



# Consolidated Financial Statements

Meiji Yasuda Life Insurance Company  
and Consolidated Subsidiaries

For the Years ended March 31,  
2013, 2014 and 2015  
Together with Independent  
Auditors' Report

KPMG AZSA LLC  
August 2015



## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013, 2014 and 2015, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meiji Yasuda Life Insurance Company and its consolidated subsidiaries as at March 31, 2013, 2014 and 2015, and their financial performance and cash flows for the years then ended in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in conformity with accounting principles generally accepted in Japan.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 24 Subsequent Events to the consolidated financial statements. Meiji Yasuda Life Insurance Company entered into a definitive agreement to acquire 100% of the outstanding shares of StanCorp Financial Group, Inc. on July 23 (July 24, Japan local time), 2015.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC  
August 28, 2015  
Tokyo, Japan

KPMG AZSA LLC

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Balance Sheets**

| As of March 31   | Millions of Yen     |                     |                     | Millions of       |
|--|---------------------|---------------------|---------------------|-------------------|
|  | 2013                | 2014                | 2015                | U.S. Dollars      |
|  |                     |                     |                     | 2015              |
| <b>ASSETS:</b>   |                     |                     |                     |                   |
| Cash and deposits (Notes 3 and 4)                          | ¥ 253,299           | ¥ 235,740           | ¥ 240,038           | \$ 1,960          |
| Call loans (Note 3)  | 369,000             | 244,000             | 368,000             | 3,005             |
| Monetary claims bought (Note 4)                            | 265,252             | 233,622             | 229,523             | 1,874             |
| Securities (Notes 4, 5, 6, and 7)                          | 25,611,969          | 27,201,316          | 29,256,897          | 238,929           |
| Loans (Notes 4, 8, and 9)                                  | 5,213,965           | 5,157,335           | 5,076,391           | 41,456            |
| <b>Tangible fixed assets (Notes 10, 11, and 12)</b>        |                     |                     |                     |                   |
| Land   | 637,711             | 630,643             | 621,664             | 5,077             |
| Buildings  | 333,154             | 314,717             | 301,346             | 2,460             |
| Construction in progress                                   | 2,352               | 3,650               | 6,045               | 49                |
| Other tangible fixed assets                                | 4,463               | 4,074               | 3,454               | 28                |
| <b>Subtotal</b>  | <b>977,682</b>      | <b>953,085</b>      | <b>932,531</b>      | <b>7,615</b>      |
| <b>Intangible fixed assets</b>                             |                     |                     |                     |                   |
| Software   | 29,275              | 37,779              | 37,788              | 308               |
| Other intangible fixed assets                              | 28,163              | 20,644              | 26,394              | 215               |
| <b>Subtotal</b>  | <b>57,439</b>       | <b>58,423</b>       | <b>64,183</b>       | <b>524</b>        |
| Due from agents  | 1,628               | 1,644               | 1,647               | 13                |
| Reinsurance receivables                                    | 1,400               | 2,899               | 675                 | 5                 |
| Other assets   | 313,836             | 228,003             | 317,794             | 2,595             |
| Net defined benefit assets (Note 13)                       | —                   | 2,461               | 74,345              | 607               |
| Deferred tax assets (Note 14)                              | 1,718               | 2,313               | 1,779               | 14                |
| Customers' liabilities under acceptances and<br>guarantees | 22,958              | 21,344              | 20,848              | 170               |
| Allowance for possible loan losses                         | (9,529)             | (8,135)             | (5,034)             | (41)              |
| <b>Total assets</b>  | <b>¥ 33,080,624</b> | <b>¥ 34,334,054</b> | <b>¥ 36,579,624</b> | <b>\$ 298,731</b> |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Consolidated Balance Sheets (continued)**

| As of March 31   | Millions of Yen |              |              | Millions of<br>U.S. Dollars |
|--|-----------------|--------------|--------------|-----------------------------|
|  | 2013            | 2014         | 2015         | 2015                        |
| <b>LIABILITIES:</b>  |                 |              |              |                             |
| Policy reserves and other reserves   |                 |              |              |                             |
| Reserve for outstanding claims   | ¥ 116,136       | ¥ 120,064    | ¥ 114,465    | \$ 934                      |
| Policy reserves  | 27,858,167      | 29,264,143   | 30,225,061   | 246,835                     |
| Policyholders' dividend reserves (Note 15)                                 | 280,524         | 270,023      | 253,414      | 2,069                       |
| Subtotal   | 28,254,829      | 29,654,231   | 30,592,941   | 249,840                     |
| Due to agents  | 16              | 15           | 9            | 0                           |
| Reinsurance payables   | 1,399           | 3,030        | 804          | 6                           |
| Other liabilities  | 1,451,428       | 1,063,093    | 700,186      | 5,718                       |
| Accrued retirement benefits (Note 13)                                      | 757             | —            | —            | —                           |
| Net defined benefit liabilities (Note 13)                                  | —               | 814          | 1,084        | 8                           |
| Accrued retirement benefits for directors and executive officers (Note 17) | 393             | 183          | 92           | 0                           |
| Reserve for contingent liabilities (Note 18)                               | 2,563           | 14           | 2            | 0                           |
| Reserve for price fluctuation  | 364,297         | 481,293      | 492,907      | 4,025                       |
| Deferred tax liabilities (Note 14)   | 176,780         | 122,404      | 504,535      | 4,120                       |
| Deferred tax liabilities for land revaluation                              | 94,555          | 92,910       | 85,877       | 701                         |
| Acceptances and guarantees   | 22,958          | 21,344       | 20,848       | 170                         |
| Total liabilities  | 30,369,979      | 31,439,336   | 32,399,288   | 264,591                     |
| <b>NET ASSETS:</b>   |                 |              |              |                             |
| Foundation funds (Note 19)   | 210,000         | 260,000      | 260,000      | 2,123                       |
| Reserve for redemption of foundation funds (Note 19)                       | 410,000         | 410,000      | 470,000      | 3,838                       |
| Reserve for revaluation  | 452             | 452          | 452          | 3                           |
| Surplus  | 344,913         | 432,095      | 472,533      | 3,858                       |
| Total funds, reserve and surplus   | 965,365         | 1,102,548    | 1,202,986    | 9,824                       |
| Net unrealized gains on available-for-sale securities                      | 1,641,055       | 1,739,783    | 2,838,597    | 23,181                      |
| Deferred unrealized gains on derivatives under hedge accounting            | 3,815           | 944          | 15,456       | 126                         |
| Land revaluation differences   | 107,619         | 106,051      | 118,988      | 971                         |
| Foreign currency translation adjustments                                   | (10,707)        | 7,207        | 22,894       | 186                         |
| Remeasurements of defined benefit plans                                    | —               | (66,062)     | (22,862)     | (186)                       |
| Total accumulated other comprehensive income                               | 1,741,784       | 1,787,925    | 2,973,074    | 24,279                      |
| Minority interests   | 3,495           | 4,243        | 4,274        | 34                          |
| Total net assets   | 2,710,645       | 2,894,717    | 4,180,335    | 34,139                      |
| Total liabilities and net assets   | ¥ 33,080,624    | ¥ 34,334,054 | ¥ 36,579,624 | \$ 298,731                  |

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

| Years ended March 31   | Millions of Yen  |                  |                  | Millions of     |
|--|------------------|------------------|------------------|-----------------|
|  | 2013             | 2014             | 2015             | U.S. Dollars    |
| <b>ORDINARY INCOME:</b>  |                  |                  |                  |                 |
| Insurance premiums and other   | ¥ 3,679,866      | ¥ 3,638,255      | ¥ 3,431,497      | \$ 28,023       |
| <b>Investment income</b>   |                  |                  |                  |                 |
| Interest, dividends and other income                                 | 623,353          | 669,740          | 698,484          | 5,704           |
| Gains on money held in trust   | 0                | 0                | 0                | 0               |
| Gains on sales of securities   | 151,467          | 220,576          | 186,293          | 1,521           |
| Gains on redemption of securities                                    | 5,358            | 36,416           | 58,075           | 474             |
| Foreign exchange gains   | 746              | 14               | —                | —               |
| Reversal of allowance for possible loan losses                       | 489              | 1,371            | 2,875            | 23              |
| Other investment income  | 134              | 791              | 899              | 7               |
| Investment gains on separate accounts                                | 82,950           | 52,769           | 83,806           | 684             |
| <b>Subtotal</b>  | <b>864,501</b>   | <b>981,679</b>   | <b>1,030,435</b> | <b>8,415</b>    |
| Other ordinary income  | 184,367          | 161,482          | 137,909          | 1,126           |
| <b>Total ordinary income</b>   | <b>4,728,735</b> | <b>4,781,417</b> | <b>4,599,843</b> | <b>37,565</b>   |
| <b>ORDINARY EXPENSES:</b>  |                  |                  |                  |                 |
| <b>Benefits and other payments</b>                                   |                  |                  |                  |                 |
| Claims paid  | 806,186          | 678,439          | 642,721          | 5,248           |
| Annuity payments   | 529,345          | 616,310          | 849,963          | 6,941           |
| Benefit payments   | 474,940          | 452,546          | 430,363          | 3,514           |
| Surrender benefits   | 408,472          | 438,005          | 453,264          | 3,701           |
| Other refunds  | 81,659           | 102,098          | 231,236          | 1,888           |
| <b>Subtotal</b>  | <b>2,300,604</b> | <b>2,287,401</b> | <b>2,607,548</b> | <b>21,294</b>   |
| <b>Provision for policy reserves and other reserves</b>              |                  |                  |                  |                 |
| Provision for reserve for outstanding claims                         | —                | 3,700            | —                | —               |
| Provision for policy reserves  | 1,342,731        | 1,399,225        | 955,304          | 7,801           |
| Provision for interest on policyholders' dividend reserves (Note 15) | 522              | 490              | 461              | 3               |
| <b>Subtotal</b>  | <b>1,343,254</b> | <b>1,403,416</b> | <b>955,765</b>   | <b>7,805</b>    |
| <b>Investment expenses</b>   |                  |                  |                  |                 |
| Interest expenses  | 2,939            | 3,322            | 3,368            | 27              |
| Losses on sales of securities  | 16,204           | 28,000           | 365              | 2               |
| Losses on valuation of securities                                    | 28,411           | 1,704            | 300              | 2               |
| Losses on redemption of securities                                   | 6,126            | 0                | —                | —               |
| Losses on derivative financial instruments                           | 34,261           | 57,491           | 71,082           | 580             |
| Foreign exchange losses  | —                | —                | 144              | 1               |
| Depreciation of real estate for non-insurance business               | 10,077           | 9,808            | 9,737            | 79              |
| Other investment expenses  | 10,426           | 11,520           | 12,982           | 106             |
| <b>Subtotal</b>  | <b>108,448</b>   | <b>111,847</b>   | <b>97,982</b>    | <b>800</b>      |
| Operating expenses (Note 21)   | 364,907          | 364,701          | 361,559          | 2,952           |
| Other ordinary expenses  | 211,136          | 189,167          | 190,519          | 1,555           |
| <b>Total ordinary expenses</b>                                       | <b>4,328,351</b> | <b>4,356,535</b> | <b>4,213,375</b> | <b>34,408</b>   |
| <b>Ordinary profit</b>   | <b>¥ 400,384</b> | <b>¥ 424,882</b> | <b>¥ 386,468</b> | <b>\$ 3,156</b> |

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

| Years ended March 31                                  | Millions of Yen |           |           | Millions of  |
|---|-----------------|-----------|-----------|--------------|
|   | 2013            | 2014      | 2015      | U.S. Dollars |
|   |                 |           |           | 2015         |
| <b>Extraordinary gains</b>                            |                 |           |           |              |
| Gains on disposals of fixed assets                    | ¥ 9,783         | ¥ 1,408   | ¥ 5,965   | \$ 48        |
| Reversal of reserve for contingent liabilities        | 90              | —         | 12        | 0            |
| Subtotal  | 9,874           | 1,408     | 5,978     | 48           |
| <b>Extraordinary losses</b>                           |                 |           |           |              |
| Losses on disposals of fixed assets                   | 5,995           | 7,521     | 5,582     | 45           |
| Impairment losses (Note 12)                           | 3,539           | 5,349     | 6,344     | 51           |
| Provision for reserve for contingent liabilities      | —               | 6         | —         | —            |
| Provision for reserve for price fluctuation           | 112,944         | 116,851   | 11,562    | 94           |
| Losses on reduction entry of real estate              | 83              | —         | 2,413     | 19           |
| Contributions for promotion of social welfare project | 552             | 553       | 552       | 4            |
| Other extraordinary losses (Note 13)                  | 189             | —         | 1,678     | 13           |
| Subtotal  | 123,305         | 130,283   | 28,133    | 229          |
| Surplus before income taxes and minority interests    | 288,952         | 296,007   | 364,312   | 2,975        |
| <b>Income taxes (Note 14)</b>                         |                 |           |           |              |
| Current   | 95,716          | 123,988   | 119,746   | 977          |
| Deferred  | (35,531)        | (69,483)  | (21,181)  | (172)        |
| Total income taxes                                    | 50,185          | 54,505    | 98,564    | 804          |
| Surplus before minority interests                     | 236,767         | 241,502   | 265,747   | 2,170        |
| Minority interests                                    | 57              | 890       | 344       | 2            |
| Net surplus   | ¥ 236,709       | ¥ 240,612 | ¥ 265,402 | \$ 2,167     |

