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## Financial Results for the Nine Months Ended December 31, 2019

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Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Nine Months ended December 31, 2019.

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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, 2019	As of December 31, 2019
<b>ASSETS:</b>		
Cash and deposits	1,287,537	1,155,888
Call loans	90,000	90,000
Monetary claims bought	212,307	206,057
Money held in trust	21,669	20,146
Securities	33,403,624	35,025,247
Loans	5,019,827	4,877,682
Tangible fixed assets	912,057	904,813
Intangible fixed assets	467,182	439,912
Due from agents	1,578	1,155
Reinsurance receivables	164,308	158,316
Other assets	428,437	517,447
Net defined benefit assets	91,988	106,322
Deferred tax assets	2,994	1,929
Customers' liabilities under acceptances and guarantees	22,563	19,888
Allowance for possible loan losses	(5,361)	(6,083)
<b>Total assets</b>	<b>42,120,715</b>	<b>43,518,725</b>

## 1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
<b>LIABILITIES:</b>		
Policy reserves and other reserves	35,321,301	35,700,710
Reserve for outstanding claims	738,628	706,133
Policy reserves	34,339,715	34,705,974
Policyholders' dividend reserves	242,957	288,603
Due to agents	2,937	2,686
Reinsurance payables	1,187	1,006
Bonds payable	589,098	668,187
Other liabilities	1,012,377	1,581,236
Net defined benefit liabilities	6,995	6,942
Reserve for contingent liabilities	1	1
Reserve for price fluctuation	816,962	859,888
Deferred tax liabilities	281,498	378,288
Deferred tax liabilities for land revaluation	79,370	79,232
Acceptances and guarantees	22,563	19,888
Total liabilities	38,134,293	39,298,070
<b>NET ASSETS:</b>		
Foundation funds	260,000	250,000
Reserve for redemption of foundation funds	670,000	730,000
Reserve for revaluation	452	452
Surplus	499,135	424,801
Total funds, reserve and surplus	1,429,588	1,405,253
Net unrealized gains on available-for-sale securities	2,442,225	2,713,980
Deferred unrealized gains on derivatives under hedge accounting	41,253	40,858
Land revaluation differences	117,898	117,543
Foreign currency translation adjustments	(44,976)	(63,666)
Remeasurements of defined benefit plans	(273)	6,000
Total accumulated other comprehensive income	2,556,127	2,814,716
Non-controlling interests	705	684
Total net assets	3,986,421	4,220,655
Total liabilities and net assets	42,120,715	43,518,725

## 2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31	
	2018	2019
<b>ORDINARY INCOME:</b>	<b>3,130,056</b>	<b>2,970,554</b>
Insurance premiums and other	2,306,308	2,131,940
Investment income	728,690	744,909
Interest, dividends and other income	633,726	657,876
Gains on money held in trust	—	367
Gains on sales of securities	15,100	14,192
Investment gains on separate accounts	—	28,430
Other ordinary income	95,058	93,703
<b>ORDINARY EXPENSES:</b>	<b>2,832,307</b>	<b>2,751,793</b>
Benefits and other payments	1,796,647	1,843,900
Claims paid	539,017	528,746
Annuity payments	460,788	461,990
Benefit payments	389,214	396,295
Surrender benefits	340,509	386,634
Provision for policy reserves and other reserves	333,969	224,019
Provision for policy reserves	333,895	223,950
Provision for interest on policyholders' dividend reserves	74	68
Investment expenses	224,976	211,172
Interest expenses	25,431	32,617
Losses on money held in trust	199	—
Losses on sales of securities	20,236	6,096
Losses on valuation of securities	10,321	11,732
Investment losses on separate accounts	30,540	—
Operating expenses	349,223	351,629
Other ordinary expenses	127,491	121,071
Ordinary profit	297,748	218,760
Extraordinary gains	183	—
Gains on disposals of fixed assets	183	—
Extraordinary losses	108,805	45,867
Losses on disposals of fixed assets	932	1,061
Impairment losses	1,138	1,495
Provision for reserve for contingent liabilities	0	0
Provision for reserve for price fluctuation	106,224	42,936
Losses on reduction entry of real estate	—	4
Contributions for promotion of social welfare project	503	368
Other extraordinary losses	6	—
Surplus before income taxes and non-controlling interests	189,126	172,893
Income taxes	22,251	16,969
Current	19,546	15,051
Deferred	2,704	1,917
Net surplus	166,875	155,923
Net surplus attributable to non-controlling interests	1,389	64
Net surplus attributable to the Parent Company	165,486	155,859

### 3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31	
	2018	2019
Net surplus	166,875	155,923
Other comprehensive income (loss)	(340,734)	258,943
Net unrealized gains (losses) on available-for-sale securities	(340,640)	268,977
Deferred unrealized gains (losses) on derivatives under hedge accounting	2,172	(395)
Foreign currency translation adjustments	3,018	(16,776)
Remeasurements of defined benefit plans	(2,603)	6,273
Share of other comprehensive income (loss) of associates accounted for under the equity method	(2,681)	864
Comprehensive income (loss)	(173,858)	414,867
Comprehensive income (loss) attributable to the Parent Company	(175,262)	414,803
Comprehensive income (loss) attributable to non-controlling interests	1,404	64

## 4. Notes to the Unaudited Consolidated Financial Statements

### Notes to the Unaudited Consolidated Balance Sheets as of December 31, 2019

#### 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, 2019. 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, 2019, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2019 are included in the income taxes-current in the consolidated statements of income.

#### 2. Policy reserves

The policy reserves of the Company which are additionally set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act” include the following:

- the policy reserves for 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. 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 set aside in the year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995; and
- the policy reserves set aside in the year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.

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, 2019 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥242,957
Transfer from surplus in the previous fiscal year	169,630
Dividend payments to policyholders during the period	(124,053)
Interest accrued during the period	68
Balance at the end of the period	¥288,603

#### 4. Foundation Funds

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

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 ¥60,000 million.

6. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,870,557 million as of December 31, 2019.

7. Securities sold under repurchase agreements

Securities sold under repurchase agreements amounted to ¥95,555 million as of December 31, 2019.

8. Subordinated Bonds

As of December 31, 2019, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥640,735 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, 2019

### 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, 2019, 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, 2019

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥ 565	¥ 906	¥ 1,471
Idle assets	5	1	22	23
Total	6	¥567	¥928	¥1,495

#### (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 1.89% for the nine months ended December 31, 2019. 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, 2019 were ¥39,647 million and ¥5,647 million, respectively.