

August 9, 2019

Financial Results for the Three Months Ended June 30, 2019

Asahi Mutual Life Insurance Company (the “Company” ; President: Hiroki Kimura)
announces financial results for the three months ended June 30, 2019.

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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, 2019 | | As of June 30, 2019 | | | |
|----------------------|-----------------------------------|---------------------------------|-----------------------------------|------------------------------|-------------------------|-------------------------|
| | Number of policies (Thousands) | Amount (100 millions of Yen) | Number of policies (Thousands) | Amount (100 millions of Yen) | | Changes (%, Pre-FYE) |
| | | | | Changes (%, Pre-FYE) | Changes (%, Pre-FYE) | |
| Individual insurance | 7,207 | 153,499 | 7,209 | 100.0 | 150,311 | 97.9 |
| Individual annuities | 557 | 23,432 | 551 | 98.9 | 23,107 | 98.6 |
| Group insurance | — | 14,778 | — | — | 14,746 | 99.8 |
| Group annuities | — | 170 | — | — | 167 | 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, 2018 | | | |
|----------------------|-----------------------------------|------------------------------|----------------------------|-------|
| | Number of policies (Thousands) | Amount (100 millions of Yen) | | |
| | | New policies | Net increase by conversion | |
| Individual insurance | 153 | 343 | 687 | (344) |
| Individual annuities | — | (19) | — | (19) |
| Group insurance | — | 808 | 808 | — |
| Group annuities | — | — | — | — |

| | Three months ended June 30, 2019 | | | | | |
|----------------------|-----------------------------------|---------------------|------------------------------|--------------|----------------------------|-------|
| | Number of policies (Thousands) | Changes (%, YoY) | Amount (100 millions of Yen) | | | |
| | | | Changes (%, YoY) | New policies | Net increase by conversion | |
| Individual insurance | 173 | 112.7 | 350 | 102.2 | 696 | (345) |
| Individual annuities | — | — | (27) | 139.4 | — | (27) |
| Group insurance | — | — | 44 | 5.6 | 44 | — |
| 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, 2019 | As of June 30, 2019 | |
|-----------------------|----------------------|---------------------|-------------------------|
| | | | Changes (%, Pre-FYE) |
| Individual insurance | 3,953 | 3,934 | 99.5 |
| Individual annuities | 1,451 | 1,438 | 99.1 |
| Total | 5,405 | 5,373 | 99.4 |
| Third-sector products | 2,102 | 2,110 | 100.4 |

(ii) New Policies

(100 millions of Yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 | Changes |
|-----------------------|-------------------------------------|-------------------------------------|----------|
| | | | (%, YoY) |
| Individual insurance | 102 | 57 | 56.6 |
| Individual annuities | (0) | (0) | 136.4 |
| Total | 101 | 57 | 56.3 |
| Third-sector products | 39 | 48 | 124.3 |

Notes:

1. Annualized premiums are calculated by multiplying factors according to 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, 2019 | | As of June 30, 2019 | |
|---|----------------------|------------|---------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Cash, deposits, call loans | 174,143 | 3.3 | 80,012 | 1.5 |
| Monetary claims bought | 28,984 | 0.5 | 28,448 | 0.5 |
| Securities | 4,232,046 | 79.4 | 4,415,148 | 81.4 |
| Domestic bonds | 2,770,086 | 52.0 | 2,754,630 | 50.8 |
| Domestic stocks | 311,699 | 5.8 | 302,611 | 5.6 |
| Foreign securities | 1,078,849 | 20.2 | 1,276,166 | 23.5 |
| Foreign bonds | 893,733 | 16.8 | 1,084,102 | 20.0 |
| Foreign stocks and other foreign securities | 185,115 | 3.5 | 192,063 | 3.5 |
| Other securities | 71,411 | 1.3 | 81,740 | 1.5 |
| Loans | 426,804 | 8.0 | 421,090 | 7.8 |
| Policy loans | 44,272 | 0.8 | 43,286 | 0.8 |
| Industrial and consumer loans | 382,531 | 7.2 | 377,803 | 7.0 |
| Real estate | 383,194 | 7.2 | 380,970 | 7.0 |
| Deferred tax assets | 10,413 | 0.2 | 6,559 | 0.1 |
| Others | 73,596 | 1.4 | 91,750 | 1.7 |
| Allowance for possible loan losses | (375) | (0.0) | (362) | (0.0) |
| Total | 5,328,808 | 100.0 | 5,423,616 | 100.0 |
| Foreign currency-denominated assets | 1,212,135 | 22.7 | 1,408,946 | 26.0 |

