

August 9, 2017

Financial Results for the Three Months Ended June 30, 2017

Asahi Mutual Life Insurance Company (the “Company” ; President: Hiroki Kimura)
announces financial results for the three months ended June 30, 2017.

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1. Business Highlights

(1) Sum Insured of Policies in Force and New Policies

(i) Policies in Force

	As of March 31, 2017		As of June 30, 2017			
	Number of policies (Thousands)	Amount (100 millions of Yen)	Number of policies (Thousands)	Amount (100 millions of Yen)		
				Changes (%, Pre-FYE)	Changes (%, Pre-FYE)	
Individual insurance	7,173	181,705	7,154	99.7	177,401	97.6
Individual annuities	615	26,820	608	98.9	26,413	98.5
Group insurance	—	13,286	—	—	13,157	99.0
Group annuities	—	187	—	—	184	98.3

Notes:

1. Policy amounts for individual annuities are equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and (b) the amount of policy reserves for an annuity for which payments have commenced.
2. Policy amount in force for group annuities is equal to the amount of outstanding policy reserves.
3. Number of policies includes number of each unit with regard to "Hoken-ou", "Hoken-ou Plus", etc.

(ii) New Policies

	Three months ended June 30, 2016			
	Number of policies (Thousands)	Amount (100 millions of Yen)		
		New policies	Net increase by conversion	
Individual insurance	170	269	872	(603)
Individual annuities	2	79	101	(22)
Group insurance	—	7	7	—
Group annuities	—	—	—	—

	Three months ended June 30, 2017					
	Number of policies		Amount (100 millions of Yen)			
	(Thousands)	Changes (%, YoY)	Changes (%, YoY)	New policies	Net increase by conversion	
Individual insurance	159	93.3	235	87.5	716	(481)
Individual annuities	—	—	(33)	—	—	(33)
Group insurance	—	—	55	729.7	55	—
Group annuities	—	—	—	—	—	—

Notes:

1. Number of new policies is the sum of new policies and policies after conversion.
2. Amount of new policies for individual annuities, both new policies and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Number of policies includes number of each unit with regard to "Hoken-ou", "Hoken-ou Plus", etc.

(2) Annualized Premiums

(i) Policies in Force

(100 millions of Yen)

	As of March 31, 2017	As of June 30, 2017	
			Changes (%, Pre-FYE)
Individual insurance	3,764	3,752	99.7
Individual annuities	1,594	1,574	98.7
Total	5,359	5,326	99.4
Third-sector products	1,978	1,996	100.9

(ii) New Policies

(100 millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Changes
			(%, YoY)
Individual insurance	68	60	89.6
Individual annuities	3	(0)	—
Total	71	60	84.7
Third-sector products	54	51	94.9

Notes:

1. Annualized premiums are calculated by using coefficients based on the premium payment method. (For single premium contracts, the amount is calculated by dividing the premium by the coverage period.)
2. Figures for third-sector products represent portion of annualized premiums corresponding to the medical benefits (hospitalization benefits, surgery benefits, etc.), living benefits (specific illness benefits, nursing care benefits, etc.) and waiver benefits (excluding disability benefits, but including specific illness benefits and nursing care benefits).

2. Investment Results of General Account Assets

(1) Asset Composition

(Millions of Yen)

	As of March 31, 2017		As of June 30, 2017	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	152,480	2.8	173,099	3.2
Monetary claims bought	33,202	0.6	32,742	0.6
Securities	4,125,107	76.8	4,165,463	76.0
Domestic bonds	2,895,636	53.9	2,887,433	52.7
Domestic stocks	282,959	5.3	298,335	5.4
Foreign securities	869,024	16.2	896,236	16.4
Foreign bonds	642,030	12.0	666,919	12.2
Foreign stocks and other foreign securities	226,993	4.2	229,317	4.2
Other securities	77,487	1.4	83,458	1.5
Loans	557,761	10.4	538,886	9.8
Policy loans	57,577	1.1	55,630	1.0
Industrial and consumer loans	500,184	9.3	483,256	8.8
Real estate	401,557	7.5	400,467	7.3
Deferred tax assets	22,725	0.4	18,229	0.3
Others	76,821	1.4	149,842	2.7
Allowance for possible loan losses	(487)	(0.0)	(474)	(0.0)
Total	5,369,169	100.0	5,478,257	100.0
Foreign currency-denominated assets	908,336	16.9	969,754	17.7

Note:

Real estate is the sum of land, buildings and construction in progress.

