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## Financial Results for the Fiscal Year Ended March 31, 2020

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Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the fiscal year ended March 31, 2020.

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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
	2019	2020	U.S. Dollars
			2020
<b>ASSETS:</b>			
Cash and deposits (Notes 3, 4, and 7)	¥ 1,287,537	¥ 1,246,447	\$ 11,453
Call loans (Note 3)	90,000	90,000	826
Monetary claims bought (Note 4)	212,307	204,335	1,877
Money held in trust (Note 4)	21,669	15,166	139
Securities (Notes 4, 5, 6, 7, and 8)	33,403,624	34,023,049	312,625
Loans (Notes 4, 7, 9, and 10)	5,019,827	4,913,456	45,147
Tangible fixed assets (Notes 11, 12, and 13)			
Land	618,014	617,250	5,671
Buildings	280,168	274,919	2,526
Leased assets	711	469	4
Construction in progress	5,221	4,828	44
Other tangible fixed assets	7,941	7,737	71
<b>Subtotal</b>	<b>912,057</b>	<b>905,204</b>	<b>8,317</b>
<b>Intangible fixed assets</b>			
Software	55,131	69,106	634
Goodwill	132,965	123,595	1,135
Other intangible fixed assets	279,086	249,527	2,292
<b>Subtotal</b>	<b>467,182</b>	<b>442,229</b>	<b>4,063</b>
<b>Due from agents</b>	<b>1,578</b>	<b>1,612</b>	<b>14</b>
<b>Reinsurance receivables</b>	<b>164,308</b>	<b>161,038</b>	<b>1,479</b>
<b>Other assets</b>	<b>428,437</b>	<b>529,429</b>	<b>4,864</b>
<b>Net defined benefit assets (Note 14)</b>	<b>91,988</b>	<b>66,029</b>	<b>606</b>
<b>Deferred tax assets (Note 15)</b>	<b>2,994</b>	<b>2,762</b>	<b>25</b>
<b>Customers' liabilities under acceptances and guarantees</b>	<b>22,563</b>	<b>19,888</b>	<b>182</b>
<b>Allowance for possible loan losses</b>	<b>(5,361)</b>	<b>(6,754)</b>	<b>(62)</b>
<b>Total assets</b>	<b>¥ 42,120,715</b>	<b>¥ 42,613,896</b>	<b>\$ 391,563</b>

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Unaudited Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
<b>LIABILITIES:</b>			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 738,628	¥ 723,195	\$ 6,645
Policy reserves	34,339,715	34,848,442	320,209
Policyholders' dividend reserves (Note 16)	242,957	245,988	2,260
<b>Subtotal</b>	<b>35,321,301</b>	<b>35,817,626</b>	<b>329,115</b>
Due to agents	2,937	3,707	34
Reinsurance payables	1,187	964	8
Bonds payable (Notes 4 and 17)	589,098	668,563	6,143
Other liabilities	1,012,377	1,584,263	14,557
Net defined benefit liabilities (Note 14)	6,995	8,229	75
Reserve for contingent liabilities (Note 18)	1	1	0
Reserve for price fluctuation	816,962	833,615	7,659
Deferred tax liabilities (Note 15)	281,498	56,462	518
Deferred tax liabilities for land revaluation	79,370	79,210	727
Acceptances and guarantees	22,563	19,888	182
<b>Total liabilities</b>	<b>38,134,293</b>	<b>39,072,534</b>	<b>359,023</b>
<b>NET ASSETS:</b>			
Foundation funds (Note 19)	260,000	250,000	2,297
Reserve for redemption of foundation funds (Note 19)	670,000	730,000	6,707
Reserve for revaluation	452	452	4
Surplus	499,135	475,912	4,372
<b>Total funds, reserve and surplus</b>	<b>1,429,588</b>	<b>1,456,365</b>	<b>13,382</b>
Net unrealized gains on available-for-sale securities	2,442,225	1,993,002	18,312
Deferred unrealized gains on derivatives under hedge accounting	41,253	45,187	415
Land revaluation differences	117,898	118,421	1,088
Foreign currency translation adjustments	(44,976)	(49,497)	(454)
Remeasurements of defined benefit plans	(273)	(22,818)	(209)
<b>Total accumulated other comprehensive income</b>	<b>2,556,127</b>	<b>2,084,295</b>	<b>19,151</b>
Non-controlling interests	705	700	6
<b>Total net assets</b>	<b>3,986,421</b>	<b>3,541,362</b>	<b>32,540</b>
<b>Total liabilities and net assets</b>	<b>¥ 42,120,715</b>	<b>¥ 42,613,896</b>	<b>\$ 391,563</b>

