

Financial Results for the Three Months Ended June 30, 2023

Asahi Mutual Life Insurance Company (the “Company”; President: Hiroki Kimura) announces financial results for the three months ended June 30, 2023.

[Contents]

1. Business Highlights	.....	P1
2. Investment Results of General Account Assets	.....	P3
3. Unaudited Non-consolidated Balance Sheets	.....	P6
4. Unaudited Non-consolidated Statements of Income	.....	P7
5. Breakdown of Ordinary Profit (Fundamental Profit)	.....	P10
6. Solvency Margin Ratio	.....	P11
7. Status of Separate Account	.....	P12
8. Status of the Company, Subsidiaries and Affiliates	.....	P13

1. Business Highlights

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

(i) Policies in Force

	As of March 31, 2023		As of June 30, 2023			
	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	7,347	115,128	7,301	99.4	112,629	97.8
Individual annuities	452	18,199	446	98.8	17,937	98.6
Group insurance	-	14,103	-	-	14,933	105.9
Group annuities	-	124	-	-	121	97.9

Notes:

- 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.
- Policy amount in force for group annuities is equal to the amount of outstanding policy reserves.
- 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, 2022			
	Number of policies (Thousands)	Amount (100 millions of Yen)		
		New policies	Net increase by conversion	
Individual insurance	162	438	755	(316)
Individual annuities	-	(11)	-	(11)
Group insurance	-	57	57	-
Group annuities	-	-	-	-

	Three months ended June 30, 2023					
	Number of policies		Amount (100 millions of Yen)			
	(Thousands)	Changes (%, YoY)	Changes (%, YoY)	New policies	Net increase by conversion	
Individual insurance	160	98.5	292	66.7	617	(325)
Individual annuities	-	-	(9)	-	-	(9)
Group insurance	-	-	888	1546.6	888	-
Group annuities	-	-	-	-	-	-

Notes:

- Number of new policies is the sum of new policies and policies after conversion.
- 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.
- 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, 2023	As of June 30, 2023	Changes
			(%, Pre-FYE)
Individual insurance	3,743	3,702	98.9
Individual annuities	1,173	1,163	99.1
Total	4,917	4,866	99.0
Third-sector products	2,235	2,221	99.4

(ii) New Policies

(100 millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Changes
			(%, YoY)
Individual insurance	47	45	95.1
Individual annuities	(0)	(0)	-
Total	47	45	95.2
Third-sector products	38	37	97.6

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, 2023		As of June 30, 2023	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	207,394	3.9	187,114	3.5
Monetary claims bought	20,292	0.4	19,825	0.4
Securities	4,277,590	81.3	4,389,715	82.0
Domestic bonds	2,609,731	49.6	2,625,352	49.1
Domestic stocks	507,674	9.7	579,680	10.8
Foreign securities	1,088,201	20.7	1,107,042	20.7
Foreign bonds	705,216	13.4	690,293	12.9
Foreign stocks and other foreign securities	382,985	7.3	416,748	7.8
Other securities	71,982	1.4	77,640	1.5
Loans	303,961	5.8	296,706	5.5
Policy loans	30,254	0.6	29,772	0.6
Industrial and consumer loans	273,707	5.2	266,934	5.0
Real estate	355,384	6.8	353,420	6.6
Deferred tax assets	5,690	0.1	-	-
Others	89,543	1.7	104,846	2.0
Allowance for possible loan losses	(648)	(0.0)	(683)	(0.0)
Total	5,259,210	100.0	5,350,946	100.0
Foreign currency-denominated assets	1,140,112	21.7	1,139,238	21.3

