3) Others	108,340	104,864	(3,476)	436,146	405,271	(30,874)	3,939	3,660	(278)
Total	753,576	741,358	(12,218)	2,362,482	2,311,115	(51,367)	21,339	20,875	(463)

### Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥383,871 million and ¥1,467,830 million (U.S. \$13,258 million) resulting in total gains on sales of ¥7,572 million and ¥92,309 million (U.S. \$833 million) and total losses of ¥6,854 million and ¥27,932 million (U.S. \$252 million) for the years ended March 31, 2020 and 2021, 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		
	2020			2021			2021		
	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	¥ 1,188,129	¥ 2,991,591	¥ 1,803,462	¥ 1,408,942	¥ 4,410,200	¥ 3,001,258	\$ 12,726	\$ 39,835	\$ 27,109
(2) Bonds	4,679,713	5,044,576	364,862	4,513,842	4,847,512	333,670	40,771	43,785	3,013
1) National & local government bonds	3,068,475	3,356,362	287,886	2,867,490	3,104,775	237,284	25,900	28,044	2,143
2) Corporate bonds	1,611,238	1,688,213	76,975	1,646,351	1,742,737	96,385	14,870	15,741	870
(3) Others	8,441,204	9,175,518	734,313	8,084,729	8,962,161	877,432	73,026	80,951	7,925
Total	14,309,047	17,211,685	2,902,637	14,007,514	18,219,875	4,212,360	126,524	164,572	38,048
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	410,410	363,092	(47,317)	160,982	139,151	(21,831)	1,454	1,256	(197)
(2) Bonds	217,042	213,582	(3,460)	104,911	103,472	(1,439)	947	934	(13)
1) National & local government bonds	24,226	24,038	(188)	20,165	20,034	(130)	182	180	(1)
2) Corporate bonds	192,816	189,544	(3,271)	84,746	83,437	(1,309)	765	753	(11)
(3) Others	1,534,974	1,440,542	(94,432)	2,644,618	2,549,883	(94,735)	23,887	23,032	(855)
Total	2,162,427	2,017,217	(145,209)	2,910,512	2,792,506	(118,005)	26,289	25,223	(1,065)

(\*) 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 ¥87,915 million and ¥3,113 million (U.S. \$28 million) for the years ended March 31, 2020 and 2021, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2020					
	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	¥ 1,246,351	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	204,335
Money held in trust	1,200	—	—	—	—	—
Loans*	403,449	743,755	646,028	629,480	801,957	1,454,718
Securities	954,351	2,644,935	1,708,658	1,602,203	4,348,451	15,815,896
Held-to-maturity debt securities	183,178	369,534	412,282	625,102	275,617	2,097,563
Policy-reserve-matching bonds	7,404	111,669	12,556	79,308	1,407,162	7,305,731
Available-for-sale securities with maturities	763,768	2,163,731	1,283,819	897,792	2,665,671	6,412,602
Total	2,605,352	3,388,691	2,354,686	2,231,684	5,150,408	17,474,950

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2021						2021					
	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	¥ 1,210,263	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 10,931	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	69,990	—	—	—	—	194,194	632	—	—	—	—	1,754
Money held in trust	15,900	—	—	—	—	—	143	—	—	—	—	—
Loans*	475,712	752,768	706,359	535,644	859,310	1,396,872	4,296	6,799	6,380	4,838	7,761	12,617
Securities	1,404,433	2,251,639	1,330,784	2,400,737	4,881,792	15,920,794	12,685	20,338	12,020	21,684	44,095	143,806
Held-to-maturity debt securities	189,347	393,955	552,273	455,522	90,164	2,069,280	1,710	3,558	4,988	4,114	814	18,691
Policy-reserve-matching bonds	1,149	112,823	27,687	312,772	2,025,835	8,168,253	10	1,019	250	2,825	18,298	73,780
Available-for-sale securities with maturities	1,213,937	1,744,860	750,823	1,632,441	2,765,791	5,683,259	10,965	15,760	6,781	14,745	24,982	51,334
Total	3,176,300	3,004,407	2,037,143	2,936,382	5,741,103	17,511,860	28,690	27,137	18,400	26,523	51,857	158,177

(\*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥684 million and ¥249 million (U.S. \$2 million) as of March 31, 2020 and 2021, 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					
	2020					
	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	¥ —	¥ 27,828	¥ —	¥ —	¥ —	¥ 640,735
Payables under repurchase agreements	73,233	—	—	—	—	—
Payable under securities borrowing transactions	1,133,523	—	—	—	—	—
<b>Total</b>	<b>1,206,757</b>	<b>27,828</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2021						2021					
	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	¥ —	¥ 26,131	¥ —	¥ —	¥ —	¥ 640,735	\$ —	\$ 236	\$ —	\$ —	\$ —	\$ 5,787
Payables under repurchase agreements	101,346	—	—	—	—	—	915	—	—	—	—	—
Payable under securities borrowing transactions	2,514,959	—	—	—	—	—	22,716	—	—	—	—	—
<b>Total</b>	<b>2,616,306</b>	<b>26,131</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>	<b>23,632</b>	<b>236</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,787</b>

e. Fair value of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 20,576	¥ 17,783	¥ 0	¥ 0
Receipts floating, payments fixed	17,206	17,206	–	–
Total				0

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	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	¥ 112,471	¥ 107,632	¥ (1,320)	¥ (1,320)	\$ 1,015	\$ 972	\$ (11)	\$ (11)
Receipts floating, payments fixed	21,015	20,912	–	–	189	188	–	–
Total				(1,320)				(11)

(\*) Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
<b>2020</b>				
Foreign currency forward contracts				
Sold	¥ 773,127	¥ —	¥ (596)	¥ (596)
(U.S. dollar)	687,556	—	(4,401)	(4,401)
(Euro)	31,838	—	331	331
(Australian dollar)	53,582	—	3,472	3,472
(British pound)	62	—	(0)	(0)
(Others)	87	—	0	0
Bought	33,772	—	23	23
(U.S. dollar)	16,746	—	68	68
(Euro)	11,451	—	(83)	(83)
(Australian dollar)	5,523	—	38	38
(Others)	50	—	0	0
Currency options				
Sold				
Call	157,097	—		
(U.S. dollar)	[41]	—	41	0
(U.S. dollar)	157,097	—		
(U.S. dollar)	[41]	—	41	0
Bought				
Put	166,178	—		
(U.S. dollar)	[63]	—	198	135
(U.S. dollar)	166,178	—		
(U.S. dollar)	[63]	—	198	135
Cross currency swaps				
Yen payments / Australian dollar receipts	175,156	175,156	(19,719)	(19,719)
Yen payments / U.S. dollar receipts	7,080	7,080	881	881
<b>Total</b>				<b>(19,275)</b>

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 898,760	¥ —	¥ (40,836)	¥ (40,836)	\$ 8,118	\$ —	\$ (368)	\$ (368)
(U.S. dollar)	821,769	—	(38,179)	(38,179)	7,422	—	(344)	(344)
(Euro)	22,427	—	64	64	202	—	0	0
(Australian dollar)	54,482	—	(2,721)	(2,721)	492	—	(24)	(24)
(British pound)	62	—	(0)	(0)	0	—	(0)	(0)
(Others)	18	—	(0)	(0)	0	—	(0)	(0)
Bought	5,775	—	31	31	52	—	0	0
(U.S. dollar)	3,502	—	35	35	31	—	0	0
(Euro)	1,536	—	(2)	(2)	13	—	(0)	(0)
(Australian dollar)	712	—	(2)	(2)	6	—	(0)	(0)
(Others)	24	—	0	0	0	—	0	0
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Bought								
Put	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Cross currency swaps								
Yen payments / Australian dollar receipts	78,660	78,660	7,315	7,315	710	710	66	66
Yen payments / U.S. dollar receipts	8,280	8,280	507	507	74	74	4	4
Total				(32,982)				(297)

(\* ) 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.

(\* ) Option fees are shown in [ ].

iii) Stock-related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 148,066	¥ —	¥ (8,969)	¥ (8,969)
Bought	8,943	—	231	231
Foreign currency-denominated stock index futures				
Sold	346	—	(35)	(35)
Bought	6,304	—	174	174
Exchange-traded transactions				
Foreign currency-denominated stock index options				
Bought				
Call	63,441 [1,627]	529 [28]	2,367	740
<b>Total</b>				<b>(7,858)</b>



As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 2,140	¥ —	¥ (67)	¥ (67)	\$ 19	\$ —	\$ (0)	\$ (0)
Bought	4,656	—	33	33	42	—	0	0
Foreign currency-denominated stock index futures								
Sold	539	—	(1)	(1)	4	—	(0)	(0)
Bought	4,840	—	32	32	43	—	0	0
Yen stock index future option								
Bought Put	99,981	—			903	—		
	[302]	—	214	(88)	[2]	—	1	(0)
Exchange-traded transactions								
Foreign currency-denominated stock index options								
Bought Call	66,734	500			602	4		
	[1,868]	[26]	3,112	1,244	[16]	[0]	28	11
<b>Total</b>				<b>1,152</b>				<b>10</b>

(\*) Net gains (losses) represent the fair values for futures trading, and the difference between the option fees and the fair values for option transactions.

(\*) Option fees are shown in [ ].

iv) Bond-related

As of March 31	Millions of Yen			
	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	¥ 513	¥ —	¥ 9	¥ 9
Total				9

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	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	¥ 803	¥ —	¥ (8)	¥ (8)	\$ 7	\$ —	\$ (0)	\$ (0)
Total				(8)				(0)

(\*) Net gains (losses) represent the fair values.

Hedge accounting applied

i) Interest-rate related

As of March 31	Millions of Yen			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥ 227,300	¥ 227,300	¥ 61,477
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	35,437	30,266	—
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,222	3,222	159
Total				61,637

As of March 31	Millions of Yen			Millions of U.S. Dollars			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 411,200	¥ 408,000	¥ 46,989	\$ 3,714	\$ 3,685	\$ 424
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	25,639	22,032	—	231	199	—
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,120	3,120	134	28	28	1
Total				47,124			425

ii) Currency-related

As of March 31	Millions of Yen			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-	¥ 4,679,142	¥ —	¥ (11,456)
(U.S. dollar)	denominated bonds	4,169,798	—	(34,142)
(Euro)		253,887	—	1,063
(Australian dollar)		240,977	—	20,754
(Others)		14,479	—	867
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-	35,575	35,575	538
(Australian dollar)	denominated bonds	4,305	4,305	709
Total				(10,208)

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	2021	Notional amount/ contract value (A)	Over 1 year included in (A)	2021
				Fair value			Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-	¥ 4,283,029	¥ —	¥ (227,340)	\$ 38,686	\$ —	\$ (2,053)
(U.S. dollar)	denominated bonds	3,107,080	—	(142,681)	28,065	—	(1,288)
(Euro)		259,122	—	(13,256)	2,340	—	(119)
(Australian dollar)		796,361	—	(67,254)	7,193	—	(607)
(Others)		120,465	—	(4,147)	1,088	—	(37)
Deferred hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-	42,322	—	(1,229)	382	—	(11)
(U.S. dollar)	denominated bonds	42,322	—	(1,229)	382	—	(11)
Cross currency swaps							
(U.S. dollar)		81,785	81,785	(3,188)	738	738	(28)
(Euro)	Foreign-currency-	35,575	35,575	(3,013)	321	321	(27)
(Australian dollar)	denominated bonds	12,404	12,404	(638)	112	112	(5)
Total				(235,410)			(2,126)

(\*) 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, 2020 and 2021.

iv) Bond-related

No ending balance as of March 31, 2020 and 2021.

## **5. Securities Lending**

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,762,898 million and ¥4,068,010 million (U.S. \$36,744 million) as of March 31, 2020 and 2021, respectively.

## **6. Securities sold under Repurchase Agreements**

Securities sold under repurchase agreements amounted to ¥75,520 million and ¥100,242 million (U.S. \$905 million) as of March 31, 2020 and 2021, respectively.

## **7. Pledged Assets**

Assets pledged as collateral were cash and deposits in the amount of nil and ¥327 million (U.S. \$2 million), securities in the amount of ¥30,957 million and ¥37,024 million (U.S. \$334 million), and loans in the amount of ¥113,200 million and ¥123,610 million (U.S. \$1,116 million) as of March 31, 2020 and 2021, respectively.

## **8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates**

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥185,278 million and ¥205,549 million (U.S. \$1,856 million) as of March 31, 2020 and 2021, respectively.

## **9. Loans**

The 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 ¥24,182 million and ¥23,159 million (U.S. \$209 million) as of March 31, 2020 and 2021, respectively.

The amounts of loans to bankrupt borrowers were ¥26 million as of March 31, 2020. There were no loans to bankrupt borrowers as of March 31, 2021. The amounts of loans in arrears were ¥5,574 million and ¥4,799 million (U.S. \$43 million) as of March 31, 2020 and 2021, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2020 and 2021 were ¥161 million and ¥26 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥22 million and ¥364 million (U.S. \$3 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, 2020 and 2021, 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 ¥18,581 million and ¥18,360 million (U.S. \$165 million) as of March 31, 2020 and 2021, 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, 2020 and 2021, respectively. The amount is as follows:

Years ended March 31	Millions of Yen		Millions of U.S.
	2020	2021	Dollars
Loans	¥ 701	¥ 2,372	\$ 21

## 10. Loan Commitments

The amounts of loan commitments outstanding were ¥107,007 million and ¥77,182 million (U.S. \$697 million) as of March 31, 2020 and 2021, respectively.

## 11. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥577,696 million and ¥616,753 million (U.S. \$5,570 million), and their fair values were ¥837,523 million and ¥939,064 million (U.S. \$8,482 million) as of March 31, 2020 and 2021, 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 ¥465,710 million and ¥468,988 million (U.S. \$4,236 million) as of March 31, 2020 and 2021, respectively.

## 13. Recognition of Insurance premiums and Claims and Benefits and other Payments

Insurance premiums of the Company are, in principle, recorded for insurance contracts for which insurance premium has been received and under which the insurer's liability has commenced by the relevant amounts received.

Also, premiums which corresponds to the period that is not expired at the end of the fiscal year, are set aside in the policy reserves in accordance with Article 116 of the "Insurance Business Act", and Article 69, Paragraph 1, Item 2 of the "Ordinance for Enforcement of the Insurance Business Act".

Benefits and claims (excluding reinsurance premiums) of the Company are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In addition, the Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the end of the fiscal year or for which incidents prescribed in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the “Insurance Business Act” and Article 72 of the “Ordinance for Enforcement of the Insurance Business Act”.

(Additional information)

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24) is applied to the consolidated financial statements from this fiscal year, and “principles and procedures of accounting treatment adopted when regulations of relevant accounting standards are not clear” is disclosed.

#### **14. Other Extraordinary Losses**

Other extraordinary losses are mainly as follows due to the declaration of a State of emergency to COVID-19 from Japanese government:

- (1) Compensation for Sales agents due to self-restraint of face-to-face business activity
- (2) Cancellation costs of outsourcing system development

#### **15. 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, 2020 and 2021, 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, 2020

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥565	¥906	¥1,471
Idle assets	9	98	858	957
Total	10	663	1,764	2,428

For the year ended March 31, 2021

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	3	¥625	¥1,415	¥2,040
Idle assets	6	129	91	221
Total	9	755	1,507	2,262

For the year ended March 31, 2021

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$ 5	\$ 12	\$ 18
Idle assets	1	0	2
Total	6	13	20

### (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 1.89% and 1.87% for the years ended March 31, 2020 and 2021, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

## 16. 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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>2020</b>	<b>2021</b>
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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Balance at the beginning of the fiscal year	¥ 337,440	¥ 332,076	\$ 2,999
Service costs	9,679	9,390	84
Interest cost on retirement benefit obligations	4,955	4,439	40
Actuarial losses (gains) recognized	11,106	8,876	80
Benefits paid	(20,570)	(19,206)	(173)
Past service costs	(9,764)	(335)	(3)
Others	(771)	(3,904)	(35)
Balance at the end of the fiscal year	332,076	331,337	2,992

c. Changes in the plan assets for the years ended March 31, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Balance at the beginning of the fiscal year	¥ 422,433	¥ 389,876	\$3,521
Expected return on plan assets	7,455	6,924	62
Actuarial gains (losses) recognized	(31,759)	68,736	620
Contributions by employer	2,344	1,799	16
Benefits paid	(9,849)	(13,924)	(125)
Others	(747)	(3,416)	(30)
Balance at the end of the fiscal year	389,876	449,995	4,064

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, 2020 and 2021 were determined as follows:

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Present value of funded retirement benefit obligations	¥ 323,182	¥ 322,246	\$ 2,910
Plan assets at fair value	(389,876)	(449,995)	(4,064)
Net present value of funded retirement benefit obligations	(66,693)	(127,749)	(1,153)
Present value of non-funded retirement benefit obligations	8,893	9,090	82
Net balance on the consolidated balance sheet	(57,799)	(118,658)	(1,071)
Consists of:			
Defined benefit liabilities	8,229	8,317	75
Defined benefit assets	(66,029)	(126,976)	(1,146)

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Service costs	¥ 9,679	¥ 9,390	\$ 84
Interest cost on retirement benefit obligations	4,955	4,439	40
Expected return on plan assets	(7,455)	(6,924)	(62)
Amortization of net actuarial losses (gains)	4,134	(5,395)	(48)
Amortization of net past service costs	(1,806)	(1,391)	(12)
Others	110	(145)	(1)
Retirement benefit expenses	9,617	(26)	(0)

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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Actuarial gains (losses)	¥ (38,724)	¥ 54,788	\$ 494
Past service costs	7,957	(1,056)	(9)
Total	(30,767)	53,732	485

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Unrecognized actuarial gains (losses)	¥ (41,676)	¥ 13,111	\$ 118
Unrecognized past service costs	10,551	9,494	85
Total	(31,125)	22,606	204

g. Plan assets

Plan assets as of March 31, 2020 and 2021 were comprised as follows:

As of March 31	% of total fair value of plan assets	
	2020	2021
Debt securities	7.2 %	5.6 %
Stocks	25.6 %	31.7 %
General account of life insurance companies	32.9 %	29.0 %
Jointly invested assets	24.8 %	24.3 %
Investment trusts	2.1 %	3.9 %
Cash and deposits	1.7 %	1.7 %
Others	5.7 %	3.8 %
Total	100.0 %	100.0 %

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 40.8% and 45.4% of total plan assets as of March 31, 2020 and 2021, 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, 2020 and 2021 were as follows:

Years ended March 31	2020	2021
Discount rate		
Domestic	0.9%	0.9%
Overseas	3.3 to 3.4%	2.3 to 2.5%
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	3.7 to 7.3%	2.6 to 6.3%

(3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥3,954 million and ¥3,915 million (U.S. \$35 million) for the years ended March 31, 2020 and 2021, respectively.

## 17. Deferred Taxes

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

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Deferred tax assets	¥ 815,988	¥ 843,764	\$ 7,621
Valuation allowance for deferred tax assets	(9,576)	(9,868)	(89)
Deferred tax liabilities	(860,113)	(1,209,924)	(10,928)

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

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Deferred tax assets			
Policy reserves and other reserves	¥ 451,356	¥ 509,382	\$ 4,601
Reserve for price fluctuation	232,952	237,889	2,148
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	745,115	1,102,712	9,960

(2) The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2020 and 2021, 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	2020	2021
Policyholders' dividend reserves	(16.98) %	(25.25) %

## 18. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2020 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Balance at the beginning of the fiscal year	¥ 242,957	¥ 245,988	\$ 2,221
Transfer from surplus in the previous fiscal year	169,630	148,874	1,344
Dividend payments to policyholders during the fiscal year	(166,720)	(134,950)	(1,218)
Interest accrued during the fiscal year	121	117	1
Balance at the end of the fiscal year	245,988	260,030	2,348

## 19. Subordinated Bonds

As of March 31, 2020 and 2021, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥640,735 million and ¥640,735 million (U.S. \$5,787 million), respectively, and the repayments of which are subordinated to other obligations.

## 20. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company was 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" in the years ended March 31, 2020.

## 21. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to

policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

The Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the “Insurance Business Act” in the years ended March 31, 2020. There was no change in foundation funds in the years ended March 31, 2021.

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 ¥60,000 million as of March 31, 2020.

## 22. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the “Insurance Business Act” were ¥810,928 million and ¥719,161 million (U.S. \$6,495 million) as of March 31, 2020 and 2021, respectively. The amounts of separate account liabilities were the same as these figures.

## 23. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥47,627 million and ¥45,929 million (U.S. \$414 million) as of March 31, 2020 and 2021, respectively, pursuant to Article 259 of the “Insurance Business Act”.

These contributions are recognized as operating expenses when contributed.

## 24. Income Taxes

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

## 25. Other Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2020 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>Net unrealized gains on available-for-sale securities:</b>			
Amount arising during the fiscal year	¥ (680,854)	¥ 1,463,056	\$ 13,215
Reclassification adjustments	47,436	(128,405)	(1,159)
Before income tax effect adjustments	(633,417)	1,334,650	12,055
Income tax effects	181,325	(369,607)	(3,338)
Net unrealized gains on available-for-sale securities	(452,092)	965,043	8,716

<b>Deferred unrealized gains (losses) on derivatives under hedge accounting:</b>			
Amount arising during the fiscal year	¥ 9,576	¥ (19,503)	\$ (176)
Reclassification adjustments	(4,115)	(4,346)	(39)
Before income tax effect adjustments	5,460	(23,849)	(215)
Income tax effects	(1,526)	6,668	60
Deferred unrealized gains (losses) on derivatives under hedge accounting	3,933	(17,181)	(155)
<b>Foreign currency translation adjustments:</b>			
Amount arising during the fiscal year	¥ (8,446)	¥ (33,286)	\$ (300)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(8,446)	(33,286)	(300)
Income tax effects	—	—	—
Foreign currency translation adjustments	(8,446)	(33,286)	(300)
<b>Remeasurements of defined benefit plans:</b>			
Amount arising during the fiscal year	¥ (30,316)	¥ 54,196	\$ 489
Reclassification adjustments	(450)	(464)	(4)
Before income tax effect adjustments	(30,767)	53,732	485
Income tax effects	8,222	(15,199)	(137)
Remeasurements of defined benefit plans	(22,545)	38,532	348
<b>Share of other comprehensive income of affiliates accounted for by the equity method:</b>			
Amount arising during the year	¥ 7,400	¥ (4,835)	\$ (43)
Reclassification adjustments	(604)	(238)	(2)
Share of other comprehensive income of affiliates accounted for by the equity method	6,795	(5,073)	(45)
<b>Total other comprehensive income</b>	<b>(472,354)</b>	<b>948,034</b>	<b>8,563</b>

## 26. Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

### (1) Claim reserves of StanCorp Financial Group, Inc. (StanCorp)

a. Amount recorded in the consolidated financial statements at the end of the fiscal year

The amount of ¥575,256 million is recorded in Reserve for outstanding claims of the consolidated balance sheets for this fiscal year. Claim reserves for the long-term disabled disability insurance, called Long-Term Disability-Disabled Life Reserves, in its group insurance business accounts for a significant portion of the reserve.

b. Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates

StanCorp's claim reserves are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of the StanCorp's balance sheet date in

accordance with U.S. GAAP. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, key assumptions such as claim termination rates are used for this evaluation.

Those assumptions are subject to high level of uncertainty and may greatly affect the future cash flow estimates on the consolidated balance sheets at the end of the next fiscal year.

## **(2) Impairment of goodwill arising from the acquisition of StanCorp**

a. Amount recorded in the consolidated financial statements at the end of the fiscal year  
The amount of ¥109,536 million is recorded in Goodwill of the consolidated balance sheets for this fiscal year. The goodwill allocated to its group insurance business accounts for a significant portion.

b. Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates  
Goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp, and is tested for impairment by StanCorp in accordance with U.S. GAAP. In the impairment testing, StanCorp evaluate the indication of impairment in accordance with U.S. GAAP, and assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.  
This evaluation uses key assumptions such as premium growth rates and the insurance benefit ratios.

Those assumptions involve high level of uncertainty and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

## **(3) Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition**

a. Amount recorded in the consolidated financial statements at the end of the fiscal year  
The amount of ¥42,978 million of the VOBA is recorded in Other intangible fixed assets of the consolidated balance sheets for this fiscal year. The balance related to the individual disability insurance business accounts for a significant portion of the VOBA.

b. Other information that contributes to the understanding of users of consolidated financial statements about the contents of the accounting estimates  
The amount of VOBA arising from the acquisition of consolidated overseas subsidiaries is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. GAAP.  
Key assumptions such as the incident rates and the claim termination rates are used for the calculation of the VOBA. In addition, the VOBA is being amortized over a certain period based on their contractual terms in proportion to future premiums.

If the assumptions listed above deteriorate, a loss equal to a decline in value of VOBA may be



recognized before additional policy reserves are recognized. Accordingly, this evaluation is performed with its assessment of the sufficiency of the amount of policy reserves.

Those assumptions involve high level of uncertainty, and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Change in presentation)

(Application of “Accounting standards for Disclosure of Accounting Estimates”)

The Company has applied “Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31)” from this fiscal year, and notes related to significant accounting estimates are included in the consolidated financial statements.

## **27. Change in presentation**

Because the balance of “Payables under securities borrowing transactions”, which was included in “Other Liabilities” in the previous year, has become material, a breakdown of "Other Liabilities" is presented separately from this fiscal year.

## **28. Subsequent Events**

### **(1) Financing through a JPY denominated subordinated loan**

The Company financed through a JPY denominated subordinated loan on August 2, 2021, as follows:

a. Amount: ¥200 billion

b. Interest rate

A fixed rate of 0.88% per annum on or before August 2, 2031 and a fixed rate with step-up and a reset of every five years on August 3, 2031 and thereafter

c. Due date

Three bank business days before August 2, 2051, however, this loan is callable at the discretion of the Company on three bank business days before August 2, 2031 and before the corresponding date of every five years thereafter, subject to prior approval by the regulatory authority, etc.

d. Collateral and guarantees

This loan is not secured or guaranteed, and there are no particular assets reserved for this loan.

e. Use of funds

For general business

### **(2) Redemption of foundation funds**

The Company redeemed foundation funds on August 3, 2021 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.

### **(3) Appropriation of surplus**

The proposed appropriation of surplus of the Company for the year ended March 31, 2021 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2021.



