
Financial Results for the Fiscal Year Ended March 31, 2018

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the fiscal year ended March 31, 2018.

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Note:

The Financial Results are summarized English translations of the original disclosure in Japanese.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Unaudited Consolidated Balance Sheets

As of March 31	Millions of Yen		Millions of
	2017	2018	U.S. Dollars
			2018
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	¥ 505,583	¥ 646,020	\$ 6,080
Call loans (Note 3)	90,000	90,000	847
Monetary claims bought (Note 4)	220,118	214,730	2,021
Money held in trust (Note 4)	200	13,076	123
Securities (Notes 4, 5, 6, 7, and 8)	32,046,079	33,128,510	311,827
Loans (Notes 4, 7, 9, and 10)	5,422,653	5,276,491	49,665
Tangible fixed assets (Notes 11, 12, and 13)			
Land	617,501	614,975	5,788
Buildings	295,568	287,061	2,702
Leased assets	612	787	7
Construction in progress	3,239	5,273	49
Other tangible fixed assets	6,253	7,710	72
Subtotal	923,175	915,808	8,620
Intangible fixed assets			
Software	59,942	60,733	571
Goodwill	155,799	143,246	1,348
Other intangible fixed assets	301,615	281,087	2,645
Subtotal	517,358	485,067	4,565
Due from agents	1,592	1,569	14
Reinsurance receivables	120,163	121,167	1,140
Other assets	455,560	518,444	4,879
Net defined benefit assets (Note 14)	92,747	113,534	1,068
Deferred tax assets (Note 15)	2,498	2,375	22
Customers' liabilities under acceptances and guarantees	20,888	21,727	204
Allowance for possible loan losses	(5,848)	(5,100)	(48)
Total assets	¥ 40,412,770	¥ 41,543,423	\$ 391,033

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Unaudited Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2017	2018	2018
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 732,370	¥ 735,955	\$ 6,927
Policy reserves	33,332,707	33,901,297	319,101
Policyholders' dividend reserves (Note 16)	236,959	233,768	2,200
Subtotal	34,302,037	34,871,021	328,228
Due to agents	2,990	2,931	27
Reinsurance payables	815	1,199	11
Bonds payable (Notes 4 and 17)	409,753	482,356	4,540
Other liabilities	531,235	891,457	8,390
Net defined benefit liabilities (Note 14)	8,769	6,328	59
Reserve for contingent liabilities (Note 18)	1	1	0
Reserve for price fluctuation	578,227	685,414	6,451
Deferred tax liabilities (Note 15)	433,794	377,710	3,555
Deferred tax liabilities for land revaluation	79,910	79,522	748
Acceptances and guarantees	20,888	21,727	204
Total liabilities	36,368,425	37,419,670	352,218
NET ASSETS:			
Foundation funds (Note 19)	310,000	260,000	2,447
Reserve for redemption of foundation funds (Note 19)	520,000	620,000	5,835
Reserve for revaluation	452	452	4
Surplus	514,726	504,951	4,752
Total funds, reserve and surplus	1,345,179	1,385,404	13,040
Net unrealized gains on available-for-sale securities	2,542,572	2,583,926	24,321
Deferred unrealized gains on derivatives under hedge accounting	39,643	35,881	337
Land revaluation differences	117,025	118,189	1,112
Foreign currency translation adjustments	(19,750)	(27,485)	(258)
Remeasurements of defined benefit plans	15,701	23,861	224
Total accumulated other comprehensive income	2,695,192	2,734,374	25,737
Non-controlling interests	3,974	3,974	37
Total net assets	4,044,345	4,123,752	38,815
Total liabilities and net assets	¥ 40,412,770	¥ 41,543,423	\$ 391,033

