

---

## Financial Results for the Six Months Ended September 30, 2021

---

Meiji Yasuda Life Insurance Company (Hideki Nagashima, President and Group CEO)  
announces financial results for the Six Months ended September 30, 2021.

### 《Contents》

1. Unaudited Consolidated Balance Sheets	P1
2. Unaudited Consolidated Statements of Income	P3
3. Unaudited Consolidated Statements of Comprehensive Income	P4
4. Unaudited Consolidated Statements of Cash Flows	P5
5. Unaudited Consolidated Statements of Changes in Net Assets	P7
6. Notes to the Unaudited Consolidated Financial Statements	P9

**Note:**

This document is a translation from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# 1. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
<b>ASSETS:</b>		
Cash and deposits	1,210,322	1,014,970
Call loans	90,000	90,002
Monetary claims bought	264,184	248,100
Money held in trust	170,522	176,165
Securities	37,097,578	38,031,552
Loans	4,937,975	4,945,058
Tangible fixed assets	908,371	910,974
Intangible fixed assets	402,441	413,590
Due from agents	1,560	1,012
Reinsurance receivables	152,211	161,961
Other assets	601,097	498,919
Net defined benefit assets	126,976	140,713
Deferred tax assets	2,180	2,107
Customers' liabilities under acceptances and guarantees	19,215	8,919
Allowance for possible loan losses	(6,837)	(6,690)
<b>Total assets</b>	<b>45,977,802</b>	<b>46,637,356</b>

# 1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2021	As of September 30, 2021
<b>LIABILITIES:</b>		
Policy reserves and other reserves	36,266,398	36,927,796
Reserve for outstanding claims	708,582	751,084
Policy reserves	35,297,785	35,829,045
Policyholders' dividend reserves	260,030	347,666
Due to agents	3,628	2,815
Reinsurance payables	802	745
Bonds payable	666,866	668,569
Total other liabilities	3,175,679	3,113,328
Payables under securities borrowing transactions	2,514,959	2,345,762
Other liabilities	660,720	767,565
Net defined benefit liabilities	8,317	8,843
Reserve for price fluctuation	851,195	860,308
Deferred tax liabilities	378,208	418,423
Deferred tax liabilities for land revaluation	79,003	78,989
Acceptances and guarantees	19,215	8,919
Total liabilities	41,449,317	42,088,741
<b>NET ASSETS:</b>		
Foundation funds	250,000	150,000
Reserve for redemption of foundation funds	730,000	830,000
Reserve for revaluation	452	452
Surplus	515,259	329,286
Total funds, reserve and surplus	1,495,712	1,309,738
Net unrealized gains on available-for-sale securities	2,959,118	3,111,065
Deferred unrealized gains on derivatives under hedge accounting	28,261	29,715
Land revaluation differences	118,183	121,979
Foreign currency translation adjustments	(89,185)	(46,468)
Remeasurements of defined benefit plans	15,714	21,927
Total accumulated other comprehensive income	3,032,091	3,238,218
Non-controlling interests	681	657
Total net assets	4,528,485	4,548,614
Total liabilities and net assets	45,977,802	46,637,356

