

[Unofficial translation]

# **Financial Results for the Six Months Ended September 30, 2014(Summary)**

**November 28, 2014  
Meiji Yasuda Life Insurance Company**

## Summary of Results for the 1st Half of Fiscal 2014

- Net surplus increased while premium income decreased in the first half of fiscal 2014
- Premium income and annualized new premiums decreased mainly due to the purposed tightening of the sales of single premium whole life insurance in the Bancassurance channel
- Sales of the new product "Best Style" in the Distribution channel of agency reached 200,000 policies during the 4 months period after the launch, the highest level of the major product performance during the same period of June to September since Meiji Yasuda Life's inauguration
- As the result of the improvements in interest surplus, including a rise in interest and dividends income attributed to additional purchase of foreign currency denominated bonds and the yen's depreciation, achieved a second consecutive increase of base profit and reached the record level since Meiji Yasuda Life's inauguration
- Solvency Margin Ratio improved due to the growth of the unrealized gains in securities and others
- As a corporate value indicator, European Embedded Value (EEV) also achieved growth

# Premium Income

○ Breakdown of premium income

(billions of yen)

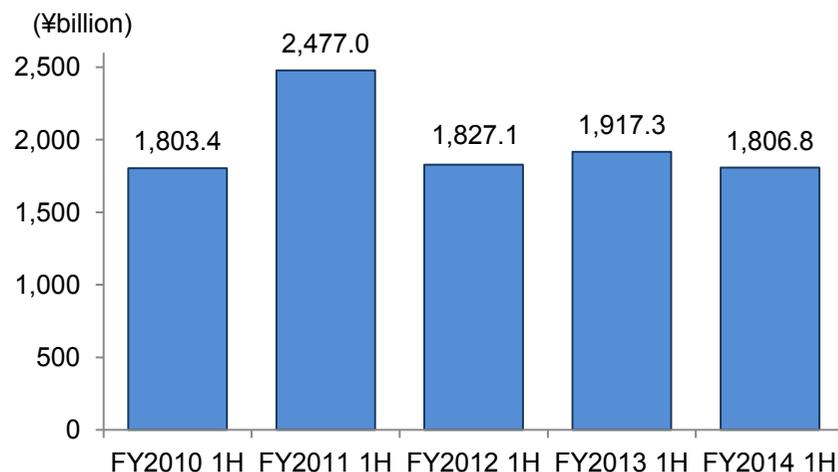
	FY2014		FY2013
	1H	Change	1H
Premium and other Income	1,806.8	Δ 5.8%	1,917.3
Individual life insurance and annuities	1,124.6	Δ 8.5%	1,228.9
Agency distribution channel	649.6	1.0%	643.4
Bancassurance channel	447.5	Δ 19.4%	554.9
Group life insurance and group pension	660.3	Δ 0.8%	665.5

## Premium and Other Income

**¥1,806.8 billion**

(a year-on-year decrease of 5.8%)

◇ Decrease mainly due to the continued tightening of the sales of single premium whole life insurance in the Bancassurance channel



## Sales results of "Best Style"

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200,000 policies sold within the period of 4 month since the launch of "Best Style" on May 26

## Agency Distribution Channel

**¥649.6 billion** (a year-on-year increase of 1.0%)

◇ Increase due to the favorable sales of "Best Style"

## Bancassurance Channel

**¥447.5 billion** (a year-on-year decrease of 19.4%)

◇ Sales results are in line with 2014 business plan

# Annualized Premiums and Life Insurance in Force

## ○ Annualized new premiums (individual life insurance and annuities)

	FY2014		Change	FY2013
	1H			1H
Annualized new premiums	85.2		Δ 5.0%	89.7
Agency distribution channel	46.0		3.1%	44.6
Bancassurance channel	37.9		Δ 13.1%	43.6
Third-sector insurance* premiums	16.3		25.2%	13.0

\*Third-sector insurance includes benefits related to medical insurance, living benefits and premium payment waiver

## ○ Annualized premiums from business in force (individual life insurance and annuities)

	FY2014		Change	End of FY2013
	1H			
Annualized premiums	2,133.6		0.4%	2,125.2

## ○ Life insurance in force (group life insurance and pension)

	FY2014		Change	End of FY2013
	1H			
Group life insurance	110,748.1		Δ 0.2%	111,005.9
Group pensions	7,064.8		1.4%	6,970.5
(Meiji Yasuda Group)	7,956.7		1.7%	7,820.7

