

Overview of Financial Results

Principal Indicators of Profitability and Financial Soundness

Solvency margin ratio:

We maintain sufficient claims-paying ability that allows us to withstand an unprecedented risk that may result from such events as a major disaster.

930.3%

Base profit:

We have secured positive spread for the second consecutive year while enjoying a third consecutive annual increase of profit.

¥394.5 billion

Real net assets*:

We are securing real net assets necessary to continue sound operations.

* Real net assets are calculated by subtracting the insurance-related liabilities under existing policies from total assets at market value.

¥5,940.5 billion

Unrealized gain/loss:

We recorded unrealized gain totaling more than ¥3 trillion thanks to our strong asset portfolio.

¥3,345.6 billion

Ratings

We receive consistent recognition from rating agencies for our financial soundness and superior profitability.
(As of July 2, 2013)

Rating and Investment Information (R&I)

AA-

Insurance claims-paying ability

Japan Credit Rating Agency (JCR)

A+

Insurance claims-paying ability rating

Standard & Poor's (S&P)

A

Insurer financial strength rating

- Notes: 1. Ratings represent a ranking of businesses or other entities on the basis of such factors as their profitability and financial standing. After making comprehensive assessment of these factors from various perspectives, rating agencies provide ratings, using easily-understandable letter code designations.
2. Insurance claims-paying ability represents an agency's evaluation of the likelihood that a particular insurer will be able to fulfill its outstanding insurance obligations based on existing policies. An insurer financial strength rating represents an agency's evaluation of a particular insurer's financial position, which secures its ability to pay claims and benefits in accordance with conditions set forth in policies.
3. The ratings presented above were provided upon the request of Meiji Yasuda Life.
4. The abovementioned agencies are registered as credit rating agencies certified by Japan's Financial Services Agency.
5. The above ratings are presented with no intention of encouraging the enrollment, surrender or extension of individual insurance policies.
6. These ratings simply represent the agencies' evaluation as of the date stated above. Therefore, they could be changed, suspended or withdrawn in the future.

Overview of Financial Results

European Embedded Value (EEV)

¥3,668.6 billion

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 2012, our EEV was

¥3,668.6 billion, an increase of ¥966.2 billion from a year prior. The value of in-force business, one of two EEV components, decreased by ¥328.4 billion to ¥210.1 billion, mainly due to a decline in long-term interest rates. Adjusted net worth rose by ¥1,294.6 billion to ¥3,458.4 billion due to an increase in unrealized gains on securities and internal reserves.

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

■ EEV Components

As of March 31, 2013 and 2012

(Billions of Yen)

	FY2012	FY2011	Change
EEV	¥3,668	¥2,702	¥ 966
The value of in-force business.....	210	538	(328)
Adjusted net worth.....	3,458	2,163	1,294
Value of new business.....	169	185	(15)

■ Variation Factors Analysis from March 31, 2012

(Billions of Yen)

	EEV	The value of in-force business	Adjusted net worth
EEV as of March 31, 2012	¥2,702	¥538	¥2,163
(1) Value of new business in fiscal 2012.....	169	169	—
(2) Expected existing business contribution (risk-free rate).....	7	2	4
(3) Expected existing business contribution (in excess of risk-free rate).....	217	197	20
(4) Transfer from value of in-force business to adjusted net worth.....	—	(80)	80
On in-force business as of March 31, 2012.....	—	(187)	187
On new business value in fiscal 2012.....	—	106	(106)
(5) Non-economic experience variances.....	17	8	8
(6) Non-economic assumption changes.....	29	29	—
Subtotal of (1) to (6).....	441	326	114
(7) Economic variances.....	544	(634)	1,179
(8) Others (change in consumption tax rates).....	(20)	(20)	—
Total.....	966	(328)	1,294
EEV as of March 31, 2013.....	3,668	210	3,458

■ 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.

Risk Management and Compliance

Risk Management Structure

—Basic Policy and Risk Management Structure

Basic Recognition, Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieving its goal of being “a company placing utmost value on our customers.” Accordingly, we view risk management as one of the most crucial elements of business management. Our Board of Directors, Management Council and various risk management-related committees set risk management policies and rules.

Risk Management Structure

The department in charge of overall risk management (the Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and manages risk management at each of the individual departments in charge of risk control and provides them with expert advice.

Aiming to ensure regular monitoring and appropriate control of various risks, we have also established the Risk Management Committee, which advises the Management Council and works to advance our risk management structure.

To enhance the effectiveness of our risk management, the Auditing Department, Audit Committee and the External Auditor inspect the appropriateness and efficacy of risk management functions and the risk management system.

