

May 25, 2018

Financial Results for the Fiscal Year Ended March 31, 2018

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the fiscal year ended March 31, 2018.

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Notes:

1. The Financial Results are summarized English translations of the original disclosure in Japanese.
2. Notes to the Unaudited Consolidated Financial Statements are not included in these translations.
The Financial Results with Notes to the Unaudited Consolidated Financial Statements are scheduled to be announced later.

1. Unaudited Consolidated Balance Sheets

	(Millions of Yen)	
	As of March 31	
	2017	2018
ASSETS:		
Cash and deposits	505,583	646,020
Call loans	90,000	90,000
Monetary claims bought	220,118	214,730
Money held in trust	200	13,076
Securities	32,046,079	33,128,510
Loans	5,422,653	5,276,491
Tangible fixed assets	923,175	915,808
Land	617,501	614,975
Buildings	295,568	287,061
Leased assets	612	787
Construction in progress	3,239	5,273
Other tangible fixed assets	6,253	7,710
Intangible fixed assets	517,358	485,067
Software	59,942	60,733
Goodwill	155,799	143,246
Other intangible fixed assets	301,615	281,087
Due from agents	1,592	1,569
Reinsurance receivables	120,163	121,167
Other assets	455,560	518,444
Net defined benefit assets	92,747	113,534
Deferred tax assets	2,498	2,375
Customers' liabilities under acceptances and guarantees	20,888	21,727
Allowance for possible loan losses	(5,848)	(5,100)
Total assets	40,412,770	41,543,423

1. Unaudited Consolidated Balance Sheets (continued)

	(Millions of Yen)	
	As of March 31	
	2017	2018
LIABILITIES:		
Policy reserves and other reserves	34,302,037	34,871,021
Reserve for outstanding claims	732,370	735,955
Policy reserves	33,332,707	33,901,297
Policyholders' dividend reserves	236,959	233,768
Due to agents	2,990	2,931
Reinsurance payables	815	1,199
Bonds payable	409,753	482,356
Other liabilities	531,235	891,457
Net defined benefit liabilities	8,769	6,328
Reserve for contingent liabilities	1	1
Reserve for price fluctuation	578,227	685,414
Deferred tax liabilities	433,794	377,710
Deferred tax liabilities for land revaluation	79,910	79,522
Acceptances and guarantees	20,888	21,727
Total liabilities	36,368,425	37,419,670
NET ASSETS:		
Foundation funds	310,000	260,000
Reserve for redemption of foundation funds	520,000	620,000
Reserve for revaluation	452	452
Surplus	514,726	504,951
Total funds, reserve and surplus	1,345,179	1,385,404
Net unrealized gains (losses) on available-for-sale securities	2,542,572	2,583,926
Deferred unrealized gains (losses) on derivatives under hedge accounting	39,643	35,881
Land revaluation differences	117,025	118,189
Foreign currency translation adjustments	(19,750)	(27,485)
Remeasurements of defined benefit plans	15,701	23,861
Total accumulated other comprehensive income	2,695,192	2,734,374
Non-controlling interests	3,974	3,974
Total net assets	4,044,345	4,123,752
Total liabilities and net assets	40,412,770	41,543,423

2. Unaudited Consolidated Statements of Income

	(Millions of Yen)	
	Years ended March 31	
	2017	2018
ORDINARY INCOME:	3,875,469	4,117,073
Insurance premiums and other	2,866,387	3,024,398
Investment income	871,417	958,785
Interest, dividends and other income	772,142	832,383
Gains on money held in trust	—	23
Gains on sales of securities	23,968	27,554
Gains on redemption of securities	57,323	59,184
Reversal of allowance for possible loan losses	—	270
Other investment income	2,175	2,010
Investment gains on separate accounts	15,807	37,356
Other ordinary income	137,663	133,890
ORDINARY EXPENSES:	3,560,586	3,746,883
Benefits and other payments	2,383,208	2,428,801
Claims paid	635,367	765,271
Annuity payments	697,062	647,404
Benefit payments	501,942	508,026
Surrender benefits	454,118	421,909
Other refunds	94,717	86,188
Provision for policy reserves and other reserves	331,822	436,630
Provision for reserve for outstanding claims	7,151	19,170
Provision for policy reserves	324,535	417,353
Provision for interest on policyholders' dividend reserves	135	106
Investment expenses	197,070	238,776
Interest expenses	29,114	32,897
Losses on sales of securities	32,216	38,219
Losses on valuation of securities	12,137	8,816
Losses on redemption of securities	4,433	4,307
Losses on derivative financial instruments	88,918	110,895
Foreign exchange losses	399	8,679
Provision for allowance for possible loan losses	1,801	—
Depreciation of real estate for non-insurance business	9,513	10,300
Other investment expenses	18,534	24,660
Operating expenses	439,743	461,670
Other ordinary expenses	208,741	181,004
Ordinary profit	<u>314,883</u>	<u>370,190</u>