### Annualized premiums from business in force

**¥2,133.6 billion**

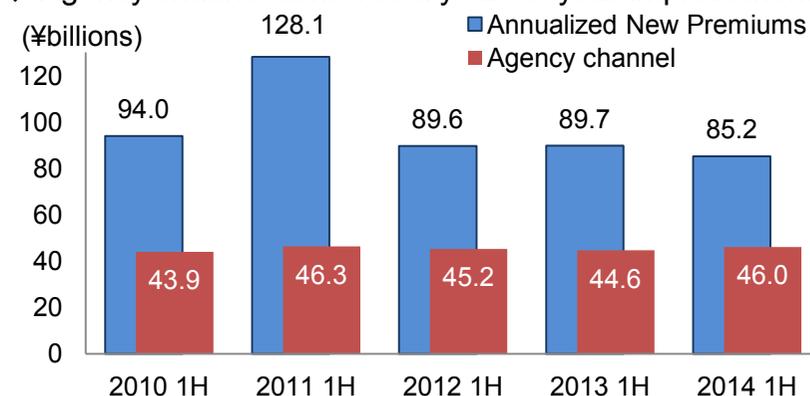
(0.4% increase compared with the end of FY2013)

◇ Achieving a sixth consecutive net increase, the highest level since Meiji Yasuda Life's inauguration

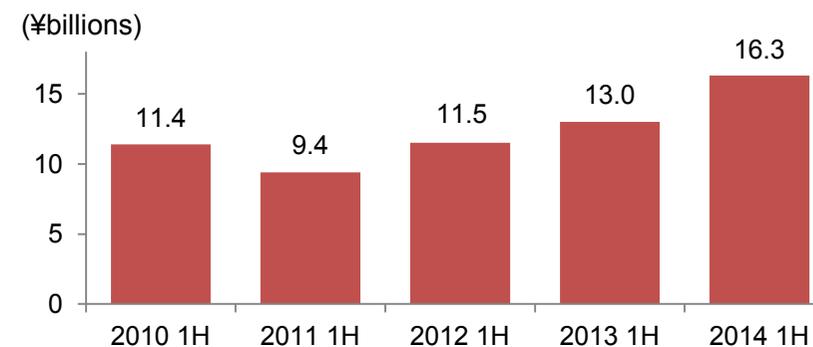
### Annualized New Premiums

**¥85.2 billion** (a year-on-year decrease of 5.0%)

◇ Agency channel achieved a year-on-year improvement



◇ Third sector sales results increased significantly due to the favorable sales of "Best Style"



# Quality Indicators of Policies(Surrender, Lapse and Persistency Rate)

## ○ Surrender and lapse(individual life and annuities)

(billions of yen, %)

	FY2014		Change	FY2013 1H
	1H			
Surrender and lapse rate	2.34	△0.06 <sup>pts</sup>		2.40
Surrendered and lapsed policies	2,171.4	△ 6.8%		2,329.7
Annualized premiums of surrendered and lapsed policies	36.4	1.7%		35.8

### Quality Indicator

#### Surrender and lapse rate a year-on-year improvement of 0.06 pts

- ◇ Ongoing improvements of surrender and lapse rate reflect the Company's successful efforts to enhance after-sales services through the "Ease of Mind Service Activities Program" that involves continued face-to-face consultations

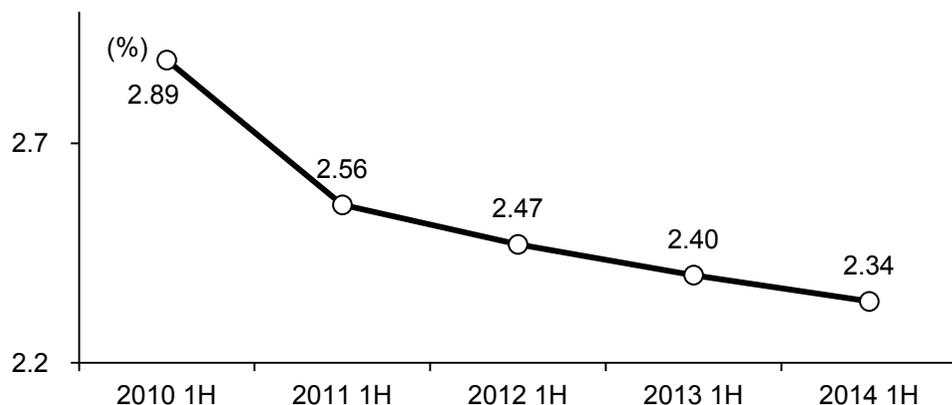
## ○ Persistency rate (individual life insurance and annuities)

