[Unofficial translation]

November 26, 2015

Financial Results for the Six Months Ended September 30, 2015

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Six Months ended September 30, 2015.

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Notes:
The Financial Results are summarized English translations of the original disclosure in Japanese.

1. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
ASSETS:		
Cash and deposits	240,038	223,218
Call loans	368,000	456,000
Monetary claims bought	229,523	225,118
Securities	29,256,897	29,057,496
Loans	5,076,391	5,043,988
Tangible fixed assets	932,531	927,358
Intangible fixed assets	64,183	66,246
Due from agents	1,647	987
Reinsurance receivables	675	833
Other assets	317,794	291,951
Net defined benefit assets	74,345	87,279
Deferred tax assets	1,779	2,315
Customers' liabilities under acceptances and guarantees	20,848	20,858
Allowance for possible loan losses	(5,034)	(4,998)
Total assets	36,579,624	36,398,654

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2015	As of September 30, 2015
LIABILITIES:		
Policy reserves and other reserves	30,592,941	31,196,478
Reserve for outstanding claims	114,465	113,350
Policy reserves	30,225,061	30,766,442
Policyholders' dividend reserves	253,414	316,684
Due to agents	9	9
Reinsurance payables	804	1,077
Other liabilities	700,186	398,370
Net defined benefit liabilities	1,084	1,112
Accrued retirement benefits for directors and executive officers	92	82
Reserve for contingent liabilities	2	6
Reserve for price fluctuation	492,907	504,140
Deferred tax liabilities	504,535	373,039
Deferred tax liabilities for land revaluation	85,877	85,579
Acceptances and guarantees	20,848	20,858
Total liabilities	32,399,288	32,580,754
NET ASSETS:		
Foundation funds	260,000	260,000
Reserve for redemption of foundation funds	470,000	470,000
Reserve for revaluation	452	452
Surplus	472,533	414,887
Total funds, reserve and surplus	1,202,986	1,145,340
Net unrealized gains (losses) on available-for-sale securities	2,838,597	2,528,843
Deferred unrealized gains (losses) on derivatives under hedge accounting	15,456	11,004
Land revaluation differences	118,988	118,982
Foreign currency translation adjustments	22,894	20,305
Remeasurements of defined benefit plans	(22,862)	(10,680)
Total accumulated other comprehensive income	2,973,074	2,668,455
Non-controlling interests	4,274	4,104
Total net assets	4,180,335	3,817,899
Total liabilities and net assets	36,579,624	36,398,654

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30	
	2014	2015
ORDINARY INCOME:	2,442,357	2,279,623
Insurance premiums and other	1,818,110	1,824,630
Investment income	554,601	406,218
Interest, dividends and other income	334,541	344,214
Gains on money held in trust	0	0
Gains on sales of securities	156,199	7,542
Investment gains on separate accounts	40,596	—
Other ordinary income	69,644	48,774
ORDINARY EXPENSES:	2,214,209	2,125,433
Benefits and other payments	1,349,630	1,178,973
Claims paid	338,297	284,214
Annuity payments	404,367	341,645
Benefit payments	225,869	215,027
Surrender benefits	220,403	229,638
Provision for policy reserves and other reserves	547,784	540,867
Provision for policy reserves	547,549	540,707
Provision for interest on policyholders' dividend reserves	234	159
Investment expenses	42,758	114,478
Interest expenses	1,648	1,626
Losses on sales of securities	13	1,806
Losses on valuation of securities	17	7,751
Investment losses on separate accounts	—	27,765
Operating expenses	183,295	193,173
Other ordinary expenses	90,740	97,941
Ordinary profit	228,148	154,189
Extraordinary gains	764	103
Gains on disposals of fixed assets	764	103
Extraordinary losses	98,449	14,005
Losses on disposals of fixed assets	1,018	1,645
Impairment losses	1,113	754
Provision for reserve for contingent liabilities	0	4
Provision for reserve for price fluctuation	94,270	11,228
Contributions for promotion of social welfare project	372	373
Other extraordinary losses	1,673	—
Surplus before income taxes and non-controlling interests	130,463	140,287
Income taxes	15,695	15,875
Current	80,425	25,742
Deferred	(64,729)	(9,867)
Net surplus	114,767	124,412
Net surplus attributable to non-controlling interests	27	127
Net surplus attributable to the Parent Company	114,739	124,284

