

## Financial Results for the Nine Months Ended December 31, 2022

Asahi Mutual Life Insurance Company (the “Company”; President: Hiroki Kimura) announces financial results for the nine months ended December 31, 2022.

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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, 2022		As of December 31, 2022			
	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	7,372	123,289	7,349	99.7	116,833	94.8
Individual annuities	479	19,388	458	95.8	18,494	95.4
Group insurance	-	14,034	-	-	14,063	100.2
Group annuities	-	131	-	-	125	95.7

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

	Nine months ended December 31, 2021			
	Number of policies (Thousands)	Amount (100 millions of Yen)	Amount (100 millions of Yen)	
			New policies	Net increase by conversion
Individual insurance	573	1,358	2,389	(1,031)
Individual annuities	-	(42)	-	(42)
Group insurance	-	128	128	-
Group annuities	-	-	-	-

	Nine months ended December 31, 2022					
	Number of policies		Amount (100 millions of Yen)			
	(Thousands)	Changes (%, YoY)	Changes (%, YoY)	New policies	Net increase by conversion	
Individual insurance	515	90.0	1,538	113.3	2,396	(858)
Individual annuities	-	-	(32)	-	-	(32)
Group insurance	-	-	223	174.1	223	-
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, 2022	As of December 31, 2022	Changes
			(%, Pre-FYE)
Individual insurance	3,830	3,762	98.2
Individual annuities	1,242	1,187	95.6
Total	5,072	4,950	97.6
Third-sector products	2,240	2,235	99.8

(ii) New Policies

(100 millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Changes
			(%, YoY)
Individual insurance	190	159	83.4
Individual annuities	(0)	(0)	-
Total	189	158	83.5
Third-sector products	158	128	80.8

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, 2022		As of December 31, 2022	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	145,376	2.7	92,974	1.8
Monetary claims bought	22,534	0.4	20,849	0.4
Securities	4,539,235	82.9	4,346,792	83.1
Domestic bonds	2,621,140	47.9	2,671,861	51.1
Domestic stocks	464,670	8.5	485,488	9.3
Foreign securities	1,383,693	25.3	1,121,602	21.4
Foreign bonds	1,027,053	18.8	748,164	14.3
Foreign stocks and other foreign securities	356,640	6.5	373,438	7.1
Other securities	69,731	1.3	67,840	1.3
Loans	311,416	5.7	289,338	5.5
Policy loans	32,199	0.6	30,546	0.6
Industrial and consumer loans	279,217	5.1	258,792	4.9
Real estate	363,513	6.6	360,400	6.9
Deferred tax assets	-	-	23,591	0.5
Others	94,397	1.7	98,047	1.9
Allowance for possible loan losses	(550)	(0.0)	(713)	(0.0)
Total	5,475,924	100.0	5,231,280	100.0
Foreign currency-denominated assets	1,489,515	27.2	1,234,337	23.6

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, 2022					As of December 31, 2022				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	301,647	333,640	31,992	32,001	(8)	290,943	310,418	19,475	19,628	(153)
Policy-reserve-matching bonds	2,028,714	2,159,139	130,424	169,489	(39,065)	2,084,862	2,019,584	(65,278)	108,710	(173,988)
Stocks of subsidiaries	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	1,912,317	2,135,750	223,432	300,935	(77,503)	1,743,055	1,865,642	122,586	281,680	(159,093)
Domestic bonds	468,248	467,355	(893)	6,409	(7,302)	487,514	471,031	(16,482)	3,779	(20,262)
Domestic stocks	166,694	413,036	246,341	259,795	(13,453)	169,390	409,707	240,316	251,247	(10,931)
Foreign securities	1,208,339	1,184,814	(23,525)	31,335	(54,860)	1,014,717	917,337	(97,379)	25,437	(122,816)
Foreign bonds	904,300	872,053	(32,247)	11,095	(43,342)	684,504	593,164	(91,340)	2,615	(93,955)
Foreign stocks and other foreign securities	304,039	312,761	8,721	20,239	(11,518)	330,212	324,173	(6,038)	22,821	(28,860)
Other securities	68,202	69,587	1,384	3,271	(1,886)	70,626	66,692	(3,933)	1,147	(5,081)
Monetary claims bought	833	957	123	123	-	806	873	66	69	(2)
Negotiable certificates of deposit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	4,242,680	4,628,529	385,849	502,426	(116,576)	4,118,860	4,195,644	76,783	410,019	(333,235)
Domestic bonds	2,622,033	2,756,333	134,299	180,668	(46,368)	2,688,343	2,609,407	(78,936)	115,386	(194,323)
Domestic stocks	166,694	413,036	246,341	259,795	(13,453)	169,390	409,707	240,316	251,247	(10,931)
Foreign securities	1,363,339	1,365,318	1,978	56,839	(54,860)	1,169,717	1,087,416	(82,301)	40,515	(122,816)
Foreign bonds	1,059,300	1,052,556	(6,743)	36,599	(43,342)	839,504	763,242	(76,262)	17,693	(93,955)
Foreign stocks and other foreign securities	304,039	312,761	8,721	20,239	(11,518)	330,212	324,173	(6,038)	22,821	(28,860)
Other securities	68,202	69,587	1,384	3,271	(1,886)	70,626	66,692	(3,933)	1,147	(5,081)
Monetary claims bought	22,410	24,255	1,844	1,852	(8)	20,782	22,421	1,638	1,722	(83)
Negotiable certificates of deposit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