(%)

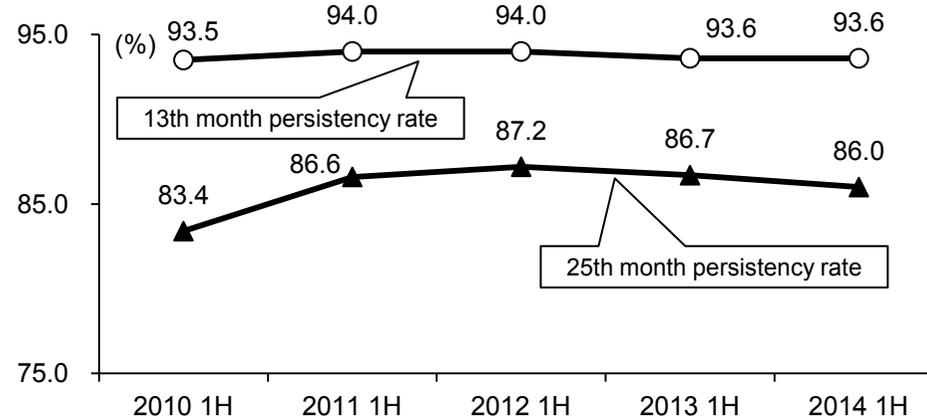
	FY2014		Change	FY2013 1H
	1H			
13th month persistency rate	93.6	0.0 <sup>pts</sup>		93.6
25th month persistency rate	86.0	△0.7 <sup>pts</sup>		86.7

Note: The calculation of persistency rate is based on the policy amounts.

Graph 1: Surrender and lapse rate



Graph 2: Persistency rate



# Net Investment Income

## ○ Net investment income

(billions of yen)

	FY2014		FY2013
	1H	Change	1H
(General account)			
Investment income and gains	515.9	Δ 41.3	557.3
Interest and dividends	336.9	12.0	324.9
Gains on securities sold	156.0	Δ 53.0	209.1
Investment expenses	41.8	Δ 23.9	65.8
Losses on securities sold	0.0	Δ 22.7	22.7
Losses on securities appraised	0.0	Δ 0.0	0.0
Domestic stocks	0.0	Δ 0.0	0.0
Net investment income (general account)	474.1	Δ 17.3	491.5
Net investment income (separate account)	40.5	11.6	28.9
Net investment income (total)	514.7	Δ 5.7	520.4

## Net Investment Income

**¥514.7 billion**

(a year-on-year decrease of ¥5.7 billion)

- ◇ Growth in interest and dividends income due to flexible accumulation of foreign currency denominated bonds, increased dividends and the depreciation of the yen
- ◇ Gains on securities sold decreased due to the self-restraint in the replacing of available-for-sale securities with the purchase of domestic bonds for policy-reserve-matching

## <Reference> Investment environment for the 1st Half of fiscal 2014

As of the end of 1st half of FY2014	FY2014		FY2013
	1H	Change	1H
TOPIX	1,326.29	132.19	1,194.10
Nikkei index (yen)	16,173.52	1,717.72	14,455.80
10-year JGBs (%)	0.525	Δ 0.155	0.680
Dollar/yen exchange rate	109.45	11.70	97.75
Euro/yen exchange rate	138.87	7.00	131.87

# Base profit

## ○ Base profit and others

	FY2014		FY2013 1H
	1H	Change	
Base profit (A)	230.3	10.2	220.1
Interest surplus	61.6	8.1	53.4
Expense profit	17.2	Δ 3.0	20.3
Excl. market value changes in pension asset *1	22.1	Δ 2.2	24.3
Mortality profit	151.4	5.1	146.3
Capital gains/losses (B)	129.0	Δ 28.2	157.2
Gains/losses on securities sold	156.0	Δ 30.3	186.3
Temporary Gains/Losses (C) *2	Δ 130.2	Δ 2.1	Δ 128.0
Ordinary income (A+B+C)	229.2	Δ 20.1	249.3

(\*1) Expense profit excluding amortization expenses of accumulated actuarial gains and losses related to pension assets

(\*2) Including provision for (reversal of) contingency reserves and provision for additional policy reserves