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30	
	2014	2015
Net surplus	114,767	124,412
Other comprehensive income (loss)	334,281	(304,406)
Net unrealized gains (losses) on available-for-sale securities	322,742	(309,283)
Deferred unrealized gains (losses) on derivatives under hedge accounting	5,870	(4,451)
Land revaluation differences	―	208
Foreign currency translation adjustments	(1,570)	750
Remeasurements of defined benefit plans	11,099	12,176
Share of other comprehensive income (loss) of associates accounted for under the equity method	(3,860)	(3,807)
Comprehensive income	449,049	(179,994)
Comprehensive income attributable to the Parent Company	449,021	(180,119)
Comprehensive income (loss) attributable to non-controlling interests	28	124

4. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30	
	2014	2015
I. Cash flows from operating activities		
Surplus before income taxes and non-controlling interests	130,463	140,287
Depreciation	10,610	10,608
Impairment losses	1,113	754
Increase (Decrease) in reserve for outstanding claims	(6,707)	(1,124)
Increase (Decrease) in policy reserves	547,566	540,660
Provision for interest on policyholders' dividend reserves	234	159
Increase (Decrease) in allowance for possible loan losses	(311)	(36)
Increase (Decrease) in net defined benefit liabilities	12	45
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(73)	(9)
Increase (Decrease) in reserve for price fluctuation	94,270	11,228
Interest, dividends, and other income	(334,541)	(344,214)
Losses (Gains) on securities	(298,420)	40,370
Interest expenses	1,648	1,626
Losses (Gains) on tangible fixed assets	268	1,540
Others, net	9,136	(110,868)
Subtotal	155,270	291,028
Interest, dividends, and other income received	364,917	375,993
Interest paid	(1,479)	(1,508)
Policyholders' dividends paid	(103,622)	(116,960)
Income taxes paid	(90,196)	(65,768)
Net cash provided by operating activities	324,889	482,784

4. Unaudited Consolidated Statements of Cash Flows (continued)

(Millions of Yen)

	Six months ended September 30 2014	Six months ended September 30 2015
Ⅱ. Cash flows from investing activities		
Net decrease (increase) in deposits	(356)	(10,021)
Purchase of monetary claims bought	(10,100)	(10,800)
Proceeds from sales and redemption of monetary claims bought	12,763	15,187
Purchase of securities	(2,368,089)	(1,377,218)
Proceeds from sales and redemption of securities	2,351,802	1,073,278
Loans extended	(604,918)	(485,859)
Proceeds from collection of loans	606,628	518,418
Increase (Decrease) in payables under securities borrowing transactions	(419,220)	(127,100)
Total investment activities (Ⅱa)	(431,490)	(404,114)
[Ⅰ + Ⅱa]	(106,600)	78,669
Purchase of tangible fixed assets	(6,097)	(5,960)
Proceeds from sales of tangible fixed assets	2,226	714
Purchase of intangible fixed assets	(4,985)	(8,606)
Others, net	(566)	(1,351)
Net cash used in investing activities	(440,913)	(419,318)
Ⅲ. Cash flows from financing activities		
Proceeds from issuance of debt	101	―
Repayments of debt	(293)	―
Proceeds from issuance of foundation funds	60,000	―
Redemption of foundation funds	(60,000)	―
Payment of interest on foundation funds	(2,572)	(2,101)
Others, net	(255)	(294)
Net cash provided by (used in) financing activities	(3,019)	(2,395)
Ⅳ. Effect of foreign exchange rate changes on cash and cash equivalents	(584)	289
Ⅴ. Net increase (decrease) in cash and cash equivalents	(119,628)	61,358
Ⅵ. Cash and cash equivalents at the beginning of the year	456,284	579,044
Ⅶ. Cash and cash equivalents at the end of the period	336,656	640,403

5. Unaudited Consolidated Statements of Changes in Net Assets

(Millions of Yen)

Six months ended September 30, 2014

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	260,000	410,000	452	432,095	1,102,548
Cumulative effects of changes in accounting policies				2,752	2,752
Beginning balance after reflecting accounting policy changes	260,000	410,000	452	434,848	1,105,301
Changes in the period					
Issuance of foundation funds	60,000				60,000
Additions to policyholders' dividend reserves				(158,094)	(158,094)
Additions to reserve for redemption of foundation funds		60,000			60,000
Payment of interest on foundation funds				(2,572)	(2,572)
Net surplus attributable to the Parent Company				114,739	114,739
Redemption of foundation funds	(60,000)				(60,000)
Reversal of reserve for fund redemption				(60,000)	(60,000)
Reversal of land revaluation differences				852	852
Net changes, excluding funds, reserves and surplus					
Net changes in the period	—	60,000	—	(105,073)	(45,073)
Ending balance	260,000	470,000	452	329,774	1,060,227

