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## **Financial Results for the Nine Months Ended December 31, 2020**

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Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Nine Months ended December 31, 2020.

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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 Mar. 31, 2020	As of Dec. 31, 2020
<b>ASSETS:</b>		
Cash and deposits	1,246,447	1,186,133
Call loans	90,000	90,000
Monetary claims bought	204,335	267,392
Money held in trust	15,166	163,808
Securities	34,023,049	35,549,728
Loans	4,913,456	4,980,214
Tangible fixed assets	905,204	912,750
Intangible fixed assets	442,229	410,648
Due from agents	1,612	1,265
Reinsurance receivables	161,038	156,158
Other assets	529,429	542,882
Net defined benefit assets	66,029	65,357
Deferred tax assets	2,762	1,927
Customers' liabilities under acceptances and guarantees	19,888	19,215
Allowance for possible loan losses	(6,754)	(7,552)
<b>Total assets</b>	<b>42,613,896</b>	<b>44,339,929</b>

# 1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020
<b>LIABILITIES:</b>		
Policy reserves and other reserves	35,817,626	36,082,452
Reserve for outstanding claims	723,195	705,885
Policy reserves	34,848,442	35,077,725
Policyholders' dividend reserves	245,988	298,841
Due to agents	3,707	2,984
Reinsurance payables	964	920
Bonds payable	668,563	667,487
Other liabilities	1,584,263	2,099,808
Net defined benefit liabilities	8,229	8,100
Reserve for contingent liabilities	1	0
Reserve for price fluctuation	833,615	846,268
Deferred tax liabilities	56,462	315,733
Deferred tax liabilities for land revaluation	79,210	79,036
Acceptances and guarantees	19,888	19,215
Total liabilities	39,072,534	40,122,009
<b>NET ASSETS:</b>		
Foundation funds	250,000	250,000
Reserve for redemption of foundation funds	730,000	730,000
Reserve for revaluation	452	452
Surplus	475,912	502,544
Total funds, reserve and surplus	1,456,365	1,482,997
Net unrealized gains on available-for-sale securities	1,993,002	2,681,010
Deferred unrealized gains on derivatives under hedge accounting	45,187	38,287
Land revaluation differences	118,421	118,267
Foreign currency translation adjustments	(49,497)	(80,407)
Remeasurements of defined benefit plans	(22,818)	(22,898)
Total accumulated other comprehensive income	2,084,295	2,734,258
Non-controlling interests	700	663
Total net assets	3,541,362	4,217,919
Total liabilities and net assets	42,613,896	44,339,929

## 2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended Dec. 31	
	2019	2020
<b>ORDINARY INCOME:</b>	<b>2,970,554</b>	<b>2,917,003</b>
Insurance premiums and other	2,131,940	1,985,827
Investment income	744,909	861,602
Interest, dividends and other income	657,876	644,951
Gains on money held in trust	367	—
Gains on sales of securities	14,192	56,500
Investment gains on separate accounts	28,430	57,070
Other ordinary income	93,703	69,574
<b>ORDINARY EXPENSES:</b>	<b>2,751,793</b>	<b>2,703,895</b>
Benefits and other payments	1,843,900	1,873,937
Claims paid	528,746	476,680
Annuity payments	461,990	495,055
Benefit payments	396,295	385,206
Surrender benefits	386,634	401,762
Provision for policy reserves and other reserves	224,019	155,936
Provision for policy reserves	223,950	155,873
Provision for interest on policyholders' dividend reserves	68	63
Investment expenses	211,172	198,353
Interest expenses	32,617	31,442
Losses on money held in trust	—	63
Losses on sales of securities	6,096	9,560
Losses on valuation of securities	11,732	27,101
Operating expenses	351,629	359,279
Other ordinary expenses	121,071	116,388
Ordinary profit	<b>218,760</b>	<b>213,107</b>
Extraordinary gains	—	17
Gains on disposals of fixed assets	—	17
Reversal of reserve for contingent liabilities	—	0
Extraordinary losses	45,867	21,316
Losses on disposals of fixed assets	1,061	2,011
Impairment losses	1,495	2,127
Provision for reserve for contingent liabilities	0	—
Provision for reserve for price fluctuation	42,936	12,668
Losses on reduction entry of real estate	4	—
Contributions for promotion of social welfare project	368	442
Other extraordinary losses	—	4,067
Surplus before income taxes and non-controlling interests	<b>172,893</b>	<b>191,808</b>
Income taxes	16,969	15,655
Current	15,051	11,514
Deferred	1,917	4,140
Net surplus	<b>155,923</b>	<b>176,152</b>
Net surplus attributable to non-controlling interests	64	43
Net surplus attributable to the Parent Company	<b>155,859</b>	<b>176,109</b>

### 3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended Dec. 31	
	2019	2020
Net surplus	155,923	176,152
Other comprehensive income (loss)	258,943	650,117
Net unrealized gains (losses) on available-for-sale securities	268,977	689,529
Deferred unrealized gains (losses) on derivatives under hedge accounting	(395)	(7,097)
Foreign currency translation adjustments	(16,776)	(20,773)
Remeasurements of defined benefit plans	6,273	(80)
Share of other comprehensive income (loss) of associates accounted for under the equity method	864	(11,462)
Comprehensive income (loss)	414,867	826,269
Comprehensive income (loss) attributable to the Parent Company	414,803	826,226
Comprehensive income (loss) attributable to non-controlling interests	64	43

## 4. Notes to the Unaudited Consolidated Financial Statements

### Notes to the Unaudited Consolidated Balance Sheets as of December 31, 2020

#### 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, 2020. 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, 2020, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2020 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, 2020 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥245,988
Transfer from surplus in the previous fiscal year	¥148,874
Dividend payments to policyholders during the period	¥96,085
Interest accrued during the period	¥63
Balance at the end of the period	¥298,841

#### 4. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,699,672 million as of December 31, 2020.

5. Securities sold under repurchase agreements

Securities sold under repurchase agreements amounted to ¥131,234 million as of December 31, 2020.

6. Subordinated Bonds

As of December 31, 2020, 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, 2020

### 1. Other extraordinary losses

Other extraordinary losses are mainly as follows due to the declaration of a State of emergency to COVID-19 from Japanese government:

- (1) Compensation for Sales agents due to self-restraint of face-to-face business activity
- (2) Cancellation costs of outsourcing system development

### 2. 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, 2020, 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, 2020

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	3	¥ 590	¥1,374	¥1,964
Idle assets	5	97	65	162
Total	8	687	1,439	2,127

#### (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 1.87% for the nine months ended December 31, 2020. 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, 2020 were ¥41,015 million and ¥5,537 million, respectively.