## 2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30	
	2020	2021
<b>ORDINARY INCOME:</b>	1,988,616	1,986,030
Insurance premiums and other	1,343,164	1,383,957
Investment income	600,822	554,916
Interest, dividends and other income	458,612	458,187
Gains on money held in trust	—	2,322
Gains on sales of securities	39,256	30,300
Investment gains on separate accounts	35,343	15,356
Other ordinary income	44,629	47,156
<b>ORDINARY EXPENSES:</b>	1,825,000	1,863,901
Benefits and other payments	1,219,009	1,247,248
Claims paid	314,725	326,341
Annuity payments	316,794	304,174
Benefit payments	268,219	279,407
Surrender benefits	271,364	284,547
Provision for policy reserves and other reserves	147,599	180,594
Provision for reserve for outstanding claims	2,188	4,012
Provision for policy reserves	145,368	176,552
Provision for interest on policyholders' dividend reserves	42	30
Investment expenses	145,387	109,923
Interest expenses	19,931	24,208
Losses on money held in trust	763	—
Losses on sales of securities	8,493	6,480
Losses on valuation of securities	23,128	3,584
Operating expenses	236,911	250,336
Other ordinary expenses	76,093	75,797
Ordinary profit	163,615	122,128
Extraordinary gains	17	0
Gains on disposals of fixed assets	17	0
Reversal of reserve for contingent losses	0	—
Extraordinary losses	15,912	14,094
Losses on disposals of fixed assets	1,504	3,979
Impairment losses	2,126	308
Provision for reserve for price fluctuation	8,420	9,087
Contributions for promotion of social welfare project	307	719
Other extraordinary losses	3,555	—
Surplus before income taxes and non-controlling interests	147,720	108,034
Income taxes	14,806	10,783
Current	43,890	33,633
Deferred	(29,084)	(22,849)
Net surplus	132,914	97,250
Net surplus attributable to non-controlling interests	36	36
Net surplus attributable to the Parent Company	132,878	97,213

### 3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30	
	2020	2021
Net surplus	132,914	97,250
Other comprehensive income (loss)	417,714	202,331
Net unrealized gains (losses) on available-for-sale securities	440,774	152,234
Deferred unrealized gains (losses) on derivatives under hedge accounting	(4,932)	1,637
Foreign currency translation adjustments	(10,062)	39,660
Remeasurements of defined benefit plans	(81)	6,213
Share of other comprehensive income (loss) of associates accounted for under the equity method	(7,983)	2,585
Comprehensive income (loss)	550,628	299,581
Comprehensive income (loss) attributable to the Parent Company	550,592	299,544
Comprehensive income (loss) attributable to non-controlling interests	36	36

#### 4. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30	
	2020	2021
<b>I. Cash flows from operating activities</b>		
Surplus before income taxes and non-controlling interests	147,720	108,034
Depreciation	22,404	23,198
Impairment losses	2,126	308
Amortization of goodwill	3,759	3,858
Increase (Decrease) in reserve for outstanding claims	4,725	3,086
Increase (Decrease) in policy reserves	236,139	262,641
Provision for interest on policyholders' dividend reserves	42	30
Increase (Decrease) in allowance for possible loan losses	383	(146)
Increase (Decrease) in net defined benefit liabilities	92	35
Increase (Decrease) in reserve for price fluctuation	8,420	9,087
Interest, dividends, and other income	(458,612)	(458,187)
Losses (Gains) on securities	35,227	(30,660)
Interest expenses	19,931	24,208
Losses (Gains) on tangible fixed assets	1,486	3,979
Others, net	(49,954)	(222,604)
Subtotal	(26,108)	(273,131)
Interest, dividends, and other income received	499,140	498,067
Interest paid	(23,966)	(22,371)
Policyholders' dividends paid	(77,452)	(91,027)
Income taxes refunded (paid)	(24,311)	(35,484)
Net cash provided by operating activities	347,302	76,052

#### 4. Unaudited Consolidated Statements of Cash Flows (continued)

(Millions of Yen)

	Six months ended September 30	
	2020	2021
<b>II. Cash flows from investing activities</b>		
Net decrease (increase) in deposits	(57,546)	(18,503)
Purchase of monetary claims bought	(2,500)	—
Proceeds from sales and redemption of monetary claims bought	7,198	5,991
Increase in money held in trust	(122,500)	—
Purchase of securities	(3,028,104)	(3,451,003)
Proceeds from sales and redemption of securities	2,608,922	3,050,830
Loans extended	(533,967)	(453,072)
Proceeds from collection of loans	480,916	497,648
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	232,103	(268)
Total investment activities (IIa)	(415,477)	(368,378)
[I + IIa]	(68,175)	(292,325)
Purchase of tangible fixed assets	(21,328)	(12,058)
Proceeds from sales of tangible fixed assets	11,250	8
Purchase of intangible fixed assets	(8,601)	(12,418)
Others, net	(1,006)	(2,794)
Net cash used in investing activities	(435,163)	(395,641)
<b>III. Cash flows from financing activities</b>		
Proceeds from borrowings	—	200,000
Redemption of foundation funds	—	(100,000)
Payment of interest on foundation funds	(757)	(757)
Others, net	(3,941)	(67)
Net cash used in financing activities	(4,698)	99,174
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	(1,027)	104
<b>V. Net increase (decrease) in cash and cash equivalents</b>	(93,587)	(220,309)
<b>VI. Cash and cash equivalents at the beginning of the period</b>	1,293,097	1,318,728
<b>VII. Cash and cash equivalents at the end of the period</b>	1,199,509	1,098,419