## **Independent Auditor's Report**

To the Board of Directors of Meiji Yasuda Life Insurance Company.:

### **Opinion**

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2020 and 2021, 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 notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



<b>Appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the consolidated balance sheets of the Group, Policy reserves of ¥35,297,785 million were recognized for the current fiscal year. Included therein were ¥32,802,306 million of policy reserves of the Company, accounting for a significant portion as large as approximately 71.3% of total liabilities and net assets in the consolidated financial statements. The amount included policy reserves of ¥608,713 million additionally set aside for the current fiscal year pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act," representing the difference arising from calculation of premium reserves using the expected rate of interest of 2.0% for individual annuity contracts concluded on or before April 1, 1999.</p> <p>As described in Note 2. Summary of Significant Accounting Policies (12), "Policy reserves" to the consolidated financial statements, policy reserves are reported at an amount determined by actuarial calculations in accordance with the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for future fulfilment of obligations under the insurance contracts, pursuant to Article 116 of the "Insurance Business Act."</p> <p>In order to validate whether the amount of policy reserves is sufficient, the appointed actuary is engaged to perform a future income and expense analysis and a stress test on the third-sector insurance. In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy reserves set aside in accordance with the statement of calculation procedures for insurance premiums and policy reserves due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." These procedures to validate the sufficiency of the amount of policy reserves required significant management judgement as well as a high degree of actuarial expertise.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess whether the Company's judgment with respect to the sufficiency of the amount of policy reserves was appropriate, included the following:</p> <p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of policy reserves pursuant to Article 116 of the "Insurance Business Act." In this assessment, we focused our testing on controls in which management validates the sufficiency of the amount of policy reserves based on the opinion letter and the supplementary report provided by the appointed actuary.</p> <p>In addition, we performed the following procedures, with the assistance of actuarial specialists within our firm, with respect to the testing to validate the sufficiency of the amount of policy reserves (i.e., a future income and expense analysis and a stress test on third-sector insurance) and management judgment on the recognition of additional policy reserves:</p> <ul style="list-style-type: none"> <li>• assessed whether the testing to validate the sufficiency of the amount of policy reserves was performed pursuant to the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) and the Company's internal rules, and compared the policy reserves with the calculation results in the previous fiscal years;</li> <li>• evaluated the appointed actuary's opinion letter and the supplementary report (including additional policy reserves set aside for the current fiscal year) by inquiring of the actuary regarding the contents of the reports;</li> <li>• inspected the minutes of the board of directors' meetings and assessed whether management judgment on the scope of the insurance contracts subject to additional policy reserves set aside for the current fiscal year and the timing of their recognition were reasonable considering the recent economic environment; and</li> <li>• confirmed that the statement of calculation procedures for insurance premiums and policy reserves used to calculate the additional policy reserves was approved by the Financial Services Agency, and then evaluated, for a selection of relevant contracts, whether additional policy reserves were recognized in accordance with the statement of calculation procedures for insurance premiums and policy reserves.</li> </ul>



<b>Appropriateness of the valuation of claim reserves for long-term disability insurance in the group insurance business at StanCorp</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the consolidated balance sheets of the Group, Reserves for outstanding claims of ¥708,582 million were reported for the current fiscal year. Of this amount, the claim reserves of StanCorp Financial Group, Inc. (hereinafter, “StanCorp”) amounted to ¥575,256 million, a significant portion of which was related to claim reserves for the long-term disability insurance, called Long-Term Disability-Disabled Life Reserves (hereinafter, “LTD-DLR”), in its group insurance business.</p> <p>As described in Note 26. Significant Accounting Estimates (1), “Claim reserves of StanCorp Financial Group, Inc. (StanCorp)” to the consolidated financial statements, StanCorp’s claim reserves for LTD-DLR are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp’s consolidated balance sheet date in accordance with U.S. generally accepted accounting principles.</p> <p>While StanCorp evaluates annually whether the amount of claim reserves is appropriate, the selection of an appropriate valuation methodology used in this evaluation required a high degree of actuarial expertise. In addition, the estimate of claim reserves reflected key assumptions, such as the claim termination rates, which involved significant management judgment.</p> <p>We, therefore, determined that our assessment of the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>In order to assess the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary.</p> <p>Such procedures include testing, in accordance with our group audit instructions, of the design and implementation of certain relevant internal controls, with a focus on controls in which StanCorp’s actuary evaluates the reasonableness of key assumptions such as the claim termination rates.</p> <p>We also focused on the following procedures, with the assistance of actuarial specialists within the firm of the component auditor, considering the impact of the novel coronavirus disease (COVID-19):</p> <ul style="list-style-type: none"> <li>• assessed whether the selection of a valuation methodology to evaluate the appropriateness of the amount of claim reserves complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices;</li> <li>• assessed whether the claim termination rates, which were a key assumption used to estimate the claim reserves, were reasonable;</li> <li>• compared, for a selection of relevant contracts, the claim reserve independently calculated by the actuarial specialists with the amount recognized by StanCorp; and</li> <li>• assessed the reliability of underlying information used in evaluating whether the amount of claim reserves was appropriate.</li> </ul>



<b>Appropriateness of the judgment as to whether an impairment loss should be recognized on goodwill allocated to the group insurance business of StanCorp</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the consolidated balance sheets of the Group, Goodwill of ¥109,536 million that arose from the acquisition of StanCorp was presented for the current fiscal year. Of this amount, a significant portion was allocated to its group insurance business.</p> <p>As described in Note 26. Significant Accounting Estimates (2), “Impairment of goodwill arising from the acquisition of StanCorp” to the consolidated financial statements, goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp and is tested for impairment by StanCorp in accordance with U.S. generally accepted accounting principles.</p> <p>In the impairment testing, StanCorp assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.</p> <p>As a result of the impairment testing, StanCorp determined that the recognition of an impairment loss was not necessary. However, key assumptions, such as the premium growth rates and the insurance benefit ratios, used in estimating future operating results that formed the basis for the impairment testing involved significant management judgment.</p> <p>We, therefore, determined that our assessment of the appropriateness of the judgment as to whether an impairment loss should be recognized on goodwill allocated to the group insurance business of StanCorp was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>In order to assess the appropriateness of the judgement as to whether an impairment loss should be recognized on goodwill allocated to the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation.</p> <p>Such procedures include testing, in accordance with our group audit instructions,</p> <p>the design and operating effectiveness of certain of StanCorp’s controls relevant to the impairment testing on goodwill allocated to its group insurance business, with a focus on controls designed to completely collect information necessary for the impairment testing, including information related to planned key assumptions, such as the premium growth rates and the insurance benefit ratios, as well as controls in which management reviews and approves the impairment test results.</p> <p>We also focused on the following procedures with respect to StanCorp’s judgment as to whether an impairment loss should be recognized on goodwill allocated to its group insurance business:</p> <ul style="list-style-type: none"> <li>• assessed whether the premium growth rates and the insurance benefit ratios used in the impairment testing were reasonable in light of the impact of the novel coronavirus disease (COVID-19) in the U.S. by inquiring of management and inspecting relevant documents;</li> <li>• compared the premium growth rates and the insurance benefit ratios used as key assumptions in the impairment testing to those used at the time of the acquisition of StanCorp and those in the most recent plan; and</li> <li>• compared underlying information used in the impairment testing, such as premium income and benefit payments, to the accounting records.</li> </ul>



<b>Appropriateness of the valuation of the in-force business related to the individual disability insurance business at StanCorp</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the consolidated balance sheets of the Group, Other intangible fixed assets of ¥228,986 million were reported for the current fiscal year. Of this amount, the value of the in-force business, or a Value of Business Acquired (“VOBA”), that arose from the acquisition of StanCorp accounted for ¥42,978 million, a significant portion of which was related to the individual disability insurance business.</p> <p>As described in Note 26. Significant Accounting Estimates (3), “Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition” to the consolidated financial statements, the amount of VOBA arising from the acquisition of StanCorp is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. generally accepted accounting principles.</p> <p>The VOBA related to the individual disability insurance products is being amortized over a certain period based on their contractual terms in proportion to future premiums. However, if assumptions underlying the actuarial calculations deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, StanCorp performs the evaluation of VOBA concurrently with its assessment of the sufficiency of the amount of policy reserves (loss recognition testing). As a result of the testing, StanCorp determined that the recognition of a loss was not necessary.</p> <p>In the loss recognition testing, the selection of an appropriate valuation methodology used in the testing required a high degree of actuarial expertise. In addition, the estimate of future cash flows used in the testing reflected key assumptions, such as the incident rates and the claim termination rates, that involved significant management judgment.</p> <p>We, therefore, determined that our assessment of the appropriateness of the valuation of VOBA related to the individual disability insurance business arising from the acquisition of StanCorp was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>In order to assess the appropriateness of the valuation of VOBA related to the individual disability insurance business at StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary.</p> <p>Such procedures include testing, in accordance with our group audit instructions, of the design and operating effectiveness of certain of StanCorp’s controls relevant to the loss recognition testing on the individual disability insurance business, with a focus on controls in which StanCorp’s actuary evaluates the reasonableness of key assumptions, such as the incident rates and the claim termination rates.</p> <p>We also focused on the following procedures with respect to the results of StanCorp’s loss recognition testing, considering the impact of the novel coronavirus disease (COVID-19):</p> <ul style="list-style-type: none"> <li>• assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the selection of a valuation methodology used in the loss recognition testing complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices;</li> <li>• assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the incident rates and the claim termination rates used in the loss recognition testing were reasonable; and</li> <li>• evaluated the reliability of underlying information used to estimate future cash flows in the loss recognition testing.</li> </ul>



## **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 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.



**Interest required to be disclosed by the Certified Public Accountants Act of Japan**


We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Takuji Kanai* 

Takuji Kanai  
Designated Engagement Partner  
Certified Public Accountant

*Yukio Kumaki* 

Yukio Kumaki  
Designated Engagement Partner  
Certified Public Accountant

*Hiroki Kobayashi* 

Hiroki Kobayashi  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
August 4, 2021

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Balance Sheets**

As of March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars
			2021
<b>ASSETS:</b>			
<b>Cash and deposits (Note 3)</b>			
Cash	¥ 94	¥ 58	\$ 0
Deposits	1,205,392	1,146,038	10,351
<b>Subtotal</b>	<b>1,205,486</b>	<b>1,146,096</b>	<b>10,352</b>
<b>Call loans</b>	<b>90,000</b>	<b>90,000</b>	<b>812</b>
<b>Monetary claims bought (Note 3)</b>	<b>204,335</b>	<b>264,184</b>	<b>2,386</b>
<b>Money held in trust (Note 3)</b>	<b>13,966</b>	<b>154,622</b>	<b>1,396</b>
<b>Securities (Notes 3, 4, 5, 6, and 7)</b>			
National government bonds	14,745,920	15,766,989	142,417
Local government bonds	307,445	276,945	2,501
Corporate bonds	2,381,604	2,322,203	20,975
Domestic stocks	3,526,761	4,713,734	42,577
Foreign securities	10,359,492	10,854,668	98,045
Other securities	1,119,976	1,448,279	13,081
<b>Subtotal</b>	<b>32,441,200</b>	<b>35,382,820</b>	<b>319,599</b>
<b>Loans (Notes 3, 8, and 9)</b>			
Policy loans	229,759	207,776	1,876
Industrial and consumer loans	3,875,676	3,887,946	35,118
<b>Subtotal</b>	<b>4,105,435</b>	<b>4,095,722</b>	<b>36,995</b>
<b>Tangible fixed assets (Notes 10, and 11)</b>			
Land	603,348	610,792	5,517
Buildings	253,361	251,647	2,273
Construction in progress	4,249	3,293	29
Other tangible fixed assets	3,680	3,417	30
<b>Subtotal</b>	<b>864,639</b>	<b>869,150</b>	<b>7,850</b>
<b>Intangible fixed assets</b>			
Software	63,215	60,371	545
Other intangible fixed assets	25,701	26,145	236
<b>Subtotal</b>	<b>88,916</b>	<b>86,517</b>	<b>781</b>
<b>Due from agents</b>	<b>0</b>	<b>—</b>	<b>—</b>
<b>Reinsurance receivables</b>	<b>1,368</b>	<b>884</b>	<b>7</b>
<b>Other assets</b>			
Accounts receivable	113,266	101,810	919
Prepaid expenses	7,460	8,462	76
Accrued income	104,675	103,524	935
Money on deposit	11,895	12,527	113
Deposits for futures transactions	3,538	1,836	16
Margins on futures transactions	7,973	94	0
Derivative financial instruments (Note 3)	104,904	59,888	540
Cash collaterals pledged for financial instruments	46,024	185,274	1,673
Suspense	3,698	5,952	53
Other assets	10,040	9,153	82
<b>Subtotal</b>	<b>413,476</b>	<b>488,525</b>	<b>4,412</b>
<b>Prepaid pension cost (Note 15)</b>	<b>88,906</b>	<b>94,314</b>	<b>851</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>19,888</b>	<b>19,215</b>	<b>173</b>
<b>Allowance for possible loan losses</b>	<b>(6,754)</b>	<b>(6,837)</b>	<b>(61)</b>
<b>Total assets</b>	<b>¥ 39,530,866</b>	<b>¥ 42,685,218</b>	<b>\$ 385,558</b>

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Balance Sheets (continued)**

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
<b>LIABILITIES:</b>			
<b>Policy reserves and other reserves</b>			
Reserve for outstanding claims (Notes 16)	¥ 124,477	¥ 126,671	\$ 1,144
Policy reserves (Notes 16)	32,510,255	32,802,306	296,290
Policyholders' dividend reserves (Note 17)	245,988	260,030	2,348
<b>Subtotal</b>	<b>32,880,721</b>	<b>33,189,008</b>	<b>299,783</b>
<b>Reinsurance payables</b>	<b>842</b>	<b>705</b>	<b>6</b>
<b>Bonds payable (Notes 3 and 18)</b>	<b>640,735</b>	<b>640,735</b>	<b>5,787</b>
<b>Other liabilities</b>			
Payables under repurchase agreements (Notes 3 and 5)	73,233	101,346	915
Payables under securities borrowing transactions (Notes 3 and 4)	1,133,523	2,500,282	22,584
Income taxes payable	5,479	17,433	157
Accounts payable	59,299	44,815	404
Accrued expenses	30,960	36,639	330
Deferred income	2,662	2,699	24
Deposits received	27,984	29,929	270
Guarantee deposits received	36,014	35,328	319
Margins on futures transactions	374	112	1
Derivative financial instruments (Note 3)	81,478	282,409	2,550
Cash collaterals received for financial instruments	48,971	27,324	246
Asset retirement obligations	3,354	3,416	30
Suspense receipts	4,362	2,618	23
<b>Subtotal</b>	<b>1,507,699</b>	<b>3,084,355</b>	<b>27,859</b>
<b>Reserve for contingent liabilities (Note 19)</b>	<b>1</b>	<b>—</b>	<b>—</b>
<b>Reserve for price fluctuation</b>	<b>832,480</b>	<b>850,080</b>	<b>7,678</b>
<b>Deferred tax liabilities (Note 21)</b>	<b>13,636</b>	<b>310,945</b>	<b>2,808</b>
<b>Deferred tax liabilities for land revaluation</b>	<b>79,210</b>	<b>79,003</b>	<b>713</b>
<b>Acceptances and guarantees</b>	<b>19,888</b>	<b>19,215</b>	<b>173</b>
<b>Total liabilities</b>	<b>35,975,215</b>	<b>38,174,049</b>	<b>344,811</b>
<b>NET ASSETS:</b>			
<b>Foundation funds (Note 20)</b>	<b>250,000</b>	<b>250,000</b>	<b>2,258</b>
<b>Reserve for redemption of foundation funds (Note 20)</b>	<b>730,000</b>	<b>730,000</b>	<b>6,593</b>
<b>Reserve for revaluation</b>	<b>452</b>	<b>452</b>	<b>4</b>
<b>Surplus</b>	<b>460,763</b>	<b>509,886</b>	<b>4,605</b>
<b>Reserve for future losses</b>	<b>11,975</b>	<b>12,424</b>	<b>112</b>
<b>Other surplus</b>	<b>448,787</b>	<b>497,461</b>	<b>4,493</b>
Reserve for fund redemption	90,000	140,000	1,264
Fund for price fluctuation allowance	29,764	29,764	268
Reserve for promotion of social welfare project	89	38	0
Reserve for business infrastructure	100,000	70,000	632
Reserve for reduction entry of real estate	26,702	26,157	236
Special reserves	2,000	2,000	18
Other reserves	85	85	0
Unappropriated surplus	200,146	229,416	2,072
<b>Total funds, reserve and surplus</b>	<b>1,441,216</b>	<b>1,490,339</b>	<b>13,461</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>1,950,825</b>	<b>2,874,641</b>	<b>25,965</b>
<b>Deferred unrealized gains on derivatives under hedge accounting</b>	<b>45,187</b>	<b>28,006</b>	<b>252</b>
<b>Land revaluation differences</b>	<b>118,421</b>	<b>118,183</b>	<b>1,067</b>
<b>Total unrealized gains, revaluation reserves and adjustments</b>	<b>2,114,434</b>	<b>3,020,830</b>	<b>27,285</b>
<b>Total net assets</b>	<b>3,555,650</b>	<b>4,511,169</b>	<b>40,747</b>
<b>Total liabilities and net assets</b>	<b>¥ 39,530,866</b>	<b>¥ 42,685,218</b>	<b>\$ 385,558</b>

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Income**

Years ended March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars
			2021
<b>ORDINARY INCOME:</b>			
<b>Insurance premiums and other</b>			
Insurance premiums	¥ 2,588,757	¥ 2,341,591	\$ 21,150
Reinsurance revenue	4,598	10,557	95
<b>Subtotal</b>	<b>2,593,355</b>	<b>2,352,149</b>	<b>21,246</b>
<b>Investment income (Note 25)</b>			
Interest, dividends and other income	871,621	840,398	7,590
Interest on deposits	1,893	764	6
Interest and dividends on securities	746,415	721,397	6,516
Interest on loans	67,105	62,584	565
Rent revenue from real estate	38,805	38,235	345
Other interest and dividends	17,399	17,417	157
Gains on money held in trust	46	1,818	16
Gains on sales of securities	19,233	97,475	880
Gains on redemption of securities	89,915	132,037	1,192
Foreign exchange gains	-	44,445	401
Other investment income	255	279	2
Investment gains on separate accounts	-	75,981	686
<b>Subtotal</b>	<b>981,072</b>	<b>1,192,437</b>	<b>10,770</b>
<b>Other ordinary income</b>			
Income from annuity riders	13,797	14,319	129
Income from deferred benefits	43,653	39,229	354
Reversal of reserve for outstanding claims (Note 26)	5,933	-	-
Reversal of accrued retirement benefits	2,002	5,408	48
Other ordinary income	8,008	8,222	74
<b>Subtotal</b>	<b>73,396</b>	<b>67,179</b>	<b>606</b>
<b>Total ordinary income</b>	<b>¥ 3,647,824</b>	<b>¥ 3,611,765</b>	<b>\$ 32,623</b>

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Income (continued)**

Years ended March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars 2021
<b>ORDINARY EXPENSES:</b>			
<b>Benefits and other payments</b>			
Claims paid	¥ 604,727	¥ 544,074	\$ 4,914
Annuity payments	627,305	661,573	5,975
Benefit payments	402,708	391,472	3,536
Surrender benefits	548,700	581,645	5,253
Other refunds	105,969	135,797	1,226
Reinsurance premiums	4,021	3,132	28
<b>Subtotal</b>	<b>2,293,433</b>	<b>2,317,695</b>	<b>20,934</b>
<b>Provision for policy reserves and other reserves</b>			
Provision for reserve for outstanding claims (Note 26)	–	2,193	19
Provision for policy reserves (Note 26)	261,480	292,051	2,637
Provision for interest on policyholders' dividend reserves (Note 17)	89	82	0
<b>Subtotal</b>	<b>261,570</b>	<b>294,327</b>	<b>2,658</b>
<b>Investment expenses (Note 25)</b>			
Interest expenses	14,262	14,421	130
Losses on sales of securities	6,295	62,887	568
Losses on valuation of securities	104,134	1,971	17
Losses on redemption of securities	32,134	78,895	712
Losses on derivative financial instruments	135,662	79,634	719
Foreign exchange losses	18,188	–	–
Provision for allowance for possible loan losses	1,503	729	6
Write-down of loans	393	–	–
Depreciation of real estate for non-insurance business	9,609	9,381	84
Other investment expenses	16,292	17,689	159
Investment losses on separate accounts	19,948	–	–
<b>Subtotal</b>	<b>358,424</b>	<b>265,610</b>	<b>2,399</b>
<b>Operating expenses (Note 27)</b>	<b>362,017</b>	<b>375,436</b>	<b>3,391</b>
<b>Other ordinary expenses</b>			
Deferred benefit payments	71,474	57,851	522
Taxes	29,327	32,168	290
Depreciation	29,492	31,667	286
Other ordinary expenses	6,620	5,191	46
<b>Subtotal</b>	<b>136,914</b>	<b>126,879</b>	<b>1,146</b>
<b>Total ordinary expenses</b>	<b>3,412,360</b>	<b>3,379,948</b>	<b>30,529</b>
<b>Ordinary profit</b>	<b>¥ 235,464</b>	<b>¥ 231,817</b>	<b>\$ 2,093</b>

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Income (continued)**

Years ended March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars
			2021
<b>Extraordinary gains</b>			
Gains on disposals of fixed assets	¥	-	¥ 385
Reversal of reserve for contingent liabilities		0	\$ 1
<b>Subtotal</b>		<b>0</b>	<b>386</b>
<b>Extraordinary losses</b>			
Losses on disposals of fixed assets		1,679	6,292
Impairment losses (Note 14)		2,245	2,262
Provision for reserve for price fluctuation		16,504	17,600
Losses on reduction entry of real estate		4	325
Contributions for promotion of social welfare project		510	661
Other extraordinary losses (Note 13)		-	4,160
<b>Subtotal</b>		<b>20,944</b>	<b>31,302</b>
<b>Surplus before income taxes</b>		<b>214,520</b>	<b>200,901</b>
<b>Income taxes (Note 30)</b>			
Current		47,883	57,163
Deferred		(33,522)	(54,778)
Total income taxes		<b>14,361</b>	<b>2,385</b>
<b>Net surplus</b>	<b>¥</b>	<b>200,159</b>	<b>¥ 198,516</b>
			<b>\$ 1,793</b>

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Changes in Net Assets**

Year ended March 31, 2020

Millions of Yen

	Funds, reserves and surplus												Total funds, reserves and surplus	
	Surplus											Total surplus		
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Other surplus							Unappropriated surplus
Reserve for promotion of social welfare project							Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves				
Beginning 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
Changes in the fiscal year														
Issuance of foundation funds	50,000													50,000
Additions to policyholders' dividend reserves (Notes 17 and 21)												(169,630)	(169,630)	(169,630)
Additions to reserve for future losses				512								(512)		
Additions to reserve for redemption of foundation funds		60,000												60,000
Payment of interest on foundation funds												(918)	(918)	(918)
Net surplus												200,159	200,159	200,159
Redemption of foundation funds	(60,000)													(60,000)
Additions to reserve for fund redemption					52,000							(52,000)		
Reversal of reserve for fund redemption					(60,000)								(60,000)	(60,000)
Additions to reserve for promotion of social welfare project										564			(564)	
Reversal of reserve for promotion of social welfare project									(510)				510	
Additions to reserve for business infrastructure														
Additions to reserve for reduction entry of real estate													(306)	
Reversal of reserve for reduction entry of real estate										306			(306)	
Reversal of land revaluation differences										(544)			544	
Net changes, excluding funds, reserves and surplus												(23,239)	(30,912)	(522)
Net changes in the fiscal year	(10,000)	60,000	-	512	(8,000)	-	53	-	(238)	-	-	(23,239)	(30,912)	19,087
Ending balance	250,000	730,000	452	11,975	90,000	29,764	89	100,000	26,702	2,000	85	200,146	460,763	1,441,216

	Unrealized gains (losses), revaluation reserve and adjustments					Total net assets
	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		
Beginning balance	2,450,220	41,253	117,898	2,609,372	4,031,501	
Changes in the fiscal year						
Issuance of foundation funds					50,000	
Additions to policyholders' dividend reserves (Notes 17 and 21)					(169,630)	
Additions to reserve for future losses						
Additions to reserve for redemption of foundation funds					60,000	
Payment of interest on foundation funds					(918)	
Net surplus					200,159	
Redemption of foundation funds					(60,000)	
Additions to reserve for fund redemption						
Reversal of reserve for fund redemption					(60,000)	
Additions to reserve for promotion of social welfare project						
Reversal of reserve for promotion of social welfare project						
Additions to reserve for business infrastructure						
Additions to reserve for reduction entry of real estate						
Reversal of reserve for reduction entry of real estate						
Reversal of land revaluation differences					(522)	
Net changes, excluding funds, reserves and surplus	(499,394)	3,933	522	(494,938)	(494,938)	
Net changes in the fiscal year	(499,394)	3,933	522	(494,938)	(475,850)	
Ending balance	1,950,825	45,187	118,421	2,114,434	3,555,650	



**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Changes in Net Assets (continued)**

Year ended March 31, 2021	Millions of Yen													
	Funds, reserves and surplus													
	Surplus													
	Other surplus													
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	11,975	90,000	29,764	89	100,000	26,702	2,000	85	200,146	460,763	1,441,216
Changes in the fiscal year														
Additions to policyholders' dividend reserves (Notes 17 and 21)												(148,874)	(148,874)	(148,874)
Additions to reserve for future losses				449								(449)	(449)	(449)
Payment of interest on foundation funds												(757)	(757)	(757)
Net surplus												198,516	198,516	198,516
Redemption of foundation funds												(50,000)	(50,000)	(50,000)
Additions to reserve for fund redemption					50,000									
Reversal of reserve for fund redemption														
Additions to reserve for promotion of social welfare project							610						(610)	(610)
Reversal of reserve for promotion of social welfare project							(661)						661	661
Reversal of reserve for business infrastructure								(30,000)				30,000		
Reversal of reserve for reduction entry of real estate									(544)				544	544
Reversal of land revaluation differences												238	238	238
Net changes, excluding funds, reserves and surplus				449	50,000		(50)	(30,000)	(544)			29,269	49,122	49,122
Net changes in the fiscal year	—	—	—	449	50,000	—	(50)	(30,000)	(544)	—	—	29,269	49,122	49,122
Ending balance	250,000	730,000	452	12,424	140,000	29,764	38	70,000	26,157	2,000	85	229,416	509,886	1,490,339

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	1,950,825	45,187	118,421	2,114,434	3,555,650
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Notes 17 and 21)				(148,874)	(148,874)
Additions to reserve for future losses					
Payment of interest on foundation funds				(757)	(757)
Net surplus				198,516	198,516
Redemption of foundation funds					
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for business infrastructure					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences				238	238
Net changes, excluding funds, reserves and surplus	923,815	(17,181)	(238)	906,395	906,395
Net changes in the fiscal year	923,815	(17,181)	(238)	906,395	955,518
Ending balance	2,874,641	28,006	118,183	3,020,830	4,511,169

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Statements of Changes in Net Assets (continued)**

Year ended March 31, 2021	Millions of U.S. Dollars													
	Funds, reserves and surplus													
	Surplus													
	Other surplus													
	Foundation funds (Note 20)	Reserve for redemption of foundation funds (Note 20)	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	2,258	6,593	4	108	812	268	0	903	241	18	0	1,807	4,161	13,017
Changes in the fiscal year														
Additions to policyholders' dividend reserves (Notes 17 and 21)												(1,344)	(1,344)	(1,344)
Additions to reserve for future losses				4								(4)	(4)	
Payment of interest on foundation funds												(6)	(6)	(6)
Net surplus												1,793	1,793	1,793
Redemption of foundation funds												(451)	(451)	
Additions to reserve for fund redemption					451									
Reversal of reserve for fund redemption														
Additions to reserve for promotion of social welfare project							5					(5)	(5)	
Reversal of reserve for promotion of social welfare project							(5)					5	5	
Reversal of reserve for business infrastructure								(270)				270	270	
Reversal of reserve for reduction entry of real estate									(4)			4	4	
Reversal of land revaluation differences												2	2	2
Net changes, excluding funds, reserves and surplus				4	451		(0)	(270)	(4)			264	443	443
Net changes in the fiscal year	—	—	—	4	451	—	(0)	(270)	(4)	—	—	264	443	443
Ending balance	2,258	6,593	4	112	1,264	268	0	632	236	18	0	2,072	4,605	13,461

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	17,621	408	1,069	19,098	32,116
Changes in the fiscal year					
Additions to policyholders' dividend reserves (Notes 17 and 21)				(1,344)	
Additions to reserve for future losses					
Payment of interest on foundation funds				(6)	
Net surplus				1,793	
Redemption of foundation funds					
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences				2	
Net changes, excluding funds, reserves and surplus	8,344	(155)	(2)	8,187	8,187
Net changes in the fiscal year	8,344	(155)	(2)	8,187	8,630
Ending balance	25,965	252	1,067	27,285	40,747

**Meiji Yasuda Life Insurance Company**  
**Non-consolidated Proposed Appropriation of Surplus**

Years ended March 31	Millions of Yen		Millions of
	2020	2021	U.S. Dollars
			2021
<b>Unappropriated surplus</b>	¥ 200,146	¥ 229,416	\$ 2,072
<b>Reversal of voluntary surplus reserves:</b>	<b>544</b>	<b>2,630</b>	<b>23</b>
Reversal of reserve for reduction entry of real estate	544	545	4
Reversal of special reserves	—	2,000	18
Reversal of other reserves	—	85	0
<b>Total</b>	<b>200,691</b>	<b>232,046</b>	<b>2,095</b>
<b>Appropriation of surplus</b>	<b>200,691</b>	<b>232,046</b>	<b>2,095</b>
Provision for policyholders' dividend reserves	148,874	178,633	1,613
<b>Net surplus</b>	<b>51,816</b>	<b>53,413</b>	<b>482</b>
Reserve for future losses	449	539	4
Interest on foundation funds	757	757	6
Voluntary surplus reserves:	50,610	52,116	470
Reserve for fund redemption	50,000	50,000	451
Reserve for promotion of social welfare project	610	2,085	18
Reserve for reduction entry of real estate	—	31	0

## **1. Basis of Presentation**

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2021, which was ¥110.71 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,” issued by the Japanese Institute of Certified Public Accountants (JICPA). 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" issued by the JICPA.