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, 2019 | | | | | As of June 30, 2019 | | | | |
|---|----------------------|------------|--------------|---------|----------|---------------------|------------|--------------|---------|----------|
| | Book value | Fair value | Gains/losses | | | Book value | Fair value | Gains/losses | | |
| | | | Gains | Losses | | | | Gains | Losses | |
| Held-to-maturity debt securities | 344,812 | 391,680 | 46,867 | 46,872 | (5) | 343,277 | 391,827 | 48,549 | 48,553 | (4) |
| Policy-reserve-matching bonds | 2,074,484 | 2,407,849 | 333,364 | 335,418 | (2,053) | 2,068,024 | 2,422,168 | 354,143 | 354,246 | (103) |
| Stocks of subsidiaries | — | — | — | — | — | — | — | — | — | — |
| Available-for-sale securities | 1,682,582 | 1,811,255 | 128,673 | 175,552 | (46,878) | 1,864,126 | 2,001,873 | 137,746 | 188,413 | (50,667) |
| Domestic bonds | 530,817 | 534,228 | 3,410 | 10,624 | (7,213) | 519,476 | 526,258 | 6,781 | 13,951 | (7,170) |
| Domestic stocks | 160,295 | 291,232 | 130,937 | 142,919 | (11,982) | 161,152 | 282,202 | 121,050 | 136,082 | (15,031) |
| Foreign securities | 916,943 | 913,737 | (3,205) | 21,317 | (24,523) | 1,098,548 | 1,111,054 | 12,506 | 37,510 | (25,004) |
| Foreign bonds | 736,455 | 738,633 | 2,177 | 20,629 | (18,452) | 911,396 | 929,002 | 17,606 | 35,812 | (18,206) |
| Foreign stocks and other foreign securities | 180,487 | 175,104 | (5,383) | 688 | (6,071) | 187,151 | 182,051 | (5,099) | 1,697 | (6,797) |
| Other securities | 73,912 | 71,411 | (2,501) | 657 | (3,159) | 84,369 | 81,740 | (2,629) | 831 | (3,460) |
| Monetary claims bought | 613 | 645 | 32 | 32 | — | 579 | 617 | 37 | 37 | — |
| Negotiable certificates of deposit | — | — | — | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — | — | — | — |
| Total | 4,101,879 | 4,610,785 | 508,906 | 557,843 | (48,937) | 4,275,429 | 4,815,868 | 540,439 | 591,214 | (50,774) |
| Domestic bonds | 2,766,675 | 3,114,133 | 347,458 | 356,731 | (9,272) | 2,747,848 | 3,119,543 | 371,695 | 378,972 | (7,277) |
| Domestic stocks | 160,295 | 291,232 | 130,937 | 142,919 | (11,982) | 161,152 | 282,202 | 121,050 | 136,082 | (15,031) |
| Foreign securities | 1,072,043 | 1,101,869 | 29,826 | 54,349 | (24,523) | 1,253,648 | 1,300,742 | 47,094 | 72,099 | (25,004) |
| Foreign bonds | 891,556 | 926,765 | 35,209 | 53,661 | (18,452) | 1,066,496 | 1,118,691 | 52,194 | 70,401 | (18,206) |
| Foreign stocks and other foreign securities | 180,487 | 175,104 | (5,383) | 688 | (6,071) | 187,151 | 182,051 | (5,099) | 1,697 | (6,797) |
| Other securities | 73,912 | 71,411 | (2,501) | 657 | (3,159) | 84,369 | 81,740 | (2,629) | 831 | (3,460) |
| Monetary claims bought | 28,952 | 32,137 | 3,185 | 3,185 | — | 28,410 | 31,639 | 3,228 | 3,228 | — |
| 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, 2019 | As of June 30, 2019 |
|---|----------------------|---------------------|
| Held-to-maturity debt securities | — | — |
| Unlisted foreign bonds | — | — |
| Others | — | — |
| Policy-reserve-matching bonds | — | — |
| Stocks of subsidiaries | 6,649 | 6,649 |
| Available-for-sale securities | 23,829 | 23,772 |
| Unlisted domestic stocks (except over-the-counter stocks) | 13,817 | 13,759 |
| Unlisted foreign stocks (except over-the-counter stocks) | 10,012 | 10,012 |
| Unlisted foreign bonds | — | — |
| Others | — | — |
| Total | 30,479 | 30,421 |