Management Structure for Enterprise Risk and Category-Specific Risk

As for enterprise risk, we aim to perceive and manage various risks arising in our business in a comprehensive and integrated manner. In category-specific risk, we identify, categorize, aggregate and

examine individual risks on a quantitative or qualitative basis, addressing each in the manner best suited to the characteristics of the particular risk, with results reported regularly to the Risk Management Committee and other risk management bodies.

Anticipating changes in our business environment and regulatory trends, we are introducing more precise and sophisticated risk measurement methods and examining capital allocation based on the risk weighting, thereby progressively enhancing the enterprise risk management system.

We also adopt Asset Liability Management (ALM), a method used for enterprise risk management with the aim of appropriately allocating assets and liabilities. Category-specific risk associated with ALM is managed in a comprehensive manner and is regularly reported to the ALM Sub-committee. Moreover, we are developing an ALM structure aimed at securing the effectiveness of risk management processes.

As for category-specific risk, the department in charge of overall risk management (the Risk Management Control Department), the body placed on the top of three layers of risk management departments, oversees and supervises each of the individual departments in charge of risk control to ensure that such risk is appropriately controlled. The individual departments in charge of risk control suggest measures for improvement and provide specialized advice to the departments in charge of risk management through monitoring and analysis of risk management conditions in these departments. The departments in charge of risk management are responsible for identifying potential risks for the business unit or category they supervise and developing appropriate risk management systems. The Risk Management Sub-committees, placed under the Risk Management Committee, conduct specialized risk management responding to the characteristics of each category of risk.

Management Structure for Unit-Specific Risk

Besides category-specific risk management, our structure manages business unit-specific risk.

While the department in charge of overall risk management (the Risk Management Control Department) oversees overall business unit-specific risk management, risk management managers and staff are appointed in each business unit of our head office departments, group insurance marketing departments and regional offices to check and confirm the status of operational risk management, consider ways to mitigate risks, prevent potential risk, and to avoid recurrences of past issues.

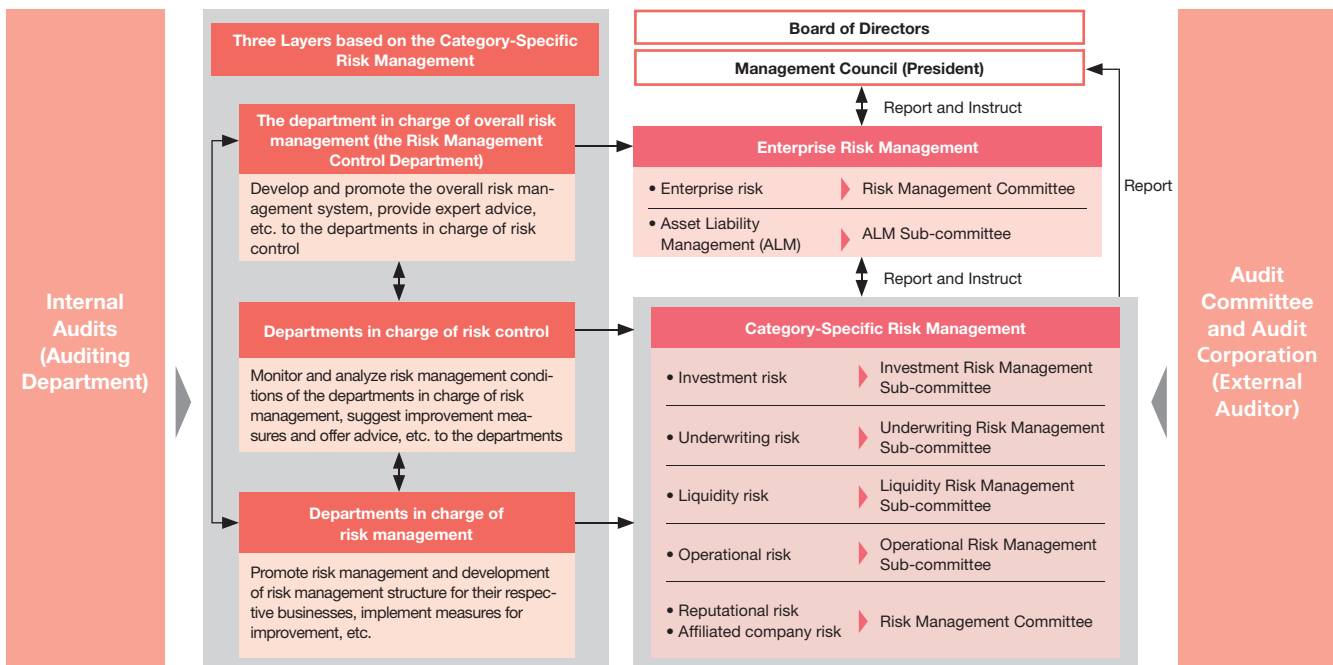
Especially, each head office department formulates a risk management action plan upon recognition of the fundamental risks involved. These departments document every business process, comprehensively identify risks related to operations, develop measures against the risks and implement systems for such measures. Moreover, upon careful examination of the overall magnitude of risk, these

departments constantly monitor the status of countermeasures being implemented to control risks related to critical operations. In these and other ways, we are striving to enhance the effectiveness of our risk management.