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

| Years ended March 31   | Millions of Yen |           |             | Millions of  |
|--|-----------------|-----------|-------------|--------------|
|  | 2013            | 2014      | 2015        | U.S. Dollars |
|  |                 |           |             | 2015         |
| Surplus before minority interests  | ¥ 236,767       | ¥ 241,502 | ¥ 265,747   | \$ 2,170     |
| Other comprehensive income (loss) (Note 23)  | 830,243         | 113,777   | 1,178,038   | 9,620        |
| Net unrealized gains (losses) on available-for-sale securities                                 | 812,217         | 99,288    | 1,097,249   | 8,960        |
| Deferred unrealized gains (losses) on derivatives under hedge accounting                       | 5,340           | (2,871)   | 14,511      | 118          |
| Land revaluation differences   | 25              | —         | 5,884       | 48           |
| Foreign currency translation adjustments   | 3,259           | 7,049     | 5,827       | 47           |
| Remeasurements of defined benefit plans  | —               | —         | 43,135      | 352          |
| Share of other comprehensive income (loss) of associates accounted for under the equity method | 9,400           | 10,310    | 11,430      | 93           |
| Comprehensive income   | ¥ 1,067,010     | ¥ 355,279 | ¥ 1,443,786 | \$ 11,790    |
| Comprehensive income attributable to the Parent Company  | 1,066,951       | 354,383   | 1,443,499   | 11,788       |
| Comprehensive income (loss) attributable to minority interests                                 | 58              | 895       | 286         | 2            |

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

Year ended March 31, 2013 Millions of Yen

|   | Funds, reserve and surplus       |  |                            |           | Total funds,<br>reserve and<br>surplus |
|---|----------------------------------|--|----------------------------|-----------|--|
|   | Foundation<br>funds<br>(Note 19) | Reserve for<br>redemption of<br>foundation<br>funds<br>(Note 19) | Reserve for<br>revaluation | Surplus   |  |
| Beginning balance                                       | 110,000                          | 410,000  | 452                        | 255,484   | 775,936                                |
| Changes in the fiscal year                              |                                  |  |                            |           |  |
| Issuance of foundation funds                            | 100,000                          |  |                            |           | 100,000                                |
| Additions to policyholders' dividend reserves (Note 15) |                                  |  |                            | (133,466) | (133,466)                              |
| Payment of interest on foundation funds                 |                                  |  |                            | (1,316)   | (1,316)                                |
| Net surplus   |                                  |  |                            | 236,709   | 236,709                                |
| Reversal of land revaluation differences                |                                  |  |                            | (12,497)  | (12,497)                               |
| Net changes, excluding funds, reserves and surplus      |                                  |  |                            |           |  |
| Net changes in the fiscal year                          | 100,000                          | —  | —                          | 89,428    | 189,428                                |
| Ending balance  | 210,000                          | 410,000  | 452                        | 344,913   | 965,365                                |

|   | Accumulated other comprehensive income (loss)                                     |  |                                    |  |  |                       |                     |
|---|---|--|------------------------------------|--|--|-----------------------|---------------------|
|   | Net<br>unrealized<br>gains<br>(losses) on<br>available<br>-for-sale<br>securities | Deferred<br>unrealized<br>gains<br>(losses) on<br>derivatives<br>under hedge<br>accounting | Land<br>revaluation<br>differences | Foreign<br>currency<br>translation<br>adjustment | Total<br>accumulated<br>other<br>comprehensive<br>income | Minority<br>interests | Total net<br>assets |
| Beginning balance                                       | 827,866   | (1,524)  | 95,096                             | (22,393)   | 899,044  | 3,674                 | 1,678,655           |
| Changes in the fiscal year                              |   |  |                                    |  |  |                       |                     |
| Issuance of foundation funds                            |   |  |                                    |  |  |                       | 100,000             |
| Additions to policyholders' dividend reserves (Note 15) |   |  |                                    |  |  |                       | (133,466)           |
| Payment of interest on foundation funds                 |   |  |                                    |  |  |                       | (1,316)             |
| Net surplus   |   |  |                                    |  |  |                       | 236,709             |
| Reversal of land revaluation differences                |   |  |                                    |  |  |                       | (12,497)            |
| Net changes, excluding funds, reserves and surplus      | 813,189   | 5,340  | 12,523                             | 11,685   | 842,739  | (179)                 | 842,560             |
| Net changes in the fiscal year                          | 813,189   | 5,340  | 12,523                             | 11,685   | 842,739  | (179)                 | 1,031,989           |
| Ending balance  | 1,641,055   | 3,815  | 107,619                            | (10,707)   | 1,741,784  | 3,495                 | 2,710,645           |



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

Year ended March 31, 2014 Millions of Yen

|   | Funds, reserve and surplus       |  |                            |           | Total funds,<br>reserve and<br>surplus |
|---|----------------------------------|--|----------------------------|-----------|--|
|   | Foundation<br>funds<br>(Note 19) | Reserve for<br>redemption of<br>foundation<br>funds<br>(Note 19) | Reserve for<br>revaluation | Surplus   |  |
| Beginning balance                                       | 210,000                          | 410,000  | 452                        | 344,913   | 965,365                                |
| Changes in the fiscal year                              |                                  |  |                            |           |  |
| Issuance of foundation funds                            | 50,000                           |  |                            |           | 50,000                                 |
| Additions to policyholders' dividend reserves (Note 15) |                                  |  |                            | (152,835) | (152,835)                              |
| Payment of interest on foundation funds                 |                                  |  |                            | (2,162)   | (2,162)                                |
| Net surplus   |                                  |  |                            | 240,612   | 240,612                                |
| Reversal of land revaluation differences                |                                  |  |                            | 1,568     | 1,568                                  |
| Net changes, excluding funds, reserves and surplus      |                                  |  |                            |           |  |
| Net changes in the fiscal year                          | 50,000                           | —  | —                          | 87,182    | 137,182                                |
| Ending balance  | 260,000                          | 410,000  | 452                        | 432,095   | 1,102,548                              |

|   | Accumulated other comprehensive income (loss)                                    |  |                                    |  |   |  |                       | Total net<br>assets |
|---|--|--|------------------------------------|--|---|--|-----------------------|---------------------|
|   | Net<br>unrealized<br>gains<br>(losses) on<br>available<br>for-sale<br>securities | Deferred<br>unrealized<br>gains<br>(losses) on<br>derivatives<br>under hedge<br>accounting | Land<br>revaluation<br>differences | Foreign<br>currency<br>translation<br>adjustment | Remeasurements<br>of defined<br>benefit plans | Total<br>accumulated<br>other<br>comprehensive<br>income | Minority<br>interests |                     |
| Beginning balance                                       | 1,641,055  | 3,815  | 107,619                            | (10,707)   | —   | 1,741,784  | 3,495                 | 2,710,645           |
| Changes in the fiscal year                              |  |  |                                    |  |   |  |                       |                     |
| Issuance of foundation funds                            |  |  |                                    |  |   |  |                       | 50,000              |
| Additions to policyholders' dividend reserves (Note 15) |  |  |                                    |  |   |  |                       | (152,835)           |
| Payment of interest on foundation funds                 |  |  |                                    |  |   |  |                       | (2,162)             |
| Net surplus   |  |  |                                    |  |   |  |                       | 240,612             |
| Reversal of land revaluation differences                |  |  |                                    |  |   |  |                       | 1,568               |
| Net changes, excluding funds, reserves and surplus      | 98,727   | (2,871)  | (1,568)                            | 17,915   | (66,062)                                      | 46,141   | 748                   | 46,889              |
| Net changes in the fiscal year                          | 98,727   | (2,871)  | (1,568)                            | 17,915   | (66,062)                                      | 46,141   | 748                   | 184,072             |
| Ending balance  | 1,739,783  | 944  | 106,051                            | 7,207  | (66,062)                                      | 1,787,925  | 4,243                 | 2,894,717           |

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

| Year ended March 31, 2015                                    | Millions of Yen               |  |                         |           |                                  |
|--|-------------------------------|--|-------------------------|-----------|----------------------------------|
|  | Funds, reserve and surplus    |  |                         |           |                                  |
|  | Foundation funds<br>(Note 19) | Reserve for redemption of<br>foundation funds<br>(Note 19) | Reserve for revaluation | Surplus   | Total funds, reserve and surplus |
| Beginning balance  | 260,000                       | 410,000  | 452                     | 432,095   | 1,102,548                        |
| Cumulative effect of change in accounting policies           |                               |  |                         | 2,752     | 2,752                            |
| Beginning balance after reflecting accounting policy changes | 260,000                       | 410,000  | 452                     | 434,848   | 1,105,301                        |
| Changes in the fiscal year                                   |                               |  |                         |           |                                  |
| Issuance of foundation funds                                 | 60,000                        |  |                         |           | 60,000                           |
| Additions to policyholders' dividend reserves (Note 15)      |                               |  |                         | (158,094) | (158,094)                        |
| Additions to reserve for redemption of foundation funds      |                               | 60,000   |                         |           | 60,000                           |
| Payment of interest on foundation funds                      |                               |  |                         | (2,572)   | (2,572)                          |
| Net surplus  |                               |  |                         | 265,402   | 265,402                          |
| Redemption of foundation funds                               | (60,000)                      |  |                         |           | (60,000)                         |
| Reversal of reserve for fund redemption                      |                               |  |                         | (60,000)  | (60,000)                         |
| Reversal of land revaluation differences                     |                               |  |                         | (7,051)   | (7,051)                          |
| Net changes, excluding funds, reserves and surplus           |                               |  |                         |           |                                  |
| Net changes in the fiscal year                               | —                             | 60,000   | —                       | 37,684    | 97,684                           |
| Ending balance   | 260,000                       | 470,000  | 452                     | 472,533   | 1,202,986                        |

|  | Accumulated other comprehensive income (loss)                  |  |                              |   |   |  |                    | Total net assets |
|--|--|--|------------------------------|---|---|--|--------------------|------------------|
|  | Net unrealized gains (losses) on available-for-sale securities | Deferred unrealized gains (losses) on derivatives under hedge accounting | Land revaluation differences | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Minority interests |                  |
| Beginning balance  | 1,739,783  | 944  | 106,051                      | 7,207                                   | (66,062)                                | 1,787,925                                    | 4,243              | 2,894,717        |
| Cumulative effect of change in accounting policies           |  |  |                              |   |   |  |                    | 2,752            |
| Beginning balance after reflecting accounting policy changes | 1,739,783  | 944  | 106,051                      | 7,207                                   | (66,062)                                | 1,787,925                                    | 4,243              | 2,897,470        |
| Changes in the fiscal year                                   |  |  |                              |   |   |  |                    |                  |
| Issuance of foundation funds                                 |  |  |                              |   |   |  |                    | 60,000           |
| Additions to policyholders' dividend reserves (Note 15)      |  |  |                              |   |   |  |                    | (158,094)        |
| Additions to reserve for redemption of foundation funds      |  |  |                              |   |   |  |                    | 60,000           |
| Payment of interest on foundation funds                      |  |  |                              |   |   |  |                    | (2,572)          |
| Net surplus  |  |  |                              |   |   |  |                    | 265,402          |
| Redemption of foundation funds                               |  |  |                              |   |   |  |                    | (60,000)         |
| Reversal of reserve for fund redemption                      |  |  |                              |   |   |  |                    | (60,000)         |
| Reversal of land revaluation differences                     |  |  |                              |   |   |  |                    | (7,051)          |
| Net changes, excluding funds, reserves and surplus           | 1,098,814  | 14,511   | 12,936                       | 15,686                                  | 43,199                                  | 1,185,148                                    | 31                 | 1,185,179        |
| Net changes in the fiscal year                               | 1,098,814  | 14,511   | 12,936                       | 15,686                                  | 43,199                                  | 1,185,148                                    | 31                 | 1,282,864        |
| Ending balance   | 2,838,597  | 15,456   | 118,988                      | 22,894                                  | (22,862)                                | 2,973,074                                    | 4,274              | 4,180,335        |