(2) Fair Value Information on Securities (with fair value, other than trading securities)

(Millions of Yen)

	As of March 31, 2017					As of June 30, 2017				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	371,278	416,896	45,617	45,701	(83)	365,524	411,661	46,136	46,201	(65)
Policy-reserve-matching bonds	2,161,957	2,494,257	332,299	348,124	(15,824)	2,136,673	2,442,903	306,230	324,684	(18,454)
Stocks of subsidiaries	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,417,128	1,503,956	86,828	131,145	(44,316)	1,466,223	1,575,022	108,799	147,054	(38,255)
Domestic bonds	550,475	551,345	870	8,259	(7,388)	569,689	573,315	3,626	8,577	(4,950)
Domestic stocks	152,037	263,893	111,855	117,840	(5,984)	154,863	279,400	124,537	131,609	(7,072)
Foreign securities	636,825	611,229	(25,595)	2,440	(28,035)	658,775	638,847	(19,928)	4,343	(24,271)
Foreign bonds	506,871	486,287	(20,584)	1,744	(22,329)	527,703	511,580	(16,122)	3,019	(19,142)
Foreign stocks and other foreign securities	129,953	124,942	(5,010)	695	(5,706)	131,071	127,266	(3,805)	1,323	(5,128)
Other securities	77,789	77,487	(302)	2,605	(2,907)	82,895	83,458	563	2,524	(1,960)
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	3,950,364	4,415,109	464,745	524,970	(60,225)	3,968,421	4,429,587	461,165	517,941	(56,775)
Domestic bonds	2,894,765	3,240,626	345,860	369,135	(23,274)	2,883,806	3,205,669	321,862	345,312	(23,449)
Domestic stocks	152,037	263,893	111,855	117,840	(5,984)	154,863	279,400	124,537	131,609	(7,072)
Foreign securities	792,568	796,222	3,653	31,689	(28,035)	814,113	824,792	10,678	34,950	(24,271)
Foreign bonds	662,615	671,279	8,664	30,993	(22,329)	683,042	697,525	14,483	33,626	(19,142)
Foreign stocks and other foreign securities	129,953	124,942	(5,010)	695	(5,706)	131,071	127,266	(3,805)	1,323	(5,128)
Other securities	77,789	77,487	(302)	2,605	(2,907)	82,895	83,458	563	2,524	(1,960)
Monetary claims bought	33,202	36,880	3,677	3,699	(21)	32,742	36,266	3,523	3,544	(21)
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Note: The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Act.

* Book value of securities without fair value is as follows:

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries	5,093	5,093
Available-for-sale securities	116,024	115,892
Unlisted domestic stocks (except over-the-counter stocks)	13,972	13,840
Unlisted foreign stocks (except over-the-counter stocks)	102,051	102,051
Unlisted foreign bonds	—	—
Others	—	—
Total	121,117	120,985

(Reference)

The table below shows the sum of securities with fair value and without fair value (in case that securities without fair value are foreign currency-denominated, the fair value is calculated as the sum of book value and net gains (losses) on foreign exchange valuation).

(Millions of Yen)

