

European Embedded Value

¥2,702.4 billion

European Embedded Value (EEV)* is one type of embedded value (EV) used to show the corporate value of life insurance companies. EEV is a market value based indicator that shows comprehensive aspects of the profit structure of in-force business and the current financial situation.

We began disclosing EEV in fiscal 2010 as we believe EEV provides more useful information to our customers and other stakeholders under current trends in the international regulatory framework and accounting standards.

As of the end of fiscal 2011, our EEV was ¥2,702.4 billion, an increase of ¥464.1 billion from a year prior. The value of in-force business, one of two EEV components, decreased by ¥78.3 billion to ¥538.5 billion, mainly due to a decline in long-term interest rates. Adjusted net worth rose by ¥542.5 billion to ¥2,163.8 billion due to an increase in unrealized gains on securities and internal reserves.

* Meiji Yasuda Life adopted EEV as a management performance target because EEV offers a more advanced and market consistent method of calculating EV, and is broadly adopted by European insurance companies.

■ EEV components

As of March 31, 2012 and 2011
(Billions of Yen)

	FY2011	FY2010	Change
EEV	¥2,702	¥2,238	¥464
The value of in-force business.....	538	616	(78)
Adjusted net worth.....	2,163	1,621	542
Value of new business.....	185	134	51

■ Variation factors analysis from March 31, 2011

(Billions of Yen)

	The value of in-force business	Adjusted net worth	EEV
EEV as of March 31, 2011	¥616	¥1,621	¥2,238
(1) Value of new business in fiscal 2011	185	—	185
(2) Expected existing business contribution (risk-free rate)	3	3	6
(3) Expected existing business contribution (in excess of risk-free rate)	205	17	223
(4) Transfer from value of in-force business to adjusted net worth	(64)	64	—
On in-force business as of March 31, 2011	(208)	208	—
On new business value in fiscal 2011	143	(143)	—
(5) Non-economic experience variances.....	19	24	43
(6) Non-economic assumption changes	97	—	97
Subtotal of (1) to (6)	445	110	556
(7) Economic variances	(542)	377	(164)
(8) Others (change in effective statutory tax rates, etc.).....	18	54	72
Total	(78)	542	464
EEV as of March 31, 2012	538	2,163	2,702

■ Third Party Review

Our EEV is verified by third party review of a specialized actuarial firm. The full verification and issued written opinion are provided in Japanese on our website.