
Financial Results for the Fiscal Year Ended March 31, 2019

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the fiscal year ended March 31, 2019.

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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 U.S. Dollars
	2018	2019	2019
ASSETS:			
Cash and deposits (Notes 3, 4, and 7)	¥ 646,020	¥ 1,287,537	\$ 11,600
Call loans (Note 3)	90,000	90,000	810
Monetary claims bought (Note 4)	214,730	212,307	1,912
Money held in trust (Note 4)	13,076	21,669	195
Securities (Notes 4, 5, 6, 7, and 8)	33,128,510	33,403,624	300,960
Loans (Notes 4, 7, 9, and 10)	5,276,491	5,019,827	45,227
Tangible fixed assets (Notes 11, 12, and 13)			
Land	614,975	618,014	5,568
Buildings	287,061	280,168	2,524
Leased assets	787	711	6
Construction in progress	5,273	5,221	47
Other tangible fixed assets	7,710	7,941	71
Subtotal	915,808	912,057	8,217
Intangible fixed assets			
Software	60,733	55,131	496
Goodwill	143,246	132,965	1,197
Other intangible fixed assets	281,087	279,086	2,514
Subtotal	485,067	467,182	4,209
Due from agents	1,569	1,578	14
Reinsurance receivables	121,167	164,308	1,480
Other assets	518,444	428,437	3,860
Net defined benefit assets (Note 14)	113,534	91,988	828
Deferred tax assets (Note 15)	2,375	2,994	26
Customers' liabilities under acceptances and guarantees	21,727	22,563	203
Allowance for possible loan losses	(5,100)	(5,361)	(48)
Total assets	¥ 41,543,423	¥ 42,120,715	\$ 379,500

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Unaudited Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen		Millions of
	2018	2019	U.S. Dollars
			2019
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 735,955	¥ 738,628	\$ 6,654
Policy reserves	33,901,297	34,339,715	309,394
Policyholders' dividend reserves (Note 16)	233,768	242,957	2,189
Subtotal	34,871,021	35,321,301	318,238
Due to agents	2,931	2,937	26
Reinsurance payables	1,199	1,187	10
Bonds payable (Notes 4 and 17)	482,356	589,098	5,307
Other liabilities	891,457	1,012,377	9,121
Net defined benefit liabilities (Note 14)	6,328	6,995	63
Reserve for contingent liabilities (Note 18)	1	1	0
Reserve for price fluctuation	685,414	816,962	7,360
Deferred tax liabilities (Note 15)	377,710	281,498	2,536
Deferred tax liabilities for land revaluation	79,522	79,370	715
Acceptances and guarantees	21,727	22,563	203
Total liabilities	37,419,670	38,134,293	343,583
NET ASSETS:			
Foundation funds (Note 19)	260,000	260,000	2,342
Reserve for redemption of foundation funds (Note 19)	620,000	670,000	6,036
Reserve for revaluation	452	452	4
Surplus	504,951	499,135	4,497
Total funds, reserve and surplus	1,385,404	1,429,588	12,880
Net unrealized gains on available-for-sale securities	2,583,926	2,442,225	22,004
Deferred unrealized gains on derivatives under hedge accounting	35,881	41,253	371
Land revaluation differences	118,189	117,898	1,062
Foreign currency translation adjustments	(27,485)	(44,976)	(405)
Remeasurements of defined benefit plans	23,861	(273)	(2)
Total accumulated other comprehensive income	2,734,374	2,556,127	23,030
Non-controlling interests	3,974	705	6
Total net assets	4,123,752	3,986,421	35,916
Total liabilities and net assets	¥ 41,543,423	¥ 42,120,715	\$ 379,500

