

February 14, 2020

Financial Results for the Nine Months Ended December 31, 2019

Asahi Mutual Life Insurance Company (the “Company” ; President: Hiroki Kimura) announces financial results for the nine months ended December 31, 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 December 31, 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	7,244	100.5	144,569	94.2
Individual annuities	557	23,432	538	96.5	22,298	95.2
Group insurance	—	14,778	—	—	14,611	98.9
Group annuities	—	170	—	—	164	96.4

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

	Nine months ended December 31, 2018			
	Number of policies (Thousands)	Amount (100 millions of Yen)		
		New policies	Net increase by conversion	
Individual insurance	504	1,213	2,292	(1,079)
Individual annuities	—	(120)	—	(120)
Group insurance	—	1,175	1,175	—
Group annuities	—	—	—	—

	Nine months ended December 31, 2019					
	Number of policies (Thousands)	Changes (%, YoY)	Amount (100 millions of Yen)			
			Changes (%, YoY)	New policies	Net increase by conversion	
Individual insurance	549	108.9	1,303	107.4	2,316	(1,013)
Individual annuities	—	—	(124)	—	—	(124)
Group insurance	—	—	72	6.2	72	—
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 December 31, 2019	
			Changes (%, Pre-FYE)
Individual insurance	3,953	3,920	99.2
Individual annuities	1,451	1,406	96.9
Total	5,405	5,326	98.6
Third-sector products	2,102	2,140	101.8

(ii) New Policies

(100 millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Changes
			(%, YoY)
Individual insurance	310	193	62.2
Individual annuities	(2)	(2)	—
Total	308	190	61.9
Third-sector products	130	157	120.7

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 December 31, 2019	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	174,143	3.3	120,703	2.2
Monetary claims bought	28,984	0.5	27,350	0.5
Securities	4,232,046	79.4	4,461,597	81.9
Domestic bonds	2,770,086	52.0	2,738,344	50.3
Domestic stocks	311,699	5.8	354,478	6.5
Foreign securities	1,078,849	20.2	1,297,274	23.8
Foreign bonds	893,733	16.8	1,105,288	20.3
Foreign stocks and other foreign securities	185,115	3.5	191,986	3.5
Other securities	71,411	1.3	71,499	1.3
Loans	426,804	8.0	385,291	7.1
Policy loans	44,272	0.8	41,298	0.8
Industrial and consumer loans	382,531	7.2	343,992	6.3
Real estate	383,194	7.2	378,819	7.0
Deferred tax assets	10,413	0.2	—	—
Others	73,596	1.4	75,198	1.4
Allowance for possible loan losses	(375)	(0.0)	(331)	(0.0)
Total	5,328,808	100.0	5,448,630	100.0
Foreign currency-denominated assets	1,212,135	22.7	1,429,244	26.2

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 December 31, 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)	337,234	382,023	44,789	44,792	(2)
Policy-reserve-matching bonds	2,074,484	2,407,849	333,364	335,418	(2,053)	2,054,968	2,375,469	320,501	321,023	(521)
Stocks of subsidiaries	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,682,582	1,811,255	128,673	175,552	(46,878)	1,878,023	2,076,646	198,623	235,740	(37,116)
Domestic bonds	530,817	534,228	3,410	10,624	(7,213)	518,253	527,710	9,456	14,389	(4,932)
Domestic stocks	160,295	291,232	130,937	142,919	(11,982)	169,538	334,392	164,853	175,990	(11,136)
Foreign securities	916,943	913,737	(3,205)	21,317	(24,523)	1,120,055	1,142,162	22,107	42,291	(20,184)
Foreign bonds	736,455	738,633	2,177	20,629	(18,452)	926,028	950,188	24,159	38,863	(14,703)
Foreign stocks and other foreign securities	180,487	175,104	(5,383)	688	(6,071)	194,027	191,974	(2,052)	3,428	(5,481)
Other securities	73,912	71,411	(2,501)	657	(3,159)	69,355	71,499	2,143	3,005	(862)
Monetary claims bought	613	645	32	32	—	819	882	63	63	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	4,101,879	4,610,785	508,906	557,843	(48,937)	4,270,225	4,834,140	563,915	601,555	(37,640)
Domestic bonds	2,766,675	3,114,133	347,458	356,731	(9,272)	2,728,888	3,067,823	338,935	344,392	(5,456)
Domestic stocks	160,295	291,232	130,937	142,919	(11,982)	169,538	334,392	164,853	175,990	(11,136)
Foreign securities	1,072,043	1,101,869	29,826	54,349	(24,523)	1,275,155	1,330,236	55,080	75,265	(20,184)
Foreign bonds	891,556	926,765	35,209	53,661	(18,452)	1,081,128	1,138,261	57,132	71,836	(14,703)
Foreign stocks and other foreign securities	180,487	175,104	(5,383)	688	(6,071)	194,027	191,974	(2,052)	3,428	(5,481)
Other securities	73,912	71,411	(2,501)	657	(3,159)	69,355	71,499	2,143	3,005	(862)
Monetary claims bought	28,952	32,137	3,185	3,185	—	27,287	30,189	2,902	2,902	—
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 December 31, 2019
Held-to-maturity debt securities	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries	6,649	6,694
Available-for-sale securities	23,829	13,405
Unlisted domestic stocks (except over-the-counter stocks)	13,817	13,392
Unlisted foreign stocks (except over-the-counter stocks)	10,012	12
Unlisted foreign bonds	—	—
Others	—	—
Total	30,479	20,099