**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
	2019	2020	U.S. Dollars
			2020
<b>ORDINARY INCOME:</b>			
Insurance premiums and other	¥ 3,081,385	¥ 2,911,826	\$ 26,755
Investment income			
Interest, dividends and other income	872,291	936,932	8,609
Gains on money held in trust	–	47	0
Gains on sales of securities	16,595	20,486	188
Gains on redemption of securities	76,949	90,742	833
Foreign exchange gains	8,186	–	–
Other investment income	2,408	2,895	26
Investment gains on separate accounts	3,824	–	–
<b>Subtotal</b>	<b>980,255</b>	<b>1,051,103</b>	<b>9,658</b>
<b>Other ordinary income</b>	<b>120,860</b>	<b>110,454</b>	<b>1,014</b>
<b>Total ordinary income</b>	<b>4,182,501</b>	<b>4,073,384</b>	<b>37,428</b>
<b>ORDINARY EXPENSES:</b>			
Benefits and other payments			
Claims paid	725,847	694,334	6,379
Annuity payments	616,446	629,047	5,780
Benefit payments	523,719	532,584	4,893
Surrender benefits	464,349	549,892	5,052
Other refunds	94,147	109,991	1,010
<b>Subtotal</b>	<b>2,424,510</b>	<b>2,515,851</b>	<b>23,117</b>
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	13,631	–	–
Provision for policy reserves	451,985	264,143	2,427
Provision for interest on policyholders' dividend reserves (Note 16)	97	89	0
<b>Subtotal</b>	<b>465,714</b>	<b>264,233</b>	<b>2,427</b>
Investment expenses			
Interest expenses	33,866	44,740	411
Losses on money held in trust	183	–	–
Losses on sales of securities	39,925	6,983	64
Losses on valuation of securities	17,893	104,319	958
Losses on redemption of securities	5,075	32,140	295
Losses on derivative financial instruments	130,990	133,638	1,227
Foreign exchange losses	–	18,187	167
Provision for allowance for possible loan losses	779	1,818	16
Write-down of loans	–	393	3
Depreciation of real estate for non-insurance business	10,210	10,226	93
Other investment expenses	22,675	24,624	226
Investment losses on separate accounts	–	19,948	183
<b>Subtotal</b>	<b>261,599</b>	<b>397,021</b>	<b>3,648</b>
<b>Operating expenses (Note 21)</b>	<b>468,136</b>	<b>476,964</b>	<b>4,382</b>
<b>Other ordinary expenses</b>	<b>171,920</b>	<b>165,776</b>	<b>1,523</b>
<b>Total ordinary expenses</b>	<b>3,791,882</b>	<b>3,819,847</b>	<b>35,099</b>
<b>Ordinary profit</b>	<b>¥ 390,618</b>	<b>¥ 253,536</b>	<b>\$ 2,329</b>

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

Years ended March 31	Millions of Yen		Millions of U.S. Dollars	
	2019	2020	2020	
<b>Extraordinary gains</b>				
Gains on disposals of fixed assets	¥ 2,758	¥ 45	\$	0
Reversal of reserve for contingent liabilities	–	0		0
<b>Subtotal</b>	<b>2,758</b>	<b>46</b>		<b>0</b>
<b>Extraordinary losses</b>				
Losses on disposals of fixed assets	1,590	1,723		15
Impairment losses (Note 13)	1,204	2,428		22
Provision for reserve for contingent liabilities	0	–		–
Provision for reserve for price fluctuation	131,553	16,658		153
Losses on reduction entry of real estate	1,931	4		0
Contributions for promotion of social welfare project	565	510		4
Other extraordinary losses	6	–		–
<b>Subtotal</b>	<b>136,852</b>	<b>21,326</b>		<b>195</b>
<b>Surplus before income taxes and non-controlling interests</b>	<b>256,525</b>	<b>232,256</b>		<b>2,134</b>
<b>Income taxes (Note 15)</b>				
Current	58,212	56,111		515
Deferred	(32,673)	(31,784)		(292)
<b>Total income taxes</b>	<b>25,539</b>	<b>24,327</b>		<b>223</b>
<b>Net surplus</b>	<b>230,985</b>	<b>207,929</b>		<b>1,910</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>1,406</b>	<b>80</b>		<b>0</b>
<b>Net surplus attributable to the Parent Company</b>	<b>¥ 229,579</b>	<b>¥ 207,848</b>	<b>\$</b>	<b>1,909</b>

**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	
	2019	2020	2019	2020
<b>Net surplus</b>	<b>¥ 230,985</b>	<b>¥ 207,929</b>	<b>\$ 1,910</b>	
<b>Other comprehensive income (loss) (Note 24)</b>	<b>(177,940)</b>	<b>(472,354)</b>	<b>(4,340)</b>	
Net unrealized gains (losses) on available-for-sale securities	(140,068)	(452,092)	(4,154)	
Deferred unrealized gains (losses) on derivatives under hedge accounting	5,372	3,933	36	
Foreign currency translation adjustments	(10,701)	(8,446)	(77)	
Remeasurements of defined benefit plans	(24,130)	(22,545)	(207)	
Share of other comprehensive income (loss) of associates accounted for under the equity method	(8,412)	6,795	62	
<b>Comprehensive income (loss)</b>	<b>¥ 53,045</b>	<b>¥ (264,425)</b>	<b>\$ (2,429)</b>	
Comprehensive income (loss) attributable to the Parent Company	51,623	(264,505)	(2,430)	
Comprehensive income (loss) attributable to non-controlling interests	1,421	80	0	

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

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, 2020	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	670,000	452	499,135	1,429,588
Changes in the fiscal year					
Issuance of foundation funds	50,000				50,000
Additions to policyholders' dividend reserves (Note 16)				(169,630)	(169,630)
Additions to reserve for redemption of foundation funds		60,000			60,000
Payment of interest on foundation funds				(918)	(918)
Net surplus attributable to the Parent Company				207,848	207,848
Redemption of foundation funds	(60,000)				(60,000)
Reversal of reserve for fund redemption				(60,000)	(60,000)
Reversal of land revaluation differences				(522)	(522)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(10,000)	60,000	—	(23,222)	26,777
Ending balance	250,000	730,000	452	475,912	1,456,365

  

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,442,225	41,253	117,898	(44,976)	(273)	2,556,127	705	3,986,421
Changes in the fiscal year								
Issuance of foundation funds								50,000
Additions to policyholders' dividend reserves (Note 16)								(169,630)
Additions to reserve for redemption of foundation funds								60,000
Payment of interest on foundation funds								(918)
Net surplus attributable to the Parent Company								207,848
Redemption of foundation funds								(60,000)
Reversal of reserve for fund redemption								(60,000)
Reversal of land revaluation differences								(522)
Net changes, excluding funds, reserves and surplus	(449,222)	3,933	522	(4,520)	(22,545)	(471,831)	(4)	(471,836)
Net changes in the fiscal year	(449,222)	3,933	522	(4,520)	(22,545)	(471,831)	(4)	(445,059)
Ending balance	1,993,002	45,187	118,421	(49,497)	(22,818)	2,084,295	700	3,541,362