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
	2018	2019	U.S. Dollars
			2019
ORDINARY INCOME:			
Insurance premiums and other	¥ 3,024,398	¥ 3,081,385	\$ 27,762
Investment income			
Interest, dividends and other income	832,383	872,291	7,859
Gains on money held in trust	23	—	—
Gains on sales of securities	27,554	16,595	149
Gains on redemption of securities	59,184	76,949	693
Foreign exchange gains	—	8,186	73
Reversal of allowance for possible loan losses	270	—	—
Other investment income	2,010	2,408	21
Investment gains on separate accounts	37,356	3,824	34
Subtotal	958,785	980,255	8,831
Other ordinary income	133,890	120,860	1,088
Total ordinary income	4,117,073	4,182,501	37,683
ORDINARY EXPENSES:			0
Benefits and other payments			0
Claims paid	765,271	725,847	6,539
Annuity payments	647,404	616,446	5,554
Benefit payments	508,026	523,719	4,718
Surrender benefits	421,909	464,349	4,183
Other refunds	86,188	94,147	848
Subtotal	2,428,801	2,424,510	21,844
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	19,170	13,631	122
Provision for policy reserves	417,353	451,985	4,072
Provision for interest on policyholders' dividend reserves (Note 16)	106	97	0
Subtotal	436,630	465,714	4,196
Investment expenses			
Interest expenses	32,897	33,866	305
Losses on money held in trust	—	183	1
Losses on sales of securities	38,219	39,925	359
Losses on valuation of securities	8,816	17,893	161
Losses on redemption of securities	4,307	5,075	45
Losses on derivative financial instruments	110,895	130,990	1,180
Foreign exchange losses	8,679	—	—
Provision for allowance for possible loan losses	—	779	7
Depreciation of real estate for non-insurance business	10,300	10,210	91
Other investment expenses	24,660	22,675	204
Subtotal	238,776	261,599	2,356
Operating expenses (Note 21)	461,670	468,136	4,217
Other ordinary expenses	181,004	171,920	1,548
Total ordinary expenses	3,746,883	3,791,882	34,164
Ordinary profit	¥ 370,190	¥ 390,618	\$ 3,519

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
	2018	2019	U.S. Dollars
			2019
Extraordinary gains			
Gains on disposals of fixed assets	¥ 1,678	¥ 2,758	\$ 24
Reversal of reserve for contingent liabilities	0	—	—
Subtotal	1,678	2,758	24
Extraordinary losses			0
Losses on disposals of fixed assets	1,827	1,590	14
Impairment losses (Note 13)	896	1,204	10
Provision for reserve for contingent liabilities	—	0	0
Provision for reserve for price fluctuation	107,196	131,553	1,185
Losses on reduction entry of real estate	—	1,931	17
Contributions for promotion of social welfare project	553	565	5
Other extraordinary losses	40	6	0
Subtotal	110,515	136,852	1,233
Surplus before income taxes and non-controlling interests	261,353	256,525	2,311
Income taxes (Note 15)			
Current	58,604	58,212	524
Deferred	(63,225)	(32,673)	(294)
Total income taxes	(4,621)	25,539	230
Net surplus	265,974	230,985	2,081
Net surplus attributable to non-controlling interests	935	1,406	12
Net surplus attributable to the Parent Company	¥ 265,038	¥ 229,579	\$ 2,068

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

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

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	Total net assets
Beginning balance	2,542,572	39,643	117,025	(19,750)	15,701	2,695,192	3,974	4,044,345
Changes in the fiscal year								
Issuance of foundation funds								50,000
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	39,181
Net changes in the fiscal year	41,354	(3,761)	1,163	(7,734)	8,159	39,181	0	79,406
Ending balance	2,583,926	35,881	118,189	(27,485)	23,861	2,734,374	3,974	4,123,752

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

Year ended March 31, 2019	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	620,000	452	504,951	1,385,404
Changes in the fiscal year					
Issuance of foundation funds	50,000				50,000
Additions to policyholders' dividend reserves (Note 16)				(185,731)	(185,731)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(1,171)	(1,171)
Net surplus attributable to the Parent Company				229,579	229,579
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				290	290
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				1,216	1,216
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	—	50,000	—	(5,816)	44,183
Ending balance	260,000	670,000	452	499,135	1,429,588

	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	2,583,926	35,881	118,189	(27,485)	23,861	2,734,374	3,974	4,123,752
Changes in the fiscal year								
Issuance of foundation funds								50,000
Additions to policyholders' dividend reserves (Note 16)								(185,731)
Additions to reserve for redemption of foundation funds								50,000
Payment of interest on foundation funds								(1,171)
Net surplus attributable to the Parent Company								229,579
Redemption of foundation funds								(50,000)
Reversal of reserve for fund redemption								(50,000)
Reversal of land revaluation differences								290
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								1,216
Net changes, excluding funds, reserves and surplus	(141,701)	5,372	(290)	(17,491)	(24,134)	(178,246)	(3,268)	(181,515)
Net changes in the fiscal year	(141,701)	5,372	(290)	(17,491)	(24,134)	(178,246)	(3,268)	(137,331)
Ending balance	2,442,225	41,253	117,898	(44,976)	(273)	2,556,127	705	3,986,421