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

Year ended March 31, 2015 Millions of U.S. Dollars

|  | Funds, reserve and surplus |  |                         |         | Total funds, reserve and surplus |
|--|----------------------------|--|-------------------------|---------|----------------------------------|
|  | Foundation funds (Note 19) | Reserve for redemption of foundation funds (Note 19) | Reserve for revaluation | Surplus |                                  |
| Beginning balance  | 2,123                      | 3,348  | 3                       | 3,528   | 9,004                            |
| Cumulative effect of change in accounting policies           |                            |  |                         | 22      | 22                               |
| Beginning balance after reflecting accounting policy changes | 2,123                      | 3,348  | 3                       | 3,551   | 9,026                            |
| Changes in the fiscal year                                   |                            |  |                         |         |                                  |
| Issuance of foundation funds                                 | 489                        |  |                         |         | 489                              |
| Additions to policyholders' dividend reserves (Note 15)      |                            |  |                         | (1,291) | (1,291)                          |
| Additions to reserve for redemption of foundation funds      |                            | 489  |                         |         | 489                              |
| Payment of interest on foundation funds                      |                            |  |                         | (21)    | (21)                             |
| Net surplus  |                            |  |                         | 2,167   | 2,167                            |
| Redemption of foundation funds                               | (489)                      |  |                         |         | (489)                            |
| Reversal of reserve for fund redemption                      |                            |  |                         | (489)   | (489)                            |
| Reversal of land revaluation differences                     |                            |  |                         | (57)    | (57)                             |
| Net changes, excluding funds, reserves and surplus           |                            |  |                         |         |                                  |
| Net changes in the fiscal year                               | —                          | 489  | —                       | 307     | 797                              |
| Ending balance   | 2,123                      | 3,838  | 3                       | 3,858   | 9,824                            |

|  | 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 adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | Minority interests | Total net assets |
| Beginning balance  | 14,208   | 7  | 866                          | 58                                      | (539)                                   | 14,601                                       | 34                 | 23,639           |
| Cumulative effect of change in accounting policies           |  |  |                              |   |   |  |                    | 22               |
| Beginning balance after reflecting accounting policy changes | 14,208   | 7  | 866                          | 58                                      | (539)                                   | 14,601                                       | 34                 | 23,662           |
| Changes in the fiscal year                                   |  |  |                              |   |   |  |                    |                  |
| Issuance of foundation funds                                 |  |  |                              |   |   |  |                    | 489              |
| Additions to policyholders' dividend reserves (Note 15)      |  |  |                              |   |   |  |                    | (1,291)          |
| Additions to reserve for redemption of foundation funds      |  |  |                              |   |   |  |                    | 489              |
| Payment of interest on foundation funds                      |  |  |                              |   |   |  |                    | (21)             |
| Net surplus  |  |  |                              |   |   |  |                    | 2,167            |
| Redemption of foundation funds                               |  |  |                              |   |   |  |                    | (489)            |
| Reversal of reserve for fund redemption                      |  |  |                              |   |   |  |                    | (489)            |
| Reversal of land revaluation differences                     |  |  |                              |   |   |  |                    | (57)             |
| Net changes, excluding funds, reserves and surplus           | 8,973  | 118  | 105                          | 128                                     | 352                                     | 9,678  | 0                  | 9,678            |
| Net changes in the fiscal year                               | 8,973  | 118  | 105                          | 128                                     | 352                                     | 9,678  | 0                  | 10,476           |
| Ending balance   | 23,181   | 126  | 971                          | 186                                     | (186)                                   | 24,279                                       | 34                 | 34,139           |

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

| Years ended March 31   | Millions of Yen    |                    |                  | Millions of     |
|--|--------------------|--------------------|------------------|-----------------|
|  | 2013               | 2014               | 2015             | U.S. Dollars    |
|  | 2015               |                    |                  |                 |
| <b>I Cash flows from operating activities</b>  |                    |                    |                  |                 |
| Surplus before income taxes and minority interests . . . . .   | ¥ 286,952          | ¥ 296,007          | ¥ 364,312        | \$ 2,975        |
| Depreciation of real estate for non-insurance business . . . . .   | 10,077             | 9,808              | 9,737            | 79              |
| Depreciation . . . . .   | 22,152             | 21,574             | 20,913           | 170             |
| Impairment losses . . . . .  | 3,539              | 5,349              | 6,344            | 51              |
| Increase (Decrease) in reserve for outstanding claims . . . . .  | (3,829)            | 3,803              | (5,715)          | (46)            |
| Increase (Decrease) in policy reserves . . . . .   | 1,342,731          | 1,399,292          | 955,329          | 7,801           |
| Provision for interest on policyholders' dividend reserves . . . . .   | 522                | 490                | 461              | 3               |
| Increase (Decrease) in allowance for possible loan losses . . . . .  | (1,136)            | (1,394)            | (3,101)          | (25)            |
| Increase (Decrease) in accrued retirement benefits . . . . .   | 14                 | —                  | —                | —               |
| Increase (Decrease) in net defined benefit liabilities . . . . .   | —                  | 14                 | 20               | 0               |
| Increase (Decrease) in accrued retirement benefits for directors and executive officers . . . . .                  | (151)              | (210)              | (90)             | (0)             |
| Increase (Decrease) in reserve for contingent liabilities . . . . .  | (552)              | (2,548)            | (12)             | (0)             |
| Increase (Decrease) in reserve for price fluctuation . . . . .   | 112,944            | 116,851            | 11,562           | 94              |
| Interest, dividends, and other income . . . . .  | (623,353)          | (669,740)          | (698,484)        | (5,704)         |
| Losses (Gains) on securities . . . . .   | (417,378)          | (388,386)          | (529,202)        | (4,321)         |
| Interest expenses . . . . .  | 2,939              | 3,322              | 3,368            | 27              |
| Foreign exchange losses (gains) . . . . .  | (40)               | (67)               | 94               | 0               |
| Losses (Gains) on tangible fixed assets . . . . .  | (3,330)            | 4,826              | 2,032            | 16              |
| Investment losses (gains) on equity method . . . . .   | (265)              | (1,617)            | (2,005)          | (16)            |
| Decrease (Increase) in due from agents . . . . .   | (50)               | (16)               | (3)              | (0)             |
| Decrease (Increase) in reinsurance receivables . . . . .   | (31)               | (1,496)            | 2,227            | 18              |
| Decrease (Increase) in other assets (excluding those related to investing and financial activities) . . . . .      | (7,595)            | 5,146              | (41,561)         | (339)           |
| Increase (Decrease) in due to agents . . . . .   | 5                  | (3)                | (8)              | (0)             |
| Increase (Decrease) in reinsurance payables . . . . .  | 202                | 1,630              | (2,225)          | (18)            |
| Increase (Decrease) in other liabilities (excluding those related to investing and financing activities) . . . . . | 111,277            | (85,388)           | 79,426           | 648             |
| Others, net . . . . .  | 818                | (6,012)            | (3,889)          | (31)            |
| <b>Subtotal . . . . .</b>  | <b>836,464</b>     | <b>711,238</b>     | <b>169,530</b>   | <b>1,384</b>    |
| Interest, dividends, and other income received . . . . .   | 647,767            | 698,945            | 740,485          | 6,047           |
| Interest paid . . . . .  | (2,942)            | (3,021)            | (3,328)          | (27)            |
| Policyholders' dividends paid . . . . .  | (149,773)          | (163,872)          | (175,209)        | (1,430)         |
| Income taxes paid . . . . .  | (49,224)           | (104,853)          | (150,147)        | (1,226)         |
| <b>Net cash provided by operating activities . . . . .</b>   | <b>¥ 1,282,291</b> | <b>¥ 1,138,436</b> | <b>¥ 581,329</b> | <b>\$ 4,747</b> |

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

| Years ended March 31   | Millions of Yen    |                    |                  | Millions of     |
|--|--------------------|--------------------|------------------|-----------------|
|  | 2013               | 2014               | 2015             | U.S. Dollars    |
|  |                    |                    |                  | 2015            |
| <b>II Cash flows from investing activities</b>   |                    |                    |                  |                 |
| Net decrease (increase) in deposits .....  | ¥ (15,260)         | ¥ (2,487)          | ¥ (5,427)        | \$ (44)         |
| Purchase of monetary claims bought .....   | (17,500)           | (29,014)           | (21,500)         | (175)           |
| Proceeds from sales and redemption of monetary<br>claims bought .....                    | 22,448             | 56,546             | 25,777           | 210             |
| Purchase of securities .....   | (7,031,196)        | (6,065,454)        | (3,365,610)      | (27,485)        |
| Proceeds from sales and redemption of securities .....                                   | 5,375,840          | 4,965,821          | 3,295,992        | 26,917          |
| Loans extended .....   | (1,500,001)        | (1,109,740)        | (1,061,804)      | (8,671)         |
| Proceeds from collection of loans .....  | 1,268,374          | 1,169,225          | 1,145,247        | 9,352           |
| Increase (Decrease) in payables under securities<br>borrowing transactions .....         | 575,750            | (302,319)          | (447,111)        | (3,851)         |
| <b>Total investment activities (IIa)</b> .....   | <b>(1,321,543)</b> | <b>(1,317,423)</b> | <b>(434,434)</b> | <b>(3,547)</b>  |
| <b>[I + IIa]</b> .....   | <b>(39,252)</b>    | <b>(178,987)</b>   | <b>146,895</b>   | <b>1,199</b>    |
| Purchase of tangible fixed assets .....  | (37,862)           | (14,703)           | (15,281)         | (124)           |
| Proceeds from sales of tangible fixed assets .....                                       | 24,845             | 13,401             | 11,764           | 96              |
| Purchase of intangible fixed assets .....  | (18,088)           | (14,122)           | (18,509)         | (151)           |
| Others, net .....  | (1,443)            | (1,464)            | (1,249)          | (10)            |
| <b>Net cash used in investing activities</b> .....                                       | <b>(1,354,092)</b> | <b>(1,334,313)</b> | <b>(457,710)</b> | <b>(3,737)</b>  |
| <b>III Cash flows from financing activities</b>  |                    |                    |                  |                 |
| Proceeds from issuance of debt .....   | —                  | —                  | 663              | 5               |
| Repayments of debt .....   | (11)               | (51)               | (891)            | (7)             |
| Proceeds from issuance of foundation funds .....   | 100,000            | 50,000             | 60,000           | 489             |
| Redemption of foundation funds .....   | —                  | —                  | (60,000)         | (489)           |
| Payment of interest on foundation funds .....  | (1,316)            | (2,162)            | (2,572)          | (21)            |
| Others, net .....  | (237)              | (237)              | (255)            | (2)             |
| <b>Net cash provided by (used in) financing<br/>activities</b> .....                     | <b>98,434</b>      | <b>47,549</b>      | <b>(3,055)</b>   | <b>(24)</b>     |
| <b>IV Effect of foreign exchange rate changes on cash<br/>and cash equivalents</b> ..... |                    |                    |                  |                 |
|  | 1,503              | 3,229              | 2,198            | 17              |
| <b>V Net increase (decrease) in cash and cash<br/>equivalents</b> .....                  |                    |                    |                  |                 |
|  | 28,135             | (145,098)          | 122,759          | 1,002           |
| <b>VI Cash and cash equivalents at the beginning<br/>of the year</b> .....               |                    |                    |                  |                 |
|  | 573,247            | 601,382            | 456,284          | 3,726           |
| <b>VII Cash and cash equivalents at the end of<br/>the year (Note 3)</b> .....           |                    |                    |                  |                 |
|  | <b>¥ 601,382</b>   | <b>¥ 456,284</b>   | <b>¥ 579,044</b> | <b>\$ 4,728</b> |

# Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

## Notes to the 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 June 30, 2015, which was ¥122.45 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

### 2. Summary of Significant Accounting Policies

#### (1) Principles of consolidation

##### a. Consolidated subsidiaries

The numbers of consolidated subsidiaries were 5, 7 and 7 as of March 31, 2013, 2014 and 2015, respectively. The consolidated subsidiaries as of March 31, 2015 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.)  
Meiji Yasuda Realty USA Incorporated (U.S.A.)

Two subsidiaries of Meiji Yasuda Realty USA Incorporated have been included in consolidation from the year ended March 31, 2014, in response to application of the revised "Accounting Standard for Consolidated Financial Statements" (The Accounting Standards Board of Japan (ASBJ), issued on March 25, 2011), and its related implementation guidance. This did not result in the restatement of prior periods.

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

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, 2013, 2014 and 2015 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 numbers of affiliates accounted for by the equity method were 11, 12 and 12 as of March 31, 2013, 2014 and 2015, respectively. The affiliates accounted for by the equity method as of March 31, 2015 include as follows:

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

Thai Life Insurance Public Company Limited has been included as an affiliate from the year ended March 31, 2014, corresponding to acquiring 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 and affiliates are December 31. The consolidated financial statements include the accounts of such subsidiaries and affiliates 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

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

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.
- b. Held-to-maturity debt securities are stated at amortized cost using the moving average method and the amortization is calculated using the straight-line method.
- c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.
- d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the "Insurance Business Act" and Article 13-5-2, Paragraph 3. of the "Order for Enforcement of the Insurance Business Act." The affiliates are under Paragraph 4 of the order.
- e. Available-for-sale securities
  - i) Securities of which market value is readily available  
Stocks are stated at the average of the market value during the final month of the fiscal year.  
Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.
  - ii) Securities of which market value is extremely difficult to determine  
Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The



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

### **Notes to the Consolidated Financial Statements (continued)**

amortization is calculated using the straight-line method. Other securities are stated at cost using the moving average method.

