IMPORTANT NOTICE

NOT TO BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON.

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER QIBS OR NON-U.S. PERSONS OUTSIDE UNITED STATES (EACH AS DEFINED BELOW).

IF YOU DO NOT AGREE TO THE TERMS AND CONDITIONS CONTAINED IN THIS NOTICE YOU SHOULD NOT READ THE ATTACHED OFFERING CIRCULAR AND SHOULD DELETE THIS ELECTRONIC TRANSMISSION.

IMPORTANT: You must read the following before continuing. The following disclaimers apply to the attached offering circular dated September 4, 2024 (the "Offering Circular"), and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. If you are not the intended recipient, please notify us immediately and delete this electronic transmission and the Offering Circular from your system. You agree you will not forward this electronic transmission or the Offering Circular to any other person.

Attached for your information is a copy of the Offering Circular in connection with the proposed offering outside Japan of certain securities (the "Securities") of the initial purchasers set forth in the Offering Circular (the "Initial Purchasers").

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE SUCH OFFER OR SALE IS UNLAWFUL. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR IS PERSONAL TO YOU, IS CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS REQUIREMENT MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS ELECTRONIC TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED TO AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Please refer to additional restrictions in the section entitled "Plan of Distribution—Selling Restrictions" in the Offering Circular.

By receiving and accepting this electronic transmission and accessing the Offering Circular, you will be deemed to have represented to us that you agree to comply with the restrictions set forth in this notice and in the Offering Circular.

Confirmation of Your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Securities, investors must either be Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or non-U.S. persons outside of the United States (within the meaning of Regulation S under the Securities Act). You have been sent the Offering Circular on the basis that you have confirmed that (a) you and any customers you represent are either QIBs or non-U.S. persons outside of the United States and the electronic mail address that you have given to us and to which this electronic transmission has been delivered is not located in the United States and (b) you consent to delivery of the Offering Circular by electronic transmission.

In the United Kingdom, the Offering Circular is being distributed only to, and is directed only at, persons: (A) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (B) who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 as it forms part of the domestic laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK Prospectus Regulation**") (all such persons together being referred to as "**Relevant Persons**"). The Offering Circular is addressed only to, and directed only at, persons in member states of the European Economic Area (the "**EEA**") who are "qualified investors" in such member states within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") ("**Qualified Investors**"). The Offering Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, by persons who are not Qualified Investors. Any investment or investment activity to which the Offering Circular relates is available only to (i) in the United Kingdom, Relevant Persons, and (ii) in any member state of the EEA, Qualified Investors, and will be engaged in only with such persons.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of the Initial Purchasers, nor any person who controls them nor any director, officer, employee or agent of it, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in the Offering Circular and such persons do not accept responsibility or liability for any such information or opinions.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Initial Purchasers nor any person who controls any of them nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR **STRICTLY CONFIDENTIAL**

Meiji Yasuda Life Insurance Company

(a Japanese mutual company)

5.800% Step-up Callable Subordinated Notes due 2054

We are offering $1,750,000,000 aggregate principal amount of 5.800% step-up callable subordinated notes due 2054 (the "Notes"). The interest payment dates will be March 11 and September 11 of each year (each an "interest payment date"), beginning on March 11, 2025, until the Notes are fully redeemed. The Notes will bear interest at a fixed rate of 5.800% *per annum* on each $1,000 principal amount thereof from, and including, September 11, 2024 to, but excluding, September 11, 2034 (the "first call date"), payable semi-annually in arrears on each interest payment date. The rate of interest of the Notes will be reset on the first call date and every date which falls five, or a multiple of five, years thereafter (each a "reset date"), until all Notes are fully redeemed. From, and including, each reset date to, but excluding, the next following reset date or the date on which the Notes are finally redeemed, whichever is the earlier (each such period a "reset interest period"), the interest rate *per annum* on each $1,000 principal amount of the Notes will be equal to the "reset interest rate," which is the sum of the applicable U.S. Treasury Rate (as defined herein) and 3.033% *per annum,* payable semi-annually in arrears on each interest payment date, beginning on March 11, 2035. Payment of interest is subject to optional deferral at our election and mandatory deferral in the case of a capital deficiency event (as defined herein) or any payment deferral in relation to the Notes or any liquidation parity security (as defined herein). The Notes do not restrict our ability to make payments on foundation funds *(kikin)* or any liquidation parity securities or such other instruments, in each case, by whose terms such non-payment is not permitted, or to make distributions to our policyholders. In the event of a deferral of a payment of interest on the Notes, arrears of interest (as defined herein) shall accrue on a cumulative basis and remain payable for so long as they remain unpaid, and, in the case of optional deferral (but not mandatory deferral) shall bear interest at a rate equivalent to the applicable fixed or reset interest rate for the relevant deferral period, as the case may be. See "Description of the Notes—Deferral of Interest Payments; Arrears of Interest."

The Notes will mature on September 11, 2054, subject to certain conditions. The Notes are subject to redemption in whole, but not in part, at our option and sole discretion on the first call date or any reset date or at any time in the event of certain changes in Japanese tax law, Japanese regulatory capital requirements or equity credit criteria of a rating agency, in each case subject to compliance with regulatory requirements, including prior consent of the Financial Services Agency of Japan (the "FSA"), if then required. See "Description of the Notes—Redemption."

The Notes will constitute our irrevocable, direct, unsecured and subordinated obligations. Upon the occurrence of a subordination event (as defined herein), any amounts payable under the Notes will be subordinated in right of payment to the prior payment of all of our senior indebtedness (as defined herein). See "Description of the Notes—Status of the Notes; Subordination." Claims in respect of the Notes shall at all times rank *pari passu* with liquidation parity securities as to priority of liquidation payment, and will rank in priority to claims of holders of interests in our foundation funds *(kikin)* and claims of any other instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment.

Payment of the principal of the Notes may be accelerated (subject to subordination) only in the case of a subordination event, which would only occur in the event of our liquidation, bankruptcy, reorganization or rehabilitation. There is no right of acceleration of the payment of principal of the Notes upon a default in the payment of principal of or interest on the Notes, upon the non-performance of any covenant by us in relation to the Notes or upon the happening of any other event in relation to the Notes other than a subordination event. See "Description of the Notes—Events of Acceleration; Limited Rights of Acceleration."

The Notes will be issued only in registered form with a minimum denomination of $200,000 and integral multiples of $1,000 in excess thereof.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 15.

Issue price: 100%, plus accrued interest, if any
Interest on the Notes will accrue from September 11, 2024

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or other securities laws. The Notes are being offered or sold within the United States only to qualified institutional buyers ("QIBs") in reliance on an exemption from registration provided by Rule 144A under the Securities Act and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. The Notes are not transferable except in accordance with the restrictions described under "Transfer Restrictions."

Approval in-principle has been received for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this offering circular. Admission of the Notes to the official list of the SGX-ST is not to be taken as an indication of our merits or the merits of the Notes.

It is expected that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company ("DTC") and its participants, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"), on or about September 11, 2024.

Joint Lead Managers and Joint Bookrunners

Morgan Stanley J.P. Morgan Mizuho Goldman Sachs & Co. LLC BofA Securities

Co-Managers

Daiwa Capital Markets SMBC NIKKO Nomura Barclays BNP PARIBAS Citigroup

Offering Circular dated September 4, 2024

This offering circular is confidential and is being provided exclusively to prospective purchasers of the Notes. Investors should read this offering circular before making a decision whether to purchase any Notes. Investors must not:

- use this offering circular for any other purpose;
- make copies of any part of this offering circular or give a copy of it to any other person; or
- disclose any information in this offering circular to any other person.

We have prepared this offering circular and are responsible for its contents. Potential investors in the Notes are responsible for making their own examination of our business and their own assessment of the merits and risks of investing in the Notes. By purchasing any Notes, investors will be deemed to have acknowledged that:

- they have reviewed this offering circular; and
- the initial purchasers are not responsible for, and are not making any representation to investors concerning, our future performance or the accuracy or completeness of this offering circular.

We are not providing investors with any legal, business, tax or other advice in this offering circular. Investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Notes.

Investors must comply with all applicable laws that apply in any jurisdiction in which they buy, offer or sell any Notes or possess this offering circular. Investors must also obtain any consents or approvals necessary in order to purchase any Notes. The initial purchasers and we are not responsible for investors' compliance with any such legal requirements.

No action has been or will be taken to permit a public offering of the Notes in any jurisdiction where action would be required for that purpose. This offering circular may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. This offering circular does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful. Persons into whose possession this offering circular comes must inform themselves about and observe any applicable legal requirements.

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF OUR BUSINESS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT REVIEWED THIS OFFERING CIRCULAR OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

This offering circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Notes. Distribution of this offering circular to any person other than the offeree and any persons retained to advise the offeree with respect thereto is unauthorized, and any disclosure of its contents, without our prior written consent, is prohibited.

By receiving this offering circular you acknowledge that:

- you have not relied on any initial purchaser, any U.S. selling agent, the trustee or any of their affiliates in connection with your investigation of the accuracy of the information in this offering circular or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the Notes offered hereby other than as contained in this offering circular and, if given or made, that other information or representation should not be relied upon as having been authorized by us, any initial purchaser, the trustee or any U.S. selling agent or any of their affiliates.

The Notes have not been and will not be registered under the Securities Act or with any securities authority of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Notes have not been and will not be offered or sold within the United States until 40 days after the later of the commencement of the sale of the Notes and the date of the original issuance of the Notes, except if the Notes are being offered:

- in the United States only to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; and

- outside the United States in offshore transactions to non-U.S. persons as defined in, and in accordance with, Regulation S.

You are hereby notified that sellers of the Notes may be relying on the exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA") and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act"). The Notes may not be directly or indirectly offered or sold in Japan, or to, or for the benefit of, any person resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale directly or indirectly in Japan, or to, or for the benefit of, any person resident in Japan, for Japanese securities law purposes except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan. In addition, as part of the initial distribution by the initial purchasers, the Notes are not at any time to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient. A "Gross Recipient" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that, in either case, is a person having a special relationship with the issuer of the Notes as described in Article 6, Paragraph (4) of the Special Taxation Measures Act (a "Specially-Related Person"), (ii) a Japanese financial institution, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order for Enforcement of the Act on Special Measures Concerning Taxation of Japan (Cabinet Order No. 43 of 1957, as amended) (the "Cabinet Order") that will hold the Notes for its own proprietary account (a "Designated Financial Institution") or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act. **By subscribing for the Notes, an investor will be deemed to have represented that it is a Gross Recipient**.

Interest payments on the Notes will be subject to Japanese withholding tax unless the holder establishes that the Notes are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that, in either case, is a Specially-Related Person, (ii) a Designated Financial Institution described in Article 6, Paragraph (11) of the Special Taxation Measures Act which has complied with the Japanese tax exemption requirements, or (iii) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Special Taxation Measures Act receiving interest through its payment handling agent in Japan as provided in that Paragraph.

Interest payments on the Notes to an individual resident of Japan, to a Japanese corporation not described in the preceding paragraph, or to an individual non-resident of Japan or a non-Japanese corporation that, in either case, is a Specially-Related Person will be subject to deduction in respect of Japanese income tax at the rate of 15.315% (15% on or after January 1, 2038) of the amount of such interest.

Each prospective investor who places an order for the Notes consents to the disclosure by the initial purchasers to us of the prospective investor's identity, the details of such order and the actual amount of Notes subscribed, if any.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the

"Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET—Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this paragraph, an "EU distributor") should take into consideration the manufacturers' target market assessment; however, an EU distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE CONCERNING THE UNITED KINGDOM

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). Accordingly, the offering of the Notes is only being made to investors in the UK who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA, as amended (the "UK Prospectus Regulation"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA, as amended (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this offering circular is being distributed to and is directed only at, legal entities which are qualified investors as defined in Article 2 of the UK Prospectus Regulation and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, as described in Article 49(2) of the Order (all such persons together being "Relevant Persons"). In the United Kingdom, any investment or investment activity to which this offering circular relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this document or any of its contents.

NOTICE TO INVESTORS IN HONG KONG

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer and this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Notes have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). No advertisement, invitation or document relating to the Notes has been or will be issued or in the possession of, or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

NOTICE TO INVESTORS IN SINGAPORE

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

THIS OFFERING CIRCULAR MAY NOT BE DISTRIBUTED TO ANY PERSON IN ANY OF THE STATES OF ALABAMA OR NEW MEXICO OR THE COMMONWEALTH OF PUERTO RICO. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, NOR A SOLICITATION OF ANY OFFER TO PURCHASE, ANY OF THE NOTES, AND NO OFFERING OR SALE OF THE NOTES MAY BE MADE TO ANY PERSON, IN ANY OF THE STATES OF ALABAMA OR NEW MEXICO OR THE COMMONWEALTH OF PUERTO RICO.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We have prepared this offering circular in reliance upon a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we," "us," "our," "Meiji Yasuda" and words of similar import, we are referring to Meiji Yasuda Life Insurance Company itself, or to Meiji Yasuda Life Insurance Company and its consolidated subsidiaries, as the context may require. In this offering circular, references to the "Board" or "Board of Directors" refer to our board of directors. References to "StanCorp" refer to StanCorp Financial Group, Inc.

In this offering circular, except as otherwise indicated, currency amounts are expressed in Japanese yen ("yen" or "¥") or in U.S. dollars ("dollars" or "$").

Unless otherwise specified, where information is presented in trillions, billions or millions of yen, amounts of less than one hundred billion, one hundred million or one hundred thousand yen, respectively, have been truncated. Where information is presented in millions of dollars, amounts of less than one hundred thousand dollars have been truncated. All percentages have been rounded to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be. In some cases, figures presented in tables in this offering circular may not total due to such truncation or rounding.

Our fiscal year end is March 31. This offering circular includes audited consolidated financial statements and audited non-consolidated financial statements as of and for the years ended March 31, 2022, 2023 and 2024 with the audit reports thereon and unaudited quarterly consolidated financial statements and unaudited quarterly non-consolidated financial statements as of June 30, 2024 and for the three months ended June 30, 2023 and 2024. Our financial statements are prepared in accordance with the provisions of the Insurance Business Act of Japan (Act No. 105 of 1995, as amended) (the "Insurance Business Act") and related regulations thereunder and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which differ in certain significant respects from accounting principles generally accepted in other countries or regions, including International Financial Reporting Standards ("IFRS").

At the beginning of the fiscal year ended March 31, 2024, certain of our affiliates accounted for by the equity method adopted IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts." These standards were retrospectively applied to the consolidated financial information as of and for the fiscal year ended March 31, 2023 presented in the consolidated financial statements as of and for the fiscal years ended March 31, 2023 and 2024 included elsewhere in this offering circular as well as the corresponding financial information set forth in the sections entitled "Selected Financial Data and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The consolidated financial information as of and for the fiscal year ended March 31, 2023 presented in the consolidated financial statements as of and for the fiscal years ended March 31, 2022 and 2023 included elsewhere in this offering circular has not been retrospectively adjusted to apply such standard.

Disclosure requirements for financial and other information applicable to Japanese mutual companies differ in certain respects from those applicable to Japanese public companies, whose securities are listed on a Japanese stock exchange and are required to comply with the continuous disclosure requirements of the FIEA. For example, Japanese mutual companies are not subject to requirements applicable to such Japanese public companies to prepare interim financial statements or to make timely disclosure of material corporate developments and events.

In the year ended March 31, 2023, we adopted certain changes to our definition of base profit, and financial information presented in this offering circular for the years ended March 31, 2020, 2021 and 2022 has been retrospectively adjusted to reflect such changes. The changes to the definition are the inclusion of hedging costs for foreign exchange transactions, the exclusion of gains and losses on cancellation of investment trusts, the exclusion of foreign exchange fluctuations of securities redemption gains and losses, and the exclusion of certain gains and losses in respect of reinsurance.

Except as otherwise specified, the discussion and analysis of our financial condition and results of operations and all financial information set forth in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" are provided on a consolidated basis. Except as otherwise specified, financial information other than in that section is presented on a non-consolidated basis.

As of June 30, 2024, our non-consolidated total assets and total net assets represented 88.4% and 96.0% of our consolidated total assets and total net assets, respectively. As of and for the year ended March 31, 2024, our non-consolidated total assets and total net assets represented 89.6% and 96.9% of our consolidated total assets and total net assets, respectively, and our non-consolidated ordinary profit and net surplus represented 99.5% and 107.3% of our consolidated ordinary profit and net surplus, respectively.

Our investments are divided into our general account and separate accounts. Payments to customers for products providing a fixed benefit are made from investments in our general account. We bear the risk that investments in the general account will not yield sufficient returns to cover benefits paid for products for which premiums are calculated based on a fixed assumed yield. In contrast, products for which customers bear the investment risk are paid from funds managed in our separate accounts. Such products include individual variable insurance, individual variable annuities and group annuities with separate account policy riders. Some of the information presented in this offering circular reflects our general account on a stand-alone basis and excludes separate account assets and liabilities. Such information is specifically identified in this offering circular as general account information. Where no such identification is made, the information provided herein includes both general account and separate account assets and liabilities. Of our ¥47,793.3 billion of non-consolidated total assets as of June 30, 2024, ¥47,257.6 billion, or 98.9%, represented general account assets. The balance consisted of separate account assets in the amount of ¥617.4 billion.

FORWARD-LOOKING STATEMENTS

This offering circular contains forward-looking statements. Such statements include statements regarding our intent, belief or current expectations or those of our management with respect to our business, financial condition and results of operations. In some cases, forward-looking statements can be identified by terms such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or the negative of these terms or other similar terminology. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those discussed in forward-looking statements. In addition, forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties.

Potential risks and uncertainties include those identified and discussed in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and elsewhere in this offering circular. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this offering circular. We do not undertake to revise forward-looking statements to reflect future events or circumstances.

AVAILABLE INFORMATION

While any Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, if, at any time, we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will furnish, upon request, to any holder of a Note, or any prospective purchaser designated by a holder of a Note, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a mutual company established under the laws of Japan. Most of our directors and executive officers reside in Japan. All or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, investors may be unable to effect service of process within the United States or elsewhere outside Japan upon us or such persons or to enforce against us or them judgments obtained in United States courts or elsewhere predicated upon the civil liability provisions of the federal or state securities laws of the United States. We have been advised by our Japanese counsel that there is doubt as to the enforceability in Japanese courts, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated solely upon U.S. federal or state securities laws.

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the detailed information and financial statements contained elsewhere in this offering circular. For a discussion of certain risks that prospective investors should consider in connection with an investment in the Notes, see "Risk Factors."

Meiji Yasuda Life Insurance Company

Overview

We are one of the largest private life insurance companies in Japan. We operate primarily in Japan and offer a wide range of products, including individual and group life insurance and annuities and other insurance products, to approximately 12.22 million customers in Japan, including in both individual insurance marketing and group insurance marketing, as of March 31, 2024.

Our core business is offering individual and group life insurance products in Japan. Our main product is "Best Style," a customizable comprehensive product we released in June 2014 that can be tailored to meet the changing needs of our customers throughout various life stages. We also sell various other individual and group life insurance and annuity products, and a range of third-sector insurance products, including medical insurance and nursing care insurance.

We held one of the largest market shares in Japan by premium income among private insurers for the year ended March 31, 2024, and aim to continue the growth that made us one of Japan's leading private life insurance companies.

Internationally, we had six subsidiaries and affiliates in four countries as of June 30, 2024, and we have expanded our overseas insurance business with a view to securing a more robust profit base and realizing risk diversification. In particular, in March 2016, we acquired StanCorp, a leading provider of group life and disability insurance in the United States.

Strengths

Stable profit from our domestic insurance business and multifaceted revenue sources from overseas insurance business

We have been operating for more than 140 years in the Japanese life insurance market and have a longstanding and established position as a leading life insurer. In particular, we maintain a high market share in the group life insurance market, backed by strong business relationships with large Japanese companies, government agencies and local governments. According to life insurance statistics published by the Life Insurance Association of Japan, as of March 31, 2023, we had the highest amount of policies in force for group life insurance among life insurers in Japan. As of June 30, 2024, we had policies in force for group life insurance of ¥115.3 trillion.

For individual insurance, our sales personnel are our main sales channel, accounting for 75.5% of our non-consolidated annualized premiums from policies in force from individual insurance and annuities for the fiscal year ended March 31, 2024. We sell highly profitable medical and protection-type insurance products and other products through a combination of in-person and virtual consulting conducted by our extensive team of sales personnel of 36,469 as of April 1, 2024. Our flagship products include comprehensive insurance products such as "Best Style" that offer protection-type products ranging from illness and injury protection, serious disease and illness protection, disability and nursing care protection to death and permanent events. See "Business—Products and Services—Individual Insurance—Customizable Comprehensive Insurance—'Best Style'." Through our sales efforts, we have been able to generate premiums of medical and protection-type products to provide a stable revenue source and an important growth driver for our domestic insurance business. The annualized premiums from new business in third-sector products increased from ¥39.9 billion for the fiscal year ended March 31, 2020 to ¥48.2 billion for the fiscal year ended March 31, 2024. For the three months ended June 30, 2024, the annualized premiums from new business in third-sector products was ¥11.0 billion.

In addition, we promote customer satisfaction through after-sales services, which also contributes to the stability of our profit base. The surrender and lapse rate for individual insurance and annuities has remained at a low level, with a surrender, lapse and partial surrender rate of 5.12% for our flagship products for the fiscal year ended March 31, 2024. In addition, our persistency rate of individual insurance and annuities, calculated based on the amount of policies in force, has remained high over the past five years, with 13-month contracts at 94.2%, 25-month contracts at 87.5% and 61-month contracts at 70.0% as of June 30, 2024.

We are also working to expand our overseas insurance business with the aim of diversifying our revenue sources by enhancing our existing businesses and engaging in new investments. Premium and other income from our overseas insurance business and other businesses increased from ¥318.4 billion in the fiscal year ended March 31, 2020 to ¥515.9 billion in the fiscal year ended March 31, 2024. For the three months ended June 30, 2024, premium and other income from our overseas insurance business and other businesses was ¥148.5 billion. In addition, during the same time period, base profit of the group attributable to our overseas insurance business and other businesses has also increased from ¥65.1 billion, in the fiscal year ended March 31, 2020 to ¥91.4 billion in the fiscal year ended March 31, 2024, although it had temporarily decreased between the fiscal years ended March 31, 2021 and 2023 due partially to higher claim payments related to the COVID-19 pandemic. For the three months ended June 30, 2024, the base profit of the group attributable to our overseas insurance business and other businesses was ¥23.8 billion. In particular, the growth of StanCorp has played a significant role in our effort to diversity our business overseas.

Robust asset management and risk management operations focusing on ALM

Our asset management operations are based on an ALM policy focused on surplus management through which we aim to manage our assets and liabilities to control our risks in response to changes in the market environment. Under this policy, we consider our surplus, which is the difference between the market value of our assets and the market value of our liabilities, as an important indicator of our capital base and financial soundness, and fluctuations surplus and related risks are closely monitored.

We have built a high-quality investment portfolio with 55.7% of our general account assets comprised of stable, fixed-income assets such as domestic bonds, domestic loans, domestic monetary claims bought and hedged foreign currency-denominated bonds as of June 30, 2024, which we believe provides a degree of stability in our portfolio. At the same time, we have invested 44.3% in unhedged foreign bonds, domestic stocks and other assets to improve our overall portfolio revenue. In addition to actively adjusting the percentage of foreign bonds for which we enter into hedging arrangements, we manage risks by adjusting our domestic stock holdings based on the performance of each investment. As of June 30, 2024, the domestic stocks in our investment portfolio had a break-even point equivalent to approximately ¥9,400 in relation to the Nikkei 225 Index and approximately 670 points in relation to TOPIX. This indicates the level of TOPIX at which unrealized gains and losses cancel out on domestic stocks if our portfolio and TOPIX fully correlate.

We have also increasingly invested in long-term bonds with very long maturities in order to reduce the duration gap between the maturities of our assets and liabilities, and as a result the average remaining maturity of our assets has increased in recent years. See "Business—Investments—Management of Investments." As of March 31, 2024, over 60% of our current domestic bond portfolio comprises bonds with a remaining maturity of over 10 years.

Sound and firm capital base indicated by our solvency margin ratio, which is among the highest among leading life insurance companies in Japan, and Group ESR of over 200%

As of June 30, 2024, our solvency margin ratio on a consolidated and non-consolidated basis was 1,032.6% and 995.6%, respectively, which significantly exceeded the regulatory minimum requirement of 200%. In addition, our consolidated solvency margin ratio as of June 30, 2024 was the highest among the top five life insurance companies in Japan, including Japan Post Insurance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Solvency Margin Ratio."

In addition, in anticipation of the introduction of economic value-based solvency regulations expected to come in to effect in the fiscal year ending March 31, 2026, we also use Group ESR as an important indicator of financial soundness to inform our management decisions in areas including policyholder dividends and investments. For more information on how we calculate Group ESR, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Economic Solvency Ratio" and "Risk Factors—Risks Related to the Life Insurance Industry—Our ESR framework, as well as certain metrics such as group surplus we disclose under our ESR framework, may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan". We aim to achieve our provisional target for Group ESR of 220%, and aim to continuously exceed Group ESR of 165% as our target range.

Strategies

Our new mid-term business plan, which we call "MY Mutual Way Phase II", was launched in April 2024 and further amended in June 2024. This plan aims to enhance the role of life insurance companies in society by focusing the two main areas: pursuing our growth strategies and strengthening our management base.

Our numerical targets and strategic initiatives set forth as part of our strategies below are forward-looking statements. See "Forward-Looking Statements." Our ability to achieve these numerical targets or implement these strategic initiatives is subject to risks and uncertainties, including those described under "Risk Factors" and elsewhere in this offering circular. These numerical targets and strategic initiatives are based on a number of assumptions, beliefs and expectations established at the time our mid-term business plan was announced in March 2024 (and later modified in June 2024) and do not reflect the impact of any inorganic initiatives that we may pursue as part of our ongoing growth strategy. Such assumptions, beliefs and expectations involve significant subjective judgment and relate to matters that may be outside of our control, such as assumptions about the economic environment and key macroeconomic indicators. For example, we assumed that, over the three-year period covered by the mid-term business plan, domestic and U.S. interest rates as well as domestic stock market indices would increase slightly and that the U.S. dollar would appreciate slightly against the yen. There can be no assurance that we will achieve the numerical targets or strategic initiatives set forth in our mid-term business plan.

Our specific strategies for growing and strengthening of our operating base are as follows:

- Pursue growth focusing on our domestic life insurance business, asset management and overseas insurance business as key growth areas.

- Strengthen our management base including our internal management resources and management structure to support the implementation of our growth strategies.

- Implement strategies to enhance our corporate brand.

- Promote a corporate culture and brand that creates connections with diverse stakeholders and further disseminates the Meiji Yasuda philosophy focusing on bottom-up initiatives.

Pursue growth focusing on our domestic life insurance business, asset management and overseas insurance business as key growth areas

- *Further enhancement of sales activities.* In our domestic life insurance business, we will aim to increase the number of sales personnel to approximately 37,000 by March 31, 2027 and significantly improve the quality and productivity of our sales personnel channel and maintain our position as a leading company for group life insurance, while at the same time being firmly committed to eliminating compliance violations in our operations. We will aim to improve the productivity of the sales personnel channel by focusing on activities that contribute to solving day-to-day issues faced by our customers and promote our customers' health. In particular, we plan to expand the number of "advanced" sales personnel, which are sales personnel who have demonstrated productivity above a certain level. In the area of group life insurance, we will leverage technology to expand customer contact points and develop new markets, expand medical insurance products offerings and develop new services to further differentiate ourselves from our competitors. In our bancassurance sales channel, we will strengthen our compliance and customer service framework and aim to improve our competitiveness by expanding our product lineup to meet customer needs in response to the changing market environment. In addition, we will strengthen our market development efforts by expanding contact points with local companies, local governments and financial institutions, and by linking individual sales channels with corporate sales channels. We also aim to dramatically improve customer convenience through technology.

- *Expanding the role of life insurance.* To expand our market share in the domestic life insurance business, we will focus on enhancing our protection-type business and reforming our saving-type business. To advance protection-type business, we will expand the functions of conventional life insurance by developing and providing new programs aligned with each stage of the customers' health, or patient journey. To reform our saving-type business, we will aim to improve dividends by using revenue generated from asset management. We also plan to develop and expand savings-type products and provide incentives to our sales personnel by revising our evaluation and compensation policies.

- *Enhance asset management operations.* With an overall goal of strengthening risk management in our asset management operations, we will aim to enhance our asset management operations through improving overall portfolio returns, engaging in socially responsible investments and other areas. Specifically, we plan to strengthen our asset allocation functions through implementing more refined financial environment scenarios in our risk management, asset diversification that can more effectively respond to market changes and enhanced hedging strategies. We are also enhancing our in-house overseas investment capabilities by expanding overseas private investments and emerging managers programs.

- *Pursue socially responsible investment.* To further our commitment to socially responsible investment, we have established ¥800 billion as the target range for ESG-related investments and loans from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027. Of this amount, we intend to allocate ¥120 billion to impact financing for projects that we believe will help address environmental and socio-economic issues.

- *Expand overseas insurance business.* We plan to further expand earnings through our overseas insurance business, including by conducting research and identifying new investment opportunities that will contribute to the realization of growth exceeding that of investments in Japan. At the same time, we will continue our efforts to further enhance and stabilize existing overseas insurance businesses and to strengthen our business foundation in anticipation of future business expansion. As for new investments, we will pursue investments in developed countries with the aim of contributing to earnings, and will also aim to pursue investments in emerging countries with the aim of generating medium- to long-term earnings. Most recently, as announced on August 14, 2024, StanCorp has entered into an agreement to acquire two subsidiaries of The Allstate Corporation ("Allstate") that operate employer voluntary benefits businesses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Acquisition of Employer Voluntary Benefits Businesses from Allstate." We believe this acquisition will contribute to the growth of StanCorp by strengthening its customer base and improve efficiency in its employer voluntary benefits business. In existing overseas insurance businesses, we will continue working on the post-merger integration of StanCorp's business in line with our plans and aim to achieve a high level of stable organic growth of our existing overseas insurance group companies. We will also aim to continue to actively pursue investments in overseas markets with the aim of further expanding our overseas insurance business.

Strengthen our management base to support implementation of our growth strategies

- Improve competitiveness by enhancing the motivation of each individual employee and supporting each employee's ability to reach such individual's full potential by revising employee compensation and other initiatives.

- Improve productivity through further investment in IT and digitalization and the use of cutting-edge technology.

- Promote sustainable management by enhancing our management as a mutual company, further strengthening our group management systems and enhancing governance.

Summary Risk Factors

An investment in the Notes involves significant risks, and prospective investors are urged to carefully consider the matters discussed under "Risk Factors" prior to making an investment decision. Such risks include, but are not limited to the following:

- Adverse financial market and economic conditions in Japan and elsewhere may have a material adverse effect on our business, financial condition and results of operations;
- We may be unable to execute our strategic initiatives in order to grow our business and achieve results that are consistent with the targets in our new mid-term business plan;
- Changes in interest rates may materially affect our profitability;
- Our investment portfolio exposes us to a number of risks;
- A reduction or perceived reduction in our financial strength, including as a result of any downgrade of our credit or financial strength ratings or outlook, or any negative events related to our business or the Japanese life insurance industry could have a material adverse effect on our business, financial condition and results of operations;
- Differences between future claims and benefits and the actuarial assumptions used in pricing and establishing reserves for insurance and annuity products, as well as changes in such actuarial assumptions, may have a material adverse effect on our business, financial condition and results of operations;
- We derive the majority of our sales from individual life insurance policies and individual annuity products;
- Our risk management policies and procedures may be ineffective;
- We are exposed to liquidity risk;
- We are subject to risks associated with our overseas insurance business and continuing overseas expansion;
- We may be unable to complete our planned acquisition of subsidiaries of Allstate, or the acquisition could fail to deliver the anticipated benefits or otherwise have an adverse effect on our business and results of operations, including due to impairment of goodwill;
- Changes in relationships with or performance of strategic partners or co-creation partners could harm our business, financial condition and results of operations;
- We may be unable to successfully execute our digitalization strategy, and the use of artificial intelligence and customer data and other initiatives we implement as part of our digitalization strategy may present new risks and challenges to our business;
- Any potential future reorganization from a mutual company to a joint-stock corporation may not produce the intended benefits;
- We may be unable to hire, train or retain a sufficient number of qualified sales personnel and other personnel or to contract with effective third-party sales agencies;
- Our plans to maintain sales of life insurance products through the bancassurance channel or achieve targeted profitability through such channel may be unsuccessful;
- Our financial condition and results of operations will be negatively affected if we are required to reduce our deferred tax assets;
- Any failure of information technology systems could harm our business, financial condition and results of operations;

- If our customers' personal information is lost, accidentally disclosed or misappropriated, or if information security is otherwise breached, we could be subject to reputational harm or legal claims;

- Misconduct by sales personnel, other employees, third-party sales agencies, third-party service providers or customers could subject us to losses and reputational harm;

- Declines in our pension assets or revisions in actuarial assumptions could increase our pension costs;

- We are involved in litigation related to our insurance operations from time to time, which could result in financial losses or otherwise harm our businesses;

- Demographic trends in Japan will continue to have an adverse effect on the Japanese life insurance industry;

- We continue to face competition in the Japanese financial services industry;

- As a Japanese insurance company, we are subject to extensive oversight of our business practices and must maintain a solvency margin ratio at or above required levels;

- Our ESR framework, as well as certain metrics such as group surplus we disclose under our ESR framework, may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan;

- Future changes in laws and regulations applicable to us, as well as judicial and other interpretations, could adversely affect our business, financial condition and results of operations;

- Changes to accounting standards relating to the calculation of policy reserves could have a material adverse effect on our reported financial condition and results of operations;

- Failure of other Japanese life insurance companies could require us to increase our contributions to industry-wide policyholder protection funds and could undermine consumer confidence;

- Catastrophes could result in significant losses and disruptions to our business operations;

- We are subject to risks associated with public health crises, including pandemics, which have and could have an adverse effect on our business, results of operations, financial condition and financial performance; and

- Other factors discussed in "Risk Factors" and elsewhere in this offering circular.

For a discussion of these and other risks you should consider before making an investment decision, see the section entitled "Risk Factors."

Company Information

Our registered head office is located at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan. Our English website address is *https://www.meijiyasuda.co.jp/english/.* For the avoidance of doubt, the information appearing on our website does not constitute a part of this offering circular.

THE OFFERING

If in the future we conduct a demutualization under the Insurance Business Act or any similar applicable law or regulations and become a joint-stock corporation (a "Demutualization Event"), certain provisions of the Notes will automatically be amended, as described in "Description of the Notes." Unless otherwise described therein, the amended provisions will form part of the terms and conditions of the Notes upon the effectiveness of a Demutualization Event.

Securities Offered .... $1,750,000,000 aggregate principal amount of 5.800% step-up callable subordinated notes due 2054.

The Notes have not been registered with the U.S. Securities and Exchange Commission (the "SEC"), and are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and inside the United States to QIB s in reliance on Rule 144A.

Status of Notes/Ranking .... The Notes will constitute our irrevocable, direct, unsecured and subordinated obligations. Claims in respect of the Notes shall at all times rank *pari passu* and without any preference among themselves and *pari passu* with Liquidation Parity Securities (as defined below) as to priority of liquidation payment and in priority to (i) claims of holders of interests in our foundation funds *(kikin)* and (ii) claims of any other instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment.

"Liquidation Parity Securities" means (i) our $2 billion aggregate principal amount of 5.20% step-up callable subordinated notes due 2045, $1 billion aggregate principal amount of 5.10% step-up callable subordinated notes due 2048, ¥100 billion aggregate principal amount of callable subordinated notes due 2046 with interest deferral options, ¥100 billion aggregate principal amount of callable subordinated notes due 2047 with interest deferral options, ¥15 billion aggregate principal amount of callable subordinated notes due 2051 with interest deferral options, ¥80 billion aggregate principal amount of callable subordinated notes due 2049 with interest deferral options, ¥200 billion aggregate principal amount of callable subordinated loan due 2051 with interest deferral options and ¥71.6 billion aggregate principal amount of callable subordinated loan due 2052 with interest deferral options and (ii) any other liabilities that are expressly designated as being on a parity with, or ranking *pari passu* with, the Notes as to priority of liquidation payment, and, for the avoidance of doubt, Liquidation Parity Securities shall not include foundation funds *(kikin)*. See "Description of the Notes—Status of the Notes; Subordination."

The holders of the Notes will not have the benefit of any security interest.

Minimum Denomination .... The Notes will be issued in fully registered form, without coupons, with a minimum denomination of $200,000 in principal amount and integral multiples of $1,000 in excess thereof.

Interest on the Notes .... *Pre-first call date interest period:*

From, and including, September 11, 2024 to, but excluding, September 11, 2034, the Notes will bear interest at 5.800% *per*

	annum on each $1,000 principal amount thereof, payable semi-annually in arrears on March 11 and September 11 of each year, beginning on March 11, 2025, subject to certain adjustments as described in "Description of the Notes—General."
	Reset interest periods:
	The rate of interest of the Notes will be reset on the first call date and each reset date, until all Notes are fully redeemed. From, and including, each reset date to, but excluding, the next following reset date or the date on which the Notes are finally redeemed, whichever is the earlier, the interest rate *per annum* on each $1,000 principal amount of the Notes will be equal to the "Reset Interest Rate," which is the sum of the applicable U.S. Treasury Rate and 3.033% *per annum,* payable semi-annually in arrears on March 11 and September 11 of each year, beginning on March 11, 2035, subject to certain adjustments as described in "Description of the Notes—General."
	Interest calculation basis:
	Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months, rounding the resulting figure to the nearest cent (half a cent being rounded upward).
Interest Deferral	*Optional deferral:*
	We may, at our sole discretion, elect to defer payment of all (and not less than all) of the interest accrued on the Notes on any interest payment date (as defined herein), so long as such interest payment date is not a mandatory interest deferral date (as defined herein).
	Mandatory deferral:
	We shall be required to defer payment of all (and not less than all) of the interest accrued on the Notes if, as of the fifth business day prior to the interest payment record date (as defined herein) for any interest payment date, either (i) a Capital Deficiency Event (as defined below) has occurred and is continuing, or (ii) any payment in relation to the Notes or a Liquidation Parity Security has been deferred and continues to be in deferral.
	A "Capital Deficiency Event" shall be deemed to have occurred if, as of the relevant date, (i) the Capital Adequacy Condition (as defined below) is not met or would not be met as a result of such payment of interest on the Notes or (ii) the Commissioner of the FSA has issued any order of prompt corrective action *(souki zesei sochi)* in relation to regulatory capital requirements to us and such order remains in effect.
	The "Capital Adequacy Condition" shall be met if, as of the relevant date, (i) our solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) meets or exceeds the Regulatory Minimum Capital Requirements (as described below), and (ii) a deferral of interest on the Notes is not required under the then applicable regulatory requirements in Japan (or an official application or interpretation of such regulations, including a decision of a court or a tribunal in Japan).

"Regulatory Minimum Capital Requirements" means, as of any date, the then applicable solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) required to be maintained under the Insurance Business Act and related regulations (including any successor laws and regulations) or any other solvency margin or capital adequacy regulations or regulatory capital rules of the FSA or other applicable governmental authority then in effect that are applicable to us, falling below which could trigger the issuance of an order of prompt corrective action by the Commissioner of the FSA or other equivalent action taken by the applicable governmental authority and which is, as of the date of the Indenture (as defined herein), a solvency margin ratio of 200% (on a consolidated or non-consolidated basis).

See "Description of the Notes—Deferral of Interest Payments; Arrears of Interest."

Payment Stoppage . . . . If we have given notice to defer interest payments on the Notes, but the relevant interest has not become payable, or if any payment in relation to the Notes has been deferred and continues to be in deferral, we shall not, and shall cause our subsidiaries not to, make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any of our securities that are Liquidation Parity Securities or any of our instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment (other than foundation funds *(kikin)* and any Liquidation Parity Securities and such other instruments, in each case, by whose terms such non-payment is not permitted).

For the avoidance of doubt, no terms of the Notes will be deemed to restrict in any manner the ability of any of our subsidiaries to pay dividends or make any distributions to us or our ability to make payments on foundation funds *(kikin)* or to make distributions to our policyholders *(shain haitou).*

Arrears of Interest . . . . Arrears of interest on the Notes shall accrue on a cumulative basis and remain payable for so long as they remain unpaid, and, for the avoidance of doubt, any claims thereon shall rank *pari passu* with the Notes. Interest on arrears of interest deferred at our election shall compound semi-annually at 5.800% *per annum* to, but excluding, the first call date, and at the applicable Reset Interest Rate for each reset interest period thereafter. Arrears of mandatorily deferred interest shall bear no interest.

At our option, arrears of interest on the Notes may be paid in whole or in part to the persons in whose names the Notes are registered as of the close of business on the 15th calendar day (whether or not such date is a business day) immediately preceding the date on which payment of such arrears of interest is made, at any time upon the expiration of not more than 15 nor less than five business days' written notice to the trustee, the paying agent and the holders of the Notes to such effect (which written notice shall specify the amount of such arrears of interest), provided that such payments (i) shall be subject to any applicable regulatory requirements or approvals, (ii) shall be conditional upon no Capital Deficiency Event having occurred and continuing to occur and (iii) shall be conditional upon no payment in relation to

Liquidation Parity Securities having been deferred and continuing to be in deferral, in each case, as of the time of such written notice. Notwithstanding (iii) above or the provisions set forth under "Description of the Notes—Deferral of Interest Payments; Arrears of Interest—Optional Deferral of Interest Payments," "Description of the Notes—Deferral of Interest Payments; Arrears of Interest—Mandatory Deferral of Interest Payments" and "Description of the Notes—Deferral of Interest Payments; Arrears of Interest—Payment Stoppage," even if any payment in relation to a Liquidation Parity Security has been deferred and continues to be in deferral, we may make payment of all or any portion of the interest on the Notes that shall have accrued as of the most recent interest payment date, if we also make substantially concurrent *pro rata* payments of interest that shall have accrued as of the most recent interest payment date of such Liquidation Parity Securities, it being understood that if such a substantially concurrent payment is not permitted under the terms of the Liquidation Parity Securities, such payment may be made on the next applicable interest payment date for such Liquidation Parity Securities. See "Description of the Notes—Deferral of Interest Payments; Arrears of Interest—Arrears of Interest."

Additional Amounts . . . . All payments of principal and interest in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax, unless such withholding or deduction is required under Japanese law or by the authority. Subject to certain exceptions, if we are required to make any such withholding or deduction under Japanese law, we shall pay such additional amounts as will result in the receipt by the holders of such amounts as would have been received by them had no such withholding or deduction been required. See "Description of the Notes—Taxation and Additional Amounts."

Maturity Date . . . . September 11, 2054.

Redemption . . . . The Notes are subject to final redemption, optional redemption and redemption in certain other circumstances as described below.

Final redemption:

Unless previously redeemed or purchased and cancelled and subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), each Note will be finally redeemed on September 11, 2054 at the principal amount of the Notes then outstanding together with accrued interest (including any arrears of interest) and any additional amounts thereon, provided that (i) our solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (ii) we procure "Qualifying Financing," which includes issuance of foundation funds *(kikin)* and subordinated debt financing, in an amount not less than the amount of the redemption.

In the event that the Notes are not redeemed as a result of the failure of the conditions above, interest will continue to accrue and be paid on each interest payment date until the first interest payment date following September 11, 2054 on which the conditions above are fulfilled, which will be the final maturity date when the Notes will be finally redeemed.

Optional redemption:

The Notes may be redeemed at our option and sole discretion in whole, but not in part, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), on the first call date or any reset date, on not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes, which notice shall be irrevocable, at the principal amount of the Notes, together with interest accrued (including any arrears of interest) to the date fixed for redemption and any additional amounts thereon.

Optional additional amounts redemption:

The Notes may be redeemed at any time at our option and sole discretion in whole, but not in part, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), on not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes, which notice shall be irrevocable, at the principal amount of the Notes, together with interest accrued (including any arrears of interest) to the date fixed for redemption and any additional amounts thereon, if:

- we have been or will be obligated to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Japan (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) or any political subdivision or any authority thereof or therein having power to tax, or any change in application or change or the stating of an official interpretation of such laws or regulations, which change or amendment becomes effective (or, in the case of the stating of an official interpretation, is announced) on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), and

- such obligation cannot be avoided by us through the taking of reasonable measures available to us.

No notice of redemption for an Additional Amounts Event (as defined herein) shall be given sooner than 90 days prior to the earliest date on which we would actually be obliged to pay such additional amounts.

Optional special event redemption:

The Notes may be redeemed at any time at our option and sole discretion in whole, but not in part, if a Special Event (as defined below) has occurred and is continuing, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), on not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes, which notice shall be irrevocable, at the principal amount of the Notes, together with interest accrued (including arrears of interest) to the date fixed for redemption, and any additional amounts thereon.

A "Special Event" means:

- a "Regulatory Event," which means any amendment or change to the Insurance Business Act or related regulations (including any successor laws and regulations), or any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, that is publicly announced after the date of the issuance of the Notes and that results or will result (for the avoidance of doubt, including after giving effect to any applicable grandfathering or similar provisions) in the Notes (in whole or in part) no longer qualifying as subordinated debt under the Insurance Business Act (including any successor legislation) or related regulations included in the determination of our solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) or as a similar class of regulatory capital included in the determination of such other measure of capital adequacy then employed by the applicable regulatory requirements, and, in each case, such disqualification cannot be avoided by us through the taking of reasonable measures available to us,

- a "Tax Deductibility Event," which means the occurrence of a more than insubstantial increase in the risk that interest payable by us on the Notes is not or will not be deductible by us, in whole or in part, for Japanese (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) tax purposes, as a result of (i) any change (including any officially announced proposed changes) in, or amendment to, the laws or regulations (or rulings promulgated thereunder) of Japan (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) or any political subdivision or any authority thereof or therein having power to tax, that becomes effective on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), or (ii) any administrative decision, judicial decision, administrative action or other official pronouncement interpreting or applying such laws, regulations or rulings that is announced on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), and, in each case, such non-deductibility cannot be avoided by us through the taking of reasonable measures available to us, or

- a "Rating Agency Event," which means a publication by Standard & Poor's, Moody's or any other rating agency of equivalent international standing such as Fitch (including any successors to their respective ratings businesses) solicited by us to grant a credit rating to the Notes that an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of such rating agency, which amendment, clarification or change results or will result in (i) the shortening of the length of time the Notes are assigned a particular level of equity credit by such rating agency as compared to the length of time the Notes would have been assigned that level of equity credit by such rating agency on the date of the issuance of the Notes, or (ii) a lower equity credit for the Notes than the equity credit assigned by such rating agency on the date of the issuance of the Notes.

No notice of redemption shall be given sooner than (i) in the case of a Regulatory Event, 90 days prior to the earliest date on which such disqualification would actually become effective with respect to the Notes, (ii) in the case of a Tax Deductibility Event, 90 days prior to the earliest date on which such additional tax liability as a result of such non-deductibility would actually become due with respect to our interest payments on the Notes, or (iii) in the case of a Rating Agency Event, 90 days prior to the earliest date on which such amendment, clarification or change would actually apply with respect to the Notes.

Any optional redemption, optional additional amounts redemption or optional special event redemption may be permitted only if (i) our solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (ii) we procure "Qualifying Financing," which includes issuance of foundation funds *(kikin)* and subordinated debt financing, in an amount not less than the amount of the redemption.

See "Description of the Notes—Redemption."

Limited Rights of Acceleration ...... The Notes may not be accelerated upon a default in the payment of principal of or interest on the Notes, upon the non-performance of any covenant by us in relation to the Notes or upon the happening of any other event in relation to the Notes other than a subordination event, which would only occur in the event that liquidation, bankruptcy, reorganization or rehabilitation shall have commenced with respect to us or we shall have become subject to other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan, and in such cases, payment on the Notes would remain subject to subordination.

See "Description of the Notes—Events of Acceleration; Limited Rights of Acceleration."

Use of Proceeds .... We intend to use the net proceeds from the offering of the Notes for general corporate purposes.

Global Securities .... The Notes will be initially represented by one or more global certificates in fully registered form without interest coupons (the "Global Securities"). The Global Securities will be deposited upon issuance with the custodian for DTC and registered in the name of the nominee for DTC. Beneficial interests in the Global Securities

	may be held only through DTC (or any successor clearing system that holds global securities) and its participants, including Euroclear and Clearstream. For the Notes sold under Regulation S: CUSIP No.: J41838AP8 ISIN: USJ41838AP82 Common Code: 289303154 For the Notes sold under Rule 144A: CUSIP No.: 585270AD3 ISIN: US585270AD32 Common Code: 289303120 Beneficial interests in the global securities will be shown on, and transfers thereof will be effected only through, records maintained by the depositaries and their participants. The sole holder of the Notes represented by a global security will at all times be DTC or its nominee (or a successor to DTC or its nominee), and voting and other consensual rights of holders of the Notes will be exercisable by beneficial owners of the Notes only indirectly through the rules and procedures of the depositaries from time to time in effect. Beneficial interests in the global securities may not be exchanged for definitive Notes except in the limited circumstances described under "Description of the Notes—Book-Entry; Delivery and Form—Exchange of Global Securities for Definitive Notes."
Governing Law	The Notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.
Ratings	It is expected that the Notes will be assigned with ratings of A3 from Moody's and A- from Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies.
Listing and Trading	Approval in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of $200,000 for so long as the Notes are listed on the SGX-ST.
Trustee, Paying Agent, Calculation Agent and Notes Registrar	The Bank of New York Mellon

RISK FACTORS

Prior to making an investment decision, you should carefully consider the following risks, along with the other information in this offering circular.

Risks Related to Our Business

Adverse financial market and economic conditions in Japan and elsewhere may have a material adverse effect on our business, financial condition and results of operations.

Our business, financial condition and results of operations are materially affected by financial market and economic conditions in Japan and elsewhere. The outlook for the economy in Japan, our primary operating market where we derive a majority of our consolidated revenues from insurance premium, remains highly uncertain and could be adversely affected by a range of economic, social and geopolitical developments. The Japanese economic environment continues to be challenging due to a number of other factors, including longer-term issues such as the declining birthrate and the decline and aging of the overall population. Changes to tax laws and regulations, such as further increases in the Japanese consumption tax, could also hurt consumer sentiment and weaken demand and have a negative effect on the Japanese economy. In regions and countries outside Japan, geopolitical instability in various parts of the world including the ongoing military conflict between Russia and Ukraine, which has contributed to increased volatility in energy and commodity prices, the armed conflict between Israel and Hamas, the potential threat of North Korea's nuclear weapons program, material changes in regional economic or political unions or associations between countries, and trade and security tensions, particularly between the United States and China, are giving rise to concerns about economic instability in those and other regions and could adversely affect Japanese and global economic conditions. There are also uncertainties about the monetary policy of central banks in Japan and other countries and any potential impact related to the presidential election to be held in the United States in November 2024 and changes in political leadership in other major economies.

In the event of any economic downturn in Japan or elsewhere, which may be characterized by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for insurance and annuity products could be adversely affected. Policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. We may also experience an elevated incidence of surrenders or lapses of policies. In addition, such downturns generally result in lower interest yields and declines in stock prices and dividends from stocks, which negatively affect our net investment income. Accordingly, adverse or worsening economic conditions in Japan or elsewhere could adversely affect our business, financial condition and results of operations.

In addition, if there is a sustained material deterioration in financial markets or economic conditions as a result of any future impact of any pandemic or other health crisis that might arise in the future such as the COVID-19 pandemic, particularly in Japan, our business and results of operations could be adversely affected.

We may be unable to execute our strategic initiatives in order to grow our business and achieve results that are consistent with the targets in our new mid-term business plan.

In March 2024, we announced our new mid-term business plan. Our mid-term business plan outlines our strategic initiatives and certain financial and operating targets that we aim to achieve through the implementation of such initiatives. See "Business—Strengths and Strategies—Strategies." Our ability to execute our strategic initiatives and achieve such financial and operating targets is based on a number of underlying assumptions, including but not limited to, our ability to strengthen and diversify the range of products and services that we offer, our ability to generate steady returns on managed assets and our ability to hire, train and retain qualified sales personnel. There can be no guarantee that these or other assumptions made by us will prove to be correct. Our failure to achieve our financial and operating targets, or a perception that such targets are unattainable, could damage our reputation and competitive position. Our ability to achieve our new mid-term business plan depends in part on whether we are able to implement the business strategies effectively as set forth in "Business—Strengths and Strategies—Strategies." We face a number of risks and challenges in executing our business strategies, including those identified in this "Risk Factors" section. Any inability to execute our business strategies effectively, for the above reasons or otherwise, or the actualization of any of the other risks set forth in this "Risk Factors" section could render us incapable of achieving the targets included in our new mid-term business plan relating to our future financial condition and results.

Changes in interest rates may materially affect our profitability.

In general, our liabilities to policyholders have a longer duration than our investment assets. Therefore, during periods of declining interest rates, our average yield on investment declines as maturing investments, along with bonds and loans that are redeemed or prepaid to take advantage of the lower interest rate environment, are replaced with new investments that provide lower yields. This reduces the yield on our investment portfolio while premiums remain generally unchanged on outstanding policies. As a result, our profitability and ability to meet long-term policy commitments can be materially and adversely affected. For example, the significant decline in yen interest rates during the 1990s resulted in a lower average yield on our investment portfolio than the assumed yield used to set premium levels on then-existing policies, a phenomenon known as "negative spread." In recent years, we have significantly diminished negative spread through reductions in average assumed yield and also improvements in investment portfolio yields. As a result, at the closing of accounts for the year ended March 31, 2024, we have recorded interest surplus for more than ten consecutive years. However, there can be no assurance that our efforts to avoid negative spread will continue to be successful.

An increase in interest rates, while increasing investment yields, also reduces the fair value of fixed-income investments classified as available-for-sale securities acquired prior to such increase, thereby adversely affecting net assets. While the low interest rate environment has continued since the introduction by the Bank of Japan (the "BOJ") of monetary easing measures in April 2013, the BOJ decided on December 20, 2022 to modify its yield curve control policy, including allowing the upper end of its yield target range for 10-year JGBs to fluctuate in a range of up to 0.5%, an increase from the previous limit of 0.25%. Thereafter on July 28, 2023, the BOJ announced that, while maintaining such yield curve control range, it would conduct yield curve control "with greater flexibility" regarding the upper and lower bounds of the range as references, not as rigid limits. On October 31, 2023, the BOJ announced further adjustments to its yield curve control policy, potentially allowing 10-year JGB yields to increase above 1.0%. On December 19, 2023, the BOJ announced that it maintained the 1.0% upper bound for 10-year JGBs. More recently, on March 19, 2024, the BOJ announced that it would end its yield curve control policy and would end its negative interest rate policy and target uncollateralized overnight call rate of around 0% to 0.1%, which was further revised upward to 0.25% effective as of August 1, 2024. Increases in interest rates resulting from the policy shift in March 2024 and from any future actions or inactions by the BOJ could adversely affect our financial condition and results of operations. Further, as we increase our holdings of foreign bonds, our portfolio will become increasingly sensitive to interest rate fluctuations and the monetary policy of central banks in other countries, including Federal Reserve Board's monetary policy, which may differ materially from that of the BOJ. The widening interest rate gap between Japan and other countries, especially the United States, owing to recent increases in interest rates in other countries has led to increased hedging costs related to exchange rates.

As a result, both decreases and increases in interest rates, particularly when they occur suddenly, could have a material adverse effect on our financial condition.

In an effort to manage our investment assets in a manner appropriate to our liabilities, which arise from the insurance policies we underwrite, we engage in ALM which takes into consideration the long-term balance between assets and liabilities in an effort to ensure stable returns. Any failure to conduct ALM activities in an appropriate manner, or any significant changes in market conditions beyond what our ALM activities can reasonably address, could have a material adverse effect on our financial condition.

Our investment portfolio exposes us to a number of risks.

Generating stable investment income is important to our operations. We invest in a variety of asset classes, including Japanese government and corporate bonds, foreign government and corporate bonds, domestic stocks, foreign stocks, loans, real estate and alternative investments. These assets are subject to the normal risks associated with these kinds of investments, including the risk that changes in market prices, interest rates, foreign exchange rates, market indices, levels of volatility, price correlations, liquidity or other market factors might result in losses for a specific position or portfolio and the risk that a counterparty to a transaction might fail to perform under its contractual commitment, resulting in the incurrence of losses, which create significant challenges in managing our large investment portfolio and can result in declines in our revenues and profit margins. Also, we have decided and may, from time to time, decide to restructure our investment portfolio, including reducing or fully exiting from certain categories of investments that have recorded unrealized losses due to various factors and reallocating our resources to other categories of investments, which could adversely affect our financial position and results of operations. Aside from risks related to changes in the value of equity securities and changes in interest rate, which are discussed in separate risk factors above, the material risks to which our investment portfolio exposes us are summarized below.

Equity securities risk. We maintain equity holdings in Japanese and foreign companies. For example, as of June 30, 2024, domestic stocks and foreign stocks accounted for 13.9% and 7.2%, respectively, of the total assets in our general account. While stock prices are currently performing well against the backdrop of robust corporate performance, the stock market could deteriorate in the future due to growing concerns about a potential economic downturn. Although the Nikkei 225 Index had generally been on an increasing trend since the beginning of 2023, hitting an all-time high of ¥42,224.02 on July 11, 2024, it experienced a significant decline of ¥4,451.28 on August 5, 2024 and has been volatile since. Other major stock markets globally have also been exposed to similar risks.

In addition, investment decisions by an increasing number of institutional and other investors have recently been affected by ESG related considerations, such as those related to climate change, human rights issues and global compliance. As a result, the value of the shares and other investments held by us could be negatively impacted if companies in which we have invested face any issues arising from perceived insufficient treatment of such ESG related risks.

Declines in stock prices may decrease the amount of net unrealized gains on available-for-sale securities, which may negatively affect our net assets, total solvency margin and solvency margin ratio. In addition, declines in stock prices may result in losses on valuation or impairment of securities, losses on sales or disposition of securities or reversal of the reserve for price fluctuations in investments in securities, and thus may also adversely affect our business, financial condition and results of operations.

Foreign exchange risk. Our exposure to fluctuations in foreign exchange rates results mainly from our holdings of stocks and bonds denominated in currencies other than the yen, in particular, the U.S. dollar. As of June 30, 2024, 33.1% of our general account assets was denominated in foreign currencies. We hedge our foreign exchange risk with respect to a portion of the principal of certain of our fixed income investments denominated in foreign currencies. While some of our non-yen-denominated general account investments have been hedged against foreign exchange risk, the foreign exchange markets have been experiencing significant volatility and significant strengthening of the yen against major foreign currencies may expose us to the risk of significant foreign exchange losses. Furthermore, as the yen has further weakened against other major foreign currencies, especially the U.S. dollar, in recent years, foreign exchange risks have increased, while hedging costs among Japanese life insurance companies, including us, have increased mainly because the increasing gap between prevailing interest rates in other major countries and Japan has continued to increase until recently.

Credit risk. Credit risk refers to the risk of incurring losses when the value of assets, primarily bonds and loans, declines or disappears due to deterioration of the financial condition of a party to whom credit has been extended. We are subject to a variety of credit risks, including the risk that issuers of bonds we hold may suffer a decline in creditworthiness or default on principal and interest payments due on their obligations or that the counterparties to the over-the-counter derivative instruments with which we hedge market risk and fluctuation in the market value of liabilities may default. Domestic and foreign bonds represented 38.9% and 23.2% of the total assets in our general account, respectively, as of June 30, 2024. Any decline in the creditworthiness of issuers of bonds we hold or default by such issuers on payments due on their respective obligations or any failure by a counterparty to honor the terms of its derivative instruments with us could lead to losses or reduced gains on valuation or sales of securities. Such losses and reduced gains would have an adverse effect on our financial condition and results of operations. In addition, loans represented 8.3% of the total assets in our general account as of March 31, 2024 and 8.1% as of June 30, 2024. Loans to domestic corporations, mainly in the manufacturing, public projects, wholesale and financial sectors, constituted 68.9% of our loans as of March 31, 2024. We are exposed to the risk that the financial condition of our borrowers will erode, which could lead to increased credit costs in our lending portfolio. We provide for an allowance for doubtful accounts based on evaluations and estimates regarding borrowers; however, actual losses on loans could exceed the amount of the allowance and, in the event of failures or a deterioration of the creditworthiness of borrowers, we could be required to increase allowance amounts.

Real estate investment risk. As of June 30, 2024, real estate represented 1.9% of the total assets in our general account. Real estate prices *(koji-kakaku)* in Japan have continued to increase in the recent years, according to the Ministry of Land, Infrastructure, Transport and Tourism of Japan. However, our real estate-related income may decrease in the future due to declines in real estate prices or market rents, failure to lease available properties or other factors. Our financial condition and results of operations could be materially and adversely affected as a result.

In addition, disruptions in various real estate markets and sectors can have an adverse effect on our results of operations because a portion of our investment portfolio is linked to real estate, including mortgage loans. In particular, as of June 30, 2024, commercial mortgage loans ("CMLs") constituted 43.8% of StanCorp's total assets under management, which mainly consisted of CMLs for real properties located in the United States, and 18.6% of such CMLs based on book value were for properties in the commercial office sector as of the same date. As of December 31, 2023, CMLs accounted for approximately 3% of our total assets under management on a consolidated basis. The commercial office sector, especially in the United States, faces significant challenges and an uncertain outlook. Remote work trends and hybrid work schedules, as well as existing and expanding environmental laws and regulations, pose a challenge to the performance of older office buildings. The impact varies widely by market, property and tenant. As a result, the commercial office sector is suffering from stagnant net operating income and an oversupply of lease and sublease space in the market leading to negative net absorption and increased vacancy. These headwinds are not only impacting equity real estate investments but also commercial mortgages. On the other hand, StanCorp's CML portfolio is focused on office assets in suburbs rather than office assets in the city centers that are generally subject to the above trend, though the economic condition of the real estate sector may continue to affect our investment performance going forward, which may eventually result in an adverse effect thereon.

A reduction or perceived reduction in our financial strength, including as a result of any downgrade of our credit or financial strength ratings or outlook, or any negative events related to our business or the Japanese life insurance industry could have a material adverse effect on our business, financial condition and results of operations.

Developments that have the effect of reducing our actual or perceived financial strength could result in increases in policy surrenders and withdrawals, increased funding costs or decreases in new policy sales and other difficulties with respect to our investment, funding and capital-raising activities. Such effects could be caused by an actual or potential downgrade of our credit or financial strength ratings or outlook by credit rating agencies including as a result of downgrades to Japan's sovereign debt rating, or by a significant decline in our solvency margin ratio, as well as by negative media coverage, rumors or developments concerning our business or the Japanese life insurance industry. Significant declines in our solvency margin ratio, particularly in comparison with other major Japanese life insurance companies, may also result in our being unable to raise funds in the capital markets on favorable terms, or at all, and could have a material adverse effect on our business, financial condition and results of operations.

Differences between future claims and benefits and the actuarial assumptions used in pricing and establishing reserves for insurance and annuity products, as well as changes in such actuarial assumptions, may have a material adverse effect on our business, financial condition and results of operations.

Our earnings depend significantly upon the extent to which actual claims and benefits are consistent with the assumptions used in pricing our products and determining the appropriate amount of policy reserves. Such assumptions include future mortality and morbidity rates, investment returns and expenses related to our business that are based on various factors and subject to changes over time. Actual mortality and morbidity rates that are higher, investment returns that are lower or expenses that exceed those projected could have a material adverse effect on our business, financial condition and results of operations. In recent years, we have increased our sales efforts with respect to products that insure morbidity risks, including third-sector insurance products (a term used in Japan to refer to products such as medical insurance, cancer insurance and nursing care insurance products). The assumptions used in pricing such products involve an elevated degree of uncertainty, as they are often based on limited experience when compared to assumptions used for life insurance and annuity products covering mortality risks.

Pursuant to the Insurance Business Act, we calculate our required policy reserves periodically and record any necessary changes in those reserves as expenses or revenues. To the extent that actual claims are less favorable than the assumptions originally used, or if changing circumstances require us to modify our underlying assumptions used in calculating our policy reserves, we could be required to increase our policy reserves going forward for new policies. In particular, revisions to the standard mortality table or the standard prospective yield would affect the determination of actuarial assumptions. In recent years, in light of the low-interest rate environment, the assumed yield used in calculating our standard policy reserve with respect to new policies have been lowered several times in accordance with applicable regulations. The FSA further revised the standard prospective yield for certain insurance products downward effective April 2017 and we accordingly lowered the assumed yield of investment return and reviewed the premium rates applicable to, our individual life insurance and individual annuity products. See "Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Financial Regulation—Policy Reserves." The standard prospective yield was further revised downward by the FSA for single-premium individual whole life insurance products from 0.25% to 0.00%

effective January 2020. In January 2024, due to the rise in interest rates, the standard prospective yield increased to 0.75% for single-premium individual whole life insurance products but still remains at a relatively low level. In April 2022, the standard prospective yield was applied to certain types of foreign currency-denominated insurance policies. A decrease in the assumed yield requires us to increase our policy reserves for certain products, which, if significant, could have a material adverse effect on our business, financial condition and results of operations, particularly if we are unable to appropriately respond to such requirements from a strategic and competitive perspective.

We derive the majority of our sales from individual life insurance policies and individual annuity products.

Although we derive a significant portion of our sales from the group life insurance and group annuity markets, we derive the majority of our sales from the individual life insurance and individual annuity markets. For example, for the year ended March 31, 2024, revenues from individual life insurance policies and individual annuity products represented 62.7% and 9.2%, respectively, of our total revenues on a non-consolidated basis. For the same period, revenues from group life insurance policies and group annuity products represented 10.7% and 16.3%, respectively, of our total revenues on a non-consolidated basis.

A variety of factors affect the Japanese market for individual life insurance policies and individual annuity products, including:

- long-term demographic trends affecting the composition of Japan's population, such as declining or low birthrates and the overall aging of the population;

- levels of employment and household income in Japan;

- the relative attractiveness of alternative savings and investment products; and

- public perception of the financial strength, integrity and reputation of life insurance companies.

In particular, the market for mortality insurance has continued to shrink in line with Japan's declining population. Changes in these and other factors could result in a decrease in sales of new individual life insurance policies and individual annuity products, an increase in policy surrenders or a decrease in the profitability of our products, any of which would have a material adverse effect on our business, financial condition and results of operations.

Our risk management policies and procedures may be ineffective.

Our risk management policies and procedures are designed to address a broad range of risks, encompassing risks relating to insurance underwriting, investments, liquidity, operations, reputation and affiliated companies. Many of our methods of managing risks and exposures are based on observed historical market behavior or statistics based on historical data. Such methods may inadequately predict future losses, which could be significantly greater than indicated by the relevant historical data. Other risk management methods depend in part on our evaluation of publicly available information regarding markets, customers or other factors. Such information may not always be accurate, complete, up-to-date or properly evaluated. In addition, our risk management procedures depend in part on the consolidation of information gathered from our numerous offices and other sources, and errors may be introduced during the process of gathering and compiling such information. Management of operational risk requires, among other things, policies and procedures to record and verify a large number of transactions and events, and our policies and procedures may not be entirely effective. Operational errors by our employees, strategic partners or third-party service providers could result in reputational or financial harm to us or regulatory sanctions. More generally, any failure or ineffectiveness of our risk management policies or procedures could have a material adverse effect on our business, financial condition and results of operations.

In addition, we aim to achieve competitive differentiation from our peers by further developing our domestic life insurance business and expanding our overseas insurance business to secure greater opportunities for future profit in the global market. To this end, we intend to broaden and diversify the range of products and services that we offer while expanding our customer base. We may have difficulty, however, in achieving the risk management improvements necessary to manage the risks associated with such expansion, product diversification and increased scale. Failure to adapt our risk management policies and procedures to changes in our business and in the environment in which we operate could have a material adverse effect on our business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management."

We are exposed to liquidity risk.

Many of our products permit policyholders to make policy withdrawals of a portion of accumulated premiums and to surrender their policies in return for the payment of a predetermined amount. We manage our liabilities and configure our investment portfolios to provide and maintain sufficient liquidity to meet anticipated withdrawal and surrender demands, payments of policy benefits and requests to pledge collateral in relation to derivative contracts with financial and other institutions. However, a portion of our assets, such as real estate, loans, certain alternative investments, and securities that are not publicly traded, are generally illiquid. If we are required to pay significant amounts of cash on short notice, for example, due to unanticipated withdrawal or surrender activities or a catastrophic event such as a pandemic or natural disaster, we could exhaust our liquid assets and be forced to liquidate other assets, possibly on unfavorable terms. In addition, turmoil in financial markets could lead to a liquidity crisis in which we are unable to dispose of our otherwise liquid assets on favorable terms or at all. If we are forced to dispose of assets on unfavorable terms or are unable to dispose of assets, our financial condition and results of operations could be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management—Liquidity Risk Management."

We are subject to risks associated with our overseas insurance business and continuing overseas expansion.

We have been expanding our overseas insurance business in an effort to secure revenue sources outside of the domestic Japanese market. In March 2016, we acquired full ownership of StanCorp, a U.S. life insurance and financial services company then listed on the New York Stock Exchange, in order to increase our presence in the United States. Our acquisition of StanCorp is our largest overseas investment, and we have subsequently acquired additional U.S.-based businesses through StanCorp, including the October 2022 acquisition of retirement plan recordkeeping business of Securian Financial Group, Inc. and the acquisition completed in April 2024 of three subsidiaries of Elevance Health, Inc. that engage primarily in group insurance businesses in the United States. See "Business—Overseas Insurance Business and Strategic Alliances." In addition, we plan to acquire through StanCorp two subsidiaries of Allstate that operate employer voluntary benefits businesses. See "—We may be unable to complete our planned acquisition of subsidiaries of Allstate, or the acquisition could fail to deliver the anticipated benefits or otherwise have an adverse effect on our business and results of operations, including due to impairment of goodwill." and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Acquisition of Employer Voluntary Benefits Businesses from Allstate." However, if we are unable to realize the anticipated benefits or synergies from such and future acquisitions, our business, financial condition and results of operations may be adversely affected. Specifically, we may suffer impairment losses on goodwill recognized in connection with the acquisition.

We also engage in the life and non-life insurance business in various other markets, including markets such as China, Thailand and Poland. While we believe these markets to have growth potential, with respect to emerging markets, there can be no assurance that penetration rates for life and non-life insurance products will increase to the extent we expect or to the levels seen in more mature markets.

Our overseas insurance business and continuing overseas expansion, including our planned acquisition of the two subsidiaries of Allstate through StanCorp and any potential future acquisitions and alliances, expose us to a number of risks, including:

- unfavorable political or economic factors;
- potentially adverse tax consequences;
- difficulties and uncertainties in obtaining and maintaining necessary government or regulatory approvals or meeting specified financial, capital or other requirements;
- unexpected legal or regulatory changes;
- compliance with different legal and regulatory regimes, including those related to insurance operations and data privacy, as well as unexpected changes in applicable laws and regulations;

- limited understanding of customer needs, market conditions and local regulations;
- difficulties in recruiting and retaining personnel and managing overseas insurance business;
- negative economic, social or political developments;
- cultural and societal differences;
- competition with other multinational or local firms;
- less developed infrastructures; and
- the occurrence of natural or man-made disasters, or acts of violence or war.

In addition, we face exposure to fluctuations in foreign exchange rates. For example, StanCorp both prepares its financial statements and conducts its business primarily in U.S. dollars, and we face translation risk when StanCorp's financial results are converted from U.S. dollars to yen at the exchange rate prevailing at the end of StanCorp's fiscal year as part of the preparation of our consolidated financial statements. A strong yen versus the U.S. dollar would negatively affect the translation of StanCorp's results of operations into yen, which could have an adverse effect on our results of operation.

Entry into new markets may also bring us into competition with other multinational firms who have greater scale of operations and financial resources than we do. We seek to explore opportunities to expand overseas insurance business in other countries around the world, which expansion may require us to face direct competition with such multinational firms. However, because of the risks associated with overseas expansion and overall global competitive conditions and the risks described above, there can be no assurance that our pursuit of further expansion will be successful. In addition, we may suffer impairment losses on our existing and future overseas investments, which may further impair our ability to achieve our intended goals.

We may be unable to complete our planned acquisition of subsidiaries of Allstate, or the acquisition could fail to deliver the anticipated benefits or otherwise have an adverse effect on our business and results of operations, including due to impairment of goodwill.

On August 14, 2024, we announced that StanCorp had reached an agreement with Allstate, a major property and casualty insurance company based in the United States, to acquire Allstate's two subsidiaries, American Heritage Life Insurance Company and American Heritage Service Company, which operate employer voluntary benefits businesses. Subject to the approval of regulatory authorities in Japan and the United States, we expect that the acquired subsidiaries will become our wholly owned consolidated subsidiaries. There can be no assurance, however, that we will be able to close the contemplated acquisitions under the contemplated terms or in the proposed timeframe or at all due to a number of factors, including failure to satisfy closing conditions under the relevant share purchase agreement. In such case, we may incur acquisition-related expenses without realizing the expected benefits.

Following the acquisition, any failure of StanCorp to successfully integrate its operations with operations of the newly acquired entities could adversely impact the future business and operations of StanCorp. Even if StanCorp successfully integrates its operations with those of the newly acquired entities, there is no guarantee that StanCorp will realize the anticipated growth or benefits, such as a stronger customer base and improved efficiency in its employer voluntary benefits businesses. We also expect to recognize goodwill as a result of the acquisition, and changes in future business conditions could cause goodwill to be impaired, requiring us to recognize impairment losses that would adversely affect our results of operations and financial condition.

Other potential risks from the acquisition include:

- the assumption of unknown or underestimated liabilities;
- StanCorp's inability to hire and retain key personnel of American Heritage Life Insurance Company and American Heritage Service Company;
- StanCorp's inability to realize synergies or other expected benefits; and

- StanCorp's inability to retain existing customers of American Heritage Life Insurance Company.

Changes in relationships with or performance of strategic partners or co-creation partners could harm our business, financial condition and results of operations.

We have entered into a number of business alliances with strategic partners in the interest of increasing our long-term profitability. In particular, we have entered into a strategic alliance with Talanx AG, a German insurance company, as well as a sales partnership with Elevance Health, Inc., which we announced in March 2023 in connection with the acquisition of three subsidiaries of Elevance in the United States, and in Japan, entities in which we have made significant minority investments include The Mitsubishi Asset Brains Company, Limited and MST Insurance Service Co., Ltd. See "Business—Overseas Insurance Business and Strategic Alliances" and "Business—Domestic Strategic Alliances." We have also promoted innovation by taking advantage of external insights through promoting co-creation involving external specialists, established corporations, startups, local governments and medical and academic institutions, including by investments in startups through our corporate venture capital established in February 2023.

If such strategic partners or co-creation partners encounter financial or other business difficulties, if their strategic or innovation objectives change or if they come to believe that we are no longer an attractive partner, they may no longer desire or be able to participate in alliances or co-creation with us, which could have an adverse effect on our business, financial condition and results of operations. In addition, in cases where such alliances or co-creation partnerships are accompanied by our capital participation in the alliance or co-creation partners, it may become difficult for us to terminate the alliance or recover invested capital.

We may be unable to successfully execute our digitalization strategy, and the use of artificial intelligence and customer data and other initiatives we implement as part of our digitalization strategy may present new risks and challenges to our business.

We have pursued digital transformation of various aspects of our operations, as in our new mid-term business plan we announced in March 2024, such as utilizing artificial intelligence (AI) and customer data and distributing wireless devices to our sales personnel, and we intend to continue to accelerate our implementation of these initiatives in the future. Successful execution of these initiatives has required, and will require, significant investments in our digital platforms, including information technology systems, and significant development and expansion of our digital capabilities, including data science, data analytics and AI. In particular, as part of our digitalization initiatives, we plan to substantially update our internal systems including our insurance policy management system, and there is no assurance that we will be able to effectively and seamlessly implement such system updates. Accordingly, there can be no assurance that we will be able to implement our initiatives as planned, or that such initiatives will allow us to achieve the results we expect.

Our digitalization strategy is subject to the risks of third-party technology failures, computer viruses, malware, phishing schemes, cyberattacks and similar threats. Cyberattacks could significantly impact the availability of data systems that are essential to conducting our business operations. Although we are continuing to implement measures to protect our information technology systems from cyberattacks and other threats, such measures may be inadequate to prevent security breaches or other system breakdowns, which could result in disruptions of service, leakage of confidential information and destruction or compromise of data, and there can be no assurance that our and third-party providers' data systems will not be compromised. See "—Any failure of information technology systems could harm our business, financial condition and results of operations."

Moreover, as we implement AI as part of our digitalization strategy as described above, we will become increasingly exposed to the risks and challenges relating to the use of AI-based platforms. Any failure by our sales personnel and other employees to ensure that such AI systems are used in a trustworthy manner and that our assets, including intellectual property, competitive information, personal information we may collect or process, and customer information, are protected, could result in violations of confidentiality obligations or applicable laws and regulations, jeopardize our intellectual property rights, or result in the misuse of personally identifiable information or the injection of malware into our systems, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, uncertainties regarding developing legal and regulatory requirements and standards may require significant resources to modify and maintain business practices to comply with the laws and regulations in Japan and other jurisdictions concerning the use of AI and AI systems, the nature of which cannot be determined at this time.

Furthermore, our ability to successfully execute our digitalization strategy depends on our ability to hire and retain engineers and other skilled personnel with relevant expertise. In light of the demographic trend towards a shrinking workforce, we may experience challenges in recruiting or retaining engineers or other necessary personnel in the future, particularly as more companies in Japan begin to pursue their own digital transformation strategies.

Any potential future reorganization from a mutual company to a joint-stock corporation may not produce the intended benefits.

We are a mutual company owned through membership interests held by participating policyholders and holders of our insurance and annuity products with rights to receive policyholder dividends. Accordingly, we have no share capital and cannot raise capital through equity offerings or conduct mergers or acquisitions utilizing stock. In the future, we may determine that a greater degree of flexibility to raise capital and implement acquisitions provided by reorganizing as a joint-stock corporation, also known as “demutualization,” is advantageous to us and our stakeholders. However, there is no assurance that we could successfully take advantage of such perceived benefits of demutualization. In addition, demutualization would subject us to additional reporting and compliance obligations, which may lead to increased operating expenses.

We may be unable to hire, train or retain a sufficient number of qualified sales personnel and other personnel or to contract with effective third-party sales agencies.

Competition to hire qualified sales personnel is intense in the Japanese life insurance industry. Like many of our competitors, our business depends to a significant extent on our ability to hire, train and retain qualified sales personnel. For individual insurance, our sales personnel are our main sales channel, accounting for 75.5% of our non-consolidated annualized premiums from policies in force from individual insurance and annuities for the fiscal year ended March 31, 2024. There is generally a high rate of turnover among sales personnel in the Japanese life insurance industry. Our efforts to retain or replace productive sales personnel, including the recent introduction of conditional fixed salary for sales personnel, may be unsuccessful. Other employees, including investment and actuarial personnel, also require a high level of expertise, and special efforts are required to attract, train and retain qualified personnel. If we are unable to attract, train and retain qualified and experienced sales personnel and other personnel, or if we find it necessary to offer increased sales incentives to retain sales personnel and other personnel, this could have a material adverse effect on our business, financial condition and results of operations. Also, if we are unable to attract new and retain effective third-party sales agencies, this could have a material adverse effect on our business, financial condition and results of operations.

Our plans to maintain sales of life insurance products through the bancassurance channel or achieve targeted profitability through such channel may be unsuccessful.

We consider the bancassurance channel as one of our main channels to acquire new contracts. We sell single premium whole life insurance through over 200 financial institutions, such as city banks and regional banks throughout Japan. Since the bancassurance channel is a volatile market that is significantly affected by changes in the financial environment, such as fluctuations in interest rates and exchange rates, in addition to the monetary policy of the BOJ, there can be no assurance that we will be able to generate sales or profit through this channel to the extent we expect. In addition, we compete with a large number of life insurance companies, including foreign-affiliated companies that utilize bancassurance channels, as well as certain life insurance companies that specialize in bancassurance channels, and there can be no assurance that we will be able to maintain a competitive advantage over such other companies. The level of sales of our products through these financial institutions depends on the competitiveness of our products, such as the amount of death benefits in comparison with competitors’ products and the yields at maturity. We are striving to build relationships with more financial institutions in this channel, but competition among life insurance companies to acquire and maintain market share remains intense.

Our financial condition and results of operations will be negatively affected if we are required to reduce our deferred tax assets.

Pursuant to Japanese GAAP, we establish, with respect to each consolidated entity, deferred tax assets for tax benefits that are expected to be realized during a period that is reasonably foreseeable, net of deferred tax liabilities. The calculation of deferred tax assets is based on various assumptions, including assumptions with respect to future taxable income. Adverse changes in economic conditions or other factors could lead us to decrease our estimated future taxable income which would require us to increase the valuation allowance for our deferred tax assets. As a result, we would recognize additional income tax expense and our results of operations could be materially adversely affected.

In addition, changes in Japanese tax policies could result in the reduction of our deferred tax assets. Decreases in the statutory effective tax rate may require us to reverse our deferred tax assets which are estimated based on the corporate income tax rates in effect prior to the reform, and this could have an adverse effect on our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Deferred Tax Assets and Deferred Tax Liabilities."

Any failure of information technology systems could harm our business, financial condition and results of operations.

We rely heavily on information technology systems, including those of third-party service providers, to manage customer policies, manage investments in assets, record and maintain statistics and personal information of our customers and in other areas of our operations. As we expand our operations and product offerings, our information technology systems may require additional expenditure. Moreover, we use tablet devices and smartphones to operate various aspects of our business, including sales activities.

Our information technology systems could fail due to various causes, including problems affecting the Internet generally or damage to equipment, software or networks as a result of accidents, fires, natural disasters, power loss, high user volume, human error, sabotage, hacking, cyberattacks, employee misconduct, software and hardware defects and malfunctions, viruses or network security breaches. Any such failure could disrupt the services that we provide to customers at our offices, our payments or the use of our tablet and other mobile devices by our sales personnel, among other things. Such failures could also have other adverse consequences, including reputational damage, customer dissatisfaction and a loss of customer confidence, which could result in increased policy surrenders, a decrease in new policy sales and legal or regulatory sanctions.

Like other global companies, the systems and networks we maintain and third-party systems and networks we use have in the past been, and are subject to or targets of unauthorized or fraudulent access, including physical or electronic break-ins or unauthorized tampering, as well as attempted cybersecurity threats such as "denial of service" attacks, phishing, automated attacks, and other disruptive attacks, including ransomware. Cyber threats are constantly evolving and the techniques used in these attacks change, develop and evolve rapidly, including the use of emerging technologies, such as broader forms of artificial intelligence and quantum computing by nation state threat actors and criminal organizations. The new cyber risks introduced by these changes in technology require us to devote significant attention to identification, assessment and analysis of the risks and implementation of corresponding preventative measures. In some cases, cyber-attack incidents could occur and persist for an extended period of time without detection. As a result, there can be no assurance that any such failure, interruption or security breach will not occur or, if any does occur, that it will be detected in a timely manner or that it can be sufficiently remediated. Such an occurrence may impede or interrupt our business operations, adversely affect our reputation or lead to increased expense, any of which could adversely affect our business, financial condition and results of operations. In addition, because our operations and information technology and other systems, as well as those of our third-party service providers and business partners, are concentrated in metropolitan areas or their suburbs in Japan, an earthquake, tsunami or other disaster affecting such metropolitan areas and their suburbs could significantly disrupt our operations. While our backup systems are located outside these regions, that in itself may not be sufficient to ensure business continuity. There can be no assurance that we or our third-party service providers and business partners would be able to resume service in a timely fashion, or at all, in the event of any such natural disaster.

The failure of our computer systems and/or our disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. The occurrence of any such failure, interruption or security breach of our systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and financial liability.

If our customers' personal information is lost, accidentally disclosed or misappropriated, or if information security is otherwise breached, we could be subject to reputational harm or legal claims.

We make extensive use of online services and centralized data processing, including through third-party service providers, and smart devices carried by our sales personnel handle and transmit personal information of our customers. Secure maintenance and transmission of confidential information is therefore a critical element of our operations. Information security measures that we implement or that are implemented by our third-party sales agencies, our third-party service providers or our business partners may be insufficient to prevent the loss, accidental disclosure or misappropriation of customer information, or the compromise of information and communications systems. Inadvertent loss, disclosure or misappropriation of customer information by our own employees or our sales personnel would subject us to similar risks. Japanese media, regulators and consumers have intensified their scrutiny of incidents involving the loss, disclosure or misappropriation of personal information in recent years. In addition, the Personal Information Protection Act of Japan (Act No. 57 of 2003, as amended) (the "Personal Information Protection Act") imposes stringent regulatory requirements applicable to our handling of customers' personal information. Among other things, sensitive personal information that we handle includes customers' "My Number," which identifies residents in Japan for specific administrative procedures related to social security, health insurance and taxation. If we were to lose customers' personal information or if a third party were able to penetrate our network security, or that of our third-party sales agencies, third-party service providers or business partners, or otherwise misappropriate personal information of our customers, we could be subject to reputational harm, legal claims or sanctions by regulatory authorities. See also "—We may be unable to successfully execute our digitalization strategy, and the use of artificial intelligence and customer data and other initiatives we implement as part of our digitalization strategy may present new risks and challenges to our business."

Misconduct by sales personnel, other employees, third-party sales agencies, third-party service providers or customers could subject us to losses and reputational harm.

Although we have taken steps to prevent or detect misconduct by sales personnel, other employees, third-party sales agencies or third-party service providers, there can be no assurance that we will succeed in preventing such misconduct or any resulting legal violation, regulatory sanction or reputational or financial harm to us. Misconduct can include, among other things, illegal sales practices, fraud, misappropriation of funds, identity theft, non-payment of insurance claims and loss or misuse of personal information. Misconduct could result in legal violations, regulatory sanctions, civil or criminal penalties or reputational or financial harm. The large, global scale of our business may create challenges in appropriately monitoring and preventing misconduct across our operations. The vast majority of our sales personnel, other employees, third-party sales agencies and third-party service providers operate with considerable autonomy. Moreover, our sales personnel, some of our other employees, third-party sales agencies and third-party service providers have direct contact with customers and knowledge of their personal and financial information.

Customers may also engage in fraudulent activities, including fraudulent use of policies or the use of false identities to open policies. Customers who have not revealed that they are members of anti-social groups or engage in money laundering may also enter into transactions with us. Though we have adopted measures to prevent or detect such fraudulent activities, our efforts may prove ineffective in detecting and preventing fraudulent or illegal activity or transactions with anti-social groups. In the event our sales personnel, other employees, third-party sales agencies, third-party service providers or customers engage in any misconduct, our reputation could be seriously damaged and we could become subject to significant legal liabilities and regulatory sanctions.

Declines in our pension assets or revisions in actuarial assumptions could increase our pension costs.

We have incurred and may in the future incur losses relating to our pension plans from changes in the market values of plan assets, declines in returns on our pension plan assets or changes in the assumptions and investment returns on which the calculation of the projected pension benefit obligation is based. We may also experience unrecognized prior service costs in the future resulting from amendments to our pension plans.

We are involved in litigation related to our insurance operations from time to time, which could result in financial losses or otherwise harm our businesses.

From time to time, we are involved in litigation related to our insurance operations. While we cannot predict the outcome of any pending or future litigation, we do not believe that any pending legal matter will have a material adverse effect on our business, financial condition and results of operations. However, given the inherent unpredictability of litigation, it is possible that an adverse outcome could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to the Life Insurance Industry

Demographic trends in Japan will continue to have an adverse effect on the Japanese life insurance industry.

Japan's birthrate has been in decline for several decades and is currently one of the lowest in the world. The number of people aged between 15 and 64, which represents Japan's potential workforce and includes in any given year a significant majority of our customers for core insurance products with death benefits, has declined by approximately 15.4% from 86.2 million in 2000 to 72.9 million in 2020. The National Institute of Population and Social Security Research of Japan projects that the number of people in this age group will further decrease to an estimated 70.7 million in 2030 and will continue to decline for decades thereafter. We believe that this demographic trend is one of the primary factors contributing to the general decline in the amount of policies in force in the Japanese life insurance industry. If these trends continue to lead to reduced demand for life insurance products, the scale of our life insurance business may diminish, which could have a material adverse effect on our business, financial condition and results of operations.

We continue to face competition in the Japanese financial services industry.

We face intense competition in the Japanese life insurance market from both domestic and foreign-owned life insurance companies and from large domestic financial service providers that either have their own insurance subsidiaries or enter into cooperative arrangements with major insurance companies. Competition in the Japanese life insurance market has increased in recent years due to industry deregulation, bancassurance channel targeting by competitors, an overall decline in demand for insurance products with death benefits and increased competition from foreign-owned insurance companies, among other factors. Japan's financial sector has also experienced significant consolidation in recent years, and further consolidation could affect the competitive environment for the sale and distribution of life insurance products.

Japan Post Holdings Co., Ltd. ("Japan Post Holdings"), an entity with approximately 36% of its shares held by the Minister of Finance of Japan (as a representative of the Japanese government) as of March 31, 2024, is a holding company of the Japan Post Group, consisting of three primary subsidiaries: Japan Post Co., Ltd. ("Japan Post"), which provides Japan's primary postal service and operates Japan's post offices, Japan Post Bank Co., Ltd., which conducts deposit-taking and other banking activities, and Japan Post Insurance Co., Ltd. ("Japan Post Insurance"), which engages in the life insurance business. Japan Post Insurance enjoys competitive advantages in the Japanese insurance market due to its large existing customer base, access to Japan Post Group's nationwide network of post office branches and favorable public perception of its stability due to its association with the government. In May 2021, Japan Post Holdings lowered its ownership share of Japan Post Insurance to 49.9% through sell orders in response to Japan Post Insurance's share repurchases and stock disposal trust. As a result, Japan Post Insurance is no longer required to obtain government approvals under the Postal Service Privatization Act in order to enter into new businesses, while a notification to the government is still required. In addition, if Japan Post Holdings disposes all of its shares of Japan Post Insurance, or if the government determines that there is no threat of impediment to either appropriate competition with other life insurance companies or the appropriate provision of services to users, further relaxation of legal restrictions on Japan Post Insurance may occur. Such relaxation of restrictions may include, for example, the abolition of the limitation on the subscription amount. Consequently, as we compete with Japan Post Insurance in our primary business operations, we may be adversely affected by such competition.

In addition, Japan Post Holdings has expanded its existing business alliance with Aflac Incorporated ("Aflac Inc."), which established a Japanese operating company, Aflac Life Insurance Co., Ltd., in April 2018. Under this business alliance, among other things, Japan Post Insurance offers Aflac cancer insurance policies and Japan Post has increased the number of post offices offering such policies. On May 15, 2024, Japan Post Holdings announced that it has made Aflac Inc. an affiliate under the equity method. Additionally, in March 2016, Japan Post Insurance and The Dai-ichi Life Insurance Company, Limited agreed to form a strategic business alliance to strengthen the cooperation between the two companies with respect to: (i) the life insurance business in Vietnam; (ii) the asset management business; and (iii) joint research on domestic life insurance businesses. These and further business alliances may increase the market presence of Japan Post Insurance in additional markets in which we compete, and our business and results of operations may be adversely affected as a result.

Furthermore, such competition may intensify as a result of further deregulation of Japan Post Insurance or any favorable treatment or support given to Japan Post Insurance by the government. See "Business—Competition."

We may also face competition from various cooperative associations such as the Japan Agricultural Cooperatives, the National Federation of Workers and Consumers Insurance Cooperatives and the Japanese Consumers' Co-operative Union, all of which offer competing life insurance products.

Deregulatory measures have permitted securities companies and banks to engage in sales of all types of life insurance and annuity products since December 2007. Any future deregulatory measures that favor large, established financial conglomerates could result in additional consolidation in Japan's financial services industry. In addition, any future deregulatory measures that further relax the regulatory barriers between different financial services industries in Japan could intensify competition within these industries. There have been new entrants to the Japanese life insurance industry that rely on the Internet as their primary sales channel and operate with a low cost structure. While we believe that we are currently not in direct competition with these new market entrants, it is possible that we may face increasing price competition in the future.

Increased competitive pressures resulting from these and other factors may cause our new policies to decline and policy surrenders to increase, which could have a material adverse effect on our business, financial condition and results of operations.

As a Japanese insurance company, we are subject to extensive oversight of our business practices and must maintain a solvency margin ratio at or above required levels.

As a Japanese insurance company, we are subject to extensive oversight, including comprehensive regulation by the FSA under the Insurance Business Act and related regulations. The law places restrictions on the types of businesses in which we may engage, imposes limits on the types of investments that we may make and requires us to maintain specified reserves and a minimum solvency margin ratio. The Insurance Business Act also gives the Commissioner of the FSA broad regulatory powers over our business, including the authority to suspend operations, request information and conduct rigorous on-site inspections of books and records. In addition, we generally must receive prior approval of the Commissioner of the FSA for the sale of new insurance products and changes in the pricing terms of our products. See "Regulations—Regulation of the Japanese Life Insurance Industry."

Currently, we are required to maintain a solvency margin ratio (a measure of capital adequacy) of at least 200% on both a consolidated and non-consolidated basis. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Solvency Margin Ratio." If we fail to maintain our solvency margin ratio and other indicators of financial soundness at or above required levels, the Commissioner of the FSA could require us to take a variety of corrective actions. See "Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Financial Regulation—Prompt corrective action."

Furthermore, in connection with the development and possible introduction of new standards for solvency assessment by the International Association of Insurance Supervisors (the "IAIS"), the FSA, which is a member of the IAIS, is discussing the adoption of an economic-value based solvency regime. From 2010 to 2018, the FSA conducted studies on an economic-value based solvency regime through field tests. The final report of the Advisory Council on the Economic Value-based Solvency Framework published by the FSA in June 2020 recommended that the FSA design and implement such an economic-value based solvency framework in Japan targeting adoption from the beginning of the fiscal year ending March 31, 2026. After the publication of the final report, the FSA has been disclosing the status of the discussions every June, with the most recent disclosure occurring on June 30, 2024. In the disclosure made on June 30, 2022, the FSA shared its provisional decision at that time, including, among others, the determination that it aims to adopt the economic-value based solvency regime from 2025 and that the standard model of the new regime will be based on the Risk-based Global Insurance Capital Standard (the "ICS"), a framework for internationally active insurance groups ("IAIGs"). This framework is expected to be finalized towards the end of 2024, with adjustments to reflect factors specific to Japanese insurance companies. The adoption of an economic-value based solvency regime is expected to result in regulations significantly different from existing regulations and may have a significant impact on the operations and asset management of the Japanese life insurance industry, given the inherent responsiveness of such regime to fluctuations in interest rates. If we are designated as an IAIG or if the FSA adopted a standard model based on such global insurance capital standard for IAIGs for the economic-valued based solvency regime, we could become subject to more restrictive requirements potentially resulting in new limitations on our business or investment activities.

Our ESR framework, as well as certain metrics such as group surplus we disclose under our ESR framework, may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan.

Economic value-based solvency ratio measures the solvency of an insurance company based on the economic value of its assets and liabilities and can be valuable in assessing an insurance company's specific risk profile. The introduction of economic value-based solvency ratio has been widely discussed in the insurance industry and has been considered by various insurance regulators around the globe. The EU has already adopted a full-scale economic solvency-based regime, in the form of the EU Solvency II Directive (2009/138/EC), which became effective on January 1, 2016. ESR has not been formally implemented in Japan, but in anticipation of future regulatory developments, we have voluntarily adopted an internal economic value-based solvency framework, taking into consideration the ICS, a framework for IAIGs, which is currently under development by the IAIS, as well as related Japanese domestic regulations, to measure available capital based on current observable market rates, and disclose our internal economic value-based solvency ratio, which we refer to as ESR, as an alternative measure to our solvency margin ratio. We also disclose group surplus to provide an additional tool to evaluate the corporate value of our business, based on the recent discussion regarding solvency regulations for IAIGs and new economic value-based solvency regulations.

ESR is equal to the sum of our surplus, which is the difference between the market value of our assets and the market value of our liabilities, and our external financing capital, which is comprised of any outstanding foundation funds *(kikin)* and subordinated debt, divided by our integrated risk amount, which we define as the estimated amount of capital necessary to cover all of our quantifiable risk, including insurance underwriting risk, investment risk, operational risk and subsidiary risk, subject to certain adjustments, for a one-year period to a 99.5% confidence level. Insurance underwriting risk is calculated as the aggregation of the risk amounts for losses to be incurred from factors including volatilities in mortality rates, as well as surrender and lapse rates and increase in operating expenses. Investment risk is calculated as the aggregation of market risk (including interest rate risk, currency and equity risk), credit risk and real estate investment risk. Operational risk is calculated based on Japanese capital regulations and by multiplying certain rates to certain metrics, including our insurance premium and policy reserve as measured at a fair value. Subsidiary risk is calculated differently depending on the subsidiary; (i) for major subsidiaries such as Meiji Yasuda General Insurance Co., Ltd. and StanCorp, their underwriting risk, investment risk and operational risk are first determined using their respective internal models and are later aggregated into the group calculation; (ii) risks for other subsidiaries are assessed by investment risks which are calculated in the same manner as risks for general equity holdings are. As of March 31, 2024, ESR calculated based on this methodology was 220%. Although we have maintained ESR above 200% in recent years, there can be no assurance that we will achieve the targeted ESR levels set forth in our new mid-term business plan. For example, revisions to our ESR framework, including those described below, may result in lower ESR than under our current framework, which could present additional challenges in meeting any targeted levels of ESR.

Group surplus is the value of net assets, calculated with the economic value of assets and liabilities under our ESR framework such that group surplus is the numerator in the calculation of ESR. Our group surplus is defined as the total of the surplus of Meiji Yasuda Life Insurance Company and its subsidiaries and affiliated companies, including StanCorp, Pacific Guardian Life Insurance Company, Limited, a wholly owned life insurance subsidiary located in the United States, and Meiji Yasuda General Insurance Co., Ltd., a subsidiary engaged in non-life insurance businesses.

The internal models we have developed and use to calculate ESR and group surplus on a voluntary basis to monitor our financial soundness and corporate value may differ from, and accordingly may not be directly comparable to, any standardized model adopted in Japan or the economic value-based solvency frameworks currently or ultimately adopted by other similar insurance companies in Japan. Because of potential modifications to the ESR framework prior to formal implementation, we cannot anticipate what impact such formal implementation may have on our business, including the need for system upgrades or updates or organizational changes, which would take time and require us to expend resources and could cause disruptions to our business.

In addition, we review our ESR framework on an ongoing basis and may from time to time revise our ESR framework based on our own assessment of the appropriateness of the current framework or based on discussions with the FSA or IAIS. For example, we expect to apply several modifications to our internal model in the first half of the fiscal year ending March 31, 2025 based on developments regarding the FSA's standardized model, as well as observations from our own internal data. While these modifications have not been finalized, if applied to our ESR and group surplus as of March 31, 2024, we estimate they would result in a decrease of ESR of approximately fifteen points, while the corresponding group surplus would increase. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Economic Solvency Ratio" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Group Surplus."

Future changes in laws and regulations applicable to us, as well as judicial and other interpretations, could adversely affect our business, financial condition and results of operations.

Changes in laws and regulations and their interpretations, including by courts, and changes in government policies regarding their enforcement that could adversely affect our new policy sales, lead to increased compliance risk, increase the level of competition we face or otherwise adversely affect our business, financial condition and results of operations are described below. For example, as a result of amendments to the Insurance Business Act that became effective in 2016, rules applicable to sales of certain insurance products require persons offering certain insurance products to provide customers with certain information and to understand the customers' motivations for purchasing such products. Our sales personnel and third-party sales agencies may encounter difficulties adjusting their sales practices to comply with future regulatory changes. In addition, we may face increased compliance risk as a result of regulatory actions against us or our competitors or in connection with future expansions of our product offerings and related regulatory initiatives, any of which could adversely affect our business strategies or require significant additional expenses for training, improved compliance or remediation.

In addition, the stricter capital control under Basel III, which was finalized in December 2017, could make investments in our foundation funds *(kikin)* and subordinated debt or securitized products relating to our foundation funds *(kikin)* less attractive to Japanese banks and bank holding companies, which could adversely affect our ability to raise capital.

Certain rules relating to the calculation of base profit have undergone changes which went into effect from April 1, 2022. Hedging costs for foreign exchange transactions were newly included in the calculation, while gains and losses on cancellation of investment trusts, foreign exchange fluctuations of securities redemption gains and losses and certain gains and losses in respect of reinsurance were excluded from the calculation of base profit. Due to these changes, the level of base profit has become lower than that under the previous disclosure method as at the time of such change.

Moreover, current Japanese income tax laws permit individuals to deduct for income tax purposes all or a portion of the premium payments on almost all of the insurance and annuity products offered by us. Corporate and small business policyholders are permitted to deduct as a business expense, subject to certain conditions, all or a portion of the costs of premiums on certain types of life insurance products, such as term life insurance, and on annuity products. However, after recent changes in Japanese tax laws, the amount of deductible expense has become more limited. Any further changes in Japanese tax laws or regulations may adversely affect our new policy sales and maintenance of our existing policies.

Changes to accounting standards relating to the calculation of policy reserves could have a material adverse effect on our reported financial condition and results of operations.

The Insurance Business Act and related regulations and guidelines set forth the standards under which policy reserves are calculated. Changes to such standards that would require us to increase our policy reserves could have a material adverse effect on our reported financial condition and results of operations. For example, the International Accounting Standards Board, which develops IFRS, has published a new standard, IFRS17 Insurance Contracts, which became effective for periods beginning on or after January 1, 2023. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. Adopting the standards published by IFRS is not mandatory in Japan, nor is it allowed for mutual companies to adopt it voluntarily. However, if current value accounting for liabilities is adopted under Japanese GAAP in the future, we would be required to calculate policy reserves based on the current fulfillment value of policy obligations taking into account factors such as current interest rate levels, which could increase the volatility of our reported financial condition and results of operations as compared to currently applicable accounting standards.

Failure of other Japanese life insurance companies could require us to increase our contributions to industry-wide policyholder protection funds and could undermine consumer confidence.

We, like other Japanese life insurance companies, are required to support policyholders of failed life insurance companies through payments to the Life Insurance Policyholders Protection Corporation of Japan ("LIPPC"). LIPPC was established pursuant to the Insurance Business Act in 1998 to provide a new system for the protection of policyholders of failed life insurance companies. LIPPC is authorized to provide funds in connection with the transfer of insurance policies from a failed life insurance company to a successor company and perform certain other specified functions. See "Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Regulation for the Protection of Policyholders."

The life insurance industry is required to accept funding commitments to LIPPC of an aggregate of up to ¥33 billion per year. This funding obligation is allocated among all Japanese life insurance companies licensed under the Insurance Business Act based on amounts of premium and certain investment income and policy reserves. The allocation amounts are revised annually. We made contributions of ¥3.2 billion and ¥2.9 billion to LIPPC for the fiscal years ended March 31, 2021 and 2022, respectively. Because LIPPC reached the upper limit on its aggregate funding commitments, for the year ended March 31, 2023, our contribution amount to LIPPC was approximately ¥1 million, which was used to fund a portion of LIPPC's operating expenses**.**

The amount of our contribution in the current and future fiscal years will depend on whether LIPPC's total funding commitments remain at the upper limit, and could increase in the future based on developments in the life insurance industry. As a result, as stated above, this amount is adjusted annually based on the relative size of our premium and certain investment income and policy reserve amounts within the life insurance industry as a whole and could be increased. All of our payments to LIPPC are charged to operating expenses when paid.