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, 2023					As of June 30, 2023				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	288,832	312,438	23,605	23,661	(56)	285,064	309,661	24,597	24,629	(31)
Policy-reserve-matching bonds	2,093,763	2,109,209	15,445	129,585	(114,139)	2,114,863	2,135,736	20,873	128,713	(107,840)
Stocks of subsidiaries	-	-	-	-	-	-	-	-	-	-
Available-for-sale securities	1,626,794	1,786,581	159,786	293,373	(133,587)	1,626,317	1,870,032	243,715	365,659	(121,943)
Domestic bonds	417,814	401,531	(16,283)	2,292	(18,575)	413,882	399,362	(14,520)	1,950	(16,470)
Domestic stocks	173,309	431,919	258,609	268,691	(10,081)	174,421	498,938	324,517	330,323	(5,806)
Foreign securities	963,085	881,997	(81,087)	19,885	(100,973)	964,779	894,971	(69,808)	27,759	(97,567)
Foreign bonds	623,607	550,216	(73,390)	1,744	(75,134)	612,427	535,293	(77,134)	330	(77,465)
Foreign stocks and other foreign securities	339,477	331,781	(7,696)	18,141	(25,838)	352,351	359,677	7,326	27,428	(20,102)
Other securities	71,793	70,235	(1,557)	2,399	(3,956)	72,447	75,873	3,425	5,524	(2,098)
Monetary claims bought	792	897	105	105	-	786	887	100	100	-
Negotiable certificates of deposit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	4,009,390	4,208,228	198,837	446,620	(247,782)	4,026,244	4,315,430	289,186	519,002	(229,816)
Domestic bonds	2,626,015	2,628,326	2,311	135,049	(132,738)	2,639,872	2,649,201	9,329	133,646	(124,316)
Domestic stocks	173,309	431,919	258,609	268,691	(10,081)	174,421	498,938	324,517	330,323	(5,806)
Foreign securities	1,118,085	1,055,559	(62,525)	38,448	(100,973)	1,119,779	1,069,613	(50,166)	47,401	(97,567)
Foreign bonds	778,607	723,778	(54,828)	20,306	(75,134)	767,427	709,935	(57,492)	19,972	(77,465)
Foreign stocks and other foreign securities	339,477	331,781	(7,696)	18,141	(25,838)	352,351	359,677	7,326	27,428	(20,102)
Other securities	71,793	70,235	(1,557)	2,399	(3,956)	72,447	75,873	3,425	5,524	(2,098)
Monetary claims bought	20,187	22,187	1,999	2,032	(33)	19,724	21,804	2,080	2,106	(26)
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, 2023	As of June 30, 2023
Stocks of subsidiaries	62,621	67,671
Available-for-sale securities	59,770	60,926
Domestic stocks	13,134	13,120
Foreign stocks	11	10
Others	46,625	47,795
Total	122,391	128,597

(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, 2023					As of June 30, 2023				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	288,832	312,438	23,605	23,661	(56)	285,064	309,661	24,597	24,629	(31)
Policy-reserve-matching bonds	2,093,763	2,109,209	15,445	129,585	(114,139)	2,114,863	2,135,736	20,873	128,713	(107,840)
Stocks of subsidiaries	62,621	62,621	-	-	-	67,671	67,675	3	3	-
Available-for-sale securities	1,686,565	1,852,666	166,100	299,693	(133,592)	1,687,243	1,941,941	254,698	376,642	(121,943)
Domestic bonds	417,814	401,531	(16,283)	2,292	(18,575)	413,882	399,362	(14,520)	1,950	(16,470)
Domestic stocks	186,443	445,053	258,609	268,691	(10,081)	187,541	512,059	324,517	330,323	(5,806)
Foreign securities	1,007,974	933,201	(74,773)	26,205	(100,978)	1,010,817	951,992	(58,825)	38,742	(97,567)
Foreign bonds	623,607	550,216	(73,390)	1,744	(75,134)	612,427	535,293	(77,134)	330	(77,465)
Foreign stocks and other foreign securities	384,367	382,985	(1,382)	24,461	(25,844)	398,389	416,698	18,309	38,411	(20,102)
Other securities	73,539	71,982	(1,557)	2,399	(3,956)	74,215	77,640	3,425	5,524	(2,098)
Monetary claims bought	792	897	105	105	-	786	887	100	100	-
Negotiable certificates of deposit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	4,131,782	4,336,935	205,152	452,940	(247,788)	4,154,842	4,455,015	300,172	529,989	(229,816)
Domestic bonds	2,626,015	2,628,326	2,311	135,049	(132,738)	2,639,872	2,649,201	9,329	133,646	(124,316)
Domestic stocks	249,065	507,674	258,609	268,691	(10,081)	255,163	579,680	324,517	330,323	(5,806)
Foreign securities	1,162,974	1,106,764	(56,210)	44,768	(100,978)	1,165,867	1,126,688	(39,179)	58,388	(97,567)
Foreign bonds	778,607	723,778	(54,828)	20,306	(75,134)	767,427	709,935	(57,492)	19,972	(77,465)
Foreign stocks and other foreign securities	384,367	382,985	(1,382)	24,461	(25,844)	398,439	416,752	18,312	38,415	(20,102)
Other securities	73,539	71,982	(1,557)	2,399	(3,956)	74,215	77,640	3,425	5,524	(2,098)
Monetary claims bought	20,187	22,187	1,999	2,032	(33)	19,724	21,804	2,080	2,106	(26)
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 does not hold money held in trust.