(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 unrealized gains (losses) on foreign exchange valuation).

(Millions of Yen)

| | As of March 31, 2019 | | | | | As of June 30, 2019 | | | | |
|---|----------------------|------------|--------------|---------|----------|---------------------|------------|--------------|---------|----------|
| | Book value | Fair value | Gains/losses | | | Book value | Fair value | Gains/losses | | |
| | | | | Gains | Losses | | | | Gains | Losses |
| Held-to-maturity debt securities | 344,812 | 391,680 | 46,867 | 46,872 | (5) | 343,277 | 391,827 | 48,549 | 48,553 | (4) |
| Policy-reserve-matching bonds | 2,074,484 | 2,407,849 | 333,364 | 335,418 | (2,053) | 2,068,024 | 2,422,168 | 354,143 | 354,246 | (103) |
| Stocks of subsidiaries | 6,649 | 6,649 | — | — | — | 6,649 | 6,649 | — | — | — |
| Available-for-sale securities | 1,706,411 | 1,835,084 | 128,672 | 175,552 | (46,879) | 1,887,898 | 2,025,644 | 137,745 | 188,413 | (50,668) |
| Domestic bonds | 530,817 | 534,228 | 3,410 | 10,624 | (7,213) | 519,476 | 526,258 | 6,781 | 13,951 | (7,170) |
| Domestic stocks | 174,112 | 305,049 | 130,937 | 142,919 | (11,982) | 174,911 | 295,961 | 121,050 | 136,082 | (15,031) |
| Foreign securities | 926,956 | 923,749 | (3,206) | 21,317 | (24,524) | 1,108,561 | 1,121,066 | 12,505 | 37,510 | (25,005) |
| Foreign bonds | 736,455 | 738,633 | 2,177 | 20,629 | (18,452) | 911,396 | 929,002 | 17,606 | 35,812 | (18,206) |
| Foreign stocks and other foreign securities | 190,500 | 185,115 | (5,384) | 688 | (6,072) | 197,164 | 192,063 | (5,101) | 1,697 | (6,799) |
| Other securities | 73,912 | 71,411 | (2,501) | 657 | (3,159) | 84,369 | 81,740 | (2,629) | 831 | (3,460) |
| Monetary claims bought | 613 | 645 | 32 | 32 | — | 579 | 617 | 37 | 37 | — |
| Negotiable certificates of deposit | — | — | — | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — | — | — | — |
| Total | 4,132,358 | 4,641,264 | 508,905 | 557,843 | (48,938) | 4,305,850 | 4,846,289 | 540,438 | 591,214 | (50,775) |
| Domestic bonds | 2,766,675 | 3,114,133 | 347,458 | 356,731 | (9,272) | 2,747,848 | 3,119,543 | 371,695 | 378,972 | (7,277) |
| Domestic stocks | 180,761 | 311,699 | 130,937 | 142,919 | (11,982) | 181,561 | 302,611 | 121,050 | 136,082 | (15,031) |
| Foreign securities | 1,082,056 | 1,111,881 | 29,825 | 54,349 | (24,524) | 1,263,661 | 1,310,754 | 47,093 | 72,099 | (25,005) |
| Foreign bonds | 891,556 | 926,765 | 35,209 | 53,661 | (18,452) | 1,066,496 | 1,118,691 | 52,194 | 70,401 | (18,206) |
| Foreign stocks and other foreign securities | 190,500 | 185,115 | (5,384) | 688 | (6,072) | 197,164 | 192,063 | (5,101) | 1,697 | (6,799) |
| Other securities | 73,912 | 71,411 | (2,501) | 657 | (3,159) | 84,369 | 81,740 | (2,629) | 831 | (3,460) |
| Monetary claims bought | 28,952 | 32,137 | 3,185 | 3,185 | — | 28,410 | 31,639 | 3,228 | 3,228 | — |
| 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, 2019 | As of June 30, 2019 |
|---|----------------------|---------------------|
| Assets: | | |
| Cash and deposits | 36,102 | 37,168 |
| Call loans | 140,000 | 46,000 |
| Monetary claims bought | 28,984 | 28,448 |
| Securities: | 4,257,457 | 4,438,842 |
| National government bonds | 1,790,446 | 1,743,477 |
| Local government bonds | 49,768 | 55,755 |
| Corporate bonds | 935,197 | 960,770 |
| Domestic stocks | 320,964 | 310,951 |
| Foreign securities | 1,089,669 | 1,286,146 |
| Loans: | 426,804 | 421,090 |
| Policy loans | 44,272 | 43,286 |
| Industrial and consumer loans | 382,531 | 377,803 |
| Tangible fixed assets | 388,821 | 386,262 |
| Intangible fixed assets | 25,576 | 25,021 |
| Agency accounts receivable | 3 | 3 |
| Reinsurance receivables | 427 | 581 |
| Other assets | 41,991 | 60,837 |
| Prepaid pension cost | 145 | 116 |
| Deferred tax assets | 10,413 | 6,559 |
| Customers' liabilities under acceptances and guarantees | 6 | 5 |
| Allowance for possible loan losses | (375) | (362) |
| Total assets | 5,356,358 | 5,450,575 |