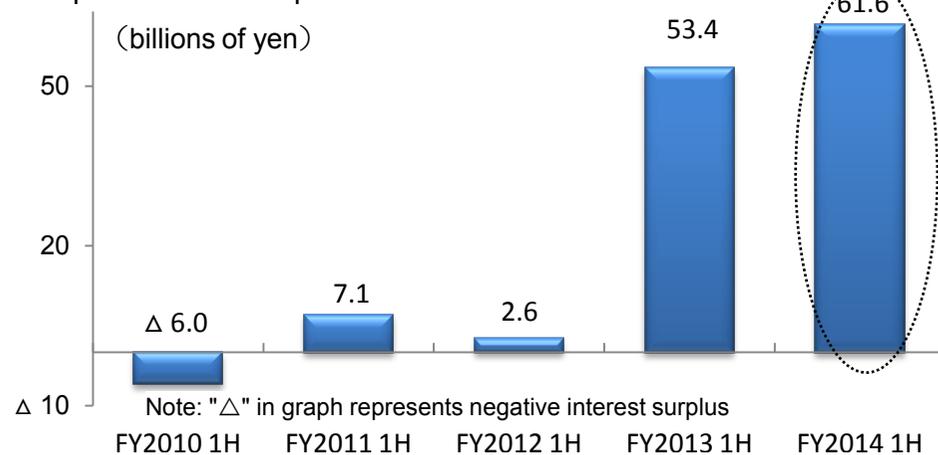
## Base profit

**¥230.3 billion**

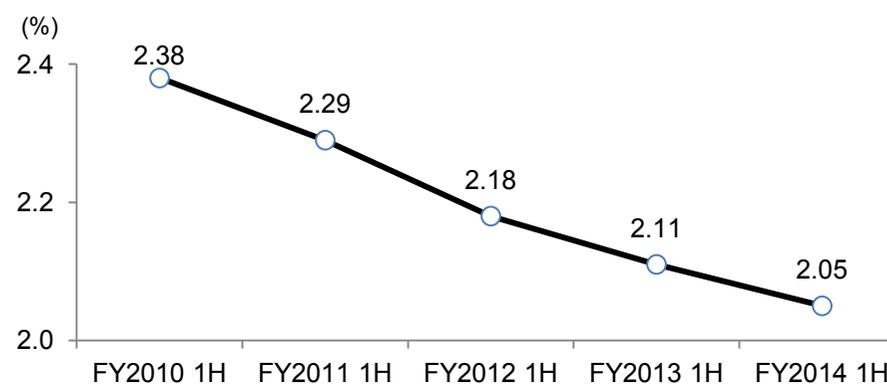
(a year-on-year increase of 4.6%)

◇ Interest surplus increased due to the rise in interest and dividends income and mortality profit gain contribute to a second consecutive growth in base profit and reached the highest level since Meiji Yasuda Life's inauguration

Graph 3: Interest surplus



Graph 4: Average assumed rate



# Solvency Margin Ratio, Real Net Assets and Unrealized Gains

## ○ Solvency margin ratio

	FY2014		End of FY2013
	End of 1H	Change	
Solvency margin ratio	1,003.6	58.1 <sup>pst</sup>	945.5
Total solvency margin (A)	6,208.6	679.4	5,529.2
Total risk (B)	1,237.2	67.7	1,169.5

Note: Solvency margin ratio = (A)/(1/2x(B))x100

(billions of yen, %)

### Solvency Margin Ratio

**1,003.6%**

(58.1pts increase compared with the end of the previous fiscal year)

◇ Exceeded 1,000% due to the increase of unrealized gains and others

## ○ Real net assets

	FY2014		End of FY2013
	End of 1H	Change	
Real net assets	7,322.7	884.7	6,438.0
Ratio in general account investment assets	21.4	2.2 <sup>pst</sup>	19.2

(billions of yen, %)

### Unrealized Gains

(general account investment assets)

**¥4,168.4 billion**

(¥713.9 billion increase compared with the end of the previous fiscal year)

◇ Retained over ¥4 trillion unrealized gains due to the rising stock price, domestic and overseas interest rates decline and the depreciation of the yen

## ○ Unrealized gains in general account investment assets

	FY2014		End of FY2013
	End of 1H	Change	
Unrealized gains in general account investment assets	4,168.4	713.9	3,454.5
Securities with market price*	3,867.4	696.9	3,170.4
Domestic bonds	1,235.6	130.0	1,105.5
Domestic Stocks	1,806.5	344.7	1,461.7
Foreign securities	783.7	214.6	569.0

(billions of yen)

\*Including securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

# Breakeven Points, Non-performing Loans and Internal Reserves

## ○ Breakeven Points

Breakeven Points indicate the level of Nikkei 225/TOPIX at which unrealized gains and losses cancel out on domestic stocks held if the Company's portfolio and the market indices fully correlate

	FY2014 End of 1H	End of FY2013
Nikkei 225	approx. 7,600 yen	approx. 7,800 yen
TOPIX	approx. 630 pts	approx. 630 pts

Note: The approximate breakeven points are ¥7,700 for Nikkei 225 and 630 pts for TOPIX as calculated based on the historical correlation coefficient between the Company's portfolio and stock market indices.