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

Year ended March 31, 2020	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	2,389	6,156	4	4,586	13,135
Changes in the fiscal year					
Issuance of foundation funds	459				459
Additions to policyholders' dividend reserves (Note 16)				(1,558)	(1,558)
Additions to reserve for redemption of foundation funds		551			551
Payment of interest on foundation funds				(8)	(8)
Net surplus attributable to the Parent Company				1,909	1,909
Redemption of foundation funds	(551)				(551)
Reversal of reserve for fund redemption				(551)	(551)
Reversal of land revaluation differences				(4)	(4)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(91)	551	—	(213)	246
Ending balance	2,297	6,707	4	4,372	13,382

	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	22,440	379	1,083	(413)	(2)	23,487	6	36,629
Changes in the fiscal year								
Issuance of foundation funds								459
Additions to policyholders' dividend reserves (Note 16)								(1,558)
Additions to reserve for redemption of foundation funds								551
Payment of interest on foundation funds								(8)
Net surplus attributable to the Parent Company								1,909
Redemption of foundation funds								(551)
Reversal of reserve for fund redemption								(551)
Reversal of land revaluation differences								(4)
Net changes, excluding funds, reserves and surplus	(4,127)	36	4	(41)	(207)	(4,335)	0	(4,335)
Net changes in the fiscal year	(4,127)	36	4	(41)	(207)	(4,335)	0	(4,089)
Ending balance	18,312	415	1,088	(454)	(209)	19,151	6	32,540

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Unaudited Consolidated Statements of Cash Flows

Years ended March 31	Millions of Yen		Millions of
	2019	2020	U.S. Dollars
			2020
<b>I Cash flows from operating activities</b>			
Surplus before income taxes and non-controlling interests	¥ 256,525	¥ 232,256	\$ 2,134
Depreciation of real estate for non-insurance business	10,210	10,226	93
Depreciation	44,147	43,525	399
Impairment losses	1,204	2,428	22
Amortization of goodwill	7,745	7,645	70
Increase (Decrease) in reserve for outstanding claims	13,571	(7,617)	(69)
Increase (Decrease) in policy reserves	552,611	361,070	3,317
Provision for interest on policyholders' dividend reserves	97	89	0
Increase (Decrease) in allowance for possible loan losses	260	1,392	12
Increase (Decrease) in net defined benefit liabilities	2,904	177	1
Increase (Decrease) in reserve for contingent liabilities	0	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	131,553	16,658	153
Interest, dividends, and other income	(872,291)	(936,932)	(8,609)
Losses (Gains) on securities	(138,094)	177,238	1,628
Interest expenses	33,866	44,740	411
Foreign exchange losses (gains)	(13,715)	5,498	50
Losses (Gains) on tangible fixed assets	(994)	1,678	15
Investment losses (gains) on equity method	(3,638)	(4,249)	(39)
Decrease (Increase) in due from agents	(9)	(35)	(0)
Decrease (Increase) in reinsurance receivables	1,805	1,154	10
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	80,572	(56,814)	(522)
Increase (Decrease) in due to agents	58	808	7
Increase (Decrease) in reinsurance payables	(11)	(222)	(2)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	12,012	65,339	600
Others, net	(10,290)	(220)	(2)
<b>Subtotal</b>	<b>110,101</b>	<b>(34,161)</b>	<b>(313)</b>
Interest, dividends, and other income received	911,560	983,116	9,033
Interest paid	(34,255)	(41,895)	(384)
Policyholders' dividends paid	(176,676)	(166,720)	(1,531)
Income taxes paid	(67,371)	(63,203)	(580)
<b>Net cash provided by operating activities</b>	<b>¥ 743,358</b>	<b>¥ 677,135</b>	<b>\$ 6,221</b>

# 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
	2019	2020	2020
<b>II Cash flows from investing activities</b>			
Net decrease (increase) in deposits	¥ (16,421)	¥ (9,422)	\$ (86)
Purchase of monetary claims bought	(12,400)	(5,500)	(50)
Proceeds from sales and redemption of monetary claims bought	14,724	13,261	121
Purchase of money held in trust	(8,300)	—	—
Purchase of securities	(4,509,597)	(5,552,359)	(51,018)
Proceeds from sales and redemption of securities	3,962,251	4,243,843	38,995
Loans extended	(1,230,885)	(1,157,755)	(10,638)
Proceeds from collection of loans	1,472,996	1,246,619	11,454
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	159,433	535,699	4,922
<b>Total investment activities (IIa)</b>	<b>(168,198)</b>	<b>(685,613)</b>	<b>(6,299)</b>
<b>[I + IIa]</b>	<b>575,159</b>	<b>(8,477)</b>	<b>(77)</b>
Purchase of tangible fixed assets	(20,054)	(17,129)	(157)
Proceeds from sales of tangible fixed assets	4,278	47	0
Purchase of intangible fixed assets	(33,305)	(27,694)	(254)
Others, net	(535)	(1,082)	(9)
<b>Net cash used in investing activities</b>	<b>(217,816)</b>	<b>(731,470)</b>	<b>(6,721)</b>
<b>III Cash flows from financing activities</b>			
Proceeds from issuance of bonds payable	106,014	79,460	730
Proceeds from issuance of foundation funds	50,000	50,000	459
Redemption of foundation funds	(50,000)	(60,000)	(551)
Payment of interest on foundation funds	(1,171)	(918)	(8)
Acquisition of stock of subsidiaries without change in scope of consolidation	(2,498)	—	—
Others, net	(524)	3,498	32
<b>Net cash provided by financing activities</b>	<b>101,820</b>	<b>72,040</b>	<b>661</b>
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>(72)</b>	<b>(1,496)</b>	<b>(13)</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>627,289</b>	<b>16,207</b>	<b>148</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>720,180</b>	<b>1,347,470</b>	<b>12,381</b>
<b>VII. increase (decrease) in cash and cash equivalents due to split with subsidiaries</b>	<b>—</b>	<b>(70,580)</b>	<b>(648)</b>
<b>VIII Cash and cash equivalents at the end of the year (Note 3)</b>	<b>¥ 1,347,470</b>	<b>¥ 1,293,097</b>	<b>\$ 11,881</b>

# **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, 2020, which was ¥108.83 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, 2019 and 2020, respectively. The consolidated subsidiaries as of March 31, 2020 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, 2019 and 2020 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 9 and 9 as of March 31, 2019 and

## **Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**

### **Notes to the Unaudited Consolidated Financial Statements**

2020, respectively. The affiliates accounted for by the equity method as of March 31, 2020 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," issued by the Japanese Institute of Certified Public Accountants (JICPA). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

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

e. Available-for-sale securities

i) Securities of which market value is readily available

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

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

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

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

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

#### **(4) Policy-reserve-matching bonds**

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

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

Money held in trust is stated at fair value.