Notes:

- The table above includes assets which are considered appropriate to deem as securities under the Financial Instruments and Exchange Act.
- 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, 2022	As of December 31, 2022
Stocks of subsidiaries	37,377	62,647
Available-for-sale securities	54,874	57,566
Domestic stocks	14,257	13,134
Foreign stocks	11	11
Others	40,605	44,421
Total	92,251	120,213

(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, 2022					As of December 31, 2022				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	301,647	333,640	31,992	32,001	(8)	290,943	310,418	19,475	19,628	(153)
Policy-reserve-matching bonds	2,028,714	2,159,139	130,424	169,489	(39,065)	2,084,862	2,019,584	(65,278)	108,710	(173,988)
Stocks of subsidiaries	37,377	37,377	-	-	-	62,647	62,647	-	-	-
Available-for-sale securities	1,967,191	2,194,030	226,838	304,350	(77,512)	1,800,621	1,929,189	128,567	287,671	(159,103)
Domestic bonds	468,248	467,355	(893)	6,409	(7,302)	487,514	471,031	(16,482)	3,779	(20,262)
Domestic stocks	180,951	427,293	246,341	259,795	(13,453)	182,524	422,841	240,316	251,247	(10,931)
Foreign securities	1,248,812	1,228,693	(20,118)	34,750	(54,869)	1,058,001	966,602	(91,398)	31,428	(122,826)
Foreign bonds	904,300	872,053	(32,247)	11,095	(43,342)	684,504	593,164	(91,340)	2,615	(93,955)
Foreign stocks and other foreign securities	344,512	356,640	12,128	23,655	(11,527)	373,496	373,438	(58)	28,812	(28,870)
Other securities	68,346	69,731	1,384	3,271	(1,886)	71,774	67,840	(3,933)	1,147	(5,081)
Monetary claims bought	833	957	123	123	-	806	873	66	69	(2)
Negotiable certificates of deposit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	4,334,931	4,724,187	389,255	505,841	(116,585)	4,239,074	4,321,838	82,764	416,010	(333,245)
Domestic bonds	2,622,033	2,756,333	134,299	180,668	(46,368)	2,688,343	2,609,407	(78,936)	115,386	(194,323)
Domestic stocks	218,328	464,670	246,341	259,795	(13,453)	245,172	485,488	240,316	251,247	(10,931)
Foreign securities	1,403,812	1,409,197	5,384	60,254	(54,869)	1,213,001	1,136,680	(76,320)	46,506	(122,826)
Foreign bonds	1,059,300	1,052,556	(6,743)	36,599	(43,342)	839,504	763,242	(76,262)	17,693	(93,955)
Foreign stocks and other foreign securities	344,512	356,640	12,128	23,655	(11,527)	373,496	373,438	(58)	28,812	(28,870)
Other securities	68,346	69,731	1,384	3,271	(1,886)	71,774	67,840	(3,933)	1,147	(5,081)
Monetary claims bought	22,410	24,255	1,844	1,852	(8)	20,782	22,421	1,638	1,722	(83)
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, 2022	As of December 31, 2022
<b>Assets:</b>		
Cash and deposits	35,852	30,402
Call loans	111,000	63,000
Monetary claims bought	22,534	20,849
Securities:	4,565,837	4,372,039
National government bonds	1,669,691	1,684,190
Local government bonds	50,540	53,764
Corporate bonds	907,641	933,906
Domestic stocks	472,584	485,488
Foreign securities	1,395,647	1,121,602
Loans:	311,416	289,338
Policy loans	32,199	30,546
Industrial and consumer loans	279,217	258,792
Tangible fixed assets	368,550	364,661
Intangible fixed assets	28,743	31,949
Agency accounts receivable	11	8
Reinsurance receivables	393	492
Other assets	60,054	61,081
Prepaid pension cost	318	263
Deferred tax assets	-	23,591
Allowance for possible loan losses	(550)	(713)
<b>Total assets</b>	<b>5,504,161</b>	<b>5,256,965</b>