## **(3) Money held in trust**

Money held in trust is stated at fair value.

## **(4) Derivative transactions**

Derivative transactions are stated at fair value.

## **(5) Method of hedge accounting**

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". 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," issued by the JICPA.

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.

## **(6) 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.

## **(7) 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.

## **(8) 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.

## **(9) 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, 2020 and 2021 amounted to ¥183 million and ¥391 million (U.S. \$3 million), respectively.

## **(10) Policy reserves**

Regarding contracts for which the insurer’s liability under insurance policies has started as of the end of the fiscal year, policy reserves of the Company are set aside in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the “Insurance Business Act”) pursuant to Article 116, Paragraph 1 of the “Insurance Business Act”, in order to prepare for future fulfilment of obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated by the following methods:

a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime minister (Notification of the Minister of Finance No. 48, 1996).

b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy reserves set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:

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

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

- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 4 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

While, since the fiscal year ended March 31, 2008, additional reserves were set aside 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 scope of the contracts subject to additional reserves were expanded and the expected rate of interest was reduced from this fiscal year.

The additional reserves arising from the changes in the scope and expected rate of interest are accumulated for 4 years from this fiscal year; and ¥608,713 million (U.S. \$5,498 million) of the reserve is set aside in this fiscal year, which is the initial year of accumulation: As a result, 89.3% of the required amount of the reserves is set aside as of the end of this fiscal year. In addition, ¥364,016 million (U.S. \$3,288 million) of contingency reserves included in policy reserves was reversed and utilized for provision of the additional reserves.

Regarding setting aside policy reserves, an appointed actuary performs a future income and expense analysis, a stress test on the third-sector insurance and other tests in each fiscal year in order to validate whether the amount of policy reserves are set aside appropriately in accordance with Article 121, Paragraph 1 of the “Insurance Business Act”, and Article 80 of the “Ordinance for Enforcement of the Insurance Business Act”.



Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the “Insurance Business Act”, and Article 69, Paragraph 1, Item 3 of the “Ordinance for Enforcement of the Insurance Business Act” to cover risks that may occur in the future in order to ensure the performance of future obligations under insurance contracts.

#### **(11) 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, 2020 and 2021, respectively.

#### **(12) Reserve for price fluctuation**

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

#### **(13) 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.

#### **(14) Policy acquisition costs**

Policy acquisition costs are expensed when incurred.

#### **(15) 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”.

#### **(16) 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 derivatives is mainly used for 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 ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. 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		
	2020			2021			2021		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,205,486	¥ 1,205,486	¥ —	¥ 1,146,096	¥ 1,146,096	¥ —	\$ 10,352	\$ 10,352	\$ —
Available-for-sale securities (CDs)	32,995	32,995	—	52,995	52,995	—	478	478	—
Monetary claims bought	204,335	217,514	13,179	264,184	273,558	9,374	2,386	2,470	84
Held-to-maturity debt securities	192,270	205,449	13,179	185,473	194,847	9,374	1,675	1,759	84
Available-for-sale securities	12,064	12,064	—	78,711	78,711	—	710	710	—
Money held in trust	13,966	13,966	—	154,622	154,622	—	1,396	1,396	—
Available-for-sale securities	13,966	13,966	—	154,622	154,622	—	1,396	1,396	—
Securities	31,548,038	33,890,160	2,342,122	34,457,723	36,412,393	1,954,670	311,243	328,898	17,655
Trading securities	743,989	743,989	—	678,573	678,573	—	6,129	6,129	—
Held-to-maturity debt securities	3,943,062	4,676,686	733,623	3,730,239	4,365,466	635,227	33,693	39,431	5,737
Policy-reserve-matching bonds	8,923,833	10,532,331	1,608,498	10,648,522	11,967,965	1,319,442	96,183	108,101	11,918
Available-for-sale securities	17,937,152	17,937,152	—	19,400,388	19,400,388	—	175,236	175,236	—
Loans	4,105,435	4,303,647	198,212	4,095,722	4,270,550	174,827	36,995	38,574	1,579
Policy loans	229,759	229,759	—	207,776	207,776	—	1,876	1,876	—
Industrial and consumer loans	3,875,676	4,073,888	198,212	3,887,946	4,062,774	174,827	35,118	36,697	1,579
Allowance for possible loan losses (*1)	(5,452)	—	—	(5,580)	—	—	(50)	—	—
	4,099,982	4,303,647	203,665	4,090,142	4,270,550	180,407	36,944	38,574	1,629
Bonds payable	640,735	629,271	(11,463)	640,735	667,457	26,722	5,787	6,028	241
Payables under repurchase agreements	73,233	73,233	—	101,346	101,346	—	915	915	—
Payables under securities borrowing transactions	1,133,523	1,133,523	—	2,500,282	2,500,282	—	22,584	22,584	—
Derivative financial instruments (*2)	23,425	23,425	—	(222,521)	(222,521)	—	(2,009)	(2,009)	—
Hedge accounting is not applied	(27,843)	(27,843)	—	(34,100)	(34,100)	—	(308)	(308)	—
Hedge accounting is applied	51,269	51,269	—	(188,420)	(188,420)	—	(1,701)	(1,701)	—

(\*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 the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" is calculated in the same method shown in "Securities."

*Monetary claims bought*

Fair value of monetary claims bought deemed as securities transactions based on the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" 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, 2020 and 2021 were as follows:

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Unlisted stocks and others	¥ 893,162	¥925,096	\$ 8,356
Equity securities issued by subsidiaries and affiliates	847,921	876,895	7,920

Impairment losses on the unlisted stocks and others except for equity securities issued by subsidiaries and affiliates were ¥287 million and ¥470 million (U.S. \$4 million) for the years ended March 31, 2020 and 2021, 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 ¥ (32,957) million and ¥45,148million (U.S. \$407 million) for the years ended March 31, 2020 and 2021, respectively.

*Held-to-maturity debt securities*

No held-to-maturity debt securities were sold during the year ended March 31, 2020. Among the held-to-maturity debt securities, disposition of securities due to considerable deterioration of the issuer's credit standing amounted to ¥4,887 million (U.S. \$44 million) resulting in the losses on sales of ¥112 million (U.S. \$1 million) for the year ended March 31, 2021. 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		
	2020			2021			2021		
	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	¥ 3,397,566	¥ 4,051,049	¥ 653,483	¥ 3,227,182	¥ 3,793,137	¥ 565,954	\$ 29,149	\$ 34,261	\$ 5,112
2) Corporate bonds	438,346	512,962	74,616	410,714	475,162	64,447	3,709	4,291	582
3) Others	288,620	307,556	18,936	266,823	281,115	14,292	2,410	2,539	129
Total	4,124,533	4,871,569	747,035	3,904,720	4,549,415	644,694	35,269	41,093	5,823
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	2,800	2,798	(1)	2,991	2,991	(0)	27	27	(0)
3) Others	8,000	7,768	(231)	8,000	7,906	(93)	72	71	(0)
Total	10,800	10,567	(232)	10,991	10,898	(93)	99	98	(0)

(\* ) 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 ¥285,843 million and ¥786,256 million (U.S. \$7,101 million) resulting in total gains on sales of ¥12,913 million and ¥6,220 million (U.S. \$56 million) for the years ended March 31, 2020 and 2021, respectively. Total losses on sales were ¥25 million and ¥35,679 million (U.S. \$322 million) for the year ended March 31, 2020 and 2021, respectively. Disposition of policy-reserve-matching bonds due to considerable deterioration of the issuer's credit standing amounted to ¥1,128 million resulting in the losses on sales of ¥104 million for the year ended March 31, 2020. 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		
	2020			2021			2021		
	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	¥ 7,474,934	¥ 9,023,047	¥ 1,548,113	¥ 7,637,948	¥ 8,953,434	¥ 1,315,486	\$ 68,990	\$ 80,872	\$ 11,882
2) Corporate bonds	17,156	21,193	4,037	17,038	20,443	3,405	153	184	30
3) Others	678,166	746,731	68,565	631,053	682,972	51,918	5,700	6,169	468
Total	8,170,256	9,790,973	1,620,716	8,286,040	9,656,850	1,370,809	74,844	87,226	12,381
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	643,382	634,664	(8,717)	1,926,000	1,905,510	(20,489)	17,396	17,211	(185)
2) Corporate bonds	1,853	1,829	(24)	336	333	(2)	3	3	(0)
3) Others	108,340	104,864	(3,476)	436,146	405,271	(30,874)	3,939	3,660	(278)
Total	753,576	741,358	(12,218)	2,362,482	2,311,115	(51,367)	21,339	20,875	(463)

### Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥286,600 million and ¥1,359,485 million (U.S. \$12,279 million) resulting in total gains on sales of ¥6,320 million and ¥91,255 million (U.S. \$824 million) and total losses of ¥6,166 million and ¥27,096 million (U.S. \$244 million) for the years ended March 31, 2020 and 2021, 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		
	2020			2021			2021		
	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	¥ 1,188,129	¥ 2,991,591	¥ 1,803,462	¥ 1,408,942	¥ 4,410,200	¥ 3,001,258	\$ 12,726	\$ 39,835	\$ 27,109
(2) Bonds	4,655,016	5,019,411	364,394	4,495,430	4,828,182	332,752	40,605	43,611	3,005
1) National & local government bonds	3,057,771	3,345,513	287,741	2,862,000	3,099,231	237,231	25,851	27,994	2,142
2) Corporate bonds	1,597,245	1,673,898	76,652	1,633,430	1,728,950	95,520	14,754	15,616	862
(3) Others	7,448,981	8,131,550	682,568	7,009,004	7,779,831	770,826	63,309	70,272	6,962
Total	13,292,127	16,142,552	2,850,425	12,913,377	17,018,214	4,104,837	116,641	153,718	37,077
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	410,410	363,092	(47,317)	160,982	139,151	(21,831)	1,454	1,256	(197)
(2) Bonds	217,042	213,582	(3,460)	104,911	103,472	(1,439)	947	934	(13)
1) National & local government bonds	24,226	24,038	(188)	20,165	20,034	(130)	182	180	(1)
2) Corporate bonds	192,816	189,544	(3,271)	84,746	83,437	(1,309)	765	753	(11)
(3) Others	1,368,766	1,276,951	(91,814)	2,517,830	2,425,878	(91,951)	22,742	21,912	(830)
Total	1,996,218	1,853,626	(142,591)	2,783,724	2,668,501	(115,222)	25,144	24,103	(1,040)

(\* ) 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 ¥87,730 million and ¥1,501 million (U.S. \$13 million) for the years ended March 31, 2020 and 2021, respectively.

c. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2020					
	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	¥ 1,205,392	¥ –	¥ –	¥ –	¥ –	¥ –
Monetary claims bought	–	–	–	–	–	204,335
Loans*	376,133	693,967	607,674	610,688	766,712	819,816
Securities	891,693	2,430,711	1,527,391	1,358,427	4,124,543	15,499,407
Held-to-maturity debt securities	183,178	366,145	408,820	621,364	269,849	2,090,904
Policy-reserve-matching bonds	7,404	111,669	12,556	79,308	1,407,162	7,305,731
Available-for-sale securities with maturities	701,110	1,952,896	1,106,015	657,753	2,447,531	6,102,771
Total	2,473,219	3,124,678	2,135,065	1,969,115	4,891,255	16,523,558

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2021						2021					
	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	¥ 1,146,038	¥ –	¥ –	¥ –	¥ –	¥ –	\$ 10,351	\$ –	\$ –	\$ –	\$ –	\$ –
Monetary claims bought	69,990	–	–	–	–	194,194	632	–	–	–	–	1,754
Loans*	448,649	690,800	684,759	515,897	832,754	714,835	4,052	6,239	6,185	4,659	7,521	6,456
Securities	1,333,499	2,053,792	1,126,637	2,180,727	4,645,887	15,536,263	12,044	18,551	10,176	19,697	41,964	140,332
Held-to-maturity debt securities	187,689	390,526	548,700	451,853	84,419	2,064,249	1,695	3,527	4,956	4,081	762	18,645
Policy-reserve-matching bonds	1,149	112,823	27,687	312,772	2,025,835	8,168,253	10	1,019	250	2,825	18,298	73,780
Available-for-sale securities with maturities	1,144,660	1,550,442	550,249	1,416,101	2,535,632	5,303,759	10,339	14,004	4,970	12,791	22,903	47,906
Total	2,998,177	2,744,593	1,811,397	2,696,624	5,478,642	16,445,293	27,081	24,790	16,361	24,357	49,486	148,543

(\*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥684 million and ¥249 million (U.S. \$2 million) as of March 31, 2020 and 2021, 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					
	2020					
	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	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Payables under repurchase agreements	73,233	—	—	—	—	—
Payable under securities borrowing transactions	1,133,523	—	—	—	—	—
<b>Total</b>	<b>1,206,757</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2021						2021					
	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	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,787
Payables under repurchase agreements	101,346	—	—	—	—	—	915	—	—	—	—	—
Payable under securities borrowing transactions	2,500,282	—	—	—	—	—	22,584	—	—	—	—	—
<b>Total</b>	<b>2,601,629</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>	<b>23,499</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,787</b>

e. Fair value of derivative transactions

Hedge accounting not applied

i) Interest-rate related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 900	¥ 900	¥ 0	¥ 0
Total				0

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	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	¥ 87,000	¥ 87,000	¥ (1,320)	¥ (1,320)	\$ 785	\$ 785	\$ (11)	\$ (11)
Total				(1,320)				(11)

(\*) Net gains (losses) represent the fair values.

ii) Currency-related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
<b>2020</b>				
Foreign currency forward contracts				
Sold	¥ 773,127	¥ —	¥ (596)	¥ (596)
(U.S. dollar)	687,556	—	(4,401)	(4,401)
(Euro)	31,838	—	331	331
(Australian dollar)	53,582	—	3,472	3,472
(British pound)	62	—	(0)	(0)
(Others)	87	—	0	0
Bought	33,772	—	23	23
(U.S. dollar)	16,746	—	68	68
(Euro)	11,451	—	(83)	(83)
(Australian dollar)	5,523	—	38	38
(Others)	50	—	0	0
Currency options				
Sold				
Call	157,097	—		
[U.S. dollar]	[41]		41	0
(U.S. dollar)	157,097	—		
[41]	[41]		41	0
Bought				
Put	166,178	—		
[U.S. dollar]	[63]		198	135
(U.S. dollar)	166,178	—		
[63]	[63]		198	135
Cross currency swaps				
Yen payments / Australian dollar receipts	175,156	175,156	(19,719)	(19,719)
Yen payments / U.S. dollar receipts	7,080	7,080	881	881
<b>Total</b>				<b>(19,275)</b>

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2021				2021			
	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	¥ 898,760	¥ —	¥ (40,836)	¥ (40,836)	\$ 8,118	\$ —	\$ (368)	\$ (368)
(U.S. dollar)	821,769	—	(38,179)	(38,179)	7,422	—	(344)	(344)
(Euro)	22,427	—	64	64	202	—	0	0
(Australian dollar)	54,482	—	(2,721)	(2,721)	492	—	(24)	(24)
(British pound)	62	—	(0)	(0)	0	—	(0)	(0)
(Others)	18	—	(0)	(0)	0	—	(0)	(0)
Bought	5,775	—	31	31	52	—	0	0
(U.S. dollar)	3,502	—	35	35	31	—	0	0
(Euro)	1,536	—	(2)	(2)	13	—	(0)	(0)
(Australian dollar)	712	—	(2)	(2)	6	—	(0)	(0)
(Others)	24	—	0	0	0	—	0	0
Currency options								
Sold								
Call	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Bought								
Put	—	—	—	—	—	—	—	—
(U.S. dollar)	—	—	—	—	—	—	—	—
Cross currency swaps								
Yen payments / Australian dollar receipts	78,660	78,660	7,315	7,315	710	710	66	66
Yen payments / U.S. dollar receipts	8,280	8,280	507	507	74	74	4	4
Total				(32,982)				(297)

(\*) 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.

(\*) Option fees are shown in [ ].



iii) Stock-related

As of March 31	Millions of Yen			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 148,066	¥ —	¥ (8,969)	¥ (8,969)
Bought	8,943	—	231	231
Foreign currency-denominated stock index futures				
Sold	346	—	(35)	(35)
Bought	6,304	—	174	174
<b>Total</b>				<b>(8,598)</b>

As of March 31	Millions of Yen				Millions of U.S. Dollars			
				2021				2021
	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	¥ 2,140	¥ —	¥ (67)	¥ (67)	\$ 19	\$ —	\$ (0)	\$ (0)
Bought	4,656	—	33	33	42	—	0	0
Foreign currency-denominated stock index futures								
Sold	539	—	(1)	(1)	4	—	(0)	(0)
Bought	4,840	—	32	32	43	—	0	0
Yen stock index future option								
Bought								
Put	99,981	—			903	—		
	(302)	—	214	(88)	[2]	—	1	(0)
Total				(91)				(0)

(\*) Net gains (losses) represent the fair values.

iv) Bond-related

As of March 31	Millions of Yen			
				2020
	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	¥ 513	¥ —	¥ 9	¥ 9
Total				9

As of March 31	Millions of Yen				Millions of U.S. Dollars			
				2021				2021
	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	¥ 803	¥ —	¥ (8)	¥ (8)	\$ 7	\$ —	\$ (0)	\$ (0)
Total				(8)				(0)

(\*) Net gains (losses) represent the fair values.

Hedge accounting applied

i) Interest-rate related

As of March 31	Millions of Yen			
				2020
	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	¥ 227,300	¥ 227,300	¥ 61,477
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,222	3,222	159
Total				61,637

As of March 31	Millions of Yen				Millions of U.S. Dollars		
				2021			2021
	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	¥ 411,200	¥ 408,000	¥ 46,989	\$ 3,714	\$ 3,685	\$ 424
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,120	3,120	134	28	28	1
Total				47,124			425

ii) Currency-related

As of March 31	Millions of Yen			
		Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-	¥ 4,679,142	¥ —	¥ (11,456)
(U.S. dollar)	denominated bonds	4,169,798	—	(34,142)
(Euro)		253,887	—	1,063
(Australian dollar)		240,977	—	20,754
(Others)		14,479	—	867
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-	35,575	35,575	538
(Australian dollar)	denominated bonds	4,305	4,305	709
Total				(10,208)

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	2021	Notional amount/ contract value (A)	Over 1 year included in (A)	2021
				Fair value			Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-	¥ 4,283,029	¥ —	¥ (227,340)	\$ 38,686	\$ —	\$ (2,053)
(U.S. dollar)	denominated bonds	3,107,080	—	(142,681)	28,065	—	(1,288)
(Euro)		259,122	—	(13,256)	2,340	—	(119)
(Australian dollar)		796,361	—	(67,254)	7,193	—	(607)
(Others)		120,465	—	(4,147)	1,088	—	(37)
Deferred hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-	42,322	—	(1,229)	382	—	(11)
(U.S. dollar)	denominated bonds	42,322	—	(1,229)	382	—	(11)
Cross currency swaps							
(U.S. dollar)		81,785	81,785	(3,188)	738	738	(28)
(Euro)	Foreign-currency-	35,575	35,575	(3,013)	321	321	(27)
(Australian dollar)	denominated bonds	12,404	12,404	(638)	112	112	(5)
Total				(235,410)			(2,126)

(\*) 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, 2020 and 2021.

iv) Bond-related

No ending balance as of March 31, 2020 and 2021.

#### **4. Securities Lending**

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,762,898 million and ¥ 4,054,328 million (U.S. \$36,621 million) as of March 31, 2020 and 2021, respectively.

#### **5. Securities sold under Repurchase Agreements**

Securities sold under repurchase agreements amounted to ¥75,520 million and ¥100,242 (U.S. \$905 million) as of March 31, 2020 and 2021, respectively.

#### **6. Pledged Assets**

Assets pledged as collateral were securities in the amount of ¥29,285 million and ¥35,394 million (U.S. \$319 million) as of March 31, 2020 and 2021, respectively.

#### **7. Equity Securities issued by Subsidiaries and Affiliates**

The total amounts of equity securities issued by subsidiaries and affiliates were ¥847,921 million and ¥876,895 million (U.S. \$7,920 million) as of March 31, 2020 and 2021, respectively.

#### **8. Loans**

The 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 ¥18,048 million and ¥16,430 million (U.S. \$148 million) as of March 31, 2020 and 2021, respectively.

The amounts of loans to bankrupt borrowers were ¥26 million as of March 31, 2020. There were no loans to bankrupt borrowers as of March 31, 2021. The amounts of loans in arrears were ¥5,091 million and ¥4,790 million (U.S. \$3 million) as of March 31, 2020 and 2021, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheets as of March 31, 2020 and 2021 were ¥161 million and ¥26 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥22 million and ¥364 million (U.S. \$43 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, 2020 and 2021, 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 ¥12,930 million and ¥11,640 million (U.S. \$105 million) as of March 31, 2020 and 2021, 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 ¥74,610 million and ¥58,645 million (U.S. \$529 million) as of March 31, 2020 and 2021, respectively.

## **10. Fair Value of Investment and Rental Properties**

The carrying amounts of investment and rental properties were ¥565,200 million and ¥605,121 million (U.S. \$5,465 million), and their fair values were ¥812,735 million and ¥917,936 million (U.S. \$8,291 million) as of March 31, 2020 and 2021, 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 ¥453,045 million and ¥454,861 million (U.S. \$4,108 million) as of March 31, 2020 and 2021, 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. Other Extraordinary Losses

Other extraordinary losses are mainly as follows due to the declaration of a State of emergency to COVID-19 from Japanese government:

- (1) Compensation for Sales agents due to self-restraint of face-to-face business activity
- (2) Cancellation costs of outsourcing system development

### 14. 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, 2020 and 2021, 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, 2020

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥565	¥906	¥1,471
Idle assets	7	98	674	773
Total	8	663	1,581	2,245

For the year ended March 31, 2021

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	3	¥625	¥1,415	¥2,040
Idle assets	6	129	91	221
Total	9	755	1,507	2,262

For the year ended March 31, 2021

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$5	\$12	\$18
Idle assets	1	0	1
Total	6	13	20

#### (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 1.89% and 1.87% for the years ended March 31, 2020 and 2021, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

## 15. 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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>2020</b>	<b>2021</b>
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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Balance at the beginning of the fiscal year	¥ 273,446	¥258,468	\$2,334
Service costs	9,461	9,169	82
Interest cost on retirement benefit obligations	2,461	2,326	21
Actuarial losses (gains) recognized	1,022	773	6
Benefits paid	(18,158)	(16,866)	(152)
Past service costs	(9,764)	—	—
Balance at the end of the fiscal year	258,468	253,872	2,293

c. Changes in the plan assets for the years ended March 31, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Balance at the beginning of the fiscal year	¥ 360,723	¥322,289	\$2,911
Expected return on plan assets	3,398	3,264	29
Actuarial gains (losses) recognized	(36,429)	64,091	578
Contributions by employer	2,183	1,631	14
Benefits paid	(7,586)	(11,736)	(106)
Balance at the end of the fiscal year	322,289	379,540	3,428

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the prepaid pension cost recognized in the non-consolidated balance sheets as of March 31, 2020 and 2021 were determined as follows:

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Present value of funded retirement benefit obligations	¥ 257,471	¥252,937	2,284
Plan assets at fair value	(322,289)	(379,540)	(3,428)
Net present value of funded retirement benefit obligations	(64,817)	(126,602)	(1,143)
Present value of non-funded retirement benefit obligations	997	934	8
Unrecognized actuarial losses (gains)	(35,633)	22,196	200
Unrecognized past service costs	10,547	9,156	82
Accrued retirement benefits (Prepaid pension cost)	(88,906)	(94,314)	851

e. The amounts recognized in retirement benefit expenses in the non-consolidated statements of income for the years ended March 31, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Service costs	¥ 9,461	¥9,169	\$82
Interest cost on retirement benefit obligations	2,461	2,326	21
Expected return on plan assets	(3,398)	(3,264)	(29)
Amortization of net actuarial losses (gains)	4,034	(5,488)	(49)
Amortization of net past service costs	(1,805)	(1,390)	(12)
Retirement benefit expenses	10,752	1,352	12

f. Plan assets

Plan assets as of March 31, 2020 and 2021 were comprised as follows:

<b>As of March 31</b>	<b>% of total fair value of plan assets</b>	
	<b>2020</b>	<b>2021</b>
Debt securities	7.5%	5.7%
Stocks	30.7%	37.4%
General account of life insurance companies	30.4%	26.4%
Jointly invested assets	20.1%	19.8%
Investment trusts	2.6%	4.6%
Cash and deposits	2.0%	2.0%
Others	6.6%	4.2%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit

trusts were 49.4% and 53.8% of total plan assets as of March 31, 2020 and 2021, 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, 2020 and 2021 were as follows:

<b>Years ended March 31</b>	<b>2020</b>	<b>2021</b>
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 ¥992 million and ¥973 million (U.S. \$8 million) for the years ended March 31, 2020 and 2021, respectively.

**16. Reinsurance**

As of March 31, 2020 and 2021, 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 ¥17 million and ¥17 million (U.S. \$0 million), respectively.

As of March 31, 2020 and 2021, 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 ¥28,660 million and ¥17,999 million (U.S. \$162 million), respectively.

**17. Policyholders’ Dividend Reserves**

Changes in policyholders’ dividend reserves for the years ended March 31, 2020 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Balance at the beginning of the fiscal year	¥ 242,957	¥ 254,988	\$ 2,303
Transfer from surplus in the previous fiscal year	169,630	148,874	1,344
Dividend payments to policyholders during the fiscal year	(166,720)	(134,950)	(1,218)
Interest accrued during the fiscal year	121	117	1
Balance at the end of the fiscal year	245,988	260,030	2,348

## 18. Subordinated Bonds

As of March 31, 2020 and 2021, bonds payable in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, respectively, and the repayments of which are subordinated to other obligations.

## 19. 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.”

## 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 pursuant to Article 60 of the “Insurance Business Act” in the years ended March 31, 2020. There was no change in foundation funds in the years ended March 31, 2021.

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 ¥60,000 million as of March 31, 2020.

## 21. Deferred Taxes

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

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Deferred tax assets	¥ 775,829	¥ 821,795	\$ 7,422
Valuation allowance for deferred tax assets	(4,447)	(4,493)	(40)
Deferred tax liabilities	(785,018)	(1,128,247)	(10,191)

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

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Deferred tax assets			
Policy reserves and other reserves	¥ 428,745	¥488,334	\$ 4,410
Reserve for price fluctuation	232,761	237,682	2,146
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	735,416	1,081,955	9,772

(2) The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2020 and 2021, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

<b>Years ended March 31</b>	<b>2020</b>	<b>2021</b>
Policyholders' dividend reserves	(18.38)%	(24.86)%

## 22. 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 ¥2,114,887 million and ¥3,021,283 million (U.S. \$27,290 million) as of March 31, 2020 and 2021, respectively.

## 23. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the “Insurance Business Act” were ¥810,928 million and ¥719,161 million (U.S. \$6,495 million) as of March 31, 2020 and 2021, respectively. The amounts of separate account liabilities were the same as these figures.

## 24. 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, 2020 and 2021 were as follows:

<b>As of March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Monetary receivable	¥ 2,310	¥ 15,063	\$ 136
Monetary payable	3,686	4,307	38

## 25. Investment Income and Expenses

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

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Domestic bonds including national government bonds	¥ 9,928	¥ 2,620	\$ 23
Domestic stocks	4,388	60,070	542
Foreign securities	4,916	34,526	311

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

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Domestic bonds including national government bonds	¥ 553	¥ 36,021	\$ 325
Domestic stocks	205	5,489	49
Foreign securities	5,536	21,376	193

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

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Domestic stocks	¥ 72,590	¥ 1,971	\$ 17
Foreign securities	30,432	-	-

Loss on derivative financial instruments included net valuation loss of ¥156,021 million and ¥67,830 million (U.S. \$612 million) for the years ended March 31, 2020 and 2021, respectively.



