

August 6, 2021

Financial Results for the Three Months Ended June 30, 2021

Asahi Mutual Life Insurance Company (the “Company” ; President: Hiroki Kimura) announces financial results for the three months ended June 30, 2021.

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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, 2021		As of June 30, 2021			
	Number of policies (Thousands)	Amount (100 millions of Yen)	Number of policies (Thousands)	Amount		Changes (%, Pre-FYE)
				(100 millions of Yen)	Changes (%, Pre-FYE)	
Individual insurance	7,349	132,551	7,362	130,121	98.2	100.2
Individual annuities	506	20,603	501	20,329	98.7	98.9
Group insurance	—	14,475	—	14,526	100.4	—
Group annuities	—	154	—	152	98.7	—

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, 2020			
	Number of policies (Thousands)	Amount (100 millions of Yen)		Net increase by conversion
			New policies	
Individual insurance	135	315	539	(224)
Individual annuities	—	(8)	—	(8)
Group insurance	—	94	94	—
Group annuities	—	—	—	—

	Three months ended June 30, 2021					
	Number of policies		Amount (100 millions of Yen)			Net increase by conversion
	(Thousands)	Changes (%, YoY)	Changes (%, YoY)	New policies		
Individual insurance	194	143.4	431	137.0	767	(335)
Individual annuities	—	—	(11)	—	—	(11)
Group insurance	—	—	46	49.4	46	—
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, 2021	As of June 30, 2021	
			Changes (%, Pre-FYE)
Individual insurance	3,889	3,876	99.7
Individual annuities	1,322	1,308	98.9
Total	5,212	5,184	99.5
Third-sector products	2,214	2,226	100.5

(ii) New Policies

(100 millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Changes
			(%, YoY)
Individual insurance	43	64	147.9
Individual annuities	(0)	(0)	—
Total	43	64	148.0
Third-sector products	36	54	150.3

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, 2021		As of June 30, 2021	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	146,692	2.7	112,166	2.0
Monetary claims bought	25,094	0.5	24,569	0.4
Securities	4,586,013	83.2	4,607,867	83.6
Domestic bonds	2,708,646	49.1	2,678,356	48.6
Domestic stocks	438,359	8.0	452,817	8.2
Foreign securities	1,357,677	24.6	1,403,647	25.5
Foreign bonds	1,040,834	18.9	1,048,073	19.0
Foreign stocks and other foreign securities	316,842	5.7	355,574	6.5
Other securities	81,330	1.5	73,046	1.3
Loans	303,451	5.5	306,230	5.6
Policy loans	35,182	0.6	34,259	0.6
Industrial and consumer loans	268,268	4.9	271,971	4.9
Real estate	373,204	6.8	372,866	6.8
Deferred tax assets	—	—	—	—
Others	77,225	1.4	88,560	1.6
Allowance for possible loan losses	(406)	(0.0)	(422)	(0.0)
Total	5,511,274	100.0	5,511,837	100.0
Foreign currency-denominated assets	1,452,046	26.3	1,485,054	26.9

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

(2) Fair Value Information on Securities (other than trading securities)

(Millions of Yen)