(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 December 31, 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)	337,234	382,023	44,789	44,792	(2)
Policy-reserve-matching bonds	2,074,484	2,407,849	333,364	335,418	(2,053)	2,054,968	2,375,469	320,501	321,023	(521)
Stocks of subsidiaries	6,649	6,649	—	—	—	6,694	6,694	—	—	—
Available-for-sale securities	1,706,411	1,835,084	128,672	175,552	(46,879)	1,891,428	2,090,050	198,622	235,740	(37,117)
Domestic bonds	530,817	534,228	3,410	10,624	(7,213)	518,253	527,710	9,456	14,389	(4,932)
Domestic stocks	174,112	305,049	130,937	142,919	(11,982)	182,930	347,784	164,853	175,990	(11,136)
Foreign securities	926,956	923,749	(3,206)	21,317	(24,524)	1,120,068	1,142,174	22,106	42,291	(20,185)
Foreign bonds	736,455	738,633	2,177	20,629	(18,452)	926,028	950,188	24,159	38,863	(14,703)
Foreign stocks and other foreign securities	190,500	185,115	(5,384)	688	(6,072)	194,040	191,986	(2,053)	3,428	(5,482)
Other securities	73,912	71,411	(2,501)	657	(3,159)	69,355	71,499	2,143	3,005	(862)
Monetary claims bought	613	645	32	32	—	819	882	63	63	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	4,132,358	4,641,264	508,905	557,843	(48,938)	4,290,325	4,854,239	563,913	601,555	(37,641)
Domestic bonds	2,766,675	3,114,133	347,458	356,731	(9,272)	2,728,888	3,067,823	338,935	344,392	(5,456)
Domestic stocks	180,761	311,699	130,937	142,919	(11,982)	189,625	354,478	164,853	175,990	(11,136)
Foreign securities	1,082,056	1,111,881	29,825	54,349	(24,524)	1,275,168	1,330,248	55,079	75,265	(20,185)
Foreign bonds	891,556	926,765	35,209	53,661	(18,452)	1,081,128	1,138,261	57,132	71,836	(14,703)
Foreign stocks and other foreign securities	190,500	185,115	(5,384)	688	(6,072)	194,040	191,986	(2,053)	3,428	(5,482)
Other securities	73,912	71,411	(2,501)	657	(3,159)	69,355	71,499	2,143	3,005	(862)
Monetary claims bought	28,952	32,137	3,185	3,185	—	27,287	30,189	2,902	2,902	—
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 December 31, 2019
Assets:		
Cash and deposits	36,102	36,191
Call loans	140,000	86,000
Monetary claims bought	28,984	27,350
Securities:	4,257,457	4,487,908
National government bonds	1,790,446	1,728,954
Local government bonds	49,768	54,650
Corporate bonds	935,197	961,297
Domestic stocks	320,964	363,217
Foreign securities	1,089,669	1,308,290
Loans:	426,804	385,291
Policy loans	44,272	41,298
Industrial and consumer loans	382,531	343,992
Tangible fixed assets	388,821	383,828
Intangible fixed assets	25,576	24,961
Agency accounts receivable	3	5
Reinsurance receivables	427	324
Other assets	41,991	44,927
Prepaid pension cost	145	59
Deferred tax assets	10,413	-
Customers' liabilities under acceptances and guarantees	6	3
Allowance for possible loan losses	(375)	(331)
Total assets	5,356,358	5,476,522