3. Unaudited Non-consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Assets:		
Cash and deposits	41,673	31,362
Call loans	166,000	156,000
Monetary claims bought	20,292	19,825
Securities:	4,303,789	4,417,911
National government bonds	1,693,184	1,701,203
Local government bonds	50,610	48,070
Corporate bonds	865,936	876,078
Domestic stocks	507,674	579,680
Foreign securities	1,088,201	1,107,042
Loans:	303,961	296,706
Policy loans	30,254	29,772
Industrial and consumer loans	273,707	266,934
Tangible fixed assets	359,493	357,343
Intangible fixed assets	33,497	34,311
Agency accounts receivable	6	4
Reinsurance receivables	687	148
Other assets	50,226	56,074
Prepaid pension cost	424	400
Deferred tax assets	5,690	-
Customers' liabilities under acceptances and guarantees	600	9,990
Allowance for possible loan losses	(648)	(683)
Total assets	5,285,695	5,379,395

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities:		
Policy reserves and other reserves:	4,331,522	4,312,032
Reserve for outstanding claims	34,513	33,257
Policy reserves	4,269,904	4,249,898
Reserve for dividends to policyholders	27,103	28,876
Reinsurance payables	700	309
Bonds payable	150,555	150,555
Other liabilities:	290,565	310,184
Income taxes payable	133	169
Lease obligations	1,360	1,258
Asset retirement obligations	967	969
Others	288,105	307,787
Reserve for employees' retirement benefits	28,727	28,782
Reserve for price fluctuation	38,210	38,790
Deferred tax liabilities	-	18,533
Deferred tax liabilities for land revaluation	15,062	14,942
Acceptances and guarantees	600	9,990
Total liabilities	4,855,944	4,884,121
Net assets:		
Foundation funds	51,000	51,000
Reserve for redemption of foundation funds	206,000	206,000
Reserve for revaluation	281	281
Surplus:	90,207	91,666
Reserve for future losses	366	381
Other surplus:	89,841	91,285
Reserve for fund redemption	22,600	31,700
Equalized reserve for dividends to policyholders	7,093	6,893
Unappropriated surplus (loss)	60,148	52,692
Total foundation funds and others	347,489	348,948
Net unrealized gains (losses) on available-for-sale securities, net of tax	130,668	195,041
Land revaluation differences	(48,406)	(48,716)
Total valuation and translation adjustments	82,261	146,325
Total net assets	429,751	495,274
Total liabilities and net assets	5,285,695	5,379,395

4. Unaudited Non-consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Ordinary income:	162,310	156,713
Premium and other income:	93,570	91,241
Insurance premiums	93,338	90,847
Investment income:	40,085	42,002
Interest, dividends and other income	31,115	28,755
Gains on sales of securities	3,936	5,652
Investment gains on separate accounts	-	2,523
Other ordinary income	28,653	23,470
Ordinary expenses:	149,215	147,633
Claims and other payments:	97,541	93,942
Claims	27,458	25,932
Annuities	24,996	24,729
Benefits	22,123	19,343
Surrender benefits	21,897	22,730
Other payments	668	751
Provision for policy reserves and other reserves:	14	0
Provision for reserve for outstanding claims	13	-
Provision for interest on policyholders' dividend reserves	0	0
Investment expenses:	16,633	18,387
Interest expenses	908	1,307
Losses on trading securities	-	145
Losses on sales of securities	7,169	4,414
Losses on valuation of securities	-	1
Losses on derivative financial instruments	3,710	8,372
Investment losses on separate accounts	805	-
Operating expenses	26,595	26,965
Other ordinary expenses	8,430	8,337
Ordinary profit	13,094	9,079
Extraordinary gains:	-	1
Gains on disposal of fixed assets	-	1
Extraordinary losses:	768	875
Losses on disposal of fixed assets	41	54
Impairment losses	96	240
Provision for reserve for price fluctuation	630	580
Surplus before income taxes	12,326	8,205
Income taxes including deferred taxes	2,491	2,235
Total income taxes	2,491	2,235
Net surplus	9,834	5,969

Notes to Unaudited Non-consolidated Financial Information

Notes to Unaudited Non-consolidated Balance Sheet

1. Reserve for Outstanding Claims Incurred but not Reported Events

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred ; hereinafter the same), the scope of payment of hospitalization benefits were changed in the fiscal year ended March 31, 2023 with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home (“deemed hospitalizations”) and special treatment for deemed hospitalizations was ended after May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Japanese Ministry of Finance Public Notice No.234, 1998 (“IBNR Notice”). The company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notice (the “Proviso”).