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

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

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

#### **(5) Derivative transactions**

Derivative transactions are stated at fair value.

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

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

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable and payable;
- 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 related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

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

#### **(7) Tangible fixed assets**

Tangible fixed assets owned by the Company are depreciated as follows:

##### **a. Buildings**

Calculated using the straight-line method.

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

### b. Other tangible fixed assets

Calculated using the declining-balance method.

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

The estimated useful lives of major items are as follows:

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

### 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.

### **(8) 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).

### **(9) Allowance for possible loan losses**

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

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

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, 2013, 2014 and 2015 amounted to ¥140 million, ¥59 million and ¥50 million (U.S. \$0 million), respectively.

### (10) Policy reserves

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

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

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

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

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

For the year ended March 31, 2015, the Company additionally set aside the policy reserves for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance. As a result, policy reserves increased by ¥192,343 million (U.S. \$1,570 million) as of March 31, 2015 and ordinary profit and surplus before income taxes decreased by ¥192,343 million (U.S. \$1,570 million) for the year ended March 31, 2015 compared to the cases where the Company did not accumulate the additional reserves.

**(11) 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.

**(12) Reserve for price fluctuation**

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

**(13) Revenue recognition**

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

**(14) Policy acquisition costs**

Policy acquisition costs are expensed when incurred.

**(15) Accounting for consumption taxes**

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

**(16) Foreign currency translation**

Assets and liabilities denominated in foreign currencies, except for equity securities issued by 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.

**(17) New accounting standards**

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

a. From the beginning of the year ended March 31, 2013, tangible fixed assets acquired on or after April 1, 2012 are accounted for using the straight-line method as stipulated by the revised "Corporation Tax Act." The effect of this revision for the year ended March 31, 2013 was immaterial.

b. Revised "Accounting Standard for Consolidated Financial Statements" (ASBJ, issued on March 25, 2011), and its related implementation guidance have been applied from the year ended March 31, 2014. As a result, two subsidiaries of Meiji Yasuda Realty USA Incorporated have been included in consolidation. This change had no effect on Surplus as of the beginning of the year ended March 31, 2014.

c. "Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) have been applied, (except the provisions of Paragraph 35 of the standard and Article 67 of the guidance), at the end of the year ended March 31, 2014.

Actuarial gains and losses, past service costs and the difference between retirement benefit obligations and plan assets that have yet to be recognized in profit or loss, are recognized as net defined benefit liabilities or assets.

As a result, net defined benefit assets of ¥2,461 million and net defined benefit liabilities of ¥814 million were recognized as of March 31, 2014. In addition, deferred tax assets decreased by ¥8 million, deferred tax liabilities decreased by ¥29,102 million, and total accumulated other comprehensive income decreased by ¥66,062 million as of March 31, 2014.

Retrospective application of this accounting standard to the consolidated financial statements in prior fiscal years is not required or permitted.

d. Paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) and Paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ, issued on May 17, 2012) have been applied from the beginning of the year ended March 31, 2015. Accordingly, from the beginning of the year ended March 31, 2015, the Company changed the method of attributing expected retirement benefit to periods from the straight-line basis to the benefit formula basis.

The amount of the effect of the change in the method of calculation of retirement benefit obligations and service costs was included in surplus in the consolidated balance sheet at the beginning of the year ended March 31, 2015 in accordance with the transitional treatment set out in Paragraph 37 of the standard.

As a result, surplus at the beginning of the period increased by ¥2,752 million (U.S. \$22 million) and, as well, ordinary profit and surplus before income taxes and minority interests decreased by ¥806 million (U.S. \$6 million) for the year ended March 31, 2015.

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

**3. Cash and Cash Equivalents**

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2013, 2014 and 2015 were as follows:

| As of March 31            | Millions of Yen |           |           | Millions of  |
|---------------------------|-----------------|-----------|-----------|--------------|
|                           | 2013            | 2014      | 2015      | U.S. Dollars |
| Cash and deposits         | ¥ 232,121       | ¥ 212,074 | ¥ 210,945 | \$ 1,722     |
| Call loans                | 369,000         | 244,000   | 368,000   | 3,005        |
| Securities                | 261             | 210       | 99        | 0            |
| Cash and cash equivalents | ¥ 601,382       | ¥ 456,284 | ¥ 579,044 | \$ 4,728     |

**4. Financial Instruments**

**(1) Qualitative information on financial instruments**

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

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks, investment trusts and investments in partnership capital. Loans primarily consist of loans to domestic corporate borrowers.

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

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

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

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

credit risk.

Loans payable are exposed to interest rate fluctuation risk arising from floating interest rate borrowings.

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

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

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

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

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

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

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit rating using corporate screening methods. The Company follows careful discussions by the Investment Committee (Management Committee) 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.

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

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

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

**(2) Fair values of financial instruments**

The amounts of the principal financial assets and liabilities reported in the consolidated balance 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 Consolidated Financial Statements (continued)**

| As of March 31                                   | Millions of Yen      |            |            |                      |            |            |                      |            |            | Millions of U.S. Dollars |            |            |
|--|----------------------|------------|------------|----------------------|------------|------------|----------------------|------------|------------|--------------------------|------------|------------|
|  | 2013                 |            |            | 2014                 |            |            | 2015                 |            |            | 2015                     |            |            |
|  | Balance sheet amount | Fair value | Difference | Balance sheet amount | Fair value | Difference | Balance sheet amount | Fair value | Difference | Balance sheet amount     | Fair value | Difference |
| Cash and deposits                                | ¥253,299             | ¥253,299   | ¥ -        | ¥235,740             | ¥235,740   | ¥ -        | ¥240,038             | ¥240,038   | ¥ -        | \$1,960                  | \$1,960    | \$ -       |
| Available-for-sale securities (CDs)              | 22,999               | 22,999     | -          | 9,999                | 9,999      | -          | 6,000                | 6,000      | -          | 48                       | 48         | -          |
| Monetary claims bought                           | 240,513              | 255,908    | 15,394     | 233,622              | 245,033    | 11,410     | 229,523              | 241,833    | 12,309     | 1,874                    | 1,974      | 100        |
| Held-to-maturity debt securities                 | 208,727              | 224,121    | 15,394     | 204,308              | 215,719    | 11,410     | 200,223              | 212,532    | 12,309     | 1,635                    | 1,735      | 100        |
| Available-for-sale securities                    | 31,786               | 31,786     | -          | 29,313               | 29,313     | -          | 29,300               | 29,300     | -          | 239                      | 239        | -          |
| Securities                                       | 24,728,733           | 25,425,103 | 696,369    | 26,332,407           | 26,983,869 | 651,461    | 28,377,942           | 29,665,018 | 1,287,075  | 231,751                  | 242,262    | 10,511     |
| Trading securities                               | 730,472              | 730,472    | -          | 775,067              | 775,067    | -          | 808,800              | 808,800    | -          | 6,605                    | 6,605      | -          |
| Held-to-maturity debt securities                 | 5,863,785            | 6,410,756  | 546,970    | 5,594,873            | 6,057,424  | 462,550    | 5,066,536            | 5,702,545  | 636,008    | 41,376                   | 46,570     | 5,194      |
| Policy-reserve-matching bonds                    | 2,415,504            | 2,564,903  | 149,399    | 5,405,462            | 5,594,374  | 188,911    | 6,820,691            | 7,471,758  | 651,066    | 55,701                   | 61,018     | 5,317      |
| Available-for-sale securities                    | 15,718,970           | 15,718,970 | -          | 14,557,003           | 14,557,003 | -          | 15,681,913           | 15,681,913 | -          | 128,067                  | 128,067    | -          |
| Loans  | 5,213,965            | 5,411,353  | 197,387    | 5,157,335            | 5,382,281  | 224,946    | 5,076,391            | 5,357,002  | 280,610    | 41,456                   | 43,748     | 2,291      |
| Policy loans                                     | 320,048              | 320,048    | -          | 307,580              | 307,580    | -          | 293,365              | 293,365    | -          | 2,395                    | 2,395      | -          |
| Industrial and consumer loans                    | 4,893,916            | 5,091,304  | 197,387    | 4,849,754            | 5,074,701  | 224,946    | 4,783,026            | 5,063,637  | 280,610    | 39,061                   | 41,352     | 2,291      |
| Allowance for possible loan losses (*1)          | (7,153)              | -          | -          | (5,735)              | -          | -          | (3,066)              | -          | -          | (25)                     | -          | -          |
|  | 5,206,811            | 5,411,353  | 204,541    | 5,151,599            | 5,382,281  | 230,682    | 5,073,325            | 5,357,002  | 283,677    | 41,431                   | 43,748     | 2,316      |
| Payables under securities borrowing transactions | 946,281              | 946,281    | -          | 640,951              | 640,951    | -          | 220,000              | 220,000    | -          | 1,796                    | 1,796      | -          |
| Loans payable                                    | 100,206              | 100,206    | -          | 100,200              | 100,200    | -          | 100,000              | 100,000    | -          | 816                      | 816        | -          |
| Derivative financial instruments (*2)            | (93,355)             | (93,355)   | -          | (32,792)             | (32,792)   | -          | (44,171)             | (44,171)   | -          | (360)                    | (360)      | -          |
| Hedge accounting is not applied                  | 2,150                | 2,150      | -          | 411                  | 411        | -          | (27)                 | (27)       | -          | (0)                      | (0)        | -          |
| Hedge accounting is applied                      | (95,505)             | (95,505)   | -          | (33,203)             | (33,203)   | -          | (44,143)             | (44,143)   | -          | (360)                    | (360)      | -          |

(\*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 Consolidated Financial Statements (continued)

Note:

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

#### i) Assets

##### *Cash and deposits*

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

##### *Monetary claims bought*

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

Subordinated trust beneficiary rights of which future cash flows cannot be estimated are not subject to fair value disclosure and are therefore not included in the table above as of March 31, 2013, because these are regarded as extremely difficult to determine fair value. Their amount reported in the consolidated balance sheets was ¥24,739 million as of March 31, 2013 and none as of March 31, 2014 and 2015.

##### *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 ¥883,236 million, ¥868,908 million and ¥878,954 million (U.S. \$7,178 million) as of March 31, 2013, 2014 and 2015, respectively. Impairment losses on the unlisted stocks and others were ¥514 million, ¥212 million and ¥254 million (U.S. \$2 million) for the years ended March 31, 2013, 2014 and 2015, 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.

## Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)

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

### ii) Liabilities

#### *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.

#### *Loans payable*

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value since loans are made at floating interest rates that reflect market interest rates timely, and since the Company's credit standing has not changed significantly after borrowing.

### 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 fair value obtained from counterparties at the balance sheet date.

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, their fair value is included in the fair value of hedged loans in the table above.

#### *Interest rate swap transactions*

The fair value of interest rate swap transactions is stated at theoretical prices calculated by discounting the net future cash flows to the present value, or fair value obtained from counterparties at the balance sheet date.

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

### b. Securities by holding purpose

#### *Trading securities*

The unrealized valuation gains (losses) on trading securities included in profits (losses) for the fiscal year amounted to ¥74,870 million, ¥(2,520) million and ¥25,474 million

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

(U.S. \$208 million) for the years ended March 31, 2013, 2014 and 2015, respectively.