#### **(6) Derivative transactions**

Derivative transactions are stated at fair value.

# **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 ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:

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

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

### **(8) Revaluation of land**

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

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

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

### **(9) Tangible fixed assets**

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

#### **a. Buildings**

Calculated using the straight-line method.

#### **b. Other tangible fixed assets**

Calculated using the declining-balance method.

## **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, 2019 and 2020 amounted to ¥93 million and ¥183 million (U.S. \$1 million), respectively.



# **Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**

## **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

## Notes to the Unaudited Consolidated Financial Statements

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, 2019 and 2020 were as follows:

As of March 31	2019	2020	Millions of U.S. Dollars 2020
		Millions of Yen	
Cash and deposits	¥ 1,287,537	¥1,246,447	\$11,453
Time deposits (over 3 months)	(35,504)	(44,926)	(412)
Call loans	90,000	90,000	826
Money held in trust (matured within 3 months)	5,000	1,200	11
Securities (matured within 3 months from the date of acquisition)	437	377	3
Cash and cash equivalents	1,347,470	1,293,097	11,881

## 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 ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:

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

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

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

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

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

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

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company

## **Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**

### **Notes to the Unaudited Consolidated Financial Statements**

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		
	2019			2020			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Cash and deposits	¥ 1,287,537	¥ 1,287,537	¥ —	¥ 1,246,447	¥ 1,246,447	¥ —	\$ 11,453	\$ 11,453	\$ —
Available-for-sale securities (CDs)	33,998	33,998	—	32,995	32,995	—	303	303	—
Monetary claims bought	212,307	225,616	13,309	204,335	217,514	13,179	1,877	1,998	121
Held-to-maturity debt securities	197,980	211,289	13,309	192,270	205,449	13,179	1,766	1,887	121
Available-for-sale securities	14,327	14,327	—	12,064	12,064	—	110	110	—
Money held in trust	21,669	21,669	—	15,166	15,166	—	139	139	—
Available-for-sale securities	21,669	21,669	—	15,166	15,166	—	139	139	—
Securities	32,932,586	35,411,027	2,478,440	33,792,528	36,135,945	2,343,417	310,507	332,040	21,532
Trading securities	1,601,661	1,601,661	—	1,733,941	1,733,941	—	15,932	15,932	—
Held-to-maturity debt securities	4,160,730	4,983,463	822,733	3,966,078	4,700,997	734,919	36,442	43,195	6,752
Policy-reserve-matching bonds	8,057,811	9,713,518	1,655,706	8,923,833	10,532,331	1,608,498	81,997	96,777	14,779
Available-for-sale securities	19,112,383	19,112,383	—	19,168,675	19,168,675	—	176,134	176,134	—
Loans	5,019,827	5,292,784	272,957	4,913,456	5,134,958	221,502	45,147	47,183	2,035
Policy loans	242,958	242,958	—	233,382	233,382	—	2,144	2,144	—
Industrial and consumer loans	4,776,869	5,049,826	272,957	4,680,073	4,901,575	221,502	43,003	45,038	2,035
Allowance for possible loan losses (*1)	(4,033)	—	—	(5,452)	—	—	(50)	—	—
	5,015,794	5,292,784	276,990	4,908,003	5,134,958	226,955	45,097	47,183	2,085
Bonds payable	589,098	616,693	27,595	668,563	658,399	(10,164)	6,143	6,049	(93)
Payables under repurchase agreements	58,266	58,266	—	73,233	73,233	—	672	672	—
Payables under securities borrowing transactions	552,716	552,716	—	1,133,523	1,133,523	—	10,415	10,415	—
Derivative financial instruments (*2)	46,533	46,533	—	25,793	25,793	—	237	237	—
Hedge accounting is not applied	(2,131)	(2,131)	—	(25,475)	(25,475)	—	(234)	(234)	—
Hedge accounting is applied	48,664	48,664	—	51,269	51,269	—	471	471	—

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

### *Monetary claims bought*

Fair value of monetary claims bought deemed as securities transactions based on the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" is calculated using the same method shown in "Securities" and the fair value of these monetary claims bought is stated at theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from counterparties at the balance sheet date.

### *Money held in trust*

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

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

### *Securities*

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

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amounts of the unlisted stocks and others reported in the consolidated balance sheets were ¥471,037 million and ¥230,521 million (U.S. \$2,118 million) as of March 31, 2019 and 2020, respectively. Impairment losses on the unlisted stocks and others were ¥0 million and ¥287 million (U.S. \$2 million) for the years ended March 31, 2019 and 2020, 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 ¥(10,376) million and ¥(32,957) million (U.S. \$(302) million) for the years ended March 31, 2019 and 2020, respectively.