(Millions of Yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|--|----------------------|---------------------|
| Liabilities: | | |
| Policy reserves and other reserves: | 4,605,062 | 4,591,556 |
| Reserve for outstanding claims | 27,580 | 26,846 |
| Policy reserves | 4,543,377 | 4,529,294 |
| Reserve for dividends to policyholders | 34,104 | 35,414 |
| Reinsurance payables | 397 | 273 |
| Bonds payable | 88,295 | 88,295 |
| Other liabilities: | 192,123 | 283,752 |
| Income taxes payable | 60 | 5,847 |
| Lease obligations | 2,922 | 2,657 |
| Asset retirement obligations | 246 | 261 |
| Others | 188,893 | 274,986 |
| Reserve for employees' retirement benefits | 33,640 | 33,439 |
| Reserve for price fluctuation | 40,890 | 41,490 |
| Deferred tax liabilities for land revaluation | 17,116 | 17,057 |
| Acceptances and guarantees | 6 | 5 |
| Total liabilities | 4,977,531 | 5,055,869 |
| Net assets: | | |
| Foundation funds | 91,000 | 91,000 |
| Reserve for redemption of foundation funds | 166,000 | 166,000 |
| Reserve for revaluation | 281 | 281 |
| Surplus: | 67,073 | 77,887 |
| Reserve for future losses | 291 | 310 |
| Other surplus: | 66,782 | 77,577 |
| Reserve for fund redemption | 26,200 | 35,300 |
| Equalized reserve for dividends to policyholders | 9,258 | 7,318 |
| Unappropriated surplus (loss) | 31,324 | 34,958 |
| Total foundation funds and others | 324,355 | 335,169 |
| Net unrealized gains (losses) on available-for-sale securities, net of tax | 99,032 | 104,250 |
| Land revaluation differences | (44,561) | (44,713) |
| Total valuation and translation adjustments | 54,471 | 59,536 |
| Total net assets | 378,826 | 394,705 |
| Total liabilities and net assets | 5,356,358 | 5,450,575 |