	As of March 31, 2017					As of June 30, 2017				
	Book value	Fair value	Gains/losses		Book value	Fair value	Gains/losses			
			Gains	Losses			Gains	Losses		
Held-to-maturity debt securities	371,278	416,896	45,617	45,701	(83)	365,524	411,661	46,136	46,201	(65)
Policy-reserve-matching bonds	2,161,957	2,494,257	332,299	348,124	(15,824)	2,136,673	2,442,903	306,230	324,684	(18,454)
Stocks of subsidiaries	5,093	5,093	—	—	—	5,093	5,093	—	—	—
Available-for-sale securities	1,533,152	1,619,979	86,827	131,145	(44,317)	1,582,116	1,690,914	108,798	147,054	(38,256)
Domestic bonds	550,475	551,345	870	8,259	(7,388)	569,689	573,315	3,626	8,577	(4,950)
Domestic stocks	166,010	277,865	111,855	117,840	(5,984)	168,704	293,241	124,537	131,609	(7,072)
Foreign securities	738,876	713,280	(25,596)	2,440	(28,036)	760,827	740,898	(19,929)	4,343	(24,272)
Foreign bonds	506,871	486,287	(20,584)	1,744	(22,329)	527,703	511,580	(16,122)	3,019	(19,142)
Foreign stocks and other foreign securities	232,004	226,993	(5,011)	695	(5,707)	233,123	229,317	(3,806)	1,323	(5,129)
Other securities	77,789	77,487	(302)	2,605	(2,907)	82,895	83,458	563	2,524	(1,960)
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	4,071,481	4,536,226	464,744	524,970	(60,226)	4,089,407	4,550,572	461,164	517,941	(56,776)
Domestic bonds	2,894,765	3,240,626	345,860	369,135	(23,274)	2,883,806	3,205,669	321,862	345,312	(23,449)
Domestic stocks	171,103	282,959	111,855	117,840	(5,984)	173,797	298,335	124,537	131,609	(7,072)
Foreign securities	894,620	898,273	3,652	31,689	(28,036)	916,165	926,843	10,677	34,950	(24,272)
Foreign bonds	662,615	671,279	8,664	30,993	(22,329)	683,042	697,525	14,483	33,626	(19,142)
Foreign stocks and other foreign securities	232,004	226,993	(5,011)	695	(5,707)	233,123	229,317	(3,806)	1,323	(5,129)
Other securities	77,789	77,487	(302)	2,605	(2,907)	82,895	83,458	563	2,524	(1,960)
Monetary claims bought	33,202	36,880	3,677	3,699	(21)	32,742	36,266	3,523	3,544	(21)
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Note: The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Act.

(3) Fair Value Information on Money Held in Trust

The Company doesn't hold money held in trust.

3. Unaudited Non-consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Assets:		
Cash and deposits	32,100	27,440
Call loans	122,000	147,000
Monetary claims bought	33,202	32,742
Securities:	4,152,349	4,193,679
National government bonds	1,929,361	1,882,874
Local government bonds	55,807	56,885
Corporate bonds	916,978	954,163
Domestic stocks	293,841	309,892
Foreign securities	878,872	906,403
Loans:	557,761	538,886
Policy loans	57,577	55,630
Industrial and consumer loans	500,184	483,256
Tangible fixed assets	406,105	404,768
Intangible fixed assets	33,521	34,254
Reinsurance receivables	194	339
Other assets	38,719	111,183
Deferred tax assets	22,725	18,229
Customers' liabilities under acceptances and guarantees	14	13
Allowance for possible loan losses	(487)	(474)
Total assets	5,398,207	5,508,062

	As of March 31, 2017	As of June 30, 2017
Liabilities:		
Policy reserves and other reserves:	4,768,371	4,745,350
Reserve for outstanding claims	27,364	25,776
Policy reserves	4,700,145	4,678,255
Reserve for dividends to policyholders	40,861	41,318
Reinsurance payables	127	69
Bonds payable	40,349	40,349
Other liabilities:	138,429	239,447
Income taxes payable	1,435	1,912
Lease obligations	2,015	1,786
Asset retirement obligations	240	241
Others	134,737	235,506
Reserve for employees' retirement benefits	37,307	36,963
Reserve for price fluctuation	36,580	37,110
Deferred tax liabilities for land revaluation	18,091	18,078
Acceptances and guarantees	14	13
Total liabilities	5,039,270	5,117,380
Net assets:		
Foundation funds	126,000	126,000
Reserve for redemption of foundation funds	131,000	131,000
Reserve for revaluation	281	281
Surplus:	76,313	90,616
Reserve for future losses	242	266
Other surplus:	76,071	90,350
Reserve for fund redemption	36,000	48,600
Equalized reserve for dividends to policyholders	8,718	9,678
Unappropriated surplus (loss)	31,353	32,072
Total foundation funds and others	333,595	347,898
Net unrealized gains (losses) on available-for-sale securities, net of tax	71,104	88,579
Land revaluation differences	(45,762)	(45,796)
Total valuation and translation adjustments	25,341	42,783
Total net assets	358,937	390,681
Total liabilities and net assets	5,398,207	5,508,062