The proportion of required contributions allocated to us could increase if our income from insurance premiums and policy reserves increases relative to other life insurance companies in Japan. In the event of a future failure of a Japanese life insurance company or if the legal requirements for contributing to LIPPC change, we may be required to make additional contributions to LIPPC, and our business, financial condition and results of operations could be materially and adversely affected. The failure of other Japanese life insurance companies could also damage the reputation of the Japanese life insurance industry in general and undermine consumer confidence in Japanese life insurers, which could lead to a decrease in our sales of new policies or an increase in lapses or surrenders of existing policies.

Catastrophes could result in significant losses and disruptions to our business operations.

We are exposed to the risk of unpredictable liabilities for insurance claim payments in the event of catastrophic mortality in Japan due to a pandemic, such as the COVID-19 or catastrophic events, such as earthquakes (such as the 2024 Noto Peninsula Earthquake), tsunamis, wars, foreign attacks, terror attacks and other more localized disasters affecting Tokyo or other densely populated areas in Japan. Physical damage and other effects of such catastrophes could result in significant disruptions to our business operations. In addition, although we maintain a contingency reserve consistent with industry practice and accounting standards, the reserve may not be adequate to cover actual claim liabilities.

We are subject to risks associated with public health crises, including pandemics, which have and could have an adverse effect on our business, results of operations, financial condition and financial performance.

Large-scale public health crises, including pandemics such as the COVID-19 pandemic, could have a material adverse effect on our business operations, cash flows, financial conditions and results of operations. For example, as a result of these events, the premiums and fees we charge may not be sufficient to cover our costs, deferred medical care could be sought in future periods at potentially higher acuity levels and workforce could be affected and sustain a reduced capacity to handle our customers' needs. Public health crises arising from natural disasters, such as earthquakes, tsunamis, flood, wildfires, hurricanes and snowstorms, or effects of climate change could impact our business operations and result in increased medical care costs. Government enactment of emergency powers in response to public health crises could disrupt our business operations.

During the COVID-19 pandemic, our business was adversely impacted in a number of respects. We experienced an increase in claim payments related to the COVID-19 pandemic that adversely impacted our base profit during the fiscal years ended March 31, 2021, 2022 and 2023, particularly in our overseas insurance business. See "Management's Discussion and Analysis of Financial Condition and results of Operations—Base Profit." Any future public health crisis may negatively impact our business, results of operations and financial condition.

Risks Related to the Notes

We have the right and under certain circumstances will be required to defer interest payments on the Notes for an indefinite period of time.

We will have the right, in our sole discretion, to defer payment of all (and not less than all) of the interest accrued on the Notes on any interest payment date, so long as such interest payment date is not a mandatory interest deferral date. Furthermore, we will be required to defer payment of all (and not less than all) of the interest on the Notes that shall have accrued as of an interest payment date upon the occurrence of certain mandatory interest deferral events, which include any failure to meet certain regulatory capital requirements, as well as a payment deferral on the Notes or any liquidation parity security. During any such deferral, holders of the Notes will receive no payments on the Notes, and will have no remedies against us for non-payment. In addition, in the case of mandatory deferral of interest payments, there will be no interest paid on arrears of interest. Even during any such deferral, the Notes do not restrict our ability to make payments on foundation funds *(kikin)* or liquidation parity securities or any of our instruments, in each case, by whose terms such non-payment is not permitted, or to make distributions to our policyholders (*shain haitou*). See "Description of the Notes—Deferral of Interest Payments; Arrears of Interest."

Subordination of the Notes could hinder investors' ability to receive payment.

Upon the occurrence of a subordination event, any amounts payable under the Notes will be subordinated in right of payment to the prior payment of all of our senior indebtedness. Senior indebtedness means all benefits and claims and other liabilities (including, for the avoidance of doubt, statutory subordinated bankruptcy claims (*retsugoteki hasan saiken*), as defined in the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended) (the "Bankruptcy Act")) other than liabilities under the Notes, any liquidation parity securities, claims of holders of interests in the foundation funds *(kikin)* or claims of any other instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment. We expect to incur additional indebtedness and other obligations from time to time that will constitute senior indebtedness, and the Indenture does not contain any provisions restricting our ability to incur senior indebtedness, including with respect to the amount of any such senior indebtedness. See "Description of the Notes—Status of the Notes; Subordination."

There are only limited rights of acceleration under the terms of the Notes.

The trustee with respect to the Notes may only accelerate payment of the principal and accrued and unpaid interest on the Notes in limited circumstances. The Notes may not be accelerated upon a default in the payment of principal of or interest on the Notes, upon the non-performance of any covenant in relation to the Notes or upon the occurrence of any other event in relation to the Notes other than a subordination event, which would only occur in the event that liquidation, bankruptcy, reorganization or rehabilitation proceedings shall have commenced with respect to us or in the event that we shall have become subject to other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan, and in such cases, payment on the Notes would remain subject to subordination.

We may redeem the Notes at our option on or after the first call date, and upon the occurrence of certain tax or special events.

We will have the option to redeem the Notes in whole (but not in part), subject to compliance with applicable regulatory requirements, on the first call date, and any reset date thereafter. In addition, we will have the option to redeem the Notes in whole (but not in part) at any time upon the occurrence of an additional amounts event (as defined herein) or certain special events. Any redemption of the Notes will be subject to the conditions described under "Description of the Notes—Redemption." If the Notes are redeemed, holders may not be able to reinvest the money received upon such redemption at the same rate of return. For the tax consequences to holders of a redemption, see "Taxation."

We may not redeem the Notes on September 11, 2054.

If, on September 11, 2054, conditions for final redemption are not met, we will not redeem the Notes until the next interest payment date on which such conditions are met. In the event of such a redemption deferral, the return of your initial investment will be deferred, potentially indefinitely.

The market for the Notes may be limited.

Prior to the offering, there has been no trading market for the Notes. A market for the Notes may not develop or, if it does develop, it may not provide holders or beneficial owners of the Notes with sufficient liquidity of investment or continue for the life of the Notes. Although approval in-principle has been received for the listing of the Notes on the SGX-ST, there can be no assurance that any liquid markets for the Notes will ever develop or be maintained. Furthermore, there can be no assurance as to the liquidity of any markets that may develop for the Notes or the prices at which you will be able to sell your Notes, if at all. In addition, the market value of the Notes may fluctuate. Consequently, any sale by holders of the Notes in any secondary market which may develop may be at a discount from the original purchase price of the Notes.

The ratings of the Notes may be lowered or withdrawn.

It is expected that the Notes will be assigned with ratings of A3 by Moody's and A- by Standard & Poor's. In addition, other ratings agencies may assign credit ratings to the Notes without solicitation or request from, or provision of information by, us. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but reflect only the view of each rating agency at the time the relevant rating is assigned. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the relevant rating agency's judgment, circumstances so warrant. A downgrade or potential downgrade in these ratings or the assignment of new ratings that are lower than existing ratings could reduce the number of potential investors in the Notes and adversely affect the price and liquidity of the Notes. A rating is based upon information furnished by us or obtained by the rating agency from its own sources and is subject to revision, suspension or withdrawal by the rating agency at any time.

Optional or mandatory deferral of interest payments, conditions on redemption upon maturity and other characteristics of the Notes could adversely affect the market price of the Notes.

The Notes contain provisions that permit us to defer interest payment on the Notes at our election or obligate us to defer interest payment on the Notes or redemption on maturity under certain specified circumstances. We currently do not intend to exercise our right to defer payments of interest on the Notes. However, as a result of these optional and mandatory deferral provisions, the market price of the Notes may be more volatile than the market price of other securities that are not subject to such provisions. Further, if interest payments on the Notes are deferred due to our exercising such right or due to the occurrence of certain specified events, or if redemption on maturity is deferred due to a failure to meet the redemption conditions, the market price of the Notes is likely to be affected. If interest or redemption on maturity is deferred and you elect to sell Notes during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its Notes until we pay the deferred interest or principal. The Notes are unlike traditional subordinated debt securities, not only with respect to the possible optional or mandatory deferral of interest and with respect to the conditions to redemption upon maturity, but also in that holders will have limited remedies. In addition, because we are a mutual company, the Notes do not contain compulsory interest payment provisions until after the occurrence of a demutualization event, and the payment stoppage provision of the Notes does not restrict our ability to make payments on foundation funds *(kikin)*, which rank junior to the Notes as to priority of liquidation payment. The payment stoppage provision also does not restrict our ability to make payments on existing or future liquidation parity securities or any of our instruments, in each case, by whose terms such non-payment is not permitted, or to make distributions to our policyholders. Investor demand for securities with the characteristics of the Notes may change as these characteristics are assessed by market participants, regulators, rating agencies and others. Accordingly, the Notes that you purchase, whether pursuant to the offer made by this offering circular or in the secondary market, may trade at a significant discount to the price that you paid.

Changes in our capital structure and the terms of the Notes resulting from a future demutualization may adversely affect holders of the Notes.

We may determine that demutualization is advantageous to us and our stakeholders. However, demutualization would result in changes in our capital structure, which may or may not be beneficial for holders of the Notes. For example, as a result of demutualization, our common stock which would be issued and serve as a capital buffer that is junior to the Notes while our foundation funds *(kikin)* would be redeemed or contributed in kind for shares of the reorganized company prior to the effectiveness of the demutualization pursuant to the Insurance Business Act. While certain procedural safeguards are in place, such as approval of an entity conversion plan by a three-quarter majority vote of attending representative policyholders at a board of representative policyholders and authorization by the FSA, the redemption of our foundation funds *(kikin)* may result in our capital being significantly lower than prior to demutualization. In addition, upon demutualization, the terms of the Notes will be automatically revised such that we may make payments of interest or principal on, or repay or redeem, other instruments that are *pari passu* with or junior to the Notes, even if any payment on the Notes has been deferred and continues to be in deferral. While we do not have any current plan or intention to demutualize, if we determine to demutualize while the Notes are still outstanding, your rights as holders may be adversely affected.

The characterization of the Notes for U.S. federal income tax purposes is uncertain.

The proper characterization of the Notes for U.S. federal income tax purposes is uncertain. To the extent required for U.S. federal income tax purposes, we intend to treat the Notes as "variable rate debt instruments" with a term of ten years. Our treatment of the Notes is not binding on the U.S. Internal Revenue Service (the "IRS") or the courts, and the Notes might be subject to alternative possible characterizations. For example, the Notes could be recharacterized as our equity, or as "contingent payment debt instruments" for U.S. federal income tax purposes. If the treatment of the Notes were successfully challenged, the timing, amount and character of income inclusions on the Notes could be affected. Although we do not have any current plan or intention to demutualize, U.S. investors should note that were we to demutualize in the future the tax treatment to the U.S. investors of the demutualization and the treatment of the Notes following demutualization is uncertain and may depend on facts and circumstances which are not currently known. Prospective U.S. purchasers of Notes are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes (including under any alternative characterization). See "Taxation—U.S. Federal Income Tax Considerations."

Payments on the Notes could be subject to FATCA withholding in future years.

Provisions of U.S. tax law commonly referred to as "FATCA" impose 30% withholding on certain payments made to non-U.S. financial institutions (including intermediaries) that are not participating foreign financial institutions ("PFFIs") or otherwise exempt from FATCA withholding. A PFFI is a foreign financial institution that has entered into an agreement with the U.S. Treasury Department ("Treasury") pursuant to which it agrees to perform specified due diligence and reporting functions and withhold 30% from certain "foreign passthru payments" (which term is not yet defined) that it makes to certain persons. In general, no FATCA withholding will apply to payments made on non-U.S. debt obligations that are outstanding prior to the date that is six months after the date on which final Treasury regulations defining the term "foreign passthru payments" are published (the "grandfathering date"). Therefore, no FATCA withholding will apply to payments made by us on the Notes provided that the Notes are not recharacterized as our equity (as described above in "—The characterization of the Notes for U.S. federal income tax purposes is uncertain") or materially modified on or after the grandfathering date.

We are a financial institution for FATCA purposes and have registered with the IRS as a PFFI, in compliance with the intergovernmental agreement ("IGA") to facilitate the implementation of FATCA between the United States and Japan. The U.S.-Japan IGA, and IGAs the United States has entered into with other jurisdictions, do not address how foreign passthru payments will be treated or whether withholding on such payments will be required by financial institutions subject to the IGAs. Under proposed Treasury regulations (the preamble to which specifies taxpayers may rely on them pending finalization), FATCA withholding will not apply prior to the date that is two years after final Treasury regulations defining the term "foreign passthru payment" are published. If payments on the Notes were subject to FATCA withholding, no additional amounts would be payable by us and any amounts so withheld would be treated as paid for all purposes under the Notes.

USE OF PROCEEDS

The aggregate gross proceeds from the offering of the Notes is $1,750 million. We expect that the estimated aggregate net proceeds of the offering of the Notes, after deducting the initial purchasers' discounts and other estimated expenses related to the offering, will be approximately $1,728 million. We intend to use the net proceeds for general corporate purposes.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2024 and as adjusted to reflect only the issuance of the Notes offered hereby, but not the use of proceeds therefrom, the compensation of the initial purchasers or the reimbursement for certain expenses relating to the present offering. The following table should be read in conjunction with the financial statements and notes thereto included elsewhere in this offering circular.

	As of June 30, 2024	
	Actual	**As adjusted**
	(Billions of yen)	
Bonds payable[(1)]	¥ 640.7	¥ 640.7
Notes offered hereby[(2)]	–	281.8
Subordinated loans[(3)]	271.6	271.6
Net assets:		
Foundation funds *(kikin)*	50.0	50.0
Reserve for redemption of foundation funds (*kikin-shokyaku-tsumitate-kin)*	930.0	930.0
Reserve for revaluation	0.4	0.4
Surplus	130.2	130.2
Net unrealized gains on available-for-sale securities	4,336.6	4,336.6
Deferred unrealized losses on derivatives under hedge accounting	(91.9)	(91.9)
Land revaluation differences	124.2	124.2
Foreign currency translation adjustments	213.5	213.5
Remeasurements of defined benefit plans	167.5	167.5
Net unrealized gains (losses) on policy reserves and other reserves of overseas subsidiaries	2.6	2.6
Total net assets	5,863.4	5,863.4
Total capitalization[(2)(4)]	¥ 6,775.8	¥ 7,057.5

Notes:

(1) Bonds payable comprise dollar-denominated subordinated notes issued in October 2015 and April 2018, and yen-denominated subordinated notes issued in December 2016, November 2017 and September 2019, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources."

(2) Translation of the dollar amount of the Notes into yen has been made at the rate of $1.00 = ¥161, the approximate rate of exchange prevailing as of June 30, 2024.

(3) Subordinated loans comprise yen-denominated subordinated loans obtained in August 2021 and August 2022, as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources."

(4) Except as disclosed above and in this offering circular, there has been no material change in our consolidated capitalization since June 30, 2024.

SELECTED FINANCIAL DATA AND OTHER INFORMATION

The following selected consolidated and non-consolidated financial data as of and for the years ended March 31, 2022, 2023 and 2024 are derived from our audited consolidated and non-consolidated financial statements as of and for such years, which are included elsewhere in this offering circular. The following selected consolidated and non-consolidated financial data as of and for the years ended March 31, 2020 and 2021 are derived from our audited consolidated and non-consolidated financial statements as of and for such years, which are not included in this offering circular. The following selected consolidated and non-consolidated financial data as of June 30, 2024 and for the three months ended June 30, 2023 and 2024 are derived from our unaudited quarterly consolidated and non-consolidated financial statements as of and for such periods, which are included elsewhere in this offering circular. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated and non-consolidated financial statements contained elsewhere in this offering circular. At the beginning of the fiscal year ended March 31, 2024, certain of our affiliates accounted for by the equity method adopted IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts." These standards were retrospectively applied to the consolidated financial information as of and for the fiscal year ended March 31, 2023 presented in the consolidated financial statements as of and for the fiscal years ended March 31, 2023 and 2024 included elsewhere in this offering circular as well as the corresponding financial information presented below. See "Presentation of Financial and Other Information."

We prepare our financial statements in accordance with Japanese GAAP, which may differ in certain significant respects from accounting principles generally accepted in other countries, including accounting principles generally accepted in the United States and IFRS.

This section also contains other data that is not derived directly from our financial statements, including data that life insurance companies in Japan are required to prepare and disclose in accordance with requirements of the Insurance Business Act or disclosure standards promulgated by the FSA or the Life Insurance Association of Japan, or that is otherwise prepared and disclosed in accordance with principles or methodologies that are widely adopted among Japanese and other life insurance companies. We believe this data provides prospective investors with meaningful and important information regarding our overall business results or financial condition when viewed in the context of our financial statements prepared in accordance with Japanese GAAP. Such data is not intended to be a substitute for financial data prepared in accordance with Japanese GAAP.

Selected Consolidated Financial Data

	Year ended March 31,				
Consolidated Statements of Income Data:	**2020**	**2021**	**2022**	**2023**	**2024**
	(Billions of yen)				
Ordinary income:					
Insurance premiums and other	¥ 2,911.8	¥ 2,669.3	¥ 2,809.8	¥ 3,670.2	¥ 3,343.2
Investment income	1,051.1	1,263.4	1,303.0	1,648.1	2,002.2
Other ordinary income	110.4	95.9	101.4	98.2	131.6
Total ordinary income	4,073.3	4,028.6	4,214.3	5,416.6	5,477.2
Ordinary expenses:					
Benefits and other payments	2,515.8	2,542.4	2,624.5	3,124.2	3,108.2
Provision for policy reserves and other reserves	264.2	305.0	291.6	472.2	545.7
Investment expenses	397.0	306.1	389.7	816.7	794.8
Operating expenses	476.9	489.6	513.9	566.2	637.7
Other ordinary expenses	165,7	156.3	163.1	167.6	158.4
Total ordinary expenses	3,819.8	3,799.6	3,982.9	5,147.1	5,245.0
Ordinary profit	253.5	228.9	231.3	269.5	232.1
Extraordinary gains	0.0	0.3	0.1	3.2	0.3
Extraordinary losses	21.3	31.5	28.0	208.6	73.3
Surplus before income taxes and non-controlling interests	232.2	197.7	203.4	64.1	159.1
Income taxes:					
Current	56.1	57.9	12.1	54.7	66.0
Deferred	(31.7)	(48.9)	9.3	(75.2)	(60.4)
Net surplus	207.9	188.8	181.8	84.6	153.5
Net surplus attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.0
Net surplus attributable to the Parent Company	¥ 207.8	¥ 188.7	¥ 181.7	¥ 84.6	¥ 153.5

Consolidated Statements of Changes in Net Assets Data:	Year ended March 31, 2020	2021	2022	2023	2024
	(Billions of yen)				
Total net assets:					
Beginning balance	¥ 3,986.4	¥ 3,541.3	¥ 4,528.4	¥ 4,305.6	¥ 3,693.3
Cumulative effect of change in accounting policies	–	–	–	3.8	(6.5)
Beginning balance after reflecting accounting policy changes	–	–	–	4,309.5	3,686.8
Changes in the fiscal year:					
Issuance of foundation funds *(kikin)*	50.0	–	–	–	–
Additions to policyholders' dividend reserves	(169.6)	(148.8)	(178.6)	(151.4)	(144.2)
Additions to reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)*	60.0	–	100.0	50.0	50.0
Payment of interest on foundation funds *(kikin)*	(0.9)	(0.7)	(0.7)	(0.4)	(0.3)
Net surplus attributable to the Parent Company	207.8	188.7	181.7	84.6	153.5
Redemption of foundation funds *(kikin)*	(60.0)	–	(100.0)	(50.0)	(50.0)
Reversal of reserve for fund redemption	(60.0)	–	(100.0)	(50.0)	(50.0)
Reversal of land revaluation difference	(0.5)	0.2	(3.7)	0.8	(2.6)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests	–	–	–	–	(0.1)
Net changes, excluding funds, reserves and surplus	(471.8)	947.7	(121.4)	(499.7)	2,139.8
Net changes in the fiscal year	(445.0)	987.1	(222.7)	(616.1)	2,096.0
Ending balance	¥ 3,541.3	¥ 4,528.4	¥ 4,305.6	¥ 3,693.3	¥ 5,782.8

Consolidated Statements of Income Data:	Three months ended June 30, 2023	2024
	(Billions of yen)	
Ordinary income:		
Insurance premiums and other	¥ 771.4	¥ 886.4
Investment income	576.4	584.0
Other ordinary income	29.7	34.4
Total ordinary income	1,377.6	1,504.9
Ordinary expenses:		
Benefits and other payments	749.2	958.3
Provision for policy reserves and other reserves	169.1	37.0
Investment expenses	223.7	232.2
Operating expenses	148.3	168.8
Other ordinary expenses	39.6	66.3
Total ordinary expenses	1,330.0	1,462.7
Ordinary profit	47.6	42.1
Extraordinary gains	–	–
Extraordinary losses	9.0	8.9
Surplus before income taxes and non-controlling interests	38.5	33.1
Income taxes—Current	0.5	(1.0)
Income taxes—Deferred	2.4	3.5
Net surplus	35.5	30.6
Net surplus attributable to non-controlling interests	0.0	–
Net surplus attributable to the Parent Company	¥ 35.5	¥ 30.6

	As of March 31,					As of June 30,
Consolidated Balance Sheets Data:	**2020**	**2021**	**2022**	**2023**	**2024**	**2024**
	(Billions of yen)					
Total assets	¥42,613.8	¥45,977.8	¥48,202.5	¥48,786.5	¥52,850.4	¥54,091.8
Policy reserves and other reserves	35,817.6	36,266.3	37,219.9	38,284.9	39,463.4	40,285.6
Total liabilities	39,072.5	41,449.3	43,896.8	45,093.2	47,067.5	48,228.3
Net assets:						
Foundation funds *(kikin)*	250.0	250.0	150.0	100.0	50.0	50.0
Reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)*	730.0	730.0	830.0	880.0	930.0	930.0
Reserve for revaluation	0.4	0.4	0.4	0.4	0.4	0.4
Surplus	475.9	515.2	413.9	301.0	250.7	130.2
Total funds, reserve and surplus	1,456.3	1,495.7	1,394.4	1,281.5	1,231.1	1,110.7
Net unrealized gains (losses) on available-for-sale securities	1,993.0	2,959.1	2,759.5	2,167.6	4,174.8	4,336.6
Deferred unrealized gains (losses) on derivatives under hedge accounting	45.1	28.2	4.8	(27.0)	(67.7)	(91.9)
Land revaluation differences	118.4	118.1	121.8	121.5	124.2	124.2
Foreign currency translation adjustments	(49.4)	(89.1)	(22.5)	82.8	146.6	213.5
Remeasurements of defined benefit plans	(22.8)	15.7	46.8	61.9	171.7	167.5
Net unrealized gains (losses) on policy reserves and other reserves of overseas subsidiaries	–	–	–	4.1	1.8	2.6
Total accumulated other comprehensive income	2,084.2	3,032.0	2,910.5	2,411.1	4,551.6	4,752.7
Non-controlling interests	0.7	0.6	0.6	0.6	–	–
Total net assets	¥ 3,541.3	¥ 4,528.4	¥ 4,305.6	¥ 3,693.3	¥ 5,782.8	¥ 5,863.4

Other Non-consolidated Data

Other Non-consolidated Data:	2020	2021	2022	2023	2024
	As of and for the year ended March 31, (Billions of yen and thousands of policies, except percentages and number of sales personnel)				
Number of new policies[1]:					
Individual insurance	1,154.0	933.6	1,059.2	1,247.7	1,156.0
Individual annuities	12.6	12.6	13.8	9.7	6.3
Number of policies in force for individual insurance and annuities	12,363.9	12,419.2	12,493.8	12,672.9	12,723.8
Amount of new policies[1]:					
Individual insurance	¥ 1,064.7	¥ 901.0	¥ 1,161.8	¥ 1,899.3	¥ 1,395.2
Individual annuities	¥ 61.9	¥ 62.0	¥ 68.0	¥ 46.6	¥ 29.3
Policy amount in force for individual insurance and annuities	¥ 71,067.6	¥ 67,984.0	¥ 65,741.4	¥ 63,528.4	¥ 61,255.4
Annualized premiums from new policies[1]	¥ 105.1	¥ 93.7	¥ 103.4	¥ 163.1	¥ 128.5
Agency distribution channel	90.8	83.1	89.5	126.0	102.0
Bancassurance channel	11.7	8.8	12.2	35.6	24.9
Annualized premiums from new policies for third-sector products[1][2]	¥ 39.9	¥ 37.5	¥ 43.6	¥ 46.4	¥ 48.2
Annualized premiums from policies in force[3]	¥ 2,226.7	¥ 2,195.2	¥ 2,167.9	¥ 2,170.5	¥ 2,161.0
Agency distribution channel	1,635.9	1,627.3	1,621.1	1,629.2	1,631.4
Bancassurance channel	544.7	522.3	501.5	496.3	485.0
Annualized premiums from policies in force for third-sector products[2]	445.2	458.8	475.0	488.7	503.6
Insurance premiums and other	¥ 2,593.3	¥ 2,352.1	¥ 2,443.5	¥ 3,203.6	¥ 2,827.2
Insurance premiums (excluding reinsurance income)	¥ 2,588.7	¥ 2,341.5	¥ 2,440.4	¥ 3,194.9	¥ 2,817.2
Individual life insurance and annuities	1,680.9	1,536.8	1,620.9	2,354.7	2,025.2
Agency channel	1,368.4	1,293.3	1,331.6	1,706.6	1,564.4
Bancassurance channel	275.8	208.3	254.1	612.8	425.2
Group insurance	285.9	288.8	293.1	297.4	302.0
Group pensions	587.7	482.2	493.4	510.5	458.2
Interest, dividends and other income	¥ 871.6	¥ 840.3	¥ 888.3	¥ 988.5	¥ 1,160.7
Total funds, reserve and surplus[4]	¥ 1,441.2	¥ 1,490.3	¥ 1,393.1	¥ 1,296.1	¥ 1,263.6
Number of sales personnel	33,000	35,995	36,393	36,546	36,258
Persistency rate for individual insurance and annuities:					
13 months	94.5%	95.3%	95.1%	94.9%	94.0%
25 months	88.7%	88.8%	89.7%	89.4%	88.4%
61 months	71.5%	70.8%	71.2%	70.3%	68.5%
Surrender, lapse and partial surrender rate for individual life insurance and annuities	3.94%	3.84%	4.20%	5.39%	5.15%
Surrender, lapse and partial surrender rate for flagship products[5]	5.51%	4.68%	5.00%	5.01%	5.12%
Average annual yield of general account assets[6]	1.78%	2.28%	2.21%	1.97%	2.67%

Notes:

(1) Number of new policies, amount of new policies and annualized premiums from new policies include policies subject to conversions, coverage revisions and rider changes.

(2) Third-sector products includes benefits related to medical insurance, living benefits and benefits subject to premium payment waiver.

(3) Annualized premiums from policies in force includes totals for individual insurance and individual annuities. Annualized premiums is calculated by multiplying the underlying premium installment amounts by a factor determined according to the relevant payment method to arrive at a single annualized amount. For single premium policies, annualized premiums is calculated by dividing the total premium by the insured period.

(4) Total funds, reserve and surplus consists of foundation funds *(kikin)*, reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)*, reserve for revaluation and surplus.

(5) Flagship products include comprehensive insurance products such as "Best Style" that offer protection-type products ranging from illness and injury protection, serious disease and illness protection, disability and nursing care protection to death and permanent events.

(6) Average annual yield of general account assets is calculated using the net amount of investment income and investment expenses (but excluding gains and losses related to separate account assets) as the numerator and the daily average of the carrying value of general account assets as the denominator.

Other Non-consolidated Data:	As of and for the three months ended June 30, 2023	2024
	(Billions of yen and thousands of policies, except percentages)	
Number of new policies:		
Individual insurance	248	274
Individual annuities	1	1
Number of policies in force for individual insurance and annuities	12,648	12,691
Amount of new policies:		
Individual insurance	¥ 287.6	¥ 264.8
Individual annuities	¥ 8.7	¥ 6.4
Policy amount in force for individual insurance and annuities	¥ 63,001.8	¥ 60,611.4
Annualized premiums from new policies	¥ 27.7	¥ 31.2
Agency distribution channel	23.6	21.2
Bancassurance channel	3.8	9.6
Annualized premiums from new policies for third-sector products(1)	¥ 11.1	¥ 11.0
Annualized premiums from policies in force(2)	¥ 2,174.5	¥ 2,161.9
Annualized premiums from policies in force for third-sector products(1)	¥ 490.5	¥ 506.3
Insurance premiums and other	¥ 647.0	¥ 737.8
Insurance premiums (excluding reinsurance income)	¥ 644.9	¥ 735.7
Individual life insurance and annuities	429.7	524.8
Agency channel	349.8	361.6
Bancassurance channel	70.1	153.4
Group insurance	74.6	74.4
Group pensions	132.0	128.1
Interest, dividends and other income	¥ 239.8	¥ 262.5
Total funds, reserve and surplus(3)	¥ 1,191.7	¥ 1,142.2
Persistency rate for individual insurance and annuities:		
13 months	94.3%	94.2%
25 months	88.9%	87.5%
61 months	68.2%	70.0%

Notes:

(1) Third-sector products includes benefits related to medical insurance, living benefits and benefits subject to premium payment waiver.

(2) Annualized net premium from policies in force includes totals for individual insurance and individual annuities. Annualized net premium is calculated by multiplying the underlying premium installment amounts by a factor determined according to the relevant payment method to arrive at a single annualized amount. For single premium policies, annualized net premium is calculated by dividing the total premium by the insured period.

(3) Total funds, reserve and surplus consists of foundation funds *(kikin)*, reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)*, reserve for revaluation and surplus.

Other Non-consolidated Regulatory Data

Other Non-consolidated Regulatory Data:	As of March 31, 2020	2021	2022	2023	2024
	(Billions of yen, except percentages)				
Solvency margin ratio	1,069.3%	1,069.1%	1,061.6%	980.8%	994.5%
Real net assets(1)	¥ 9,496.6	¥ 10,684.7	¥ 9,900.8	¥ 8,614.8	¥ 10,705.8
General account	¥ 38,734.4	¥ 41,981.0	¥ 43,471.0	¥ 43,671.8	¥ 46,823.2

Note:

(1) Real net assets is calculated by subtracting non-capital real liabilities from real assets. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Real Net Assets” for further details.

Other Non-consolidated Regulatory Data:	As of June 30, 2023	2024
	(Billions of yen, except percentages)	
Solvency margin ratio	999.0%	995.6%
Real net assets(1)	¥ 9,670.4	¥ 10,187.7
General account	¥ 45,145.2	¥ 47,257.6

Note:

(1) Real net assets is calculated by subtracting non-capital real liabilities from real assets.

Other Data

	Year ended March 31,					Three months ended June 30,	
	2020	2021	2022	2023	2024	2023	2024
	(Billions of yen)						
Insurance premiums of the group(1)	¥ 2,907.2	¥ 2,658.8	¥ 2,806.6	¥ 3,661.4	¥ 3,333.1	¥ 769.3	¥ 884.3
Meiji Yasuda	2,588.7	2,341.5	2,440.4	3,194.9	2,817.2	644.9	735.7
Overseas insurance business and other businesses(2) . . .	318.4	317.2	366.2	466.5	515.9	124.3	148.5
StanCorp	294.4	295.6	343.0	426.4	479.6	112.6	135.6
Total policy amount in force of group insurance products . . .	¥ 116,334.8	¥ 115,876.8	¥ 116,327.6	¥ 116,395.5	¥ 115,836.7	¥ 116,059.7	¥ 115,348.7

Notes:

(1) Insurance premiums of the group refers to the amount after deducting reinsurance income of Meiji Yasuda from group insurance premiums. We exclude reinsurance income because reinsurance income represents insurance claims or payments received by us from reinsurance companies, rather than premiums received.

(2) The sum of overseas insurance business and domestic business except for domestic insurance business. The accounting period for consolidated overseas subsidiaries and affiliates is from January 1 to December 31 of each year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and notes thereto, included elsewhere in this offering circular. Our financial statements have been prepared in accordance with the provisions of the Insurance Business Act and related regulations thereunder and in conformity with Japanese GAAP, which may differ in certain significant respects from accounting principles generally accepted in other countries, including accounting principles generally accepted in the United States, as well as IFRS. Except as otherwise specified, the discussion and analysis of our financial condition and results of operations and all financial information set forth in this section are provided on a consolidated basis. At the beginning of the fiscal year ended March 31, 2024, certain of our affiliates accounted for by the equity method adopted IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts." These standards were retrospectively applied to the consolidated financial information as of and for the fiscal year ended March 31, 2023 presented in the consolidated financial statements as of and for the fiscal years ended March 31, 2023 and 2024 included elsewhere in this offering circular as well as the corresponding financial information presented below. See "Presentation of Financial and Other Information."

This section also contains other data that is not derived directly from our financial statements, including data that life insurance companies in Japan are required to prepare and disclose in accordance with requirements of the Insurance Business Act or disclosure standards promulgated by the FSA or the Life Insurance Association of Japan, or that is otherwise prepared and disclosed in accordance with principles or methodologies that are widely adopted among Japanese and other life insurance companies, such as the technical specifications established and used for the field tests of economic value-based evaluation and supervisory method as implemented by the FSA. We believe this data provides prospective investors with meaningful and important information regarding our overall business results or financial condition when viewed in the context of our financial statements prepared in accordance with Japanese GAAP. Such data is not intended to be a substitute for financial data prepared in accordance with Japanese GAAP.

This section contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this offering circular.

Overview

We are one of the largest private life insurance companies in Japan, as measured by premium income. We operate primarily in Japan, offering a wide range of services and products, including individual and group life insurance and annuities and other insurance products. As of March 31, 2024, we offered services and products to over 7 million customers in individual insurance marketing in Japan, which consist of life insurance policyholders (including deferments and those currently receiving annuity payments) and non-life insurance policyholders (excluding redundant policies), and exclude group insurance marketing. Our ordinary income consists of insurance premiums and other, investment income and other ordinary income. We earn most of our ordinary income from insurance premiums and other, which accounted for 61.0% and 58.9% of our total ordinary income for the year ended March 31, 2024 and the three months ended June 30, 2024, respectively.

As of March 31, 2024 and June 30, 2024, our consolidated total assets amounted to ¥52,850.4 billion and ¥54,091.8 billion, respectively, and our non-consolidated total assets amounted to ¥47,355.5 billion and ¥47,793.3 billion, respectively. Our consolidated insurance premiums and other amounted to ¥3,343.2 billion and ¥886.4 billion for the year ended March 31, 2024 and the three months ended June 30, 2024, respectively. As of June 30, 2024, we had a consolidated solvency margin ratio of 1,032.6% and a non-consolidated solvency margin ratio of 995.6%, and we currently have financial strength ratings of Al from Moody's, A+ from Standard & Poor's, AA from R&I and AA from JCR.

Planned Acquisition of Employer Voluntary Benefits Businesses from Allstate

On August 14, 2024, we announced that StanCorp had entered into a definitive agreement for the acquisition of two subsidiaries of Allstate, American Heritage Life Insurance Company and American Heritage Service Company (the "Targets"), which operate employer voluntary benefits businesses in the United States. StanCorp and Allstate have agreed that StanCorp would acquire all of the outstanding shares of common stock of the Targets for an aggregate amount of $2.0 billion. We believe that this acquisition will contribute to our strategy of expanding our overseas insurance by further strengthening StanCorp's business in the United States.

The acquisition is subject to the customary closing conditions including the approval of regulatory authorities in Japan and the United States and other customary closing conditions. If we are able to successfully complete the acquisition, we expect that the Targets will become our wholly owned consolidated subsidiaries. As of the date of this offering circular, however, there is no assurance that we will complete the acquisition as contemplated. See "Risk Factors—Risks Related to Our Business—We may be unable to complete our planned acquisition of subsidiaries of Allstate, or the acquisition could fail to deliver the anticipated benefits or otherwise have an adverse effect on our business and results of operations, including due to impairment of goodwill."

Factors Affecting Results of Operations

Key factors affecting our financial condition and results of operations include the following.

Japanese Insurance Market

Premium income and sales of our insurance products are affected by trends in the Japanese life insurance market. The Japanese life insurance market is mature and highly consolidated, characterized by high *per capita* life insurance premiums and a household penetration rate of approximately 90%. However, total policy amount in force and penetration rates for the Japanese market have generally been in decline in recent years, due in part to an aging population and shifts in demand reflecting changes in consumer lifestyles and preferences, including later marriages and low birthrates, and we expect this trend to continue. Nevertheless, we have been and expect to continue to be able to partially offset this decline by focusing our efforts to develop our business in growth fields, such as those in the areas of medical and nursing care insurance, while proactively expanding our overseas insurance business.

At the same time, however, there has been strong competition for market share among Japan's major life insurance companies as well as newer entrants. See "—Provision for Policy Reserves." In this environment, we aim to achieve competitive differentiation from our peers by further developing our domestic life insurance business, including through enriching our lineup of products and services and providing engaging, shoulder-to-shoulder (meaning an effective combination of face-to-face and online consultation methods) after-sales services, and by actively promoting and expanding our overseas insurance business, as evidenced by our acquisition in March 2016 of StanCorp, a U.S. life insurance group, to secure greater opportunities for future profit in the global market.

The continued growth of new product areas also affects our results of operations; for example, we have recently seen increasing demand for "living benefits and medical coverage," sometimes referred to as third-sector products, such as medical and nursing care insurance products, as well as optional services such as second opinions and illness prevention services, prompted in part by growing concern with the soundness of the Japanese social security system.

Operating Environment

Our business, financial condition and results of operations are materially affected by financial market and economic conditions in Japan and elsewhere. Historically, the reforms and stimulus measures implemented by the Japanese government after the global financial crisis that started in 2008 had generally produced positive results, including increases in stock prices, but the long-term effects on Japan's economy, financial markets, trade balance, interest rates and fiscal position remain uncertain. Even without the severe disruption and uncertainty caused by the COVID-19 pandemic and the various countermeasures adopted in response thereto, there were concerns about the prospect for ending deflation and reaching the BOJ's 2% inflation target, the potential consequences of an increasing budget deficit, volatility of the yen against the U.S. dollar and euro and stagnating or decreasing consumer demand and related impacts on the Japanese stock market. In addition, the introduction of negative interest rates by the BOJ in early 2016 and other changes in fiscal and monetary policies could have an unforeseen impact on Japan's financial markets and economy. Changes to laws and regulations, such as further increases in the Japanese consumption tax, could further hurt consumer sentiment and weaken demand, negatively affecting the Japanese economy.

Recent economic indicators in Japan include the following:

- The Nikkei 225 Index at the start of the previous fiscal year was ¥28,188.15. Subsequently, the index increased due to various factors, such as weakening of the yen and the BOJ's loose monetary policy, and on July 11, 2024, it hit an all-time high of ¥42,224.02. It experienced a significant decline of ¥4,451.28 on August 5, 2024 and has been volatile since.

- The yield rate on 10-year JGBs at the start of the previous fiscal year was 0.36%. In July 2023, the BOJ announced that, while maintaining the range of yield curve control for 10-year JGBs from around plus and minus 0.25 percentage points to around plus and minus 0.5 percentage points, it would conduct yield curve control "with greater flexibility" regarding the upper and lower bounds of the range as references, not as rigid limits. In October 2023, the BOJ announced further adjustments to its yield curve control policy, potentially allowing 10-year JGBs to increase above 1.0%, and more recently in December 2023, it announced that it would maintain this approach. In March 2024, the BOJ announced that it would end its yield curve control policy and would end its negative interest rate policy and target uncollateralized overnight call rate of around 0% to 0.1%, which was further revised upward to 0.25% effective as of August 1, 2024. The yield rate rose owing to domestic inflation and continued rate hikes by other major central banks, and the yield rate stood at 0.890% as of August 28, 2024.

- The yen-dollar exchange rate started the previous fiscal year at the ¥133 level. Subsequently, the yen weakened past ¥151 to the dollar in November 2023 due to factors such as the monetary policy divergence between the BOJ and the Federal Reserve System, the central bank of the U.S. Thereafter, the yen strengthened to the ¥141 level on expectations of a policy shift by the BOJ. However, due to factors such as continuing interest rate gap between the U.S. and Japan, the yen subsequently depreciated past ¥151 to the dollar, hitting a 34-year low in March 2024. The yen-dollar exchange rate has fluctuated since and finished at ¥144 as of August 28, 2024.

- The yen-euro exchange rate at the start of the previous fiscal year was at the ¥143 level. Subsequently, the yen weakened and fell to the ¥164 level in March 2024 owing to the BOJ's continuing low interest rate policy, in contrast with continuation of higher rate set by the European Central Bank. The yen-euro exchange rate was ¥160 as of August 28, 2024.

- The seasonally adjusted unemployment rate in Japan was 2.6%, 2.6% and 2.5% as of April 30, 2024, May 31, 2024 and June 30, 2024, respectively, according to the Statistics Bureau of the Ministry of Internal Affairs and Communications of Japan.

- The total financial assets held by Japanese households increased from ¥2,021 trillion as of March 31, 2022 to ¥2,053 trillion as of March 31, 2023, and further increased to ¥2,199 trillion as of March 31, 2024, according to data released by the BOJ.

- Japan's real GDP increased by 3.1%, 1.6% and 0.8% in the years ended March 31, 2022, 2023 and 2024, each according to the Cabinet Office of Japan (the "Cabinet Office"). According to data published by the Cabinet Office, Japan's real GDP increased at an annualized rate of 0.8% during the three months ended June 30, 2024.

- Average real estate prices in Japan continued to increase during the years ended December 31, 2022, 2023 and 2024, according to the Ministry of Land, Infrastructure, Transport and Tourism of Japan. Average real estate prices in Tokyo increased in each of the years ended December 31, 2021, 2022 and 2023 but remain subject to uncertainty.

- Consumer price index in Japan has increased during the years ended December 31, 2022 and 2023, according to the Statistics Bureau of Japan, and the index as of May 31, 2024 was 108.1 with 2020 indexed as 100.

In addition, Japan's economy is affected by global economic conditions, which remain uncertain. Outside of Japan, while the economies of developed countries, including the United States and certain European countries, continued to recover, certain emerging economies experienced slower growth. In the United States, the economy has generally been supported by robust household spending, despite relatively weak spending in the corporate sector. In March 2022, to support of achieving maximum employment and inflation at the target rate of 2% over the longer run, the Federal Open Market Committee (the "FOMC") raised the target range for the federal funds rate to 0.25% to 0.50%. Since then, except for its June 2022 meeting, the FOMC has kept raising the target range, including most recently to 5.25% to 5.50% in July 2023 by a quarter percentage point. In September 2023, the FOMC opted to maintain its benchmark interest rate at its current target range of between 5.25% and 5.50%. In March 2024, the FOMC announced that it would maintain its current target range but signaled that it would move toward considering rate reductions. Outlook for the global economy has become increasingly uncertain due to factors such as the continued impact of monetary tightening, depreciation of the yen against the U.S. dollar and significant volatility of the yen against euro, rising inflation expectations, which may contribute to an environment where central banks continue to raise or become hesitant to cut interest rates, and heightened geopolitical risks in various regions and countries, including the uncertainty in future trajectory of the Chinese economy, the ongoing military conflict between Russia and Ukraine, the armed conflict between Israel and Hamas and uncertainties about the monetary policy of central banks in Japan and other countries and any potential impact related to the presidential election to be held in the United States in November 2024.

Surrenders and New Policies

Income from insurance consists almost entirely of premium income from outstanding insurance policies and annuities. Income from insurance is mainly a function of the amount of policies in force, which in turn is mainly a function of the amount of surrenders and new policies. Over the past several years, surrenders of our policies have been decreasing. As of March 31, 2020, 2021, 2022, 2023 and 2024, our surrender, lapse and partial surrender rate with respect to individual life insurance and individual annuities in the aggregate as of the beginning of each year on a non-consolidated basis was 3.94%, 3.84%, 4.20%, 5.39% and 5.15%, respectively. Annualized premiums from individual insurance and individual annuities products have remained steady for the previous three years, amounting to ¥2,167.9 billion for the year ended March 31, 2022, ¥2,170.5 billion for the year ended March 31, 2023 and ¥2,161.0 billion for the year ended March 31, 2024.

Factors that affect surrenders and new policies include the following:

- *Amount of new policies sold by sales personnel.* Our core business continues to be the sale of individual policies through our sales personnel. Of our new individual insurance and annuity policies written during the year ended March 31, 2024, approximately 79.4% in terms of annualized net premiums were attributable to sales by sales personnel. Our ability to maintain or increase our revenues from insurance depends in large part on the size, training and experience of our sales personnel force and our sales personnel's ability to establish and maintain customer relationships. We have taken steps to improve the training and management of our sales personnel, to increase their numbers and to deepen their relationships with our customers.

- *Amount of new policies that bancassurance agents are able to sell.* The competitive environment of the bancassurance channel is volatile. See "Risk Factors—Risks Related to Our Business—Our plans to maintain sales of life insurance products through the bancassurance channel or achieve targeted profitability through such channel may be unsuccessful." The level of sales depends on product competitiveness such as the amount of death benefits and the yield at maturity. Single premium whole life insurance products sold through our bancassurance channel are subject to interest rate risk and foreign exchange risk, as they are products with assumed interest rates. Accordingly, we provide products that correspond to domestic and foreign currencies so that we can respond to volatile financial conditions. In order to mitigate the risk of large-scale cancellations when interest rates rise, we have recently offered single premium whole life insurance products with a market value adjustment (MVA) function.

- *After-sales service.* Surrender, lapse and partial surrender rate with respect to individual life insurance and individual annuities have improved over the past ten years as a result of our attempt to minimize policy surrenders by providing dedicated after-sales service, including approaching customers to confirm the content of their policies and regularly reviewing customer contracts with them. We propose coverage revisions to accommodate changes in customer's life needs while also responding to changes to the Japanese social security system and introduction of new products.

- *Shift in customer demand.* There has been a shift in customer demand from mortality insurance to living benefits and medical coverage, under which the insured amounts are relatively small by comparison. We strive to further improve our customer services to minimize decreases in insured amounts associated with such shift in customer demand, as well as decreases associated with the aging of our customer base.

- *Household income levels.* Household income levels and the relative burden of insurance premium payments on policyholders affect our premium income. Increases and decreases in household income tend to cause both a corresponding decrease or increase in policy surrenders and an increase or decrease in new policy originations, particularly for individual insurance and individual annuity products, and thereby affect our premium income.

- *Consumer confidence in the life insurance industry.* Changes in consumer confidence in the life insurance industry affect our premium income. Declining consumer confidence tends to cause both an increase in policy surrenders and a decrease in new policy originations, particularly for individual insurance and individual annuity products, thereby adversely affecting our premium income. The effect of any such decrease may be partially offset as a result of a migration of customers to us from financially weaker insurance companies. In the aggregate, however, we believe that declines in consumer confidence in the life insurance industry may adversely affect our premium income.

- *Market equity prices and interest rate levels.* Market equity prices, interest rates and other determinants of the relative attractiveness of our products as compared to other financial products affect our premium income. For example, in periods of increasing interest rates, surrenders of policies, particularly single premium individual whole life insurance and individual annuities, tend to increase as policyholders seek investments with higher perceived or actual returns, thereby adversely affecting our premium income.

- *Foreign currency exchange rates*. Fluctuations in foreign currency exchange rates affect our premium income. For example, the significant depreciation of the yen against major currencies in recent years has led to an increase in cancellations of foreign-currency-denominated insurance products and a decrease in sales of policies with single lump-sum premium payments denominated in foreign currencies.

- *Competition.* Industry and price competition, including efficiency and productivity of sales personnel and sales agencies, affect premium income. Increasing competition tends to lead to lower insurance premiums.

- *Demographic trends.* Demographic trends in Japan also affect demand for our life insurance products. In particular, the overall aging of the population and a declining birthrate tend to reduce the demand for traditional mortality insurance products. According to the National Institute of Population and Social Security Research, the population in Japan is estimated to decrease by approximately 17.0%, compared to the population in 2020, to 104.68 million in total by 2050, among which 37.1% will be over the age of 65, an approximately 8.5% increase from the share of the population over the age of 65 in 2020. The population of all prefectures is expected to be lower compared to 2020. The population over the age of 65 is expected to grow rapidly even in metropolitan areas, in which the elderly population has been relatively low. Our core customer base will be impacted by this demographic shift, and to maintain the productivity of our business, we believe it is important to cultivate our young customer base and strengthen the productivity of our business with our senior customer base.

  We believe that the demand for pension products will increase as life expectancy increases. Also, we believe that the market for third-sector insurance products will continue to grow, as overall medical and nursing expenses, only a portion of which is currently covered by corporate benefit plans or Japan's national health care insurance system, are expected to increase.

Our Product Mix

Because the timing and amount of premiums vary from product to product, changes in the mix of outstanding policies may cause fluctuations in premium income. In addition, we charge different premiums depending on the insurance product. Changes in the mix of higher and lower premium products outstanding may cause fluctuations in premium income. For example, an increase in the percentage of lower-premium products may reduce our premium income, even if the total policy amount in force remains constant.

Performance of Our Investment Portfolio

We hold large investments in domestic bonds and loans, domestic stocks, foreign bonds and stocks and real estate, from which we derive investment income. Our investment portfolio performance is affected by the amount and composition of assets we manage, which is influenced by a variety of factors, including:

- fluctuations in market prices for domestic and foreign bonds, stock and real estate;

- levels of dividend income we earn, which are affected by general market and business conditions;

- the value of our loan portfolio, which is affected by borrower ratings or otherwise;
- fluctuations in market interest rates and currency exchange rates; and
- changes in our internal investment strategy, which may affect the mix of assets in our portfolio and cause fluctuations in the level of sales and redemptions of securities.

Interest, dividends and other income from our investment portfolio increased in the year ended March 31, 2024 compared to the years ended March 31, 2022 and 2023 primarily due to increased investment in open foreign currency denominated bonds and depreciation of the yen.

Mortality Rates, Morbidity Rates and Other Factors Affecting Benefit Expenses

Our largest expense has historically been benefits and other payments. Factors that affect the amount of benefits and other payments primarily include:

- the mortality and morbidity rates of insured persons;
- the rates at which policyholders surrender policies prior to maturity; and
- the maturity schedules of our policies in force.

Although the continued aging and corresponding structural changes of Japan's population may affect mortality and morbidity rates, we do not expect the rise in mortality and morbidity rates to have a material adverse effect on our earnings because these factors have already been taken into account in our insurance premiums, and we believe that this trend will also result in an increased demand for our medical and nursing care policies. In addition, partially in order to manage the risk associated with an unexpected rise in mortality and morbidity rates, we have implemented a risk management structure. See "—Risk Management—Insurance Underwriting Risk Management."

Benefits and other payments may also be affected by changes in the policy amount in force of group annuities. When we make group annuities payments, the entire amount paid out affects both benefits and other payments and provisions for policy reserves. Because the amounts of group annuities paid tend to be relatively large, payments of group annuities may have a material effect on our aggregate benefits and other payments.

Mortality and morbidity rates also affect our provision for policy reserves. See "—Provisions for Policy Reserves."

Provisions for Policy Reserves

Policy reserves are established for benefits and other payments related to our outstanding policies that are expected to be paid in the future, enabling us to record related profits effectively on an accrual basis. Under the Insurance Business Act, each year we are required to set aside a "standard policy reserve" to fund future benefit payments.

We calculate the amount of the standard policy reserve using the net level premium method. Under this method, we set aside policy reserves on an assumption that the ratio of net premium to total premium paid remains constant over the payment term of the policy. The net premium is the portion of premiums covering insurance risk, which we determine based on various assumptions, including assumptions affected by external factors such as mortality and morbidity rates and yield on investments established by third parties. In particular:

- Standard mortality rates used in calculating the standard policy reserve are based on the rates set forth in the standard mortality table established by the Institute of Actuaries of Japan (the "IAJ") and confirmed by the Commissioner of the FSA. In April 2018, revisions to the standard mortality table came into effect and resulted in lower premiums from group insurance products and in changes in premiums for other insurance products.

- Assumed yields on investment used in calculating the standard policy reserve are fixed, based on the standard prospective yield established by the FSA, regardless of the actual investment gains received. In recent years, in response to a prolonged low-interest rate environment, the FSA has revised the standard prospective yields downward several times for insurance products sold in Japan. We have deliberately controlled our sales of insurance products that have predominantly been affected by these revisions and which require increasing policy reserves, such as single premium products, thereby controlling our policy reserves.

In general, the amount of provision for policy reserves varies in direct proportion to policy amount in force. However, because a portion of the provision for policy reserves represents the value of assets in our separate accounts, fluctuations in such value may cause the amount of provisions for policy reserves to increase or decrease disproportionately to or conversely from the policy amount in force.

In addition, as described further under "—Policy Reserves," we use the net level premium method of calculation, which does not permit policy acquisition costs, which are higher in the first year of the policy, to be offset against the amount of provision for policy reserves and other reserves required. As a result, a relative increase in new policies in a given year tends to put downward pressure on profitability.

The provisions for policy reserves are also affected by changes in policy amount in force of group annuities. When group annuity plans are transferred to us from other insurance companies, the entire amount transferred is recorded in premiums, and a corresponding similar amount is added to provision for policy reserves. Because the transferred or paid amounts of group annuities tend to be relatively large, movements in the policy amount in force of group annuities may have a material effect on the aggregate provisions for policy reserves.

Our Decisions on Policyholder Dividends

As our participating and semi-participating life insurance products represent core products, our decisions on policyholder dividends for such products may have a material effect on our financial condition and results of operations. As a general policy, each year we pay dividends to our policyholders out of the year's surplus in an amount that we believe is appropriate to balance our goals of returning profits to policyholders and providing for our future financial health. In the past, the Insurance Business Act required mutual life insurance companies to make provisions for policyholders' dividend reserves of at least 80% of the year's unappropriated surplus (adjusted for certain amounts such as interest payments on foundation funds *(kikin)*), which would ultimately be paid to policyholders as dividends. In 2002, the Ordinance for Enforcement of the Insurance Business Act was amended and the minimum required policyholder dividend payouts for mutual life insurance companies was reduced from 80% to 20%. However, our provisions for policyholders' dividend reserves in each year since the amendments have generally been maintained at around 90% of the year's unappropriated surplus with the foregoing adjustments.

Personnel Costs

Our operating expenses consist mainly of personnel costs, which are composed mainly of salaries, including commissions and remuneration paid to sales personnel, and bonuses. Personnel costs fluctuate in line with headcount, costs per sales personnel and costs per employee. Bonuses are affected by a combination of the cost of salaries and our results of operations.

Fixed salaries and conditional fixed salaries together make up a significant portion of compensation paid to sales personnel. Conditional fixed salaries are tied to the performance of after-sales services relating to insurance policies obtained by an individual sales personnel and the state of her practice of our "Meiji Yasuda Philosophy," our fundamental corporate philosophy to fulfill our mission of delivering "peace of mind, forever" to customers, striving to become a life insurance company that cares about people first, and cherishing relationships with customers, local communities, future generations and fellow workers, among other factors. The amount of an individual sales personnel's conditional fixed salary falls into one of several specified tiers depending upon these factors. In addition, sales personnel receive a sales commission tied to their performance of obtaining new policies as part of the quarterly bonus and as part of their monthly salary for the following fiscal year. Compensation paid to an individual sales personnel may increase or decrease depending on their performance of obtaining new policies and persistency ratio. An increase in the proportion of personnel costs as a percentage of operating expenses generally correlates to the increase in the number of our sales personnel. We had 36,469 sales personnel as of April 1, 2024, as compared to 36,649 as of April 1, 2023.

Summary of Key Line Items

Ordinary Income

Our ordinary income includes insurance premiums and other, investment income and other ordinary income.

Insurance premiums and other

Insurance premiums and other, which forms the core of our ordinary income, consists almost entirely of premium income from outstanding insurance policies and annuities. During the year ended March 31, 2024 and the three months ended June 30, 2024, revenues from insurance premiums and other accounted for 61.0% and 58.9% of our ordinary income, respectively. Under Japanese GAAP, revenues from insurance premiums and other are recorded on a cash basis and then adjusted effectively to an accrual basis through provisions and reversals of policy reserves (as discussed under "—Policy Reserves").

Investment income

We hold large investments primarily in domestic bonds and loans, as well as in domestic stocks, foreign securities and real estate, from which we derive investment income. During the year ended March 31, 2024 and the three months ended June 30, 2024, investment income accounted for 36.6% and 38.8% of our ordinary income, respectively.

Interest, dividends and other income, gains on sales of securities, gains on redemption of securities and foreign exchange gains have generally been the largest components of our total investment income. Interest, dividends and other income accounted for 64.9% and 51.2% of our total investment income during the year ended March 31, 2024 and the three months ended June 30, 2024, respectively. Gains on sales of securities accounted for 15.7% and 13.9% of our total investment income during the year ended March 31, 2024 and the three months ended June 30, 2024, respectively.

We present investment income and investment expenses separately in our statements of income. Certain categories of investment income and investment expenses are shown on a net basis as investment income or investment expenses, as the case may be, for the applicable year. Such categories include investment gains or losses on separate accounts, derivative financial instruments and foreign exchange.

Investment gains and losses on separate accounts may materially affect investment income and investment expenses, as all separate account securities are marked to market each period and vary as a function of market values as well as by the amounts of investment in the separate accounts. Investment gains and losses on separate accounts do not, however, materially affect our net surplus from operations, as such gains and losses are almost wholly offset by corresponding provisions for (or transfers from) policy reserves.

Gains or losses on derivative financial instruments consist primarily of realized and unrealized gains and losses on currency-related derivatives. We use currency-related derivatives to offset foreign currency exposure primarily with respect to our foreign currency denominated investments, such as foreign bonds, and the hedging costs are recorded as losses on derivative financial instruments. As of June 30, 2024, part of these currency related derivatives qualified for hedge accounting and gains and losses on market value changes are set off against the market value changes (in particular, the fluctuations in currency exchange rate) of the hedged foreign currency investment (such as foreign bonds). For contracts not qualifying for hedge accounting, the entire amount of realized and unrealized gains and losses is recorded as gains or losses on derivative financial instruments.

Foreign exchange gains or losses consist primarily of gains and losses related to foreign currency denominated investments, such as foreign currency deposits, and result from exchange rate fluctuations.

Other ordinary income

Other ordinary income primarily includes income from annuity riders, income from deferred benefits, reversal of reserve for outstanding claims and reversal of accrued retirement benefits.

Deferred benefits are benefits and other payments due to policyholders which, at such policyholders' request, are deferred by policyholders, entrusted to us and later paid to policyholders with accrued interest. The amount due to policyholders is recorded as an expense in benefits and other payments, even though such amounts are not actually paid to policyholders in that fiscal period. The amount deferred is recorded as other ordinary income and recognized as an expense in the provision for policy reserves. Withheld insurance payments are held in the policy reserves until paid upon policyholder request or at the end of the deferred term.

Ordinary expenses

Our ordinary expenses include benefits and other payments, provision for policy reserves and other reserves, investment expenses, operating expenses and other ordinary expenses.

Benefits and other payments

Benefits and other payments include claims paid, annuity payments, benefit payments, surrender benefits and other refunds. In the year ended March 31, 2024 and the three months ended June 30, 2024, benefits and other payments accounted for 59.3% and 65.5%, respectively, of our total ordinary expenses. Under Japanese GAAP, benefits and other payments are recorded on a cash basis and then adjusted effectively to an accrual basis through provisions and reversals of policy reserves and reserves for outstanding claims. See "—Critical Accounting Estimates—Policy Reserves."

Provision for policy reserves and other reserves

Provision for policy reserves and other reserves includes provision for reserve for outstanding claims, provision for policy reserves and provision for interest on policyholders' dividend reserves. In the year ended March 31, 2024 and the three months ended June 30, 2024, provision for policy reserves and other reserves accounted for 10.4% and 2.5%, respectively, of our total ordinary expenses. The provision for reserve for outstanding claims is a provision for a reserve used to fund payments that are due but have not yet been paid on outstanding claims as of the end of the fiscal year. Provision for policy reserves is a provision for reserves established for insurance benefits and other payments related to our outstanding policies that are expected to be paid in the future, enabling us to record related profits effectively on an accrual basis. Policy reserves consist of a premium reserve, an unearned premium reserve, a reserve for refund and a contingency reserve. Under the Insurance Business Act, each year we are required to set aside a "standard policy reserve" to fund future claims payments. See "—Factors Affecting Results of Operations—Provisions for Policy Reserves."

At the end of each fiscal year, the entire amount of the reserve remaining as of the end of the previous fiscal year is reversed, and the provision for the current fiscal year is transferred to the reserve account. Differences that arise are recorded as provision for, or reversal of, policy reserves. In addition, as discussed above, we recognize the full amount of benefits and other payments on a cash basis, although such payments would generally have already been reserved against in the policy reserves. Any amount of policy reserves in excess of such payments and thereby retained is applied against anticipated future claims, correspondingly reducing the amount of reserves recognized as expenses in the current period.

In general, the amount of provision for policy reserves and other reserves varies in proportion to policy amount in force. However, because a portion of the provision for policy reserves and other reserves represents the value of assets in our separate accounts, fluctuations in such value may cause the amount of provisions for policy reserves and other reserves to increase or decrease disproportionately to or conversely from the policy amount in force.

Provision for interest on policyholders' dividend reserves is a provision for reserves used to fund interest on dividends paid to policyholders on an annual basis. See "—Factors Affecting Results of Operations—Our Decisions on Policyholder Dividends."

Investment expenses

Investment expenses consist of interest expenses, losses on sales of securities, losses on valuation of securities, losses on redemption of securities, losses on derivative financial instruments, provision for allowance for possible loan losses, foreign exchange losses, depreciation of real estate for non-insurance business and other investment expenses. See "—Ordinary Income—Investment income."

Operating expenses

Operating expenses consist of expenses related to new policy solicitation, management of outstanding policies and payments of benefits, and include personnel costs. Personnel costs are composed mainly of salaries, including commissions and remuneration paid to sales personnel, and bonuses. See "—Factors Affecting Results of Operations—Personnel Costs."

Operating expenses also include policy acquisition costs. Japanese GAAP requires that such costs be recognized as expense as they are incurred. Policy acquisition costs consist of sales-related expenses and costs related to the underwriting of new policies.

Operating expenses are classified into marketing operations, marketing administration and general and administrative expenses.

- Marketing operations and marketing administration include expenses for underwriting new policies. Marketing operations primarily include expenses related to new policy solicitation and related expenses, and include sales commission and remuneration paid to our sales personnel. Marketing administration primarily includes expenses related to advertising as well as those related to our sales bases.

- General and administrative expenses include personnel costs of employees engaged in non-sales activities and expenses for managing policies with insurance handling systems.

The life insurance industry is required to accept funding commitments to LIPPC of an aggregate of up to ¥33 billion per year. All of our payments to LIPPC are charged to operating expenses when paid. We made contributions of ¥3.2 billion and ¥2.9 billion to LIPPC for the fiscal years ended March 31, 2021 and 2022, respectively. Because LIPPC reached the upper limit on its aggregate funding commitments, for the year ended March 31, 2023, our contribution amount to LIPPC was approximately ¥1 million, which was used to fund a portion of LIPPC's operating expenses. The amount of our contribution in the current and future fiscal years will depend on whether the LIPPC's total funding commitments remain at the upper limit, and could increase in the future based on developments in the life insurance industry.

Other ordinary expenses

Other ordinary expenses consist mainly of payments of benefits left to accumulate at interest, certain national and local taxes (including revenue stamp duty, business taxes, fixed property taxes and consumption taxes), depreciation (excluding depreciation of rental real estate and others) and miscellaneous expenses.

Base Profit

Ordinary profit of a life insurance company includes income from investment activities as well as income from the insurance business. Thus, income from the insurance business is not readily ascertainable from the statements of income. For purposes of disclosing income from the core insurance business, life insurance companies in Japan are required under disclosure standards promulgated by the Life Insurance Association of Japan to disclose "base profit," also known as "fundamental profit," "core operating profit" or "core business profit."

Pursuant to these disclosure standards, base profit is defined as:

- base revenues: insurance premiums and other and investment income (excluding capital gains), *less*

- base expenses: benefits and other payments, provision for policy reserves (excluding those presented on the statements of income as provision for policy reserves deemed to be temporary gains/losses), investment expenses (excluding capital losses) and operating expenses.

Base profit is calculated without deducting policyholder dividends. See "—Factors Affecting Results of Operations—Our Decisions on Policyholder Dividends" and "—Summary of Key Line Items—Ordinary expenses-Investment expenses." In the year ended March 31, 2023, we adopted certain changes to our definition of base profit, and financial information presented in this offering circular for the years ended March 31, 2020, 2021 and 2022 has been retrospectively adjusted to reflect such changes. The changes to the definition are the inclusion of hedging costs for foreign exchange transactions, the exclusion of gains and losses on cancellation of investment trusts, the exclusion of foreign exchange fluctuations of securities redemption gains and losses, and the exclusion of certain gains and losses in respect of reinsurance.

We believe that base profit, viewed in the context of our overall business results as reflected in our financial statements, provides a meaningful metric for understanding our financial performance. The following table sets forth our non-consolidated base profit for the years ended March 31, 2020, 2021, 2022, 2023 and 2024.

	As of and for the year ended March 31,					As of and for the three months ended June 30,	
	2020	2021	2022	2023	2024	2023	2024
	(Billions of yen)						
Base profit[1]	¥ 373.9	¥ 371.5	¥ 436.6	¥ 371.6	¥498.9	¥ 77.6	¥ 100.4
Insurance related gains	¥ 280.0	¥ 266.8	¥ 251.1	¥ 156.6[2]	¥237.7	¥ 60.5	¥ 55.9
Mortality profit	¥ 253.4	¥ 242.0	¥ 223.6	¥ 105.7	¥189.5	—	—
Investment related gains	¥ 93.9	¥ 104.7	¥ 185.5	¥ 214.9	¥261.1	¥ 17.1	¥ 44.5
Interest surplus (positive spread)	¥ 100.9	¥ 110.6	¥ 193.4	¥ 221.9	¥268.2	—	—

Notes:

(1) In the year ended March 31, 2023, we adopted certain changes to our definition of base profit, and base profit for the years ended March 31, 2020, 2021 and 2022 has been retrospectively adjusted to reflect such changes. The changes to the definition are the inclusion of hedging costs for foreign exchange transactions, the exclusion of gains and losses on cancellation of investment trusts, the exclusion of foreign exchange fluctuations of securities redemption gains and losses, and the exclusion of certain gains and losses in respect of reinsurance. Based on the definition prior to our adoption of such changes, base profit for the years ended March 31, 2020, 2021 and 2022 are ¥591.6 billion, ¥550.2 billion and ¥601.9 billion, respectively.

(2) Approximately ¥59 billion of the decrease from the previous fiscal year was attributable to impacts related to the COVID-19 pandemic.

In addition, the following tables set forth our non-consolidated base profit for the years ended March 31, 2022, 2023 and 2024 and for the three months ended June 30, 2023 and 2024 and reconcile our non-consolidated base profit to our non-consolidated ordinary profit by adding back capital gains and losses as well as temporary gains and losses:

	Year ended March 31,		
	2022	2023	2024
	(Billions of yen)		
Base revenues:			
Insurance premiums and other	¥ 2,443.5	¥ 3,203.6	¥ 2,827.2
Investment income (excluding capital gains)	967.6	1,159.6	1,281.5
Total base revenues	¥ 3,593.6	¥ 4,506.5	¥ 4,463.8
Base expenses:			
Benefits and other payments	¥ 2,353.5	¥ 2,805.0	¥ 2,764.3
Provision for policy reserves (excluding those deemed to be temporary gains/losses)	68.8	370.4	274.3
Investment expenses (excluding capital losses)	56.3	88.6	75.7
Operating expenses	376.1	398.1	414.1
Total base expenses	¥ 3,156.9	¥ 4,134.8	¥ 3,964.9
Base profit (a)	¥ 436.6	¥ 371.6	¥ 498.9
Net capital gains (losses) (b)	21.7	(25.1)	(14.7)
Temporary gains (losses) (c)	(210.0)	(63.4)	(253.1)
Ordinary profit (a+b+c)	¥ 248.3	¥ 283.0	¥ 231.0

	Three months ended June 30,	
	2023	2024
	(Billions of yen)	
Base profit (a)[1]	¥ 77.6	¥ 100.4
Net capital gains (losses) (b)[1]	(24.2)	(19.9)
Temporary gains (losses) (c)	(3.1)	(10.6)
Ordinary profit (a+b+c)	¥ 50.2	¥ 69.8

We manage base profit in the following two categories:

(1) Insurance related gains/losses

- *Mortality profit.* The difference between (x) the actual amount of insurance claims and benefit payments and (y) the expected amount of insurance claims and benefit payments based on the occurrence rate of insurance events estimated at the time insurance premiums are set.

(2) Investment related gains/losses

- *Interest surplus (positive/negative spread).* The difference between (x) actual investment returns and (y) assumed yields on investment estimated at the time insurance premiums are set. See "—Interest Surplus (positive/negative spread)."

We believe that providing a discussion of base profit through these components is meaningful and helpful to investors in understanding how the difference between actual and expected amounts within such components impact our income from the core insurance business.

Our base profit increased by ¥127.3 billion, or 34.3%, to ¥498.9 billion for the year ended March 31, 2024 from ¥371.6 billion for the year ended March 31, 2023, primarily due to recovery in insurance-related gains from the prior fiscal year, which was negatively impacted due to insurance payouts relating to the COVID-19 pandemic.

Our base profit increased by ¥22.8 billion, or 29.4%, to ¥100.4 billion for the three months ended June 30, 2024 from ¥77.6 billion for the three months ended June 30, 2023, primarily due to investment related gains as a result of depreciation of yen against major currencies.

Base Profit of the Group

We also manage our base profit on a consolidated basis. The following table sets forth such base profit of our group for the years ended March 31, 2020, 2021, 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024:

	Year ended March 31,					Three months ended June 30,	
	2020	**2021**	**2022**	**2023**	**2024**	**2023**	**2024**
				(Billions of yen)			
Base profit of the group[(1)]	¥ 417.8	¥ 401.1	¥ 451.8	¥ 401.8	¥ 561.0	¥ 88.2	¥ 112.0
Meiji Yasuda	373.9	371.5	436.6	371.6	498.9	77.6	100.4
Overseas insurance business and other businesses[(2)]	65.1	48.3	35.9	51.1	91.4	17.2	23.8
StanCorp	49.3	34.0	22.5	35.9	71.2	12.6	19.7

Notes:

(1) Base profit of the group is the total of base profit of Meiji Yasuda and the sum of pretax profit, which is multiplied by our share ownership ratio of our consolidated subsidiaries, non-consolidated subsidiaries and affiliates, from which capital gains/losses are deducted and internal group transactions of the group are partially eliminated. In the year ended March 31, 2023, we adopted certain changes to our definition of base profit, and base profit of the group for the years ended March 31, 2020, 2021 and 2022 has been retrospectively adjusted to reflect such changes. The changes to the definition are the inclusion of hedging costs for foreign exchange transactions, the exclusion of gains and losses on cancellation of investment trusts, the exclusion of foreign exchange fluctuations of securities redemption gains and losses, and the exclusion of certain gains and losses in respect of reinsurance.

(2) The sum of overseas insurance business and domestic business except for domestic insurance business. The accounting period for consolidated overseas subsidiaries and affiliates is from January 1 to December 31.

Base profit of the group was negatively impacted as a result of claim payments relating to the COVID-19 pandemic. In our domestic business, we experienced a significant impact from such claim payments in the fiscal ended March 31, 2023. In our overseas insurance business and other businesses, we experienced a significant impact from such claim payments in the fiscal years ended March 31, 2021, 2022 and 2023. Base profit of the group has shown a recovery trend from the fiscal year ended March 31, 2024.

Interest Surplus (positive/negative spread)

During extended periods of increasing or decreasing market interest rates, actual yield on our investments may rise above or fall below the assumed interest rates used in pricing premiums of products and in calculation of policy reserves on large portions of our outstanding policies. This differential may result in interest surplus or interest losses. Such losses are sometimes referred to as negative spread. A description of the calculation of negative spread is provided in the definition of "negative spread" in "Glossary of Certain Terms." Interest surplus or losses are not a Japanese GAAP financial measure and should not be viewed as a measure of our financial performance or liquidity under Japanese GAAP or as an alternative to any Japanese GAAP measure.

As shown in the tables below, the average assumed interest rates related to our outstanding policies have been generally decreasing as a result of an increase in single premium policies that have lower assumed interest rates.

The following table sets forth, on a non-consolidated basis, the assumed interest rates generally used for individual insurance policies and annuities sold by us in the years indicated:

	Year ended March 31,					
	2018-2019	**2019-2020**	**2020-2021**	**2021-2022**	**2022-2023**	**2023-2024**
Assumed interest rates of individual insurance/ annuities sold in the years indicated	0.25-3.91%	0.25-3.32%	0.25-2.46%	0.00-3.05%	0.00-4.95%	0.00-5.15%

The following table sets forth, on a non-consolidated basis, our average assumed interest rates, average actual yields, and interest surplus for our outstanding policies for the years indicated.

	Year ended March 31,				
	2020	**2021**	**2022**	**2023**	**2024**
Average assumed interest rates	2.20%	2.17%	2.34%	2.41%	2.60%
Average actual yield	1.87%	1.82%	1.73%	1.71%	1.77%
Interest surplus(1) (billions)	¥ 100.9	¥ 110.6	¥ 193.4	¥ 221.9	¥ 268.2

Note:

(1) Interest surplus is one of the components of our base profit. In the year ended March 31, 2023, we adopted certain changes to our definition of base profit, and base profit for the years ended March 31, 2020, 2021 and 2022 has been retrospectively adjusted to reflect such changes. See "—Base Profit."

Although we, like other Japanese life insurance companies, have struggled in the past with negative spread stemming from a prolonged low-interest rate environment in Japan, we have recorded interest surplus for more than ten consecutive years at the closing of accounts for the year ended March 31, 2024. Our ability to record interest surplus in future periods, however, is subject to uncertainties.

Reserve for Price Fluctuation

See "—Critical Accounting Estimates—Reserve for Price Fluctuation."

Unrealized Gains and Losses

Unrealized gains and losses reflect the difference between the book value and market value of certain investment assets. Unrealized gains and losses on available-for-sale securities and land revaluation differences (which represents unrealized gains on the revaluation of land, net of deferred tax) are reflected in the computation of total solvency margin and solvency margin ratio. We consider our net unrealized gains on these assets to constitute a buffer against various risks, although the amount of such unrealized gains may decrease due to market price fluctuations.

We state our available-for-sale securities with readily obtainable fair market value ("securities and others with market value") at fair market value, and adjust net assets by the amount of any unrealized gains or losses, on such securities. Land revaluation differences are calculated in accordance with the Act on Revaluation of Land (Act No. 34 of 1998, as amended).

The following table sets forth, as of the dates indicated, a breakdown of net unrealized gains or losses on investment assets, other than certain investment assets not readily susceptible to market valuation, on a non-consolidated basis:

	As of March 31,					As of June 30,
	2020	2021	2022	2023	2024	2024
	(Billions of yen)					
Domestic bonds	¥ 2,632.4	¥ 2,260.1	¥ 1,624.8	¥ 752.7	¥ (161.4)	¥ (867.7)
Domestic stocks	1,756.1	2,979.4	2,927.3	2,958.2	5,007.5	4,925.5
Foreign securities	655.7	604.5	377.2	(70.2)	541.4	875.0
Foreign bonds	609.6	423.9	126.2	(267.8)	41.6	194.6
Foreign stocks and others	46.0	180.6	251.0	197.6	499.7	680.3
Other securities	8.6	95.8	136.8	48.1	130.2	165.1
Monetary claims bought	14.0	9.9	8.8	4.7	(4.2)	(6.1)
Negotiable deposits	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Money held in trust	(3.8)	3.7	(0.8)	(7.3)	(9.5)	(12.4)
Total net unrealized gains	¥ 5,063.1	¥ 5,953.6	¥ 5,074.2	¥ 3,686.2	¥ 5,503.9	¥ 5,079.3

Notes:

(1) The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

(2) The above table includes investment assets that are considered appropriate to be treated as securities under the IBA.

The principal changes in net unrealized gains on investment assets reflect a decrease in domestic bonds due to an increase in interest rates and fluctuations in market prices for domestic stocks and foreign securities in the years ended March 31, 2021 through 2024.

Recent Changes in Accounting Standards

See the notes to our audited consolidated financial statements as of and for the years ended March 31, 2023 and 2024 included elsewhere in this offering circular for a description of recently adopted accounting pronouncements.

Critical Accounting Estimates

Our audited financial statements included elsewhere in this offering circular are prepared in accordance with Japanese GAAP. Many of the accounting policies require management to make difficult, complex or subjective judgments regarding the valuation of assets and liabilities. The accounting policies are fundamental to understanding our operating and financial review and prospects. See the notes to our audited financial statements as of and for the years ended March 31, 2022, 2023 and 2024 included elsewhere in this offering circular, for a discussion of significant accounting policies used in the preparation of our financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Certain estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the policies may differ significantly from management's current judgments. Critical accounting estimates involve significant judgment. The determination of these critical accounting estimates is fundamental to our financial condition and results of operations and requires management to make complex judgments based on information and financial data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgments as to future events and are subject to change, and the use of different assumptions or data could produce materially different results. In addition, actual results could differ from estimates and may have a material adverse effect on our business, financial condition, results of operations or cash flows.

We believe that the following items represent our critical accounting estimates.

Losses on Valuation of Securities

We recognize impairments in the value of our investments in securities other than trading securities and stocks issued by our subsidiaries or affiliates based upon the degree to which the fair market value of such securities declines and upon certain fluctuations in foreign exchange rates. During the year ended March 31, 2024, we recognized ¥3,998 million in losses on valuation of securities on a non-consolidated basis.

The decision as to which securities are subject to loss recognition involves significant management judgment. For example, under the accounting standards we have adopted, impairment losses are recognized for domestic stocks whose market value has fallen significantly from the acquisition cost as measured by the average market value in the month preceding the relevant balance sheet date. In certain cases, such as where the market value of the stock falls significantly during the month preceding the relevant balance sheet date, impairment losses are recognized based on the market value as of the balance sheet date.

The criteria by which the market value of a domestic security is judged to have fallen significantly are as follows:

- the ratio of the market value of the security on the final day of the fiscal year (for equity securities, the average market value of the security in the month preceding the final day of the fiscal year) to the acquisition cost is 50% or less; and

- the ratio of the market value of the security on the final day of the fiscal year (for equity securities, the average market value of the security in the month preceding the final day of the fiscal year) to the acquisition cost is equal to or greater than 50% and less than 70% and for which the fair value of the security for the past two years, the condition of the issuing company and other aspects of the security meet certain defined requirements.

Our judgment of the possibility and magnitude of a future recovery in the fair value of a security may inherently rely on our subjective views concerning the creditworthiness of the issuer of the securities, market uncertainties and various other factors. Different judgments could lead to different conclusions regarding the need to recognize impairments in value.

Impairment on Stocks of Subsidiaries and Affiliates

We assess the impairment of unlisted stocks of subsidiaries and affiliates whose market value is not available based on their actual value. While the actual value is in principle calculated based on the net asset value as of the end of the fiscal year, the actual value is calculated using key assumptions such as future cash flows, as necessary. Those assumptions are subject to a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year. Since the actual value of some affiliates has declined significantly due to deterioration in their financial position or a decrease in future cash flows, and since recovery in such value was deemed unlikely, the difference between the acquisition cost and the actual value of ¥16,257 million (for the fiscal year ended March 31, 2022) and ¥1,602 million (for the fiscal year ended March 31, 2023) was recorded as losses on valuation of shares of subsidiaries and affiliates under extraordinary losses on our non-consolidated statements of income.

Policy Reserves

Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology:

- Reserves for policies concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures.

- Reserves for other policies are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures.

Contingency reserve

Within our policy reserves required under the Insurance Business Act, we maintain a contingency reserve to cover losses resulting from unexpectedly high claims or unexpectedly low actual yield on investments due to unforeseen catastrophes or poor market performance. This contingency reserve may be used only to cover such losses. The Insurance Business Act establishes the minimum provision for each fiscal year and the maximum amount of reserve with parameters pursuant to a formula based on insurance risk and other factors within which an insurance company may make provisions for, or cause the reversal of, the contingency reserve.

When the mortality rate margin or investment yield margin becomes negative, the Insurance Business Act allows the use of contingency reserves for the negative portion. Pursuant to FSA regulations, a benefit amount equal to a "minimum guarantee" is required to be paid upon death or the commencement of the annuity for variable insurance and variable annuity policies, respectively, and provisions for the contingency reserve are required in respect of the related minimum guarantee risk.

We reserved ¥536.6 billion, ¥598.8 billion and ¥789.6 billion on a non-consolidated basis in the years ended March 31, 2022, 2023 and 2024, respectively. Our contingency reserve as of June 30, 2024 totaled ¥800.3 billion on a non-consolidated basis. We expect to continue to make appropriate provisions to the reserves.

Reserve for Price Fluctuation

Pursuant to provisions of the Insurance Business Act, we maintain a reserve to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in stocks, bonds and foreign currency denominated investments. This reserve may be used only to reduce deficits arising from price fluctuations of those assets. The provision for reserve for price fluctuation is charged to income as an extraordinary loss. The Insurance Business Act establishes a minimum provision and a maximum amount of reserve for each fiscal year with parameters derived using a formula based on investment risk and other factors within which an insurance company may make provision for, or cause reversal of, reserve for price fluctuation, which amounts will be recorded on the statements of income as either an extraordinary loss or gain, respectively. We are permitted under the Insurance Business Act to use the reserve for price fluctuation up to the amount of any net capital loss.

We reserved ¥870.7 billion, ¥1,074.0 billion and ¥1,130.4 billion in the years ended March 31, 2022, 2023 and 2024, respectively. Our reserve for price fluctuation as of June 30, 2024 totaled ¥1,136.1 billion. We expect to continue to make appropriate provisions to the reserves.

Deferred Tax Assets and Deferred Tax Liabilities

We record deferred tax assets and deferred tax liabilities on a net basis using the asset and liability approach to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. In establishing the appropriate amount of deferred tax assets, we evaluate available evidence, both positive and negative, concerning our future taxable income and other possible sources for realization of the deferred tax assets, and the statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities. Our judgment of the likelihood of realization of deferred tax assets may inherently rely on our subjective views concerning uncertainties with respect to future taxable income and other factors. As a result, the amount of actual taxable income may be different from our current estimates, which would result in a larger or smaller amount of deferred tax assets or deferred tax liabilities than have been recognized.

Allowance for Possible Loan Losses

Allowance for possible loan losses is provided pursuant to our 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 ("bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt ("substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees. For loans to borrowers that have high possibility of bankruptcy ("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 collateral and by executing guarantees. For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on our actual default experience for a certain period in the past.

All loans are assessed by each relevant department in accordance with our standards for the self-assessment of asset quality. Such self-assessment is internally audited by another department independent from such department that assessed the relevant loans. The allowance for possible loan losses is provided based on the result of such assessment. For loans with collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off.

Allowance for possible loan losses represent management's estimate of probable loan losses inherent in our portfolio. This evaluation process is subject to numerous management estimates and judgments.

The following factors are considered in categorizing debtors:

- the characteristics of the debtor's industry;
- the actual state of the debtor's finances;
- the conditions to borrowing of the debtor and the state of repayments;
- the prospects of continuation of the debtor's business and its profitability;
- the ability of the debtor to repay, estimated based on its cash flows;
- the outlook for implementation of management improvement plans and other remedial measures; and
- expectations for support by other financial institutions and the debtor's parent company, if any.

Reserves for Outstanding Claims of StanCorp

Reserves for outstanding claims of StanCorp are calculated based on estimates of the present value of insurance claims accrued and related costs as of the date of the balance sheet in accordance with U.S. GAAP. The appropriateness of the amount of such reserve for outstanding claims is assessed each period and, in such assessment, major assumptions such as the benefit termination rate are used. The above assumptions are subject to high uncertainty and may have a material impact on the estimates of future cash flows in the following fiscal year.

Impairment of Goodwill Recorded at the Time of the Acquisition of StanCorp

Goodwill related to the acquisition of StanCorp has been recorded in StanCorp's consolidated financial statements in accordance with U.S. GAAP, and has been assessed for impairment by StanCorp. In determining the impairment of goodwill, we assess indications of impairment in accordance with U.S. GAAP in order to assess qualitative factors as to whether the probability of the fair value of the business including such goodwill being less than the book value is above 50%, as well as for the purpose of quantitative assessments based on earnings forecasts. This determination is based on key assumptions such as the growth rate of premium income and the insurance payout rate. The above assumptions are subject to high uncertainty and may have a material impact on the estimates of future cash flows in the following fiscal year.

Impairment of the Value of In-force Business Recorded at the time of the Acquisition of StanCorp

The value of in-force business associated with the acquisitions of consolidated overseas subsidiaries, etc. is the estimated present value of future profits from insurance contracts held by StanCorp as of the acquisition date, and is recorded in StanCorp's consolidated financial statements in accordance with U.S. GAAP. In calculating the value of in-force business, key assumptions such as the benefit incidence rate and the benefit termination rate are used, and amortization is applied over a certain period based on the premium income generated by policies in force and their contract period. In addition, if the actual situation turns out worse than the above assumptions, a loss equivalent to the depreciation of the value of in-force business may be recognized prior to the recording of additional policy reserves. As such, this assessment is considered in conjunction with the judgment regarding the adequacy of the policy reserve provision. The above assumptions are subject to high uncertainty and may have a material impact on the estimates of future cash flows in the following fiscal year.

Results of Operations

The following table sets forth certain information relating to our results of operations for the years ended March 31, 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024:

	Year ended March 31,			Three months ended June 30,	
	2022	2023	2024	2023	2024
	(Billions of yen)				
Ordinary income:					
Insurance premiums and other	¥ 2,809.8	¥ 3,670.2	¥ 3,343.2	¥ 771.4	¥ 886.4
Investment income	1,303.0	1,648.1	2,002.2	576.4	584.0
Other ordinary income	101.4	98.2	131.6	29.7	34.4
Total ordinary income	¥ 4,214.3	¥ 5,416.6	¥ 5,477.2	¥ 1,377.6	¥ 1,504.9
Ordinary expenses:					
Benefits and other payments	¥ 2,624.5	¥ 3,124.2	¥ 3,108.2	¥ 749.2	¥ 958.3
Provision for policy reserves and other reserves	291.6	472.2	545.7	169.1	37.0
Investment expenses	389.7	816.7	794.8	223.7	232.2
Operating expenses	513.9	566.2	637.7	148.3	168.8
Other ordinary expenses	163.1	167.6	158.4	39.6	66.3
Total ordinary expenses	¥ 3,982.9	¥ 5,147.1	¥ 5,245.0	¥ 1,330.0	¥ 1,462.7
Ordinary profit	¥ 231.3	¥ 269.5	¥ 232.1	¥ 47.6	¥ 42.1
Extraordinary gains	0.1	3.2	0.3	–	–
Extraordinary losses	28.0	208.6	73.3	9.0	8.9
Surplus before income taxes and non-controlling interests	¥ 203.4	¥ 64.1	¥ 159.1	¥ 38.5	¥ 33.1
Income taxes:					
Current	¥ 12.1	¥ 54.7	¥ 66.0	¥ 0.5	¥ (1.0)
Deferred	9.3	(75.2)	(60.4)	2.4	3.5
Net surplus	¥ 181.8	¥ 84.6	¥ 153.5	¥ 35.5	¥ 30.6
Net surplus attributable to non-controlling interests	0.0	0.0	0.0	0.0	–
Net surplus attributable to the Parent Company	¥ 181.7	¥ 84.6	¥ 153.5	¥ 35.5	¥ 30.6

The following table presents our annualized net premiums from individual insurance and individual annuities, including medical insurance, living benefits and others for both policies in force and new policies for the periods indicated, on a non-consolidated basis:

	Year ended March 31,			Three months ended June 30,	
	2022	2023	2024	2023	2024
	(Billions of yen)				
Policies in force(1):					
Individual insurance	¥ 1,585.0	¥ 1,607.7	¥ 1,618.3	¥ 1,615.6	¥ 1,622.4
Individual annuities	582.9	562.8	542.7	558.9	539.4
Total	¥ 2,167.9	¥ 2,170.5	¥ 2,161.0	¥ 2,174.5	¥ 2,161.9
Medical insurance, living benefits and others(2)	¥ 475.0	¥ 488.7	¥ 503.6	¥ 490.5	¥ 506.3
New policies(1)(3):					
Individual insurance	¥ 101.0	¥ 161.4	¥ 127.4	¥ 27.4	¥ 30.9
Individual annuities	2.3	1.6	1.1	0.3	0.2
Total	¥ 103.4	¥ 163.1	¥ 128.5	¥ 27.7	¥ 31.2
Medical insurance, living benefits and others(2)	¥ 43.6	¥ 46.4	¥ 48.2	¥ 11.1	¥ 11.0

Notes:

(1) Annualized net premium includes totals for individual insurance and individual annuities. Annualized net premium is calculated by multiplying the underlying premium installment amounts by a factor determined according to the relevant payment method to arrive at a single annualized amount. For single premium policies, annualized net premium is calculated by dividing the total premium by the insured period.

(2) The amount of medical insurance, living benefits and others represents annualized net premium relating to medical benefits (hospitalization and surgical benefits), living benefits (specified illness and nursing care benefits) and waiver of premium benefits (excluding disability benefits but including specified illness and nursing care benefits).

(3) Annualized net premium for new policies includes net increases due to conversions.

The following table sets forth a breakdown of our insurance premiums by product line for the periods indicated, on a non-consolidated basis:

	Year ended March 31,		
	2022	**2023**	**2024**
	(Billions of yen)		
Individual insurance	¥ 1,325.0	¥ 2,075.2	¥ 1,766.1
Individual annuities	295.9	279.4	259.0
Group insurance	293.1	297.4	302.0
Group annuities	493.4	510.5	458.2
Total	¥ 2,440.4	¥ 3,194.9	¥ 2,817.2

Number of Policies and Policy Amounts for Our Main Product Lines

The following tables set forth changes in the number of policies and policy amounts in force of our main product lines for the years ended March 31, 2022, 2023 and 2024 on a non-consolidated basis. See also "Business—Products and Services."

Individual insurance

Individual insurance is our largest business area. Our main product in this area is "Best Style," a customizable comprehensive product we released in June 2014 that can be tailored to meet the changing needs of our customers throughout various life stages. We believe that the true value of life insurance is to always stay close to and provide peace of mind to our customers by covering every development in their life stage and health condition, as well as the social security system, medical technology and so forth for their entire lives by providing our service through face-to-face and online consultation methods in accordance with our customers' needs. "Best Style" allows customers to combine 24 types of coverage in four different categories into personally tailored insurance portfolios and provides flexibility to subsequently revise coverage annually through follow-up consultation to appropriately revise policy details according to changes in their needs and stages of life. We also began offering a new product, "Best Style with Health Cash Back," in April 2019, which is designed to assist improvement of policyholders' health by enabling them to apply for premium refund by submitting health checkup results. In June 2021, "Best Style with Health Cash Back" began offering coverage supporting the early detection of disease and the prevention of serious symptoms at an initial stage in which deterioration in indicators measured at health checkups was revealed. In June 2022, we also added new coverage supporting periodic checkup for cancers that predominantly strike women to the lineup. We also provide customers enrolled in "Best Style with Health Cash Back" and dementia insurance with the "MY Wellness Activity Report" service, which, leveraging medical big data, offers health-related insights and advice based on health checkup results submitted by customers.

New business in individual insurance decreased both in terms of number of policies and policy amounts year on year during the year ended March 31, 2024. The decreases in number of policies and policy amounts were primarily due to the decrease in sales of foreign currency denominated insurance products which had increased in the previous year due to an increase in assumed interest rates. Total outstanding policy amounts in force for individual insurance have also continued to decrease in line with this trend. See "Business—Products and Services—Individual Insurance."

Individual annuities

The number of policies for individual annuities decreased year on year during the years ended March 31, 2023 and 2024. Policy amounts for individual annuities have also decreased year on year during the year ended March 31, 2024. See "Business—Products and Services—Individual Annuities."

Group insurance

We provide group insurance with employee contributions in response to demand for insurance as a complement to existing social security programs. See "Business—Products and Services—Group Insurance."

Group annuities

From the perspective of maintaining the soundness and profitability of group annuities, we strive to maintain and improve the soundness of group annuities through advanced risk management, such as through suspending underwriting annuities based on the level of long-term interest rates. See "Business—Products and Services—Group Annuities."

Separate accounts

Assets related to our individual variable insurance and individual variable annuities and a portion of our group annuity products, including group employee pension fund insurance and national pension fund insurance, are held in our separate accounts. Separate account assets and liabilities represent funds that we administer and invest to meet specific investment objectives of policyholders and for which such policyholders bear the investment risk of the invested assets. The following table sets forth the amount of separate account assets as of the dates indicated, on a non-consolidated basis:

	As of March 31,			As of June 30,	
	2022	**2023**	**2024**	**2023**	**2024**
	(Billions of yen)				
Individual variable insurance	¥ 52.0	¥ 46.9	¥ 52.7	¥ 50.3	¥ 53.0
Individual variable annuities	122.5	69.3	29.1	57.0	23.8
Group annuity products	532.5	473.5	525.2	502.2	540.6
Total separate account assets	¥ 707.0	¥ 589.7	¥ 607.2	¥ 609.6	¥ 617.4

Separate account assets decreased as of March 31, 2023 from the prior year, but then increased as of March 31, 2024 and further increased as of June 30, 2024. These fluctuations were due primarily to a decrease in amount of individual variable insurance as well as fluctuations in the market environment.

The following table sets forth the policy amount in force for term and whole life individual variable insurance as of the dates indicated, on a non-consolidated basis:

	As of March 31,			As of June 30,	
	2022	**2023**	**2024**	**2023**	**2024**
	(Billions of yen)				
Individual variable insurance (endowment)	¥ –	¥ –	¥ –	¥ –	¥ –
Individual variable insurance (whole life)	433.3	418.6	406.7	415.5	403.1

Comparison of the Three Months Ended June 30, 2023 and 2024

Ordinary income

	Three months ended June 30,	
	2023	**2024**
	(Billions of yen)	
Ordinary income:		
Insurance premiums and other	¥ 771.4	¥ 886.4
Investment income	576.4	584.0
Other ordinary income	29.7	34.4
Total ordinary income	¥ 1,377.6	¥ 1,504.9

Ordinary income increased by ¥127.2 billion, or 9.2%, to ¥1,504.9 billion for the three months ended June 30, 2024 from ¥1,377.6 billion for the same period of the previous year, primarily due to insurance premiums and other income.

Insurance premiums and other. Revenues from insurance premiums and other increased by ¥114.9 billion, or 14.9%, to ¥886.4 billion for the three months ended June 30, 2024 from ¥771.4 billion for the same period of the previous year, primarily due to an increase in sales of single premium policies.

The following table shows a breakdown of our net investment income for the three months ended June 30, 2023 and 2024:

	Three months ended June 30, 2023	Three months ended June 30, 2024
	(Billions of yen)	
Investment income:		
Interest, dividends and other income	¥ 270.6	¥ 298.8
Gains on money held in trust	0.4	0.0
Gains on trading securities	0.0	–
Gains on sales of securities	57.7	81.2
Investment gains on separate accounts	32.9	11.4
Total investment income	¥ 576.4	¥ 584.0
Investment expenses:		
Interest expenses	¥ 23.3	¥ 33.0
Losses on sales of securities	16.8	26.0
Losses on valuation of securities	0.2	1.7
Total investment expenses	223.7	232.2
Net investment income	¥ 352.6	¥ 351.8

Net investment income. Net investment income decreased by ¥0.8 billion, or 0.2%, to ¥351.8 billion for the three months ended June 30, 2024 from ¥352.6 billion for the same period of the previous year due to a ¥7.6 billion increase in total investment income from ¥576.4 billion to ¥584.0 billion and a ¥8.4 billion increase in total investment expenses from ¥223.7 billion to ¥232.2 billion.

The increase in total investment income was primarily due to an increase in interest, dividends and other income from ¥270.6 billion to ¥298.8 billion and increase in gains on sales of securities, which were more than offset by decrease in investment gains on separate accounts from ¥32.9 billion to ¥11.4 billion.

The increase in total investment expenses was primarily due to increases in interest expenses and losses ion sales of securities.

Other ordinary income. Other ordinary income increased by ¥4.6 billion, or 15.7%, to ¥34.4 billion for the three months ended June 30, 2024 from ¥29.7 billion for the same period of the previous year.

Ordinary expenses

	Three months ended June 30, 2023	Three months ended June 30, 2024
	(Billions of yen)	
Ordinary expenses:		
Benefits and other payments	¥ 749.2	¥ 958.3
Provision for policy reserves and other reserves	169.1	37.0
Investment expenses	223.7	232.2
Operating expenses	148.3	168.8
Other ordinary expenses	39.6	66.3
Total ordinary expenses	¥ 1,330.0	¥ 1,462.7

Ordinary expenses increased by ¥132.7 billion, or 10.0%, to ¥1,462.7 billion for the three months ended June 30, 2024 from ¥1,330.0 billion for the same period of the previous year, primarily due to an increase in claims paid.

Benefits and other payments. Benefits and other payments increased by ¥209.1 billion, or 27.9%, to ¥958.3 billion for the three months ended June 30, 2024 from ¥749.2 billion for the same period of the previous year, primarily due to an increase in payments of surrender benefits.

Provision for policy reserves and other reserves. Provision for policy reserves and other reserves decreased by ¥132.0 billion, or 78.1%, to ¥37.0 billion for the three months ended June 30, 2024 from ¥169.1 billion for the same period of the previous year, primarily due to an increase in cancellations of foreign currency denominated policies as a result of the increased depreciation of the Japanese yen against other major currencies.

Investment expenses. See discussion of "—Net investment income" above.

Operating expenses. Operating expenses increased by ¥20.4 billion, or 13.8%, to ¥168.8 billion for the three months ended June 30, 2024 from ¥148.3 billion for the same period of the previous year.

Other ordinary expenses. Other ordinary expenses increased by ¥26.7 billion, or 67.5%, to ¥66.3 billion for the three months ended June 30, 2024 from ¥39.6 billion for the same period of the previous year.

Ordinary profit

As a result of the foregoing, ordinary profit decreased by ¥5.4 billion, or 11.4%, to ¥42.1 billion for the three months ended June 30, 2024 from ¥47.6 billion for the same period of the previous year.

Extraordinary gains and losses

We did not record significant extraordinary gains for the three months ended June 30, 2024 and June 30, 2023. Extraordinary losses decreased by ¥0.1 billion, or 1.3%, to ¥8.9 billion for the three months ended June 30, 2024 from ¥9.0 billion for the same period of the previous year, primarily due to decreases in losses on sales of stocks of subsidiaries and affiliates and impairment losses, despite increases in losses on disposals of fixed assets.

Surplus before income taxes and non-controlling interests

As a result of the foregoing, surplus before income taxes and non-controlling interests decreased by ¥5.3 billion, or 13.9%, to ¥33.1 billion for the three months ended June 30, 2024 from ¥38.5 billion for the same period of the previous year.

Income taxes

	Three months ended June 30,	
	2023	**2024**
	(Billions of yen)	
Income taxes:		
Current	¥ 0.5	¥ (1.0)
Deferred	2.4	3.5

Income taxes—current. Current income taxes were ¥(1.0) billion for the three months ended June 30, 2024 and ¥0.5 billion for the same period of the previous year.

Income taxes—deferred. Deferred income taxes increased by ¥1.1 billion, or 47.9%, to ¥3.5 billion for the three months ended June 30, 2024 from ¥2.4 billion for the same period of the previous year.

Net surplus

Net surplus decreased by ¥4.8 billion, or 13.7%, to ¥30.6 billion for the three months ended June 30, 2024 from ¥35.5 billion for the same period of the previous year.

Net surplus attributable to the parent company

Net surplus attributable to the parent company decreased by ¥4.8 billion, or 13.7%, to ¥30.6 billion for the three months ended June 30, 2024 from ¥35.5 billion for the same period of the previous year.

Comparison of the Years Ended March 31, 2023 and 2024

Ordinary income

	Year ended March 31, 2023	Year ended March 31, 2024
	(Billions of yen)	
Ordinary income:		
Insurance premiums and other	¥ 3,670.2	¥ 3,343.2
Investment income	1,648.1	2,002.2
Other ordinary income	98.2	131.6
Total ordinary income	¥ 5,416.6	¥ 5,477.2

Ordinary income increased by ¥60.5 billion, or 1.1%, to ¥5,477.2 billion for the year ended March 31, 2024 from ¥5,416.6 billion for the previous year, primarily due to increases in investment income and other ordinary income, despite a decrease in insurance premiums and other.

Insurance premiums and other. Insurance premiums and other decreased by ¥326.9 billion, or 8.9%, to ¥3,343.2 billion for the year ended March 31, 2024 from ¥3,670.2 billion for the previous year, primarily due to a decrease in non-consolidated sales of single premium policies.

The following table shows a breakdown of our net investment income for the years ended March 31, 2023 and 2024:

	Year ended March 31, 2023	Year ended March 31, 2024
	(Billions of yen)	
Investment income:		
Interest, dividends and other income	¥ 1,092.3	¥ 1,298.6
Gains on money held in trust	2.3	1.0
Gains on trading securities	–	0.0
Gains on sales of securities	343.6	313.4
Gains on redemption of securities	171.1	43.7
Foreign exchange gains	33.9	264.2
Other investment income	4.7	4.4
Investment gains on separate accounts	–	76.6
Total investment income	¥ 1,648.1	¥ 2,002.2
Investment expenses:		
Interest expenses	¥ 80.6	¥ 111.1
Losses on trading securities	0.0	–
Losses on sales of securities	60.5	85.8
Losses on valuation of securities	4.6	5.3
Losses on redemption of securities	0.9	0.2
Losses on derivative financial instruments	607.2	539.6
Provision for allowance for possible loan losses	0.9	0.9
Write-down loans	0.0	–
Depreciation of real estate for non-insurance business	9.8	10.1
Other investment expenses	40.1	41.3
Investment losses on separate accounts	11.6	–
Total investment expenses	816.7	794.8
Net investment income	¥ 831.4	¥ 1,207.4

Net investment income. Net investment income increased by ¥376.0 billion, or 45.2%, to ¥1,207.4 billion for the year ended March 31, 2024 from ¥831.4 billion for the year ended March 31, 2023 due to a ¥354.1 billion increase in total investment income from ¥1,648.1 billion to ¥2,002.2 billion, which was partially offset by a ¥21.9 billion decrease in total investment expense from ¥816.7 billion to ¥794.8 billion.

The increase in total investment income was primarily due to increases in interest, dividends and other income and foreign exchange gains.

The decrease in total investment expenses was primarily due to a decrease in losses on derivative financial instruments.

Other ordinary income. Other ordinary income increased by ¥33.4 billion, or 34.0%, to ¥131.6 billion for the year ended March 31, 2024 from ¥98.2 billion for the previous year.