## 5. Unaudited Consolidated Statements of Changes in Net Assets

(Millions of Yen)

Six months ended September 30, 2020

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	475,912	1,456,365
Changes in the period					
Additions to policyholders' dividend reserves				(148,874)	(148,874)
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				132,878	132,878
Reversal of land revaluation differences				154	154
Net changes, excluding funds, reserves and surplus					
Net changes in the period	—	—	—	(16,599)	(16,599)
Ending balance	250,000	730,000	452	459,313	1,439,766

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	1,993,002	45,187	118,421	(49,497)	(22,818)	2,084,295	700	3,541,362
Changes in the period								
Additions to policyholders' dividend reserves								(148,874)
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								132,878
Reversal of land revaluation differences								154
Net changes, excluding funds, reserves and surplus	439,202	(4,736)	(154)	(16,670)	(81)	417,559	(44)	417,515
Net changes in the period	439,202	(4,736)	(154)	(16,670)	(81)	417,559	(44)	400,915
Ending balance	2,432,205	40,451	118,267	(66,168)	(22,900)	2,501,855	656	3,942,278



## 5. Unaudited Consolidated Statements of Changes in Net Assets (continued)

(Millions of Yen)

Six months ended September 30, 2021

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	515,259	1,495,712
Changes in the period					
Additions to policyholders' dividend reserves				(178,633)	(178,633)
Additions to reserve for redemption of foundation funds		100,000			100,000
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				97,213	97,213
Redemption of foundation funds	(100,000)				(100,000)
Reversal of reserve for fund redemption				(100,000)	(100,000)
Reversal of land revaluation differences				(3,795)	(3,795)
Net changes, excluding funds, reserves and surplus					
Net changes in the period	(100,000)	100,000	—	(185,973)	(185,973)
Ending balance	150,000	830,000	452	329,286	1,309,738

	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	2,959,118	28,261	118,183	(89,185)	15,714	3,032,091	681	4,528,485
Changes in the period								
Additions to policyholders' dividend reserves								(178,633)
Additions to reserve for redemption of foundation funds								100,000
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								97,213
Redemption of foundation funds								(100,000)
Reversal of reserve for fund redemption								(100,000)
Reversal of land revaluation differences								(3,795)
Net changes, excluding funds, reserves and surplus	151,946	1,454	3,795	42,716	6,213	206,127	(23)	206,103
Net changes in the period	151,946	1,454	3,795	42,716	6,213	206,127	(23)	20,129
Ending balance	3,111,065	29,715	121,979	(46,468)	21,927	3,238,218	657	4,548,614

# Notes to the Unaudited Consolidated Financial Statements

## Summary of Significant Accounting Policies

### 1. Consolidated subsidiaries

The number of consolidated subsidiaries was 18 as of September 30, 2021. The consolidated subsidiaries 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.)

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

The non-consolidated subsidiaries are excluded from the range of consolidation, due to all of them being small in scale from a total asset, sales, current profit/loss and (profit) surplus perspective. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) and its subsidiaries and the results of their operations.