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

Years ended March 31	Millions of Yen		Millions of
	2017	2018	U.S. Dollars
			2018
ORDINARY INCOME:			
Insurance premiums and other	¥ 2,866,387	¥ 3,024,398	\$ 28,467
Investment income			
Interest, dividends and other income	772,142	832,383	7,834
Gains on money held in trust	—	23	0
Gains on sales of securities	23,968	27,554	259
Gains on redemption of securities	57,323	59,184	557
Reversal of allowance for possible loan losses	—	270	2
Other investment income	2,175	2,010	18
Investment gains on separate accounts	15,807	37,356	351
Subtotal	871,417	958,785	9,024
Other ordinary income	137,663	133,890	1,260
Total ordinary income	3,875,469	4,117,073	38,752
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	635,367	765,271	7,203
Annuity payments	697,062	647,404	6,093
Benefit payments	501,942	508,026	4,781
Surrender benefits	454,118	421,909	3,971
Other refunds	94,717	86,188	811
Subtotal	2,383,208	2,428,801	22,861
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	7,151	19,170	180
Provision for policy reserves	324,535	417,353	3,928
Provision for interest on policyholders' dividend reserves (Note 16)	135	106	0
Subtotal	331,822	436,630	4,109
Investment expenses			
Interest expenses	29,114	32,897	309
Losses on sales of securities	32,216	38,219	359
Losses on valuation of securities	12,137	8,816	82
Losses on redemption of securities	4,433	4,307	40
Losses on derivative financial instruments	88,918	110,895	1,043
Foreign exchange losses	399	8,679	81
Provision for allowance for possible loan losses	1,801	—	—
Depreciation of real estate for non-insurance business	9,513	10,300	96
Other investment expenses	18,534	24,660	232
Subtotal	197,070	238,776	2,247
Operating expenses (Note 21)	439,743	461,670	4,345
Other ordinary expenses	208,741	181,004	1,703
Total ordinary expenses	3,560,586	3,746,883	35,268
Ordinary profit	¥ 314,883	¥ 370,190	\$ 3,484

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

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2017	2018	2018	
Extraordinary gains				
Gains on disposals of fixed assets	¥ 2,045	¥ 1,678	\$ 15	
Reversal of reserve for contingent liabilities	0	0	0	
Subtotal	2,045	1,678	15	
Extraordinary losses				
Losses on disposals of fixed assets	4,317	1,827	17	
Impairment losses (Note 13)	3,152	896	8	
Provision for reserve for price fluctuation	56,121	107,196	1,009	
Losses on reduction entry of real estate	333	—	—	
Contributions for promotion of social welfare project	582	553	5	
Other extraordinary losses	1	40	0	
Subtotal	64,510	110,515	1,040	
Surplus before income taxes and non-controlling interests	252,418	261,353	2,460	
Income taxes (Note 15)				
Current	38,003	58,604	551	
Deferred	(10,193)	(63,225)	(595)	
Total income taxes	27,809	(4,621)	(43)	
Net surplus	224,608	265,974	2,503	
Net surplus attributable to non-controlling interests	878	935	8	
Net surplus attributable to the Parent Company	¥ 223,730	¥ 265,038	\$ 2,494	

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Unaudited Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	260,000	470,000	452	506,083	1,236,536
Changes in the fiscal year					
Issuance of foundation funds	100,000				100,000
Additions to policyholders' dividend reserves (Note 16)				(165,707)	(165,707)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(2,101)	(2,101)
Net surplus attributable to the Parent Company				223,730	223,730
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				2,868	2,868
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(147)	(147)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	50,000	50,000	—	8,642	108,642
Ending balance	310,000	520,000	452	514,726	1,345,179

	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	2,291,022	38,659	119,894	(26,190)	(32,200)	2,391,186	3,947	3,631,671
Changes in the fiscal year								
Issuance of foundation funds								100,000
Additions to policyholders' dividend reserves (Note 16)								(165,707)
Additions to reserve for redemption of foundation funds								50,000
Payment of interest on foundation funds								(2,101)
Net surplus attributable to the Parent Company								223,730
Redemption of foundation funds								(50,000)
Reversal of reserve for fund redemption								(50,000)
Reversal of land revaluation differences								2,868
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								(147)
Net changes, excluding funds, reserves and surplus	251,549	983	(2,868)	6,439	47,901	304,005	26	304,032
Net changes in the fiscal year	251,549	983	(2,868)	6,439	47,901	304,005	26	412,674
Ending balance	2,542,572	39,643	117,025	(19,750)	15,701	2,695,192	3,974	4,044,345