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

*Held-to-maturity debt securities*

No held-to-maturity debt securities were sold during the year ended March 31, 2019 and 2020, respectively. The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, were shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2019			2020			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,581,847	¥ 4,317,920	¥ 736,072	¥ 3,416,075	¥ 4,070,853	¥ 654,778	\$ 31,389	\$ 37,405	\$ 6,016
2) Corporate bonds	467,140	547,364	80,224	438,346	512,962	74,616	4,027	4,713	685
3) Others	297,929	317,752	19,822	288,620	307,556	18,936	2,652	2,826	173
Total	4,346,917	5,183,037	836,120	4,143,041	4,891,372	748,331	38,068	44,945	6,876
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	2,800	2,798	(1)	2,800	2,798	(1)	25	25	(0)
3) Others	8,993	8,917	(75)	12,506	12,275	(231)	114	112	(2)
Total	11,793	11,716	(76)	15,306	15,074	(232)	140	138	(2)

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



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

*Policy-reserve-matching bonds*

Disposition of policy-reserve-matching bonds amounted to ¥50,733 million and ¥285,843 million (U.S. \$2,626 million) resulting in total gains on sales of ¥800 million and ¥12,913 million (U.S. \$118 million) for the years ended March 31, 2019 and 2020, respectively. There were no total losses on sales for the year ended March 31, 2019. Total losses on sales were ¥25 million (U.S. \$0 million) for the year ended March 31, 2020. Disposition of policy-reserve-matching bonds due to considerable deterioration of the issuer's credit standing amounted to ¥1,128 million (U.S. \$10 million) resulting in the losses on sales of ¥104 million (U.S. \$0 million) for the year ended March 31, 2020. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2019			2020			2020		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,492,896	¥ 9,127,506	¥ 1,634,610	¥ 7,474,934	¥ 9,023,047	¥ 1,548,113	\$ 68,684	\$ 82,909	\$ 14,225
2) Corporate bonds	30,344	34,303	3,959	17,156	21,193	4,037	157	194	37
3) Others	493,842	511,581	17,739	678,166	746,731	68,565	6,231	6,861	630
Total	8,017,082	9,673,392	1,656,309	8,170,256	9,790,973	1,620,716	75,073	89,965	14,892
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	643,382	634,664	(8,717)	5,911	5,831	(80)
2) Corporate bonds	—	—	—	1,853	1,829	(24)	17	16	(0)
3) Others	40,728	40,125	(603)	108,340	104,864	(3,476)	995	963	(31)
Total	40,728	40,125	(603)	753,576	741,358	(12,218)	6,924	6,812	(112)

**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 ¥1,088,252 million and ¥383,871 million (U.S. \$3,527 million) resulting in total gains on sales of ¥15,794 million and ¥7,572 million (U.S. \$69 million) and total losses of ¥39,925 million and ¥6,854 million (U.S. \$62 million) for the years ended March 31, 2019 and 2020, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2019			2020			2020		
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	¥ 1,478,135	¥ 3,835,843	¥ 2,357,708	¥ 1,188,129	¥ 2,991,591	¥ 1,803,462	\$ 10,917	\$ 27,488	\$ 16,571
(2) Bonds	4,861,369	5,299,063	437,693	4,679,713	5,044,576	364,862	43,000	46,352	3,352
1) National & local government bonds	3,188,231	3,533,547	345,316	3,068,475	3,356,362	287,886	28,195	30,840	2,645
2) Corporate bonds	1,673,138	1,765,515	92,377	1,611,238	1,688,213	76,975	14,805	15,512	707
(3) Others	6,012,079	6,712,864	700,785	8,441,204	9,175,518	734,313	77,563	84,310	6,747
Total	12,351,583	15,847,770	3,496,187	14,309,047	17,211,685	2,902,637	131,480	158,152	26,671
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	196,093	173,524	(22,569)	410,410	363,092	(47,317)	3,771	3,336	(434)
(2) Bonds	60,165	59,715	(450)	217,042	213,582	(3,460)	1,994	1,962	(31)
1) National & local government bonds	—	—	—	24,226	24,038	(188)	222	220	(1)
2) Corporate bonds	60,165	59,715	(450)	192,816	189,544	(3,271)	1,771	1,741	(30)
(3) Others	3,188,739	3,101,368	(87,371)	1,534,974	1,440,542	(94,432)	14,104	13,236	(867)
Total	3,444,999	3,334,608	(110,390)	2,162,427	2,017,217	(145,209)	19,869	18,535	(1,334)

(\*) 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 ¥11,546 million and ¥87,915 million (U.S. \$807 million) for the years ended March 31, 2019 and 2020, 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					
	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
Deposits	¥ 1,287,385	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	212,307
Money held in trust	5,000	—	—	—	—	—
Loans*	472,783	656,974	679,859	594,924	751,319	1,620,634
Securities						
Held-to-maturity debt securities	166,788	371,590	398,958	552,343	521,576	2,146,673
Policy-reserve-matching bonds	—	68,957	190,309	72,345	838,067	6,888,130
Available-for-sale securities with maturities	562,525	2,121,525	1,734,143	670,326	2,312,293	6,050,737
Total	2,494,482	3,219,048	3,003,271	1,889,939	4,423,256	16,918,482

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2020						2020					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits	¥ 1,246,351	¥ —	¥ —	¥ —	¥ —	¥ —	\$ 11,452	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims bought	—	—	—	—	—	204,335	—	—	—	—	—	1,877
Money held in trust	1,200	—	—	—	—	—	11	—	—	—	—	—
Loans*	403,449	743,755	646,028	629,480	801,957	1,454,718	3,707	6,834	5,936	5,784	7,368	13,366
Securities	954,351	2,644,935	1,708,658	1,602,203	4,348,451	15,815,896	8,769	24,303	15,700	14,722	39,956	145,326
Held-to-maturity debt securities	183,178	369,534	412,282	625,102	275,617	2,097,563	1,683	3,395	3,788	5,743	2,532	19,273
Policy-reserve-matching bonds	7,404	111,669	12,556	79,308	1,407,162	7,305,731	68	1,026	115	728	12,929	67,129
Available-for-sale securities with maturities	763,768	2,163,731	1,283,819	897,792	2,665,671	6,412,602	7,017	19,881	11,796	8,249	24,493	58,923
Total	2,605,352	3,388,691	2,354,686	2,231,684	5,150,408	17,474,950	23,939	31,137	21,636	20,506	47,325	160,571

(\*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥374 million and ¥684 million (U.S. \$6 million) as of March 31, 2019 and 2020, respectively.