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

*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 fiscal year, and the differences between them, were shown in the following table. No held-to-maturity debt securities were sold during the years ended March 31, 2013, 2014 and 2015, respectively.

| As of March 31   | Millions of Yen      |            |            |                      |            |            |                      |            |            | Millions of U.S. Dollars |            |            |
|--|----------------------|------------|------------|----------------------|------------|------------|----------------------|------------|------------|--------------------------|------------|------------|
|  | 2013                 |            |            | 2014                 |            |            | 2015                 |            |            | 2015                     |            |            |
|  | Balance sheet amount | Fair value | Difference | 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                                 | ¥5,090,291           | ¥5,585,184 | ¥494,893   | ¥4,735,974           | ¥5,155,465 | ¥419,490   | ¥4,221,779           | ¥4,792,775 | ¥570,996   | \$34,477                 | \$39,140   | \$4,663    |
| 2) Corporate bonds   | 627,597              | 676,462    | 48,864     | 692,053              | 733,909    | 41,856     | 702,235              | 762,947    | 60,711     | 5,734                    | 6,230      | 495        |
| 3) Other   | 328,749              | 347,608    | 18,859     | 296,098              | 310,043    | 13,945     | 288,025              | 305,450    | 17,425     | 2,352                    | 2,494      | 142        |
| Total  | 6,046,638            | 6,609,255  | 562,617    | 5,724,127            | 6,199,418  | 475,291    | 5,212,040            | 5,861,173  | 649,132    | 42,564                   | 47,865     | 5,301      |
| Securities whose fair value does not exceed the balance sheet amount |                      |            |            |                      |            |            |                      |            |            |                          |            |            |
| 1) National & local government bonds                                 | 3,026                | 3,005      | (21)       | 3,025                | 2,997      | (27)       | 1,864                | 1,848      | (16)       | 15                       | 15         | (0)        |
| 2) Corporate bonds   | 2,001                | 1,988      | (13)       | 8,200                | 8,196      | (3)        | 12,952               | 12,836     | (116)      | 105                      | 104        | (0)        |
| 3) Other   | 20,846               | 20,628     | (217)      | 63,829               | 62,530     | (1,299)    | 39,901               | 39,219     | (682)      | 325                      | 320        | (5)        |
| Total  | 25,874               | 25,622     | (252)      | 75,055               | 73,724     | (1,330)    | 54,718               | 53,904     | (814)      | 446                      | 440        | (6)        |

(\* 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 Consolidated Financial Statements (continued)**

*Available-for-sale securities*

Disposition of available-for-sale securities amounted to ¥2,709,975 million, ¥3,239,043 million and ¥1,477,320 million (U.S. \$12,064 million) resulting in total gains on sales of ¥150,232 million, ¥220,576 million and ¥186,293 million (U.S. \$1,521 million) and total losses of ¥16,204 million, ¥31,822 million and ¥365 million (U.S. \$2 million) for the years ended March 31, 2013, 2014 and 2015, 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       |                      |            |
|--|--------------------------------|----------------------|------------|--------------------------------|----------------------|------------|--------------------------------|----------------------|------------|--------------------------------|----------------------|------------|
|  | 2013                           |                      |            | 2014                           |                      |            | 2015                           |                      |            | 2015                           |                      |            |
|  | Acquisition or amortized costs | Balance sheet amount | Difference | 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  | ¥1,453,634                     | ¥2,617,297           | ¥1,163,663 | ¥1,470,391                     | ¥2,953,946           | ¥1,483,555 | ¥1,568,781                     | ¥3,993,134           | ¥2,424,352 | \$12,811                       | \$32,610             | \$19,798   |
| (2) Bonds  | 7,486,814                      | 8,241,416            | 754,601    | 5,588,263                      | 6,046,327            | 458,063    | 4,423,060                      | 4,817,078            | 394,017    | 36,121                         | 39,339               | 3,217      |
| 1) National & local government bonds   | 6,590,704                      | 7,288,113            | 697,408    | 4,616,738                      | 5,023,132            | 406,393    | 3,457,542                      | 3,787,413            | 329,870    | 28,236                         | 30,930               | 2,693      |
| 2) Corporate bonds   | 896,110                        | 953,303              | 57,193     | 971,525                        | 1,023,194            | 51,669     | 965,518                        | 1,029,665            | 64,147     | 7,885                          | 8,408                | 523        |
| (3) Other  | 3,064,422                      | 3,574,721            | 510,298    | 3,019,273                      | 3,661,599            | 642,325    | 4,767,088                      | 5,948,790            | 1,181,701  | 38,930                         | 48,581               | 9,650      |
| Total  | 12,004,871                     | 14,433,435           | 2,428,564  | 10,077,929                     | 12,661,873           | 2,583,943  | 10,758,931                     | 14,759,003           | 4,000,072  | 87,863                         | 120,530              | 32,666     |
| Securities whose balance sheet amount does not exceed the acquisition or amortized costs |                                |                      |            |                                |                      |            |                                |                      |            |                                |                      |            |
| (1) Domestic stocks  | 207,786                        | 177,505              | (30,280)   | 272,696                        | 250,928              | (21,768)   | 84,775                         | 77,658               | (7,117)    | 692                            | 634                  | (58)       |
| (2) Bonds  | 233,977                        | 231,158              | (2,818)    | 85,079                         | 84,260               | (819)      | 61,680                         | 60,933               | (746)      | 503                            | 497                  | (6)        |
| 1) National & local government bonds   | 199,442                        | 199,432              | (10)       | 41,615                         | 41,476               | (138)      | 31,904                         | 31,676               | (227)      | 260                            | 258                  | (1)        |
| 2) Corporate bonds   | 34,535                         | 31,726               | (2,808)    | 43,464                         | 42,783               | (681)      | 29,775                         | 29,256               | (518)      | 243                            | 238                  | (4)        |
| (3) Other  | 958,539                        | 931,656              | (26,883)   | 1,650,121                      | 1,599,255            | (50,865)   | 829,206                        | 819,808              | (9,397)    | 6,771                          | 6,695                | (76)       |
| Total  | 1,400,303                      | 1,340,320            | (59,982)   | 2,007,897                      | 1,934,444            | (73,452)   | 975,661                        | 958,399              | (17,261)   | 7,967                          | 7,826                | (140)      |

(\* ) 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 Consolidated Financial Statements (continued)**

“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 ¥27,897 million, ¥1,491 million and ¥46 million (U.S. \$0 million) for the years ended March 31, 2013, 2014 and 2015, respectively.

**c. Maturity analysis of monetary claims and securities with maturities**

| As of March 31                                | Millions of Yen  |                        |                         |                         |                          |                   |
|---|------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------------|
|   | 2013             |                        |                         |                         |                          |                   |
|   | 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                                      | ¥252,723         | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —               |
| Monetary claims bought                        | —                | 2,003                  | —                       | —                       | —                        | 238,510           |
| Loans*  | 489,471          | 1,012,449              | 908,754                 | 644,744                 | 693,256                  | 1,142,905         |
| Securities                                    |                  |                        |                         |                         |                          |                   |
| Held-to-maturity debt securities              | 387,204          | 906,939                | 203,848                 | 328,166                 | 551,411                  | 3,485,456         |
| Policy-reserve-matching bonds                 | —                | —                      | —                       | —                       | 109,625                  | 2,305,879         |
| Available-for-sale securities with maturities | 261,176          | 390,405                | 692,282                 | 1,088,919               | 2,144,228                | 8,184,171         |
| <b>Total</b>                                  | <b>1,390,575</b> | <b>2,311,798</b>       | <b>1,804,885</b>        | <b>2,061,830</b>        | <b>3,498,521</b>         | <b>15,356,923</b> |

| As of March 31                                | Millions of Yen  |                        |                         |                         |                          |                   |
|---|------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------------|
|   | 2014             |                        |                         |                         |                          |                   |
|   | 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                                      | ¥235,424         | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —               |
| Monetary claims bought                        | —                | —                      | —                       | —                       | —                        | 233,622           |
| Loans*  | 524,694          | 1,027,572              | 848,193                 | 495,692                 | 726,966                  | 1,224,957         |
| Securities                                    |                  |                        |                         |                         |                          |                   |
| Held-to-maturity debt securities              | 563,264          | 418,846                | 294,313                 | 354,992                 | 582,231                  | 3,380,317         |
| Policy-reserve-matching bonds                 | —                | —                      | —                       | 39,254                  | 254,229                  | 5,111,978         |
| Available-for-sale securities with maturities | 337,318          | 411,400                | 1,088,151               | 1,239,726               | 2,496,794                | 5,547,443         |
| <b>Total</b>                                  | <b>1,660,701</b> | <b>1,857,819</b>       | <b>2,230,658</b>        | <b>2,129,666</b>        | <b>4,060,223</b>         | <b>15,498,319</b> |



**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                                | Millions of Yen  |                        |                         |                         |                          |                   | Millions of U.S. Dollars |                        |                         |                         |                          |                |
|---|------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------------|--------------------------|------------------------|-------------------------|-------------------------|--------------------------|----------------|
|   | 2015             |                        |                         |                         |                          |                   | 2015                     |                        |                         |                         |                          |                |
|   | 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                                      | ¥239,805         | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —               | \$1,958                  | \$ —                   | \$ —                    | \$ —                    | \$ —                     | \$ —           |
| Monetary claims bought                        | —                | —                      | —                       | —                       | —                        | 229,523           | —                        | —                      | —                       | —                       | —                        | 1,874          |
| Loans*  | 516,245          | 975,185                | 759,328                 | 482,999                 | 718,850                  | 1,329,301         | 4,215                    | 7,963                  | 6,201                   | 3,944                   | 5,870                    | 10,855         |
| Securities                                    |                  |                        |                         |                         |                          |                   |                          |                        |                         |                         |                          |                |
| Held-to-maturity debt securities              | 341,727          | 201,812                | 336,574                 | 374,435                 | 591,132                  | 3,219,663         | 2,790                    | 1,648                  | 2,748                   | 3,057                   | 4,827                    | 26,293         |
| Policy-reserve-matching bonds                 | —                | —                      | 10,397                  | 101,336                 | 196,296                  | 6,512,661         | —                        | —                      | 84                      | 827                     | 1,603                    | 53,186         |
| Available-for-sale securities with maturities | 144,144          | 695,854                | 1,474,531               | 2,660,504               | 1,851,302                | 4,389,059         | 1,177                    | 5,682                  | 12,041                  | 21,727                  | 15,118                   | 35,843         |
| <b>Total</b>                                  | <b>1,241,923</b> | <b>1,872,851</b>       | <b>2,580,831</b>        | <b>3,619,276</b>        | <b>3,357,581</b>         | <b>15,680,208</b> | <b>10,142</b>            | <b>15,294</b>          | <b>21,076</b>           | <b>29,557</b>           | <b>27,420</b>            | <b>128,053</b> |

(\*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they are ¥307 million, ¥285 million and ¥231 million (U.S. \$1 million) as of March 31, 2013, 2014 and 2015, respectively.

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

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

d. Maturity analysis of payables under securities borrowing transactions and loans payable

| As of March 31                                  | Millions of Yen |                        |                         |                         |                          |               |
|---|-----------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|
|   | 2013            |                        |                         |                         |                          |               |
|   | 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 |
| Payable under securities borrowing transactions | ¥946,281        | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —           |
| Loans payable                                   | 206             | —                      | —                       | —                       | 100,000                  | —             |
| Total   | 946,487         | —                      | —                       | —                       | 100,000                  | —             |

| As of March 31                                  | Millions of Yen |                        |                         |                         |                          |               |
|---|-----------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|
|   | 2014            |                        |                         |                         |                          |               |
|   | 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 |
| Payable under securities borrowing transactions | ¥640,951        | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —           |
| Loans payable                                   | 200             | —                      | —                       | —                       | 100,000                  | —             |
| Total   | 641,151         | —                      | —                       | —                       | 100,000                  | —             |

| As of March 31                                  | Millions of Yen |                        |                         |                         |                          |               | Millions of U.S. Dollars |                        |                         |                         |                          |               |
|---|-----------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|--------------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|
|   | 2015            |                        |                         |                         |                          |               | 2015                     |                        |                         |                         |                          |               |
|   | 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 |
| Payable under securities borrowing transactions | ¥220,000        | ¥ —                    | ¥ —                     | ¥ —                     | ¥ —                      | ¥ —           | \$1,796                  | \$ —                   | \$ —                    | \$ —                    | \$ —                     | \$ —          |
| Loans payable                                   | —               | —                      | —                       | 100,000                 | —                        | —             | —                        | —                      | —                       | 816                     | —                        | —             |
| Total   | 220,000         | —                      | —                       | 100,000                 | —                        | —             | 1,796                    | —                      | —                       | 816                     | —                        | —             |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

e. Fair values of derivative transactions

Hedge accounting not applied

i) Interest-rate related

| As of March 31                       | Millions of Yen                          |                                   |            |                       |
|--------------------------------------|--|-----------------------------------|------------|-----------------------|
|                                      | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
|                                      |  |                                   |            | 2013                  |
| Interest rate swaps                  |  |                                   |            |                       |
| Receipts fixed, payments<br>floating | ¥49,100                                  | ¥49,100                           | ¥2,111     | ¥2,111                |
| Total                                |  |                                   |            | 2,111                 |

| As of March 31                       | Millions of Yen                          |                                   |            |                       |
|--------------------------------------|--|-----------------------------------|------------|-----------------------|
|                                      | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
|                                      |  |                                   |            | 2014                  |
| Interest rate swaps                  |  |                                   |            |                       |
| Receipts fixed, payments<br>floating | ¥47,600                                  | ¥47,600                           | ¥ 366      | ¥ 366                 |
| Total                                |  |                                   |            | 366                   |

| As of March 31                       | Millions of Yen                          |                                   |            |                       | Millions of U.S. Dollars                 |                                   |            |                       |
|--------------------------------------|--|-----------------------------------|------------|-----------------------|--|-----------------------------------|------------|-----------------------|
|                                      | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
|                                      |  |                                   |            |                       |  |                                   |            |                       |
|                                      |  |                                   |            |                       |  |                                   |            | 2015                  |
| Interest rate swaps                  |  |                                   |            |                       |  |                                   |            |                       |
| Receipts fixed, payments<br>floating | ¥1,000                                   | ¥1,000                            | ¥ 10       | ¥ 10                  | \$ 8                                     | \$ 8                              | \$ 0       | \$ 0                  |
| Total                                |  |                                   |            | 10                    |  |                                   |            | 0                     |