	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	1,739,783	944	106,051	7,207	(66,062)	1,787,925	4,243	2,894,717
Cumulative effects of changes in accounting policies								2,752
Beginning balance after reflecting accounting policy changes	1,739,783	944	106,051	7,207	(66,062)	1,787,925	4,243	2,897,470
Changes in the period								
Issuance of foundation funds								60,000
Additions to policyholders' dividend reserves								(158,094)
Additions to reserve for redemption of foundation funds								60,000
Payment of interest on foundation funds								(2,572)
Net surplus attributable to the Parent Company								114,739
Redemption of foundation funds								(60,000)
Reversal of reserve for fund redemption								(60,000)
Reversal of land revaluation differences								852
Net changes, excluding funds, reserves and surplus	323,621	5,870	(852)	(6,317)	11,106	333,428	(227)	333,201
Net changes in the period	323,621	5,870	(852)	(6,317)	11,106	333,428	(227)	288,127
Ending balance	2,063,404	6,814	105,199	890	(54,955)	2,121,354	4,016	3,185,598

5. Unaudited Consolidated Statements of Changes in Net Assets (continued)

(Millions of Yen)

Six months ended September 30, 2015

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	260,000	470,000	452	472,533	1,202,986
Changes in the period					
Additions to policyholders' dividend reserves				(180,044)	(180,044)
Payment of interest on foundation funds				(2,101)	(2,101)
Net surplus attributable to the Parent Company				124,284	124,284
Reversal of land revaluation differences				214	214
Net changes, excluding funds, reserves and surplus					
Net changes in the period	—	—	—	(57,646)	(57,646)
Ending balance	260,000	470,000	452	414,887	1,145,340

	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	2,838,597	15,456	118,988	22,894	(22,862)	2,973,074	4,274	4,180,335
Changes in the period								
Additions to policyholders' dividend reserves								(180,044)
Payment of interest on foundation funds								(2,101)
Net surplus attributable to the Parent Company								124,284
Reversal of land revaluation differences								214
Net changes, excluding funds, reserves and surplus	(309,753)	(4,451)	(5)	(2,588)	12,181	(304,618)	(170)	(304,789)
Net changes in the period	(309,753)	(4,451)	(5)	(2,588)	12,181	(304,618)	(170)	(362,435)
Ending balance	2,528,843	11,004	118,982	20,305	(10,680)	2,668,455	4,104	3,817,899

Notes to the Consolidated Financial Statements

Summary of Significant Accounting Policies

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 7 as of September 30, 2015. The consolidated subsidiaries include as follows:

Meiji Yasuda General Insurance Co., Ltd. (Japan)
Meiji Yasuda Asset Management Company Ltd. (Japan)
Meiji Yasuda System Technology Company Limited (Japan)
Pacific Guardian Life Insurance Company, Limited (U.S.A.)
Meiji Yasuda Realty USA Incorporated (U.S.A.)

The subsidiaries excluded from consolidation include subsidiaries such as Meiji Yasuda Life Planning Center Company, Limited.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income and surplus for the six months ended September 30, 2015 are immaterial. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) and its subsidiaries and the results of their operations.

2. Affiliates

The number of affiliates accounted for by the equity method was 13 as of September 30, 2015. The affiliates accounted for by the equity method include 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 subsidiary of Thai Life Insurance Public Company Limited. was included in the scope of the equity method from the six months ended September 30, 2015.

The subsidiaries not consolidated, e.g., Meiji Yasuda Life Planning Center Company, Limited and others, and certain affiliates are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Interim closing dates of consolidated subsidiaries

The interim closing dates of consolidated overseas subsidiaries are June 30. The consolidated financial statements include the accounts of such subsidiaries as of June 30, 2015, with appropriate adjustments made for material transactions occurring between their respective interim closing dates and the date of the consolidated financial statements.