### 2. Affiliates

The number of affiliates accounted for by the equity method was 9 as of September 30, 2021. The affiliates accounted for by the equity method include as follows:

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

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

### 3. Interim closing dates of consolidated subsidiaries

The interim closing dates of consolidated overseas subsidiaries are June 30. The consolidated financial statements include the accounts of such subsidiaries as of June 30, 2021, with appropriate adjustments made for material transactions occurring between their respective interim closing dates and the date of the consolidated financial statements.

## Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2021

### 1. Securities

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

- a. Trading securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.
- b. Held-to-maturity debt securities are stated at amortized cost using the moving average method and the amortization is calculated using the straight-line method.
- c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.
- d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the "Insurance Business Act" and Article 13-5-2, Paragraph 3 of the "Order for Enforcement of the Insurance Business Act." The affiliates are under Paragraph 4 of the order.
- e. Available-for-sale securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method. Securities without market prices are stated at cost using the moving average method.
- f. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

#### (Change in accounting policy)

The Company has applied the "Accounting Standard for Fair Value Measurement," (ASBJ Statement No. 30, July 4, 2019), (hereafter, "Accounting Standard for Fair Value Measurement") and others from the beginning of the six months ended September 30, 2021, and applies the new accounting policies stipulated by the Accounting Standard for Fair Value Measurement and others into the future in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10).

As a result, valuation of stocks classified in available-for-sale securities with market value has been changed to the fair value based on such as the market value at the balance sheet date, although they were stated at the average of the market value during the final month of the six months ended September 30, 2021.

In addition, matters related to fair value breakdown by level of financial instruments have been noted.

### 2. Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors)

of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

3. Money held in trust

Money held in trust is stated at fair value.

4. Derivative transactions

Derivative transactions are stated at fair value.

5. 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.

6. Tangible fixed assets

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

a. Buildings

Calculated using the straight-line method.

b. Other tangible fixed assets

Calculated using the declining-balance method.

Tangible fixed assets 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.

7. 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 period, and translation adjustments are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheets.

#### 8. 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 period amounted to ¥29 million.

#### 9. 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.

Assumptions of the Company used in accounting for the defined benefit plans for the six months ended September 30, 2021 were as follows:

Method of attributing benefit to period of service	Benefit formula basis
Amortization period for actuarial differences	10 years
Amortization period for past service cost	10 years

#### 10. 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".

## 11. 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.

## 12. Policy reserves

Regarding contracts for which the insurer's liability under insurance policies has started as of the end of the six months ended September 30, 2021, policy reserves of the Company are set aside in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the "Insurance Business Act") pursuant to Article 116, Paragraph 1 of the "Insurance Business Act", in order to prepare for future fulfilment of obligations under the insurance contracts.

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

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

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

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

individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

While, since the fiscal year ended March 31, 2008, additional reserves were set aside for the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996, the scope of the contracts subject to additional reserves were expanded and the expected rate of interest was reduced from this fiscal year.

The additional reserves arising from the changes in the scope and expected rate of interest are accumulated for 4 years from the fiscal year ended March 31 2021; and ¥17,196 million of the reserve is set aside in the six months ended in September 2021. As a result, 90.9% of the required amount of the reserves is set aside as of the end of the six months ended in September 2021.

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

Policy reserves of certain overseas consolidated subsidiaries are recorded the amount calculated in accordance with U.S. GAAP.

#### 13. 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”.

#### 14. Intangible fixed assets

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

#### 15. Income taxes

The corporate income tax, inhabitant tax, and income taxes-deferred for the six months ended September 30, 2021, are calculated based on the assumption of additions and reversals of the policyholders’ dividend reserves and the reserve for reduction entry of real estate due to the appropriation of surplus in the current fiscal year.

#### 16. Financial Instruments

The matters related to the fair value of the financial instruments and fair value breakdown by level for the six months ended September 30, 2021 were as follows.