4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Ordinary income:	169,127	174,090
Premium and other income:	95,113	93,501
Insurance premiums	95,112	93,144
Investment income:	44,189	52,955
Interest, dividends and other income	23,946	25,520
Gains on sales of securities	16,552	24,432
Gains on derivative financial instruments	1,877	-
Investment gains on separate accounts	-	1,114
Other ordinary income	29,824	27,632
Ordinary expenses:	154,047	149,287
Claims and other payments:	108,764	104,941
Claims	32,873	30,977
Annuities	26,517	27,710
Benefits	21,982	22,291
Surrender benefits	25,590	22,690
Other payments	1,766	1,187
Provision for policy reserves and other reserves:	11	1
Provision for interest on policyholders' dividend reserves	11	1
Investment expenses:	11,441	10,154
Interest expenses	936	1,103
Losses on sales of securities	893	1,140
Losses on valuation of securities	106	49
Losses on derivative financial instruments	-	3,935
Investment losses on separate accounts	1,462	-
Operating expenses	25,056	25,729
Other ordinary expenses	8,774	8,462
Ordinary profit	15,079	24,802
Extraordinary gains	-	0
Extraordinary losses:	625	682
Losses on disposal of fixed assets	105	96
Impairment losses	-	56
Provision for reserve for price fluctuation	520	530
Surplus before income taxes	14,454	24,119
Income taxes including deferred taxes	2,073	2,830
Total income taxes	2,073	2,830
Net surplus	12,380	21,288

Notes to Unaudited Non-consolidated Financial Statements

Notes to Unaudited Non-consolidated Balance Sheet

1. Accounting Procedures Specific to Quarterly Financial Statements

As the proposed appropriation of surplus for the fiscal year ended March 31, 2017 was approved by the board of representative policyholders on July 4, 2017, it is included in the non-consolidated balance sheet as of June 30, 2017.

2. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥102,232 million as of June 30, 2017.

3. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the three months ended June 30, 2017 was as follows:

	<u>Millions of Yen</u>
	Three months ended <u>June 30, 2017</u>
Balance at the beginning of the reporting period	¥ 40,861
Transfer to reserve from surplus in the previous fiscal year	1,519
Dividends to policyholders paid out	1,063
Increase in interest	1
Balance at the end of the reporting period	<u>¥ 41,318</u>

5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

		Three months ended June 30, 2016	Three months ended June 30, 2017
Fundamental profit	A	1,966	5,566
Capital gains		18,430	24,500
Gains on money held in trust		—	—
Gains on trading securities		—	—
Gains on sales of securities		16,552	24,432
Gains on derivative financial instruments		1,877	—
Foreign exchange gains		—	68
Other capital gains		—	—
Capital losses		5,125	5,125
Losses on money held in trust		—	—
Losses on trading securities		—	—
Losses on sales of securities		893	1,140
Losses on valuation of securities		106	49
Losses on derivative financial instruments		—	3,935
Foreign exchange losses		4,125	—
Other capital losses		—	—
Net capital gains (losses)	B	13,304	19,374
Fundamental profit plus net capital gains (losses)	A+B	15,271	24,941
Other one-time gains		8	10
Reinsurance revenue		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		8	10
Others		—	—
Other one-time losses		200	150
Reinsurance premiums		—	—
Provision for contingency reserve		200	150
Provision for specific allowance for possible loan losses		—	—
Provision for allowance for specified overseas loans		—	—
Write-offs of loans		0	0
Others		—	—
Other one-time gains (losses)	C	(191)	(139)
Ordinary profit	A+B+C	15,079	24,802

6. Solvency Margin Ratio

(Millions of Yen)

		As of March 31, 2017	As of June 30, 2017
Total solvency margin	(A)	700,120	750,389
Foundation funds and surplus		326,576	346,130
Reserve for price fluctuation		36,580	37,110
Contingency reserve		30,082	30,232
General allowance for possible loan losses		14	13
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)		78,144	97,918
Net unrealized gains on land × 85% (in case of losses: × 100%)		(28,052)	(28,033)
Excess amount of policy reserves based on full-time Zillmer method		111,415	114,479
Qualifying subordinated debt		137,349	136,949
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin		—	—
Deduction		—	—
Others		8,011	15,589
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	188,516	201,903
Insurance risk	R_1	15,177	14,982
Third sector insurance risk	R_8	9,176	9,221
Risk of assumed yield	R_2	82,034	81,426
Minimum guarantee risk	R_7	1,096	1,094
Investment risk	R_3	99,628	113,489
Operational risk	R_4	4,142	4,404
Solvency margin ratio	$(A) / \{(1/2) \times (B)\} \times 100$	742.7%	743.3%

Notes:

1. The figures above are calculated based on Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and the Public Notice No. 50 of the Ministry of Finance of 1996.
2. "Excess amount of policy reserves based on full-time Zillmer method", "Qualifying subordinated debt" and "Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin" are calculated based on the Public Notice No.25 of the Financial Service Agency of 2011.
3. "Minimum guarantee risk" is calculated by standard method.

7. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Individual variable insurance	29,199	29,918
Individual variable annuities	—	—
Group annuity products	—	—
Total	29,199	29,918

(2) Sum Insured of Policies in Force

(i) Individual Variable Insurance

	As of March 31, 2017		As of June 30, 2017	
	Number of policies (Thousands)	Amount (Millions of Yen)	Number of policies (Thousands)	Amount (Millions of Yen)
Individual variable insurance (fixed term)	0	9	0	9
Individual variable insurance (whole life)	14	102,134	14	101,342
Total	14	102,143	14	101,351

(ii) Individual Variable Annuities

	As of March 31, 2017		As of June 30, 2017	
	Number of policies (Thousands)	Amount (Millions of Yen)	Number of policies (Thousands)	Amount (Millions of Yen)
Individual variable annuities	—	—	—	—
Total	—	—	—	—

8. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Ordinary income	169,807	174,890
Ordinary profit	14,868	24,627
Net surplus attributable to the Parent Company	12,181	21,166
Comprehensive income	(4,047)	38,787

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Total assets	5,398,884	5,509,281
Solvency margin ratio	748.0%	748.3%

(2) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 3

Unconsolidated subsidiaries and affiliates are immaterial in terms of their impact on consolidated net income and surplus, and also immaterial as a whole, therefore, the equity method is not applied.

(3) Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Assets:		
Cash and deposits	35,511	31,022
Call loans	122,000	147,000
Monetary claims bought	33,202	32,742
Securities	4,148,686	4,190,015
Loans	557,761	538,886
Tangible fixed assets	406,159	404,819
Intangible fixed assets	33,285	34,071
Reinsurance receivables	194	339
Other assets	39,595	112,307
Net defined benefit assets	11	15
Deferred tax assets	22,947	18,523
Customers' liabilities under acceptances and guarantees	14	13
Allowance for possible loan losses	(487)	(474)
Total assets	5,398,884	5,509,281

(Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities:		
Policy reserves and other reserves:	4,768,371	4,745,350
Reserve for outstanding claims	27,364	25,776
Policy reserves	4,700,145	4,678,255
Reserve for dividends to policyholders	40,861	41,318
Reinsurance payables	127	69
Bonds payable	40,349	40,349
Other liabilities	139,189	240,892
Net defined benefit liabilities	37,757	37,278
Reserve for price fluctuation	36,580	37,110
Deferred tax liabilities for land revaluation	18,091	18,078
Acceptances and guarantees	14	13
Total liabilities	5,040,479	5,119,141
Net assets:		
Foundation funds	126,000	126,000
Reserve for redemption of foundation funds	131,000	131,000
Reserve for revaluation	281	281
Consolidated surplus	76,065	90,245
Total foundation funds and others	333,347	347,527
Net unrealized gains (losses) on available-for-sale securities, net of tax	71,105	88,579
Land revaluation differences	(45,762)	(45,796)
Accumulated remeasurements of defined benefit plans	(358)	(220)
Total accumulated other comprehensive income	24,983	42,562
Non-controlling interests	73	50
Total net assets	358,404	390,140
Total liabilities and net assets	5,398,884	5,509,281