4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|--|-------------------------------------|-------------------------------------|
| Ordinary income: | 170,615 | 164,431 |
| Premium and other income: | 97,443 | 97,303 |
| Insurance premiums | 97,018 | 96,719 |
| Investment income: | 53,020 | 48,811 |
| Interest, dividends and other income | 24,940 | 25,322 |
| Gains on sales of securities | 23,463 | 21,677 |
| Investment gains on separate accounts | 560 | - |
| Other ordinary income | 20,150 | 18,317 |
| Ordinary expenses: | 153,386 | 140,248 |
| Claims and other payments: | 100,711 | 96,213 |
| Claims | 30,573 | 27,410 |
| Annuities | 27,741 | 27,540 |
| Benefits | 17,919 | 17,320 |
| Surrender benefits | 23,388 | 22,730 |
| Other payments | 906 | 893 |
| Provision for policy reserves and other reserves: | 1 | 1 |
| Provision for interest on policyholders' dividend reserves | 1 | 1 |
| Investment expenses: | 17,173 | 9,181 |
| Interest expenses | 1,107 | 1,130 |
| Losses on sales of securities | 5,875 | 1 |
| Losses on valuation of securities | 24 | 70 |
| Losses on derivative financial instruments | 6,056 | 2,526 |
| Investment losses on separate accounts | - | 56 |
| Operating expenses | 26,745 | 26,463 |
| Other ordinary expenses | 8,754 | 8,388 |
| Ordinary profit | 17,228 | 24,182 |
| Extraordinary gains: | - | 9 |
| Gains on disposal of fixed assets | - | 9 |
| Extraordinary losses: | 764 | 713 |
| Losses on disposal of fixed assets | 55 | 40 |
| Impairment losses | 139 | 73 |
| Provision for reserve for price fluctuation | 570 | 600 |
| Surplus before income taxes | 16,463 | 23,478 |
| Income taxes including deferred taxes | 4,716 | 6,527 |
| Total income taxes | 4,716 | 6,527 |
| Net surplus | 11,747 | 16,950 |

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, 2019 was approved at the annual meeting of representative policyholders held on July 2, 2019, it is included in the non-consolidated balance sheet as of June 30, 2019.

2. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥240,130 million as of June 30, 2019.

3. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2019 was as follows:

| | <u>Millions of Yen</u> |
|---|-------------------------------------|
| | Three months ended June 30, 2019 |
| Balance at the beginning of the reporting period | <u>¥ 34,104</u> |
| Transfer to reserve from surplus in the previous fiscal year | 2,173 |
| Dividends to policyholders paid out during the reporting period | 864 |
| Increase in interest | <u>1</u> |
| Balance at the end of the reporting period | <u>¥ 35,414</u> |

5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

| | | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|---|-------|-------------------------------------|-------------------------------------|
| Fundamental profit | A | 3,614 | 6,654 |
| Capital gains | | 25,685 | 21,677 |
| Gains on money held in trust | | — | — |
| Gains on trading securities | | — | — |
| Gains on sales of securities | | 23,463 | 21,677 |
| Gains on derivative financial instruments | | — | — |
| Foreign exchange gains | | 2,221 | — |
| Other capital gains | | — | — |
| Capital losses | | 11,957 | 4,062 |
| Losses on money held in trust | | — | — |
| Losses on trading securities | | — | — |
| Losses on sales of securities | | 5,875 | 1 |
| Losses on valuation of securities | | 24 | 70 |
| Losses on derivative financial instruments | | 6,056 | 2,526 |
| Foreign exchange losses | | — | 1,464 |
| Other capital losses | | — | — |
| Net capital gains (losses) | B | 13,727 | 17,615 |
| Fundamental profit plus net capital gains (losses) | A+B | 17,342 | 24,270 |
| Other one-time gains | | 11 | 12 |
| Reinsurance revenue | | — | — |
| Reversal of contingency reserve | | — | — |
| Reversal of specific allowance for possible loan losses | | 11 | 12 |
| Others | | — | — |
| Other one-time losses | | 125 | 100 |
| Reinsurance premiums | | — | — |
| Provision for contingency reserve | | 125 | 100 |
| Provision for specific allowance for possible loan losses | | — | — |
| Provision for allowance for specified overseas loans | | — | — |
| Write-offs of loans | | 0 | 0 |
| Others | | — | — |
| Net other one-time gains (losses) | C | (113) | (87) |
| Ordinary profit | A+B+C | 17,228 | 24,182 |