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

Year ended March 31, 2018	Millions of Yen				
	Funds, reserves and surplus				
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	310,000	520,000	452	514,726	1,345,179
Changes in the fiscal year					
Issuance of foundation funds	50,000				50,000
Additions to policyholders' dividend reserves (Note 16)				(169,815)	(169,815)
Additions to reserve for redemption of foundation funds		100,000			100,000
Payment of interest on foundation funds				(1,846)	(1,846)
Net surplus attributable to the Parent Company				265,038	265,038
Redemption of foundation funds	(100,000)				(100,000)
Reversal of reserve for fund redemption				(100,000)	(100,000)
Reversal of land revaluation differences				(1,163)	(1,163)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(133)	(133)
Increase due to merger				235	235
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate				(2,091)	(2,091)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(50,000)	100,000	—	(9,774)	40,225
Ending balance	260,000	620,000	452	504,951	1,385,404

	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
Beginning balance	2,542,572	39,643	117,025	(19,750)	15,701	2,695,192	3,974
Changes in the fiscal year							
Issuance of foundation funds							50,000
Additions to policyholders' dividend reserves (Note 16)							(169,815)
Additions to reserve for redemption of foundation funds							100,000
Payment of interest on foundation funds							(1,846)
Net surplus attributable to the Parent Company							265,038
Redemption of foundation funds							(100,000)
Reversal of reserve for fund redemption							(100,000)
Reversal of land revaluation differences							(1,163)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests							(133)
Increase due to merger							235
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate							(2,091)
Net changes, excluding funds, reserves and surplus	41,354	(3,761)	1,163	(7,734)	8,159	39,181	0
Net changes in the fiscal year	41,354	(3,761)	1,163	(7,734)	8,159	39,181	0
Ending balance	2,583,926	35,881	118,189	(27,485)	23,861	2,734,374	3,974

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

Year ended March 31, 2018	Millions of U.S. Dollars				
	Funds, reserves and surplus				
	Foundation funds (Note 19)	Reserve for redemption of foundation funds (Note 19)	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	2,917	4,894	4	4,844	12,661
Changes in the fiscal year					
Issuance of foundation funds	470				470
Additions to policyholders' dividend reserves (Note 16)				(1,598)	(1,598)
Additions to reserve for redemption of foundation funds		941			941
Payment of interest on foundation funds				(17)	(17)
Net surplus attributable to the Parent Company				2,494	2,494
Redemption of foundation funds	(941)				(941)
Reversal of reserve for fund redemption				(941)	(941)
Reversal of land revaluation differences				(10)	(10)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(1)	(1)
Increase due to merger				2	2
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate				(19)	(19)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(470)	941	—	(92)	378
Ending balance	2,447	5,835	4	4,752	13,040

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Unaudited Consolidated Statements of Cash Flows

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2017	2018	2018
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 252,418	¥ 261,353	\$ 2,460
Depreciation of real estate for non-insurance business	9,513	10,300	96
Depreciation	44,440	47,087	443
Impairment losses	3,152	896	8
Amortization of goodwill	6,773	7,885	74
Increase (Decrease) in reserve for outstanding claims	10,563	22,034	207
Increase (Decrease) in policy reserves	420,352	510,493	4,805
Provision for interest on policyholders' dividend reserves	135	106	0
Increase (Decrease) in allowance for possible loan losses	391	(748)	(7)
Increase (Decrease) in net defined benefit liabilities	(2,248)	(5,142)	(48)
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(82)	—	—
Increase (Decrease) in reserve for contingent liabilities	(0)	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	56,121	107,196	1,009
Interest, dividends, and other income	(772,142)	(832,383)	(7,834)
Losses (Gains) on securities	1,739	154,833	1,457
Interest expenses	29,114	32,897	309
Foreign exchange losses (gains)	314	2,409	22
Losses (Gains) on tangible fixed assets	2,407	247	2
Investment losses (gains) on equity method	(664)	(3,285)	(30)
Decrease (Increase) in due from agents	244	22	0
Decrease (Increase) in reinsurance receivables	(1,464)	(4,581)	(43)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	53,346	(87,514)	(823)
Increase (Decrease) in due to agents	86	30	0
Increase (Decrease) in reinsurance payables	(16)	383	3
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	41,165	(22,442)	(211)
Others, net	10,822	(2,955)	(27)
Subtotal	166,484	199,122	1,874
Interest, dividends, and other income received	830,960	882,268	8,304
Interest paid	(28,393)	(31,836)	(299)
Policyholders' dividends paid	(169,832)	(173,157)	(1,629)
Income taxes paid	(23,230)	(31,051)	(292)
Net cash provided by operating activities	¥ 775,989	¥ 845,345	\$ 7,956