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

Year ended March 31, 2019 **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	2,342	5,586	4	4,549	12,482
Changes in the fiscal year					
Issuance of foundation funds	450				450
Additions to policyholders' dividend reserves (Note 16)				(1,673)	(1,673)
Additions to reserve for redemption of foundation funds		450			450
Payment of interest on foundation funds				(10)	(10)
Net surplus attributable to the Parent Company				2,068	2,068
Redemption of foundation funds	(450)				(450)
Reversal of reserve for fund redemption				(450)	(450)
Reversal of land revaluation differences				2	2
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				10	10
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	—	450	—	(52)	398
Ending balance	2,342	6,036	4	4,497	12,880

	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	23,280	323	1,064	(247)	214	24,636	35	37,154
Changes in the fiscal year								
Issuance of foundation funds								450
Additions to policyholders' dividend reserves (Note 16)								(1,673)
Additions to reserve for redemption of foundation funds								450
Payment of interest on foundation funds								(10)
Net surplus attributable to the Parent Company								2,068
Redemption of foundation funds								(450)
Reversal of reserve for fund redemption								(450)
Reversal of land revaluation differences								2
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								10
Net changes, excluding funds, reserves and surplus	(1,276)	48	(2)	(157)	(217)	(1,605)	(29)	(1,635)
Net changes in the fiscal year	(1,276)	48	(2)	(157)	(217)	(1,605)	(29)	(1,237)
Ending balance	22,004	371	1,062	(405)	(2)	23,030	6	35,916

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
	2018	2019	2019
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 261,353	¥ 256,525	\$ 2,311
Depreciation of real estate for non-insurance business	10,300	10,210	91
Depreciation	47,087	44,147	397
Impairment losses	896	1,204	10
Amortization of goodwill	7,885	7,745	69
Increase (Decrease) in reserve for outstanding claims	22,034	13,571	122
Increase (Decrease) in policy reserves	510,493	552,611	4,978
Provision for interest on policyholders' dividend reserves	106	97	0
Increase (Decrease) in allowance for possible loan losses	(748)	260	2
Increase (Decrease) in net defined benefit liabilities	(5,142)	2,904	26
Increase (Decrease) in reserve for contingent liabilities	(0)	0	0
Increase (Decrease) in reserve for price fluctuation	107,196	131,553	1,185
Interest, dividends, and other income	(832,383)	(872,291)	(7,859)
Losses (Gains) on securities	154,833	(138,094)	(1,244)
Interest expenses	32,897	33,866	305
Foreign exchange losses (gains)	2,409	(13,715)	(123)
Losses (Gains) on tangible fixed assets	247	(994)	(8)
Investment losses (gains) on equity method	(3,285)	(3,638)	(32)
Decrease (Increase) in due from agents	22	(9)	(0)
Decrease (Increase) in reinsurance receivables	(4,581)	1,805	16
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(87,514)	80,572	725
Increase (Decrease) in due to agents	30	58	0
Increase (Decrease) in reinsurance payables	383	(11)	(0)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(22,442)	12,012	108
Others, net	(2,955)	(10,290)	(92)
Subtotal	199,122	110,101	991
Interest, dividends, and other income received	882,268	911,560	8,212
Interest paid	(31,836)	(34,255)	(308)
Policyholders' dividends paid	(173,157)	(176,676)	(1,591)
Income taxes paid	(31,051)	(67,371)	(607)
Net cash provided by operating activities	¥ 845,345	¥ 743,358	\$ 6,697