2. Unaudited Consolidated Statements of Income (continued)

	(Millions of Yen)	
	Years ended March 31	
	2017	2018
Extraordinary gains	2,045	1,678
Gains on disposals of fixed assets	2,045	1,678
Reversal of reserve for contingent liabilities	0	0
Extraordinary losses	64,510	110,515
Losses on disposals of fixed assets	4,317	1,827
Impairment losses	3,152	896
Provision for reserve for price fluctuation	56,121	107,196
Losses on reduction entry of real estate	333	—
Contributions for promotion of social welfare project	582	553
Other extraordinary losses	1	40
Surplus before income taxes and non-controlling interests	252,418	261,353
Income taxes	27,809	(4,621)
Current	38,003	58,604
Deferred	(10,193)	(63,225)
Net surplus	224,608	265,974
Net surplus attributable to non-controlling interests	878	935
Net surplus attributable to the Parent Company	223,730	265,038

3. Unaudited Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	Years ended March 31	
	2017	2018
Net surplus	224,608	265,974
Other comprehensive income (loss)	306,994	35,923
Net unrealized gains (losses) on available-for-sale securities	250,844	36,425
Deferred unrealized gains (losses) on derivatives under hedge accounting	983	(3,761)
Foreign currency translation adjustments	11,887	(19,061)
Remeasurements of defined benefit plans	47,977	8,339
Share of other comprehensive income (loss) of associates accounted for under the equity method	(4,699)	13,980
Comprehensive income (loss)	531,602	301,898
Comprehensive income (loss) attributable to the Parent Company	530,605	300,965
Comprehensive income (loss) attributable to non-controlling interests	997	932

4. Unaudited Consolidated Statements of Changes in Net Assets

(Millions of Yen)

Year ended March 31, 2017

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	260,000	470,000	452	506,083	1,236,536
Changes in the fiscal year					
Issuance of foundation funds	100,000				100,000
Additions to policyholders' dividend reserves				(165,707)	(165,707)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(2,101)	(2,101)
Net surplus attributable to the Parent Company				223,730	223,730
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				2,868	2,868
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(147)	(147)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	50,000	50,000	—	8,642	108,642
Ending balance	310,000	520,000	452	514,726	1,345,179

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available -for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasuremen ts of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,291,022	38,659	119,894	(26,190)	(32,200)	2,391,186	3,947	3,631,671
Changes in the fiscal year								
Issuance of foundation funds								100,000
Additions to policyholders' dividend reserves								(165,707)
Additions to reserve for redemption of foundation funds								50,000
Payment of interest on foundation funds								(2,101)
Net surplus attributable to the Parent Company								223,730
Redemption of foundation funds								(50,000)
Reversal of reserve for fund redemption								(50,000)
Reversal of land revaluation differences								2,868
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								(147)
Net changes, excluding funds, reserves and surplus	251,549	983	(2,868)	6,439	47,901	304,005	26	304,032
Net changes in the fiscal year	251,549	983	(2,868)	6,439	47,901	304,005	26	412,674
Ending balance	2,542,572	39,643	117,025	(19,750)	15,701	2,695,192	3,974	4,044,345

4. Unaudited Consolidated Statements of Changes in Net Assets (continued)

(Millions of Yen)

Year ended March 31, 2018

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	310,000	520,000	452	514,726	1,345,179
Changes in the fiscal year					
Issuance of foundation funds	50,000				50,000
Additions to policyholders' dividend reserves				(169,815)	(169,815)
Additions to reserve for redemption of foundation funds		100,000			100,000
Payment of interest on foundation funds				(1,846)	(1,846)
Net surplus attributable to the Parent Company				265,038	265,038
Redemption of foundation funds	(100,000)				(100,000)
Reversal of reserve for fund redemption				(100,000)	(100,000)
Reversal of land revaluation differences				(1,163)	(1,163)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(133)	(133)
Increase due to merger				235	235
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate				(2,091)	(2,091)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	(50,000)	100,000	—	(9,774)	40,225
Ending balance	260,000	620,000	452	504,951	1,385,404