## Breakeven Points(Nikkei 225)

◇ In the case that our portfolio and Nikkei 225 fully correlate

**Approximately ¥7,600**

## ○ Non-performing loans

	FY2014		End of FY2013
	End of 1H	Change	
Non-performing loans	20.1	△ 0.8	21.0
Ratio in total loans	0.39	△0.02 <sup>pts</sup>	0.41

(billions of yen, %)

## Internal Reserves

**¥2,347.8 billion**

(¥242.3 billion increase compared with the end of the previous fiscal year)

◇ Achieved growth due to foundation funds procured through additional offering as well as increase in contingency reserves and reserves for price fluctuations

## ○ Internal reserves\*

	FY2014		End of FY2013
	End of 1H	Change	
Internal reserves	2,347.8	242.3	2,105.4

(billions of yen)

\*Figures represent internal reserves after the appropriation of surplus (as for the 1st half of fiscal 2014, figures are based on the expected appropriation of surplus).

Internal reserves include foundation funds, accumulated redeemed foundation funds, reserves for redemption of foundation funds, accumulated fund for price fluctuations, operating base reinforcement reserves, contingency reserves and reserves for price fluctuations.

# Corporate Value

## ○ European Embedded Value (EEV) \*1

	FY2014		End of FY2013
	End of 1H	Change	
EEV	4,724.5	505.9	4,218.5
The value of in-force business	155.7	△ 262.8	418.5
Adjusted net worth	4,568.7	768.8	3,799.9
Value of new business *2	105.1	16.7	(1H) <sup>*3</sup> 88.4 (Year) 181.1

(billions of yen)

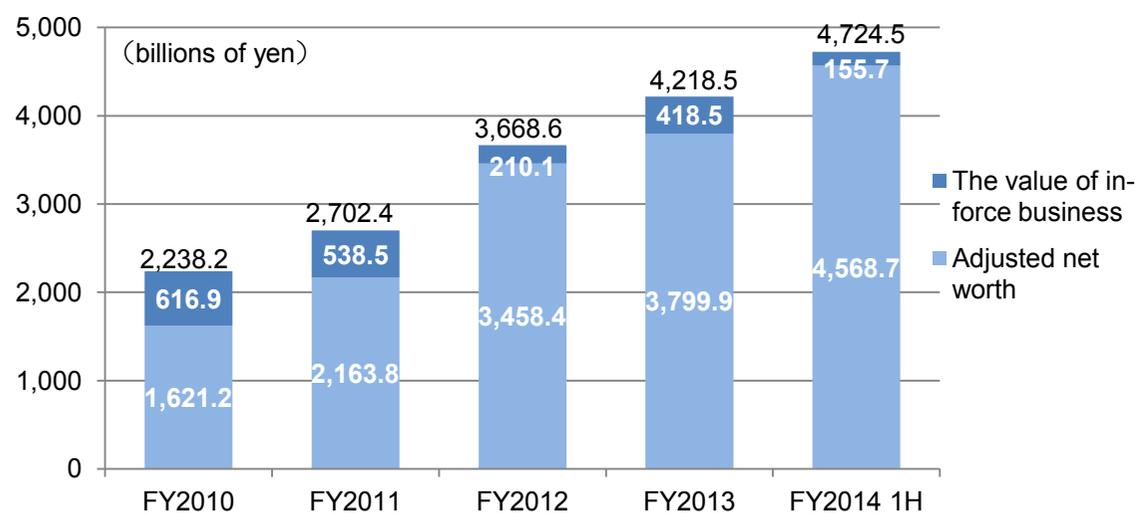
### EEV

**¥4,724.5 billion**

**(increase of ¥505.9 billion compared with end of FY2013)**

◇ Value of in-force business decreased due to the interest rate decline and others, while EEV increased significantly due to the growth of adjusted net worth mainly attributed to the unrealized gains increase in securities