6. Solvency Margin Ratio

(Millions of Yen)

| | | As of March 31, 2019 | As of June 30, 2019 |
|--|--|----------------------|---------------------|
| Total solvency margin | (A) | 816,808 | 848,002 |
| Foundation funds and surplus | | 318,065 | 333,605 |
| Reserve for price fluctuation | | 40,890 | 41,490 |
| Contingency reserve | | 51,182 | 51,282 |
| General allowance for possible loan losses | | 48 | 47 |
| (Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%) | | 115,805 | 123,970 |
| Net unrealized gains on land × 85% (in case of losses: × 100%) | | 10,434 | 10,260 |
| Excess amount of policy reserves based on full-time Zillmer method | | 132,013 | 133,390 |
| Qualifying subordinated debt | | 138,495 | 138,095 |
| Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin | | — | — |
| Deduction | | — | — |
| Others | | 9,873 | 15,860 |
| Total amount of risk | $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B) | 189,712 | 194,623 |
| Insurance risk | R_1 | 13,779 | 13,629 |
| Third-sector insurance risk | R_8 | 9,622 | 9,635 |
| Risk of assumed yield | R_2 | 75,362 | 74,772 |
| Minimum guarantee risk | R_7 | 1,069 | 1,069 |
| Investment risk | R_3 | 107,649 | 113,110 |
| Operational risk | R_4 | 4,149 | 4,244 |
| Solvency margin ratio | $(A) / \{(1/2) \times (B)\} \times 100$ | 861.1% | 871.4% |

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 Services 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, 2019 | As of June 30, 2019 |
|-------------------------------|----------------------|---------------------|
| Individual variable insurance | 27,560 | 26,956 |
| Individual variable annuities | — | — |
| Group annuity products | — | — |
| Total | 27,560 | 26,956 |

(2) Sum Insured of Policies in Force

(i) Individual Variable Insurance

| | As of March 31, 2019 | | As of June 30, 2019 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Number of policies (Thousands) | Amount (Millions of Yen) | Number of policies (Thousands) | Amount (Millions of Yen) |
| Individual variable insurance (fixed term) | — | — | — | — |
| Individual variable insurance (whole life) | 13 | 95,691 | 13 | 94,889 |
| Total | 13 | 95,691 | 13 | 94,889 |

(ii) Individual Variable Annuities

| | As of March 31, 2019 | | As of June 30, 2019 | |
|-------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | 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, 2018 | Three months ended June 30, 2019 |
|--|-------------------------------------|-------------------------------------|
| Ordinary income | 171,298 | 165,337 |
| Ordinary profit | 16,803 | 23,983 |
| Net surplus attributable to the Parent Company | 11,477 | 16,822 |
| Comprehensive income | 28,906 | 22,277 |

(Millions of Yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|-----------------------|----------------------|---------------------|
| Total assets | 5,357,677 | 5,452,395 |
| Solvency margin ratio | 865.7% | 876.1% |