Ordinary expenses

	Year ended March 31,	
	2023	**2024**
	(Billions of yen)	
Ordinary expenses:		
Benefits and other payments	¥ 3,124.2	¥ 3,108.2
Provision for policy reserves and other reserves	472.2	545.7
Investment expenses	816.7	794.8
Operating expenses	566.2	637.7
Other ordinary expenses	167.6	158.4
Total ordinary expenses	¥ 5,147.1	¥ 5,245.0

Ordinary expenses increased by ¥97.9 billion, or 1.9%, to ¥5,245.0 billion for the year ended March 31, 2024 from ¥5,147.1 billion for the previous year, primarily due to increases in provision for policy reserves and other reserves and operating expenses.

Benefits and other payments. Benefits and other payments decreased by ¥15.9 billion, or 0.5%, to ¥3,108.2 billion for the year ended March 31, 2024 from ¥3,124.2 billion for the previous year, primarily due to a decrease in claims paid.

Provision for policy reserves and other reserves. Provision for policy reserves and other reserves increased by ¥73.4 billion, or 15.6%, to ¥545.7 billion for the year ended March 31, 2024 from ¥472.2 billion for the previous year, primarily due to a decrease in sales of other single premium policies mainly consisting of foreign currency denominated policies.

Investment expenses. See discussion of "—Net investment income" above.

Operating expenses. Operating expenses increased by ¥71.5 billion, or 12.6%, to ¥637.7 billion for the year ended March 31, 2024 from ¥566.2 billion for the previous year.

Other ordinary expenses. Other ordinary expenses decreased by ¥9.2 billion, or 5.5%, to ¥158.4 billion for the year ended March 31, 2024 from ¥167.6 billion for the previous year.

Ordinary profit

As a result of the foregoing, ordinary profit decreased by ¥37.3 billion, or 13.9%, to ¥232.1 billion for the year ended March 31, 2024 from ¥269.5 billion for the previous year.

Extraordinary gains and losses

Extraordinary gains decreased by ¥2.9 billion, or 90.7%, to ¥0.3 billion for the year ended March 31, 2024 from ¥3.2 billion for the previous year, primarily due to a decrease in gains on disposals of fixed assets. Extraordinary losses decreased by ¥135.3 billion, or 64.9%, to ¥73.3 billion for the year ended March 31, 2024 from ¥208.6 billion for the previous year, primarily due to a decrease in provision for reserve for price fluctuation.

Surplus before income taxes and non-controlling interests

As a result of the foregoing, surplus before income taxes and non-controlling interests increased by ¥94.9 billion, or 148.0%, to ¥159.1 billion for the year ended March 31, 2024, compared to ¥64.1 billion for the previous year.

Income taxes

	Year ended March 31,	
	2023	2024
	(Billions of yen)	
Income taxes:		
Current	¥ 54.7	¥ 66.0
Deferred	(75.2)	(60.4)

Income taxes—current. Current income taxes increased by ¥11.2 billion, or 20.5%, to ¥66.0 billion for the year ended March 31, 2024 from ¥54.7 billion for the previous year.

Income taxes—deferred. Deferred income taxes decreased by ¥14.8 billion to ¥(60.4) billion for the year ended March 31, 2024 from ¥(75.2) billion for the previous year.

Net surplus

Net surplus increased by ¥68.8 billion, or 81.3%, to ¥153.5 billion for the year ended March 31, 2024 from ¥84.6 billion for the previous year.

Net surplus attributable to the parent company

Net surplus attributable to the parent company increased by ¥68.8 billion, or 81.4%, to ¥153.5 billion for the year ended March 31, 2024 from ¥84.6 billion for the previous year.

Comparison of the Years Ended March 31, 2022 and 2023

Ordinary income

	Year ended March 31,	
	2022	2023
	(Billions of yen)	
Ordinary income		
Insurance premiums and other	¥ 2,809.8	¥ 3,670.2
Investment income	1,303.0	1,648.1
Other ordinary income	101.4	98.2
Total ordinary income	¥ 4,214.3	¥ 5,416.6

Ordinary income increased by ¥1,202.3 billion, or 28.5%, to ¥5,416.6 billion for the year ended March 31, 2023 from ¥4,214.3 billion for the previous year, primarily due to insurance premiums and other and investment income.

Insurance premiums and other. Insurance premiums and other increased by ¥860.3 billion, or 30.6%, to ¥3,670.2 billion for the year ended March 31, 2023 from ¥2,809.8 billion for the previous year. The increase was primarily due to an increase in our non-consolidated sales of single premium policies as well as an increase in StanCorp's renewal of existing policies and new policies.

The following table shows a breakdown of our net investment income for the years ended March 31, 2022 and 2023:

	Year ended March 31, 2022	Year ended March 31, 2023
	(Billions of yen)	
Investment income:		
Interest, dividends and other income	¥ 966.3	¥ 1,092.3
Gains on money held in trust	2.8	2.3
Gains on sales of securities	115.0	343.6
Gains on redemption of securities	71.9	171.1
Foreign exchange gains	133.0	33.9
Other investment income	4.1	4.7
Investment gains on separate accounts	9.6	–
Total investment income	¥ 1,303.0	¥ 1,648.1
Investment expenses:		
Interest expenses	¥ 52.3	¥ 80.6
Losses on trading securities	–	0.0
Losses on sales of securities	65.9	60.5
Losses on valuation of securities	5.8	4.6
Losses on redemption of securities	9.3	0.9
Losses on derivative financial instruments	215.4	607.2
Provision for allowance for possible loan losses	2.2	0.9
Write-down loans	–	0.0
Depreciation of real estate for non-insurance business	9.9	9.8
Other investment expenses	28.6	40.1
Investment losses on separate accounts	–	11.6
Total investment expenses	389.7	816.7
Net investment income	¥ 913.3	¥ 831.4

Net investment income. Net investment income decreased by ¥81.9 billion, or 9.0%, to ¥831.4 billion for the year ended March 31, 2023 from ¥913.3 billion for the previous year due to a ¥345.1 billion increase in total investment income from ¥1,303.0 billion to ¥1,648.1 billion and a ¥427.0 billion increase in total investment expenses from ¥389.7 billion to ¥816.7 billion.

The increase in total investment income was primarily due to increases in gains on sales of securities and gains on redemption of securities. There was no investment gains on separate accounts due to an increase in losses on sales of securities.

The increase in total investment expenses was primarily due to an increase in losses on derivative financial instruments.

Other ordinary income. Other ordinary income decreased by ¥3.1 billion, or 3.1%, to ¥98.2 billion for the year ended March 31, 2023 from ¥101.4 billion for the previous year.

Ordinary expenses

	Year ended March 31, 2022	Year ended March 31, 2023
	(Billions of yen)	
Ordinary expenses:		
Benefits and other payments	¥ 2,624.5	¥ 3,124.2
Provision for policy reserves and other reserves	291.6	472.2
Investment expenses	389.7	816.7
Operating expenses	513.9	566.2
Other ordinary expenses	163.1	167.6
Total ordinary expenses	¥ 3,982.9	¥ 5,147.1

Ordinary expenses increased by ¥1,164.1 billion, or 29.2%, to ¥5,147.1 billion for the year ended March 31, 2023 from ¥3,982.9 billion for the previous year, primarily due to increases in benefits and other payments, provision for policy reserves and other reserves and investment expenses.

Benefits and other payments. Benefits and other payments increased by ¥499.7 billion, or 19.0%, to ¥3,124.2 billion for the year ended March 31, 2023 from ¥2,624.5 billion for the previous year, primarily due to increases in claims paid, benefit payments and surrender benefits.

Provision for policy reserves and other reserves. Provision for policy reserves and other reserves increased by ¥180.5 billion, or 61.9%, to ¥472.2 billion for the year ended March 31, 2023 from ¥291.6 billion for the previous year when we made an additional policy reserve in relation to variable insurance products.

Investment expenses. See discussion of "—Net investment income" above.

Operating expenses. Operating expenses were increased by ¥52.2 billion, or 10.2%, to ¥566.2 billion for the year ended March 31, 2023, from ¥513.9 billion for the previous year.

Other ordinary expenses. Other ordinary expenses increased by ¥4.5 billion, or 2.8%, to ¥167.6 billion for the year ended March 31, 2023 from ¥163.1 billion for the previous year.

Ordinary profit

As a result of the foregoing, ordinary profit increased by ¥38.2 billion, or 16.5%, to ¥269.5 billion for the year ended March 31, 2023 from ¥231.3 billion for the previous year.

Extraordinary gains and losses

Extraordinary gains increased by ¥3.1 billion, or 2,531.5%, to ¥3.2 billion for the year ended March 31, 2023 from ¥0.1 billion for the previous year, primarily due to gains on disposals of fixed assets. Extraordinary losses increased by ¥180.5 billion, or 643.8%, to ¥208.6 billion for the year ended March 31, 2023 from ¥28.0 billion for the previous year, primarily due to an increase in provision for reserve for price fluctuation.

Surplus before income taxes and non-controlling interests

As a result of the foregoing, surplus before income taxes and non-controlling interests decreased by ¥139.2 billion, or 68.4%, to ¥64.1 billion for the year ended March 31, 2023 from ¥203.4 billion for the previous year.

Income taxes

	Year ended March 31,	
	2022	**2023**
	(Billions of yen)	
Income taxes:		
Current	¥ 12.1	¥ 54.7
Deferred	9.3	(75.2)

Income taxes—current. Current income taxes increased by ¥42.6 billion, or 350.7%, to ¥54.7 billion for the year ended March 31, 2023 from ¥12.1 billion for the previous year.

Income taxes—deferred. Deferred income taxes decreased by ¥84.6 billion, or 901.6%, to ¥(75.2) billion for the year ended March 31, 2023 from ¥9.3 billion for the year ended March 31, 2022, primarily due to a change in the conversion method of foreign currency exchange rate as of the end of the fiscal year for foreign currency denominated policy-reserve-matching bonds so that the same method is used for accounting and tax purposes.

Net surplus

Net surplus decreased by ¥97.2 billion, or 53.4%, to ¥84.6 billion for the year ended March 31, 2023 from ¥181.8 billion for the previous year.

Net surplus attributable to the parent company

Net surplus attributable to the parent company decreased by ¥97.1 billion, or 53.4%, to ¥84.6 billion for the year ended March 31, 2023 from ¥181.7 billion for the previous year.

Economic Solvency Ratio

Economic value-based solvency ratio measures the solvency of an insurance company based on the economic value of its assets and liabilities and can be valuable in assessing an insurance company's specific risk profile. The introduction of economic value-based solvency ratio has been widely discussed in the insurance industry and has been considered by various insurance regulators around the globe. The EU has already adopted a full-scale economic solvency-based regime, in the form of the EU Solvency II Directive (2009/138/EC), which became effective on January 1, 2016. ESR has not been formally implemented in Japan, but in anticipation of future regulatory developments, we have voluntarily adopted an internal economic value-based solvency framework, taking into consideration the ICS, a framework for IAIGs, which is currently under development by the IAIS, as well as related Japanese domestic regulations, to measure available capital based on current observable market rates, and disclose our internal economic value-based solvency ratio, which we refer to as ESR, as an alternative measure to our solvency margin ratio. ESR is equal to the sum of our surplus, which is the difference between the market value of our assets and the market value of our liabilities, and our external financing capital, which is comprised of any outstanding foundation funds *(kikin)* and subordinated debt, divided by our integrated risk amount, which we define as the estimated amount of capital necessary to cover all of our quantifiable risk, including insurance underwriting risk, investment risk, operational risk and subsidiary risk, subject to certain adjustments, for a one-year period to a 99.5% confidence level. Insurance underwriting risk is calculated as the aggregation of the risk amounts for losses to be incurred from factors including volatilities in mortality rates, as well as surrender and lapse rates and increase in operating expenses. Investment risk is calculated as the aggregation of market risk (including interest rate risk, currency and equity risk), credit risk and real estate investment risk. Operational risk is calculated based on Japanese capital regulations and by multiplying certain rates to certain metrics, including our insurance premium and policy reserve as measured at a fair value. Subsidiary risk is calculated differently depending on the subsidiary; (i) for major subsidiaries such as Meiji Yasuda General Insurance Co., Ltd. and StanCorp, their underwriting risk, investment risk and operational risk are first determined using their respective internal models and are later aggregated into the group calculation; (ii) risks for other subsidiaries are assessed by investment risks which are calculated in the same manner as risks for general equity holdings are.

We have developed an internal framework used to calculate our ESR on a voluntary basis to monitor our financial soundness and as an alternative measure to our solvency margin ratio, which is prepared in accordance with Japanese regulations. Solvency margin ratio is not calculated based on economic value of the business of life insurance companies, which are characterized by the fact that most of the policies written are long-term contracts. Our current ESR framework may differ from any economic value-based solvency framework that may be implemented in Japan in the future, and we may revise our ESR framework in response to future regulatory changes. Our ESR framework may also differ from, and accordingly may not be directly comparable to, the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan. In addition, we review our ESR framework on an ongoing basis and may from time to time revise our ESR framework based on our own assessment of the appropriateness of the current framework or based on discussions with the FSA or IAIS. For example, we expect to apply several modifications to our internal model in the first half of the fiscal year ending March 31, 2025 based on developments regarding the FSA's standardized model, as well as observations from our own internal data. While these modifications have not been finalized, if applied to our ESR as of March 31, 2024, we estimate they would result in a decrease of approximately fifteen points due mainly to an increase in our integrated risk amount as the denominator in the calculation of ESR. Our ESR is subject to change based on changes to the market environment, including interest rates, foreign exchange rates and domestic and foreign stock price, and our business and other risks.

We utilize our ESR to internally consider and determine risk-taking activities and levels of policyholder dividends according to our management policy and our level of financial soundness. Such management policy is designed to set a more sophisticated approach to disciplined mutual company management, balancing between further enhancement of governance and steady payout of policyholder dividends. In particular, we currently target an ESR in a range continuously exceeding 165% in order to achieve such balance, without taking into account the planned modifications to our ESR framework discussed above. We believe this targeted level of ESR will enable us to engage in proactive investments while delivering a stable stream of policyholder dividends. Within such target range, we also set a target level of ESR at 220%, and so long as we estimate our ESR will steadily exceed 220% to a significant degree, we will consider and implement additional payout of policyholder dividends and/or engage in additional investments. On the other hand, if our ESR is below 165%, but still remains at 120% or more, we will consider and implement risk mitigation and other measures to ensure the steady payout of policyholder dividends, while flexibly considering investments in light of the medium- to long-term outlook of our financial soundness. In the event that our ESR is below 120%, we prioritize securing reserves to maintain financial soundness and would considering measures such as the downward revision of the level of policyholder dividends while taking a restrained approach to new investments in addition to focusing on reducing existing risks.

Our Group ESR calculated based on this methodology on a consolidated basis as of March 31, 2020, 2021, 2022, 2023 and 2024 are set forth in the table below.

	As of March 31,				
	2020	**2021**	**2022**	**2023**	**2024**
Group ESR (consolidated)	184%	209%	211%	207%	220%

Group Surplus

Overview

We disclose group surplus to provide an additional tool to evaluate the corporate value of our business, based on the recent discussion regarding solvency regulations for IAIGs and new economic value-based solvency regulations that are expected to be introduced in Japan. See "—Economic Solvency Ratio."

Group surplus is the value of net assets, calculated with the economic value of assets and liabilities. Our Group surplus as of March 31, 2024 was ¥10,320 billion, an increase of ¥2,350 billion or 29.5% compared to the previous year.

Group surplus is defined as the total of the surplus of Meiji Yasuda Life Insurance Company and its subsidiaries and affiliated companies, collectively as the Meiji Yasuda Group, including StanCorp, Pacific Guardian Life Insurance Company, Limited, a wholly owned life insurance subsidiary located in the United States, and Meiji Yasuda General Insurance Co., Ltd., a subsidiary engaged in non-life insurance businesses. The definition of surplus of each company is as follows:

- *Meiji Yasuda.* The covered business is all life insurance business of Meiji Yasuda, effective at the end of the relevant calculation period. The surplus of Meiji Yasuda is defined as the sum of (a) economic value of in-force business, (b) unrealized gains or losses on assets and (c) statutory net asset and others. See "—Methodology applicable to Meiji Yasuda" for more details.

- *StanCorp.* The surplus of StanCorp's life insurance business and asset management business is calculated using a top-down approach and is included in the group surplus. StanCorp's surplus is calculated as of December 31 of the fiscal year referred to in the calculation of group surplus, which is the fiscal year end of StanCorp. See "—Methodology applicable to StanCorp" for more details.

- *Pacific Guardian Life Insurance Company.* The balance sheet value of Pacific Guardian Life Insurance Company has been included in the group surplus as a proxy for its market value, as its contribution to the total group surplus is limited.

- *Meiji Yasuda General Insurance Co., Ltd.* Real net asset value of Meiji Yasuda General Insurance Co., Ltd. has been included in the group surplus as a proxy for its market value, as its contribution to the total group surplus is limited.

- *Other subsidiaries and affiliated companies.* The balance sheet values of other subsidiaries and affiliated companies have been included in the surplus as a proxy for their market values, as their contributions to the total group surplus is limited.

While group surplus can provide insight into the financial progress of a life insurance company, and, in conjunction with detailed supplemental analyses, may provide a benchmark as a starting point for the valuation of the company, no particular measure can be used as a sole means of valuation, and actual market value may differ materially from group surplus. Because of the technical complexity of group surplus calculations, investors should read this discussion in its entirety, use care in interpreting group surplus and seek advice of experts familiar with such interpretation. See "Forward-Looking Statements."

In calculating group surplus, numerous assumptions, only some of which are described here, are required concerning the business lines of the Meiji Yasuda Group with respect to industry performance, business and economic conditions and other factors, many of which are outside of our control. Although the assumptions used represent estimates that we believe are appropriate for the purpose of group surplus reporting, future operating conditions may differ, possibly materially, from those assumed in the calculation of group surplus. Consequently, the inclusion of group surplus in this offering circular should not be regarded as a statement by us or any other entity that the stream of future profits discounted to produce the group surplus figures below will actually be achieved. In addition, calculated group surplus will vary, possibly materially, as key experience assumptions are varied. Further, market value may deviate materially from a calculated group surplus for many reasons. Any valuation is a matter of informed judgment, and each investor should develop its own view of market value based on a detailed analysis of financial and qualitative information available about the Meiji Yasuda Group, combined with a consideration of overall expectations regarding the performance of financial markets, attitudes towards risk and return and a variety of other factors. You should not place undue reliance on group surplus calculations in assessing the corporate value of the Meiji Yasuda Group.

In addition, we review our economic value-based solvency ratio framework that would in turn affect the definition and methodology of our group surplus, on an ongoing basis, and may from time to time revise such framework based on our own assessment of the appropriateness of the current framework or based on discussions with the FSA or IAIS. For example, we plan to apply several modifications to our internal model during the first half of the fiscal year ending March 31, 2025 based on developments regarding the FSA's standardized model, as well as observations from our own internal data. While these modifications have not been finalized, if applied to our group surplus as of March 31, 2024, we estimate they would result in an increase of group surplus, while the corresponding ESR would decrease as discussed above.

Our group surplus calculations require us to make certain assumptions including, among others:

- economic assumptions relating to the risk-free rate and discount rates;
- non-economic assumptions relating to operating expenses and policyholder dividends; and
- exchange rates.

In general, our past operating experience, adjusted as appropriate to reflect reasonable future expectations, is used to develop these assumptions which are described in more detail below under "—Assumptions applicable to Meiji Yasuda" and "—Assumptions applicable to StanCorp."

Methodology applicable to Meiji Yasuda

The surplus of Meiji Yasuda is defined as the sum of (a) economic value of in-force business, (b) unrealized gains or losses on assets and (c) statutory net asset and others. Each calculation methodology is as follows.

Economic value of in-force business

Economic value of in-force business is calculated as the present value of future profits by deducting the time value of financial options and guarantees and the risk adjustment amount. The calculation methodology of each component is as follows.

(a) Present value of future profits.

Present value of future profits is calculated without considering factors that have asymmetric impacts on future profits with respect to changes in economic assumptions. For this reason, the present value of future profits includes the intrinsic value of financial options and guarantees, such as policyholders' dividends, but does not include the time value of financial options and guarantees, which is calculated separately. Future renewals of group insurance business are included. The discount rate is evaluated by adding the spread adjustment to the risk-free rate, taking the current discussion in the ICS and Japanese economic value-based solvency regulations into consideration.

(b) Time value of financial options and guarantees.

A variety of financial options and guarantees embedded in insurance contracts may have asymmetric impacts on future profits depending on underlying economic assumptions. The value of financial options and guarantees is calculated using a stochastic approach based on economic assumptions consistent with the market value of traded options.

The time value of financial options and guarantees is calculated as the difference between the deterministic present value of future profits and the average of the present value of future profits calculated using the stochastic approach.

Meiji Yasuda considered the options and guarantees of policyholder dividends, variable product minimum guarantees, interest-rate-sensitive-product minimum guaranteed crediting rates and policyholder behavior in calculating the time value of financial options and guarantees.

(c) Risk adjustment.

To cover inherent uncertainties in the cash flows related to insurance obligations, the 85th percentile is used to compute the risk adjustment amount.

Unrealized gains or losses on assets

Regardless of the valuation method on the statutory balance sheet, assets are marked to market when possible and the unrealized gains or losses of the assets are calculated. Held-to-maturity debt securities, policy-reserve-matching bonds, loans, real estates and other assets are marked to market and unrealized gains or losses are recognized.

Statutory net assets and others

Statutory net assets and others is defined as net assets on the statutory balance sheet, *plus* internal reserves in liabilities including price fluctuation reserve and contingency reserve, *plus* externally procured funds such as subordinated debt, *minus* expected amount of surplus that will be disbursed outside the company.

Methodology applicable to StanCorp

Surplus of StanCorp is defined as the sum of value of in-force business and adjusted net worth. The detailed calculation methodology is as follows.

Value of in-force business

The value of in-force business is calculated as the present value of future profits net of deductions for the time value of financial options and guarantees, as well as the cost of holding required capital.

(a) Present value of future profits

The present value of future profits is the after-tax statutory profits of covered business based on projected cash flows calculated on a deterministic basis, and discounted at an appropriate risk discount rate. Future renewals of group insurance business are also included. Investment cash flows are calculated based on economic assumptions, on asset data and on the expected reinvestment strategy as of December 31 of the fiscal year referred to in the calculation of group surplus. See "—Assumptions applicable to StanCorp—Economic assumptions" for details of the risk discount rate.

(b) Time value of financial options and guarantees

When calculating surplus using a top-down approach, the time value of options and guarantees is often calculated using real-world scenarios. However, for StanCorp, the time value of financial options and guarantees has been calculated using risk-neutral scenarios. The time value of financial options and guarantees is calculated as the difference between the deterministic present value of future profits and the average of the present value of future after-tax profits calculated using stochastic methods. The options and guarantees of minimum guaranteed crediting rates and policyholder behavior were considered in calculating the time value of financial options and guarantees.

(c) Cost of holding required capital

The cost of holding required capital is a spread between the after-tax net investment yield and the risk discount rate for holding the required capital.

StanCorp defines required capital as the level required to maintain 325% of NAIC's Company Action Level RBC for most of its businesses. The statutory minimum is the level required to maintain 100% of NAIC's Company Action Level RBC, which is the level of capital below which an insurer must submit a capital improvement plan to the regulator.

Adjusted net worth

The starting point for the adjusted net worth is the statutory capital and surplus of the life insurance business and the US-GAAP equity of asset management businesses, excluding those in the life insurance entities, and the holding company (net of investment in subsidiaries).

Liabilities that are appropriate to be added back into the adjusted net worth have been included. The asset valuation reserve is a required liability in the statutory balance sheet of U.S. life insurance companies. However, the asset valuation reserve is regarded as allocated surplus and is included in adjusted net worth.

Additional adjustments for the life insurance business include addition of assets which have a certain economic value but which are not recorded on the statutory balance sheet (such as furniture and equipment) and adjustments for deferred tax assets on the statutory balance sheet, pension obligations, off balance sheet items and tax advantaged investments. For the asset management businesses, excluding those in the life insurance entities, and the holding company, additional adjustments include deduction of assets on the US-GAAP balance sheet without economic value (intangible assets), deferred tax assets related to the intangible assets, and assets that have their economic value reflected in the value of in-force business.

Group Surplus as of March 31, 2020, 2021, 2022, 2023 and 2024

The table below sets forth the group surplus as of March 31, 2020, 2021, 2022, 2023 and 2024:

	As of and for the year ended March 31,				
	2020	**2021**	**2022**	**2023**	**2024**
	(Billions of yen)				
Group surplus	¥ 6,050	¥ 7,370	¥ 7,730	¥ 7,970	¥ 10,320

Movement Analysis

The table below sets forth a movement analysis of the change in group surplus from March 31, 2023 to March 31, 2024.

	Group Surplus
	(Billions of yen)
Values as of March 31, 2023	¥ 7,970.0
Value of new business	+70.0
Economic experience variances	+2,510.0
Non-economic assumptions changes and experiences variances	-230.0
Other variances	+0.0
Values as of March 31, 2024	¥ 10,320.0

Set forth below are brief summaries of the line items included in the table above regarding the change in our group surplus from March 31, 2023 to March 31, 2024.

Value of new business. The increase in value of new business in the fiscal year ended March 31, 2024 was primarily due to an increase in sales in our sales personnel channel including from whole-life cancer insurance.

Economic experience variances. This item represents the impact of changes in factors such as an increase of value of domestic equity holdings and depreciation of yen against major currencies, which account for the increase in economic experience variances in the fiscal year ended March 31, 2024.

Non-economic assumptions changes and experience variances. The primary reason for the negative variance in this item was an increase in expenses due to increased inflation.

Other variances. This item includes the impact of redemption of foundation funds.

Sensitivity Analysis

The table below shows a sensitivity analysis of the group surplus to changes in the assumptions underlying the group surplus calculations. Although each figure in the tables in this section indicate the sensitivity in response to a change in one parameter, it should be noted that the sum of two or more figures in the table do not indicate the sensitivity to a change in two or more parameters corresponding to such figures.

In the tables in this section, the abbreviation "bps" means basis points.

Assumptions	**Group surplus**	**Increase (Decrease)**
	(Billions of yen)	
Group surplus as of March 31, 2024	¥ 10,320	¥ –
Sensitivity 1: 50 bps increase in the risk-free rate (Japanese interest rates)	10,450	130
Sensitivity 2: 50 bps increase in the risk-free rate (Overseas interest rates)	10,020	(300)
Sensitivity 3: 50 bps decrease in the risk-free rate (Japanese interest rates)	10,150	(170)
Sensitivity 4: 50 bps decrease in the risk-free rate (Overseas interest rates)	10,630	310
Sensitivity 5: 10% immediate decline in stock and real estate values	9,710	(610)
Sensitivity 6: 10% appreciation of yen against all other currencies	9,540	(780)
Sensitivity 7: 5% decrease in mortality and morbidity	10,480	160
Sensitivity 8: 10% decrease in surrender and lapse rates	10,510	190
Sensitivity 9: 10% decrease in maintenance expenses	10,490	170

- *Sensitivity 1:* This item represents the effect on our group surplus of an upward parallel shift of 50 bps in the yield curve of risk-free forward rates in Japan.

- *Sensitivity 2:* This item represents the effect on our group surplus of an upward parallel shift of 50 bps in the yield curve of risk-free forward rates outside of Japan.

- *Sensitivity* 3: This item represents the effect on our group surplus of a downward parallel shift of 50 bps in the yield curve of risk-free forward rates in Japan.

- *Sensitivity 4*: This item represents the effect on our group surplus of a downward parallel shift of 50 bps in the yield curve of risk-free forward rates outside of Japan.

- *Sensitivity 5:* This item represents the effect on our group surplus of an immediate decline of 10% in stock and real estate values.

- *Sensitivity 6:* This item represents the effect on our group surplus of an appreciation of yen of 10% against all other currencies.

- *Sensitivity 7:* This item represents the effect on our group surplus of a decrease of 5% in the assumed mortality and morbidity rates for life, accident and health, and medical insurance products.

- *Sensitivity 8:* This item represents the effect on our group surplus of a decrease of 10% in the assumed surrender and lapse rates.

- *Sensitivity 9:* This item represents the effect on our group surplus of a decrease of 10% in the assumed maintenance expenses.

Assumptions applicable to Meiji Yasuda

Economic assumptions

(a) Risk-free rate

The Japanese government bond, US treasury and Australian government bond yields at the valuation date are used as the reference rate.

(b) Discount rate

The discount rate is set for each segment corresponding to the cash flow period as follows.

- *First segment (0~30 year).* The spread adjustment is added to the spot rate (risk-free rate, calculated using the government bond) of government bond in the same currency of the liabilities. The spread adjustment is set based on the discussion of Insurance Capital Standard that the International Association of Insurance Supervisors is considering.

- *Second segment (31~60 year).* Ultimate Forward Rate (UFR) is assumed to be 3.8%. Starting at the end of year 30, the Smith-Wilson method is used to extrapolate so that the forward rate after 31st year will converge to the Ultimate Forward Rate in 30 years. The spread adjustment is added to the extrapolated result.

- *Third segment (61 year~).* The spread adjustment is added to Ultimate Forward Rate to determine the forward rate.

The spot rates used are as follows.

	As of March 31,					
	2023			**2024**		
	JPY	**USD**	**AUD**	**JPY**	**USD**	**AUD**
	(%)					
Term:						
1 year	-0.098	4.550	3.145	0.048	5.018	4.080
2 year	-0.056	4.040	2.929	0.188	4.570	3.715
3 year	-0.057	3.759	2.919	0.199	4.349	3.575
5 year	0.102	3.578	3.026	0.359	4.177	3.573
10 year	0.324	3.433	3.296	0.729	4.145	3.962
20 year	1.102	3.916	3.783	1.551	4.533	4.304
30 year	1.377	3.583	3.885	1.916	4.240	4.411

Non-economic assumptions

Premiums, operating expenses, insurance benefits and claims, surrender benefits, tax, and other cash flows are projected based on best estimate assumptions set for each product type, considering past and recent experience and expected future experience.

(a) Operating expenses

Operating expense assumptions are derived from Meiji Yasuda's experience, and assumed future expense improvement is not reflected.

The future inflation rate is assumed to be 0.7% p.a. until the 30th year based on the break-even inflation rate incorporated in the 10-year inflation-indexed bond, and for the 31st year and thereafter, it is assumed to gradually increase to 2% (the inflation rate incorporated in the Ultimate Forward Rate) in the 60th year.

A look-through adjustment for subsidiaries and affiliated companies is applied in all respects material to the total group surplus, such that profits and losses incurred in transactions by subsidiaries and affiliate companies are reflected in the group surplus calculations to the extent that these transactions are related to the covered business.

(b) Policyholders' dividends

Policyholders' dividend rates are set based on current dividend policy, and the projected dividend rate is dynamically linked to each market-consistent risk neutral scenario.

Assumptions applicable to StanCorp

Economic assumptions

(a) Risk-free rate

The risk-free rate used in the calculation of the present value of future profits is based on the USD swap yield curve. The risk-free rates used are as follows.

	For the nine months ended December 31,	
	2022	**2023**
Term:	**(%)**	
1 year	5.11	4.76
2 year	4.72	4.07
3 year	4.34	3.75
5 year	4.04	3.52
10 year	3.85	3.46
20 year	3.74	3.47
30 year	3.49	3.31

(b) Risk discount rate

The risk discount rate is set using a weighted average cost of capital approach (WACC) taking into account the cost of equity and cost of debt. The cost of equity excludes any additional risk margin for unhedged interest rate risk as this is included by using market consistent stochastic interest rate scenarios for calculating time value of financial options and guarantees. The risk discount forward rate as of December 31, 2023 ranges from 7.36% to 10.08% (annual effective), which consists of a risk-free forward rate curve and a risk margin ranging from 4.68% to 4.72%, increased from a range of 4.62% to 4.68% as of December 31, 2022.

Non-economic assumptions

Premium, operating expense, benefits and claims, cash surrender value, tax, and other cash flows are projected applying the best estimate assumptions, by product which reflect past, current and expected future experience. Dynamic assumptions are used for calculating the time value of options and guarantees for the individual and group annuity business. The future inflation rate for maintenance expenses is assumed to be 2.0% p.a., based on the Federal Reserve Board's long term inflation targets and inflation rates implied from inflation linked bonds.

Exchange rate

The surplus of StanCorp is calculated in its local currency and converted into JPY using the following rates:

	For the year ended December 31,	
	2022	**2023**
	(Yen)	
USD 1.00	¥ 132.70	¥ 141.83

Liquidity and Capital Resources

Cash Flows

The following table sets forth information about our cash flows during the years ended March 31, 2022, 2023 and 2024:

	Year ended March 31,		
	2022	2023	2024
	(Billions of yen)		
Net cash provided by (used in) operating activities	¥ 163.7	¥ (11.7)	¥ (83.9)
Net cash provided by (used in) investing activities	(801.3)	555.3	(280.7)
Net cash provided by (used in) financing activities	99.1	(12.2)	(48.6)
Effect of foreign exchange rate changes on cash and cash equivalents	9.0	(2.9)	5.5
Net increase (decrease) in cash and cash equivalents	(529.3)	528.3	(407.8)
Cash and cash equivalents at the beginning of the year	1,318.7	789.3	1,317.7
Cash and cash equivalents at the end of the year	¥ 789.3	¥ 1,317.7	¥ 909.8

For the year ended March 31, 2024, net cash used in operating activities increased by ¥72.2 billion over the previous year, primarily due to an increase in interest, dividends, and other income, and an increase of gains on trading securities, partially offset by an increase in other liabilities (excluding those related to investing and financing activities). For the year ended March 31, 2023, net cash used in operating activities was ¥11.7 billion, compared to net cash provided by operating activities of ¥163.7 million in the previous year, primarily due to a decrease in other liabilities (excluding those related to investing and financing activities), partially offset by an increase in reserve for price fluctuation and an increase in policy reserves.

For the year ended March 31, 2024, net cash used in investing activities was ¥280.7 billion, compared to net cash provided by investing activities of ¥555.3 billion for the previous year primarily due to a decrease in proceeds from sales and redemption of securities, partially offset by a net decrease in cash collateral under securities. For the year ended March 31, 2023, net cash provided by investing activities was ¥555.3 billion, compared to net cash used in investing activities of ¥801.3 billion over the previous year primarily due to a decrease in purchase of securities.

For the year ended March 31, 2024, net cash used in financing activities increased by ¥36.4 billion over the previous year, primarily due to a decrease in proceeds from borrowing, partially offset by a decrease in redemption of bonds payable. For the year ended March 31, 2023, net cash used in financing activities was ¥12.2 billion, compared to net cash provided by financing activities of ¥99.1 billion over the previous year, primarily due to a decrease in proceeds from borrowing.

Liquidity and Liquidity Management

Our principal cash requirements consist of benefits and other product-related payments, payments in connection with new investments, income and other taxes, operating expenses, payment of policyholder dividends, policy surrender payments and policy loans.

Our principal sources of cash include life insurance and annuity premiums, investment income and proceeds from the sale or maturity of investments. Our portfolio of liquid assets constitutes an additional source of cash to meet unexpected cash outflows. These liquid assets include cash and deposits, publicly traded stocks and bonds categorized as marketable available-for-sale securities.

We seek, to the extent possible, to manage the maturity and liquidity mix of our investments to match the projected payment requirements of our products. Accordingly, we classify our investments by level of liquidity. Domestic bonds form the largest portion of our general account investment portfolio. Of the balance of domestic bonds held by us, as of June 30, 2024, approximately 66.4% was categorized as policy-reserve-matching bonds, which are carried at amortized cost on our balance sheet and are not marked-to-market. For companies using fund segment accounting, Japanese GAAP requires the recategorization of policy-reserve-matching bonds in a particular fund segment as available-for-sale securities carried at fair market value upon the sale prior to maturity of any such bond categorized as a policy-reserve-matching bond.

Although the amount of policy surrenders is generally a liquidity concern to insurance companies, our business, aside from group annuities, consists mainly of individual and group life insurance, the consumers of which tend to be less sensitive to changes in interest rates. In addition, the terms of our insurance and annuity products generally limit the payment of cash surrender values in the case of policy surrenders early in the policy term and for policies with short policy terms. Even when cash surrender values are paid out, they involve substantial policy surrender penalties. In addition, a substantial portion of our assets consists of high-liquidity assets such as JGBs and cash and deposits. Based on the foregoing, we believe that we are well positioned from a liquidity standpoint.

We maintain overdraft agreements with major domestic banks. We do not currently expect to use such sources of cash in the near term. In addition, we continually enter into bond repurchase agreements to obtain daily funds settlements.

Our management believes that our sources of cash are adequate to meet our current cash requirements.

Capital Resources

We, like other mutual life insurance companies, draw on a broad range of resources for capital. Such resources include the capital and surplus on the balance sheet, including foundation funds *(kikin)*, as well as other items such as certain reserves and subordinated debt. Furthermore, unrealized gains on assets also function as a source of capital for mutual life insurance companies.

Foundation funds (kikin) and reserve for redemption of foundation funds (kikin-shokyaku-tsumitate-kin). The Insurance Business Act allows mutual companies in Japan to procure funds by offering foundation funds *(kikin).* Foundation funds *(kikin)* serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as an interest payment, maturity date and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds *(kikin)* 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 *(kikin)*, mutual companies are required to make an addition to the reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin),* which serves as surplus, equal to the amount redeemed. As a result, the full amount of foundation funds *(kikin)* remains in equity even after redemption. Foundation funds *(kikin)* are therefore positioned as a mutual company's main capital, which is equivalent to the stated capital of a joint-stock corporation.

In recent years, we raised capital through foundation funds *(kikin)* on several occasions:

- ¥50.0 billion in 2018, which was redeemed in 2023; and

- ¥50.0 billion in 2019, which was redeemed in 2024.

As a result of the above, as of August 31, 2024, the balance of our foundation funds *(kikin)* was zero and the amount of reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)* was ¥980 billion.

Reserves and subordinated debt. Certain items carried as liabilities on our balance sheet function as additional sources of capital under the Insurance Business Act. Our contingency reserve provides a buffer against losses that arise from unexpectedly high claims due to unforeseen catastrophes or from poor market performance. Our reserve for price fluctuation provides a cushion for unexpected declines, mainly in stock market values. Both the contingency reserve and the reserve for price fluctuation contribute to our solvency margin. Qualifying subordinated debt provides another buffer against unexpected shocks.

Our total subordinated debt outstanding as of June 30, 2024 included the following:

- In October 2015, we issued and sold $2,000,000,000 of 5.20% step-up callable subordinated notes due 2045 (the "2015 Notes") pursuant to an indenture dated October 20, 2015 between us and The Bank of New York Mellon as trustee, paying agent, calculation agent and notes registrar. Beginning on, and including, October 20, 2015 to, but excluding, October 20, 2025, the 2015 Notes bear interest at 5.20% *per annum* payable semiannually, and beginning on October 20, 2025 and any date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2015 Notes will be reset to the sum of the applicable 5-year dollar mid-swap rate and 4.23% *per annum,* payable semi-annually.

- In December 2016, we issued and sold ¥100,000,000,000 of 1.08% callable subordinated notes due 2046 with interest deferral options and ¥15,000,000,000 of 1.30% callable subordinated notes due 2051 with interest deferral options (together, the "2016 JPY Notes"). Beginning on, and including, the day immediately following December 15, 2016 to, and including, December 15, 2026 and December 15, 2031, respectively, the 2016 JPY Notes bear interest at 1.08% and 1.30% *per annum,* respectively, payable semi-annually, and every date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2016 JPY Notes will be reset to the sum of the applicable 5-year yen mid-swap rate and 1.83% and 1.84%, *per annum,* respectively, payable semi-annually.

- In November 2017, we issued and sold ¥100,000,000,000 of 1.11% callable subordinated notes due 2047 with interest deferral options (the "2017 JPY Notes"). Beginning on, and including, the day immediately following November 6, 2017 to, and including, November 6, 2027, the 2017 JPY Notes bear interest at 1.11% *per annum* payable semi-annually, and every date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2017 JPY Notes will be reset to the sum of the applicable 5-year yen mid-swap rate and 1.80% *per annum,* payable semi-annually.

- In April 2018, we issued and sold $1,000,000,000 of 5.10% step-up callable subordinated notes due 2048 (the "2018 Notes") pursuant to an indenture dated April 26, 2018 between us and The Bank of New York Mellon as trustee, paying agent, calculation agent and notes registrar. Beginning on, and including, April 26, 2018 to, but excluding, April 26, 2028, the 2018 Notes bear interest at 5.10% *per annum* payable semiannually, and beginning on April 26, 2028 and any date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2018 Notes will be reset to the sum of the applicable 5-year dollar mid-swap rate and 3.15% *per annum,* payable semi-annually.

- In September 2019, we issued and sold ¥80,000,000,000 of 0.90% callable subordinated notes due 2049 with interest deferral options (the "2019 JPY Notes"). Beginning on, and including, the day immediately following September 25, 2019 to, and including, September 25, 2029, the 2019 JPY Notes bear interest at 0.90% *per annum* payable semi-annually, and every date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2019 JPY Notes will be reset to the sum of the applicable 5-year dollar mid-swap rate and 1.82% *per annum,* payable semi-annually.

- In August 2021, we financed ¥200,000,000,000 of a 0.88% callable subordinated loan due 2051 (the "2021 JPY Loan"). Beginning on, and including, the day immediately following August 2, 2021 to, and including, August 2, 2031, the 2021 JPY Loan bears interest at 0.88% *per annum,* payable semi-annually, and every date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2021 JPY Loan will be reset to the sum of the applicable 5-year JGBs rate and 1.870% *per annum,* payable semi-annually.

- In August 2022, we financed ¥71,600,000,000 of a 1.25% callable subordinated loan due 2052 (the "2022 JPY Loan"). Beginning on, and including, the day immediately following August 3, 2022 to, and including, August 3, 2032, the 2022 JPY Loan bears interest at 1.25% *per annum,* payable semi-annually, and every date which falls five, or a multiple of five, years thereafter, the rate of interest of the 2022 JPY Loan will be reset to the sum of the applicable 5-year JGBs rate and 2.045% *per annum,* payable semi-annually.

Each series of subordinated notes and each subordinated loan described above (collectively, the "Subordinated Debt") constitute our irrevocable, direct, unsecured and subordinated obligations and rank *pari passu* and without any preference among themselves, with the other Subordinated Debt and with the Notes being offered hereby and in priority to (i) claims of holders of interests in foundation funds *(kikin)* and (ii) claims of any other instruments that are expressly designated as being junior to the Subordinated Debt as to priority of liquidation payment. The Subordinated Debt and the Notes being offered hereby are considered liquidation parity securities. See "Description of the Notes—Status of the Notes; Subordination" for further details.

Other Capital Resources

Net unrealized gains on available-for-sale securities. Net unrealized gains on available-for-sale securities also function in certain respects as a capital resource. For the years ended March 31, 2022, 2023 and 2024 and the three months ended June 30, 2024, our net unrealized gains on available-for-sale securities totaled

¥2,759.5 billion, ¥2,167.6 billion, ¥4,174.8 billion and ¥4,336.6 billion, respectively. The increases in net unrealized gains on available-for-sale securities since March 31, 2023 was due to an increase in valuation in yen of foreign currency denominated bonds during such periods.

Off-Balance Sheet Arrangements

Other than as described in this offering circular, we have no material off-balance sheet arrangements.

Policy Reserves

Pursuant to requirements under the Insurance Business Act, we maintain policy reserves for the fulfillment of future obligations under life insurance contracts. The policy reserves are intended to allocate a portion of the insurance premiums received during a particular accounting period to one or more succeeding accounting periods to the extent such portion relates to insurance coverage for such succeeding accounting periods, and thereby to enable the insurance company to record related profits effectively on an accrual basis. The minimum amount to be set aside as policy reserves is determined based on actuarial calculations performed in accordance with applicable regulations. Although calculation methods producing reduced levels of reserves are permitted for financially unsound or newly established companies, we use the net level premium method of calculation. This method assumes a constant amount of net premiums over the payment term of the relevant policy in calculating the amount of standard policy reserve required to fund all future policy benefits. The net level premium reserve is calculated using the respective standard prospective yields established by the FSA for single premium individual whole life insurance, all other premium insurance products and level payment insurance, and a mortality rate set by the IAJ and confirmed by the Commissioner of the FSA. The net premium level method does not allow policy acquisition costs, which are higher in the first year of the policy, to be offset against the amount of provision for policy reserves required. When insurance claims arise, we record the full amount of such claims paid as benefits and claims expense. When the policy ends, the related decrease in provision for policy reserves is allocated to offset payment of benefits.

In addition to policy reserve amounts related to expected future benefits and other payments, a contingency reserve is included in the policy reserves to account for the risk of insurance payment events occurring at a higher than expected rate and the risk of actual yield on our investments being lower than the assumed yield related to outstanding policies. See “Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Financial Regulation.”

The following is a breakdown of our policy reserves by product line and contingency reserve on a non-consolidated basis for the dates shown:

	As of March 31,		
	2022	2023	2024
	(Billions of yen)		
General account:			
Individual insurance	¥ 15,928.4	¥ 16,385.2	¥ 16,811.6
Individual annuities	8,205.1	8,180.0	8,098.7
Group insurance	123.1	118.5	116.3
Group annuities	7,414.8	7,441.6	7,428.2
Other	202.3	194.8	186.9
Separate account:			
Individual insurance	51.5	46.7	51.8
Individual annuities	118.2	65.4	26.5
Group insurance	–	–	–
Group annuities	489.1	466.5	508.0
Other	–	–	–
Contingency reserve	536.6	598.8	789.6
Total	¥ 33,069.4	¥ 33,497.9	¥ 34,018.0

Solvency Margin Ratio

The solvency margin ratio was introduced by the Japanese government as a means of measuring the financial soundness of insurance companies to provide for better policyholder protection under a system of prompt corrective action. The solvency margin ratio is a measure of capital adequacy calculated by dividing the solvency margin amount (defined as net assets, less certain items, plus certain reserves, unrealized gains on assets and certain other items, discussed below) by a quantified measure of the total risk borne by the company, which is calculated as "risk exceeding ordinary forecast" based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No. 50, as amended issued in 1996.

As an indicator of an insurance company's ability to pay claims in the event of risk exceeding ordinary forecasts, in the event that the solvency margin ratio falls below a fixed level, the regulatory authorities may require the insurance company to submit a plan for management reform. According to the Ordinance of the Cabinet Office and the Ministry of Finance No. 45 of 2000, as amended, insurance companies with solvency margin ratios of 200% or higher are considered sound and not requiring early-stage corrective measures. If the ratio falls below 200%, the Commissioner of the FSA may order the insurer to submit and implement a plan for business improvement. If it falls below 100%, the Commissioner of the FSA may order the insurance company to take measures to enhance solvency, including an order to implement a suspension or deduction of shareholder or policyholder dividend payments and director bonuses. If it falls below 0%, the Commissioner of the FSA may order the insurance company to suspend all or parts of its operations for a certain period specified by the Commissioner of the FSA. As of June 30, 2024, our solvency margin ratio on a non-consolidated basis was 995.6%. See "Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Financial Regulation."

The manner of calculation of the solvency margin ratios has been revised several times. Starting from the year ended March 31, 2012, the FSA required insurance companies to calculate their solvency margin ratios on a consolidated basis as well as on a non-consolidated basis.

The following table sets forth our solvency margin ratio on a non-consolidated basis, and information related to its calculation, as of March 31, 2023 and 2024 and June 30, 2024:

	As of March 31,		As of June 30,
	2023	**2024**	**2024**
	(Billions of yen, except percentages)		
Foundation funds *(kikin)* and others[(1)]	¥ 1,149.2	¥ 1,110.8	¥ 1,102.9
Reserve for price fluctuation	1,072.3	1,128.2	1,133.7
Contingency reserve	598.8	789.6	800.3
General allowance for possible loan losses	2.1	2.2	2.3
Net unrealized gains on available-for-sale securities[(2)]	2,885.6	5,317.2	5,527.4
Net unrealized gains on real estate[(3)]	523.4	548.2	549.3
Excess of continued Zillmerized reserve	1,349.5	1,327.3	1,303.9
Qualifying subordinated debt	912.3	912.3	912.3
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	–	–	–
Deduction clause	–	–	–
Others	73.9	75.6	72.8
Solvency margin gross amount (A)	8,567.5	11,211.7	11,405.1
Insurance risk (R1)	126.8	126.4	126.1
Third-sector insurance risk (R8)	78.1	77.9	77.7
Assumed yield risk (R2)	116.2	130.2	133.3
Minimum guarantee risk (R7)	6.2	5.5	5.4
Investment risk (R3)	1,574.0	2,061.4	2,094.1
Business management risk (R4)	38.0	48.0	48.7
Total amount of risk (B)[(4)]	¥ 1,746.9	¥ 2,254.6	¥ 2,290.9
Solvency margin ratios[(5)]	980.8%	994.5%	995.6%

Notes:

(1) The amount after excluding estimated distributed income (payment of interest on foundation funds *(kikin)* and provision for policyholders' dividend reserves) from the appropriation of surplus plus total valuations, conversions and others included under total net assets on the balance sheets.

(2) Multiplied by 90% if gains or 100% if losses.

(3) Multiplied by 85% if gains or 100% if losses.

(4) Total amount of risk = $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$

(5) Solvency margin ratio = $\frac{(A)x100}{(B)x(1/2)}$

Our non-consolidated solvency margin ratio, which was 1,061.6% as of March 31, 2022, decreased to 980.8% as of March 31, 2023 and then increased to 994.5% as of March 31, 2024. The increase as of March 31, 2024 was primarily due to an increase in unrealized gains due to the higher value of foreign debt securities resulting from the depreciation of the yen against major currencies. Our non-consolidated solvency margin ratio increased to 995.6% as of June 30, 2024, also primarily due to an increase in unrealized gains due to the higher value of foreign debt securities resulting from the depreciation of the yen against major currencies.

The following table sets forth our solvency margin ratio on a consolidated basis, and information related to its calculation, as of March 31, 2023 and 2024 and June 30, 2024:

	As of March 31,		As of June 30,
	2023	2024	2024
	(Billions of yen, except percentages)		
Foundation funds *(kikin)* or capital[(1)]	¥ 727.5	¥ 680.9	¥ 571.5
Reserve for price fluctuation	1,074.0	1,130.4	1,136.1
Contingency reserve	598.8	789.6	800.3
Catastrophe reserves	12.7	13.1	13.2
General allowance for possible loan losses	2.1	2.2	2.3
Net unrealized gains on available-for-sale securities[(2)]	2,712.3	5,188.2	5,375.7
Net unrealized gains on real estate[(3)]	530.3	554.5	556.1
Net unrealized actuarial differences and past service expenses	85.7	237.8	232.0
Excess of continued Zillmerized reserve	1,349.5	1,327.3	1,303.9
Qualifying subordinated debt	912.3	912.3	912.3
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculation	–	–	–
Deduction clause	(164.5)	(204.0)	(176.1)
Others	74.9	78.5	76.6
Solvency margin gross amount (A)	¥ 7,916.1	¥ 10,711.3	¥ 10,804.3
Insurance risk (R1)	187.6	195.0	209.6
General insurance risk (R5)	1.7	1.8	1.8
Large disaster risk (R6)	0.4	0.6	0.6
Third-sector insurance risk (R8)	78.4	78.3	78.2
Insurance risk of small-amount, short-term insurer (R9)	–	–	–
Assumed yield risk (R2)	116.2	130.2	133.3
Minimum guarantee risk (R7)	6.8	5.8	5.4
Investment risk (R3)	1,384.0	1,841.6	1,886.5
Business management risk (R4)	35.5	45.0	46.3
Total amount of risk (B)[(4)]	¥ 1,566.4	¥ 2,042.2	¥ 2,092.6
Solvency margin ratio[(5)]	1,010.7%	1,048.9%	1,032.6%

Notes:

(1) The amount after excluding estimated distributed income (payment of interest on foundation funds *(kikin)* and provision for policyholders' dividend reserves) from the appropriation of surplus plus total valuations, conversions and others included under total net assets on the balance sheets.

(2) Multiplied by 90% if gains or 100% if losses

(3) Multiplied by 85% if gains or 100% if losses.

(4) Total amount of risk = $\sqrt{(\sqrt{R_1^2 + R_5^2} + R_8 + R_9)^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$

(5) Solvency margin ratio = $\frac{(A)x100}{(B)x(1/2)}$

Our consolidated solvency margin ratio, which was 1,135.5% as of March 31, 2022, decreased to 1,010.7% as of March 31, 2023 and then increased to 1,048.9% as of March 31, 2024. The increase as of March 31, 2024 was primarily due to an increase in unrealized gains due to the higher value of foreign debt securities resulting from the depreciation of yen against major currencies. Our consolidated solvency margin ratio decreased to 1,032.6% as of June 30, 2024 resulting mainly from the recognition of goodwill as a result of our acquisition of three subsidiaries of Elevance.

Real Net Assets

The amount of real net assets is calculated by subtracting non-capital real liabilities from real assets. For these purposes, real assets are equal to an amount calculated based on assets reflected in the balance sheet (including, but not limited to, assets such as marketable securities and real estate with readily obtainable fair value) in accordance with the method promulgated by the Ordinance of the Cabinet Office and the Ministry of Finance No. 45 of 2000, as amended, while non-capital real liabilities are equal to an amount calculated based on liabilities reflected in the balance sheet (excluding certain amounts such as the reserve for price fluctuation and contingency reserve) in accordance with the method promulgated by the FSA and the Ministry of Finance. The FSA examines real net assets to determine whether a company is functionally insolvent for the purpose of taking prompt corrective actions.

For example, even if an insurance company's solvency margin ratio falls below 0%, if real net assets is a positive amount or expected to be a positive amount, the Commissioner of the FSA may order a suspension of shareholder or policyholder dividend payments and director bonuses or such other measures as may be taken for a company with a ratio from 0% to less than 100% rather than suspend the operations of the company. Similarly, even if the solvency margin ratio is above 0%, if the amount of real net assets is a negative amount or expected to be a negative amount, the Commissioner may suspend the operations of the company.

As of March 31, 2022, 2023 and 2024 and June 30, 2024, our real net assets on a non-consolidated basis totaled ¥9,900.8 billion, ¥8,614.8 billion, ¥10,705.8 billion and ¥10,187.7 billion, respectively.

Financial Strength Ratings

Our financial strength ratings reflect each ratings agency's opinion of our financial strength, operating performance and ability to meet our obligations to policyholders, and are not evaluations directed toward the protection of holders of the Notes. Financial strength ratings do not in any way reflect evaluations of the safety and security of the Notes and are not a recommendation to buy, sell or hold securities. The ratings are subject to revision or withdrawal at any time by the assigning ratings agency. Each of these financial strength ratings should be evaluated independently. Our current financial strength ratings are as follows:

Ratings Agency	Rating	Rating Structure
Moody's	A1	Third highest of nine rating categories and highest within the category based on modifiers *(e.g.,* Al, A2 and A3 are within the same category)
Standard & Poor's	A+	Third highest of nine rating categories and highest within the category based on modifiers *(e.g.,* A+, A and A-within the same category)
R&I	AA	Second highest of nine rating categories and second highest within the category based on modifiers *(e.g.,* AA+, AA and AA- are within the same category)
JCR	AA	Second highest of ten rating categories and second highest within the category based on modifiers *(e.g.,* AA+, AA and AA- are within the same category)

Status of Problem Loans, Reserves and Coverage

Our balance of problem loans *(i.e.,* bankrupt and quasi-bankrupt loans, doubtful loans, loans in arrears for three months or longer and restructured loans, each as defined under the Ordinance for Enforcement of the Insurance Business Act) on a non-consolidated basis was ¥22.3 billion, ¥22.8 billion and ¥21.5 billion as of March 31, 2022, 2023 and 2024, respectively. Our ratios of problem loans to all loans on a non-consolidated basis were 0.25%, 0.25% and 0.22% as of March 31, 2022, 2023 and 2024, respectively. See "Business—Investments—Loans."

Risk Management

Overview

To ensure sound management and maintain the confidence of customers, we believe that it is increasingly important to identify and manage risks. Consequently, risk management is a high priority.

In our risk management activities, we identify areas of risk to which our business is susceptible and create risk monitoring systems, guidelines and rules and take other steps to address risk. We comprehensively manage these risks in terms of overall impact on operations.

The Risk Management Control Department is responsible for our overall risk management and monitors and supervises each of the individual departments in charge of risk control and risk management. In order to regularly monitor and appropriately control the various risks we face in our business, we have also established the Risk Management Verification Committee, which serves as an advisory body to the Management Council, with the aim of ensuring regular monitoring and appropriate control of all manner of risks. To enhance the effectiveness of our risk management, the Audit Department conducts internal audits, while the Audit Committee validates the effectiveness of our risk management. These audits validate the appropriateness and efficacy of risk management functions, as well as the risk management system.

In addition to maintaining an integrated risk management framework to handle all category-specific risks, we pay close attention to the enterprise risk associated with our entire operations. More specifically, we perform risk management employing a PDCA cycle, in which we undertake the quantitative and qualitative evaluation of enterprise risk, including potential risks that may significantly impact our business operations, while monitoring and controlling for such risk. We also employ ORSA, a process for verifying the appropriateness of our risk-taking strategies, as a core methodology to promote enterprise risk management. Furthermore, we have developed an overarching framework for assessing and managing risks associated with the entire Meiji Yasuda Group in step with the expansion of the scope of our overall operations, quantitatively measuring the risk related to such operations. The status of these risk management activities is periodically reported to the Risk Management Verification Committee, the Management Council and the Board of Directors.

Asset Liability Management (ALM)

Our Risk Management Verification Committee is responsible for overseeing our ALM practices. ALM is a mechanism employed by us to manage our investment assets in a manner appropriate to our liabilities, primarily insurance contracts. In particular, we employ a form of ALM called surplus management that focuses on "surplus," which for this purpose is defined as the difference between (i) the fair market value of assets (including unrealized gains and losses) and (ii) the economic value of liabilities (calculated as the present value of the cash flow of liabilities discounted at market interest rates). This surplus amount, which includes the value of unrealized profits attributable to our policies in force, represents an important indicator of our financial soundness. Under this surplus management-type ALM, we closely monitor fluctuations in our surplus and take appropriate measures to manage such fluctuations, including increasing the duration of assets, reducing interest rate risk related to our insurance liabilities through hedging transactions and reducing the amount of assets with price fluctuation risk such as stocks.

To supply stable long-term yields promised to policyholders, we have positioned public and corporate bonds and loans that we expect to provide stable yen-denominated revenue as our primary assets. Due to the risk profile of our long-term liabilities, we have undertaken a strategy of investing in long-term bonds that satisfy our duration matching targets. Furthermore, within permissible levels of risk, we invest in domestic and some foreign securities with a view to improving profitability. See "Business—Investments—Management of Investments."

Insurance Underwriting Risk Management

Insurance underwriting risk is the risk that assumptions in establishing insurance premiums, including with respect to the economy, the rate of occurrence of covered claims, results of investments and administrative expenses, may differ from actual results. Insurance underwriting risk can give rise to losses when factors such as economic conditions, the incidence rate of insured events, asset management results and operational expenses do not correspond with the assumptions made when premiums were set.

Life insurance companies are generally required to bear the risks that they underwrite for a long period of time, which requires an estimation of the future risks that may occur as well as proper risk management. This requires the setting of reasonable premium rates that enable stable payment of insurance claims and an appropriate level of risk control for upholding coverage responsibilities based on examination and assessment of the health condition of the insured at the time of insurance underwriting. In addition, we employ our surplus management-type ALM system, conduct appropriate benefit settlement assessments and adhere to rigorous cost management principles with the aim of responding flexibly to changes in the business environment and other conditions. In addition, we seek to avoid paying improper claims by being selective in the policies we choose to underwrite and conducting appropriate payment assessment. We also conduct strict cost control by implementing appropriate and effective budgets.

Risks related to pricing. We set insurance premiums at a rate that reflects adequate consideration of our ability to pay out on claims in the future. To do so, we confirm that experience assumptions have been set properly taking into account the reliability of the underlying experience data and conducts simulations to determine whether we will be able to meet future coverage obligations at various premium levels.

We set assumed mortality and morbidity rates at levels that we believe to be appropriate based on insurance company data and research results. We regularly consider assessments of actual mortality and morbidity rates and revise sales terms, appraisal standards for insurance underwriting and assumed mortality and morbidity rates.

Assumed interest rates are set based upon market trends and regular assessment of investment results and trends in preferences for savings-type products. For example, assumed interest rates for interest-sensitive products, such as savings-type products and group pension plans, may be changed to avoid negative spread in the event of a sudden increase in sales of savings-type products when interest rates fall significantly.

Liquidity Risk Management

Liquidity risk can be categorized into cash flow risk and market liquidity risk.

Cash flow risk. Cash flow risk is the risk that we may not have ready access to a sufficient amount of cash to meet our needs at any given time. A cash flow problem may arise because of a decline in insurance premiums, an increase in surrenders or withdrawals, or an outflow of cash because of a major event or catastrophe. In such cases, we may suffer losses from disposing of assets at discounted prices in order to secure cash in a timely manner. We manage cash flow risk by maintaining an amount of high-liquidity assets above levels set forth in the asset management plan and daily cash flow. Furthermore, our Liquidity Risk Management Division is kept informed of our cash flow condition and each of the departments in charge of risk control establishes an appropriate system to deal with a potential liquidity crisis by specifying countermeasures to be taken based on the seriousness of the crisis.

Market liquidity risk. Market liquidity risk is the risk that we will suffer investment losses from being unable to trade in the market or being compelled to trade at unfavorable prices because of a volatile or disrupted market. We manage market liquidity risk by establishing limits on market transaction amounts during times of relative illiquidity in the markets and revising such limits to reflect changes in market conditions.

Investment Risk Management

Overview. Investment risk is composed of market risk (including interest rate, stock price and foreign exchange rate fluctuation risk), credit risk and real estate investment risk and generally refers to the risk of losses incurred as a result of fluctuations in the market value of assets and liabilities. We have established the Risk Management Verification Committee to manage investment risk comprehensively, in order to pursue stable returns while keeping losses within an acceptable range.

Market risk. We measure, manage and monitor the market risk associated with our investments on a continuous basis. Market risk generally is the risk of loss resulting from changes in interest rates, stock prices and foreign exchange rates. Our general account assets, which constituted 98.9% of our non-consolidated total assets as of June 30, 2024, are subject to market risk based on our investment activities.

Separate account assets, which are assets related to our individual variable insurance, individual variable annuities and a portion of group variable annuities, form the remainder of our total assets. The policyholders of these products bear the market risk related to separate account asset investment.

We have established and implemented comprehensive policies and procedures to manage the effects of potential market volatility. Specifically, we calculate our exposure to losses that may occur within one year using the value-at-risk method of statistical analysis. By utilizing the value-at-risk method, we calculate market risk in numerical terms to facilitate a more thorough approach to management of market risk.

Credit risk. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to a deterioration in the financial condition of a party to whom credit has been extended. We believe that it is important to examine each transaction rigorously from a credit risk perspective so as to set terms appropriate to the level of risk involved. For a description of our loans, see “Business—Investments—Loans.”

We maintain guidelines to ensure that our returns are commensurate with the risks we undertake. We manage credit risk by assessing the credit risk of and assigning an internal credit rating to each of our borrowers based on in-house fundamental analysis and credit ratings assigned by ratings agencies and by monitoring the internal ratings of such borrowers. We monitor the mix of our loan portfolio by categorizing and diversifying our loans by borrower credit rating group and industry in order to manage our risk of credit concentration. Internal credit ratings of obligors are received at least annually. In addition, we perform “Monte Carlo” simulations to evaluate credit risk using the value-at-risk method.

Real estate investment risk. Real estate investment risk refers to the risk that our real estate-related income may decrease because of a decline in rent, a decrease in number of tenants or other factors or a general decline in real estate prices due to market forces. See “Business-Investments—Real Estate.”

We select our real estate investments by evaluating the appropriateness of the purchase price or expected return for each property and diversify our real estate portfolio in terms of both geography and usage. In addition, we periodically renew our investment returns and profit forecasts relating to our existing real estate investments, and focus on managing properties with less profitability. We quantify the risk of our real estate portfolio using the value-at-risk method and control such risk by comparing the amount of value-at-risk with limits based on real estate investment risk.

Operational Risk Management

Operational risk is the risk of failure of our business operations due to human error. Operational risk includes the risk that our officers, employees (including sales personnel) and third-party sales agencies neglect or fail to perform their duties. Operational risk also includes employee misconduct, such as fraudulent activity, improper use, data leaks or disclosure of confidential information and failure to comply with laws or our compliance procedures. Our Risk Management Verification Committee through oversight of various execution sections, branches and service centers and reports directly to senior management with respect to operational risk issues.

Because operational risks exist throughout our operations, we have developed administrative rules and provide training to mitigate and prevent administrative risk and to implement proper and effective administrative procedures.

System Risk Management

System risk is the risk that we may suffer harm to our operations, including the management of our policies, the investment of our assets and the maintenance of statistics, owing to risks related to our information technology systems. Such risks include breakdowns, natural disasters, human errors, destruction, theft and other illegal uses. A major failure in our information technology systems would disrupt, among other things, the servicing of customers at various branches and the investment of our assets and may have long-term consequences such as a loss of customer confidence which may result in policy surrenders.

To manage system risk, we have established a system risk management regulations to protect our information technology assets from a variety of system risks. To protect our computer systems from catastrophes, we maintain a computer center in an area with solid grounds and a group of backup systems in other areas.

Reputational Risk Management

Reputational risk is the risk of incurring tangible or intangible losses as a result of damage to our credibility due to negative publicity, including those that are inaccurate or false. Our Risk Management Verification Committee manages reputational risk through its oversight of the Corporate Communications Department, which is responsible for regularly monitoring the internet, newspapers and other media and receives reports from each of the individual employees in charge of risk control. Through these measures, we aim to identify information regarding our reputation in a timely and accurate manner. In the event the information we identify may adversely affect our business, we take appropriate counter measures in order to mitigate any resulting reputational risk, in accordance with our internal guidelines on reputational risk management.

Group Company Risk Management

We engage in risk management on a group wide basis by causing each of our group companies to establish risk management policies in accordance with our policies and procedures. In addition, we aim to establish appropriate risk management structures at each of our group companies, including our foreign subsidiaries, by providing relevant training and support.

Implementation of Stress Tests

We implement stress tests based on scenarios that are difficult to measure the risks with the value-at-risk method, such as extreme deterioration in the economic environment and large-scale disasters such as earthquakes, in order to analyze the impact on our assets and liabilities and the extent of increases in the amount of insurance claims, etc. from multiple perspectives. In addition, we also conduct reverse stress tests to identify the financial environment in which business environment deteriorates, in order to determine scenarios that are likely to cause business crisis.

Derivative Instruments

We use derivative instruments, including foreign exchange, stock index and bond forward contracts and options, for the following purposes:

- to hedge the fluctuations in the market value of our investments;
- to hedge foreign currency exposure primarily with respect to the principal of our investments;
- on a supplemental basis with our investments to cover the time before such investments can be incorporated into our asset portfolio or as a measure to address liquidity risk;
- to adjust the term or the type of interest (fixed or floating) related to investments in our asset portfolio; and
- to hedge the interest rate risk related to our insurance liabilities.

Our use of derivative instruments is primarily to hedge the risk associated with our existing asset portfolio, which consists mainly of foreign exchange risk.

We reflect unrealized gains and losses related to derivative transactions that are not eligible for hedge accounting in ordinary income and ordinary expenses. The following table sets forth the unrealized gains and losses related to derivative transactions in our general account on a non-consolidated basis including both those eligible and not eligible for hedge accounting:

	As of March 31,		
	2022	2023	2024
	(Billions of yen)		
Interest-rate transactions	¥ 14.0	¥ (29.7)	¥ (67.9)
Currency rate-related transactions	(459.1)	(62.2)	(198.2)
Stock-related transactions	–	–	–
Bond-related transactions	–	(0.2)	0.4
Other	–	–	–
Total	¥ (445.1)	¥ (92.3)	¥ (265.6)

The following tables set forth the amounts of contract value, fair value and net gains or losses on currency forward contracts in our general account on a non-consolidated basis, not eligible for hedge accounting, which are entered into as of the dates indicated:

	As of March 31, 2022		
	Contract amount	Market value	Net gains (losses)
	(Billions of yen)		
Foreign exchange forward contracts			
Sold:			
U.S. dollars	¥ 816.7	¥ (71.8)	¥ (71.8)
Euro	57.9	(2.2)	(2.2)
Australian dollars	39.8	(3.5)	(3.5)
Total	¥ 914.6	¥ (77.5)	¥ (77.5)
Purchased:			
U.S. dollars	¥ 102.3	¥ 4.1	¥ 4.1
Total	¥ 102.3	¥ 4.1	¥ 4.1

	As of March 31, 2023		
	Contract amount	Market value	Net gains (losses)
	(Billions of yen)		
Foreign exchange forward contracts			
Sold:			
U.S. dollars	¥ 1.5	¥ (0.0)	¥ (0.0)
Euro	0.4	(0.0)	(0.0)
Total	¥ 1.9	¥ (0.0)	¥ (0.0)
Purchased:			
U.S. dollars	¥ 137.9	¥ (8.6)	¥ (8.6)
Total	¥ 137.9	¥ (8.6)	¥ (8.6)

	As of March 31, 2024		
	Contract amount	Market value	Net gains (losses)
	(Billions of yen)		
Foreign exchange forward contracts			
Sold:			
U.S. dollars	¥ 14.1	¥ (0.0)	¥ (0.0)
Euro	–	–	–
Total	¥ 14.1	¥ (0.0)	¥ (0.0)
Purchased:			
U.S. dollars	¥ 42.7	¥ 0.4	¥ 0.4
Australian dollars	4.3	0.0	0.0
Total	¥ 47.0	¥ 0.4	¥ 0.4

The following table sets forth the amounts of contract value and fair value on currency forward contracts (eligible for hedge accounting) in our general account on a non-consolidated basis, entered into as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Contract amount	Market value	Contract amount	Market value	Contract amount	Market value
	(Billions of yen)					
Foreign exchange forward contracts						
Sold:						
U.S. dollars	¥ 3,225.9	¥ (237.8)	¥ 2,972.6	¥ (23.3)	¥ 2,746.1	¥ (124.0)
Australian dollars	1,033.0	(115.1)	633.4	8.9	440.3	(14.4)
Euro	213.6	(6.3)	271.6	(6.3)	255.5	(5.7)
Others	85.9	(6.4)	38.7	(0.2)	22.0	(1.2)
Total	¥ 4,558.5	¥ (365.8)	¥ 3,916.5	¥ (21.0)	¥ 3,464.0	¥ (145.5)

BUSINESS

Except as otherwise specified, information contained in this "Business" section is presented on a non-consolidated basis.

Overview

We are one of the largest private life insurance companies in Japan. We operate primarily in Japan and offer a wide range of products, including individual and group life insurance and annuities and other insurance products, to approximately 12.22 million customers in Japan, including in both individual insurance marketing and group insurance marketing, as of March 31, 2024.

Our core business is offering individual and group life insurance products in Japan. Our main product is "Best Style," a customizable comprehensive product we released in June 2014 that can be tailored to meet the changing needs of our customers throughout various life stages. We also sell various other individual and group life insurance and annuity products, and a range of third-sector insurance products, including medical insurance and nursing care insurance.

We held one of the largest market shares in Japan by premium income among private insurers for the year ended March 31, 2024, and aim to continue the growth that made us one of Japan's leading private life insurance companies.

Internationally, we had six subsidiaries and affiliates in four countries as of June 30, 2024, and we have expanded our overseas insurance business with a view to securing a more robust profit base and realizing risk diversification. In particular, in March 2016, we acquired StanCorp, a leading provider of group life and disability insurance in the United States.

Strengths and Strategies

We believe that our core competitive strengths and key strategies include the following:

- Strengths
  - Stable profit from our domestic insurance business and multifaceted revenue sources from overseas insurance business.
  - Robust asset management and risk management operations focusing on ALM.
  - Sound and firm capital base indicated by our solvency margin ratio, which is among the highest among leading life insurance companies in Japan, and Group ESR of over 200%.
- Strategies
  - Pursue growth strategies focusing on our domestic life insurance business, asset management and overseas insurance business as key areas of further growth.
  - Strengthen our management base to support implementation of our growth strategies.

Strengths

Stable profit from our domestic insurance business and multifaceted revenue sources from overseas insurance business

We have been operating for more than 140 years in the Japanese life insurance market and have a longstanding and established position as a leading life insurer. In particular, we maintain a high market share in the group life insurance market, backed by strong business relationships with large Japanese companies, government agencies and local governments. According to life insurance statistics published by the Life Insurance Association of Japan, as of March 31, 2023, we had the highest amount of policies in force for group life insurance among life insurers in Japan. As of June 30, 2024, we had policies in force for group life insurance of ¥115.3 trillion.

For individual insurance, our sales personnel are our main sales channel, accounting for 75.5% of our non-consolidated annualized premiums from policies in force from individual insurance and annuities for the fiscal year ended March 31, 2024. We sell highly profitable medical and protection-type insurance products and other products through a combination of in-person and virtual consulting conducted by our extensive team of sales personnel of 36,469 as of April 1, 2024. Our flagship products include comprehensive insurance products such as "Best Style" that offer protection-type products ranging from illness and injury protection, serious disease and illness protection, disability and nursing care protection to death and permanent events. See "—Products and Services—Individual Insurance—Customizable Comprehensive Insurance—'Best Style'." Through our sales efforts, we have been able to generate premiums of medical and protection-type products to provide a stable revenue source and an important growth driver for our domestic insurance business. The annualized premiums from new business in third-sector products increased from ¥39.9 billion for the fiscal year ended March 31, 2020 to ¥48.2 billion for the fiscal year ended March 31, 2024. For the three months ended June 30, 2024, the annualized premiums from new business in third-sector products was ¥11.0 billion.

In addition, we promote customer satisfaction through after-sales services, which also contributes to the stability of our profit base. The surrender and lapse rate for individual insurance and annuities has remained at a low level, with a surrender, lapse and partial surrender rate of 5.12% for our flagship products for the fiscal year ended March 31, 2024. In addition, our persistency rate of individual insurance and annuities, calculated based on the amount of policies in force, has remained high over the past five years, with 13-month contracts at 94.2%, 25-month contracts at 87.5% and 61-month contracts at 70.0% as of June 30, 2024.

We are also working to expand our overseas insurance business with the aim of diversifying our revenue sources by enhancing our existing businesses and engaging in new investments. Premium and other income from our overseas insurance business and other businesses increased from ¥318.4 billion in the fiscal year ended March 31, 2020 to ¥515.9 billion in the fiscal year ended March 31, 2024. For the three months ended June 30, 2024, premium and other income from our overseas insurance business and other businesses was ¥148.5 billion. In addition, during the same time period, base profit of the group attributable to our overseas insurance business and other businesses has also increased from ¥65.1 billion, in the fiscal year ended March 31, 2020 to ¥91.4 billion in the fiscal year ended March 31, 2024, although it had temporarily decreased between the fiscal years ended March 31, 2021 and 2023 due partially to higher claim payments related to the COVID-19 pandemic. For the three months ended June 30, 2024, the base profit of the group attributable to our overseas insurance business and other businesses was ¥23.8 billion. In particular, the growth of StanCorp has played a significant role in our effort to diversity our business overseas.

Robust asset management and risk management operations focusing on ALM

Our asset management operations are based on an ALM policy focused on surplus management through which we aim to manage our assets and liabilities to control our risks in response to changes in the market environment. Under this policy, we consider our surplus, which is the difference between the market value of our assets and the market value of our liabilities, as an important indicator of our capital base and financial soundness, and fluctuations surplus and related risks are closely monitored.

We have built a high-quality investment portfolio with 55.7% of our general account assets comprised of stable, fixed-income assets such as domestic bonds, domestic loans, domestic monetary claims bought and hedged foreign currency-denominated bonds as of June 30, 2024, which we believe provides a degree of stability in our portfolio. At the same time, we have invested 44.3% in unhedged foreign bonds, domestic stocks and other assets to improve our overall portfolio revenue. In addition to actively adjusting the percentage of foreign bonds for which we enter into hedging arrangements, we manage risks by adjusting our domestic stock holdings based on the performance of each investment. As of June 30, 2024, the domestic stocks in our investment portfolio had a break-even point equivalent to approximately ¥9,400 in relation to the Nikkei 225 Index and approximately 670 points in relation to TOPIX. This indicates the level of TOPIX at which unrealized gains and losses cancel out on domestic stocks if our portfolio and TOPIX fully correlate.

We have also increasingly invested in long-term bonds with very long maturities in order to reduce the duration gap between the maturities of our assets and liabilities, and as a result the average remaining maturity of our assets has increased in recent years. See "—Investments—Management of Investments." As of March 31, 2024, over 60% of our current domestic bond portfolio comprises bonds with a remaining maturity of over 10 years.

Sound and firm capital base indicated by our solvency margin ratio, which is among the highest among leading life insurance companies in Japan, and Group ESR of over 200%

As of June 30, 2024, our solvency margin ratio on a consolidated and non-consolidated basis was 1,032.6% and 995.6%, respectively, which significantly exceeded the regulatory minimum requirement of 200%. In addition, our consolidated solvency margin ratio as of June 30, 2024 was the highest among the top five life insurance companies in Japan, including Japan Post Insurance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Solvency Margin Ratio."

In addition, in anticipation of the introduction of economic value-based solvency regulations expected to come in to effect in the fiscal year ending March 31, 2026, we also use Group ESR as an important indicator of financial soundness to inform our management decisions in areas including policyholder dividends and investments. For more information on how we calculate Group ESR, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Economic Solvency Ratio" and "Risk Factors—Risks Related to the Life Insurance Industry—Our ESR framework, as well as certain metrics such as group surplus we disclose under our ESR framework, may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan". We aim to achieve our provisional target for Group ESR of 220%, and aim to continuously exceed Group ESR of 165% as our target range.

Strategies

Our new mid-term business plan, which we call "MY Mutual Way Phase II", was launched in April 2024 and further amended in June 2024. This plan aims to enhance the role of life insurance companies in society by focusing the two main areas: pursuing our growth strategies and strengthening our management base.

Our numerical targets and strategic initiatives set forth as part of our strategies below are forward-looking statements. See "Forward-Looking Statements." Our ability to achieve these numerical targets or implement these strategic initiatives is subject to risks and uncertainties, including those described under "Risk Factors" and elsewhere in this offering circular. These numerical targets and strategic initiatives are based on a number of assumptions, beliefs and expectations established at the time our mid-term business plan was announced in March 2024 (and later modified in June 2024) and do not reflect the impact of any inorganic initiatives that we may pursue as part of our ongoing growth strategy. Such assumptions, beliefs and expectations involve significant subjective judgment and relate to matters that may be outside of our control, such as assumptions about the economic environment and key macroeconomic indicators. For example, we assumed that, over the three-year period covered by the mid-term business plan, domestic and U.S. interest rates as well as domestic stock market indices would increase slightly and that the U.S. dollar would appreciate slightly against the yen. There can be no assurance that we will achieve the numerical targets or strategic initiatives set forth in our mid-term business plan.

Our specific strategies for growing and strengthening of our operating base are as follows:

- Pursue growth focusing on our domestic life insurance business, asset management and overseas insurance business as key growth areas.

- Strengthen our management base including our internal management resources and management structure to support the implementation of our growth strategies.

- Implement strategies to enhance our corporate brand.

- Promote a corporate culture and brand that creates connections with diverse stakeholders and further disseminates the Meiji Yasuda philosophy focusing on bottom-up initiatives.

Pursue growth focusing on our domestic life insurance business, asset management and overseas insurance business as key growth areas

- *Further enhancement of sales activities*. In our domestic life insurance business, we will aim to increase the number of sales personnel to approximately 37,000 by March 31, 2027 and significantly improve the quality and productivity of our sales personnel channel and maintain our position as a leading company for group life insurance, while at the same time being firmly committed to eliminating compliance violations in our operations. We will aim to improve the productivity of the sales personnel channel by focusing on activities that contribute to solving day-to-day issues faced by our customers and promote our customers' health. In particular, we plan to expand the number of "advanced" sales personnel, which are sales personnel who have demonstrated productivity above a certain level. In the area of group life insurance, we will leverage technology to expand customer contact points and develop new markets, expand medical insurance products offerings and develop new services to further differentiate ourselves from our competitors. In our bancassurance sales channel, we will strengthen our compliance and customer service framework and aim to improve our competitiveness by expanding our product lineup to meet customer needs in response to the changing market environment. In addition, we will strengthen our market development efforts by expanding contact points with local companies, local governments and financial institutions, and by linking individual sales channels with corporate sales channels. We also aim to dramatically improve customer convenience through technology.

- *Expanding the role of life insurance*. To expand our market share in the domestic life insurance business, we will focus on enhancing our protection-type business and reforming our saving-type business. To advance protection-type business, we will expand the functions of conventional life insurance by developing and providing new programs aligned with each stage of the customers' health, or patient journey. To reform our saving-type business, we will aim to improve dividends by using revenue generated from asset management. We also plan to develop and expand savings-type products and provide incentives to our sales personnel by revising our evaluation and compensation policies.

- *Enhance asset management operations.* With an overall goal of strengthening risk management in our asset management operations, we will aim to enhance our asset management operations through improving overall portfolio returns, engaging in socially responsible investments and other areas. Specifically, we plan to strengthen our asset allocation functions through implementing more refined financial environment scenarios in our risk management, asset diversification that can more effectively respond to market changes and enhanced hedging strategies. We are also enhancing our in-house overseas investment capabilities by expanding overseas private investments and emerging managers programs.

- *Pursue socially responsible investment*. To further our commitment to socially responsible investment, we have established ¥800 billion as the target range for ESG-related investments and loans from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027. Of this amount, we intend to allocate ¥120 billion to impact financing for projects that we believe will help address environmental and socio-economic issues.

- *Expand overseas insurance business*. We plan to further expand earnings through our overseas insurance business, including by conducting research and identifying new investment opportunities that will contribute to the realization of growth exceeding that of investments in Japan. At the same time, we will continue our efforts to further enhance and stabilize existing overseas insurance businesses and to strengthen our business foundation in anticipation of future business expansion. As for new investments, we will pursue investments in developed countries with the aim of contributing to earnings, and will also aim to pursue investments in emerging countries with the aim of generating medium- to long-term earnings. Most recently, as announced on August 14, 2024, StanCorp has entered into an agreement to acquire two subsidiaries of Allstate that operate employer voluntary benefits businesses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Acquisition of Employer Voluntary Benefits Businesses from Allstate." We believe this acquisition will contribute to the growth of StanCorp by strengthening its customer base and improve efficiency in its employer voluntary benefits business. In existing overseas insurance businesses, we will continue working on the post-merger integration of StanCorp's business in line with our plans and aim to achieve a high level of stable organic growth of our existing overseas insurance group companies. We will also aim to continue to actively pursue investments in overseas markets with the aim of further expanding our overseas insurance business.

Strengthen our management base to support implementation of our growth strategies

- Improve competitiveness by enhancing the motivation of each individual employee and supporting each employee's ability to reach such individual's full potential by revising employee compensation and other initiatives.

- Improve productivity through further investment in IT and digitalization and the use of cutting-edge technology.

- Promote sustainable management by enhancing our management as a mutual company, further strengthening our group management systems and enhancing governance.

Products and Services

We offer various types of individual life insurance and annuity products as well as group insurance and annuity products, with approximately 12.22 million customers in Japan, including in both individual insurance marketing and group insurance marketing, as of March 31, 2024. In addition, as a group, we offer various other products and services, including third-sector insurance products and investment products and services that meet the diverse investment needs of our customers.

Individual Insurance

Individual insurance products account for the largest portion of the sales of our products. The number and amount of individual insurance policies in force were approximately 10.6 million policies and ¥49.8 trillion, respectively, as of June 30, 2024. The amount of new individual insurance policies written, including net increases in policy amounts due to conversions, were ¥1,395.2 billion and ¥264.8 billion, respectively, during the year ended March 31, 2024 and the three months ended June 30, 2024. Premiums from individual insurance constituted 62.7% of total insurance premiums for the year ended March 31, 2024.

Customizable Comprehensive Insurance – "Best Style"

In June 2014, we introduced a product marketed under the name "Best Style," a customizable, comprehensive product that can be tailored to meet the specific needs of our customers. "Best Style" now serves as our main product for individual insurance. "Best Style" policies accounted for 44.0% of our total policy amount in force for individual insurance policies as of March 31, 2024, and for 70.9% of new policy amounts written for individual insurance during the year ended March 31, 2024.

Our "Best Style" product aims to provide for various changes in each customer's needs and stages of life through three structures, namely, "the optimal security that covers changes in customers' life stages, such as marriage and the birth of children," "the most up-to-date security that evolves in accordance with contextual changes such as social security systems and medical technology," and "the enhanced support for disease prevention, such as predicting future disease risks in response to changes in health conditions due to lifestyle habits and aging among other things."

"Best Style" provides consumers with 30 types of coverage in four different categories: "illness and injury protection," "serious disease and illness protection," "disability and nursing care protection," and "death and permanent events."

The consulting and after-sales services by our MY Link Coordinators allow customers not only to choose the optimal coverage to their needs from the lineup at the time of enrollment but also to annually revise policy details to tailor to the various changes in their needs and stages of life through "the coverage review system". In June 2022, we also added new coverage supporting periodic checkup for cancers that predominantly affect women to the lineup.

The following table sets forth brief descriptions of the 30 types of coverage that are offered under "Best Style."

Type of Coverage	Description
Category A: Illness and Injury Protection	
Hospital admission (2021)	Provides benefits for hospital admissions covered under the public healthcare insurance system.
Initial lump-sum benefits award upon hospital admission	Provides benefits for hospital visits before hospitalization and miscellaneous expenses incurred in the initial phase of hospitalization.
"New" hospital admission	Provides benefits for hospital stays ranging from out-patient treatments to long-term hospital stays. Hospitalization benefits are paid for an unlimited number of days for hospitalization due to malignant neoplasms (cancer) and intraepithelial neoplasms (including non-invasive malignant neoplasms and skin cancers).
Whole life coverage hospital admission	Provides benefits for hospital stays ranging from out-patient treatments to long-term hospital stays for the insured's whole life. Hospitalization benefits are paid for an unlimited number of days for hospitalization due to malignant neoplasms (cancer) and intraepithelial neoplasms (including non-invasive malignant neoplasms and skin cancers).
Post-discharge medical treatment (2021)	Provides benefits for post-discharge medical treatments covered under the public healthcare insurance system.
Out-patient surgical treatment (2021)	Provides benefits for out-patient surgical and radiation treatments covered under the public healthcare insurance system.
Advanced medical care	Provides benefits for advanced medical care treatment.
Unforeseen injury	Provides benefits for certain injuries resulting from unforeseen accidents.
Unforeseen death or disability (2021)	Provides benefits for death and certain disabilities resulting from unforeseen accidents.
Category B: Serious Disease and Illness Protection	
Early detection and treatment support	Provides benefits for deterioration in health conditions based on the results of the medical checkup (for hospital visits or hospitalization for the treatment of illness for which the result of the medical checkup falls under the prescribed "caution needed" criteria.
Support for the prevention of severe illness	Provides benefits for certain stages prior to becoming severe of seven lifestyle diseases (heart disease, cerebrovascular disease, diabetes, hypertensive disease, kidney disease, liver disease, pancreatic disease).
Serious disease with ongoing coverage	Provides benefits for certain conditions resulting from the following seven major diseases: acute cardiac infarction, stroke, severe diabetes, severe hypertension (hypertensive retinopathy), chronic kidney failure, cirrhosis of the liver and severe chronic pancreatitis.
Cancer (2023)	Provides benefits for certain types of recurring malignant neoplasms (cancers) (there is no limit to the number of cancer benefit payments).

Type of Coverage	Description
Cancer and intraepithelial neoplasms	Provides benefits for malignant neoplasms (cancer) and intraepithelial neoplasms (pre-invasive malignant neoplasms and skin cancer are covered).
Certain self-funded cancer drug treatment	Provides benefits for certain self-funded drug treatments due to malignant neoplasms (cancer) and intraepithelial neoplasms.
Female cancer with cancer screening support benefits (2023)	Provides benefits for all stages of women-specific cancer treatment, including cancer screening for early detection, treatment before hospitalization (surgery) and long-term treatment to prevent recurrence.
Category C: Disability and Nursing Care Protection	
Salary/living expenses support	Provides benefits for certain disabilities resulting in work restrictions.
Fixed term living support	Provides benefits for certain disabilities resulting in daily life limitations or in case of death for a fixed period of time.
Whole life annuity living support	Provides annuity benefits for certain disabilities resulting in daily life limitations for the insured's whole life (In case of daily life limitations, the insured will be paid a life support pension for the whole life).
"New" nursing care	Provides benefits for certain levels of nursing care needs ("Level 2 Care Needed" or higher under the public nursing care insurance scheme, gait disorder or certain conditions due to dementia).
Whole life annuity nursing care support	Provides benefits for certain levels of nursing care needs (In case of "Level 3 Care Needed" or higher under the public nursing care insurance scheme, bedridden or certain conditions due to dementia, the insured will be paid life support annuity benefits for the insured's whole life).
Category D: Death and Permanent Events	
Fixed term life insurance	Provides benefits in cases of death or certain disabilities falling under Level 1 disability in physical disability table (severe disability) for a fixed period of time.
Whole life insurance	Provides benefits in case of death or certain disabilities falling under Level 1 disability in physical disability table (severe disability) for the insured's whole life.
Living expenses support	Provides benefits in cases of death or certain disabilities falling under Level 1 disability in physical disability table (severe disability), which are paid for a fixed period of time in the form of annuity).
Health Promotion	
Health support/cashback (2024)	Provides support for the insured's efforts to promote their health with cashback based on the results of annual health examinations.
Other Protection	
Insurance premium appropriation reserve	Allows advance reserve of premiums to cover the increase of premium amount after renewal.
Waiver of premium for cancer	Payment of insurance premium will be waived following the diagnosis by a doctor of certain malignant neoplasms (cancer).
Living needs	Upon diagnosis of life expectancy of six months or less, provides benefits allowing for payment of all or a portion of death benefits to which the insured is entitled.

Type of Coverage	Description
Inefficacy of cancer treatment	Upon determination of inefficacy of standard cancer treatments, provides benefits allowing for payment of all or a portion of death benefits to which the insured is entitled.
Agent arrangement	In case the insured is unable to indicate their intention for the purpose of insurance agreement, the predetermined agent is allowed to take the prescribed procedures in their place.

Other Individual Insurance Products

Other individual insurance products we currently offer, some of which overlap with the types of coverage that are available as part of our "Best Style" product, include the following.

Whole life insurance. Whole life insurance pays death benefits to the beneficiary on the death of the insured irrespective of when the insured dies. Surrender benefits will increase over the elapsed time since enrollment and policyholders may receive annuities instead of a single premium death benefit payment. Whole life insurance, marketed under the names of "Shushin Hoken Pioneer E," "Yen-Denominated Everybody," and other product names, accounted for 25.4% of our total policy amount in force for individual insurance policies as of March 31, 2024, and for 12.8% of new policy amounts written for individual insurance during the year ended March 31, 2024.

Term life insurance. Term life insurance pays death benefits to the beneficiary on the death of the insured if the insured dies within a specified term. Term life insurance, marketed under the name "*Kojin teiki hoken*," accounted for 10.1% of our total policy amount in force for individual insurance policies as of March 31, 2024. Term life insurance provides extensive death benefits with inexpensive premiums, which is generally lower relative to those for a whole life insurance policy. Term life insurance accounted for 7.6% of new individual insurance policy amounts written for individual insurance during the year ended March 31, 2024.

Endowment insurance. Endowment insurance accounted for 2.3% of our total policy amount in force for individual insurance policies as of March 31, 2024. Endowment insurance enables asset formation over a set period while providing death protection to pay a death benefit if the insured dies within a specified term or a maturity benefit of the same amount in case the insured survives to the end of that term.

Third-sector and other individual life insurance products. In addition to the above individual life insurance products, we offer third-sector products such as medical insurance, cancer insurance and dementia insurance. While we offer a wide variety of medical insurance product lines for all age groups, products such as cancer insurance and dementia insurance are whole life insurance targeting senior customers, particularly those who want to avoid any increase in the premiums upon renewal and who require protection only in certain categories.

We began offering foreign currency-denominated insurance in August 2017. We currently offer a variety of foreign currency denominated-insurance products, including products denominated in U.S. dollar and Australian dollar, flat-rate payment and lump-sum payment options and various combinations of whole-life insurance and elderly care insurance. In the fiscal year ended March 31, 2024, we have sold 196,136 foreign currency-denominated policies.

In addition, we released a new series of insurance products under the brand of "Meiji Yasuda's Simple Insurance Series Light!" in October 2016, aiming to acquire new customers with no existing insurance coverage, in particular those in their twenties and thirties. "Meiji Yasuda's Simple Insurance Series Light!" offers products that are simple, requires small amount of payment and are easy to understand. Its product lineup ranges from elderly care insurance to education endowment insurance, as well as non-life insurance such as bicycle insurance and home and contents insurance. As of June 30, 2024, we offer eight types of coverages (of which four are non-life insurance) under such brand.

In addition to the above, we also offer business insurance products for corporations focusing mainly on term insurance. We have sold a total of 24,953.5 such policies for the fiscal year ended March 31, 2024.

Individual Insurance Products Previously Offered

Individual insurance products and coverage that we previously offered and that still remain significant in terms of our current policies outstanding include the following.

Whole life insurance with term rider. Whole life insurance with term rider combines term coverage for unexpected events for a set period of time with coverage that continues for the insured party's whole life, paying a benefit to the beneficiary upon the death of the insured irrespective of when the insured dies. Whole life insurance with term life rider accounted for 3.9% of our total policy amount in force for individual life insurance policies as of March 31, 2024. While we no longer offer whole life insurance with term life rider as a stand-alone product, "Best Style" can be tailored to provide customers with the combined benefit of whole life insurance with term life features to provide for a higher payment if the insured dies within a specified period.

Interest-sensitive whole life insurance with benefit rider. Interest-sensitive whole life insurance with benefit rider combines term coverage for unexpected events for a fixed period of time with coverage that continues for the insured party's whole life, paying a benefit to the beneficiary upon the death of the insured irrespective of when the insured dies, which is calculated based on a guaranteed minimum assumed yield that is revised every three years. Interest-sensitive whole life insurance with benefit rider represents the largest percentage of our total policy amount in force for individual life insurance, totaling 4.6% as of March 31, 2024.

Individual Annuities

The number and amounts of individual annuity policies in force were approximately 2.1 million policies and ¥10.8 trillion, respectively, as of June 30, 2024. The amount of new individual annuity policies, including net increases in policy amounts due to conversions, were ¥29.3 billion and ¥6.4 billion during the year ended March 31, 2024 and the three months ended June 30, 2024, respectively. Premiums from individual annuities constituted 25.1% of total insurance premiums for the year ended March 31, 2024.

Our individual annuity products mainly consist of individual fixed annuities, marketed under the *"Nenkin Kakehashi"* and other product names. We offer fixed annuity products that pay annuity for a fixed term and those that pay annuities throughout the life of the insured. Deposits made into these contracts are allocated to our general account, and we bear the risk that investments in the general account may not meet the assumed yields.

Group Insurance

Our group insurance products include mainly group term life insurance and group credit life insurance.

With respect to group insurance, we have sustained our position as the industry leader in the Japanese market with ¥115.8 trillion and ¥115.3 trillion in policy amounts in force as of March 31 and June 30, 2024, respectively. The amount of new group insurance policies was ¥1,485.8 billion and ¥13.7 billion during the year ended March 31, 2024 and the three months ended June 30, 2024, respectively. Premiums from group insurance constituted 10.7% of total insurance premiums for the year ended March 31, 2024.

Group term life insurance. Group term life insurance accounted for 57.3% of our total policy amounts in force for group insurance policies as of March 31, 2024. While the insurance coverage of group term life insurance is similar to that provided for term life insurance offered on an individual basis, employees and their family members can opt into group term life insurance is insurance as covered by the company's contract with an insurance company. Group term life insurance is divided into two categories, namely, products in which all employees are insured and the insurance premiums are paid by companies and organizations, and self-help type products in which only employees who wish to join are insured and the insurance premiums are paid by employees themselves. In addition, group term life insurance is renewed for one year.

Group credit life insurance. Group credit life insurance accounted for 42.6% of our total policy amounts in force for group insurance policies as of March 31, 2024. Under this type of policy, in the event of the death or severe disability of the insured, we pay a benefit that is applied toward the repayment of the insured's installment loans, including housing loans. The amount of the benefit depends upon the amount of the remaining debt.

Group Annuities

We offer defined benefit corporate pension insurance or corporate type defined contribution pension insurance, depending on the needs of each company or organization.

Defined benefit corporate pension plan refers to a corporate pension system in which an employer promises certain specified benefits to its employees in advance, and employees receive benefits based on those promises in the elderly. In our defined benefit corporate pension insurance, in addition to the general account that guarantees a certain interest rate, we also provide separate account riders so that we can meet a variety of needs. Systems that meet certain conditions are eligible for tax incentives. Premiums from group annuities accounted for 16.3% of total insurance premiums in the year ended March 31, 2024.

The corporate type defined contribution pension plan refers to a system in which companies contribute monthly contributions and employees manage pension assets themselves. We provide products that are managed by employees. In general, the products provided do not guarantee the principal, but are invested by employees themselves, and the amount of benefits received in the future fluctuates according to the performance of such investment. If an employee changes jobs, the pension assets can be transferred to the system of the new company. Meiji Yasuda Asset Management Company Ltd., our group company, provides products including investment trust products that invest in domestic and foreign stocks and bonds.

Other Insurance Products

We offer other insurance, including reinsurance, property accumulation insurance and disability insurance. Premiums from other insurance products constituted approximately 1.1% of total insurance premiums for the year ended March 31, 2024.

Selected Information on Our Insurance Products

The following table sets forth selected information regarding our individual insurance, individual annuities, group insurance and group annuities:

	As of and for the year ended March 31,		
	2022	2023	2024
	(Thousands of policies and billions of yen)		
Individual Insurance Products			
Total individual insurance products:			
Number of new policies	780.8	1,015.2	879.3
New policy amount	¥ 1,613.1	¥ 2,285.1	¥ 1,931.9
Number of new policies including conversions	1,059.2	1,247.7	1,156.0
New policy amount including conversions	¥ 4,805.0	¥ 4,635.0	¥ 4,493.9
Total number of policies	10,213.0	10,481.0	10,627.9
Total policy amount in force	¥ 53,824.8	¥ 52,097.9	¥ 50,339.3
Customizable comprehensive insurance(1):			
Number of new policies	186.8	153.4	128.5
New policy amount	¥ 764.4	¥ 673.9	¥ 643.1
Number of new policies including conversions	464.2	385.2	377.1
New policy amount including conversions	¥ 3,941.5	¥ 3,013.8	¥ 3,185.8
Total number of policies	2,373.7	2,458.2	2,462.4
Total policy amount in force	¥ 23,246.4	¥ 22,963.0	¥ 22,147.4
Interest-sensitive whole life insurance with benefit rider:			
Number of new policies	–	–	–
New policy amount	¥ –	¥ –	¥ –
Number of new policies including conversions	0.9	0.6	0.3
New policy amount including conversions	¥ 14.2	¥ 9.8	¥ 7.5
Total number of policies	401.7	329.3	279.5
Total policy amount in force	¥ 4,005.8	¥ 2,958.6	¥ 2,321.5
Whole life insurance with term rider:	–	–	–
Number of new policies	–	–	–
New policy amount	–	–	–
Number of new policies including conversions	–	–	–
New policy amount including conversions	–	–	–
Total number of policies	382.8	351.4	324.2
Total policy amount in force	¥ 2,576.4	¥ 2,235.6	¥ 1,940.9
Whole life insurance:			
Number of new policies	1.2	1.0	0.8
New policy amount	¥ 11.7	¥ 10.0	¥ 9.9
Number of new policies including conversions	1.2	1.0	0.8
New policy amount including conversions	¥ 11.7	¥ 10.0	¥ 9.9
Total number of policies	1,032.2	998.8	978.4
Total policy amount in force	¥ 5,761.4	¥ 5,539.8	¥ 5,396.2
Term life insurance:			
Number of new policies	20.8	19.0	17.7
New policy amount	¥ 169.5	¥ 184.2	¥ 177.5
Number of new policies including conversions	20.8	19.0	17.7
New policy amount including conversions	¥ 169.5	¥ 184.2	¥ 177.5
Total number of policies	468.3	447.4	425.2
Total policy amount in force	¥ 2,445.3	¥ 2,453.1	¥ 2,430.8
Endowment insurance:			
Number of new policies	7.1	7.8	6.9
New policy amount	¥ 41.9	¥ 41.3	¥ 34.4
Number of new policies including conversions	7.1	7.8	6.9
New policy amount including conversions	¥ 41.9	¥ 41.3	¥ 34.4
Total number of policies	88.2	82.7	78.9
Total policy amount in force	¥ 501.3	¥ 460.0	¥ 429.7

	As of and for the year ended March 31,		
	2022	2023	2024
	(Thousands of policies and billions of yen)		
Individual Annuity Products[(2)]			
Number of new policies	13.8	9.7	6.3
New policy amount	¥ 68.1	¥ 46.7	¥ 29.4
Total number of policies	2,280.8	2,191.9	2,095.8
Total policy amount in force	¥ 11,916.5	¥ 11,430.5	¥ 10,916.0
Group Insurance Products			
Number of new policies	80.4	182.0	284.2
New policy amount	¥ 351.2	¥ 734.0	¥ 1,485.8
Total number of policies	29,085.1	28,976.0	28,861.3
Total policy amount in force	¥ 116,327.6	¥ 116,395.5	¥ 115,836.7
Group Annuity Products[(3)]			
Number of new policies	–	–	–
New policy amount	¥ 0.0	¥ 0.0	¥ 0.0
Total number of policies	11,832.1	11,755.8	11,701.0
Total policy amount in force	¥ 7,904.0	¥ 7,908.1	¥ 7,936.2

Notes:

(1) Represents "Best Style" and "Medical Style F" policies.

(2) The policy amount for individual annuities is the sum of (a) the funds held for annuity payments at the time such payments are to commence and (b) the policy reserve amount for annuities for which such payments have already commenced.

(3) For group annuity products, the new policy amount is equal to the initial premium payment and the policy amount in force is equal to the amount of outstanding corresponding policy reserves.

Policyholder Participation

We offer participating and semi-participating policies. Holders of participating policies receive yearly dividends. These dividends are calculated based on three variables: mortality and morbidity rate margin, investment yield margin and administrative expense margin. If the combined effect of actual mortality and morbidity rates, yield on investments and administrative expense levels during a given period is more favorable to us compared to the assumptions used when pricing these products, a net surplus will generally result for that period. A portion of the net surplus attributable to participating policies may then be distributed to the policyholder as policyholder dividends. We may pay a terminal dividend, depending on the product, in addition to the regular policyholder dividends.

Consolidated Group Products and Services

Asset management and investment trust management. Meiji Yasuda Asset Management Company Ltd. is an asset management firm that leverages the asset management capabilities of Meiji Yasuda and its group companies. Through discretionary management, advisory services and investment trust products, it provides high-quality asset management services for corporate and individual customers. As of March 31, 2024, the total assets under management of Meiji Yasuda Asset Management Company Ltd. amounted to ¥1,632.5 billion in total.

Non-life insurance products. Meiji Yasuda General Insurance Co., Ltd. engages in the general non-life insurance business, providing a variety of non-life insurance products, particularly for corporate customers, including group accident insurance, director and officer insurance and property damage liability insurance. For the year ended March 31, 2024, Meiji Yasuda General Insurance Co., Ltd.'s insurance underwriting revenue was ¥14.9 billion.