##### (1) Fair value of financial instruments

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

sheets as of September 30, 2021 and fair values and the differences between them, were as follows. The note of cash is omitted. The note of cash deposit, excluding CDs, jointly operated money trusts with similar characteristics with deposits, payables under repurchase agreements and payables under securities borrowing transactions are also omitted as 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.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Deposits	¥49,995	¥49,995	¥ —
Available-for-sale securities (CDs)	49,995	49,995	—
Monetary claims bought	248,100	260,573	12,472
Held-to-maturity debt securities	180,224	192,697	12,472
Available-for-sale securities	67,875	67,875	—
Money held in trust	157,065	157,065	—
Available-for-sale securities	157,065	157,065	—
Securities	37,767,198	39,746,122	1,978,924
Trading securities	1,875,492	1,875,492	—
Held-to-maturity debt securities	3,656,971	4,276,198	619,227
Policy-reserve-matching bonds	11,623,236	12,982,933	1,359,696
Available-for-sale securities	20,611,497	20,611,497	—
Loans	4,945,058	5,181,647	236,589
Policy loans	203,001	203,001	—
Industrial and consumer loans	4,742,056	4,978,646	236,589
Allowance for possible loan losses (*1)	(5,483)	—	—
	4,939,575	5,181,647	242,072
Bonds payable	668,569	692,115	23,546
Borrowings	200,000	199,860	(140)
Derivative financial instruments (*2)	(17,331)	(17,331)	—
Hedge accounting is not applied	(13,200)	(13,200)	—
Hedge accounting is applied	(4,131)	(4,131)	—

(\*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.

(\*3) In accordance with Article 5 of the “Implementation Guidance on Disclosure for Fair Value of Financial Instruments Measurement” (ASBJ Guidance No. 19, March 31, 2020) and Article 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), unlisted stocks and others without market prices and partnership investment and others are not included in securities in the table of which purpose is to disclose fair value of financial instruments and fair value breakdown by level. The amount of the unlisted stocks and others reported in the consolidated balance sheets was ¥250,645 million as of September 30, 2021, including equity securities issued by subsidiaries and affiliates of ¥209,998 million. The amount of the partnership investment and others reported in the consolidated balance sheets was ¥13,707 million as of September 30, 2021. Impairment losses on the unlisted stocks and others were ¥18 million for the six months ended September 30, 2021.



a. Securities by holding purpose

*Held-to-maturity debt securities*

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 period, and the differences between them, were shown in the following table.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount			
1) National & local government bonds	¥3,167,543	¥3,719,177	¥551,633
2) Corporate bonds	394,844	458,324	63,480
3) Others	257,574	274,193	16,618
Total	3,819,962	4,451,695	631,732
Securities whose fair value does not exceed the balance sheet amount			
1) National & local government bonds	—	—	—
2) Corporate bonds	—	—	—
3) Others	17,233	17,200	(32)
Total	17,233	17,200	(32)

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

*Policy-reserve-matching bonds*

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.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount			
1) National & local government bonds	¥8,381,543	¥9,712,179	¥1,330,636
2) Corporate bonds	22,725	26,273	3,547
3) Others	778,271	839,067	60,796
Total	9,182,539	10,577,520	1,394,980
Securities whose fair value does not exceed the balance sheet amount			
1) National & local government bonds	¥2,015,543	¥1,999,008	¥(16,534)
2) Corporate bonds	8,689	8,657	(32)
3) Others	416,463	397,746	(18,716)
Total	2,440,696	2,405,413	(35,283)

### Available-for-sale securities

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.

	Millions of Yen		
	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs			
(1) Domestic stocks	¥1,351,609	¥4,521,946	¥3,170,336
(2) Bonds	3,938,380	4,262,065	323,684
1) National & local government bonds	2,365,415	2,586,710	221,295
2) Corporate bonds	1,572,964	1,675,354	102,389
(3) Others	8,757,667	9,664,138	906,470
Total	14,047,657	18,448,149	4,400,491
Securities whose balance sheet amount does not exceed the acquisition or amortized costs			
(1) Domestic stocks	¥242,600	¥216,390	¥(26,209)
(2) Bonds	101,315	100,651	(663)
1) National & local government bonds	21,740	21,638	(102)
2) Corporate bonds	79,574	79,012	(561)
(3) Others	2,188,578	2,121,242	(67,335)
Total	2,532,493	2,438,285	(94,208)

(\*) 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.