(2) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 3

Unconsolidated subsidiaries 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, 2019 | As of June 30, 2019 |
|---|----------------------|---------------------|
| Assets: | | |
| Cash and deposits | 40,630 | 41,502 |
| Call loans | 140,000 | 46,000 |
| Monetary claims bought | 28,984 | 28,448 |
| Securities | 4,252,984 | 4,434,367 |
| Loans | 426,804 | 421,090 |
| Tangible fixed assets | 388,875 | 386,313 |
| Intangible fixed assets | 24,836 | 24,305 |
| Agency accounts receivable | 3 | 3 |
| Reinsurance receivables | 427 | 581 |
| Other assets | 42,947 | 62,380 |
| Net defined benefit assets | 292 | 261 |
| Deferred tax assets | 11,262 | 7,500 |
| Customers' liabilities under acceptances and guarantees | 6 | 5 |
| Allowance for possible loan losses | (378) | (364) |
| Total assets | 5,357,677 | 5,452,395 |

(Millions of Yen)

| | As of March 31, 2019 | As of June 30, 2019 |
|--|----------------------|---------------------|
| Liabilities: | | |
| Policy reserves and other reserves: | 4,605,062 | 4,591,556 |
| Reserve for outstanding claims | 27,580 | 26,846 |
| Policy reserves | 4,543,377 | 4,529,294 |
| Reserve for dividends to policyholders | 34,104 | 35,414 |
| Reinsurance payables | 397 | 273 |
| Bonds payable | 88,295 | 88,295 |
| Other liabilities | 192,779 | 285,072 |
| Net defined benefit liabilities | 36,480 | 36,049 |
| Reserve for price fluctuation | 40,890 | 41,490 |
| Deferred tax liabilities for land revaluation | 17,116 | 17,057 |
| Acceptances and guarantees | 6 | 5 |
| Total liabilities | 4,981,027 | 5,059,799 |
| Net assets: | | |
| Foundation funds | 91,000 | 91,000 |
| Reserve for redemption of foundation funds | 166,000 | 166,000 |
| Reserve for revaluation | 281 | 281 |
| Consolidated surplus | 66,801 | 77,487 |
| Total foundation funds and others | 324,083 | 334,769 |
| Net unrealized gains (losses) on available-for-sale securities, net of tax | 99,034 | 104,250 |
| Land revaluation differences | (44,561) | (44,713) |
| Accumulated remeasurements of defined benefit plans | (1,990) | (1,761) |
| Total accumulated other comprehensive income | 52,482 | 57,775 |
| Non-controlling interests | 83 | 52 |
| Total net assets | 376,650 | 392,596 |
| Total liabilities and net assets | 5,357,677 | 5,452,395 |

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

【Unaudited Consolidated Statements of Income】

(Millions of Yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|--|-------------------------------------|-------------------------------------|
| Ordinary income: | 171,298 | 165,337 |
| Premium and other income | 97,443 | 97,303 |
| Investment income: | 52,500 | 48,590 |
| Interest, dividends and other income | 24,427 | 25,107 |
| Gains on sales of securities | 23,463 | 21,677 |
| Investment gains on separate accounts | 560 | - |
| Other ordinary income | 21,353 | 19,443 |
| Ordinary expenses: | 154,494 | 141,354 |
| Claims and other payments: | 100,711 | 96,213 |
| Claims | 30,573 | 27,410 |
| Annuities | 27,741 | 27,540 |
| Benefits | 17,919 | 17,320 |
| Surrender benefits | 23,388 | 22,730 |
| Other payments | 906 | 893 |
| Provision for policy reserves and other reserves: | 1 | 1 |
| Provision for interest on policyholders' dividend reserves | 1 | 1 |
| Investment expenses: | 17,173 | 9,181 |
| Interest expenses | 1,107 | 1,130 |
| Losses on sales of securities | 5,875 | 1 |
| Losses on valuation of securities | 24 | 70 |
| Losses on derivative financial instruments | 6,056 | 2,526 |
| Investment losses on separate accounts | - | 56 |
| Operating expenses | 27,892 | 27,609 |
| Other ordinary expenses | 8,716 | 8,347 |
| Ordinary profit | 16,803 | 23,983 |
| Extraordinary gains: | - | 9 |
| Gains on disposal of fixed assets | - | 9 |
| Extraordinary losses: | 764 | 713 |
| Losses on disposal of fixed assets | 55 | 40 |
| Impairment losses | 139 | 73 |
| Provision for reserve for price fluctuation | 570 | 600 |
| Surplus before income taxes | 16,038 | 23,278 |
| Income taxes including deferred taxes | 4,550 | 6,446 |
| Total income taxes | 4,550 | 6,446 |
| Net surplus | 11,487 | 16,832 |
| Net surplus attributable to non-controlling interests | 10 | 9 |
| Net surplus attributable to the Parent Company | 11,477 | 16,822 |