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities:</b>		
Policy reserves and other reserves:	4,425,731	4,337,746
Reserve for outstanding claims	32,018	34,006
Policy reserves	4,365,068	4,275,239
Reserve for dividends to policyholders	28,644	28,500
Reinsurance payables	752	515
Bonds payable	102,424	102,424
Other liabilities:	375,938	313,390
Income taxes payable	4,474	113
Lease obligations	2,194	1,461
Asset retirement obligations	914	920
Others	368,354	310,894
Reserve for employees' retirement benefits	29,847	29,471
Reserve for price fluctuation	48,210	50,030
Deferred tax liabilities	3,622	-
Deferred tax liabilities for land revaluation	15,711	15,537
<b>Total liabilities</b>	<b>5,002,238</b>	<b>4,849,116</b>
<b>Net assets:</b>		
Foundation funds	91,000	51,000
Reserve for redemption of foundation funds	166,000	206,000
Reserve for revaluation	281	281
Surplus:	117,444	94,875
Reserve for future losses	347	366
Other surplus:	117,097	94,509
Reserve for fund redemption	53,500	22,600
Equalized reserve for dividends to policyholders	6,983	7,093
Unappropriated surplus (loss)	56,614	64,816
Total foundation funds and others	374,726	352,157
Net unrealized gains (losses) on available-for-sale securities, net of tax	173,936	102,878
Land revaluation differences	(46,739)	(47,187)
Total valuation and translation adjustments	127,197	55,691
<b>Total net assets</b>	<b>501,923</b>	<b>407,848</b>
<b>Total liabilities and net assets</b>	<b>5,504,161</b>	<b>5,256,965</b>

#### 4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Ordinary income:</b>	457,368	489,801
Premium and other income:	289,069	283,290
Insurance premiums	287,975	282,182
Investment income:	107,005	108,836
Interest, dividends and other income	88,754	88,477
Gains on sales of securities	9,587	13,213
Investment gains on separate accounts	2,194	-
Other ordinary income	61,293	97,673
<b>Ordinary expenses:</b>	418,576	458,304
Claims and other payments:	287,479	304,523
Claims	81,001	81,587
Annuities	88,795	85,024
Benefits	53,776	72,796
Surrender benefits	60,201	61,514
Other payments	1,902	1,857
Provision for policy reserves and other reserves:	2	1,989
Provision for reserve for outstanding claims	-	1,987
Provision for interest on policyholders' dividend reserves	2	2
Investment expenses:	22,370	47,017
Interest expenses	3,881	2,780
Losses on sales of securities	2,682	20,251
Losses on valuation of securities	36	114
Losses on derivative financial instruments	3,111	9,755
Investment losses on separate accounts	-	913
Operating expenses	83,861	79,098
Other ordinary expenses	24,861	25,674
<b>Ordinary profit</b>	<b>38,791</b>	<b>31,496</b>
<b>Extraordinary gains:</b>	343	244
Gains on disposal of fixed assets	341	244
Other extraordinary gains	1	-
<b>Extraordinary losses:</b>	2,790	2,915
Losses on disposal of fixed assets	340	226
Impairment losses	482	824
Provision for reserve for price fluctuation	1,880	1,820
Other extraordinary losses	86	44
<b>Surplus before income taxes</b>	<b>36,344</b>	<b>28,826</b>
<b>Income taxes including deferred taxes</b>	<b>8,167</b>	<b>5,682</b>
<b>Total income taxes</b>	<b>8,167</b>	<b>5,682</b>
<b>Net surplus</b>	<b>28,177</b>	<b>23,144</b>