StanCorp. StanCorp, which became our 100% owned subsidiary in March 2016, is the holding company of an insurance group including Standard Insurance Company. As a leading provider of group life and disability insurance in the United States, which is the world's largest life insurance market, StanCorp primarily focuses on offering employee benefits as well as individual disability in the United States with a network of consultants, agents and advisors. For the year ended December 31, 2023, StanCorp's insurance premiums were ¥479.6 billion, or 14.3% of our insurance premiums of the group of ¥3,343.2 billion, and its base profit was ¥71.2 billion, or 12.7% of our base profit of the group of ¥561.0 billion for the year ended December 31, 2023, contributing to its ¥35.3 billion increase from the prior year. See "Selected Financial Data and Other

Information—Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Base Profit—Base Profit of the Group."

Sales and Marketing

Multi-Channel Sales Structure

For each of our three main sales distribution channels, which are our sales personnel channel, our bancassurance channel and our group insurance marketing channel, efforts are underway to strengthen sales services with the aim of further improving customer satisfaction and broadening the public's exposure to our products. In our sales personnel channel, we are strengthening our employee training and education structure, particularly for new recruits, by providing in-house training and examination programs, assessments of sales capability with our main products and consulting training. In our bancassurance channel, we have been establishing an education and training system for sales personnel of each financial institution, including online training programs. In our group insurance marketing channel, we are reinforcing our consulting services for policyholders approaching retirement age with the aim of promoting continued enrollment after retirement. We are also working to develop a framework to facilitate increased collaboration between our group insurance marketing channel and our sales personnel channel. As of April 1, 2024, we served 7.21 million customers in individual insurance marketing in total, which consists of life insurance policyholders (including deferments and those currently receiving annuity payments) and life and no-life policyholders (excluding any redundant policies), through our sales personnel and bancassurance channels. Through our group insurance marketing channel, we served 5 million insured persons of voluntary group life insurance in total as of March 31, 2024.

Sales personnel channel. We have a large network of sales personnel, known as "MY Link Coordinators" that market products mainly to individual customers. In our effort to promote shoulder-to-shoulder (meaning an effective combination of face-to-face and online consultation methods) services, we strive to ensure that new and existing policyholders are visited under our "Ease of Mind Service Activities Program" and we are working to develop other points of contact with customers who have difficulty attending such meetings. In September 2019, we introduced smartphone devices specifically for sales, called "MY Phones". In April 2022, we introduced the "MY Link Coordinator" system in order to expand the role of our sales personnel. In addition to their previous roles of consulting and after-sales follow-up, our sales personnel take on a new role of promoting customers' health and their connection with the community. Our shoulder-to-shoulder ethic, including with respect to proactive and ongoing in-person after-sales services, is critical both to our social mission as a life insurance company and to the success of our customer service efforts. For example, in the wake of the Great East Japan Earthquake, our ability to respond quickly and efficiently to customer needs was essential to the financial recovery of households in the affected areas. In 2020, during the COVID-19 pandemic, we formulated and promoted a special after-sales service program "Always by Your Side!" and, among other initiatives, we established a new sales model via the integration of face-to-face and no-physical-contact services.

As of April 1, 2024, we had 36,469 sales personnel (including sales personnel positions held by sales managers) operating through 1,157 sales bases located throughout Japan. Our sales personnel, nearly all of whom are women, are licensed pursuant to industry-wide standards. Door-to-door sales and workplace sales, which efforts include the hosting of seminars for employees at their workplace, constitute the primary means by which our sales personnel market our products to new customers. Of new individual insurance and annuity policies written in the year ended March 31, 2024, approximately ¥102.0 billion, or 79.4%, in terms of annualized net premiums were attributable to sales by sales personnel, an increase from ¥89.5 billion during the year ended March 31, 2022 and a decrease from ¥126.0 billion during the year ended March 31, 2023. Of new individual insurance and annuity policies written in the three months ended June 30, 2023 and 2024, approximately ¥23.6 billion and ¥21.2 billion, respectively, were attributable to sales by sales personnel. Of the individual insurance and annuity policies in force for the year ended March 31, 2024, approximately ¥1,631.4 billion, or 75.5%, in terms of annualized net premiums were attributable to sales by sales personnel, an increase from ¥1,621.1 billion and ¥1,629.2 billion during the years ended March 31, 2022 and 2023, respectively.

We believe that our sales personnel should, among other things, be able to explain the range of our products and services and advise as to which of those products and services best meet the needs of our customers. Accordingly, we are strengthening our employee training and education structure, utilizing a system to nurture sales personnel during the first five years. During this period, we provide in-house training and examination programs, assessments of sales capability with our main products, and consulting training. At the beginning of their careers, all sales personnel participate in an intensive training course taught by experienced instructors. Sales personnel may continue their education at training centers established at each of our offices, which offer training materials and satellite broadcast programs, and are staffed by full-time consulting experts. Furthermore, we encourage our sales personnel to achieve a higher level of combination of performance and attitude of implementing our "Meiji Yasuda Philosophy," and internally recognize certain "advanced" sales personnel who have demonstrated productivity above a certain level.

In addition, in order to provide the best consulting and services to our customers, we encourage our sales personnel to receive financial planner certifications from the Ministry of Health, Labor and Welfare of Japan. This certification requires a strong knowledge of financial products and social security in addition to life insurance, which we believe will further our sales personnel's effectiveness. As of March 31, 2024, 22,937 of our sales personnel had received the financial planner certifications.

Bancassurance channel. We are working to expand our product lineup to meet customer needs. Also, we are working to improve the attractiveness of our products by flexibly revising the assumed interest rate in accordance with the financial environment. In addition, we have launched the "eco series," a product with a new concept that contributes to the reduction of CO2 emissions through digitalization and returns the reduced costs to policyholders by improving the maturity yields and other means. Of new individual insurance and annuity policies written in the year ended March 31, 2024, approximately ¥24.9 billion, or 19.4%, in terms of annualized net premiums were attributable to sales via our bancassurance channel, an increase from ¥12.2 billion during the year ended March 31, 2022 and a decrease from ¥35.6 billion during the year ended March 31, 2023. Of new individual insurance and annuity policies written in the three months ended June 30, 2023 and 2024, approximately ¥3.8 billion and ¥9.6 billion, respectively, were attributable to sales via our bancassurance channel. Of the individual insurance and annuity policies in force for the year ended March 31, 2024, approximately ¥485.0 billion, or 22.4%, in terms of annualized net premiums were attributable to sales via our bancassurance channel, a decrease from ¥501.5 billion and ¥496.3 billion during the years ended March 31, 2022 and 2023, respectively.

Group insurance marketing channel. In our group insurance marketing channel, we have staff in charge of corporate sales in urban areas throughout Japan, and provide consulting on benefit programs such as corporate insurance systems and corporate pension systems for large companies, mainly publicly-traded companies, and government agencies. Also, we provide an online service that streamlines the work of corporate insurance policyholders. The "MY *Hojin* Portal" web system, which we launched in May 2017, reduces the administrative burden on customers by providing a paperless, speedy, automated management service. From October 2019, we have been offering the "*Min-na-no* MY Portal," a web-based service that allows individual subscribers to check their membership details and claim benefits. In addition, our group insurance sales staff collaborate with our sales personnel in order to support their sales activities for employees' insurance products in order to acquire new individual insurance policies, and we have been strengthening the degree of collaboration.

Other channels. In April 2015, we established a sales channel maintained by newly recruited sales personnel, with the aim of developing new individual insurance customers through worksite marketing in urban areas. We have sales and services bases in all 47 prefectures in Japan including 22 sales bases entitled "Hoken Shop" and other sales desks to assist prospective and existing customers, which we operate in the metropolitan areas of Tokyo, Osaka and Nagoya. We have also implemented two initiatives. "Site & MY Link Coordinator" places its products on web advertisements and product comparison sites, and shares the information with customers who have requested materials to the MY Link Coordinator. "Digital Customer Creator" periodically distributes e-mail newsletters and messages to individuals whose personal information we have acquired, thereby encouraging them to take actions such as requesting materials, which have led to steady expansion of the customer base thus far. Under the current mid-term business plan, we are focusing on sharing information of new products to customers through direct marketing through "Site & MY Link Coordinator" initiative, while we are also developing a method to cultivate prospective customers and to expand the target audience for e-mail newsletter distribution, through trial and error in our "Digital Customer Creator" initiative. In this way, we aim to expand the number of channels to disseminate information to MY Link Coordinators as well as the number of customers through both of these initiatives.

Sales Support

Our sales personnel are supported in their sales activities by our advanced IT infrastructure. In particular, they utilize tablet devices for sales activities equipped with mobile communication functions to propose products and provide support for various procedures. In addition, smartphones are provided by us as a means of communication with our customers, and to provide information to our customers by such means as telephone and e-mail.

Customer Support Services

We are constantly seeking to improve our customer support services and the convenience offered to our customers, taking into account the changing demographics and needs of our customer base. In recent years, we have placed significant emphasis on streamlining application procedures and other administrative service-related processes to make them more user-friendly, time-efficient and paperless by utilizing the tablet devices for sales activities and our web-based customer service for our policyholders, "MY Hoken Page."

Shoulder-to-Shoulder Customer Service

We believe that largely due to our after-sales follow-up shoulder-to-shoulder (meaning an effective combination of face-to-face and online consultation methods) customer services, we have been able to realize a continuous year on year decline in our surrender and lapse ratio since March 31, 2011.

The following table sets forth the surrender, lapse and partial surrender rate of our individual insurance and individual annuities as of the dates indicated.

	As of and for the year ended March 31,					As of and for the three months ended June 30,
	2020	2021	2022	2023	2024	2024
	(Billions of yen, except percentages)					
Policy amount at the beginning of the period	¥ 2,265.6	¥ 2,226.7	¥ 2,195.2	¥ 2,167.9	¥ 2,170.5	¥2,161.0
Surrender, lapse and partial surrender amount	89.2	85.5	92.1	116.9	111.8	32.3
Surrender, lapse and partial surrender rate	3.94%	3.84%	4.20%	5.39%	5.15%	1.50%

MY Hoken Page and MY Hoken App

We have introduced MY Hoken Page and MY Hoken App to facilitate no-physical-contact customer services.

MY Hoken Page

The MY Hoken Page provides web-based customer service exclusively for policyholders. Through the website, policyholders can review the contents of their policies and carry out various procedures such as applying for an insurance policy.

MY Hoken App

The MY Hoken App is a mobile device application that we have developed and provided. Through the MY Hoken App, our customers can easily log in to the MY Hoken Page using various mobile devices, utilizing convenient biometric authentication methods if available on such devices. The MY Hoken App also shows push notifications on those mobile devices about the policies. In addition, the MY Hoken App provides our customers with certain health promotion support functions such as counting steps, recording sleep and managing body shape data.

Call Center

In addition to the online customer support service provided through the MY Hoken Page and face-to-face customer service provided through our after-sales follow-up visits, our call centers provide customers with a supplemental and efficient means to gain access to information about their insurance policies.

Overseas Insurance Business and Strategic Alliances

Although we consider the large and profitable domestic market to be our primary focus, we are also taking steps to develop our overseas insurance business, where we expect there are further growth opportunities. For the year ended March 31, 2024, our overseas insurance business contribution in terms of insurance premiums of the group was 15.0%, and in terms of base profit of the group, was 15.5%.

To increase revenues in our overseas business, we plan to pursue a broad range of possibilities and examine the best way of expanding businesses based on the characteristics of the respective overseas markets. Currently, we operate life insurance businesses in four countries through subsidiaries and affiliated companies. For example, in June 2021, we established a wholly-owned Singapore subsidiary, Meiji Yasuda Asia Pacific Pte. Ltd. to facilitate the research activities on financial and economic trends as well as new investment opportunities in the Asia Pacific region.

In March 2016, we took a significant step in expanding our overseas insurance business by acquiring StanCorp, a medium-sized life insurance holding company that is a leading provider of group life and disability insurance in the United States. StanCorp operates through Standard Insurance Company, its major subsidiary and a leading provider of financial products and services, including employee benefits, individual disability, retirement plans and individual annuities in the United States. StanCorp maintains a management philosophy to lead the insurance industry by "helping people achieve financial well-being and peace of mind," with its business network extending to regions throughout the United States. We have positioned StanCorp as a strategic base in the United States for securing future growth for our operations and are providing support, which include management oversight and monitoring by dispatching our personnel to serve as a director at StanCorp, with the aim of helping it achieve business expansion and greater profitability.

StanCorp's premium income in the year ended December 31, 2023 was ¥479.6 billion, increased by 12.5% from the year ended December 31, 2022, mainly due to the good persistency ratio of group insurance and increase in the number of policyholders in the existing groups. StanCorp operates in five segments, and for the year ended December 31, 2023, the total revenue attributable to StanCorp's group annuities segment, accident and health segment, individual annuities segment, group life segment and individual life segment were 48.2%, 25.5%, 21.4%, 4.9% and 0.04%, respectively.

With the aim of further strengthening the customer base and streamlining the group insurance and group annuity businesses of StanCorp, we have subsequently acquired additional U.S.-based businesses through StanCorp, including the October 2022 acquisition of retirement plan recordkeeping business of Securian Financial Group, Inc. and the acquisition completed in April 2024 of three subsidiaries of Elevance Health, Inc. (Anthem Life Insurance Company, Anthem Life & Disability Insurance Company and Greater Georgia Life Insurance Company) that engage primarily in group insurance businesses in the United States. In connection with the acquisition of subsidiaries of Elevance, in March 2023, we announced to enter into a sales partnership with Elevance for provision of group insurance products by StanCorp to Elevance's customers and group medical insurance products by Elevance to StanCorp's customers through the sales network of two companies' broker networks and other means.

Most recently, we announced on August 14, 2024 that StanCorp had entered into a definitive agreement for the acquisition of two subsidiaries of Allstate, American Heritage Life Insurance Company and American Heritage Service Company, which operate employer voluntary benefits businesses in the United States. We believe that this acquisition will contribute to our strategy of expanding our overseas insurance business by further strengthening StanCorp's business in the United States. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Acquisition of Employer Voluntary Benefits Businesses from Allstate."

Our other existing international development initiatives in this area include:

- In 1976, we acquired a majority equity stake in PGL headquartered in Hawaii. By doing so, we became the first Japanese life insurer to participate in the management of a life insurance company in the United States. In 1985, we increased the proportion of our equity stake in PGL to 100.0%, making it our wholly owned subsidiary. PGL provides life insurance tailored for the needs of customers in local communities, mainly in Hawaii and the west coast of the United States.

- In 2010, we acquired approximately 300 million euros of convertible perpetual subordinated bonds issued by Talanx AG, a well-known German insurer. In connection with the October 2012 initial public offering conducted by Talanx AG, such bonds were converted into shares of Talanx AG.

- In 2010, we made an investment in a Chinese life insurance company that was subsequently renamed Founder Meiji Yasuda Life Insurance Co., Ltd., in which we currently hold an equity stake of 29.2%. We will endeavor to expand business at this joint venture in cooperation with the other two shareholders, New Founder Holding Development Company Limited (a subsidiary of

Ping An Insurance Group) and Haier Group (a leading Chinese manufacturer of consumer electronics and home appliances).

- In 2012, we acquired shares of two major Polish insurers, TU Europa S.A. and TUiR Warta S.A., jointly with Talanx AG, our alliance partner since 2010 and currently hold equity stakes of 33.5% and 24.3% in TU Europa S.A. and TUiR Warta S.A., respectively. Through our acquisitions, we became the first Japanese insurer to enter the Polish insurance market. In June 2022, we acquired an additional equity stakes of 16.54% in TU Europa S.A. so that our total equity stakes increased to 50% minus one share, with the aim of enhancing the relationships with Talanx AG and TU Europa S.A.

- In 2013, we made a 15.0% investment in Thai Life Insurance Public Company Limited, a major life insurer in Thailand. Along with a track record that extends more than 80 years since its founding, Thai Life has significant brand recognition as an insurer run by Thai people for Thai people. As a strategic partner, we seek to bring our knowledge and experience together with Thai Life's superior brand capabilities, thereby providing insurance services with even higher quality to Thailand. In July 2022, Thai Life's stock was newly listed on the Thai stock exchange. In November 2022, we made an additional investment so that we own 17% equity shares in Thai Life, with the aim of enhancing the relationship with them for further growth.

In furtherance of our strategy to capture overseas growth opportunities, we continue to seek partners in the insurance business in both developed and emerging markets. From time to time, if we identify a suitable strategic partner, we may enter into strategic alliances with such partner similar to those described above.

Domestic Strategic Alliances

As part of our strategy to expand product and service offerings, we have entered into the following strategic transactions and alliances with other service providers and financial institutions in Japan:

- In December 1998, we formed a joint venture, The Mitsubishi Asset Brains Company, Limited, an investment advisory firm, with MUFG Bank, Ltd., which was formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Tokio Marine & Nichido Fire Insurance Co., Ltd. in which our equity stake is 25%. The Mitsubishi Asset Brains Company, Limited provides research and evaluation services with respect to investment trusts, as well as engages in general investment advisory and agency businesses.

- In October 2006, MT Insurance Service and Sanshin Toei merged to form MST Insurance Service Co., Ltd. The company has a long-standing business relationship with MUFG Bank and is one of the largest comprehensive insurance agents in Japan. The company offers a wide range of products from domestic and foreign insurance companies, and provide high-quality consulting and solutions through our domestic bases in Tokyo, Nagoya and Osaka, as well as overseas networks spanning Europe, America and Asia. We hold 16.1% of the company's shares.

We have also promoted innovation by taking advantage of external insights through co-creation with external specialists, established corporations, startups, local governments and medical and academic institutions, including by investments in startups through our corporate venture capital established in February 2023.

Pricing and Underwriting

Pricing of our life insurance and annuity products is based mainly on assumptions with respect to expected mortality and morbidity rates, rates of return on investments and administrative expenses.

We maintain underwriting policies and guidelines intended to prevent actual insurance payment events from occurring at a higher rate than the expected mortality and morbidity rates. Our insurance underwriting involves a centralized application and risk evaluation process that determines whether the risk unique to a particular applicant, including mortality and morbidity risk and risk of insurance fraud, is consistent with the amount of risk that we are willing to accept. We consider the risk characteristics of the individual applicant to be insured, including a detailed medical condition, occupational and financial profile and we maintain strict guidelines regarding the examinations required for the type and amount of each policy. For example, in the case of policies that provide for death benefits exceeding a specified level, the insured party must undergo medical examinations performed by physicians employed by or affiliated with us. Other products offering lower benefits may require simpler examination procedures, such as submission of results of a physical examination or in some cases only a written self-declaration.

We underwrite our group policies generally by evaluating the risk characteristics of the prospective insured group.

Additionally, when introducing new products or product lines, our product development departments conduct thorough evaluations of the insurance underwriting risk on existing policies to assess the risks associated with pricing of new products or product lines, which often involves the use of assumptions based on limited experience when compared to existing products or product lines.

To maintain high standards of underwriting quality and consistency, we engage in a series of ongoing internal underwriting audits at our offices and corporate headquarters.

From time to time, we revise the assumed yield used to calculate the premium rate on our insurance products based on changes to the standard prospective yield fixed by the FSA and market interest rates.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management—Insurance Underwriting Risk Management."

Investments

Our investments are divided into the general account and separate accounts. Payments to customers for products providing a fixed benefit are made from investments in our general account. We bear the risk that investments in the general account will not yield sufficient return to cover benefits paid for products for which premiums are calculated based on a fixed assumed yield.

In contrast, products for which customers bear the investment risk are paid from funds managed in a separate account. These products include individual variable insurance, individual variable annuities and group annuities with separate account policy riders. While there are no regulations restricting allocation of separate account assets to specified classes of investments, we generally invest such assets in investments for which market prices are readily available so that we may efficiently realize the returns for payment to policyholders.

Of our ¥47,793.3 billion of total assets as of June 30, 2024, general account assets accounted for ¥47,257.6 billion. The balance consisted of separate account assets in the amount of ¥617.4 billion.

Management of Investments

We invest our general account assets based on a "surplus management-type ALM" policy. Under this policy, the surplus derived from the difference between the economic values of assets and liabilities is considered an important indicator of financial soundness, and fluctuations in this surplus are closely monitored.

- We aim to promote asset management centered on ALM and to secure both soundness and profitability over the long term. Relying on the ALM approach, we make investments based on the characteristics of our liabilities, such as cost and duration, while at the same time seeking to augment earnings in the medium- to long-term by assuming a certain degree of risk within a permitted range with reference to our available risk buffer.

- *Stability.* Recognizing that the key to stability lies in maintaining a proper portfolio structure, we invest based on an annual investment plan and the long-term objectives of our portfolio, which take into consideration the characteristics of our liabilities. We consider the expected duration of yen-denominated interest-bearing assets to be an important factor in the establishment and implementation of the investment plan.

- *Profitability.* We seek to augment medium- to long-term earnings by selectively investing in various assets, such as domestic and foreign equity and bonds, loans and real estate, that we believe bear a favorable risk-return trade-off. We conduct risk control such that the total value-at-risk of the investment portfolio, which is calculated using a statistical analysis, is within the permitted range according to our available risk buffer. In addition, we also monitor value-at-risk for market risk and credit risk, and, as necessary, establish appropriate limits to maintain a balance between profitability and stability.

Consistent with the basic policy described above, our core assets in recent periods have been concentrated in yen-denominated assets that are expected to provide stable income, such as bonds and loans. We have also invested in assets, such as stocks and foreign securities, from a perspective of medium- to long-term growth while remaining within acceptable levels of risk and stability. Our asset allocations priorities in recent periods have generally been as follows:

- *Domestic bonds.* We have invested in bonds to provide stable interest revenue and boost profitability.

- *Loans.* We have focused on safe and stable prime lending by accurately assessing credit risks.

- *Foreign securities.* We have invested in a variety of foreign securities, including bonds, equities and investment trusts, denominated in foreign currencies with reference to foreign exchange movements. Moreover, to enhance profitability, we recently purchased more foreign bonds in light of the gap between domestic and overseas interest rates and trends in foreign exchange rates.

- *Domestic stocks.* We have focused on the overall state of returns to investors, including corporate profitability and dividends over the medium- to long-term.

Our domestic bond portfolio mainly consists of ultra long-term bonds with maturities of ten years or longer. The following table sets forth the maturity profile of domestic bonds we hold at the general account on a non-consolidated basis. See also "—Domestic Bonds."

	As of March 31,				
	2020	**2021**	**2022**	**2023**	**2024**
	(Billions of yen)				
10 years or less	¥ 6,263.2	¥ 6,875.8	¥ 7,145.0	¥ 7,032.9	¥ 6,753.8
Over 10 years	10,945.7	11,278.0	11,551.5	11,491.9	11,758.8
Total	¥17,209.0	¥18,153.8	¥18,696.6	¥18,524.9	¥18,512.6

As a low interest rate policy was introduced by BOJ and had resulted in a persistent low interest rate environment in Japan, as part of the ALM approach, we have generally controlled market risks by underwriting less policies that provide a guarantee of the assumed interest for a longer period. As a result, the duration gap between assets and liabilities under the ALM framework has been decreasing. The following table sets forth the duration of our insurance liabilities on a non-consolidated basis as compared to the duration of the assets we hold at our general account on a non-consolidated basis as of the dates indicated.

	As of March 31,				
	2020	**2021**	**2022**	**2023**	**2024**
	(Years)				
Assets	10.8	11.1	11.8	11.6	11.2
Liabilities	16.5	15.8	15.0	14.1	12.7

For the year ended March 31, 2024, our asset allocation and investment policy was to (i) allocate our assets to maintain a stable positive spread during the current high volatility environment, while focusing on our surplus management-type ALM in the medium- to long-term and (ii) accelerate effective investments in foreign currency-denominated bonds depending on the market conditions, as well as strengthen our investments in carefully selected risk assets to maintain and increase profitability. Our asset allocation and investment plan for the year ended March 31, 2024 by asset class were as follows:

- *Domestic loans.* Focus on interest rates levels and on increasing our lending base, while promoting investment and financing focused on sustainability. Balance of domestic loans to generally decrease due to repayments exceeding new loan volume.

- *Domestic bonds.* Flexibly control our balance in domestic bonds, taking into account interest rate trends.

- *Foreign currency denominated bonds.* Generally increase our investments in foreign bonds, taking into account interest and exchange rate trends and movements as well as hedging costs. Actively invest in foreign currency denominated bonds where total returns exceed those of domestic bonds.

- *Domestic stocks.* Maintain our current level of investment in domestic stocks with a focus on investments to improve medium- to long-term profitability, while continuing to make new investments through funds.

- *Private Assets.* Increase our investments in private assets that have little correlation with traditional assets. Increase our investments in private equities, private debts mainly in the United States.

- *Real estate.* Promote reconstruction and redevelopment of portfolio properties and investments in new properties focusing on metropolitan areas and accumulate excellent properties by assessing real estate market conditions.

Our asset allocation and investment policy for the year ending March 31, 2025 is expected to be consistent with our plan for the year ended March 31, 2024.

We are exposed to a variety of sources of investment risk, including:

- market risk associated with changes in interest rates, stock prices and foreign exchange rates;

- credit risk relating to the potential for losses incurred when the value of assets, primarily loans and bonds, declines or disappears due to a deterioration in the financial condition of a party to whom credit has been extended; and

- real estate risk relating to the potential for a decrease in real estate income because of a decline in rent, a decrease in number of tenants or other factors or a general decline in real estate prices due to market forces.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Risk Management.”

Regulatory Restrictions on Investments

Japanese regulations previously restricted the percentage of general account assets that could be allocated to specified types of investments. However, these provisions were abolished in April 2012, and currently there are no regulations restricting the percentage of general account assets that may be allocated to domestic or overseas investments.

Japanese regulations do not impose restrictions on the maximum percentage of assets that may be allocated to specific classes of investments within separate account assets. The Insurance Business Act restricts us from making certain types of specified investments. See “Regulations—Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Restrictions on Scope of Business—Restrictions on investments.”

Overall Composition of Investments

The following table summarizes invested assets and other assets in our general account as of the dates indicated:

	As of March 31,						As of June 30, 2024	
	2022		2023		2024			
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)							
Cash, deposits and call loans	¥ 803.4	1.8%	¥ 1,299.6	3.0%	¥ 921.3	2.0%	¥ 857.1	1.8%
Receivables under resale agreements	–	–	–	–	–	–	–	–
Receivables under securities borrowing transactions	–	–	–	–	–	–	–	–
Monetary claims bought	182.7	0.4	171.1	0.4	160.3	0.3	157.9	0.3
Trading account securities	–	–	–	–	–	–	–	–
Money held in trust	157.6	0.4	119.5	0.3	114.1	0.2	111.1	0.2
Securities	36,444.3	83.8	36,583.4	83.8	40,019.1	85.5	40,563.4	85.8
Domestic bonds	18,696.6	43.0	18,524.9	42.4	18,512.6	39.5	18,394.0	38.9
Domestic stocks	4,583.3	10.5	4,593.8	10.5	6,649.8	14.2	6,557.9	13.9
Foreign securities	12,003.9	27.6	12,319.4	28.2	13,682.9	29.2	14,369.5	30.4
Foreign bonds	9,255.6	21.3	9,512.4	21.8	10,456.6	22.3	10,946.0	23.2
Foreign stocks	2,748.3	6.3	2,807.0	6.4	3,226.2	6.9	3,423.4	7.2
Others	1,160.3	2.7	1,145.1	2.6	1,173.6	2.5	1,241.8	2.6
Loans	3,933.6	9.0	3,897.3	8.9	3,881.4	8.3	3,846.9	8.1
Policy loans	191.3	0.4	175.6	0.4	163.8	0.3	160.7	0.3
Industrial and consumer loans	3,742.3	8.6	3,721.6	8.5	3,717.5	7.9	3,686.1	7.8
Real estate(1)	866.3	2.0	865.1	2.0	883.7	1.9	884.3	1.9
Deferred tax assets	–	–	–	–	–	–	–	–
Others	1,093.3	2.5	747.3	1.7	852.5	1.8	846.0	1.8
Allowance for possible loan losses	(10.5)	(0.0)	(11.7)	(0.0)	(9.5)	(0.0)	(9.4)	(0.0)
Total	¥43,471.0	100.0%	¥43,671.8	100.0%	¥46,823.2	100.0%	¥47,257.6	100.0%
Assets denominated in foreign currencies	12,597.5	29.0%	13,240.3	30.3%	14,912.0	31.8%	15,655.9	33.1%

Note:

(1) Real estate reflects the total value of land, buildings and construction in progress.

The following table summarizes changes in invested assets and other assets in our general account as of each date shown from the end of the previous fiscal year:

	As of March 31,			As of June 30,
	2022	2023	2024	2024
	(Billions of yen)			
Cash, deposits and call loans	¥ (414.3)	¥ 496.2	¥ (378.2)	¥ (64.1)
Receivables under resale agreements	–	–	–	–
Receivables under securities borrowing transactions	–	–	–	–
Monetary claims bought	(81.4)	(11.6)	(10.8)	(2.3)
Trading securities	–	–	–	–
Money held in trust	2.9	(38.0)	(5.4)	(2.9)
Securities	1,740.0	139.1	3,435.7	544.2
Domestic bonds	542.7	(171.7)	(12.2)	(118.6)
Domestic stocks	(58.3)	10.4	2,055.9	(91.8)
Foreign securities	1,347.1	315.5	1,363.5	686.5
Foreign bonds	903.7	256.7	944.2	489.3
Foreign stocks	443.3	58.7	419.2	197.1
Other securities	(91.4)	(15.1)	28.5	68.1
Loans	(162.0)	(36.3)	(15.8)	(34.5)
Policy loans	(16.4)	(15.6)	(11.7)	(3.0)
Industrial and consumer loans	(145.5)	(20.6)	(4.0)	(31.4)
Real estate(1)	0.5	(1.1)	18.6	0.5
Deferred tax assets	–	–	–	–
Others	407.7	(346.0)	105.1	(6.4)
Allowance for possible loan losses	(3.6)	(1.2)	2.2	0.0
Total	¥1,489.9	¥ 200.8	¥3,151.3	¥ 434.4
Assets denominated in foreign currencies	¥1,334.3	¥ 642.8	¥1,671.6	¥ 743.8

Note:
(1) Real estate reflects the total value of land, buildings and construction in progress.

Investment Results

The following table sets forth the average rates of return based on net investment income for each of the components of our investment portfolio in our general account for the periods indicated:

	Year ended March 31,		
	2022	2023	2024
Cash, deposits and call loans	1.67%	1.85%	5.83%
Receivables under resale agreements	–	–	–
Receivables under securities borrowing transactions	–	–	–
Monetary claims bought	1.17	1.40	1.36
Trading securities	–	–	–
Money held in trust	1.79	1.55	0.84
Securities	2.77	2.73	3.56
Domestic bonds	1.59	1.41	1.51
Domestic stocks	12.43	11.25	12.38
Foreign securities	3.17	3.49	5.22
Foreign bonds	2.76	2.96	5.24
Foreign stocks	4.60	5.32	5.17
Loans	1.63	1.59	2.42
Industrial and consumer loans	1.51	1.48	2.35
Real estate(2)	1.94	1.81	1.78
Total	2.21	1.97	2.67
Overseas investments(3)	3.59%	3.24%	5.44%

Notes:

(1) The rate of return is calculated by deducting investment expenses from the ordinary gain (loss) on the investment, and dividing the result by the average daily balance.

(2) Real estate reflects the total value of land, buildings and construction in progress.

(3) Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

Average Balance of Assets

The following table sets forth the average balance of assets in our general account for each of the periods indicated, calculated based on the averages of daily ending balances:

	Year ended March 31,		
	2022	**2023**	**2024**
	(Billions of yen)		
Cash, deposits and call loans	¥ 1,030.9	¥ 905.2	¥ 864.5
Receivables under resale agreements	–	–	–
Receivables under securities borrowing transactions	–	–	–
Monetary claims bought	232.9	176.9	165.5
Trading account securities	–	–	–
Assets held in trust	155.8	149.5	126.6
Securities	31,068.9	32,496.7	32,767.8
Domestic bonds	18,154.5	18,554.2	18,451.8
Domestic stocks	1,676.0	1,648.5	1,635.7
Foreign securities	10,152.2	11,208.6	11,580.1
Foreign bonds	7,902.8	8,678.4	9,037.3
Foreign stocks	2,249.4	2,530.2	2,542.8
Loans	4,010.5	3,912.1	3,870.6
Industrial and consumer loans	3,811.2	3,728.7	3,700.8
Real estate(2)	872.5	874.9	880.9
Total	¥38,783.8	¥40,269.2	¥40,449.8
Overseas investments(3)	¥11,189.8	¥12,414.1	¥12,922.5

Notes:

(1) Average balances are calculated based on book value.

(2) Real estate reflects the total value of land, buildings and construction in progress.

(3) Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

Unrealized Gains and Losses

Our investments in securities other than subsidiaries and affiliates are classified into four categories:

- trading securities, which are securities held for the purpose of generating profits through trading of such securities;
- held-to-maturity debt securities, which are debt securities that are expected to be held to maturity;
- policy-reserve-matching bonds, which are debt securities that are held long-term to match our policy reserves; and
- available-for-sale securities, which are all other securities.

Marketable available-for-sale securities are stated at fair value. Unrealized gains and losses on marketable available-for-sale securities are included in a separate component of net assets, net of income taxes, unless a decline in fair value is considered not temporary, in which case the decline is recognized in earnings as a valuation loss. Held-to-maturity debt securities, policy-reserve-matching bonds and available-for-sale securities without readily obtainable fair value are stated at amortized cost or book value. For the purpose of computing realized gains and losses, cost is determined on a moving average method.

The table below shows the net unrealized gains related to our held-to-maturity debt securities as of June 30, 2024:

	As of June 30, 2024		
	Carrying value	Fair value	Net unrealized gains
	(Billions of yen)		
Held-to-maturity debt securities	¥ 3,103.0	¥ 3,283.6	¥ 180.6

The following table sets forth the net unrealized gains related to our policy-reserve-matching bonds as of June 30, 2024:

	As of June 30, 2024		
	Carrying value	Fair value	Net unrealized gains
	(Billions of yen)		
Policy-reserve-matching bonds	¥ 15,099.2	¥ 13,813.3	¥ (1,285.8)

The following table sets forth the net unrealized gains and losses related to our marketable available-for-sale securities as of June 30, 2024:

	As of June 30, 2024		
	Amortized cost	Fair value	Net unrealized gains (losses)
	(Billions of yen)		
Marketable available-for-sale securities:			
Domestic bonds	¥ 3,289.7	¥ 3,293.5	¥ 3.7
Domestic stocks	1,538.4	6,463.9	4,925.5
Foreign securities	9,365.1	10,467.6	1,102.4
Foreign bonds	7,575.4	7,997.6	422.1
Foreign stocks	1,789.6	2,470.0	680.3
Other securities	971.1	1,136.3	165.1
Monetary claims bought	4.5	4.6	0.1
Negotiable deposits	19.0	18.9	(0.0)
Cash in trust	123.6	111.1	(12.4)
Total	¥ 15,311.6	¥ 21,496.2	¥ 6,184.5

Notes:

(1) The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

(2) The above table includes investment assets that are considered appropriate to be treated as securities under the IBA.

The following table sets forth stocks of our subsidiaries and affiliates and available-for-sale securities that cannot be assigned a market value as of June 30, 2024:

	As of June 30, 2024
	Carrying value
	(Billions of yen)
Stocks of subsidiaries and affiliates	¥ 1,023.4
Other securities	63.6
Domestic stocks	29.9
Foreign stocks	0.4
Other	33.1
Total	¥ 1,087.0

As of March 31, 2022, 2023 and 2024, net unrealized gains on real estate amounted to ¥591.9 billion, ¥615.8 billion and ¥644.9 billion, respectively. Net unrealized gains on real estate are comprised of the sum of our land account and leasehold account, and valuation of real estate is calculated with reference to appraisal values, land assessments *(rosen-ka)* and real estate prices *(koji-kakaku).*

Domestic Bonds

Domestic bonds consist mainly of publicly traded debt securities and debt securities with readily obtainable market value and represented 43.0%, 42.4%, 39.5% and 38.9% of total assets in our general account as of March 31, 2022, 2023 and 2024 and June 30, 2024, respectively. Our domestic bonds had an average yield of 1.59%, 1.41% and 1.51% for the years ended March 31, 2022, 2023 and 2024, respectively.

By carrying value, approximately 99.4% of our domestic bonds in our general accounts were either policy-reserve-matching bonds, held-to-maturity securities or available-for-sale securities as of June 30, 2024. We invest mainly in debt securities issued by Japanese national and local governments, other public entities and corporations which, based on our internal analysis, have high credit quality. None of the domestic bonds we own were in default as of June 30, 2024.

The following table sets forth the amount of domestic bonds we owned in our general account as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value(1)	% of total	Carrying value(1)	% of total	Carrying value(1)	% of total
	(Billions of yen, except percentages)					
National government bonds	¥16,404.0	87.7%	¥16,305.2	88.0%	¥16,326.3	88.2%
Local government bonds	271.0	1.4	265.0	1.4	254.7	1.4
Corporate bonds	2,021.5	10.8	1,954.6	10.6	1,931.5	10.4
Public corporation bonds	393.9	2.1	391.3	2.1	355.6	1.9
Total	¥18,696.6	100.0%	¥18,524.9	100.0%	¥18,512.6	100.0%

Note:
(1) Available-for-sale securities are stated at fair value.

The following tables set forth the contractual maturity dates for domestic bonds in our general account as of the dates indicated:

	As of March 31, 2022						
	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years(1)	Total
	(Billions of yen)						
National government bonds	¥ 479.1	¥ 919.1	¥ 728.3	¥ 1,025.3	¥ 2,870.2	¥ 10,381.8	¥ 16,404.0
Local government bonds	–	5.2	35.7	127.1	37.6	65.2	271.0
Corporate bonds	75.1	128.7	183.8	306.5	222.8	1,104.3	2,021.5
Total	¥ 554.2	¥ 1,053.1	¥ 947.9	¥ 1,459.0	¥ 3,130.7	¥ 11,551.5	¥ 18,696.6

Note:
(1) Over 10 years includes securities with no fixed maturity.

	As of March 31, 2023						
	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years(1)	Total
	(Billions of yen)						
National government bonds	¥ 483.0	¥ 703.9	¥ 826.1	¥ 1,165.8	¥ 2,748.5	¥ 10,377.7	¥ 16,305.2
Local government bonds	5.0	1.7	88.0	105.8	0.7	63.6	265.0
Corporate bonds	78.2	85.0	325.0	322.5	93.2	1,050.5	1,954.6
Total	¥ 566.3	¥ 790.6	¥ 1,239.1	¥ 1,594.2	¥ 2,842.5	¥ 11,491.9	¥ 18,524.9

Note:
(1) Over 10 years includes securities with no fixed maturity.

	As of March 31, 2024						
	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years(1)	Total
	(Billions of yen)						
National government bonds	¥ 309.6	¥ 703.5	¥ 985.9	¥ 1,418.2	¥ 2,204.6	¥ 10,704.2	¥ 16,326.3
Local government bonds	0.2	35.7	119.9	35.3	0.8	62.7	254.7
Corporate bonds	52.9	207.3	387.1	175.6	116.5	991.8	1,931.5
Total	¥ 362.7	¥ 946.6	¥ 1,493.0	¥ 1,629.2	¥ 2,322.0	¥ 11,758.8	¥ 18,512.6

Note:
(1) Over 10 years includes securities with no fixed maturity.

Loans

Loans represented 9.0%, 8.9% and 8.3% of total assets in our general account as of March 31, 2022, 2023 and 2024, respectively, and consist mainly of fixed interest rate, unsecured loans to large corporations. Loans include loans to borrowers located outside of Japan, which represented 5.0%, 6.6% and 7.7% of the loans in our general account, excluding policy loans, as of March 31, 2022, 2023 and 2024, respectively.

The following table shows the amounts of loans in our general account, excluding policy loans, based on the type of loan as of the dates indicated:

	Carrying Value		
	As of March 31,		
	2022	2023	2024
	(Billions of yen)		
Corporate loans	¥ 3,589.0	¥ 3,573.4	¥ 3,551.7
To domestic corporations	3,417.6	3,336.0	3,276.3
Loans to governments and supranationals	5.5	0.3	0.2
Loans to public organizations	132.3	133.5	152.1
Housing loans	–	–	–
Consumer loans	15.3	14.3	13.3
Other loans	0.0	–	–
Total	¥ 3,742.3	¥ 3,721.6	¥ 3,717.5
Loans to non-residents	¥ 186.4	¥ 247.4	¥ 285.4

The following table sets forth the amounts of loans in our general account, excluding policy loans, based on the type of collateral as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)					
Secured loans	¥ 8.7	0.2%	¥ 6.8	0.2%	¥ 6.1	0.2%
Loans secured by securities	3.6	0.1	2.8	0.1	2.5	0.1
Loans secured by real estate, movables and foundations	3.9	0.1	3.6	0.1	3.4	0.1
Loans secured by claims	1.2	0.0	0.2	0.0	0.1	0.0
Guarantee loans	51.2	1.4	47.7	1.3	48.3	1.3
Fiduciary loans	3,666.9	98.0	3,652.8	98.2	3,649.6	98.2
Other loans	15.3	0.4	14.3	0.4	13.3	0.4
Total(1)	¥ 3,742.3	100.0%	¥ 3,721.6	100.0%	¥ 3,717.5	100.0%

Note:
(1) Of the total amounts of loans, ¥317.3 billion, ¥299.7 billion and ¥287.7 billion were subordinated loans as of March 31, 2022, 2023 and 2024, respectively.

We make loans to corporations across a wide range of industries, with a significant portion of total loans being to corporations in the financial services, utilities and wholesale trades. We also make loans to various government and non-government entities in Japan. The following table shows the amounts of loans to corporations and government entities in our general account based on industry as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)					
Domestic						
Manufacturing	¥ 566.3	15.1%	¥ 518.3	13.9%	¥ 499.5	13.4%
Foodstuffs and beverages	20.3	0.5	20.8	0.6	19.1	0.5
Textiles products	1.6	0.0	1.4	0.0	1.5	0.0
Lumber and wood products	–	–	–	–	–	–
Pulp, paper and paper products	45.2	1.2	36.9	1.0	34.2	0.9
Printing	14.4	0.4	13.4	0.4	12.3	0.3
Chemical and allied products	123.5	3.3	117.5	3.2	110.1	3.0
Petroleum refining	70.3	1.9	65.7	1.8	64.0	1.7
Ceramic, stone and clay products	58.1	1.6	61.5	1.7	66.2	1.8
Iron and steel	86.0	2.3	60.6	1.6	53.4	1.4
Nonferrous metals and products	7.5	0.2	5.1	0.1	4.7	0.1
Fabricated metal products	3.1	0.1	2.3	0.1	2.2	0.1
General purpose, production, and business-oriented machinery	41.5	1.1	40.8	1.1	43.9	1.2
Electric machinery equipment and supplies	30.6	0.8	31.0	0.8	27.7	0.7
Transportation equipment	59.8	1.6	57.7	1.6	57.3	1.5
Miscellaneous manufacturing industries	3.6	0.1	3.1	0.1	2.2	0.1
Agriculture and forestry	0.0	0.0	0.0	0.0	–	–
Fishery	–	–	–	–	–	–
Mining and quarrying of stone and gravel	–	–	–	–	–	–
Construction	19.5	0.5	21.0	0.6	22.0	0.6
Electricity, gas, heat supply and water	801.6	21.4	797.6	21.4	797.2	21.4
Information and communications	88.3	2.4	88.2	2.4	88.2	2.4
Transport and postal activities	286.5	7.7	283.2	7.6	281.0	7.6
Wholesale trade	662.0	17.7	638.8	17.2	631.4	17.0
Retail trade	11.6	0.3	10.7	0.3	10.3	0.3
Finance and insurance	599.0	16.0	638.9	17.2	632.1	17.0
Real estate	354.8	9.5	339.9	9.1	334.5	9.0
Goods rental and leasing	125.6	3.4	119.4	3.2	117.7	3.2
Scientific research, and professional and technical services	20.1	0.5	0.0	0.0	0.0	0.0
Hotels	0.3	0.0	0.1	0.0	0.0	0.0
Eating and drinking services	0.2	0.0	0.0	0.0	0.0	0.0
Living-related and personal services, and amusement services	1.2	0.0	1.1	0.0	1.1	0.0
Education and learning support	0.1	0.0	0.0	0.0	0.0	0.0
Medical, health care, and welfare services	0.4	0.0	0.3	0.0	0.3	0.0
Other services	2.1	0.1	1.6	0.0	2.5	0.1
Local governments	0.0	0.0	0.0	0.0	–	–
Loans for housing funds and consumer credit (with installment repayments)	15.3	0.4	14.3	0.4	13.3	0.4
Others	–	–	–	–	–	–
Subtotal	¥ 3,555.8	95.0%	¥ 3,474.2	93.4%	¥ 3,432.0	92.3%
Overseas						
Governments and others	¥ 15.0	0.4	¥ 10.0	0.3	¥ 10.0	0.3%
Financial institutions	10.0	0.3	56.7	1.5	62.9	1.7
Commerce, industry and others	161.4	4.3	180.7	4.9	212.4	5.7
Subtotal	186.4	5.0	247.4	6.6	285.4	7.7
Total	¥ 3,742.3	100.0%	¥ 3,721.6	100.0%	¥ 3,717.5	100.0%

The following table sets forth the amounts of loans in our general account based on interest rate type and contractual maturity dates as of the dates indicated:

	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years[(1)]	Total
	(Billions of yen)						
As of March 31, 2022:							
Variable-rate loans	¥ 111.5	¥ 13.9	¥ 12.6	¥ 8.5	¥ 32.3	¥ 69.1	¥ 248.1
Fixed-rate loans	292.9	546.9	642.0	442.3	755.8	814.0	3,494.1
Total	¥ 404.4	¥ 560.9	¥ 654.7	¥ 450.8	¥ 788.1	¥ 883.1	¥ 3,742.3
As of March 31, 2023:							
Variable-rate loans	¥ 112.7	¥ 19.3	¥ 17.2	¥ 22.9	¥ 26.5	¥ 85.9	¥ 284.6
Fixed-rate loans	251.8	638.7	537.5	540.9	710.3	757.5	3,437.0
Total	¥ 364.6	¥ 658.0	¥ 554.7	¥ 563.8	¥ 736.8	¥ 843.4	¥ 3,721.6
As of March 31, 2024:							
Variable-rate loans	¥ 133.9	¥ 21.1	¥ 10.9	¥ 34.2	¥ 58.9	¥ 102.8	¥ 362.1
Fixed-rate loans	272.1	632.8	525.0	595.3	683.6	646.3	3,355.4
Total	¥ 406.1	¥ 654.0	¥ 535.9	¥ 629.6	¥ 742.5	¥ 749.1	¥ 3,717.5

Note:
(1) Over 10 years includes securities with no fixed maturity.

The following table sets forth the total number of corporate borrowers located in Japan and the amount of loans to such borrowers in our general account, together with a breakdown based on the size of the borrower, as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Number/ amount	% of total	Number/ amount	% of total	Number/ amount	% of total
	(Billions of yen, except percentages and number of borrowers)					
Large companies:[(1)]						
Number of borrowers	487	56.1%	434	58.4%	389	60.3%
Amount of loans	¥ 2,987.1	87.4	¥ 2,921.0	87.6	¥ 2,930.6	89.5
Medium-sized companies:[(2)]						
Number of borrowers	69	7.9	55	7.4	40	6.2
Amount of loans	¥ 17.6	0.5	¥ 13.7	0.4	¥ 7.6	0.2
Small companies: [(3)]						
Number of borrowers	312	35.9	254	34.2	216	33.5
Amount of loans	¥ 412.8	12.1	¥ 401.2	12.0	¥ 337.9	10.3
Total loans to domestic companies:						
Number of borrowers	868	100.0	743	100.0	645	100.0
Amount of loans	¥ 3,417.6	100.0%	¥ 3,336.0	100.0%	¥ 3,276.3	100.0%

Notes:
(1) Large companies include companies with stated capital of at least ¥1 billion and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
(2) Medium-sized companies include companies with stated capital of more than ¥300 million and less than ¥1 billion (more than ¥50 million and less than ¥1 billion in the case of retailers, restaurants and service companies; more than ¥100 million and less than ¥1 billion in the case of wholesalers) and more than 300 employees (more than 50 employees in the case of retailers and restaurants; more than 100 employees in the case of service companies and wholesalers).
(3) Small companies include all other companies.

The following table is a breakdown of foreign loans in our general account as of the dates indicated, based on the location of the borrower. These loans were primarily either denominated in yen or, for loans denominated in a foreign currency, were currency-hedged by swaps as of each of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)					
Foreign loans:						
North America	¥ 21.2	11.4%	¥ 67.4	27.3%	¥ 88.7	31.1%
Europe	22.7	12.2	19.0	7.7	20.4	7.2
Oceania	32.2	17.3	77.6	31.4	118.3	41.4
Asia	0.3	0.2	–	–	–	–
Central and South America	110.0	59.0	80.0	32.3	50.0	17.5
Middle East	–	–	3.2	1.3	7.9	2.8
Africa	–	–	–	–	–	–
Supranationals	–	–	–	–	–	–
Total	¥ 186.4	100.0%	¥ 247.4	100.0%	¥ 285.4	100.0%

After the amendment of the ordinance for enforcement of the Insurance Business Act which came into effect at the end of March 2022, the scope and classification of problem loans became the same as the categories of nonperforming loans under the Act on Emergency Measures for the Revitalization of the Financial Functions of Japan (Act No. 132 of 1998, as amended). Therefore, we disclose problem loans based on the same categories as those of nonperforming loans under the Insurance Business Act from the fiscal year ended March 31, 2022.

Disclosed claims under the Insurance Business Act. We disclose our commercial loan assets (including principal, lent securities, accrued interest, suspense payments and guarantees of obligations) based on the following categories which reflect the status of borrowers: (i) bankrupt and quasi-bankrupt loans, (ii) doubtful loans, (iii) loans in arrears for three months or longer, (iv) restructured loans and (v) normal loans. The following table sets forth our loans in our general account as classified on the foregoing basis as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total loan assets	Carrying value	% of total loan assets	Carrying value	% of total loan assets
	(Billions of yen, except percentages)					
Bankrupt and quasi-bankrupt loans(1)	¥ 0.3	0.0%	¥ 0.4	0.0%	¥ 0.4	0.0%
Doubtful loans(2)	11.1	0.1	12.5	0.1	11.8	0.1
Loans in arrears for three months or longer(3)	–	–	–	–	–	–
Restructured loans(4)	10.9	0.1	9.9	0.1	9.2	0.1
Subtotal	22.3	0.3	22.8	0.2	21.5	0.2
Normal loans(5)	8,910.7	99.7	9,162.6	99.8	9,800.7	99.8
Total	¥ 8,933.1	100.0%	¥ 9,185.5	100.0%	¥ 9,822.2	100.0%

Notes:

(1) Bankrupt and quasi-bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

(2) Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to be in the state of bankruptcy. These loans exclude the loans described above in note (1).

(3) 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. These loans exclude the loans described above in notes (1) and (2).

(4) 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. These loans exclude the loans described above in notes (1) to (3).

(5) Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in notes (1) to (4).

Self-assessment of loan assets. The problem loan classifications under the categories of borrowers and repayment situations described above are derived from classifications of both borrowers and individual loans under the self-assessment guidelines provided under the "Inspection Manual of Insurance Companies" issued by the FSA. We review our self-assessment semi-annually.

Domestic Stocks

Domestic stocks represented 10.5%, 10.5%, 14.2% and 13.9% of total assets in our general account as of March 31, 2022, 2023 and 2024 and June 30, 2024, respectively, and consisted mainly of investments in common stock. The break-even point for our equity holdings, which was approximately 9,400 on the Nikkei 225 Index as of June 30, 2024 assuming that the market value of our stock portfolio changes in parallel to the Nikkei 225 Index, was below the then current market level.

We own stocks of domestic corporations across a wide range of industries. The following table sets forth the amounts of our domestic stocks in our general account by industry as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value(1)	% of total	Carrying value(1)	% of total	Carrying value(1)	% of total
	(Billions of yen, except percentages)					
Fishery, agriculture and forestry	¥ 1.2	0.0%	¥ 1.2	0.0%	¥ 1.4	0.0%
Mining	–	–	–	–	–	–
Construction	91.9	2.0	93.6	2.0	128.8	1.9
Manufacturing:						
Foods	209.5	4.6	223.3	4.9	281.5	4.2
Textiles and apparels	20.6	0.5	24.2	0.5	31.2	0.5
Pulp and paper	2.5	0.1	2.5	0.1	3.7	0.1
Chemicals	486.8	10.6	514.0	11.2	708.2	10.7
Pharmaceuticals	149.1	3.3	126.3	2.7	125.5	1.9
Oil and coal products	5.4	0.1	5.4	0.1	8.5	0.1
Rubber products	9.4	0.2	9.9	0.2	14.5	0.2
Glass and ceramics products	175.4	3.8	183.7	4.0	240.7	3.6
Iron and steel	52.8	1.2	66.9	1.5	89.8	1.4
Nonferrous metals	9.5	0.2	10.7	0.2	16.0	0.2
Metal products	18.4	0.4	19.0	0.4	23.8	0.4
Machinery	258.3	5.6	253.0	5.5	376.7	5.7
Electric appliances	655.6	14.3	644.7	14.0	828.0	12.5
Transportation equipment	561.6	12.3	511.7	11.1	880.8	13.2
Precision instruments	221.1	4.8	215.7	4.7	268.3	4.0
Other products	43.5	1.0	49.9	1.1	57.8	0.9
Electric power and gas	108.4	2.4	109.4	2.4	163.3	2.5
Transportation, information and communication:						
Land transportation	178.1	3.9	178.4	3.9	200.2	3.0
Marine transportation	33.7	0.7	25.8	0.6	34.0	0.5
Air transportation	3.9	0.1	4.4	0.1	5.0	0.1
Warehouse and harbor transportation services	26.6	0.6	28.3	0.6	40.1	0.6
Information and communication	56.2	1.2	66.9	1.5	79.2	1.2
Trade:						
Wholesale trade	411.5	9.0	451.2	9.8	870.1	13.1
Retail trade	35.1	0.8	43.0	0.9	60.0	0.9
Finance and insurance:						
Banks	287.3	6.3	269.3	5.9	419.4	6.3
Securities and commodity futures	14.8	0.3	14.8	0.3	17.8	0.3
Insurance	157.0	3.4	158.2	3.4	251.7	3.8
Other financing business	83.4	1.8	90.4	2.0	126.1	1.9
Real estate	143.2	3.1	132.0	2.9	212.3	3.2
Services	69.8	1.5	64.4	1.4	84.0	1.3
Total	¥ 4,583.3	100.0%	¥ 4,593.8	100.0%	¥ 6,649.8	100.0%

Note:
(1) Available-for-sale securities are stated at fair value.

Foreign Investments

Cash and cash equivalents denominated in currencies other than yen are categorized under "Cash and cash equivalents," loans to borrowers located outside of Japan are categorized under "—Loans," and neither is included in foreign investments unless otherwise noted.

The average yield on foreign investments (interest, dividends and realized gains and losses) was 3.17%, 3.49% and 5.22% for the years ended March 31, 2022, 2023 and 2024, respectively.

The following table sets forth the amounts of foreign investments in our general account (including non-yen-denominated cash, cash equivalents and other assets) classified as denominated in foreign currency, swapped into yen or denominated in yen as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)					
Foreign currency denominated assets:						
Foreign bonds	¥ 9,635.6	73.4%	¥ 9,983.5	72.9%	¥ 10,979.8	72.0%
Foreign stocks	2,601.1	19.8	2,693.0	19.7	3,186.1	20.9
Cash and cash equivalents	360.7	2.7	563.7	4.1	746.0	4.9
Subtotal	¥ 12,597.5	95.9%	¥ 13,240.3	96.7%	¥ 14,912.0	97.7%
Foreign currency denominated assets with fixed yen value:						
Loans	¥ 131.0	1.0%	¥ 131.0	1.0%	¥ 131.0	0.9%
Others	0.0	0.0	0.1	0.0	0.0	0.0
Subtotal	¥ 131.1	1.0%	¥ 131.1	1.0%	¥ 131.1	0.9%
Japanese yen-denominated assets:						
Loans to non-residents	¥ 140.3	1.1%	¥ 110.8	0.8%	¥ 80.8	0.5%
Foreign bonds	119.8	0.9	98.0	0.7	91.3	0.6
Others	147.1	1.1	114.0	0.8	40.1	0.3
Subtotal	¥ 407.3	3.1%	¥ 322.8	2.4%	¥ 212.3	1.4%
Net overseas loans and investment	¥ 13,136.0	100.0%	¥ 13,694.4	100.0%	¥ 15,255.5	100.0%

The following table sets forth the amounts of foreign investments denominated in a foreign currency in our general account based on the type of foreign currency as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages)					
U.S. dollar	¥ 9,828.7	78.0%	¥ 10,469.5	79.1%	¥ 11,773.1	79.0%
Australian dollar	1,646.9	13.1	1,389.9	10.5	1,519.9	10.2
Euro	–	–	619.1	4.7	871.1	5.8
Others	1,121.8	8.9	761.6	5.8	747.8	5.0
Net foreign currency denominated assets	¥ 12,597.5	100.0%	¥ 13,240.3	100.0%	¥ 14,912.0	100.0%

The following tables set forth the amounts of foreign investments in our general account by location as of the dates indicated:

	As of March 31, 2022					
	Foreign bonds		Foreign stocks		Total	
	Carrying value[1]	% of total	Carrying value[1]	% of total	Carrying value[1]	% of total
	(Billions of yen, except percentages)					
North America	¥ 6,280.5	67.9%	¥ 1,289.4	46.9%	¥ 7.570.0	63.1%
Europe	963.5	10.4	95.0	3.5	1,058.5	8.8
Oceania	1,589.4	17.2	–	–	1.589.4	13.2
Asia	101.9	1.1	100.8	3.7	202.7	1.7
Latin America and the Caribbean[2]	103.7	1.1	1,263.0	46.0	1,366.7	11.4
Middle East	–	–	–	–	–	–
Africa	–	–	–	–	–	–
Supranationals	216.3	2.3	–	–	216.3	1.8
Total	¥ 9,255.6	100.0%	¥ 2,748.3	100.0%	¥ 12,003.9	100.0%

Notes:

(1) Available-for-sale securities are stated at fair value.

(2) Investments in issuers located in Latin America and the Caribbean consist mainly of unit trusts, limited partnerships, limited liability companies and other special purpose vehicles located in the Cayman Islands which are managed by selected investment advisers and whose primary investments are in stocks and bonds issued in major international markets. Other than the foregoing, we generally do not make direct investments in securities of Latin American and Caribbean issuers.

	As of March 31, 2023					
	Foreign bonds		Foreign stocks		Total	
	Carrying value[1]	% of total	Carrying value[1]	% of total	Carrying value[1]	% of total
	(Billions of yen, except percentages)					
North America	¥ 6,666.8	70.1%	¥ 1,296.8	46.2%	¥ 7,963.7	64.6%
Europe	1,170.3	12.3	166.3	5.9	1,336.6	10.8
Oceania	1,305.9	13.7	–	–	1,305.9	10.6
Asia	66.5	0.7	121.1	4.3	187.6	1.5
Latin America and the Caribbean[2]	65.2	0.7	1,222.7	43.6	1,287.9	10.5
Middle East	–	–	–	–	–	–
Africa	–	–	–	–	–	–
Supranationals	237.5	2.5	–	–	237.5	1.9
Total	¥ 9,512.4	100.0%	¥ 2,807.0	100.0%	¥ 12,319.4	100.0%

Notes:

(1) Available-for-sale securities are stated at fair value.

(2) Investments in issuers located in Latin America and the Caribbean consist mainly of unit trusts, limited partnerships, limited liability companies and other special purpose vehicles located in the Cayman Islands which are managed by selected investment advisers and whose primary investments are in stocks and bonds issued in major international markets. Other than the foregoing, we generally do not make direct investments in securities of Latin American and Caribbean issuers.

	As of March 31, 2024					
	Foreign bonds		Foreign stocks		Total	
	Carrying value[(1)]	% of total	Carrying value[(1)]	% of total	Carrying value[(1)]	% of total
	(Billions of yen, except percentages)					
North America	¥ 7,307.6	69.9%	¥ 1,434.1	44.5%	¥ 8,741.7	63.9%
Europe	1,300.0	12.4	207.7	6.4	1,507.7	11.0
Oceania	1,322.2	12.6	–	–	1,322.2	9.7
Asia	105.8	1.0	124.7	3.9	230.5	1.7
Latin America and the Caribbean[(2)]	105.1	1.0	1,459.7	45.2	1,564.9	11.4
Middle East	–	–	–	–	–	–
Africa	–	–	–	–	–	–
Supranationals	315.7	3.0	–	–	315.7	2.3
Total	¥ 10,456.6	100.0%	¥ 3,226.2	100.0%	¥ 13,682.9	100.0%

Notes:

(1) Available-for-sale securities are stated at fair value.

(2) Investments in issuers located in Latin America and the Caribbean consist mainly of unit trusts, limited partnerships, limited liability companies and other special purpose vehicles located in the Cayman Islands which are managed by selected investment advisers and whose primary investments are in stocks and bonds issued in major international markets. Other than the foregoing, we generally do not make direct investments in securities of Latin American and Caribbean issuers.

The following table sets forth the contractual maturity dates for our foreign bonds and other securities in our general account as of the dates indicated:

	1 year or under	Over 1 year through 3 years	Over 3 years through 5 years	Over 5 years through 7 years	Over 7 years through 10 years	Over 10 years[(1)]	Total
	(Billions of yen)						
As of March 31, 2022:							
Foreign securities	¥ 451.6	¥ 556.3	¥ 527.9	¥ 1,457.1	¥ 3,087.0	¥ 5,923.8	¥12,003.0
Foreign bonds	451.6	556.3	527.9	1,457.1	3,087.0	3,175.4	9,255.6
Foreign stocks	–	–	–	–	–	2,748.3	2,748.3
As of March 31, 2023:							
Foreign securities	¥ 111.9	¥ 446.6	¥ 1,062.3	¥ 1,509.0	¥ 3,404.7	¥ 5,784.7	¥12,319.4
Foreign bonds	111.9	446.6	1,062.3	1,509.0	3,404.7	2,977.6	9,512.4
Foreign stocks	–	–	–	–	–	2,807.0	2,807.0
As of March 31, 2024:							
Foreign securities	¥ 78.6	¥ 476.5	¥ 1,572.1	¥ 1,502.5	¥ 3,540.2	¥ 6,512.9	¥13,682.9
Foreign bonds	78.6	476.5	1,572.1	1,502.5	3,494.9	3,331.9	10,456.6
Foreign stocks	–	–	–	–	45.2	3,181.0	3,226.2

Note:

(1) Over 10 years includes securities with no fixed maturity.

Real Estate

Real estate represented 2.0%, 2.0%, 1.9% and 1.9% of the total assets in our general account as of March 31, 2022, 2023 and 2024 and June 30, 2024, respectively. We hold real estate for both operating and investment purposes. Real estate held for operating purposes includes mainly office space. Real estate held for investment purposes includes mainly commercial buildings held for rental income. Investments in real estate are diversified based on location within Japan and type of real estate. We manage our real estate investments to maximize rental and other income. Of our real estate investments as of March 31, 2024, 70.2% was held for leasing purposes.

The following table sets forth the amounts of real estate and other tangible fixed assets in our general account as of the dates indicated:

	As of March 31,					
	2022		2023		2024	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(Billions of yen, except percentages and numbers of buildings)					
Land	¥ 610.4	70.2%	¥ 606.7	69.9%	¥ 606.5	68.4%
Buildings	247.3	28.5	241.9	27.9	250.4	28.2
Construction in progress	8.5	1.0	16.4	1.9	26.7	3.0
Other tangible fixed assets	3.0	0.3	2.5	0.3	3.3	0.4
Total	869.3	100.0%	867.7	100.0%	887.1	100.0%
Of which assets are being leased	597.3	68.7%	597.2	68.8%	620.8	70.0%
Amount of real estate:	¥ 866.3	100.0%	¥ 865.1	100.0%	¥ 883.7	100.0%
For business operations	270.1	31.2	267.9	31.0	263.1	29.8
For lease	596.2	68.8	597.2	69.0	620.5	70.2
Number of buildings held for leasing	145	–	140	–	141	–

We owned 145, 140 and 141 buildings for rental purposes as of March 31, 2022, 2023 and 2024, respectively.

Competition

We believe that competition in the Japanese insurance industry is based on a number of factors, including service, product features, price, financial strength ratings and other indicators of financial health, marketing methods and brand recognition. We face intense competition in the Japanese life insurance market from both domestic and foreign-owned life insurance companies and from large domestic financial service providers that either have their own insurance subsidiaries or enter into cooperative arrangements with major insurance companies. Some of these companies offer products not offered by us, or may have more competitive pricing, higher financial strength ratings, better brand recognition or greater financial resources than we do.

Competition continues to exist in the Japanese life insurance market due to industry deregulation, bancassurance channel targeting by competitors, an overall decline in demand for insurance products with death benefits and increased competition from foreign-owned insurance companies, among other factors. Japan's financial sector has also experienced significant consolidation in recent years, and further consolidation could affect the competitive environment for the sale and distribution of life insurance products. Japan Post Insurance, the life insurance subsidiary of Japan Post Holdings, enjoys competitive advantages in the Japanese insurance market due to its large existing customer base, access to Japan Post Group's nationwide network of post office branches and favorable public perception of its stability due to its association with the government. In May 2021, Japan Post Holdings lowered its ownership share of Japan Post Insurance to 49.9% through sell orders in response to Japan Post Insurance's share repurchases and stock disposal trust. As a result, Japan Post Insurance is no longer required to obtain government approvals under the Postal Service Privatization Act in order to enter into new businesses, while a notification to the government is still required. In addition, if Japan Post Holdings disposes all of its shares of Japan Post Insurance, or if the government determines that there is no threat of impediment to either appropriate competition with other life insurance companies or the appropriate provision of services to users, further relaxation of legal restrictions on Japan Post Insurance may occur. Such relaxation of restrictions may include, for example, the abolition of the limitation on the subscription amount. As a result, Japan Post Insurance may have more flexibility to expand the scope of its business, including through the expansion of the types of insurance policies that it sells or asset management services in which it engages. Consequently, as we compete with Japan Post Insurance in our primary business operations, we may be adversely affected by such competition.

In addition, Japan Post Holdings has entered into a strategic alliance with and acquired a minority stake in Aflac, under which, among other things, Japan Post Insurance offers Aflac's cancer insurance policies. Furthermore, in March 2016, Japan Post Insurance and Dai-ichi Life Insurance Company, Limited agreed to form a strategic business alliance to strengthen the cooperation between the two companies with respect to: (i) the life insurance business in Vietnam; (ii) the asset management business; and (iii) joint research on domestic life insurance businesses. Such competition may intensify as a result of further deregulation of Japan Post Insurance accompanying such privatization or any favorable treatment or support given to Japan Post Insurance by the government. On May 15, 2024, Japan Post Holdings announced that it has made Aflac Inc. an affiliate under the equity method. We may also face competition from various cooperative associations such as the Japan Agricultural Cooperatives, the National Federation of Workers and Consumers Insurance Cooperatives and the Japanese Consumers' Co-operative Union, all of which offer competing life insurance products.

Information Technology

We use information technology to facilitate the operations of all aspects of our business, including the management of our policies, the investment of our assets and the maintenance of statistics and customer information as well as in our sales process.

We currently maintain our primary information management and retention systems at a facility in an area with solid grounds. In addition, as a precaution for the disaster, a group of back-up systems that are necessary for the continued operations, which is regularly updated, is maintained at facilities in other areas. We also maintain customer call service centers and Internet-based customer service sites.

In addition, all of our sales personnel are equipped with tablet devices and smartphones for business use, which they utilize to develop insurance proposals, process applications and complete various procedures on the spot and paper-free. See "—Sales and Marketing—Sales Support."

Protection of Information Assets

We have established a policy to protect information assets, including client information, confidential management information and the systems that process such information. In addition, we have established specific guidelines to protect client information. In accordance with these guidelines, we strive to heighten awareness of information asset protection.

Compliance

In line with our Basic Policy for the Group's Internal Control, we have established the Group Compliance Basic Policy, which sets out the basic matters for promoting compliance within the Meiji Yasuda Group. With the awareness that compliance is the top priority in all aspects of business execution, the basic concept of this Basic Policy is that we will not only comply with applicable laws and regulations in Japan and overseas, international norms and internal rules, but also act with fairness and integrity through the exercise of common sense, and practice compliance in order to provide our customers with optimal products and high-quality services and live up to their trust in us. In addition, we have established management guidelines to propose and solicit insurance policies taking into account the circumstances and environment of each individual customer, such as their life stage and the purpose of insurance, in order to promote customer-oriented insurance solicitation.

Furthermore, we have established various policies and regulations related to compliance, and we strive to ensure that all of our officers and employees are fully aware of the laws, regulations and internal rules that must be observed in day-to-day operations by publishing them in the "Compliance Manual ". Important policies, regulations, manuals, etc. are resolved by the Management Committee and the Board of Directors.

Compliance System

We have designated the Compliance Control Department as the department to centrally manage compliance matters for the entire Meiji Yasuda Group, which promotes the development and enhancement of the compliance system, provide compliance education, promote preventive measures for and respond to inappropriate events, in cooperation with the legal compliance managers and staff assigned to all departments.

In addition, we have established the external Corporate Ethics Hotline as a whistle-blowing contact point for anyone who discovers any inappropriate events to directly report them to, as well as Compliance Hotline and Human Rights Hotline within the company. In addition, to handle work environment issues, we maintain dedicated in-house counseling desks for MY Link Coordinators, Meiji Yasuda Relationship Associates (MYRA), back office employees and agency managers.

In addition to the above, in order to examine the compliance system of the Meiji Yasuda Group as a whole and to make appropriate proposals to business execution departments, we have established the Compliance Verification Committee, as well as the Customer Service Advisory Council which includes external members, which we consult with and report to on important matters related to the development and enhancement of the compliance framework which underlies the customer-oriented services.

Promotion of Compliance

In order to promote compliance, we recognize that each department is a compliance risk owner, and we strive to achieve our vision by improving the effectiveness through autonomous and continuous PDCA operation by the legal compliance managers, etc. Specifically, with the aim of fully achieving the key implementation items and evaluation indicators, such as the annual management plan, we define priority areas for each organization type, such as branch offices and corporate departments, according to the actual risk situation, and implement the Compliance Initiatives Plan in which each department formulates and executes specific measures. The Compliance Initiatives Plan sets out objective evaluation indicators, and evaluations are made at the end of the fiscal year based on whether or not such indicators have been achieved, and the progress of each department is regularly reported to the Management Committee and the Board of Directors.

The Compliance Control Department regularly monitors the progress of the Compliance Initiatives Plan and provides appropriate follow-up to support the PDCA operations of each department.

As for compliance education for all our officers and employees, we continuously provide education that appropriately combines rule-based and principle-based training, such as discussion-type training based on "Our Conduct Principles " (ethics).

In addition, we continuously publish information on compliance through in-house newsletters and our intranet.

Legal Proceedings

We are subject to legal actions in the ordinary course of our business. These legal actions include claims related to individual sales practices and denial or delay of claims payments. We are not involved in any litigation or other legal proceedings that, if determined adversely to us, would individually or in the aggregate be expected to have a material adverse effect on our business or results of operations.

Properties

We own or lease real property for our registered head office in Tokyo, including 105 regional offices and market development departments, 957 agency offices and 20 group marketing departments (as of March 31, 2024), among others. We believe that our properties are suitable for our business as currently conducted and adequately maintained. The above properties do not include properties that we own for investment purposes only.

Employees and Personnel

We had employees and personnel numbering 47,140 as of March 31, 2024. These included 36,258 sales personnel, and 10,882 administrative personnel. We consider our level of remuneration and non-wage benefits to be generally competitive with those offered by other major Japanese life insurance companies. Most of our full-time non-management employees are members of a labor union. We consider our labor relations to be excellent.

We have a 401(k)-style defined-contribution pension plan and a non-contributory defined benefit plan for our employees. Qualified employees under our defined benefit plan are entitled to single lump-sum allowance, annuity payments or both based on salary, length of service and reason for termination of employment. To determine the expected long-term yield on assets related to such benefit plans, we consider historical returns on long-term domestic and foreign bonds, as well as on domestic and foreign stocks.

MANAGEMENT AND CORPORATE HISTORY

Directors and Officers

The following table sets forth our current Directors, Executive Officers and Operating Officers:

Name	Position	Date first elected as director, executive officer or operating officer
Akio Negishi	Chairman of the Board	2009
Hideki Nagashima	Director, President and Group CEO	2015
Atsushi Nakamura	Director, Deputy President	2016
Masao Aratani	Director	2013
Takashi Kikugawa	Director	2014
Masaki Akita	Outside Director	2017
Tatsuo Uemura	Outside Director	2020
Noriaki Horikiri	Outside Director	2021
Yuri Sasaki	Outside Director	2022
Teruhisa Ueda	Outside Director	2023
Kumiko Yoshii	Outside Director	2023
Shinji Nakatani	Deputy President	2015
Yasushi Ueda	Senior Managing Executive Officer	2017
Toshiyuki Sumiyoshi	Senior Managing Executive Officer	2017
Kenji Fukui	Managing Executive Officer	2018
Shinji Makino	Managing Executive Officer	2019
Nobuyuki Aoto	Managing Executive Officer	2019
Yoshiichi Asano	Managing Executive Officer	2020
Daisaku Shintaku	Managing Executive Officer	2020
Nobuhiro Nakamura	Managing Executive Officer	2020
Takeo Ueda	Managing Executive Officer	2020
Yoshimasa Osaki	Managing Executive Officer	2021
Kenichi Arai	Managing Executive Officer	2021
Takeshi Kanayama	Managing Executive Officer	2021
Yasuhiro Nagata	Managing Executive Officer	2021
Toshiya Watanabe	Managing Executive Officer	2022
Shiro Kishimoto	Managing Operating Officer	2016
Kenji Soejima	Managing Operating Officer	2019
Tsuyoshi Yasuda	Managing Operating Officer	2021
Keiko Katayama	Managing Operating Officer	2022
Yutaka Taguchi	Operating Officer	2022
Takashi Moriguchi	Operating Officer	2022
Hiromasa Okada	Operating Officer	2022
Yoshiaki Kanazawa	Operating Officer	2022
Naoshi Osugi	Operating Officer	2023
Yasuo Wakiyama	Operating Officer	2023
Mitsunobu Sato	Operating Officer	2023
Hiroaki Maeda	Operating Officer	2023
Shinya Yamakawa	Operating Officer	2023
Chikako Hasegawa	Operating Officer	2024
Tsuyoshi Motomura	Operating Officer	2024
Akinobu Sato	Operating Officer	2024
Masao Takinose	Operating Officer	2024
Shiro Takeoka	Operating Officer	2024
Noboru Shimizu	Operating Officer	2024
Kenji Ishibashi	Operating Officer	2024
Noritaka Kanda	Operating Officer	2024
Nobuyuki Shiota	Operating Officer	2024
Junichi Ishida	Operating Officer	2024

We have adopted the "Company with a Nominating Committee, etc." corporate governance system pursuant to the Insurance Business Act. Our Articles of Incorporation provide for not more than 15 Directors and not more than 30 Executive Officers. Directors are elected at the board of representative policyholders. The normal term of office of Directors is one year, although they may serve any number of consecutive terms. The Board of Directors elects from among Executive Officers one or more Representative Executive Officers, who have the authority to individually represent us.

The Board of Directors reaches decisions on important management issues while supervising the execution of our business by our Directors and Executive Officers. The Board of Directors is also responsible for monitoring the status of insurance claim payments, customer complaints, legal compliance and risk management, and periodically reviews reports on these matters at board meetings. As of the date of this offering circular, our Board of Directors consists of 11 Directors, six of whom, or a majority, are outside Directors.

In addition to our Board of Directors, we have three committees: the Nominating Committee, the Audit Committee and the Compensation Committee. Each committee is comprised of a majority of outside Directors.

The Nominating Committee determines proposals related to the election and dismissal of Directors, which are submitted for approval to the board of representative policyholders. As of the date of this offering circular, the Nominating Committee is comprised of the following members: Noriaki Horikiri, Chairman of the Nominating Committee and an outside Director; Yuri Sasaki and Teruhisa Ueda, who are each outside Directors; Akio Negishi, Chairman of the Board; and Hideki Nagashima, Director, President and Group Chief Executive Officer.

The Audit Committee audits the business execution of our Directors and Executive Officers, and prepares audit reports. The Audit Committee also submits recommendations to the board of representative policyholders on the election and dismissal of independent auditors. As of the date of this offering circular, the Audit Committee is comprised of the following members: Tatsuo Uemura, Chairman of the Audit Committee and an outside Director; Masaki Akita, Yuri Sasaki and Kumiko Yoshii, who are each outside Directors; and Masao Aratani and Takashi Kikugawa, Directors.

The Compensation Committee formulates the overall policy on, and determines the content of, remuneration for individual Directors and Executive Officers. As of the date of this offering circular, the Compensation Committee is comprised of the following members: Masaki Akita, Chairman of the Compensation Committee and an outside Director; Tatsuo Uemura and Kumiko Yoshii, who are each outside Directors; Akio Negishi, Chairman of the Board ; and Hideki Nagashima, Director, President and Group Chief Executive Officer.

KPMG AZSA LLC acts as our independent auditor.

Corporate History

We were formed in 2004 through a merger of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company, two of the oldest life insurance companies in Japan. Established in 1881, Meiji Life Insurance Company was the first company in Japan to provide modern-day life insurance products in which premiums are determined based on expected mortality rates and other actuarial factors. The Yasuda Mutual Life Insurance Company was established in 1880 as Kyosai Gohyakumei-Sha, which changed its name to Kyosai Seimei Hoken Goshi Gaisya and became a modern-day life insurance company in 1894.

In April 2005, Meiji Yasuda General Insurance Co., Ltd., our wholly owned subsidiary, was formed through a merger of Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd.

In November 2010, we entered into a business alliance with Talanx AG, a German insurance company. In December 2010, we also entered into a business alliance with Haier Group of China.

In June and July 2012, we acquired 27% and 30% of the shares of two major Polish insurance companies, TU Europa S.A. and TUiR Warta S.A., respectively, and became the first Japanese insurance company to enter the Polish insurance market.

In July 2013, we entered into a strategic partnership with Thai Life Insurance Public Company Limited.

In March 2016, we acquired all outstanding shares of common stock of StanCorp, a U.S. life insurance company listed on the New York Stock Exchange, and made it a wholly owned subsidiary. In addition, with the aim of further strengthening the customer base and streamlining the group insurance and group annuity businesses of StanCorp, we have subsequently acquired additional U.S.-based businesses through StanCorp, including the October 2022 acquisition of retirement plan recordkeeping business of Securian Financial Group, Inc. and the acquisition completed in April 2024 of three subsidiaries of Elevance Health, Inc. (Anthem Life Insurance Company, Anthem Life & Disability Insurance Company and Greater Georgia Life Insurance Company) that engage primarily in group insurance businesses in the United States.

SUBSIDIARIES AND AFFILIATES

We conduct our business together with our subsidiaries and affiliates (non-subsidiary companies in which we hold, directly or indirectly, 20% to 50% of the issued share capital, or over which we hold significant influence with respect to its finances, operations or businesses). As of March 31, 2024, we had 51 subsidiaries and affiliates, 18 of which were consolidated subsidiaries and 7 of which were accounted for by the equity method.

The following table sets forth information on our principal consolidated subsidiaries and affiliates as of March 31, 2024:

Name	Country	Main business	Issued capital or amount invested	Percentage of voting rights held by Meiji Yasuda	Percentage of voting rights held by Meiji Yasuda subsidiary or affiliate
			(Millions)		
Consolidated Subsidiaries					
Meiji Yasuda General Insurance Co., Ltd.	Japan	Non-life insurance (property and casualty)	¥ 10,000	100.0%	0.0%
Meiji Yasuda Asset Management Company Ltd.	Japan	Investment advisory and agency business; investment management business and “Type II Financial Instruments Business”	¥ 1,000	100.0	0.0
Meiji Yasuda System Technology Company Limited	Japan	Development, operation and management of systems; consulting service; services related to nursing care	¥ 100	100.0	0.0
Pacific Guardian Life Insurance Company, Limited	U.S.A.	Life and health insurance	$ 6.3	100.0	0.0
StanCorp Financial Group, Inc.	U.S.A.	Life insurance and insurance-related businesses	$6,135.0	100.0	0.0
Meiji Yasuda America Incorporated	U.S.A.	Research on financial economy, real estate investment in the U.S., investment agency services, services in connection with investment advisory services and discretionary investment contracts	$ 42.6	100.0	0.0
Affiliates and Non-Consolidated Subsidiaries					
Meiji Yasuda Insurance Service Company, Limited	Japan	Insurance agency	¥ 30	100.0	0.0
Meiji Yasuda Real Estate Management Company Limited	Japan	Comprehensive office building operation and management services	¥ 10	100.0	0.0
Meiji Yasuda Life Planning Center Company, Limited	Japan	Insurance-related clerical work; insurance agency; survey and research regarding life planning; consulting service	¥ 10	100.0	0.0
Meiji Yasuda Office Partners Co., Ltd.	Japan	Accounting and record keeping related to policyholder services, life insurance contract confirmation services, packaging and distribution, insurance agency, and administrative operations associated with employee benefit programs	¥ 100	100.0	0.0
Meiji Yasuda Business Plus Co., Ltd.	Japan	Preparation, printing, binding, and distribution of documents, business forms and other printed materials as well as administrative operations associated with employee benefit programs	¥ 80	100.0	0.0

Name	Country	Main business	Issued capital or amount invested	Percentage of voting rights held by Meiji Yasuda	Percentage of voting rights held by Meiji Yasuda subsidiary or affiliate
			(Millions)		
Meiji Yasuda Trading Company, Limited	Japan	Brokerage of goods, sale of goods, administrative operations associated with employee benefit programs, printing and book binding, and event assistance services	¥ 10	100.0	0.0
Meiji Yasuda Payment Collection Business Services Co., Ltd.	Japan	Payment collection	¥ 10	100.0	0.0
Meiji Yasuda Research Institute, Inc.	Japan	Survey, research and consulting regarding healthcare, cutting-edge technologies, life planning, social security systems, economic affairs and other subjects	¥ 85	100.0	0.0
MST Insurance Service Co., Ltd.	Japan	Insurance agency	¥ 1,010	16.1	0.0
The Mitsubishi Asset Brains Company, Limited	Japan	Research and evaluation of investment trusts; investment advisory and agency business, investment management business	¥ 480	25.0	0.0
KSP COMMUNITY, Inc.	Japan	Management of Kanagawa Science Park Building	¥ 20	18.5	0.0
Meiji Yasuda Europe Limited	United Kingdom	Financial and economic research and customer development assistance in financing business	4.0 GBP	100.0	0.0
Meiji Yasuda ASIA PACIFIC PTE. LTD.	Singapore	Financial and economic research	S$ 1.2	100.0	0.0
Founder Meiji Yasuda Life Insurance Co., Ltd.	China	Life insurance	4,580 RMB	29.2	0.0
Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna	Poland	Non-life insurance	37.8 PLN	49.9	0.0
Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna	Poland	Non-life insurance	187.9 PLN	24.3	0.0
Thai Life Insurance Public Company Limited	Thailand	Life insurance	11,450.0 THB	17.0	0.0

THE JAPANESE LIFE INSURANCE INDUSTRY

The information in the section below has been derived, in part, from various government and private publications unless otherwise indicated. This information has not been independently verified by Meiji Yasuda. Unless otherwise stated herein, Japan Post Insurance and cooperative insurers are not included in any of the life insurance industry data appearing in this offering circular. This information may not be consistent with other information compiled within or outside Japan.

Japanese Life Insurance Industry

The Life Insurance Association of Japan had 42 life insurance companies in Japan as members as of September 11, 2023, including Japan Post Insurance, foreign-owned companies, subsidiaries of non-life insurance companies and other smaller life insurance companies that have recently entered the market. In addition, public announcements and press releases by the five largest life insurance groups, excluding Japan Post Insurance, indicated that they had a 55% market share in the Japanese life insurance market on the basis of total volume of premium income, in the year ended March 31, 2023. We held the largest market share with 17.4% by premium income among private life insurance companies.

Life Insurance Policyholders Protection Corporation of Japan (LIPPC)

We, like other Japanese life insurance companies, are required to support policyholders of failed life insurance companies through payments to LIPPC. LIPPC was established pursuant to the Insurance Business Act in 1998 to provide a system for the protection of policyholders of failed life insurance companies. LIPPC is authorized to provide funds in connection with the transfer of insurance policies from a failed life insurance company to a successor company and perform certain other specified functions. See "Regulation of the Japanese Life Insurance Industry—Insurance Business Act—Regulation for the Protection of Policyholders."

The life insurance industry is required to accept funding commitments to LIPPC of an aggregate of up to ¥33 billion per year. This funding obligation is allocated among all Japanese life insurance companies licensed under the Insurance Business Act based on amounts of premium and certain investment income and policy reserves. The allocation amounts are revised annually. We made contributions of ¥3.2 billion and ¥2.9 billion to LIPPC for the fiscal years ended March 31, 2021 and 2022, respectively. Because LIPPC reached the upper limit on its aggregate funding commitments, for the year ended March 31, 2023, our contribution amount to LIPPC was approximately ¥1 million, which was used to fund a portion of LIPPC's operating expenses. The amount of our contribution in the current and future fiscal years will depend on whether the LIPPC's total funding commitments remain at the upper limit, and could increase in the future based on developments in the life insurance industry. As a result, as stated above, this amount is adjusted annually based on the relative size of our premium and certain investment income and policy reserve amounts within the life insurance industry as a whole and could be increased. All of our payments to LIPPC are charged to operating expenses when paid.

In addition to these annual contributions, LIPPC may borrow up to an aggregate of ¥460 billion from banks, insurance companies and other financial institutions, with the authorization of the Commissioner of the FSA and the Minister of Finance. LIPPC may, in accordance with its rules, request that licensed life insurance companies provide security for any such borrowings. As of March 31, 2024, LIPPC had no outstanding balance of borrowings.

While members of LIPPC, including us, are still required to make an aggregate funding commitment in the amount of ¥33 billion per year (subject to the LIPPC's upper limit on its aggregate funding commitment), and while LIPPC is entitled to request that we and other LIPPC members provide security for its borrowings, the National Diet of Japan (the "Diet") amended the Insurance Business Act in 2005 to permit the Japanese government to cover losses in excess of ¥460 billion, minus the aggregate balance of LIPPC's borrowings, in the event of life insurance company failures. This amendment became effective in 2006 and applies to failures of life insurance companies occurring through March 31, 2027.

REGULATIONS

Regulation of the Japanese Life Insurance Industry

Insurance Business Act

Meiji Yasuda is regulated principally under the Insurance Business Act, which governs both life and non-life insurance businesses in Japan. Pursuant to the Insurance Business Act, the Prime Minister has the authority to supervise insurance companies in Japan. Most of such authority is delegated to the Commissioner of the FSA, who in turn has delegated a part of such authority to the Directors of the Local Finance Bureaus of the Ministry of Finance. Certain of the provisions of and regulations under the Insurance Business Act and certain other recent regulatory developments are briefly described below. In this description, the term "insurance products" includes annuity products that are sold by life insurance companies in Japan. Such annuity products are regarded as insurance products for purposes of the Insurance Business Act, and the term "insurance" should be interpreted accordingly.

Under the Insurance Business Act, the insurance underwriting business may be conducted by a licensed joint-stock corporation, a licensed mutual company or the Japanese branch of a licensed foreign insurer, with certain limited exceptions. Meiji Yasuda is a licensed mutual company. A mutual company is a corporate structure provided for in the Insurance Business Act, pursuant to which policyholders (excluding holders of non-participating policies) may directly participate in the management of a mutual company. Instead of the general meeting of policyholders corresponding to the general meeting of shareholders in respect of a joint-stock corporation, the Insurance Business Act permits a mutual company in its articles of incorporation to establish a board of representative policyholders which consists of representative policyholders elected from among participating and semi-participating policyholders. All of the Japanese mutual life insurance companies, including Meiji Yasuda, have established boards of representative policyholders. At each of its annual meetings, the board of representative policyholders receives a report and explanation regarding the business and settlement of accounts and adopts resolutions concerning important matters such as disposition of surplus and election of directors. The term of office of representative policyholders is limited to no more than four years by the Insurance Business Act. Meiji Yasuda's representative policyholders are nominated by the representative policyholders' nominating committee established by Meiji Yasuda taking into account geographical distribution, age, gender and occupations to obtain a balanced representation.

Supervisory Control

Licensing requirements. Under the Insurance Business Act, a license must be obtained from the Prime Minister in order to engage in the business of underwriting insurance for the general public, with certain exceptions. There are two types of insurance business licenses, one for underwriting life insurance and one for underwriting non-life insurance, and the same entity may not obtain both types of licenses. Only mutual companies with foundation funds *(kikin)* (including reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin))* of ¥1 billion or more, or joint-stock corporations with paid-in capital of ¥1 billion or more, are entitled to obtain such licenses. The issuance of a license is subject to satisfaction of certain requirements relating to financial condition, prospective results of operations, knowledge, experience, social credibility, insurance products to be offered, and the manner of calculation of insurance premiums, policy reserves, etc. An applicant for an insurance license must submit to the Prime Minister, together with the application for license, certain documents such as its articles of incorporation, a statement of the manner of operations, a form of general policy conditions and a statement of the manner of calculation of insurance premiums and policy reserves. The Prime Minister or the Commissioner of the FSA also has the authority to order the suspension of businesses in whole or in part, dismissal of officers including directors, executive officers, accounting advisers, audit & supervisory board members and independent auditors, and revocation of licenses, in the event of violation of material provisions of laws or regulations or in certain other cases prescribed by the Insurance Business Act. Foreign insurance companies may not engage, with limited exceptions, in the insurance business in Japan without establishing a branch or office in Japan and obtaining a license from the Prime Minister. Application procedures and requirements for such a license are substantially the same as in the case of Japanese insurance companies. Also, the Prime Minister, the Commissioner of the FSA and the Director of the relevant Local Finance Bureau of the Ministry of Finance have supervisory authority over foreign insurance companies' branches and offices in Japan, which is similar to the authority they have over insurance companies in Japan.

Joint-stock corporations or mutual companies that are registered as small-amount, short-term insurers with the relevant Local Finance Bureaus may conduct insurance underwriting business, with restrictions on the maximum amount of insurance payments and premiums received and the insured period. The small-amount, short-term insurers are subject to less strict regulations than insurers with a license.

Authority of the Commissioner of the FSA. An insurance company must obtain approval from the Commissioner of the FSA with respect to (a) any change in its products or any other term provided in the statement of the manner of operations, the form of general policy conditions or the statement of the manner of calculation of insurance premiums and policy reserves (although some of these changes are subject only to prior notification requirements) or certain material provisions of the articles of incorporation, (b) establishment or acquisition of certain subsidiaries, (c) demutualization, mutualization, merger, consolidation, company split, dissolution or cessation of insurance business or (d) transfer of insurance policies, transfer or acquisition of a business in which any or all of the parties thereto are insurance companies, or entrustment to any other insurance company of its administration or property. The Commissioner of the FSA also has extensive supervisory authority over insurance companies, including:

- issuance of orders to insurance companies or their subsidiaries requiring such entities to submit reports or materials concerning the condition of the insurance companies' business and assets;

- examination of the operation of insurance companies at their or their subsidiaries' offices and other premises;

- setting of standards for measuring the soundness of the management of insurance companies;

- issuance of orders to insurance companies to change any term provided in any statement of the manner of operations, the form of general policy conditions, or statement of the manner of calculation of insurance premiums and policy reserves; and

- issuance of orders to insurance companies to submit or amend business improvement plans or to suspend all or part of their business.

Registration requirements. Under the Insurance Business Act, life insurance solicitors, including sales personnel, third-party sales agencies and insurance brokers must be registered with the Director of the relevant Local Finance Bureau. The Directors of the Local Finance Bureaus also have the authority to revoke any existing registration upon the occurrence of certain events set forth in the Insurance Business Act and to supervise the operation of such life insurance solicitors.

Reporting requirements. Insurance companies in Japan are subject to various reporting requirements under the Insurance Business Act. Among these requirements, insurance companies in Japan must submit to the Commissioner of the FSA annual and semi-annual business reports in each business year, as well as notifications with respect to any increase in foundation funds *(kikin)* or paid-in capital, appointment or resignation of directors who engage in the ordinary business of the insurance company, representative executive officers, executive officers or members of the Audit Committee or independent auditors, the issuance of stock acquisition rights or bonds with stock acquisition rights (applicable only to a joint-stock corporation) or subordinated bonds or the borrowing of subordinated loans.

Deregulatory measures. In recent years, a number of deregulatory measures have been adopted in the life insurance industry. For instance, effective from April 1996, it is no longer necessary for insurance companies in Japan to obtain the approval of the Minister of Finance or the Commissioner of the FSA for any change in the terms of insurance contracts to be entered into by pension funds or other sophisticated customers or for any change in the terms of group annuities or certain other products specified in the Insurance Business Act and related regulations. Instead of obtaining the approval of the Minister of Finance or the Commissioner of the FSA, insurance companies are now required to file prior notifications to the Commissioner of the FSA with respect to these matters.

Also, sales personnel were previously not permitted to work for more than one life insurance company. However, this exclusivity requirement was relaxed in 1996 by an amendment to the Insurance Business Act in 1995. As a result of this amendment, a third-party sales agency may become a sales personnel of two or more life insurance companies in certain circumstances specified by the relevant cabinet order as not being likely to result in impairing the protection of policyholders in light of the relevant factors including the ability of the sales personnel to carry on the insurance solicitation. Based on this exception, banks registered as third-party sales agencies under the Insurance Business Act for over-the-counter insurance sales activities may also act as sales personnel for two or more life insurance companies.

Regulations on solicitation. The Insurance Business Act prohibits certain solicitation activities, such as false notice or nondisclosure of important matters, for the purpose of protecting potential insurance policyholders. In addition, recent amendments to the Insurance Business Act, which became effective in May 2016, established general rules for insurance solicitation to promote more appropriate solicitation practices. These general rules impose on insurance companies and life insurance solicitors, including sales personnel, third-party sales agencies and insurance brokers (i) an obligation to provide customers with product information and other necessary information during insurance solicitation and (ii) an obligation to ascertain the customer's wishes and to propose products in accordance with the customer's wishes.

Furthermore, sales personnel of life insurance companies, third-party sales agencies and insurance brokers are prohibited under the Insurance Business Act from selling insurance policies (excluding certain insurance policies specified by the Commissioner of the FSA) to employees and other persons affiliated with their own company, for the purpose of protecting such employees and other persons from coercive purchasing under pressure from their employers or other affiliated entities.

Restrictions on Scope of Business

Scope of business. Under the Insurance Business Act, insurance companies in Japan are permitted to engage only in the business of underwriting insurance pursuant to its license, investing premium revenues and other assets, and certain other businesses set forth in the Insurance Business Act (with the prior approval of the Commissioner of the FSA for certain types of businesses), including:

- representation of or carrying out certain services on behalf of other insurance companies and financial service operators, including preparation or delivery of documents relating to the underwriting of insurance, collection of premiums, payment of insurance claims and benefits or execution of insurance policies (including brokerage), each for or on behalf of other insurance companies or other financial service operators, and acting as an agent with respect to banking and certain financial instruments businesses;

- providing guarantees for third parties;

- underwriting bonds issued or guaranteed by the Japanese government or bonds issued by Japanese municipal governments or handling of public offerings of bonds so underwritten;

- acquisition or transfer of accounts receivable;

- underwriting bonds issued by a special purpose company *(tokutei mokuteki kaisha)* under the Act on Securitization of Assets of Japan (Act No. 105 of 1998, as amended) or the handling of public offerings of bonds so underwritten;

- acquisition or transfer of short-term notes (i.e., paperless commercial paper);

- handling of private placements of securities;

- dealing in, or acting as an intermediary, broker or agent with respect to dealing in, certain kinds of financial futures and other derivatives;

- certain types of securities business specified in the Insurance Business Act and the FIEA, such as the sale of units of investment funds;

- handling of public offering of, or commissioning the administration of, municipal government bonds or corporate bonds or other bonds;

- trust business concerning secured bonds that is carried out pursuant to the Secured Bond Trust Act of Japan (Act No. 52 of 1905, as amended);

- investment advisory business;

- execution of, or acting as an intermediary, broker or agent with respect to execution of, agreements to obtain or transfer carbon dioxide equivalent quotas;

- fund transfer business as provided for in the Act Concerning Settlement of Funds of Japan (Act No. 59 of 2009, as amended); and

- trust business relating to insurance claims paid.

Regulation concerning third-sector insurance products. In the Japanese insurance industry, life insurance products and non-life insurance products are called "first-sector" and "second-sector" insurance products, respectively, and insurance products which do not fit into either category are called "third-sector" insurance products.

Before the deregulation described below, third-sector insurance products were permitted to be sold as independent products only by foreign-owned or small to medium-sized life insurance companies, although large life insurance companies and life insurance subsidiaries of non-life insurance companies were permitted to sell such products as riders to first sector insurance products.

Deregulation has gradually relaxed the restrictions imposed on the sale of third-sector insurance products, and currently it is possible for life insurance companies (including life insurance subsidiaries of non-life insurance companies) in Japan to sell third-sector non-life insurance products. Non-life insurance companies in Japan are also now permitted to sell third-sector life insurance products.

Restrictions on scope of business of subsidiaries. The Insurance Business Act restricts the types of businesses in which insurance companies in Japan may engage through subsidiaries. Previously, the Insurance Business Act prohibited life insurance companies in Japan from directly, or indirectly through subsidiaries, engaging in the non-life insurance business and also prohibited non-life insurance companies in Japan from directly, or indirectly through subsidiaries, engaging in the life insurance business. As a result of deregulation, however, life insurance companies in Japan are permitted to have non-life insurance subsidiaries, and non-life insurance companies in Japan are permitted to have life insurance subsidiaries. In addition, as a result of further deregulation, it became possible for insurance companies in Japan to have subsidiaries engaging in certain financial instruments businesses, including securities business, or banking business, with the prior approval of, or prior notice to, the Commissioner of the FSA. Holding companies that hold more than 50% of the voting rights of an insurance company (the "insurance holding companies"), can hold subsidiaries engaging in businesses identical to the foregoing only with prior notice, and may also hold subsidiaries engaging in other businesses with the prior approval of the Commissioner of the FSA (all such permitted subsidiary businesses, "Permitted Subsidiary Business").

In order to promote foreign expansion of Japanese insurance companies, restrictions on the scope of business of foreign subsidiaries of Japanese insurance companies have been relaxed. As a result of recent amendments to the Insurance Business Act, Japanese insurance companies are permitted to hold foreign subsidiaries engaging in businesses other than the Permitted Subsidiary Business if such foreign subsidiaries are acquired as a result of the acquisition of certain types of foreign banks, financial institutions, insurance companies or financial holding companies. However, under the Insurance Business Act, Japanese insurance companies must dispose of or otherwise remove such foreign subsidiaries as subsidiaries within 10 years following the acquisition, unless an approval for perpetuation or an extension is obtained from the Commissioner of the FSA.

Restrictions on shareholdings of another company. With the exception of certain companies that are allowed to be subsidiaries of insurance companies, the Insurance Business Act generally prohibits an insurance company and/or its subsidiaries from acquiring or holding aggregate voting rights of another domestic company in excess of 10% of the total voting rights of all shareholders of such domestic company. Also, the Act Concerning Prohibition of Private Monopoly and Maintenance of Fair Trade of Japan (Act No. 54 of 1947, as amended) generally prohibits an insurance company from acquiring or holding voting rights of another domestic company in excess of 10% of the total voting rights of all shareholders of such domestic company without obtaining the prior approval of the Fair Trade Commission pursuant to the standards established by the Fair Trade Commission.

Restrictions on insurance business by other financial corporations. Securities companies, banks and other financial institutions (other than insurance companies) were previously prohibited from engaging in the insurance business or selling insurance products in Japan. However, in line with the relaxation of the restriction on the scope of business able to be engaged in by insurance companies and their subsidiaries, the legal barriers preventing securities companies, banks and other financial institutions from entering into the insurance markets have gradually been lifted.

Cooperative associations *(kyosai)* are mutual aid societies traditionally formed by a group of persons such as those with the same occupation or regional community, which provide mutual aids, such as funeral expenses, from the pooled contributions of members. Except for some cooperative associations, including the Japan Agricultural Cooperatives, the National Federation of Workers and Consumers Insurance Cooperatives and the Japanese Consumers' Co-operative Union, which are regulated by special laws, cooperative associations are subject to regulations under the Insurance Business Act as a result of an amendment to the Insurance Business Act that became effective in 2006. In 2011, the Insurance Business Act and related regulations were further amended such that cooperative associations which meet certain requirements would be allowed to provide mutual aids with the special authorization of the relevant authorities, even if they have no insurance business licenses.

Restrictions on investments. Under the Insurance Business Act, aggregate investments by an insurance company in Japan in any single company and its related companies (including the purchase of debt or equity securities issued by, and loans to or deposits with, such company or any of its related companies) may not exceed 10% (or 3% in the case of loans and guarantees) of its general account assets, as prescribed in the related regulations, except as approved by the Commissioner of the FSA. If an insurance company has subsidiaries or affiliates, except as approved by the Commissioner of the FSA, the aggregate investments by such insurance company and its subsidiaries and affiliates in a single company or its related companies may not exceed 10% (or 3% in the case of loans and guarantees) of the aggregate of such insurance company's general account assets, as prescribed in the related regulations, and the equity of such subsidiaries and affiliates, which aggregate amount will be adjusted to such extent as may be deemed necessary by the Commissioner of the FSA. However, these restrictions are not applicable with regard to the investment by an insurance company in its subsidiary, on the condition that such subsidiary is also an insurance company or an insurance holding company and the investment is via the purchase of shares of such subsidiary.

Financial Regulation

Foundation funds (kikin). Foundation funds (sometimes referred to as *"kikin"* or "funds") serve as capital for Japanese mutual companies. Unlike paid-in capital for joint-stock corporations, however, foundation funds *(kikin)* have a stated maturity and accrue interest payment obligations on a subordination basis.

The mutual company is permitted to make principal and interest payments under the foundation funds *(kikin)* so long as the payments in any particular year are approved by the board of representative policyholders and do not exceed certain maximum amounts prescribed in the Insurance Business Act (such amounts, the "distributable principal surplus" with respect to principal payments and the "distributable interest surplus" with respect to interest payments).

Under the Insurance Business Act, the mutual company is required to obtain approval of the board of representative policyholders each year in order to distribute surplus for the payment of interest on the foundation funds *(kikin)*. The mutual company is also required under the Insurance Business Act to obtain approval of its representative policyholders each year in order to distribute surplus for the payment of principal of the foundation funds *(kikin)*. In addition, in order for a mutual company to make principal payments with respect to the foundation funds *(kikin)*, it will also be required under the Insurance Business Act to have accumulated reserve for redemption of foundation funds *(kikin-shokyaku-tsumitate-kin)* in an amount equal to the principal payment.