【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

| | Three months ended June 30, 2018 | Three months ended June 30, 2019 |
|---|-------------------------------------|-------------------------------------|
| Net surplus | 11,487 | 16,832 |
| Other comprehensive income: | 17,418 | 5,445 |
| Net unrealized gains (losses) on available-for-sale securities, net of tax | 17,283 | 5,216 |
| Remeasurements of defined benefit plans | 134 | 229 |
| Comprehensive income: | 28,906 | 22,277 |
| Comprehensive income attributable to the Parent Company | 28,896 | 22,267 |
| Comprehensive income attributable to non-controlling interests | 10 | 9 |

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, 2019 was approved at the annual meeting of representative policyholders held on July 2, 2019, it is included in the consolidated balance sheet as of June 30, 2019.

2. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥240,130 million as of June 30, 2019.

3. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2019 was as follows:

| | <u>Millions of Yen</u> | |
|---|-------------------------------------|---------------|
| | Three months ended June 30, 2019 | |
| Balance at the beginning of the reporting period | ¥ | <u>34,104</u> |
| Transfer to reserve from surplus in the previous fiscal year | | 2,173 |
| Dividends to policyholders paid out during the reporting period | | 864 |
| Increase in interest | | <u>1</u> |
| Balance at the end of the reporting period | ¥ | <u>35,414</u> |

II. Note to Unaudited Consolidated Statement of Income

Depreciation

For the reporting period ended June 30, 2019, the total amount of depreciation and depreciation of rental real estate and other assets was ¥4,141 million.

(5) Consolidated Solvency Margin Ratio

(Millions of yen)

| | | As of March 31, 2019 | As of June 30, 2019 |
|--|---|----------------------|---------------------|
| Total solvency margin | (A) | 813,038 | 844,360 |
| Foundation funds and surplus | | 317,059 | 332,500 |
| Reserve for price fluctuation | | 40,890 | 41,490 |
| Contingency reserve | | 51,182 | 51,282 |
| Catastrophe loss reserve | | — | — |
| General allowance for possible loan losses | | 50 | 49 |
| (Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%) | | 115,807 | 123,970 |
| Net unrealized gains on land × 85% (in case of losses: × 100%) | | 10,434 | 10,260 |
| Sum of unrealized actuarial differences and unrealized past service cost | | (2,768) | (2,538) |
| Excess amount of policy reserves based on full-time Zillmer method | | 132,013 | 133,390 |
| Qualifying subordinated debt | | 138,495 | 138,095 |
| Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin | | — | — |
| Deduction | | — | — |
| Others | | 9,873 | 15,860 |
| 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) | 187,822 | 192,733 |
| Insurance risk | R ₁ | 13,779 | 13,629 |
| Ordinary insurance risk | R ₅ | — | — |
| Disaster insurance risk | R ₆ | — | — |
| Third-sector insurance risk | R ₈ | 9,622 | 9,635 |
| Small amount short-term insurance provider insurance risk | R ₉ | — | — |
| Risk of assumed yield | R ₂ | 75,362 | 74,772 |
| Minimum guarantee risk | R ₇ | 1,069 | 1,069 |
| Investment risk | R ₃ | 105,782 | 111,243 |
| Operational risk | R ₄ | 4,112 | 4,207 |
| Solvency margin ratio | (A) / {(1/2) × (B)} × 100 | 865.7% | 876.1% |

Notes:

- 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 Services Agency of 2011.
- "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 Services Agency of 2011.
- "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.