Stress Test

Although the Value at Risk (VaR) method is used to measure the maximum foreseeable loss due to enterprise risk, stress tests are regularly performed to simulate conditions that exceed normal forecasts and cannot be assessed with Value at Risk. These stress tests extend to events such as drastic economic deterioration and major disasters including earthquake. Through stress tests, we multilaterally analyze such factors as assumed impact on assets and liabilities and level of increase in insurance payments. Test results are regularly reported to the Risk Management Committee, Management Council and Board of Directors. The results are utilized to discuss management strategies and measures for strengthening the financial foundation.

Overview of the Risk Management Structure



Risk Management and Compliance

Pursuing Thorough Compliance

As “a company placing utmost value on our customers,” Meiji Yasuda Life implements CSR management that includes rigorous compliance measures. We have adopted the following initiatives to assist us in faithfully satisfying the expectations that customers and society have for us as a life insurance company.

“Code of Conduct,” “Meiji Yasuda Sales and Service Policy” and “Our Pledge”

Our “Code of Conduct” defines our basic compliance policies and standards as well as behavioral and action rules for all officers and employees. At Meiji Yasuda Life, we define compliance as “acting with fairness and integrity in the course of duties toward achievement of management policies as well as individual activities, complying with laws and in-house rules, and exercising common sense” and oblige all officers and employees to practice it.

“Meiji Yasuda Sales and Service Policy,” which is carried by our sales personnel at all times, stresses respect for customers throughout operations. It was revised in April 2012 to further protect the interests of our customers, putting emphasis on operations based upon their viewpoints. The revision sets forth policies including providing customers with broader information, detailing consulting services to propose products best suited to customer needs, written confirmation of customer needs with a “Letter of Intent” and, especially for the elderly, detailed product explanations. The policies also call for the enrichment of after-sales service, with timely, appropriate information explaining the substance of policies and prompt response to applications for insurance claims and benefits.

Moreover, all officers and employees act in accordance with what we call “Our Pledge,” which is designed to encourage our awareness of these policies at a more personal level and ensure it becomes thoroughly embedded in our corporate culture.

In addition, the “Compliance Manual” is updated annually. This reference manual covers business matters necessary for compliance in daily operations, and all officers and employees refer to it regularly to achieve thorough compliance.

“Compliance Program” Guides Compliance Efforts

We draw up an action plan to guide our compliance efforts annually. For fiscal 2013, this “Compliance Program” sets forth the basic policies including the development of a more sophisticated compliance promotion structure across the Group in line with the growing demands of society. We are implementing these programs at all levels (Companywide, head office, regional offices, and group marketing departments), with activities and results reported to and discussed with the Management Council and the Board of Directors through the Compliance Promotion Advisory Council and other bodies.

Compliance Promotion Structure

The Compliance Control Department is in charge of promoting compliance on a multilateral basis throughout the Company, including subsidiaries and affiliates. The Department:

1. Integrates management of compliance-related information and investigates and responds to individual cases relating to compliance
2. Identifies improprieties and deals with issues
3. Runs compliance training courses for officers and employees on a regular basis

The Compliance Control Department promotes compliance in these areas in cooperation with compliance managers and team leaders assigned to each business section. For greater effectiveness, compliance instructors are appointed to carry out direct guidance for improvements in the field. The senior managers in administration and internal control at regional offices and in group marketing departments are concurrently assigned to the Compliance Control Department to strengthen the function of checks-and-balances.

If fraudulent behavior occurs, it is reported to the Compliance Control Department through the compliance managers and team leaders of the departments in question. We also have a “Compliance Hotline,” a “Corporate Ethics Hotline,” and a “Human Rights Hotline” to enable people discovering such behavior to report it directly.

To pursue Group compliance on a comprehensive basis, we have the “Compliance Promotion Committee” which plans and develops compliance systems throughout the Meiji Yasuda Life Group.

Moreover, we have the “Compliance Promotion Advisory Council,” which is made up of a majority of external members. It was set up to build a more transparent, more effective compliance regime by reflecting the opinions of external experts and strengthening the operational oversight function from a third party perspective. Acting as an advisory body to the Management Council, the council discusses basic policies, important regulatory revisions and the state of progress in compliance initiatives concerning compliance promotion.

Overview of Compliance Promotion Structure