(\*) 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					
	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
Bonds payable	¥ —	¥ —	¥ 28,363	¥ —	¥ —	¥ 560,735
Payables under repurchase agreements	58,266	—	—	—	—	—
Payable under securities borrowing transactions	552,716	—	—	—	—	—
Total	610,983	—	28,363	—	—	560,735

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2020						2020					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ 27,828	¥ —	¥ —	¥ —	¥ 640,735	\$ —	\$ 255	\$ —	\$ —	\$ —	\$ 5,887
Payables under repurchase agreements	73,233	—	—	—	—	—	672	—	—	—	—	—
Payable under securities borrowing transactions	1,133,523	—	—	—	—	—	10,415	—	—	—	—	—
Total	1,206,757	27,828	—	—	—	640,735	11,088	255	—	—	—	5,887

**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			
	2019			
	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
Receipts floating, payments fixed	6,049	6,049	—	—
Total				4

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2020				2020			
	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	¥ 20,576	¥ 17,783	¥ 0	¥ 0	\$ 189	\$ 163	\$ 0	\$ 0
Receipts floating, payments fixed	17,206	17,206	—	—	158	158	—	—
Total				0				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	¥ 194,632	¥ —	¥ 199	¥ 199
(U.S. dollar)	160,265	—	(23)	(23)
(Euro)	14,252	—	122	122
(Australian dollar)	20,073	—	100	100
(British pound)	40	—	0	0
(Others)	1	—	(0)	(0)
Bought	11,875	—	(24)	(24)
(U.S. dollar)	6,577	—	3	3
(Euro)	3,864	—	(28)	(28)
(Australian dollar)	1,378	—	1	1
(Others)	55	—	(0)	(0)
Currency options				
Sold				
Call	198,628	—		
[476]			1	474
(U.S. dollar)	198,628	—	1	474
[476]				
Bought				
Put	178,500	—		
[476]			32	(443)
(U.S. dollar)	178,500	—	32	(443)
[476]				
Cross currency swaps				
Yen payments / Australian dollar receipts	154,546	154,546	(3,143)	(3,143)
Yen payments / U.S. dollar receipts	11,740	11,740	300	300
Total				(2,637)

**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			
	2020				2020			
	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	¥ 773,127	¥ —	¥ (596)	¥ (596)	\$ 7,103	\$ —	\$ (5)	\$ (5)
(U.S. dollar)	687,556	—	(4,401)	(4,401)	6,317	—	(40)	(40)
(Euro)	31,838	—	331	331	292	—	3	3
(Australian dollar)	53,582	—	3,472	3,472	492	—	31	31
(British pound)	62	—	(0)	(0)	0	—	(0)	(0)
(Others)	87	—	0	0	0	—	0	0
Bought	33,772	—	23	23	310	—	0	0
(U.S. dollar)	16,746	—	68	68	153	—	0	0
(Euro)	11,451	—	(83)	(83)	105	—	(0)	(0)
(Australian dollar)	5,523	—	38	38	50	—	0	0
(Others)	50	—	0	0	0	—	0	0
Currency options								
Sold								
Call	157,097	—			1,443	—		
[41]			41	0	[0]		0	0
(U.S. dollar)	157,097	—			1,443	—		
[41]			41	0	[0]		0	0
Bought								
Put	166,178	—			1,526	—		
[63]			198	135	[0]		1	1
(U.S. dollar)	166,178	—			1,526	—		
[63]			198	135	[0]		1	1
Cross currency swaps								
Yen payments / Australian dollar receipts	175,156	175,156	(19,719)	(19,719)	1,609	1,609	(181)	(181)
Yen payments / U.S. dollar receipts	7,080	7,080	881	881	65	65	8	8
Total				(19,275)				(177)

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

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

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

iii) Stock-related

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



**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			
	2020				2020			
	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	¥ 148,066	¥ —	¥ (8,969)	¥ (8,969)	\$ 1,360	\$ —	\$ (82)	\$ (82)
Bought	8,943	—	231	231	82	—	2	2
Foreign currency-denominated stock index futures								
Sold	346	—	(35)	(35)	3	—	(0)	(0)
Bought	6,304	—	174	174	57	—	1	1
Exchange-traded transactions Foreign currency-denominated stock index options								
Bought								
Call	63,441	529			582	4		
	[1,627]	[28]	2,367	740	[14]	[0]	21	6
Total				(7,858)				(72)

(\*) 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 [ ].

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

iv) Bond-related

As of March 31	Millions of Yen			
	2019			
	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
Total				2

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2020				2020			
	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	¥ 513	¥ —	¥ 9	¥ 9	\$ 4	\$ —	\$ 0	\$ 0
Total				9				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			
	2019			
	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	¥ 230,700	¥ 230,700	¥ 57,446
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	57,657	54,558	—
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,369	3,324	185
Total				57,632

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2020				2020		
	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	¥ 227,300	¥ 227,300	¥ 61,477	\$ 2,088	\$ 2,088	\$ 564
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	35,437	30,266	—	325	278	—
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	3,222	3,222	159	29	29	1
Total				61,637			566

**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			
				2019
	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-	¥ 3,887,217	¥ —	¥ (8,600)
(U.S. dollar)	denominated bonds	3,529,862	—	(10,393)
(Euro)		199,793	—	700
(Australian dollar)		142,408	—	980
(Others)		15,152	—	112
Deferred hedge accounting				
Cross currency swaps				
(Euro)	Foreign-currency-	35,575	35,575	(381)
(Australian dollar)	denominated bonds	4,305	4,305	199
Total				(8,782)

**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		
	2020				2020		
	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-	¥ 4,679,142	¥ —	¥ (11,456)	\$ 42,994	\$ —	\$ (105)
(U.S. dollar)	denominated bonds	4,169,798	—	(34,142)	38,314	—	(313)
(Euro)		253,887	—	1,063	2,332	—	9
(Australian dollar)		240,977	—	20,754	2,214	—	190
(Others)		14,479	—	867	133	—	7
Deferred hedge accounting							
Cross currency swaps							
(Euro)	Foreign-currency-	35,575	35,575	538	326	326	4
(Australian dollar)	denominated bonds	4,305	4,305	709	39	39	6
Total				(10,208)			(93)

(\*) 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, 2019 and 2020.

iv) Bond-related

No ending balance as of March 31, 2019 and 2020

# **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 ¥2,322,166 million and ¥2,762,898 million (U.S. \$25,387 million) as of March 31, 2019 and 2020, respectively.