	As of March 31, 2021					As of June 30, 2021				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	321,005	360,399	39,394	39,400	(6)	318,032	357,747	39,714	39,719	(4)
Policy-reserve-matching bonds	2,039,060	2,254,994	215,933	226,245	(10,311)	2,027,700	2,237,707	210,007	222,666	(12,659)
Stocks of subsidiaries	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,935,564	2,216,388	280,823	317,280	(36,456)	1,944,978	2,252,079	307,100	338,110	(31,009)
Domestic bonds	513,117	527,705	14,587	17,240	(2,653)	495,282	511,236	15,953	18,308	(2,354)
Domestic stocks	175,768	403,715	227,947	240,553	(12,605)	174,890	418,202	243,312	255,805	(12,493)
Foreign securities	1,170,153	1,202,667	32,513	52,865	(20,351)	1,205,805	1,248,638	42,832	58,257	(15,424)
Foreign bonds	853,897	885,834	31,936	46,194	(14,257)	857,085	893,073	35,987	46,755	(10,767)
Foreign stocks and other foreign securities	316,255	316,832	577	6,671	(6,094)	348,720	355,564	6,844	11,501	(4,657)
Other securities	75,642	81,330	5,687	6,533	(845)	68,123	73,046	4,922	5,659	(737)
Monetary claims bought	882	969	86	86	—	875	955	79	79	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	4,295,630	4,831,782	536,151	582,926	(46,774)	4,290,712	4,847,534	556,822	600,496	(43,673)
Domestic bonds	2,694,058	2,931,420	237,362	250,333	(12,971)	2,662,402	2,894,974	232,572	247,591	(15,018)
Domestic stocks	175,768	403,715	227,947	240,553	(12,605)	174,890	418,202	243,312	255,805	(12,493)
Foreign securities	1,325,153	1,387,899	62,746	83,098	(20,351)	1,360,805	1,434,451	73,645	89,070	(15,424)
Foreign bonds	1,008,897	1,071,066	62,168	76,426	(14,257)	1,012,085	1,078,887	66,801	77,569	(10,767)
Foreign stocks and other foreign securities	316,255	316,832	577	6,671	(6,094)	348,720	355,564	6,844	11,501	(4,657)
Other securities	75,642	81,330	5,687	6,533	(845)	68,123	73,046	4,922	5,659	(737)
Monetary claims bought	25,007	27,415	2,408	2,408	—	24,489	26,858	2,368	2,368	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

Notes:

1. The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Act.
2. The table above excludes stocks, Investments in Partnerships and others without a market price.

* Book value of stocks, Investments in Partnerships and others without a market price is as follows:

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Stocks of subsidiaries	21,367	21,377
Available-for-sale securities	13,286	13,247
Domestic stocks	13,275	13,236
Foreign stocks	11	11
Others	—	—
Total	34,654	34,625

(Reference)

Fair value information on securities including stocks, Investments in Partnerships and others without a market price is as follows:
(Millions of Yen)

	As of March 31, 2021					As of June 30, 2021				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	321,005	360,399	39,394	39,400	(6)	318,032	357,747	39,714	39,719	(4)
Policy-reserve-matching bonds	2,039,060	2,254,994	215,933	226,245	(10,311)	2,027,700	2,237,707	210,007	222,666	(12,659)
Stocks of subsidiaries	21,367	21,367	—	—	—	21,377	21,377	—	—	—
Available-for-sale securities	1,948,851	2,229,674	280,822	317,280	(36,457)	1,958,226	2,265,326	307,099	338,110	(31,010)
Domestic bonds	513,117	527,705	14,587	17,240	(2,653)	495,282	511,236	15,953	18,308	(2,354)
Domestic stocks	189,044	416,991	227,947	240,553	(12,605)	188,127	431,439	243,312	255,805	(12,493)
Foreign securities	1,170,164	1,202,677	32,512	52,865	(20,352)	1,205,816	1,248,647	42,831	58,257	(15,426)
Foreign bonds	853,897	885,834	31,936	46,194	(14,257)	857,085	893,073	35,987	46,755	(10,767)
Foreign stocks and other foreign securities	316,266	316,842	576	6,671	(6,095)	348,731	355,574	6,843	11,501	(4,658)
Other securities	75,642	81,330	5,687	6,533	(845)	68,123	73,046	4,922	5,659	(737)
Monetary claims bought	882	969	86	86	—	875	955	79	79	—
Negotiable certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	4,330,284	4,866,435	536,150	582,926	(46,775)	4,325,337	4,882,158	556,821	600,496	(43,675)
Domestic bonds	2,694,058	2,931,420	237,362	250,333	(12,971)	2,662,402	2,894,974	232,572	247,591	(15,018)
Domestic stocks	210,411	438,359	227,947	240,553	(12,605)	209,504	452,817	243,312	255,805	(12,493)
Foreign securities	1,325,164	1,387,909	62,745	83,098	(20,352)	1,360,816	1,434,461	73,644	89,070	(15,426)
Foreign bonds	1,008,897	1,071,066	62,168	76,426	(14,257)	1,012,085	1,078,887	66,801	77,569	(10,767)
Foreign stocks and other foreign securities	316,266	316,842	576	6,671	(6,095)	348,731	355,574	6,843	11,501	(4,658)
Other securities	75,642	81,330	5,687	6,533	(845)	68,123	73,046	4,922	5,659	(737)
Monetary claims bought	25,007	27,415	2,408	2,408	—	24,489	26,858	2,368	2,368	—
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, 2021	As of June 30, 2021
Assets:		
Cash and deposits	35,368	38,099
Call loans	113,000	76,000
Monetary claims bought	25,094	24,569
Securities:	4,612,320	4,634,105
National government bonds	1,692,106	1,673,622
Local government bonds	49,130	52,440
Corporate bonds	973,538	958,432
Domestic stocks	447,371	461,377
Foreign securities	1,368,844	1,415,186
Loans:	303,451	306,230
Policy loans	35,182	34,259
Industrial and consumer loans	268,268	271,971
Tangible fixed assets	377,849	377,220
Intangible fixed assets	26,797	26,566
Agency accounts receivable	14	14
Reinsurance receivables	987	392
Other assets	44,692	58,443
Prepaid pension cost	233	215
Customers' liabilities under acceptances and guarantees	1	0
Allowance for possible loan losses	(406)	(422)
Total assets	5,539,404	5,541,436