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities:		
Policy reserves and other reserves:	4,605,062	4,550,139
Reserve for outstanding claims	27,580	27,258
Policy reserves	4,543,377	4,489,493
Reserve for dividends to policyholders	34,104	33,387
Reinsurance payables	397	227
Bonds payable	88,295	88,295
Other liabilities:	192,123	293,260
Income taxes payable	60	2,990
Lease obligations	2,922	2,209
Asset retirement obligations	246	262
Others	188,893	287,798
Reserve for employees' retirement benefits	33,640	33,208
Reserve for price fluctuation	40,890	42,660
Deferred tax liabilities	-	8,996
Deferred tax liabilities for land revaluation	17,116	17,054
Acceptances and guarantees	6	3
Total liabilities	4,977,531	5,033,846
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	80,541
Reserve for future losses	291	310
Other surplus:	66,782	80,231
Reserve for fund redemption	26,200	35,300
Equalized reserve for dividends to policyholders	9,258	7,318
Unappropriated surplus (loss)	31,324	37,613
Total foundation funds and others	324,355	337,823
Net unrealized gains (losses) on available-for-sale securities, net of tax	99,032	149,572
Land revaluation differences	(44,561)	(44,720)
Total valuation and translation adjustments	54,471	104,851
Total net assets	378,826	442,675
Total liabilities and net assets	5,356,358	5,476,522

4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	486,094	466,932
Premium and other income:	295,396	293,292
Insurance premiums	294,043	291,720
Investment income:	120,487	109,474
Interest, dividends and other income	79,283	79,292
Gains on sales of securities	33,174	22,829
Investment gains on separate accounts	-	1,844
Other ordinary income	70,209	64,165
Ordinary expenses:	460,531	439,973
Claims and other payments:	313,889	305,110
Claims	91,414	86,558
Annuities	97,367	95,865
Benefits	52,327	52,491
Surrender benefits	68,357	66,187
Other payments	3,672	2,817
Provision for policy reserves and other reserves:	2	2
Provision for interest on policyholders' dividend reserves	2	2
Investment expenses:	42,336	30,494
Interest expenses	3,571	3,396
Losses on sales of securities	8,085	780
Losses on valuation of securities	490	70
Losses on derivative financial instruments	16,850	13,250
Investment losses on separate accounts	1,363	-
Operating expenses	79,213	79,311
Other ordinary expenses	25,089	25,055
Ordinary profit	25,562	26,958
Extraordinary gains:	364	56
Gains on disposal of fixed assets	364	56
Extraordinary losses:	2,262	2,161
Losses on disposal of fixed assets	242	270
Impairment losses	329	121
Provision for reserve for price fluctuation	1,690	1,770
Surplus before income taxes	23,664	24,853
Income taxes including deferred taxes	4,551	5,254
Total income taxes	4,551	5,254
Net surplus	19,112	19,598

Notes to Unaudited Non-consolidated Financial Statements

Notes to Unaudited Non-consolidated Balance Sheet

1. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥267,305 million as of December 31, 2019.

2. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended December 31, 2019 was as follows:

	<u>Millions of Yen</u>	
	<u>Nine months ended December 31, 2019</u>	
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		2,893
Increase in interest		<u>2</u>
Balance at the end of the reporting period	¥	<u>33,387</u>

5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

		Nine months ended December 31, 2018	Nine months ended December 31, 2019
Fundamental profit	A	15,766	20,037
Capital gains		35,564	22,829
Gains on money held in trust		—	—
Gains on trading securities		—	—
Gains on sales of securities		33,174	22,829
Gains on derivative financial instruments		—	—
Foreign exchange gains		2,390	—
Other capital gains		—	—
Capital losses		25,426	15,498
Losses on money held in trust		—	—
Losses on trading securities		—	—
Losses on sales of securities		8,085	780
Losses on valuation of securities		490	70
Losses on derivative financial instruments		16,850	13,250
Foreign exchange losses		—	1,397
Other capital losses		—	—
Net capital gains (losses)	B	10,138	7,330
Fundamental profit plus net capital gains (losses)	A+B	25,904	27,368
Other one-time gains		32	40
Reinsurance revenue		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		32	40
Others		—	—
Other one-time losses		375	450
Reinsurance premiums		—	—
Provision for contingency reserve		375	450
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	(342)	(409)
Ordinary profit	A+B+C	25,562	26,958

6. Solvency Margin Ratio

(Millions of Yen)

		As of March 31, 2019	As of December 31, 2019
Total solvency margin	(A)	816,808	906,434
Foundation funds and surplus		318,065	333,132
Reserve for price fluctuation		40,890	42,660
Contingency reserve		51,182	51,632
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	178,760
Net unrealized gains on land × 85% (in case of losses: × 100%)		10,434	10,368
Excess amount of policy reserves based on full-time Zillmer method		132,013	135,933
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	15,804
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	189,712	200,764
Insurance risk	R_1	13,779	13,289
Third-sector insurance risk	R_8	9,622	9,842
Risk of assumed yield	R_2	75,362	72,951
Minimum guarantee risk	R_7	1,069	1,063
Investment risk	R_3	107,649	121,019
Operational risk	R_4	4,149	4,363
Solvency margin ratio	$(A) / \{(1/2) \times (B)\} \times 100$	861.1%	902.9%

Notes:

- 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.
- "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.

7. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
Individual variable insurance	27,560	27,876
Individual variable annuities	—	—
Group annuity products	—	—
Total	27,560	27,876

(2) Sum Insured of Policies in Force

(i) Individual Variable Insurance

	As of March 31, 2019		As of December 31, 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	93,446
Total	13	95,691	13	93,446

(ii) Individual Variable Annuities

	As of March 31, 2019		As of December 31, 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)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income	489,131	470,094
Ordinary profit	25,323	26,843
Net surplus attributable to the Parent Company	18,996	19,529
Comprehensive income	7,866	70,783

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
Total assets	5,357,677	5,478,295
Solvency margin ratio	865.7%	908.5%

(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 December 31, 2019
Assets:		
Cash and deposits	40,630	40,357
Call loans	140,000	86,000
Monetary claims bought	28,984	27,350
Securities	4,252,984	4,483,433
Loans	426,804	385,291
Tangible fixed assets	388,875	383,874
Intangible fixed assets	24,836	24,270
Agency accounts receivable	3	5
Reinsurance receivables	427	324
Other assets	42,947	47,304
Net defined benefit assets	292	204
Deferred tax assets	11,262	209
Customers' liabilities under acceptances and guarantees	6	3
Allowance for possible loan losses	(378)	(334)
Total assets	5,357,677	5,478,295

(Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities:		
Policy reserves and other reserves:	4,605,062	4,550,139
Reserve for outstanding claims	27,580	27,258
Policy reserves	4,543,377	4,489,493
Reserve for dividends to policyholders	34,104	33,387
Reinsurance payables	397	227
Bonds payable	88,295	88,295
Other liabilities	192,779	295,202
Net defined benefit liabilities	36,480	35,361
Reserve for price fluctuation	40,890	42,660
Deferred tax liabilities	-	8,247
Deferred tax liabilities for land revaluation	17,116	17,054
Acceptances and guarantees	6	3
Total liabilities	4,981,027	5,037,192
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	80,200
Total foundation funds and others	324,083	337,482
Net unrealized gains (losses) on available-for-sale securities, net of tax	99,034	149,572
Land revaluation differences	(44,561)	(44,720)
Accumulated remeasurements of defined benefit plans	(1,990)	(1,303)
Total accumulated other comprehensive income	52,482	103,548
Non-controlling interests	83	71
Total net assets	376,650	441,103
Total liabilities and net assets	5,357,677	5,478,295