## 26. 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, 2020 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ (300)	¥ 0	\$ 0
Provision for (reversal of) reinsurance recoverable on policy reserves	410	(10,661)	(96)

## 27. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥47,627 million and ¥45,929 million (U.S. \$414 million) as of March 31, 2020 and 2021, respectively, pursuant to Article 259 of the “Insurance Business Act”.

These contributions are recognized as operating expenses when contributed.

## 28. Recognition of Insurance premiums and Claims and Benefits and other Payments

Insurance premiums of the Company are, in principle, recorded for insurance contracts for which insurance premium has been received and under which the insurer’s liability has commenced by the relevant amounts received.

Also, premiums which corresponds to the period that is not expired at the end of the fiscal year, are set aside in the policy reserves in accordance with Article 116 of the “Insurance Business Act”, and Article 69, Paragraph 1, Item 2 of the “Ordinance for Enforcement of the Insurance Business Act”.

Benefits and claims (excluding reinsurance premiums) of the Company are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In addition, the Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the end of the fiscal year or for which incidents prescribed in policy clause already incurred but not reported to the

Company, pursuant to Article 117 of the “Insurance Business Act” and Article 72 of the “Ordinance for Enforcement of the Insurance Business Act”.

(Additional information)

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24) is applied to the non-consolidated financial statements from this fiscal year, and “principles and procedures of accounting treatment adopted when regulations of relevant accounting standards are not clear” is disclosed.

## 29. Transactions with Subsidiaries and Affiliates

The total amounts of income and expenses resulting from transactions with subsidiaries and affiliates for the years ended March 31, 2020 and 2021 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2020	2021	2021
Total income	¥ 26,314	¥ 23,726	\$ 214
Total expenses	36,918	38,348	346

## 30. Income Taxes

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

## 31. Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

Impairment on stocks of subsidiaries and affiliates

a. Amount recorded in the non-consolidated financial statements at the end of the fiscal year

The amount of ¥876,895 million (U.S. \$7,920 million) of equity securities issued by subsidiaries and affiliates is recorded in Securities of the non-consolidated balance sheets at the end of the fiscal year.

b. Other information that contributes to the understanding of users of non-consolidated financial statements about the contents of accounting estimate

Equity securities issued by subsidiaries and affiliates is tested for impairment based on the actual value. The actual value is, in principle, determined based on the net asset value at the end of the fiscal year. However, the value calculated with key assumptions such as the future cash flows is used as the actual value, if necessary.

Those assumptions involve high level of uncertainty, and may greatly affect the future cash flow estimates on the non-consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Change in presentation)

(Application of “Accounting standards for Disclosure of Accounting Estimates”)

The Company has applied “Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31)” from this fiscal year, and notes related to significant accounting estimates are included in the non-consolidated financial statements.

## **32. Subsequent Events**

### **(1) Financing through a JPY denominated subordinated loan**

The Company financed through a JPY denominated subordinated loan on August 2, 2021, as follows:

a. Amount: ¥200 billion

b. Interest rate

A fixed rate of 0.88% per annum on or before August 2, 2031 and a fixed rate with step-up and a reset of every five years on August 3, 2031 and thereafter

c. Due date

Three bank business days before August 2, 2051, however, this loan is callable at the discretion of the Company on three bank business days before August 2, 2031 and before the corresponding date of every five years thereafter, subject to prior approval by the regulatory authority, etc.

d. Collateral and guarantees

This loan is not secured or guaranteed, and there are no particular assets reserved for this loan.

e. Use of funds

For general business

### **(2) Redemption of foundation funds**

The Company redeemed foundation funds on August 3, 2021 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.

### **(3) Appropriation of surplus**

The proposed appropriation of surplus of the Company for the year ended March 31, 2021 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2021.



## **Independent Auditor's Report**

To the Board of Directors of Meiji Yasuda Life Insurance Company :

### **Opinion**

We have audited the accompanying non-consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2020 and 2021, 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 notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2021, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2021 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.



**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Takuji Kanai* 

Takuji Kanai  
Designated Engagement Partner  
Certified Public Accountant

*Yukio Kumaki* 

Yukio Kumaki  
Designated Engagement Partner  
Certified Public Accountant

*Hiroki Kobayashi* 

Hiroki Kobayashi  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
August 4, 2021

[ Referential Information (Unaudited) ]

(1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

Millions of Yen						
As of March 31	2020					
	Interest rate- relate	Currency related	Stock related	Bond related	Others	Total
Hedge accounting applied	¥ 61,637	¥ (10,208)	¥ —	¥ —	¥ —	51,428
Hedge accounting not applied	0	(19,275)	(8,598)	9	—	(27,864)
Total	61,637	(29,483)	(8,598)	9	—	23,564

Millions of Yen						
As of March 31	2021					
	Interest rate- relate	Currency related	Stock related	Bond related	Others	Total
Hedge accounting applied	¥ 47,124	¥ (235,410)	¥ —	¥ —	¥ —	(188,285)
Hedge accounting not applied	(1,320)	(32,982)	(91)	(8)	—	(34,403)
Total	45,803	(268,392)	(91)	(8)	—	(222,689)



As of March 31	Millions of U.S. Dollars					
	2021					
	Interest rate- relate	Currency related	Stock related	Bond related	Others	Total
Hedge accounting applied	\$ 425	\$ (2,126)	\$ —	\$ —	\$ —	\$ (1,700)
Hedge accounting not applied	(11)	(297)	(0)	(0)	—	(310)
Total	413	(2,424)	(0)	(0)	—	(2,011)

(\*) Gains and losses on derivative transactions where fair value hedge accounting is applied included loss attributable to currency-related transactions totaling ¥ (11,456) million as of March 31, 2020 and loss attributable to currency-related transactions totaling ¥ (227,340) million as of March 31, 2021. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

## (2) Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

### (i) Hedge accounting not applied (Receipts fixed, payments floating swap)

As of March 31	Millions of Yen						
	2020						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 900	¥ 900
Average interest rate in receipt	—	—	—	—	—	0.15%	0.15%
Average interest rate in payment	—	—	—	—	—	(0.04)%	(0.04)%

As of March 31	Millions of Yen						
	2021						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 87,000	¥ 87,000
Average interest rate in receipt	—	—	—	—	—	0.40%	0.40%
Average interest rate in payment	—	—	—	—	—	(0.05)%	(0.05)%

As of March 31	Millions of U.S. Dollars						
	2021						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 785	\$ 785
Average interest rate in receipt	—	—	—	—	—	0.40%	0.40%
Average interest rate in payment	—	—	—	—	—	(0.05)%	(0.05)%

(ii) Hedge accounting applied (Receipts fixed, payments floating swap)

As of March 31	Millions of Yen						
	2020						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	¥ —	¥ 6,500	¥ 8,122	¥ 10,100	¥ 12,400	¥ 193,400	¥ 230,522
Average interest rate in receipt	—	1.68%	1.74%	1.83%	2.13%	1.86%	1.86%
Average interest rate in payment	—	(0.01)%	0.10%	0.01%	(0.01)%	(0.02)%	(0.02)%

As of March 31	Millions of Yen						
	2021						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	¥ 3,200	¥ 6,800	¥ 10,420	¥ 7,800	¥ 8,300	¥ 377,800	¥ 414,320
Average interest rate in receipt	1.62%	1.75%	1.73%	2.03%	2.15%	1.05%	1.12%
Average interest rate in payment	(0.05)%	(0.07)%	0.09%	(0.05)%	(0.05)%	(0.05)%	(0.05)%

As of March 31	Millions of U.S. Dollars						
	2021						
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Notional amount	\$ 28	\$ 61	\$ 94	\$ 70	\$ 74	\$ 3,412	\$ 3,742
Average interest rate in receipt	1.62%	1.75%	1.73%	2.03%	2.15%	1.05%	1.12%
Average interest rate in payment	(0.05)%	(0.07)%	0.09%	(0.05)%	(0.05)%	(0.05)%	(0.05)%

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## Non-performing Loans

(Millions of Yen)

As of March 31,	2021	2020
Loans to bankrupt borrowers	—	26
Loans in arrears	4,799	5,574
Loans in arrears for three months or longer	—	—
Restructured loans	18,360	18,581
Total	23,159	24,182
Non-performing loans/total loans (%)	0.47	0.49

Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥161 million for loans to bankrupt borrowers and ¥22 million for loans in arrears as of March 31, 2020; and ¥26 million for loans to bankrupt borrowers and ¥364 million for loans in arrears as of March 31, 2021.

2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.

3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and restructured loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.

4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.

5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears for three months or longer.

## The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed by the Insurance Company and Its Subsidiaries (Consolidated Solvency Margin Ratio)

(Millions of Yen)

As of March 31,	2021	2020
(A) Total solvency margin	8,507,622	6,979,863
① Foundation funds	1,008,731	962,753
② Reserve for price fluctuation	851,195	833,615
③ Contingency reserves	440,605	787,671
④ Catastrophe reserves	11,799	11,076
⑤ General allowance for possible loan losses	1,746	1,490
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	3,680,122	2,485,574
⑦ Unrealized gains on land × 85% (100% in case of losses)	495,629	468,827
⑧ Total of unrecognized actuarial differences and unrecognized past service costs	22,615	(31,154)
⑨ Excess of continued Zillmerized reserve	1,411,778	870,776
⑩ Qualifying subordinated debt	640,735	640,735
⑪ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑫ Deductions	(154,630)	(163,332)
⑬ Other (tax effect adjustment)	97,292	111,829
(B) Total amount of risk $\sqrt{(\sqrt{14^2+15^2+17+18})^2+(19+20+21)^2+16+22}$	1,476,322	1,220,582
⑭ Insurance risk	167,538	164,223
⑮ General underwriting risk	1,808	1,795
⑯ Major disaster risk	484	482
⑰ Third-sector insurance risk	76,401	74,522
⑱ Insurance risk of small-amount short-term insurer	—	—
⑲ Assumed interest rate risk	117,947	141,082
⑳ Minimum guarantee risk	7,871	7,345
㉑ Investment risk	1,295,882	1,019,337
㉒ Business management risk	33,358	28,175
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	1,152.5	1,143.6

Notes: 1. The figures presented above are calculated based on provisions in Article 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and the Financial Services Agency Notification No. 23 in 2011.

2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 4, Paragraph 5 of said notification.

## The Enhancement of Ability for Insurance Claim and Benefit Payout Possessed by the Insurance Company's Subsidiary (Solvency Margin Ratio)

### Meiji Yasuda General Insurance Co., Ltd.

		(Millions of Yen)	
As of March 31,		2021	2020
(A) Total solvency margin		39,606	37,521
① Capital and others		23,629	23,413
② Reserve for price fluctuation		739	682
③ Contingency reserves		26	28
④ Catastrophe reserves		11,799	11,076
⑤ General allowance for possible loan losses		—	—
⑥ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)		1,230	224
⑦ Unrealized gains on land × 85% (100% in case of losses)		1,347	1,347
⑧ Excess of refund reserves		—	—
⑨ Qualifying subordinated debt		—	—
⑩ Excess of refund reserves and qualifying subordinated debt not included in margin calculation		—	—
⑪ Deductions		—	—
⑫ Others		833	748
(B) Total amount of risk $\sqrt{((13+14)^2+(15+16)^2)+17+18}$		2,796	2,536
⑬ General underwriting risk		1,808	1,795
⑭ Third-sector insurance risk		—	—
⑮ Assumed interest rate risk		4	5
⑯ Investment risk		1,315	856
⑰ Business management risk		72	62
⑱ Major disaster risk		484	482
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)		2,832.2	2,958.0

Note: The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.

### Segment Information

Business operations undertaken by the Company, its consolidated subsidiaries and subsidiary entities include the nonlife insurance business in addition to the life insurance business. However, the nonlife insurance business has been omitted from segment information since it represents such a minor proportion of total operations and the Company's operations can be regarded as consisting of a single business segment.

# Non-consolidated Information

## Assets

### Loans Categorized by Internal Classification of Borrowers

	(Millions of Yen)	
As of March 31,	2021	2020
Loans to legally bankrupt and substantially bankrupt borrowers	373	409
Loans to borrowers with high possibility of bankruptcy	4,416	4,709
Loans with collection risk	11,801	13,109
Subtotal	16,591	18,227
Proportion of total loans (%)	0.20	0.26
Normal loans	8,267,181	6,960,483
<b>Total</b>	<b>8,283,773</b>	<b>6,978,710</b>

- Notes: 1. Loans to legally bankrupt and substantially bankrupt borrowers are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.
2. Loans to borrowers with high possibility of bankruptcy are loans with a high probability of failure in the payment of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance. These loans exclude loans to legally bankrupt and substantially bankrupt borrowers.
3. Loans with collection risk consist of loans in arrears three months or more and restructured loans. Loans in arrears three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement (excluding the loans described above in Notes 1. and 2.). Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. Restructured loans exclude the loans described above in Notes 1. and 2. as well as loans in arrears three months or more.
4. Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in Notes 1. to 3.

### Non-performing Loans

	(Millions of Yen)	
As of March 31,	2021	2020
Loans to bankrupt borrowers	—	26
Loans in arrears	4,790	5,091
Loans in arrears for three months or longer	—	—
Restructured loans	11,640	12,930
<b>Total</b>	<b>16,430</b>	<b>18,048</b>
Non-performing loans/total loans (%)	0.40	0.44

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥161 million for loans to bankrupt borrowers and ¥22 million for loans in arrears as of March 31, 2020 and ¥26 million for loans to bankrupt borrowers and ¥364 million for loans in arrears as of March 31, 2021.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act or Company Act; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Loans in arrears are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans in arrears for three months or longer are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and loans in arrears.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, loans in arrears, and loans in arrears for three months or longer.

## Self Assessment of Loans and Other Assets

Under relevant regulations, insurance companies are obliged to assess the quality of their assets. Prior to determining write-offs or allowance, each asset is classified according to collectability and impairment risk.

To ensure stringent implementation, the Company has established detailed rules governing the procedures for self assessment. In addition,

a separate department performs internal audits on these rules and the results of self assessment. External accounting auditors provide a further check to ensure the reliability of the self assessment.

As of March 31,	(Millions of Yen)			
	2021		2020	
	Amount	% of total value of loans	Amount	% of total value of loans
Not Classified	8,262,988	99.7	6,957,460	99.7
Class II	20,700	0.2	20,936	0.3
Class III	84	0.0	312	0.0
Class IV	—	—	—	—
Subtotal of II-IV	20,785	0.3	21,249	0.3
<b>Total</b>	<b>8,283,773</b>	<b>100.0</b>	<b>6,978,710</b>	<b>100.0</b>

- Notes: 1. Loans and other assets comprise loans, loaned securities, customers' liabilities under acceptances and guarantees, accrued income (asset related) and suspense payments (loan style).  
 2. The above chart presents figures after posting write-offs and allowances.  
 3. "Not classified" loans are deemed as non-problematic based on collectability or impairment risk.  
 4. "Class II" loans and other assets are deemed to present higher than normal collectability risks due to such reasons as the borrower's failure to meet conditions for maintaining such loans and other issues of creditworthiness.  
 5. "Class III" loans and other assets present serious doubts regarding their ultimate collectability or value. These assets are very likely to result in an impairment loss, but the amount of impairment cannot reasonably be estimated.  
 6. "Class IV" assets are deemed to be uncollectible or worthless.

## Loans Involving Guaranteed Investment Trusts

Not applicable.

## Enhancement of Ability for Insurance Claim and Benefit Payout (Solvency Margin Ratio)

As of March 31,	(Millions of Yen)	
	2021	2020
(A) Total solvency margin	8,822,197	7,431,277
① Foundation funds	1,307,339	1,287,358
② Reserve for price fluctuation	850,080	832,480
③ Contingency reserves	440,579	787,642
④ General allowance for possible loan losses	1,736	1,483
⑤ Net unrealized gains (losses) on available-for-sale securities (before tax effect deduction) and deferred unrealized gains (losses) on derivatives under hedge accounting (before tax effect deduction) × 90% (100% in case of losses)	3,584,043	2,438,301
⑥ Unrealized gains on land × 85% (100% in case of losses)	489,444	461,418
⑦ Excess of continued Zillmerized reserve	1,411,778	870,776
⑧ Qualifying subordinated debt	640,735	640,735
⑨ Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	—	—
⑩ Deductions	—	—
⑪ Other (tax effect adjustment)	96,459	111,080
(B) Total amount of risk $\sqrt{((12+(13))^2+(14+(15+16))^2)+17}$	1,650,390	1,389,912
⑫ Insurance risk	125,517	121,334
⑬ Third-sector insurance risk	76,135	74,178
⑭ Assumed interest rate risk	117,942	141,076
⑮ Minimum guarantee risk	7,871	7,345
⑯ Investment risk	1,475,866	1,196,544
⑰ Business management risk	36,066	30,809
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ (%)	1,069.1	1,069.3

- Notes: 1. The figures presented above are calculated based on provisions in Article 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Notification No. 50 in 1996.  
 2. Minimum guarantee risk is calculated based on standard methods stipulated in Article 2, Paragraph 4 of said notification.



## Real Net Assets

(Millions of Yen)

As of March 31,	2021	2020
Real net assets	10,684,709	9,496,691
Ratio of real net assets to general account assets (%)	25.5	24.5

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. prescribed in Article 132, Paragraph 2 of the Insurance Business Act.

## Reference

(Millions of Yen)

As of March 31,	2021	2020
Real net assets after deducting unrealized gains and losses on held-to-maturity debt securities and policy-reserve-matching bonds	8,720,665	7,141,389

Note: Calculated based on provisions of Article 3, Paragraph 2 of the Order Providing for the Categories, etc. prescribed in Article 132, Paragraph 2 of the Insurance Business Act and Section II-2-2-6 of Comprehensive Guidelines for Supervision of Insurance Companies issued by the Financial Services Agency.

## Gains and Losses on Valuation of Trading Securities (Total of General and Separate Accounts)

(Millions of Yen)

As of March 31,	2021		2020	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	678,573	45,148	743,989	(32,957)
General account	—	—	—	—
Separate account	678,573	45,148	743,989	(32,957)

## Fair Value of Securities (Total of General and Separate Accounts)

### • Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2021					2020				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	3,915,712	4,560,313	644,601	644,694	(93)	4,135,333	4,882,136	746,803	747,035	(232)
Policy-reserve-matching bonds	10,648,522	11,967,965	1,319,442	1,370,809	(51,367)	8,923,833	10,532,331	1,608,498	1,620,716	(12,218)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	15,697,103	19,686,717	3,989,614	4,104,837	(115,222)	15,288,346	17,996,179	2,707,833	2,850,425	(142,591)
Domestic bonds	4,600,341	4,931,654	331,312	332,752	(1,439)	4,872,059	5,232,993	360,934	364,394	(3,460)
Domestic stocks	1,569,925	4,549,352	2,979,426	3,001,258	(21,831)	1,598,539	3,354,683	1,756,144	1,803,462	(47,317)
Foreign securities	8,148,691	8,727,414	578,723	650,714	(71,991)	7,920,182	8,505,333	585,150	646,961	(61,810)
Foreign bonds	6,797,217	7,195,323	398,105	464,301	(66,195)	7,083,149	7,622,208	539,058	567,541	(28,483)
Foreign stocks and others	1,351,474	1,532,091	180,617	186,413	(5,796)	837,033	883,125	46,091	79,419	(33,327)
Other securities	1,096,142	1,191,967	95,824	114,551	(18,726)	835,520	844,140	8,620	34,726	(26,106)
Monetary claims bought	78,122	78,711	589	595	(5)	11,184	12,064	880	880	—
Negotiable deposits	53,000	52,995	(4)	—	(4)	33,000	32,995	(4)	0	(4)
Money held in trust	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)
Total	30,261,338	36,214,997	5,953,658	6,120,341	(166,683)	28,347,512	33,410,647	5,063,135	5,218,177	(155,042)
Domestic bonds	17,822,554	20,082,669	2,260,114	2,282,046	(21,931)	16,848,098	19,480,539	2,632,441	2,644,645	(12,203)
Domestic stocks	1,569,925	4,549,352	2,979,426	3,001,258	(21,831)	1,598,539	3,354,683	1,756,144	1,803,462	(47,317)
Foreign securities	9,305,241	9,909,832	604,591	707,457	(102,866)	8,811,040	9,466,805	655,765	721,284	(65,518)
Foreign bonds	7,953,767	8,377,741	423,974	521,044	(97,070)	7,974,006	8,583,680	609,673	641,864	(32,190)
Foreign stocks and others	1,351,474	1,532,091	180,617	186,413	(5,796)	837,033	883,125	46,091	79,419	(33,327)
Other securities	1,096,142	1,191,967	95,824	114,551	(18,726)	835,520	844,140	8,620	34,726	(26,106)
Monetary claims bought	263,595	273,558	9,963	10,062	(99)	203,455	217,514	14,059	14,059	—
Negotiable deposits	53,000	52,995	(4)	—	(4)	33,000	32,995	(4)	0	(4)
Money held in trust	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)

Note: Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

## • Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2021			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>3,904,720</b>	<b>4,549,415</b>	<b>644,694</b>	4,124,533	4,871,569	747,035
Domestic bonds	<b>3,637,897</b>	<b>4,268,299</b>	<b>630,402</b>	3,835,912	4,564,012	728,099
Foreign bonds	<b>89,349</b>	<b>94,174</b>	<b>4,824</b>	96,349	102,106	5,756
Monetary claims bought	<b>177,473</b>	<b>186,940</b>	<b>9,467</b>	192,270	205,449	13,179
Securities whose fair value does not exceed the balance sheet amount	<b>10,991</b>	<b>10,898</b>	<b>(93)</b>	10,800	10,567	(232)
Domestic bonds	<b>2,991</b>	<b>2,991</b>	<b>(0)</b>	2,800	2,798	(1)
Foreign bonds	—	—	—	8,000	7,768	(231)
Monetary claims bought	<b>8,000</b>	<b>7,906</b>	<b>(93)</b>	—	—	—

## • Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2021			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>8,286,040</b>	<b>9,656,850</b>	<b>1,370,809</b>	8,170,256	9,790,973	1,620,716
Domestic bonds	<b>7,654,986</b>	<b>8,973,878</b>	<b>1,318,891</b>	7,492,090	9,044,241	1,552,150
Foreign bonds	<b>631,053</b>	<b>682,972</b>	<b>51,918</b>	678,166	746,731	68,565
Securities whose fair value does not exceed the balance sheet amount	<b>2,362,482</b>	<b>2,311,115</b>	<b>(51,367)</b>	753,576	741,358	(12,218)
Domestic bonds	<b>1,926,336</b>	<b>1,905,844</b>	<b>(20,492)</b>	645,235	636,493	(8,741)
Foreign bonds	<b>436,146</b>	<b>405,271</b>	<b>(30,874)</b>	108,340	104,864	(3,476)

## • Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2021			2020		
	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	<b>12,913,377</b>	<b>17,018,214</b>	<b>4,104,837</b>	13,292,127	16,142,552	2,850,425
Domestic bonds	<b>4,495,430</b>	<b>4,828,182</b>	<b>332,752</b>	4,655,016	5,019,411	364,394
Domestic stocks	<b>1,408,942</b>	<b>4,410,200</b>	<b>3,001,258</b>	1,188,129	2,991,591	1,803,462
Foreign securities	<b>6,272,606</b>	<b>6,923,320</b>	<b>650,714</b>	6,857,142	7,504,104	646,961
Other securities	<b>687,471</b>	<b>802,022</b>	<b>114,551</b>	577,654	612,381	34,726
Monetary claims bought	<b>8,126</b>	<b>8,721</b>	<b>595</b>	11,184	12,064	880
Negotiable deposits	—	—	—	3,000	3,000	0
Money held in trust	<b>40,800</b>	<b>45,766</b>	<b>4,965</b>	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	<b>2,783,725</b>	<b>2,668,502</b>	<b>(115,222)</b>	1,996,218	1,853,626	(142,591)
Domestic bonds	<b>104,911</b>	<b>103,472</b>	<b>(1,439)</b>	217,042	213,582	(3,460)
Domestic stocks	<b>160,982</b>	<b>139,151</b>	<b>(21,831)</b>	410,410	363,092	(47,317)
Foreign securities	<b>1,876,085</b>	<b>1,804,093</b>	<b>(71,991)</b>	1,063,040	1,001,229	(61,810)
Other securities	<b>408,671</b>	<b>389,944</b>	<b>(18,726)</b>	257,866	231,759	(26,106)
Monetary claims bought	<b>69,996</b>	<b>69,990</b>	<b>(5)</b>	—	—	—
Negotiable deposits	<b>53,000</b>	<b>52,995</b>	<b>(4)</b>	30,000	29,995	(4)
Money held in trust	<b>110,079</b>	<b>108,855</b>	<b>(1,223)</b>	17,859	13,966	(3,892)

## • Book Value of Securities of Which Market Value is Extremely Difficult to Determine

(Millions of Yen)

As of March 31,	2021	2020
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	876,895	847,921
Available-for-sale securities	47,475	45,098
Unlisted domestic stocks	27,698	27,725
Unlisted foreign stocks	4,126	4,126
Other foreign securities	98	531
Others	15,552	12,714
<b>Total</b>	<b>924,371</b>	<b>893,020</b>

## Fair Value of Money Held in Trust (Total of General and Separate Accounts)

(Millions of Yen)

As of March 31,	2021					2020				
	Balance sheet		Net gains/losses			Balance sheet		Net gains/losses		
	amount	Fair value	Gains	Losses	amount	Fair value	Gains	Losses		
Money held in trust	154,622	154,622	—	—	—	13,966	13,966	—	—	—

## Money Held in Trust for Investment

Not applicable.

## Money Held in Trust for Maturity, for Policy Reserve Matching and for Other Purposes

(Millions of Yen)

As of March 31,	2021					2020				
	Book value		Net gains/losses			Book value		Net gains/losses		
	amount	Fair value	Gains	Losses	amount	Fair value	Gains	Losses		
Held-to-maturity	—	—	—	—	—	—	—	—	—	—
Policy reserve matching	—	—	—	—	—	—	—	—	—	—
Other purposes	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)

### Policy-Reserve-Matching Bonds

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

The effectiveness of the duration matching of these policy-reserve-matching bonds is periodically reevaluated.

## Fair Value of Derivative Transactions (Total of General and Separate Accounts)

### 1. Qualitative Information

#### (1) Content of Transactions

The main types of derivative transactions executed by the Company are those related to:

- Interest rates: interest rate futures, interest rate options, interest rate swaps and swaptions
- Currencies: foreign exchange contracts, currency options and currency swaps

- Stocks: stock index futures and stock options

- Bonds: bond futures and bond options

None of the Over-the-Counter (OTC) transactions involves excessive risk that may emerge from the complexity of the transaction structure.

#### (2) Transaction Policy

The Company positions derivative transactions as a key hedging method against risks associated with invested assets, insurance liabilities and bonds payable. Such transactions are executed mainly for hedging purposes.

#### (3) Purpose of Transactions

Derivative transactions are mainly used as follows:

- Interest rate-related transactions are intended to fix the interest rate of loans and debts with floating rates and to hedge against interest rate risk of insurance liabilities.
- Currency-related transactions are intended to fix currency exchange rates applied to the purchase or sale of foreign currency denominated assets and liabilities, to minimize unexpected losses caused by exchange rate fluctuations, and avoid other risks associated with foreign currency exchange.

- Stock-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of stocks due to a time lag between the decision on and execution of such deal as well as risks resulting from the fluctuation in the value of the Company's stock portfolio.
- Bond-related transactions are intended to avoid price fluctuation risk that may emerge from the planned purchase or sale of bonds due to a time lag between the decision on and execution of such deal.

Of the transactions described above, some interest-rate transactions are subject to exceptional accounting treatment and deferred hedge accounting. Also, some transactions aimed at avoiding foreign currency exchange risk are subject to fair value hedge accounting, deferred hedge accounting and the allocation method for currency swaps.

#### **(4) Risk Content**

These derivative transactions are aimed primarily at hedging against risks associated with invested assets, insurance liabilities and bonds payable. Accordingly, the market risk accompanying these transactions is mitigated and limited.

In addition, transactions are executed through market exchange or OTC transactions. In general, the latter employ a type of contract that mandates the mutual provision of collateral by transactional participants based on market conditions and risks (e.g. Credit Support Annex), while giving due consideration to assessing the soundness of counterparties. Therefore, the Company believes these transactions pose limited risk that might emerge from counterparty default.