Notes to the Unaudited Consolidated Balance Sheet as of September 30, 2015

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 "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," (Japanese Institute of Certified Public Accountants (JICPA), issued on November 16, 2000). The cost of sales is determined by the moving average method and the amortization is calculated using the straight-line method.

   d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the "Insurance Business Act" and Article 13-5-2, Paragraph 3 of the "Order for Enforcement of the Insurance Business Act." The affiliates are under Paragraph 4 of the order.

   e. Available-for-sale securities
      i) Securities of which market value is readily available
         Stocks are stated at the average of the market value during the final month of the six months ended September 30, 2015.Others are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

      ii) Securities of which market value is extremely difficult to determine
         Bonds (including foreign bonds) of which premium or discount are regarded as interest rate adjustment are stated at amortized cost using the moving average method. The amortization is calculated using the straight-line method. Other securities are stated at cost using the moving average method.

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

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

3. Derivative transactions
   Derivative transactions are stated at fair value.

4. 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 The 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.

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.

6. 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.

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 collaterals and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, “borrowers with high possibility of bankruptcy”), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collaterals and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company's actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company's standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collaterals to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collaterals or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the period amounted to ¥47 million.

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 six months ended September 30, 2015 were as follows:

Method of attributing benefit to period of service	Benefit formula basis
Amortization period for actuarial differences	10 years
Amortization period for past service cost	10 years

9. Accrued Retirement Benefits for Directors and Executive Officers

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

In 2008, the Compensation Committee of the Company decided to terminate the retirement allowance scheme for directors and executive officers of the Company effective June 30, 2008. No provisions have been made for incumbent directors and executive officers since that date.

10. Reserve for Contingent Liabilities

Reserve for contingent liabilities of the Company is provided for the amount of estimated possible losses in the future with respect to the loan commitments outstanding pursuant to Article 24-4 of the "Ordinance for Enforcement of the Insurance Business Act".

11. Reserve for price fluctuation

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

12. Method of hedge accounting

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

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

- the allocation method using currency swaps to hedge against exchange rate fluctuation related to foreign currency denominated loans; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities; and
- the deferred hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated stocks (forecasted transaction)

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.

13. Policy reserves

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

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

a. For contracts that are subject to the standard policy reserve requirements, the premium reserves are calculated pursuant to the method stipulated by the Prime Minister (Ministry of Finance Notification No. 48 in 1996).

b. For contracts that are not subject to the standard policy reserve requirements, the premium reserves are calculated using the net level premium method.

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

For the year ended March 31, 2015, the Company additionally set aside the policy reserves for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995 pursuant to Article 69, Paragraph 5 of the ordinance.

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 prepaid expenses and amortized over a five-year period on the straight-line basis pursuant to the "Corporation Tax Act".

15. 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.

16. Income tax

The corporate income tax, inhabitant tax, and income taxes-deferred for the six months ended September 30, 2015, are calculated based on the assumption of additions and reversals of the policyholders' dividend reserves and the reserve for reduction entry of real estate due to the appropriation of surplus in the current fiscal year.

17. New accounting standards

"Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013; hereafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013; hereafter the "Consolidation Accounting Standard"), and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; hereafter the "Business Divestitures Accounting Standard") have been applied from the beginning of the six months ended September 30, 2015. Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as surplus, and acquisition-related costs are recorded as expenses for the period in which the costs are incurred. For business combinations implemented on or after the beginning of the six months ended September 30, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the six months containing the date of the business combinations. In addition, the presentation method of net surplus was changed as well as the name was changed from "minority interests" to "non-controlling interests". With respect to application of the Accounting Standards regarding business combinations, the transitional treatments as prescribed in Article 58-2(4) of the Business Combinations Accounting Standard, Article 44-5(4) of the Consolidation Accounting Standard and Article 57-4(4) of the Business Divestitures Accounting Standard have been applied prospectively on and after the beginning of the six months ended September 30, 2015.

As a result, ordinary profit and surplus before income taxes and non-controlling interests decreased by ¥876 million for the six months ended September 30, 2015 and, as well, surplus at the end of the six months decreased by ¥876 million.