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

Securities sold under repurchase agreements amounted to ¥58,278 million and ¥75,520 million (U.S. \$693 million) as of March 31, 2019 and 2020, respectively.

### **7. Pledged Assets**

Assets pledged as collateral were cash and deposits in the amount of ¥8 million (U.S. \$0 million) and nil, securities in the amount of ¥4,823 million and ¥30,957 million (U.S. \$284 million), and loans in the amount of ¥104,745 million and ¥113,200 million (U.S. \$1,040 million) as of March 31, 2019 and 2020, respectively.

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

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥174,468 million and ¥185,278 million (U.S. \$1,702 million) as of March 31, 2019 and 2020, 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 ¥25,934 million and ¥24,182 million (U.S. \$222 million) as of March 31, 2019 and 2020, respectively.

There were no loans to bankrupt borrowers as of March 31, 2019. The amounts of loans to bankrupt borrowers were ¥26 million (U.S. \$0 million) as of March 31, 2020. The aggregate amounts of loans in arrears were ¥4,265 million and ¥5,574 million (U.S. \$51 million) as of March 31, 2019 and 2020, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2019 and 2020 were ¥91 million and ¥161 million (U.S. \$1 million), respectively, for loans to bankrupt borrowers, and ¥1 million and ¥22 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, 2019 and 2020, 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 ¥21,668 million and ¥18,581 million (U.S. \$170 million) as of March 31, 2019 and 2020, 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, 2019 and 2020, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2019	2020	2020
Loans	¥ 614	¥ 701	\$ 6

#### 10. Loan Commitments

The amounts of loan commitments outstanding were ¥87,902 million and ¥107,007 million (U.S. \$983 million) as of March 31, 2019 and 2020, respectively.

#### 11. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥581,588 million and ¥577,696 million (U.S. \$5,308 million), and their fair values were ¥782,819 million and ¥837,523 million (U.S. \$7,695 million) as of March 31, 2019 and 2020, 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 ¥447,080 million and ¥465,710 million (U.S. \$4,279 million) as of March 31, 2019 and 2020, 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, 2019 and 2020, 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, 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, 2020

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

For the year ended March 31, 2020

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	\$5	\$8	\$13
Idle assets	0	7	8
Total	6	16	22

### (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 1.90% and 1.89% for the years ended March 31, 2019 and 2020, 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



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### Notes to the Unaudited Consolidated Financial Statements

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

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

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

#### (2) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2019 and 2020 were as follows:

<b>Years ended March 31</b>	<b>2019</b>	<b>2020</b>
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

b. Changes in the retirement benefit obligations for the years ended March 31, 2019 and 2020 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2019</b>	<b>2020</b>	<b>2020</b>
Balance at the beginning of the fiscal year	¥ 352,805	¥337,440	\$3,100
Service costs	10,356	9,679	88
Interest cost on retirement benefit obligations	4,875	4,955	45
Actuarial losses (gains) recognized	(4,266)	11,106	102
Benefits paid	(25,177)	(20,570)	(189)
Past service costs	(47)	(9,764)	(89)
Others	(1,106)	(771)	(7)
Balance at the end of the fiscal year	337,440	332,076	3,051

c. Changes in the plan assets for the years ended March 31, 2019 and 2020 were as follows:

<b>Years ended March 31</b>	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
	<b>2019</b>	<b>2020</b>	<b>2020</b>
Balance at the beginning of the fiscal year	¥ 460,011	¥422,433	\$3,881
Expected return on plan assets	7,824	7,455	68
Actuarial gains (losses) recognized	(36,605)	(31,759)	(291)
Contributions by employer	3,714	2,344	21
Benefits paid	(11,469)	(9,849)	(90)
Others	(1,042)	(747)	(6)
Balance at the end of the fiscal year	422,433	389,876	3,582

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, 2019 and 2020 were determined as follows:

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
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	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
<b>As of March 31</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Present value of funded retirement benefit obligations	¥ 329,650	¥ 323,182	\$ 2,969
Plan assets at fair value	(422,433)	(389,876)	(3,582)
Net present value of funded retirement benefit obligations	(92,782)	(66,693)	(612)
Present value of non-funded retirement benefit obligations	7,790	8,893	81
Net balance on the consolidated balance sheet	(84,992)	(57,799)	(531)
Consists of:			
Defined benefit liabilities	6,995	8,229	75
Defined benefit assets	(91,988)	(66,029)	(606)

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2019 and 2020 were as follows:

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
<b>Years ended March 31</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Service costs	¥ 10,356	¥ 9,679	\$ 88
Interest cost on retirement benefit obligations	4,875	4,955	45
Expected return on plan assets	(7,824)	(7,455)	(68)
Amortization of net actuarial losses (gains)	(571)	4,134	37
Amortization of net past service costs	(865)	(1,806)	(16)
Others	91	110	1
Retirement benefit expenses	6,062	9,617	88

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, 2019 and 2020 were as follows:

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
<b>Years ended March 31</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Actuarial gains (losses)	¥ (32,873)	¥ (38,724)	\$ (355)
Past service costs	(817)	7,957	73
Total	(33,691)	(30,767)	(282)