#### **(5) Risk Management Structure**

With regard to handling derivative transactions, the Company limits risk by setting up policies and establishing credit balance limits for each type of transaction and each counterparty. By using the Current Exposure Method, the Company calculates counterparty credit risk based on replacement cost, thereby limiting exposure risk. Counterparties are selected based on their soundness, giving due consideration to their ratings and other factors.

The overall status of these transactions is managed comprehensively. For example, the Risk Management Verification Committee monitors the total value and balance of transactions and other invested assets subject to hedge accounting. Moreover, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

#### **(6) Supplementary Explanation on Quantitative Information**

##### **(i) Calculation of Fair Value**

The fair value of interest rate swap transactions is stated at value at fiscal year-end based on data provided by pricing vendors.

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

The fair value of stock index futures and bond futures is calculated based on closing or settlement prices as of March 31.

##### **(ii) Net Gains and Losses on Transactions**

The Company utilizes derivative transactions mainly as a hedging method against risk associated with invested assets, insurance liabilities and bonds payable.

For example, interest rate swap transactions related to invested assets are executed mainly for the purpose of fixing interest rates on assets with floating rates. Likewise, interest rate swap transactions related to insurance liabilities are intended to control the impact of interest rate fluctuations on such liabilities.

In short, the Company undertakes derivative transactions in combination with invested assets, insurance liabilities and bonds payable subject to hedge accounting, rather than on an individual transaction basis.

## Status of Stocks Held

### 1. Classification of Investment Securities and Fundamental Concept for Stock Investment

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

In addition to its stockholdings based on the aforementioned concept, the Company may engage in strategic stockholding by investing in other companies with the aim of strengthening partnerships through business alliance and collaboration. The strategically held stocks are managed as "Investment Securities not Held Solely for the Purpose of Investment" and managed distinctly from other stocks, which are held in line with the aforementioned fundamental concept for stock investment.

With regard to stocks that are strategically held by the Company, Meiji Yasuda Life periodically verifies each holding individually to confirm the appropriateness of the purpose of such holding and its economic rationality. Should a stockholding fail this verification, the Company then considers divestment if there is no justification for maintaining the holding solely for the purpose of investment.

### 2. Investment Securities not Held Solely for the Purpose of Investment

#### (1) Investment policies, methods for verifying rationality of the holding and verification results for individual stocks

All listed stocks that are strategically held by the Company undergo verification performed by the Board of Directors and other bodies employing the medium- to long-term perspective regarding the appropriateness of the purposes of the holding in light of the execution of joint business or the enhancement of transactional relationships. This also entails a close examination of the economic rationale for such holdings. In addition, the Company confirmed via verification conducted in June 2021 the appropriateness of all such stockholdings in light of their purposes and economic rationality.

#### (2) Number of Stocks and Their Balance Sheet Value

(Millions of Yen)

	Number of stocks	Total balance sheet value
Unlisted stocks	12	6,905
Other stocks	1	40,850

Increase in Number of Shares of Specific Stocks (for the year ended March 31, 2021)

(Millions of Yen)

	Number of stocks	Total acquisition price associated with the increase in the number of shares	Reasons for the increase
Unlisted stocks	1	499	The planning of online diagnostic services and the promotion of such services

Decrease in Number of Shares of Specific Stocks (for the year ended March 31, 2021)

(Millions of Yen)

	Number of stocks	Total acquisition price associated with the decrease in the number of shares
Unlisted stocks	1	(17)
Other stocks	1	(70)

### 3. Breakdown of Investment Securities not Held Solely for the Purpose of Investment (excluding unlisted stocks)

As of March 31, 2021

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	8,703	40,850	Ongoing stockholding to maintain a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of collecting information and nurturing human resources associated with supporting global expansion

As of March 31, 2020

(Thousand Shares, Millions of Yen)

Stock	Number of shares	Balance sheet amount	Purpose
Talanx AG	12,493	46,241	Ongoing stockholding to maintain a strategic partnership aimed at promoting international collaboration in the insurance business in growing markets, with the aim of collecting information and nurturing human resources associated with supporting global expansion

#### 4. Investment Securities Held Solely for Investment

(Millions of Yen)

As of and years ended March 31,	2021					2020				
	Balance sheet amount	Dividends received	Gains/Losses on sales	Valuation gains/losses		Balance sheet amount	Dividends received	Gains/Losses on sales	Valuation gains/losses	
				Unrealized gains/losses	Impairment losses				Unrealized gains/losses	Impairment losses
Unlisted stocks	25,941	2,200	869	923	(394)	25,678	942	817	326	(83)
Others	4,555,142	92,398	62,966	2,981,472	(1,501)	3,371,852	107,815	3,557	1,759,950	(82,649)

#### Components of Ordinary Profit (Base Profit)

(Millions of Yen)

Years ended March 31,	2021	2020
Base income ①	3,529,359	3,670,182
Insurance premiums and other	2,352,149	2,593,355
Insurance premiums	2,341,591	2,588,757
Investment income (Note)	1,048,697	961,792
Interest, dividends and other income	840,398	871,621
Other ordinary income (Note)	67,179	73,396
Other base income	61,333	41,638
Base expenses ②	2,979,128	3,078,527
Benefits and other payments	2,317,695	2,293,433
Claims paid	544,074	604,727
Annuity payments	661,573	627,305
Benefit payments	391,472	402,708
Surrender benefits	581,645	548,700
Other refunds	135,797	105,969
Provision for policy reserves and other reserves (Note)	32,676	155,730
Investment expenses (Note)	120,640	92,641
Operating expenses	375,436	362,017
Other ordinary expenses	126,879	136,914
Other base expenses	5,800	37,789
Base profit	A (①-②)	591,655
Capital income ③	148,812	57,023
Gains on money held in trust	1,090	—
Gains on trading securities	—	—
Gains on sales of securities	97,475	19,233
Gains on derivative financial instruments	—	—
Foreign exchange gains	44,445	—
Other capital income	5,800	37,789
Capital expenses ④	205,099	305,871
Losses on money held in trust	—	254
Losses on trading securities	—	—
Losses on sales of securities	62,887	6,295
Losses on valuation of securities	1,971	104,134
Losses on derivative financial instruments	79,634	135,662
Foreign exchange losses	—	18,188
Other capital expenses	60,605	41,337
Capital gains/losses	B (③-④)	(248,848)
Total of base profit and capital gains/losses	A+B	342,806

(Millions of Yen)

Years ended March 31,	2021	2020
Temporary income ⑤	347,063	—
Reversal of contingency reserves	347,063	—
Reversal of specific allowance for possible loan losses	—	—
Other temporary income	—	—
Temporary expenses ⑥	609,190	107,342
Provision for contingency reserves	—	76,927
Provision for specific allowance for possible loan losses	476	1,109
Provision for specific allowance for possible overseas loan losses	—	—
Write-off of doubtful accounts	—	393
Other temporary expenses	608,713	28,911
Temporary gains/losses	C (⑤-⑥)	(262,127)
Ordinary profit	A+B+C	231,817
		235,464

Note: Excludes items presented on the statements of income as investment income and expenses, other ordinary income and provision for policy reserves and other reserves, which are all deemed to be capital income/expenses and temporary gains/losses.

### Reference: Breakdown of Other Items

(Millions of Yen)

Years ended March 31,	2021	2020
Other base income	61,333	41,638
Amount of interest, dividends and other income within asset management gain/loss of money held in trust	728	300
Effect of changes in cash surrender value attributable to market value adjustments	—	41,337
Effect of changes in market exchange rates associated with foreign currency denominated insurance policies	60,605	—
Other base expenses	5,800	37,789
Effect of changes in cash surrender value attributable to market value adjustments	5,800	—
Effect of changes in market exchange rates associated with foreign currency denominated insurance policies	—	37,789
Other capital income	5,800	37,789
Effect of changes in cash surrender value attributable to market value adjustments	5,800	—
Effect of changes in market exchange rates associated with foreign currency denominated insurance policies	—	37,789
Other capital expenses	60,605	41,337
Effect of changes in cash surrender value attributable to market value adjustments	—	41,337
Effect of changes in market exchange rates associated with foreign currency denominated insurance policies	60,605	—
Other temporary expenses	608,713	28,911
Provision for policy reserves in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act	608,713	28,911

### Components of Base Profit (Three Surplus Factors)

(Billions of Yen)

Years ended March 31,	2021	2020
Base profit	A	591.6
Interest surplus	289.3	318.6
Mortality profit	255.2	252.6
Expense profit	5.6	20.4
Capital gains/losses	B	(248.8)
Temporary gains/losses	C	(107.3)
Ordinary profit	D (=A+B+C)	235.4
Extraordinary gains/losses, income taxes	E	(35.3)
Unappropriated surplus	F (=D+E)	200.1
		229.4

## Performance Indicators

### Performance Indicators for Main Business Annualized Premiums and Number of Policies

#### (1) Policies in Force

##### • Annualized Premiums

As of March 31,	(Millions of Yen)			
	2021		2020	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	1,592,871	99.2	1,606,212	99.4
Individual annuities	602,334	97.1	620,574	95.6
Total	2,195,205	98.6	2,226,786	98.3
Medical insurance, living benefits and others	458,855	103.0	445,274	103.1

##### • Number of Policies

As of March 31,	(Millions of Yen)			
	2021		2020	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	10,060,499	101.4	9,925,024	101.8
Individual annuities	2,358,740	96.7	2,438,892	96.3
Total	12,419,239	100.4	12,363,916	100.6

#### (2) New Policies

##### • Annualized Premiums

Years ended March 31,	(Millions of Yen)			
	2021		2020	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	91,571	88.9	102,976	74.6
Individual annuities	2,166	99.6	2,174	67.4
Total	93,737	89.1	105,150	74.4
Medical insurance, living benefits and others	37,592	94.1	39,945	73.5

##### • Number of Policies

Years ended March 31,	(Millions of Yen)			
	2021		2020	
	Number of policies	YOY change (%)	Number of policies	YOY change (%)
Individual life insurance	933,610	80.9	1,154,044	101.3
Individual annuities	12,662	99.9	12,670	65.7
Total	946,272	81.1	1,166,714	100.7

- Notes: 1. Annualized premiums are calculated by multiplying the amount of premium payments for twelve months by a coefficient determined by payment frequency. (For policies with a single lump-sum payment, the amount is calculated by dividing total premiums by years contracted).
2. Figures for medical insurance, living benefits and others represent annualized premiums paid for coverage under medical insurance (hospitalization benefits and surgery benefits), living benefits (benefits under coverage for specified diseases and nursing care) and benefits subject to premium payment waiver (including premium payment waiver for those who suffer from specified diseases or require nursing care; excluding waivers for those who become disabled).
3. In (2) new policies, annualized premiums include net increase in premiums resulting from conversion of policies, coverage revision and rider changes. The number of policies includes the number of policies subject to such conversion, revision or changes.



## Insurance Amount of Policies in Force and New Policies

### (1) Policies in Force

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	YOY change (%)	Amount	YOY change (%)
Individual life insurance	55,613,918	95.5	58,213,980	94.9
Individual annuities	12,370,157	96.2	12,853,671	95.9
Subtotal	67,984,075	95.7	71,067,652	95.1
Group life insurance	115,876,870	99.6	116,334,881	100.4
Total	183,860,946	98.1	187,402,533	98.3
Group pensions	7,843,027	100.7	7,786,493	101.2

Notes: 1. Figures for individual annuities represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

2. Figures for group pensions represent the amount of policy reserves.

### (2) New Policies

(Millions of Yen)

Years ended March 31,	2021				2020			
	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)	New policies	Net increase from conversion	New policies + net increase from conversion	YOY change (%)
Individual life insurance	1,478,994	(577,962)	901,031	84.6	1,871,832	(807,094)	1,064,738	79.8
Individual annuities	62,155	(142)	62,012	100.1	62,092	(119)	61,973	66.1
Subtotal	1,541,149	(578,105)	963,044	85.5	1,933,925	(807,213)	1,126,711	78.9
Group life insurance	648,067	—	648,067	139.6	464,141	—	464,141	65.4
Total	2,189,217	(578,105)	1,611,111	101.3	2,398,067	(807,213)	1,590,853	74.5
Group pensions	5,034	—	5,034	53,020.3	9	—	9	71.9

Notes: 1. Net increase from conversion includes net increase due to coverage revision and rider changes.

2. Figures for new policies and net increase from conversion in individual annuities represent planned annuity value at the start of annuity payments.

3. The figures for new policies in group pensions represent insurance premiums from the first payment.





## Group Life Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2021)		New policies (year ended March 31, 2021)	
	Number of policies	Amount	Number of policies	Amount
Group term life insurance	12,725,842	53,933,596	51,759	476,982
Comprehensive group term life insurance for employees	4,936,301	14,550,376	21,520	35,632
Group credit life insurance	11,783,921	47,257,660	52,208	135,453
Consumer group credit life insurance	3,785	1,700	—	—
Group whole life insurance	766	2,656	—	—
Life insurance for disability support	(39,740)	25,308	—	—
Annuity type payment rider attached to group term life insurance	17,903	105,570	—	—
<b>Total</b>	<b>29,468,518</b>	<b>115,876,870</b>	<b>125,487</b>	<b>648,067</b>

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of annuity type payment rider represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

3. The total number of policies does not include the number of life insurance policies for disability support.

## Group Pensions

(Millions of Yen)

	Policies in force (as of March 31, 2021)		New policies (year ended March 31, 2021)	
	Number of policies	Amount	Number of policies	Amount
Corporate pensions	605	436	—	—
New corporate pensions	8,388,992	460,060	11,254	5,000
Corporate pensions with individual contribution	3,144,618	3,622,260	—	—
National pension fund insurance	—	—	—	—
Employees' pension fund insurance	223,010	130,459	—	—
Group pure endowment insurance	—	122,129	—	—
Defined contribution pension plans (corporate)	—	114,632	—	2
Defined contribution pension plans (individual)	—	11,611	—	—
Defined benefit corporate pension plans (contract-type)	—	1,916,650	—	3
Defined benefit corporate pension plans (fund-type)	—	1,464,786	—	27
<b>Total</b>	<b>11,757,225</b>	<b>7,843,027</b>	<b>11,254</b>	<b>5,034</b>

Notes: 1. The number of policies represents the number of insured persons.

2. The amount of policies in force represents policy reserves.

3. The amount of new policies represents insurance premiums from the first payment of premiums.

## Other Insurance

(Millions of Yen)

	Policies in force (as of March 31, 2021)		New policies (year ended March 31, 2021)	
	Number of policies	Amount	Number of policies	Amount
Asset formation insurance and asset formation annuities				
Asset formation saving insurance	41,061	139,477	411	56
Asset formation for home acquisition insurance	3,410	11,528	49	5
Asset formation benefit saving insurance	9,346	1,415	1,167	52
Asset formation annuities	731	1,444	—	—
Asset formation wealth accumulation annuities	25,116	53,768	392	5
Subtotal	79,664	207,634	2,019	119
Medical life insurance	1,076,488	3,104	3,825	5
Disability income insurance	134,356	8,779	5,210	297
Reinsurance underwritten	—	—	—	—

Notes: 1. The number of policies represents the number of insured persons.

2. Insurance amount of policies in force in categories under asset formation insurance and asset formation annuities (excluding figures for "asset formation annuities") represents policy reserves. The amount of new policies represents insurance premiums from the first payment of premiums.

3. The amount of asset formation annuities represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.

4. The amount of medical life insurance represents the amount of daily hospitalization benefits.

5. The amount of disability income insurance represents the amount of monthly disability income benefits.

## Insurance Amount of Policies in Force by Coverage Type

(Millions of Yen)

As of March 31,	2021	2020
<b>Death coverage</b>		
Death protection due to illness/accidents		
Individual life insurance	54,374,614	57,065,874
Individual annuities	3,153	3,472
Group life insurance	115,771,299	116,226,587
Group pensions	—	—
Total (including others)	170,149,068	173,295,933
Death protection due to accidents		
Individual life insurance	[9,248,611]	[9,868,881]
Individual annuities	[111,545]	[116,659]
Group life insurance	[5,820,955]	[5,971,895]
Group pensions	[—]	[—]
Total (including others)	[15,181,112]	[15,957,437]
Death protection due to other causes		
Individual life insurance	[570]	[633]
Individual annuities	[—]	[—]
Group life insurance	[41,460]	[41,405]
Group pensions	[—]	[—]
Total (including others)	[42,030]	[42,038]
<b>Pure endowment</b>		
Maturity and living benefits		
Individual life insurance	1,239,303	1,148,106
Individual annuities	10,433,549	10,928,275
Group life insurance	5,763	5,652
Group pensions	—	—
Total (including others)	11,713,996	12,119,067
<b>Annuities</b>		
Individual life insurance	[45,469]	[47,223]
Individual annuities	[1,445,808]	[1,483,430]
Group life insurance	[14,785]	[15,319]
Group pensions	[—]	[—]
Total (including others)	[1,509,633]	[1,549,664]
<b>Others</b>		
Individual life insurance	—	—
Individual annuities	1,933,454	1,921,923
Group life insurance	99,806	102,641
Group pensions	7,843,027	7,786,493
Total (including others)	10,048,543	9,985,022
<b>Hospitalization coverage</b>		
Hospitalization due to accidents		
Individual life insurance	[37,750]	[36,327]
Individual annuities	[492]	[536]
Group life insurance	[3,782]	[3,930]
Group pensions	[—]	[—]
Total (including others)	[45,131]	[43,918]
Hospitalization due to illness		
Individual life insurance	[37,334]	[36,094]
Individual annuities	[487]	[531]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[40,927]	[39,748]

(Millions of Yen)

As of March 31,	2021	2020
Hospitalization due to other causes		
Individual life insurance	[21,313]	[24,276]
Individual annuities	[927]	[998]
Group life insurance	[29]	[29]
Group pensions	[—]	[—]
Total (including others)	[22,270]	[25,304]

Notes: 1. Figures in [ ] are additional coverage and rider coverage attached to coverage under primary policies. However, death coverage due to illness/accidents under term rider is included in figures for coverage under primary policies.

2. In the pure endowment category, the figures for maturity and living benefits of individual annuities and group life insurance represent the expected future value of accumulated capital of policies written prior to payout at pension eligibility.

3. In the pure endowment category, the figures in annuities represent the annual amount of annuity payments.

4. In the pure endowment category, the figures in others represent policy reserves.

5. The figures for hospitalization coverage represent daily hospitalization benefits.

6. The total (including others) of hospitalization due to illness includes coverage under primary policies and additional coverage.

(Number of Policies)

As of March 31,	2021	2020
Disability coverage		
Individual life insurance	[3,288,408]	[3,423,018]
Individual annuities	[18,882]	[20,128]
Group life insurance	[3,205,328]	[3,247,146]
Group pensions	[—]	[—]
Total (including others)	[6,512,618]	[6,690,292]
Surgery coverage		
Individual life insurance	[8,383,091]	[8,227,174]
Individual annuities	[94,510]	[101,965]
Group life insurance	[—]	[—]
Group pensions	[—]	[—]
Total (including others)	[8,477,601]	[8,329,139]

Note: Figures in [ ] represent the number of policies and riders attached to coverage under primary policies.

## Insurance Amount of Individual Life Insurance and Individual Annuities in Force by Type of Policy

(Millions of Yen)

As of March 31,	2021	2020
Mortality insurance		
Whole life insurance	14,159,191	14,203,530
Whole life insurance with term rider	2,998,981	3,517,232
Wealth accumulation whole life insurance with floating interest	5,894,846	8,328,228
Comprehensive protection insurance with combined policies	22,834,438	22,069,807
Whole life hospitalization insurance	343,103	490,891
Term insurance	5,486,848	5,575,694
Total (including others)	52,928,476	55,488,302
Hybrid insurance		
Endowment insurance	948,484	961,045
Endowment insurance with term rider	344,644	423,977
Term life insurance with living benefits	57,251	64,318
Total (including others)	1,446,138	1,577,571
Pure endowment insurance		
Wealth accumulation insurance with death/accident benefits for women	492,275	441,602
Child insurance	730,377	682,695
Total (including others)	1,239,303	1,148,106

(Millions of Yen)

As of March 31,	2021	2020
<b>Annuities</b>		
Individual annuities	12,370,157	12,853,671
<b>Rider coverage for accidents and illness</b>		
Accidental death benefit rider	897,021	1,030,622
Rider for injuries	6,923,327	7,116,219
Hospitalization rider due to accidents	1,511	1,391
Hospitalization rider due to illness	35,385	34,145
Hospitalization rider due to lifestyle-related diseases	915	1,054
Hospitalization rider due to cancer	589	690
Hospitalization rider for female-specific critical illness	3,850	4,382
Home care rider (post-hospitalization)	9,749	11,588
Rider for specific injuries	76,460	73,218
		(Number of Policies)
Surgery rider	2,761,896	2,674,139
Rider for protection against cancer	4,176,169	3,242,852
Advanced medical care rider	2,494,251	2,426,068
Serious disease rider with ongoing coverage	2,353,206	1,583,107
New nursing care rider	821,296	797,242

- Notes: 1. Amount of individual annuities in force represents the expected future value of accumulated capital of policies written prior to payout at pension eligibility and policy reserves of policies written after pension payout.
2. Figures for hospitalization rider due to accidents, illness, lifestyle-related diseases, and cancer as well as hospitalization rider for female-specific critical illness represent daily hospitalization benefits. However, hospitalization rider due to accidents includes standard daily benefits under rider for leisure coverage and comprehensive injury rider.
3. The home care rider (post-hospitalization) represents standard benefits paid to the insured person after hospital release for home treatment.
4. Rider for specific injuries represents injury benefits paid for such injuries.
5. The figures for surgery rider, rider for protection against cancer, advanced medical care rider, serious disease rider with ongoing coverage and new nursing care rider represent the number of policies with such riders.
6. Rider for protection against cancer includes the number of policies with rider for cancer treatment and rider for intraepithelial neoplasia and other types of cancer.
7. Serious disease rider with ongoing coverage includes the number of policies with riders for six specified diseases and riders for seven specified diseases.
8. New nursing care rider includes the number of riders (excluding riders with a set period for premium payments) with lump-sum benefits for policyholders requiring long-term nursing care and those requiring lighter nursing assistance.

## Annualized Premiums in Force by Type of Policy (Individual Life Insurance and Individual Annuities)

As of March 31,	2021	2020
<b>Mortality insurance</b>		
Whole life insurance	605,352	623,989
Whole life insurance with term rider	43,956	50,402
Wealth accumulation whole life insurance with floating interest	101,205	119,426
Comprehensive protection insurance with combined policies	419,440	391,122
Whole life hospitalization insurance	16,508	19,811
Term insurance	184,693	187,244
Total (including others)	1,429,291	1,446,873
<b>Hybrid insurance</b>		
Endowment insurance	65,170	62,940
Endowment insurance with term rider	5,620	6,841
Term life insurance with living benefits	817	913
Total (including others)	75,103	75,134
<b>Pure endowment insurance</b>		
Wealth accumulation insurance with death/accident benefits for women	48,369	44,476
Child insurance	35,738	33,536
Total (including others)	88,476	84,204
<b>Annuities</b>		
Individual annuities	602,334	620,574

## Performance Indicators for Insurance Policies

### Rate of Change of Policies in Force

	(%)	
Years ended March 31,	2021	2020
Individual life insurance	(4.5)	(5.1)
Individual annuities	(3.8)	(4.1)
Group life insurance	(0.4)	0.4
Group pensions	0.7	1.2

### Average Insured Amount per New Policy and Policy in Force (Individual Life Insurance)

	(Thousands of Yen)	
Years ended March 31,	2021	2020
New policy	2,113	2,235
Policy in force	5,527	5,865

Note: New policy does not include policies subject to conversion, revision of coverage and changes in rider.

### New Policy Rate (Comparison Between the Beginning and End of the Year)

	(%)	
Years ended March 31,	2021	2020
Individual life insurance	2.5	3.1
Individual annuities	0.5	0.5
Group life insurance	0.6	0.4

Note: Figures represent the proportion of new policies (excluding those resulting from conversion, revision of coverage and changes in rider) to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of new policies.

### Surrender and Lapse Rates (Comparison Between the Beginning and End of the Year)

	(%)	
Years ended March 31,	2021	2020
Individual life insurance	4.1	4.7
Individual annuities	1.6	2.1
Group life insurance	0.0	0.0

Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies to policies in force at the beginning of the fiscal year. The rates are calculated based on the insurance amount of surrendered and lapsed policies.

### Average Premiums for New Policies (Individual Life Insurance Policies with Monthly Payments)

	(Yen)	
Year ended March 31, 2021	Year ended March 31, 2020	
91,572	93,476	

Notes: 1. Excludes converted policies.  
2. The premiums have been annualized.

### Mortality Rate (Individual Life Insurance)

Rate by number of policies		Rate by insurance amount	
Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
6.61	6.41	6.02	5.52

Notes: 1. The rate is calculated on the basis of figures for policies with mortality claims (numerator) divided by total policies (denominator).  
2. Calculations for total policies are based on one-half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with mortality claims.  
3. Mortality includes severe incapacitation.  
4. Figures are presented on a per thousand (‰) basis.



## Rate of Incidence of Events Covered by Riders (Individual Life Insurance)

Years ended March 31,	2021		2020	
	By the number of policies with paid rider	By amount of claims paid	By the number of policies with paid rider	By amount of claims paid
Accidental death	0.17	0.17	0.15	0.14
Disability	0.27	0.10	0.24	0.09
Hospitalization due to accidents	4.62	144.82	4.91	156.54
Hospitalization due to illness	51.23	1,308.71	52.66	1,353.00
Hospitalization due to lifestyle-related diseases	54.29	1,611.28	54.12	1,577.58
Surgery for illness and injuries	102.72		104.10	
Surgery for lifestyle-related diseases	48.75		46.28	

- Notes: 1. Rates are calculated by dividing the number of policies with paid rider or the amount of claims paid based on such rider (numerator) by the number of total policies or amount of maximum possible claims under such policies (denominator).  
 2. Calculations for total policies for accidental death are based on one-half of policies in force at the beginning of the fiscal year, one-half of policies in force at the end of the fiscal year, and one-half of policies with accidental death claims. However, calculations for total policies for other claims are based on the average of policies in force at the beginning and the end of the fiscal year.  
 3. Accidental deaths include severe incapacitation.  
 4. Figures are presented on a per thousand (‰) basis.

## Ratio of Operating Expenses to Insurance Premiums

Year ended March 31, 2021	Year ended March 31, 2020
16.0	14.0

## The Number of Major Insurance Companies that Accepted Reinsurance Agreements

Year ended March 31, 2021	Year ended March 31, 2020
10	9

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Reinsurance Premiums Paid to the Top Five Counterparties

Year ended March 31, 2021	Year ended March 31, 2020
96.3	96.4

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Reinsurance Premiums by Counterparty Rating

Years ended March 31,	2021	2020
A or higher	98.4	98.9
BBB or higher	1.6	1.1
Others	—	—

- Notes: 1. Ratings are based on assessments by Standard & Poor's.  
 2. A or higher includes A-. BBB or higher includes BBB-.  
 3. An unrated insurance subsidiary has been included in the data under the rating of its parent company.  
 4. There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Unreceived Reinsurance Claims

Year ended March 31, 2021	Year ended March 31, 2020
511	972

Note: There were no reinsured third-sector insurance policies exempted from the accumulation of premium reserves by the Company in accordance with Article 71 of the Ordinance for Enforcement of the Insurance Business Act.

## Ratio of Premiums Paid as Benefit Payments under Third-Sector Insurance, with Coverage Breakdown

Years ended March 31,	2021	2020
Ratio of benefits paid under third-sector insurance	30.4	31.5
Medical coverage (for illness)	39.1	41.0
Cancer coverage	45.5	46.8
Nursing care coverage	13.6	13.6
Others	15.4	16.1

Notes: 1. Benefits include operating expenses associated with the payment of claims and benefits for third-sector insurance policies.  
2. Premiums paid are calculated by averaging annualized premiums in force at the beginning of and at the end of the fiscal year.

