

May 25, 2017

Financial Results for the Fiscal Year Ended March 31, 2017

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the fiscal year ended March 31, 2017.

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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	
	2016	2017
ASSETS:		
Cash and deposits	481,381	505,583
Call loans	90,000	90,000
Monetary claims bought	223,659	220,118
Money held in trust	—	200
Securities	30,624,492	32,046,079
Loans	5,634,123	5,422,653
Tangible fixed assets	930,595	923,175
Land	617,463	617,501
Buildings	306,647	295,568
Leased assets	87	612
Construction in progress	1,667	3,239
Other tangible fixed assets	4,728	6,253
Intangible fixed assets	527,144	517,358
Software	50,821	59,942
Goodwill	158,679	155,799
Other intangible fixed assets	317,643	301,615
Due from agents	1,831	1,592
Reinsurance receivables	115,877	120,163
Other assets	480,002	455,560
Net defined benefit assets	37,298	92,747
Deferred tax assets	2,485	2,498
Customers' liabilities under acceptances and guarantees	20,854	20,888
Allowance for possible loan losses	(5,457)	(5,848)
Total assets	39,164,289	40,412,770

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31	
	2016	2017
LIABILITIES:		
Policy reserves and other reserves	33,790,403	34,302,037
Reserve for outstanding claims	707,333	732,370
Policy reserves	32,842,168	33,332,707
Policyholders' dividend reserves	240,902	236,959
Due to agents	2,835	2,990
Reinsurance payables	832	815
Bonds payable	293,445	409,753
Other liabilities	478,051	531,235
Net defined benefit liabilities	12,447	8,769
Accrued retirement benefits for directors and executive officers	82	—
Reserve for contingent liabilities	1	1
Reserve for price fluctuation	522,116	578,227
Deferred tax liabilities	329,406	433,794
Deferred tax liabilities for land revaluation	82,137	79,910
Acceptances and guarantees	20,854	20,888
Total liabilities	35,532,618	36,368,425
NET ASSETS:		
Foundation funds	260,000	310,000
Reserve for redemption of foundation funds	470,000	520,000
Reserve for revaluation	452	452
Surplus	506,083	514,726
Total funds, reserve and surplus	1,236,536	1,345,179
Net unrealized gains (losses) on available-for-sale securities	2,291,022	2,542,572
Deferred unrealized gains (losses) on derivatives under hedge accounting	38,659	39,643
Land revaluation differences	119,894	117,025
Foreign currency translation adjustments	(26,190)	(19,750)
Remeasurements of defined benefit plans	(32,200)	15,701
Total accumulated other comprehensive income	2,391,186	2,695,192
Non-controlling interests	3,947	3,974
Total net assets	3,631,671	4,044,345
Total liabilities and net assets	39,164,289	40,412,770

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Years ended March 31	
	2016	2017
ORDINARY INCOME:	4,276,540	3,875,469
Insurance premiums and other	3,381,621	2,866,387
Investment income	788,747	871,417
Interest, dividends and other income	690,493	772,142
Gains on money held in trust	0	—
Gains on sales of securities	8,505	23,968
Gains on redemption of securities	88,701	57,323
Foreign exchange gains	154	—
Other investment income	892	2,175
Investment gains on separate accounts	—	15,807
Other ordinary income	106,171	137,663
ORDINARY EXPENSES:	3,977,433	3,560,586
Benefits and other payments	2,312,168	2,383,208
Claims paid	569,516	635,367
Annuity payments	696,036	697,062
Benefit payments	412,172	501,942
Surrender benefits	455,478	454,118
Other refunds	178,963	94,717
Provision for policy reserves and other reserves	900,587	331,822
Provision for reserve for outstanding claims	1,866	7,151
Provision for policy reserves	898,470	324,535
Provision for interest on policyholders' dividend reserves	251	135
Investment expenses	182,088	197,070
Interest expenses	6,288	29,114
Losses on sales of securities	1,967	32,216
Losses on valuation of securities	12,791	12,137
Losses on redemption of securities	37	4,433
Losses on derivative financial instruments	107,329	88,918
Foreign exchange losses	—	399
Provision for allowance for possible loan losses	664	1,801
Depreciation of real estate for non-insurance business	9,732	9,513
Other investment expenses	14,320	18,534
Investment losses on separate accounts	28,956	—
Operating expenses	372,229	439,743
Other ordinary expenses	210,360	208,741
Ordinary profit	299,107	314,883

2. Unaudited Consolidated Statements of Income (continued)

(Millions of Yen)

	Years ended March 31	
	2016	2017
Extraordinary gains	2,615	2,045
Gains on disposals of fixed assets	2,614	2,045
Reversal of reserve for contingent liabilities	0	0
Extraordinary losses	40,160	64,510
Losses on disposals of fixed assets	6,589	4,317
Impairment losses	3,807	3,152
Provision for reserve for price fluctuation	29,209	56,121
Losses on reduction entry of real estate	—	333
Contributions for promotion of social welfare project	553	582
Other extraordinary losses	—	1
Surplus before income taxes and non-controlling interests	261,561	252,418
Income taxes	46,934	27,809
Current	54,641	38,003
Deferred	(7,706)	(10,193)
Net surplus	214,627	224,608
Net surplus attributable to non-controlling interests	528	878
Net surplus attributable to the Parent Company	214,099	223,730