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Unaudited Consolidated Statements of Cash Flows (continued)

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2017	2018	2018
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ 21,082	¥ (1,087)	\$ (10)
Purchase of monetary claims bought	(36,100)	(18,200)	(171)
Proceeds from sales and redemption of monetary claims bought	38,734	23,376	220
Purchase of money held in trust	—	(9,800)	(92)
Purchase of securities	(3,346,498)	(4,432,833)	(41,724)
Proceeds from sales and redemption of securities	2,256,783	3,311,315	31,168
Loans extended	(1,021,210)	(1,150,256)	(10,826)
Proceeds from collection of loans	1,243,234	1,267,871	11,934
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	95,952	337,468	3,176
Total investment activities (IIa)	(748,021)	(672,146)	(6,326)
[I + IIa]	27,968	173,199	1,630
Purchase of tangible fixed assets	(28,115)	(16,909)	(159)
Proceeds from sales of tangible fixed assets	13,549	3,669	34
Purchase of intangible fixed assets	(23,836)	(26,115)	(245)
Others, net	(452)	(1,172)	(11)
Net cash used in investing activities	(786,877)	(712,674)	(6,708)
III Cash flows from financing activities			
Proceeds from debt	—	316	2
Repayments of debt	(100,000)	(316)	(2)
Proceeds from issuance of bonds payable	114,204	99,331	934
Redemption of bonds payable	—	(28,577)	(268)
Proceeds from issuance of foundation funds	100,000	50,000	470
Redemption of foundation funds	(50,000)	(100,000)	(941)
Payment of interest on foundation funds	(2,101)	(1,846)	(17)
Acquisition of stock of subsidiaries without change in scope of consolidation	(841)	(831)	(7)
Others, net	(5,822)	(6,080)	(57)
Net cash provided by financing activities	55,439	11,995	112
IV Effect of foreign exchange rate changes on cash and cash equivalents			
	734	(3,187)	(30)
V Net increase (decrease) in cash and cash equivalents			
	45,286	141,479	1,331
VI Cash and cash equivalents at the beginning of the year			
	532,547	577,833	5,438
VII Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries			
	—	867	8
VIII Cash and cash equivalents at the end of the year (Note 3)			
	¥ 577,833	¥ 720,180	\$ 6,778

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

1. Basis of Presentation

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2018, which was ¥106.24 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

a. Consolidated subsidiaries

The numbers of consolidated subsidiaries were 17 and 17 as of March 31, 2017 and 2018, respectively. The consolidated subsidiaries as of March 31, 2018 include as follows:

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

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

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

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the years ended March 31, 2017 and 2018 are immaterial. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

b. Affiliates

The numbers of affiliates accounted for by the equity method were 10 and 10 as of March 31, 2017 and 2018, respectively. The affiliates accounted for by the equity method as of March 31, 2018 include as follows:

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

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

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

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

c. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of consolidated overseas subsidiaries are December 31. The consolidated financial statements include the accounts of such subsidiaries as of their fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

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

The Company applies the fair value method.

e. Goodwill on consolidation

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

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

(2) Cash and cash equivalents

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

(3) Securities

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

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

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

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

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

e. Available-for-sale securities

i) Securities of which market value is readily available

Stocks are stated at the average of the market value during the final month of the fiscal year.

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

ii) Securities of which market value is extremely difficult to determine

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

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

(4) Policy-reserve-matching bonds

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

(5) Money held in trust

Money held in trust is stated at fair value.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

(6) Derivative transactions

Derivative transactions are stated at fair value.

(7) Method of hedge accounting

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

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

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

(8) Tangible fixed assets

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

a. Buildings

Calculated using the straight-line method.

b. Other tangible fixed assets

Calculated using the declining-balance method.

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

The estimated useful lives of major items are as follows:

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

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

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Revaluation of land

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

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

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

(9) Software

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

(10) Allowance for possible loan losses

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

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

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

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

For loans with collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2017 and 2018 amounted to ¥46 million and ¥370 million (U.S. \$3 million), respectively.