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities:		
Policy reserves and other reserves:	4,477,995	4,464,505
Reserve for outstanding claims	28,572	27,801
Policy reserves	4,419,372	4,405,183
Reserve for dividends to policyholders	30,050	31,520
Reinsurance payables	680	312
Bonds payable	127,773	127,773
Other liabilities:	292,817	277,025
Income taxes payable	5,042	1,526
Lease obligations	1,459	1,270
Asset retirement obligations	851	853
Others	285,464	273,375
Reserve for employees' retirement benefits	30,856	30,780
Reserve for price fluctuation	45,680	46,300
Deferred tax liabilities	22,826	30,468
Deferred tax liabilities for land revaluation	16,268	16,251
Acceptances and guarantees	1	0
Total liabilities	5,014,899	4,993,418
Net assets:		
Foundation funds	91,000	91,000
Reserve for redemption of foundation funds	166,000	166,000
Reserve for revaluation	281	281
Surplus:	99,378	104,300
Reserve for future losses	328	347
Other surplus:	99,050	103,953
Reserve for fund redemption	44,400	53,500
Equalized reserve for dividends to policyholders	7,091	6,983
Unappropriated surplus (loss)	47,558	43,470
Total foundation funds and others	356,660	361,582
Net unrealized gains (losses) on available-for-sale securities, net of tax	213,200	231,835
Land revaluation differences	(45,354)	(45,399)
Total valuation and translation adjustments	167,845	186,435
Total net assets	524,505	548,018
Total liabilities and net assets	5,539,404	5,541,436

4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Ordinary income:	151,645	149,271
Premium and other income:	95,769	95,569
Insurance premiums	95,194	95,134
Investment income:	40,788	36,172
Interest, dividends and other income	26,772	27,537
Gains on sales of securities	10,763	6,200
Investment gains on separate accounts	1,483	678
Other ordinary income	15,086	17,529
Ordinary expenses:	138,843	134,326
Claims and other payments:	91,619	91,022
Claims	27,378	26,619
Annuities	26,726	26,019
Benefits	17,165	16,871
Surrender benefits	19,288	20,360
Other payments	626	635
Provision for policy reserves and other reserves:	0	0
Provision for interest on policyholders' dividend reserves	0	0
Investment expenses:	12,026	6,307
Interest expenses	1,131	1,293
Losses on trading securities	757	—
Losses on sales of securities	1,311	65
Losses on valuation of securities	19	4
Losses on derivative financial instruments	3,915	947
Operating expenses	26,502	28,666
Other ordinary expenses	8,694	8,328
Ordinary profit	12,801	14,944
Extraordinary gains:	11	—
Gains on disposal of fixed assets	11	—
Extraordinary losses:	1,080	884
Losses on disposal of fixed assets	82	172
Impairment losses	118	91
Provision for reserve for price fluctuation	590	620
Losses on reduction entry of real estate	5	—
Other extraordinary losses	283	—
Surplus before income taxes	11,732	14,060
Income taxes including deferred taxes	3,511	2,940
Total income taxes	3,511	2,940
Net surplus	8,220	11,120

Notes to Unaudited Non-consolidated Financial Statements

Notes to Unaudited Non-consolidated Balance Sheet

1. Accounting Changes

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, issued on July 4, 2019) and others from the reporting period ended June 30, 2021.