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

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

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) |
|                                    |                                    |                             |            | 2013               |
| Foreign currency forward contracts |                                    |                             |            |                    |
| Sold                               | ¥ 5,950                            | ¥ —                         | ¥ 23       | ¥ 23               |
| (U.S. dollar)                      | 1,076                              | —                           | 8          | 8                  |
| (Euro)                             | 3,086                              | —                           | 13         | 13                 |
| (Australian dollar)                | 266                                | —                           | 1          | 1                  |
| (Canadian dollar)                  | 1,007                              | —                           | 0          | 0                  |
| (Others)                           | 514                                | —                           | (0)        | (0)                |
| Bought                             | 8,654                              | —                           | (19)       | (19)               |
| (U.S. dollar)                      | 2,449                              | —                           | (6)        | (6)                |
| (Euro)                             | 4,409                              | —                           | (13)       | (13)               |
| (Canadian dollar)                  | 1,064                              | —                           | (0)        | (0)                |
| (Australian dollar)                | 65                                 | —                           | (0)        | (0)                |
| (Others)                           | 664                                | —                           | 0          | 0                  |
| Total                              |                                    |                             |            | 4                  |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                     | Millions of Yen                          |                                   |            |                       |
|------------------------------------|--|-----------------------------------|------------|-----------------------|
|                                    | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
| Foreign currency forward contracts |  |                                   |            |                       |
| Sold                               | ¥ 888                                    | ¥ —                               | ¥ (3)      | ¥ (3)                 |
| (U.S. dollar)                      | 277                                      | —                                 | (1)        | (1)                   |
| (Euro)                             | 242                                      | —                                 | (0)        | (0)                   |
| (Australian dollar)                | 319                                      | —                                 | (1)        | (1)                   |
| (Canadian dollar)                  | 4  | —                                 | (0)        | (0)                   |
| (Others)                           | 44                                       | —                                 | (0)        | (0)                   |
| Bought                             | 1,165                                    | —                                 | 6          | 6                     |
| (U.S. dollar)                      | 643                                      | —                                 | 3          | 3                     |
| (Euro)                             | 490                                      | —                                 | 2          | 2                     |
| (Canadian dollar)                  | —  | —                                 | —          | —                     |
| (Australian dollar)                | —  | —                                 | —          | —                     |
| (Others)                           | 32                                       | —                                 | 0          | 0                     |
| <b>Total</b>                       |  |                                   |            | <b>2</b>              |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                     | Millions of Yen                          |                                   |            |                       | Millions of U.S. Dollars                 |                                   |            |                       |
|------------------------------------|--|-----------------------------------|------------|-----------------------|--|-----------------------------------|------------|-----------------------|
|                                    | 2015                                     |                                   |            |                       | 2015                                     |                                   |            |                       |
|                                    | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
| Foreign currency forward contracts |  |                                   |            |                       |  |                                   |            |                       |
| Sold                               | ¥ 11,566                                 | ¥ —                               | ¥ (46)     | ¥ (46)                | \$ 94                                    | \$ —                              | \$ (0)     | \$ (0)                |
| (U.S. dollar)                      | 8,654                                    | —                                 | (53)       | (53)                  | 70                                       | —                                 | (0)        | (0)                   |
| (Euro)                             | 977                                      | —                                 | 7          | 7                     | 7  | —                                 | 0          | 0                     |
| (Australian dollar)                | 888                                      | —                                 | 3          | 3                     | 7  | —                                 | 0          | 0                     |
| (Canadian dollar)                  | 672                                      | —                                 | (1)        | (1)                   | 5  | —                                 | (0)        | (0)                   |
| (Others)                           | 373                                      | —                                 | (1)        | (1)                   | 3  | —                                 | (0)        | (0)                   |
| Bought                             | 11,641                                   | —                                 | 30         | 30                    | 95                                       | —                                 | 0          | 0                     |
| (U.S. dollar)                      | 8,933                                    | —                                 | 44         | 44                    | 72                                       | —                                 | 0          | 0                     |
| (Euro)                             | 1,428                                    | —                                 | (13)       | (13)                  | 11                                       | —                                 | (0)        | (0)                   |
| (Canadian dollar)                  | 567                                      | —                                 | 1          | 1                     | 4  | —                                 | 0          | 0                     |
| (Australian dollar)                | 490                                      | —                                 | (2)        | (2)                   | 4  | —                                 | (0)        | (0)                   |
| (Others)                           | 220                                      | —                                 | 0          | 0                     | 1  | —                                 | 0          | 0                     |
| Total                              |  |                                   |            | (16)                  |  |                                   |            | (0)                   |

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

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

iii) Stock-related

| As of March 31                                      | Millions of Yen                          |                                   |            |                       |
|---|--|-----------------------------------|------------|-----------------------|
|   | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
|   |  |                                   |            | 2013                  |
| Exchange-traded transactions                        |  |                                   |            |                       |
| Yen Stock index futures                             |  |                                   |            |                       |
| Bought  | ¥ 733                                    | ¥ —                               | ¥ 34       | ¥ 34                  |
| Foreign currency-denominated<br>stock index futures |  |                                   |            |                       |
| Bought  | 546                                      | —                                 | (0)        | (0)                   |
| <b>Total</b>  |  |                                   |            | <b>34</b>             |

| As of March 31                                      | Millions of Yen                          |                                   |            |                       |
|---|--|-----------------------------------|------------|-----------------------|
|   | Notional<br>amount/contract<br>value (A) | Over 1 year<br>included in<br>(A) | Fair value | Net gains<br>(Losses) |
|   |  |                                   |            | 2014                  |
| Exchange-traded transactions                        |  |                                   |            |                       |
| Yen Stock index futures                             |  |                                   |            |                       |
| Bought  | ¥ 6,194                                  | ¥ —                               | ¥ 24       | ¥ 24                  |
| Foreign currency-denominated<br>stock index futures |  |                                   |            |                       |
| Bought  | 687                                      | —                                 | 16         | 16                    |
| <b>Total</b>  |  |                                   |            | <b>41</b>             |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                                   | Millions of Yen                    |                             |            |                    | Millions of U.S. Dollars           |                             |            |                    |
|--|------------------------------------|-----------------------------|------------|--------------------|------------------------------------|-----------------------------|------------|--------------------|
|  | Notional amount/contract value (A) | Over 1 year included in (A) | Fair value | Net gains (Losses) | Notional amount/contract value (A) | Over 1 year included in (A) | Fair value | Net gains (Losses) |
| Exchange-traded transactions                     |                                    |                             |            |                    |                                    |                             |            |                    |
| Yen Stock index futures                          |                                    |                             |            |                    |                                    |                             |            |                    |
| Bought   | ¥ 1,059                            | ¥ —                         | ¥ (25)     | ¥ (25)             | \$ 8                               | \$ —                        | \$ (0)     | \$ (0)             |
| Foreign currency-denominated stock index futures |                                    |                             |            |                    |                                    |                             |            |                    |
| Bought   | 1,681                              | —                           | 3          | 3                  | 13                                 | —                           | 0          | 0                  |
| Total  |                                    |                             |            | (21)               |                                    |                             |            | (0)                |

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

iv) Bond-related

No ending balance as of March 31, 2013, 2014 and 2015.

Hedge accounting applied

i) Interest-rate related

| As of March 31                    | Millions of Yen       |                                    |                             |            |
|-----------------------------------|-----------------------|------------------------------------|-----------------------------|------------|
|                                   | Main hedged items     | Notional amount/contract value (A) | Over 1 year included in (A) | Fair value |
| Deferred hedge accounting         |                       |                                    |                             |            |
| Interest rate swaps               |                       |                                    |                             |            |
| Receipts fixed, payments floating | Insurance liabilities | ¥138,800                           | ¥138,800                    | ¥12,272    |
| Special hedge accounting          |                       |                                    |                             |            |
| Interest rate swaps               |                       |                                    |                             |            |
| Receipts fixed, payments floating | Loans                 | 50,861                             | 45,671                      | 2,322      |
| Total                             |                       |                                    |                             | 14,595     |



**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                    | Millions of Yen       |  |                                |            |
|-----------------------------------|-----------------------|--|--------------------------------|------------|
|                                   | Main hedged items     | Notional amount/<br>contract value (A) | Over 1 year<br>included in (A) | Fair value |
| Deferred hedge accounting         |                       |  |                                |            |
| Interest rate swaps               |                       |  |                                |            |
| Receipts fixed, payments floating | Insurance liabilities | ¥186,800                               | ¥186,800                       | ¥10,358    |
| Special hedge accounting          |                       |  |                                |            |
| Interest rate swaps               |                       |  |                                |            |
| Receipts fixed, payments floating | Loans                 | 47,695                                 | 45,020                         | 1,740      |
| Total                             |                       |  |                                | 12,099     |

| As of March 31                    | Millions of Yen       |  |                                | Millions of U.S. Dollars |  |                                |            |
|-----------------------------------|-----------------------|--|--------------------------------|--------------------------|--|--------------------------------|------------|
|                                   | Main hedged items     | Notional amount/<br>contract value (A) | Over 1 year<br>included in (A) | Fair value               | Notional amount/<br>contract value (A) | Over 1 year<br>included in (A) | Fair value |
| Deferred hedge accounting         |                       |  |                                |                          |  |                                |            |
| Interest rate swaps               |                       |  |                                |                          |  |                                |            |
| Receipts fixed, payments floating | Insurance liabilities | ¥ 234,100                              | ¥ 234,100                      | ¥ 31,576                 | \$ 1,911                               | \$ 1,911                       | \$ 257     |
| Special hedge accounting          |                       |  |                                |                          |  |                                |            |
| Interest rate swaps               |                       |  |                                |                          |  |                                |            |
| Receipts fixed, payments floating | Loans                 | 46,251                                 | 31,141                         | 1,237                    | 377                                    | 254                            | 10         |
| Total                             |                       |  |                                | 32,813                   |  |                                | 267        |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

ii) Currency-related

| As of March 31                     | Millions of Yen   |   |                                   |            |
|------------------------------------|-------------------|---|-----------------------------------|------------|
|                                    |                   |   |                                   | 2013       |
|                                    | Main hedged items | Notional amount/<br>contract value<br>(A) | Over 1 year<br>included in<br>(A) | Fair value |
| Fair value hedge accounting        |                   |   |                                   |            |
| Foreign currency forward contracts |                   |   |                                   |            |
| Sold                               | Foreign-currency- | ¥1,651,256                                | ¥ -                               | ¥(107,936) |
| (U.S. dollar)                      | denominated bonds | 1,508,739                                 | -                                 | (101,766)  |
| (Euro)                             |                   | -   | -                                 | -          |
| (Australian dollar)                |                   | 142,516                                   | -                                 | (6,169)    |
| Deferred hedge accounting          |                   |   |                                   |            |
| Cross currency swaps               |                   |   |                                   |            |
| Receipts floating, payments fixed  | Foreign-currency- |   |                                   |            |
| (Euro)                             | denominated bonds | 9,208                                     | 9,208                             | 158        |
| Total                              |                   |   |                                   | (107,777)  |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                     | Millions of Yen   |   |                                   |                 |
|------------------------------------|-------------------|---|-----------------------------------|-----------------|
|                                    | Main hedged items | Notional amount/<br>contract value<br>(A) | Over 1 year<br>included in<br>(A) | Fair value      |
| Fair value hedge accounting        |                   |   |                                   |                 |
| Foreign currency forward contracts |                   |   |                                   |                 |
| Sold                               | Foreign-currency- | ¥2,031,158                                | ¥ -                               | ¥(40,632)       |
| (U.S. dollar)                      | denominated bonds | 1,690,459                                 | -                                 | (33,578)        |
| (Euro)                             |                   | 201,159                                   | -                                 | (1,789)         |
| (Australian dollar)                |                   | 139,540                                   | -                                 | (5,264)         |
| Deferred hedge accounting          |                   |   |                                   |                 |
| Cross currency swaps               |                   |   |                                   |                 |
| Receipts floating, payments fixed  | Foreign-currency- |   |                                   |                 |
| (Euro)                             | denominated bonds | 26,958                                    | 26,958                            | (2,929)         |
| <b>Total</b>                       |                   |   |                                   | <b>(43,562)</b> |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

| As of March 31                     | Millions of Yen   |   |                                   |            | Millions of U.S. Dollars                  |                                   |            |
|------------------------------------|-------------------|---|-----------------------------------|------------|---|-----------------------------------|------------|
|                                    | Main hedged items | Notional amount/<br>contract value<br>(A) | Over 1 year<br>included in<br>(A) | 2015       | Notional amount/<br>contract value<br>(A) | Over 1 year<br>included in<br>(A) | 2015       |
|                                    |                   |   |                                   | Fair value |   |                                   | Fair value |
| Fair value hedge accounting        |                   |   |                                   |            |   |                                   |            |
| Foreign currency forward contracts |                   |   |                                   |            |   |                                   |            |
| Sold                               | Foreign-currency- | ¥ 2,354,756                               | ¥ —                               | ¥ (70,919) | \$ 19,230                                 | \$ —                              | \$ (579)   |
| (U.S. dollar)                      | denominated bonds | 2,010,069                                 | —                                 | (89,973)   | 16,415                                    | —                                 | (734)      |
| (Euro)                             |                   | 196,339                                   | —                                 | 10,404     | 1,603                                     | —                                 | 84         |
| (Australian dollar)                |                   | 148,347                                   | —                                 | 8,649      | 1,211                                     | —                                 | 70         |
| Deferred hedge accounting          |                   |   |                                   |            |   |                                   |            |
| Cross currency swaps               |                   |   |                                   |            |   |                                   |            |
| Receipts floating, payments fixed  | Foreign-currency- |   |                                   |            |   |                                   |            |
| (Euro)                             | denominated bonds | 35,575                                    | 35,575                            | (4,800)    | 290                                       | 290                               | (39)       |
| Total                              |                   |   |                                   | (75,719)   |   |                                   | (618)      |

(\*) 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.