(Overview of the calculation method)

The Company calculates the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately.

The amount of reserve for outstanding claims incurred but not reported events other than deemed hospitalizations is calculated using the same manner as that set force in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

The amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations is calculated based on the amount for deemed hospitalizations of those at high risk of serious illness after September 26, 2022, the number of new infections and the number of new infections over the last three months (except after May 8, 2023), considering the average days it takes from the occurrence of the insured events to the filing of claims.

2. Accounting Procedures Specific to Quarterly Financial Information

As the proposed appropriation of surplus for the fiscal year ended March 31, 2023 was approved at the annual meeting of representative policyholders held on July 4, 2023, it is included in the non-consolidated balance sheet as of June 30, 2023.

3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥205,519 million as of June 30, 2023.

4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2023 was as follows:

	<u>Millions of Yen</u>
	<u>Three months ended June 30, 2023</u>
Balance at the beginning of the reporting period	¥ 27,103
Transfer to reserve from surplus in the previous fiscal year	2,497
Dividends to policyholders paid out during the reporting period	725
Increase in interest	0
Balance at the end of the reporting period	<u>¥ 28,876</u>

5. Breakdown of Ordinary Profit (Fundamental Profit)

(Millions of Yen)

		Three months ended June 30, 2022	Three months ended June 30, 2023
Fundamental profit	A	8,627	8,368
Capital gains		8,905	13,786
Gains on money held in trust		-	-
Gains on trading securities		-	-
Gains on sales of securities		3,936	5,652
Gains on derivative financial instruments		-	-
Foreign exchange gains		3,282	3,258
Other capital gains		1,686	4,876
Capital losses		11,015	13,067
Losses on money held in trust		-	-
Losses on trading securities		-	145
Losses on sales of securities		7,169	4,414
Losses on valuation of securities		-	1
Losses on derivative financial instruments		3,710	8,372
Foreign exchange losses		-	-
Other capital losses		134	133
Net capital gains (losses)	B	(2,109)	718
Fundamental profit plus net capital gains (losses)	A+B	6,517	9,087
Other one-time gains		6,577	-
Reinsurance revenue		-	-
Reversal of contingency reserve		6,577	-
Reversal of specific allowance for possible loan losses		-	-
Others		-	-
Other one-time losses		0	7
Reinsurance premiums		-	-
Provision for contingency reserve		-	6
Provision for specific allowance for possible loan losses		0	0
Provision for allowance for specified overseas loans		-	-
Write-offs of loans		0	0
Others		-	-
Net other one-time gains (losses)	C	6,576	(7)
Ordinary profit	A+B+C	13,094	9,079

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

(Reference) Breakdown of "other" items

(Millions of Yen)

		Three months ended June 30, 2022	Three months ended June 30, 2023
Fundamental profit		(1,551)	(4,742)
Hedging costs related to foreign exchange		65	(4,701)
Gains (losses) on cancellation of investment trusts		(1,686)	(175)
Gains (losses) on redemption of securities caused by foreign exchange fluctuation		69	133
Other capital gains		1,686	4,876
Hedging costs related to foreign exchange		-	4,701
Gains on cancellation of investment trusts		1,686	175
Gains on redemption of securities caused by foreign exchange fluctuation		-	-
Other capital losses		134	133
Hedging costs related to foreign exchange		65	-
Losses on cancellation of investment trusts		-	-
Losses on redemption of securities caused by foreign exchange fluctuation		69	133

6. Solvency Margin Ratio

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Total solvency margin (A)	947,464	1,023,534
Foundation funds and surplus	342,668	347,735
Reserve for price fluctuation	38,210	38,790
Contingency reserve	63,109	63,116
General allowance for possible loan losses	345	379
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)	149,490	229,228
Net unrealized gains on land × 85% (in case of losses: × 100%)	35,037	34,678
Excess amount of policy reserves based on full-time Zillmer method	148,266	148,132
Qualifying subordinated debt	199,555	194,555
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin	-	-
Deduction	(50,000)	(55,000)
Others	20,780	21,917
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	203,084	230,302
Insurance risk R_1	11,558	11,440
Third sector insurance risk R_8	10,848	10,805
Risk of assumed yield R_2	64,049	63,525
Minimum guarantee risk R_7	1,004	1,003
Investment risk R_3	132,366	159,741
Operational risk R_4	4,396	4,930
Solvency margin ratio $(A) / \{(1/2) \times (B)\} \times 100$	933.0%	888.8%