### (2) Fair value breakdown by level of financial instruments

The fair value of financial instruments is classified into the following three levels according to the observability and significance of the inputs used to measure the fair value.

Fair value of Level 1:

Calculated with quoted prices in an active market for identical assets or liabilities without adjustment

Fair value of Level 2:

Calculated with observable inputs either directly or indirectly other than inputs of level 1

Fair value of Level 3:

Calculated with significant and unobservable inputs

In case where multiple inputs are used that have significant impacts on fair value, the fair value level is classified as the lowest priority level amongst the inputs used in the fair value measurement.

a. Financial assets and liabilities booked on the balance sheet at fair value

	Millions of Yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Deposits (CDs)	—	49,995	—	49,995
Monetary claims bought	—	67,875	—	67,875
Available-for-sale securities	—	67,875	—	67,875
Money held in trust	—	157,065	—	157,065
Available-for-sale securities	—	157,065	—	157,065
Securities	10,617,271	8,759,661	181,779	19,558,712
Trading securities	1,575,425	128,745	—	1,704,171
National & local government bonds	144,715	—	—	144,715
Corporate bonds	—	58,171	—	58,171
Stocks	73,448	156	—	73,604
Others	1,357,262	70,418	—	1,427,680
Available-for-sale securities	9,041,846	8,630,915	181,779	17,854,541
National & local government bonds	2,482,480	125,868	—	2,608,349
Corporate bonds	—	1,754,367	—	1,754,367
Stocks	4,725,011	13,325	—	4,738,337
Others	1,834,354	6,737,353	181,779	8,753,487
Derivative financial instruments	97	83,585	3,272	86,954
Currency related	—	32,160	—	32,160
Interest rate related	—	51,424	—	51,424
Stock related	97	—	3,272	3,369
Bond related	—	—	—	—
Asset Total	10,617,369	9,118,182	185,051	19,920,603
Derivative financial instruments	181	104,104	—	104,285
Currency related	—	101,300	—	101,300
Interest rate related	—	2,803	—	2,803
Stock related	169	—	—	169
Bond related	12	—	—	12
Liability Total	181	104,104	—	104,285

(\*) In accordance with Article 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)”, investment trusts to which the transitional measures were adopted are not included in the table above. The amount of such investment trusts reported in the consolidated balance sheets was ¥2,928,277 million of financial asset.

b. Financial asset and liabilities other than those booked on the balance sheet at fair value

	Millions of Yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	—	190,121	2,576	192,697
Held-to-maturity debt securities	—	190,121	2,576	192,697
Securities	15,590,793	1,665,342	2,996	17,259,132
Held-to-maturity debt securities	3,546,762	726,439	2,996	4,276,198
National & local government bonds	3,541,530	177,646	—	3,719,177
Corporate bonds	—	458,324	—	458,324
Others	5,232	90,468	2,996	98,696
Policy-reserve-matching bonds	12,044,030	938,902	—	12,982,933
National & local government bonds	11,711,188	—	—	11,711,188
Corporate bonds	—	34,930	—	34,930
Others	332,842	903,972	—	1,236,814
Loans	—	—	5,181,647	5,181,647
Policy loans	—	—	203,001	203,001
Industrial and consumer loans	—	—	4,978,646	4,978,646
Asset Total	15,590,793	1,855,464	5,187,220	22,633,477
Bonds payable	—	692,115	—	692,115
Borrowings	—	199,860	—	199,860
Liability Total	—	891,975	—	891,975

[Note 1] Explanation of valuation techniques and inputs used for measurement of fair value

(i) Deposits, monetary claims bought, money held in trust and securities

Deposit, monetary claims bought, money held in trust and securities which quoted prices in an active market without adjustment can be used to measure the fair value are classified as Level 1 fair value. These include mainly stocks of listed companies and national government bonds. In the case that the fair value of assets is measured from quoted prices but the market is inactive, those assets are classified as Level 2 fair value. These include mainly CDs, local government bonds and corporate bonds.