(11) Policy reserves

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

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

- a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).
- b. For contracts that are not subject to the standard policy reserve requirements, the premium reserves are calculated using the net level premium method.

The policy reserves of the Company include an amount to be additionally set aside as the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996 pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. The accumulation of the amount was completed on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts.

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

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

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

(12) Net defined benefit liabilities and assets

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

(13) Reserve for price fluctuation

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

(14) Revenue recognition

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

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

(15) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

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

(16) Accounting for consumption taxes

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

(17) Foreign currency translation

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

3. Cash and Cash Equivalents

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

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

4. Financial Instruments

(1) Qualitative information on financial instruments

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

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

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

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

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

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

Some of the loans payable and bonds payable of the Company and certain overseas consolidated subsidiaries which are denominated in foreign currencies are exposed to exchange rate fluctuation

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

risk.

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

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

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

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

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

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

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

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

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

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

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

(2) Fair values of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

sheets at the end of the fiscal year, and fair values and the differences between them, were as follows:

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2017			2018			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 505,583	¥ 505,583	¥ –	¥ 646,020	¥ 646,020	¥ –	\$ 6,080.00	\$ 6,080.00	\$ –
Available-for-sale securities (CDs)	49,996	49,996	–	35,999	35,999	–	338	338	–
Monetary claims bought	220,118	230,634	10,516	214,730	225,501	10,770	2,021	2,122	101
Held-to-maturity debt securities	197,150	207,666	10,516	197,914	208,685	10,770	1,862	1,964	101
Available-for-sale securities	22,968	22,968	–	16,816	16,816	–	158	158	–
Money held in trust	200	200	–	13,076	13,076	–	123	123	–
Available-for-sale securities	200	200	–	13,076	13,076	–	123	123	–
Securities	31,413,526	33,554,677	2,141,150	32,532,324	34,753,657	2,221,333	306,215	327,124	20,908
Trading securities	1,570,297	1,570,297	–	1,704,869	1,704,869	–	16,047	16,047	–
Held-to-maturity debt securities	4,540,468	5,354,192	813,723	4,365,326	5,164,696	799,370	41,089	48,613	7,524
Policy-reserve-matching bonds	7,250,615	8,578,042	1,327,426	7,549,821	8,971,785	1,421,963	71,063	84,448	13,384
Available-for-sale securities	18,052,144	18,052,144	–	18,912,306	18,912,306	–	178,014	178,014	–
Loans	5,422,653	5,727,460	304,807	5,276,491	5,558,870	282,378	49,665	52,323	2,657
Policy loans	264,389	264,389	–	252,884	252,884	–	2,380	2,380	–
Industrial and consumer loans	5,158,264	5,463,071	304,807	5,023,607	5,305,985	282,378	47,285	49,943	2,657
Allowance for possible loan losses (*1)	(4,422)	–	–	(3,739)	–	–	(35)	–	–
	5,418,230	5,727,460	309,229	5,272,751	5,558,870	286,118	49,630	52,323	2,693
Bonds payable	409,753	439,662	29,908	482,356	513,801	31,445	4,540	4,836	295
Payables under repurchase agreements	–	–	–	5,358	5,358	–	50	50	–
Payables under securities borrowing transactions	130,034	130,034	–	382,564	382,564	–	3,600	3,600	–
Derivative financial instruments (*2)	22,324	22,324	–	128,845	128,845	–	1,212	1,212	–
Hedge accounting is not applied	(366)	(366)	–	(748)	(748)	–	(7)	(7)	–
Hedge accounting is applied	22,691	22,691	–	129,593	129,593	–	1,219	1,219	–

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

Notes:

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

i) Assets

Cash and deposits

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts. Fair value of deposits deemed as securities transactions based on "Accounting Standard for Financial Instruments" (ASBJ, issued on March 10, 2008) is calculated in the same method shown in "Securities."

Monetary claims bought

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

Money held in trust

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

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

Securities

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

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amounts of the unlisted stocks and others reported in the consolidated balance sheets were ¥632,552 million and ¥596,185 million (U.S. \$5,611 million) as of March 31, 2017 and 2018, respectively. Impairment losses on the unlisted stocks and others were ¥34 million and ¥211 million (U.S. \$1 million) for the years ended March 31, 2017 and 2018, respectively.