## Notes to Unaudited Non-consolidated Financial Information

### Notes to Unaudited Non-consolidated Balance Sheet

#### 1. Accounting Changes

The Company has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021) from the beginning of the reporting period ended June 30, 2022.

In accordance with the transitional treatment set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has applied new accounting policies prospectively.

This application did not have any effects on the non-consolidated financial information as of and for the reporting period ended December 31, 2022.

#### 2. Reserve for outstanding claims

Following the change in eligible people for the hospitalization benefits, etc. due to Covid-19 during the reporting period ended December 31, 2022, the Company calculates reserve for outstanding claims for claims, etc. for which the occurrence of insured events has not been reported but the Company finds that insured events have already occurred based on the number of Covid-19 infected people and payment status, etc. of the Company.

#### 3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥239,655 million as of December 31, 2022.

#### 4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended December 31, 2022 was as follows:

	Millions of Yen
	Nine months ended December 31, 2022
Balance at the beginning of the reporting period	¥ 28,644
Transfer to reserve from surplus in the previous fiscal year	2,121
Dividends to policyholders paid out during the reporting period	2,267
Increase in interest	2
Balance at the end of the reporting period	¥ 28,500

#### 5. Redemption of Foundation Funds

The Company redeemed ¥40,000 million of foundation funds, which is part of ¥80,000 million of foundation funds offered in August 2015, prior to the redemption date. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

## **6. Issuance of U.S. Dollar-Denominated Perpetual Subordinated Bonds**

The Company issued U.S. dollar-denominated step-up callable perpetual subordinated bonds (the “Bonds”) on January 26, 2023.

Summary terms of the Bonds are as follows:

- (1) Type: U.S. dollar-denominated step-up callable perpetual subordinated bonds with interest deferral options
- (2) Issue price: 100% of principal amount
- (3) Principal amount: USD 375 million
- (4) Interest rate: Fixed rate of interest of 6.9% per annum until January, 2028 and a fixed rate reset with step-up thereafter (reset every 5 years).
- (5) Maturity: None (perpetual). The Bonds are callable on each interest payment date on or after January, 2028 at the discretion of the Company, subject to prior approval by the regulatory authority, etc.
- (6) Collateral and guarantee: The Bonds have no collateral and guarantee and there are no assets especially retained for the reimbursement of the Bonds.
- (7) Use of proceeds: The Company intends to use the net proceeds from the Bonds for general corporate purposes, and/or towards the repayment of the U.S. dollar-denominated perpetual subordinated bonds issued in 2018 subject to regulatory and other approvals.

The Company applies designated hedge accounting (“Furiate-shori”) for currency swap for the Bonds.

## **7. Group Tax Sharing System**

The Company has applied the group tax sharing system from the reporting period ended June 30, 2022. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

## 5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

		Nine months ended December 31, 2021	Nine months ended December 31, 2022
Fundamental profit	A	28,793	9,752
Capital gains		16,288	23,317
Gains on money held in trust		-	-
Gains on trading securities		-	-
Gains on sales of securities		9,587	13,213
Gains on derivative financial instruments		-	-
Foreign exchange gains		1,065	1,688
Other capital gains		5,635	8,415
Capital losses		5,943	30,489
Losses on money held in trust		-	-
Losses on trading securities		-	-
Losses on sales of securities		2,682	20,251
Losses on valuation of securities		36	114
Losses on derivative financial instruments		3,111	9,755
Foreign exchange losses		-	-
Other capital losses		112	368
Net capital gains (losses)	B	10,344	(7,172)
Fundamental profit plus net capital gains (losses)	A + B	39,138	2,580
Other one-time gains		44	29,022
Reinsurance revenue		-	-
Reversal of contingency reserve		-	29,022
Reversal of specific allowance for possible loan losses		44	-
Others		-	-
Other one-time losses		391	105
Reinsurance premiums		-	-
Provision for contingency reserve		390	-
Provision for specific allowance for possible loan losses		-	105
Provision for allowance for specified overseas loans		-	-
Write-offs of loans		0	0
Others		-	-
Net other one-time gains (losses)	C	(347)	28,916
Ordinary profit	A + B + C	38,791	31,496

※ The above fundamental profit is calculated based on the new calculation method.