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

【Unaudited Consolidated Statements of Income】

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Ordinary income:	489,131	470,094
Premium and other income	295,396	293,292
Investment income:	119,926	109,214
Interest, dividends and other income	78,741	79,048
Gains on sales of securities	33,174	22,831
Investment gains on separate accounts	–	1,844
Other ordinary income	73,807	67,588
Ordinary expenses:	463,807	443,251
Claims and other payments:	313,889	305,110
Claims	91,414	86,558
Annuities	97,367	95,865
Benefits	52,327	52,491
Surrender benefits	68,357	66,187
Other payments	3,672	2,817
Provision for policy reserves and other reserves:	2	2
Provision for interest on policyholders' dividend reserves	2	2
Investment expenses:	42,336	30,494
Interest expenses	3,571	3,396
Losses on sales of securities	8,085	780
Losses on valuation of securities	490	70
Losses on derivative financial instruments	16,850	13,250
Investment losses on separate accounts	1,363	–
Operating expenses	82,580	82,717
Other ordinary expenses	24,997	24,926
Ordinary profit	25,323	26,843
Extraordinary gains:	364	56
Gains on disposal of fixed assets	364	56
Extraordinary losses:	2,262	2,163
Losses on disposal of fixed assets	242	271
Impairment losses	329	121
Provision for reserve for price fluctuation	1,690	1,770
Surplus before income taxes	23,425	24,736
Income taxes including deferred taxes	4,397	5,177
Total income taxes	4,397	5,177
Net surplus	19,027	19,558
Net surplus attributable to non-controlling interests	31	29
Net surplus attributable to the Parent Company	18,996	19,529

【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net surplus	19,027	19,558
Other comprehensive income:	(11,161)	51,225
Net unrealized gains (losses) on available-for-sale securities, net of tax	(11,565)	50,537
Remeasurements of defined benefit plans	404	687
Comprehensive income:	7,866	70,783
Comprehensive income attributable to the Parent Company	7,835	70,754
Comprehensive income attributable to non-controlling interests	31	29

Notes to Unaudited Consolidated Financial Statements

I. Notes to Unaudited Consolidated Balance Sheet

1. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥267,305 million as of December 31, 2019.

2. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended December 31, 2019 was as follows:

	<u>Millions of Yen</u>
	<u>Nine months ended December 31, 2019</u>
Balance at the beginning of the reporting period	¥ 34,104
Transfer to reserve from surplus in the previous fiscal year	2,173
Dividends to policyholders paid out during the reporting period	2,893
Increase in interest	2
Balance at the end of the reporting period	¥ 33,387

II. Note to Unaudited Consolidated Statement of Income

Depreciation

For the reporting period ended December 31, 2019, the total amount of depreciation and depreciation of rental real estate and other assets was ¥12,561 million.

(5) Consolidated Solvency Margin Ratio

		(Millions of yen)	
		As of March 31, 2019	As of December 31, 2019
Total solvency margin	(A)	813,038	903,341
Foundation funds and surplus		317,059	332,118
Reserve for price fluctuation		40,890	42,660
Contingency reserve		51,182	51,632
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	178,760
Net unrealized gains on land × 85% (in case of losses: × 100%)		10,434	10,368
Sum of unrealized actuarial differences and unrealized past service cost		(2,768)	(2,080)
Excess amount of policy reserves based on full-time Zillmer method		132,013	135,933
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	15,804
Total amount of risk	$\sqrt{(\sqrt{R_1 + R_5 + R_8 + R_9})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	187,822	198,860
Insurance risk	R ₁	13,779	13,289
Ordinary insurance risk	R ₅	—	—
Disaster insurance risk	R ₆	—	—
Third-sector insurance risk	R ₈	9,622	9,842
Small amount short-term insurance provider insurance risk	R ₉	—	—
Risk of assumed yield	R ₂	75,362	72,951
Minimum guarantee risk	R ₇	1,069	1,063
Investment risk	R ₃	105,782	119,139
Operational risk	R ₄	4,112	4,325
Solvency margin ratio	(A) / {(1/2) × (B)} × 100	865.7%	908.5%

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.