## Performance Indicators for Accounting Reserve for Outstanding Claims

As of March 31,	2021	2020
Insurance claims	82,095	80,723
Death insurance claims	67,156	65,303
Insurance claims for accidents	833	705
Insurance claims for disabilities	13,438	14,185
Insurance claims upon maturity	290	415
Others	376	113
Annuity payments	1,869	1,736
Benefit payments	24,509	26,221
Surrender benefits	17,391	15,044
Other refunds	312	275
Deferred benefit payments	491	476
<b>Total</b>	<b>126,671</b>	<b>124,477</b>

## Policy Reserves

As of March 31,	2021	2020
Policy reserves (excluding contingency reserves)		
Individual life insurance	15,939,968	15,945,919
General account	15,889,208	15,899,562
Separate account	50,759	46,357
Individual annuities	8,242,546	7,647,670
General account	8,075,160	7,400,191
Separate account	167,386	247,479
Group life insurance	127,210	130,196
General account	127,210	130,196
Separate account	—	—
Group pensions	7,843,027	7,786,493
General account	7,354,447	7,296,034
Separate account	488,580	490,458
Others	208,974	212,332
General account	208,974	212,332
Separate account	—	—
Subtotal	32,361,726	31,722,612
General account	31,655,001	30,938,317
Separate account	706,725	784,295
Contingency reserves	440,579	787,642
<b>Total</b>	<b>32,802,306</b>	<b>32,510,255</b>
General account	32,095,580	31,725,959
Separate account	706,725	784,295

## Breakdown of Policy Reserves

(Millions of Yen)

	Premium reserves	Unearned premiums	Refund reserves	Contingency reserves	Total
As of March 31, 2021	31,638,392	723,334	—	440,579	32,802,306
As of March 31, 2020	30,952,671	769,941	—	787,642	32,510,255

## Policy Reserves for Individual Life Insurance and Individual Annuities

### Policy Reserve Accumulation Method and Ratio

As of March 31,		2021	2020
Accumulation method	Policies subject to standard policy reserves	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)	The method stipulated by Prime Minister (Ministry of Finance Notification No. 48 in 1996)
	Policies not subject to standard policy reserves	Net level premium method	Net level premium method
Accumulation ratio (excluding contingency reserves)		100%	100%

Notes: 1. The aforementioned accumulation method and ratio apply to policy reserves for individual life insurance and individual annuities.

2. The above table excludes policy reserves for group life insurance and group pensions because these policies are not subject to the accumulation method under the notification described below.

3. The accumulation ratio of policies subject to standard policy reserves is calculated using a method stipulated by Ministry of Finance Notification No. 48 in 1996. The accumulation ratio of other policies represents the ratio of policy reserves to the total of insurance premium reserves calculated using the net level premium method and unearned premiums.

### Policy Reserves (Categorized by Fiscal Year in Which Policies were Signed)

	Policy reserves (Millions of Yen)	Assumed interest rates (%)
Up to year ended March 31, 1981	211,633	2.00 – 5.00
Years ended March 31, 1982 to 1986	667,225	2.00 – 6.00
Years ended March 31, 1987 to 1991	2,502,428	2.00 – 6.00
Years ended March 31, 1992 to 1996	4,311,943	1.00 – 5.50
Years ended March 31, 1997 to 2001	1,271,872	1.00 – 3.75
Years ended March 31, 2002 to 2006	620,685	0.55 – 2.35
Years ended March 31, 2007 to 2011	2,883,756	0.55 – 1.85
Year ended March 31, 2012	2,745,998	0.71 – 1.50
Year ended March 31, 2013	1,450,644	0.45 – 1.50
Year ended March 31, 2014	1,344,567	0.45 – 1.50
Year ended March 31, 2015	1,267,286	0.35 – 1.09
Year ended March 31, 2016	1,377,668	0.44 – 1.05
Year ended March 31, 2017	979,165	0.25 – 1.00
Year ended March 31, 2018	702,697	0.25 – 3.46
Year ended March 31, 2019	674,628	0.25 – 3.91
Year ended March 31, 2020	538,412	0.25 – 3.32
<b>Year ended March 31, 2021</b>	<b>413,755</b>	<b>0.25 – 2.46</b>

Notes: 1. The policy reserves balances presented above include reserves for individual life insurance and individual annuity policies, but exclude policy reserves held in separate accounts and contingency reserves.

2. The above table displays the principal assumed interest rates of policy reserves that were signed into effect during each period and subject to reserves.

3. The allocation of policy reserves is determined based on reasonable actuarial methods.

### Balance of, calculation method for, and coefficient used as the basis for the calculation of policy reserves in general account in relation to insurance policies with separate account and minimum insurance benefit guarantee

#### • Policy Reserves (General Account)

(Millions of Yen)

As of March 31,	2021	2020
Policy reserves (general account)	25,904	31,900

Notes: 1. Policy reserves (general account) are accumulated for insurance policies stipulated by Article 68 of the Ordinance for Enforcement of the Insurance Business Act as being subject to standard policy reserves.

2. Policy reserves (general account) represent insurance premium reserves necessary to ensure minimum insurance benefit guarantee.

## • Calculation Method and Coefficient Used for the Calculation

### (1) Calculation method

The “scenario testing method” stipulated as an alternative method by Article 9, Paragraph 1, Item 1 of Ministry of Finance Notification No. 48 in 1996 is used for:

- Single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends;
- Single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) and surplus dividends.

The standard method stipulated by Article 9, Paragraph 1, Item 1 of said notification is used for variable annuities other than those stated above.

### (2) Coefficient used for the calculation

#### i) Assumed mortality rate

The rate stipulated by Article 9, Paragraph 1, Item 2 of said notification.

#### ii) Discount rate

The rate stipulated by Article 9, Paragraph 1, Item 3 of said notification.

#### iii) Expected return and volatility

The rate stipulated by Article 9, Paragraph 1, Item 4 of said notification. However, the following rates are set in line with rates stipulated by the statement of calculation procedures for insurance premiums and policy reserves.

- Volatility of short-term funds: 0.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (type II) with periodic (every five years) and surplus dividends: 5.3% annually
- Volatility of assets in separate accounts for single premium variable individual annuities (series 2012—future annuity value guaranteed) with periodic (every five years) dividends: 4.3% annually for standard-type policies; 3.5% annually for surplus-type policies

## Confirming the Soundness and Validity of Actuarial Assumptions in Accordance with Article 121, Paragraph 1, Item 1 of the Insurance Business Act (Relating to Third-Sector Insurance Only)

### (1) Securing appropriate funding of policy reserves for third-sector insurance policies

The Company secures a sufficient level of policy reserves by performing liability adequacy tests and stress tests in accordance with provisions stipulated by Financial Supervisory Agency and Ministry of Finance Notification No. 22 in 2000 and Ministry of Finance Notification No. 231 in 1998.

### (2) Soundness and validity of risk frequency and other assumptions set for liability adequacy tests and stress tests

In principle, the Company classifies its policies by the occurrence rate of insurance claims based on historical data for insurance claims and thereby determines risk frequency for each classification of policies. The Company also allows for some additional stress factors in this calculation. As a result, possible increases in insurance claims due to changes in occurrence rates are covered with a 97.7% and a 99% degree of certainty.

### (3) Results of liability adequacy tests and stress tests

In the year ended March 31, 2021, the Company did not identify a need for provision for contingency reserves (based on the results of stress tests) and additional policy reserves (based on the results of liability adequacy tests). In line with in-house rules, the soundness and validity of testing methods, such as pricing of risks, are doublechecked by departments in charge of managing underwriting risk, which are independent from the pricing department.

## Policyholders' Dividend Reserves

(Millions of Yen)

	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance, Asset formation annuities	Other insurance	Total
<b>Year ended March 31, 2021</b>							
Balance at the beginning of the fiscal year	202,903	20,849	17,956	2,935	299	1,044	245,988
Transfer from surplus in the previous fiscal year	23,855	6,222	114,815	(1,056)	—	5,037	148,874
Interest accrued during the fiscal year	80	1	1	—	0	0	82
Other increases	34	—	—	—	—	—	34
Dividend payments to policyholders during the fiscal year	16,578	899	112,049	122	34	5,265	134,950
Balance at the end of the fiscal year	210,294	26,174	20,723	1,756	265	816	260,030
	[175,834]	[17,154]	[13,506]	[—]	[249]	[1]	[206,746]
<b>Year ended March 31, 2020</b>							
Balance at the beginning of the fiscal year	196,132	16,538	26,195	2,751	336	1,003	242,957
Transfer from surplus in the previous fiscal year	24,492	5,236	111,090	23,611	(0)	5,199	169,630
Interest accrued during the fiscal year	87	1	1	0	0	0	89
Other increases	31	—	—	—	—	—	31
Dividend payments to policyholders during the fiscal year	17,840	926	119,331	23,427	37	5,157	166,720
Balance at the end of the fiscal year	202,903	20,849	17,956	2,935	299	1,044	245,988
	[172,233]	[13,767]	[13,839]	[—]	[285]	[1]	[200,127]

Note: Balance at the end of the fiscal year figures in [ ] represent amounts appropriated to dividends.

## Allowance for Possible Loan Losses and Other Reserves

(Millions of Yen)

	Beginning balance	Ending balance	YOY increase (decrease)
<b>Year ended March 31, 2021</b>			
Allowance for possible loan losses			
General allowance for possible loan losses	1,483	1,736	252
Specific allowance for possible loan losses	5,270	5,100	(169)
Specific allowance for possible overseas loan losses	—	—	—
Reserve for contingent liabilities	1	—	(1)
Reserve for price fluctuation	832,480	850,080	17,600
<b>Year ended March 31, 2020</b>			
Allowance for possible loan losses			
General allowance for possible loan losses	1,089	1,483	394
Specific allowance for possible loan losses	4,271	5,270	998
Specific allowance for possible overseas loan losses	—	—	—
Reserve for contingent liabilities	1	1	(0)
Reserve for price fluctuation	815,975	832,480	16,504

### Specific Allowance for Possible Overseas Loan Losses

#### • Specific Allowance for Possible Overseas Loan Losses

Not applicable.

#### • Balance of Specific Allowance for Possible Overseas Loan Losses by Country

Not applicable.

### Insurance Premiums

(Millions of Yen)

Years ended March 31,	2021	2020
Individual life insurance	1,226,509	1,350,867
Lump-sum payment	193,781	303,294
Annual payment	226,000	238,389
Biannual payment	4,306	4,490
Monthly payment	802,420	804,693
Individual annuities	310,298	330,034
Lump-sum payment	1,519	1,461
Annual payment	42,174	48,107
Biannual payment	437	485
Monthly payment	266,166	279,980
Group life insurance	288,871	285,933
Group pensions	482,246	587,792
Total (including others)*	2,341,591	2,588,757

\* Includes premiums from asset formation insurance and annuities, medical life insurance, disability income insurance, and reinsurance underwritten.

## Insurance Premiums Categorized by Policy Year

		(Millions of Yen)	
Years ended March 31,		2021	2020
Individual life insurance	First-year premiums	305,624	422,460
Individual annuities	Premiums for the second year and beyond	1,231,183	1,258,441
	Subtotal	1,536,807	1,680,901
Group life insurance	First-year premiums	1,604	1,574
	Premiums for the second year and beyond	287,267	284,359
	Subtotal	288,871	285,933
Group pensions	First-year premiums	5,230	149
	Premiums for the second year and beyond	477,015	587,642
	Subtotal	482,246	587,792
Total (including others)*	First-year premiums	312,987	424,749
	Premiums for the second year and beyond	2,028,604	2,164,008
	Total	2,341,591	2,588,757
	Growth rate (%)	(9.5)	(6.5)

\* Includes premiums from asset formation insurance and annuities, medical life insurance, disability income insurance, and reinsurance underwritten.

## Insurance Claims, Annuities and Benefits Paid

								(Millions of Yen)	
								Year ended March 31, 2021	Year ended March 31, 2020
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance Asset formation annuities	Other insurance	Total	Total	
Claims paid:	407,359	423	134,335	735	881	339	544,074	604,727	
Death insurance claims	274,902	396	120,265	—	—	298	395,862	384,180	
Insurance claims for accidents	2,346	6	433	—	4	—	2,790	2,564	
Insurance claims for disabilities	37,400	11	13,478	—	—	15	50,905	48,492	
Insurance claims upon maturity	92,709	10	—	735	877	—	94,332	169,273	
Others	—	—	158	—	—	24	183	216	
Annuity payments	6,567	423,809	15,875	211,300	4,020	—	661,573	627,305	
Benefit payments:	137,933	14,003	416	236,247	540	2,331	391,472	402,708	
Death benefits	43,084	12,163	5	3,120	184	21	58,579	59,071	
Hospitalization benefits	26,910	770	225	—	—	1,654	29,560	31,657	
Surgery benefits	12,481	695	—	—	—	366	13,543	14,584	
Disability benefits	718	7	68	—	6	—	799	801	
Survivor benefits	12,659	327	—	—	350	—	13,336	15,016	
Lump-sum benefits	—	—	39	231,315	—	—	231,355	238,948	
Others	42,078	39	77	1,811	—	289	44,296	42,629	
Surrender benefits	490,625	61,196	—	13,707	16,115	—	581,645	548,700	

## The Number of Cases Where Claims, Annuities and Benefits were Paid

	Year ended March 31, 2021							Year ended March 31, 2020
	Individual life insurance	Individual annuities	Group life insurance	Group pensions	Asset formation insurance annuities	Other insurance	Total	Total
Claims paid:	<b>128,414</b>	<b>76</b>	<b>46,995</b>	<b>1</b>	<b>1,451</b>	<b>719</b>	<b>177,656</b>	189,696
Death insurance claims	<b>48,515</b>	<b>68</b>	<b>43,111</b>	—	—	<b>704</b>	<b>92,398</b>	91,539
Insurance claims for accidents	<b>657</b>	<b>3</b>	<b>204</b>	—	<b>3</b>	—	<b>867</b>	784
Insurance claims for disabilities	<b>25,943</b>	<b>5</b>	<b>3,665</b>	—	—	<b>9</b>	<b>29,622</b>	27,914
Insurance claims upon maturity	<b>53,299</b>	—	—	<b>1</b>	<b>1,448</b>	—	<b>54,748</b>	69,438
Others	—	—	<b>15</b>	—	—	<b>6</b>	<b>21</b>	21
Annuity payments	<b>5,427</b>	<b>826,029</b>	<b>56,519</b>	<b>5,501,509</b>	<b>13,429</b>	—	<b>6,402,913</b>	6,440,959
Benefit payments:	<b>1,290,496</b>	<b>21,312</b>	<b>3,958</b>	<b>638,958</b>	<b>237</b>	<b>42,236</b>	<b>1,997,197</b>	2,217,722
Death benefits	<b>13,413</b>	<b>3,177</b>	<b>418</b>	<b>3,461</b>	<b>84</b>	<b>46</b>	<b>20,599</b>	20,372
Hospitalization benefits	<b>335,462</b>	<b>8,042</b>	<b>3,099</b>	—	—	<b>28,645</b>	<b>375,248</b>	394,322
Surgery benefits	<b>162,309</b>	<b>7,557</b>	—	—	—	<b>5,622</b>	<b>175,488</b>	181,225
Disability benefits	<b>463</b>	<b>9</b>	<b>127</b>	—	<b>2</b>	—	<b>601</b>	595
Survivor benefits	<b>49,163</b>	<b>1,676</b>	—	—	<b>151</b>	—	<b>50,990</b>	61,922
Lump-sum benefits	—	—	<b>129</b>	<b>635,493</b>	—	—	<b>635,622</b>	701,289
Others	<b>729,686</b>	<b>851</b>	<b>185</b>	<b>4</b>	—	<b>7,923</b>	<b>738,649</b>	857,997

## Depreciation

	(Millions of Yen)				
	Acquisition cost	Current-year depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
<b>Year ended March 31, 2021</b>					
Tangible fixed assets	<b>295,118</b>	<b>8,496</b>	<b>187,044</b>	<b>108,073</b>	<b>63.4</b>
Buildings	<b>278,658</b>	<b>7,267</b>	<b>173,789</b>	<b>104,868</b>	<b>62.4</b>
Others	<b>16,459</b>	<b>1,228</b>	<b>13,254</b>	<b>3,204</b>	<b>80.5</b>
Intangible fixed assets	<b>114,335</b>	<b>23,130</b>	<b>54,191</b>	<b>60,144</b>	<b>47.4</b>
Others	<b>199</b>	<b>39</b>	<b>74</b>	<b>125</b>	<b>37.2</b>
<b>Total</b>	<b>409,653</b>	<b>31,667</b>	<b>241,310</b>	<b>168,343</b>	<b>58.9</b>
<b>Year ended March 31, 2020</b>					
Tangible fixed assets	303,343	8,761	192,830	110,512	63.6
Buildings	285,527	7,384	178,434	107,092	62.5
Others	17,816	1,376	14,395	3,420	80.8
Intangible fixed assets	112,657	20,686	49,683	62,974	44.1
Others	218	44	96	122	44.1
<b>Total</b>	<b>416,219</b>	<b>29,492</b>	<b>242,610</b>	<b>173,609</b>	<b>58.3</b>

## Operating Expenses

Years ended March 31,	(Millions of Yen)	
	2021	2020
Marketing promotion expenses	<b>136,977</b>	127,840
Marketing administration expenses	<b>58,677</b>	52,994
General and administration expenses	<b>179,781</b>	181,182
<b>Total</b>	<b>375,436</b>	362,017

Note: General and administration expenses include funding contributions that the Company paid for Insurance Policyholders Protection Corporation of Japan in accordance with Article 259 of the Insurance Business Act, which totaled ¥3,413 million and ¥3,291 million in the years ended March 31, 2020 and March 31, 2021, respectively.

## Taxes

		(Millions of Yen)	
Years ended March 31,		2021	2020
National tax		19,368	17,423
Consumption tax		17,833	15,301
Special business tax		1,348	1,894
Revenue stamp tax		178	209
Registration and license tax		0	1
Other national taxes		6	16
Local tax		12,799	11,904
Local consumption tax		5,009	4,221
Corporate enterprise tax		4,622	4,540
Fixed asset tax		2,658	2,641
Real estate acquisition tax		0	4
Business office tax		508	495
Other local taxes		0	0
<b>Total</b>		<b>32,168</b>	<b>29,327</b>

Note: From the year ended March 31, 2021, special local corporate tax is reclassified as special business tax.

## Lease Transactions

### Acquisition cost, accumulated depreciation and ending balance of leased assets

Not applicable.

### Ending balance of future lease payments

Not applicable.

### Cumulative lease fees paid, depreciation and interest expenses

Not applicable.

## Balance of Loans Payable by Remaining Loan Period

								(Millions of Yen)
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total	
<b>As of March 31, 2021</b>								
Bonds payable	—	—	—	—	—	640,735	640,735	
Payables under repurchase agreements	101,346	—	—	—	—	—	101,346	
Payables under securities borrowing transactions	2,500,282	—	—	—	—	—	2,500,282	
<b>Total</b>	<b>2,601,629</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>	<b>3,242,364</b>	
<b>As of March 31, 2020</b>								
Bonds payable	—	—	—	—	—	640,735	640,735	
Payables under repurchase agreements	73,233	—	—	—	—	—	73,233	
Payables under securities borrowing transactions	1,133,523	—	—	—	—	—	1,133,523	
<b>Total</b>	<b>1,206,757</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>640,735</b>	<b>1,847,492</b>	

## Reference: Average Interest Rates of Bonds

		(%)	
As of March 31,		2021	2020
Bonds payable (denominated in yen)		1.05	1.05
Bonds payable (denominated in foreign currencies)		5.17	5.17

Notes: 1. Average interest rates presented above are weighted average interest rates applied to balances at the end of each fiscal year.

2. Bonds payable (denominated in yen) consist of subordinated bonds denominated in yen with the date of maturity ranging from December 2046 to December 2051. Bonds payable (denominated in foreign currencies) consist of subordinated bonds denominated in U.S. dollars with the date of maturity ranging from October 2045 to April 2048.



## Quarterly Information

(Millions of Yen)

	As of June 30, 2020	As of September 30, 2020	As of December 31, 2020	As of March 31, 2021
Insurance premiums and other	562,912	1,175,852	1,742,647	<b>2,352,149</b>
Base profit	100,662	284,351	366,833	<b>550,231</b>

## Investment Performance Indicators Breakdown of Invested Assets (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	<b>1,217,742</b>	<b>2.9</b>	1,273,366	3.3
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	<b>264,184</b>	<b>0.6</b>	204,335	0.5
Trading account securities	—	—	—	—
Money held in trust	<b>154,622</b>	<b>0.4</b>	13,966	0.0
Securities	<b>34,704,247</b>	<b>82.7</b>	31,697,210	81.8
Domestic bonds	<b>18,153,867</b>	<b>43.2</b>	17,209,032	44.4
Domestic stocks	<b>4,641,731</b>	<b>11.1</b>	3,447,155	8.9
Foreign securities	<b>10,656,853</b>	<b>25.4</b>	10,168,944	26.3
Foreign bonds	<b>8,351,872</b>	<b>19.9</b>	8,513,065	22.0
Foreign stocks and others	<b>2,304,980</b>	<b>5.5</b>	1,655,879	4.3
Other securities	<b>1,251,796</b>	<b>3.0</b>	872,076	2.3
Loans	<b>4,095,722</b>	<b>9.8</b>	4,105,435	10.6
Policy loans	<b>207,776</b>	<b>0.5</b>	229,759	0.6
Industrial and consumer loans	<b>3,887,946</b>	<b>9.3</b>	3,875,676	10.0
Real estate	<b>865,732</b>	<b>2.1</b>	860,958	2.2
Deferred tax assets	—	—	—	—
Others	<b>685,663</b>	<b>1.6</b>	585,883	1.5
Allowance for possible loan losses	<b>(6,837)</b>	<b>(0.0)</b>	(6,754)	(0.0)
Total	<b>41,981,079</b>	<b>100.0</b>	38,734,402	100.0
Assets denominated in foreign currencies	<b>11,263,147</b>	<b>26.8</b>	10,605,449	27.4

Note: Real estate reflects the total value of land, buildings and construction in progress.

## Increase (Decrease) by Asset Type (General Account)

	(Millions of Yen)	
Years ended March 31,	2021	2020
Cash, deposits and call loans	(55,624)	59,509
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	59,849	(7,972)
Trading account securities	—	—
Money held in trust	140,655	(2,702)
Securities	3,007,037	290,592
Domestic bonds	944,834	321,427
Domestic stocks	1,194,575	(688,154)
Foreign securities	487,908	638,038
Foreign bonds	(161,192)	951,010
Foreign stocks and others	649,100	(312,972)
Other securities	379,719	19,281
Loans	(9,712)	(118,370)
Policy loans	(21,983)	(9,575)
Industrial and consumer loans	12,270	(108,794)
Real estate	4,773	(5,384)
Deferred tax assets	—	—
Others	99,780	69,404
Allowance for possible loan losses	(82)	(1,392)
<b>Total</b>	<b>3,246,676</b>	<b>283,683</b>
Assets denominated in foreign currencies	657,698	1,048,945

Note: Real estate reflects the total value of land, buildings and construction in progress.

## Investment Returns (General Account)

	(%)	
Years ended March 31,	2021	2020
Cash, deposits and call loans	0.46	0.01
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	—	—
Monetary claims bought	1.25	1.54
Trading account securities	—	—
Money held in trust	1.34	0.23
Securities	2.48	2.01
Domestic bonds	1.36	1.63
Domestic stocks	8.08	2.89
Foreign securities	3.61	2.57
Foreign bonds	2.93	2.01
Foreign stocks and others	6.34	5.04
Loans	1.50	1.54
Industrial and consumer loans	1.38	1.39
Real estate	1.98	2.03
<b>Total</b>	<b>2.28</b>	<b>1.78</b>
Overseas investments	3.48	2.45

Notes: 1. The rate of return is calculated by deducting investment expenses from investment income (numerator: presented as ordinary profit), and by dividing the result by the average daily balance (denominator: based on the book value).

2. Overseas investments include assets denominated in yen.

## Average Balances of Assets (General Account)

(Millions of Yen)

Years ended March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	1,179,071	3.2	1,052,790	2.9
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	—	—	—	—
Monetary claims bought	238,172	0.6	206,653	0.6
Trading account securities	—	—	—	—
Money held in trust	134,710	0.4	17,864	0.0
Securities	29,615,062	79.2	28,675,220	79.3
Domestic bonds	17,227,458	46.1	16,565,393	45.8
Domestic stocks	1,679,928	4.5	1,773,035	4.9
Foreign securities	9,723,743	26.0	9,480,034	26.2
Foreign bonds	7,790,673	20.8	7,740,798	21.4
Foreign stocks and others	1,933,069	5.2	1,739,236	4.8
Loans	4,123,902	11.0	4,146,497	11.5
Industrial and consumer loans	3,902,514	10.4	3,912,777	10.8
Real estate	869,494	2.3	871,073	2.4
Total	37,380,022	100.0	36,176,620	100.0
Overseas investments	10,720,721	28.7	10,347,349	28.6

Notes: 1. Average balances are calculated based on book value.  
2. Overseas investments include assets denominated in yen.

## Investment Income (General Account)

(Millions of Yen)

Years ended March 31,	2021	2020
Interest, dividends and other income	840,398	871,621
Gains on securities products	—	—
Gains on money held in trust	1,818	46
Gains on trading securities	—	—
Gains on sales of securities	97,475	19,233
Gains on redemption of securities	132,037	89,915
Gains on derivative financial instruments	—	—
Foreign exchange gains	44,445	—
Reversal of allowance for possible loan losses	—	—
Other investment income	279	255
Total	1,116,455	981,072

## Investment Expenses (General Account)

(Millions of Yen)

Years ended March 31,	2021	2020
Interest expenses	14,421	14,262
Losses on securities products	—	—
Losses on money held in trust	—	—
Losses on trading securities	—	—
Losses on sales of securities	62,887	6,295
Losses on valuation of securities	1,971	104,134
Losses on redemption of securities	78,895	32,134
Losses on derivative financial instruments	79,634	135,662
Foreign exchange losses	—	18,188
Provision for allowance for possible loan losses	729	1,503
Redemption of loans	—	393
Depreciation of real estate for non-insurance business	9,381	9,609
Other investment expenses	17,689	16,292
Total	265,610	338,476

## Interest, Dividends and Other Income (General Account)

		(Millions of Yen)	
Years ended March 31,		2021	2020
Interest on deposits		764	1,893
Interest and dividends on securities		721,397	746,415
Interest on domestic bonds		266,847	267,346
Dividends on domestic stocks		96,245	109,165
Interest and dividends on foreign securities		322,922	354,297
Interest on loans		62,584	67,105
Rent on real estate		38,235	38,805
Total (including others)		840,398	871,621

## Attribution Analysis of Interest, Dividends and Other Income (General Account)

		2021			2020		
Years ended March 31,		Net increase (decrease)	Change in balance	Change due to interest rate and others	Net increase (decrease)	Change in balance	Change due to interest rate and others
Interest, dividends and other income		(31,222)	28,994	(60,216)	64,360	15,199	49,160
Securities		(25,018)	24,464	(49,482)	68,570	17,972	50,597
Loans		(4,521)	(365)	(4,156)	(7,129)	(4,420)	(2,708)
Real estate		(570)	(70)	(500)	814	(73)	888

## Gains on Sales of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2021	2020
Domestic bonds and others		2,620	9,928
Domestic stocks and others		60,070	4,388
Foreign securities		34,526	4,916
Total (including others)		97,475	19,233

## Losses on Sales of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2021	2020
Domestic bonds and others		36,021	553
Domestic stocks and others		5,489	205
Foreign securities		21,376	5,536
Total (including others)		62,887	6,295

## Losses on Valuation of Securities (General Account)

		(Millions of Yen)	
Years ended March 31,		2021	2020
Domestic bonds and others		—	—
Domestic stocks and others		1,971	72,590
Foreign securities		—	30,432
Total (including others)		1,971	104,134

## Balance of Securities (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Government bonds	15,634,628	45.1	14,579,276	46.0
Municipal bonds	275,769	0.8	306,157	1.0
Corporate bonds	2,243,469	6.5	2,323,598	7.3
Public entity bonds	391,662	1.1	368,886	1.2
Domestic stocks	4,641,731	13.4	3,447,155	10.9
Foreign securities	10,656,853	30.7	10,168,944	32.1
Foreign bonds	8,351,872	24.1	8,513,065	26.9
Foreign stocks and others	2,304,980	6.6	1,655,879	5.2
Other securities	1,251,796	3.6	872,076	2.8
<b>Total</b>	<b>34,704,247</b>	<b>100.0</b>	<b>31,697,210</b>	<b>100.0</b>

## Breakdown of Municipal Bonds by Region

(Millions of Yen)

As of March 31,	2021	2020
Hokkaido	4,399	4,589
Tohoku	—	—
Kanto	108,527	114,554
Chubu	35,334	38,348
Kinki	83,722	85,387
Chugoku	6,262	7,159
Shikoku	—	—
Kyushu	30,838	31,206
Others	6,683	24,911
<b>Total</b>	<b>275,769</b>	<b>306,157</b>

Note: Others represents municipal bonds issued through public offering under the Joint Local Government Bonds scheme.