And in accordance with the transitional treatment set forth in Article 19 of "Accounting Standard for Fair Value Measurement" and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on July 4, 2019), the Company has applied a new accounting policy prescribed by "Accounting Standard for Fair Value Measurement" and others from the reporting period ended June 30, 2021.

As a result of this application, fair value of available-for-sale securities, of which listed domestic stocks, domestic stock exchange-traded funds, domestic listed real estate investment trusts, foreign stock exchange-traded funds for which hedge accounting is not applied, foreign bond exchange-traded funds for which hedge accounting is not applied and foreign currency-denominated bonds for which hedge accounting is not applied, was changed from fair value based on the average of the market prices during the final month of the reporting period to fair value based on the market prices at the balance sheet date.

Impairment losses for available-for-sale securities are recognized by value based on the average market prices during the final month of the reporting period, as previously.

2. Accounting Procedures Specific to Quarterly Financial Statements

As the proposed appropriation of surplus for the fiscal year ended March 31, 2021 was approved at the annual meeting of representative policyholders held on July 2, 2021, it is included in the non-consolidated balance sheet as of June 30, 2021.

3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥261,498 million as of June 30, 2021.

4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2021 was as follows:

	<u>Millions of Yen</u>
	Three months ended June 30, 2021
Balance at the beginning of the reporting period	¥ 30,050
Transfer to reserve from surplus in the previous fiscal year	2,153
Dividends to policyholders paid out during the reporting period	683
Increase in interest	0
Balance at the end of the reporting period	¥ 31,520

5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

		Three months ended June 30, 2020	Three months ended June 30, 2021
Fundamental profit	A	8,534	9,916
Capital gains		10,763	6,200
Gains on money held in trust		—	—
Gains on trading securities		—	—
Gains on sales of securities		10,763	6,200
Gains on derivative financial instruments		—	—
Foreign exchange gains		—	—
Other capital gains		—	—
Capital losses		6,379	1,023
Losses on money held in trust		—	—
Losses on trading securities		757	—
Losses on sales of securities		1,311	65
Losses on valuation of securities		19	4
Losses on derivative financial instruments		3,915	947
Foreign exchange losses		376	5
Other capital losses		—	—
Net capital gains (losses)	B	4,384	5,177
Fundamental profit plus net capital gains (losses)	A+B	12,918	15,093
Other one-time gains		7	8
Reinsurance revenue		—	—
Reversal of contingency reserve		—	—
Reversal of specific allowance for possible loan losses		7	8
Others		—	—
Other one-time losses		125	157
Reinsurance premiums		—	—
Provision for contingency reserve		125	157
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	(117)	(148)
Ordinary profit	A+B+C	12,801	14,944

6. Solvency Margin Ratio

(Millions of Yen)

		As of March 31, 2021	As of June 30, 2021
Total solvency margin	(A)	1,063,948	1,093,324
Foundation funds and surplus		350,417	360,034
Reserve for price fluctuation		45,680	46,300
Contingency reserve		62,448	62,605
General allowance for possible loan losses		100	124
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)		252,740	276,389
Net unrealized gains on land × 85% (in case of losses: × 100%)		28,681	28,669
Excess amount of policy reserves based on full-time Zillmer method		141,363	142,332
Qualifying subordinated debt		167,173	166,773
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin		—	—
Deduction		—	(9,000)
Others		15,343	19,095
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	218,912	219,881
Insurance risk	R_1	12,613	12,501
Third-sector insurance risk	R_8	10,446	10,551
Risk of assumed yield	R_2	69,446	68,928
Minimum guarantee risk	R_7	1,040	1,040
Investment risk	R_3	142,459	143,934
Operational risk	R_4	4,720	4,739
Solvency margin ratio	(A) / {(1/2) × (B)} × 100	972.0%	994.4%