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

iii) Stock-related

No ending balance as of March 31, 2013, 2014 and 2015.

iv) Bond-related

No ending balance as of March 31, 2013, 2014 and 2015.

**5. Securities Lending**

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,678,741 million, ¥1,700,669 million and ¥1,623,208 million (U.S. \$13,256 million) as of March 31, 2013, 2014 and 2015, respectively.

**6. Pledged Assets**

Assets pledged as collateral were securities in the amount of ¥4,319 million, ¥3,651 million and ¥4,586 million (U.S. \$37 million) as of March 31, 2013, 2014 and 2015, respectively.

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

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥64,479 million, ¥174,780 million and ¥188,734 million (U.S. \$1,541 million) as of March 31, 2013, 2014 and 2015, respectively.

**8. 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 ¥21,958 million, ¥21,136 million and ¥19,825 million (U.S. \$161 million) as of March 31, 2013, 2014 and 2015, respectively.

The aggregate amounts of loans to bankrupt borrowers were ¥1 million and ¥0 million as of March 31, 2013 and 2014, respectively. There were no loans to bankrupt borrowers, and none as of March 31, 2015. The aggregate amounts of loans in arrears were ¥3,043 million, ¥2,972 million and ¥2,630 million (U.S. \$21 million) as of March 31, 2013, 2014 and 2015, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of March 31, 2013, 2014 and 2015 were ¥123 million, ¥44 million and ¥44 million (U.S. \$0 million), respectively, for loans to bankrupt borrowers, and ¥16 million, ¥14 million and ¥5 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

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

### **Notes to the Consolidated Financial Statements (continued)**

unlikely 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, 2013, 2014 and 2015.

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

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

The amounts of restructured loans were ¥18,914 million, ¥18,163 million and ¥17,195 million (U.S. \$140 million) as of March 31, 2013, 2014 and 2015, respectively.

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

#### **9. Loan Commitments**

The amounts of loan commitments outstanding were ¥28,141 million, ¥23,939 million and ¥24,386 million (U.S. \$199 million) as of March 31, 2013, 2014 and 2015, respectively.

#### **10. Fair Values of Investment and Rental Property**

The carrying amounts of investment and rental properties were ¥605,556 million, ¥591,751 million and ¥592,183 million (U.S. \$4,836 million), and their fair values were ¥626,086 million, ¥629,309 million and ¥647,046 million (U.S. \$5,284 million) as of March 31, 2013, 2014 and 2015, 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.

#### **11. Accumulated Depreciation**

Accumulated depreciation of tangible fixed assets amounted to ¥405,012 million, ¥405,205 million and ¥407,166 million (U.S. \$3,325 million) as of March 31, 2013, 2014

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

and 2015, respectively.

**12. Impairment of Fixed Assets**

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

(1) Method for grouping the assets

The Company groups all the fixed assets held and utilized for the Company's insurance business as one asset group for the impairment test.

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

(2) Description of impairment losses recognized

For the years ended March 31, 2013, 2014 and 2015, 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 due to downturn of the real estate market. 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, 2013

| Asset group                            | Number of properties impaired | Millions of Yen |           |         |
|--|-------------------------------|-----------------|-----------|---------|
|  |                               | Land            | Buildings | Total   |
| Real estate for non-insurance business | 5                             | ¥ 592           | ¥ 551     | ¥ 1,144 |
| Idle assets                            | 30                            | 1,012           | 1,283     | 2,295   |
| Total                                  | 35                            | ¥ 1,605         | ¥ 1,835   | ¥ 3,440 |

For the year ended March 31, 2014

| Asset group                            | Number of properties impaired | Millions of Yen |           |         |
|--|-------------------------------|-----------------|-----------|---------|
|  |                               | Land            | Buildings | Total   |
| Real estate for non-insurance business | 2                             | ¥ 432           | ¥ 2,057   | ¥ 2,489 |
| Idle assets                            | 32                            | 1,192           | 1,616     | 2,809   |
| Total                                  | 34                            | ¥ 1,624         | ¥ 3,674   | ¥ 5,299 |

For the year ended March 31, 2015

| Asset group                            | Number of properties impaired | Millions of Yen |           |       |
|--|-------------------------------|-----------------|-----------|-------|
|  |                               | Land            | Buildings | Total |
| Real estate for non-insurance business | 2                             | ¥ 206           | ¥ 3       | ¥ 210 |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

|             |    |         |         |         |
|-------------|----|---------|---------|---------|
| Idle assets | 62 | 2,531   | 3,554   | 6,085   |
| Total       | 64 | ¥ 2,737 | ¥ 3,558 | ¥ 6,296 |

For the year ended March 31, 2015

| Asset group                            | Millions of U.S. Dollars |           |       |
|--|--------------------------|-----------|-------|
|  | Land                     | Buildings | Total |
| Real estate for non-insurance business | \$1                      | \$0       | \$1   |
| Idle assets                            | 20                       | 29        | 49    |
| Total                                  | \$22                     | \$29      | \$51  |

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.25%, 2.16% and 2.09% for the years ended March 31, 2013, 2014 and 2015, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

**13. Retirement Benefit Plans**

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

(1) Summary of the retirement benefit plans

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

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

(2) Transfer to defined contribution plans

The Company transferred a certain portion of defined benefit corporate pension plans to defined contribution pension plans on July 1, 2014. As a result, other extraordinary losses of ¥1,669 million (U.S. \$13 million) were recognized for the year ended March 31, 2015.

(3) Defined benefit plans

a. Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

| Years ended March 31                               | 2014                | 2015                  |
|--|---------------------|-----------------------|
| Method of attributing benefit to period of service | Straight-line basis | Benefit formula basis |
| Amortization period for actuarial differences      | 10 years            | 10 years              |
| Amortization period for past service cost          | 10 years            | 10 years              |



**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

b. Changes in the retirement benefit obligations for the years ended March 31, 2014 and 2015 were as follows:

| Years ended March 31                            | Millions of Yen |           | Millions of  |
|---|-----------------|-----------|--------------|
|   | 2014            | 2015      | U.S. Dollars |
| Balance at the beginning of the fiscal year     | ¥ 371,957       | ¥ 356,916 | \$2,914      |
| Service costs                                   | 12,192          | 11,448    | 93           |
| Interest cost on retirement benefit obligations | 3,432           | 3,083     | 25           |
| Actuarial losses (gains) recognized             | 4,299           | 4,320     | 35           |
| Benefits paid                                   | (31,320)        | (27,501)  | (224)        |
| Past service costs incurred                     | 69              | (4,139)   | (33)         |
| Others  | 260             | (27,018)  | (220)        |
| Balance at the end of the fiscal year           | 360,890         | 317,110   | 2,589        |

c. Changes in the plan assets for the years ended March 31, 2014 and 2015 were as follows:

| Years ended March 31                        | Millions of Yen |           | Millions of  |
|---|-----------------|-----------|--------------|
|   | 2014            | 2015      | U.S. Dollars |
| Balance at the beginning of the fiscal year | ¥ 347,253       | ¥ 362,538 | \$2,960      |
| Expected return on plan assets              | 3,525           | 3,391     | 27           |
| Actuarial gains (losses) recognized         | 9,585           | 49,182    | 401          |
| Contributions by employer                   | 13,471          | 10,194    | 83           |
| Benefits paid                               | (11,683)        | (10,732)  | (87)         |
| Others                                      | 384             | (24,201)  | (197)        |
| Balance at the end of the fiscal year       | 362,538         | 390,372   | 3,188        |

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, 2014 and 2015 were determined as follows:

| As of March 31   | Millions of Yen |           | Millions of  |
|--|-----------------|-----------|--------------|
|  | 2014            | 2015      | U.S. Dollars |
| Present value of funded retirement benefit obligations     | ¥ 358,918       | ¥ 315,093 | \$2,573      |
| Plan assets at fair value                                  | (362,538)       | (390,372) | (3,188)      |
| Net present value of funded retirement benefit obligations | (3,619)         | (75,278)  | (614)        |
| Present value of non-funded retirement benefit obligations | 1,972           | 2,017     | 16           |
| Net balance on the consolidated balance sheet              | (1,647)         | (73,261)  | (598)        |
| Consists of:   |                 |           |              |
| Defined benefit liabilities                                | 814             | 1,084     | 8            |
| Defined benefit assets                                     | (2,461)         | (74,345)  | (607)        |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

e. The amounts recognized in retirement benefit expenses in the consolidated statements of income for the years ended March 31, 2014 and 2015 were as follows:

| Years ended March 31                            | Millions of Yen |          | Millions of U.S. Dollars |
|---|-----------------|----------|--------------------------|
|   | 2014            | 2015     | 2015                     |
| Service costs                                   | ¥ 12,192        | ¥ 11,448 | \$93                     |
| Interest cost on retirement benefit obligations | 3,432           | 3,083    | 25                       |
| Expected return on plan assets                  | (3,525)         | (3,391)  | (27)                     |
| Amortization of net actuarial losses (gains)    | 12,776          | 10,864   | 88                       |
| Amortization of net past service costs          | (1,292)         | (776)    | (6)                      |
| Others  | 19              | 1,683    | 13                       |
| Retirement benefit expenses                     | 23,601          | 22,913   | 187                      |

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 year ended March 31, 2015 were as follows:

| Years ended March 31     | Millions of Yen | Millions of U.S. Dollars |
|--------------------------|-----------------|--------------------------|
|                          | 2015            | 2015                     |
| Actuarial gains (losses) | ¥ 60,559        | \$494                    |
| Past service costs       | 2,927           | 23                       |
| Total                    | 63,486          | 518                      |

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2014 and 2015 were as follows:

| Years ended March 31                  | Millions of Yen |            | Millions of U.S. Dollars |
|---------------------------------------|-----------------|------------|--------------------------|
|                                       | 2014            | 2015       | 2015                     |
| Unrecognized actuarial gains (losses) | ¥ (98,215)      | ¥ (37,713) | \$(307)                  |
| Unrecognized past service costs       | 3,072           | 5,989      | 48                       |
| Total                                 | (95,143)        | (31,723)   | (259)                    |

g. Plan assets

Plan assets as of March 31, 2014 and 2015 were comprised as follows:

| As of March 31                              | % of total fair value of plan assets |        |
|---|--------------------------------------|--------|
|   | 2014                                 | 2015   |
| Debt securities                             | 7.4%                                 | 8.3%   |
| Stocks                                      | 40.3%                                | 47.3%  |
| General account of life insurance companies | 30.1%                                | 25.1%  |
| Jointly invested assets                     | 19.4%                                | 17.0%  |
| Cash and deposits                           | 1.9%                                 | 1.1%   |
| Others                                      | 1.1%                                 | 1.2%   |
| Total                                       | 100.0%                               | 100.0% |

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 49.5% and 57.1% of total plan assets as of March 31, 2014 and 2015, respectively.

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

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 used in accounting for the defined benefit plans for the years ended March 31, 2014 and 2015 were as follows:

| <b>Years ended March 31</b>                      | <b>2014</b> | <b>2015</b> |
|--|-------------|-------------|
| Discount rate                                    | 0.9%        | 0.9%        |
| Expected long-term rate of return on plan assets |             |             |
| Defined benefit corporate pension plans          | 2.0%        | 2.0%        |
| Retirement benefit trusts                        | 0.0%        | 0.0%        |

(4) Defined contribution plans

The amount recognized as expenses for the defined contribution pension plans was ¥900 million (U.S. \$7 million) for the year ended March 31, 2015.