## Breakdown of Securities by Remaining Period for Maturity (General Account)

(Millions of Yen)

	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
<b>As of March 31, 2021</b>							
Securities	1,333,499	2,053,792	1,126,637	2,180,727	4,674,927	23,334,662	34,704,247
Government bonds	886,705	1,082,854	739,192	875,379	2,102,540	9,947,956	15,634,628
Municipal bonds	100	5,095	1,702	88,157	114,850	65,863	275,769
Corporate bonds	102,224	151,645	83,603	299,173	342,577	1,264,244	2,243,469
Domestic stocks	—	—	—	—	—	4,641,731	4,641,731
Foreign securities	344,451	807,795	301,024	905,763	2,010,923	6,286,893	10,656,853
Foreign bonds	344,451	807,795	301,024	905,763	2,010,923	3,981,913	8,351,872
Foreign stocks and others	—	—	—	—	—	2,304,980	2,304,980
Other securities	17	6,400	1,114	12,253	104,034	1,127,974	1,251,796
Monetary claims bought	69,990	—	—	—	—	194,194	264,184
Negotiable deposits	52,995	—	—	—	—	—	52,995
Money held in trust	—	—	—	—	—	154,622	154,622
<b>Total</b>	<b>1,456,484</b>	<b>2,053,792</b>	<b>1,126,637</b>	<b>2,180,727</b>	<b>4,674,927</b>	<b>23,683,479</b>	<b>35,176,049</b>
<b>As of March 31, 2020</b>							
Securities	891,693	2,430,711	1,527,391	1,358,427	4,124,543	21,364,442	31,697,210
Government bonds	169,363	1,380,322	933,770	735,115	1,869,795	9,490,909	14,579,276
Municipal bonds	9,090	100	5,293	35,740	189,514	66,419	306,157
Corporate bonds	62,812	174,659	125,222	159,914	412,529	1,388,459	2,323,598
Domestic stocks	—	—	—	—	—	3,447,155	3,447,155
Foreign securities	646,259	873,609	462,896	422,654	1,645,690	6,117,834	10,168,944
Foreign bonds	646,068	873,609	462,896	422,654	1,645,690	4,462,146	8,513,065
Foreign stocks and others	191	—	—	—	—	1,655,688	1,655,879
Other securities	4,168	2,020	208	5,002	7,012	853,663	872,076
Monetary claims bought	—	—	—	—	—	204,335	204,335
Negotiable deposits	32,995	—	—	—	—	—	32,995
Money held in trust	—	—	—	—	—	13,966	13,966
<b>Total</b>	<b>924,689</b>	<b>2,430,711</b>	<b>1,527,391</b>	<b>1,358,427</b>	<b>4,124,543</b>	<b>21,582,744</b>	<b>31,948,508</b>

Notes: 1. Figures for over 10 years include financial instruments with no specified maturity period.

2. Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

## Rate of Return on Bonds at Fiscal Year End (General Account)

(%)

As of March 31,	2021	2020
Domestic bonds	1.62	1.68
Foreign bonds	2.82	3.15

## Breakdown of Stocks Held by Industry (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Fishery, agriculture & forestry	1,413	0.0	1,130	0.0
Mining	—	—	—	—
Construction	96,750	2.1	76,306	2.2
Manufacturing				
Foods	210,132	4.5	181,982	5.3
Textiles & apparels	23,853	0.5	20,660	0.6
Pulp & paper	3,140	0.1	2,598	0.1
Chemicals	509,153	11.0	332,025	9.6
Pharmaceuticals	148,056	3.2	128,861	3.7
Oil & coal products	5,898	0.1	4,430	0.1
Rubber products	10,446	0.2	8,899	0.3
Glass & ceramics products	199,034	4.3	134,835	3.9
Iron & steel	48,185	1.0	29,585	0.9
Nonferrous metals	11,538	0.2	10,069	0.3
Metal products	20,400	0.4	16,113	0.5
Machinery	277,800	6.0	173,864	5.0
Electric appliances	731,510	15.8	447,829	13.0
Transportation equipment	496,205	10.7	376,625	10.9
Precision instruments	230,962	5.0	188,575	5.5
Other products	44,272	1.0	33,003	1.0
Electric power & gas	131,837	2.8	119,531	3.5
Transportation, information & communication				
Land transportation	216,246	4.7	178,693	5.2
Marine transportation	12,435	0.3	4,819	0.1
Air transportation	4,130	0.1	4,251	0.1
Warehouse & harbor transportation services	28,623	0.6	20,349	0.6
Information & communication	29,240	0.6	32,445	0.9
Trade				
Wholesale trade	322,758	7.0	245,424	7.1
Retail trade	36,067	0.8	29,191	0.8
Finance & insurance				
Banks	315,954	6.8	237,094	6.9
Securities & commodity futures	15,149	0.3	14,028	0.4
Insurance	140,061	3.0	137,729	4.0
Other financing business	91,405	2.0	66,643	1.9
Real estate	160,500	3.5	138,095	4.0
Services	68,563	1.5	51,460	1.5
<b>Total</b>	<b>4,641,731</b>	<b>100.0</b>	<b>3,447,155</b>	<b>100.0</b>

Note: Classification is based on industrial sector classification specified by the Securities Identification Code Committee.

## Loans (General Account)

		(Millions of Yen)	
As of March 31,		2021	2020
Policy loans		207,776	229,759
Policyholder loans		196,720	217,693
Premium loans		11,055	12,065
Industrial and consumer loans		3,887,946	3,875,676
(Loans for non-residents)		192,465	188,980
Corporate loans		3,733,471	3,718,107
(To domestic corporations)		3,559,006	3,550,126
Loans to governments and supranationals		8,550	11,756
Loans to public organizations		129,602	128,232
Housing loans		—	—
Consumer loans		16,250	17,472
Others		72	108
<b>Total</b>		<b>4,095,722</b>	<b>4,105,435</b>

## Breakdown of Loans by Duration (General Account)

		(Millions of Yen)						
		Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
<b>As of March 31, 2021</b>								
Floating interest rate		99,197	7,513	11,818	3,800	36,435	82,213	240,978
Fixed interest rate		280,250	574,700	644,744	491,531	761,567	894,175	3,646,968
<b>Total</b>		<b>379,447</b>	<b>582,213</b>	<b>656,562</b>	<b>495,331</b>	<b>798,002</b>	<b>976,388</b>	<b>3,887,946</b>
<b>As of March 31, 2020</b>								
Floating interest rate		95,528	7,538	15,683	4,532	16,589	86,096	225,969
Fixed interest rate		227,458	602,501	553,454	593,327	717,022	955,943	3,649,707
<b>Total</b>		<b>322,986</b>	<b>610,040</b>	<b>569,137</b>	<b>597,859</b>	<b>733,611</b>	<b>1,042,040</b>	<b>3,875,676</b>

Note: Figures for over 10 years include loans with no specified maturity period.

## Breakdown of Domestic Corporate Loans by Size of Borrower (General Account)

		(Millions of Yen)			
As of March 31,		2021		2020	
		(%)		(%)	
Large size corporations	Number of borrowers	555	54.7	605	54.1
	Loan amount	3,069,943	86.3	3,068,356	86.4
Medium size corporations	Number of borrowers	87	8.6	97	8.7
	Loan amount	18,788	0.5	19,107	0.5
Small size corporations	Number of borrowers	372	36.7	417	37.3
	Loan amount	470,274	13.2	462,662	13.0
<b>Total</b>	Number of borrowers	<b>1,014</b>	<b>100.0</b>	<b>1,119</b>	<b>100.0</b>
	Loan amount	<b>3,559,006</b>	<b>100.0</b>	<b>3,550,126</b>	<b>100.0</b>

Notes: 1. Please refer to the following chart for the classification of borrowers by size and industry.

2. The number of borrowers does not represent the number of loans, as a single borrower may have multiple loans under the same name.



Size	Conditions	1. All industries excluding 2. to 4.	2. Retail trade, food and beverage service	3. Service industry	4. Wholesale trade
Large	Capital	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater	¥1 billion or greater
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Medium	Capital	More than ¥300 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥50 million and less than ¥1 billion	More than ¥100 million and less than ¥1 billion
	Number of regular employees	More than 300	More than 50	More than 100	More than 100
Small	Capital*	¥300 million or smaller	¥50 million or smaller	¥50 million or smaller	¥100 million or smaller
	Number of regular employees*	300 or less	50 or less	100 or less	100 or less

\* Entities that meet either of two conditions stipulated for this classification shall be defined as small-size corporations.

## Breakdown of Loans by Industry (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Domestic				
Manufacturing	625,519	16.1	610,804	15.8
Foodstuffs and beverages	21,221	0.5	25,882	0.7
Textile products	1,934	0.0	5,284	0.1
Lumber and wood products	—	—	—	—
Pulp, paper, and paper products	42,770	1.1	40,199	1.0
Printing	15,447	0.4	5,434	0.1
Chemical and allied products	131,032	3.4	118,266	3.1
Petroleum refining	72,461	1.9	76,548	2.0
Ceramic, stone, and clay products	57,657	1.5	58,004	1.5
Iron and steel	118,689	3.1	119,898	3.1
Nonferrous metals and products	9,228	0.2	10,987	0.3
Fabricated metal products	3,048	0.1	3,065	0.1
General-purpose, production, and business-oriented machinery	43,348	1.1	45,388	1.2
Electrical machinery equipment and supplies	43,997	1.1	43,851	1.1
Transportation equipment	60,677	1.6	53,283	1.4
Miscellaneous manufacturing industries	4,003	0.1	4,710	0.1
Agriculture and forestry	38	0.0	141	0.0
Fishery	—	—	—	—
Mining and quarrying of stone and gravel	—	—	26	0.0
Construction	19,520	0.5	13,380	0.3
Electricity, gas, heat supply, and water	781,706	20.1	770,642	19.9
Information and communications	88,804	2.3	88,870	2.3
Transport and postal activities	288,850	7.4	280,164	7.2
Wholesale trade	661,983	17.0	664,374	17.1
Retail trade	14,321	0.4	13,947	0.4
Finance and insurance	691,751	17.8	730,700	18.9
Real estate	369,158	9.5	367,187	9.5
Goods rental and leasing	110,785	2.8	100,405	2.6
Scientific research, and professional and technical services	20,460	0.5	20,502	0.5
Hotels	694	0.0	1,598	0.0
Eating and drinking services	305	0.0	420	0.0
Living-related and personal services, and amusement services	2,038	0.1	2,465	0.1
Education and learning support	107	0.0	180	0.0
Medical, health care, and welfare services	494	0.0	477	0.0
Other services	2,526	0.1	2,652	0.1
Local governments	163	0.0	282	0.0
Loans for housing funds and consumer credit (with installment repayments)	16,250	0.4	17,472	0.5
Others	—	—	—	—
Subtotal	3,695,481	95.0	3,686,695	95.1
Overseas				
Governments and others	18,000	0.5	21,000	0.5
Financial institutions	10,000	0.3	14,520	0.4
Commerce, industry and others	164,465	4.2	153,460	4.0
Subtotal	192,465	5.0	188,980	4.9
Total of industrial and consumer loans	3,887,946	100.0	3,875,676	100.0

Note: For domestic borrowers, industrial sectors are classified based on Loans and Bills Discounted and New Loans for Fixed Investment by Sector (by Type of Industries) issued by the Bank of Japan.

## Breakdown of Loans by Usage (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Capital expenditures	854,104	22.1	856,623	22.1
Operating capital	3,033,842	77.9	3,019,052	77.9

## Breakdown of Loans by Region (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Hokkaido	51,001	1.4	47,165	1.3
Tohoku	49,529	1.3	49,317	1.3
Kanto	2,789,690	75.8	2,778,432	75.7
Chubu	323,902	8.8	333,153	9.1
Kinki	224,930	6.1	222,227	6.1
Chugoku	43,013	1.2	44,706	1.2
Shikoku	40,704	1.1	40,820	1.1
Kyushu	156,458	4.3	153,401	4.2
Total	3,679,230	100.0	3,669,223	100.0

Notes: 1. Excludes individual loans, loans for non-residents and policy loans.  
2. Regions are based on the locations of the borrowers' headquarters.

## Breakdown of Loans by Collateral (General Account)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Collateral loans	9,434	0.2	11,558	0.3
Loans secured by securities	3,525	0.1	4,184	0.1
Loans secured by real estate, movable assets or aggregated foundation collateral	4,568	0.1	5,974	0.2
Loans secured by nominative claims	1,340	0.0	1,400	0.0
Guaranteed loans	54,220	1.4	61,204	1.6
Fiduciary loans	3,808,041	97.9	3,785,439	97.7
Others	16,250	0.4	17,472	0.5
Total of industrial and consumer loans	3,887,946	100.0	3,875,676	100.0
Subordinated loans	340,350	8.8	308,150	8.0

## Tangible and Intangible Fixed Assets (General Account)

(Millions of Yen)

	Beginning balance	Increase	Decrease		Ending balance	Accumulated depreciation	Accumulated depreciation ratio (%)
			Impairment losses	Depreciation			
<b>Year ended March 31, 2021</b>							
Land	603,348	8,821	1,377	755	610,792	—	—
Buildings	253,361	19,982	5,170	1,507	251,647	439,742	63.6
Construction in progress	4,249	27,007	27,963	—	3,293	—	—
Other tangible fixed assets	3,680	1,300	232	—	3,417	15,118	81.6
Total of tangible fixed assets	864,639	57,112	18,101	2,262	869,150	454,861	—
Real estate for rent	553,925	99,940	50,730	1,427	593,876	267,719	—
Software	63,215	20,732	341	—	60,371	54,365	47.4
Other intangible fixed assets	25,701	27,691	27,233	—	26,145	150	—
Total of intangible fixed assets	88,916	48,424	27,574	—	86,517	54,515	—
<b>Year ended March 31, 2020</b>							
Land	603,904	110	666	663	603,348	—	—
Buildings	258,110	13,795	1,685	1,581	253,361	436,706	63.3
Construction in progress	4,329	15,468	15,548	—	4,249	—	—
Other tangible fixed assets	4,012	1,358	200	—	3,680	16,339	81.6
Total of tangible fixed assets	870,356	30,732	18,101	2,245	864,639	453,045	—
Real estate for rent	557,297	14,858	8,754	1,574	553,925	259,746	—
Software	47,640	36,388	42	—	63,215	49,838	44.1
Other intangible fixed assets	40,848	27,519	42,651	—	25,701	136	—
Total of intangible fixed assets	88,489	63,907	42,693	—	88,916	49,974	—

Note: Figures for increase and decrease of "Real estate for rent" include increases and decreases due to changes in usage, such as from operational to rental usage.

## Real Estate Balance and the Number of Buildings Owned

(Millions of Yen)

As of March 31,	2021	2020
Real estate	865,732	860,958
For operational use	272,891	308,087
For rent	592,841	552,870
The number of buildings for rent	146 buildings	152 buildings

## Gains on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2021	2020
Tangible fixed assets	385	—
Land	156	—
Buildings	233	—
Others	(5)	—
Intangible fixed assets	—	—
Others	0	—
Total	385	—
Real estate for rent	53	—

## Losses on Disposals of Fixed Assets (General Account)

(Millions of Yen)

Years ended March 31,	2021	2020
Tangible fixed assets	5,617	1,494
Land	54	3
Buildings	5,333	1,290
Others	224	200
Intangible fixed assets	352	50
Others	118	134
Total	6,087	1,679
Real estate for rent	1,700	362

## Depreciation of Real Estate for Non-Insurance Business (General Account)

(Millions of Yen)

	Acquisition cost	Depreciation	Accumulated depreciation	Ending balance	Accumulated depreciation ratio (%)
<b>Year ended March 31, 2021</b>					
Tangible fixed assets	414,802	9,360	267,811	146,991	64.6
Buildings	412,731	9,259	265,953	146,778	64.4
Others	2,070	100	1,857	212	89.7
Intangible fixed assets	91	4	75	16	82.0
Others	2	16	2	0	93.2
Total	414,896	9,381	267,888	147,007	64.6
<b>Year ended March 31, 2020</b>					
Tangible fixed assets	406,736	9,586	260,207	146,528	64.0
Buildings	404,540	9,474	258,271	146,269	63.8
Others	2,195	111	1,935	259	88.2
Intangible fixed assets	89	4	69	19	77.8
Others	119	18	102	16	86.2
Total	406,944	9,609	260,379	146,565	64.0

## Foreign Securities Investment and Overseas Loans (General Account) Breakdown by Asset Type

### (1) Assets denominated in foreign currencies

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Bonds	8,711,821	74.3	8,754,071	78.9
Stocks and others	2,258,780	19.3	1,612,256	14.5
Cash, deposits and others	292,545	2.5	239,121	2.2
Subtotal	11,263,147	96.1	10,605,449	95.5

### (2) Assets with value fixed in yen

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Loans	131,049	1.1	131,049	1.2
Others	100	0.0	100	0.0
Subtotal	131,149	1.1	131,149	1.2

Note: The above figures represent the value of assets whose value is fixed in yen at the time of settlement through such means as forward exchange contracts. These values are included in yen on the balance sheet.

### (3) Assets denominated in yen

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Loans for non-residents	146,680	1.3	153,520	1.4
Bonds (foreign bonds issued in yen)	138,265	1.2	166,166	1.5
Others	46,199	0.4	43,623	0.4
Subtotal	331,145	2.8	363,310	3.3

### (4) Total of (1)+(2)+(3)

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Foreign securities investment and overseas loans	11,725,442	100.0	11,099,909	100.0

### Breakdown of Foreign Securities Investment and Overseas Loans by Region

(Millions of Yen)

	Foreign securities							
			Bonds		Stocks and others		Loans for non-residents	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>As of March 31, 2021</b>								
North America	7,191,416	67.5	6,026,342	72.2	1,165,074	50.5	23,612	12.3
Europe	982,895	9.2	896,482	10.7	86,412	3.7	23,000	12.0
Oceania	1,124,095	10.5	1,124,095	13.5	—	—	35,172	18.3
Asia	215,444	2.0	103,816	1.2	111,627	4.8	680	0.4
Latin America	1,013,273	9.5	71,408	0.9	941,865	40.9	110,000	57.2
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	129,727	1.2	129,727	1.6	—	—	—	—
Total	10,656,853	100.0	8,351,872	100.0	2,304,980	100.0	192,465	100.0
<b>As of March 31, 2020</b>								
North America	7,596,787	74.7	6,966,101	81.8	630,685	38.1	23,852	12.6
Europe	936,028	9.2	838,597	9.9	97,430	5.9	29,500	15.6
Oceania	467,731	4.6	467,731	5.5	—	—	24,607	13.0
Asia	188,086	1.8	76,882	0.9	111,204	6.7	1,020	0.5
Latin America	850,783	8.4	34,224	0.4	816,559	49.3	110,000	58.2
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	129,527	1.3	129,527	1.5	—	—	—	—
Total	10,168,944	100.0	8,513,065	100.0	1,655,879	100.0	188,980	100.0

### Breakdown of Foreign Currency-Denominated Assets by Currency

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
U.S. dollar	9,136,929	81.1	9,350,802	88.2
Australian dollar	1,323,573	11.8	522,653	4.9
Others	802,643	7.1	731,992	6.9
Total	11,263,147	100.0	10,605,449	100.0

## Investments and Loans for Public Entities (General Account)

(Millions of Yen)

Years ended March 31,	2021	2020
Bonds		
Government bonds	—	—
Municipal bonds	—	—
Other public entity bonds	1,105	966
Subtotal	1,105	966
Loans		
Loans for government-related agencies	550	756
Loans for other public entities	7,800	7,662
Subtotal	8,350	8,418
Total	9,455	9,385

Note: Figures for bonds represent the value of bonds underwritten during the fiscal year. Figures for loans represent loans made during each fiscal year to domestic borrowers.

## Interest Rates of Loans

Not applicable.

## Other Assets (General Account)

(Millions of Yen)

	Acquisition cost	Increase	Decrease	Accumulated depreciation	Ending balance
<b>Year ended March 31, 2021</b>					
Deferred assets	6,548	59	195	2,678	3,733
Others	—	1,813	2,070	—	5,419
Total	6,548	1,873	2,265	2,678	9,153
<b>Year ended March 31, 2020</b>					
Deferred assets	6,036	597	85	2,184	4,364
Others	—	961	1,096	—	5,676
Total	6,036	1,558	1,181	2,184	10,040

Note: Acquisition cost and accumulated depreciation represent amount for deferred assets only.

## Fair Values of Financial Instruments (General Account) Gains and Losses on Valuation of Trading Securities (General Account)

Not applicable.

### Fair Values of Securities (General Account)

#### • Securities with Fair Value (excluding trading securities)

(Millions of Yen)

As of March 31,	2021					2020				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity debt securities	3,915,712	4,560,313	644,601	644,694	(93)	4,135,333	4,882,136	746,803	747,035	(232)
Policy-reserve-matching bonds	10,648,522	11,967,965	1,319,442	1,370,809	(51,367)	8,923,833	10,532,331	1,608,498	1,620,716	(12,218)
Stocks of subsidiaries and affiliates	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	15,697,103	19,686,717	3,989,614	4,104,837	(115,222)	15,288,346	17,996,179	2,707,833	2,850,425	(142,591)
Domestic bonds	4,600,341	4,931,654	331,312	332,752	(1,439)	4,872,059	5,232,993	360,934	364,394	(3,460)
Domestic stocks	1,569,925	4,549,352	2,979,426	3,001,258	(21,831)	1,598,539	3,354,683	1,756,144	1,803,462	(47,317)
Foreign securities	8,148,691	8,727,414	578,723	650,714	(71,991)	7,920,182	8,505,333	585,150	646,961	(61,810)
Foreign bonds	6,797,217	7,195,323	398,105	464,301	(66,195)	7,083,149	7,622,208	539,058	567,541	(28,483)
Foreign stocks and others	1,351,474	1,532,091	180,617	186,413	(5,796)	837,033	883,125	46,091	79,419	(33,327)
Other securities	1,096,142	1,191,967	95,824	114,551	(18,726)	835,520	844,140	8,620	34,726	(26,106)
Monetary claims bought	78,122	78,711	589	595	(5)	11,184	12,064	880	880	—
Negotiable deposits	53,000	52,995	(4)	—	(4)	33,000	32,995	(4)	0	(4)
Money held in trust	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)
<b>Total</b>	<b>30,261,338</b>	<b>36,214,997</b>	<b>5,953,658</b>	<b>6,120,341</b>	<b>(166,683)</b>	<b>28,347,512</b>	<b>33,410,647</b>	<b>5,063,135</b>	<b>5,218,177</b>	<b>(155,042)</b>
Domestic bonds	17,822,554	20,082,669	2,260,114	2,282,046	(21,931)	16,848,098	19,480,539	2,632,441	2,644,645	(12,203)
Domestic stocks	1,569,925	4,549,352	2,979,426	3,001,258	(21,831)	1,598,539	3,354,683	1,756,144	1,803,462	(47,317)
Foreign securities	9,305,241	9,909,832	604,591	707,457	(102,866)	8,811,040	9,466,805	655,765	721,284	(65,518)
Foreign bonds	7,953,767	8,377,741	423,974	521,044	(97,070)	7,974,006	8,583,680	609,673	641,864	(32,190)
Foreign stocks and others	1,351,474	1,532,091	180,617	186,413	(5,796)	837,033	883,125	46,091	79,419	(33,327)
Other securities	1,096,142	1,191,967	95,824	114,551	(18,726)	835,520	844,140	8,620	34,726	(26,106)
Monetary claims bought	263,595	273,558	9,963	10,062	(99)	203,455	217,514	14,059	14,059	—
Negotiable deposits	53,000	52,995	(4)	—	(4)	33,000	32,995	(4)	0	(4)
Money held in trust	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)

Note: Includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

### (1) Held-to-Maturity Debt Securities

(Millions of Yen)

As of March 31,	2021			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	3,904,720	4,549,415	644,694	4,124,533	4,871,569	747,035
Domestic bonds	3,637,897	4,268,299	630,402	3,835,912	4,564,012	728,099
Foreign bonds	89,349	94,174	4,824	96,349	102,106	5,756
Monetary claims bought	177,473	186,940	9,467	192,270	205,449	13,179
Securities whose fair value does not exceed the balance sheet amount	10,991	10,898	(93)	10,800	10,567	(232)
Domestic bonds	2,991	2,991	(0)	2,800	2,798	(1)
Foreign bonds	—	—	—	8,000	7,768	(231)
Monetary claims bought	8,000	7,906	(93)	—	—	—



## (2) Policy-Reserve-Matching Bonds

(Millions of Yen)

As of March 31,	2021			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount	<b>8,286,040</b>	<b>9,656,850</b>	<b>1,370,809</b>	8,170,256	9,790,973	1,620,716
Domestic bonds	<b>7,654,986</b>	<b>8,973,878</b>	<b>1,318,891</b>	7,492,090	9,044,241	1,552,150
Foreign bonds	<b>631,053</b>	<b>682,972</b>	<b>51,918</b>	678,166	746,731	68,565
Securities whose fair value does not exceed the balance sheet amount	<b>2,362,482</b>	<b>2,311,115</b>	<b>(51,367)</b>	753,576	741,358	(12,218)
Domestic bonds	<b>1,926,336</b>	<b>1,905,844</b>	<b>(20,492)</b>	645,235	636,493	(8,741)
Foreign bonds	<b>436,146</b>	<b>405,271</b>	<b>(30,874)</b>	108,340	104,864	(3,476)

## (3) Available-for-Sale Securities

(Millions of Yen)

As of March 31,	2021			2020		
	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	<b>12,913,377</b>	<b>17,018,214</b>	<b>4,104,837</b>	13,292,127	16,142,552	2,850,425
Domestic bonds	<b>4,495,430</b>	<b>4,828,182</b>	<b>332,752</b>	4,655,016	5,019,411	364,394
Domestic stocks	<b>1,408,942</b>	<b>4,410,200</b>	<b>3,001,258</b>	1,188,129	2,991,591	1,803,462
Foreign securities	<b>6,272,606</b>	<b>6,923,320</b>	<b>650,714</b>	6,857,142	7,504,104	646,961
Other securities	<b>687,471</b>	<b>802,022</b>	<b>114,551</b>	577,654	612,381	34,726
Monetary claims bought	<b>8,126</b>	<b>8,721</b>	<b>595</b>	11,184	12,064	880
Negotiable deposits	—	—	—	3,000	3,000	0
Money held in trust	<b>40,800</b>	<b>45,766</b>	<b>4,965</b>	—	—	—
Securities whose balance sheet amount does not exceed the acquisition or amortized costs	<b>2,783,725</b>	<b>2,668,502</b>	<b>(115,222)</b>	1,996,218	1,853,626	(142,591)
Domestic bonds	<b>104,911</b>	<b>103,472</b>	<b>(1,439)</b>	217,042	213,582	(3,460)
Domestic stocks	<b>160,982</b>	<b>139,151</b>	<b>(21,831)</b>	410,410	363,092	(47,317)
Foreign securities	<b>1,876,085</b>	<b>1,804,093</b>	<b>(71,991)</b>	1,063,040	1,001,229	(61,810)
Other securities	<b>408,671</b>	<b>389,944</b>	<b>(18,726)</b>	257,866	231,759	(26,106)
Monetary claims bought	<b>69,996</b>	<b>69,990</b>	<b>(5)</b>	—	—	—
Negotiable deposits	<b>53,000</b>	<b>52,995</b>	<b>(4)</b>	30,000	29,995	(4)
Money held in trust	<b>110,079</b>	<b>108,855</b>	<b>(1,223)</b>	17,859	13,966	(3,892)

### • Book Value of Securities of Which Market Value is Extremely Difficult to Determine

(Millions of Yen)

As of March 31,	2021	2020
Held-to-maturity debt securities	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliates	<b>876,895</b>	847,921
Available-for-sale securities	<b>47,475</b>	45,098
Unlisted domestic stocks	<b>27,698</b>	27,725
Unlisted foreign stocks	<b>4,126</b>	4,126
Other foreign securities	<b>98</b>	531
Others	<b>15,552</b>	12,714
Total	<b>924,371</b>	893,020

**Reference: Foreign currency denominated stocks and others of subsidiaries and affiliates (as presented in the above chart) with additional information on fair value of securities calculated with adjustments for foreign exchange valuation and other factors**

(Millions of Yen)

As of March 31,	2021					2020				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Domestic bonds	17,822,554	20,082,669	2,260,114	2,282,046	(21,931)	16,848,098	19,480,539	2,632,441	2,644,645	(12,203)
Domestic stocks	1,569,925	4,549,352	2,979,426	3,001,258	(21,831)	1,598,539	3,354,683	1,756,144	1,803,462	(47,317)
Foreign securities	10,077,430	10,636,110	558,679	727,383	(168,703)	9,583,663	10,172,883	589,220	731,856	(142,636)
Foreign bonds	7,953,767	8,377,741	423,974	521,044	(97,070)	7,974,006	8,583,680	609,673	641,864	(32,190)
Foreign stocks and others	2,123,663	2,258,369	134,705	206,338	(71,633)	1,609,656	1,589,203	(20,453)	89,991	(110,445)
Other securities	1,097,625	1,193,477	95,851	114,577	(18,726)	837,059	845,690	8,631	34,737	(26,106)
Others	467,475	481,176	13,700	15,028	(1,327)	254,314	264,477	10,162	14,059	(3,896)
<b>Total</b>	<b>31,035,011</b>	<b>36,942,785</b>	<b>5,907,773</b>	<b>6,140,294</b>	<b>(232,520)</b>	<b>29,121,675</b>	<b>34,118,275</b>	<b>4,996,600</b>	<b>5,228,760</b>	<b>(232,160)</b>

Notes: 1. Figures presented above exclude ¥118,857 million, comprising unlisted domestic securities, which was posted at book value as of March 31, 2020.

