

August 9, 2017

Financial Results for the Three Months Ended June 30, 2017

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Three Months ended June 30, 2017.

«Contents»

1. Unaudited Consolidated Balance Sheets	P1
2. Unaudited Consolidated Statements of Income	P3
3. Unaudited Consolidated Statements of Comprehensive Income	P4
4. Notes to the Unaudited Consolidated Financial Statements	P5

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 June 30, 2017
ASSETS:		
Cash and deposits	505,583	540,208
Call loans	90,000	90,000
Monetary claims bought	220,118	220,765
Money held in trust	200	800
Securities	32,046,079	32,031,030
Loans	5,422,653	5,370,813
Tangible fixed assets	923,175	919,632
Intangible fixed assets	517,358	493,239
Due from agents	1,592	993
Reinsurance receivables	120,163	116,263
Other assets	455,560	415,760
Net defined benefit assets	92,747	94,099
Deferred tax assets	2,498	2,295
Customers' liabilities under acceptances and guarantees	20,888	21,441
Allowance for possible loan losses	(5,848)	(4,863)
Total assets	40,412,770	40,312,480

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
LIABILITIES:		
Policy reserves and other reserves	34,302,037	34,424,320
Reserve for outstanding claims	732,370	708,315
Policy reserves	33,332,707	33,375,549
Policyholders' dividend reserves	236,959	340,455
Due to agents	2,990	2,985
Reinsurance payables	815	1,200
Bonds payable	409,753	407,656
Other liabilities	531,235	357,603
Net defined benefit liabilities	8,769	8,555
Reserve for contingent liabilities	1	2
Reserve for price fluctuation	578,227	594,601
Deferred tax liabilities	433,794	458,197
Deferred tax liabilities for land revaluation	79,910	79,900
Acceptances and guarantees	20,888	21,441
Total liabilities	36,368,425	36,356,464
NET ASSETS:		
Foundation funds	310,000	310,000
Reserve for redemption of foundation funds	520,000	520,000
Reserve for revaluation	452	452
Surplus	514,726	378,825
Total funds, reserve and surplus	1,345,179	1,209,277
Net unrealized gains on available-for-sale securities	2,542,572	2,612,018
Deferred unrealized gains on derivatives under hedge accounting	39,643	38,664
Land revaluation differences	117,025	117,001
Foreign currency translation adjustments	(19,750)	(41,964)
Remeasurements of defined benefit plans	15,701	17,256
Total accumulated other comprehensive income	2,695,192	2,742,975
Non-controlling interests	3,974	3,761
Total net assets	4,044,345	3,956,015
Total liabilities and net assets	40,412,770	40,312,480

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30	
	2016	2017
ORDINARY INCOME:	981,487	967,802
Insurance premiums and other	777,425	716,470
Investment income	179,321	216,021
Interest, dividends and other income	159,289	181,340
Gains on money held in trust	—	0
Gains on sales of securities	3,336	1,274
Investment gains on separate accounts	—	17,546
Other ordinary income	24,740	35,310
ORDINARY EXPENSES:	1,048,166	911,179
Benefits and other payments	565,776	648,019
Claims paid	145,359	225,079
Annuity payments	160,925	164,473
Benefit payments	124,279	138,498
Surrender benefits	113,905	97,549
Provision for policy reserves and other reserves	153,771	52,651
Provision for policy reserves	153,725	52,623
Provision for interest on policyholders' dividend reserves	45	27
Investment expenses	181,310	51,881
Interest expenses	6,889	8,164
Losses on sales of securities	686	7,301
Losses on valuation of securities	125,492	1,055
Investment losses on separate accounts	22,683	—
Operating expenses	98,280	112,659
Other ordinary expenses	49,026	45,966
Ordinary profit (loss)	(66,679)	56,623
Extraordinary gains	107,271	0
Gains on disposals of fixed assets	1	0
Reversal of reserve for price fluctuation	107,270	—
Extraordinary losses	915	17,084
Losses on disposals of fixed assets	258	218
Impairment losses	354	80
Provision for reserve for contingent liabilities	0	0
Provision for reserve for price fluctuation	—	16,384
Contributions for promotion of social welfare project	300	400
Other extraordinary losses	1	—
Surplus before income taxes and non-controlling interests	39,676	39,539
Income taxes	4,585	3,781
Current	4,453	2,488
Deferred	131	1,292
Net surplus	35,090	35,758
Net surplus attributable to non-controlling interests	20	23
Net surplus attributable to the Parent Company	35,070	35,734

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30	
	2016	2017
Net surplus	35,090	35,758
Other comprehensive income (loss)	(232,865)	47,807
Net unrealized gains (losses) on available-for-sale securities	(245,067)	69,191
Deferred unrealized gains (losses) on derivatives under hedge accounting	20,589	(979)
Foreign currency translation adjustments	(8,341)	(22,846)
Remeasurements of defined benefit plans	5,201	1,556
Share of other comprehensive income (loss) of associates accounted for under the equity method	(5,249)	884
Comprehensive income (loss)	(197,775)	83,565
Comprehensive income (loss) attributable to the Parent Company	(197,800)	83,543
Comprehensive income attributable to non-controlling interests	25	22

4. Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2017

1. Specific accounting treatment for the preparation of the quarterly financial statements
 - (1) The proposed appropriation of surplus of the Company for the fiscal year ended March 31, 2017 approved at the annual meeting of the representatives of policyholders held on July 4, 2017 is reflected in the consolidated balance sheet as of June 30, 2017.
 - (2) 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 three months ended June 30, 2017. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the three months ended June 30, 2017, after taking into account the effect of deferred tax accounting.
Therefore, income taxes-deferred of the Company for the three months ended June 30, 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. Available-for-sale securities

With regards to bonds among available-for-sale securities denominated in foreign currencies, translation adjustments caused by significant yen appreciation are recorded in losses on valuation of securities. Previously, the existence of “significant yen appreciation” had been determined based on the exchange rate at the end of each period. The Company changed the method to make such determination based on the average exchange rate during the final month of the period from the six months ended September 30, 2016.

4. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the three months ended June 30, 2017 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥ 236,959
Transfer from surplus in the previous fiscal year	169,815
Dividend payments to policyholders during the period	(66,359)
Interest accrued during the period	40
Balance at the end of the period	¥ 340,455

5. Foundation Funds

In accordance with changes in the Articles of Incorporation approved at the annual meeting of the representatives of policyholders held on July 4, 2017, the Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the "Insurance Business Act".

6. Reserve for Redemption of Foundation Funds

The Company redeemed foundation funds on August 4, 2017 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 June 30, 2017.

7. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥1,802,174 million as of June 30, 2017.

8. Subordinated Bonds

As of June 30, 2017, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥378,690 million, and the repayments of which are subordinated to other obligations.

Notes to the Unaudited Consolidated Statement of Income for the Three Months Ended June 30, 2017

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 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 three months ended June 30, 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 statement of income.

(3) Details of fixed assets resulting in impairment losses

For the three months ended June 30, 2017

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	0	¥ —	¥ —	¥ —
Idle assets	1	50	30	80
Total	1	¥ 50	¥ 30	¥ 80

(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 three months ended June 30, 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 three months ended June 30, 2017 were ¥14,328 million and ¥1,957 million respectively.