If in any particular year, the conditions mentioned above are not met, a mutual company will be unable in that year to make all or part of the principal or interest payments due under the foundation funds *(kikin)*. In such cases, the holder of the foundation funds *(kikin)* would not be able to compel the mutual company to make such payment. Notwithstanding the above, if the board of directors fails to adopt a resolution approving reserve for fund redemption for a payment of principal due under the foundation funds *(kikin)*, the holder of the foundation funds *(kikin)* may be able to make a claim against the mutual company for the payment of principal, but only in an amount less than or equal to the amount accumulated under the reserve for fund redemption.

Policyholder dividends. The Insurance Business Act provides that the distribution of policyholder dividends by insurance companies in Japan must be made in a fair and equitable manner in accordance with the provisions of the related regulations. An insurance company must calculate the amount of profits to be reserved for distribution of policyholder dividends for each type of insurance policy categorized by the nature of the policy, and must choose a calculation method from among those set forth in the regulations. The regulations also provide that the amount of policyholders' dividend reserves may not exceed the aggregate sum of the following:

- the amount of policyholder dividends which were distributed but reserved with interest;

- the amount of distributed but unpaid dividends, excluding dividends prescribed in the above item but including dividends to be paid in the following fiscal year at the end of each fiscal year;
- the amount of dividends which would be required to be paid to policyholders if all participating policies were prematurely terminated; and
- certain other amounts similar in nature to the amounts mentioned above, to be calculated in accordance with the method prescribed in the statement of the manner of calculation of insurance premiums and policy reserves.

The Insurance Business Act requires an insurance company which is a mutual company to apply a certain percentage of unappropriated retained earnings to provision for policyholders' dividend reserves and reserves for balancing policyholder dividends. In addition, the Actuarial Standards of Practice for Life Insurance Companies provide certain criteria which must be considered by the chief actuary in determining whether the distribution of policyholder dividends by a life insurance company is made in a fair and equitable manner. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations—Our Decisions on Policyholder Dividends."

Policy reserves. Under the Insurance Business Act, insurance companies in Japan are required to provide policy reserves at the end of each fiscal year for the fulfillment of future obligations under insurance policies. The policy reserves of life insurance companies shall be calculated based on the amount of insurance premiums actually received and shall consist of the following:

- premium reserve;
- unearned premium reserve;
- reserve for refunds; and
- contingency reserve.

The Insurance Business Act and related regulations provide that the amounts of the premium reserve and reserve for refunds with respect to certain insurance policies specified in such regulations must not be lower than the amount of the "standard policy reserve." The concept of "standard policy reserve" was introduced by an amendment to the Insurance Business Act effective in April 1996 to ensure the financial soundness of life insurance companies. A public notice issued under the Insurance Business Act by the then Ministry of Finance in 1996, as amended, sets forth the method of provision for the standard policy reserve and the standard prospective yield and the standard mortality rates which must be adopted or used in calculating the amounts of the standard policy reserve, regardless of the amount of insurance premiums actually received. Pursuant to this public notice, the amount of the standard policy reserve must in general be calculated by the net level premium method, applying the standard prospective yield applicable as of the date of entering into the insurance policies and applying the standard mortality rates which must be set by the IAJ and confirmed by the Commissioner of the FSA. As to the insurance policies entered on or before March 31, 2015, the standard prospective yield was set as applied across all types of insurance policies. However, the standard prospective yield applicable to the insurance policies entered on or after April 1, 2015 may vary among different types of insurance policies, and the standard prospective yield applicable to certain types of insurance policies with lump-sum premiums set forth in the public notice above may be changed every three months, in contrast to such standard prospective yield as applicable to the other types of insurance policies which may be changed only once a year. Standard mortality rates are based on the rates set forth in the standard mortality table established by the IAJ and confirmed by the Commissioner of the FSA. The standard mortality table has been revised and as so revised is applied to new insurance policies sold on and after April 1, 2018. The public notice provides different rules for calculation of the amount of the standard policy reserve for variable insurance policies in which a life insurance company guarantees the minimum amount of payment and of which premiums are administered in separate accounts of such life insurance company. The amounts of the premium reserve and reserve for refunds with respect to insurance policies which are not subject to the provision of standard policy reserve, unearned premium reserve and contingency reserve must be calculated as set out in the statement of the manner of calculation of insurance premiums and policy reserves by each life insurance company based on the amount of insurance premiums actually received.

Appointment of chief actuary. Under the Insurance Business Act, each life insurance company is required to appoint a chief actuary by resolution of its board of directors, and the chief actuary so appointed must participate in the calculation of insurance premiums, policy reserves, policyholder dividends, reserve for outstanding claims and certain other matters set forth in the ministerial ordinance promulgated under the Insurance Business Act. Also, the chief actuary must examine, at the end of every fiscal year, whether the provision of policy reserves and the distribution of policyholder dividends have been made appropriately, whether it is difficult to continue the insurance business (based upon the reasonable estimate made in accordance with actuarial principles of the future revenue and expense) and whether the solvency margin ratio (as explained below) of the insurance company has been appropriately calculated based upon actuarial principles, and must submit an opinion to the board of directors of such life insurance company and provide a copy of such opinion to the Commissioner of the FSA. The Commissioner of the FSA may seek explanations with respect to the opinion issued by the chief actuary or seek advice on any matter in which the chief actuary is involved.

Solvency margin ratio. Under the Insurance Business Act, the Commissioner of the FSA has the authority to set standards for measuring the financial soundness of the management of insurance companies in Japan. The solvency margin ratio is a standard designed to measure the ability of insurance companies to make payment for insurance claims and other claims upon the occurrence of unforeseeable events such as natural disasters. The concept of the solvency margin ratio was introduced by an amendment to the Insurance Business Act and related regulations which became effective in April 1996. The manner of calculation of the solvency margin ratios is provided in an Ordinance of the Ministry of Finance promulgated under the Insurance Business Act, as amended, and by public notices and administrative directives issued previously by the Ministry of Finance and currently by the FSA. It has been revised several times to ensure that the solvency margin ratios represent more appropriately the ability of insurance companies in Japan to make required payments upon the occurrence of unforeseeable events. Currently, the non-consolidated solvency margin ratio for life insurance companies is calculated on a non-consolidated basis pursuant to the following formula:

$$\text{Non-consolidated solvency margin ratio} = \frac{\text{(Solvency margin gross amount)x100}}{\text{(Total amount of risk)x1/2}}$$

In the above formula:

"Solvency margin gross amount" represents the sum of the following:

- net assets or foundation funds *(kikin)* (less certain items);
- reserve for price fluctuation;
- contingency reserve;
- general allowance for possible loan losses;
- net unrealized gains and losses on available-for-sale securities (multiplied by 90% if gains or 100% if losses), deferred unrealized gains and losses on derivatives under hedge accounting (multiplied by 90% if gains or 100% if losses) and land (multiplied by 85% if gains or 100% if losses); and
- certain other items (including perpetual subordinated debt which satisfy certain requirements (such as deferral of interest payment obligations) and dated subordinated debt with maturity longer than five years).

"Total amount of risk" is a quantified measure of the total unforeseeable risk borne by the life insurance company, which consists of risk amounts calculated based on standards specified by the Commissioner of the FSA as follows:

- the amount of the "insurance risk (other than third-sector insurance risk)" and the "third-sector insurance risk," that is, the risk which may arise as a result of the actual rate of occurrence of insurance events exceeding normal expectation;
- the amount of the "assumed yield risk," that is, the risk of failing to secure the assumed yield which serves as the basis of calculation of the policy reserves;
- the amount of the "minimum guarantee risk," that is, the risk associated with any insurance policy with a separate account, that may arise if the amount of the assets in the relevant separate account

does not reach the minimum amount of the payment guaranteed under such insurance policy due to price fluctuations of the assets in such separate account or other reasons which may arise beyond normal expectation;

- the amount of the "investment risk," that is, the aggregate sum of (i) the amount equal to the "risk of price fluctuation," or the risk which may arise due to, among other things, fluctuation of prices of securities and any other assets held by the insurance company beyond normal expectation, (ii) the amount equal to the "credit risk," or the risk which may arise due to, among other things, default of obligations by a counterparty to any transaction with respect to securities and any other assets held by the insurance company, (iii) the amount equal to the "affiliate companies' risk," or the risk which may arise due to, among other things, investment in any affiliate company, (iv) the amount equal to the "derivative transaction risk," or the risk which may arise due to, among other things, certain futures or forward transactions or certain derivative transactions, (v) the amount equal to the "credit spread risk," or the risk which may arise due to, among other things, fluctuation of prices beyond normal expectations with respect to credit derivatives transactions, and (vi) the amount equal to the "reinsurance risk," or the risk which may arise due to reinsurance transactions; and

- the amount of the "business management risk," that is, the other risks beyond normal expectation in the company's business.

The FSA is currently undertaking a comprehensive review of the solvency regulation and plans to revise it in two stages, short- and mid-term. The short-term revisions were concluded by the amendments to the calculation standards of the solvency margin ratio that were introduced and effected from March 31, 2012, including:

(i) restrictions on the inclusion of certain items in the amount of solvency margin, such as certain surplus portions of the policy reserves and deferred tax assets related to net loss carried forward, and with regard to subordinated debt, the total amount of subordinated debt and certain surplus portions of the policy reserves to be included in the solvency margin is limited to the amount of core margin *(chukaku-teki shiharai yoryoku),* generally calculated by summing up net assets, reserve for price fluctuation, contingency reserve and unappropriated portions of policyholders' dividend reserves, and making certain deductions (including loss on valuation of available-for-sale securities) and adjustments. However, this limitation is not applied in the case of "specified subordinated debt" or *"tokutei fusaisei shihon"* which satisfies not only certain requirements for subordinated debt under previous regulations (such as limitation of redemption and deferral of interest payment obligations), but also additional requirements under the current regulations (such as stricter restrictions on coupon step-up and the requirement of deferred interest being non-cumulative or cumulative but deferrable for an unlimited period);

(ii) requirement of stricter and more elaborate risk assessment, by such means as raising the confidence level of the coefficient of each risk (from 90% to 95%), renewing statistical data to be used as the basis of the coefficient of each risk and introducing a calculation of the investment diversification effect related to the price change risk based on each company's portfolio; and

(iii) requirement of chief actuaries' confirmation on the appropriate calculation of the solvency margin ratio.

In addition, since March 31, 2012, amendments to the Insurance Business Act introduced the consolidated solvency margin ratio regulation, covering insurance companies or insurance holding companies and their subsidiaries and affiliates.

The consolidated solvency margin ratio for life insurance companies is calculated on a consolidated basis pursuant to the following formula:

$$\text{Consolidated solvency margin ratio} = \frac{(\text{Solvency margin gross amount})\text{x}100}{(\text{Total amount of risk})\text{x}1/2}$$

In the above formula:

"Solvency margin gross amount" represents the sum of the same items, shown on a consolidated balance sheet, as described in the formula for the non-consolidated solvency margin ratio and certain other items.

Since March 31, 2014, for calculation of the consolidated solvency margin ratio, the amounts of unrecognized actuarial differences and unrecognized prior service costs shall be included in the solvency margin gross amount.

"Total amount of risk" is a quantified measure of the total unforeseeable risk borne by the life insurance company group, which consists of risk amounts calculated on the basis of standards specified by the Commissioner of the FSA.

In connection with the development and possible introduction of new standards for solvency assessment by the IAIS, the FSA is considering the adoption of an economic value-based solvency regime and use of internal models in the course of mid-term review of solvency margin regulations. From 2010 to 2018, the FSA conducted studies on an economic-value based solvency regime through field tests covering all insurance companies and the adoption of a specific framework concerning the economic-value based solvency regime. The final report of the Advisory Council on the Economic Value-based Solvency Framework published by the FSA in June 2020 recommended that the FSA design and implement such an economic-value based solvency framework in Japan targeting adoption from the beginning of the fiscal year ending March 31, 2026. After the publication of the final report, the FSA has been disclosing the status of the discussions every June, with the most recent disclosure occurring on June 30, 2024. In the disclosure made on June 30, 2022, the FSA shared its provisional decision at that time, including, among others, the determination that it aims to adopt the economic-value based solvency regime from 2025 and that the standard model of the new regime will be based on the ICS, a framework for IAIGs. This framework is expected to be finalized towards the end of 2024, with adjustments to reflect factors specific to Japanese insurance companies. See "Risk Factors—Risks Related to the Life Insurance Industry—As a Japanese insurance company, we are subject to extensive oversight of our business practices and must maintain a solvency margin ratio at or above required levels."

Subordinated debt (fusaisei shihon). Under the solvency regulations as prescribed in the Insurance Business Act and its related rules, subordinated debt *(fusaisei shihon)* may be included in the amount of solvency margin subject to certain conditions or qualification. In order for an amount of debt to qualify as a subordinated debt which may be included into the amount of solvency margin *(fusaisei shihon choutatsu shudan to),* it must satisfy either of the following conditions:

(i) a debt instrument which (a) is unsecured, subordinated to any other debts and fully paid-in; (b) will not be subject to redemption except at the option and sole discretion of the obligor and under certain conditions as specified in the related rules thereto; (c) may be used for loss compensation; and (d) interest deferral provisions exist; or

(ii) a subordinated debt obligation with fixed maturity which (a) has a maturity period of over five years at the time of execution; and (b) in the event where early redemption provisions exist, such early redemption to be at the option and sole discretion of the obligor and under certain conditions as specified in the related rules thereto.

In addition, the amount of such subordinated debt that may be included into the amount of solvency margin is subject to certain limitations as specified in the related rules thereto, except for certain "specified subordinated debt" as detailed in "—Solvency margin ratio" above.

Prompt corrective action. The Commissioner of the FSA has the authority to order an insurance company with an insufficient solvency margin ratio or negative real net assets, as defined below, to take prompt corrective action. In general, insurance companies with solvency margin ratios of 200% or higher are considered sound. If the ratio falls below 200%, the Commissioner of the FSA may order the insurance company to submit and implement a business improvement plan that will reasonably ensure the soundness of the management. If the ratio falls below 100%, the Commissioner of the FSA may order the insurance company to take measures to enhance solvency, including without limitation:

- suspension or reduction of payment of dividends to policyholders or payment of remuneration to directors;

- revision of the manner of calculation of insurance premiums for new insurance policies;

- reduction of business expenses;

- suspension or reduction of investments in certain manners;

- closure of offices other than the head or main office;

- curtailment of businesses other than insurance underwriting;

- curtailment of business of sales bases, subsidiaries and affiliates; and

- disposition of shares or other equity interests in subsidiaries and affiliates.

If the solvency margin ratio falls below 0%, the Commissioner of the FSA may order the insurance company to suspend all or part of its operations for a period of time, as specified by the Commissioner of the FSA; however, even if the solvency margin ratio falls below 0%, if the amount of real net assets of the insurance company is positive or expected to be positive, the Commissioner of the FSA may order a suspension of payment of policyholder dividend and remuneration to directors or such other measures as may be taken for an insurance company with a ratio from 0% to 100%, rather than suspend the operations of the insurance company. Furthermore, even if the solvency margin ratio is above 0%, if the amount of real net assets of the insurance company is negative or expected to be negative, the Commissioner of the FSA may suspend all or part of the operations of the insurance company. The amount of real net assets is calculated by subtracting non-capital real liabilities from real assets. For these purposes, real assets are equal to an amount calculated based on assets reflected in the balance sheet (including, but not limited to, assets such as marketable securities and real estate with readily obtainable fair value) in accordance with the method promulgated by the Ordinance of the Cabinet Office and the Ministry of Finance No. 45 of 2000, as amended, while non-capital real liabilities are equal to an amount calculated based on liabilities reflected in the balance sheet (excluding certain amounts such as the reserve for price fluctuation and the contingency reserve) in accordance with the method promulgated by the Commissioner of the FSA and the Minister of Finance.

In addition to the above, the Commissioner of the FSA is authorized under the Insurance Business Act, when it considers that in view of the business condition or assets of an insurance company, it is difficult for the insurance company to continue its business, or that because the business operations of the insurance company are grossly inappropriate, continuation of such business would likely be detrimental to the protection of policyholders, to (i) order the insurance company to discuss the merger or suspension of all or part of its business operations or transfers of its insurance portfolio or implementation of any other necessary measures, or (ii) order an insurance custodian to take over the administration of the business and assets of the insurance company.

Regulation for the Protection of Policyholders

Alteration of policy terms. The Insurance Business Act permits a life insurance company to alter its policy terms, inter alia, reduce the assumed yield to policyholders in the case that there is a probability that the life insurance company has difficulty in continuing its business. In order to implement such alteration of policy terms, in the case of a mutual company, after the approval of the Commissioner of the FSA has been obtained, recognizing such probability of difficulty in continuing its business, the board of representative policyholders has to decide on a plan to alter the policy terms, in principle, with the approval required of three-fourths or more of the representative policyholders attending the board of representative policyholders at which half or more of all representative policyholders shall attend. Further, the insurance company must obtain the approval of the

Commissioner of the FSA after the approval of the board of representative policyholders. In case more than 10% of the total number of policyholders whose policies will be subject to the plan object and the amount provided in the ministerial ordinance promulgated under the Insurance Business Act as the amount of the claims regarding the insurance policies of such objecting policyholders exceeds 10% of the aggregate amount of the claims regarding the insurance policies subject to the plan, the alteration shall not be carried out. Notwithstanding the foregoing, the assumed yield may not currently be reduced to less than 3% as prescribed in the cabinet order under the Insurance Business Act.

Life Insurance Policyholders Protection Corporation of Japan. The Insurance Business Act prescribes the establishment and the manner of operations of corporations for the protection of insurance policyholders and requires that all life insurance companies participate in such a corporation and make contributions pursuant to the articles of incorporation of such corporation. LIPPC is the sole corporation for the protection of life insurance policyholders that has been established to date. All life insurance companies doing business in Japan are members of LIPPC. LIPPC is responsible for providing support to maintain outstanding insurance policies issued by failing life insurance companies. "Failing life insurance companies" in this context mean life insurance companies that (i) suspend or, based on the state of their operations or assets, are likely to suspend payment of insurance claims, or (ii) are unable to perform their obligations, or are likely to be unable to perform their obligations, with their assets. The support to be provided by LIPPC includes the following:

- financial aid for the transfer of all or part of insurance policies from a failing life insurance company to another life insurance company, merger of a failing life insurance company into another life insurance company or acquisition of shares of a failing life insurance company by another life insurance company or an insurance holding company;

- establishment and management of a successor life insurance company which will assume the liabilities for all insurance policies of the failing life insurance company by way of transfer of insurance portfolios, or merger with the failing life insurance company, provided that no other insurance company is expected to assume liabilities under the insurance policies sold by the failing life insurance company;

- assumption of all or part of the insurance policies sold by a failing life insurance company, provided that no other insurance company is expected to assume liabilities under such insurance policies;

- financial aid for payment of insurance claims by a failing life insurance company suspending the payment pursuant to an order for suspending business operations under the Insurance Business Act, or due to reorganization or bankruptcy proceedings; and

- purchase from policyholders of their unpaid insurance claims against a failing life insurance company.

The amount of financial aid which can be provided by LIPPC is, with certain exceptions depending upon the kind of insurance policy, principally limited to an amount which is necessary to maintain 90% (for policies with a high assumed yield, lower than 90%) of the sum of the policy reserves (not including the contingency reserve), the reserve for outstanding claims and the policyholders' dividend reserves or participating policyholders' dividend reserve (excluding the undistributed portion thereof) pertaining to insurance policies.

In addition to annual contributions from its member companies, LIPPC may borrow a maximum of ¥460 billion in total from banks, insurance companies or financial institutions with the approval of the Commissioner of the FSA and the Minister of Finance. The Insurance Business Act and related regulations provide that, if LIPPC needs funds in excess of ¥460 billion (with certain exceptions) to support life insurance companies which fail between April 1, 2006 to March 31, 2027, the Japanese government may, subject to provision in a budget approved by the Diet, subsidize LIPPC.

Policyholders' lien. Every holder of a life insurance policy issued by a Japanese life insurance company has a statutory lien *(sakidori tokken)* over the life insurance company's total assets with respect to the amount of reserve for payment to the insured under such policy. In addition, each person (including the policyholder) who has any right (i) to receive insurance claims or benefits, (ii) to seek compensation by a life insurance company for damages suffered by such person or (iii) to receive any refund, surplus, dividend or other distribution from the company, has a statutory lien over the life insurance company's total assets with respect to the amount of such right. The rights secured by statutory liens created under the Insurance Business Act have priority over the rights of general creditors, and are subordinated only to the rights secured by certain other statutory liens or by mortgages, pledges or other security interests.

Reorganization (kosei) proceedings. Previously, reorganization proceedings under the Corporate Reorganization Act of Japan (Act No. 154 of 2002, as amended), were available only to joint-stock corporations. However, by an enactment of the Act Concerning Special Handling of Reorganization Procedures for Financial Institutions, Etc. of Japan (Act No. 95 of 1996, as amended, the "Special Reorganization Act"), such proceedings became applicable to mutual insurance companies, and the Commissioner of the FSA was given the authority to file a petition for commencement of reorganization proceedings at any time when any fact constituting a reason for commencement of bankruptcy proceedings is likely to occur, even if such mutual insurance company is not then actually failing. The trustee appointed in reorganization proceedings has the right to cancel any existing contracts other than insurance contracts entered into by the company.

Deposit Insurance Act

The Deposit Insurance Act of Japan (Act No. 34 of 1971, as amended) (the "Deposit Insurance Act") was originally enacted in order to protect depositors when banks and other banking institutions fail to meet their obligations. The Deposit Insurance Act was amended effective from March 2014, for the purpose of introducing a new resolution regime for failed financial institutions, including insurance companies, with a view to preventing systemic risks. The new regime has the following characteristics: (i) financial institutions including banks, insurance companies and securities companies and their holding companies are subject to the regime, (ii) necessary measures for preventing systemic risks such as provision of liquidity and financial assistance are implemented under the supervision or control of the Deposit Insurance Corporation of Japan, for certain of which contractual bail-in options (write-down of unsecured subordinated debts and conversion of unsecured subordinated debts into equity) are exercised and (iii) the expenses for implementation of the measures under this regime are borne by the financial industry with an exception under which it may be partially borne by the government of Japan.

Insurance Act

Insurance contracts in Japan had been governed as commercial transactions by the Commercial Code of Japan (Act No. 48 of 1899, as amended) (the "Commercial Code"). In June 2008, the Insurance Act of Japan (Act No. 56 of 2008, as amended) (the "Insurance Act") was newly promulgated, which became the primary law to govern insurance contracts when it came into effect on April 1, 2010.

The Insurance Act provides for formation, effect and other issues regarding insurance contracts, and is applied to life insurance contracts, non-life insurance contracts and accident and health insurance contracts, as well as mutual aid contracts. In addition to the establishment of rules for a change of an insurance beneficiary, measures to prevent moral hazard and other improvements, the Insurance Act also strengthens policyholder protections, as compared to previous legislative measures. This includes the following:

- Under the Commercial Code, a policyholder and an insured party were required to provide notice regarding important matters concerning the possibility of death or survival of the insured whether or not expressly requested by the life insurer. In contrast, the Insurance Act requires them to provide notice regarding important matters only when the life insurer expressly requests that it be provided with notice of such matters.

- In the case where the possibility of death has significantly decreased after the execution of a life insurance policy, the policyholder shall have the right to request a reduction of the insurance premium.

- Even if a payment date for an insurance benefit is specified in a life insurance policy and such date has not yet arrived, the life insurer shall be obliged to pay the insurance benefit after a reasonable period of time has elapsed for the insurer to be able to confirm the items necessary for payment of the insurance benefit.

- Any agreement which is less favorable for any policyholder, any insured and/or any insurance beneficiary than the measures stipulated in the above mentioned provisions of the Insurance Act shall be invalid.

- When a life insurance contract is executed, the life insurer must deliver to the policyholder a document explaining the contents of the insurance contract and certain other items without delay.

In addition, the Insurance Act has established a new rule for the protection of certain insurance beneficiaries. Under this rule, insurance beneficiaries can defeat cancellation of certain insurance contracts by a third party who holds a right of cancellation, such as an attaching creditor or bankruptcy administrator, with the consent of the policyholder, by the payment of a certain amount to such third party and by giving notice to the insurer within one month of the cancellation.

Financial Instruments and Exchange Act

The FIEA generally requires that any person or entity that is to engage in the financial instruments business be registered with the Director of the competent Local Finance Bureau as a registered financial instruments business operator. Meiji Yasuda Asset Management Company Ltd. is registered with the Director of the Kanto Local Finance Bureau as a financial instruments business operator qualified to provide investment advisory services, investment management services and certain securities dealing businesses under the FIEA, and its operations are subject to the supervision of the Commissioner of the FSA and the Director of the Kanto Local Finance Bureau. The manner of operations of registered financial instruments operators is set forth in the FIEA and related regulations.

The FIEA also requires that each life insurance company be registered as a registered financial institution with the Director of the competent Local Finance Bureau if it is to engage in certain financial instruments businesses, including certain securities dealing businesses, permitted to financial institutions under the FIEA. Life insurance companies so registered are subject to the supervision of the Director of such Local Finance Bureau with respect to their financial instruments business substantially in the same manner as are financial instruments business operators in Japan. Meiji Yasuda is registered with the Director of the Kanto Local Finance Bureau as a registered financial institution and subject to the supervision of such Director with respect to its financial instruments business. Further, if the life insurance company is to engage in such financial instruments business for an unspecified number of customers, the life insurance company is required to set forth the contents and method of said business and acquire approval from the Commissioner of the FSA pursuant to the Insurance Business Act. Meiji Yasuda has acquired such approval.

Although the FIEA does not directly regulate insurance policies, the Insurance Business Act provides for the regulation of insurance policies with strong investment characteristics, such as foreign currency denominated insurance and variable insurance, to the effect that the rules for sales and solicitation activities for such insurance products would be subject to similar restrictions as those established under the FIEA. These rules include, among others, (i) regulations on advertisements, (ii) obligation to deliver documents in a written form which must clearly state the possibility of incurring losses and the amount of fees, prior to concluding a contract, (iii) prohibition of loss compensation, and (iv) the suitability rule. These restrictions apply to sales personnel, third-party sales agencies and insurance brokers, as well as insurance companies.

Act on Provision of Financial Services, etc. and Consumer Contracts Act

The Act on Provision of Financial Services and the Development of the Accessibility Environment Thereto of Japan (Act No. 101 of 2000, as amended) is designed to protect investors in financial products, including insurance products. Under this law, financial service providers, including Meiji Yasuda as a life insurance company, are required to provide adequate explanations to customers of certain material matters such as risks of losses incurred by customers and mechanisms of such financial products causing losses, and to ensure that their solicitation of customers to purchase financial products is made in a fair manner, taking into account each customer's knowledge, experience, financial condition and purpose of purchasing such products. This law also prohibits financial service providers from providing a conclusive statement or misleading information in respect of any uncertain matter in connection with sales of financial products. Financial service providers are held liable for damages suffered by their customers as a result of any failure to meet these obligations. The amount of damages is refutably presumed by the law to be the loss of capital.

The Consumer Contracts Act of Japan (Act No. 61 of 2000, as amended) is designed to protect individual consumers who enter into contracts, or consumer contracts, with business operators, including Meiji Yasuda, in light of the wide disparity between individual consumers and business operators in terms of the volume and quality of information and bargaining power. Under this law, a consumer may cancel, within the shorter of one year after the consumer is entitled to ratify the contract and five years after the contract date, any consumer contract entered into by such consumer if he or she has proposed or agreed to enter into the relevant consumer contract due to his or her misunderstanding arising from a material false statement, a failure to provide material information that is disadvantageous to consumers, or a conclusive statement as to any uncertain future matter by the business operator. A similar cancellation right is also given to consumers if the relevant consumer contract was entered into by a consumer due to solicitation by a business operator in a certain troubling manner.

This law also requires business operators to ensure that the terms of consumer contracts are provided in a simple and clear manner so that they are understandable to consumers and the Act's amendment, which took effect in June 2019, provides that, depending on the purposes of the consumer contracts, business operators shall make efforts to give necessary information to consumers regarding the contents of those contracts, taking into account each consumer's knowledge and experience. A consumer contract clause that is unfairly prejudicial to the interests of consumers will be void under this Act. Examples of void clauses include: (i) a total waiver of consumers' rights to seek compensation from a business operator for damages suffered by them as a result of the business operator's default or a clause granting rights to business operators to determine whether consumers may assert or exercise their abovementioned rights for compensation; and (ii) waiver of consumers' cancellation rights caused by a business operator's default or a clause granting rights to business operators to determine whether consumers may assert or exercise their abovementioned rights for cancellation.

Act on Special Civil Court Procedures for Recovery of Collective Consumer Damages

The Act on Special Civil Court Procedures for Recovery of Collective Consumer Damages of Japan (Act No. 96 of 2013, as amended) (the "Special Procedures Act") was promulgated on December 11, 2013 and became effective in October 2016. Under the Special Procedures Act, certain types of consumer groups, subject to approval by the Prime Minister ("Qualified Consumer Groups"), may initiate lawsuits ("Confirmation Suits") for the purpose of confirming that a particular business operator, including Meiji Yasuda, is liable to large numbers of consumers for monetary obligations arising from a specified cause, based on contracts between such business operator and consumers (a "Common Obligation"). In the event that the existence of a Common Obligation is confirmed through a Confirmation Suit, the relevant Qualified Consumer Group is required, except in limited circumstances, to apply for commencement of a simplified procedure by which individual covered consumers may seek determination of the existence, and the specific amount of, the business operator's liability to them. Upon the commencement of the procedure, the covered consumers will be notified of the commencement as well as the manner and period to authorize the relevant Qualified Consumer Group to conduct the simplified procedure on behalf of them, and then those authorizing may submit claims thereunder to the business operator through the relevant Qualified Consumer Group.

Act Preventing Transfer of Profits Generated from Crime

Under the Act Preventing Transfer of Profits Generated from Crime of Japan (Act No. 22 of 2007, as amended) (the "Act Preventing Transfer of Profits Generated from Crime"), financial institutions and other entities, including Meiji Yasuda, are required to perform customer identification procedures and keep records of customer identifications and transactions with customers as prescribed by a ministerial ordinance. The Act Preventing Transfer of Profits Generated from Crime also requires financial institutions and other entities, including Meiji Yasuda, to report to a competent authority if they suspect that any property accepted from a customer has been obtained illegally or the customer conducts certain criminal acts. Customer identification requirements were tightened by amendments to the Act Preventing Transfer of Profits Generated from Crime which came into effect in April 2013 and October 2016.

Personal Information Protection Act

The Personal Information Protection Act aims to protect personal information in the context of a society increasingly reliant on information technology. The Personal Information Protection Act contains various provisions including those imposing obligations on a business enterprise, including Meiji Yasuda, utilizing personal information databases which store personal information such as addresses, family members and medical histories. Pursuant to those provisions, a business enterprise utilizing personal information databases is required to (i) specify the purpose of the use of the personal information as clearly as possible, (ii) refrain from using the personal information beyond such purpose without consent by the person to whom such information relates, (iii) notify the person to whom such information relates or publish the purpose of the use when or prior to acquiring the personal information, and (iv) disclose the personal information if the person to whom such information relates requests it. Further, in certain cases, the person to whom such information relates may request the business enterprise to correct, add, refrain from using or erase the personal data.

International Solvency Margin Regulations

Additional requirements, such as the global insurance capital standard published by the IAIS in November 2019 as part of its Common Framework for the Supervision of IAIGs ("ComFrame"), as described below, could result in significant changes to the current solvency margin regulations. Although we are not currently designated as an IAIG according to the register of IAIGs published by IAIS on February 14, 2024, we could become subject to these new requirements in the future, potentially resulting in new limitations on our business or investment activities.

ComFrame is a set of international supervisory requirements focusing on the effective groupwide supervision of IAIGs. ComFrame sets out a comprehensive range of quantitative requirements specific to IAIGs, and requirements for supervisors of IAIGs. ComFrame is built and expands upon the high level requirements and guidance currently set out in the IAIS Insurance Core Principles ("ICPs"). ComFrame was originally within a modular structure consisting of three modules, but the IAIS recently approved a plan to restructure ComFrame and integrate it directly into the ICPs. In connection with ComFrame, IAIS is in the process of developing a global insurance capital standard ("ICS") applicable to IAIGs. IAIS published the initial ICS for extended field testing in July 2017, the revised ICS in July 2018. The level 1 document for ICS version 2.0. ComFrame was adopted in November 2019 and the level 2 document was published in March 2020.

Legislation in the European Union could also affect our business. The Solvency II Directive (2009/138/EEC) ("Solvency II"), which became effective on January 1, 2016, reformed the insurance industry's solvency framework, including minimum capital and solvency requirements, governance requirements, risk management and public reporting standards.

The foregoing international requirements and developments could impact our business and the manner in which we operate both within and outside Japan. The possibility of inconsistent and conflicting regulation applicable to us also exists as law makers and regulators in multiple jurisdictions simultaneously pursue these initiatives.

DESCRIPTION OF THE NOTES

The Notes will be issued pursuant to an indenture to be dated on or around September 11, 2024 (the "Indenture") between Meiji Yasuda and The Bank of New York Mellon in its respective capacities as (i) trustee, (ii) paying agent, (iii) calculation agent and (iv) notes registrar.

The following description of the Notes is a summary of the detailed provisions of the Notes and the Indenture. It does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Notes and the Indenture, including the definitions of certain terms used therein. Meiji Yasuda urges you to read those documents in their entirety because they, and not this description, define the rights of holders of the Notes. You may make written request for copies of those documents from the corporate trust office of the trustee located at 240 Greenwich Street, New York, NY 10286, U.S.A. Holders of the Notes are deemed to have notice of all the provisions of the Notes and the Indenture.

Please note that, if in the future Meiji Yasuda conducts a demutualization under the Insurance Business Act or any similar applicable law or regulations and becomes a joint-stock corporation (a "Demutualization Event"), certain provisions of the Notes will automatically be amended as described in italics below. Unless otherwise described below, the amended provisions will form part of the terms and conditions of the Notes upon the effectiveness of a Demutualization Event.

General

The Notes initially will be limited to $1,750,000,000 aggregate principal amount. The Notes will be issued in fully registered form, without coupons, with a minimum denomination of $200,000 and integral multiples of $1,000 in excess thereof. The interest payment dates shall be March 11 and September 11 of each year (each an "Interest Payment Date"), beginning on March 11, 2025, until the Notes are fully redeemed. The Notes will mature on September 11, 2054 and will only be redeemable or repayable as described under "—Redemption" and "—Events of Acceleration; Limited Rights of Acceleration."

From, and including, September 11, 2024 to, but excluding, September 11, 2034 (the "First Call Date"), the Notes will bear interest at 5.800% *per annum* on each $1,000 principal amount thereof, payable semi-annually in arrears on each Interest Payment Date, unless deferred.

The rate of interest of the Notes will be reset on the First Call Date and every date which falls five, or a multiple of five, years thereafter (each a "Reset Date"), until all Notes are fully redeemed. From, and including, each Reset Date to, but excluding, the next following Reset Date or the date on which the Notes are finally redeemed, whichever is the earlier (each such period a "Reset Interest Period"), the Notes will bear interest at a fixed rate *per annum* on each $1,000 principal amount thereof equal to the "Reset Interest Rate," which is the sum of the applicable U.S. Treasury Rate (such term as defined in, and subject to the provisions described under, "—Determination of Reset Interest Rate" below) on the second business day immediately preceding each relevant Reset Date (each a "Reset Determination Date") and 3.033% *per annum*, payable semi-annually in arrears on each Interest Payment Date, beginning on March 11, 2035, unless deferred.

If any Interest Payment Date falls on a day that is not a Business Day (as defined below), then Meiji Yasuda will make the required payment of principal or interest (and additional amounts, as described in "—Taxation and Additional Amounts," if any) on the next succeeding Business Day, and no additional interest will accrue in respect of the payment made on that next succeeding Business Day.

Interest on the Notes will be paid to the persons in whose names the Notes are registered as of the close of business on the 15th calendar day (whether or not such date is a Business Day) immediately preceding the applicable Interest Payment Date (each, an "Interest Payment Record Date"). The principal of, and interest on, the Notes will be payable in U.S. dollars (or in such other coin or currency of the United States of America as of the time of payment that is legal tender for the payment of public or private debts).

"Business Day" for the purposes of the Indenture and the Notes means a day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in The City of New York, London or Tokyo.

Any references herein to interest that is accrued shall mean any and all interest that has accrued as of the relevant time, including, for the avoidance of doubt, any arrears of interest and, if applicable, interest thereon, as well as any additional amounts in respect of interest and arrears of interest.

Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months, rounding the resulting figure to the nearest cent (half a cent being rounded upward).

If any payment in respect of the Notes by Meiji Yasuda or its paying agent is subject to deduction or withholding imposed pursuant to or in connection with Sections 1471-1474 of the U.S. Internal Revenue Code or U.S. Treasury regulations or guidance issued thereunder, including deduction or withholding pursuant to an agreement with the U.S. Treasury, inter-governmental agreement or legislation adopted by any non-U.S. jurisdiction in connection with these provisions ("FATCA"), the amount so deducted or withheld will be treated as paid under the Notes for all purposes, and no additional amounts will be paid on the Notes with respect to such deduction or withholding.

Determination of Reset Interest Rate

The U.S. Treasury Rate shall be calculated by the calculation agent. The calculation agent shall not be responsible to Meiji Yasuda, holders of the Notes or any third party for any failure of the Reference Treasury Dealers to provide quotations as requested of them or as a result of the calculation agent having acted on any quotation or other information given by any Reference Treasury Dealers which subsequently may be found to be incorrect or inaccurate in any way.

"U.S. Treasury Rate" means, with respect to any Reset Date for which such rate applies, the rate *per annum* equal to: (1) the yield, under the heading which represents the average for the week immediately prior to the Reset Determination Date preceding such Reset Date, appearing in the most recently published statistical release designated "H.15," or any successor publication that is published by the Board of Governors of the Federal Reserve System that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity, under the caption "Treasury Constant Maturities," for the maturity of five years; or (2) if such release (or any successor release) is not published during the week immediately prior to the Reset Determination Date or does not contain such yields, the rate *per annum* equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Reset Date.

If the U.S. Treasury Rate cannot be determined, for whatever reason, as described under (1) or (2) above, "U.S. Treasury Rate" means the rate in percentage *per annum* as notified by the calculation agent to Meiji Yasuda equal to the yield on U.S. Treasury securities having a maturity of five years as set forth in the most recently published statistical release designated "H.15 (519)" under the caption "Treasury constant maturities" (or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity of five years) at 5:00 p.m. (New York City time) on the last available date preceding the Reset Determination Date on which such rate was set forth in such release (or any successor release).

"Comparable Treasury Issue" means, with respect to any Reset Date, the U.S. Treasury security or securities selected by an Independent Investment Banker with a maturity date on or about the last day of the Reset Interest Period commencing on such Reset Date and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in U.S. dollars and having a maturity of five years.

"Comparable Treasury Price" means, with respect to any Reset Date, (i) the arithmetic average of the Reference Treasury Dealer Quotations for such Reset Date (calculated on the Reset Determination Date preceding such Reset Date), after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if fewer than five such Reference Treasury Dealer Quotations are received by the calculation agent, the arithmetic average as calculated by the calculation agent of all such quotations, or (iii) if fewer than two such Reference Treasury Dealer Quotations are received by the calculation agent, then such Reference Treasury Dealer Quotation as quoted in writing to the calculation agent by a Reference Treasury Dealer.

"Independent Investment Banker" means one of the Reference Treasury Dealers to be selected by Meiji Yasuda.

"Reference Treasury Dealer" means each of up to five banks selected by Meiji Yasuda, or the affiliates of such banks, which are (i) primary U.S. Treasury securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues denominated in U.S. dollars.

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any Reset Date, the arithmetic average, as determined by the calculation agent, of the bid and offered prices for the applicable Comparable Treasury Issue provided to the calculation agent at the request of an Independent Investment Banker, expressed in each case as a percentage of its principal amount, at 11:00 a.m. (New York City time), on the Reset Determination Date preceding such Reset Date.

Status of the Notes; Subordination

The Notes will constitute irrevocable, direct, unsecured and subordinated obligations of Meiji Yasuda. Claims in respect of the Notes shall at all times rank *pari passu* and without any preference among themselves and *pari passu* with Liquidation Parity Securities (as defined below), as to priority of liquidation payment in the sense that payment in respect of the Notes is limited upon the occurrence of a Subordination Event (as defined below), as described in the following paragraph, and in priority to (i) claims of holders of interests in the foundation funds (*kikin*) of Meiji Yasuda and (ii) claims of any other instruments of Meiji Yasuda that are expressly designated as being junior to the Notes as to priority of liquidation payment. "Liquidation Parity Securities" means (i) our $2 billion aggregate principal amount of 5.20% step-up callable subordinated notes due 2045, $1 billion aggregate principal amount of 5.10% step-up callable subordinated notes due 2048, ¥100 billion aggregate principal amount of callable subordinated notes due 2046 with interest deferral options, ¥100 billion aggregate principal amount of callable subordinated notes due 2047 with interest deferral options, ¥15 billion aggregate principal amount of callable subordinated notes due 2051 with interest deferral options, ¥80 billion aggregate principal amount of callable subordinated notes due 2049 with interest deferral options, ¥200 billion aggregate principal amount of callable subordinated loan due 2051 with interest deferral options and ¥71.6 billion aggregate principal amount of callable subordinated loan due 2052 with interest deferral options and (ii) any other liabilities of Meiji Yasuda that are expressly designated as being on a parity with, or ranking *pari passu* with, the Notes as to priority of liquidation payment, and, for the avoidance of doubt, Liquidation Parity Securities shall not include foundation funds (*kikin*). For information on Liquidation Parity Securities outstanding as of the date of this offering circular, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Resources."

> *Upon the occurrence of a Demutualization Event, the immediately preceding paragraph shall be amended to read as follows:*
>
> *The Notes will constitute irrevocable, direct, unsecured and subordinated obligations of Meiji Yasuda. Claims in respect of the Notes shall at all times rank pari passu and without any preference among themselves and pari passu with Liquidation Parity Securities (as defined below), as to priority of liquidation payment in the sense that payment in respect of the Notes is limited upon the occurrence of a Subordination Event (as defined below), as described in the following paragraph, and in priority to (i) claims of holders of common stock and preferred stock (including the most senior preferred stock) of Meiji Yasuda and (ii) claims of any other instruments of Meiji Yasuda that are expressly designated as being junior to the Notes as to priority of liquidation payment. "Liquidation Parity Securities" means (i) our $2 billion aggregate principal amount of 5.20% step-up callable subordinated notes due 2045, $1 billion aggregate principal amount of 5.10% step-up callable subordinated notes due 2048, ¥100 billion aggregate principal amount of callable subordinated notes due 2046 with interest deferral options, ¥100 billion aggregate principal amount of callable subordinated notes due 2047 with interest deferral options, ¥15 billion aggregate principal amount of callable subordinated notes due 2051 with interest deferral options, ¥80 billion aggregate principal amount of callable subordinated notes due 2049 with interest deferral options, ¥200 billion aggregate principal amount of callable subordinated loan due 2051 with interest deferral options and ¥71.6 billion aggregate principal amount of callable subordinated loan due 2052 with interest deferral options and (ii) any other liabilities of Meiji Yasuda that are expressly designated as being on a parity with, or ranking pari passu with, the Notes as to priority of liquidation payment.*

Upon the occurrence of a Subordination Event, the obligations of Meiji Yasuda pursuant to the Notes shall be subordinated in right of payment to all Senior Indebtedness (as defined below) of Meiji Yasuda, and so long as such Subordination Event continues, no payment will be made under the Notes (except for such amounts as have become due and payable, other than solely by way of acceleration, prior to the date on which a Subordination Event shall have occurred) unless and until a Condition for Liquidation Payment (as defined below) shall have occurred.

"Subordination Event" means any one of the following events:

(a) a liquidation proceeding (including a voluntary liquidation proceeding (*tsujo seisan*) or special liquidation proceeding (*tokubetsu seisan*)) shall have commenced with respect to Meiji Yasuda pursuant to the Insurance Business Act or any successor legislation thereto;

(b) a court of competent jurisdiction in Japan shall have commenced bankruptcy proceedings with respect to Meiji Yasuda pursuant to the provisions of the Bankruptcy Act or any successor legislation thereto;

(c) a court of competent jurisdiction in Japan shall have commenced reorganization proceedings with respect to Meiji Yasuda pursuant to the provisions of the Act Concerning Special Handling of Reorganization Procedures for Financial Institutions, Etc. of Japan (Act No. 95 of 1996, as amended, the "Special Reorganization Act") or any successor legislation thereto;

(d) a court of competent jurisdiction in Japan shall have commenced rehabilitation proceedings with respect to Meiji Yasuda pursuant to the provisions of the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended) (the "Civil Rehabilitation Act") or any successor legislation thereto; and

(e) Meiji Yasuda shall have become subject to liquidation, bankruptcy, reorganization, rehabilitation or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan, which proceedings have an equivalent effect to those set out in (a), (b), (c) or (d) above.

Upon the occurrence of a Demutualization Event, references to the "Insurance Business Act" and the "Special Reorganization Act" in subparagraphs (a) and (c) of the definition of "Subordination Event" above shall be changed to the "Companies Act of Japan (Act No. 86 of 2005, as amended) (the "Companies Act")" and the "Corporate Reorganization Act of Japan (Act No. 154 of 2002, as amended) (the "Corporate Reorganization Act")," respectively.

"Senior Indebtedness" means all benefits and claims and other liabilities of Meiji Yasuda (including, for the avoidance of doubt, statutory subordinated bankruptcy claims (*retsugoteki hasan saiken*) as defined in the Bankruptcy Act) other than liabilities under the Notes, any Liquidation Parity Securities, claims of holders of interests in the foundation funds (*kikin*) or claims of any other instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment.

Upon the occurrence of a Demutualization Event, the phrase ", claims of holders of interests in the foundation funds (kikin)" in the first sentence of the immediately preceding paragraph shall be deleted.

"Condition for Liquidation Payment" means (i) in the case of a Subordination Event under clause (a) of the definition of "Subordination Event," the total amount of any and all Senior Indebtedness of Meiji Yasuda, claims in respect of which having been filed within the prescribed period in the liquidation proceedings or of which Meiji Yasuda, has knowledge shall have been paid in full without giving effect to any modification or reduction in the liquidation proceedings pursuant to the relevant law, (ii) in the case of a Subordination Event under clause (b) of the definition of "Subordination Event," the total amount of any and all Senior Indebtedness of Meiji Yasuda listed on the final distribution list, as amended, submitted to the court in the bankruptcy proceedings shall have been paid or provided for in full (including discharge by deposit of funds with the competent authority) pursuant to the relevant law, (iii) in the case of a Subordination Event under clause (c) of the definition of "Subordination Event," the total amount of any and all Senior Indebtedness which is listed in the reorganization plan of Meiji Yasuda at the time when the court's approval of the reorganization plan becomes final and conclusive shall have been paid in full in the reorganization proceedings to the extent that the liabilities shall have been fixed, (iv) in the case of a Subordination Event under clause (d) of the definition of "Subordination Event," the total amount of any and all Senior Indebtedness which is listed in the rehabilitation plan of Meiji Yasuda at the time when the court's approval of the rehabilitation plan becomes final and conclusive shall have been paid in full in the rehabilitation proceedings to the extent that the liabilities shall have been fixed, provided that if the court finally and conclusively approves summary or consent rehabilitation proceedings or the cancellation of the rehabilitation plan, or the rehabilitation proceedings are finally and conclusively cancelled or discontinued by the court, Meiji Yasuda shall be deemed to have never been subject to a Subordination Event under clause (d) of the definition of "Subordination Event," and accordingly this paragraph shall not apply, or (v) in the case of a Subordination Event under clause (e) of the definition of "Subordination Event," conditions equivalent to those set forth in (i), (ii), (iii) or (iv) above have been fulfilled (provided that if the imposition of any such condition is not allowed under such proceedings, any amount which becomes due under the Notes shall become payable in accordance with the Notes and shall not be subject to such condition).

The rights of holders of the Notes will be reinstated with respect to any payments made to the holders that are subsequently avoided in the bankruptcy, reorganization or rehabilitation proceedings (or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Japan) of Meiji Yasuda, as though such payments had not been made.

A holder of a Note, by acceptance of the Note, agrees that (i) if any payment on the Note is made to the holder after the occurrence of a Subordination Event and the amount of the payment shall exceed the amount, if any, that should have been paid to the holder upon the proper application of the subordination provisions of the Note, the payment of the excess amount shall be deemed null and void and the holder shall be obliged to return the amount of the excess payment within ten days after receiving notice of the excess payment, and (ii) upon the occurrence of a Subordination Event and so long as the Subordination Event shall continue, the holder shall not exercise any right to set off any liabilities of Meiji Yasuda under the Note (except for such amounts as have become due and payable, other than solely by way of acceleration, prior to the date on which a Subordination Event shall have occurred) against any liabilities of the holder owed to Meiji Yasuda unless, until and only in the amount as the liabilities of Meiji Yasuda under the Notes become payable pursuant to the proper application of the subordination provisions (provided, however, in the case of Subordination Event (d) above, that if the court finally and conclusively approves summary or consent rehabilitation proceedings or the cancellation of the rehabilitation plan, or the rehabilitation proceedings are finally and conclusively cancelled or discontinued by the court, Meiji Yasuda shall be deemed to have never been subject to such Subordination Event).

As a consequence of the subordination provisions in the Notes, in the event of the occurrence of a Subordination Event, holders of the Notes may recover less ratably than the holders of insurance policies and other unsubordinated liabilities of Meiji Yasuda. Holders of the Notes or the trustee may be required to pursue their claims with respect to the Notes in Japan. To the extent that holders of the Notes or the trustee are entitled to any recovery in any action or proceeding in Japan, the holders or the trustee might not be entitled in the action or proceeding to a recovery in U.S. dollars and might be entitled in the action or proceeding only to a recovery in Japanese yen. Meiji Yasuda will agree pursuant to the terms of the Notes to indemnify holders of the Notes and the trustee against certain losses incurred as a result of any judgment or order being given or made for any amount due under the Notes and the judgment or order being expressed and paid in a currency other than U.S. dollars. Any amounts due under this indemnification and any additional amounts due in respect of Japanese withholding taxes as provided by the terms of the Notes will be subordinated in right of payment in any such proceeding.

Pursuant to the provisions of the Insurance Business Act, the Bankruptcy Act, the Special Reorganization Act or the Civil Rehabilitation Act, holders of liabilities, both subordinated and unsubordinated, of Meiji Yasuda will be required to file a proof of claims in Japan upon the occurrence of a Subordination Event. Upon the expiration of the period for filing the proofs, based on those filed and the records of Meiji Yasuda, an official list of liabilities that will be entitled to receive distribution in a bankruptcy, reorganization or rehabilitation proceeding will be determined pursuant to the provisions of the Bankruptcy Act, the Special Reorganization Act or the Civil Rehabilitation Act. To the extent that any liabilities senior to the Notes are not included on the final official list in Japan or are not accorded equivalent status pursuant to any applicable law of any jurisdiction other than Japan, the liabilities will no longer rank senior to any amounts payable under the Notes.

Upon the occurrence of a Demutualization Event, references to the "Insurance Business Act" and the "Special Reorganization Act" in the immediately preceding paragraph shall be changed to the "Companies Act" and the "Corporate Reorganization Act," respectively.

The Indenture and the Notes do not contain any limitations on the amount of Senior Indebtedness or other liabilities that may be hereafter incurred or assumed, including through guarantee obligations, by Meiji Yasuda.

No amendment or modification to the subordination provisions contained in the Indenture that is prejudicial to any creditor in respect of any present or future Senior Indebtedness of Meiji Yasuda shall be made in any respect. No such amendment or modification shall in any event be effective against any such creditor.

Deferral of Interest Payments; Arrears of Interest

Optional Deferral of Interest Payments

Meiji Yasuda may, at its sole discretion, elect to defer payment of all (and not less than all) of the interest accrued on the Notes on any Interest Payment Date, so long as such Interest Payment Date does not constitute a Mandatory Interest Deferral Date (as defined under "Mandatory Deferral of Interest Payments"). Any such election to defer payment of interest accrued as of an Interest Payment Date shall not constitute a default by Meiji Yasuda for any purpose. Any such accrued interest, the payment of which is so deferred, so long as such interest remains unpaid, shall constitute arrears of interest and shall be subject to the provisions described under "—Arrears of Interest." In order to elect deferral of payments, Meiji Yasuda must provide written notice to the trustee, the paying agent and the holders of the Notes no later than one Business Day prior to the Interest Payment Record Date for the relevant Interest Payment Date.

> *Upon the occurrence of a Demutualization Event, the first sentence of the immediately preceding paragraph shall be amended to read as follows:*
>
> *Meiji Yasuda may, at its sole discretion, elect to defer payment of all (and not less than all) of the interest accrued on the Notes on any Interest Payment Date, so long as such Interest Payment Date does not constitute a Mandatory Interest Deferral Date (as defined under "—Mandatory Deferral of Interest Payments" below) or a Compulsory Interest Payment Date (as defined under "—Compulsory Interest Payments" below).*

Mandatory Deferral of Interest Payments

If, as of a date that is five Business Days prior to the Interest Payment Record Date for any Interest Payment Date, (i) a Capital Deficiency Event (as defined below) has occurred and is continuing or (ii) any payment in relation to the Notes or a Liquidation Parity Security has been deferred and continues to be in deferral, Meiji Yasuda shall be required to (a) defer payment of all (and not less than all) of the interest accrued on the Notes as of such Interest Payment Date and (b) provide written notice to the trustee, the paying agent and the holders of the Notes at least one Business Day prior to the Interest Payment Record Date for the relevant Interest Payment Date. Any such mandatory deferral of interest accrued on the Notes as of an Interest Payment Date shall not constitute a default by Meiji Yasuda for any purpose. Any such accrued interest, the payment of which is so deferred, so long as such interest remains unpaid, shall constitute arrears of interest and shall be subject to the provisions described under "—Arrears of Interest." Any such Interest Payment Date subject to this mandatory deferral requirement shall constitute a "Mandatory Interest Deferral Date."

> *Upon the occurrence of a Demutualization Event, the phrases "(i)" and, "or (ii) any payment in relation to the Notes or a Liquidation Parity Security has been deferred and continues to be in deferral" in the first sentence of the immediately preceding paragraph shall be deleted.*

A "Capital Deficiency Event" shall be deemed to have occurred if, as of the relevant date, (i) the Capital Adequacy Condition (as defined below) is not met or would not be met as a result of such payment of interest on the Notes or (ii) the Commissioner of the FSA has issued any order of prompt corrective action (*souki zesei sochi*) in relation to regulatory capital requirements to Meiji Yasuda and such order remains in effect.

The "Capital Adequacy Condition" shall be met if, as of the relevant date, (i) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) meets or exceeds the Regulatory Minimum Capital Requirements (as defined below), and (ii) a deferral of interest on the Notes is not required under the then applicable regulatory requirements in Japan (or an official application or interpretation of such regulations, including a decision of a court or a tribunal in Japan).

"Regulatory Minimum Capital Requirements" means, as of any date, the then applicable solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) required to be maintained under the Insurance Business Act and related regulations (including any successor laws and regulations) or any other solvency margin or capital adequacy regulations or regulatory capital rules of the FSA or other applicable governmental authority then in effect that are applicable to Meiji Yasuda, falling below which could trigger the issuance of an order of prompt corrective action by the Commissioner of the FSA or other equivalent action taken by such other applicable governmental authority and which is, as of the date of the Indenture, a solvency margin ratio of 200% (on a consolidated or non-consolidated basis).

If any Capital Deficiency Event occurs after the occurrence of a Demutualization Event, Meiji Yasuda intends to take such action as may be appropriate in order to facilitate a restoration of its regulatory capital position, which may include but is not limited to the following:

(i) not to propose a dividend, distribution or other payment on any class of shares at the general meeting of shareholders of Meiji Yasuda or to declare a dividend, distribution or other payment on any class of shares at the meeting of the board of directors of Meiji Yasuda or make any payment of interest (including any arrears of interest) on any Liquidation Parity Securities; and

(ii) not to redeem, repurchase or otherwise acquire any preferred stock, common stock, or any Liquidation Parity Securities of Meiji Yasuda.

Please note that this intention will not form part of the terms and conditions of the Notes, even upon the occurrence of a Demutualization Event.

Payment Stoppage

If Meiji Yasuda has given notice to defer interest payments on the Notes, but the relevant interest has not become payable, or if any payment in relation to the Notes has been deferred and continues to be in deferral, Meiji Yasuda shall not, and it shall cause any of its subsidiaries not to, make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any of its securities that are Liquidation Parity Securities or any of its instruments that are expressly designated as being junior to the Notes as to priority of liquidation payment (other than foundation funds (*kikin*) and any Liquidation Parity Securities or such other instruments, in each case, by whose terms such non-payment is not permitted).

For the avoidance of doubt, no terms of the Notes will be deemed to restrict in any manner the ability of any subsidiary of Meiji Yasuda to pay dividends or make any distributions to Meiji Yasuda or Meiji Yasuda's ability to make payments on foundation funds (*kikin*) or to make distributions to its policyholders (*shain haitou*).

Upon the occurrence of a Demutualization Event, the "Payment Stoppage" provision set forth above shall be deleted.

Arrears of Interest

Arrears of interest on the Notes shall accrue on a cumulative basis and remain payable for so long as they remain unpaid, and, for the avoidance of doubt, any claims thereon shall rank *pari passu* with the Notes. Interest on arrears of interest deferred at Meiji Yasuda's election shall compound semi-annually at 5.800% *per annum* to, but excluding, the First Call Date, and at the applicable Reset Interest Rate for each Reset Interest Period thereafter. Arrears of mandatorily deferred interest shall bear no interest.

At the option of Meiji Yasuda, arrears of interest on the Notes may be paid in whole or in part to the persons in whose names the Notes are registered as of the close of business on the 15th calendar day (whether or not such date is a Business Day) immediately preceding the date on which payment of such arrears of interest is made, at any time upon the expiration of not more than 15 nor less than five Business Days' written notice to the trustee, the paying agent and the holders of the Notes to such effect (which written notice shall specify the amount of such arrears of interest), provided that such payments (i) shall be subject to any applicable regulatory requirements or approvals, (ii) shall be conditional upon no Capital Deficiency Event having occurred and continuing to occur and (iii) shall be conditional upon no payment in relation to Liquidation Parity Securities having been deferred and continuing to be in deferral, in each case, as of the time of such written notice. Notwithstanding (iii) above or the provisions set forth under "—Optional Deferral of Interest Payments," "—Mandatory Deferral of Interest Payments" and "—Payment Stoppage," even if any payment in relation to a Liquidation Parity Security has been deferred and continues to be in deferral, Meiji Yasuda may make payment of all or any portion of the interest on the Notes that shall have accrued as of the most recent Interest Payment Date, if Meiji Yasuda also makes substantially concurrent pro rata payments of interest that shall have accrued as of the most recent Interest Payment Date for such Liquidation Parity Securities, it being understood that if such a substantially concurrent payment is not permitted under the terms of the Liquidation Parity Securities, such payment may be made on the next applicable Interest Payment Date for such Liquidation Parity Securities. For this purpose, the calculation agent shall determine, in its sole discretion, the method of calculating pro rata amounts where currency conversion or other factors require such a determination. Where no Subordination Event has occurred and is continuing and arrears of interest on the Notes are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the arrears of interest on the Notes in respect of the earliest interest period or interest periods in respect of which arrears of interest on the Notes have not been paid in full.

Upon the occurrence of a Demutualization Event, the phrase "'—Optional Deferral of Interest Payments', '—Mandatory Deferral of Interest Payments' and '—Payment Stoppage'" in the immediately preceding paragraph shall be automatically amended to read as "'—Optional Deferral of Interest Payments' and '—Mandatory Deferral of Interest Payments'."

Arrears of interest shall become due and payable in full on whichever is the earlier of (i) the date set for any redemption of the Notes and (ii) the occurrence of any Subordination Event (but subject to subordination as set forth in "—Status of the Notes; Subordination").

Upon the occurrence of a Demutualization Event, "—Compulsory Interest Payments" below shall be added:

Compulsory Interest Payments

All interest accrued as of any Compulsory Interest Payment Date shall become due and payable in full on such Compulsory Interest Payment Date, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required). A written notice of compulsory interest payment shall be given by Meiji Yasuda to the trustee not more than 15 nor less than five Business Days prior to any Compulsory Interest Payment Date. Any optional deferral notice provided as to any amount due and payable on any Compulsory Interest Payment Date shall have no force or effect.

An Interest Payment Date shall constitute a "Compulsory Interest Payment Date" if, during a period of six months prior to such Interest Payment Date, (i) a dividend on any common stock or preferred stock, or any payment of interest (including any arrears of interest) or its equivalent on any junior securities or any Liquidation Parity Securities, of Meiji Yasuda was declared, paid or distributed, except where such payment was compulsory under the terms of the relevant Liquidation Parity Securities or except for pro rata payments of accrued interest and arrears of interest of the relevant Liquidation Parity Securities as described under "—Arrears of Interest," or (ii) Meiji Yasuda or any subsidiary of Meiji Yasuda has repaid, redeemed, purchased or otherwise acquired all or part of any common stock, preferred stock, any junior securities or any Liquidation Parity Securities of Meiji Yasuda, except for a Permitted Purchase (as defined below); provided, however, that no Compulsory Interest Payment Date shall be deemed to occur if any Capital Deficiency Event has occurred or continued to occur during the period commencing immediately following the relevant event in (i) or (ii) above and ending on the relevant Interest Payment Date.

"Permitted Purchase" means any of the following:

(a) any repayment, redemption, purchase or other acquisition which is required under the Companies Act;

(b) any purchase or acquisition which occurs as a result of a merger, amalgamation, consolidation or any other corporate reorganization; or

(c) any purchase or acquisition in connection with any incentive plan for employees, officers or directors, including any stock option plan or employee stock ownership plan.

Redemption

Final Redemption

Unless previously redeemed or purchased and cancelled as provided below and subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), each Note will be finally redeemed on September 11, 2054 at the principal amount of the Notes then outstanding together with accrued interest (including any arrears of interest) and any additional amounts thereon, provided that (i) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (ii) Meiji Yasuda procures Qualifying Financing in an amount not less than the amount of the redemption. "Qualifying Financing" includes issuance of foundation funds (*kikin*) and subordinated debt financing.

Upon the occurrence of a Demutualization Event, the last sentence of the immediately preceding paragraph shall be amended to read as follows:

"Qualifying Financing" includes issuance of shares and subordinated debt financing.

In the event that the Notes are not redeemed as a result of the failure of the conditions above, interest will continue to accrue and be paid on each Interest Payment Date until the first Interest Payment Date following September 11, 2054 on which the conditions above are fulfilled, which will be the final maturity date when the Notes will be finally redeemed at the principal amount of the Notes together with accrued interest (including any arrears of interest) and any additional amounts thereon in the manner and subject to the conditions stated above.

Meiji Yasuda shall deliver to the trustee a certificate signed by an authorized officer, not less than 30 nor more than 60 days prior to the final redemption date, stating that the conditions precedent to the final redemption have been or will be fulfilled. The trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent, in which event it shall be conclusive and binding on holders of the Notes.

Optional Redemption

The Notes may be redeemed at the option and sole discretion of Meiji Yasuda in whole, but not in part, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), on the First Call Date or any Reset Date, upon giving not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes (which notice shall be irrevocable), at the principal amount of the Notes, together with interest accrued (including any arrears of interest) to the date fixed for redemption and any additional amounts thereon, provided that such early redemption may be permitted only if (i) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (ii) Meiji Yasuda procures Qualifying Financing in an amount not less than the amount of the redemption.

Meiji Yasuda shall deliver to the trustee a certificate signed by an authorized officer, not less than 30 nor more than 60 days prior to the redemption date, stating that the conditions precedent to its right to so redeem have been or will be fulfilled. The trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions precedent, in which event it shall be conclusive and binding on holders of the Notes.

Optional Redemption Due to an Additional Amounts Event

The Notes may be redeemed at any time at the option and sole discretion of Meiji Yasuda in whole, but not in part, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), and upon giving not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes (which notice shall be irrevocable), at the principal amount of the Notes, together with interest accrued (including any arrears of interest) to the date fixed for redemption and any additional amounts thereon, if (i) Meiji Yasuda has been or will be obligated to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Japan (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) or any political subdivision or any authority thereof or therein having power to tax, or any change in application, or change or the stating of an official interpretation of such laws or regulations, which change or amendment becomes effective (or, in the case of the stating of an official interpretation, is announced) on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), and (ii) such obligation cannot be avoided by Meiji Yasuda through the taking of reasonable measures available to Meiji Yasuda (an "Additional Amounts Event"); provided that such early redemption may be permitted only if

(x) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (y) Meiji Yasuda procures Qualifying Financing in an amount not less than the amount of the redemption.

Meiji Yasuda shall deliver to the trustee not less than 30 nor more than 60 days prior to the redemption date, (i) a certificate signed by an authorized officer stating that the conditions precedent to its right to so redeem have been or will be fulfilled and (ii) an opinion of independent tax advisers of recognized standing confirming that a change, amendment or stating of an official interpretation as described in the preceding paragraph has occurred. The trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent, in which event it shall be conclusive and binding on holders of the Notes.

No notice of redemption for an Additional Amounts Event shall be given sooner than 90 days prior to the earliest date on which Meiji Yasuda would actually be obliged to pay such additional amounts.

Optional Special Event Redemption

The Notes may be redeemed at any time at the option and sole discretion of Meiji Yasuda in whole, but not in part, if a Special Event (as defined below) has occurred and is continuing, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), and upon giving not less than 30 nor more than 60 days' notice of redemption in writing to the trustee and the holders of the Notes (which notice shall be irrevocable) at the principal amount of the Notes, together with interest accrued (including arrears of interest) to the date fixed for redemption, and any additional amounts thereon; provided that such early redemption may be permitted only if (x) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the redemption is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (y) Meiji Yasuda procures Qualifying Financing in an amount not less than the amount of the redemption.

Meiji Yasuda shall deliver to the trustee not less than 30 nor more than 60 days prior to the redemption date, (i) a certificate signed by an authorized officer stating that the conditions precedent to its right to so redeem have been or will be fulfilled and (ii) in the case of a Tax Deductibility Event (as defined below), an opinion of independent tax advisers of recognized standing confirming that a change, amendment, decision, administrative action or official pronouncement as described in the definition of "Tax Deductibility Event" has occurred. The trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent, in which event it shall be conclusive and binding on the holders of the Notes.

For purposes of the above:

"Special Event" means any one of the following events:

(a) a "Regulatory Event," which means any amendment or change to the Insurance Business Act or related regulations (including any successor laws and regulations), or any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, that is publicly announced after the date of the issuance of the Notes and that results or will result (for the avoidance of doubt, including after giving effect to any applicable grandfathering or similar provisions) in the Notes (in whole or in part) no longer qualifying as subordinated debt under the Insurance Business Act (including any successor legislation) or related regulations included in the determination of Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) or as a similar class of regulatory capital included in the determination of such other measure of capital adequacy then employed by the applicable regulatory requirements, and in each case, such disqualification cannot be avoided by Meiji Yasuda through the taking of reasonable measures available to Meiji Yasuda,

(b) a "Tax Deductibility Event," which means the occurrence of a more than insubstantial increase in the risk that interest payable by Meiji Yasuda on the Notes is not or will not be deductible by Meiji Yasuda, in whole or in part, for Japanese (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) tax purposes, as a result of (i) any change (including any officially announced proposed changes) in, or amendment to, the laws or regulations (or rulings promulgated thereunder) of Japan (or, in the case of a successor person not organized under the laws of Japan, such other jurisdiction of the successor person) or any political subdivision or any authority thereof or therein having power to tax, that becomes effective on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), or (ii) any administrative decision, judicial decision, administrative action or other official pronouncement interpreting or applying such laws, regulations or rulings that is announced on or after the date of the issuance of the Notes (or, in the case of a successor person not organized under the laws of Japan, on or after the date of succession), and, in each case, such non-deductibility cannot be avoided by Meiji Yasuda through the taking of reasonable measures available to Meiji Yasuda, or

(c) a "Rating Agency Event," which means a publication by Standard & Poor's, Moody's Investors Service or any other rating agency of equivalent international standing such as Fitch (including any successors to their respective ratings businesses) solicited by Meiji Yasuda to grant a credit rating to the Notes that an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of such rating agency (x) as such criteria, guidelines or methodology was in effect on the date of issuance of the Notes, in the case of any rating agency that published a rating for the Notes as of the date of the issuance, or (y) as such criteria, guidelines or methodology was in effect on the date such rating agency first published a rating for the Notes, in the case of any rating agency that first publishes a rating for the Notes after the date of the issuance, which amendment, clarification or change results or will result in (i) the shortening of the length of time the Notes are assigned a particular level of equity credit by such rating agency as compared to the length of time the Notes would have been assigned that level of equity credit by such rating agency on the date of the issuance of the Notes or the date on which such rating agency first published a rating for the Notes, as applicable, or (ii) a lower equity credit for the Notes than the equity credit assigned by such rating agency on the date of the issuance of the Notes or the date on which such rating agency first published a rating for the Notes, as applicable.

No notice of redemption shall be given sooner than (i) in the case of a Regulatory Event, 90 days prior to the earliest date on which such disqualification would actually become effective with respect to the Notes, (ii) in the case of a Tax Deductibility Event, 90 days prior to the earliest date on which such additional tax liability as a result of such non-deductibility would actually become due with respect to Meiji Yasuda's interest payments on the Notes or (iii) in the case of a Rating Agency Event, 90 days prior to the earliest date on which such amendment, clarification or change would actually apply with respect to the Notes.

Purchases

Meiji Yasuda may, in its sole discretion, at any time, subject to compliance with applicable regulatory requirements, including prior consent of the FSA (if then required), purchase the Notes for cancellation in the open market or otherwise at any price, provided that such purchase may be permitted only if (i) Meiji Yasuda's solvency margin ratio (or such other measure of capital adequacy then employed by the applicable regulatory requirements) after giving effect to the purchase is expected to remain at an adequate level within the meaning of the Insurance Business Act (including any successor legislation) and any applicable regulations, public notices or guidelines thereunder then in force, or (ii) Meiji Yasuda procures Qualifying Financing in an amount not less than the amount of the purchase.

Merger, Consolidation, Sale or Disposition

The Indenture provides that Meiji Yasuda may not merge or consolidate into any other corporation, entity or person (Meiji Yasuda not being the continuing entity), or sell, lease or dispose of its properties and assets substantially as an entirety, whether as a single transaction or a number of transactions, related or not, to any other corporation, entity or person unless:

- the corporation, entity or person assumes or succeeds to the obligations of Meiji Yasuda under the Notes and the Indenture (and, if such corporation, entity or person is organized in a jurisdiction other than Japan, agrees to pay any additional amounts in respect of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of such corporation, entity or person, or any authority therein or thereof having power to tax, corresponding to the obligation to pay additional amounts as described under "—Taxation and

Additional Amounts," subject to exceptions substantially similar to the exceptions set forth therein, substituting such jurisdiction for references to "Japan"), and

- after giving effect thereto, no Event of Acceleration (as defined below) with respect to the Notes shall have occurred and be continuing.

Taxation and Additional Amounts

All payments by Meiji Yasuda or its paying agent of principal and interest in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax, unless such withholding or deduction is required under Japanese law or by such authority.

In such event, Meiji Yasuda shall pay such additional amounts as will result in the receipt by the holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Notes under any of the following circumstances:

(i) the holder or beneficial owner of the Notes is an individual non-resident of Japan or a non-Japanese corporation and is liable for such taxes in respect of such Notes by reason of its (a) having some present or former connection with Japan other than the mere holding of such Notes or (b) being a specially- related person of Meiji Yasuda as described in Article 6, Paragraph (4) of the Special Taxation Measures Act;

(ii) the holder or beneficial owner of the Notes would otherwise be exempt from any such withholding or deduction but fails to comply with any applicable requirement to provide Interest Recipient Information (as defined below) or to submit a Written Application for Tax Exemption (as defined below) to the relevant paying agent to whom the relevant Notes are presented (where presentation is required); or whose Interest Recipient Information is not duly communicated through the relevant International Clearing Organization Participant (as defined below) and the relevant international clearing organization to such paying agent;

(iii) the holder or beneficial owner of the Notes is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation (except for (a) a Designated Financial Institution that complies with the requirement to provide Interest Recipient Information or to submit a Written Application for Tax Exemption and (b) an individual resident of Japan or a Japanese corporation that duly notifies (directly, through the International Clearing Organization Participant or otherwise) the relevant paying agent of its status as not being subject to taxes to be withheld or deducted by Meiji Yasuda by reason of receipt by such individual resident of Japan or Japanese corporation of interest on such Notes through a payment handling agent in Japan);

(iv) the Note is presented for payment (where presentation is required) more than 30 days after the day on which such payment on the Notes became due or after the full payment was provided for, whichever occurs later, except to the extent the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of such period of 30 days;

(v) the withholding or deduction is imposed on a holder or beneficial owner that could have avoided such withholding or deduction by presenting its Notes (where presentation is required) to another paying agent;

(vi) the holder is a fiduciary or partnership or is not the sole beneficial owner of the payment of the principal of, or any interest on, any Note, and Japanese law requires the payment to be included for tax purposes in the income of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner, in each case, who would not have been entitled to such additional amounts had it been the holder of the Note; or

(vii) any combination of (i) through (vi) above.

For the avoidance of doubt, no additional amounts will be paid by Meiji Yasuda or the paying agent on the Notes with respect to any amounts deducted or withheld from a payment on the Notes pursuant to or in connection with FATCA.

Where the Notes are held through a participant of an international clearing organization or a financial intermediary (each, an "International Clearing Organization Participant"), in order to receive payments free of withholding or deduction by Meiji Yasuda for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax, if the relevant beneficial owner is (i) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of Meiji Yasuda) or (ii) a Designated Financial Institution falling under certain categories prescribed by the Special Taxation Measures Act, all in accordance with the Special Taxation Measures Act, such beneficial owner shall, at the time of entrusting an International Clearing Organization Participant with the custody of the relevant Notes, provide certain information prescribed by the Special Taxation Measures Act (referred to in this section as "Interest Recipient Information") to enable the International Clearing Organization Participant to establish that such beneficial owner is exempted from the requirement for taxes to be withheld or deducted, and advise the International Clearing Organization Participant if the beneficial owner ceases to be so exempted (including the case where a beneficial owner that is an individual non-resident of Japan or a non-Japanese corporation becomes a specially-related person of Meiji Yasuda).

Where Notes are not held through an International Clearing Organization Participant, in order to receive payments free of withholding or deduction by Meiji Yasuda for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any authority thereof or therein having power to tax, if the relevant beneficial owner is (i) an individual non-resident of Japan or a non-Japanese corporation (other than a specially-related person of Meiji Yasuda) or (ii) a Designated Financial Institution, all in accordance with the Special Taxation Measures Act, such beneficial owner shall, prior to each time at which it receives interest, submit to the relevant paying agent a Written Application for Tax Exemption (*hikazei tekiyo shinkokusho*) (referred to in this section as a "Written Application for Tax Exemption") in a form obtainable from the paying agent stating, inter alia, the name and address of the beneficial owner, the title of the Notes, the relevant Interest Payment Date, the amount of interest and the fact that the beneficial owner is qualified to submit the Written Application for Tax Exemption, together with documentary evidence regarding its identity and residence.

By subscribing to the Notes, an investor will be deemed to have represented that it is a "Gross Recipient" for Japanese tax purposes. For more details regarding Japanese withholding tax, see "Taxation—Japanese Taxation."

Meiji Yasuda shall make any required withholding or deduction and remit the full amount withheld or deducted to the Japanese taxing authority in accordance with applicable law. Meiji Yasuda shall use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any tax, duty, assessment, fee or other governmental charge so withheld or deducted from the Japanese taxing authority imposing such tax, duty, assessment or other governmental charge, and if certified copies are not available, Meiji Yasuda shall use reasonable efforts to obtain other evidence satisfactory to the trustee, and the trustee shall make such certified copies or other evidence available to the holders or the beneficial owners of the Notes upon reasonable request to the trustee.

The obligation to pay additional amounts with respect to any taxes, duties, assessments and other governmental charges shall not apply to any estate, inheritance, gift, sales, transfer, personal property or any similar tax, duty, assessment, fee or other governmental charge or any tax, duty, assessment, fee or other governmental charge which is payable otherwise than by withholding or deduction from payments of principal or interest on the Notes; provided that, except as otherwise set forth in the Notes and in the Indenture, Meiji Yasuda will pay all stamp, court or documentary taxes or any excise or property taxes, charges or similar levies and other duties, if any, which may be imposed by Japan, the United States or any political subdivision or any taxing authority thereof or therein, with respect to the Indenture or as a consequence of the initial issuance, execution, delivery or registration of the Notes.

References to principal or interest in respect of the Notes shall be deemed to include any additional amounts due which may be payable as set forth in the Notes and the Indenture.

Events of Acceleration; Limited Rights of Acceleration

An "Event of Acceleration" with respect to the Notes means the occurrence of a Subordination Event.

In case an Event of Acceleration shall occur and be continuing, then interest on the Notes shall cease to accrue and the trustee may, or if so requested by the holders of not less than 25% in aggregate principal amount of the Notes then outstanding and subject to the trustee being secured, indemnified and/or prefunded to its satisfaction, shall, by written notice to Meiji Yasuda declare the principal of and all interest then accrued on the Notes to be forthwith due and payable upon receipt of such notice by Meiji Yasuda. Immediately upon delivery of such notice, the Notes shall become immediately due and payable, subject to the subordination provisions described herein.

If (i) a liquidation proceeding with respect to Meiji Yasuda shall be rescinded or terminated without distribution of assets pursuant to the Insurance Business Act, (ii) a court of competent jurisdiction shall rescind or terminate a bankruptcy action with respect to Meiji Yasuda without a distribution of assets pursuant to the Bankruptcy Act, (iii) a court of competent jurisdiction shall rescind or terminate a reorganization proceeding with respect to Meiji Yasuda whether having approved or without approving the reorganization plan pursuant to the Special Reorganization Act, (iv) a court of competent jurisdiction shall rescind or terminate a rehabilitation proceeding with respect to Meiji Yasuda whether having approved or without approving the rehabilitation plan pursuant to the Civil Rehabilitation Act, (v) a court of competent jurisdiction shall rescind or terminate any proceedings giving rise to an Event of Acceleration due to the occurrence of a Subordination Event under clause (e) of the definition of "Subordination Event" in "—Status of the Notes; Subordination," such rescission, termination or other event having an equivalent effect to that set forth in the foregoing clause (i), (ii), (iii) or (iv), as applicable, or (vi) if an Event of Acceleration with respect to the Notes shall otherwise be rescinded or terminated, then the Event of Acceleration shall have the same effect as if it had not occurred.

> *Upon the occurrence of a Demutualization Event, references to the "Insurance Business Act" and the "Special Reorganization Act" in subparagraphs (i) and (iii) of the immediately preceding paragraph shall be changed to the "Companies Act" and the "Corporate Reorganization Act," respectively.*

Neither the trustee nor any holder of the Notes shall have any rights to accelerate the repayment of the Notes upon a default in the payment of principal of or interest on the Notes, upon the non-performance of any covenant of Meiji Yasuda in relation to the Notes or upon the happening of any other event in relation to the Notes other than a Subordination Event, and in such cases, payments on the Notes would remain subject to subordination.

Further Issues

Meiji Yasuda may from time to time, without the consent of the holders of the Notes, create and issue further notes having the same terms and conditions as the Notes in all respects except for the issue date, issue price and, in some cases, first Interest Payment Date. Additional Notes issued in this manner may be consolidated with and form a single series with the previously outstanding Notes. Any additional Notes that have the same CUSIP, ISIN or other identifying number as the outstanding Notes must be fungible with the outstanding Notes for U.S. federal income tax purposes.

Indemnification of Judgment Currency

Meiji Yasuda will indemnify the trustee and each holder of a Note to the full extent permitted by applicable law against any loss incurred by the trustee and the holder as a result of any judgment or order being given or made for any amount due under the Note and the judgment or order being expressed and paid in a currency (the "Judgment Currency") other than U.S. dollars and as a result of any variation as between (i) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purpose of the judgment or order and (ii) the spot rate of exchange in The City of New York at which the trustee and the holder on the date that payment is made pursuant to the judgment or order is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by the trustee and the holder.

Modification and Waiver

Subject to the last paragraph under "—Status of the Notes; Subordination," modification and amendment of the Notes and the Indenture may be made by Meiji Yasuda and the trustee with the written consent of the holders of at least 66% in aggregate principal amount of the outstanding Notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

(i) change the maturity date of the principal or payment date of any interest or change any obligation of Meiji Yasuda to pay any additional amounts,

(ii) reduce the principal amount of, or rate of interest on, any Note,

(iii) affect the rights of holders of less than all the outstanding Notes,

(iv) change the place of payment where, or the coin or currency in which, any Note or interest thereon is payable, or

(v) impair the right of a holder to institute suit for the enforcement of any payment on or with respect to any Note on or after the date when due;

provided, further, that no such modification may, without the consent of the holders of all Notes outstanding at the time, alter the respective percentages of outstanding Notes necessary under the Indenture to modify the terms of the Notes, waive past defaults or accelerate the payment of the principal amount of the Notes.

It shall not be necessary for any act of holders under the relevant section of the Indenture to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such act shall approve the substance thereof.

Notwithstanding the foregoing, without the consent of any holders of the Notes, Meiji Yasuda and the trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture, in form satisfactory to the trustee, for any of the following purposes:

(i) to evidence the succession of another corporation, entity or person to Meiji Yasuda and the assumption by any such successor of the covenants of Meiji Yasuda in the Indenture and the Notes,

(ii) to add to the covenants of Meiji Yasuda or to surrender any right or power in the Indenture conferred upon Meiji Yasuda for the benefit of the holders of the Notes,

(iii) to evidence and provide for the acceptance of appointment under the Indenture by a successor trustee,

(iv) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture, provided that such action shall not adversely affect the interests of the holders of the Notes in any material respect, or

(v) to make any other change that does not adversely affect the interests of the holders of the Notes in any material respect.

In determining compliance with this "Modification and Waiver" section, the trustee shall be entitled to request and fully rely on an opinion of legal advisers and a certificate of an authorized officer.

Paying Agent

The paying agent shall initially be The Bank of New York Mellon. A paying agent shall be permitted to resign as paying agent upon 30 days' written notice to Meiji Yasuda. In the event that the paying agent resigns or is removed, Meiji Yasuda shall appoint a bank or trust company acceptable to Meiji Yasuda to act as the successor paying agent. If the paying agent resigns but Meiji Yasuda fails to appoint a successor paying agent within the 30 day notice period, the resigning paying agent may (on behalf of and at the expense of Meiji Yasuda) appoint a bank or trust company, or may petition any court of competent jurisdiction for the appointment of a bank or trust company, as the successor paying agent.

Paying Agent and Listing of the Notes in Singapore

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, Meiji Yasuda shall appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption, in the event that a global security is exchanged for definitive Notes. In addition, in the event that a global security is exchanged for definitive Notes, an announcement of such exchange shall be made by Meiji Yasuda or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 so long as any of the Notes are listed on the SGX-ST and the rules of SGX-ST so require.

The Trustee

The trustee, The Bank of New York Mellon, is organized under the laws of the State of New York, with offices located at 240 Greenwich Street, New York, NY 10286, U.S.A. In the absence of an Event of Acceleration with respect to the Notes, the trustee need only perform the duties specifically set forth in the Indenture. The Indenture provides that during the existence of an Event of Acceleration with respect to the Notes, the trustee will exercise the rights and powers vested in it by the Indenture, and use the same degree of care and skill in the exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Indenture does not contain limitations on the rights of the trustee, should it be or become a creditor of Meiji Yasuda, to obtain payment of claims. The trustee is not precluded from engaging in other transactions and would not be obliged to account for profit, and if it has or acquires any conflicting interest, as defined in Section 310(b) of the U.S. Trust Indenture Act of 1939, as amended, it is not required to eliminate the conflict or resign.

The trustee will be under no obligation to exercise any rights or powers vested in it by the Indenture at the written request or direction of any holder, unless such holders have offered to the trustee security, indemnity and/or prefunding satisfactory to it against the costs, expenses (including the properly incurred fees and expenses of its counsel) and liabilities which might be incurred by it in compliance with such request or direction.

Successor Trustee

Any successor trustee appointed pursuant to the terms of the Indenture shall have a combined capital and surplus of not less than $50,000,000 and have an office or agent in the Borough of Manhattan, The City of New York.

Repayment of Funds

Any money deposited by Meiji Yasuda with the trustee or a paying agent for payment of principal of or interest and any additional amounts on any Note which remains unclaimed for two years after such principal, interest or additional amounts have become due and payable and paid to the trustee shall, upon Meiji Yasuda's written request (and subject to the claims of, or payments to, the trustee or any agent under or pursuant to the Indenture), be repaid to Meiji Yasuda, and all liability of the trustee or such paying agent with respect to such payments will cease, and, to the extent permitted by law, the holder of that Note shall thereafter look only to Meiji Yasuda for payment thereof as a general unsecured creditor.

Governing Law; Consent to Jurisdiction and Service of Process; Communications

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Meiji Yasuda has irrevocably and unconditionally submitted to the non-exclusive jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, The City of New York over any legal suit, action or proceeding arising out of or relating to the Indenture or any Note; and waives, to the fullest extent it may effectively do so, any immunity and any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding and unconditionally waives and agrees not to plead or claim in any New York Court that any such action, suit or proceeding brought in such New York Court has been brought in an inconvenient forum. As long as any of the Notes remain outstanding, Meiji Yasuda will at all times have an authorized agent in The City of New York upon whom process may be served in any legal suit, action or proceeding arising out of or relating to the Indenture or any Note. Meiji Yasuda has appointed Cogency Global Inc., as its agent for such purpose.

To the fullest extent permitted by applicable law, all parties (including Meiji Yasuda, the trustee and the holders of the Notes) waive any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the Notes or the transactions contemplated thereby.

The Indenture provides that if any holder of a Note applies in writing to the trustee for information for the purpose of communicating with other holders of the Notes, the trustee must, upon satisfaction of certain conditions by such applicant, either afford such applicant access to such information or mail copies of the communication prepared by such applicant to the holders of the Notes, at the expense of such applicant.

Limitation on Suits

Other than the right to institute a suit for the enforcement of the payment of principal of, or interest on (including, in each case, any additional amounts, if applicable), any Notes after the applicable due date specified in the Notes, no holder of any Note shall have any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless (i) such holder has previously given written notice to the trustee of any of (a) a continuing Event of Acceleration, (b) default by Meiji Yasuda with respect to the covenant described under "—Merger, Consolidation, Sale or Disposition," or (c) default made in the performance by Meiji Yasuda of any other obligation under the Indenture or the Notes which continues for 60 days after notice of such default is given to Meiji Yasuda by the trustee or the holders of not less than 10% in principal amount of the Notes; (ii) the holders of not less than 25% in aggregate principal amount of the Notes shall have made written request to the trustee to institute proceedings in respect of such event or default in its own name as trustee; (iii) such holder or holders have offered to the trustee indemnity, security and/or prefunding against the costs, expenses and liabilities to be incurred in compliance with such request; (iv) the trustee for 60 days after its receipt of such notice, request and offer of indemnity, security and/or pre-funding has failed to institute any such proceeding; and (v) no direction inconsistent with such written request has been given to the trustee during such 60 day period by the holders of a majority in aggregate principal amount of the Notes.

No holder of any Note shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other holder, or to obtain or to seek to obtain priority or preference over any other holder or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all holders.

Undertaking for Costs

In any suit for the enforcement of any right or remedy under the Indenture or against the trustee for any action taken, suffered or omitted by it as trustee, other than a suit instituted by the trustee, a holder or group of holders holding more than 10% in aggregate principal amount of the outstanding Notes, or by any holder for the enforcement of the payment of the principal of or interest on any outstanding Note on or after the due date expressed in such Note, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess properly incurred costs, including properly incurred attorneys' fees, against any party litigant in such suit.

Book-Entry; Delivery and Form

DTC, Euroclear and Clearstream

The Notes will initially be issued to investors only in book-entry form. The Notes sold in reliance on Regulation S under the Securities Act will be initially in the form of one or more fully registered global securities (the "Regulation S Global Securities") and the Notes sold in reliance on Rule 144A under the Securities Act will initially be in the form of one or more fully registered global securities (the "Rule 144A Global Securities"). The global securities will be issued and registered in the name of Cede & Co., acting as nominee for DTC, which will act as securities depositary for the Notes. The global securities will initially be deposited with The Bank of New York Mellon, acting as custodian for DTC.

The Notes (including beneficial interests in the global securities) will be subject to certain restrictions on transfer set forth in the Notes and the Indenture and will bear a legend regarding the restrictions as set forth under "Transfer Restrictions." Under certain circumstances, transfers may be made only upon receipt by the trustee of a written certification (in the form provided in the Indenture).

Beneficial interests in a Regulation S Global Security may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Security upon receipt by the trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a QIB purchasing for its own account (or for the account of one or more QIBs over which account it exercises sole investment discretion) and (ii) has notified the transferee of the restrictions on transfer set forth under "Transfer Restrictions."

Beneficial interests in a Rule 144A Global Security may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Security without any written certification from the transferor or the transferee. Beneficial interests in a Rule 144A Global Security may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Security only upon receipt by the trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in compliance with the restrictions on transfer set forth under "Transfer Restrictions" and pursuant to and in accordance with Rule 903 or 904 of Regulation S or Rule 144A under the Securities Act.

Any beneficial interest in one of the global securities that is transferred to an entity that takes delivery in the form of an interest in another global security will upon transfer, cease to be an interest in such global security and become an interest in the other global security and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interest in such other global security for as long as it remains such an interest.

Persons that acquire beneficial ownership interests in the global securities will hold their interests through DTC in the United States or through Euroclear or Clearstream in Europe, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers, securities accounts in Euroclear's and Clearstream's names on the books of their respective depositories, which in turn will hold those positions in customers' securities accounts in the depositories' names on the books of DTC. Unless and until definitive Notes are issued, the only holder of the Notes will be Cede & Co., as nominee of DTC, or the nominee of a successor depositary. Beneficial owners will be permitted to exercise their rights only indirectly through DTC and its participants, including Euroclear, Clearstream and their participants.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in its participants' accounts, eliminating the need for physical movement of securities certificates. Participants in DTC include Euroclear and Clearstream, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by NYSE Euronext and the Financial Industry Regulatory Authority. Access to the DTC system is also available to others, such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions among its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear SA/NV, a credit institution under the Belgian Banking Act. All operations are conducted by the Euroclear operator and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the initial purchasers or their affiliates. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear system and applicable Belgian law. The Euroclear terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the Euroclear terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Clearstream has advised us that it is incorporated as a limited liability company under Luxembourg law. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in a number of countries. As a licensed credit institution in Luxembourg, Clearstream is supervised by the *Commission de Surveillance du Secteur Financier*. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the initial purchasers or their affiliates. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Purchases of Notes within the DTC system must be made by or through DTC participants, which will receive a credit for the Notes on DTC's records and on the records of Euroclear or Clearstream, if applicable. The ownership interest of each actual purchaser of Notes, i.e., a beneficial owner of an interest in a global security, will in turn be recorded on the DTC participants' and indirect participants' records.

Beneficial owners of interests in a global security will not receive written confirmation from DTC of their purchases, but they are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the DTC participants or indirect participants through which they purchased the Notes. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of DTC participants and indirect participants acting on behalf of beneficial owners of interests in a global security. Beneficial owners of interests in a global security will not receive certificates representing their ownership interests in the Notes unless use of the book-entry system for the Notes is discontinued.

Limitations on Responsibilities

DTC, Euroclear and Clearstream have no knowledge of the actual beneficial owners of interests in a global security. DTC's records reflect only the identity of the DTC participants to whose accounts those Notes are credited, which may or may not be the beneficial owners of interests in a global security. Similarly, the records of Euroclear and Clearstream reflect only the identity of the Euroclear or Clearstream participants to whose accounts those Notes are credited, which also may or may not be the beneficial owners of interests in a global security. DTC, Euroclear and Clearstream participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

DTC's Procedures for Notices, Voting and Payments

So long as DTC, or its nominee, is the registered owner or holder of a global security, DTC or that nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the global security for all purposes under the Notes and the Indenture. No beneficial owner of an interest in a global security will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture.

DTC has advised Meiji Yasuda that it will take any action permitted to be taken by a holder of Notes, including the presentation of Notes for exchange as described below, only at the direction of one or more of its participants to whose account DTC's interests in the global securities are credited and only in respect of that portion of the aggregate principal amount of Notes as to which that participant or participants has or have given the direction.

Conveyance of notices and other communications by DTC to its participants, by those participants to its indirect participants, and by participants and indirect participants to beneficial owners of interests in a global security will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The trustee will send any notices in respect of the Notes held in book-entry form to Cede & Co. Payment of principal of and interest on the Notes held in book-entry form will be made to Cede & Co. or another nominee of DTC in immediately available funds. DTC's practice is to credit its participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on that payment date. Payments by DTC's participants and indirect participants to beneficial owners of interests in a global security will be governed by standing instructions and customary practices, and will be the responsibility of those participants and indirect participants and not of DTC or Meiji Yasuda, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal of and interest on the Notes or other amounts to DTC is the responsibility of Meiji Yasuda, disbursement of these payments to participants is the responsibility of DTC, and disbursement of those payments to the beneficial owner of an interest in a global security is the responsibility of participants and indirect participants. The principal amount of the Notes in definitive form will be payable by check, drawn on a bank in The City of New York, upon presentation and surrender of the Notes at Meiji Yasuda or at the office of the trustee located at 240 Greenwich Street, New York, NY 10286, U.S.A., or at such other place or places as the trustee shall designate by notice to the holders of the Notes. Interest on the Notes will be payable by check, drawn on a bank in The City of New York, mailed to the persons in whose names the Notes, or one or more predecessor Notes, are registered on each Interest Payment Record Date. Notwithstanding the foregoing, the person in whose name a Note is registered may elect to receive payments of principal or interest by wire transfer in immediately available funds to a bank account in The City of New York designated by such person in a written notice received by the trustee (i) in the case of a payment of interest, prior to the Interest Payment Record Date immediately preceding the Interest Payment Date on which such payment is due and (ii) in the case of payment of principal on the maturity date, prior to the Interest Payment Record Date immediately preceding the maturity date, provided that in the case of such payment of principal, the Note shall have been surrendered to the trustee for payment together with such notice.

Except as described in this offering circular, a beneficial owner of an interest in a global security will not be entitled to receive physical delivery of Notes. Accordingly, each beneficial owner of an interest in a global security must rely on the procedures of DTC to exercise any rights under the Notes.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the global securities among participants, none of them is under any obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time. None of Meiji Yasuda, the trustee, the notes registrar or the paying agent will have any responsibility for the performance by DTC, Euroclear, Clearstream or their participants or indirect participants under the rules and procedures governing them. DTC, Euroclear and Clearstream may discontinue providing their services as securities depositary with respect to the Notes at any time by giving notice to Meiji Yasuda. Under those circumstances, definitive Notes would be delivered as described below.

The information in this section concerning DTC, Euroclear and Clearstream and DTC's book-entry system has been obtained from sources that Meiji Yasuda believes to be reliable, but Meiji Yasuda takes no responsibility for the accuracy thereof.

Exchange of Global Securities for Definitive Notes

If (i) DTC is at any time unwilling or unable to continue as a depositary for the global securities and a successor depositary is not appointed by Meiji Yasuda within 90 days or (ii) there shall have occurred and be continuing an Event of Acceleration with respect to the Notes, definitive Notes will be issued in exchange for the global securities. Definitive Notes delivered in exchange for beneficial interests in any global securities will be registered in the names, and issued with a minimum denomination of \$200,000 or integral multiples of \$1,000 in excess thereof, requested by or on behalf of DTC or the successor depositary, in accordance with its customary procedures, and will be issued without coupons.

Trustee's Powers

In considering the interests of holders of the Notes while title to the Notes is registered in the name of a nominee of DTC, the trustee may (but will not be obliged to) rely conclusively upon any information made available to it by DTC as to the identity (either individually or by category) of its participants with entitlements to Notes and may (but will not be obliged to) consider such interests as if such accountholders were the holders of the Notes. See "—The Trustee."

Registration, Transfer and Exchange

The notes registrar will maintain at its principal office currently located at 240 Greenwich Street, New York, NY 10286, U.S.A., a notes register with respect to the Notes. The name of the registered holder of each Note will be recorded in the notes register. Meiji Yasuda, the trustee and each agent may treat the person in whose name any Note is registered as the absolute owner of the Note for all purposes and none of them shall be affected by any notice to the contrary.

At the option of the holder of a Note, subject to the restrictions contained in the Note and in the Indenture, the Note may be transferred or exchanged for a like aggregate principal amount of Notes of different authorized denominations, upon surrender for exchange or registration of transfer, at the trustee's notice upon written request received from such holder of a Note accompanied by proof of the holder's holding of Notes satisfactory to the trustee. Any Note surrendered for exchange or presented for registration of transfer shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to Meiji Yasuda duly executed, by the holder thereof or his attorney duly authorized in writing (with the signatures guaranteed in satisfactory form). Notes issued upon exchange or transfer shall be registered in the name of the holder requesting the exchange or, as the case may be the designated transferee or transferees and delivered at the notes registrar's office, or mailed, at the request, risk and expense of, and to the address requested by, the designated transferee or transferees.

No service charge, other than any cost of delivery, shall be imposed for any transfer or exchange of Notes, but Meiji Yasuda may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes.

TAXATION

Japanese Taxation

The following is a general description of certain aspects of Japanese tax treatment primarily in relation to payments of principal of and interest on the Notes. It does not purport to be a comprehensive description of the tax aspects of the Notes. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.

Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on the current tax laws and regulations of Japan and the current income tax treaties entered into by Japan all as in effect on the date of this offering circular and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statement in this offering circular are to be regarded as advice on the tax position of any holder or beneficial owner of the Notes or any person subscribing for, purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the subscription for or purchase, sale or other dealings in respect of the Notes.

The Notes

The Notes do not fall under the concept of so called "taxable linked notes" as described in Article 6, Paragraph (4) of the Special Taxation Measures Act, i.e., notes of which the amount of interest is to be calculated or determined by reference to certain indicators (as prescribed in the Cabinet Order) in respect of the issuer of such notes or any other person who has a special relationship with such issuer (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is directly or indirectly controlled by a person who also directly or indirectly controls, such issuer) as described in Article 6, Paragraph (4) of the Special Taxation Measures Act and Article 3-2-2, Paragraphs (5) to (7) of the Cabinet Order ("Specially-Related Person").

Representation of Gross Recipient Status upon Initial Distribution

By subscribing for the Notes, an investor will be deemed to have represented that it is a "Gross Recipient" which means (i) a beneficial owner of the Notes that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation (a "Resident Holder"), nor an individual non-resident of Japan or a non-Japanese corporation (a "Non-Resident Holder") that, in either case, is a Specially-Related Person, (ii) a Designated Financial Institution or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act. The Notes are not as part of the initial distribution by the Initial Purchasers at any time to be directly or indirectly offered or sold to, or for the benefit of, any person other than a Gross Recipient.

Interest Payments on the Notes

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Notes, where the Notes are issued by Meiji Yasuda outside Japan and payable outside Japan. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.

1. Non-Resident Holders that are not Specially-Related Persons

If the recipient of interest on the Notes is a Non-Resident Holder for Japanese tax purposes, as described below, the Japanese tax consequences on such Non-Resident Holder are significantly different depending upon whether such Non-Resident Holder is a Specially-Related Person. Most importantly, if such Non-Resident Holder is a Specially-Related Person, income tax at the rate of 15.315% (15% on or after January 1, 2038) of the amount of such interest will be withheld by Meiji Yasuda under Japanese tax law.

(1) If the recipient of interest on the Notes is a Non-Resident Holder that is not a Specially-Related Person having no permanent establishment within Japan or having a permanent establishment within Japan but

where the receipt of the interest on the Notes is not attributable to such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding, deduction or otherwise, if such recipient complies with certain requirements, inter alia:

(i) if the relevant Notes are held through certain participants in an international clearing organization such as the DTC, Euroclear and Clearstream or certain financial intermediaries prescribed by the Special Taxation Measures Act and the Cabinet Order (together with the ministerial ordinance and other regulations thereunder, the "Law") (each such participant or financial intermediary, a "Participant"), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant Notes, certain information (the "Interest Recipient Information") prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the Participant if such Non-Resident Holder ceases to be so exempted (including the case where it became a Specially-Related Person); and

(ii) if the relevant Notes are not held through a Participant, the requirement to submit to the relevant paying agent a written application for tax exemption (hikazei tekiyo shinkokusho) (the "Written Application for Tax Exemption") together with certain documentary evidence.

Failure to comply with the foregoing requirements (including the case where the Interest Recipient Information is not duly communicated through a Participant or to the relevant paying agent as required under the Law) will result in the withholding by Meiji Yasuda of income tax at the rate of 15.315% (15% on or after January 1, 2038) of the amount of such interest.

(2) If the recipient of interest on the Notes is a Non-Resident Holder having a permanent establishment within Japan and the receipt of interest is attributable to such permanent establishment, such interest will not be subject to a 15.315% (15% on or after January 1, 2038) withholding tax by Meiji Yasuda, if the recipient provides the Interest Recipient Information or submits the Written Application for Tax Exemption as set out in paragraph (1) above. Failure to do so will result in the withholding by Meiji Yasuda of income tax at the rate of 15.315% (15% on or after January 1, 2038) of the amount of such interest. The amount of such interest will be aggregated with the recipient's other Japanese source income and will be subject to regular income tax or corporate tax, as appropriate.

2. Resident Holders, and Non-Resident Holders that are Specially-Related Persons

Payments of interest on the Notes to a Resident Holder (except for (a) a Designated Financial Institution which has complied with the requirements under Article 6 of the Special Taxation Measures Act and (b) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Special Taxation Measures Act receiving interest through a payment handling agent in Japan as defined in Article 3-3, Paragraph (1) of the Special Taxation Measures Act and Article 2-2, Paragraph (2) of the Cabinet Order, with custody of the Notes in compliance with the requirements under Article 2-2 of the Cabinet Order) or to a Non-Resident Holder that is a Specially-Related Person, will be subject to deduction in respect of Japanese income tax at the rate of 15.315% (15% on or after January 1, 2038).

Under the Law, if a Non-Resident Holder becomes a Specially-Related Person, and if such Notes are held through a Participant, then such Non-Resident Holder is required to notify the Participant of such change in status by the immediately following interest payment date of the Notes. As the status of such Non-Resident Holder as a Specially-Related Person for Japanese withholding tax purposes is determined based on the status as of the beginning of the fiscal year of Meiji Yasuda in which the relevant interest payment date falls, such Non-Resident Holder should, by such notification, identify and advise the Participant of the specific interest payment date on which Japanese withholding tax commences to apply with respect to such Non-Resident Holder as being a Specially-Related Person.

The Japanese withholding tax imposed upon interest on the Notes paid to a Non-Resident Holder that is a Specially-Related Person as mentioned above may be reduced or exempted by an income tax treaty between Japan and the country of residence of such Non-Resident Holder in accordance with its terms.

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance Tax and Gift Tax

Gains derived from the sale or disposition of Notes outside Japan by a Non-Resident Holder having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by holders of the Notes in connection with the issue of the Notes, nor will such taxes be payable by holders of the Notes in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired the Notes from another individual as legatee, heir or donee.