Graph5: European Embedded Value (EEV) \*1



\*1 From fiscal 2013 onward, the Company calculates EEV by using the yield on Japanese government bonds as the risk-free rate, while by using interest swaps until fiscal 2012

\*2 Figure stated in the "change" item is the increase compared to the same period of the previous fiscal year

\*3 Calculated the 1st half of fiscal 2013 by using the yield on Japanese government bonds

## (Reference) Statement of Operations and Surplus, Balance Sheet

○Statement of Operations and Surplus(Summary) (billions of yen)

	FY2014		FY2013 1H
	1H	Change	
Ordinary revenue (A)	2,425.0	Δ 5.8%	2,573.6
Premium and other income	1,806.8	Δ 5.8%	1,917.3
Investment income and gains	556.5	Δ 5.1%	586.3
Ordinary expenses (B)	2,195.8	Δ 5.5%	2,324.2
Insurance benefits paid and others	1,344.4	20.7%	1,113.4
Provision for policy reserves and others	546.5	Δ 38.1%	882.4
Investment expenses and losses	41.8	Δ 36.4%	65.8
Operating expenses	176.9	Δ 3.0%	182.4
Ordinary income (A - B)	229.2	Δ 8.1%	249.3
Base profit	230.3	4.6%	220.1
Extraordinary profits/losses	Δ 97.6	Δ 11.5%	Δ 110.3
Income taxes	14.9	Δ 46.4%	27.8
Net surplus	116.6	4.9%	111.1

○Balance Sheet(Summary) (billions of yen)

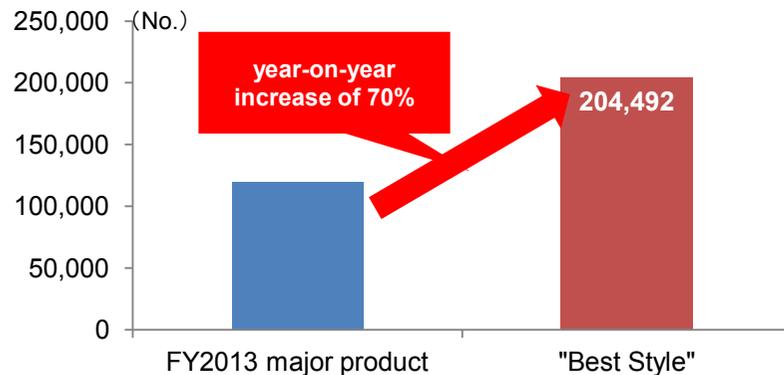
	FY2014		End of FY2013
	End of 1H	Change	
Assets	35,022.0	704.3	34,317.7
General account	34,198.9	694.3	33,504.5
Cash, deposit and call loans	296.1	Δ 96.8	393.0
Securities	27,175.4	746.0	26,429.3
Domestic bonds	16,686.2	Δ 219.0	16,905.3
Domestic stocks	3,604.0	251.7	3,352.3
Foreign securities	6,688.3	706.0	5,982.3
Loans	5,134.6	Δ 2.0	5,136.7
Separate account	823.1	9.9	813.1
Liabilities	31,778.8	417.8	31,360.9
Policy reserves and others	30,189.2	594.6	29,594.6
Policy reserves	29,757.1	546.3	29,210.8
Reserves for price fluctuations	575.1	94.2	480.8
Net assets	3,243.2	286.4	2,956.7
Foundation funds and Accumulated redeemed foundation funds	730.0	60.0	670.0
Unrealized gains on available-for-sale securities	2,059.8	321.8	1,738.0

## Topics — The New Product "Best Style"

- ◇ Released on May 26, 2014, a main product revision in 14 years
- ◇ Comparing the full year target of 500,000 policies, 200,000 policies sold in the 4 month period since the launch. New policies of main product for June-September reached record high since Meiji Yasuda Life's inauguration

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- No. of "Best Style" policies for June-September



Note: FY2014 "Best Style" excludes "Best Style Jr."



### ◇ Background of the Strong Sales

- Enhanced the flexibility in "easy-to-tailor" coverage at the time of enrollment as well as "easy-to-revise" coverage after enrollment. Introduced a "quick-check for coverage needs" to ensure that insurance proposals are in response to the customer needs
- First in the industry, expanded medical coverage of copayment in accordance with the public medical system to outpatient care after hospital release
- Distributing the "Anshin Roadmap" booklet to inform policyholders in details of the company's after-sales service including offering free second opinion service, well ensure customer's experience of the value of such service.

