February 12, 2016

Financial Results for the Nine Months Ended December 31, 2015

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Nine Months ended December 31, 2015.

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Note: This document is a translation from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
ASSETS:		
Cash and deposits	240,038	208,844
Call loans	368,000	617,011
Monetary claims bought	229,523	229,337
Securities	29,256,897	29,555,159
Loans	5,076,391	4,993,646
Tangible fixed assets	932,531	923,602
Intangible fixed assets	64,183	68,943
Due from agents	1,647	1,151
Reinsurance receivables	675	571
Other assets	317,794	326,679
Net defined benefit assets	74,345	88,536
Deferred tax assets	1,779	2,031
Customers' liabilities under acceptances and guarantees	20,848	20,854
Allowance for possible loan losses	(5,034)	(4,897)
Total assets	36,579,624	37,031,472

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
LIABILITIES:		
Policy reserves and other reserves	30,592,941	31,313,892
Reserve for outstanding claims	114,465	108,397
Policy reserves	30,225,061	30,914,440
Policyholders' dividend reserves	253,414	291,053
Due to agents	9	13
Reinsurance payables	804	949
Corporate bonds	—	238,310
Other liabilities	700,186	359,053
Net defined benefit liabilities	1,084	1,095
Accrued retirement benefits for directors and executive officers	92	92
Reserve for contingent liabilities	2	5
Reserve for price fluctuation	492,907	511,955
Deferred tax liabilities	504,535	457,787
Deferred tax liabilities for land revaluation	85,877	85,539
Acceptances and guarantees	20,848	20,854
Total liabilities	32,399,288	32,989,548
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	464,066
Total funds, reserve and surplus	1,202,986	1,194,519
Net unrealized gains (losses) on available-for-sale securities	2,838,597	2,698,878
Deferred unrealized gains (losses) on derivatives under hedge accounting	15,456	20,088
Land revaluation differences	118,988	118,883
Foreign currency translation adjustments	22,894	9,955
Remeasurements of defined benefit plans	(22,862)	(4,545)
Total accumulated other comprehensive income	2,973,074	2,843,261
Non-controlling interests	4,274	4,143
Total net assets	4,180,335	4,041,923
Total liabilities and net assets	36,579,624	37,031,472

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31	
	2014	2015
ORDINARY INCOME:	3,460,643	3,207,332
Insurance premiums and other	2,583,011	2,546,755
Investment income	779,997	582,345
Interest, dividends and other income	492,045	499,277
Gains on money held in trust	0	0
Gains on sales of securities	182,037	8,334
Investment gains on separate accounts	66,774	—
Other ordinary income	97,634	78,231
ORDINARY EXPENSES:	3,149,702	2,991,444
Benefits and other payments	1,972,401	1,745,797
Claims paid	491,289	425,828
Annuity payments	649,830	530,654
Benefit payments	315,607	303,445
Surrender benefits	336,454	344,622
Provision for policy reserves and other reserves	700,658	689,825
Provision for policy reserves	700,307	689,619
Provision for interest on policyholders' dividend reserves	350	205
Investment expenses	68,616	126,269
Interest expenses	2,504	3,733
Losses on sales of securities	30	1,808
Losses on valuation of securities	63	10,197
Investment losses on separate accounts	—	7,056
Operating expenses	271,246	281,568
Other ordinary expenses	136,778	147,983
Ordinary profit	310,940	215,887
Extraordinary gains	898	510
Gains on disposals of fixed assets	898	510
Extraordinary losses	117,057	22,644
Losses on disposals of fixed assets	1,594	2,355
Impairment losses	1,336	758
Provision for reserve for contingent liabilities	1	3
Provision for reserve for price fluctuation	111,974	19,049
Contributions for promotion of social welfare project	476	476
Other extraordinary losses	1,674	—
Surplus before income taxes and non-controlling interests	194,781	193,753
Income taxes	25,722	20,219
Current	25,611	19,993
Deferred	110	226
Net surplus	169,059	173,533
Net surplus attributable to non-controlling interests	97	168
Net surplus attributable to the Parent Company	168,961	173,365

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31	
	2014	2015
Net surplus	169,059	173,533
Other comprehensive income (loss)	849,000	(129,504)
Net unrealized gains (losses) on available-for-sale securities	815,820	(138,900)
Deferred unrealized gains (losses) on derivatives under hedge accounting	12,820	4,632
Land revaluation differences	2,213	208
Foreign currency translation adjustments	1,548	(236)
Remeasurements of defined benefit plans	13,555	18,309
Share of other comprehensive income (loss) of associates accounted for under the equity method	3,042	(13,517)
Comprehensive income	1,018,059	44,029
Comprehensive income attributable to the Parent Company	1,017,972	43,865
Comprehensive income (loss) attributable to non-controlling interests	87	163

4. Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheets as of December 31, 2015

1. 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 nine months ended December 31, 2015. Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “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 nine months ended December 31, 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 nine 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 nine months ended December 31, 2015.

   As a result, ordinary profit and surplus before income taxes and non-controlling interests decreased by ¥1,004 million for the nine months ended December 31, 2015 and, as well, surplus at the end of the nine months decreased by ¥1,004 million.

2. Specific accounting treatment for the preparation of the quarterly financial statements

   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 nine months ended December 31, 2015. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the nine months ended December 31, 2015, after taking into account the effect of deferred tax accounting.
   Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2015 are included in the income taxes-current in the consolidated statements of income.

3. Policy reserves

   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.

They also include an amount to be additionally set aside as 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 for the year ended March 31, 2015.

4. Policyholders' Dividend Reserves
Changes in policyholders' dividend reserves for the nine months ended December 31, 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	(142,650)
Interest accrued during the period	244
Balance at the end of the period	¥291,053

5. Securities Lending
Securities loaned under security lending agreements, including securities under repurchase transactions, amounted to ¥1,502,520 million as of December 31, 2015.

6. Securities Borrowed
Assets that can be sold or resecured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥7,783 million at fair value as of December 31, 2015.

7. Subordinated Bonds
Corporate bonds in liabilities are foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

8. Subordinated Debt
As of December 31, 2015, other liabilities included subordinated debts of ¥100,000 million, and the repayments of which are subordinated to other obligations.

Notes to the Unaudited Consolidated Statements of Income for the Nine Months Ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2015

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	31	443	310	753
Total	31	¥443	¥310	¥753

(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 nine months ended December 31, 2015. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

2. Depreciation of Fixed Assets
The total amount of depreciation of fixed assets for the nine months ended December 31, 2015 was ¥23,603 million.