Accrued retirement benefits

The following tables set forth the status of accrued retirement benefits for the defined benefit plans as of March 31, 2013:

(1) Retirement benefit obligations

| <b>As of March 31</b>                                 | <b>Millions of Yen</b> |
|---|------------------------|
|   | <b>2013</b>            |
| a. Retirement benefit obligations                     | ¥ (371,957)            |
| b. Plan assets at fair value                          | 347,253                |
| [including retirement benefit trusts]                 | [174,559]              |
| c. Net retirement benefit obligations (a+b)           | (24,703)               |
| d. Unrecognized actuarial losses                      | 116,245                |
| e. Unrecognized past service costs                    | (4,434)                |
| f. Net value in the consolidated balance sheet(c+d+e) | 87,106                 |
| g. Prepaid pension cost                               | 87,864                 |
| h. Accrued retirement benefits (f-g)                  | ¥ (757)                |

(2) Assumptions used in calculation

Assumptions of the Company used in accounting for the defined benefit plans for the year ended March 31, 2013 were as follows:

| <b>Year ended March 31</b>                         | <b>2013</b>         |
|--|---------------------|
| Method of attributing benefit to period of service | Straight-line basis |
| Discount rate                                      | 0.9%                |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

|   |          |
|---|----------|
| Expected long-term rate of return on plan assets:   |          |
| Defined benefit corporate pension plans   |          |
| From 4/1/2012 to 6/30/2012  | 3.0%     |
| From 7/1/2012 to 3/31/2013  | 2.0%     |
| Retirement benefit trusts   | 0.0%     |
| Amortization period for actuarial differences<br>(Commencing in the following fiscal year after they<br>are incurred) | 10 years |
| Amortization period for past service cost   | 10 years |

(3) Retirement benefit expenses

Retirement benefit expenses for the year ended March 31, 2013 were comprised of the following:

|  | Millions of Yen |
|--|-----------------|
| <b>Year ended March 31</b>                         | <b>2013</b>     |
| a. Service costs                                   | ¥ 11,009        |
| b. Interest cost on retirement benefit obligations | 6,974           |
| c. Expected return on plan assets                  | (3,795)         |
| d. Amortization of actuarial losses                | 5,297           |
| e. Amortization of past service costs              | (2,868)         |
| f. Others  | 3               |
| g. Retirement benefit expenses (a+b+c+d+e+f)       | ¥ 16,621        |

**14. Deferred Taxes**

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

| As of March 31                                 | Millions of Yen |           |             | Millions of  |
|--|-----------------|-----------|-------------|--------------|
|  | 2013            | 2014      | 2015        | U.S. Dollars |
| Deferred tax assets                            | ¥ 563,231       | ¥ 657,521 | ¥ 650,205   | \$5,309      |
| Valuation allowance for<br>deferred tax assets | (7,098)         | (6,524)   | (6,417)     | (52)         |
| Subtotal                                       | 556,132         | 650,996   | 643,787     | 5,257        |
| Deferred tax liabilities                       | (731,194)       | (771,087) | (1,146,543) | (9,363)      |
| Net deferred tax assets<br>(liabilities)       | (175,061)       | (120,090) | (502,755)   | (4,105)      |

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

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

| As of March 31  | Millions of Yen |           |           | Millions of  |
|---|-----------------|-----------|-----------|--------------|
|   | 2013            | 2014      | 2015      | U.S. Dollars |
| Deferred tax assets                                   |                 |           |           | 2015         |
| Policy reserves and other reserves                    | ¥ 356,501       | ¥ 394,696 | ¥ 424,852 | \$3,469      |
| Reserve for price fluctuation                         | 111,743         | 147,792   | 141,866   | 1,158        |
| Deferred tax liabilities:                             |                 |           |           |              |
| Net unrealized gains on available-for-sale securities | 694,718         | 736,091   | 1,106,381 | 9,035        |

(2) The statutory tax rates were 33.28%, 33.28% and 30.73% for the years ended March 31, 2013, 2014 and 2015, 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                      | 2013     | 2014     | 2015     |
|---|----------|----------|----------|
| Policyholders' dividend reserves          | (17.45)% | (17.77)% | (15.19)% |
| Effects of changes in the income tax rate | —        | —        | 11.81%   |

(3) From the end of the year ended March 31, 2014, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities recoverable during the period within one year were changed from 33.28% to 30.73% due to the termination of the special reconstruction corporate tax in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 10 in 2014).

Due to this change, as of March 31, 2014, both deferred tax liabilities of the Company in the consolidated balance sheet and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥1,983 million.

(4) From the end of the year ended March 31, 2015, the statutory tax rates of the Company which are used to measure deferred tax assets and liabilities were changed from 30.73% to 28.80% in accordance with the "Act for Partial Revision of the Income Tax Act" (Act No. 9 in 2015).

Due to this change, as of March 31, 2015, deferred tax liabilities of the Company in the consolidated balance sheet decreased by ¥34,385 million (U.S. \$280 million), deferred tax liabilities for land revaluation in the consolidated balance sheet decreased by ¥5,754 million (U.S. \$46 million), and deferred portion of income taxes of the Company in the consolidated statement of income increased by ¥43,023 million (U.S. \$351 million).

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

**15. Policyholders' Dividend Reserves**

Changes in policyholders' dividend reserves for the years ended March 31, 2013, 2014 and 2015 were as follows:

| Years ended March 31                                      | Millions of Yen |           |           | Millions of U.S. Dollars |
|---|-----------------|-----------|-----------|--------------------------|
|   | 2013            | 2014      | 2015      | 2015                     |
| Balance at the beginning of the fiscal year               | ¥ 296,253       | ¥ 280,524 | ¥ 270,023 | \$2,205                  |
| Transfer from surplus in the previous fiscal year         | 133,466         | 152,835   | 158,094   | 1,291                    |
| Dividend payments to policyholders during the fiscal year | (149,773)       | (163,872) | (175,209) | (1,430)                  |
| Interest accrued during the fiscal year                   | 578             | 535       | 506       | 4                        |
| Balance at the end of the fiscal year                     | ¥280,524        | ¥ 270,023 | ¥ 253,414 | \$2,069                  |

**16. Subordinated Debt**

As of March 31, 2013, 2014 and 2015, other liabilities included subordinated debts of ¥100,000 million, ¥100,000 million and ¥100,000 million (U.S. \$816 million), respectively, and the repayments of which are subordinated to other obligations.

**17. Accrued Retirement Benefits for Directors and Executive Officers**

Accrued retirement benefits for directors and executive officers of the Company are provided based on a portion accrued for the period of the estimated payable amount.

In 2008, the Compensation Committee of the Company decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008.

No provisions have been made for incumbent directors and executive officers since that date.

**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 securitizations of loans and loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act".

**19. Foundation Funds**

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a

## **Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries Notes to the Consolidated Financial Statements (continued)**

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 redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥60,000 million (U.S. \$489 million) as of March 31, 2015.

The Company offered foundation funds in the amount of ¥100,000 million, ¥50,000 million and ¥60,000 million (U.S. \$489 million) pursuant to Article 60 of the "Insurance Business Act" in the years ended March 31, 2013, 2014 and 2015, 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 ¥771,030 million, ¥822,310 million and ¥864,990 million (U.S. \$7,064 million) as of March 31, 2013, 2014 and 2015, 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 ¥51,417 million, ¥51,981 million and ¥52,814 million (U.S. \$431 million) as of March 31, 2013, 2014 and 2015, 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.

### **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

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

31, 2013, 2014 and 2015 were as follows:

| Years ended March 31   | Millions of Yen |           |             | Millions of  |
|--|-----------------|-----------|-------------|--------------|
|  | 2013            | 2014      | 2015        | U.S. Dollars |
|  |                 |           |             | 2015         |
| <b>Net unrealized gains on available-for-sale securities:</b>                    |                 |           |             |              |
| Amount arising during the fiscal year  | ¥ 1,280,185     | ¥ 323,272 | ¥ 1,657,722 | \$13,537     |
| Reclassification adjustments   | (106,082)       | (180,064) | (184,502)   | (1,506)      |
| Before income tax effect adjustments   | 1,174,102       | 143,208   | 1,473,219   | 12,031       |
| Income tax effects   | (361,884)       | (43,919)  | (375,970)   | (3,070)      |
| Net unrealized gains on available-for-sale securities                            | 812,217         | 99,288    | 1,097,249   | 8,960        |
| <b>Deferred unrealized gains (losses) on derivatives under hedge accounting:</b> |                 |           |             |              |
| Amount arising during the fiscal year  | ¥ 9,588         | ¥ (1,767) | ¥ 22,901    | \$187        |
| Reclassification adjustments   | (2,141)         | (2,640)   | (2,961)     | (24)         |
| Before income tax effect adjustments   | 7,446           | (4,407)   | 19,939      | 162          |
| Income tax effects   | (2,106)         | 1,536     | (5,428)     | (44)         |
| Deferred unrealized gains (losses) on derivatives under hedge accounting         | 5,340           | (2,871)   | 14,511      | 118          |
| <b>Land revaluation differences:</b>   |                 |           |             |              |
| Amount arising during the fiscal year  | ¥ —             | ¥ —       | ¥ —         | \$ —         |
| Reclassification adjustments   | —               | —         | —           | —            |
| Before income tax effect adjustments   | —               | —         | —           | —            |
| Income tax effects   | 25              | —         | 5,884       | 48           |
| Land revaluation differences   | 25              | —         | 5,884       | 48           |
| <b>Foreign currency translation adjustments:</b>                                 |                 |           |             |              |
| Amount arising during the fiscal year  | ¥ 3,259         | ¥ 7,049   | ¥ 5,827     | \$47         |
| Reclassification adjustments   | —               | —         | —           | —            |
| Before income tax effect adjustments   | 3,259           | 7,049     | 5,827       | 47           |
| Income tax effects   | —               | —         | —           | —            |
| Foreign currency translation adjustments   | 3,259           | 7,049     | 5,827       | 47           |
| <b>Remeasurements of defined benefit plans:</b>                                  |                 |           |             |              |
| Amount arising during the fiscal year  | ¥ —             | ¥ —       | ¥ 44,064    | \$359        |
| Reclassification adjustments   | —               | —         | 19,355      | 158          |
| Before income tax effect adjustments   | —               | —         | 63,419      | 517          |
| Income tax effects   | —               | —         | (20,284)    | (165)        |



**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

|  |           |           |             |         |
|--|-----------|-----------|-------------|---------|
| Remeasurements of defined benefit plans  | —         | —         | 43,135      | 352     |
| <b>Share of other comprehensive income of affiliates accounted for by the equity method:</b> |           |           |             |         |
| Amount arising during the year   | ¥ 9,400   | ¥ 10,788  | ¥ 11,443    | \$93    |
| Reclassification adjustments   | —         | (477)     | (13)        | (0)     |
| Share of other comprehensive income of affiliates accounted for by the equity method         | 9,400     | 10,310    | 11,430      | 93      |
| <b>Total other comprehensive income</b>  | ¥ 830,243 | ¥ 113,777 | ¥ 1,178,038 | \$9,620 |

**24. Subsequent Events**

Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2015 were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2015.

Share acquisition

The Company entered into a definitive agreement to acquire 100% of the outstanding shares of StanCorp Financial Group, Inc. ("StanCorp") on July 23 (July 24, Japan local time), 2015.

(1) Purpose of share acquisition

The Company aims to further improve value for policyholders by enhancing profits and diversifying the business portfolio (dispensing business risk) of the entire group through expanding the scale and increasing the level of profits of overseas insurance business.

(2) Overview of the acquired company

a. Company name

StanCorp Financial Group, Inc.

b. Location

Portland, Oregon, USA

c. Business

Insurance and insurance related business (\*1)

(\*1) StanCorp is a holding company and its subsidiaries operate insurance business, etc.

d. Premiums (consolidated basis, for the fiscal year ended December 2014)

U.S. \$2,052 million

**Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries**  
**Notes to the Consolidated Financial Statements (continued)**

e. Total assets (consolidated basis, as of the end of December 2014)

U.S. \$22,711 million

(3) Overview of the acquisition

The Company intends to acquire the shares by January to March 2016. The acquiring price is expected to be approximately U.S. \$4,997 million (approximately ¥624.6 billion) (\*2) and it will be funded through cash and cash equivalents in hand. Under and in accordance with applicable laws and regulations in the U.S., the acquisition will be implemented by first establishing a special purpose company of the Company in Delaware, and then merging it with and into StanCorp. The acquisition is subject to approval of StanCorp's shareholders and approval of relevant regulatory authorities, as well as other customary closing conditions.

(\*2) The exchange rate used to calculate the yen-dominated amount is U.S. \$1 to ¥125.00.