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## **Financial Results for the Nine Months Ended December 31, 2017**

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Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Nine Months ended December 31, 2017.

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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, 2017	As of December 31, 2017
<b>ASSETS:</b>		
Cash and deposits	505,583	519,225
Call loans	90,000	90,000
Monetary claims bought	220,118	223,257
Money held in trust	200	7,811
Securities	32,046,079	33,327,363
Loans	5,422,653	5,300,738
Tangible fixed assets	923,175	917,312
Intangible fixed assets	517,358	484,636
Due from agents	1,592	1,269
Reinsurance receivables	120,163	118,948
Other assets	455,560	421,589
Net defined benefit assets	92,747	105,638
Deferred tax assets	2,498	1,966
Customers' liabilities under acceptances and guarantees	20,888	21,727
Allowance for possible loan losses	(5,848)	(5,132)
<b>Total assets</b>	<b>40,412,770</b>	<b>41,536,352</b>

# 1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2017	As of December 31, 2017
<b>LIABILITIES:</b>		
Policy reserves and other reserves	34,302,037	34,786,932
Reserve for outstanding claims	732,370	721,813
Policy reserves	33,332,707	33,782,918
Policyholders' dividend reserves	236,959	282,200
Due to agents	2,990	2,554
Reinsurance payables	815	1,165
Bonds payable	409,753	507,892
Other liabilities	531,235	375,238
Net defined benefit liabilities	8,769	8,473
Reserve for contingent liabilities	1	2
Reserve for price fluctuation	578,227	659,175
Deferred tax liabilities	433,794	622,587
Deferred tax liabilities for land revaluation	79,910	79,900
Acceptances and guarantees	20,888	21,727
Total liabilities	36,368,425	37,065,649
<b>NET ASSETS:</b>		
Foundation funds	310,000	260,000
Reserve for redemption of foundation funds	520,000	620,000
Reserve for revaluation	452	452
Surplus	514,726	390,310
Total funds, reserve and surplus	1,345,179	1,270,763
Net unrealized gains on available-for-sale securities	2,542,572	3,055,198
Deferred unrealized gains on derivatives under hedge accounting	39,643	33,648
Land revaluation differences	117,025	119,164
Foreign currency translation adjustments	(19,750)	(32,476)
Remeasurements of defined benefit plans	15,701	20,365
Total accumulated other comprehensive income	2,695,192	3,195,900
Non-controlling interests	3,974	4,039
Total net assets	4,044,345	4,470,703
Total liabilities and net assets	40,412,770	41,536,352

## 2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31	
	2016	2017
<b>ORDINARY INCOME:</b>	<b>2,819,604</b>	<b>3,016,808</b>
Insurance premiums and other	2,112,854	2,225,065
Investment income	603,941	697,973
Interest, dividends and other income	532,511	585,385
Gains on money held in trust	—	20
Gains on sales of securities	11,048	6,573
Investment gains on separate accounts	14,620	60,077
Other ordinary income	102,808	93,769
<b>ORDINARY EXPENSES:</b>	<b>2,649,615</b>	<b>2,768,456</b>
Benefits and other payments	1,741,868	1,801,551
Claims paid	449,189	568,442
Annuity payments	515,460	486,945
Benefit payments	354,689	374,857
Surrender benefits	352,047	308,799
Provision for policy reserves and other reserves	279,529	351,571
Provision for reserve for outstanding claims	—	6,611
Provision for policy reserves	279,421	344,879
Provision for interest on policyholders' dividend reserves	108	80
Investment expenses	156,232	135,427
Interest expenses	19,785	24,556
Losses on sales of securities	26,867	14,645
Losses on valuation of securities	17,599	347
Operating expenses	318,382	348,045
Other ordinary expenses	153,602	131,860
Ordinary profit	<b>169,989</b>	<b>248,351</b>
Extraordinary gains	1,231	53
Gains on disposals of fixed assets	1,231	53
Extraordinary losses	29,897	83,250
Losses on disposals of fixed assets	1,011	992
Impairment losses	533	782
Provision for reserve for contingent liabilities	0	0
Provision for reserve for price fluctuation	27,509	80,957
Losses on reduction entry of real estate	333	—
Contributions for promotion of social welfare project	506	507
Other extraordinary losses	1	9
Surplus before income taxes and non-controlling interests	<b>141,323</b>	<b>165,154</b>
Income taxes	<b>16,637</b>	<b>15,474</b>
Current	17,349	18,616
Deferred	(711)	(3,142)
Net surplus	<b>124,685</b>	<b>149,680</b>
Net surplus attributable to non-controlling interests	<b>554</b>	<b>297</b>
Net surplus attributable to the Parent Company	<b>124,131</b>	<b>149,383</b>