(Reference) Breakdown of "other" items

(Millions of Yen)

		Nine months ended December 31, 2021	Nine months ended December 31, 2022
Fundamental profit		(5,522)	(8,047)
Hedging costs related to foreign exchange		(1,952)	(6,565)
Gains (losses) on cancellation of investment trusts		(3,683)	(1,850)
Gains (losses) on redemption of securities caused by foreign exchange fluctuation		112	368
Other capital gains		5,635	8,415
Hedging costs related to foreign exchange		1,952	6,565
Gains on cancellation of investment trusts		3,683	1,850
Gains on redemption of securities caused by foreign exchange fluctuation		-	-
Other capital losses		112	368
Hedging costs related to foreign exchange		-	-
Losses on cancellation of investment trusts		-	-
Losses on redemption of securities caused by foreign exchange fluctuation		112	368

## 6. Solvency Margin Ratio

(Millions of Yen)

		As of March 31, 2022	As of December 31, 2022
Total solvency margin	(A)	1,009,231	861,783
Foundation funds and surplus		368,564	348,823
Reserve for price fluctuation		48,210	50,030
Contingency reserve		77,889	48,866
General allowance for possible loan losses		286	346
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)		204,154	115,710
Net unrealized gains on land × 85% (in case of losses: × 100%)		29,306	30,262
Excess amount of policy reserves based on full-time Zillmer method		145,556	147,299
Qualifying subordinated debt		141,424	146,424
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin		-	-
Deduction		(25,000)	(50,000)
Others		18,839	24,019
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	211,372	203,010
Insurance risk	$R_1$	12,078	11,679
Third sector insurance risk	$R_8$	10,727	10,830
Risk of assumed yield	$R_2$	66,749	64,734
Minimum guarantee risk	$R_7$	1,027	1,011
Investment risk	$R_3$	137,767	131,588
Operational risk	$R_4$	4,567	4,396
Solvency margin ratio	$(A) / \{(1/2) \times (B)\} \times 100$	954.9%	849.0%

### 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, 2022	As of December 31, 2022
	Amount	Amount
Individual variable insurance	28,175	25,623
Individual variable annuities	-	-
Group annuity products	-	-
Total	28,175	25,623

### (2) Sum Insured of Policies in Force

#### (i) Individual Variable Insurance

	As of March 31, 2022		As of December 31, 2022	
	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	86,879	12	84,432
Total	12	86,879	12	84,432

#### (ii) Individual Variable Annuities

	As of March 31, 2022		As of December 31, 2022	
	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, 2021	Nine months ended December 31, 2022
Ordinary income	464,387	519,325
Ordinary profit	36,331	25,711
Net surplus attributable to the Parent Company	25,668	19,126
Comprehensive income	19,445	(51,517)

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Total assets	5,502,292	5,255,931
Solvency margin ratio	982.2%	896.2%

### (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, 2022	As of December 31, 2022
<b>Assets:</b>		
Cash and deposits	47,030	45,034
Call loans	111,000	63,000
Monetary claims bought	22,534	20,849
Securities	4,536,365	4,317,862
Loans	311,416	289,338
Tangible fixed assets	369,142	365,211
Intangible fixed assets	33,255	36,607
Agency accounts receivable	11	9
Reinsurance receivables	6,788	22,125
Other assets	64,605	70,025
Net defined benefit assets	524	464
Deferred tax assets	168	26,116
Allowance for possible loan losses	(550)	(713)
<b>Total assets</b>	<b>5,502,292</b>	<b>5,255,931</b>