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	2,542,572	39,643	117,025	(19,750)	15,701	2,695,192	3,974	4,044,345
Changes in the fiscal year								
Issuance of foundation funds								50,000
Additions to policyholders' dividend reserves								(169,815)
Additions to reserve for redemption of foundation funds								100,000
Payment of interest on foundation funds								(1,846)
Net surplus attributable to the Parent Company								265,038
Redemption of foundation funds								(100,000)
Reversal of reserve for fund redemption								(100,000)
Reversal of land revaluation differences								(1,163)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								(133)
Increase due to merger								235
Increase (decrease) in accumulated other comprehensive income due to change in US tax rate								(2,091)
Net changes, excluding funds, reserves and surplus	41,354	(3,761)	1,163	(7,734)	8,159	39,181	0	39,181
Net changes in the fiscal year	41,354	(3,761)	1,163	(7,734)	8,159	39,181	0	79,406
Ending balance	2,583,926	35,881	118,189	(27,485)	23,861	2,734,374	3,974	4,123,752

5. Unaudited Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Years ended March 31	
	2017	2018
I. Cash flows from operating activities		
Surplus before income taxes and non-controlling interests	252,418	261,353
Depreciation of real estate for non-insurance business	9,513	10,300
Depreciation	44,440	47,087
Impairment losses	3,152	896
Amortization of goodwill	6,773	7,885
Increase (Decrease) in reserve for outstanding claims	10,563	22,034
Increase (Decrease) in policy reserves	420,352	510,493
Provision for interest on policyholders' dividend reserves	135	106
Increase (Decrease) in allowance for possible loan losses	391	(748)
Increase (Decrease) in net defined benefit liabilities	(2,248)	(5,142)
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(82)	—
Increase (Decrease) in reserve for contingent liabilities	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	56,121	107,196
Interest, dividends, and other income	(772,142)	(832,383)
Losses (Gains) on securities	1,739	154,833
Interest expenses	29,114	32,897
Foreign exchange losses (gains)	314	2,409
Losses (Gains) on tangible fixed assets	2,407	247
Investment losses (gains) on equity method	(664)	(3,285)
Decrease (Increase) in due from agents	244	22
Decrease (Increase) in reinsurance receivables	(1,464)	(4,581)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	53,346	(87,514)
Increase (Decrease) in due to agents	86	30
Increase (Decrease) in reinsurance payables	(16)	383
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	41,165	(22,442)
Others, net	10,822	(2,955)
Subtotal	166,484	199,122
Interest, dividends, and other income received	830,960	882,268
Interest paid	(28,393)	(31,836)
Policyholders' dividends paid	(169,832)	(173,157)
Income taxes paid	(23,230)	(31,051)
Net cash provided by operating activities	775,989	845,345

5. Unaudited Consolidated Statements of Cash Flows (continued)

	(Millions of Yen)	
	Years ended March 31	
	2017	2018
II. Cash flows from investing activities		
Net decrease (increase) in deposits	21,082	(1,087)
Purchase of monetary claims bought	(36,100)	(18,200)
Proceeds from sales and redemption of monetary claims bought	38,734	23,376
Purchase of money held in trust	—	(9,800)
Purchase of securities	(3,346,498)	(4,432,833)
Proceeds from sales and redemption of securities	2,256,783	3,311,315
Loans extended	(1,021,210)	(1,150,256)
Proceeds from collection of loans	1,243,234	1,267,871
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	95,952	337,468
Total investment activities (IIa)	(748,021)	(672,146)
[I + IIa]	27,968	173,199
Purchase of tangible fixed assets	(28,115)	(16,909)
Proceeds from sales of tangible fixed assets	13,549	3,669
Purchase of intangible fixed assets	(23,836)	(26,115)
Others, net	(452)	(1,172)
Net cash used in investing activities	(786,877)	(712,674)
III. Cash flows from financing activities		
Proceeds from debt	—	316
Repayments of debt	(100,000)	(316)
Proceeds from issuance of bonds payable	114,204	99,331
Redemption of bonds payable	—	(28,577)
Proceeds from issuance of foundation funds	100,000	50,000
Redemption of foundation funds	(50,000)	(100,000)
Payment of interest on foundation funds	(2,101)	(1,846)
Acquisition of stock of subsidiaries without change in scope of consolidation	(841)	(831)
Others, net	(5,822)	(6,080)
Net cash provided by financing activities	55,439	11,995
IV. Effect of foreign exchange rate changes on cash and cash equivalents	734	(3,187)
V. Net increase (decrease) in cash and cash equivalents	45,286	141,479
VI. Cash and cash equivalents at the beginning of the year	532,547	577,833
Increase in cash and cash equivalents due to merger with unconsolidated subsidiaries	—	867
VII. Cash and cash equivalents at the end of the year	577,833	720,180