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
	2018	2019	2019
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ (1,087)	¥ (16,421)	\$ (147)
Purchase of monetary claims bought	(18,200)	(12,400)	(111)
Proceeds from sales and redemption of monetary claims bought	23,376	14,724	132
Purchase of money held in trust	(9,800)	(8,300)	(74)
Purchase of securities	(4,432,833)	(4,509,597)	(40,630)
Proceeds from sales and redemption of securities	3,311,315	3,962,251	35,699
Loans extended	(1,150,256)	(1,230,885)	(11,090)
Proceeds from collection of loans	1,267,871	1,472,996	13,271
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	337,468	159,433	1,436
Total investment activities (IIa)	(672,146)	(168,198)	(1,515)
[I + IIa]	173,199	575,159	5,182
Purchase of tangible fixed assets	(16,909)	(20,054)	(180)
Proceeds from sales of tangible fixed assets	3,669	4,278	38
Purchase of intangible fixed assets	(26,115)	(33,305)	(300)
Others, net	(1,172)	(535)	(4)
Net cash used in investing activities	(712,674)	(217,816)	(1,962)
III Cash flows from financing activities			
Proceeds from debt	316	—	—
Repayments of debt	(316)	—	—
Proceeds from issuance of bonds payable	99,331	106,014	955
Redemption of bonds payable	(28,577)	—	—
Proceeds from issuance of foundation funds	50,000	50,000	450
Redemption of foundation funds	(100,000)	(50,000)	(450)
Payment of interest on foundation funds	(1,846)	(1,171)	(10)
Acquisition of stock of subsidiaries without change in scope of consolidation	(831)	(2,498)	(22)
Others, net	(6,080)	(524)	(4)
Net cash provided by financing activities	11,995	101,820	917
IV Effect of foreign exchange rate changes on cash and cash equivalents			
	(3,187)	(72)	(0)
V Net increase (decrease) in cash and cash equivalents			
	141,479	627,289	5,651
VI Cash and cash equivalents at the beginning of the year			
	577,833	720,180	6,488
VII Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries			
	867	—	—
VIII Cash and cash equivalents at the end of the year (Note 3)			
	¥ 720,180	¥ 1,347,470	\$ 12,140

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, 2019, which was ¥110.99 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

a. Consolidated subsidiaries

The number of consolidated subsidiaries was 17 and 17 as of March 31, 2018 and 2019, respectively. The consolidated subsidiaries as of March 31, 2019 include as follows:

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

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

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the years ended March 31, 2018 and 2019 are immaterial. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

b. Affiliates

The number of affiliates accounted for by the equity method was 10 and 9 as of March 31, 2018 and

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

2019, respectively. The affiliates accounted for by the equity method as of March 31, 2019 include as follows:

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

One affiliate of StanCorp Financial Group, Inc. has been excluded from the scope of the equity method as of March 31, 2019, due to the sales of its shares.

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

c. Fiscal year-end of consolidated subsidiaries

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

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

The Company applies the fair value method.

e. Goodwill on consolidation

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

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

(2) Cash and cash equivalents

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

(3) Securities

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

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

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

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

e. Available-for-sale securities

i) Securities of which market value is readily available

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

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

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

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

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

(4) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (JICPA, issued on November 16, 2000).

(5) Money held in trust

Money held in trust is stated at fair value.

(6) Derivative transactions

Derivative transactions are stated at fair value.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

(7) Method of hedge accounting

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

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans and bonds payable; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities, from the year ended March 31, 2010, based on the Industry Audit Committee Report No. 26, “Accounting and Auditing Treatments related to Application of Accounting Standard for Financial Instruments in the Insurance Industry,” (JICPA, issued on September 3, 2002).

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

(8) Revaluation of land

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

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

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

(9) Tangible fixed assets

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

- a. Buildings
Calculated using the straight-line method.
- b. Other tangible fixed assets
Calculated using the declining-balance method.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

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

The estimated useful lives of major items are as follows:

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

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

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

(10) Software

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

(11) Allowance for possible loan losses

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

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

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

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

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

For loans with collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2018 and 2019 amounted to ¥370 million and ¥93 million (U.S. \$0 million), respectively.

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Notes to the Unaudited Consolidated Financial Statements

(12) Policy reserves

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

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

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

The policy reserves of the Company which are additionally set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act” include the following:

- the policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996. The accumulation of the amount was completed on schedule over a period of three years starting in the year ended March 31, 2008. Besides, an additional reserve corresponding to the period after the beginning of annuity payment shall be accumulated at the beginning of the payment of the above annuity contracts;
- the policy reserves set aside in the year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995; and
- the policy reserves set aside in the year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

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

(13) Net defined benefit liabilities and assets

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

(14) Reserve for price fluctuation

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

(15) Revenue recognition

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

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

(16) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

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

(17) Accounting for consumption taxes

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

(18) Foreign currency translation

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

3. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2018 and 2019 were as follows:

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

4. Financial Instruments

(1) Qualitative information on financial instruments

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

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

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

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

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

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

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

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

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

(2) Fair value of financial instruments

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

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

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

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited 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 ¥596,185 million and ¥471,037 million (U.S. \$4,243 million) as of March 31, 2018 and 2019, respectively. Impairment losses on the unlisted stocks and others were ¥211 million and ¥0 million (U.S. \$0 million) for the years ended March 31, 2018 and 2019, respectively.