2. Figures above exclude ¥150,697 million, comprising unlisted domestic securities, which was posted at book value as of March 31, 2021.

3. After these exclusions, the above figures account for 99.6% and 99.5% of total securities, respectively, as of March 31, 2020 and March 31, 2021.

4. This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

**Fair Value of Money Held in Trust (General Account)**

(Millions of Yen)

As of March 31,	2021					2020				
	Balance sheet amount	Fair value	Net gains/losses			Balance sheet amount	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust	154,622	154,622	—	—	—	13,966	13,966	—	—	—

**Money Held in Trust for Investment**

Not applicable.

**Money Held in Trust for Maturity, for Policy Reserve Matching and for Other Purposes**

(Millions of Yen)

As of March 31,	2021					2020				
	Book value	Fair value	Net gains/losses			Book value	Fair value	Net gains/losses		
			Gains	Losses				Gains	Losses	
Held-to-maturity	—	—	—	—	—	—	—	—	—	—
Policy reserve matching	—	—	—	—	—	—	—	—	—	—
Other purposes	150,879	154,622	3,742	4,965	(1,223)	17,859	13,966	(3,892)	—	(3,892)

**Fair Value of Derivative Transactions (General Account)**

**(1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)**

(Millions of Yen)

As of March 31,	2021						2020					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	47,124	(235,410)	—	—	—	(188,285)	61,637	(10,208)	—	—	—	51,428
Hedge accounting not applied	(1,320)	(32,892)	(88)	—	—	(34,301)	0	(20,724)	(8,969)	—	—	(29,694)
<b>Total</b>	<b>45,803</b>	<b>(268,302)</b>	<b>(88)</b>	<b>—</b>	<b>—</b>	<b>(222,587)</b>	<b>61,637</b>	<b>(30,933)</b>	<b>(8,969)</b>	<b>—</b>	<b>—</b>	<b>21,734</b>

Note: Gains and losses on derivative transactions where fair value hedge accounting is applied included loss attributable to currency-related transactions totaling ¥11,456 million as of March 31, 2020 and loss attributable to currency-related transactions totaling ¥227,340 million as of March 31, 2021. These figures are presented on the statements of income, together with gains and losses on derivative transactions where hedge accounting is not applied.

## (2) Transactions Where Hedge Accounting is Not Applied

### ◆ Interest-Rate Related

(Millions of Yen)

As of March 31,	2021				2020			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Interest rate swaps								
Receipts fixed, payments floating	87,000	87,000	(1,320)	(1,320)	900	900	0	0
Total				(1,320)				0

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

### Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,	2021							2020							
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total	
Receipts fixed, payments floating swap															
Notional amount	—	—	—	—	—	87,000	87,000	—	—	—	—	—	—	900	900
Average interest rate in receipt (%)	—	—	—	—	—	0.40	0.40	—	—	—	—	—	—	0.15	0.15
Average interest rate in payment (%)	—	—	—	—	—	(0.05)	(0.05)	—	—	—	—	—	—	(0.04)	(0.04)

### ◆ Currency-Related

(Millions of Yen)

As of March 31,	2021				2020			
	Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
	Over 1 year				Over 1 year			
OTC								
Foreign currency forward contracts								
Sold	826,158	—	(40,715)	(40,715)	679,417	—	(2,022)	(2,022)
(U.S. dollar)	796,104	—	(37,867)	(37,867)	652,226	—	(4,399)	(4,399)
(Australian dollar)	30,054	—	(2,847)	(2,847)	27,191	—	2,377	2,377
Currency options								
Sold								
Call	—	—	—	—	157,097	—	—	—
(U.S. dollar)	[—]	—	—	—	[41]	—	41	0
Bought	—	—	—	—	157,097	—	—	—
Put	—	—	—	—	166,178	—	—	—
(U.S. dollar)	[—]	—	—	—	[63]	—	198	135
	—	—	—	—	166,178	—	—	—
	[—]	—	—	—	[63]	—	198	135
Currency swaps								
Yen payments/Australian dollar receipts	78,660	78,660	7,315	7,315	175,156	175,156	(19,719)	(19,719)
Yen payments/U.S. dollar receipts	8,280	8,280	507	507	7,080	7,080	881	881
Total				(32,892)				(20,724)

Notes: 1. Net gains (losses) on foreign exchange contracts and currency swaps represent the fair values. Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.

2. Option fees are shown in [ ].

◆ Stock-Related

(Millions of Yen)

As of March 31,		2021				2020			
		Notional amount/ contract value		Fair value	Net gains (losses)	Notional amount/ contract value		Fair value	Net gains (losses)
		Over 1 year				Over 1 year			
Exchange-traded transactions	Yen stock index futures								
	Sold	—	—	—	—	148,066	—	(8,969)	(8,969)
	Yen stock index options								
	Bought								
	Put	99,981	—			—	—		
		[302]		214	(88)	[—]		—	—
Total					(88)				(8,969)

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 [ ].

◆ Bond-Related

Not applicable.

(3) Transactions Where Hedge Accounting is Applied

◆ Interest-Rate Related

(Millions of Yen)

As of March 31,			2021			2020		
			Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value
			Over 1 year			Over 1 year		
Hedge accounting method	Type	Main hedged items						
Deferred hedge accounting	Interest rate swaps Receipts fixed, payments floating	Insurance liabilities	411,200	408,000	46,989	227,300	227,300	61,477
Special hedge accounting	Interest rate swaps Receipts fixed, payments floating	Loans	3,120	3,120	134	3,222	3,222	159
Total					47,124			61,637

Reference: Amount and Proportion of Interest Rate Swaps by Remaining Contract Duration

(Millions of Yen)

As of March 31,		2021							2020						
		Within 1 year	Over 1 year to	Over 3 years to	Over 5 years to	Over 7 years to	Over 10 years	Total	Within 1 year	Over 1 year to	Over 3 years to	Over 5 years to	Over 7 years to	Over 10 years	Total
			3 years	5 years	7 years	10 years				3 years	5 years	7 years			
Receipts fixed, payments floating swap															
	Notional amount	3,200	6,800	10,420	7,800	8,300	377,800	414,320	—	6,500	8,122	10,100	12,400	193,400	230,522
	Average interest rate in receipt (%)	1.62	1.75	1.73	2.03	2.15	1.05	1.12	—	1.68	1.74	1.83	2.13	1.86	1.86
	Average interest rate in payment (%)	(0.05)	(0.07)	0.09	(0.05)	(0.05)	(0.05)	(0.05)	—	(0.01)	0.10	0.01	(0.01)	(0.02)	(0.02)

◆ Currency-Related

(Millions of Yen)

As of March 31,			2021		2020				
Hedge accounting method	Type	Main hedged items	Notional amount/ contract value		Notional amount/ contract value				
			Over 1 year	Fair value	Over 1 year	Fair value	Fair value		
Fair value hedge accounting	Foreign currency forward contracts	Foreign-currency- denominated bonds	Sold	4,283,029	—	(227,340)	4,679,142	—	(11,456)
			(U.S. dollar)	3,107,080	—	(142,681)	4,169,798	—	(34,142)
			(Australian dollar)	796,361	—	(67,254)	240,977	—	20,754
			(Euro)	259,122	—	(13,256)	253,887	—	1,063
			(Others)	120,465	—	(4,147)	14,479	—	867
Deferred hedge accounting	Foreign currency forward contracts	Foreign-currency- denominated bonds	Sold	42,322	—	(1,229)	—	—	—
			(U.S. dollar)	42,322	—	(1,229)	—	—	—
			Currency swaps						
			(U.S. dollar)	81,785	81,785	(3,188)	—	—	—
			(Euro)	35,575	35,575	(3,013)	35,575	35,575	538
	(Australian dollar)	12,404	12,404	(638)	4,305	4,305	709		
Total					(235,410)			(10,208)	

Note: Excluding transactions related to foreign currency denominated monetary claims and liabilities whose value is fixed in yen at the time of settlement through such means as forward exchange contracts and can thus be included in yen on the balance sheet.

◆ Stock-Related

Not applicable.

◆ Bond-Related

Not applicable.

Fair Value of Land (General Account)

(Millions of Yen)

	Net unrealized gains				
	Revaluation differences	Unrealized gains in off-balance-sheet transactions			
		Book value	Fair value		
As of March 31, 2021	575,817	197,186	378,630	622,922	1,001,552
As of March 31, 2020	542,845	197,631	345,214	615,507	960,721

Notes: 1. Includes land used under leasehold rights.

2. Revaluation differences are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land.

3. Unrealized gains in off-balance-sheet transactions result from fluctuations in market value before and after revaluation.

Unrealized Gains and Losses on Overall Assets (General Account)

(Millions of Yen)

As of March 31,	2021	2020
Securities	5,907,773	4,996,600
Valuation differences	3,990,340	2,707,975
Unrealized gains in off-balance-sheet transactions	1,917,433	2,288,625
Land	575,817	542,845
Revaluation differences	197,186	197,631
Unrealized gains in off-balance-sheet transactions	378,630	345,214
Others	38,897	62,679
Total	6,522,488	5,602,126

Notes: 1. Figures for securities represent unrealized gains attributable to such factors as foreign currency translation adjustments of securities with market prices as well as those whose market value is extremely difficult to determine (e.g., foreign currency denominated stocks of subsidiaries and affiliates).

2. Securities include financial instruments that are deemed appropriate to handle as securities under the Financial Instruments and Exchange Act.

3. Revaluation differences of land are based on the results of fair value accounting performed by former Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on March 31, 2000 and 2001, respectively, in accordance with the Act on Revaluation of Land. In addition, land includes land used under leasehold rights.

4. Others include unrealized gains and losses on derivative transactions. In addition, the Company applied hedge accounting to some of these transactions. The above table presents unrealized gains and losses on derivative transaction where hedge accounting (deferred hedge accounting or special hedge accounting treatment) is applied. Of those transactions, derivative transactions where fair value hedge accounting is applied posted loss attributable to currency-related transactions totaling ¥1,456 million as of March 31, 2020 and loss attributable to currency-related transactions totaling ¥227,340 million as of March 31, 2021. These figures are presented on the statements of income on the basis of valuation gains and losses, together with gains and losses on transactions where hedge accounting is not applied. None of these transactions included unrealized gains and losses.

## Performance Indicators for Separate Account Balance of Separate Account Assets

	(Millions of Yen)	
As of March 31,	2021	2020
Variable individual life insurance	51,252	46,722
Variable individual annuities	171,446	252,139
Group pensions	496,462	512,065
<b>Total</b>	<b>719,161</b>	<b>810,928</b>

### Investment Status of Separate Account Assets for Variable Individual Life Insurance and Variable Individual Annuities

In the domestic bond market, long-term yields were contained within a narrow range over the period leading up to December 2020 on the back of robust monetary easing measures executed by the Bank of Japan (BOJ). From January 2021 onward, long-term yields rose due mainly to rises in long-term U.S. interest rates and a sense of caution against a possible shift in BOJ policies toward monetary tightening. Consequently, the yield on ten-year JGBs stood at 0.120% as of March 31, 2021, up 0.115 of a percentage point compared with the end of the previous fiscal year.

In the domestic stock market, prices grew substantially thanks mainly to rising expectations in late May 2020 for the resumption of economic activities in step with such positive factors as a declining number of new COVID-19 cases in Europe and the United States, along with the lifting of Japan's first state of emergency. Thereafter, prices remained range-bound until the end of October 2021. Moreover, prices rose further due to the determination of U.S. presidential election results, which helped disperse a sense of uncertainty about the future outlook, and public expectations for additional economic stimulus packages to be released by the new U.S. administration. In mid-February 2021, the Nikkei average exceeded ¥30,000 for the first time in 30 years since the bubble economy era and has subsequently remained within a high-price range. Following a short adjustment phase leading up to March 2021, the Nikkei average as of March 31, 2021 stood at ¥29,178, up ¥10,262 from March 31, 2020.

In the U.S. bond market, long-term yields have been stable, staying within a narrow range until September 2020, supported by asset acquisitions by the Federal Reserve Bank (FRB) and other factors. Long-term yields subsequently rose as determination of the U.S. presidential election results dispersed a sense of uncertainty about the future outlook. From January 2021 onward, this upward trend was strengthened by growing public expectations for earlier economic recovery thanks to the popularization of COVID-19 vaccines and the passing of U.S. bills on additional economic stimulus packages, as well as a sense of anxiety over inflation resulting from the prolongation of monetary easing. As a result, the yield on ten-year U.S. Treasuries rose to 1.742% as of March 31, 2021, up 1.072 of a percentage point from a year earlier.

In the U.S. stock market, prices rose substantially in the April-June 2020 period due mainly to growing public expectations for the resumption of economic activities reflecting the decreasing number of COVID-19 cases in Europe and the United States, in addition to other positive factors. Prices subsequently underwent a temporary adjustment phase, due mainly to the September 2020 plunges in major tech company stocks, which reflected growing caution against overheating stock price trends. However, prices remained on a growth track until the end of the fiscal year thanks to the dispersion of future uncertainty following the determination of U.S. presidential election results, growing expectations for additional economic stimulus packages to be released by the new U.S. administration, progress in COVID-19 vaccination, and other positive factors. As a result, the Dow Jones Industrial Average stood at US\$32,981 on March 31, 2021, up US\$11,064 year on year.

As for foreign currency exchange rates, despite the global depreciation of the U.S. dollar that began in April 2020, a sharp rise in long-term U.S. interest rates resulted in rapid appreciation of the U.S. dollar against the yen from January 2021 onward. Consequently, the exchange rate as of March 31, 2021 stood at ¥110.71 to the U.S. dollar, up ¥1.88 year on year. Also, the exchange rate on the same date was ¥129.80 to the euro, up ¥10.25 year on year, reflecting the ongoing appreciation of the euro against the yen from June 2020 due to the conclusion of an agreement regarding the launch of the EU Recovery Fund and other factors.

Given this environment, the Company strove to secure stable returns from variable individual life insurance through diversified investment in both domestic and overseas assets. Specifically, during the fiscal year ended March 31, 2021, the Company flexibly adjusted its asset portfolio in light of changes in the prevailing market environment by, for example, raising stock allocations when stock prices were rising and decreasing them when signs of overheating were recognized.

As for variable individual annuities, the Company invested in investment trusts formulated for each product. Generally, the ratio of such assets in investment trusts remained high during the fiscal year under review.

### Variable Individual Life Insurance (Separate Account) Insurance Amount of Policies in Force

As of March 31,	(Millions of Yen)			
	2021		2020	
	Number of policies	Amount	Number of policies	Amount
Variable life insurance (term type)	—	—	—	—
Variable life insurance (whole-life type)	48,623	446,925	49,710	458,423
<b>Total</b>	<b>48,623</b>	<b>446,925</b>	<b>49,710</b>	<b>458,423</b>

Note: Insurance amount of policies in force includes coverage under term rider.

## Breakdown of Assets

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	946	1.8	548	1.2
Securities	47,454	92.6	42,865	91.7
Domestic bonds	12,950	25.3	13,990	29.9
Domestic stocks	15,571	30.4	13,137	28.1
Foreign securities	18,932	36.9	15,737	33.7
Foreign bonds	5,086	9.9	4,721	10.1
Foreign stocks and others	13,846	27.0	11,015	23.6
Other securities	—	—	—	—
Loans	—	—	—	—
Others	2,850	5.6	3,309	7.1
Allowance for possible loan losses	—	—	—	—
<b>Total</b>	<b>51,252</b>	<b>100.0</b>	<b>46,722</b>	<b>100.0</b>

## Investment Returns

(Millions of Yen)

Years ended March 31,	2021	2020
Interest, dividends and other income	782	996
Gains on sales of securities	3,839	2,911
Gains on redemption of securities	—	—
Gains on valuation of securities	12,502	4,903
Foreign exchange gains	30	16
Gains on derivative financial instruments	204	554
Other income	1	3
Losses on sales of securities	2,705	2,394
Losses on redemption of securities	—	—
Losses on valuation of securities	3,538	9,143
Foreign exchange losses	23	30
Losses on derivative financial instruments	504	244
Other expenses	1	1
<b>Net gains (losses)</b>	<b>10,588</b>	<b>(2,429)</b>

## Fair Value of Securities

### Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2021		2020	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	47,454	8,964	42,865	(4,240)

## Fair Value of Money Held in Trust

Not applicable.

## Fair Value of Derivative Transactions

### (1) Breakdown of Net Gains (Losses) on Derivative Transactions (by Application and Non-Application of Hedge Accounting)

(Millions of Yen)

As of March 31,	2021						2020					
	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total	Interest rate-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	—	—	—	—	—	—	—	—	—	—	—	—
Hedge accounting not applied	—	(4)	(12)	—	—	(16)	—	(3)	(28)	—	—	(31)
Total	—	(4)	(12)	—	—	(16)	—	(3)	(28)	—	—	(31)

Note: Gains and losses on derivative transactions where hedge accounting is not applied are presented on the statements of income.

### (2) Transactions Where Hedge Accounting is Not Applied

#### ◆ Interest-Rate Related

Not applicable.

#### ◆ Currency-Related

(Millions of Yen)

As of March 31,	2021			2020				
	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value		
	Over 1 year	Net gains (losses)		Over 1 year	Net gains (losses)			
OTC								
Foreign currency forward contracts								
Sold	454	—	(4)	(4)	631	—	(2)	(2)
(U.S. dollar)	349	—	(5)	(5)	341	—	(3)	(3)
(Euro)	105	—	0	0	290	—	1	1
Bought	—	—	—	—	164	—	(0)	(0)
(Euro)	—	—	—	—	164	—	(0)	(0)
Total				(4)				(3)

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

#### ◆ Stock-Related

(Millions of Yen)

As of March 31,	2021			2020				
	Notional amount/ contract value		Fair value	Notional amount/ contract value		Fair value		
	Over 1 year	Net gains (losses)		Over 1 year	Net gains (losses)			
Exchange-traded transactions								
Yen stock index futures								
Sold	321	—	(10)	(10)	—	—	—	—
Bought	—	—	—	—	91	—	6	6
Foreign currency-denominated stock index futures								
Sold	539	—	(1)	(1)	346	—	(35)	(35)
Total				(12)				(28)

Note: Net gains (losses) on stock index futures and foreign currency-denominated stock index futures represent the fair values.

#### ◆ Bond-Related

Not applicable.

### (3) Transactions Where Hedge Accounting is Applied

Not applicable.



## Variable Individual Annuities (Separate Account) Policies in Force

(Millions of Yen)

As of March 31,	2021		2020	
	Number of policies	Amount	Number of policies	Amount
Variable individual annuities	68,358	209,265	84,895	263,847

Note: Insurance amount of policies in force includes the amount of general account policies written after pension payout.

## Breakdown of Assets

(Millions of Yen)

As of March 31,	2021		2020	
	Amount	(%)	Amount	(%)
Cash, deposits and call loans	702	0.4	546	0.2
Securities	168,035	98.0	247,899	98.3
Domestic bonds	—	—	—	—
Domestic stocks	—	—	—	—
Foreign securities	—	—	—	—
Foreign bonds	—	—	—	—
Foreign stocks and others	—	—	—	—
Other securities	168,035	98.0	247,899	98.3
Loans	—	—	—	—
Others	2,709	1.6	3,693	1.5
Allowance for possible loan losses	—	—	—	—
Total	171,446	100.0	252,139	100.0

## Investment Returns

(Millions of Yen)

Years ended March 31,	2021	2020
Interest, dividends and other income	16,347	7,127
Gains on sales of securities	0	0
Gains on redemption of securities	—	—
Gains on valuation of securities	30,667	38,087
Foreign exchange gains	—	—
Gains on derivative financial instruments	—	—
Other income	—	—
Losses on sales of securities	594	543
Losses on redemption of securities	—	0
Losses on valuation of securities	36,950	48,049
Foreign exchange losses	—	—
Losses on derivative financial instruments	—	—
Other expenses	—	—
Net gains (losses)	9,471	(3,376)

## Fair Value of Securities

### Gains and Losses on Valuation of Trading Securities

(Millions of Yen)

As of March 31,	2021		2020	
	Balance sheet amount	Valuation gains/losses included in the statement of income	Balance sheet amount	Valuation gains/losses included in the statement of income
Trading securities	168,035	(6,282)	247,899	(9,961)

## Fair Value of Money Held in Trust

Not applicable.

## Fair Value of Derivative Transactions

Not applicable.

## Group Pensions (Separate Account)

### Separate Account Assets Managed for Group Pension Policyholders

(Millions of Yen)

As of March 31,	2021		2020	
	Number of groups	Fair value	Number of groups	Fair value
First treaty separate account	881	488,580	882	490,458
Comprehensive account	353	165,470	369	138,481
Accounts established for each investee	263	128,887	270	183,299
Dedicated accounts for each investee	331	194,222	309	168,677
Total	881	488,580	882	490,458

Note: First treaty separate account jointly manages the assets of multiple group pension policyholders.

## Investment Performance of First Treaty Separate Account (Comprehensive Account)

### (1) Investment Status in the Year Ended March 31, 2021

With regard to the allocation of its comprehensive account assets, Meiji Yasuda maintained a greater allocation of foreign stocks and a smaller allocation of domestic bonds in line with its annual investment plan. The average time-weighted return rate for comprehensive account assets during the fiscal year ended March 31, 2021, was 26.24% thanks to significant improvement in returns recorded in domestic and foreign stocks.

(%)

	Planned figures for year ended March 31, 2021	Asset Allocations				As of March 31, 2021
		As of March 31, 2020	As of June 30, 2020	As of September 30, 2020	As of December 31, 2020	
Domestic bonds	31.0	31.1	28.7	28.3	26.9	28.3
Domestic stocks	30.0	30.2	27.6	28.5	30.8	30.4
Foreign bonds	11.0	10.6	10.8	10.7	9.7	9.7
Foreign stocks	26.0	25.8	30.2	29.5	27.8	28.7
Short-term funds and others	2.0	2.3	2.6	3.0	4.8	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Asset allocations are based on fair value.

### (2) Balance in Fair Value by Asset Type

(Millions of Yen)

As of March 31,	2021		2020	
	Fair value	(%)	Fair value	(%)
Domestic bonds	46,907	28.3	43,134	31.1
Domestic stocks	50,310	30.4	41,849	30.2
Foreign bonds	16,079	9.7	14,658	10.6
Foreign stocks	47,454	28.7	35,690	25.8
Short-term funds and others	4,718	2.9	3,148	2.3
Total	165,470	100.0	138,481	100.0

### (3) Investment Performance

(%)

Years ended March 31,	2021	2020
Time-weighted return rate	26.24	(5.03)

## First Treaty Separate Account (Accounts Established for Each Investee)

### (1) Investment Status in the Year Ended March 31, 2021

Fund	Status
Yen currency denominated bond account	Based on fundamental analysis, the Company determined its duration, yield curve and sector allocation strategies, thus executing active investment. Having expected the low interest rate environment to remain in place, the Company adjusted its duration strategy while monitoring trends in interest rates and investor sentiment. Looking at the allocation by bond category, the Company maintained a greater proportion of industrial bonds.
Yen currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment while controlling exposure to risks specific to certain business sectors. The Company also reshuffled its stock portfolio by focusing on investment efficiency, growth potential and other factors. The Company also gave due consideration to such market factors as economic trends in Japan, the United States and other countries, as well as changes in monetary policies.
Yen currency denominated stock account—B	The Company strove to adjust weights allocated to each stock by striking an optimal balance between the emphasis placed on various factors. In this way, the Company executed enhanced index investing. The Company strove to control exposure to risks specific to certain business sectors while fixing the weighting allocated to each factor.
Foreign currency denominated bond account	Based on fundamental analysis, the Company determined its currency, duration and yield curve strategies, thereby executing active investment. Allocation by currency has been adjusted based on monetary policies undertaken by and political developments taking place in the United States and the European Union. The Company was also flexible in adjusting bond duration, with due consideration given to the prevailing interest rates, expected inflation and the demand/supply outlook for JGBs.
Foreign currency denominated stock account	Drawing on the combined results of bottom-up analyses, both qualitative and quantitative, the Company engaged in active investment. In developed countries, the Company controlled its exposure to risks specific to certain business sectors. In selecting stocks, the Company also focused on the issuer's unique growth drivers and upturns in profitability.
Foreign currency denominated stock account—B	The Company strove to adjust weights allocated to each stock by striking an optimal balance between emphasis placed on various factors. In this way, the Company executed enhanced index investing. The Company also fixed the weighting allocated to each factor while striving to control exposure to risks specific to certain regions and business sectors.
Short-term fund account	The Company engaged in investment focusing on maintaining liquidity and stability.

- Notes: 1. The Company's "quantitative model" used to select stocks in the course of administering the foreign currency denominated stock account, was improved in April 2020.
2. The Company's "U.S. model" used to select stocks in the course of administering the foreign currency denominated stock account and the foreign currency denominated stock account—B was improved in October 2020.
3. In November 2020, the Company incorporated TOPIX-linked ETFs into a quantity-based proportion of instruments held via the yen currency denominated stock account.
4. The Company's "quantitative model" used to select stocks in the course of administering the yen currency denominated stock account—B, was improved in March 2021.

### (2) Fair Value and Investment Performance

(Millions of Yen)

As of and years ended March 31,	2021		2020	
	Fair value	Time-weighted return rate (%)	Fair value	Time-weighted return rate (%)
Yen currency denominated bond account	84,816	0.37	98,638	0.18
Yen currency denominated stock account	6,325	38.28	10,894	(9.65)
Yen currency denominated stock account—B	16,827	39.92	18,012	(9.52)
Foreign currency denominated bond account	8,010	5.33	33,429	4.35
Foreign currency denominated stock account	4,999	60.32	8,508	(11.12)
Foreign currency denominated stock account—B	4,198	57.08	10,305	(13.61)
Short-term fund account	3,709	0.00	3,509	0.00
<b>Total</b>	<b>128,887</b>		<b>183,299</b>	