Loans

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

ii) Liabilities

Bonds payable

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

Payables under repurchase agreements

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

Payables under securities borrowing transactions

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

iii) Derivative financial instruments

Listed transactions

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

OTC transactions

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

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

Interest rate swap transactions

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

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

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) for the fiscal year amounted to ¥3,419 million and ¥(4,583) million (U.S. \$(43) million) for the years ended March 31, 2017 and 2018, respectively.

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Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2017 and 2018, respectively. The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2017			2018			2018		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,837,880	¥ 4,568,480	¥ 730,600	¥ 3,719,653	¥ 4,436,465	¥ 716,811	\$ 35,011	\$ 41,758	\$ 6,747
2) Corporate bonds	575,168	651,759	76,590	518,348	594,193	75,845	4,879	5,592	713
3) Others	269,112	287,460	18,348	262,797	280,945	18,147	2,473	2,644	170
Total	4,682,161	5,507,700	825,539	4,500,799	5,311,604	810,804	42,364	49,996	7,631
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	934	917	(17)	921	916	(5)	8	8	(0)
2) Corporate bonds	2,800	2,780	(19)	2,800	2,786	(13)	26	26	(0)
3) Others	51,723	50,461	(1,262)	58,719	58,074	(645)	552	546	(6)
Total	55,457	54,158	(1,298)	62,441	61,777	(663)	587	581	(6)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

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Policy-reserve-matching bonds

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

The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts.

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

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Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥766,436 million and ¥1,049,828 million (U.S. \$9,881 million) resulting in total gains on sales of ¥23,968 million and ¥27,553 million (U.S. \$259 million) and total losses of ¥32,216 million and ¥38,191 million (U.S. \$359 million) for the years ended March 31, 2017 and 2018, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

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

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

With regards to bonds among available-for-sale securities denominated in foreign currencies, translation adjustments caused by significant yen appreciation are recorded in losses on valuation of securities. Previously, the existence of “significant yen appreciation” had been determined based on the exchange rate at the end of fiscal year. The Company changed the method to make such determination based on the average exchange rate during the final month of the period from the year ended March 31, 2017. This change had no impact on gains and losses for the year ended March 31, 2017.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

“Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥462 million and ¥1,467 million (U.S. \$13 million) for the years ended March 31, 2017 and 2018, respectively.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

c. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2017					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 505,382	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	220,118
Money held in trust	200	—	—	—	—	—
Loans*	484,298	845,903	617,522	547,955	837,026	1,824,231
Securities						
Held-to-maturity debt securities	124,610	334,382	373,054	398,961	820,370	2,486,290
Policy-reserve-matching bonds	—	10,238	109,978	190,714	94,984	6,844,699
Available-for-sale securities with maturities	522,733	1,407,361	2,702,077	2,080,042	917,115	5,440,417
Total	1,637,225	2,597,886	3,802,632	3,217,673	2,669,497	16,815,756

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2018						2018					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 645,824	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 6,078	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	214,730	—	—	—	—	—	2,021
Money held in trust	3,000	—	—	—	—	—	28	—	—	—	—	—
Loans*	595,199	656,353	684,120	532,415	802,941	1,752,316	5,602	6,178	6,439	5,011	7,557	16,493
Securities												
Held-to-maturity debt securities	165,898	351,442	370,613	411,853	812,693	2,250,024	1,561	3,308	3,488	3,876	7,649	21,178
Policy-reserve-matching bonds	—	45,771	225,172	56,556	297,165	6,925,156	—	430	2,119	532	2,797	65,184
Available-for-sale securities with maturities	711,362	1,374,381	2,396,841	1,206,293	1,730,068	5,790,650	6,695	12,936	22,560	11,354	16,284	54,505
Total	2,121,285	2,427,949	3,676,748	2,207,118	3,642,869	16,932,878	19,966	22,853	34,607	20,774	34,289	159,383

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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

As of March 31	Millions of Yen					
	2017					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ 30,120	¥ —	¥ 379,632
Payable under securities borrowing transactions	130,034	—	—	—	—	—
Total	130,034	—	—	30,120	—	379,632