U.S. Federal Income Tax Considerations

The following is a description of certain U.S. federal income tax considerations to the U.S. Holders described below of owning and disposing of Notes, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the Notes. This discussion applies only to initial U.S. Holders that purchase Notes in this offering at the "offering price" (as defined below) and hold them as capital assets (generally, property held for investment) for U.S. federal income tax purposes.

This discussion does not address all aspects of U.S. federal income taxation and does not address U.S. state, local or non-U.S. tax laws. In addition, this discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including any minimum tax consequences, consequences arising from the Medicare contribution tax on "net investment income" and other tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or certain traders in securities;
- persons holding Notes as part of a hedge, "straddle" or integrated transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement;
- entities classified as partnerships or other pass-through entities (or persons holding the Notes through such entities) for U.S. federal income tax purposes;
- regulated investment companies;
- insurance companies;
- tax-exempt entities; or
- persons holding Notes in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Notes and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences to them of owning and disposing of the Notes.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions, and Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

There can be no assurance that the Internal Revenue Service (the "IRS") or a court will not take a contrary position with respect to any U.S. federal income tax considerations described below. As used herein, a "U.S. Holder" is a person that for U.S. federal income tax purposes is a beneficial owner of a Note and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (2) it has made a valid election to be treated as a U.S. person under applicable Treasury Regulations.

For purposes of this discussion, an "accrual method" U.S. Holder is a U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes.

HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, AS WELL AS THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME, AND OTHER TAX LAWS.

Uncertain Tax Characterization of the Notes

The proper characterization of the Notes for U.S. federal income tax purposes is uncertain. The determination of whether a security should be classified as indebtedness or equity for U.S. federal income tax purposes requires a judgment based on all relevant facts and circumstances. There is no statutory, judicial or administrative authority that directly addresses the U.S. federal income tax treatment of securities such as the Notes. To the extent required for U.S. federal income tax purposes, we intend to treat the Notes as "variable rate debt instruments" that are deemed to mature on September 11, 2034. This characterization is binding on U.S. Holders, unless a U.S. Holder discloses on its U.S. federal income tax return that it is treating the Notes in a manner inconsistent with our characterization. However, our treatment of the Notes is not binding on the IRS or the courts, and no ruling is being requested from the IRS with respect to the proper characterization of the Notes for U.S. federal income tax purposes. The Notes may be subject to possible alternative characterizations. For example, because of certain features of the Notes, such as their subordination to creditor claims and the optional (and in certain circumstances, mandatory) deferral of payments thereon, the Notes could be recharacterized as our equity for U.S. federal income tax purposes. Alternatively, the Notes may be recharacterized as "contingent payment debt instruments" if they do not qualify as variable rate debt instruments. Any recharacterization of the Notes might affect the timing, amount and character of income inclusions on the Notes. Although we do not have any current plan to demutualize, U.S. Holders should note that if we were to demutualize in the future, the tax consequences of any such demutualization to U.S. Holders and the treatment of the Notes following the demutualization is uncertain and may depend on facts and circumstances at the time of the demutualization that are not currently known. Prospective purchasers of Notes are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes (including under any alternative characterization and the consequences of a demutualization). The following discussion assumes that the Notes will be treated as "variable rate debt instruments" for U.S. federal income tax purposes that are deemed to mature on September 11, 2034.

Interest Income and Original Issue Discount

In general, debt instruments are treated as issued with original issue discount ("OID") if their "stated redemption price at maturity" exceeds their offering price (i.e., the first price at which a substantial amount of debt instruments are sold other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) by more than a de minimis amount. A debt instrument's stated redemption price at maturity is the total of all payments under the debt instrument other than "qualified stated interest." Generally, in order to be qualified stated interest, interest on a debt instrument must be unconditionally payable at least annually. Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the debt instrument otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency.

Because of our option to defer interest payments, none of the stated interest on the Notes will be considered unconditionally payable for purposes of the definition of qualified stated interest. As a result, all of the stated interest on the Notes will be treated as OID. A U.S. Holder will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method regardless of their method of accounting. A U.S. Holder will not be required to separately report the actual payments of interest on the Notes as taxable income. Assuming that our treatment of the Notes as variable rate debt instruments that mature on September 11, 2034 is respected and interest on the Notes is not optionally or mandatorily deferred, an accrual method U.S. Holder should generally be required to accrue an amount of OID equal to the next stated interest payment during each accrual period and therefore should be subject to tax on an amount equal to the stated interest for each accrual period. If the Notes are not redeemed on September 11, 2034, solely for purposes of determining subsequent interest accruals on the Notes, the Notes would be treated as if they were redeemed and new notes that pay interest at the reset interest rate were issued on that date. U.S. Holders would accrue the reset interest as OID for each accrual period in a similar manner to that described for fixed-rate interest above.

If any interest payment were deferred, the amount of OID that a U.S. Holder would be required to include in income for each accrual period following such deferral would depend on whether interest payments are optionally or mandatorily deferred.

We currently do not intend to exercise our right to optionally defer payments of interest on the Notes and we believe that the possibility of mandatory deferral of interest payments on the Notes is remote.

U.S. Holders should consult their tax advisers regarding the application of the OID rules, including the amount and timing of OID accruals in the case that the Notes are not redeemed on September 11, 2034 or any interest payment is deferred, in their particular circumstances.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued interest, which, if not previously included in income, will be subject to taxation in the manner described above under "—Interest Income and Original Issue Discount") and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will be equal to its cost, increased by the amounts of any OID previously included in income by the U.S. Holder and reduced by any payments on the Notes received by the U.S. Holder. Generally, provided that interest payments are not mandatorily deferred, gain or loss realized on the sale, exchange or retirement of a Note will be capital gain or loss, and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. The deductibility of capital losses is subject to limitations.

CERTAIN ERISA AND BENEFIT PLAN INVESTOR CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including entities such as collective investment funds, partnerships and separate accounts whose underlying assets are deemed to include the assets of such plans for purposes of ERISA (collectively, "ERISA Plans") should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the Notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence, diversification, conflict of interest and prohibited transaction provisions of ERISA and would be consistent with the documents and instruments governing the ERISA Plan. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Covered Plan (as defined below) or the management or disposition of the assets of a Covered Plan, or who renders investment advice for a fee or other compensation to a Covered Plan, is generally considered to be a fiduciary of the Covered Plan. It is not intended that we, any initial purchaser or any of our or their affiliates, agents or representatives (collectively, "Transaction Parties") will act in a fiduciary capacity with respect to any Covered Plan in connection with its investment in or holding of a Note (or any interest therein) pursuant to this offering.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as plans (including individual retirement accounts and Keogh plans) subject to Section 4975 of the Code (together with Covered Plans, "Covered Plans"), from engaging in certain transactions involving the "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code (in either case, "Parties in Interest") with respect to such Plans. For example, where a Transaction Party is a Party in Interest with respect to a Plan the purchase and holding of the Notes (including any interest in a Note) by or on behalf of the Plan could be a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless exemptive relief were available under an applicable exemption (as described below). In this regard, certain prohibited transaction class exemptions ("PTCEs") issued by the U.S. Department of Labor may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the Notes or any interest therein. Those class exemptions include PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Covered Plan and a person that is a party in interest or disqualified person with respect to the Covered Plan solely by reason of providing services to the Covered Plan or a relationship with such a service provider, *provided* that neither the issuer of the securities nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any such Covered Plan involved in the transaction and provided further that the Covered Plan receives no less, nor pays more, than adequate consideration in connection with the transaction (the "service provider exemption"). There can be no assurance that any of the foregoing exemptions or any other exemptions will be available, or that all of the conditions of any such exemptions will be satisfied, with respect to all possible prohibited transactions that may arise in connection with the acquisition and holding of the Notes (or any interest therein).

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (with Covered Plans, "Plans") are not subject to the fiduciary responsibility or prohibited transaction rules of ERISA or Section 4975 of the Code, but may be subject to similar rules under other applicable laws or regulations ("Similar Laws").

Due to the complexity of these rules, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any Plan consult with their counsel regarding the relevant provisions of ERISA, the Code or any Similar Laws and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1, 84-14, the service provider exemption or some other basis on which the acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

Accordingly, the Notes (including interests in Notes) may not be purchased or held by any Plan or any person investing "plan assets" of any Plan, unless such purchase and holding of the Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of any applicable Similar Laws.

Each purchaser or holder of the Notes (or any interest therein) will be deemed to have represented by its purchase or holding of the Notes (or any such interest) that (a) it is not a Plan and its purchase and holding of the Notes is not made on behalf of or with "plan assets" of any Plan or (b) its purchase and holding of the Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of applicable Similar Law. Additionally, if any purchaser or subsequent transferee of the Notes (or any interest in a Note) is using assets of any Covered Plan to acquire or hold the Notes, or any interest therein, such purchaser or subsequent transferee will be deemed to have represented and warranted that none of the Transaction Parties has acted as the Covered Plan's fiduciary with respect to the purchaser's or transferee's decision to acquire and hold the Notes (or any interest therein) pursuant to this offering.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions or violations of applicable Similar Laws, it is particularly important that fiduciaries, or other persons considering purchasing and holding the Notes (or any interest therein) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether one or more exemptions would be necessary, and if so applicable, to the purchase and holding of the Notes (or any interest therein).

Each purchaser and holder of the Notes (including any interest in a Note) has exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. Providing of this offering circular and the above disclosure, and the sale of any Notes (or any interests therein), to any Plan are in no respect advice or a representation or recommendation by any Transaction Party that an investment in the Notes (or any interests therein) meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is advisable or appropriate for Plans generally or any particular Plan.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The Notes are being offered in accordance with Rule 144A and Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, they may not be offered, sold, pledged or otherwise transferred or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this section that are defined in Rule 144A or Regulation S under the Securities Act are used as defined therein.

Notes Offered in Reliance on Rule 144A

Each purchaser of the Notes offered in reliance on Rule 144A will be deemed to have represented and agreed as follows:

- the purchaser is a QIB; aware that the sale of the Notes to it is being made in reliance on Rule 144A; and acquiring the Notes for its own account or for the account of a QIB, as the case may be;
- the purchaser understands that the Notes have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred, except:
  - to a person who the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of another QIB in a transaction meeting the requirements of Rule 144A;
  - in an offshore transaction complying with Regulation S;
  - pursuant to any other exemption from, or in a transaction not subject to, registration under the Securities Act; or
  - either (i) no portion of the assets used by the purchaser to acquire and hold the Notes constitutes assets of any Plan or (ii) the purchase and holding of the Notes by the purchaser will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law; and
- if the purchaser is using assets of any Covered Plan, none of the Transaction Parties has acted as the Covered Plan's fiduciary, or has been relied upon for any advice, with respect to the purchaser's or transferee's decision to acquire and hold the Notes (or any interest therein), unless an exemption applies permitting such status, and
- in each case, in accordance with all applicable securities laws of the states of the United States.

The global securities representing the Notes sold in reliance on Rule 144A will bear a legend to the following effect unless we determine otherwise in compliance with applicable law:

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")), (B) AGREES FOR THE BENEFIT OF THE ISSUER THAT THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OF THIS SECURITY OR A SUBSIDIARY THEREOF, (2) TO A QUALIFIED INSTITUTIONAL BUYER, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO ANY OTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) AND (C) REPRESENTS THAT EITHER (X) IT IS NOT, AND IS NOT PURCHASING OR

HOLDING THE SECURITIES ON BEHALF OF OR WITH THE ASSETS OF, ANY PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), ANY PLAN, SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF SUCH PLAN'S INVESTMENT THEREIN (EACH, A "COVERED PLAN") OR ANY PLAN OR ARRANGEMENT THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW SIMILAR TO ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (Y) ITS PURCHASE AND HOLDING OF THE SECURITIES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW. IF THE HOLDER IS USING ASSETS OF ANY COVERED PLAN, IT REPRESENTS THAT NONE OF THE COMPANY, INITIAL PURCHASERS OR THEIR RESPECTIVE AFFILIATES, REPRESENTATIVES OR AGENTS HAS ACTED AS THE COVERED PLAN'S FIDUCIARY, OR HAS BEEN RELIED UPON FOR ANY ADVICE, WITH RESPECT TO THE HOLDER'S DECISION TO ACQUIRE AND HOLD THE NOTES (OR ANY INTEREST THEREIN), UNLESS AN EXEMPTION APPLIES PERMITTING SUCH STATUS.

AS A CONDITION TO THE REGISTRATION OF THE TRANSFER IN ACCORDANCE WITH (4) ABOVE, THE ISSUER OR THE TRUSTEE MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION. THE HOLDER HEREOF, BY PURCHASING OR ACCEPTING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

No representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of any Notes.

Notes Offered in Reliance on Regulation S

Each purchaser of the Notes offered in reliance on Regulation S will be deemed to have represented and agreed as follows:

- the purchaser is a non-U.S. person acquiring the Notes in an offshore transaction in accordance with Regulation S;

- the purchaser understands that the Notes have not been and will not be registered under the Securities Act and, until 40 days after the later of the commencement of the sale of the Notes and the date of the original issuance of the Notes, may not be offered, resold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act;

- either (i) no portion of the assets used by the purchaser to acquire and hold the Notes constitutes assets of any Plan or (ii) the purchase and holding of the Notes by the purchaser will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law; and

- if the purchaser is using assets of any Covered Plan, none of the Transaction Parties has acted as the Covered Plan's fiduciary, or has been relied upon for any advice, with respect to the purchaser's or transferee's decision to acquire and hold the Notes (or any interest therein), unless an exemption applies permitting such status.

The global securities representing the Notes sold in reliance on Regulation S will bear a legend to the following effect unless we determine otherwise in compliance with applicable law:

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES

REGULATORY AUTHORITY OF ANY JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. THE ISSUER HAS AGREED THAT THIS LEGEND SHALL BE DEEMED TO HAVE BEEN REMOVED ON THE 41ST DAY FOLLOWING THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE FINAL DELIVERY DATE WITH RESPECT THERETO. THE HOLDER REPRESENTS THAT EITHER (X) IT IS NOT, AND IS NOT PURCHASING OR HOLDING THE SECURITIES ON BEHALF OF OR WITH THE ASSETS OF, ANY PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), ANY PLAN, SUCH AS AN INDIVIDUAL RETIREMENT ACCOUNT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" WITHIN THE MEANING OF ERISA BY REASON OF SUCH PLAN'S INVESTMENT THEREIN (EACH, A "COVERED PLAN") OR ANY PLAN OR ARRANGEMENT THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW SIMILAR TO ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (Y) ITS PURCHASE AND HOLDING OF THE SECURITIES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW. IF THE HOLDER IS USING ASSETS OF ANY COVERED PLAN, IT REPRESENTS THAT NONE OF THE COMPANY, INITIAL PURCHASERS OR THEIR RESPECTIVE AFFILIATES, REPRESENTATIVES OR AGENTS HAS ACTED AS THE COVERED PLAN'S FIDUCIARY, OR HAS BEEN RELIED UPON FOR ANY ADVICE, WITH RESPECT TO THE HOLDER'S DECISION TO ACQUIRE AND HOLD THE NOTES (OR ANY INTEREST THEREIN), UNLESS AN EXEMPTION APPLIES PERMITTING SUCH STATUS,

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions set forth in a purchase agreement, dated September 4, 2024, (the "purchase agreement") between us and the initial purchasers named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Goldman Sachs & Co. LLC and BofA Securities, Inc. are acting as the representatives, the initial purchasers have severally, and not jointly, agreed to purchase, and we have agreed to sell to the initial purchasers, the respective principal amount of the Notes listed opposite their names below.

Initial purchasers	Principal amount
Morgan Stanley & Co. LLC	$ 700,000,000
J.P. Morgan Securities LLC	350,000,000
Mizuho Securities USA LLC	262,500,000
Goldman, Sachs & Co.	192,500,000
BofA Securities, Inc.	70,000,000
Daiwa Capital Markets America Inc.	52,500,000
SMBC Nikko Securities America, Inc.	43,750,000
Nomura Securities International, Inc.	35,000,000
Barclays Capital Inc.	17,500,000
BNP Paribas	17,500,000
Citigroup Global Markets Inc.	8,750,000
Total	$1,750,000,000

The initial purchasers have advised us that they propose initially to offer the Notes at the issue price listed on the cover page of this offering circular. After the initial offering, the price to investors may be changed. The initial purchasers have agreed to purchase the Notes from us at a purchase price that reflects a discount from the issue price, and the initial purchasers will retain the difference between such purchase price and issue price as compensation.

The initial purchasers are entitled to be released and discharged from their obligations under, and to terminate, the purchase agreement in certain circumstances prior to paying us for the Notes. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased. The initial purchasers are offering the Notes subject to their acceptance of the Notes from us and subject to prior sale. The purchase agreement provides that the obligations of the several initial purchasers to pay for and accept delivery of the Notes are subject to approval of certain legal matters by their counsel and to certain other conditions.

The purchase agreement provides that we will indemnify the initial purchasers and their affiliates against specified liabilities, including liabilities under the Securities Act, in connection with the offer and sale of the Notes, and will contribute to payments the initial purchasers and their affiliates may be required to make in respect of those liabilities.

The Notes are being offered by the initial purchasers or affiliates of certain of the initial purchasers outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act and by initial purchasers or affiliates of certain of the initial purchasers to QIBs in the United States in reliance on Rule 144A under the Securities Act.

Price Stabilization

In connection with the offering, BofA Securities, Inc., as the Stabilization Manager, and/or any person acting on behalf thereof may purchase and sell the Notes in the open market and engage in other transactions, subject to applicable laws and regulations. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Stabilization Manager and/or any person acting on behalf thereof of a greater principal amount of the Notes than they are required to purchase from us in the offering. Stabilizing transactions consist of bids or purchases by the Stabilization Manager and/or any person acting on behalf thereof for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress. These transactions may also include stabilizing transactions by the Stabilization Manager and/or any person acting on behalf thereof for the accounts of the initial purchasers.

In addition, the Stabilization Manager and/or any person acting on behalf thereof may impose a penalty bid. A penalty bid is an arrangement that permits the Stabilization Manager and/or any person acting on behalf thereof to reclaim a selling concession from a syndicate member in connection with the offering when the Notes originally sold by the syndicate member are purchased in syndicate covering transactions.

These activities may stabilize, maintain or otherwise affect the market prices of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time.

No Sale of Similar Securities

We have agreed that, during a period of 30 days from the date of this offering circular, we will not, without the prior written consent of the representatives of the initial purchasers, directly or indirectly, issue, sell, offer or agree to sell, or otherwise transfer or dispose of, any other debt securities with a maturity greater than one year, or guarantee any debt securities with a maturity greater than one year.

New Issues of the Notes

The Notes are new issues of securities with no established trading market. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions" and "Benefit Plan Investor Considerations." Approval in-principle has been received for the listing of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST, the Notes will be traded on the SGX-ST in a minimum board lot size of $200,000. The initial purchasers have advised us that they presently intend to make a market in the Notes after completion of this offering. Such market making activity will be subject to the limits imposed by applicable laws. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. A liquid or active public trading market for any of the Notes may not develop. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If such Notes are traded, they may trade at a discount from the initial issue price, depending on the market for similar securities, our performance and other factors. See "Risk Factors-Risks Related to the Notes—The market for the Notes may be limited."

Selling Restrictions

General

No action has been or will be taken by us that would permit a public offering of the Notes, or possession or distribution of this offering circular, any amendment or supplement thereto, or any other offering or publicity material relating to the Notes in any country or jurisdiction where, or in any circumstances in which, action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering circular nor any other offering or publicity material relating to the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with applicable laws and regulations.

United States

Each initial purchaser has agreed that it will offer and sell the Notes as part of its distribution of the Notes under the purchase agreement at any time only in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act.

The Notes have not been registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The initial purchasers, or U.S. affiliates of the initial purchasers may arrange for the sale of a portion of the Notes in the United States exclusively to persons reasonably believed by them to be QIBs in reliance on the exemption from registration provided by Rule 144A under the Securities Act and each United States purchaser of the Notes is hereby notified that the offer and sale of the Notes to it is being made in reliance upon such exemption. The offering of the Notes to persons other than U.S. persons will be made outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than pursuant to Rule 144A under the Securities Act or another exemption from registration under the Securities Act.

Japan

The Notes have not been and will not be registered under the FIEA, and are subject to the Special Taxation Measures Act. Each of the initial purchasers has agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, any Notes in Japan, or to, or for the benefit of, any person resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale directly or indirectly in Japan, or to, or for the benefit of, any person resident in Japan, for Japanese securities law purposes except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution at any time, directly or indirectly offer or sell the Notes to, or for the benefit of, any person other than a Gross Recipient. A "Gross Recipient" for this purpose is (i) a beneficial owner that is, for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Person, (ii) a Designated Financial Institution or (iii) any other excluded category of persons, corporations or other entities under the Special Taxation Measures Act.

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. Accordingly, the offering of the Notes is only being made to investors in the EEA who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Placing Shares and Placing Warrants or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Information to EU Distributors

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this paragraph, an "EU distributor") should take into consideration the manufacturers' target market assessment; however, an EU distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. Accordingly, the offering of the Notes is only being made to investors in the UK who are not retail investors. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this document is being distributed to and is directed only at, legal entities which are qualified investors as defined under the UK Prospectus Regulation and are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Order; or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts, as described in Article 49(2) of the Order (all such persons together being "Relevant Persons"). In the United Kingdom, any investment or investment activity to which this document relates is only available to and will only be engaged in with Relevant Persons. Persons who are not Relevant Persons should not act or rely on this document or any of its contents.

Each initial purchaser has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to the offer and this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). No advertisement, invitation or document relating to the Notes has been or will be issued or in the possession of, or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

Each initial purchaser acknowledges that this offering circular has not been registered as a prospectus with the MAS. Accordingly, each initial purchaser represents, warrants and agrees that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Canada

Prospective Canadian investors are advised that the information contained within this offering circular has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within the offering circular and as to the suitability of an investment in the Notes in their particular circumstances.

The offer and sale of the Notes in Canada will only be made in the provinces of British Columbia, Alberta, Ontario and Quebec or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers and sales will be made only under exemptions from the requirement to file a prospectus in the above mentioned provinces and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. This Offering Circular or any other offering material in connection with the offer of the Notes has not been and will not be distributed or delivered in Canada other than to a resident of the provinces of British Columbia, Alberta, Ontario or Quebec in compliance with applicable securities laws.

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions ("NI 45-106") or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering.

Upon receipt of this offering circular, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la reception de ce document, chaque acheteur canadien confirme par les presentes qu'il a expressement exige que tous les documents faisant foi ou se rapportant de quelque maniere que ce soit a la vente des valeurs mobilieres decrites aux presentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rediges en anglais seulement.*

Stamp Taxes and Other Charges

Purchasers of the Notes offered by this offering circular may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase and in addition to the issue price on the cover page of this offering circular.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us or our subsidiaries and affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities), financial instruments (including bank loans), currencies and commodities for their own account and for the accounts of their customers, and such investment and securities activities may involve securities, instruments or assets of ours, any of our affiliates or related to our business. If any of the initial purchasers or their affiliates have a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their respective affiliates may also make investment recommendations and may publish or express independent research views in respect of such securities or instruments or in respect of assets, currencies or commodities that may be related to our business, and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities, instruments, currencies or commodities.

Settlement

We expect delivery of the Notes will be made against payment therefor on or about September 11, 2024, which is the fifth New York business day following the date of pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one business day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the delivery of the Notes will be required, by virtue of the fact that the Notes initially will settle five New York business days after pricing of the Notes, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisers.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP as to matters of U.S. federal and New York law and Anderson Mori & Tomotsune as to matters of Japanese law. Certain legal matters will be passed upon for the initial purchasers by Davis Polk & Wardwell LLP as to matters of U.S. federal and New York law.

INDEPENDENT AUDITORS

The consolidated financial statements and non-consolidated financial statements of Meiji Yasuda Life Insurance Company as of March 31, 2022, 2023 and 2024 and for the years then ended, included in this offering circular, have been audited by KPMG AZSA LLC, independent auditors, as stated in their reports appearing herein.

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INDEX TO FINANCIAL STATEMENTS

KPMG

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2024, 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 notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Policy reserves of ¥38,182,098 million were recognized for the current fiscal year, of which ¥34,018,043 million was the policy reserves of the Company, accounting for a significant portion as large as approximately 64.4% of total liabilities and net assets in the consolidated financial statements. The amount included policy reserves of ¥64,721 million set aside additionally in the current fiscal year for variable life insurance contracts pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (16) Policy reserves" to the consolidated financial statements, policy reserves are reported at an amount determined by actuarial calculations in accordance with the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for future fulfilment of obligations under the insurance contracts, pursuant to Article 116, Paragraph 1 of the "Insurance Business Act." In order to validate whether the amount of policy reserves is sufficient, the appointed actuary is engaged to perform future cashflow analysis, pursuant to the "Insurance Business Act" and other relevant regulations. The analysis involved significant judgment in determining assumptions for estimating future cash flows, as well as a high level of actuarial expertise. In addition, if there is deemed to be a risk that the policy reserves provided for in accordance with the statement of calculation procedures for insurance premiums and policy reserves may be insufficient to fulfill future obligations due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The procedures to recognize additional policy reserves required a high level of actuarial expertise and involved significant management judgement. We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary procedures we performed to assess whether the Company's judgment with respect to the sufficiency of the amount of policy reserves was appropriate, included the following: We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of policy reserves. In this assessment, we focused our testing on controls in which management validates the sufficiency of the amount of policy reserves based on the opinion letter and the supplementary report provided by the appointed actuary. In addition, we performed the following procedures, with the assistance of actuarial specialists within our firm, with respect to the testing to validate the sufficiency of the amount of policy reserves (i.e., future cashflow analysis) and management judgment on the recognition of additional policy reserves: • assessed whether the testing to validate the sufficiency of the amount of policy reserves was performed pursuant to the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) and the Company's internal rules and compared the policy reserves with the calculation results in the previous fiscal years; • evaluated the appointed actuary's opinion letter and the supplementary report (including additional policy reserves set aside in the current fiscal year) by inquiring of the actuary regarding the contents of the reports; • inspected the minutes of meetings of the Board of Directors and the documents for management approval related to the recognition of additional policy reserves and assessed whether management judgment on the scope of the insurance contracts subject to additional policy reserves set aside in the current fiscal year and the timing of their recognition were reasonable; and • confirmed that the statement of calculation procedures for insurance premiums and policy reserves used to calculate the additional policy reserves was approved by the Financial Services Agency, and then evaluated whether additional policy reserves for the relevant insurance contracts were recognized in accordance with the statement of calculation procedures for insurance premiums and policy reserves.

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Appropriateness of the valuation of claim reserves for long-term disability insurance in the group insurance business at StanCorp	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of the Group, Reserves for outstanding claims of ¥991,828 million were reported for the current fiscal year. Of this amount, the claim reserves of StanCorp amounted to ¥835,781 million, a significant portion of which was related to claim reserves for the long-term disability insurance, called Long-Term Disability-Disabled Life Reserves (hereinafter, "LTD-DLR"), in its group insurance business. Reserves for outstanding claims are set aside at amounts for which the payment obligation has incurred but the payment to the policyholder has yet to be completed as of the end of the fiscal year. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (20) Significant Accounting Estimates a. "Claim reserves of StanCorp Financial Group, Inc. (StanCorp)" to the consolidated financial statements, StanCorp's claim reserves for LTD-DLR are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp's consolidated balance sheet date in accordance with U.S. generally accepted accounting principles. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, the selection of an appropriate valuation methodology used in this evaluation required a high level of actuarial expertise. In addition, claim reserves for LTD-DLR are provided for future payment obligations up to the date when the benefit payment would be terminated upon the reinstatement of the insured, and accordingly, the estimate of claim reserves for LTD-DLR reflected key assumptions, such as the claim termination rates, which involved significant management judgment. We, therefore, determined that our assessment of the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp's financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary. Such procedures included testing, in accordance with our group audit instructions, of the design and implementation of certain relevant internal controls, with a focus on controls in which StanCorp's actuary evaluates the appropriateness of key assumptions such as the claim termination rates. We also focused on the following procedures, performed with the assistance of actuarial specialists within the firm of the component auditor, considering trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors: • assessed whether the selection of a valuation methodology to evaluate the appropriateness of the amount of claim reserves complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices; • assessed whether the claim termination rates, which were a key assumption used to estimate the claim reserves, were appropriate; • compared, for a selection of relevant contracts, the claim reserve independently calculated by the actuarial specialists with the amount recognized by StanCorp; and • assessed the reliability of underlying information used in evaluating whether the amount of claim reserves was appropriate.

Appropriateness of the valuation of the in-force business related to the individual disability insurance business at StanCorp	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of the Group, Other intangible fixed assets of ¥327,103 million were reported for the current fiscal year. Of this amount, the value of the in-force business, or a Value of Business Acquired ("VOBA"), that arose from the acquisition of StanCorp accounted for ¥53,171 million, a significant portion of which was related to the individual disability insurance business. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (20) Significant Accounting Estimates c. "Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition" to the consolidated financial statements, the amount of VOBA arising from the acquisition of StanCorp was the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and was recognized in its consolidated financial statements in accordance with U.S. generally accepted accounting principles. The VOBA related to the individual disability insurance products is being amortized over a certain period based on their contractual terms in proportion to future premiums. However, if assumptions underlying the actuarial calculations deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, StanCorp performs the evaluation of VOBA concurrently with its assessment of the sufficiency of the amount of policy reserves (loss recognition testing). As a result of the testing, StanCorp determined that the recognition of a loss was not necessary. In the loss recognition testing, the selection of an appropriate methodology used in the testing required a high level of actuarial expertise. In addition, the estimate of future cash flows used in the testing reflected key assumptions, such as the incident rates that estimates the probability of benefit payment being commenced due to the policy holder's future disability and the claim termination rates that estimates the probability of the benefit payment being terminated due to reinstatement of the disabled insured, that involved significant management judgment. We, therefore, determined that our assessment of the appropriateness of the valuation of VOBA related to the individual disability insurance business arising from the acquisition of StanCorp was one of the most significant matters in our audit of the	In order to assess the appropriateness of the valuation of VOBA related to the individual disability insurance business at StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp's financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary. Such procedures included testing, in accordance with our group audit instructions, of the design and operating effectiveness of certain of StanCorp's controls relevant to the loss recognition testing on the individual disability insurance business, with a focus on controls in which StanCorp's actuary evaluates the appropriateness of key assumptions, such as the incident rates and the claim termination rates. We also focused on the following procedures with respect to the results of StanCorp's loss recognition testing, considering trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors: • assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the selection of a methodology used in the loss recognition testing complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices; • assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the incident rates and the claim termination rates used in the loss recognition testing were appropriate; and • evaluated the reliability of underlying information used to estimate future cash flows in the loss recognition testing.

consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in comformity 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Group for the current year are 714 million yen and 192 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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 "I. Basis of Presentation" to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Takanobu Miwa
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 5, 2024

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets

As of March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
ASSETS:			
Cash and deposits (*3)	¥ 1,411,205	¥ 903,727	$ 5,968
Call loans	90,000	220,000	1,453
Monetary claims bought	171,153	160,302	1,058
Money held in trust	146,733	143,117	945
Securities (*1, *2, *3, *4)	39,326,912	43,166,464	285,096
Loans (*3, *5, *6)	5,060,437	5,368,752	35,458
Tangible fixed assets (*7, *12)			
Land	623,010	623,828	4,120
Buildings	267,471	276,354	1,825
Leased assets	276	1,331	8
Construction in progress	16,762	27,075	178
Other tangible fixed assets	6,553	7,574	50
Subtotal	914,073	936,164	6,182
Intangible fixed assets			
Software	65,625	74,490	491
Goodwill	126,535	114,954	759
Other intangible fixed assets	323,778	327,103	2,160
Subtotal	515,940	516,548	3,411
Due from agents	1,455	1,493	9
Reinsurance receivables	191,731	201,949	1,333
Other assets	730,779	826,747	5,460
Net defined benefit assets	219,115	403,432	2,664
Deferred tax assets	13,000	6,159	40
Customers' liabilities under acceptances and guarantees	5,743	5,063	33
Allowance for possible loan losses	(11,732)	(9,511)	(62)
Total assets	¥ 48,786,552	¥ 52,850,412	$ 349,054

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

As of March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 926,059	¥ 991,828	$ 6,550
Policy reserves	37,070,528	38,182,098	252,176
Policyholders' dividend reserves (*8)	288,339	289,545	1,912
Subtotal	38,284,928	39,463,472	260,639
Due to agents	6,866	8,053	53
Reinsurance payables	39,038	74,833	494
Bonds payable (*9)	640,735	640,735	4,231
Other liabilities			
Payables under securities borrowing transactions	3,804,131	3,672,093	24,252
Other liabilities (*10)	1,115,188	1,224,069	8,084
Subtotal	4,919,319	4,896,162	32,337
Net defined benefit liabilities	7,709	8,500	56
Reserve for price fluctuation	1,074,039	1,130,468	7,466
Deferred tax liabilities	36,649	762,784	5,037
Deferred tax liabilities for land revaluation (*12)	78,178	77,509	511
Acceptances and guarantees	5,743	5,063	33
Total liabilities	45,093,208	47,067,583	310,861
NET ASSETS:			
Foundation funds	100,000	50,000	330
Reserve for redemption of foundation funds	880,000	930,000	6,142
Reserve for revaluation	452	452	2
Surplus	301,087	250,733	1,655
Total funds, reserve and surplus	1,281,540	1,231,186	8,131
Net unrealized gains (losses) on available-for-sale securities	2,167,663	4,174,889	27,573
Deferred unrealized gains (losses) on derivatives under hedge accounting	(27,077)	(67,728)	(447)
Land revaluation differences (*12)	121,544	124,222	820
Foreign currency translation adjustments	82,896	146,673	968
Remeasurements of defined benefit plans	61,969	171,714	1,134
Net unrealized gains (losses) on policy reserves and other reserves for overseas subsidiaries	4,157	1,871	12
Total accumulated other comprehensive income	2,411,154	4,551,643	30,061
Non-controlling interests	648	—	—
Total net assets	3,693,343	5,782,829	38,193
Total liabilities and net assets	¥ 48,786,552	¥ 52,850,412	$ 349,054

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 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
ORDINARY INCOME:			
Insurance premiums and other	¥ **3,670,209**	¥ **3,343,232**	$ **22,080**
Investment income			
Interest, dividends and other income	1,092,386	1,298,654	8,577
Gains on money held in trust	2,348	1,087	7
Gains on trading securities	—	47	0
Gains on sales of securities	343,669	313,423	2,070
Gains on redemption of securities	171,157	43,776	289
Foreign exchange gains	33,918	264,214	1,745
Other investment income	4,713	4,485	29
Investment gains on separate accounts	—	76,610	505
Subtotal	**1,648,194**	**2,002,299**	**13,224**
Other ordinary income	**98,286**	**131,696**	**869**
Total ordinary income	**5,416,690**	**5,477,227**	**36,174**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	780,675	755,627	4,990
Annuity payments	637,897	653,196	4,314
Benefit payments	630,584	628,213	4,149
Surrender benefits	963,099	960,179	6,341
Other refunds	111,975	111,078	733
Subtotal	**3,124,231**	**3,108,295**	**20,528**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	25,983	9,743	64
Provision for policy reserves	446,213	535,951	3,539
Provision for interest on policyholders' dividend reserves	50	43	0
Subtotal	**472,247**	**545,738**	**3,604**
Investment expenses			
Interest expenses	80,672	111,120	733
Losses on trading securities	33	—	—
Losses on sales of securities	60,583	85,881	567
Losses on valuation of securities	4,668	5,365	35
Losses on redemption of securities	966	281	1
Losses on derivative financial instruments	607,210	539,645	3,564
Provision for allowance for possible loan losses	931	999	6
Write-off of loans	60	—	—
Depreciation of real estate for non-insurance business	9,832	10,167	67
Other investment expenses	40,158	41,372	273
Investment losses on separate accounts	11,630	—	—
Subtotal	**816,750**	**794,832**	**5,249**
Operating expenses	**566,231**	**637,765**	**4,212**
Other ordinary expenses	**167,683**	**158,433**	**1,046**
Total ordinary expenses	**5,147,144**	**5,245,066**	**34,641**
Ordinary profit	¥ **269,545**	¥ **232,161**	$ **1,533**

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

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2023	2024	2024
Extraordinary gains			
Gains on disposals of fixed assets	¥ 2,782	¥ 305	$ 2
Gains on liquidation of subsidiaries and affiliates	480	—	—
Subtotal	**3,263**	**305**	**2**
Extraordinary losses			
Losses on disposals of fixed assets	3,044	6,246	41
Impairment losses (*1)	595	2,114	13
Losses on sales of stocks of subsidiaries and affiliates	—	1,109	7
Losses on liquidation of subsidiaries and affiliates	—	30	0
Losses on reorganization of subsidiaries and affiliates	—	5,014	33
Provision for reserve for price fluctuation	203,244	56,368	372
Contributions for promotion of social welfare project	1,725	2,306	15
Other extraordinary losses	11	117	0
Subtotal	**208,621**	**73,307**	**484**
Surplus before income taxes and non-controlling interests	**64,187**	**159,159**	**1,051**
Income taxes			
Current	54,794	66,033	436
Deferred	(75,273)	(60,410)	(398)
Total income taxes	**(20,479)**	**5,622**	**37**
Net surplus	**84,666**	**153,536**	**1,014**
Net surplus attributable to non-controlling interests	**27**	**11**	**0**
Net surplus attributable to the Parent Company	**¥ 84,638**	**¥ 153,525**	**$ 1,013**

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 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
Net surplus	**¥ 84,666**	**¥ 153,536**	**$ 1,014**
Other comprehensive income (loss)	(498,856)	2,137,810	14,119
Net unrealized gains (losses) on available-for-sale securities	(580,917)	1,998,833	13,201
Deferred unrealized gains (losses) on derivatives under hedge accounting	(32,807)	(40,800)	(269)
Land revaluation differences	462	—	—
Foreign currency translation adjustments	93,612	44,020	290
Remeasurements of defined benefit plans	15,118	109,745	724
Share of other comprehensive income (loss) of associates accounted for under the equity method	5,674	26,010	171
Comprehensive income (loss)	**¥ (414,190)**	**¥ 2,291,346**	**$ 15,133**
Comprehensive income (loss) attributable to the Parent Company	(414,217)	2,291,335	15,133
Comprehensive income (loss) attributable to non-controlling interests	27	11	0

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

Year ended March 31, 2023 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	150,000	830,000	452	413,961	1,394,414
Cumulative effect of changes in accounting policy				3,610	3,610
Beginning balance after adjusting for changes in accounting policy	150,000	830,000	452	417,571	1,398,024
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(151,453)	(151,453)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(477)	(477)
Net surplus attributable to the Parent Company				84,638	84,638
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				807	807
Net changes, excluding funds, reserves and surplus					−
Net changes in the fiscal year	(50,000)	50,000	−	(116,484)	(116,484)
Ending balance	100,000	880,000	452	301,087	1,281,540

	Accumulated other comprehensive income (loss)								
	Net unrealized gains (losses) on available −for−sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Non−controlling interests	Total net assets
Beginning balance	2,759,564	4,821	121,889	(22,534)	46,850	−	2,910,591	692	4,305,697
Cumulative effect of changes in accounting policy	(655)					884	228		3,838
Beginning balance after adjusting for changes in accounting policy	2,758,908	4,821	121,889	(22,534)	46,850	884	2,910,819	692	4,309,535
Changes in the fiscal year									
Additions to policyholders' dividend reserves									(151,453)
Additions to reserve for redemption of foundation funds									50,000
Payment of interest on foundation funds									(477)
Net surplus attributable to the Parent Company									84,638
Redemption of foundation funds									(50,000)
Reversal of reserve for fund redemption									(50,000)
Reversal of land revaluation differences									807
Net changes, excluding funds, reserves and surplus	(591,244)	(31,899)	(344)	105,431	15,118	3,273	(499,664)	(43)	(499,708)
Net changes in the fiscal year	(591,244)	(31,899)	(344)	105,431	15,118	3,273	(499,664)	(43)	(616,192)
Ending balance	2,167,663	(27,077)	121,544	82,896	61,969	4,157	2,411,154	648	3,693,343

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

Year ended March 31, 2024 **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	100,000	880,000	452	301,087	1,281,540
Cumulative effect of changes in accounting policy				(6,532)	(6,532)
Beginning balance after adjusting for changes in accounting policy	100,000	880,000	452	294,554	1,275,007
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(144,240)	(144,240)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(302)	(302)
Net surplus attributable to the Parent Company				153,525	153,525
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				(2,678)	(2,678)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(124)	(124)
Net changes, excluding funds, reserves and surplus					–
Net changes in the fiscal year	(50,000)	50,000	–	(43,821)	(43,821)
Ending balance	50,000	930,000	452	250,733	1,231,186

	Accumulated other comprehensive income (loss)								
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,167,663	(27,077)	121,544	82,896	61,969	4,157	2,411,154	648	3,693,343
Cumulative effect of changes in accounting policy									(6,532)
Beginning balance after adjusting for changes in accounting policy	2,167,663	(27,077)	121,544	82,896	61,969	4,157	2,411,154	648	3,686,810
Changes in the fiscal year									
Additions to policyholders' dividend reserves									(144,240)
Additions to reserve for redemption of foundation funds									50,000
Payment of interest on foundation funds									(302)
Net surplus attributable to the Parent Company									153,525
Redemption of foundation funds									(50,000)
Reversal of reserve for fund redemption									(50,000)
Reversal of land revaluation differences									(2,678)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests									(124)
Net changes, excluding funds, reserves and surplus	2,007,225	(40,650)	2,678	63,776	109,745	(2,286)	2,140,488	(648)	2,139,840
Net changes in the fiscal year	2,007,225	(40,650)	2,678	63,776	109,745	(2,286)	2,140,488	(648)	2,096,019
Ending balance	4,174,889	(67,728)	124,222	146,673	171,714	1,871	4,551,643	—	5,782,829

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

Year ended March 31, 2024 — **Millions of U.S. Dollars**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	660	5,812	2	1,988	8,464
Cumulative effect of changes in accounting policy				(43)	(43)
Beginning balance after adjusting for changes in accounting policy	660	5,812	2	1,945	8,420
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(952)	(952)
Additions to reserve for redemption of foundation funds		330			330
Payment of interest on foundation funds				(1)	(1)
Net surplus attributable to the Parent Company				1,013	1,013
Redemption of foundation funds	(330)				(330)
Reversal of reserve for fund redemption				(330)	(330)
Reversal of land revaluation differences				(17)	(17)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				0	0
Net changes, excluding funds, reserves and surplus					—
Net changes in the fiscal year	(330)	330	—	(289)	(289)
Ending balance	330	6,142	2	1,655	8,131

	Accumulated other comprehensive income (loss)								
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	14,316	(178)	802	547	409	27	15,924	4	24,392
Cumulative effect of changes in accounting policy									(43)
Beginning balance after adjusting for changes in accounting policy	14,316	(178)	802	547	409	27	15,924	4	24,349
Changes in the fiscal year									
Additions to policyholders' dividend reserves									(952)
Additions to reserve for redemption of foundation funds									330
Payment of interest on foundation funds									(1)
Net surplus attributable to the Parent Company									1,013
Redemption of foundation funds									(330)
Reversal of reserve for fund redemption									(330)
Reversal of land revaluation differences									(17)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests									0
Net changes, excluding funds, reserves and surplus	13,256	(268)	17	421	724	(15)	14,137	(4)	14,132
Net changes in the fiscal year	13,256	(268)	17	421	724	(15)	14,137	(4)	13,843
Ending balance	27,573	(447)	820	968	1,134	12	30,061	—	38,193

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

Years ended March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 64,187	¥ 159,159	$ 1,051
Depreciation of real estate for non-insurance business	9,832	10,167	67
Depreciation	45,803	53,018	350
Impairment losses	595	2,114	13
Amortization of goodwill	9,259	20,287	133
Increase (Decrease) in reserve for outstanding claims	30,157	12,033	79
Increase (Decrease) in policy reserves	624,840	635,168	4,195
Provision for interest on policyholders' dividend reserves	50	43	0
Increase (Decrease) in allowance for possible loan losses	1,214	(2,221)	(14)
Increase (Decrease) in net defined benefit liabilities	120	(71)	0
Increase (Decrease) in reserve for price fluctuation	203,244	56,368	372
Interest, dividends, and other income	(1,092,386)	(1,298,654)	(8,577)
Losses (Gains) on securities	(445,671)	(862,517)	(5,696)
Interest expenses	80,672	111,120	733
Foreign exchange losses (gains)	(4,461)	(15,537)	(102)
Losses (Gains) on tangible fixed assets	265	5,940	39
Investment losses (gains) on equity method	6,155	(3,664)	(24)
Decrease (Increase) in due from agents	6	(35)	0
Decrease (Increase) in reinsurance receivables	3,288	1,882	12
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(38,626)	(10,893)	(71)
Increase (Decrease) in due to agents	905	713	4
Increase (Decrease) in reinsurance payables	38,238	33,170	219
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(385,145)	115,338	761
Others, net	(13,982)	(25,762)	(170)
Subtotal	**(861,436)**	**(1,002,830)**	**(6,623)**
Interest, dividends, and other income received	1,074,419	1,242,026	8,203
Interest paid	(76,374)	(102,115)	(674)
Policyholders' dividends paid	(144,508)	(143,093)	(945)
Income taxes paid	(3,827)	(77,972)	(514)
Net cash provided by (used in) operating activities	**¥ (11,727)**	**¥ (83,985)**	**$ (554)**

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

Years ended March 31		Millions of Yen 2023		Millions of Yen 2024		Millions of U.S. Dollars 2024
II Cash flows from investing activities						
Net decrease (increase) in deposits	¥	(89,103)	¥	(32,814)	$	(216)
Proceeds from sales and redemption of monetary claims bought		11,581		10,681		70
Increase in money held in trust		—		(15,300)		(101)
Proceeds from decrease in money held in trust		—		16,425		108
Purchase of securities		(7,302,658)		(5,410,847)		(35,736)
Proceeds from sales and redemption of securities		7,093,570		5,727,066		37,824
Loans extended		(1,068,603)		(1,247,179)		(8,237)
Proceeds from collection of loans		1,100,896		1,029,999		6,802
Net increase (decrease) in cash collateral under securities borrowing / lending transactions		864,203		(273,088)		(1,803)
Total investment activities (IIa)		**609,886**		**(195,056)**		**(1,288)**
[I + IIa]		**598,159**		**(279,042)**		**(1,842)**
Purchase of tangible fixed assets		(27,637)		(42,405)		(280)
Proceeds from sales of tangible fixed assets		10,566		—		—
Purchase of intangible fixed assets		(36,327)		(39,096)		(258)
Proceeds from acquisition of business		414		—		—
Others, net		(1,595)		(4,159)		(27)
Net cash provided by (used in) investing activities		**555,307**		**(280,718)**		**(1,854)**
III Cash flows from financing activities						
Proceeds from borrowings		71,600		—		—
Redemption of bonds payable		(33,301)		—		—
Redemption of foundation funds		(50,000)		(50,000)		(330)
Payment of interest on foundation funds		(477)		(302)		(1)
Acquisition of stock of subsidiaries and affiliates that does not result in change in scope of consolidation		—		(754)		(4)
Others, net		(87)		2,387		15
Net cash provided by (used in) financing activities		**(12,266)**		**(48,669)**		**(321)**
IV Effect of foreign exchange rate changes on cash and cash equivalents		**(2,929)**		**5,507**		**36**
V Net increase (decrease) in cash and cash equivalents		**528,382**		**(407,865)**		**(2,693)**
VI Cash and cash equivalents at the beginning of the year		**789,372**		**1,317,755**		**8,703**
VII Cash and cash equivalents at the end of the year	**¥**	**1,317,755**	**¥**	**909,889**	**$**	**6,009**

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

I. Basis of Presentation

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2024, which was ¥151.41 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.

II. Basis for preparing consolidated financial statements

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 18 as of March 31, 2023 and 2024. The main consolidated subsidiaries as of March 31, 2024 are as follows:

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

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

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

2. Affiliates

The number of affiliates accounted for by the equity method was 10 and 7 as of March 31, 2023 and 2024, respectively. The main affiliates accounted for by the equity method as of March 31, 2024 are as follows:

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

In the fiscal year ended March 31, 2024, the Company sold its shares in PT Avrist Assurance. Accordingly, PT Avrist Assurance and its two subsidiaries were excluded from the scope of the equity method.

The non-consolidated subsidiaries (e.g., Meiji Yasuda Life Planning Center Company, Limited and others, along with certain affiliates) are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Fiscal year-end of consolidated subsidiaries

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

4. Summary of Significant Accounting Policies

(1) Securities

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

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

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

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

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

e. Available-for-sale securities are stated at market value (e.g. quoted prices) at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

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

In addition, some sub-groups assigned for individual life insurance, individual annuities and group pensions were subdivided into new-subgroups in the fiscal year ended March 31, 2024 due to changes in asset management policies for new insurance policies.

This change has no impact on the consolidated balance sheets and the consolidated statements of income.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

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

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

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

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

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

(6) 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. Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on each country's accounting standard, such as U.S. generally accepted accounting principles (hereafter, "U.S. GAAP").

(7) Allowance for possible loan losses

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

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral 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 collateral 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 collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2023 and 2024 amounted to ¥16 million and ¥13 million (U.S. $0 million), respectively.

Certain overseas consolidated subsidiaries directly deduct an allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2023 and 2024, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Securities	¥ —	¥ 927	$6
Loans	899	11,203	73
Reinsurance receivables	—	1,146	7

(8) Net defined benefit liabilities and assets

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

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2023 and 2024 were as follows:

Years ended March 31	2023	2024
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

(9) Reserve for price fluctuation

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

(10) Foreign currency translation

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

(11) Method of hedge accounting

Methods of hedge accounting of the Company are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:

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

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

(12) Goodwill on consolidation

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

(13) 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.

(14) 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 other assets and amortized over a five-year period on the straight-line basis pursuant to the “Corporation Tax Act”.

(15) 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.

(16) Policy reserves

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

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

a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).

b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.
In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy reserves set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:
・The policy reserves set aside in the fiscal year ended March 31, 2015 for single premium endowment

contracts concluded on or after September 2, 1995.

- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).
- The policy reserves set aside in the fiscal years ended March 31, 2015 and 2024 for variable life insurance contracts.

In addition to policy reserves set aside for variable life insurance contracts in the fiscal year ended March 31, 2015, the Company set aside policy reserves in the amount of ¥64,721 million (U.S. $427 million) in the fiscal year ended March 31, 2024 for these contracts. As a result, ordinary income and surplus before income taxes and non-controlling interests each decreased by ¥64,721 million (U.S. $427 million).

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

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

(17) Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter “IBNR claims”). The amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as “IBNR Notification”) in 1998, due to the May 8, 2023 termination of special treatments applied for payments of hospitalization and other benefits to policyholders in such status as “quasi hospitalization,” which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as “quasi hospitalization”). Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

In addition, at the end of the fiscal year ended March 31, 2023, the Company deducted the amount pertaining to quasi hospitalization for policyholders other than those categorized at high risk of serious symptoms, instead of deducting the amount pertaining to quasi hospitalization. However, due to the termination of special treatments applied to hospitalization benefits for quasi hospitalization in the fiscal year ended March 31, 2024, the Company revised the above method and deducted the amount pertaining to quasi hospitalization.

(18) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

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

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

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

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

(19) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

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

(20) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

a. Claim reserves of StanCorp Financial Group, Inc. (StanCorp)

The amounts of ¥779,675 million and ¥835,781 million (U.S. $5,519 million) are recorded in Reserve for outstanding claims on the consolidated balance sheets for the fiscal years ended March 31, 2023 and 2024, respectively. Claim reserves for the long-term disabled disability insurance, called Long-Term Disability-Disabled Life Reserves, in its group insurance business accounts for a significant portion of the reserve.

StanCorp's claim reserves are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp's balance sheet date in accordance with U.S. GAAP. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, key assumptions such as claim termination rates are used for this evaluation.

Those assumptions are subject to a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

b. Impairment of goodwill arising from the acquisition of StanCorp

The balance of the goodwill recognized at the time of the acquisition of StanCorp is recorded as Goodwill of ¥121,920 million and ¥110,515 million (U.S. $729 million) on the consolidated balance sheets for the fiscal years ended March 31, 2023 and 2024, respectively. The goodwill allocated to its group insurance business accounts for a significant portion.

Goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp, and is tested for impairment by StanCorp in accordance with U.S. GAAP. In the impairment testing, StanCorp evaluates the indication of impairment in accordance with U.S. GAAP, and assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.

This evaluation uses key assumptions such as premium growth rates and the insurance benefit ratios. Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

As a result of the testing, no impairment losses are recognized.

c. Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition

The balance of the VOBA recognized at the time of the acquisition of StanCorp is recorded as ¥53,115 million and ¥53,171 million (U.S. $351 million) in Other intangible fixed assets on the consolidated balance sheets for the fiscal years ended March 31, 2023 and 2024, respectively. The balance related to the individual disability insurance business accounts for a significant portion of the VOBA.

The amount of VOBA arising from the acquisition of consolidated overseas subsidiaries is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. GAAP.

Key assumptions such as the incident rates and the claim termination rates are used for the calculation of the VOBA. In addition, the VOBA is being amortized over a certain period based on their contractual terms in proportion to future premiums.

If the assumptions listed above deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, this evaluation is performed with its assessment of the sufficiency of the amount of policy reserves.

Those assumptions involve a high degree of uncertainty, and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Changes in accounting policies)

(For the year ended March 31, 2023)
The Company adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021; hereinafter the "Implementation Guidance") at the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatments set forth in Paragraph 27-2 of the Implementation Guidance, the Company adopts new accounting policies prescribed in this Implementation Guidance for the reporting of its current and future financial results, prospectively.

Accordingly, the Company has changed accounting methods for some investment trusts which had been classified as securities of which fair value is extremely difficult to determine and whose balance sheet amount had been accounted for based on acquisition costs. The balance sheet amount of these instruments is now recorded at fair value. Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the Implementation Guidance.

In accordance with Paragraph 27-3 of the Implementation Guidance, notes on investment trusts as part of the fair value hierarchy of financial instruments in "VIII. Financial Instruments" for the previous fiscal year have been omitted.

(For the year ended March 31, 2024)
(1) Adoption of the FASB Accounting Standards Codification Topic 326 "Financial Instruments—Credit Losses" at some consolidated overseas subsidiaries engaged in the insurance business
At the beginning of the fiscal year ended March 31, 2024, some consolidated overseas subsidiaries engaged in the insurance business adopted the FASB Accounting Standards Codification Topic 326 "Financial Instruments–Credit Losses." Accordingly, the Company reviewed measurement methods for financial instruments and recognized impairment losses on its financial assets via the use of the current expected credit loss model.

The accounting standard was retrospectively applied, with its cumulative effect being reflected in the carrying amount of net assets at the beginning of the fiscal year ended March 31, 2024.

As a result, the balance of securities, loans and reinsurance receivables at the beginning of the above fiscal year decreased ¥269 million (U.S. $1 million), ¥6,672 million (U.S. $44 million) and ¥929 million (U.S. $6 million), respectively, while the balance of deferred tax assets and other liabilities increased ¥1,753 million (U.S. $11 million) and ¥414 million (U.S. $2 million), respectively. The beginning balance of retained earnings decreased ¥6,532 million (U.S. $43 million).

(2) Adoption of IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts" at some affiliates accounted for by the equity method

At the beginning of the fiscal year ended March 31, 2024, some affiliates accounted for by the equity method adopted IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts."

These standards were retrospectively applied to the consolidated financial statements for the fiscal year ended March 31, 2023.

As a result, compared with operating results accounted for using the previous accounting policies, ordinary income and surplus before income taxes and non-controlling interests for the fiscal year ended March 31, 2023, each decreased ¥1,216 million. Moreover, the balance of securities for the fiscal year ended March 31, 2023 increased ¥4,715 million. Due to the cumulative effect of the above change on the balance of net assets at the beginning of the fiscal year ended March 31, 2023, retained earnings increased ¥3,610 million and net unrealized gains (losses) on available-for-sale securities decreased ¥655 million. In addition, the beginning balance of net unrealized gains (losses) on policy reserves and other reserves for overseas subsidiaries increased ¥884 million.

(3) Change in the method used for the amortization of goodwill recorded by subsidiaries in the United States

Goodwill recorded by subsidiaries in the United States had been amortized on the straight-line basis over 20 years in the course of consolidated financial accounting. However, as these subsidiaries are now allowed to opt for amortization based on the FASB Accounting Standards Codification Topic 350 “Intangibles—Goodwill and Other,” the Company has changed its method of amortization to the straight-line method over 10 years at the beginning of the fiscal year ended March 31, 2024.

As a result, ordinary income and surplus before income taxes and non-controlling interests decreased ¥10,143 million (U.S. $66 million) each in the fiscal year ended March 31, 2024 compared with figures calculated using the conventional method.

III. Notes to Consolidated Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,943,329 million and ¥5,670,699 million (U.S. $37,452 million) as of March 31, 2023 and 2024, respectively.

*2. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥339,705 million and ¥264,703 million (U.S. $1,748 million) as of March 31, 2023 and 2024, respectively.

*3. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥2,118 million and ¥2,341 million (U.S. $15 million), securities in the amounts of ¥61,917 million and ¥381,920 million (U.S. $2,522 million), and loans in the amounts of ¥200,343 million and ¥257,705 million (U.S. $1,702 million) as of March 31, 2023 and 2024, respectively.

*4. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥239,519 million and ¥288,330 million (U.S. $1,904 million) as of March 31, 2023 and 2024, respectively.

*5. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥30,944 million and

¥32,698 million (U.S. $215 million) as of March 31, 2023 and 2024, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥420 million and ¥405 million (U.S. $2 million) as of March 31, 2023 and 2024, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet as of March 31, 2023 and 2024 were ¥16 million and ¥13 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi- bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through fillings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥12,508 million and ¥14,307 million (U.S. $94 million) as of March 31, 2023 and 2024, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to enter the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

The amounts of loans in arrears for three months or longer were ¥110 million and ¥115 million (U.S. $0 million) as of March 31, 2023 and 2024, respectively.

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. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥17,904 million and ¥17,869 million (U.S. $118 million) as of March 31, 2023 and 2024, 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 bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*6. Loan Commitments

The amounts of loan commitments outstanding were ¥152,091 million and ¥131,689 million (U.S. $869 million) as of March 31, 2023 and 2024, respectively.

*7. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥483,481 million and ¥497,177 million (U.S. $3,283 million) as of March 31, 2023 and 2024, respectively.

*8. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2023	2024	2024
Balance at the beginning of the fiscal year	¥ 281,323	¥ 288,339	$1,904
Transfer from surplus in the previous fiscal year	151,453	144,240	952
Dividend payments to policyholders during the fiscal year	(144,508)	(143,093)	(945)
Interest accrued during the fiscal year	71	58	0
Balance at the end of the fiscal year	288,339	289,545	1,912

*9. Subordinated Bonds

As of March 31, 2023 and 2024, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

*10. Subordinated Borrowings

As of March 31, 2023 and 2024, other liabilities in liabilities included subordinated borrowings of ¥271,600 million and ¥271,600 million (U.S. $1,793 million), respectively, the repayments of which are subordinated to other obligations.

11. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥589,743 million and ¥607,204 million (U.S. $4,010 million) as of March 31, 2023 and 2024, respectively. The amounts of separate account liabilities were the same as these figures.

*12. 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.

IV. Notes to Consolidated Statements of Income

*1. Impairment of Fixed Assets

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

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.
For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2023 and 2024, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2023

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	0	¥ –	¥ –	¥ –
Idle assets	6	255	339	595
Total	6	255	339	595

For the year ended March 31, 2024

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	1	¥ 529	¥ 869	¥ 1,399
Idle assets	7	377	337	714
Total	8	906	1,207	2,114

For the year ended March 31, 2024

			Millions of U.S. Dollars
Asset group	**Land**	**Buildings**	**Total**
Real estate for non-insurance business	$ 3	$ 5	$ 9
Idle assets	2	2	4
Total	5	7	13

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.73% and 1.71% for the years ended March 31, 2023 and 2024, respectively. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

V. Notes to Consolidated Statements of Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2023 and 2024 were as follows:

		Millions of Yen	Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (723,944)	¥ 2,862,832	$18,907
Reclassification adjustments	(58,435)	(92,576)	(611)
Before income tax effect adjustments	(782,379)	2,770,255	18,296
Income tax effects	201,462	(771,421)	(5,094)
Net unrealized gains (losses) on available-for-sale securities	(580,917)	1,998,833	13,201
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ (44,348)	¥ (54,308)	$ (358)
Reclassification adjustments	(1,192)	(2,326)	(15)
Before income tax effect adjustments	(45,540)	(56,635)	(374)
Income tax effects	12,733	15,835	104
Deferred unrealized gains (losses) on derivatives under hedge accounting	(32,807)	(40,800)	(269)
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥ —	$ —
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	462	—	—
Land revaluation differences	462	—	—

Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ 93,612	¥ 44,020	$ 290
Reclassification adjustments	—	—	
Before income tax effect adjustments	93,612	44,020	290
Income tax effects	—	—	
Foreign currency translation adjustments	93,612	44,020	290
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 30,156	¥ 164,056	$ 1,083
Reclassification adjustments	(9,979)	(11,964)	(79)
Before income tax effect adjustments	20,176	152,091	1,004
Income tax effects	(5,058)	(42,346)	(279)
Remeasurements of defined benefit plans	15,118	109,745	724
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ 7,091	¥ 23,660	$ 156
Reclassification adjustments	(1,417)	2,349	15
Share of other comprehensive income of affiliates accounted for by the equity method	5,674	26,010	171
Total other comprehensive income	(498,856)	2,137,810	14,119

VI. Notes to Consolidated Statements of Changes in Net Assets

1. Foundation Funds

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

Having redeemed foundation funds totaling ¥50,000 million and ¥50,000 million (U.S. $330 million) in the fiscal year ended March 31, 2023 and 2024, respectively, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the “Insurance Business Act.”

VII. Notes to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2023**	**2024**	**2024**
Cash and deposits	¥ 1,411,205	¥ 903,727	$ 5,968
Time deposits (over 3 months)	(216,901)	(249,716)	(1,649)
Call loans	90,000	220,000	1,453
Money held in trust (matured within 3 months)	27,200	25,900	171
Securities (matured within 3 months from the date of acquisition)	6,251	9,978	65
Cash and cash equivalents	1,317,755	909,889	6,009

2. Major Components of Increases in Assets and Liabilities Due to the Acquisition of Business

In the fiscal year ended March 31, 2023, assets and liabilities increased due to the acquisition of a recordkeeping business from Securian Financial Group, Inc. by a subsidiary of StanCorp Financial Group, Inc., a consolidated subsidiary of the Company. The relationship between the acquisition cost of the acquired business and net proceeds from the acquisition of business is described below.

	Millions of yen
Assets	¥ 217,579
Cash and deposits	34,783
Liabilities	(181,883)
Policy reserves and other reserves	(181,883)
Consideration for the acquisition	35,696
Contingent consideration for the acquisition	(1,327)
Cash and cash equivalents included in acquired assets	(34,783)
Net proceeds from the acquisition of business	414

VIII. Financial Instruments

1. Qualitative information on financial instruments

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

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

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans as well as foreign currency denominated bonds payable issued by the Company; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

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

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

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

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

To manage price fluctuation risk and other market risks, 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 risk management verification committee and, on important matters, reported directly to the Board of Directors and Committees.

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

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

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

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

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets at the end of the fiscal years ended March 31, 2023 and 2024, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; money held in trust that is jointly invested and has a nature similar to deposits; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to short-term nature of their contracts.

As of March 31	Millions of Yen		
	2023		
	Balance sheet amount	Fair value	Difference
Deposits	¥ 11,999	¥ 11,999	¥ —
Available-for-sale securities (CDs)	11,999	11,999	—
Monetary claims bought	171,153	175,564	4,410
Held-to-maturity debt securities	165,258	169,668	4,410
Available-for-sale securities	5,895	5,895	—
Money held in trust	119,533	119,533	—
Trading securities	4,544	4,544	—
Available-for-sale securities	114,988	114,988	—
Securities	39,137,045	39,590,004	452,958
Trading securities	1,605,779	1,605,779	—
Held-to-maturity debt securities	3,341,999	3,739,172	397,173
Policy-reserve-matching bonds	13,838,014	13,906,096	68,081
Stocks of subsidiaries and affiliates	108,953	96,657	(12,296)
Available-for-sale securities	20,242,298	20,242,298	—
Loans	5,060,437	5,090,462	30,025
Policy loans	179,688	179,688	—
Industrial and consumer loans	4,880,749	4,910,774	30,025
Allowance for possible loan losses (*1)	(10,292)	—	—
	5,050,145	5,090,462	40,317
Bonds payable	640,735	632,941	(7,793)
Borrowings	271,600	252,096	(19,503)
Derivative financial instruments (*2)	(89,146)	(89,146)	—
Hedge accounting is not applied	(23,173)	(23,173)	—
Hedge accounting is applied	(65,973)	(65,973)	—

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

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

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31: June 17, 2021), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥166,220 million as of March 31, 2023. Of this, the amount of stocks of subsidiaries and affiliates was ¥130,566 million. The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥23,646 million as of March 31, 2023.

The amount of impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥1,073 million for the year ended March 31, 2023.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2024			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 16,995	¥ 16,995	¥ —	$112	$112	$ —
Available-for-sale securities (CDs)	16,995	16,995	—	112	112	—
Monetary claims bought	160,302	155,836	(4,466)	1,058	1,029	(29)
Held-to-maturity debt securities	155,385	150,919	(4,466)	1,026	996	(29)
Available-for-sale securities	4,916	4,916	—	32	32	—
Money held in trust	114,117	114,117	—	753	753	—
Available-for-sale securities	114,117	114,117	—	753	753	—
Securities	42,936,022	42,479,392	(456,629)	283,574	280,558	(3,015)
Trading securities	1,967,949	1,967,949	—	12,997	12,997	—
Held-to-maturity debt securities	3,111,147	3,385,375	274,227	20,547	22,358	1,811
Policy-reserve-matching bonds	14,751,534	14,067,870	(683,663)	97,427	92,912	(4,515)
Stocks of subsidiaries and affiliates	120,071	72,876	(47,194)	793	481	(311)
Available-for-sale securities	22,985,319	22,985,319	—	151,808	151,808	—
Loans	5,368,752	5,328,279	(40,473)	35,458	35,191	(267)
Policy loans	168,283	168,283	—	1,111	1,111	—
Industrial and consumer loans	5,200,468	5,159,995	(40,473)	34,346	34,079	(267)
Allowance for possible loan losses (*1)	(7,996)	—	—	(52)	—	—
	5,360,756	5,328,279	(32,477)	35,405	35,191	(214)
Bonds payable	640,735	641,039	304	4,231	4,233	2
Borrowings	271,600	256,279	(15,320)	1,793	1,692	(101)
Derivative financial instruments (*2)	(258,969)	(258,969)	—	(1,710)	(1,710)	—
Hedge accounting is not applied	(9,120)	(9,120)	—	(60)	(60)	—
Hedge accounting is applied	(249,849)	(249,849)	—	(1,650)	(1,650)	—

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

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

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.
The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥201,426 million (U.S. $1,330 million) as of March 31, 2024. Of this, the amount of stocks of subsidiaries and affiliates was ¥168,259 million (U.S. $1,111 million), as of March 31, 2024. The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥29,016 million (U.S. $191 million) as of March 31, 2024.

The amount of impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥5 million (U.S. $0 million), for the year ended March 31, 2024.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2023					
	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 (CDs)	¥ 11,999	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	171,153
Loans*	498,444	803,988	620,647	636,070	733,763	1,579,497
Securities	773,890	1,478,877	2,615,253	3,393,673	6,971,670	15,594,018
Held-to-maturity debt securities	218,976	552,203	455,501	87,759	562,041	1,465,516
Policy-reserve-matching bonds	3,467	32,933	254,377	1,040,326	2,911,125	9,595,784
Available-for-sale securities with maturities	551,446	893,741	1,905,374	2,265,587	3,498,504	4,532,717
Total	1,284,334	2,282,866	3,235,900	4,029,744	7,705,434	17,344,669

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2024						2024					
	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 (CDs)	¥ 16,995	¥ —	¥ —	¥ —	¥ —	¥ —	$112	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	160,302	—	—	—	—	—	1,058
Loans*	513,925	871,000	654,480	648,721	739,445	1,764,924	3,394	5,752	4,322	4,284	4,883	11,656
Securities	527,451	1,752,034	3,419,026	3,489,784	6,537,230	16,468,370	3,483	11,571	22,581	23,048	43,175	108,766
Held-to-maturity debt securities	195,061	625,104	253,519	23,798	577,160	1,436,503	1,288	4,128	1,674	157	3,811	9,487
Policy-reserve-matching bonds	17,459	67,926	635,280	1,494,365	3,016,494	9,520,008	115	448	4,195	9,869	19,922	62,875
Available-for-sale securities with maturities	314,930	1,059,004	2,530,226	1,971,621	2,943,574	5,511,859	2,079	6,994	16,711	13,021	19,441	36,403
Total	1,058,372	2,623,035	4,073,507	4,138,506	7,276,675	18,393,598	6,990	17,324	26,903	27,333	48,059	121,482

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥8,326 million and ¥7,932 million (U.S. $52 million) as of March 31, 2023 and 2024, respectively.

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

b. Maturity analysis of bonds payable and borrowings.

As of March 31	Millions of Yen					
	2023					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Borrowings	—	—	—	—	—	271,600
Total	—	—	—	—	—	912,335

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2024						2024					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥—	¥ —	¥ —	¥ —	¥ —	¥ 640,735	$ —	$ —	$ —	$ —	$ —	$4,231
Borrowings	—	—	—	—	—	271,600	—	—	—	—	—	1,793
Total	—	—	—	—	—	912,335	—	—	—	—	—	6,025

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities

Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1

Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

Millions of Yen

As of March 31				2023
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 11,999	¥ —	¥ 11,999
Monetary claims bought	—	5,895	—	5,895
Available-for-sale securities	—	5,895	—	5,895
Money held in trust	—	119,533	—	119,533
Trading securities	—	4,544	—	4,544
Available-for-sale securities	—	114,988	—	114,988
Securities	10,170,588	11,250,721	105,795	21,527,105
Trading securities	1,440,141	163,672	1,965	1,605,779
National & local government bonds	109,129	—	—	109,129
Corporate bonds	—	54,701	—	54,701
Domestic stocks	102,088	—	—	102,088
Other	1,228,922	108,971	1,965	1,339,859
Available-for-sale securities	8,730,446	11,087,049	103,829	19,921,325
National & local government bonds	1,765,441	115,961	—	1,881,403
Corporate bonds	—	1,599,830	—	1,599,830
Domestic stocks	4,497,426	2,045	—	4,499,471
Other	2,467,579	9,369,211	103,829	11,940,620
Derivative financial instruments	1,504	74,816	1,740	78,061
Currency related	—	45,481	—	45,481
Interest rate related	—	29,269	—	29,269
Stock related	328	—	1,740	2,068
Bond related	1,176	65	—	1,241
Total assets	10,172,093	11,462,965	107,535	21,742,594
Derivative financial instruments	177	167,030	—	167,208
Currency related	—	107,748	—	107,748
Interest rate related	—	59,070	—	59,070
Stock related	46	—	—	46
Bond related	130	211	—	342
Total liabilities	177	167,030	—	167,208

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the consolidated balance sheets is ¥320,972 million. Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

Millions of Yen

For the year ended March 31, 2023	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 247,723
Profit (loss) or other comprehensive income (loss) for the period	
Recognized as net unrealized gains (losses) on available-for-sale securities	2,744
Bought, sold and redeemed	
Bought	73,458
Sold	(2,954)
Balance at the end of the fiscal year	320,972

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the consolidated balance sheets was ¥320,972 million as of March 31, 2023.

	Millions of Yen				Millions of U.S. Dollars			
As of March 31				**2024**				**2024**
Category	**Fair value**				**Fair value**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Deposits (CDs)	¥ —	¥ 16,995	¥ —	¥ 16,995	$ —	$112	$ —	$112
Monetary claims bought	—	4,916	—	4,916	—	32	—	32
Available-for-sale securities	—	4,916	—	4,916	—	32	—	32
Money held in trust	—	114,117	—	114,117	—	753	—	753
Available-for-sale securities	—	114,117	—	114,117	—	753	—	753
Securities	12,831,498	11,556,040	106,232	24,493,772	84,746	76,322	701	161,771
Trading securities	1,795,714	172,235	—	1,967,949	11,859	1,137	—	12,997
National & local government bonds	130,966	—	—	130,966	864	—	—	864

Corporate bonds	—	75,362	—	75,362	—	497	—	497
Domestic stocks	112,745	—	—	112,745	744	—	—	744
Other	1,552,002	96,873	—	1,648,876	10,250	639	—	10,890
Available-for-sale securities	11,035,784	11,383,805	106,232	22,525,822	72,886	75,185	701	148,773
National & local government bonds	1,709,428	110,246	—	1,819,675	11,290	728	—	12,018
Corporate bonds	—	1,601,224	—	1,601,224	—	10,575	—	10,575
Domestic stocks	6,553,623	2,207	—	6,555,831	43,283	14	—	43,298
Other	2,772,732	9,670,126	106,232	12,549,091	18,312	63,867	701	82,881
Derivative financial instruments	739	46,000	6,450	53,190	4	303	42	351
Currency related	—	26,879	—	26,879	—	177	—	177
Interest rate related	—	18,956	—	18,956	—	125	—	125
Stock related	241	—	6,450	6,691	1	—	42	44
Bond related	498	164	—	662	3	1	—	4
Total assets	12,832,238	11,738,071	112,683	24,682,992	84,751	77,525	744	163,020
Derivative financial instruments	80	312,080	—	312,160	0	2,061	—	2,061
Currency related	—	225,047	—	225,047	—	1,486	—	1,486
Interest rate related	—	86,914	—	86,914	—	574	—	574
Stock related	5	—	—	5	0	—	—	0
Bond related	75	118	—	193	0	0	—	1
Total liabilities	80	312,080	—	312,160	0	2,061	—	2,061

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the consolidated balance sheets is ¥459,496 million (U.S. $3,034 million) as of March 31, 2024. Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

	Millions of Yen	Millions of U.S. Dollars
For the year ended March 31, 2024	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 320,972	$2,119
Profit (loss) or other comprehensive income (loss) for the period		

Recognized as net unrealized gains (losses) on available-for-sale securities	50,145	331
Bought, sold and redeemed		
Bought	91,730	605
Sold	(3,352)	(22)
Balance at the end of the fiscal year	459,496	3,034

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the consolidated balance sheets was ¥459,496 million (U.S. $3,034 million) as of March 31, 2024.

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

Millions of Yen

As of March 31				2023
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 169,056	¥ 612	¥ 169,668
Held-to-maturity debt securities	—	169,056	612	169,668
Securities	15,611,758	2,127,168	2,999	17,741,926
Held-to-maturity debt securities	3,117,035	619,137	2,999	3,739,172
National & local government bonds	3,110,114	167,952	—	3,278,066
Corporate bonds	—	373,489	—	373,489
Other	6,920	77,695	2,999	87,616
Policy-reserve-matching bonds	12,398,065	1,508,031	—	13,906,096
National & local government bonds	12,017,358	—	—	12,017,358
Corporate bonds	—	44,057	—	44,057
Other	380,706	1,463,973	—	1,844,680
Stocks of subsidiaries and affiliates	96,657	—	—	96,657
Loans	—	—	5,090,462	5,090,462
Policy loans	—	—	179,688	179,688
Industrial and consumer loans	—	—	4,910,774	4,910,774
Total assets	15,611,758	2,296,224	5,094,075	23,002,058
Bonds payable	—	632,941	—	632,941
Borrowings	—	252,096	—	252,096
Total liabilities	—	885,037	—	885,037

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	2024				2024			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 150,919	¥ —	¥ 150,919	$ —	$996	$ —	$996
Held-to-maturity debt securities	—	150,919	—	150,919	—	996	—	996
Securities	14,908,416	2,617,707	—	17,526,123	98,463	17,288	—	115,752
Held-to-maturity debt securities	2,815,428	569,946	—	3,385,375	18,594	3,764	—	22,358
National & local government bonds	2,806,706	158,484	—	2,965,191	18,537	1,046	—	19,583
Corporate bonds	—	340,678	—	340,678	—	2,250	—	2,250
Other	8,721	70,783	—	79,505	57	467	—	525
Policy-reserve-matching bonds	12,020,110	2,047,760	—	14,067,870	79,387	13,524	—	92,912
National & local government bonds	11,575,551	—	—	11,575,551	76,451	—	—	76,451
Corporate bonds	—	39,747	—	39,747	—	262	—	262
Other	444,559	2,008,013	—	2,452,572	2,936	13,262	—	16,198
Stocks of subsidiaries and affiliates	72,876	—	—	72,876	481	—	—	481
Loans	—	—	5,328,279	5,328,279	—	—	35,191	35,191
Policy loans	—	—	168,283	168,283	—	—	1,111	1,111
Industrial and consumer loans	—	—	5,159,995	5,159,995	—	—	34,079	34,079
Total assets	14,908,416	2,768,626	5,328,279	23,005,322	98,463	18,285	35,191	151,940
Bonds payable	—	641,039	—	641,039	—	4,233	—	4,233
Borrowings	—	256,279	—	256,279	—	1,692	—	1,692
Total liabilities	—	897,319	—	897,319	—	5,926	—	5,926

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

(i) Deposits, monetary claims bought, money held in trust and securities
Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available

from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

For investment trusts without quoted prices, the Company deems their fair value to coincide with the net asset value per unit, provided there are no significant restrictions requiring the compensation of market participants for risks associated with surrender or repurchase. The Company classifies the fair value of these investment trusts into Level 2.

(ii) Derivative financial instruments
With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

(iii) Loans
The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3.

The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable
The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of these instruments are classified into Level 2.

(v) Borrowings
The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose consolidated balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

Category	Valuation technique	Significant unobservable inputs	Range of input
Derivative financial instruments			
Index option transactions	Black–Scholes model	(*2)	(*2)

(*1) In the fiscal years ended March 31, 2023 and 2024, trading securities and available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.
(*2) Inputs used include implied volatility, such as S&P 500 Index.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

Millions of Yen

For the year ended March 31, 2023	Securities	Securities	Derivative financial instruments	Total
	Trading securities	Available-for-sale securities	Index option transactions	
	Other	Other		
Balance at the beginning of the fiscal year	¥ —	¥ 166,027	¥ 3,525	¥ 169,552
Profit (loss) or other comprehensive income (loss) for the period				
Recognized in the consolidated statement of income (*1)	(34)	52	(3,953)	(3,935)
Recognized in other comprehensive income (loss) (*2)	—	(7,101)	541	(6,560)
Bought, sold, issued and settled				
Bought	2,000	9,100	3,050	14,150
Sold	—	(82,921)	—	(82,921)
Settled	—	—	(1,423)	(1,423)
Transferred to Level 3 fair value (*3)	—	18,673	—	18,673
Balance at the end of the fiscal year	1,965	103,829	1,740	107,535
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	(34)	—	(1,337)	(1,372)

(*1) Included in interest, dividends, and other income under investment income and losses on trading securities and losses on derivative financial instruments under investment expenses.
(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income.
(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.

	Millions of Yen				Millions of U.S. Dollars			
For the year ended March 31, 2024	Securities	Securities	Derivative financial instruments	Total	Securities	Securities	Derivative financial instruments	Total
	Trading securities	Available-for-sale securities	Index option transactions		Trading securities	Available-for-sale securities	Index option transactions	
	Other	Other			Other	Other		
Balance at the beginning of the fiscal year	¥ 1,965	¥ 103,829	¥ 1,740	¥ 107,535	$ 12	$685	$11	$710
Profit (loss) or other comprehensive income (loss) for the period								
Recognized in the consolidated statement of income (*1)	34	96	3,400	3,530	0	0	22	23
Recognized in other comprehensive income (loss) (*2)	—	8,075	119	8,195	—	53	0	54
Bought, sold, issued and settled								
Bought	—	1,193	4,537	5,731	—	7	29	37
Sold	(2,000)	(3,661)	—	(5,661)	(13)	(24)	—	(37)
Settled	—	—	(3,347)	(3,347)	—	—	(22)	(22)
Redeemed	—	(5,709)	—	(5,709)	—	(37)	—	(37)
Transferred to Level 3 fair value (*3)	—	3,160	—	3,160	—	20	—	20
Transferred from Level 3 fair value (*4)	—	(752)	—	(752)	—	(4)	—	(4)
Balance at the end of the fiscal year	—	106,232	6,450	112,683	—	701	42	744
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	—	—	1,591	1,591	—	—	10	10

(*1) Included in interest, dividends, and other income and gains on trading securities under investment income and losses on derivative financial instruments under investment expenses.
(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income.
(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.
(*4) Indicating transfer from Level 3 fair value to Level 1 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs

Index volatility is a significant unobservable input for use in the fair value measurement of index option transactions and an indicator representing the speed and magnitude of changes in the relevant indices. A significant increase (decrease) in volatility therefore causes option prices to rise (fall) considerably. In the case of a long position in option transactions, such volatility would result in a considerable rise (fall) in the fair value of these instruments.

IX. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(14,874) million and ¥53,029 million (U.S. $350 million) for the years ended March 31, 2023 and 2024, respectively.

2. 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, are shown in the following table. In addition, no held-to-maturity debt securities were sold during the years ended March 31, 2023 and 2024.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2023			2024			2024		
	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	¥ 2,920,315	¥ 3,277,218	¥ 356,902	¥ 2,715,929	¥ 2,962,775	¥ 246,845	$ 17,937	$19,567	$1,630
2) Corporate bonds	331,288	369,732	38,444	298,747	325,388	26,641	1,973	2,149	175
3) Others	164,508	172,544	8,035	126,785	129,794	3,008	837	857	19
Total	3,416,113	3,819,495	403,382	3,141,462	3,417,958	276,496	20,748	22,574	1,826
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	858	848	(9)	2,454	2,416	(38)	16	15	(0)
2) Corporate bonds	3,761	3,756	(4)	15,437	15,289	(147)	101	100	(0)
3) Others	86,524	84,740	(1,784)	107,179	100,630	(6,548)	707	664	(43)
Total	91,144	89,345	(1,798)	125,071	118,336	(6,734)	826	781	(44)

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

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥308,305 million and ¥381,601 million (U.S. $2,520 million) resulting in total gains on sales of ¥38,146 million and ¥25,298 million (U.S. $167 million) for the years ended March 31, 2023 and 2024, respectively. Total losses on sales were ¥100 million and ¥317 million (U.S. $2 million) for the years ended March 31, 2023 and 2024, respectively. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31						Millions of Yen			Millions of U.S. Dollars
			2023			2024			2024
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,111,410	¥ 7,868,511	¥ 757,100	¥ 6,456,305	¥ 6,884,897	¥ 428,591	$42,641	$45,471	$ 2,830
2) Corporate bonds	11,050	12,853	1,802	13,577	14,869	1,291	89	98	8
3) Others	406,870	415,799	8,928	673,877	683,203	9,325	4,450	4,512	61
Total	7,529,331	8,297,163	767,832	7,143,761	7,582,969	439,208	47,181	50,082	2,900
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	4,671,106	4,148,846	(522,260)	5,606,088	4,690,653	(915,434)	37,025	30,979	(6,046)
2) Corporate bonds	34,233	31,204	(3,028)	27,325	24,877	(2,448)	180	164	(16)
3) Others	1,603,342	1,428,881	(174,461)	1,974,358	1,769,369	(204,988)	13,039	11,685	(1,353)
Total	6,308,683	5,608,932	(699,750)	7,607,772	6,484,900	(1,122,871)	50,246	42,830	(7,416)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥3,461,732 million and ¥3,020,637million (U.S. $19,950 million) resulting in total gains on sales of ¥305,522 million and ¥288,125 million (U.S. $1,902 million) and total losses of ¥60,482 million and ¥85,563 million (U.S. $565 million) for the years ended March 31, 2023 and 2024, 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 are shown in the following table.

As of March 31						Millions of Yen			Millions of U.S. Dollars
			2023			2024			2024
	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	¥ 1,367,463	¥ 4,341,956	¥ 2,974,493	¥ 1,534,223	¥ 6,543,269	¥ 5,009,046	$10,132	$ 43,215	$ 33,082
(2) Bonds	2,196,069	2,367,626	171,557	1,650,072	1,779,079	129,006	10,898	11,750	852
1) National & local government bonds	1,590,523	1,717,439	126,915	1,128,962	1,206,952	77,989	7,456	7,971	515
2) Corporate bonds	605,545	650,187	44,641	521,110	572,127	51,017	3,441	3,778	336
(3) Others	4,645,231	5,194,107	548,875	6,840,356	8,038,457	1,198,101	45,177	53,090	7,912
Total	8,208,764	11,903,689	3,694,925	10,024,652	16,360,806	6,336,154	66,208	108,056	41,847
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	173,764	157,515	(16,249)	14,053	12,561	(1,491)	92	82	(9)
(2) Bonds	1,163,277	1,113,607	(49,669)	1,718,970	1,641,819	(77,151)	11,353	10,843	(509)
1) National & local government bonds	167,278	163,964	(3,314)	651,831	612,722	(39,108)	4,305	4,046	(258)
2) Corporate bonds	995,998	949,643	(46,355)	1,067,139	1,029,096	(38,042)	7,048	6,796	(251)
(3) Others	7,804,646	7,200,369	(604,276)	5,566,588	5,106,161	(460,427)	36,764	33,724	(3,040)
Total	9,141,687	8,471,492	(670,195)	7,299,612	6,760,542	(539,069)	48,210	44,650	(3,560)

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

“Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. The amount of impairment losses on policy-reserve-matching bonds was ¥3,904 million (U.S. $25 million) in the year ended March 31, 2024. The amount of impairment losses on available-for-sale securities of which market value is available was ¥3,594 million and ¥746 million (U.S. $4 million) for the years ended March 31, 2023 and 2024, respectively.

X. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31				Millions of Yen
				2023
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 37,045	¥ 34,623	¥ 732	¥ 732
Receipts floating, payments fixed	78,299	72,593	–	–
Total				732

As of March 31				Millions of Yen				Millions of U.S. Dollars
				2024				2024
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥8,000	¥8,000	¥45	¥45	$52	$ 52	$ 0	$ 0
Receipts floating, payments fixed	53,895	53,895	–	–	355	355	–	–
Total				45				0

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

(2) Currency-related

As of March 31	Millions of Yen			
	2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 19,940	¥ —	¥ (33)	¥ (33)
(U.S. dollar)	10,764	—	(8)	(8)
(Euro)	6,058	—	(31)	(31)
(Australian dollar)	3,117	—	6	6
Bought	150,812	—	(8,625)	(8,625)
(U.S. dollar)	145,667	—	(8,645)	(8,645)
(Euro)	3,574	—	22	22
(Australian dollar)	1,569	—	(3)	(3)
Currency options				
Sold				
Call	1,650,751	—		
	[26,965]		26,614	350
(U.S. dollar)	1,514,851	—		
	[26,621]		26,310	310
(Euro)	135,900	—		
	[344]		303	40
Bought				
Put	1,550,549	—		
	[26,965]		9,015	(17,949)
(U.S. dollar)	1,437,698	—		
	[26,621]		8,969	(17,651)
(Euro)	112,851	—		
	[344]		46	(297)
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	130,750	130,750	(965)	(965)
(U.S. dollar)	71,930	71,930	396	396
Total				(26,827)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 16,678	¥ —	¥ (30)	¥ (30)	$ 110	$ —	$ (0)	$ (0)
(U.S. dollar)	16,176	—	(30)	(30)	106	—	(0)	(0)
(Euro)	500	—	0	0	3	—	0	0
(Others)	1	—	0	0	0	—	0	0
Bought	55,746	—	538	538	368	—	3	3
(U.S. dollar)	47,459	—	448	448	313	—	2	2
(Euro)	2,150	—	4	4	14	—	0	0
(Australian dollar)	5,161	—	85	85	34	—	0	0
(Others)	974		(0)	(0)	6		(0)	(0)
Currency options								
Sold								
Call	1,461,497	—			9,652	—		
	[23,587]		43,151	(19,563)	[155]		284	(129)
(U.S. dollar)	1,461,497	—			9,652	—		
	[23,587]		43,151	(19,563)	[155]		284	(129)
Bought								
Put	1,451,547	—			9,586	—		
	[23,587]		4,447	(19,139)	[155]		29	(126)
(U.S. dollar)	1,451,547	—			9,586	—		
	[23,587]		4,447	(19,139)	[155]		29	(126)
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	124,025	123,885	11,686	11,686	819	818	77	77
(U.S. dollar)	85,800	85,800	10,187	10,187	566	566	67	67
Total				(16,322)				(107)

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values.
(*) Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31				Millions of Yen
				2023
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	5,322	—	146	146
Foreign currency-denominated stock index futures				
Sold	2,817	—	(43)	(43)
Bought	3,716	—	177	177
Foreign currency-denominated stock index options				
Bought				
Call	107,845	640		
	[3,084]	[34]	1,740	(1,344)
Total				(1,062)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ 4,025	¥ —	¥ 9	¥ 9	$ 26	$ —	$ 0	$ 0
Bought	6,017	—	187	187	39	—	1	1
Foreign currency-denominated stock index futures								
Bought	2,327	—	39	39	15	—	0	0
Foreign currency-denominated stock index options								
Bought								
Call	137,419	318			907	2		
	[4,574]	[16]	6,450	1,876	[30]	[0]	42	12
Total				2,112				13

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(4) Bond-related

As of March 31				Millions of Yen
				2023
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Foreign bond futures				
Sold	¥ 4,575	¥ —	¥ (130)	¥ (130)
Bought	50,723	—	1,176	1,176
OTC transactions				
OTC bond options				
Sold				
Call	10,000	—	—	—
	[153]	—	211	(57)
Bought				
Put	10,000	—	—	—
	[169]	—	65	(104)
Total				884

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	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								
Bond futures								
Sold	¥ 99,854	¥ —	¥ (75)	¥ (75)	$ 659	$ —	$ (0)	$ (0)
Foreign bond futures								
Bought	37,982	—	498	498	250	—	3	3
OTC transactions								
OTC bond options								
Sold								
Call	20,000	—	—	—	132	—	—	—
	[160]	—	118	42	[1]	—	0	0
Bought								
Put	20,000	—	—	—	132	—	—	—
	[184]	—	164	(20)	[1]	—	1	(0)
Total				445				2

(*) Net gains (losses) on foreign bond futures represent the fair values.
(*) Net gains (losses) on OTC bond options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

2. Hedge accounting applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2023			
	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	¥ 875,500	¥ 872,300	¥ (30,534)
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	47,589	43,568	–
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	2,916	2,916	55
Total				(30,478)

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2024				2024		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 997,600	¥ 994,100	¥ (68,003)	$ 6,588	$ 6,565	$ (449)
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	31,992	31,992	–	211	211	–
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	2,814	2,300	29	18	15	0
Total				(67,974)			(448)

(*) The fair values of interest rate swaps represent net gains (losses).

(2) Currency-related

As of March 31	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
				Millions of Yen
				2023
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥ 3,916,592	¥ —	¥ (21,036)
(U.S. dollar)		2,972,665	—	(23,342)
(Euro)		271,655	—	(6,396)
(Australian dollar)		633,474	—	8,963
(Others)		38,796	—	(261)
Deferred hedge accounting				
Cross currency swaps				
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-denominated bonds	76,594	76,594	(12,494)
(Euro)		35,575	35,575	(1,793)
(Australian dollar)		12,404	12,404	(114)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)
Total				(35,438)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2024			2024		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥ 3,464,061	¥ —	¥ (145,572)	$ 22,878	$ —	$ (961)
(U.S. dollar)		2,746,141	—	(124,074)	18,137	—	(819)
(Euro)		255,506	—	(5,799)	1,687	—	(38)
(Australian dollar)		440,318	—	(14,406)	2,908	—	(95)
(Others)		22,094	—	(1,291)	145	—	(8)
Deferred hedge accounting							
Cross currency swaps							
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-denominated bonds	76,594	59,882	(26,821)	505	395	(177)
(Euro)		35,575	31,179	(7,773)	234	205	(51)
(Australian dollar)		12,404	12,404	(1,677)	81	81	(11)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)	2,283	2,283	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	131,049	120,794	(*)	865	797	(*)
Total				(181,845)			(1,201)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

XI. 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.

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

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

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Balance at the beginning of the fiscal year	¥ 321,269	¥ 305,145	$ 2,015
Service costs	9,611	10,078	66
Interest cost on retirement benefit obligations	4,624	5,778	38
Actuarial losses (gains) recognized	(24,000)	6,091	40
Benefits paid	(18,750)	(19,557)	(129)
Past service costs	23	—	–
Others	12,368	4,568	30
Balance at the end of the fiscal year	305,145	312,106	2,061

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Balance at the beginning of the fiscal year	¥ 496,777	¥ 516,551	$ 3,411
Expected return on plan assets	9,122	8,768	57
Actuarial gains (losses) recognized	9,182	187,770	1,240
Contributions by employer	2,434	2,461	16
Benefits paid	(13,521)	(14,290)	(94)
Others	12,556	5,775	38
Balance at the end of the fiscal year	516,551	707,038	4,669

(3) 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

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2023**	**2024**	**2024**
Present value of funded retirement benefit obligations	¥ 296,895	¥ 303,105	$ 2,001
Plan assets at fair value	(516,551)	(707,038)	(4,669)
Net present value of funded retirement benefit obligations	(219,655)	(403,932)	(2,667)
Present value of non-funded retirement benefit obligations	8,249	9,000	59
Net balance on the consolidated balance sheet	(211,405)	(394,932)	(2,608)
Consists of:			
Defined benefit liabilities	7,709	8,500	56
Defined benefit assets	(219,115)	(403,432)	(2,664)

(4) The amounts recognized in retirement benefit expenses in the consolidated statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Service costs	¥ 9,611	¥ 10,078	$66
Interest cost on retirement benefit obligations	4,624	5,778	38
Expected return on plan assets	(9,122)	(8,768)	(57)
Amortization of net actuarial losses (gains)	(9,624)	(27,174)	(179)
Amortization of net past service costs	(2,718)	(2,720)	(17)
Others	84	(169)	(1)
Retirement benefit expenses	(7,145)	(22,975)	(151)

(5) Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Actuarial gains (losses)	¥ 22,865	¥ 154,786	$ 1,022
Past service costs	(2,688)	(2,695)	(17)
Total	20,176	152,091	1,004

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Unrecognized actuarial gains (losses)	¥ 68,444	¥ 223,231	$ 1,474
Unrecognized past service costs	17,109	14,414	95
Total	85,553	237,645	1,569

(6) Plan assets

Plan assets as of March 31, 2023 and 2024 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2023**	**2024**
Debt securities	5.2%	3.4%
Stocks	37.3%	48.6%
General account of life insurance companies	27.6%	20.7%
Jointly invested assets	20.2%	19.0%
Investment trusts	—	2.6%
Cash and deposits	2.1%	1.9%
Others	7.6%	3.9%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The percentage of the retirement benefit trusts was 49.4% and 58.0% of total plan assets as of March 31, 2023 and 2024, respectively.

(7) 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.

(8) Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2023 and 2024 were as follows:

Years ended March 31	2023	2024
Discount rate		
Domestic	0.9%	0.9%
Overseas	5.3 to 5.4%	5.0 to 5.1%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	2.0 to 6.3%	3.3 to 6.3%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥5,450 million and ¥6,594 million (U.S. $43 million) for the years ended March 31, 2023 and 2024, respectively.

XII. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2023	2024	2024
Deferred tax assets	¥ 961,403	¥ 986,042	$ 6,512
Valuation allowance for deferred tax assets	(11,274)	(13,013)	(85)
Deferred tax liabilities	(973,777)	(1,729,653)	(11,423)

2. Major components of deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2023	2024	2024
Deferred tax assets			
Policy reserves and other reserves	¥ 550,329	¥ 606,392	$ 4,004
Reserve for price fluctuation	300,057	315,681	2,084
Deferred tax liabilities:			
Net unrealized gains (losses) on available-for-sale securities	863,992	1,619,053	10,693

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2023 and 2024, 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	2023
Policyholders' dividend reserves	(61.66) %
Increase/decrease in valuation allowance for deferred tax assets	(7.17) %
Retained earnings of subsidiaries and others	6.16 %

Years ended March 31	2024
Policyholders' dividend reserves	(26.26) %

XIII. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥622,599 million and ¥646,756 million (U.S. $4,271 million), and their fair values were ¥978,886 million and ¥1,019,964 million (U.S. $6,736 million) as of March 31, 2023 and 2024, 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.

XIV. Subsequent Events

1. StanCorp Financial Group, Inc. (hereinafter, "StanCorp"), a consolidated subsidiary of the Company, acquired all shares issued by three subsidiaries of Elevance Health, Inc. on April 1, 2024. These acquired companies are engaged in group insurance business. StanCorp also signed an agreement with Elevance Health, Inc. to form a sales alliance leveraging customer bases possessed by both companies.

   StanCorp recognizes this acquisition of shares as a business acquisition in accordance with Topic 805 "Business Combinations" announced by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Details follow.

   (1) Overview of business combination
   i) Name of the acquired companies and the content of the acquired business

Name of the acquired companies	Anthem Life Insurance Company
	Anthem Life & Disability Insurance Company
	Greater Georgia Life Insurance Company
Content of the acquired business	Group insurance business

   ii) Main reasons for the business combination
   This business combination was aimed at enabling StanCorp to achieve further growth in the group insurance business through the strengthening of its customer base, the streamlining of its operations and other positive effects afforded by the acquisition.

   iii) Date of the business combination
   April 1, 2024

   iv) Legal form of the business combination
   Acquisition of shares

v) Name of acquired companies after the business combination
Anthem Life Insurance Company
Anthem Life & Disability Insurance Company
Greater Georgia Life Insurance Company

vi) Voting rights acquired
100%

vii) Main reason for determining the controlling company
Having acquired majority stakes in the acquired companies, StanCorp, a consolidated subsidiary of the Company, has a full control of their decision-making bodies.

(2) Acquisition costs of the acquired businesses and their breakdown
Consideration for the acquisition: U.S. $576 million
Acquisition costs: U.S. $576 million
In addition, the consideration for the sales alliance agreement will amount to U.S. $220 million.
Note: The above amounts are not finalized and based on estimates.

(3) Main component of acquisition-related expenses and their amount
Advisory fees and others: U.S. $23 million

(4) Amount of assets received and liabilities assumed at the date of business combination and their breakdown

Total assets:	U.S. $1,324 million
Securities:	U.S. $570 million
Total liabilities:	U.S. $748 million
Policy reserves and other reserves:	U.S. $566 million

Note: The above amounts are not finalized and based on estimates.

(5) Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
i) Amount of goodwill recorded
U.S. $268 million
Note: The above amount is not finalized and based on an estimate.
ii) Reasons for recording goodwill
Goodwill is recognized based on the expected profitability in excess of fair value as a result of strengthening the customer base and streamlining operations in StanCorp's group insurance business.
iii) Amortization method and period
Straight-line method: 10 years

(6) Amount of assets allocated to other intangible fixed assets other than goodwill, their breakdown by primary type, and weighted average amortization periods for the entirety of these assets and each primary type

Primary type	Amount	Amortization period
Value of Business Acquired (VOBA)	U.S. $61 million	1 year

Note: The above amount is not finalized and based on an estimate.

In addition, the price of the sales alliance agreement and its weighted average amortization period are as follows.

Primary type	Amount	Amortization period
Value of new policies to be obtained via the sales alliance agreement	U.S. $220 million	20 years

2. The Company redeemed foundation funds on July 30, 2024 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥50,000 million (U.S. $330 million).

3. The proposed appropriation of surplus of the Company for the year ended March 31, 2024 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2024.