Loans

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

ii) Liabilities

Bonds payable

The fair value of bonds payable is mainly stated at a price based on data provided by pricing vendors.

Payables under repurchase agreements

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

Payables under securities borrowing transactions

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

iii) Derivative financial instruments

Listed transactions

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

OTC transactions

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

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

Interest rate swap transactions

The fair value of interest rate swap transactions is stated at a price based on data provided by pricing vendors.

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

b. Securities by holding purpose

Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(4,583) million and ¥10,376 million (U.S. \$93 million) for the years ended March 31, 2018 and 2019, respectively.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
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Held-to-maturity debt securities

No held-to-maturity debt securities were sold during the year ended March 31, 2018 and 2019, respectively. The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2018			2019			2019		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,719,653	¥ 4,436,465	¥ 716,811	¥ 3,581,847	¥ 4,317,920	¥ 736,072	\$ 32,271	\$ 38,903	\$ 6,631
2) Corporate bonds	518,348	594,193	75,845	467,140	547,364	80,224	4,208	4,931	722
3) Others	262,797	280,945	18,147	297,929	317,752	19,822	2,684	2,862	178
Total	4,500,799	5,311,604	810,804	4,346,917	5,183,037	836,120	39,164	46,698	7,533
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	921	916	(5)	—	—	—	—	—	—
2) Corporate bonds	2,800	2,786	(13)	2,800	2,798	(1)	25	25	(0)
3) Others	58,719	58,074	(645)	8,993	8,917	(75)	81	80	(0)
Total	62,441	61,777	(663)	11,793	11,716	(76)	106	105	(0)

(*) 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

Disposition of policy-reserve-matching bonds amounted to ¥889 million and ¥50,733 million (U.S. \$457 million) resulting in total gains on sales of ¥0 million and ¥800 million (U.S. \$7 million) for the years ended March 31, 2018 and 2019, respectively. Total loss on sales was ¥27 million for the year ended March 31, 2018. There was no total loss on sales for the year ended March 31, 2019. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts.

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

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

Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,049,828 million and ¥1,088,252 million (U.S. \$9,804 million) resulting in total gains on sales of ¥27,553 million and ¥15,794 million (U.S. \$142 million) and total losses of ¥38,191 million and ¥39,925 million (U.S. \$359 million) for the years ended March 31, 2018 and 2019, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

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

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”. “Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥1,467 million and ¥11,546 million (U.S. \$104 million) for the years ended March 31, 2018 and 2019, respectively.

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

c. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2018					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 645,824	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	214,730
Money held in trust	3,000	—	—	—	—	—
Loans*	595,199	656,353	684,120	532,415	802,941	1,752,316
Securities						
Held-to-maturity debt securities	165,898	351,442	370,613	411,853	812,693	2,250,024
Policy-reserve-matching bonds	—	45,771	225,172	56,556	297,165	6,925,156
Available-for-sale securities with maturities	711,362	1,374,381	2,396,841	1,206,293	1,730,068	5,790,650
Total	2,121,285	2,427,949	3,676,748	2,207,118	3,642,869	16,932,878

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 1,287,385	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 11,599	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	212,307	—	—	—	—	—	1,912
Money held in trust	5,000	—	—	—	—	—	45	—	—	—	—	—
Loans*	472,783	656,974	679,859	594,924	751,319	1,620,634	4,259	5,919	6,125	5,360	6,769	14,601
Securities												
Held-to-maturity debt securities	166,788	371,590	398,958	552,343	521,576	2,146,673	1,502	3,347	3,594	4,976	4,699	19,341
Policy-reserve-matching bonds	—	68,957	190,309	72,345	838,067	6,888,130	—	621	1,714	651	7,550	62,060
Available-for-sale securities with maturities	562,525	2,121,525	1,734,143	670,326	2,312,293	6,050,737	5,068	19,114	15,624	6,039	20,833	54,516
Total	2,494,482	3,219,048	3,003,271	1,889,939	4,423,256	16,918,482	22,474	29,003	27,058	17,028	39,852	152,432

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥259 million and ¥374 million (U.S. \$3 million) as of March 31, 2018 and 2019, respectively.