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2018						2018					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ 29,046	¥ —	¥ —	¥ 453,310	\$ —	\$ —	\$ 273	\$ —	\$ —	\$ 4,266
Payables under repurchase agreements	5,358	—	—	—	—	—	50	—	—	—	—	—
Payable under securities borrowing transactions	382,564	—	—	—	—	—	3,600	—	—	—	—	—
Total	387,922	—	29,046	—	—	453,310	3,651	—	273	—	—	4,266

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

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

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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)
Foreign currency forward contracts				
Sold	¥ 118,008	¥ —	¥ 592	¥ 592
(U.S. dollar)	106,347	—	575	575
(Euro)	224	—	1	1
(Australian dollar)	4,363	—	38	38
(British pound)	6,979	—	(23)	(23)
(Others)	92	—	0	0
Bought	11,993	—	38	38
(U.S. dollar)	11,742	—	40	40
(Euro)	146	—	(1)	(1)
(Australian dollar)	93	—	0	0
(Others)	9	—	0	0
Currency options				
Sold				
Call	105,400	—		
[499]			—	499
(U.S. dollar)	105,400	—		
[499]			—	499
Bought				
Put	89,250	—		
[499]			0	(499)
(U.S. dollar)	89,250	—		
[499]			0	(499)
Total				632

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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

(*) Net gains (losses) on foreign currency forward contracts represent the fair values, and net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.

(*) Option fees are shown in [].

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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	¥ —	¥ —	¥ —	¥ —
Bought	2,192	—	(29)	(29)
Foreign currency-denominated stock index futures				
Sold	—	—	—	—
Bought	1,098	—	3	3
Exchange-traded transactions				
Stock index options				
Bought				
Call	54,480	—		
	[1,090]		1,439	349
Total				323

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2018				2018			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	—	—	—	—	—	—	—	—
Bought	¥ 2,706	—	¥ 39	¥ 39	\$ 25	—	\$ 0	\$ 0
Foreign currency-denominated stock index futures								
Sold	—	—	—	—	—	—	—	—
Bought	2,820	—	(93)	(93)	26	—	(0)	(0)
Exchange-traded transactions								
Stock index options								
Bought								
Call	63,552	292			598	2		
	[1,399]	[16]	2,011	612	[13]	[0]	18	5
Total				558				5

(*) 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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

Hedge accounting applied

i) Interest-rate related

As of March 31	Millions of Yen			
				2017
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥ 232,600	¥ 232,600	¥ 51,026
Receipts floating, payments fixed	Bonds payable	29,460	29,460	384
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	48,654	45,462	(483)
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	16,755	8,755	395
Total				51,322

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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	¥ 231,400	¥ 231,400	¥ 51,256	\$ 2,178	\$ 2,178	\$ 482
Receipts floating, payments fixed	Bonds payable						
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	48,816	46,363	—	459	436	—
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	8,562	3,562	197	80	33	1
Total				51,453			484

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

ii) Currency-related

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2018				2018		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-	¥ 3,376,632	¥ —	¥ 79,785	\$ 31,783	—	\$ 750
(U.S. dollar)	denominated bonds	3,058,604	—	76,837	28,789	—	723
(Euro)		183,159	—	319	1,724	—	3
(Australian dollar)		134,867	—	2,628	1,269	—	24
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-	35,575	35,575	(1,641)	334	334	(15)
(Australian dollar)	denominated bonds	4,305	4,305	192	40	40	1
Total				78,337			737

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

iii) Stock-related

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

iv) Bond-related

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

5. Securities Lending

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

6. Securities sold under repurchase agreements

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

7. Pledged Assets

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

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

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

9. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥31,398 million and ¥28,445 million (U.S. \$267 million) as of March 31, 2017 and 2018, respectively.

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

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2017 and 2018 were ¥44 million and ¥368 million (U.S. \$3 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥2 million (U.S. \$0 million), respectively, for loans in arrears.

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

There were no loans in arrears for three months or longer as of March 31, 2017 and 2018, respectively.

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

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

The amounts of restructured loans were ¥27,036 million and ¥24,812 million (U.S. \$233 million) as of March 31, 2017 and 2018, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include loans classified as loans in arrears for three months or longer, loans in arrears or loans to bankrupt borrowers.