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2019 and 2020 were as follows:

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
<b>Years ended March 31</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Unrecognized actuarial gains (losses)	¥ (2,952)	¥ (41,676)	\$ (382)
Unrecognized past service costs	2,593	10,551	96
Total	(358)	(31,125)	(285)

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Notes to the Unaudited Consolidated Financial Statements

### g. Plan assets

Plan assets as of March 31, 2019 and 2020 were comprised as follows:

	<b>% of total fair value of plan assets</b>	
<b>As of March 31</b>	<b>2019</b>	<b>2020</b>
Debt securities	7.3%	7.2%
Stocks	32.3%	25.6%
General account of life insurance companies	31.0%	32.9%
Jointly invested assets	22.5%	24.8%
Investment trusts	3.1%	2.1%
Cash and deposits	0.9%	1.7%
Others	2.9%	5.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 45.2% and 40.8% of total plan assets as of March 31, 2019 and 2020, 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, 2019 and 2020 were as follows:

<b>Years ended March 31</b>	<b>2019</b>	<b>2020</b>
Discount rate		
Domestic	0.9%	0.9%
Overseas	4.3 to 4.4%	3.3 to 3.4%
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%	3.7 to 7.3%

### (3) Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥3,953 million and ¥3,954 million (U.S. \$36 million) for the years ended March 31, 2019 and 2020, respectively.

## 15. Deferred Taxes

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

	<b>Millions of Yen</b>		<b>Millions of U.S. Dollars</b>
<b>As of March 31</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
Deferred tax assets	¥ 764,906	¥ 815,988	\$ 7,497
Valuation allowance for deferred tax assets	(8,396)	(9,576)	(87)
Subtotal	756,510	806,412	7,409
Deferred tax liabilities	(1,035,013)	(860,113)	(7,903)
Net deferred tax assets (liabilities)	(278,503)	(53,701)	(493)

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

### Notes to the Unaudited Consolidated Financial Statements

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

As of March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Deferred tax assets			
Policy reserves and other reserves	¥ 436,003	¥ 451,356	\$ 4,147
Reserve for price fluctuation	228,319	232,952	2,140
Deferred tax liabilities:			
Net unrealized gains			
on available-for-sale securities	916,966	745,115	6,846

(2) The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2019 and 2020, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Years ended March 31	2019	2020
Policyholders' dividend reserves	(17.82)%	(16.98)%

## 16. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2019 and 2020 were as follows:

Years ended March 31	Millions of Yen		Millions of U.S. Dollars
	2019	2020	2020
Balance at the beginning of the fiscal year	¥ 233,768	¥ 242,957	\$ 2,232
Transfer from surplus in the previous fiscal year	185,731	169,630	1,558
Dividend payments to policyholders during the fiscal year	(176,676)	(166,720)	(1,531)
Interest accrued during the fiscal year	134	121	1
Balance at the end of the fiscal year	242,957	245,988	2,260

## 17. Subordinated Bonds

As of March 31, 2019 and 2020, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥560,735 million and ¥640,735 million (U.S. \$5,887 million), respectively, and the repayments of which are subordinated to other obligations.

## 18. Reserve for Contingent Liabilities

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

## 19. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items

## **Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**

### **Notes to the Unaudited Consolidated Financial Statements**

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. \$459 million) pursuant to Article 60 of the “Insurance Business Act” in the years ended March 31, 2019 and 2020, respectively.

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥50,000 million and ¥60,000 million (U.S. \$551 million) as of March 31, 2019 and 2020, 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 ¥825,371 million and ¥810,928 million (U.S. \$7,451 million) as of March 31, 2019 and 2020, 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 ¥47,718 million and ¥47,627 million (U.S. \$437 million) as of March 31, 2019 and 2020, 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, 2019 and 2020 were as follows:

Years ended March 31	2019	Millions of Yen 2020	Millions of U.S. Dollars 2020
<b>Net unrealized gains on available-for-sale securities:</b>			
Amount arising during the fiscal year	¥ (184,383)	¥ (680,854)	\$ (6,256)
Reclassification adjustments	(6,840)	47,436	435
Before income tax effect adjustments	(191,223)	(633,417)	(5,820)
Income tax effects	51,154	181,325	1,666
Net unrealized gains on available-for-sale securities	(140,068)	(452,092)	(4,154)
<b>Deferred unrealized gains (losses) on derivatives under hedge accounting:</b>			
Amount arising during the fiscal year	¥ 11,354	¥ 9,576	\$ 87
Reclassification adjustments	(3,897)	(4,115)	(37)
Before income tax effect adjustments	7,457	5,460	50
Income tax effects	(2,085)	(1,526)	(14)
Deferred unrealized gains (losses) on derivatives under hedge accounting	5,372	3,933	36
<b>Foreign currency translation adjustments:</b>			
Amount arising during the fiscal year	¥ (10,701)	¥ (8,446)	\$ (77)
Reclassification adjustments	—	—	—
Before income tax effect adjustments	(10,701)	(8,446)	(77)
Income tax effects	—	—	—
Foreign currency translation adjustments	(10,701)	(8,446)	(77)
<b>Remeasurements of defined benefit plans:</b>			
Amount arising during the fiscal year	¥ (28,867)	¥ (30,316)	\$ (278)
Reclassification adjustments	(4,823)	(450)	(4)
Before income tax effect adjustments	(33,691)	(30,767)	(282)
Income tax effects	9,560	8,222	75
Remeasurements of defined benefit plans	(24,130)	(22,545)	(207)
<b>Share of other comprehensive income of affiliates accounted for by the equity method:</b>			
Amount arising during the year	¥ (8,191)	¥ 7,400	\$ 67
Reclassification adjustments	(220)	(604)	(5)
Share of other comprehensive income of affiliates accounted for by the equity method	(8,412)	6,795	62
<b>Total other comprehensive income</b>	<b>(177,940)</b>	<b>(472,354)</b>	<b>(4,340)</b>