Notes:

1. The figures above are calculated based on Articles 86 and 87 of the Enforcement Regulation 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, 2021	As of June 30, 2021
Individual variable insurance	28,078	29,533
Individual variable annuities	—	—
Group annuity products	—	—
Total	28,078	29,533

(2) Sum Insured of Policies in Force

(i) Individual Variable Insurance

	As of March 31, 2021		As of June 30, 2021	
	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)	12	89,766	12	89,139
Total	12	89,766	12	89,139

(ii) Individual Variable Annuities

	As of March 31, 2021		As of June 30, 2021	
	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, 2020	Three months ended June 30, 2021
Ordinary income	152,467	150,257
Ordinary profit	12,637	14,085
Net surplus attributable to the Parent Company	8,106	10,287
Comprehensive income	56,734	29,015

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Total assets	5,540,449	5,540,451
Solvency margin ratio	992.4%	1,010.3%

(2) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 4

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, 2021	As of June 30, 2021
Assets:		
Cash and deposits	44,149	44,269
Call loans	113,000	76,000
Monetary claims bought	25,094	24,569
Securities	4,598,851	4,620,635
Loans	303,451	306,230
Tangible fixed assets	378,046	377,443
Intangible fixed assets	29,941	30,151
Agency accounts receivable	14	14
Reinsurance receivables	987	392
Other assets	46,670	60,526
Net defined benefit assets	494	466
Deferred tax assets	152	173
Customers' liabilities under acceptances and guarantees	1	0
Allowance for possible loan losses	(406)	(422)
Total assets	5,540,449	5,540,451

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities:		
Policy reserves and other reserves:	4,477,995	4,464,505
Reserve for outstanding claims	28,572	27,801
Policy reserves	4,419,372	4,405,183
Reserve for dividends to policyholders	30,050	31,520
Reinsurance payables	680	312
Bonds payable	127,773	127,773
Other liabilities	295,766	278,848
Net defined benefit liabilities	32,914	32,744
Reserve for price fluctuation	45,680	46,300
Deferred tax liabilities	22,354	29,964
Deferred tax liabilities for land revaluation	16,268	16,251
Acceptances and guarantees	1	0
Total liabilities	5,019,435	4,996,701
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	97,154	101,244
Total foundation funds and others	354,436	358,526
Net unrealized gains (losses) on available-for-sale securities, net of tax	213,201	231,835
Land revaluation differences	(45,354)	(45,399)
Accumulated remeasurements of defined benefit plans	(1,349)	(1,267)
Total accumulated other comprehensive income	166,497	185,168
Non-controlling interests	79	55
Total net assets	521,014	543,750
Total liabilities and net assets	5,540,449	5,540,451

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

【Unaudited Consolidated Statements of Income】

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Ordinary income:	152,467	150,257
Premium and other income	95,769	95,569
Investment income:	40,668	35,987
Interest, dividends and other income	26,657	27,360
Gains on sales of securities	10,763	6,200
Investment gains on separate accounts	1,483	678
Other ordinary income	16,029	18,700
Ordinary expenses:	139,830	136,171
Claims and other payments:	91,619	91,022
Claims	27,378	26,619
Annuities	26,726	26,019
Benefits	17,165	16,871
Surrender benefits	19,288	20,360
Other payments	626	635
Provision for policy reserves and other reserves:	0	0
Provision for interest on policyholders' dividend reserves	0	0
Investment expenses:	12,026	6,307
Interest expenses	1,131	1,293
Losses on trading securities	757	—
Losses on sales of securities	1,311	65
Losses on valuation of securities	19	4
Losses on derivative financial instruments	3,915	947
Operating expenses	27,539	30,435
Other ordinary expenses	8,644	8,406
Ordinary profit	12,637	14,085
Extraordinary gains:	11	—
Gains on disposal of fixed assets	11	—
Extraordinary losses:	1,080	884
Losses on disposal of fixed assets	82	172
Impairment losses	118	91
Provision for reserve for price fluctuation	590	620
Losses on reduction entry of real estate	5	—
Other extraordinary losses	283	—
Surplus before income taxes	11,568	13,200
Income taxes including deferred taxes	3,455	2,901
Total income taxes	3,455	2,901
Net surplus	8,113	10,299
Net surplus attributable to non-controlling interests	7	12
Net surplus attributable to the Parent Company	8,106	10,287