In the case that quoted prices are not available, the fair value is measured based on theoretical prices calculated by discounting the future cash flows to the present value or at the fair value obtained from pricing vendors or counterparties at the balance sheet date. The fair value is measured with utmost observable inputs. In the case that the fair value is measured using significant unobservable inputs, those assets are classified as Level 3 fair value.

(ii) Derivative transactions

Derivative transactions which quoted prices in an active market without adjustment can be used to measure the fair value are classified as Level 1 fair value. These include mainly stock index futures and bond futures.

Most of the Company's derivative transactions are, however, Over-the-Counter (OTC) transactions that do not have quoted prices. Therefore, the fair value of foreign exchange contracts is based on theoretical prices based on the TTM, WM Reuters rate, etc., at the balance sheet date. The fair value of currency swap transactions and interest rate swap transactions are

based on the prices provided by pricing vendors. Thus, the fair value of those transactions are classified as Level 2 fair value.

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. 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. In the case that the fair value is measured using significant unobservable inputs, those assets are classified as Level 3 fair value.

(iii) Loans

Industrial and consumer loans are classified as Level 3 fair value as 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.

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. Thus, credit exposure for policy loans are classified as Level 3 fair value.

(iv) Corporate bonds

The fair value of bonds payable is mainly stated at a price based on data provided by pricing vendors. The fair value is classified as Level 2 fair value.

(v) Borrowings

The fair value of borrowings is based on the value of the corporate bond supported by the borrowings at September 30, 2021, obtained from pricing vendors. The fair value is classified as Level 2 fair value.

[Note 2] Information about Level 3 fair value in financial asset and liabilities booked on the balance sheet at fair value

(i) Quantitative information about significant unobservable inputs

	Evaluation model	Significant unobservable input	Range of input
Derivative Financial Instruments			
Index option transaction	Black-Scholes model	(*2)	(*2)

(\*1) There are “Available-for-sale securities” of monetary claims bought and “Available-for-sale securities” of securities classified as Level 3 fair value but those are not presented because the prices obtained from third parties is used without adjustment.

(\*2) Inputs such as implied volatility of S&P 500 index and others are used.

(ii) Reconciliations from the opening balances to the closing balances and unrealized gains (losses) recognized as profit (losses) in the six months

	Millions of Yen			
	Monetary claims bought	Securities	Derivative Financial Instruments	Total
	Available- for-sale securities	Available- for-sale securities	Index option transaction	
	Others			
Balance at April 1, 2021	8,721	162,617	3,112	174,450
Profit (losses) or other comprehensive income for six months ended September 30, 2021				
Appropriated as profit (losses) (*1)	—	—	1,345	1,345
Appropriated as other comprehensive income (*2)	(838)	2,379	212	1,753
Purchase, Sale, Issue and Settlement				
Purchase	—	31,022	1,012	32,034
Settlement	—	—	(2,411)	(2,411)
Transferred from Level 3 fair value (*3)	(7,882)	(14,238)	—	(22,121)
Balance at September 30, 2021	—	181,779	3,272	185,051
Unrealized gains (losses) of financial assets and liabilities held at the balance sheet date within the amount appropriated as profit (losses) during the period (*1)	—	—	1,345	1,345

(\*1) Included in “Losses on derivative financial instruments” in “Investment expenses” of Consolidated Statements of Income for the Six Months Ended September 30, 2021.

(\*2) Included in “Net unrealized gains (losses) on available-for-sale securities” in “Other comprehensive income (loss)” of Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2021.

(\*3) Transferred from Level 3 fair value to Level 2 fair value as observable inputs became available. Transfer is done at the end of September 30, 2021.

(iii) Explanation of the fair value valuation process

Even in the case quoted prices are obtained from a third party, the reasonableness of the value is verified with appropriate methodologies such as assessing evaluation models and inputs used or comparing fair value of relevant financial instruments. Assessment result is reported to the risk management department every quarter, and thus, measurement policies of fair value and appropriateness of the process are ensured.