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities:</b>		
Policy reserves and other reserves:	4,426,229	4,341,218
Reserve for outstanding claims	32,025	35,757
Policy reserves	4,365,560	4,276,960
Reserve for dividends to policyholders	28,644	28,500
Reinsurance payables	776	613
Bonds payable	102,424	102,424
Other liabilities	378,694	317,273
Net defined benefit liabilities	32,852	32,084
Reserve for price fluctuation	48,210	50,030
Deferred tax liabilities	2,913	-
Deferred tax liabilities for land revaluation	15,711	15,537
<b>Total liabilities</b>	<b>5,007,812</b>	<b>4,859,182</b>
<b>Net assets:</b>		
Foundation funds	91,000	51,000
Reserve for redemption of foundation funds	166,000	206,000
Reserve for revaluation	281	281
Consolidated surplus	111,982	85,395
Total foundation funds and others	369,264	342,677
Net unrealized gains (losses) on available-for-sale securities, net of tax	173,938	102,878
Land revaluation differences	(46,739)	(47,187)
Accumulated remeasurements of defined benefit plans	(2,077)	(1,701)
Total accumulated other comprehensive income	125,121	53,989
Non-controlling interests	94	82
<b>Total net assets</b>	<b>494,480</b>	<b>396,749</b>
<b>Total liabilities and net assets</b>	<b>5,502,292</b>	<b>5,255,931</b>

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

## 【Unaudited Consolidated Statements of Income】

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Ordinary income:</b>	464,387	519,325
Premium and other income	293,012	310,856
Investment income:	106,673	108,324
Interest, dividends and other income	88,452	88,014
Gains on sales of securities	9,588	13,213
Investment gains on separate accounts	2,194	-
Other ordinary income	64,702	100,144
<b>Ordinary expenses:</b>	428,056	493,613
Claims and other payments:	287,742	312,821
Claims	81,001	81,587
Annuities	88,795	85,024
Benefits	53,783	74,755
Surrender benefits	60,201	61,514
Other payments	1,903	1,891
Provision for policy reserves and other reserves:	2	3,734
Provision for reserve for outstanding claims	-	3,732
Provision for interest on policyholders' dividend reserves	2	2
Investment expenses:	22,370	47,017
Interest expenses	3,881	2,780
Losses on sales of securities	2,682	20,251
Losses on valuation of securities	36	114
Losses on derivative financial instruments	3,111	9,755
Investment losses on separate accounts	-	913
Operating expenses	92,241	101,527
Other ordinary expenses	25,699	28,512
<b>Ordinary profit</b>	<b>36,331</b>	<b>25,711</b>
<b>Extraordinary gains:</b>	343	244
Gains on disposal of fixed assets	341	244
Other extraordinary gains	1	-
<b>Extraordinary losses:</b>	2,790	2,915
Losses on disposal of fixed assets	340	226
Impairment losses	482	824
Provision for reserve for price fluctuation	1,880	1,820
Other extraordinary losses	86	44
<b>Surplus before income taxes</b>	<b>33,884</b>	<b>23,040</b>
<b>Income taxes including deferred taxes</b>	<b>8,177</b>	<b>3,874</b>
<b>Total income taxes</b>	<b>8,177</b>	<b>3,874</b>
<b>Net surplus</b>	<b>25,706</b>	<b>19,165</b>
<b>Net surplus attributable to non-controlling interests</b>	<b>38</b>	<b>39</b>
<b>Net surplus attributable to the Parent Company</b>	<b>25,668</b>	<b>19,126</b>



【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Net surplus</b>	25,706	19,165
<b>Other comprehensive income:</b>	(6,261)	(70,683)
Net unrealized gains (losses) on available-for-sale securities, net of tax	(6,508)	(71,059)
Remeasurements of defined benefit plans	246	375
<b>Comprehensive income:</b>	19,445	(51,517)
Comprehensive income attributable to the Parent Company	19,407	(51,557)
Comprehensive income attributable to non-controlling interests	38	39

## Notes to Unaudited Consolidated Financial Information

### I. Notes to Unaudited Consolidated Balance Sheet

#### 1. Accounting Changes

The Company and part of its subsidiaries have applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021) from the beginning of the reporting period ended June 30, 2022.

In accordance with the transitional treatment set forth in Paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has applied new accounting policies prospectively.