The certain overseas consolidated subsidiaries directly deducted allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2017 and 2018, respectively. The amount is as follows:

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

10. Loan Commitments

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

11. Fair Values of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥577,890 million and ¥585,700 million (U.S. \$5,512 million), and their fair values were ¥690,327 million and ¥736,616 million (U.S. \$6,933 million) as of March 31, 2017 and 2018, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

12. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥417,467 million and ¥429,347 million (U.S. \$4,041 million) as of March 31, 2017 and 2018, respectively.

13. Impairment of Fixed Assets

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

(1) Method for grouping the assets

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

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(2) Description of impairment losses recognized

For the years ended March 31, 2017 and 2018, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2017

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

For the year ended March 31, 2018

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

For the year ended March 31, 2018

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

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.97% and 1.92% for the years ended March 31, 2017 and 2018, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

14. Retirement Benefit Plans

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

(1) Summary of the retirement benefit plans

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to Unaudited the Consolidated Financial Statements

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

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

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

(2) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2017 and 2018 were as follows:

Years ended March 31	2017	2018
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2017 and 2018 were as follows:

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

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

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

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets as of March 31, 2017 and 2018 were determined as follows:

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to Unaudited the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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g. Plan assets

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

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

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

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

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

i. Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2017 and 2018 were as follows:

Years ended March 31	2017	2018
Discount rate		
Domestic	0.9%	0.9%
Overseas	4.3 to 4.4%	3.5 to 3.7%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	4.2 to 7.7%	3.9 to 7.3%

(3) Defined contribution plans

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

15. Deferred Taxes

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

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

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

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

(2) The statutory tax rates were 28.20% and 28.20% for the years ended March 31, 2017 and 2018, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31	2017	2018
Policyholders' dividend reserves	(18.32)%	(18.66)%
Enactment of the Tax Cuts and Jobs Act	—	(12.13)%

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

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

16. Policyholders' Dividend Reserves

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

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

17. Subordinated Bonds

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

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18. Reserve for Contingent Liabilities

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

19. Foundation Funds

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

The Company offered foundation funds in the amount of ¥100,000 million and ¥50,000 million (U.S. \$470 million) pursuant to Article 60 of the “Insurance Business Act” in the year ended March 31, 2017 and 2018, respectively.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥50,000 million and ¥100,000 (U.S. \$941 million) as of March 31, 2017 and 2018, respectively.

20. Separate Accounts

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

21. Contributions to the Life Insurance Policyholders Protection Corporation

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

These contributions are recognized as operating expenses when contributed.

22. Issuance of Subordinated Notes

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

- (1) Type
US dollar-denominated subordinated notes due 2048 with interest deferral options
- (2) Offering price
100% of principal amount

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

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(3) Principal amount

USD 1.0 billion

(4) Interest rate

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

(5) Maturity

April 2048

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

(6) Collateral and guarantees

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

(7) Use of funds

For general business

23. Income Taxes

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

24. Other Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2017 and 2018 were as follows:

Years ended March 31	2017	Millions of Yen 2018	Millions of U.S. Dollars 2018
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥ 325,627	¥ 21,517	\$ 202
Reclassification adjustments	22,889	29,988	282
Before income tax effect adjustments	348,517	51,505	484
Income tax effects	(97,672)	(15,079)	(141)
Net unrealized gains on available-for-sale securities	250,844	36,425	342
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ 1,616	¥ 1,448	\$ 13
Reclassification adjustments	(1,155)	(6,935)	(65)
Before income tax effect adjustments	460	(5,487)	(51)
Income tax effects	523	1,725	16
Deferred unrealized gains (losses) on derivatives under hedge accounting	983	(3,761)	(35)

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Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ 11,887	¥ (19,061)	\$ (179)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	11,887	(19,061)	(179)
Income tax effects	—	—	—
Foreign currency translation adjustments	11,887	(19,061)	(179)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 38,233	¥ 2,594	\$ 24
Reclassification adjustments	28,482	8,644	81
Before income tax effect adjustments	66,715	11,239	105
Income tax effects	(18,737)	(2,899)	(27)
Remeasurements of defined benefit plans	47,977	8,339	78
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ (4,729)	¥ 13,288	\$ 125
Reclassification adjustments	29	752	7
Share of other comprehensive income of affiliates accounted for by the equity method	(4,699)	13,980	131
Total other comprehensive income	¥ 306,994	¥ 35,923	\$ 338