(iv) Explanation of the effect of changes in significant unobservable inputs on fair value

The significant unobservable input used in measuring the fair value of index-option transactions is index volatility. A volatility is an index in regard to speed and range of fluctuations of the underlying indices. Significant increase (decrease) in volatility causes significant increase (decrease) in the option value, assuming other factors unchanged. Therefore, long position of options may result in significant increase (decrease) in fair value.

## 17. Fair Value of Investment and Rental Properties

The note of fair value of investment and rental properties were omitted due to no significant changes in the balance sheet amounts and fair values from the end of the previous fiscal year.

## 18. 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 ¥21,957 million as of September 30, 2021.

There were no loans to bankrupt borrowers as of September 30, 2021. The aggregate amount of loans in arrears was ¥4,912 million as of September 30, 2021.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of September 30, 2021 were ¥26 million for loans to bankrupt borrowers, and ¥12 million 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 September 30, 2021.

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 amount of restructured loans was ¥17,045 million as of September 30, 2021.

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.

## 19. Separate Accounts

The total amount of assets held in separate account defined in Article 118, Paragraph 1 of the “Insurance Business Act” was ¥690,492 million as of September 30, 2021. The amount of separate account liabilities was the same as this figure.

## 20. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the six months ended September 30, 2021 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥260,030
Transfer from surplus in the previous fiscal year	178,633
Dividend payments to policyholders during the period	91,027
Interest accrued during the period	30
Balance at the end of the period	347,666

## 21. Redemption of Foundation Funds

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥100,000 million.

## 22. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥462 million, securities in the amount of ¥3,078 million and loans in the amount of ¥139,457 million as of September 30, 2021.

## 23. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥3,709,007 million as of September 30, 2021.

## 24. Securities sold under repurchase agreements

Securities sold under repurchase agreements amounted to ¥102,695 million as of September 30, 2021.

## 25. Loan Commitments

The amount of loan commitments outstanding was ¥81,590 million as of September 30, 2021.

## 26. Subordinated Bonds

As of September 30, 2021, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥640,735 million, and the repayments of which are subordinated to other obligations.

## 27. Subordinated Loan

As of September 30, 2021, other liabilities in liabilities included subordinated loan of ¥200,000 million, and the repayments of which are subordinated to other obligations.

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

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥45,414 million as of September 30, 2021, pursuant to Article 259 of the "Insurance Business Act". These contributions are recognized as operating expenses when contributed.



## 29. Change in presentation

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

## **Notes to the Unaudited Consolidated Statements of Income for the Six Months Ended September 30, 2021**

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

Also, premiums which corresponds to the period that is not expired at the end of the six months ended September 2021, are set aside in the policy reserves in accordance with Article 116 of the "Insurance Business Act", and Article 69, Paragraph 1, Item 2 of the "Ordinance for Enforcement of the Insurance Business Act".

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

In addition, the Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the end of the six months ended September 2021 or for which incidents prescribed in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the "Insurance Business Act" and Article 72 of the "Ordinance for Enforcement of the Insurance Business Act".

## 2. Impairment of Fixed Assets

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

### (1) Method for grouping the assets

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

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

### (2) Description of impairment losses recognized

For the six months ended September 30, 2021, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses  
For the six months

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	—	—	—
Idle assets	5	¥ 187	¥120	¥ 308
Total	5	187	120	308

(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 1.82% for the six months ended September 30, 2021. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

## Notes to the Unaudited Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2021

### 1. Scope of 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.

### 2. Reconciliation of Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of September 30, 2021 were as follows:

	Millions of Yen
Cash and deposits	¥1,014,970
Time deposits (over 3 months)	(86,120)
Call loans	90,002
Monetary claims bought (matured within 3 months from the date of acquisition)	59,992
Money held in trust (matured within 3 months)	19,100
Securities (matured within 3 months from the date of acquisition)	474
Cash and cash equivalents	1,098,419