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Unaudited 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					
	2018					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ 29,046	¥ —	¥ —	¥ 453,310
Payables under repurchase agreements	5,358	—	—	—	—	—
Payable under securities borrowing transactions	382,564	—	—	—	—	—
Total	387,922	—	29,046	—	—	453,310

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2019						2019					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ 28,363	¥ —	¥ —	¥ 560,735	\$ —	\$ —	\$ 255	\$ —	\$ —	\$ 5,052
Payables under repurchase agreements	58,266	—	—	—	—	—	524	—	—	—	—	—
Payable under securities borrowing transactions	552,716	—	—	—	—	—	4,979	—	—	—	—	—
Total	610,983	—	28,363	—	—	560,735	5,504	—	255	—	—	5,052

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

e. Fair value of derivative transactions

Hedge accounting not applied

i) Interest-rate related

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

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 12,810	¥ 11,145	¥ 4	¥ 4	\$ 115	\$ 100	\$ 0	\$ 0
Receipts floating, payments fixed	6,049	6,049	—	—	54	54	—	—
Total				4				0

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Unaudited 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	¥ 88,295	¥ —	¥ 1,768	¥ 1,768
(U.S. dollar)	62,385	—	1,661	1,661
(Euro)	13,904	—	37	37
(Australian dollar)	11,454	—	68	68
(British pound)	127	—	0	0
(Others)	422	—	0	0
Bought	19,226	—	61	61
(U.S. dollar)	9,566	—	64	64
(Euro)	6,914	—	(0)	(0)
(Australian dollar)	2,302	—	(0)	(0)
(Others)	442	—	(1)	(1)
Currency options				
Sold				
Call	—	—	—	—
(U.S. dollar)	—	—	—	—
Bought				
Put	—	—	—	—
(U.S. dollar)	—	—	—	—
Cross currency swaps				
Yen payments / Australian dollar receipts	88,870	88,870	(4,389)	(4,389)
Yen payments / U.S. dollar receipts	—	—	—	—
Total				(2,558)

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

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

(*) 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.

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

(*) Option fees are shown in [].

iii) Stock-related

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

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

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

(*) 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, 2018.

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2019				2019			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Foreign currency-denominated bond index futures								
Bought	¥ 123	¥ —	¥ 2	¥ 2	\$ 1	\$ —	\$ 0	\$ 0
Total				2				0

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

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

Hedge accounting applied
i) Interest-rate related

As of March 31	Millions of Yen			
				2018
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥ 231,400	¥ 231,400	¥ 51,256
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	48,816	46,363	—
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	8,562	3,562	197
Total				51,453

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

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2019				2019		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 230,700	¥ 230,700	¥ 57,446	\$ 2,078	\$ 2,078	\$ 517
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	57,657	54,558	—	519	491	—
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,369	3,324	185	30	29	1
Total				57,632			519

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

ii) Currency-related

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

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

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

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

iii) Stock-related

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

iv) Bond-related

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

5. Securities Lending

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

6. Securities sold under repurchase agreements

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

7. Pledged Assets

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

8. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

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

9. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥28,445 million and ¥25,934 million (U.S. \$233 million) as of March 31, 2018 and 2019, respectively.

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

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

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

There were no loans in arrears for three months or longer as of March 31, 2018 and 2019, respectively.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

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

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

The amounts of restructured loans were ¥24,812 million and ¥21,668 million (U.S. \$195 million) as of March 31, 2018 and 2019, respectively.

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

The certain overseas consolidated subsidiaries directly deducted allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2018 and 2019, respectively. The amount is as follows:

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

10. Loan Commitments

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

11. Fair Value of Investment and Rental Property

The carrying amounts of investment and rental properties were ¥585,700 million and ¥581,588 million (U.S. \$5,240 million), and their fair values were ¥736,616 million and ¥782,819 million (U.S. \$7,053 million) as of March 31, 2018 and 2019, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

12. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥429,347 million and ¥447,080 million (U.S. \$4,028 million) as of March 31, 2018 and 2019, respectively.