(4) Unaudited Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

【Unaudited Consolidated Statements of Income】

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Ordinary income:	169,807	174,890
Premium and other income	95,113	93,501
Investment income:	43,970	52,737
Interest, dividends and other income	23,733	25,308
Gains on sales of securities	16,552	24,432
Gains on derivative financial instruments	1,877	-
Investment gains on separate accounts	-	1,114
Other ordinary income	30,723	28,651
Ordinary expenses:	154,938	150,263
Claims and other payments:	108,764	104,941
Claims	32,873	30,977
Annuities	26,517	27,710
Benefits	21,982	22,291
Surrender benefits	25,590	22,690
Other payments	1,766	1,187
Provision for policy reserves and other reserves:	11	1
Provision for interest on policyholders' dividend reserves	11	1
Investment expenses:	11,441	10,154
Interest expenses	936	1,103
Losses on sales of securities	893	1,140
Losses on valuation of securities	106	49
Losses on derivative financial instruments	-	3,935
Investment losses on separate accounts	1,462	-
Operating expenses	26,001	26,743
Other ordinary expenses	8,720	8,424
Ordinary profit	14,868	24,627
Extraordinary gains	-	0
Extraordinary losses:	625	682
Losses on disposal of fixed assets	105	96
Impairment losses	-	56
Provision for reserve for price fluctuation	520	530
Surplus before income taxes	14,242	23,944
Income taxes including deferred taxes	2,053	2,769
Total income taxes	2,053	2,769
Net surplus	12,189	21,174
Net surplus attributable to non-controlling interests	7	8
Net surplus attributable to the Parent Company	12,181	21,166

【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net surplus	12,189	21,174
Other comprehensive income:	(16,236)	17,612
Net unrealized gains (losses) on available-for-sale securities, net of tax	(16,464)	17,474
Remeasurements of defined benefit plans	227	138
Comprehensive income:	(4,047)	38,787
Comprehensive income attributable to the Parent Company	(4,054)	38,778
Comprehensive income attributable to non-controlling interests	7	8

Notes to Unaudited Consolidated Financial Statements

I. Notes to Unaudited Consolidated Balance Sheet

1. Accounting Procedures Specific to Quarterly Financial Statements

As the proposed appropriation of surplus for the fiscal year ended March 31, 2017 was approved by the board of representative policyholders on July 4, 2017, it is included in the consolidated balance sheet as of June 30, 2017.

2. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥102,232 million as of June 30, 2017.

3. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the three months ended June 30, 2017 was as follows:

	<u>Millions of Yen</u>
	<u>Three months ended</u>
	<u>June 30, 2017</u>
Balance at the beginning of the reporting period	¥ 40,861
Transfer to reserve from surplus in the previous fiscal year	1,519
Dividends to policyholders paid out	1,063
Increase in interest	1
Balance at the end of the reporting period	<u>¥ 41,318</u>

II. Note to Unaudited Consolidated Statement of Income

Depreciation

For the three months ended June 30, 2017, the total amount of depreciation and depreciation of rental real estate and other assets was ¥3,813 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2017	As of June 30, 2017
Total solvency margin	(A)	699,823	750,134
Foundation funds and surplus		326,828	346,287
Reserve for price fluctuation		36,580	37,110
Contingency reserve		30,082	30,232
Catastrophe loss reserve		—	—
General allowance for possible loan losses		15	15
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)		78,145	97,918
Net unrealized gains on land × 85% (in case of losses: × 100%)		(28,052)	(28,033)
Sum of unrealized actuarial differences and unrealized past service cost		(501)	(363)
Excess amount of policy reserves based on full-time Zillmer method		111,415	114,479
Qualifying subordinated debt		137,349	136,949
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin		—	—
Deduction		(50)	(50)
Others		8,011	15,589
Total amount of risk	$\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	187,100	200,486
Insurance risk	R ₁	15,177	14,982
Ordinary insurance risk	R ₅	—	—
Disaster insurance risk	R ₆	—	—
Third sector insurance risk	R ₈	9,176	9,221
Small amount short-term insurance provider insurance risk	R ₉	—	—
Risk of assumed yield	R ₂	82,034	81,426
Minimum guarantee risk	R ₇	1,096	1,094
Investment risk	R ₃	98,227	112,089
Operational risk	R ₄	4,114	4,376
Solvency margin ratio	(A) / ((1/2) × (B)) × 100	748.0%	748.3%

Notes:

1. The figures above are calculated based on Articles 86-2 and 88 of the Ordinance for Enforcement of the Insurance Business Act and the Public Notice No.23 of the Financial Service Agency of 2011.
2. "Excess amount of policy reserves based on full-time Zillmer method", "Qualifying subordinated debt" and "Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin" are calculated based on the Public Notice No.25 of the Financial Service Agency of 2011.
3. "Minimum guarantee risk" is calculated by standard method.

(6) Segment Information

The Company and its consolidated subsidiaries operate investment advisory business, etc., in addition to life insurance business in Japan. However, information on these segments are omitted because they represent such a minor proportion of total segments.