
Financial Results for the Three Months Ended June 30, 2019

Meiji Yasuda Life Insurance Company (President: Akio Negishi) announces financial results for the Three Months ended June 30, 2019.

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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 March 31, 2019	As of June 30, 2019
ASSETS:		
Cash and deposits	1,287,537	1,058,106
Call loans	90,000	90,000
Monetary claims bought	212,307	208,194
Money held in trust	21,669	16,868
Securities	33,403,624	33,746,344
Loans	5,019,827	4,941,094
Tangible fixed assets	912,057	909,912
Intangible fixed assets	467,182	459,846
Due from agents	1,578	1,021
Reinsurance receivables	164,308	162,107
Other assets	428,437	548,538
Net defined benefit assets	91,988	102,643
Deferred tax assets	2,994	2,760
Customers' liabilities under acceptances and guarantees	22,563	21,100
Allowance for possible loan losses	(5,361)	(6,143)
Total assets	42,120,715	42,262,394

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
LIABILITIES:		
Policy reserves and other reserves	35,321,301	35,604,361
Reserve for outstanding claims	738,628	729,263
Policy reserves	34,339,715	34,529,054
Policyholders' dividend reserves	242,957	346,043
Due to agents	2,937	3,205
Reinsurance payables	1,187	819
Bonds payable	589,098	589,053
Other liabilities	1,012,377	1,147,105
Net defined benefit liabilities	6,995	7,004
Reserve for contingent liabilities	1	1
Reserve for price fluctuation	816,962	822,157
Deferred tax liabilities	281,498	239,604
Deferred tax liabilities for land revaluation	79,370	78,148
Acceptances and guarantees	22,563	21,100
Total liabilities	38,134,293	38,512,562
NET ASSETS:		
Foundation funds	260,000	260,000
Reserve for redemption of foundation funds	670,000	670,000
Reserve for revaluation	452	452
Surplus	499,135	359,578
Total funds, reserve and surplus	1,429,588	1,290,031
Net unrealized gains on available-for-sale securities	2,442,225	2,333,828
Deferred unrealized gains on derivatives under hedge accounting	41,253	43,558
Land revaluation differences	117,898	118,862
Foreign currency translation adjustments	(44,976)	(43,592)
Remeasurements of defined benefit plans	(273)	6,506
Total accumulated other comprehensive income	2,556,127	2,459,163
Non-controlling interests	705	636
Total net assets	3,986,421	3,749,831
Total liabilities and net assets	42,120,715	42,262,394

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30	
	2018	2019
ORDINARY INCOME:	1,052,271	991,840
Insurance premiums and other	778,594	733,015
Investment income	237,972	223,692
Interest, dividends and other income	202,146	200,461
Gains on money held in trust	62	129
Gains on sales of securities	9,794	7,417
Investment gains on separate accounts	4,273	3,288
Other ordinary income	35,704	35,133
ORDINARY EXPENSES:	976,588	949,375
Benefits and other payments	635,967	641,394
Claims paid	203,136	206,428
Annuity payments	150,546	148,029
Benefit payments	143,698	149,636
Surrender benefits	110,404	111,849
Provision for policy reserves and other reserves	111,172	53,882
Provision for policy reserves	111,147	53,859
Provision for interest on policyholders' dividend reserves	25	23
Investment expenses	69,428	97,200
Interest expenses	5,930	11,142
Losses on sales of securities	15,469	373
Losses on valuation of securities	43	15,054
Operating expenses	113,558	114,577
Other ordinary expenses	46,461	42,320
Ordinary profit (loss)	75,683	42,465
Extraordinary gains	12	0
Gains on disposals of fixed assets	11	—
Reversal for reserve for contingent liabilities	0	0
Extraordinary losses	24,640	6,826
Losses on disposals of fixed assets	227	362
Impairment losses	712	1,141
Provision for reserve for price fluctuation	23,454	5,195
Contributions for promotion of social welfare project	246	126
Surplus before income taxes and non-controlling interests	51,054	35,639
Income taxes	6,241	4,816
Current	4,303	3,612
Deferred	1,938	1,203
Net surplus	44,812	30,822
Net surplus attributable to non-controlling interests	1,261	16
Net surplus attributable to the Parent Company	43,551	30,806

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30	
	2018	2019
Net surplus	44,812	30,822
Other comprehensive income (loss)	79,310	(96,778)
Net unrealized gains (losses) on available-for-sale securities	120,386	(109,795)
Deferred unrealized gains (losses) on derivatives under hedge accounting	610	2,305
Land revaluation differences	—	1,149
Foreign currency translation adjustments	(36,255)	(54)
Remeasurements of defined benefit plans	(751)	6,779
Share of other comprehensive income (loss) of associates accounted for under the equity method	(4,678)	2,838
Comprehensive income (loss)	124,123	(65,955)
Comprehensive income (loss) attributable to the Parent Company	122,847	(65,972)
Comprehensive income (loss) attributable to non-controlling interests	1,275	16

4. Notes to the Unaudited Consolidated Financial Statements

Notes to the Unaudited Consolidated Balance Sheet as of June 30, 2019

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, 2019 approved at the annual meeting of the representatives of policyholders held on July 2, 2019 is reflected in the consolidated balance sheet as of June 30, 2019.
 - (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, 2019. 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, 2019, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the three months ended June 30, 2019 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 each country’s accounting standard, such as U.S. GAAP.

3. Policyholders’ Dividend Reserves

Changes in policyholders’ dividend reserves for the three months ended June 30, 2019 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥ 242,957
Transfer from surplus in the previous fiscal year	169,630
Dividend payments to policyholders during the period	(66,576)
Interest accrued during the period	32
Balance at the end of the period	¥ 346,043

4. Foundation Funds

In accordance with changes in the Articles of Incorporation approved at the annual meeting of the representatives of policyholders held on July 2, 2019, the Company offered foundation funds in the amount of ¥50,000 million pursuant to Article 60 of the “Insurance Business Act”.

5. Redemption of Foundation Funds

The Company redeemed foundation funds on August 2, 2019 and also established for reserve for redemption of foundation funds pursuant to Article 56 of the “Insurance Business Act” in the amount of ¥60,000 million.

6. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥2,244,271 million as of June 30, 2019.

7. Securities sold under repurchase agreements

Securities sold under repurchase agreements amounted to ¥66,373 million as of June 30, 2019.

8. Subordinated Bonds

As of June 30, 2019, bonds payable in liabilities included subordinated bonds and foreign currency-denominated subordinated bonds of ¥560,735 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, 2019

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 three months ended June 30, 2019, 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, 2019

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥ 258	¥ 861	¥ 1,119
Idle assets	2	—	21	21
Total	3	¥ 258	¥ 883	¥ 1,141

(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 1.89% for the three months ended June 30, 2019. 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, 2019 were ¥13,205 million and ¥1,936 million respectively.