13. Impairment of Fixed Assets

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

(1) Method for grouping the assets

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

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

(2) Description of impairment losses recognized

For the years ended March 31, 2018 and 2019, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2018

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

For the year ended March 31, 2019

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

For the year ended March 31, 2019

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

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.92% and 1.90% for the years ended March 31, 2018 and 2019, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

14. Retirement Benefit Plans

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

(1) Summary of the retirement benefit plans

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

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

defined contribution pension plans as defined contribution plans.

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

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

(2) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2018 and 2019 were as follows:

Years ended March 31	2018	2019
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2018 and 2019 were as follows:

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

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

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

d. The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets as of March 31, 2018 and 2019 were determined as follows:

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

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

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

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

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

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

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

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

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

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g. Plan assets

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

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

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

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

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

i. Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2018 and 2019 were as follows:

Years ended March 31	2018	2019
Discount rate		
Domestic	0.9%	0.9%
Overseas	3.5 to 3.7%	4.3 to 4.4%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	3.9 to 7.3%	3.9 to 7.3%

(3) Defined contribution plans

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

15. Deferred Taxes

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

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

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

(2) The statutory tax rates were 28.20% and 27.96% for the years ended March 31, 2018 and 2019, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31	2018	2019
Policyholders' dividend reserves	(18.66)%	(17.82)%
Enactment of the Tax Cuts and Jobs Act	(12.13)%	—

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

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

16. Policyholders' Dividend Reserves

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

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

17. Subordinated Bonds

As of March 31, 2018 and 2019, bonds payable in liabilities included foreign currency-denominated subordinated bonds of ¥453,310 million, and subordinated bonds and foreign currency-denominated subordinated bonds of ¥560,735 million (U.S. \$5,052 million), respectively, and the repayments of which are subordinated to other obligations.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Notes to the Unaudited Consolidated Financial Statements

18. Reserve for Contingent Liabilities

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

19. Foundation Funds

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

The Company offered foundation funds in the amount of ¥50,000 million and ¥50,000 million (U.S. \$450 million) pursuant to Article 60 of the “Insurance Business Act” in the years ended March 31, 2018 and 2019, respectively.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥100,000 million and ¥50,000 million (U.S. \$450 million) as of March 31, 2018 and 2019, respectively.

20. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the “Insurance Business Act” were ¥876,492 million and ¥825,371 million (U.S. \$7,436 million) as of March 31, 2018 and 2019, respectively. The amounts of separate account liabilities were the same as these figures.

21. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥48,499 million and ¥47,718 million (U.S. \$429 million) as of March 31, 2018 and 2019, respectively, pursuant to Article 259 of the “Insurance Business Act”.

These contributions are recognized as operating expenses when contributed.

22. Income Taxes

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

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23. Other Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2018 and 2019 were as follows:

Years ended March 31	2018	Millions of Yen 2019	Millions of U.S. Dollars 2019
Net unrealized gains on available-for-sale securities:			
Amount arising during the fiscal year	¥ 21,517	¥ (184,383)	\$ (1,661)
Reclassification adjustments	29,988	(6,840)	(61)
Before income tax effect adjustments	51,505	(191,223)	(1,722)
Income tax effects	(15,079)	51,154	460
Net unrealized gains on available-for-sale securities	36,425	(140,068)	(1,261)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ 1,448	¥ 11,354	\$ 102
Reclassification adjustments	(6,935)	(3,897)	(35)
Before income tax effect adjustments	(5,487)	7,457	67
Income tax effects	1,725	(2,085)	(18)
Deferred unrealized gains (losses) on derivatives under hedge accounting	(3,761)	5,372	48
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ (19,061)	¥ (10,701)	\$ (96)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(19,061)	(10,701)	(96)
Income tax effects	—	—	—
Foreign currency translation adjustments	(19,061)	(10,701)	(96)
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 2,594	¥ (28,867)	\$ (260)
Reclassification adjustments	8,644	(4,823)	(43)
Before income tax effect adjustments	11,239	(33,691)	(303)
Income tax effects	(2,899)	9,560	86
Remeasurements of defined benefit plans	8,339	(24,130)	(217)
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ 13,228	¥ (8,191)	\$ (73)
Reclassification adjustments	752	(220)	(1)
Share of other comprehensive income of affiliates accounted for by the equity method	13,980	(8,412)	(75)
Total other comprehensive income	¥ 35,923	¥ (177,940)	\$ (1,603)