
Financial Results for the Nine Months Ended December 31, 2021

Meiji Yasuda Life Insurance Company (Hideki Nagashima, President and Group CEO)
announces financial results for the Nine Months ended December 31, 2021.

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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, 2021	As of Dec. 31, 2021
ASSETS:		
Cash and deposits	1,210,322	1,078,990
Call loans	90,000	90,004
Monetary claims bought	264,184	186,014
Money held in trust	170,522	175,818
Securities	37,097,578	38,399,847
Loans	4,937,975	4,920,700
Tangible fixed assets	908,371	908,765
Intangible fixed assets	402,441	415,350
Due from agents	1,560	1,283
Reinsurance receivables	152,211	163,807
Other assets	601,097	590,945
Net defined benefit assets	126,976	141,038
Deferred tax assets	2,180	1,760
Customers' liabilities under acceptances and guarantees	19,215	5,473
Allowance for possible loan losses	(6,837)	(9,794)
Total assets	45,977,802	47,070,007

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of Mar. 31, 2021	As of Dec. 31, 2021
LIABILITIES:		
Policy reserves and other reserves	36,266,398	37,020,905
Reserve for outstanding claims	708,582	758,880
Policy reserves	35,297,785	35,939,844
Policyholders' dividend reserves	260,030	322,179
Due to agents	3,628	3,980
Reinsurance payables	802	748
Bonds payable	666,866	668,864
Other liabilities	3,175,679	3,429,175
Net defined benefit liabilities	8,317	8,964
Reserve for price fluctuation	851,195	865,073
Deferred tax liabilities	378,208	433,475
Deferred tax liabilities for land revaluation	79,003	78,984
Acceptances and guarantees	19,215	5,473
Total liabilities	41,449,317	42,515,646
NET ASSETS:		
Foundation funds	250,000	150,000
Reserve for redemption of foundation funds	730,000	830,000
Reserve for revaluation	452	452
Surplus	515,259	362,944
Total funds, reserve and surplus	1,495,712	1,343,396
Net unrealized gains on available-for-sale securities	2,959,118	3,084,424
Deferred unrealized gains on derivatives under hedge accounting	28,261	27,029
Land revaluation differences	118,183	121,965
Foreign currency translation adjustments	(89,185)	(43,643)
Remeasurements of defined benefit plans	15,714	20,509
Total accumulated other comprehensive income	3,032,091	3,210,287
Non-controlling interests	681	677
Total net assets	4,528,485	4,554,361
Total liabilities and net assets	45,977,802	47,070,007

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended Dec. 31	
	2020	2021
ORDINARY INCOME:	2,917,003	3,013,585
Insurance premiums and other	1,985,827	2,073,340
Investment income	861,602	869,928
Interest, dividends and other income	644,951	668,558
Gains on money held in trust	—	2,232
Gains on sales of securities	56,500	71,044
Investment gains on separate accounts	57,070	24,834
Other ordinary income	69,574	70,316
ORDINARY EXPENSES:	2,703,895	2,854,084
Benefits and other payments	1,873,937	1,935,395
Claims paid	476,680	500,757
Annuity payments	495,055	466,618
Benefit payments	385,206	407,399
Surrender benefits	401,762	486,847
Provision for policy reserves and other reserves	155,936	221,650
Provision for reserve for outstanding claims	—	2,489
Provision for policy reserves	155,873	219,117
Provision for interest on policyholders' dividend reserves	63	44
Investment expenses	198,353	194,831
Interest expenses	31,442	37,195
Losses on money held in trust	63	—
Losses on sales of securities	9,560	22,726
Losses on valuation of securities	27,101	8,447
Operating expenses	359,279	378,498
Other ordinary expenses	116,388	123,707
Ordinary profit	213,107	159,500
Extraordinary gains	17	0
Gains on disposals of fixed assets	17	0
Reversal of reserve for contingent liabilities	0	—
Extraordinary losses	21,316	20,054
Losses on disposals of fixed assets	2,011	4,885
Impairment losses	2,127	354
Provision for reserve for price fluctuation	12,668	13,847
Contributions for promotion of social welfare project	442	967
Other extraordinary losses	4,067	—
Surplus before income taxes and non-controlling interests	191,808	139,445
Income taxes	15,655	8,530
Current	11,514	4,157
Deferred	4,140	4,372
Net surplus	176,152	130,915
Net surplus attributable to non-controlling interests	43	56
Net surplus attributable to the Parent Company	176,109	130,858

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended Dec. 31	
	2020	2021
Net surplus	176,152	130,915
Other comprehensive income (loss)	650,117	174,412
Net unrealized gains (losses) on available-for-sale securities	689,529	126,395
Deferred unrealized gains (losses) on derivatives under hedge accounting	(7,097)	(948)
Foreign currency translation adjustments	(20,773)	47,027
Remeasurements of defined benefit plans	(80)	4,795
Share of other comprehensive income (loss) of associates accounted for under the equity method	(11,462)	(2,856)
Comprehensive income (loss)	826,269	305,327
Comprehensive income (loss) attributable to the Parent Company	826,226	305,271
Comprehensive income (loss) attributable to non-controlling interests	43	56

4. Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheets as of December 31, 2021

1. Change in significant accounting policy

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, “the Company”) has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30) (hereafter, “Accounting Standard for Fair Value Measurement”) and others from the beginning of the first quarter of this fiscal year, and applies the new accounting policies stipulated by the Accounting Standard for Fair Value Measurement and others into the future in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10).

As a result, valuation of stocks classified in available-for-sale securities with market value has been changed to be stated at fair value based on the market value at the balance sheet date, although they were stated at the average of the market value during the final month of the third quarter of the fiscal year.

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, 2021. 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, 2021, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2021 are included in the income taxes-current in the consolidated statements of income.

3. 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 set aside in the fiscal year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 4 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above). ¥25,323 million of the reserve is set aside in the nine months ended in December 31, 2021. As a result, 91.7% of the required amount of the reserves is set aside as of the end of the nine months ended in December 2021.

Policy reserves of certain overseas consolidated subsidiaries are calculated based on each country's accounting standard, such as U.S. generally accepted accounting principles.

4. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the nine months ended December 31, 2021 were

as follows:

	Millions of Yen
Balance at the beginning of the period	¥260,030
Transfer from surplus in the previous fiscal year	¥178,633
Dividend payments to policyholders during the period	¥116,529
Interest accrued during the period	¥44
Balance at the end of the period	¥322,179

5. 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.

6. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥3,994,100 million as of December 31, 2021.

7. Securities sold under repurchase agreements

Securities sold under repurchase agreements amounted to ¥138,660 million as of December 31, 2021.

8. Subordinated Bonds

As of December 31, 2021, 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.

9. Subordinated Loan

As of December 31, 2021, other liabilities in liabilities included subordinated loan of ¥200,000 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, 2021

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, 2021, 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, 2021

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ -	¥ -	¥ -
Idle assets	6	214	139	354
Total	6	214	139	354

(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 1.82% for the nine months ended December 31, 2021. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value. Some affiliates recognize impairment losses based on the current business environment, which are included in "Investment losses (gains) on equity method" in Other ordinary expenses.

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, 2021 were ¥41,800 million and ¥5,857 million, respectively.