18. Financial Instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets and fair values as of September 30, 2015, and the differences between them, were as follows:

			Millions of Yen
	Balance sheet amount	Fair value	Difference
Cash and deposits	¥223,218	¥223,218	¥ —
Available-for-sale securities (CDs)	28,999	28,999	—
Monetary claims bought	225,118	237,065	11,946
Held-to-maturity debt securities	196,565	208,511	11,946
Available-for-sale securities	28,553	28,553	—
Securities	28,287,631	29,577,557	1,289,926
Trading securities	755,317	755,317	—
Held-to-maturity debt securities	4,808,283	5,436,181	627,897
Policy-reserve-matching bonds	7,159,460	7,821,488	662,028
Available-for-sale securities	15,564,570	15,564,570	—
Loans	5,043,988	5,296,959	252,970
Policy loans	286,069	286,069	—
Industrial and consumer loans	4,757,918	5,010,889	252,970
Allowance for possible loan losses (*1)	(3,202)	—	—
	5,040,785	5,296,959	256,173
Payables under securities borrowing transactions	50,009	50,009	—
Loans payable	100,000	100,000	—
Derivative financial instruments (*2)	56,705	56,705	—
Hedge accounting is not applied	(558)	(558)	—
Hedge accounting is applied	57,263	57,263	—

(*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.

Note:

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

i) Assets

Cash and deposits

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

Monetary claims bought

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

Securities

As for available-for-sale securities, domestic stocks of which market value is readily available are stated at the average of the market value during the final month of the six months ended September 30, 2015. Other securities are stated at market value at the balance sheet date.

Unlisted stocks and others of which market value is not readily available are not subject to fair value disclosure and are therefore not included in the table above because these are regarded as extremely difficult to determine fair value. The amount of the unlisted stocks and others reported in the consolidated balance sheets was ¥769,864 million as of September 30, 2015. Impairment losses on the unlisted stocks and others were ¥25 million for the six months ended September 30, 2015.

Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value in light of factors such as projected repayment period and interest condition.

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

ii) Liabilities

Payables under securities borrowing transactions

The Company and subsidiaries regard book value as fair value with the assumption that fair value approximates book value due to short-term nature of these contracts.

Loans payable

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

iii) Derivative financial instruments

Listed transactions

The fair value of listed transactions, such as stock index futures and bond futures, is stated at the closing or settlement prices at the balance sheet date.

OTC transactions

The fair value of Over–the-Counter (OTC) transactions, such as foreign exchange contracts, is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, or fair value obtained from counterparties at the balance sheet date.

Since OTC transactions of currency swaps contracts subject to the allocation method are treated as an integral part of the hedged foreign currency denominated loans, their fair value is included in the fair value of hedged loans in the table above.

Interest rate swap transactions

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

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

b. Securities by holding purpose

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 period, and the differences between them, were shown in the following table.

			Millions of Yen
	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount			
1) National & local government bonds	¥4,001,433	¥4,566,802	¥565,369
2) Corporate bonds	676,029	734,588	58,559
3) Other	284,549	301,842	17,293
Total	4,962,012	5,603,234	641,222
Securities whose fair value does not exceed the balance sheet amount			
1) National & local government bonds	2,163	2,162	(1)
2) Corporate bonds	7,605	7,513	(92)
3) Other	33,067	31,783	(1,284)
Total	42,836	41,458	(1,377)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

Policy-reserve-matching bonds

The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type were shown in the following table, along with their fair values and the differences between these amounts.

	Millions of Yen		
	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount			
1) National & local government bonds	¥7,132,263	¥7,792,671	¥660,408
2) Corporate bonds	23,695	25,322	1,627
3) Other	—	—	—
Total	7,155,959	7,817,994	662,035
Securities whose fair value does not exceed the balance sheet amount			
1) National & local government bonds	—	—	—
2) Corporate bonds	3,501	3,494	(7)
3) Other	—	—	—
Total	3,501	3,494	(7)

Available-for-sale securities

With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities were shown in the following table.

	Millions of Yen		
	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs			
(1) Domestic stocks	¥1,595,689	¥3,701,810	¥2,106,120
(2) Bonds	4,555,636	4,950,869	395,233
1) National & local government bonds	3,507,590	3,841,324	333,733
2) Corporate bonds	1,048,045	1,109,545	61,499
(3) Other	4,644,095	5,720,275	1,076,180
Total	10,795,421	14,372,955	3,577,534
Securities whose balance sheet amount does not exceed the acquisition or amortized costs			
(1) Domestic stocks	47,325	44,934	(2,391)
(2) Bonds	96,566	95,763	(803)
1) National & local government bonds	17,398	17,351	(46)
2) Corporate bonds	79,168	78,411	(756)
(3) Other	1,133,885	1,108,470	(25,414)
Total	1,277,778	1,249,168	(28,609)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

19. Fair Values of Investment and Rental Property

The note of fair values of investment and rental property was omitted due to no significant changes in the balance sheet amounts and fair values from the end of the previous fiscal year.