This application did not have any effects on the consolidated financial information as of and for the reporting period ended December 31, 2022.

#### 2. Reserve for outstanding claims

Following the change in eligible people for the hospitalization benefits, etc. due to Covid-19 during the reporting period ended December 31, 2022, the Company and part of its subsidiaries calculate reserve for outstanding claims for claims, etc. for which the occurrence of insured events has not been reported but the Company and part of its subsidiaries find that insured events have already occurred based on the number of Covid-19 infected people and payment status, etc. of the Company and part of its subsidiaries.

#### 3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥239,655 million as of December 31, 2022.

#### 4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended December 31, 2022 was as follows:

	<u>Millions of Yen</u>	
	Nine months ended December 31, 2022	
Balance at the beginning of the reporting period	¥	<u>28,644</u>
Transfer to reserve from surplus in the previous fiscal year		2,121
Dividends to policyholders paid out during the reporting period		2,267
Increase in interest		<u>2</u>
Balance at the end of the reporting period	¥	<u><u>28,500</u></u>

## 5. Redemption of Foundation Funds

The Company redeemed ¥40,000 million of foundation funds, which is part of ¥80,000 million of foundation funds offered in August 2015, prior to the redemption date. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

## 6. Issuance of U.S. Dollar-Denominated Perpetual Subordinated Bonds

The Company issued U.S. dollar-denominated step-up callable perpetual subordinated bonds (the “Bonds”) on January 26, 2023.

Summary terms of the Bonds are as follows:

- (1) Type: U.S. dollar-denominated step-up callable perpetual subordinated bonds with interest deferral options
- (2) Issue price: 100% of principal amount
- (3) Principal amount: USD 375 million
- (4) Interest rate: Fixed rate of interest of 6.9% per annum until January, 2028 and a fixed rate reset with step-up thereafter (reset every 5 years).
- (5) Maturity: None (perpetual). The Bonds are callable on each interest payment date on or after January, 2028 at the discretion of the Company, subject to prior approval by the regulatory authority, etc.
- (6) Collateral and guarantee: The Bonds have no collateral and guarantee and there are no assets especially retained for the reimbursement of the Bonds.
- (7) Use of proceeds: The Company intends to use the net proceeds from the Bonds for general corporate purposes, and/or towards the repayment of the U.S. dollar-denominated perpetual subordinated bonds issued in 2018 subject to regulatory and other approvals.

The Company applies designated hedge accounting (“Furiate-shori”) for currency swap for the Bonds.

## 7. Group Tax Sharing System

The Company and part of its subsidiaries have applied the group tax sharing system from the reporting period ended June 30, 2022. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

## II. Note to Unaudited Consolidated Statement of Income

### Depreciation

For the reporting period ended December 31, 2022, the total amount of depreciation and depreciation of rental real estate and other assets was ¥14,591 million.

## (5) Consolidated Solvency Margin Ratio

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Total solvency margin (A)	1,021,040	895,562
Foundation funds and surplus	358,018	334,196
Reserve for price fluctuation	48,210	50,030
Contingency reserve	78,125	49,775
Catastrophe loss reserve	-	-
General allowance for possible loan losses	288	348
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)	204,157	115,710
Net unrealized gains on land × 85% (in case of losses: × 100%)	29,306	30,262
Sum of unrealized actuarial differences and unrealized past service cost	(2,885)	(2,509)
Excess amount of policy reserves based on full-time Zillmer method	145,556	147,303
Qualifying subordinated debt	141,424	146,424
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin	-	-
Deduction	-	-
Others	18,839	24,019
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)	207,900	199,855
Insurance risk $R_1$	12,078	11,679
Ordinary insurance risk $R_5$	-	-
Disaster insurance risk $R_6$	-	-
Third sector insurance risk $R_8$	10,963	11,738
Small amount short-term insurance provider insurance risk $R_9$	-	-
Risk of assumed yield $R_2$	66,749	64,734
Minimum guarantee risk $R_7$	1,027	1,011
Investment risk $R_3$	134,312	128,351
Operational risk $R_4$	4,502	4,350
Solvency margin ratio (A) / {(1/2) × (B)} × 100	982.2%	896.2%

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.