### 3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31	
	2016	2017
Net surplus	124,685	149,680
Other comprehensive income (loss)	288,717	498,572
Net unrealized gains (losses) on available-for-sale securities	361,400	511,074
Deferred unrealized gains (losses) on derivatives under hedge accounting	(940)	(5,994)
Land revaluation differences	34	—
Foreign currency translation adjustments	(70,197)	(19,984)
Remeasurements of defined benefit plans	15,563	4,667
Share of other comprehensive income (loss) of associates accounted for under the equity method	(17,141)	8,808
Comprehensive income (loss)	413,403	648,252
Comprehensive income (loss) attributable to the Parent Company	412,805	647,952
Comprehensive income (loss) attributable to non-controlling interests	598	300

## 4. Notes to the Unaudited Consolidated Financial Statements

### Notes to the Unaudited Consolidated Balance Sheets as of December 31, 2017

#### 1. 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, 2017. 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, 2017, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2017 are included in the income taxes-current in the consolidated statements of income.

#### 2. 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.

The policy reserves also include reserves which are additionally set aside 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.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on the each country’s accounting standard, such as U.S. GAAP.

#### 3. Policyholders’ Dividend Reserves

Changes in policyholders’ dividend reserves for the nine months ended December 31, 2017 were as follows:

	Millions of Yen
Balance at the beginning of the fiscal year	¥236,959
Transfer from surplus in the previous fiscal year	169,815
Dividend payments to policyholders during the period	(124,691)
Interest accrued during the period	116
Balance at the end of the period	¥282,200

#### 4. Foundation Funds

The Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the “Insurance Business Act” in the nine months ended December 31, 2017.

#### 5. Reserve for Redemption of Foundation Funds

The Company redeemed foundation funds and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥100,000 million as of December 31, 2017.

#### 6. Securities Lending

Securities loaned under security lending agreements, including securities under securities

borrowing transactions, amounted to ¥1,782,082 million as of December 31, 2017.

#### 7. Subordinated Bonds

As of December 31, 2017, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥478,872 million, and the repayments of which are subordinated to other obligations.

#### 8. Subsequent Events

The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate was reduced from 35% to 21% and deferred tax assets and liabilities recorded by the U.S. based consolidated subsidiaries was changed.

The fiscal year-end of these subsidiaries differ from the year-end of the Company's consolidated financial statements. The Company's consolidated financial results for the nine months ended December 31, 2017 are prepared using the financial results of these subsidiaries for the nine months ended September 30, 2017. Therefore, the aforementioned change is disclosed as a significant subsequent event. The Company is currently assessing the impact of the enactment of the Act on its consolidated financial statements for the fiscal year ending March 31, 2018.

## Notes to the Unaudited Consolidated Statements of Income for the Nine Months Ended December 31, 2017

### 1. Impairment of Fixed Assets

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

#### (1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the 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, 2017, 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. 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, 2017

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	5	272	510	782
Total	5	¥272	¥510	¥782

#### (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 mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.92% for the nine months ended December 31, 2017. 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 and Amortization of Goodwill

The total amount of depreciation of tangible fixed assets and amortization of goodwill for the nine months ended December 31, 2017 were ¥43,796 million and ¥5,899 million, respectively.