【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net surplus	8,113	10,299
Other comprehensive income:	48,620	18,715
Net unrealized gains (losses) on available-for-sale securities, net of tax	48,592	18,633
Remeasurements of defined benefit plans	27	82
Comprehensive income:	56,734	29,015
Comprehensive income attributable to the Parent Company	56,726	29,003
Comprehensive income attributable to non-controlling interests	7	12

Notes to Unaudited Consolidated Financial Statements

I. Notes to Unaudited Consolidated Balance Sheet

1. Accounting Changes

The Company has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, issued on July 4, 2019) and others from the reporting period ended June 30, 2021.

And in accordance with the transitional treatment set forth in Article 19 of "Accounting Standard for Fair Value Measurement" and Article 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on July 4, 2019), the Company has applied a new accounting policy prescribed by "Accounting Standard for Fair Value Measurement" and others from the reporting period ended June 30, 2021.

As a result of this application, fair value of available-for-sale securities, of which listed domestic stocks, domestic stock exchange-traded funds, domestic listed real estate investment trusts, foreign stock exchange-traded funds for which hedge accounting is not applied, foreign bond exchange-traded funds for which hedge accounting is not applied and foreign currency-denominated bonds for which hedge accounting is not applied, was changed from fair value based on the average of the market prices during the final month of the reporting period to fair value based on the market prices at the balance sheet date.

Impairment losses for available-for-sale securities are recognized by value based on the average market prices during the final month of the reporting period, as previously.

2. Accounting Procedures Specific to Quarterly Financial Statements

As the proposed appropriation of surplus for the fiscal year ended March 31, 2021 was approved at the annual meeting of representative policyholders held on July 2, 2021, it is included in the consolidated balance sheet as of June 30, 2021.

3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥261,498 million as of June 30, 2021.

4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2021 was as follows:

	<u>Millions of Yen</u>
	Three months ended June 30, 2021
Balance at the beginning of the reporting period	¥ 30,050
Transfer to reserve from surplus in the previous fiscal year	2,153
Dividends to policyholders paid out during the reporting period	683
Increase in interest	0
Balance at the end of the reporting period	¥ 31,520

II. Note to Unaudited Consolidated Statement of Income

Depreciation

For the reporting period ended June 30, 2021, the total amount of depreciation and depreciation of rental real estate and other assets was ¥4,401 million.

(5) Consolidated Solvency Margin Ratio

(Millions of Yen)

		As of March 31, 2021	As of June 30, 2021
Total solvency margin	(A)	1,054,961	1,092,616
Foundation funds and surplus		343,302	352,116
Reserve for price fluctuation		45,680	46,300
Contingency reserve		62,448	62,605
Catastrophe loss reserve		—	—
General allowance for possible loan losses		101	126
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)		252,742	276,389
Net unrealized gains on land × 85% (in case of losses: × 100%)		28,681	28,669
Sum of unrealized actuarial differences and unrealized past service cost		(1,875)	(1,792)
Excess amount of policy reserves based on full-time Zillmer method		141,363	142,332
Qualifying subordinated debt		167,173	166,773
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin		—	—
Deduction		—	—
Others		15,343	19,095
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)	212,597	216,274
Insurance risk	R ₁	12,613	12,501
Ordinary insurance risk	R ₅	—	—
Disaster insurance risk	R ₆	—	—
Third-sector insurance risk	R ₈	10,446	10,551
Small amount short-term insurance provider insurance risk	R ₉	—	—
Risk of assumed yield	R ₂	69,446	68,928
Minimum guarantee risk	R ₇	1,040	1,040
Investment risk	R ₃	136,232	140,377
Operational risk	R ₄	4,595	4,667
Solvency margin ratio	(A) / {(1/2) × (B)} × 100	992.4%	1,010.3%

Notes:

- The figures above are calculated based on Articles 86-2 and 88 of the Enforcement Regulation 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.