KPMG

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying non-consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2023 and 2024, the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2024, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fee-related Information

Fee-related information is described in the auditor's report on the consolidated financial statements.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2024 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 "I. Basis of Presentation" to the non-consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Takanobu Miwa
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 5, 2024

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Meiji Yasuda Life Insurance Company
Non-consolidated Balance Sheets

As of March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
ASSETS:			
Cash and deposits			
Cash	¥ 5	¥ 6	$ 0
Deposits	1,305,220	701,729	4,634
Subtotal	**1,305,226**	**701,735**	**4,634**
Call loans	**90,000**	**220,000**	**1,453**
Monetary claims bought	**171,153**	**160,302**	**1,058**
Money held in trust	**119,533**	**114,117**	**753**
Securities (*1, *2, *3, *5)			
National government bonds	16,414,388	16,457,328	108,693
Local government bonds	265,056	254,739	1,682
Corporate bonds	2,009,302	2,006,932	13,254
Domestic stocks	4,695,958	6,762,598	44,664
Foreign securities	12,448,233	13,849,768	91,471
Other securities	1,210,460	1,201,378	7,934
Subtotal	**37,043,400**	**40,532,745**	**267,701**
Loans (*6, *7)			
Policy loans	175,665	163,870	1,082
Industrial and consumer loans	3,721,667	3,717,579	24,553
Subtotal	**3,897,333**	**3,881,450**	**25,635**
Tangible fixed assets (*8, *14)			
Land	606,719	606,594	4,006
Buildings	241,955	250,449	1,654
Construction in progress	16,474	26,736	176
Other tangible fixed assets	2,571	3,369	22
Subtotal	**867,720**	**887,149**	**5,859**
Intangible fixed assets			
Software	56,944	63,496	419
Other intangible fixed assets	39,943	38,800	256
Subtotal	**96,888**	**102,296**	**675**
Reinsurance receivables	**1,944**	**1,250**	**8**
Other assets			
Accounts receivable	109,985	151,908	1,003
Prepaid expenses	8,736	9,969	65
Accrued income	129,181	153,895	1,016
Money on deposit	13,140	13,544	89
Deposits for futures transactions	14,861	16,044	105
Margins on futures transactions	352	522	3
Derivative financial instruments	76,321	46,740	308
Cash collaterals pledged for financial instruments	174,311	208,795	1,379
Suspense	9,003	5,576	36
Other assets	6,898	6,124	40
Subtotal	**542,792**	**613,121**	**4,049**
Prepaid pension cost	**117,262**	**145,858**	**963**
Customers' liabilities under acceptances and guarantees	**5,743**	**5,063**	**33**
Allowance for possible loan losses	**(11,731)**	**(9,510)**	**(62)**
Total assets	**¥ 44,247,267**	**¥ 47,355,580**	**$ 312,763**

Meiji Yasuda Life Insurance Company
Non-consolidated Balance Sheets (continued)

As of March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (*16)	¥ 139,325	¥ 149,056	$ 984
Policy reserves (*16)	33,497,956	34,018,043	224,675
Policyholders' dividend reserves (*9)	288,339	289,545	1,912
Subtotal	**33,925,622**	**34,456,645**	**227,571**
Reinsurance payables	**722**	**632**	**4**
Bonds payable (*10)	**640,735**	**640,735**	**4,231**
Other liabilities			
Payables under repurchase agreements	330,630	257,631	1,701
Payables under securities borrowing transactions	3,789,618	3,658,338	24,161
Borrowings (*11)	271,600	271,600	1,793
Income taxes payable	19,047	7,901	52
Accounts payable	42,189	84,128	555
Accrued expenses	39,361	49,473	326
Deferred income	2,820	7,709	50
Deposits received	32,456	36,578	241
Guarantee deposits received	32,479	32,924	217
Margins on futures transactions	179	194	1
Derivative financial instruments	167,208	312,160	2,061
Cash collaterals received for financial instruments	79,525	41,338	273
Asset retirement obligations	3,529	3,086	20
Suspense receipts	3,024	2,635	17
Subtotal	**4,813,669**	**4,765,701**	**31,475**
Reserve for price fluctuation	**1,072,330**	**1,128,202**	**7,451**
Deferred tax liabilities	**395**	**679,664**	**4,488**
Deferred tax liabilities for land revaluation (*14)	**78,178**	**77,509**	**511**
Acceptances and guarantees	**5,743**	**5,063**	**33**
Total liabilities	**40,537,397**	**41,754,153**	**275,768**
NET ASSETS:			
Foundation funds	**100,000**	**50,000**	**330**
Reserve for redemption of foundation funds	**880,000**	**930,000**	**6,142**
Reserve for revaluation	**452**	**452**	**2**
Surplus	**315,738**	**283,231**	**1,870**
Reserve for future losses	**13,419**	**13,853**	**91**
Other surplus	**302,319**	**269,378**	**1,779**
Reserve for fund redemption	70,000	40,000	264
Fund for price fluctuation allowance	29,764	29,764	196
Reserve for promotion of social welfare project	774	693	4
Reserve for business infrastructure	10,000	10,000	66
Reserve for reduction entry of real estate	25,101	24,578	162
Unappropriated surplus	166,680	164,342	1,085
Total funds, reserve and surplus	**1,296,191**	**1,263,684**	**8,346**
Net unrealized gains (losses) on available-for-sale securities	**2,320,146**	**4,282,331**	**28,283**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**(28,011)**	**(68,811)**	**(454)**
Land revaluation differences (*14)	**121,544**	**124,222**	**820**
Total unrealized gains, revaluation reserves and adjustments	**2,413,678**	**4,337,741**	**28,648**
Total net assets	**3,709,870**	**5,601,426**	**36,995**
Total liabilities and net assets	**¥ 44,247,267**	**¥ 47,355,580**	**$ 312,763**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income

Years ended March 31		Millions of Yen 2023		Millions of Yen 2024		Millions of U.S. Dollars 2024
ORDINARY INCOME:						
Insurance premiums and other						
Insurance premiums	¥	3,194,937	¥	2,817,213	$	18,606
Reinsurance revenue		8,755		10,032		66
Subtotal		**3,203,693**		**2,827,246**		**18,672**
Investment income (*2)						
Interest, dividends and other income		988,501		1,160,750		7,666
Interest on deposits		6,137		15,127		99
Interest and dividends on securities		855,613		1,008,516		6,660
Interest on loans		59,579		64,054		423
Rent revenue from real estate		43,971		44,616		294
Other interest and dividends		23,199		28,436		187
Gains on money held in trust		2,335		1,068		7
Gains on trading securities		—		47		0
Gains on sales of securities		343,043		313,022		2,067
Gains on redemption of securities		170,717		43,636		288
Foreign exchange gains		33,925		264,090		1,744
Reversal of allowance for possible loan losses		—		2,205		14
Other investment income		454		568		3
Investment gains on separate accounts		—		76,610		505
Subtotal		**1,538,977**		**1,861,999**		**12,297**
Other ordinary income						
Income from annuity riders		11,451		12,351		81
Income from deferred benefits		29,064		24,819		163
Reversal of accrued retirement benefits		11,749		28,595		188
Other ordinary income		8,464		8,621		56
Subtotal		**60,729**		**74,387**		**491**
Total ordinary income	**¥**	**4,803,400**	**¥**	**4,763,633**	**$**	**31,461**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income (continued)

Years ended March 31		Millions of Yen 2023		Millions of Yen 2024		Millions of U.S. Dollars 2024
ORDINARY EXPENSES:						
Benefits and other payments						
Claims paid	¥	643,750	¥	616,544	$	4,072
Annuity payments		636,191		651,219		4,301
Benefit payments		451,704		427,969		2,826
Surrender benefits		961,467		957,582		6,324
Other refunds		110,332		109,971		726
Reinsurance premiums		1,642		1,107		7
Subtotal		**2,805,089**		**2,764,394**		**18,257**
Provision for policy reserves and other reserves						
Provision for reserve for outstanding claims (*3)		4,083		9,730		64
Provision for policy reserves (*3)		428,472		520,086		3,434
Provision for interest on policyholders' dividend reserves		50		43		0
Subtotal		**432,606**		**529,861**		**3,499**
Investment expenses (*2)						
Interest expenses		40,266		40,481		267
Losses on trading securities		33		—		—
Losses on sales of securities		59,172		81,824		540
Losses on valuation of securities		4,536		3,998		26
Losses on redemption of securities		900		258		1
Losses on derivative financial instruments		601,687		542,794		3,584
Provision for allowance for possible loan losses		1,267		—		—
Write-off of loans		60		—		—
Depreciation of real estate for non-insurance business		8,979		9,252		61
Other investment expenses		26,768		25,656		169
Investment losses on separate accounts		11,630		—		—
Subtotal		**755,303**		**704,265**		**4,651**
Operating expenses		**398,165**		**414,139**		**2,735**
Other ordinary expenses						
Deferred benefit payments		56,636		46,460		306
Taxes		37,039		35,233		232
Depreciation		30,564		32,767		216
Other ordinary expenses		4,940		5,499		36
Subtotal		**129,180**		**119,960**		**792**
Total ordinary expenses		**4,520,345**		**4,532,622**		**29,936**
Ordinary profit	**¥**	**283,055**	**¥**	**231,010**	**$**	**1,525**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income (continued)

Years ended March 31		Millions of Yen 2023		Millions of Yen 2024		Millions of U.S. Dollars 2024
Extraordinary gains						
Gains on disposals of fixed assets	¥	2,782	¥	305	$	2
Gains on liquidation of subsidiaries and affiliates		498		—		—
Subtotal		**3,280**		**305**		**2**
Extraordinary losses						
Losses on disposals of fixed assets		3,041		6,246		41
Impairment losses (*4)		565		2,114		13
Impairment on stocks of subsidiaries and affiliates		1,602		—		—
Losses on sales of stocks of subsidiaries and affiliates		—		476		3
Losses on liquidation of subsidiaries and affiliates		—		30		0
Losses on reorganization of subsidiaries and affiliates		—		5,014		33
Provision for reserve for price fluctuation		202,957		55,872		369
Contributions for promotion of social welfare project		1,725		2,306		15
Subtotal		**209,892**		**72,060**		**475**
Surplus before income taxes		**76,444**		**159,256**		**1,051**
Income taxes						
Current		51,860		61,665		407
Deferred		(79,562)		(67,123)		(443)
Total income taxes		**(27,702)**		**(5,458)**		**(36)**
Net surplus	**¥**	**104,146**	**¥**	**164,714**	**$**	**1,087**

Meiji Yasuda Life Insurance Company

Non-consolidated Statements of Changes in Net Assets

Year ended March 31, 2023 — **Millions of Yen**

	Funds, reserves and surplus											
			Surplus									
					Other surplus							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastruc-ture	Reserve for reduction entry of real estate	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	150,000	830,000	452	12,963	90,000	29,764	536	70,000	25,643	183,807	412,715	1,393,168
Changes in the fiscal year												
Additions to policyholders' dividend reserves										(151,453)	(151,453)	(151,453)
Additions to reserve for future losses				456						(456)		
Additions to reserve for redemption of foundation funds		50,000										50,000
Payment of interest on foundation funds										(477)	(477)	(477)
Net surplus										104,146	104,146	104,146
Redemption of foundation funds	(50,000)											(50,000)
Additions to reserve for fund redemption					30,000					(30,000)		
Reversal of reserve for fund redemption					(50,000)						(50,000)	(50,000)
Additions to reserve for promotion of social welfare project							1,963			(1,963)		
Reversal of reserve for promotion of social welfare project							(1,725)			1,725		
Reversal of reserve for business infrastructure								(60,000)		60,000		
Reversal of reserve for reduction entry of real estate									(542)	542		
Reversal of land revaluation differences										807	807	807
Net changes, excluding funds, reserves and surplus												
Net changes in the fiscal year	(50,000)	50,000	—	456	(20,000)	—	237	(60,000)	(542)	(17,127)	(96,976)	(96,976)
Ending balance	100,000	880,000	452	13,419	70,000	29,764	774	10,000	25,101	166,680	315,738	1,296,191

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	2,704,190	4,795	121,889	2,830,875	4,224,043
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(151,453)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					50,000
Payment of interest on foundation funds					(477)
Net surplus					104,146
Redemption of foundation funds					(50,000)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(50,000)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for business infrastructure					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences					807
Net changes, excluding funds, reserves and surplus	(384,043)	(32,807)	(344)	(417,196)	(417,196)
Net changes in the fiscal year	(384,043)	(32,807)	(344)	(417,196)	(514,172)
Ending balance	2,320,146	(28,011)	121,544	2,413,678	3,709,870

Meiji Yasuda Life Insurance Company

Non-consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2024 **Millions of Yen**

	Funds, reserves and surplus											
				Surplus								
					Other surplus							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastruc-ture	Reserve for reduction entry of real estate	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	100,000	880,000	452	13,419	70,000	29,764	774	10,000	25,101	166,680	315,738	1,296,191
Changes in the fiscal year												
Additions to policyholders' dividend reserves										(144,240)	(144,240)	(144,240)
Additions to reserve for future losses				434						(434)		
Additions to reserve for redemption of foundation funds		50,000										50,000
Payment of interest on foundation funds										(302)	(302)	(302)
Net surplus										164,714	164,714	164,714
Redemption of foundation funds	(50,000)											(50,000)
Additions to reserve for fund redemption					20,000					(20,000)		
Reversal of reserve for fund redemption					(50,000)						(50,000)	(50,000)
Additions to reserve for promotion of social welfare project							2,225			(2,225)		
Reversal of reserve for promotion of social welfare project							(2,306)			2,306		
Reversal of reserve for reduction entry of real estate									(522)	522		
Reversal of land revaluation differences										(2,678)	(2,678)	(2,678)
Net changes, excluding funds, reserves and surplus												
Net changes in the fiscal year	(50,000)	50,000	—	434	(30,000)	—	(80)	—	(522)	(2,337)	(32,507)	(32,507)
Ending balance	50,000	930,000	452	13,853	40,000	29,764	693	10,000	24,578	164,342	283,231	1,263,684

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	2,320,146	(28,011)	121,544	2,413,678	3,709,870
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(144,240)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					50,000
Payment of interest on foundation funds					(302)
Net surplus					164,714
Redemption of foundation funds					(50,000)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(50,000)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences					(2,678)
Net changes, excluding funds, reserves and surplus	1,962,184	(40,800)	2,678	1,924,062	1,924,062
Net changes in the fiscal year	1,962,184	(40,800)	2,678	1,924,062	1,891,555
Ending balance	4,282,331	(68,811)	124,222	4,337,741	5,601,426

Meiji Yasuda Life Insurance Company

Non-consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2024 **Millions of U.S. Dollars**

	Funds, reserves and surplus											
				Surplus								
					Other surplus							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastruc-ture	Reserve for reduction entry of real estate	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	660	5,812	2	88	462	196	5	66	165	1,100	2,085	8,560
Changes in the fiscal year												
Additions to policyholders' dividend reserves										(952)	(952)	(952)
Additions to reserve for future losses				2						(2)		
Additions to reserve for redemption of foundation funds		330										330
Payment of interest on foundation funds										(1)	(1)	(1)
Net surplus										1,087	1,087	1,087
Redemption of foundation funds	(330)											(330)
Additions to reserve for fund redemption					132					(132)		
Reversal of reserve for fund redemption					(330)						(330)	(330)
Additions to reserve for promotion of social welfare project							14			(14)		
Reversal of reserve for promotion of social welfare project							(15)			15		
Reversal of reserve for reduction entry of real estate									(3)	3		
Reversal of land revaluation differences										(17)	(17)	(17)
Net changes, excluding funds, reserves and surplus												
Net changes in the fiscal year	(330)	330	—	2	(198)	—	0	—	(3)	(15)	(214)	(214)
Ending balance	330	6,142	2	91	264	196	4	66	162	1,085	1,870	8,346

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	15,323	(185)	802	15,941	24,502
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(952)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					330
Payment of interest on foundation funds					(1)
Net surplus					1,087
Redemption of foundation funds					(330)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(330)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences					(17)
Net changes, excluding funds, reserves and surplus	12,959	(269)	17	12,707	12,707
Net changes in the fiscal year	12,959	(269)	17	12,707	12,492
Ending balance	28,283	(454)	820	28,648	36,995

Meiji Yasuda Life Insurance Company
Non-consolidated Proposed Appropriation of Surplus

Years ended March 31	Millions of Yen 2023	Millions of Yen 2024	Millions of U.S. Dollars 2024
Unappropriated surplus	**¥ 166,680**	**¥ 164,342**	**$ 1,085**
Reversal of voluntary surplus reserves:	**522**	**521**	**3**
Reversal of reserve for reduction entry of real estate	522	521	3
Total	**167,203**	**164,863**	**1,088**
Appropriation of surplus	**167,203**	**164,863**	**1,088**
Provision for policyholders' dividend reserves	144,240	150,958	997
Net surplus	22,962	13,905	91
Reserve for future losses	434	454	2
Interest on foundation funds	302	145	0
Voluntary surplus reserves:	22,225	13,306	87
Reserve for fund redemption	20,000	10,000	66
Reserve for promotion of social welfare project	2,225	3,306	21

Meiji Yasuda Life Insurance Company
Notes to the Non-consolidated Financial Statements

I. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) has prepared the accompanying non-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. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-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 non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2024, which was ¥151.41 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.

II. Summary of Significant Accounting Policies

(1) Securities

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

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

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

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

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

e. Available-for-sale securities

Available-for-sale securities are stated at market value (e.g. quoted prices) at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the non-consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

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

In addition, some sub-groups assigned for individual life insurance, individual annuities and group pensions were subdivided into new-subgroups in the fiscal year ended March 31, 2024 due to changes in asset management policies for new insurance policies.

This change has no impact on the non-consolidated balance sheets and the non-consolidated statements of income.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

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

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

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

(6) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets in the non-consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives.

(7) Allowance for possible loan losses

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

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral 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 collateral 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 collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2023 and 2024 amounted to ¥16 million and ¥13 million (U.S. $0 million), respectively.

(8) Accrued retirement benefits

Accrued retirement benefits of the Company are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2023 and 2024 were as follows:

Years ended March 31	2023	2024
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

No accrued retirement benefits were recognized on the liabilities due to plan assets in excess of the retirement benefit obligations as of March 31, 2023 and 2024.

(9) Reserve for price fluctuation

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

(10) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

(11) Method of hedge accounting

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:

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

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

(12) 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 other assets and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act".

(13) Accounting for retirement benefits

In the non-consolidated financial statements, methods used in accounting for unrecognized actuarial differences and unrecognized past service costs associated with retirement benefits are different from methods used in accounting for these items in the consolidated financial statements.

(14) Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the non-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.

(15) Policy reserves

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

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

a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).

b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

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

・The policy reserves set aside in the fiscal year ended March 31, 2015 for single premium endowment contracts concluded on or after September 2, 1995.

・The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

・The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

・The policy reserves set aside in the fiscal years ended March 31, 2015 and 2024 for variable life insurance contracts.

In addition to policy reserves set aside for variable life insurance contracts in the fiscal year ended March 31, 2015, the Company set aside policy reserves in the amount of ¥64,721 million (U.S. $427 million) in the fiscal year ended March 31, 2024 for these contracts. As a result, ordinary income and surplus before income taxes and non-controlling interests each decreased by ¥64,721 million (U.S. $427 million).

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

(16) Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter "IBNR claims"). The amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as "IBNR Notification") in 1998, due to the May 8, 2023 termination of special treatments applied for payments of hospitalization and other benefits to policyholders in such status as "quasi hospitalization," which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as "quasi hospitalization"). Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required

reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

In addition, at the end of the fiscal year ended March 31, 2023, the Company deducted the amount pertaining to quasi hospitalization for policyholders other than those categorized at high risk of serious symptoms, instead of deducting the amount pertaining to quasi hospitalization. However, due to the termination of special treatments applied to hospitalization benefits for quasi hospitalization in the fiscal year ended March 31, 2024, the Company revised the above method and deducted the amount pertaining to quasi hospitalization.

(17) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

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

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

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

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

(18) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(19) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

Impairment on stocks of subsidiaries and affiliates

The amounts of ¥957,933 million and ¥1,104,962 million (U.S. $7,297 million) of equity securities issued by subsidiaries and affiliates are recorded in Securities of the non-consolidated balance sheets at the end of the fiscal years ended March 31, 2023 and 2024, respectively.

Equity securities issued by subsidiaries and affiliates is tested for impairment based on the actual value. The actual value is, in principle, determined based on the net asset value at the end of the fiscal year. However, if necessary, the value calculated with key assumptions such as the future cash flows is used as the actual value.

Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

In addition, in the fiscal years ended March 31, 2023, the Company recorded impairment on stocks of subsidiaries and affiliates totaling ¥1,602 million, as part of extraordinary losses due to a considerable decline in the actual value of equity securities issued by some affiliates, whose financial position has deteriorated or whose ability to generate future cash flows has declined with no likelihood of recovery. The amount of this loss is based on the difference between the acquisition cost of each equity security and its actual value. In the fiscal year ended March 31, 2024, the Company recorded no impairment on stocks of subsidiaries and affiliates as the result of the impairment test.

(Changes in accounting policies)

(For the year ended March 31, 2023)

The Company adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31: June 17, 2021; hereinafter the “Implementation Guidance”) at the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatments set forth in Paragraph 27-2 of the Implementation Guidance, the Company adopts new accounting policies prescribed in this Implementation Guidance for the reporting of its current and future financial results, prospectively.

Accordingly, the Company has changed accounting methods for some investment trusts which had been classified as securities of which fair value is extremely difficult to determine and whose balance sheet amount had been accounted for based on acquisition costs. The balance sheet amount of these instruments is now recorded at fair value. Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the Implementation Guidance.

In accordance with Paragraph 27-3 of the Implementation Guidance, notes on investment trusts as part of the fair value hierarchy of financial instruments in "VI. Financial Instruments” for the previous fiscal year have been omitted.

III. Notes to Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,929,389 million and ¥5,657,341 million (U.S. $37,364 million) as of March 31, 2023 and 2024, respectively.

*2. Securities Sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥339,705 million and ¥264,703 million (U.S. $1,748 million) as of March 31, 2023 and 2024, respectively.

*3. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥60,173 million and ¥380,015 million (U.S. $2,509 million) as of March 31, 2023 and 2024, respectively.

4. Receivable from and Payable to Subsidiaries and Affiliates

The total amounts receivable from and payable to subsidiaries and affiliates as of March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2023	2024	2024
Receivable	¥ 60,506	¥ 72,347	$ 477
Payable	5,501	4,702	31

*5. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥957,933 million and ¥1,104,962 million (U.S. $7,297 million) as of March 31, 2023 and 2024, respectively.

*6. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥22,845 million and ¥21,510 million (U.S. $142 million) as of March 31, 2023 and 2024, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥420 million and ¥405 million (U.S. $2 million) as of March 31, 2023 and 2024, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheet as of March 31, 2023 and 2024 were ¥16 million and ¥13 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi-bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through fillings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥12,508 million and ¥11,832 million (U.S. $78 million) as of March 31, 2023 and 2024, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to enter the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

There were no loans in arrears for three months or longer as of March 31, 2023 and 2024.

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. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥9,916 million and ¥9,272 million (U.S. $61 million) as of March 31, 2023 and 2024, 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 bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*7. Loan Commitments

The amounts of loan commitments outstanding were ¥73,215 million and ¥55,445 million (U.S. $366 million) as of March 31, 2023 and 2024, respectively.

*8. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥460,960 million and ¥471,079 million (U.S. $3,111 million) as of March 31, 2023 and 2024, respectively.

*9. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Balance at the beginning of the fiscal year	¥ 281,323	¥ 288,339	$ 1,904
Transfer from surplus in the previous fiscal year	151,453	144,240	952
Dividend payments to policyholders during the fiscal year	(144,508)	(143,093)	(945)
Interest accrued during the fiscal year	71	58	0
Balance at the end of the fiscal year	288,339	289,545	1,912

*10. Subordinated Bonds

As of March 31, 2023 and 2024, bonds payable in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, respectively, and the repayments of which are subordinated to other obligations.

*11. Subordinated Borrowings

As of March 31, 2023 and 2024, borrowings in liabilities consist of subordinated borrowings, and the repayments of which are subordinated to other obligations.

12. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥589,743 million and ¥607,204 million (U.S. $4,010 million) as of March 31, 2023 and 2024, respectively. The amounts of separate account liabilities were the same as these figures.

13. Net Assets Stipulated by the "Ordinance for Enforcement of the Insurance Business Act"

The amounts of net assets pursuant to Article 30, Paragraph 2 of the "Ordinance for Enforcement of the Insurance Business Act" were ¥2,414,131 million and ¥4,338,194 million (U.S. $28,651 million) as of March 31, 2023 and 2024, respectively.

*14. 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 non-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 non-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.

15. Leased Assets

The Company holds some leased assets, such as computers and other equipment, in addition to the tangible and intangible fixed assets in the non-consolidated balance sheets.

*16. Reinsurance

As of March 31, 2023 and 2024, the amounts of reinsurance recoverable on reserve for outstanding claims, which is applied mutatis mutandis to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" pursuant to Article 73, Paragraph 3 of the ordinance (hereafter, "reinsurance recoverable on reserve for outstanding claims"), were ¥23 million and ¥13 million (U.S. $0 million), respectively.

As of March 31, 2023 and 2024, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" (hereafter, "reinsurance recoverable on policy reserves") were ¥13,458 million and ¥4,955 million (U.S. $32 million), respectively.

IV. Notes to Statements of Income

1. Transactions with Subsidiaries and Affiliates

The total amounts of income and expenses resulting from transactions with subsidiaries and affiliates for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Total income	¥ 27,380	¥ 38,108	$251
Total expenses	42,707	45,081	297

*2. Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Domestic bonds including national government bonds	¥ 22,532	¥ 18,154	$ 119
Domestic stocks	55,499	59,682	394
Foreign securities	263,819	234,335	1,547

Major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Domestic bonds including national government bonds	¥ 133	¥ 502	$ 3
Domestic stocks	2,126	14,417	95
Foreign securities	56,912	66,518	439

Major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Domestic stocks	¥ 4,536	¥ 93	$ 0
Foreign securities	–	3,904	25

Losses on derivative financial instruments included net valuation gain of ¥376,689 million and ¥121,909 million (U.S. $805 million) for the years ended March 31, 2023 and 2024, respectively.

*3. Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) reinsurance recoverable on reserve for outstanding claims and reinsurance recoverable on policy reserves, which are deducted (added) in calculating provision for (reversal of) reserve for outstanding claims and policy reserves, for the years ended March 31, 2023 and 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 3	¥ (9)	$ (0)
Provision for (reversal of) reinsurance recoverable on policy reserves	(5,367)	(8,502)	(56)

*4. Impairment of Fixed Assets

The details of the impairment losses on fixed assets 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, 2023 and 2024, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2023

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	0	¥ –	¥ –	¥ –
Idle assets	5	255	309	565
Total	5	255	309	565

For the year ended March 31, 2024

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	1	¥ 529	¥ 869	¥ 1,399
Idle assets	7	377	337	714
Total	8	906	1,207	2,114

For the year ended March 31, 2024

Asset group	Land	Buildings	Millions of U.S. Dollars Total
Real estate for non-insurance business	$ 3	$ 5	$ 9
Idle assets	2	2	4
Total	5	7	13

(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 1.73% and 1.71% for the years ended March 31, 2023 and 2024, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

V. Notes to Statements of Changes in Net Assets

1. Foundation Funds

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

Having redeemed foundation funds totaling ¥50,000 million and ¥50,000 million (U.S. $330 million) in the fiscal years ended March 31, 2023 and 2024, respectively, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the “Insurance Business Act.”

VI. Financial Instruments

1. Qualitative information on financial instruments

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

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

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans as well as foreign currency denominated bonds payable issued by the Company; 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 credit risk.

Foreign currency denominated bonds payable issued by the Company are exposed to exchange rate fluctuation risk.

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

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

To manage price fluctuation risk and other market risks, 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 risk management verification committee and, on important matters reported directly to the Board of Directors and Committees.

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

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

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

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

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the non-consolidated balance sheets at the end of the fiscal years ended March 31, 2023 and 2024, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to short-term nature of their contracts.

As of March 31	Millions of Yen		
	2023		
	Balance sheet amount	Fair value	Difference
Deposits	¥ 11,999	¥ 11,999	¥ —
Available-for-sale securities (CDs)	11,999	11,999	—
Monetary claims bought	171,153	175,564	4,410
Held-to-maturity debt securities	165,258	169,668	4,410
Available-for-sale securities	5,895	5,895	—
Money held in trust	119,533	119,533	—
Trading securities	4,544	4,544	—
Available-for-sale securities	114,988	114,988	—
Securities	36,125,159	36,587,541	462,381
Trading securities	461,933	461,933	—
Held-to-maturity debt securities	3,320,294	3,716,928	396,634
Policy-reserve-matching bonds	13,838,014	13,906,096	68,081
Stocks of subsidiaries and affiliates	98,991	96,657	(2,333)
Available-for-sale securities	18,405,926	18,405,926	—
Loans	3,897,333	3,954,672	57,338
Policy loans	175,665	175,665	—
Industrial and consumer loans	3,721,667	3,779,006	57,338
Allowance for possible loan losses (*1)	(10,292)	—	—
	3,887,041	3,954,672	67,630
Bonds payable	640,735	632,941	(7,793)
Borrowings	271,600	252,096	(19,503)
Derivative financial instruments (*2)	(90,887)	(90,887)	—
Hedge accounting is not applied	(24,914)	(24,914)	—
Hedge accounting is applied	(65,973)	(65,973)	—

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.
(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31:June 17, 2021), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the non-consolidated balance sheets, was ¥894,593 million as of March 31, 2023. Of this, the amount of stocks of subsidiaries and affiliates was ¥858,941 million. The amount of investments in capital partnerships reported in the non-consolidated balance sheets totaled ¥23,646 million as of March 31, 2023.

Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships were ¥2,676 million for the year ended March 31, 2023.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2024			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 16,995	¥ 16,995	¥—	$ 112	$ 112	$ —
Available-for-sale securities (CDs)	16,995	16,995	—	112	112	—
Monetary claims bought	160,302	155,836	(4,466)	1,058	1,029	(29)
Held-to-maturity debt securities	155,385	150,919	(4,466)	1,026	996	(29)
Available-for-sale securities	4,916	4,916	—	32	32	—
Money held in trust	114,117	114,117	—	753	753	—
Available-for-sale securities	114,117	114,117	—	753	753	—
Securities	39,464,593	39,028,755	(435,838)	260,647	257,768	(2,878)
Trading securities	513,558	513,558	—	3,391	3,391	—
Held-to-maturity debt securities	3,086,357	3,360,296	273,939	20,384	22,193	1,809
Policy-reserve-matching bonds	14,751,534	14,067,870	(683,663)	97,427	92,912	(4,515)
Stocks of subsidiaries and affiliates	98,991	72,876	(26,114)	653	481	(172)
Available-for-sale securities	21,014,152	21,014,152	—	138,789	138,789	—
Loans	3,881,450	3,905,640	24,189	25,635	25,795	159
Policy loans	163,870	163,870	—	1,082	1,082	—
Industrial and consumer loans	3,717,579	3,741,769	24,189	24,553	24,712	159
Allowance for possible loan losses (*1)	(7,996)	—	—	(52)	—	—
	3,873,454	3,905,640	32,185	25,582	25,795	212
Bonds payable	640,735	641,039	304	4,231	4,233	2
Borrowings	271,600	256,279	(15,320)	1,793	1,692	(101)
Derivative financial instruments (*2)	(265,420)	(265,420)	—	(1,752)	(1,752)	—
Hedge accounting is not applied	(15,570)	(15,570)	—	(102)	(102)	—
Hedge accounting is applied	(249,849)	(249,849)	—	(1,650)	(1,650)	—

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.
(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the non-consolidated balance sheets, was ¥1,039,135 million (U.S. $6,863 million) as of March 31, 2024. Of this, the amount of stocks of subsidiaries and affiliates was ¥1,005,971 million (U.S. $6,644 million). The amount of investments in capital partnerships reported in the non-consolidated balance sheets totaled ¥29,016 million (U.S. $191 million) as of March 31, 2024.

The amount of impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥5 million (U.S. $0 million) for the year ended March 31, 2024.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2023					
	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 (CDs)	¥ 11,999	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	171,153
Loans*	451,385	718,223	575,753	616,785	744,293	606,898
Securities	684,652	1,243,688	2,316,101	3,109,664	6,617,253	14,999,356
Held-to-maturity debt securities	217,271	548,665	451,881	83,913	559,970	1,458,591
Policy-reserve-matching bonds	3,467	32,933	254,377	1,040,326	2,911,125	9,595,784
Available-for-sale securities with maturities	463,912	662,089	1,609,843	1,985,424	3,146,157	3,944,980
Total	1,148,037	1,961,911	2,891,855	3,726,450	7,361,547	15,777,408

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2024						2024					
	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 (CDs)	¥ 16,995	¥—	¥—	¥—	¥—	¥—	$ 112	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	160,302	—	—	—	—	—	1,058
Loans*	437,791	751,193	584,642	636,969	743,668	555,382	2,891	4,961	3,861	4,206	4,911	3,668
Securities	441,406	1,440,771	3,069,660	3,162,383	6,240,297	15,847,592	2,915	9,515	20,273	20,886	41,214	104,666
Held-to-maturity debt securities	193,355	621,455	249,891	20,105	575,871	1,425,678	1,277	4,104	1,650	132	3,803	9,416
Policy-reserve-matching bonds	17,459	67,926	635,280	1,494,365	3,016,494	9,520,008	115	448	4,195	9,869	19,922	62,875
Available-for-sale securities with maturities	230,591	751,390	2,184,488	1,647,912	2,647,931	4,901,905	1,522	4,962	14,427	10,883	17,488	32,375
Total	896,193	2,191,964	3,654,302	3,799,352	6,983,966	16,563,277	5,918	14,477	24,135	25,093	46,126	109,393

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥8,326 million and ¥7,932 million (U.S. $52 million) as of March 31, 2023 and 2024, respectively.
(*) Policy loans are not included because they have no defined maturity dates.

b. Maturity analysis of bonds payable and borrowings

As of March 31	Millions of Yen					
	2023					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Borrowings	—	—	—	—	—	271,600
Total	—	—	—	—	—	912,335

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2024						2024					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735	$ —	$ —	$ —	$ —	$ —	$ 4,231
Borrowings	—	—	—	—	—	271,600	—	—	—	—	—	1,793
Total	—	—	—	—	—	912,335	—	—	—	—	—	6,025

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities
Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1
Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

As of March 31	2023			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 11,999	¥ —	¥ 11,999
Monetary claims bought	—	5,895	—	5,895
Available-for-sale securities	—	5,895	—	5,895
Money held in trust	—	119,533	—	119,533
Trading securities	—	4,544	—	4,544
Available-for-sale securities	—	114,988	—	114,988
Securities	9,029,554	9,441,612	75,719	18,546,886
Trading securities	299,182	160,784	1,965	461,933
National & local government bonds	109,129	—	—	109,129
Corporate bonds	—	54,701	—	54,701
Domestic stocks	102,088	—	—	102,088
Other	87,964	106,083	1,965	196,013
Available-for-sale securities	8,730,372	9,280,827	73,753	18,084,953
National & local government bonds	1,765,441	115,961	—	1,881,403
Corporate bonds	—	1,574,267	—	1,574,267
Domestic stocks	4,497,426	2,045	—	4,499,471
Other	2,467,504	7,588,553	73,753	10,129,811
Derivative financial instruments	1,504	74,816	—	76,321
Currency related	—	45,481	—	45,481
Interest rate related	—	29,269	—	29,269
Stock related	328	—	—	328
Bond related	1,176	65	—	1,241
Total assets	9,031,059	9,653,856	75,719	18,760,635
Derivative financial instruments	177	167,030	—	167,208
Currency related	—	107,748	—	107,748
Interest rate related	—	59,070	—	59,070
Stock related	46	—	—	46
Bond related	130	211	—	342
Total liabilities	177	167,030	—	167,208

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the non-consolidated balance sheets is ¥320,972 million. Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

Millions of Yen

For the year ended March 31, 2023	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 247,723
Profit (loss) or net unrealized gains (losses) for the period	
Recognized as net unrealized gains (losses) on available-for-sale securities	2,744
Bought, sold and redeemed	
Bought	73,458
Sold	(2,954)
Balance at the end of the fiscal year	320,972

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	**2024**				**2024**			
Category	**Fair value**				**Fair value**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Deposits (CDs)	¥—	¥ 16,995	¥—	¥ 16,995	$—	$ 112	$—	$ 112
Monetary claims bought	—	4,916	—	4,916	—	32	—	32
Available-for-sale securities	—	4,916	—	4,916	—	32	—	32
Money held in trust	—	114,117	—	114,117	—	753	—	753
Available-for-sale securities	—	114,117	—	114,117	—	753	—	753
Securities	11,337,844	9,656,539	73,830	21,068,214	74,881	63,777	487	139,146
Trading securities	345,825	167,733	—	513,558	2,284	1,107	—	3,391
National & local government bonds	130,966	—	—	130,966	864	—	—	864
Corporate bonds	—	75,362	—	75,362	—	497	—	497
Domestic stocks	112,745	—	—	112,745	744	—	—	744
Other	102,113	92,370	—	194,484	674	610	—	1,284
Available-for-sale securities	10,992,019	9,488,805	73,830	20,554,655	72,597	62,669	487	135,754
National & local government bonds	1,706,137	110,246	—	1,816,384	11,268	728	—	11,996
Corporate bonds	—	1,576,482	—	1,576,482	—	10,412	—	10,412
Domestic stocks	6,553,623	2,207	—	6,555,831	43,283	14	—	43,298
Other	2,732,258	7,799,868	73,830	10,605,957	18,045	51,514	487	70,047
Derivative financial instruments	739	46,000	—	46,740	4	303	—	308
Currency related	—	26,879	—	26,879	—	177	—	177
Interest rate related	—	18,956	—	18,956	—	125	—	125
Stock related	241	—	—	241	1	—	—	1
Bond related	498	164	—	662	3	1	—	4
Total assets	11,338,584	9,838,569	73,830	21,250,984	74,886	64,979	487	140,353
Derivative financial instruments	80	312,080	—	312,160	0	2,061	—	2,061
Currency related	—	225,047	—	225,047	—	1,486	—	1,486
Interest rate related	—	86,914	—	86,914	—	574	—	574
Stock related	5	—	—	5	0	—	—	0
Bond related	75	118	—	193	0	0	—	1
Total liabilities	80	312,080	—	312,160	0	2,061	—	2,061

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the non-consolidated balance sheets is ¥459,496 million (U.S. $3,034 million). Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

	Millions of Yen	Millions of U.S. Dollars
For the year ended March 31, 2024	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 320,972	$ 2,119
Profit (loss) or net unrealized gains (losses) for the period		
Recognized as net unrealized gains (losses) on available-for-sale securities	50,145	331
Bought, sold and redeemed		
Bought	91,730	605
Sold	(3,352)	(22)
Balance at the end of the fiscal year	459,496	3,034

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the non-consolidated balance sheets was ¥459,496 million (U.S. $3,034 million).

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

Millions of Yen

As of March 31	2023			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 169,056	¥ 612	¥ 169,668
Held-to-maturity debt securities	—	169,056	612	169,668
Securities	15,589,518	2,127,164	2,999	17,719,682
Held-to-maturity debt securities	3,094,795	619,133	2,999	3,716,928
National & local government bonds	3,094,795	167,952	—	3,262,747
Corporate bonds	—	373,489	—	373,489
Other	—	77,691	2,999	80,691
Policy-reserve-matching bonds	12,398,065	1,508,031	—	13,906,096
National & local government bonds	12,017,358	—	—	12,017,358
Corporate bonds	—	44,057	—	44,057
Other	380,706	1,463,973	—	1,844,680
Stocks of subsidiaries and affiliates	96,657	—	—	96,657
Loans	—	—	3,954,672	3,954,672
Policy loans	—	—	175,665	175,665
Industrial and consumer loans	—	—	3,779,006	3,779,006
Total assets	15,589,518	2,296,220	3,958,284	21,844,023
Bonds payable	—	632,941	—	632,941
Borrowings	—	252,096	—	252,096
Total liabilities	—	885,037	—	885,037

Meiji Yasuda Life Insurance Company
Notes to the Non-consolidated Financial Statements

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	2024				2024			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥ 150,919	¥—	¥ 150,919	$ —	$ 996	$—	$ 996
Held-to-maturity debt securities	—	150,919	—	150,919	—	996	—	996
Securities	14,883,345	2,617,699	—	17,501,044	98,298	17,288	—	115,587
Held-to-maturity debt securities	2,790,357	569,939	—	3,360,296	18,429	3,764	—	22,193
National & local government bonds	2,790,357	158,484	—	2,948,842	18,429	1,046	—	19,475
Corporate bonds	—	340,678	—	340,678	—	2,250	—	2,250
Other	—	70,775	—	70,775	—	467	—	467
Policy-reserve-matching bonds	12,020,110	2,047,760	—	14,067,870	79,387	13,524	—	92,912
National & local government bonds	11,575,551	—	—	11,575,551	76,451	—	—	76,451
Corporate bonds	—	39,747	—	39,747	—	262	—	262
Other	444,559	2,008,013	—	2,452,572	2,936	13,262	—	16,198
Stocks of subsidiaries and affiliates	72,876	—	—	72,876	481	—	—	481
Loans	—	—	3,905,640	3,905,640	—	—	25,795	25,795
Policy loans	—	—	163,870	163,870	—	—	1,082	1,082
Industrial and consumer loans	—	—	3,741,769	3,741,769	—	—	24,712	24,712
Total assets	14,883,345	2,768,619	3,905,640	21,557,604	98,298	18,285	25,795	142,379
Bonds payable	—	641,039	—	641,039	—	4,233	—	4,233
Borrowings	—	256,279	—	256,279	—	1,692	—	1,692
Total liabilities	—	897,319	—	897,319	—	5,926	—	5,926

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

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

Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

For investment trusts without quoted prices, the Company deems their fair value to coincide with the net asset value per unit, provided there are no significant restrictions requiring the compensation of market participants for risks associated with surrender or repurchase. The Company classifies the fair value of these investment trusts into Level 2.

(ii) Derivative financial instruments

With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans.

(iii) Loans

The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3.
The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable

The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of bonds issued by the Company are classified into Level 2.

(v) Borrowings

The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

In the fiscal years ended March 31, 2023 and 2024, trading securities and available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

Millions of Yen

For the year ended March 31, 2023	Securities	Securities	Total
	Trading securities	Available-for-sale securities	
	Other	Other	
Balance at the beginning of the fiscal year	¥ —	¥ 156,786	¥ 156,786
Profit (loss) or net unrealized gains (losses)			
Recognized in losses on trading securities	(34)	—	(34)
Recognized in net unrealized gains (losses) on available-for-sale securities	—	(7,963)	(7,963)
Bought, sold, issued and settled			
Bought	2,000	5,374	7,374
Sold	—	(80,444)	(80,444)
Balance at the end of the fiscal year	1,965	73,753	75,719
Net unrealized gains (losses) recorded on financial assets and liabilities held at the non-consolidated balance sheet date and included in the non-consolidated statement of income	(34)	—	(34)

	Millions of Yen			Millions of U.S. Dollars		
For the year ended March 31, 2024	Securities	Securities	Total	Securities	Securities	Total
	Trading securities	Available-for-sale securities		Trading securities	Available-for-sale securities	
	Other	Other		Other	Other	
Balance at the beginning of the fiscal year	¥ 1,965	¥ 73,753	¥ 75,719	$ 12	$ 487	$ 500
Profit (loss) or net unrealized gains (losses)						
Recognized in gains on trading securities	34	—	34	0	—	0
Recognized in net unrealized gains (losses) on available-for-sale securities	—	5,785	5,785	—	38	38
Bought, sold, issued and settled, etc.						
Sold	(2,000)	—	(2,000)	(13)	—	(13)
Redeemed	—	(5,709)	(5,709)	—	(37)	(37)
Balance at the end of the fiscal year	—	73,830	73,830	—	487	487
Net unrealized gains (losses) recorded on financial assets and liabilities held at the non-consolidated balance sheet date and included in the non-consolidated statement of income	—	—	—	—	—	—

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs

The explanation is omitted because unadjusted quoted prices provided by third parties are used as significant unobservable inputs.

VII. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(14,874) million and ¥53,029 million (U.S. $350 million) for the years ended March 31, 2023 and 2024, respectively.

2. Held-to-maturity debt securities

The amounts reported in the non-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, are shown in the following table. In addition, no held-to-maturity debt securities were sold during the years ended March 31, 2023 and 2024.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2023			2024			2024		
	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	¥ 2,906,394	¥ 3,262,747	¥ 356,353	¥ 2,702,323	¥ 2,948,842	¥ 246,519	$ 17,847	$ 19,475	$ 1,628
2) Corporate bonds	331,288	369,732	38,444	298,747	325,388	26,641	1,973	2,149	175
3) Others	164,508	172,544	8,035	126,785	129,794	3,008	837	857	19
Total	3,402,191	3,805,024	402,833	3,127,855	3,404,025	276,169	20,658	22,482	1,823
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	3,761	3,756	(4)	15,437	15,289	(147)	101	100	(0)
3) Others	79,600	77,815	(1,784)	98,450	91,901	(6,548)	650	606	(43)
Total	83,361	81,572	(1,788)	113,887	107,191	(6,696)	752	707	(44)

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

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥308,305 million and ¥381,601 million (U.S. $2,520 million) resulting in total gains on sales of ¥38,146 million and ¥25,298 million (U.S. $167 million) for the years ended March 31, 2023 and 2024, respectively. Total losses on sales were ¥100 million and ¥317 million (U.S. $2 million) for the years ended March 31, 2023 and 2024, respectively. The carrying amounts in the non-consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2023			2024			2024		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,111,410	¥ 7,868,511	¥ 757,100	¥ 6,456,305	¥ 6,884,897	¥ 428,591	$ 42,641	$ 45,471	$ 2,830
2) Corporate bonds	11,050	12,853	1,802	13,577	14,869	1,291	89	98	8
3) Others	406,870	415,799	8,928	673,877	683,203	9,325	4,450	4,512	61
Total	7,529,331	8,297,163	767,832	7,143,761	7,582,969	439,208	47,181	50,082	2,900
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	4,671,106	4,148,846	(522,260)	5,606,088	4,690,653	(915,434)	37,025	30,979	(6,046)
2) Corporate bonds	34,233	31,204	(3,028)	27,325	24,877	(2,448)	180	164	(16)
3) Others	1,603,342	1,428,881	(174,461)	1,974,358	1,769,369	(204,988)	13,039	11,685	(1,353)
Total	6,308,683	5,608,932	(699,750)	7,607,772	6,484,900	(1,122,871)	50,246	42,830	(7,416)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥3,297,154 million and ¥2,752,039 million (U.S. $18,176 million) resulting in total gains on sales of ¥304,896 million and ¥287,724 million (U.S. $1,900 million) and total losses of ¥59,071 million and ¥81,506 million (U.S. $538 million) for the years ended March 31, 2023 and 2024, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the non-consolidated balance sheets and the respective differences by each type of securities are shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2023			2024			2024		
	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	¥ 1,367,463	¥ 4,341,956	¥ 2,974,493	¥ 1,534,223	¥ 6,543,269	¥ 5,009,046	$ 10,132	$ 43,215	$ 33,082
(2) Bonds	2,194,095	2,365,620	171,525	1,643,023	1,771,911	128,887	10,851	11,702	851
1) National & local government bonds	1,590,523	1,717,439	126,915	1,127,541	1,205,518	77,976	7,446	7,961	515
2) Corporate bonds	603,571	648,181	44,609	515,482	566,393	50,910	3,404	3,740	336
(3) Others	4,472,469	5,018,164	545,695	6,473,005	7,660,196	1,187,190	42,751	50,592	7,840
Total	8,034,028	11,725,742	3,691,713	9,650,252	15,975,377	6,325,124	63,735	105,510	41,774
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	173,764	157,515	(16,249)	14,053	12,561	(1,491)	92	82	(9)
(2) Bonds	1,137,257	1,090,049	(47,208)	1,696,259	1,620,955	(75,304)	11,203	10,705	(497)
1) National & local government bonds	167,278	163,964	(3,314)	649,956	610,865	(39,090)	4,292	4,034	(258)
2) Corporate bonds	969,979	926,085	(43,894)	1,046,303	1,010,089	(36,213)	6,910	6,671	(239)
(3) Others	5,974,304	5,565,503	(408,801)	3,845,371	3,541,287	(304,084)	25,397	23,388	(2,008)
Total	7,285,326	6,813,067	(472,258)	5,555,684	5,174,804	(380,880)	36,692	34,177	(2,515)

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

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. The amount of impairment losses on policy-reserve-matching bonds was ¥3,904 million (U.S. $25 million) in the year ended March 31, 2024. The amount of impairment losses on available-for-sale securities of which market value is readily available was ¥3,462 million and ¥88 million (U.S. $0 million) for the years ended March 31, 2023 and 2024, respectively.

VIII. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 18,600	¥ 18,600	¥ 732	¥ 732
Total				732

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 8,000	¥ 8,000	¥ 45	¥ 45	$ 52	$ 52	$ 0	$ 0
Total				45				0

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

(2) Currency-related

As of March 31				Millions of Yen
				2023
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 19,940	¥ —	¥ (33)	¥ (33)
(U.S. dollar)	10,764	—	(8)	(8)
(Euro)	6,058	—	(31)	(31)
(Australian dollar)	3,117	—	6	6
Bought	150,812	—	(8,625)	(8,625)
(U.S. dollar)	145,667	—	(8,645)	(8,645)
(Euro)	3,574	—	22	22
(Australian dollar)	1,569	—	(3)	(3)
Currency options				
Sold				
Call	1,650,751	—		
	[26,965]		26,614	350
(U.S. dollar)	1,514,851	—		
	[26,621]		26,310	310
(Euro)	135,900	—		
	[344]		303	40
Bought				
Put	1,550,549	—		
	[26,965]		9,015	(17,949)
(U.S. dollar)	1,437,698	—		
	[26,621]		8,969	(17,651)
(Euro)	112,851	—		
	[344]		46	(297)
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	130,750	130,750	(965)	(965)
(U.S. dollar)	71,930	71,930	396	396
Total				(26,827)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 16,678	¥ —	¥ (30)	¥ (30)	$ 110	$ —	$ (0)	$ (0)
(U.S. dollar)	16,176	—	(30)	(30)	106	—	(0)	(0)
(Euro)	500	—	0	0	3	—	0	0
(Others)	1	—	0	0	0	—	0	0
Bought	55,746	—	538	538	368	—	3	3
(U.S. dollar)	47,459	—	448	448	313	—	2	2
(Euro)	2,150	—	4	4	14	—	0	0
(Australian dollar)	5,161	—	85	85	34	—	0	0
(Others)	974		(0)	(0)	6		(0)	(0)
Currency options								
Sold								
Call	1,461,497	—			9,652	—		
	[23,587]		43,151	(19,563)	[155]		284	(129)
(U.S. dollar)	1,461,497	—			9,652	—		
	[23,587]		43,151	(19,563)	[155]		284	(129)
Bought								
Put	1,451,547	—			9,586	—		
	[23,587]		4,447	(19,139)	[155]		29	(126)
(U.S. dollar)	1,451,547	—			9,586	—		
	[23,587]		4,447	(19,139)	[155]		29	(126)
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	124,025	123,885	11,686	11,686	819	818	77	77
(U.S. dollar)	85,800	85,800	10,187	10,187	566	566	67	67
Total				(16,322)				(107)

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values.
(*) Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31	Millions of Yen			
	2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	5,322	—	146	146
Foreign currency-denominated stock index futures				
Sold	2,817	—	(43)	(43)
Bought	3,716	—	177	177
Total				281

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ 4,025	¥ —	¥ 9	¥ 9	$ 26	$ —	$ 0	$ 0
Bought	6,017	—	187	187	39	—	1	1
Foreign currency-denominated stock index futures								
Bought	2,327	—	39	39	15	—	0	0
Total				236				1

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.

(4) Bond-related

As of March 31				Millions of Yen
				2023
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Foreign bond futures				
Sold	¥ 4,575	¥ —	¥ (130)	¥ (130)
Bought	50,723	—	1,176	1,176
OTC transactions				
OTC bond options				
Sold				
Call	10,000	—	—	—
	[153]	—	211	(57)
Bought				
Put	10,000	—	—	—
	[169]	—	65	(104)
Total				884

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2024				2024			
	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								
Bond futures								
Sold	¥ 99,854	¥ —	¥ (75)	¥ (75)	$ 659	$ —	$ (0)	$ (0)
Foreign bond futures								
Bought	37,982	—	498	498	250	—	3	3
OTC transactions								
OTC bond options								
Sold								
Call	20,000	—	—	—	132	—	—	—
	[160]	—	118	42	[1]	—	0	0
Bought								
Put	20,000	—	—	—	132	—	—	—
	[184]	—	164	(20)	[1]	—	1	(0)
Total				445				2

(*) Net gains (losses) on foreign bond futures represent the fair values.
(*) Net gains (losses) on OTC bond options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

2. Hedge accounting applied

(1) Interest-rate related

As of March 31				Millions of Yen
				2023
	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	¥ 875,500	¥ 872,300	¥ (30,534)
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	2,916	2,916	55
Total				(30,478)

As of March 31				Millions of Yen			Millions of U.S. Dollars
				2024			2024
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 997,600	¥ 994,100	¥ (68,003)	$ 6,588	$ 6,565	$ 449
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	2,814	2,300	29	18	15	0
Total				(67,974)			(448)

(*) The fair values of interest rate swaps represent net gains (losses).

(2) Currency-related

As of March 31				Millions of Yen
				2023
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥ 3,916,592	¥ —	¥ (21,036)
(U.S. dollar)		2,972,665	—	(23,342)
(Euro)		271,655	—	(6,396)
(Australian dollar)		633,474	—	8,963
(Others)		38,796	—	(261)
Deferred hedge accounting				
Cross currency swaps				
Receipts yen, payments foreign currency	Foreign-currency-denominated bonds			
(U.S. dollar)		76,594	76,594	(12,494)
(Euro)		35,575	35,575	(1,793)
(Australian dollar)		12,404	12,404	(114)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross Currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)
Total				(35,438)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2024			2024		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥ 3,464,061	¥ —	¥ (145,572)	$ 22,878	$ —	$ (961)
(U.S. dollar)		2,746,141	—	(124,074)	18,137	—	(819)
(Euro)		255,506	—	(5,799)	1,687	—	(38)
(Australian dollar)		440,318	—	(14,406)	2,908	—	(95)
(Others)		22,094	—	(1,291)	145	—	(8)
Deferred hedge accounting							
Cross currency swaps							
Receipts yen, payments foreign currency	Foreign-currency-denominated bonds						
(U.S. dollar)		76,594	59,882	(26,821)	505	395	(177)
(Euro)		35,575	31,179	(7,773)	234	205	(51)
(Australian dollar)		12,404	12,404	(1,677)	81	81	(11)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross Currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)	2,283	2,283	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	131,049	120,794	(*)	865	797	(*)
Total				(181,845)			(1,201)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

IX. 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.

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Balance at the beginning of the fiscal year	¥ 237,599	¥ 234,467	$ 1,548
Service costs	9,409	9,860	65
Interest cost on retirement benefit obligations	2,138	2,110	13
Actuarial losses (gains) recognized	993	2,353	15
Benefits paid	(15,673)	(15,827)	(104)
Balance at the end of the fiscal year	234,467	232,964	1,538

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Balance at the beginning of the fiscal year	¥ 412,616	¥ 432,636	$ 2,857
Expected return on plan assets	3,578	3,554	23
Actuarial gains (losses) recognized	24,776	181,745	1,200
Contributions by employer	2,315	2,331	15
Benefits paid	(10,650)	(11,000)	(72)
Balance at the end of the fiscal year	432,636	609,267	4,023

(3) The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the prepaid pension cost recognized in the non-consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2023**	**2024**	**2024**
Present value of funded retirement benefit obligations	¥ 233,776	¥ 232,305	$ 1,534
Plan assets at fair value	(432,636)	(609,267)	(4,023)
Net present value of funded retirement benefit obligations	(198,859)	(376,961)	(2,489)
Present value of non-funded retirement benefit obligations	690	658	4
Unrecognized actuarial losses (gains)	64,145	216,372	1,429
Unrecognized past service costs	16,761	14,072	92
Accrued retirement benefits (Prepaid pension cost)	(117,262)	(145,858)	(963)

(4) The amounts recognized in retirement benefit expenses in the statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2023**	**2024**	**2024**
Service costs	¥ 9,409	¥ 9,860	$ 65
Interest cost on retirement benefit obligations	2,138	2,110	13
Expected return on plan assets	(3,578)	(3,554)	(23)
Amortization of net actuarial losses (gains)	(9,692)	(27,165)	(179)
Amortization of net past service costs	(2,688)	(2,688)	(17)
Retirement benefit expenses	(4,411)	(21,437)	(141)

(5) Plan assets

Plan assets as of March 31, 2023 and 2024 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2023**	**2024**
Debt securities	5.2%	3.2%
Stocks	44.4%	56.2%
General account of life insurance companies	22.7%	16.3%
Jointly invested assets	16.4%	14.8%
Investment trusts	—	3.0%
Cash and deposits	2.5%	2.2%
Others	8.8%	4.3%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The percentage of the retirement benefit trusts was 58.9% and 67.3% of total plan assets as of March 31, 2023 and 2024, respectively.

(6) 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.

(7) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2023 and 2024 were as follows:

Years ended March 31	2023	2024
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%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥1,194 million and ¥1,192 million (U.S. $7 million) for the years ended March 31, 2023 and 2024, respectively.

X. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2023	2024	2024
Deferred tax assets	¥ 905,457	¥ 976,479	$ 6,449
Valuation allowance for deferred tax assets	(6,194)	(7,114)	(46)
Deferred tax liabilities	(899,658)	(1,649,028)	(10,891)

2. Major components of deferred tax assets/liabilities

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2023	2024	2024
Deferred tax assets			
Policy reserves and other reserves	¥ 523,283	¥ 576,154	$ 3,805
Reserve for price fluctuation	299,823	315,445	2,083
Deferred tax liabilities			
Net unrealized gains (losses) on available-for-sale securities	863,728	1,618,266	10,687

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2023 and 2024, 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	2023
Policyholders' dividend reserves	(52.76) %
Increase/decrease in valuation allowance for deferred tax assets	(6.14) %
Permanent differences such as dividends received from overseas subsidiaries	(5.30) %

Years ended March 31	2024
Policyholders' dividend reserves	(26.24) %

XI. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥608,550 million and ¥632,277 million (U.S. $4,175 million), and their fair values were ¥955,183 million and ¥997,134 million (U.S. $6,585 million) as of March 31, 2023 and 2024, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

XII. Subsequent Events

1. The Company redeemed foundation funds on July 30, 2024 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥50,000 million (U.S. $330 million).

2. The proposed appropriation of surplus of the Company for the year ended March 31, 2024 was approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2024.

Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2022 and 2023, 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 notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Policy reserves of ¥37,070,528 million were recognized for the current fiscal year, of which ¥33,497,956 million was the policy reserves of the Company, accounting for a significant portion as large as approximately 68.7% of total liabilities and net assets in the consolidated financial statements. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (16) Policy reserves" to the consolidated financial statements, policy reserves are reported at an amount determined by actuarial calculations in accordance with the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for future fulfilment of obligations under the insurance contracts, pursuant to Article 116, Paragraph 1 of the "Insurance Business Act." In order to validate whether the amount of policy reserves is sufficient, the appointed actuary is engaged to perform a future income and expense analysis, pursuant to the "Insurance Business Act" and other relevant regulations. The analysis involved significant judgment in determining assumptions for estimating future cash flows, as well as a high level of actuarial expertise. In addition, if there is deemed to be a risk that the policy reserves provided for in accordance with the statement of calculation procedures for insurance premiums and policy reserves may be insufficient to fulfill future obligations due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The procedures to recognize additional policy reserves required a high level of actuarial expertise and involved significant management judgement. We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary procedures we performed to assess whether the Company's judgment with respect to the sufficiency of the amount of policy reserves was appropriate, included the following: We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of policy reserves. In this assessment, we focused our testing on controls in which management validates the sufficiency of the amount of policy reserves based on the opinion letter and the supplementary report provided by the appointed actuary. In addition, we performed the following procedures, with the assistance of actuarial specialists within our firm, with respect to management judgment of the testing to validate the sufficiency of the amount of policy reserves (i.e., a future income and expense analysis): • assessed whether the testing to validate the sufficiency of the amount of policy reserves was performed pursuant to the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) and the Company's internal rules, including responses to the establishment of standard policy reserve for foreign currency insurance and compared the policy reserves with the calculation results in the previous fiscal years; • evaluated the appointed actuary's opinion letter and the supplementary report by inquiring of the actuary regarding the contents of the reports;

Appropriateness of the valuation of claim reserves for long-term disability insurance in the group insurance business at StanCorp	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of the Group, Reserves for outstanding claims of ¥926,059 million were reported for the current fiscal year. Of this amount, the claim reserves of StanCorp amounted to ¥779,675 million, a significant portion of which was related to claim reserves for the long-term disability insurance, called Long-Term Disability-Disabled Life Reserves (hereinafter, "LTD-DLR"), in its group insurance business. Reserves for outstanding claims are set aside at amounts for which the payment obligation has incurred but the payment to the policyholder has yet to be completed as of the end of the fiscal year. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (20) Significant Accounting Estimates a. "Claim reserves of StanCorp Financial Group, Inc. (StanCorp)" to the consolidated financial statements, StanCorp's claim reserves for LTD-DLR are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp's consolidated balance sheet date in accordance with U.S. generally accepted accounting principles. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, the selection of an appropriate valuation methodology used in this evaluation required a high level of actuarial expertise. In addition, claim reserves for LTD-DLR are provided for future payment obligations up to the date when the benefit payment would be terminated upon the reinstatement of the insured, and accordingly, the estimate of claim reserves for LTD-DLR reflected key assumptions, such as the claim termination rates, which involved significant management judgment. We, therefore, determined that our assessment of the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp's financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary. Such procedures included testing, in accordance with our group audit instructions, of the design and implementation of certain relevant internal controls, with a focus on controls in which StanCorp's actuary evaluates the appropriateness of key assumptions such as the claim termination rates. We also focused on the following procedures, performed with the assistance of actuarial specialists within the firm of the component auditor, considering the status of benefit payments due to the spread of COVID-19 infections, trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors: • assessed whether the selection of a valuation methodology to evaluate the appropriateness of the amount of claim reserves complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices; • assessed whether the claim termination rates, which were a key assumption used to estimate the claim reserves, were appropriate; • compared, for a selection of relevant contracts, the claim reserve independently calculated by the actuarial specialists with the amount recognized by StanCorp; and • assessed the reliability of underlying information used in evaluating whether the amount of claim reserves was appropriate.

Appropriateness of the valuation of the in-force business related to the individual disability insurance business at StanCorp	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of the Group, Other intangible fixed assets of ¥323,778 million were reported for the current fiscal year. Of this amount, the value of the in-force business, or a Value of Business Acquired ("VOBA"), that arose from the acquisition of StanCorp accounted for ¥53,115 million, a significant portion of which was related to the individual disability insurance business. As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (20) Significant Accounting Estimates c. "Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition" to the consolidated financial statements, the amount of VOBA arising from the acquisition of StanCorp was the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and was recognized in its consolidated financial statements in accordance with U.S. generally accepted accounting principles. The VOBA related to the individual disability insurance products is being amortized over a certain period based on their contractual terms in proportion to future premiums. However, if assumptions underlying the actuarial calculations deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, StanCorp performs the evaluation of VOBA concurrently with its assessment of the sufficiency of the amount of policy reserves (loss recognition testing). As a result of the testing, StanCorp determined that the recognition of a loss was not necessary. In the loss recognition testing, the selection of an appropriate methodology used in the testing required a high level of actuarial expertise. In addition, the estimate of future cash flows used in the testing reflected key assumptions, such as the incident rates that estimates the probability of benefit payment being commenced due to the policy holder's future disability and the claim termination rates that estimates the probability of the benefit payment being terminated due to reinstatement of the disabled insured, that involved significant management judgment. We, therefore, determined that our assessment of the appropriateness of the valuation of VOBA related to the individual disability insurance business arising from the acquisition of StanCorp was one of the most significant matters in our audit of the	In order to assess the appropriateness of the valuation of VOBA related to the individual disability insurance business at StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp's financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary. Such procedures included testing, in accordance with our group audit instructions, of the design and operating effectiveness of certain of StanCorp's controls relevant to the loss recognition testing on the individual disability insurance business, with a focus on controls in which StanCorp's actuary evaluates the appropriateness of key assumptions, such as the incident rates and the claim termination rates. We also focused on the following procedures with respect to the results of StanCorp's loss recognition testing, considering the status of benefit payments due to the spread of COVID-19 infections, trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors: • assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the selection of a methodology used in the loss recognition testing complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices; • assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the incident rates and the claim termination rates used in the loss recognition testing were appropriate; and • evaluated the reliability of underlying information used to estimate future cash flows in the loss recognition testing.

consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in comformity 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the

consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 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 "I. Basis of Presentation" to the consolidated financial statements.

KPMG

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Takuji Kanai
Designated Engagement Partner
Certified Public Accountant

Yukio Kumaki
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 3, 2023

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets

As of March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
ASSETS:			
Cash and deposits (*3)	¥ 859,231	¥ 1,411,205	$ 10,568
Call loans	40,004	90,000	674
Monetary claims bought	182,781	171,153	1,281
Money held in trust	175,209	146,733	1,098
Securities (*1, *2, *3, *4)	39,213,372	39,322,197	294,482
Loans (*3, *5, *6)	4,936,701	5,060,437	37,897
Tangible fixed assets (*7, *13)			
Land	624,917	623,010	4,665
Buildings	270,747	267,471	2,003
Leased assets	293	276	2
Construction in progress	8,614	16,762	125
Other tangible fixed assets	6,717	6,553	49
Subtotal	911,290	914,073	6,845
Intangible fixed assets			
Software	63,010	65,625	491
Goodwill	113,702	126,535	947
Other intangible fixed assets	248,560	323,778	2,424
Subtotal	425,274	515,940	3,863
Due from agents	1,453	1,455	10
Reinsurance receivables	169,181	191,731	1,435
Other assets	1,106,219	730,779	5,472
Net defined benefit assets	184,385	219,115	1,640
Deferred tax assets	2,494	13,000	97
Customers’ liabilities under acceptances and guarantees	5,473	5,743	43
Allowance for possible loan losses	(10,518)	(11,732)	(87)
Total assets	¥ 48,202,554	¥ 48,781,836	$ 365,324

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

As of March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 795,352	¥ 926,059	$ 6,935
Policy reserves	36,143,309	37,070,528	277,619
Policyholders' dividend reserves (*8)	281,323	288,339	2,159
Subtotal	**37,219,985**	**38,284,928**	**286,714**
Due to agents	**5,167**	**6,866**	**51**
Reinsurance payables	**800**	**39,038**	**292**
Bonds payable (*9)	**669,599**	**640,735**	**4,798**
Other liabilities			
Payables under securities borrowing transactions	3,469,240	3,804,131	28,488
Other liabilities (*10)	1,253,117	1,115,188	8,351
Subtotal	**4,722,358**	**4,919,319**	**36,840**
Net defined benefit liabilities	**8,877**	**7,709**	**57**
Reserve for price fluctuation	**870,721**	**1,074,039**	**8,043**
Deferred tax liabilities	**314,918**	**36,649**	**274**
Deferred tax liabilities for land revaluation (*13)	**78,954**	**78,178**	**585**
Acceptances and guarantees	**5,473**	**5,743**	**43**
Total liabilities	**43,896,857**	**45,093,208**	**337,700**
NET ASSETS:			
Foundation funds	**150,000**	**100,000**	**748**
Reserve for redemption of foundation funds	**830,000**	**880,000**	**6,590**
Reserve for revaluation	**452**	**452**	**3**
Surplus	**413,961**	**298,693**	**2,236**
Total funds, reserve and surplus	**1,394,414**	**1,279,146**	**9,579**
Net unrealized gains (losses) on available-for-sale securities	**2,759,564**	**2,169,500**	**16,247**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**4,821**	**(27,077)**	**(202)**
Land revaluation differences (*13)	**121,889**	**121,544**	**910**
Foreign currency translation adjustments	**(22,534)**	**82,896**	**620**
Remeasurements of defined benefit plans	**46,850**	**61,969**	**464**
Total accumulated other comprehensive income	**2,910,591**	**2,408,833**	**18,039**
Non-controlling interests	**692**	**648**	**4**
Total net assets	**4,305,697**	**3,688,627**	**27,623**
Total liabilities and net assets	**¥ 48,202,554**	**¥ 48,781,836**	**$ 365,324**

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 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
ORDINARY INCOME:			
Insurance premiums and other	**¥ 2,809,838**	**¥ 3,670,209**	**$ 27,486**
Investment income			
Interest, dividends and other income	966,359	1,092,386	8,180
Gains on money held in trust	2,816	2,348	17
Gains on sales of securities	115,088	343,669	2,573
Gains on redemption of securities	71,940	171,157	1,281
Foreign exchange gains	133,051	33,918	254
Other investment income	4,144	4,713	35
Investment gains on separate accounts	9,658	—	—
Subtotal	**1,303,059**	**1,648,194**	**12,343**
Other ordinary income	**101,441**	**98,286**	**736**
Total ordinary income	**4,214,339**	**5,416,690**	**40,565**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	679,079	780,675	5,846
Annuity payments	628,789	637,897	4,777
Benefit payments	550,883	630,584	4,722
Surrender benefits	666,735	963,099	7,212
Other refunds	99,014	111,975	838
Subtotal	**2,624,503**	**3,124,231**	**23,397**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	20,696	25,983	194
Provision for policy reserves	270,941	446,213	3,341
Provision for interest on policyholders' dividend reserves	57	50	0
Subtotal	**291,695**	**472,247**	**3,536**
Investment expenses			
Interest expenses	52,360	80,672	604
Losses on trading securities	—	33	0
Losses on sales of securities	65,987	60,583	453
Losses on valuation of securities	5,852	4,668	34
Losses on redemption of securities	9,328	966	7
Losses on derivative financial instruments	215,416	607,210	4,547
Provision for allowance for possible loan losses	2,237	931	6
Write-off of loans	—	60	0
Depreciation of real estate for non-insurance business	9,919	9,832	73
Other investment expenses	28,601	40,158	300
Investment losses on separate accounts	—	11,630	87
Subtotal	**389,703**	**816,750**	**6,116**
Operating expenses	**513,982**	**566,231**	**4,240**
Other ordinary expenses	**163,111**	**166,467**	**1,246**
Total ordinary expenses	**3,982,997**	**5,145,928**	**38,537**
Ordinary profit	**¥ 231,341**	**¥ 270,761**	**$ 2,027**

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

		Millions of Yen			Millions of U.S. Dollars
Years ended March 31		2022		2023	2023
Extraordinary gains					
Gains on disposals of fixed assets	¥	124	¥	2,782	$ 20
Gains on liquidation of subsidiaries and affiliates		–		480	3
Subtotal		**124**		**3,263**	**24**
Extraordinary losses					
Losses on disposals of fixed assets		6,419		3,044	22
Impairment losses (*1)		556		595	4
Provision for reserve for price fluctuation		19,484		203,244	1,522
Contributions for promotion of social welfare project		1,587		1,725	12
Other extraordinary losses		–		11	0
Subtotal		**28,047**		**208,621**	**1,562**
Surplus before income taxes and non-controlling interests		**203,418**		**65,403**	**489**
Income taxes					
Current		12,157		54,794	410
Deferred		9,390		(75,273)	(563)
Total income taxes		**21,547**		**(20,479)**	**(153)**
Net surplus		**181,870**		**85,882**	**643**
Net surplus attributable to non-controlling interests		**71**		**27**	**0**
Net surplus attributable to the Parent Company	¥	**181,799**	¥	**85,855**	$ **642**

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 2022		Millions of Yen 2023		Millions of U.S. Dollars 2023
Net surplus	¥	**181,870**	¥	**85,882**	$	**643**
Other comprehensive income (loss)		(125,206)		(500,949)		(3,751)
Net unrealized gains (losses) on available-for-sale securities		(196,584)		(580,917)		(4,350)
Deferred unrealized gains (losses) on derivatives under hedge accounting		(23,210)		(32,807)		(245)
Land revaluation differences		—		462		3
Foreign currency translation adjustments		64,061		93,612		701
Remeasurements of defined benefit plans		31,136		15,118		113
Share of other comprehensive income (loss) of associates accounted for under the equity method		(609)		3,581		26
Comprehensive income (loss)	¥	**56,664**	¥	**(415,066)**	$	**(3,108)**
Comprehensive income (loss) attributable to the Parent Company		56,592		(415,094)		(3,108)
Comprehensive income (loss) attributable to non-controlling interests		71		27		0

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

Year ended March 31, 2022 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	515,259	1,495,712
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(178,633)	(178,633)
Additions to reserve for redemption of foundation funds		100,000			100,000
Payment of interest on foundation funds				(757)	(757)
Net surplus attributable to the Parent Company				181,799	181,799
Redemption of foundation funds	(100,000)				(100,000)
Reversal of reserve for fund redemption				(100,000)	(100,000)
Reversal of land revaluation differences				(3,706)	(3,706)
Net changes, excluding funds, reserves and surplus					–
Net changes in the fiscal year	(100,000)	100,000	–	(101,297)	(101,297)
Ending balance	150,000	830,000	452	413,961	1,394,414

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,959,118	28,261	118,183	(89,185)	15,714	3,032,091	681	4,528,485
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(178,633)
Additions to reserve for redemption of foundation funds								100,000
Payment of interest on foundation funds								(757)
Net surplus attributable to the Parent Company								181,799
Redemption of foundation funds								(100,000)
Reversal of reserve for fund redemption								(100,000)
Reversal of land revaluation differences								(3,706)
Net changes, excluding funds, reserves and surplus	(199,554)	(23,440)	3,706	66,650	31,136	(121,500)	10	(121,489)
Net changes in the fiscal year	(199,554)	(23,440)	3,706	66,650	31,136	(121,500)	10	(222,787)
Ending balance	2,759,564	4,821	121,889	(22,534)	46,850	2,910,591	692	4,305,697

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

Year ended March 31, 2023 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	150,000	830,000	452	413,961	1,394,414
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(151,453)	(151,453)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(477)	(477)
Net surplus attributable to the Parent Company				85,855	85,855
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				807	807
Net changes, excluding funds, reserves and surplus					−
Net changes in the fiscal year	(50,000)	50,000	−	(115,267)	(115,267)
Ending balance	100,000	880,000	452	298,693	1,279,146

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,759,564	4,821	121,889	(22,534)	46,850	2,910,591	692	4,305,697
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(151,453)
Additions to reserve for redemption of foundation funds								50,000
Payment of interest on foundation funds								(477)
Net surplus attributable to the Parent Company								85,855
Redemption of foundation funds								(50,000)
Reversal of reserve for fund redemption								(50,000)
Reversal of land revaluation differences								807
Net changes, excluding funds, reserves and surplus	(590,063)	(31,899)	(344)	105,431	15,118	(501,757)	(43)	(501,801)
Net changes in the fiscal year	(590,063)	(31,899)	(344)	105,431	15,118	(501,757)	(43)	(617,069)
Ending balance	2,169,500	(27,077)	121,544	82,896	61,969	2,408,833	648	3,688,627

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

Year ended March 31, 2023 — **Millions of U.S. Dollars**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	1,123	6,215	3	3,100	10,442
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(1,134)	(1,134)
Additions to reserve for redemption of foundation funds		374			374
Payment of interest on foundation funds				(3)	(3)
Net surplus attributable to the Parent Company				642	642
Redemption of foundation funds	(374)				(374)
Reversal of reserve for fund redemption				(374)	(374)
Reversal of land revaluation differences				6	6
Net changes, excluding funds, reserves and surplus					—
Net changes in the fiscal year	(374)	374	—	(863)	(863)
Ending balance	748	6,590	3	2,236	9,579

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	20,666	36	912	(168)	350	21,797	5	32,245
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(1,134)
Additions to reserve for redemption of foundation funds								374
Payment of interest on foundation funds								(3)
Net surplus attributable to the Parent Company								642
Redemption of foundation funds								(374)
Reversal of reserve for fund redemption								(374)
Reversal of land revaluation differences								6
Net changes, excluding funds, reserves and surplus	(4,418)	(238)	(2)	789	113	(3,757)	(0)	(3,757)
Net changes in the fiscal year	(4,418)	(238)	(2)	789	113	(3,757)	(0)	(4,621)
Ending balance	16,247	(202)	910	620	464	18,039	4	27,623

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

Years ended March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 203,418	¥ 65,403	$ 489
Depreciation of real estate for non-insurance business	9,919	9,832	73
Depreciation	45,749	45,803	343
Impairment losses	556	595	4
Amortization of goodwill	8,026	9,259	69
Increase (Decrease) in reserve for outstanding claims	22,634	30,157	225
Increase (Decrease) in policy reserves	446,335	624,840	4,679
Provision for interest on policyholders' dividend reserves	57	50	0
Increase (Decrease) in allowance for possible loan losses	3,681	1,214	9
Increase (Decrease) in net defined benefit liabilities	100	120	0
Increase (Decrease) in reserve for price fluctuation	19,484	203,244	1,522
Interest, dividends, and other income	(966,359)	(1,092,386)	(8,180)
Losses (Gains) on securities	(568,774)	(445,671)	(3,337)
Interest expenses	52,360	80,672	604
Foreign exchange losses (gains)	(5,925)	(4,461)	(33)
Losses (Gains) on tangible fixed assets	6,294	265	1
Investment losses (gains) on equity method	7,832	4,939	36
Decrease (Increase) in due from agents	114	6	0
Decrease (Increase) in reinsurance receivables	(135)	3,288	24
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(34,670)	(38,626)	(289)
Increase (Decrease) in due to agents	1,134	905	6
Increase (Decrease) in reinsurance payables	(2)	38,238	286
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	204,560	(385,145)	(2,884)
Others, net	(9,848)	(13,982)	(104)
Subtotal	**(553,455)**	**(861,436)**	**(6,451)**
Interest, dividends, and other income received	987,989	1,074,419	8,046
Interest paid	(47,928)	(76,374)	(571)
Policyholders' dividends paid	(157,424)	(144,508)	(1,082)
Income taxes paid	(65,387)	(3,827)	(28)
Net cash provided by (used in) operating activities	**¥ 163,794**	**¥ (11,727)**	**$ (87)**

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

Years ended March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ (60,181)	¥ (89,103)	$ (667)
Proceeds from sales and redemption of monetary claims bought	11,233	11,581	86
Increase in money held in trust	(5,000)	—	—
Purchase of securities	(8,416,665)	(7,302,658)	(54,689)
Proceeds from sales and redemption of securities	6,909,007	7,093,570	53,123
Loans extended	(994,125)	(1,068,603)	(8,002)
Proceeds from collection of loans	1,099,100	1,100,896	8,244
Net increase (decrease) in cash collateral under securities	715,216	864,203	6,471
Total investment activities (IIa)	**(741,415)**	**609,886**	**4,567**
[I + IIa]	**(577,621)**	**598,159**	**4,479**
Purchase of tangible fixed assets	(22,333)	(27,637)	(206)
Proceeds from sales of tangible fixed assets	266	10,566	79
Purchase of intangible fixed assets	(33,273)	(36,327)	(272)
Proceeds from acquisition of business	—	414	3
Others, net	(4,580)	(1,595)	(11)
Net cash provided by (used in) investing activities	**(801,335)**	**555,307**	**4,158**
III Cash flows from financing activities			
Proceeds from borrowings	200,000	71,600	536
Redemption of bonds payable	—	(33,301)	(249)
Redemption of foundation funds	(100,000)	(50,000)	(374)
Payment of interest on foundation funds	(757)	(477)	(3)
Others, net	(76)	(87)	0
Net cash provided by (used in) financing activities	**99,165**	**(12,266)**	**(91)**
IV Effect of foreign exchange rate changes on cash and cash equivalents	**9,020**	**(2,929)**	**(21)**
V Net increase (decrease) in cash and cash equivalents	**(529,356)**	**528,382**	**3,957**
VI Cash and cash equivalents at the beginning of the year	**1,318,728**	**789,372**	**5,911**
VII Cash and cash equivalents at the end of the year	**¥ 789,372**	**¥ 1,317,755**	**$ 9,868**

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

I. Basis of Presentation

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

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2023, which was ¥133.53 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.

II. Basis for preparing consolidated financial statements

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 18 as of March 31, 2022 and 2023. The main consolidated subsidiaries as of March 31, 2023 are as follows:

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

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

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

2. Affiliates

The number of affiliates accounted for by the equity method was 9 and 10 as of March 31, 2022 and 2023, respectively. The main affiliates accounted for by the equity method as of March 31, 2023 are as follows:

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

One affiliate of TU Europa S.A. is newly included in the scope of the equity method in the fiscal year ended March 31, 2023 as TU Europa S.A. acquired a majority of the voting rights of the affiliate.

The non-consolidated subsidiaries (e.g., Meiji Yasuda Life Planning Center Company, Limited and others, along with certain affiliates) are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Fiscal year-end of consolidated subsidiaries

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

4. Summary of Significant Accounting Policies

(1) Securities

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

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

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

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

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

e. Available-for-sale securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

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

In addition, some sub-groups assigned for individual life insurance, individual annuities and group pensions have been abolished in the fiscal year ended March 31, 2023 as the need for risk management using policy-reserve-matching bonds is now considered highly unlikely.

The impact of this change on the consolidated balance sheets and the consolidated statements of income is immaterial.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

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

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

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

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

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

(6) 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. Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on each country's accounting standard, such as U.S. generally accepted accounting principles (hereafter, "U.S. GAAP").

(7) Allowance for possible loan losses

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

For loans to borrowers that are legally bankrupt (hereafter, "bankrupt borrowers") and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, "substantially bankrupt borrowers"), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral 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 collateral 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 collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2022 and 2023 amounted to ¥3 million and ¥16 million (U.S. $0 million), respectively.

Certain overseas consolidated subsidiaries directly deduct an allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2022 and 2023, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Loans	¥ 1,227	¥ 899	$ 6

(8) Net defined benefit liabilities and assets

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

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2022 and 2023 were as follows:

Years ended March 31	2022	2023
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

(9) Reserve for price fluctuation

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

(10) Foreign currency translation

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

(11) Method of hedge accounting

Methods of hedge accounting of the Company are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:

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

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

(12) Goodwill on consolidation

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

(13) 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.

(14) 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 other assets and amortized over a five-year period on the straight-line basis pursuant to the “Corporation Tax Act”.

(15) 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.

(16) Policy reserves

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

Of policy reserves, insurance premium reserves are calculated by the following methods:
a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).
b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.
In addition, if there is deemed to be a risk of being unable to fulfill future obligations in the policy reserves set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:
・The policy reserves set aside in the fiscal year ended March 31, 2015 for variable life insurance

contracts, and single premium endowment contracts concluded on or after September 2, 1995.

- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

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

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

(17) Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter "IBNR claims"). For the fiscal year ended March 31, 2022, reserve for IBNR claims is stated in the amount calculated by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as "IBNR Notification") in 1998. For the fiscal year ended March 31, 2023, the amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification, due to a change in the conditions applied to policyholders eligible for hospitalization benefits for "quasi hospitalization," which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as "quasi hospitalization") during the fiscal year ended March 31, 2023. Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization for policyholders other than policyholders categorized at high risk of serious symptoms (hereinafter "four categories") from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

The amount pertaining to quasi hospitalization for policyholders classified into the four categories used to estimate the amounts of payments pertaining to quasi hospitalization for policyholders other than policyholders classified into the four categories diagnosed on or before September 25, 2022 was estimated by multiplying the ratio of the accumulated amount of claims paid for quasi hospitalization for those aged 65 years or older (one of the four categories), to the accumulated amount of claims paid for quasi hospitalization for all four categories diagnosed on or after September 26, 2022 by the amount pertaining to quasi hospitalization for those aged 65 years or older diagnosed on or before September 25, 2022.

(18) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

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

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

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

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

(19) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

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

(20) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

a. Claim reserves of StanCorp Financial Group, Inc. (StanCorp)

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The amounts of ¥653,086 million and ¥779,675 million (U.S. $5,838 million) are recorded in Reserve for outstanding claims of the consolidated balance sheets for the fiscal years ended March 31, 2022 and 2023, respectively. Claim reserves for the long-term disabled disability insurance, called Long-Term Disability-Disabled Life Reserves, in its group insurance business accounts for a significant portion of the reserve.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates
StanCorp's claim reserves are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of the StanCorp's balance sheet date in accordance with U.S. GAAP. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, key assumptions such as claim termination rates are used for this evaluation.

Those assumptions are subject to a high degree of uncertainty and may greatly affect the future cash flow estimates on the consolidated balance sheets at the end of the next fiscal year.

b. Impairment of goodwill arising from the acquisition of StanCorp

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The balance of the goodwill recognized at the time of the acquisition of StanCorp is recorded as Goodwill of ¥113,702 million and ¥121,920 million (U.S. $913 million) on the consolidated balance sheets for the fiscal years ended March 31, 2022 and 2023, respectively. The goodwill allocated to its group insurance business accounts for a significant portion.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of accounting estimates
Goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp, and is tested for impairment by StanCorp in accordance with U.S. GAAP. In the impairment testing, StanCorp evaluates the indication of impairment in accordance with U.S. GAAP, and assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.
This evaluation uses key assumptions such as premium growth rates and the insurance benefit ratios.

Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

c. Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition

(i) Amount recorded in the consolidated financial statements at the end of the fiscal year
The balance of the VOBA recognized at the time of the acquisition of StanCorp is recorded as ¥44,819 million and ¥53,115 million (U.S. $397 million) in Other intangible fixed assets of the consolidated balance sheets for the fiscal years ended March 31, 2022 and 2023, respectively. The balance related to the individual disability insurance business accounts for a significant portion of the VOBA.

(ii) Other information that contributes to the understanding of users of consolidated financial statements about the contents of the accounting estimates
The amount of VOBA arising from the acquisition of consolidated overseas subsidiaries is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. GAAP.
Key assumptions such as the incident rates and the claim termination rates are used for the calculation of the VOBA. In addition, the VOBA is being amortized over a certain period based on their contractual terms in proportion to future premiums.

If the assumptions listed above deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, this evaluation is performed with its assessment of the sufficiency of the amount of policy reserves.

Those assumptions involve a high degree of uncertainty, and may greatly affect the future cash flow estimates on the consolidated financial statements of the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Change in accounting policies)

(For the year ended March 31, 2022)
The Company adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30: July 4, 2019) and other relevant standards at the beginning of the fiscal year ended March 31, 2022.

In accordance with the transitional treatments set forth in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10), the Company adopts new accounting policies prescribed in the “Accounting Standard for Fair Value Measurement” and other relevant standards for the reporting of its current and future financial results, prospectively.

Accordingly, the valuation of stocks included in available-for-sale securities with fair value, is conducted using the fair value method based on closing market prices at the end of the fiscal year, whereas these stocks were valued at the average of the market price during the final month of each fiscal year.

Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the “Accounting Standard for Fair Value Measurement.”

(For the year ended March 31, 2023)
The Company adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31: June 17, 2021; hereinafter the “Implementation Guidance”) at the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatments set forth in Paragraph 27-2 of the Implementation Guidance, the Company adopts new accounting policies prescribed in this Implementation Guidance for the reporting of its current and future financial results, prospectively.

Accordingly, the Company has changed accounting methods for some investment trusts which had been classified as securities of which fair value is extremely difficult to determine and whose balance sheet amount had been accounted for based on acquisition costs. The balance sheet amount of these instruments is now recorded at fair value. Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the Implementation Guidance.

In accordance with Paragraph 27-3 of the Implementation Guidance, notes on investment trusts as part of the fair value hierarchy of financial instruments in "VIII. Financial Instruments” for the previous fiscal year have been omitted.

III. Notes to Consolidated Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,758,137 million and ¥4,943,329 million (U.S. $37,020 million) as of March 31, 2022 and 2023, respectively.

*2. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥236,593 million and ¥339,705 million (U.S. $2,544 million) as of March 31, 2022 and 2023, respectively.

*3. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥559 million and ¥2,118 million (U.S. $15 million), securities in the amounts of ¥1,898 million and ¥61,917 million (U.S. $463 million), and loans in the amounts of ¥159,179 million and ¥200,343 million (U.S. $1,500 million) as of March 31, 2022 and 2023, respectively.

*4. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥202,576 million and ¥234,804 million (U.S. $1,758 million) as of March 31, 2022 and 2023, respectively.

*5. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥28,373 million and ¥30,944 million (U.S. $231 million) as of March 31, 2022 and 2023, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥421 million and ¥420 million (U.S. $3 million) as of March 31, 2022 and 2023, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet as of March 31, 2022 and 2023 were ¥3 million and ¥16 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi- bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through fillings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥11,339 million and ¥12,508 million (U.S. $93 million) as of March 31, 2022 and 2023, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to enter the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

The amounts of loans in arrears for three months or longer were ¥98 million and ¥110 million (U.S. $0 million) as of March 31, 2022 and 2023, respectively.

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. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥16,513 million and ¥17,904 million (U.S. $134 million) as of March 31, 2022 and 2023, 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 bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*6. Loan Commitments

The amounts of loan commitments outstanding were ¥65,864 million and ¥152,091 million (U.S. $1,139 million) as of March 31, 2022 and 2023, respectively.

*7. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥474,328 million and ¥483,481 million (U.S. $3,620 million) as of March 31, 2022 and 2023, respectively.

*8. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 260,030	¥ 281,323	$ 2,106
Transfer from surplus in the previous fiscal year	178,633	151,453	1,134
Dividend payments to policyholders during the fiscal year	(157,424)	(144,508)	(1,082)
Interest accrued during the fiscal year	83	71	0
Balance at the end of the fiscal year	281,323	288,339	2,159

*9. Subordinated Bonds

As of March 31, 2022, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥640,735 million, the repayments of which are subordinated to other obligations. As of March 31, 2023, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

*10. Subordinated Borrowings

As of March 31, 2022 and 2023, other liabilities in liabilities included subordinated borrowings of ¥200,000 million and ¥271,600 million (U.S. $2,033 million), and the repayments of which are subordinated to other obligations.

11. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥707,095 million and ¥589,743 million (U.S. $4,416 million) as of March 31, 2022 and 2023, respectively. The amounts of separate account liabilities were the same as these figures.

12. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥45,414 million and nil as of March 31, 2022 and 2023, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

*13. 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.

IV. Notes to Consolidated Statements of Income

*1. Impairment of Fixed Assets

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

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.
For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2022 and 2023, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2022

Asset group	Number of properties impaired	Millions of Yen			
		Land	Buildings	Other intangible fixed assets	Total
Real estate for non-insurance business	0	¥ –	¥ –	¥ –	¥ –
Idle assets	9	310	242	3	556
Total	9	310	242	3	556

For the year ended March 31, 2023

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ –	¥ –	¥ –
Idle assets	6	255	339	595
Total	6	255	339	595

For the year ended March 31, 2023

Asset group	Millions of U.S. Dollars		
	Land	Buildings	Total
Real estate for non-insurance business	$ –	$ –	$ –
Idle assets	1	2	4
Total	1	2	4

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.82% and 1.73% for the years ended March 31, 2022 and 2023, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value. In addition, the Company recognized impairment losses associated with certain affiliates in the fiscal year ended March 31, 2022 in light of their current operating environment. These losses are included into investment losses (gains) on equity method classified under other ordinary expenses.

V. Notes to Consolidated Statements of Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ (229,166)	¥ (723,944)	$ (5,421)
Reclassification adjustments	(40,483)	(58,435)	(437)
Before income tax effect adjustments	(269,649)	(782,379)	(5,859)
Income tax effects	73,065	201,462	1,508
Net unrealized gains (losses) on available-for-sale securities	(196,584)	(580,917)	(4,350)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ (30,545)	¥ (44,348)	$ (332)
Reclassification adjustments	(1,673)	(1,192)	(8)
Before income tax effect adjustments	(32,219)	(45,540)	(341)
Income tax effects	9,008	12,733	95
Deferred unrealized gains (losses) on derivatives under hedge accounting	(23,210)	(32,807)	(245)
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥ —	$ —
Reclassification adjustments	—	—	—
Before income tax effect adjustments	—	—	—
Income tax effects	—	462	3
Land revaluation differences	—	462	3
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ 64,061	¥ 93,612	$ 701
Reclassification adjustments	—	—	—
Before income tax effect adjustments	64,061	93,612	701
Income tax effects	—	—	—
Foreign currency translation adjustments	64,061	93,612	701
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 48,895	¥ 30,156	$ 225
Reclassification adjustments	(6,125)	(9,979)	(74)
Before income tax effect adjustments	42,770	20,176	151
Income tax effects	(11,633)	(5,058)	(37)
Remeasurements of defined benefit plans	31,136	15,118	113
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ 1,161	¥ 4,998	$ 37
Reclassification adjustments	(1,771)	(1,417)	(10)
Share of other comprehensive income of affiliates accounted for by the equity method	(609)	3,581	26
Total other comprehensive income	(125,206)	(500,949)	(3,751)

VI. Notes to Consolidated Statements of Changes in Net Assets

1. Foundation Funds

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

Having redeemed foundation funds totaling ¥100,000 million and ¥50,000 million (U.S. $374 million) in the fiscal year ended March 31, 2022 and 2023, respectively, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the “Insurance Business Act.”

VII. Notes to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2022**	**2023**	**2023**
Cash and deposits	¥ 859,231	¥ 1,411,205	$ 10,568
Time deposits (over 3 months)	(127,798)	(216,901)	(1,624)
Call loans	40,004	90,000	674
Money held in trust (matured within 3 months)	17,600	27,200	203
Securities (matured within 3 months from the date of acquisition)	334	6,251	46
Cash and cash equivalents	789,372	1,317,755	9,868

2. Major Components of Increases in Assets and Liabilities Due to the Acquisition of Business

In the fiscal year ended March 31, 2023, assets and liabilities increased due to the acquisition of a recordkeeping business from Securian Financial Group, Inc. by a subsidiary of StanCorp Financial Group, Inc., a consolidated subsidiary of the Company. The relationship between the acquisition cost of the acquired business and net proceeds from the acquisition of business is described below.

	Millions of yen	Millions of U.S. Dollars
Assets	¥ 217,579	$ 1,629
Cash and deposits	34,783	260
Liabilities	(181,883)	(1,362)
Policy reserves and other reserves	(181,883)	(1,362)
Consideration for the acquisition	35,696	267
Contingent consideration for the acquisition	(1,327)	(9)
Cash and cash equivalents included in acquired assets	(34,783)	(260)
Net proceeds from the acquisition of business	414	3

VIII. Financial Instruments

1. Qualitative information on financial instruments

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

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

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:

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

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

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

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

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

To manage price fluctuation risk and other market risks, 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 risk management verification committee and, on important matters, reported directly to the Board of Directors and Committees.

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

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

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

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

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets at the end of the fiscal years ended March 31, 2022 and 2023, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; money held in trust that is jointly invested and has a nature similar to deposits; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to short-term nature of their contracts.

As of March 31			Millions of Yen
			2022
	Balance sheet amount	Fair value	Difference
Deposits	¥ 12,998	¥ 12,998	¥ —
Available-for-sale securities (CDs)	12,998	12,998	—
Monetary claims bought	182,781	191,256	8,475
Held-to-maturity debt securities	175,607	184,082	8,475
Available-for-sale securities	7,173	7,173	—
Money held in trust	157,609	157,609	—
Trading securities	4,608	4,608	—
Available-for-sale securities	153,000	153,000	—
Securities	38,955,322	40,269,048	1,313,725
Trading securities	1,898,003	1,898,003	—
Held-to-maturity debt securities	3,539,261	4,064,631	525,370
Policy-reserve-matching bonds	12,578,485	13,366,841	788,355
Available-for-sale securities	20,939,573	20,939,573	—
Loans	4,936,701	5,117,463	180,762
Policy loans	194,834	194,834	—
Industrial and consumer loans	4,741,867	4,922,629	180,762
Allowance for possible loan losses (*1)	(9,167)	—	—
	4,927,533	5,117,463	189,930
Bonds payable	669,599	685,178	15,578
Borrowings	200,000	197,260	(2,740)
Derivative financial instruments (*2)	(446,488)	(446,488)	—
Hedge accounting is not applied	(85,965)	(85,965)	—
Hedge accounting is applied	(360,523)	(360,523)	—

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

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

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31: July 4, 2019), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥242,969 million as of March 31, 2022. Of this, the amount of stocks of subsidiaries and affiliates was ¥202,576 million. The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥15,079 million as of March 31, 2022.

Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships were ¥1,541 million for the year ended March 31, 2022.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 11,999	¥ 11,999	¥ —	$ 89	$ 89	$ —
Available-for-sale securities (CDs)	11,999	11,999	—	89	89	—
Monetary claims bought	171,153	175,564	4,410	1,281	1,314	33
Held-to-maturity debt securities	165,258	169,668	4,410	1,237	1,270	33
Available-for-sale securities	5,895	5,895	—	44	44	—
Money held in trust	119,533	119,533	—	895	895	—
Trading securities	4,544	4,544	—	34	34	—
Available-for-sale securities	114,988	114,988	—	861	861	—
Securities	39,137,04	39,590,004	452,958	293,095	296,487	3,392
Trading securities	1,605,779	1,605,779	—	12,025	12,025	—
Held-to-maturity debt securities	3,341,999	3,739,172	397,173	25,028	28,002	2,974
Policy-reserve-matching bonds	13,838,01	13,906,096	68,081	103,632	104,142	509
Stocks of subsidiaries and affiliates	108,953	96,657	(12,296)	815	723	(92)
Available-for-sale securities	20,242,29	20,242,298	—	151,593	151,593	—
Loans	5,060,437	5,090,462	30,025	37,897	38,122	224
Policy loans	179,688	179,688	—	1,345	1,345	—
Industrial and consumer loans	4,880,749	4,910,774	30,025	36,551	36,776	224
Allowance for possible loan losses (*1)	(10,292)	—	—	(77)	—	—
	5,050,145	5,090,462	40,317	37,820	38,112	301
Bonds payable	640,735	632,941	(7,793)	4,798	4,740	(58)
Borrowings	271,600	252,096	(19,503)	2,033	1,887	(146)
Derivative financial instruments (*2)	(89,146)	(89,146)	—	(667)	(667)	—
Hedge accounting is not applied	(23,173)	(23,173)	—	(173)	(173)	—
Hedge accounting is applied	(65,973)	(65,973)	—	(494)	(494)	—

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

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

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31: June 17, 2021), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥161,505 million (U.S. $1,209 million) as of March 31, 2023. Of this, the amount of stocks of subsidiaries and affiliates was ¥125,850 million (U.S. $942 million). The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥23,646 million (U.S. $177 million) as of March 31, 2023.

Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥1,073 million (U.S. $8 million) for the year ended March 31, 2023.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen 2022 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 (CDs)	¥ 12,998	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	182,781
Loans*	500,177	725,947	722,555	520,564	810,766	1,455,017
Securities	1,089,456	1,779,932	1,755,345	3,120,451	6,849,998	15,815,149
Held-to-maturity debt securities	177,431	412,710	625,103	253,554	567,930	1,502,530
Policy-reserve-matching bonds	112,780	16,879	80,807	695,584	2,295,505	9,376,927
Available-for-sale securities with maturities	799,244	1,350,341	1,049,434	2,171,312	3,986,563	4,935,691
Total	1,602,633	2,505,879	2,477,900	3,641,016	7,660,765	17,452,948

As of March 31	Millions of Yen 2023 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	Millions of U.S. Dollars 2023 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 (CDs)	¥ 11,999	¥ —	¥ —	¥ —	¥ —	¥ —	$ 89	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	171,153	—	—	—	—	—	1,281
Loans*	498,444	803,988	620,647	636,070	733,763	1,579,497	3,732	6,021	4,647	4,763	5,495	11,828
Securities	773,890	1,478,877	2,615,253	3,393,673	6,971,670	15,594,018	5,795	11,075	19,585	25,415	52,210	116,782
Held-to-maturity debt securities	218,976	552,203	455,501	87,759	562,041	1,465,516	1,639	4,135	3,411	657	4,209	10,975
Policy-reserve-matching bonds	3,467	32,933	254,377	1,040,326	2,911,125	9,595,784	25	246	1,905	7,790	21,801	71,862
Available-for-sale securities with maturities	551,446	893,741	1,905,374	2,265,587	3,498,504	4,532,717	4,129	6,693	14,269	16,966	26,200	33,945
Total	1,284,334	2,282,866	3,235,900	4,029,744	7,705,434	17,344,669	9,618	17,096	24,233	30,178	57,705	129,893

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥6,837 million and ¥8,326 million (U.S. $62 million) as of March 31, 2022 and 2023, respectively.

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

b. Maturity analysis of bonds payable and borrowings.

As of March 31	Millions of Yen					
	2022					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ 28,864	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Borrowings	—	—	—	—	—	200,000
Total	28,864	—	—	—	—	840,735

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023						2023					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥—	¥ —	¥ —	¥ —	¥ —	¥ 640,735	$ —	$ —	$ —	$ —	$ —	$ 4,798
Borrowings	—	—	—	—	—	271,600	—	—	—	—	—	2,033
Total	—	—	—	—	—	912,335	—	—	—	—	—	6,832

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities

Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1

Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

Millions of Yen

As of March 31				2022
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 12,998	¥ —	¥ 12,998
Monetary claims bought	—	7,173	—	7,173
Available-for-sale securities	—	7,173	—	7,173
Money held in trust	—	157,609	—	157,609
Trading securities	—	4,608	—	4,608
Available-for-sale securities	—	153,000	—	153,000
Securities	10,135,349	9,350,511	166,027	19,651,888
Trading securities	1,601,609	149,133	—	1,750,743
National & local government bonds	138,073	—	—	138,073
Corporate bonds	—	75,936	—	75,936
Domestic stocks	59,140	—	—	59,140
Other	1,404,395	73,197	—	1,477,592
Available-for-sale securities	8,533,739	9,201,378	166,027	17,901,144
National & local government bonds	2,274,673	121,976	—	2,396,650
Corporate bonds	—	1,637,238	—	1,637,238
Domestic stocks	4,486,044	2,408	—	4,488,452
Other	1,773,021	7,439,754	166,027	9,378,803
Derivative financial instruments	363	54,324	3,525	58,212
Currency related	—	13,386	—	13,386
Interest rate related	—	40,937	—	40,937
Stock related	363	—	3,525	3,888
Bond related	—	—	—	—
Total assets	10,135,712	9,582,617	169,552	19,887,882
Derivative financial instruments	80	504,620	—	504,701
Currency related	—	477,599	—	477,599
Interest rate related	—	27,021	—	27,021
Stock related	80	—	—	80
Bond related	—	—	—	—
Total liabilities	80	504,620	—	504,701

(*) The above table does not include investment trusts subject to transitional treatment in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: July 4, 2019). The value of such investment trusts, which are recognized as financial assets on the consolidated balance sheet, amounts to ¥3,185,687 million as of March 31, 2022.

As of March 31	Millions of Yen 2023				Millions of U.S. Dollars 2023			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 11,999	¥ —	¥ 11,999	$ —	$ 89	$ —	$ 89
Monetary claims bought	—	5,895	—	5,895	—	44	—	44
Available-for-sale securities	—	5,895	—	5,895	—	44	—	44
Money held in trust	—	119,533	—	119,533	—	895	—	895
Trading securities	—	4,544	—	4,544	—	34	—	34
Available-for-sale securities	—	114,988	—	114,988	—	861	—	861
Securities	10,170,588	11,250,721	105,795	21,527,105	76,167	84,256	792	161,215
Trading securities	1,440,141	163,672	1,965	1,605,779	10,785	1,225	14	12,025
National & local government bonds	109,129	—	—	109,129	817	—	—	817
Corporate bonds	—	54,701	—	54,701	—	409	—	409
Domestic stocks	102,088	—	—	102,088	764	—	—	764
Other	1,228,922	108,971	1,965	1,339,859	9,203	816	14	10,034
Available-for-sale securities	8,730,446	11,087,049	103,829	19,921,325	65,381	83,030	777	149,189
National & local government bonds	1,765,441	115,961	—	1,881,403	13,221	868	—	14,089
Corporate bonds	—	1,599,830	—	1,599,830	—	11,981	—	11,981
Domestic stocks	4,497,426	2,045	—	4,499,471	33,681	15	—	33,696
Other	2,467,579	9,369,211	103,829	11,940,620	18,479	70,165	777	89,422
Derivative financial instruments	1,504	74,816	1,740	78,061	11	560	13	584
Currency related	—	45,481	—	45,481	—	340	—	340
Interest rate related	—	29,269	—	29,269	—	219	—	219
Stock related	328	—	1,740	2,068	2	—	13	15
Bond related	1,176	65	—	1,241	8	0	—	9
Total assets	10,172,093	11,462,965	107,535	21,742,594	76,178	85,845	805	162,829
Derivative financial instruments	177	167,030	—	167,208	1	1,250	—	1,252
Currency related	—	107,748	—	107,748	—	806	—	806
Interest rate related	—	59,070	—	59,070	—	442	—	442
Stock related	46	—	—	46	0	—	—	0
Bond related	130	211	—	342	0	1	—	2
Total liabilities	177	167,030	—	167,208	1	1,250	—	1,252

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the consolidated balance sheets is ¥320,972 million (U.S. $2,403 million). Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

	Millions of Yen	Millions of U.S. Dollars
For the year ended March 31, 2023	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 247,723	$ 1,855
Profit (loss) or other comprehensive income (loss) for the period		
Recognized as net unrealized gains (losses) on available-for-sale securities	2,744	20
Bought, sold and redeemed		
Bought	73,458	550
Sold	(2,954)	(22)
Balance at the end of the fiscal year	320,972	2,403

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the consolidated balance sheets was ¥320,972 million (U.S. $2,403 million).