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Years ended March 31	
	2016	2017
Net surplus	214,627	224,608
Other comprehensive income (loss)	(580,454)	306,994
Net unrealized gains (losses) on available-for-sale securities	(546,805)	250,844
Deferred unrealized gains (losses) on derivatives under hedge accounting	23,203	983
Land revaluation differences	2,506	—
Foreign currency translation adjustments	(36,574)	11,887
Remeasurements of defined benefit plans	(9,501)	47,977
Share of other comprehensive income (loss) of associates accounted for under the equity method	(13,283)	(4,699)
Comprehensive income (loss)	(365,827)	531,602
Comprehensive income (loss) attributable to the Parent Company	(366,188)	530,605
Comprehensive income (loss) attributable to non-controlling interests	361	997

4. Unaudited Consolidated Statements of Cash Flows

(Millions of Yen)

	Years ended March 31	
	2016	2017
I. Cash flows from operating activities		
Surplus before income taxes and non-controlling interests	261,561	252,418
Depreciation of real estate for non-insurance business	9,732	9,513
Depreciation	21,647	44,440
Impairment losses	3,807	3,152
Amortization of goodwill	—	6,773
Increase (Decrease) in reserve for outstanding claims	1,944	10,563
Increase (Decrease) in policy reserves	898,283	420,352
Provision for interest on policyholders' dividend reserves	251	135
Increase (Decrease) in allowance for possible loan losses	423	391
Increase (Decrease) in net defined benefit liabilities	67	(2,248)
Increase (Decrease) in accrued retirement benefits for directors and executive officers	(9)	(82)
Increase (Decrease) in reserve for contingent liabilities	(0)	(0)
Increase (Decrease) in reserve for price fluctuation	29,209	56,121
Interest, dividends, and other income	(690,493)	(772,142)
Losses (Gains) on securities	168,606	1,739
Interest expenses	6,288	29,114
Foreign exchange losses (gains)	29	314
Losses (Gains) on tangible fixed assets	3,523	2,407
Investment losses (gains) on equity method	(1,920)	(664)
Decrease (Increase) in due from agents	49	244
Decrease (Increase) in reinsurance receivables	(173)	(1,464)
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(89,689)	53,346
Increase (Decrease) in due to agents	8	86
Increase (Decrease) in reinsurance payables	28	(16)
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	(53,926)	41,165
Others, net	24,571	10,822
Subtotal	593,820	166,484
Interest, dividends, and other income received	738,937	830,960
Interest paid	(3,283)	(28,393)
Policyholders' dividends paid	(192,857)	(169,832)
Income taxes paid	(123,357)	(23,230)
Net cash provided by operating activities	1,013,259	775,989

4. Unaudited Consolidated Statements of Cash Flows (continued)

(Millions of Yen)

	Years ended March 31	
	2016	2017
II. Cash flows from investing activities		
Net decrease (increase) in deposits	(9,985)	21,082
Purchase of monetary claims bought	(19,800)	(36,100)
Proceeds from sales and redemption of monetary claims bought	26,155	38,734
Purchase of securities	(2,485,561)	(3,346,498)
Proceeds from sales and redemption of securities	1,762,429	2,256,783
Loans extended	(1,009,828)	(1,021,210)
Proceeds from collection of loans	1,110,671	1,243,234
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	(113,710)	95,952
Total investment activities (IIa)	(739,629)	(748,021)
[I + IIa]	273,630	27,968
Purchase of tangible fixed assets	(11,852)	(28,115)
Proceeds from sales of tangible fixed assets	15,702	13,549
Purchase of intangible fixed assets	(22,397)	(23,836)
Acquisition of stock of subsidiaries with change in scope of consolidation	(531,629)	—
Others, net	(2,627)	(452)
Net cash used in investing activities	(1,292,434)	(786,877)
III. Cash flows from financing activities		
Proceeds from debt	150	—
Repayments of debt	(150)	(100,000)
Proceeds from issuance of bonds payable	235,514	114,204
Proceeds from issuance of foundation funds	—	100,000
Redemption of foundation funds	—	(50,000)
Payment of interest on foundation funds	(2,101)	(2,101)
Acquisition of stock of subsidiaries without change in scope of consolidation	(395)	(841)
Others, net	(294)	(5,822)
Net cash provided by financing activities	232,722	55,439
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(45)	734
V. Net increase (decrease) in cash and cash equivalents	(46,497)	45,286
VI. Cash and cash equivalents at the beginning of the year	579,044	532,547
VII. Cash and cash equivalents at the end of the year	<u>532,547</u>	<u>577,833</u>

5. Unaudited Consolidated Statements of Changes in Net Assets

(Millions of Yen)

Year ended March 31, 2016

	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	472,533	1,202,986
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(180,044)	(180,044)
Payment of interest on foundation funds				(2,101)	(2,101)
Net surplus attributable to the Parent Company				214,099	214,099
Reversal of land revaluation differences				1,599	1,599
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(2)	(2)
Net changes, excluding funds, reserves and surplus					
Net changes in the fiscal year	—	—	—	33,550	33,550
Ending balance	260,000	470,000	452	506,083	1,236,536

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,838,597	15,456	118,988	22,894	(22,862)	2,973,074	4,274	4,180,335
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(180,044)
Payment of interest on foundation funds								(2,101)
Net surplus attributable to the Parent Company								214,099
Reversal of land revaluation differences								1,599
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests								(2)
Net changes, excluding funds, reserves and surplus	(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(582,214)
Net changes in the fiscal year	(547,575)	23,203	906	(49,084)	(9,337)	(581,887)	(326)	(548,664)
Ending balance	2,291,022	38,659	119,894	(26,190)	(32,200)	2,391,186	3,947	3,631,671

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

(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)						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	2,291,022	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