20. Loans

The aggregate amounts of risk-monitored loans, which comprised of (1) loans to bankrupt borrowers, (2) loans in arrears, (3) loans in arrears for three months or longer, and (4) restructured loans, were ¥19,532 million as of September 30, 2015.

There were no loans to bankrupt borrowers as of September 30, 2015. The aggregate amount of loans in arrears was ¥2,734 million as of September 30, 2015.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheets as of September 30, 2015 were ¥44 million for loans to bankrupt borrowers, and ¥2 million for loans in arrears.

Loans to bankrupt borrowers represent the loans on which interest is not accrued due to unlikelihood of repayment of principal or interest resulting from delinquent principal or interest for a certain period or for other reasons (hereafter, “non-accrual loans”) and also meet the conditions stipulated in Article 96, Paragraph 1, Items 3 and 4 of the “Order for Enforcement of the Corporation Tax Act” (Cabinet Order No. 97 in 1965). Loans in arrears represent non-accrual loans excluding the loans to bankrupt borrowers (defined in the above) and loans of which interest payments are postponed in order to support these borrowers recovering from financial difficulties.

There were no loans in arrears for three months or longer as of September 30, 2015.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date.
Loans in arrears for three months or longer do not include loans classified as loans to bankrupt borrowers or loans in arrears.

The amount of restructured loans was ¥16,798 million as of September 30, 2015.

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

21. Separate Accounts

The total amount of assets held in separate account defined in Article 118, Paragraph 1 of the “Insurance Business Act” was ¥812,437 million as of September 30, 2015. The amount of separate account liabilities was the same as this figure.

22. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the six months ended September 30, 2015 were as follows:

	Millions of Yen
Balance at the beginning of the fiscal year	¥253,414
Transfer from surplus in the previous fiscal year	180,044
Dividend payments to policyholders during the period	(116,960)
Interest accrued during the period	184
Balance at the end of the period	¥316,684

23. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥3,687 million as of September 30, 2015.

24. Securities Lending

Securities loaned under security lending agreements, including securities under repurchase transactions, amounted to ¥1,420,902 million as of September 30, 2015.

25. Loan Commitments

The amount of loan commitments outstanding was ¥35,037 million as of as of September 30, 2015.

26. Subordinated Debt

As of September 30, 2015, other liabilities included subordinated debts of ¥100,000 million, and the repayments of which are subordinated to other obligations.

27. Contributions to the Life Insurance Policyholders Protection Corporation

The Company estimated future contributions to the Life Insurance Policyholders Protection Corporation in the amount of ¥52,265 million as of September 30, 2015, pursuant to Article 259 of the "Insurance Business Act".

These contributions are recognized as operating expenses when contributed.

28. Issuance of Corporate Bonds

On October 20, 2015, the Company issued corporate bonds as follows:

(1) Type

US dollar-denominated subordinated notes due 2045 with interest deferral options

(2) Offering price

100% of principal amount

(3) Principal amount

USD 2 billion

(4) Interest rate

A fixed rate of 5.20% per annum before October 2025 and a fixed rate reset with step-up thereafter (reset every 5 years)

(5) Maturity

October 2045.

The Notes are callable on October 20, 2025 and every date which falls five, or multiple of five, years thereafter until the Notes are fully redeemed at the discretion of Meiji Yasuda, subject to prior approval by the regulatory authority, etc.

(6) Collateral and guarantees

The corporate bonds are not secured or guaranteed, and there are no particular assets reserved for them.

(7) Use of funds

For general business

Notes to the Unaudited Consolidated Statements of Income for the Six Months Ended September 30, 2015

1. Impairment of Fixed Assets

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

(1) Method for grouping the assets

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

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

(2) Description of impairment losses recognized

For the six months ended September 30, 2015, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value due to downturn of the real estate market. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the six months ended September 30, 2015

Asset group	Number of properties impaired	Millions of Yen Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	29	442	307	750
Total	29	¥442	¥307	¥750

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 2.03% for the six months ended September 30, 2015. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

Notes to the Unaudited Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2015

1. Scope of 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.

2. Reconciliation of Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of September 30, 2015 were as follows:

	Millions of Yen
Cash and deposits	¥ 184,104
Call loans	456,000
Securities	298
Cash and cash equivalents	¥ 640,403