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

Millions of Yen

As of March 31	2022			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 181,774	¥ 2,308	¥ 184,082
Held-to-maturity debt securities	—	181,774	2,308	184,082
Securities	15,784,018	1,644,449	3,004	17,431,472
Held-to-maturity debt securities	3,377,897	683,729	3,004	4,064,631
National & local government bonds	3,372,115	174,058	—	3,546,173
Corporate bonds	—	420,506	—	420,506
Other	5,782	89,164	3,004	97,951
Policy-reserve-matching bonds	12,406,120	960,720	—	13,366,841
National & local government bonds	12,076,749	—	—	12,076,749
Corporate bonds	—	36,800	—	36,800
Other	329,371	923,919	—	1,253,291
Loans	—	—	5,117,463	5,117,463
Policy loans	—	—	194,834	194,834
Industrial and consumer loans	—	—	4,922,629	4,922,629
Total assets	15,784,018	1,826,223	5,122,776	22,733,019
Bonds payable	—	685,178	—	685,178
Borrowings	—	197,260	—	197,260
Total liabilities	—	882,438	—	882,438

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

As of March 31	Millions of Yen 2023				Millions of U.S. Dollars 2023			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 169,056	¥ 612	¥ 169,668	$ —	$ 1,266	$ 4	$ 1,270
Held-to-maturity debt securities	—	169,056	612	169,668	—	1,266	4	1,270
Securities	15,611,758	2,127,168	2,999	17,741,926	116,915	15,930	22	132,868
Held-to-maturity debt securities	3,117,035	619,137	2,999	3,739,172	23,343	4,636	22	28,002
National & local government bonds	3,110,114	167,952	—	3,278,066	23,291	1,257	—	24,549
Corporate bonds	—	373,489	—	373,489	—	2,797	—	2,797
Other	6,920	77,695	2,999	87,616	51	581	22	656
Policy-reserve-matching bonds	12,398,065	1,508,031	—	13,906,096	92,848	11,293	—	104,142
National & local government bonds	12,017,358	—	—	12,017,358	89,997	—	—	89,997
Corporate bonds	—	44,057	—	44,057	—	329	—	329
Other	380,706	1,463,973	—	1,844,680	2,851	10,963	—	13,814
Stocks of subsidiaries and affiliates	96,657	—	—	96,657	723	—	—	723
Loans	—	—	5,090,462	5,090,462	—	—	38,122	38,122
Policy loans	—	—	179,688	179,688	—	—	1,345	1,345
Industrial and consumer loans	—	—	4,910,774	4,910,774	—	—	36,776	36,776
Total assets	15,611,758	2,296,224	5,094,075	23,002,058	116,915	17,196	38,149	172,261
Bonds payable	—	632,941	—	632,941	—	4,740	—	4,740
Borrowings	—	252,096	—	252,096	—	1,887	—	1,887
Total liabilities	—	885,037	—	885,037	—	6,628	—	6,628

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

(i) Deposits, monetary claims bought, money held in trust and securities
Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

For investment trusts without quoted prices, the Company deems their fair value to coincide with the net asset value per unit, provided there are no significant restrictions requiring the compensation of market participants for risks associated with surrender or repurchase. The Company classifies the fair value of these investment trusts into Level 2.

(ii) Derivative financial instruments
With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

(iii) Loans

The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3.

The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable

The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of these instruments are classified into Level 2.

(v)Borrowings

The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose consolidated balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

Category	Valuation technique	Significant unobservable inputs	Range of input
Derivative financial instruments			
Index option transactions	Black–Scholes model	(*2)	(*2)

(*1) In addition to the above, in the fiscal year ended March 31, 2022, available-for-sales securities classified under monetary claims bought and available-for-sale securities classified under securities included instruments whose fair values are classified into Level 3. In the fiscal year ended March 31, 2023, trading securities and available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.

(*2) Inputs used include implied volatility, such as S&P 500 Index.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

Millions of Yen

For the year ended March 31, 2022	Monetary claims bought	Securities	Derivative financial instruments	Total
	Available-for-sale securities	Available-for-sale securities Other	Index option transactions	
Balance at the beginning of the fiscal year	¥ 8,721	¥ 162,617	¥ 3,112	¥ 174,450
Profit (loss) or other comprehensive income (loss) for the period				
Recognized in the consolidated statement of income (*1)	—	—	2,616	2,616
Recognized in other comprehensive income (loss) (*2)	(1,547)	4,463	346	3,262
Bought, sold, issued and settled				
Bought	—	36,741	2,264	39,005
Sold	—	(32,631)	—	(32,631)
Settled	—	—	(4,814)	(4,814)
Transferred to Level 3 fair value (*3)	—	9,240	—	9,240
Transferred from Level 3 fair value (*4)	(7,173)	(14,404)	—	(21,577)
Balance at the end of the fiscal year	—	166,027	3,525	169,552
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	—	—	1,247	1,247

	Millions of Yen				Millions of U.S. Dollars			
For the year ended March 31, 2023	Securities	Securities	Derivative financial instruments	Total	Securities	Securities	Derivative financial instruments	Total
	Trading securities	Available-for-sale securities	Index option transactions		Trading securities	Available-for-sale securities	Index option transactions	
	Other	Other			Other	Other		
Balance at the beginning of the fiscal year	¥ —	¥ 166,027	¥ 3,525	¥ 169,552	$ —	$ 1,243	$ 26	$ 1,269
Profit (loss) or other comprehensive income (loss) for the period								
Recognized in the consolidated statement of income (*1)	(34)	52	(3,953)	(3,935)	(0)	0	(29)	(29)
Recognized in other comprehensive income (loss) (*2)	—	(7,101)	541	(6,560)	—	(53)	4	(49)
Bought, sold, issued and settled								
Bought	2,000	9,100	3,050	14,150	14	68	22	105
Sold	—	(82,921)	—	(82,921)	—	(620)	—	(620)
Settled	—	—	(1,423)	(1,423)	—	—	(10)	(10)
Transferred to Level 3 fair value (*3)	—	18,673	—	18,673	—	139	—	139
Balance at the end of the fiscal year	1,965	103,829	1,740	107,535	14	777	13	805
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	(34)	—	(1,337)	(1,372)	(0)	—	(10)	(10)

(*1) Included in interest, dividends, and other income under investment income and losses on trading securities and losses on derivative financial instruments under investment expenses.
(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income.
(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.
(*4) Indicating transfer from Level 3 fair value to Level 2 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs

Index volatility is a significant unobservable input for use in the fair value measurement of index option transactions and an indicator representing the speed and magnitude of changes in the relevant indices. A significant increase (decrease) in volatility therefore causes option prices to rise (fall) considerably. In case of long position in option transactions, such volatility would result in a considerable rise (fall) in the fair value of these instruments.

IX. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(17,083) million and ¥(14,874) million (U.S. $(111) million) for the years ended March 31, 2022 and 2023, respectively.

2. 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, are shown in the following table. In addition, no held-to-maturity debt securities were sold during the years ended March 31, 2022 and 2023.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2022			2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,075,970	¥ 3,545,306	¥ 469,335	¥ 2,920,315	¥ 3,277,218	¥ 356,902	$ 21,870	$ 24,542	$ 2,672
2) Corporate bonds	367,284	420,506	53,221	331,288	369,732	38,444	2,481	2,768	287
3) Others	243,957	255,791	11,833	164,508	172,544	8,035	1,231	1,292	60
Total	3,687,213	4,221,604	534,391	3,416,113	3,819,495	403,382	25,583	28,604	3,020
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	870	866	(3)	858	848	(9)	6	6	(0)
2) Corporate bonds	—	—	—	3,761	3,756	(4)	28	28	(0)
3) Others	26,785	26,242	(542)	86,524	84,740	(1,784)	647	634	(13)
Total	27,655	27,109	(546)	91,144	89,345	(1,798)	682	669	(13)

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

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥477,685 million and ¥308,305 million (U.S. $2,308 million) resulting in total gains on sales of ¥13,234 million and ¥38,146 million (U.S. $285 million) for the years ended March 31, 2022 and 2023, respectively. Total losses on sales were ¥17,048 million and ¥100 million (U.S. $0 million) for the years ended March 31, 2022 and 2023, respectively. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2022			2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,165,711	¥ 8,224,240	¥ 1,058,528	¥ 7,111,410	¥ 7,868,511	¥ 757,100	$ 53,257	$ 58,926	$ 5,669
2) Corporate bonds	13,686	16,322	2,635	11,050	12,853	1,802	82	96	13
3) Others	429,681	439,836	10,154	406,870	415,799	8,928	3,047	3,113	66
Total	7,609,080	8,680,399	1,071,318	7,529,331	8,297,163	767,832	56,386	62,137	5,750
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	4,055,209	3,852,508	(202,700)	4,671,106	4,148,846	(522,260)	34,981	31,070	(3,911)
2) Corporate bonds	21,976	20,477	(1,498)	34,233	31,204	(3,028)	256	233	(22)
3) Others	892,220	813,455	(78,764)	1,603,342	1,428,881	(174,461)	12,007	10,700	(1,306)
Total	4,969,405	4,686,441	(282,963)	6,308,683	5,608,932	(699,750)	47,245	42,005	(5,240)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,986,447 million and ¥3,461,732 million (U.S. $25,924 million) resulting in total gains on sales of ¥101,854 million and ¥305,522 million (U.S. $2,288 million) and total losses of ¥48,939 million and ¥60,482 million (U.S. $452 million) for the years ended March 31, 2022 and 2023, 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 are shown in the following table.

As of March 31						Millions of Yen			Millions of U.S. Dollars
			2022			2023			2023
	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	¥ 1,344,535	¥ 4,299,196	¥ 2,954,661	¥ 1,367,463	¥ 4,341,956	¥ 2,974,493	$ 10,240	$ 32,516	$ 22,275
(2) Bonds	3,334,365	3,589,892	255,527	2,196,069	2,367,626	171,557	16,446	17,731	1,284
1) National & local government bonds	2,096,904	2,285,380	188,476	1,590,523	1,717,439	126,915	11,911	12,861	950
2) Corporate bonds	1,237,460	1,304,511	67,050	605,545	650,187	44,641	4,534	4,869	334
(3) Others	7,343,936	8,261,131	917,194	4,645,231	5,194,107	548,875	34,787	38,898	4,110
Total	12,022,837	16,150,220	4,127,383	8,208,764	11,903,689	3,694,925	61,475	89,146	27,671
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	216,603	189,255	(27,347)	173,764	157,515	(16,249)	1,301	1,179	(121)
(2) Bonds	453,053	443,996	(9,056)	1,163,277	1,113,607	(49,669)	8,711	8,339	(371)
1) National & local government bonds	112,648	111,269	(1,378)	167,278	163,964	(3,314)	1,252	1,227	(24)
2) Corporate bonds	340,404	332,726	(7,677)	995,998	949,643	(46,355)	7,458	7,111	(347)
(3) Others	4,598,288	4,329,273	(269,015)	7,804,646	7,200,369	(604,276)	58,448	53,923	(4,525)
Total	5,267,945	4,962,526	(305,419)	9,141,687	8,471,492	(670,195)	68,461	63,442	(5,019)

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

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is available amounted to ¥2,004 million and ¥3,594 million (U.S. $26 million) for the years ended March 31, 2022 and 2023, respectively.

X. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 141,184	¥ 138,268	¥ (3,405)	¥ (3,405)
Receipts floating, payments fixed	27,581	24,159	–	–
Total				(3,405)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 37,045	¥ 34,623	¥ 732	¥ 732	$ 277	$ 259	$ 5	$ 5
Receipts floating, payments fixed	78,299	72,593	–	–	586	543	–	–
Total				732				5

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

(2) Currency-related

As of March 31	Millions of Yen 2022 Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 1,134,865	¥ —	¥ (82,880)	¥ (82,880)
(U.S. dollar)	904,313	—	(73,420)	(73,420)
(Euro)	114,601	—	(3,178)	(3,178)
(Australian dollar)	115,613	—	(6,282)	(6,282)
(Others)	337	—	1	1
Bought	249,356	—	4,373	4,373
(U.S. dollar)	164,709	—	4,400	4,400
(Euro)	35,252	—	(45)	(45)
(Australian dollar)	49,051	—	18	18
(Others)	341	—	(0)	(0)
Currency options				
Sold				
Call	493,358	—		
	[907]		14,900	(13,993)
(U.S. dollar)	493,358	—		
	[907]		14,900	(13,993)
Bought				
Put	444,806	—		
	[907]		77	(830)
(U.S. dollar)	444,806	—		
	[907]		77	(830)
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	93,320	93,320	5,170	5,170
(U.S. dollar)	38,400	38,400	1,792	1,792
Total				(86,367)

As of March 31	Millions of Yen 2023				Millions of U.S. Dollars 2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 19,940	¥ —	¥ (33)	¥ (33)	$ 149	$ —	$ (0)	$ (0)
(U.S. dollar)	10,764	—	(8)	(8)	80	—	(0)	(0)
(Euro)	6,058	—	(31)	(31)	45	—	(0)	(0)
(Australian dollar)	3,117	—	6	6	23	—	0	0
Bought	150,812	—	(8,625)	(8,625)	1,129	—	(64)	(64)
(U.S. dollar)	145,667	—	(8,645)	(8,645)	1,090	—	(64)	(64)
(Euro)	3,574	—	22	22	26	—	0	0
(Australian dollar)	1,569	—	(3)	(3)	11	—	(0)	(0)
Currency options								
Sold								
Call	1,650,751	—			12,362	—		
	[26,965]		26,614	350	[201]		199	2
(U.S. dollar)	1,514,851	—			11,344	—		
	[26,621]		26,310	310	[199]		197	2
(Euro)	135,900	—			1,017	—		
	[344]		303	40	[2]		2	0
Bought								
Put	1,550,549	—			11,611	—		
	[26,965]		9,015	(17,949)	[201]		67	(134)
(U.S. dollar)	1,437,698	—			10,766	—		
	[26,621]		8,969	(17,651)	[199]		67	(132)
(Euro)	112,851	—			845	—		
	[344]		46	(297)	[2]		0	(2)
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	130,750	130,750	(965)	(965)	979	979	(7)	(7)
(U.S. dollar)	71,930	71,930	396	396	538	538	2	2
Total				(26,827)				(200)

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values.
(*) Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31				Millions of Yen
				2022
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 1,580	¥ —	¥ (35)	¥ (35)
Bought	4,159	—	201	201
Foreign currency-denominated stock index futures				
Bought	4,117	—	116	116
Foreign currency-denominated stock index options				
Bought				
Call	88,702 [2,294]	555 [29]	3,525	1,231
Total				1,513

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Bought	5,322	—	146	146	39	—	1	1
Foreign currency-denominated stock index futures								
Sold	2,817	—	(43)	(43)	21	—	(0)	(0)
Bought	3,716	—	177	177	27	—	1	1
Foreign currency-denominated stock index options								
Bought								
Call	107,845 [3,084]	640 [34]	1,740	(1,344)	807 [23]	4 [0]	13	(10)
Total				(1,062)				(7)

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(4) Bond-related

No ending balance as of March 31, 2022.

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Foreign bond futures								
Sold	¥ 4,575	¥ —	¥ (130)	¥ (130)	$ 34	$ —	$ (0)	$ (0)
Bought	50,723	—	1,176	1,176	379	—	8	8
OTC transactions								
OTC bond options								
Sold								
Call	10,000	—	—	—	74	—	—	—
	[153]	—	211	(57)	[1]	—	1	(0)
Bought								
Put	10,000	—	—	—	74	—	—	—
	[169]	—	65	(104)	[1]	—	0	(0)
Total				884				6

(*) Net gains (losses) on foreign bond futures represent the fair values.
(*) Net gains (losses) on OTC bond options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

2. Hedge accounting applied

(1) Interest-rate related

As of March 31				Millions of Yen
				2022
	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	¥ 672,200	¥ 668,900	¥ 17,322
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	21,448	15,637	–
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,018	3,018	89
Total				17,411

As of March 31				Millions of Yen			Millions of U.S. Dollars
				2023			2023
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 875,500	¥ 872,300	¥ (30,534)	$ 6,556	$ 6,532	$ (228)
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	47,589	43,568	–	356	326	–
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	2,916	2,916	55	21	21	0
Total				(30,478)			(228)

(*) The fair values of interest rate swaps represent net gains (losses).

(2) Currency-related

As of March 31				Millions of Yen 2022
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥ 4,558,542	¥ —	¥ (365,831)
(U.S. dollar)		3,225,926	—	(237,894)
(Euro)		213,676	—	(6,309)
(Australian dollar)		1,033,020	—	(115,185)
(Others)		85,918	—	(6,441)
Deferred hedge accounting				
Cross currency swaps				
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-denominated bonds	81,785	76,594	(8,811)
(Euro)		35,575	35,575	(2,543)
(Australian dollar)		12,404	12,404	(658)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross Currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)
Total				(377,845)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2023			2023		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥ 3,916,592	¥ —	¥ (21,036)	$ 29,331	$ —	$ (157)
(U.S. dollar)		2,972,665	—	(23,342)	22,262	—	(174)
(Euro)		271,655	—	(6,396)	2,034	—	(47)
(Australian dollar)		633,474	—	8,963	4,744	—	67
(Others)		38,796	—	(261)	290	—	(1)
Deferred hedge accounting							
Cross currency swaps							
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-denominated bonds	76,594	76,594	(12,494)	573	573	(93)
(Euro)		35,575	35,575	(1,793)	266	266	(13)
(Australian dollar)		12,404	12,404	(114)	92	92	(0)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross Currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)	2,589	2,589	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)	981	981	(*)
Total				(35,438)			(265)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

XI. 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.

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

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

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 331,337	¥ 321,269	$ 2,405
Service costs	8,811	9,611	71
Interest cost on retirement benefit obligations	4,168	4,624	34
Actuarial losses (gains) recognized	969	(24,000)	(179)
Benefits paid	(19,329)	(18,750)	(140)
Past service costs	(12,981)	23	0
Others	8,295	12,368	92
Balance at the end of the fiscal year	321,269	305,145	2,285

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 449,995	¥ 496,777	$ 3,720
Expected return on plan assets	8,075	9,122	68
Actuarial gains (losses) recognized	42,760	9,182	68
Contributions by employer	2,410	2,434	18
Benefits paid	(14,096)	(13,521)	(101)
Others	7,632	12,556	94
Balance at the end of the fiscal year	496,777	516,551	3,868

(3) 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

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2022**	**2023**	**2023**
Present value of funded retirement benefit obligations	¥ 311,843	¥ 296,895	$ 2,223
Plan assets at fair value	(496,777)	(516,551)	(3,868)
Net present value of funded retirement benefit obligations	(184,934)	(219,655)	(1,644)
Present value of non-funded retirement benefit obligations	9,426	8,249	61
Net balance on the consolidated balance sheet	(175,508)	(211,405)	(1,583)
Consists of:			
Defined benefit liabilities	8,877	7,709	57
Defined benefit assets	(184,385)	(219,115)	(1,640)

(4) The amounts recognized in retirement benefit expenses in the consolidated statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Service costs	¥ 8,811	¥ 9,611	$ 71
Interest cost on retirement benefit obligations	4,168	4,624	34
Expected return on plan assets	(8,075)	(9,122)	(68)
Amortization of net actuarial losses (gains)	(8,328)	(9,624)	(72)
Amortization of net past service costs	(2,716)	(2,718)	(20)
Others	56	84	0
Retirement benefit expenses	(6,085)	(7,145)	(53)

(5) Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Actuarial gains (losses)	¥ 32,467	¥ 22,865	$ 171
Past service costs	10,302	(2,688)	(20)
Total	42,770	20,176	151

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Unrecognized actuarial gains (losses)	¥ 45,579	¥ 68,444	$ 512
Unrecognized past service costs	19,797	17,109	128
Total	65,376	85,553	640

(6) Plan assets

Plan assets as of March 31, 2022 and 2023 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2022**	**2023**
Debt securities	6.1%	5.2%
Stocks	34.7%	37.3%
General account of life insurance companies	27.4%	27.6%
Jointly invested assets	22.7%	20.2%
Investment trusts	3.5%	—
Cash and deposits	1.7%	2.1%
Others	3.9%	7.6%
Total	100.0 %	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 47.0% and 49.4% of total plan assets as of March 31, 2022 and 2023, respectively.

(7) 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.

(8) Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2022 and 2023 were as follows:

Years ended March 31	2022	2023
Discount rate		
Domestic	0.9%	0.9%
Overseas	2.8%	5.3 to 5.4%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	1.6 to 6.3%	2.0 to 6.3%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥4,548 million and ¥5,450 million (U.S. $40 million) for the years ended March 31, 2022 and 2023, respectively.

XII. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2022	2023	2023
Deferred tax assets	¥ 872,191	¥ 961,403	$ 7,199
Valuation allowance for deferred tax assets	(15,575)	(11,274)	(84)
Deferred tax liabilities	(1,169,039)	(973,777)	(7,292)

2. Major components of deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2022	2023	2023
Deferred tax assets			
Policy reserves and other reserves	¥ 551,258	¥ 550,329	$ 4,121
Reserve for price fluctuation	243,320	300,057	2,247
Deferred tax liabilities:			
Net unrealized gains (losses) on available-for-sale securities	1,028,866	863,992	6,470

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2022 and 2023, 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	2022
Policyholders' dividend reserves	(20.73) %

Years ended March 31	2023
Policyholders' dividend reserves	(61.66) %
Increase/decrease in valuation allowance for deferred tax assets	(7.17) %
Retained earnings of subsidiaries and others	6.16 %

XIII. Business Combination

Business Combination through Acquisition

Based on a business transfer agreement that came into effect from December 1, 2022, a subsidiary of StanCorp Financial Group, Inc., a consolidated subsidiary of the Company, acquired a recordkeeping business from Securian Financial Group, Inc.

StanCorp Financial Group, Inc. recognizes this transfer as a business acquisition in accordance with Topic 805 "Business Combinations" of the U.S. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Details follow.

In addition, amounts described in this note are presented in the local currency (U.S. dollar) at the value as of the date of the business combination. Therefore, these amounts do not coincide with the amounts presented in "VII. Notes to Consolidated Statements of Cash Flows 2. Major Components of Increases in Assets and Liabilities Due to the Acquisition of Business," which are translated into U.S. dollars at the rate prevailing on March 31, 2023.

(1) Overview of business combination

i) Name of the transferrer and the content of the acquired business

Name of the transferrer　Securian Financial Group, Inc.

Content of the acquired business　Recordkeeping business*

* Commissioned administrative operations associated with defined contribution pension plans introduced by corporations as employee benefit programs

ii) Main reasons for business combination

This acquisition was aimed at enabling StanCorp Financial Group, Inc. to achieve further growth through the strengthening of its customer base and the streamlining of its operations in the group pension business.

(2) Period for which the operating results of the acquired business were included in the consolidated financial statements

From December 1, 2022 to December 31, 2022

(3) Acquisition costs of the acquired business and their breakdown

Consideration for the acquisition: U.S. $259 million

Contingent consideration for the acquisition: U.S. $10 million

Acquisition costs: U.S. $269 million

Note: The amount of contingent consideration for the acquisition is not finalized and is currently presented as an estimate.

(4) Main component of acquisition-related expenses and their amount
Advisory fees and others: U.S. $9 million

(5) Amount of assets received and liabilities assumed at the date of business combination and their breakdown
Total assets: U.S. $1,639 million
(Securities U.S. $1,020 million)
Total liabilities: U.S. $1,370 million
(Policy reserves and other reserves U.S. $1,370 million)

(6) Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
i) Amount of goodwill recorded
U.S. $34 million
ii) Reasons for recording goodwill
Goodwill is recognized based on the expected excess earning power as a result of strengthening the customer base and streamlining operations in StanCorp Financial Group, Inc.'s group pension business.
iii) Amortization method and period
Straight-line method over 10 years

(7) Amount of assets allocated to other intangible fixed assets than goodwill, their breakdown by primary type, and weighted average amortization periods for the entirety of these assets and each primary type

Primary type	Amount	Amortization Period
Value of Business Acquired (VOBA)	U.S. $223 million	40 years
Value of distribution network acquired	U.S. $90 million	30 years
Total	U.S. $313 million	

(8) Content of contingent consideration for the acquisition stipulated by the business combination agreement and policies for accounting treatment to be applied to it in and after the fiscal year ended March 31, 2023

The agreement provides for a payment of contingent consideration for the acquisition in line with operating results, etc., following the date of business combination. A variable portion of the contingent consideration is recognized in accordance with U.S. GAAP.

XIV. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥621,100 million and ¥622,599 million (U.S. $4,662 million), and their fair values were ¥953,250 million and ¥978,886 million (U.S. $7,330 million) as of March 31, 2022 and 2023, 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.

XV. Subsequent Events

1. Redemption of foundation funds

The Company decided to redeem foundation funds totaling ¥50,000 million (U.S. $374 million) on September 20, 2023 and transfer reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the "Insurance Business Act."

2. Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2023 was approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2023.

Independent Auditor's Report

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

Opinion

We have audited the accompanying non-consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company"), which comprise the non-consolidated balance sheets as at March 31, 2022 and 2023, the non-consolidated statements of income, the non-consolidated statements of changes in net assets and the non-consolidated proposed appropriation of surplus for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2023, and its financial performance for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Non-Consolidated Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists.Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2023 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 "I. Basis of Presentation" to the non-consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Takuji Kanai
Designated Engagement Partner
Certified Public Accountant

Yukio Kumaki
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 3, 2023

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Meiji Yasuda Life Insurance Company
Non-consolidated Balance Sheets

As of March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
ASSETS:			
Cash and deposits			
Cash	¥ 53	¥ 5	$ 0
Deposits	786,458	1,305,220	9,774
Subtotal	786,511	1,305,226	9,774
Call loans	40,004	90,000	674
Monetary claims bought	182,781	171,153	1,281
Money held in trust	157,609	119,533	895
Securities (*1, *2, *3, *5)			
National government bonds	16,542,101	16,414,388	122,926
Local government bonds	271,069	265,056	1,984
Corporate bonds	2,097,467	2,009,302	15,047
Domestic stocks	4,642,538	4,695,958	35,167
Foreign securities	12,187,473	12,448,233	93,224
Other securities	1,307,576	1,210,460	9,065
Subtotal	37,048,227	37,043,400	277,416
Loans (*6, *7)			
Policy loans	191,312	175,665	1,315
Industrial and consumer loans	3,742,356	3,721,667	27,871
Subtotal	3,933,668	3,897,333	29,186
Tangible fixed assets (*8, *15)			
Land	610,451	606,719	4,543
Buildings	247,333	241,955	1,811
Construction in progress	8,537	16,474	123
Other tangible fixed assets	3,016	2,571	19
Subtotal	869,340	867,720	6,498
Intangible fixed assets			
Software	56,849	56,944	426
Other intangible fixed assets	34,206	39,943	299
Subtotal	91,056	96,888	725
Reinsurance receivables	940	1,944	14
Other assets			
Accounts receivable	191,825	109,985	823
Prepaid expenses	8,097	8,736	65
Accrued income	110,661	129,181	967
Money on deposit	12,801	13,140	98
Deposits for futures transactions	1,345	14,861	111
Margins on futures transactions	257	352	2
Derivative financial instruments	54,687	76,321	571
Cash collaterals pledged for financial instruments	552,578	174,311	1,305
Suspense	10,156	9,003	67
Other assets	7,688	6,898	51
Subtotal	950,099	542,792	4,064
Prepaid pension cost	105,512	117,262	878
Customers' liabilities under acceptances and guarantees	5,473	5,743	43
Allowance for possible loan losses	(10,518)	(11,731)	(87)
Total assets	¥ 44,160,706	¥ 44,247,267	$ 331,365

Meiji Yasuda Life Insurance Company
Non-consolidated Balance Sheets (continued)

As of March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims (*17)	¥ 135,242	¥ 139,325	$ 1,043
Policy reserves (*17)	33,069,484	33,497,956	250,864
Policyholders' dividend reserves (*9)	281,323	288,339	2,159
Subtotal	**33,486,050**	**33,925,622**	**254,067**
Reinsurance payables	**698**	**722**	**5**
Bonds payable (*10)	**640,735**	**640,735**	**4,798**
Other liabilities			
Payables under repurchase agreements	238,405	330,630	2,476
Payables under securities borrowing transactions	3,454,623	3,789,618	28,380
Borrowings (*11)	200,000	271,600	2,033
Income taxes payable	—	19,047	142
Accounts payable	85,016	42,189	315
Accrued expenses	37,382	39,361	294
Deferred income	2,690	2,820	21
Deposits received	32,483	32,456	243
Guarantee deposits received	34,281	32,479	243
Margins on futures transactions	272	179	1
Derivative financial instruments	504,701	167,208	1,252
Cash collaterals received for financial instruments	18,347	79,525	595
Asset retirement obligations	3,459	3,529	26
Suspense receipts	2,281	3,024	22
Subtotal	**4,613,945**	**4,813,669**	**36,049**
Reserve for price fluctuation	**869,373**	**1,072,330**	**8,030**
Deferred tax liabilities	**241,432**	**395**	**2**
Deferred tax liabilities for land revaluation (*15)	**78,954**	**78,178**	**585**
Acceptances and guarantees	**5,473**	**5,743**	**43**
Total liabilities	**39,936,663**	**40,537,397**	**303,582**
NET ASSETS:			
Foundation funds	**150,000**	**100,000**	**748**
Reserve for redemption of foundation funds	**830,000**	**880,000**	**6,590**
Reserve for revaluation	**452**	**452**	**3**
Surplus	**412,715**	**315,738**	**2,364**
Reserve for future losses	**12,963**	**13,419**	**100**
Other surplus	**399,752**	**302,319**	**2,264**
Reserve for fund redemption	90,000	70,000	524
Fund for price fluctuation allowance	29,764	29,764	222
Reserve for promotion of social welfare project	536	774	5
Reserve for business infrastructure	70,000	10,000	74
Reserve for reduction entry of real estate	25,643	25,101	187
Unappropriated surplus	183,807	166,680	1,248
Total funds, reserve and surplus	**1,393,168**	**1,296,191**	**9,707**
Net unrealized gains (losses) on available-for-sale securities	**2,704,190**	**2,320,146**	**17,375**
Deferred unrealized gains (losses) on derivatives under hedge accounting	**4,795**	**(28,011)**	**(209)**
Land revaluation differences (*15)	**121,889**	**121,544**	**910**
Total unrealized gains, revaluation reserves and adjustments	**2,830,875**	**2,413,678**	**18,075**
Total net assets	**4,224,043**	**3,709,870**	**27,783**
Total liabilities and net assets	**¥ 44,160,706**	**¥ 44,247,267**	**$ 331,365**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income

Years ended March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
ORDINARY INCOME:			
Insurance premiums and other			
Insurance premiums	¥ 2,440,413	¥ 3,194,937	$ 23,926
Reinsurance revenue	3,175	8,755	65
Subtotal	**2,443,588**	**3,203,693**	**23,992**
Investment income (*2)			
Interest, dividends and other income	888,380	988,501	7,402
Interest on deposits	516	6,137	45
Interest and dividends on securities	769,858	855,613	6,407
Interest on loans	59,457	59,579	446
Rent revenue from real estate	38,987	43,971	329
Other interest and dividends	19,559	23,199	173
Gains on money held in trust	2,807	2,335	17
Gains on sales of securities	113,521	343,043	2,569
Gains on redemption of securities	69,499	170,717	1,278
Foreign exchange gains	133,050	33,925	254
Other investment income	130	454	3
Investment gains on separate accounts	9,658	—	—
Subtotal	**1,217,048**	**1,538,977**	**11,525**
Other ordinary income			
Income from annuity riders	12,559	11,451	85
Income from deferred benefits	35,397	29,064	217
Reversal of accrued retirement benefits	11,198	11,749	87
Other ordinary income	8,414	8,464	63
Subtotal	**67,569**	**60,729**	**454**
Total ordinary income	**¥ 3,728,206**	**¥ 4,803,400**	**$ 35,972**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income (continued)

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2022	2023	2023
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	¥ 554,432	¥ 643,750	$ 4,821
Annuity payments	627,129	636,191	4,764
Benefit payments	407,398	451,704	3,382
Surrender benefits	665,564	961,467	7,200
Other refunds	96,786	110,332	826
Reinsurance premiums	2,228	1,642	12
Subtotal	**2,353,540**	**2,805,089**	**21,007**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims (*3)	8,571	4,083	30
Provision for policy reserves (*3)	267,178	428,472	3,208
Provision for interest on policyholders' dividend reserves	57	50	0
Subtotal	**275,807**	**432,606**	**3,239**
Investment expenses (*2)			
Interest expenses	17,610	40,266	301
Losses on trading securities	–	33	0
Losses on sales of securities	65,714	59,172	443
Losses on valuation of securities	5,816	4,536	33
Losses on redemption of securities	9,326	900	6
Losses on derivative financial instruments	217,338	601,687	4,506
Provision for allowance for possible loan losses	3,538	1,267	9
Write-off of loans	–	60	0
Depreciation of real estate for non-insurance business	9,193	8,979	67
Other investment expenses	19,843	26,768	200
Investment losses on separate accounts	–	11,630	87
Subtotal	**348,381**	**755,303**	**5,656**
Operating expenses	**376,126**	**398,165**	**2,981**
Other ordinary expenses			
Deferred benefit payments	56,524	56,636	424
Taxes	32,562	37,039	277
Depreciation	31,544	30,564	228
Other ordinary expenses	5,341	4,940	36
Subtotal	**125,972**	**129,180**	**967**
Total ordinary expenses	**3,479,829**	**4,520,345**	**33,852**
Ordinary profit	**¥ 248,377**	**¥ 283,055**	**$ 2,119**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Income (continued)

Years ended March 31		Millions of Yen 2022		2023		Millions of U.S. Dollars 2023
Extraordinary gains						
Gains on disposals of fixed assets	¥	124	¥	2,782	$	20
Gains on liquidation of subsidiaries and affiliates		−		498		3
Subtotal		**124**		**3,280**		**24**
Extraordinary losses						
Losses on disposals of fixed assets		6,419		3,041		22
Impairment losses (*4)		507		565		4
Impairment on stocks of subsidiaries and affiliates		16,257		1,602		12
Provision for reserve for price fluctuation		19,292		202,957		1,519
Contributions for promotion of social welfare project		1,587		1,725		12
Subtotal		**44,064**		**209,892**		**1,571**
Surplus before income taxes		**204,437**		**76,444**		**572**
Income taxes						
Current		12,909		51,860		388
Deferred		5,601		(79,562)		(595)
Total income taxes		**18,510**		**(27,702)**		**(207)**
Net surplus	**¥**	**185,926**	**¥**	**104,146**	**$**	**779**

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Changes in Net Assets

Year ended March 31, 2022 — **Millions of Yen**

	Funds, reserves and surplus													
				Surplus										
					Other surplus									
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastructure	Reserve for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	250,000	730,000	452	12,424	140,000	29,764	38	70,000	26,157	2,000	85	229,416	509,886	1,490,339
Changes in the fiscal year														
Additions to policyholders' dividend reserves												(178,633)	(178,633)	(178,633)
Additions to reserve for future losses				539								(539)		
Additions to reserve for redemption of foundation funds		100,000												100,000
Payment of interest on foundation funds												(757)	(757)	(757)
Net surplus												185,926	185,926	185,926
Redemption of foundation funds	(100,000)													(100,000)
Additions to reserve for fund redemption					50,000							(50,000)		
Reversal of reserve for fund redemption					(100,000)								(100,000)	(100,000)
Additions to reserve for promotion of social welfare project							2,085					(2,085)		
Reversal of reserve for promotion of social welfare project							(1,587)					1,587		
Additions to reserve for reduction entry of real estate									31			(31)		
Reversal of reserve for reduction entry of real estate									(545)			545		
Reversal of special reserves										(2,000)		2,000		
Reversal of other reserves											(85)	85		
Reversal of land revaluation differences												(3,706)	(3,706)	(3,706)
Net changes, excluding funds, reserves and surplus														
Net changes in the fiscal year	(100,000)	100,000	—	539	(50,000)	—	498	—	(513)	(2,000)	(85)	(45,609)	(97,170)	(97,170)
Ending balance	150,000	830,000	452	12,963	90,000	29,764	536	70,000	25,643	—	—	183,807	412,715	1,393,168

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	2,874,641	28,006	118,183	3,020,830	4,511,169
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(178,633)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					100,000
Payment of interest on foundation funds					(757)
Net surplus					185,926
Redemption of foundation funds					(100,000)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(100,000)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Additions to reserve for reduction entry of real estate					
Reversal of reserve for reduction entry of real estate					
Reversal of special reserves					
Reversal of other reserves					
Reversal of land revaluation differences					(3,706)
Net changes, excluding funds, reserves and surplus	(170,450)	(23,210)	3,706	(189,955)	(189,955)
Net changes in the fiscal year	(170,450)	(23,210)	3,706	(189,955)	(287,125)
Ending balance	2,704,190	4,795	121,889	2,830,875	4,224,043

Meiji Yasuda Life Insurance Company

Non-consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2023 — **Millions of Yen**

	Funds, reserves and surplus											
				Surplus								
					Other surplus							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastruc-ture	Reserve for reduction entry of real estate	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	150,000	830,000	452	12,963	90,000	29,764	536	70,000	25,643	183,807	412,715	1,393,168
Changes in the fiscal year												
Additions to policyholders' dividend reserves										(151,453)	(151,453)	(151,453)
Additions to reserve for future losses				456						(456)		
Additions to reserve for redemption of foundation funds		50,000										50,000
Payment of interest on foundation funds										(477)	(477)	(477)
Net surplus										104,146	104,146	104,146
Redemption of foundation funds	(50,000)											(50,000)
Additions to reserve for fund redemption					30,000					(30,000)		
Reversal of reserve for fund redemption					(50,000)						(50,000)	(50,000)
Additions to reserve for promotion of social welfare project							1,963			(1,963)		
Reversal of reserve for promotion of social welfare project							(1,725)			1,725		
Reversal of reserve for business infrastructure								(60,000)		60,000		
Reversal of reserve for reduction entry of real estate									(542)	542		
Reversal of land revaluation differences										807	807	807
Net changes, excluding funds, reserves and surplus												
Net changes in the fiscal year	(50,000)	50,000	—	456	(20,000)	—	237	(60,000)	(542)	(17,127)	(96,976)	(96,976)
Ending balance	100,000	880,000	452	13,419	70,000	29,764	774	10,000	25,101	166,680	315,738	1,296,191

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	2,704,190	4,795	121,889	2,830,875	4,224,043
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(151,453)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					50,000
Payment of interest on foundation funds					(477)
Net surplus					104,146
Redemption of foundation funds					(50,000)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(50,000)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for business infrastructure					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences					807
Net changes, excluding funds, reserves and surplus	(384,043)	(32,807)	(344)	(417,196)	(417,196)
Net changes in the fiscal year	(384,043)	(32,807)	(344)	(417,196)	(514,172)
Ending balance	2,320,146	(28,011)	121,544	2,413,678	3,709,870

Meiji Yasuda Life Insurance Company
Non-consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2023 **Millions of U.S. Dollars**

	Funds, reserves and surplus											
				Surplus								
					Other surplus							
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Fund for price fluctuation allowance	Reserve for promotion of social welfare project	Reserve for business infrastruc- ture	Reserve for reduction entry of real estate	Unappropriated surplus	Total surplus	Total funds, reserves and surplus
Beginning balance	1,123	6,215	3	97	674	222	4	524	192	1,376	3,090	10,433
Changes in the fiscal year												
Additions to policyholders' dividend reserves										(1,134)	(1,134)	(1,134)
Additions to reserve for future losses				3						(3)		
Additions to reserve for redemption of foundation funds		374										374
Payment of interest on foundation funds										(3)	(3)	(3)
Net surplus										779	779	779
Redemption of foundation funds	(374)											(374)
Additions to reserve for fund redemption					224					(224)		
Reversal of reserve for fund redemption					(374)						(374)	(374)
Additions to reserve for promotion of social welfare project							14			(14)		
Reversal of reserve for promotion of social welfare project							(12)			12		
Reversal of reserve for business infrastructure								(449)		449		
Reversal of reserve for reduction entry of real estate									(4)	4		
Reversal of land revaluation differences										6	6	6
Net changes, excluding funds, reserves and surplus												
Net changes in the fiscal year	(374)	374	—	3	(149)	—	1	(449)	(4)	(128)	(726)	(726)
Ending balance	748	6,590	3	100	524	222	5	74	187	1,248	2,364	9,707

	Unrealized gains (losses), revaluation reserve and adjustments				
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total unrealized gains (losses), revaluation reserve and adjustments	Total net assets
Beginning balance	20,251	35	912	21,200	31,633
Changes in the fiscal year					
Additions to policyholders' dividend reserves					(1,134)
Additions to reserve for future losses					
Additions to reserve for redemption of foundation funds					374
Payment of interest on foundation funds					(3)
Net surplus					779
Redemption of foundation funds					(374)
Additions to reserve for fund redemption					
Reversal of reserve for fund redemption					(374)
Additions to reserve for promotion of social welfare project					
Reversal of reserve for promotion of social welfare project					
Reversal of reserve for business infrastructure					
Reversal of reserve for reduction entry of real estate					
Reversal of land revaluation differences					6
Net changes, excluding funds, reserves and surplus	(2,876)	(245)	(2)	(3,124)	(3,124)
Net changes in the fiscal year	(2,876)	(245)	(2)	(3,124)	(3,850)
Ending balance	17,375	(209)	910	18,075	27,783

Meiji Yasuda Life Insurance Company
Non-consolidated Proposed Appropriation of Surplus

Years ended March 31	Millions of Yen 2022	Millions of Yen 2023	Millions of U.S. Dollars 2023
Unappropriated surplus	**¥ 183,807**	**¥ 166,680**	**$ 1,248**
Reversal of voluntary surplus reserves:	**542**	**522**	**3**
Reversal of reserve for reduction entry of real estate	542	522	3
Total	**184,350**	**167,203**	**1,252**
Appropriation of surplus	**184,350**	**167,203**	**1,252**
Provision for policyholders' dividend reserves	151,453	144,240	1,080
Net surplus	32,896	22,962	171
Reserve for future losses	456	434	3
Interest on foundation funds	477	302	2
Voluntary surplus reserves:	31,963	22,225	166
Reserve for fund redemption	30,000	20,000	149
Reserve for promotion of social welfare project	1,963	2,225	16

Meiji Yasuda Life Insurance Company
Notes to the Non-consolidated Financial Statements

I. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, "the Company") has prepared the accompanying non-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. In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-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 non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2023, which was ¥133.53 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.

II. Summary of Significant Accounting Policies

(1) Securities

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

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

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

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

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

e. Available-for-sale securities
As for securities of which market value is available, stocks are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the non-consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

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

In addition, some sub-groups assigned for individual life insurance, individual annuities and group pensions have been abolished in the fiscal year ended March 31, 2023 as the need for risk management using policy-reserve-matching bonds is now considered highly unlikely.

The impact of this change on the non-consolidated balance sheets and the non-consolidated statements of income is immaterial.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

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

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

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

(6) Software

Capitalized software for internal use owned by the Company (included in intangible fixed assets in the non-consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives.

(7) Allowance for possible loan losses

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

For loans to borrowers that are legally bankrupt (hereafter, “bankrupt borrowers”) and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, “substantially bankrupt borrowers”), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral 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 collateral 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 collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2022 and 2023 amounted to ¥3 million and ¥16 million (U.S. $0 million), respectively.

(8) Accrued retirement benefits

Accrued retirement benefits of the Company are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2022 and 2023 were as follows:

Years ended March 31	2022	2023
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

No accrued retirement benefits were recognized on the liabilities due to plan assets in excess of the retirement benefit obligations as of March 31, 2022 and 2023.

(9) Reserve for price fluctuation

Reserve for price fluctuation of the Company is calculated pursuant to Article 115 of the “Insurance Business Act”.

(10) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition.

(11) Method of hedge accounting

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, "Accounting Standard for Financial Instruments". These methods consist primarily of:

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

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

(12) 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 other assets and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act".

(13) Accounting for retirement benefits

In the non-consolidated financial statements, methods used in accounting for unrecognized actuarial differences and unrecognized past service costs associated with retirement benefits are different from methods used in accounting for these items in the consolidated financial statements.

(14) Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the non-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.

(15) Policy reserves

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

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

a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).

b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

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

・The policy reserves set aside in the fiscal year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995.

・The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

・The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

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

(16) Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter “IBNR claims”). For the fiscal year ended March 31, 2022, reserve for IBNR claims is stated in the amount calculated by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as “IBNR Notification”) in 1998. For the fiscal year ended March 31, 2023, the amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification, due to a change in the conditions applied to policyholders eligible for hospitalization benefits for “quasi hospitalization,” which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as “quasi hospitalization”) during the fiscal year ended March 31, 2023. Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)

The Company first deducts the amount pertaining to quasi hospitalization for policyholders other than policyholders categorized at high risk of serious symptoms (hereinafter “four categories”) from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

The amount pertaining to quasi hospitalization for policyholders classified into the four categories used to estimate the amounts of payments pertaining to quasi hospitalization for policyholders other than policyholders classified into the four categories diagnosed on or before September 25, 2022 was estimated by multiplying the ratio of the accumulated amount of claims paid for quasi hospitalization for those aged 65 years or older (one of the four categories), to the accumulated amount of claims paid for quasi hospitalization for all four categories diagnosed on or after September 26, 2022 by the amount pertaining to quasi hospitalization for those aged 65 years or older diagnosed on or before September 25, 2022.

(17) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

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

Also, premiums which corresponds to the period that is not expired at the end of the fiscal year, are set aside in the policy reserves in accordance with Article 116 of the “Insurance Business Act”, and Article 69, Paragraph 1, Item 2 of the “Ordinance for Enforcement of the Insurance Business Act”.

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

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

(18) Policy acquisition costs

Policy acquisition costs are expensed when incurred.

(19) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

Impairment on stocks of subsidiaries and affiliates

(i) Amount recorded in the non-consolidated financial statements at the end of the fiscal year
The amounts of ¥869,736 million and ¥957,933 million (U.S. $7,173 million) of equity securities issued by subsidiaries and affiliates are recorded in Securities of the non-consolidated balance sheets at the end of the fiscal years ended March 31, 2022 and 2023, respectively.

(ii) Other information that contributes to the understanding of users of non-consolidated financial statements about the contents of accounting estimates
Equity securities issued by subsidiaries and affiliates is tested for impairment based on the actual value. The actual value is, in principle, determined based on the net asset value at the end of the fiscal year. However, if

necessary, the value calculated with key assumptions such as the future cash flows is used as the actual value.

Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates on the non-consolidated financial statements of the next fiscal year.

In addition, in the fiscal years ended March 31, 2022 and 2023, the Company recorded impairment on stocks of subsidiaries and affiliates totaling ¥16,257 million and ¥1,602 million (U.S. $12 million), respectively, as part of extraordinary losses due to a considerable decline in the actual value of equity securities issued by some affiliates, whose financial position has deteriorated or whose ability to generate future cash flows has declined with no likelihood of recovery. The amount of this loss is based on the difference between the acquisition cost of each equity security and its actual value.

(Changes in accounting policies)

(For the year ended March 31, 2022)
The Company adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30: July 4, 2019) and other relevant standards at the beginning of the fiscal year ended March 31, 2022.

In accordance with the transitional treatments set forth in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10), the Company adopts new accounting policies prescribed in the “Accounting Standard for Fair Value Measurement” and other relevant standards for the reporting of its current and future financial results, prospectively.

Accordingly, the valuation of stocks included in available-for-sale securities with fair value, is conducted using the fair value method based on closing market prices at the end of the fiscal year, whereas these stocks were valued at the average of the market price during the final month of each fiscal year.

Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the “Accounting Standard for Fair Value Measurement.”

(For the year ended March 31, 2023)
The Company adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31: June 17, 2021; hereinafter the “Implementation Guidance”) at the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatments set forth in Paragraph 27-2 of the Implementation Guidance, the Company adopts new accounting policies prescribed in this Implementation Guidance for the reporting of its current and future financial results, prospectively.

Accordingly, the Company has changed accounting methods for some investment trusts which had been classified as securities of which fair value is extremely difficult to determine and whose balance sheet amount had been accounted for based on acquisition costs. The balance sheet amount of these instruments is now recorded at fair value. Moreover, the Company began to disclose fair value hierarchy in line with the adoption of the Implementation Guidance.

In accordance with Paragraph 27-3 of the Implementation Guidance, notes on investment trusts as part of the fair value hierarchy of financial instruments in "VI. Financial Instruments” for the previous fiscal year have been omitted.

Meiji Yasuda Life Insurance Company
Notes to the Non-consolidated Financial Statements

III. Notes to Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,744,290 million and ¥4,929,389 million (U.S. $36,915 million) as of March 31, 2022 and 2023, respectively.

*2. Securities Sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥236,593 million and ¥339,705 million (U.S. $2,544 million) as of March 31, 2022 and 2023, respectively.

*3. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥163 million and ¥60,173 million (U.S. $450 million) as of March 31, 2022 and 2023, respectively.

4. Receivable from and Payable to Subsidiaries and Affiliates

The total amounts receivable from and payable to subsidiaries and affiliates as of March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2022**	**2023**	**2023**
Receivable	¥ 12,003	¥ 60,506	$ 453
Payable	4,096	5,501	41

*5. Equity Securities issued by Subsidiaries and Affiliates

The total amounts of equity securities issued by subsidiaries and affiliates were ¥869,736 million and ¥957,933 million (U.S. $7,173 million) as of March 31, 2022 and 2023, respectively.

*6. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥22,382 million and ¥22,845 million (U.S. $171 million) as of March 31, 2022 and 2023, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥374 million and ¥420 million (U.S. $3 million) as of March 31, 2022 and 2023, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the non-consolidated balance sheet as of March 31, 2022 and 2023 were ¥3 million and ¥16 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi-bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through fillings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥11,102 million and ¥12,508 million (U.S. $93 million) as of March 31, 2022 and 2023, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower’s deteriorated financial status and/or business performance even though the borrower has yet to enter the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

There were no loans in arrears for three months or longer as of March 31, 2022 and 2023.

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. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥10,905 million and ¥9,916 million (U.S. $74 million) as of March 31, 2022 and 2023, 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 bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*7. Loan Commitments

The amounts of loan commitments outstanding were ¥28,413 million and ¥73,215 million (U.S. $ 548 million) as of March 31, 2022 and 2023, respectively.

*8. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥456,602 million and ¥460,960 million (U.S. $3,452 million) as of March 31, 2022 and 2023, respectively.

*9. Policyholders’ Dividend Reserves

Changes in policyholders’ dividend reserves for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 260,030	¥ 281,323	$ 2,106
Transfer from surplus in the previous fiscal year	178,633	151,453	1,134
Dividend payments to policyholders during the fiscal year	(157,424)	(144,508)	(1,082)
Interest accrued during the fiscal year	83	71	0
Balance at the end of the fiscal year	281,323	288,339	2,159

*10. Subordinated Bonds

As of March 31, 2022 and 2023, bonds payable in liabilities are subordinated bonds and foreign currency-denominated subordinated bonds, respectively, and the repayments of which are subordinated to other obligations.

*11. Subordinated Borrowings

As of March 31, 2022 and 2023, borrowings in liabilities consist of subordinated borrowings, and the repayments of which are subordinated to other obligations.

12. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥707,095 million and ¥589,743 million (U.S. $4,416 million) as of March 31, 2022 and 2023, respectively. The amounts of separate account liabilities were the same as these figures.

13. Net Assets Stipulated by the "Ordinance for Enforcement of the Insurance Business Act"

The amounts of net assets pursuant to Article 30, Paragraph 2 of the "Ordinance for Enforcement of the Insurance Business Act" were ¥2,831,328 million and ¥2,414,131 million (U.S. $18,079 million) as of March 31, 2022 and 2023, respectively.

14. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amounts of ¥45,414 million and nil as of March 31, 2022 and 2023, respectively, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

*15. 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 non-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 non-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.

16. Leased Assets

The Company holds some leased assets, such as computers and other equipment, in addition to the tangible and intangible fixed assets in the non-consolidated balance sheets.

*17. Reinsurance

As of March 31, 2022 and 2023, the amounts of reinsurance recoverable on reserve for outstanding claims, which is applied mutatis mutandis to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" pursuant to Article 73, Paragraph 3 of the ordinance (hereafter, "reinsurance recoverable on reserve for outstanding claims"), were ¥19 million and ¥23 million (U.S. $0 million), respectively.

As of March 31, 2022 and 2023, the amounts of reinsurance recoverable on policy reserves pursuant to Article 71, Paragraph 1 of the "Ordinance for Enforcement of the Insurance Business Act" (hereafter, "reinsurance recoverable on policy reserves") were ¥18,826 million and ¥13,458 million (U.S. $100 million), respectively.

IV. Notes to Statements of Income

1. Transactions with Subsidiaries and Affiliates

The total amounts of income and expenses resulting from transactions with subsidiaries and affiliates for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Total income	¥ 26,326	¥ 27,380	$ 205
Total expenses	40,121	42,707	319

*2. Investment Income and Expenses

Major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Domestic bonds including national government bonds	¥ 1,585	¥ 22,532	$ 168
Domestic stocks	87,339	55,499	415
Foreign securities	22,258	263,819	1,975

Major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Domestic bonds including national government bonds	¥ 16,714	¥ 133	$ 1
Domestic stocks	12,311	2,126	15
Foreign securities	36,689	56,912	426

Major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Domestic stocks	¥ 3,545	¥ 4,536	$ 33

Losses on derivative financial instruments included net valuation gain of ¥143,003 million and ¥376,689 million (U.S. $2,821 million) for the years ended March 31, 2022 and 2023, respectively.

*3. Policy Reserves for Ceded Reinsurance

The amounts of provision for (reversal of) reinsurance recoverable on reserve for outstanding claims and reinsurance recoverable on policy reserves, which are deducted (added) in calculating provision for (reversal of) reserve for outstanding claims and policy reserves, for the years ended March 31, 2022 and 2023 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Provision for (reversal of) reinsurance recoverable on outstanding claims	¥ 1	¥ 3	$ 0
Provision for (reversal of) reinsurance recoverable on policy reserves	826	(5,367)	(40)

*4. Impairment of Fixed Assets

The details of the impairment losses on fixed assets 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, 2022 and 2023, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the non-consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2022

Asset group	Number of properties impaired	Land	Buildings	Other intangible fixed assets	Total
					Millions of Yen
Real estate for non-insurance business	0	¥ –	¥ –	¥ –	¥ –
Idle assets	8	310	194	3	507
Total	8	310	194	3	507

For the year ended March 31, 2023

Asset group	Number of properties impaired	Land	Buildings	Total
				Millions of Yen
Real estate for non-insurance business	0	¥ –	¥ –	¥ –
Idle assets	5	255	309	565
Total	5	255	309	565

For the year ended March 31, 2023

Asset group	Land	Buildings	Total
			Millions of U.S. Dollars
Real estate for non-insurance business	$ –	$ –	$ –
Idle assets	1	2	4
Total	1	2	4

(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 1.82% and 1.73% for the years ended March 31, 2022 and 2023, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

Meiji Yasuda Life Insurance Company
Notes to the Non-consolidated Financial Statements

V. Notes to Statements of Changes in Net Assets

1. Foundation Funds

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

Having redeemed foundation funds totaling ¥100,000 million and ¥50,000 million (U.S. $374 million) in the fiscal years ended March 31, 2022 and 2023, respectively, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the “Insurance Business Act.”

VI. Financial Instruments

1. Qualitative information on financial instruments

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

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

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:

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

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

Foreign currency denominated bonds payable are exposed to exchange rate fluctuation risk.

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

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

To manage price fluctuation risk and other market risks, 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 risk management verification committee and, on important matters reported directly to the Board of Directors and Committees.

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

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

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

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

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the non-consolidated balance sheets at the end of the fiscal years ended March 31, 2022 and 2023, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to short-term nature of their contracts.

As of March 31	Millions of Yen		
	2022		
	Balance sheet amount	Fair value	Difference
Deposits	¥ 12,998	¥ 12,998	¥ —
Available-for-sale securities (CDs)	12,998	12,998	—
Monetary claims bought	182,781	191,256	8,475
Held-to-maturity debt securities	175,607	184,082	8,475
Available-for-sale securities	7,173	7,173	—
Money held in trust	157,609	157,609	—
Trading securities	4,608	4,608	—
Available-for-sale securities	153,000	153,000	—
Securities	36,123,020	37,436,007	1,312,986
Trading securities	603,904	603,904	—
Held-to-maturity debt securities	3,516,872	4,041,503	524,630
Policy-reserve-matching bonds	12,578,485	13,366,841	788,355
Available-for-sale securities	19,423,758	19,423,758	—
Loans	3,933,668	4,058,304	124,635
Policy loans	191,312	191,312	—
Industrial and consumer loans	3,742,356	3,866,991	124,635
Allowance for possible loan losses (*1)	(9,167)	—	—
	3,924,501	4,058,304	133,803
Bonds payable	640,735	655,629	14,894
Borrowings	200,000	197,260	(2,740)
Derivative financial instruments (*2)	(450,013)	(450,013)	—
Hedge accounting is not applied	(89,490)	(89,490)	—
Hedge accounting is applied	(360,523)	(360,523)	—

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.
(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.
(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31: July 4, 2019), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the non-consolidated balance sheets, was ¥910,127 million as of March 31, 2022. Of this, the amount of stocks of subsidiaries and affiliates was ¥869,736 million. The amount of investments in capital partnerships reported in the non-consolidated balance sheets totaled ¥15,079 million as of March 31, 2022.

Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships were ¥17,798 million for the year ended March 31, 2022.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 11,999	¥ 11,999	¥ —	$ 89	$ 89	$ —
Available-for-sale securities (CDs)	11,999	11,999	—	89	89	—
Monetary claims bought	171,153	175,564	4,410	1,281	1,314	33
Held-to-maturity debt securities	165,258	169,668	4,410	1,237	1,270	33
Available-for-sale securities	5,895	5,895	—	44	44	—
Money held in trust	119,533	119,533	—	895	895	—
Trading securities	4,544	4,544	—	34	34	—
Available-for-sale securities	114,988	114,988	—	861	861	—
Securities	36,125,159	36,587,541	462,381	270,539	274,002	3,462
Trading securities	461,933	461,933	—	3,459	3,459	—
Held-to-maturity debt securities	3,320,294	3,716,928	396,634	24,865	27,835	2,970
Policy-reserve-matching bonds	13,838,014	13,906,096	68,081	103,632	104,142	509
Stocks of subsidiaries and affiliates	98,991	96,657	(2,333)	741	723	(17)
Available-for-sale securities	18,405,926	18,405,926	—	137,841	137,841	—
Loans	3,897,333	3,954,672	57,338	29,186	29,616	429
Policy loans	175,665	175,665	—	1,315	1,315	—
Industrial and consumer loans	3,721,667	3,779,006	57,338	27,871	28,300	429
Allowance for possible loan losses (*1)	(10,292)	—	—	(77)	—	—
	3,887,041	3,954,672	67,630	29,109	29,616	506
Bonds payable	640,735	632,941	(7,793)	4,798	4,740	(58)
Borrowings	271,600	252,096	(19,503)	2,033	1,887	(146)
Derivative financial instruments (*2)	(90,887)	(90,887)	—	(680)	(680)	—
Hedge accounting is not applied	(24,914)	(24,914)	—	(186)	(186)	—
Hedge accounting is applied	(65,973)	(65,973)	—	(494)	(494)	—

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

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

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19: March 31, 2020) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31:June 17, 2021), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the non-consolidated balance sheets, was ¥894,593 million (U.S. $6,699 million) as of March 31, 2023. Of this, the amount of stocks of subsidiaries and affiliates was ¥858,941 million (U.S. $ 6,432 million). The amount of investments in capital partnerships reported in the non-consolidated balance sheets totaled ¥23,646 million (U.S. $177 million) as of March 31, 2023.

Impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships were ¥2,676 million (U.S. $20 million) for the year ended March 31, 2023.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen					
	2022					
	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 (CDs)	¥ 12,998	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	182,781
Loans*	469,069	643,739	703,885	499,596	782,609	636,617
Securities	1,006,231	1,615,586	1,492,586	2,920,707	6,592,326	15,267,880
Held-to-maturity debt securities	175,720	409,276	621,409	249,875	563,843	1,496,745
Policy-reserve-matching bonds	112,780	16,879	80,807	695,584	2,295,505	9,376,927
Available-for-sale securities with maturities	717,730	1,189,430	790,369	1,975,247	3,732,977	4,394,208
Total	1,488,300	2,259,325	2,196,472	3,420,304	7,374,936	16,087,279

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023						2023					
	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 (CDs)	¥ 11,999	¥ —	¥ —	¥ —	¥ —	¥ —	$ 89	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	171,153	—	—	—	—	—	1,281
Loans*	451,385	718,223	575,753	616,785	744,293	606,898	3,380	5,378	4,311	4,619	5,573	4,545
Securities	684,652	1,243,688	2,316,101	3,109,664	6,617,253	14,999,356	5,127	9,313	17,345	23,288	49,556	112,329
Held-to-maturity debt securities	217,271	548,665	451,881	83,913	559,970	1,458,591	1,627	4,108	3,384	628	4,193	10,923
Policy-reserve-matching bonds	3,467	32,933	254,377	1,040,326	2,911,125	9,595,784	25	246	1,905	7,790	21,801	71,862
Available-for-sale securities with maturities	463,912	662,089	1,609,843	1,985,424	3,146,157	3,944,980	3,474	4,958	12,056	14,868	23,561	29,543
Total	1,148,037	1,961,911	2,891,855	3,726,450	7,361,547	15,777,408	8,597	14,692	21,656	27,907	55,130	118,156

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥6,837 million and ¥8,326 million (U.S. $62 million) as of March 31, 2022 and 2023, respectively.
(*) Policy loans are not included because they have no defined maturity dates.

b. Maturity analysis of bonds payable and borrowings

As of March 31	Millions of Yen					
	2022					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Borrowings	—	—	—	—	—	200,000
Total	—	—	—	—	—	840,735

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2023						2023					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735	$ —	$ —	$ —	$ —	$ —	$ 4,798
Borrowings	—	—	—	—	—	271,600	—	—	—	—	—	2,033
Total	—	—	—	—	—	912,335	—	—	—	—	—	6,832

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities

Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1

Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

Millions of Yen

As of March 31	2022			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 12,998	¥ —	¥ 12,998
Monetary claims bought	—	7,173	—	7,173
Available-for-sale securities	—	7,173	—	7,173
Money held in trust	—	157,609	—	157,609
Trading securities	—	4,608	—	4,608
Available-for-sale securities	—	153,000	—	153,000
Securities	8,842,575	7,861,648	156,786	16,861,010
Trading securities	311,546	145,098	—	456,645
National & local government bonds	138,073	—	—	138,073
Corporate bonds	—	75,936	—	75,936
Domestic stocks	59,140	—	—	59,140
Other	114,331	69,162	—	183,493
Available-for-sale securities	8,531,029	7,716,549	156,786	16,404,365
National & local government bonds	2,271,963	121,976	—	2,393,940
Corporate bonds	—	1,618,583	—	1,618,583
Domestic stocks	4,486,044	2,408	—	4,488,452
Other	1,773,021	5,973,581	156,786	7,903,389
Derivative financial instruments	363	54,324	—	54,687
Currency related	—	13,386	—	13,386
Interest rate related	—	40,937	—	40,937
Stock related	363	—	—	363
Bond related	—	—	—	—
Total assets	8,842,938	8,093,753	156,786	17,093,479
Derivative financial instruments	80	504,620	—	504,701
Currency related	—	477,599	—	477,599
Interest rate related	—	27,021	—	27,021
Stock related	80	—	—	80
Bond related	—	—	—	—
Total liabilities	80	504,620	—	504,701

(*) The above table does not include investment trusts subject to transitional treatment in accordance with Paragraph 26 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31: July 4, 2019). The value of such investment trusts, which are recognized as financial assets on the non-consolidated balance sheet, amounts to ¥3,166,652 million as of March 31, 2022.

As of March 31	Millions of Yen 2023				Millions of U.S. Dollars 2023			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 11,999	¥ —	¥ 11,999	$ —	$ 89	$ —	$ 89
Monetary claims bought	—	5,895	—	5,895	—	44	—	44
Available-for-sale securities	—	5,895	—	5,895	—	44	—	44
Money held in trust	—	119,533	—	119,533	—	895	—	895
Trading securities	—	4,544	—	4,544	—	34	—	34
Available-for-sale securities	—	114,988	—	114,988	—	861	—	861
Securities	9,029,554	9,441,612	75,719	18,546,886	67,621	70,707	567	138,896
Trading securities	299,182	160,784	1,965	461,933	2,240	1,204	14	3,459
National & local government bonds	109,129	—	—	109,129	817	—	—	817
Corporate bonds	—	54,701	—	54,701	—	409	—	409
Domestic stocks	102,088	—	—	102,088	764	—	—	764
Other	87,964	106,083	1,965	196,013	658	794	14	1,467
Available-for-sale securities	8,730,372	9,280,827	73,753	18,084,953	65,381	69,503	552	135,437
National & local government bonds	1,765,441	115,961	—	1,881,403	13,221	868	—	14,089
Corporate bonds	—	1,574,267	—	1,574,267	—	11,789	—	11,789
Domestic stocks	4,497,426	2,045	—	4,499,471	33,681	15	—	33,696
Other	2,467,504	7,588,553	73,753	10,129,811	18,479	56,830	552	75,861
Derivative financial instruments	1,504	74,816	—	76,321	11	560	—	571
Currency related	—	45,481	—	45,481	—	340	—	340
Interest rate related	—	29,269	—	29,269	—	219	—	219
Stock related	328	—	—	328	2	—	—	2
Bond related	1,176	65	—	1,241	8	0	—	9
Total assets	9,031,059	9,653,856	75,719	18,760,635	67,633	72,297	567	140,497
Derivative financial instruments	177	167,030	—	167,208	1	1,250	—	1,252
Currency related	—	107,748	—	107,748	—	806	—	806
Interest rate related	—	59,070	—	59,070	—	442	—	442
Stock related	46	—	—	46	0	—	—	0
Bond related	130	211	—	342	0	1	—	2
Total liabilities	177	167,030	—	167,208	1	1,250	—	1,252

(*) In accordance with Paragraph 24-7 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the non-consolidated balance sheets is ¥320,972 million (U.S. $2,403 million). Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

	Millions of Yen	Millions of U.S. Dollars
For the year ended March 31, 2023	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 247,723	$ 1,855
Profit (loss) or net unrealized gains (losses) for the period		
Recognized as net unrealized gains (losses) on available-for-sale securities	2,744	20
Bought, sold and redeemed		
Bought	73,458	550
Sold	(2,954)	(22)
Balance at the end of the fiscal year	320,972	2,403

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the non-consolidated balance sheets was ¥320,972 million (U.S. $2,403 million).

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

Millions of Yen

As of March 31	2022			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 181,774	¥ 2,308	¥ 184,082
Held-to-maturity debt securities	—	181,774	2,308	184,082
Securities	15,760,892	1,644,446	3,004	17,408,344
Held-to-maturity debt securities	3,354,771	683,726	3,004	4,041,503
National & local government bonds	3,354,771	174,058	—	3,528,830
Corporate bonds	—	420,506	—	420,506
Other	—	89,161	3,004	92,166
Policy-reserve-matching bonds	12,406,120	960,720	—	13,366,841
National & local government bonds	12,076,749	—	—	12,076,749
Corporate bonds	—	36,800	—	36,800
Other	329,371	923,919	—	1,253,291
Loans	—	—	4,058,304	4,058,304
Policy loans	—	—	191,312	191,312
Industrial and consumer loans	—	—	3,866,991	3,866,991
Total assets	15,760,892	1,826,221	4,063,617	21,650,731
Bonds payable	—	655,629	—	655,629
Borrowings	—	197,260	—	197,260
Total liabilities	—	852,889	—	852,889

	Millions of Yen				Millions of U.S. Dollars			
As of March 31	2023				2023			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 169,056	¥ 612	¥ 169,668	$ —	$ 1,266	$ 4	$ 1,270
Held-to-maturity debt securities	—	169,056	612	169,668	—	1,266	4	1,270
Securities	15,589,518	2,127,164	2,999	17,719,682	116,749	15,930	22	132,701
Held-to-maturity debt securities	3,094,795	619,133	2,999	3,716,928	23,176	4,636	22	27,835
National & local government bonds	3,094,795	167,952	—	3,262,747	23,176	1,257	—	24,434
Corporate bonds	—	373,489	—	373,489	—	2,797	—	2,797
Other	—	77,691	2,999	80,691	—	581	22	604
Policy-reserve-matching bonds	12,398,065	1,508,031	—	13,906,096	92,848	11,293	—	104,142
National & local government bonds	12,017,358	—	—	12,017,358	89,997	—	—	89,997
Corporate bonds	—	44,057	—	44,057	—	329	—	329
Other	380,706	1,463,973	—	1,844,680	2,851	10,963	—	13,814
Stocks of subsidiaries and affiliates	96,657	—	—	96,657	723	—	—	723
Loans	—	—	3,954,672	3,954,672	—	—	29,616	29,616
Policy loans	—	—	175,665	175,665	—	—	1,315	1,315
Industrial and consumer loans	—	—	3,779,006	3,779,006	—	—	28,300	28,300
Total assets	15,589,518	2,296,220	3,958,284	21,844,023	116,749	17,196	29,643	163,588
Bonds payable	—	632,941	—	632,941	—	4,740	—	4,740
Borrowings	—	252,096	—	252,096	—	1,887	—	1,887
Total liabilities	—	885,037	—	885,037	—	6,628	—	6,628

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

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

Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

For investment trusts without quoted prices, the Company deems their fair value to coincide with the net asset value per unit, provided there are no significant restrictions requiring the compensation of market participants for risks associated with surrender or repurchase. The Company classifies the fair value of these investment trusts into Level 2.

(ii) Derivative financial instruments

With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans.

(iii) Loans

The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3.

The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable

The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of bonds issued by the Company are classified into Level 2.

(v) Borrowings

The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

In the fiscal year ended March 31, 2022, available-for-sale securities classified under monetary claims bought and available-for-sale securities classified under securities included instruments whose fair values are classified into Level 3. In the fiscal year ended March 31, 2023, trading securities and available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

Millions of Yen

For the year ended March 31, 2022	Monetary claims bought	Securities	Total
	Available-for-sale securities	Available-for-sale securities	
		Other	
Balance at the beginning of the fiscal year	¥ 8,721	¥ 162,617	¥ 171,338
Profit (loss) or net unrealized gains (losses)			
Recognized in net unrealized gains (losses) on available-for-sale securities	(1,547)	4,463	2,915
Bought, sold, issued and settled			
Bought	—	36,741	36,741
Sold	—	(32,631)	(32,631)
Transferred from Level 3 fair value (*1)	(7,173)	(14,404)	(21,577)
Balance at the end of the fiscal year	—	156,786	156,786

	Millions of Yen			Millions of U.S. Dollars		
For the year ended March 31, 2023	Securities	Securities	Total	Securities	Securities	Total
	Trading securities	Available-for-sale securities		Trading securities	Available-for-sale securities	
	Other	Other		Other	Other	
Balance at the beginning of the fiscal year	¥ —	¥ 156,786	¥ 156,786	$ —	$ 1,174	$ 1,174
Profit (loss) or net unrealized gains (losses)						
Recognized in losses on trading securities	(34)	—	(34)	(0)	—	(0)
Recognized in net unrealized gains (losses) on available-for-sale securities	—	(7,963)	(7,963)	—	(59)	(59)
Bought, sold, issued and settled						
Bought	2,000	5,374	7,374	14	40	55
Sold	—	(80,444)	(80,444)	—	(602)	(602)
Balance at the end of the fiscal year	1,965	73,753	75,719	14	552	567
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*2)	(34)	—	(34)	(0)	—	(0)

(*1) Indicating transfer from Level 3 fair value to Level 2 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.
(*2) Included in losses on trading securities.

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs

The explanation is omitted because unadjusted quoted prices provided by third parties are used as significant unobservable inputs.

VII. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥(17,083) million and ¥(14,874) million (U.S. $(111) million) for the years ended March 31, 2022 and 2023, respectively.

2. Held-to-maturity debt securities

The amounts reported in the non-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, are shown in the following table. In addition, no held-to-maturity debt securities were sold during the years ended March 31, 2022 and 2023.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2022			2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 3,060,237	¥ 3,528,830	¥ 468,592	¥ 2,906,394	¥ 3,262,747	¥ 356,353	$ 21,765	$ 24,434	$ 2,668
2) Corporate bonds	367,284	420,506	53,221	331,288	369,732	38,444	2,481	2,768	287
3) Others	243,957	255,791	11,833	164,508	172,544	8,035	1,231	1,292	60
Total	3,671,479	4,205,128	533,648	3,402,191	3,805,024	402,833	25,478	28,495	3,016
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	—	—	—	—	—	—	—	—	—
2) Corporate bonds	—	—	—	3,761	3,756	(4)	28	28	(0)
3) Others	21,000	20,457	(542)	79,600	77,815	(1,784)	596	582	(13)
Total	21,000	20,457	(542)	83,361	81,572	(1,788)	624	610	(13)

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

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥477,685 million and ¥308,305 million (U.S. $2,308million) resulting in total gains on sales of ¥13,234 million and ¥38,146 million (U.S. $285 million) for the years ended March 31, 2022 and 2023, respectively. Total losses on sales were ¥17,048 million and ¥100 million (U.S. $0 million) for the years ended March 31, 2022 and 2023, respectively. The carrying amounts in the non-consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2022			2023			2023		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 7,165,711	¥ 8,224,240	¥ 1,058,528	¥ 7,111,410	¥ 7,868,511	¥ 757,100	$ 53,257	$ 58,926	$ 5,669
2) Corporate bonds	13,686	16,322	2,635	11,050	12,853	1,802	82	96	13
3) Others	429,681	439,836	10,154	406,870	415,799	8,928	3,047	3,113	66
Total	7,609,080	8,680,399	1,071,318	7,529,331	8,297,163	767,832	56,386	62,137	5,750
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	4,055,209	3,852,508	(202,700)	4,671,106	4,148,846	(522,260)	34,981	31,070	(3,911)
2) Corporate bonds	21,976	20,477	(1,498)	34,233	31,204	(3,028)	256	233	(22)
3) Others	892,220	813,455	(78,764)	1,603,342	1,428,881	(174,461)	12,007	10,700	(1,306)
Total	4,969,405	4,686,441	(282,963)	6,308,683	5,608,932	(699,750)	47,245	42,005	(5,240)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥1,831,922 million and ¥3,297,154 million (U.S. $24,692 million) resulting in total gains on sales of ¥100,286 million and ¥304,896 million (U.S. $2,283 million) and total losses of ¥48,666 million and ¥59,071 million (U.S. $442 million) for the years ended March 31, 2022 and 2023, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the non-consolidated balance sheets and the respective differences by each type of securities are shown in the following table.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2022			2023			2023		
	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	¥ 1,344,535	¥ 4,299,196	¥ 2,954,661	¥ 1,367,463	¥ 4,341,956	¥ 2,974,493	$ 10,240	$ 32,516	$ 22,275
(2) Bonds	3,317,908	3,572,944	255,036	2,194,095	2,365,620	171,525	16,431	17,716	1,284
1) National & local government bonds	2,094,205	2,282,670	188,464	1,590,523	1,717,439	126,915	11,911	12,861	950
2) Corporate bonds	1,223,702	1,290,274	66,571	603,571	648,181	44,609	4,520	4,854	334
(3) Others	6,246,580	7,089,323	842,742	4,472,469	5,018,164	545,695	33,494	37,580	4,086
Total	10,909,023	14,961,464	4,052,440	8,034,028	11,725,742	3,691,713	60,166	87,813	27,647
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	216,603	189,255	(27,347)	173,764	157,515	(16,249)	1,301	1,179	(121)
(2) Bonds	448,563	439,578	(8,984)	1,137,257	1,090,049	(47,208)	8,516	8,163	(353)
1) National & local government bonds	112,648	111,269	(1,378)	167,278	163,964	(3,314)	1,252	1,227	(24)
2) Corporate bonds	335,914	328,308	(7,605)	969,979	926,085	(43,894)	7,264	6,935	(328)
(3) Others	4,269,985	4,006,632	(263,353)	5,974,304	5,565,503	(408,801)	44,741	41,679	(3,061)
Total	4,935,152	4,635,467	(299,684)	7,285,326	6,813,067	(472,258)	54,559	51,022	(3,536)

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

"Acquisition or amortized costs" in the table above refers to book values after deduction of impairment losses. Impairment losses on available-for-sale securities of which market value is readily available amounted to ¥2,004 million and ¥3,462 million (U.S. $25 million) for the years ended March 31, 2022 and 2023, respectively.

VIII. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31	Millions of Yen 2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 116,300	¥ 116,300	¥ (3,405)	¥ (3,405)
Total				(3,405)

As of March 31	Millions of Yen 2023				Millions of U.S. Dollars 2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 18,600	¥ 18,600	¥ 732	¥ 732	$ 139	$ 139	$ 5	$ 5
Total				732				5

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

(2) Currency-related

				Millions of Yen
As of March 31				2022
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 1,134,865	¥ –	¥ (82,880)	¥ (82,880)
(U.S. dollar)	904,313	–	(73,420)	(73,420)
(Euro)	114,601	–	(3,178)	(3,178)
(Australian dollar)	115,613	–	(6,282)	(6,282)
(Others)	337	–	1	1
Bought	249,356	–	4,373	4,373
(U.S. dollar)	164,709	–	4,400	4,400
(Euro)	35,252	–	(45)	(45)
(Australian dollar)	49,051	–	18	18
(Others)	341	–	(0)	(0)
Currency options				
Sold				
Call	493,358	–		
	[907]		14,900	(13,993)
(U.S. dollar)	493,358	–		
	[907]		14,900	(13,993)
Bought				
Put	444,806	–		
	[907]		77	(830)
(U.S. dollar)	444,806	–		
	[907]		77	(830)
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	93,320	93,320	5,170	5,170
(U.S. dollar)	38,400	38,400	1,792	1,792
Total				(86,367)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 19,940	¥ —	¥ (33)	¥ (33)	$ 149	$ —	$ (0)	$ (0)
(U.S. dollar)	10,764	—	(8)	(8)	80	—	(0)	(0)
(Euro)	6,058	—	(31)	(31)	45	—	(0)	(0)
(Australian dollar)	3,117	—	6	6	23	—	0	0
Bought	150,812	—	(8,625)	(8,625)	1,129	—	(64)	(64)
(U.S. dollar)	145,667	—	(8,645)	(8,645)	1,090	—	(64)	(64)
(Euro)	3,574	—	22	22	26	—	0	0
(Australian dollar)	1,569	—	(3)	(3)	11	—	(0)	(0)
Currency options								
Sold								
Call	1,650,751	—			12,362	—		
	[26,965]		26,614	350	[201]		199	2
(U.S. dollar)	1,514,851	—			11,344	—		
	[26,621]		26,310	310	[199]		197	2
(Euro)	135,900	—			1,017	—		
	[344]		303	40	[2]		2	0
Bought								
Put	1,550,549	—			11,611	—		
	[26,965]		9,015	(17,949)	[201]		67	(134)
(U.S. dollar)	1,437,698	—			10,766	—		
	[26,621]		8,969	(17,651)	[199]		67	(132)
(Euro)	112,851	—			845	—		
	[344]		46	(297)	[2]		0	(2)
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	130,750	130,750	(965)	(965)	979	979	(7)	(7)
(U.S. dollar)	71,930	71,930	396	396	538	538	2	2
Total				(26,827)				(200)

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values.
(*) Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31	Millions of Yen			
	2022			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 1,580	¥ —	¥ (35)	¥ (35)
Bought	4,159	—	201	201
Foreign currency-denominated stock index futures				
Bought	4,117	—	116	116
Total				282

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Sold	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —	$ —
Bought	5,322	—	146	146	39	—	1	1
Foreign currency-denominated stock index futures								
Sold	2,817	—	(43)	(43)	21	—	(0)	(0)
Bought	3,716	—	177	177	27	—	1	1
Total				281				2

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.

(4) Bond-related

No ending balance as of March 31, 2022.

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2023				2023			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Foreign bond futures								
Sold	¥ 4,575	¥ —	¥ (130)	¥ (130)	$ 34	$ —	$ (0)	$ (0)
Bought	50,723	—	1,176	1,176	379	—	8	8
OTC transactions								
OTC bond options								
Sold								
Call	10,000	—	—	—	74	—	—	—
	[153]	—	211	(57)	[1]	—	1	(0)
Bought								
Put	10,000	—	—	—	74	—	—	—
	[169]	—	65	(104)	[1]	—	0	(0)
Total				884				6

(*) Net gains (losses) on foreign bond futures represent the fair values.
(*) Net gains (losses) on OTC bond options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

2. Hedge accounting applied

(1) Interest-rate related

As of March 31				Millions of Yen
				2022
	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	¥ 672,200	¥ 668,900	¥ 17,322
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	3,018	3,018	89
Total				17,411

As of March 31				Millions of Yen			Millions of U.S. Dollars
				2023			2023
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 875,500	¥ 872,300	¥ (30,534)	$ 6,556	$ 6,532	$ (228)
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	2,916	2,916	55	21	21	0
Total				(30,478)			(228)

(*) The fair values of interest rate swaps represent net gains (losses).

(2) Currency-related

As of March 31	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
				Millions of Yen
				2022
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥ 4,558,542	¥ —	¥ (365,831)
(U.S. dollar)		3,225,926	—	(237,894)
(Euro)		213,676	—	(6,309)
(Australian dollar)		1,033,020	—	(115,185)
(Others)		85,918	—	(6,441)
Deferred hedge accounting				
Cross currency swaps				
Receipts yen, payments foreign currency	Foreign-currency-denominated bonds			
(U.S. dollar)		81,785	76,594	(8,811)
(Euro)		35,575	35,575	(2,543)
(Australian dollar)		12,404	12,404	(658)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross Currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)
Total				(377,845)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2023			2023		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥ 3,916,592	¥ —	¥ (21,036)	$ 29,331	$ —	$ (157)
(U.S. dollar)		2,972,665	—	(23,342)	22,262	—	(174)
(Euro)		271,655	—	(6,396)	2,034	—	(47)
(Australian dollar)		633,474	—	8,963	4,744	—	67
(Others)		38,796	—	(261)	290	—	(1)
Deferred hedge accounting							
Cross currency swaps							
Receipts yen, payments foreign currency	Foreign-currency-denominated bonds						
(U.S. dollar)		76,594	76,594	(12,494)	573	573	(93)
(Euro)		35,575	35,575	(1,793)	266	266	(13)
(Australian dollar)		12,404	12,404	(114)	92	92	(0)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross Currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)	2,589	2,589	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	131,049	131,049	(*)	981	981	(*)
Total				(35,438)			(265)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

IX. 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.

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 253,872	¥ 237,599	$ 1,779
Service costs	8,594	9,409	70
Interest cost on retirement benefit obligations	2,168	2,138	16
Actuarial losses (gains) recognized	2,670	993	7
Benefits paid	(16,724)	(15,673)	(117)
Past service costs	(12,981)	—	—
Balance at the end of the fiscal year	237,599	234,467	1,755

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Balance at the beginning of the fiscal year	¥ 379,540	¥ 412,616	$ 3,090
Expected return on plan assets	3,505	3,578	26
Actuarial gains (losses) recognized	38,989	24,776	185
Contributions by employer	2,264	2,315	17
Benefits paid	(11,683)	(10,650)	(79)
Balance at the end of the fiscal year	412,616	432,636	3,239

(3) The amount of the retirement benefit obligations and the plan assets, and the amount of the accrued retirement benefits and the prepaid pension cost recognized in the non-consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2022**	**2023**	**2023**
Present value of funded retirement benefit obligations	¥ 236,869	¥ 233,776	$ 1,750
Plan assets at fair value	(412,616)	(432,636)	(3,239)
Net present value of funded retirement benefit obligations	(175,746)	(198,859)	(1,489)
Present value of non-funded retirement benefit obligations	729	690	5
Unrecognized actuarial losses (gains)	50,054	64,145	480
Unrecognized past service costs	19,449	16,761	125
Accrued retirement benefits (Prepaid pension cost)	(105,512)	(117,262)	(878)

(4) The amounts recognized in retirement benefit expenses in the statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2022**	**2023**	**2023**
Service costs	¥ 8,594	¥ 9,409	$ 70
Interest cost on retirement benefit obligations	2,168	2,138	16
Expected return on plan assets	(3,505)	(3,578)	(26)
Amortization of net actuarial losses (gains)	(8,460)	(9,692)	(72)
Amortization of net past service costs	(2,688)	(2,688)	(20)
Retirement benefit expenses	(3,892)	(4,411)	(33)

(5) Plan assets

Plan assets as of March 31, 2022 and 2023 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2022**	**2023**
Debt securities	6.4%	5.2%
Stocks	41.5%	44.4%
General account of life insurance companies	23.6%	22.7%
Jointly invested assets	17.8%	16.4%
Investment trusts	4.2%	—
Cash and deposits	2.0%	2.5%
Others	4.5%	8.8%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The amounts of the retirement benefit trusts were 56.6% and 58.9% of total plan assets as of March 31, 2022 and 2023, respectively.

(6) 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.

(7) Assumptions used in calculation

Assumptions used in accounting for the defined benefit plans for the years ended March 31, 2022 and 2023 were as follows:

Years ended March 31	2022	2023
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%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥1,134 million and ¥1,194 million (U.S. $8 million) for the years ended March 31, 2022 and 2023, respectively.

X. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2022	2023	2023
Deferred tax assets	¥ 859,309	¥ 905,457	$ 6,780
Valuation allowance for deferred tax assets	(10,807)	(6,194)	(46)
Deferred tax liabilities	(1,089,934)	(899,658)	(6,737)

2. Major components of deferred tax assets/liabilities

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

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2022	2023	2023
Deferred tax assets			
Policy reserves and other reserves	¥ 527,035	¥ 523,283	$ 3,918
Reserve for price fluctuation	243,076	299,823	2,245
Deferred tax liabilities			
Net unrealized gains (losses) on available-for-sale securities	1,015,518	863,728	6,468

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2022 and 2023, 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	2022
Policyholders' dividend reserves	(20.63) %

Years ended March 31	2023
Policyholders' dividend reserves	(52.76) %
Increase/decrease in valuation allowance for deferred tax assets	(6.14) %
Permanent differences such as dividends received from overseas subsidiaries	(5.30) %

XI. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥608,568 million and ¥608,550 million (U.S. $4,557 million), and their fair values were ¥931,370 million and ¥955,183 million (U.S. $7,153 million) as of March 31, 2022 and 2023, respectively. The Company owns office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

XII. Subsequent Events

1. Redemption of foundation funds

The Company decided to redeem foundation funds totaling ¥50,000 million (U.S. $374 million) on September 20, 2023 and transfer reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the "Insurance Business Act."

2. Appropriation of surplus

The proposed appropriation of surplus of the Company for the year ended March 31, 2023 was approved as planned at the annual meeting of the representatives of policyholders held on July 4, 2023.

INDEX TO UNAUDITED QUARTERLY FINANCIAL STATEMENTS

1. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024
ASSETS:		
Cash and deposits	903,727	862,707
Call loans	220,000	170,000
Monetary claims bought	160,302	157,976
Money held in trust	143,117	131,693
Securities	43,166,464	44,194,927
Loans	5,368,752	5,489,846
Tangible fixed assets	936,164	939,244
Intangible fixed assets	516,548	617,881
Due from agents	1,493	989
Reinsurance receivables	201,949	233,000
Other assets	826,747	884,487
Net defined benefit assets	403,432	405,488
Deferred tax assets	6,159	8,336
Customers' liabilities under acceptances and guarantees	5,063	4,791
Allowance for possible loan losses	(9,511)	(9,477)
Total assets	52,850,412	54,091,891

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024
LIABILITIES:		
Policy reserves and other reserves	39,463,472	40,285,664
Reserve for outstanding claims	991,828	1,128,118
Policy reserves	38,182,098	38,769,425
Policyholders' dividend reserves	289,545	388,120
Due to agents	8,053	10,463
Reinsurance payables	74,833	106,157
Bonds payable	640,735	640,735
Other liabilities	4,896,162	5,137,337
Net defined benefit liabilities	8,500	8,971
Reserve for price fluctuation	1,130,468	1,136,157
Deferred tax liabilities	762,784	820,713
Deferred tax liabilities for land revaluation	77,509	77,402
Acceptances and guarantees	5,063	4,791
Total liabilities	47,067,583	48,228,395
NET ASSETS:		
Foundation funds	50,000	50,000
Reserve for redemption of foundation funds	930,000	930,000
Reserve for revaluation	452	452
Surplus	250,733	130,287
Total funds, reserve and surplus	1,231,186	1,110,740
Net unrealized gains (losses) on available-for-sale securities	4,174,889	4,336,636
Deferred unrealized gains (losses) on derivatives under hedge accounting	(67,728)	(91,906)
Land revaluation differences	124,222	124,232
Foreign currency translation adjustments	146,673	213,553
Remeasurements of defined benefit plans	171,714	167,568
Net unrealized gains (losses) on policy reserves and other reserves of overseas subsidiaries	1,871	2,671
Total accumulated other comprehensive income	4,551,643	4,752,756
Total net assets	5,782,829	5,863,496
Total liabilities and net assets	52,850,412	54,091,891

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended Jun. 30	
	2023	2024
ORDINARY INCOME:	1,377,639	1,504,933
Insurance premiums and other	771,460	886,427
Investment income	576,408	584,049
Interest, dividends and other income	270,688	298,807
Gains on money held in trust	466	72
Gains on trading securities	23	—
Gains on sales of securities	57,733	81,271
Investment gains on separate accounts	32,916	11,415
Other ordinary income	29,770	34,457
ORDINARY EXPENSES:	1,330,037	1,462,781
Benefits and other payments	749,273	958,387
Claims paid	210,314	223,127
Annuity payments	160,837	158,557
Benefit payments	167,195	184,015
Surrender benefits	185,199	296,948
Provision for policy reserves and other reserves	169,103	37,025
Provision for policy reserves	169,091	37,016
Provision for interest on policyholders' dividend reserves	11	9
Investment expenses	223,718	232,216
Interest expenses	23,331	33,063
Losses on sales of securities	16,886	26,090
Losses on valuation of securities	287	1,714
Operating expenses	148,335	168,811
Other ordinary expenses	39,606	66,339
Ordinary profit	47,601	42,152
Extraordinary losses	9,097	8,983
Losses on disposals of fixed assets	1,480	2,580
Impairment losses	737	—
Losses on sales of stocks of subsidiaries and affiliates	1,109	—
Provision for reserve for price fluctuation	5,295	5,593
Contributions for promotion of social welfare project	436	810
Other extraordinary losses	38	—
Surplus before income taxes and non-controlling interests	38,503	33,169
Income taxes	2,956	2,502
Current	556	(1,048)
Deferred	2,400	3,550
Net surplus	35,547	30,667
Net surplus attributable to non-controlling interests	11	—
Net surplus attributable to the Parent Company	35,535	30,667

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended Jun. 30	
	2023	2024
Net surplus	35,547	30,667
Other comprehensive income (loss)	825,864	201,103
Net unrealized gains (losses) on available-for-sale securities	825,744	159,282
Deferred unrealized gains (losses) on derivatives under hedge accounting	(5,693)	(24,664)
Foreign currency translation adjustments	1,180	62,149
Remeasurements of defined benefit plans	(2,130)	(4,146)
Share of other comprehensive income (loss) of associates accounted for under the equity method	6,764	8,482
Comprehensive income (loss)	861,411	231,770
Comprehensive income (loss) attributable to the Parent Company	861,400	231,770
Comprehensive income (loss) attributable to non-controlling interests	11	—

4. Notes to the Unaudited Consolidated Financial Statements

Basis for preparing unaudited consolidated financial statements

1. Consolidated subsidiaries
(1) Change of scope of consolidated subsidiaries
Anthem Life Insurance Company, Anthem Life & Disability Insurance Company and Greater Georgia Life Insurance Company are newly included in the scope of consolidated subsidiaries as of June 30, 2024.

(2) The number of consolidated subsidiaries changed to 21.

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2024

1. Specific accounting treatment for the preparation of the quarterly financial statements

(1) The proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2024 approved at the annual meeting of the representatives of policyholders held on July 2, 2024 is reflected in the consolidated balance sheet as of June 30, 2024.

(2) Income taxes of the Company are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to surplus before income taxes and non-controlling interests for the three months ended June 30, 2024. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2024, after taking into account the effect of deferred tax accounting. However, if the results calculated by applying the effective tax rate are significantly unreasonable, income taxes of the Company are calculated by applying the statutory tax rate.
Therefore, income taxes-deferred of the Company for the three months ended June 30, 2024 are included in the income taxes-current in the consolidated statements of income.

2. Policy reserves
The policy reserves of the Company which are additionally set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act" include the following:
- The policy reserves set aside in the fiscal year ended March 31, 2015 for single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).
- The policy reserves set aside in the fiscal years ended March 31, 2015 and 2024 for variable life insurance contracts.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on each country's accounting standard, such as U.S. generally accepted accounting principles.

3. Reserve for Incurred But Not Reported (IBNR) Claims
Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter "IBNR claims"). For the three months ended June 30, 2024, the amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification, due to the termination of special measures of paying hospitalization benefits for "quasi hospitalization," which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as "quasi hospitalization") on May 8, 2023. Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

4. Policyholders' Dividend Reserves
Changes in policyholders' dividend reserves for the three months ended June 30, 2024 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥289,545
Transfer from surplus in the previous fiscal year	150,958
Dividend payments to policyholders during the period	(52,392)
Interest accrued during the period	9
Balance at the end of the period	¥388,120

5. Redemption of Foundation Funds
The Company redeemed foundation funds on July 30, 2024 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥50,000 million.

6. Securities Lending
Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥6,176,531 million as of June 30, 2024.

7. Securities sold under repurchase agreements
Securities sold under repurchase agreements amounted to ¥265,013 million as of June 30, 2024.

8. Subordinated Bonds
As of June 30, 2024, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

9. Subordinated Borrowing
As of June 30, 2024, other liabilities in liabilities included subordinated borrowing of ¥271,600 million, and the repayments of which are subordinated to other obligations.

10. Business combination
StanCorp Financial Group, Inc. (hereinafter, "StanCorp"), a consolidated subsidiary of the Company, acquired all shares issued by three subsidiaries of Elevance Health, Inc. on April 1, 2024. These acquired companies are engaged in group insurance business. StanCorp also signed an agreement with Elevance Health, Inc. to form a sales alliance leveraging customer bases possessed by both companies.

StanCorp recognizes this acquisition of shares as a business acquisition in accordance with Topic 805 "Business Combinations" announced by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Details follow.

(1) Overview of business combination
i) Name of the acquired companies and the content of the acquired business

Name of the acquired companies	Anthem Life Insurance Company Anthem Life & Disability Insurance Company Greater Georgia Life Insurance Company
Content of the acquired business	Group insurance business

ii) Main reasons for the business combination
This business combination was aimed at enabling StanCorp to achieve further growth in the group insurance business through the strengthening of its customer base, the streamlining of its operations and other positive effects afforded by the acquisition.

iii) Date of the business combination
April 1, 2024

iv) Legal form of the business combination
Acquisition of shares

v) Name of acquired companies after the business combination
Anthem Life Insurance Company
Anthem Life & Disability Insurance Company
Greater Georgia Life Insurance Company

vi) Voting rights acquired
100%

vii) Main reason for determining the controlling company
Having acquired majority stakes in the acquired companies, StanCorp, a consolidated subsidiary of the Company, has a full control of their decision-making bodies.

(2) Period for which the operating results of the acquired business were included in the consolidated financial statements
As the Company used the acquiree's balance sheet as of the date of business combination, the operating results of the acquired business are not included in the consolidated financial statements.

(3) Acquisition costs of the acquired businesses and their breakdown
Consideration for the acquisition: U.S. $576 million
Acquisition costs: U.S. $576 million
In addition, the consideration for the sales alliance agreement will amount to U.S. $220 million.
Note: The above amounts are not finalized and based on estimates.

(4) Main component of acquisition-related expenses and their amount
Advisory fees and others: U.S. $23 million

(5) Amount of assets received and liabilities assumed at the date of business combination and their breakdown

Total assets:	U.S. $ 1,324 million
Securities:	U.S. $570 million
Total liabilities:	U.S. $748 million
Policy reserves and other reserves:	U.S. $566 million

Note: The above amounts are not finalized and based on estimates.

(6) Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
i) Amount of goodwill recorded
U.S. $268 million
Note: The above amount is not finalized and based on an estimate.
ii) Reasons for recording goodwill
Goodwill is recognized based on the expected profitability in excess of fair value as a result of strengthening the customer base and streamlining operations in StanCorp's group insurance business.
iii) Amortization method and period
Straight-line method: 10 years

(7) Amount of assets allocated to other intangible fixed assets other than goodwill, their breakdown by primary type, and weighted average amortization periods for the entirety of these assets and each primary type

Primary type	Amount	Amortization period
Value of Business Acquired (VOBA)	U.S. $61million	1 year

Note: The above amount is not finalized and based on an estimate.

In addition, the price of the sales alliance agreement and its weighted average amortization period are as follows.

Primary type	Amount	Amortization period
Value of new policies to be obtained via the sales alliance agreement	U.S. $220 million	20 years

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2024

1. Depreciation of Fixed Assets and Amortization of Goodwill
   The total amount of depreciation of tangible fixed assets and amortization of goodwill were ¥16,125 million and ¥5,414 million respectively for the three months ended June 30, 2024.

1. Unaudited Non-consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024
ASSETS:		
Cash and deposits	701,735	687,263
Call loans	220,000	170,000
Monetary claims bought	160,302	157,976
Money held in trust	114,117	111,193
Securities	40,532,745	41,053,998
National government bonds	16,457,328	16,309,553
Local government bonds	254,739	252,433
Corporate bonds	2,006,932	2,018,937
Domestic stocks	6,762,598	6,668,194
Foreign securities	13,849,768	14,540,492
Loans	3,881,450	3,846,903
Policy loans	163,870	160,775
Industrial and consumer loans	3,717,579	3,686,128
Tangible fixed assets	887,149	887,667
Intangible fixed assets	102,296	100,005
Reinsurance receivables	1,250	1,190
Other assets	613,121	630,030
Prepaid pension cost	145,858	151,759
Customers' liabilities under acceptances and guarantees	5,063	4,791
Allowance for possible loan losses	(9,510)	(9,477)
Total assets	47,355,580	47,793,303

1. Unaudited Non-consolidated Balance Sheets (continued)

(Millions of Yen)

		As of Mar. 31, 2024	As of Jun. 30, 2024
LIABILITIES:			
Policy reserves and other reserves		34,456,645	34,579,456
Reserve for outstanding claims		149,056	142,887
Policy reserves		34,018,043	34,048,447
Policyholders' dividend reserves		289,545	388,120
Reinsurance payables		632	13,095
Bonds payable		640,735	640,735
Other Liabilities		4,765,701	4,977,840
Income taxes payable		7,901	—
Asset retirement obligations		3,086	3,102
Other Liabilities		4,754,712	4,974,738
Reserve for price fluctuation		1,128,202	1,133,715
Deferred tax liabilities		679,664	737,422
Deferred tax liabilities for land revaluation		77,509	77,402
Acceptances and guarantees		5,063	4,791
Total liabilities		41,754,153	42,164,459
NET ASSETS:			
Foundation funds		50,000	50,000
Reserve for redemption of foundation funds		930,000	930,000
Reserve for revaluation		452	452
Surplus		283,231	161,824
Reserve for future losses		13,853	14,307
Other surplus		269,378	147,517
Reserve for fund redemption		40,000	50,000
Fund for price fluctuation allowance		29,764	29,764
Reserve for promotion of social welfare project		693	3,189
Reserve for business infrastructure		10,000	10,000
Reserve for reduction entry of real estate		24,578	24,056
Unappropriated surplus	*1	164,342	30,506
Total funds, reserve and surplus		1,263,684	1,142,277
Net unrealized gains (losses) on available-for-sale securities		4,282,331	4,455,810
Deferred unrealized gains (losses) on derivatives under hedge accounting		(68,811)	(93,476)
Land revaluation differences		124,222	124,232
Total unrealized gains, revaluation reserves and adjustments		4,337,741	4,486,566
Total net assets		5,601,426	5,628,843
Total liabilities and net assets		47,355,580	47,793,303

*1 Unappropriated surplus as of March 31, 2024 represents surplus that is planned to be distributed in this year

2. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Three months ended June. 30	
	2023	2024
ORDINARY INCOME:	1,209,298	1,306,079
Insurance premiums and other	647,095	737,850
Insurance premiums	644,991	735,759
Investment income	544,366	546,465
Interest, dividends and other income	239,873	262,507
Gains on money held in trust	462	64
Gains on trading securities	23	—
Gains on sales of securities	57,675	81,175
Investment gains on separate accounts	32,916	11,415
Other ordinary income	17,836	21,763
ORDINARY EXPENSES:	1,159,036	1,236,201
Benefits and other payments	665,367	862,316
Claims paid	174,203	184,592
Annuity payments	160,437	158,072
Benefit payments	120,277	128,160
Surrender benefits	184,722	295,752
Other refunds	25,461	35,840
Provision for policy reserves and other reserves	162,949	30,413
Provision for policy reserves	162,937	30,404
Provision for interest on policyholders' dividend reserves	11	9
Investment expenses	203,267	207,588
Interest expenses	8,330	9,743
Losses on sales of securities	15,689	25,729
Losses on valuation of securities	—	1,007
Losses on derivative financial instruments	164,266	157,125
Operating expenses	96,710	105,301
Other ordinary expenses	30,742	30,581
Ordinary profit	50,262	69,878
Extraordinary losses	8,327	42,543
Losses on disposals of fixed assets	1,480	2,577
Impairment losses	737	—
Impairment on stocks of subsidiaries and affiliates	—	33,643
Losses on sales of stocks of subsidiaries and affiliates	476	—
Provision for reserve for price fluctuation	5,196	5,513
Contributions for promotion of social welfare project	436	810
Surplus before income taxes	41,934	27,334
Income taxes	131	(2,371)
Total income taxes	131	(2,371)
Net surplus	41,802	29,706

Notes to the Unaudited Non-Consolidated Financial Statements

1. Specific accounting treatment for the preparation of the quarterly financial statements

(1) The proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2024 approved at the annual meeting of the representatives of policyholders held on July 2, 2024 is reflected in the non-consolidated balance sheet as of June 30, 2024.

(2) Income taxes of the Company are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to surplus before income taxes and non-controlling interests for the three months ended June 30, 2024. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2024, after taking into account the effect of deferred tax accounting. However, if the results calculated by applying the effective tax rate are significantly unreasonable, income taxes of the Company are calculated by applying the statutory tax rate.
Therefore, income taxes-deferred of the Company for the three months ended June 30, 2024 are included in the income taxes in the non-consolidated statements of income.

2. Policy reserves
The policy reserves of the Company which are additionally set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act" include the following:
- The policy reserves set aside in the fiscal year ended March 31, 2015 for single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).
- The policy reserves set aside in the fiscal years ended March 31, 2015 and 2024 for variable life insurance contracts.

3. Reserve for Incurred But Not Reported (IBNR) Claims
Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter "IBNR claims"). For the three months ended June 30, 2024, the amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification, due to the termination of special measures of paying hospitalization benefits for "quasi hospitalization," which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as "quasi hospitalization") on May 8, 2023. Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

4. Policyholders' Dividend Reserves
Changes in policyholders' dividend reserves for the three months ended June 30, 2024 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥289,545
Transfer from surplus in the previous fiscal year	150,958
Dividend payments to policyholders during the period	(52,392)
Interest accrued during the period	9
Balance at the end of the period	¥388,120

5. Redemption of Foundation Funds
   The Company redeemed foundation funds on July 30, 2024 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the "Insurance Business Act" in the amount of ¥50,000 million.

6. Securities Lending and securities sold under repurchase agreements
   Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥6,163,900 million as of June 30, 2024. Securities sold under repurchase agreements amounted to ¥265,013 million as of June 30, 2024.

7. Subordinated Bonds
   As of June 30, 2024, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

8. Subordinated Borrowing
   As of June 30, 2024, other liabilities in liabilities included subordinated borrowing of ¥271,600 million, and the repayments of which are subordinated to other obligations.

9. Cash collateral received for financial instruments
   Other liabilities include collateral received financial instruments from bond lending transactions of ¥3,808,996 million

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