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, 2023	As of June 30, 2023
	Amount	Amount
Individual variable insurance	26,438	28,391
Individual variable annuities	-	-
Group annuity products	-	-
Total	26,438	28,391

(2) Sum Insured of Policies in Force

(i) Individual Variable Insurance

	As of March 31, 2023		As of June 30, 2023	
	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	83,683	11	83,145
Total	12	83,683	11	83,145

(ii) Individual Variable Annuities

	As of March 31, 2023		As of June 30, 2023	
	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, 2022	Three months ended June 30, 2023
Ordinary income	169,808	170,604
Ordinary profit	11,163	5,697
Net surplus attributable to the Parent Company	8,762	3,471
Comprehensive income	(38,200)	68,094

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Total assets	5,283,507	5,373,316
Solvency margin ratio	979.3%	931.8%

(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, 2023	As of June 30, 2023
Assets:		
Cash and deposits	50,601	46,860
Call loans	166,000	156,000
Monetary claims bought	20,292	19,825
Securities	4,249,612	4,358,733
Loans	303,961	296,706
Tangible fixed assets	360,023	357,885
Intangible fixed assets	38,053	39,090
Agency accounts receivable	6	5
Reinsurance receivables	26,871	30,843
Other assets	58,965	66,695
Net defined benefit assets	421	402
Deferred tax assets	8,745	60
Customers' liabilities under acceptances and guarantees	600	890
Allowance for possible loan losses	(648)	(683)
Total assets	5,283,507	5,373,316

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities:		
Policy reserves and other reserves:	4,335,719	4,317,219
Reserve for outstanding claims	36,411	35,450
Policy reserves	4,272,203	4,252,892
Reserve for dividends to policyholders	27,103	28,876
Reinsurance payables	826	466
Bonds payable	150,555	150,555
Other liabilities	294,447	323,859
Net defined benefit liabilities	31,548	31,369
Reserve for price fluctuation	38,210	38,790
Deferred tax liabilities	0	15,464
Deferred tax liabilities for land revaluation	15,062	14,942
Acceptances and guarantees	600	890
Total liabilities	4,866,969	4,893,557
Net assets:		
Foundation funds	51,000	51,000
Reserve for redemption of foundation funds	206,000	206,000
Reserve for revaluation	281	281
Consolidated surplus	79,001	77,962
Total foundation funds and others	336,283	335,244
Net unrealized gains (losses) on available-for-sale securities, net of tax	130,668	195,041
Land revaluation differences	(48,406)	(48,716)
Accumulated remeasurements of defined benefit plans	(2,104)	(1,868)
Total accumulated other comprehensive income	80,157	144,456
Non-controlling interests	96	56
Total net assets	416,537	479,758
Total liabilities and net assets	5,283,507	5,373,316

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

【Unaudited Consolidated Statements of Income】

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Ordinary income:	169,808	170,604
Premium and other income	100,433	105,074
Investment income:	39,779	41,815
Interest, dividends and other income	30,827	28,585
Gains on sales of securities	3,937	5,652
Investment gains on separate accounts	–	2,523
Other ordinary income	29,595	23,714
Ordinary expenses:	158,644	164,906
Claims and other payments:	99,034	99,733
Claims	27,458	25,932
Annuities	24,996	24,729
Benefits	22,350	20,368
Surrender benefits	21,897	22,730
Other payments	674	762
Provision for policy reserves and other reserves:	345	0
Provision for reserve for outstanding claims	344	–
Provision for interest on policyholders' dividend reserves	0	0
Investment expenses:	16,633	18,387
Interest expenses	908	1,307
Losses on trading securities	–	145
Losses on sales of securities	7,169	4,414
Losses on valuation of securities	–	1
Losses on derivative financial instruments	3,710	8,372
Investment losses on separate accounts	805	–
Operating expenses	33,340	37,186
Other ordinary expenses	9,289	9,597
Ordinary profit	11,163	5,697
Extraordinary gains:	–	1
Gains on disposal of fixed assets	–	1
Extraordinary losses:	768	875
Losses on disposal of fixed assets	41	54
Impairment losses	96	240
Provision for reserve for price fluctuation	630	580
Surplus before income taxes	10,395	4,823
Income taxes including deferred taxes	1,620	1,338
Total income taxes	1,620	1,338
Net surplus	8,775	3,485
Net surplus attributable to non-controlling interests	12	13
Net surplus attributable to the Parent Company	8,762	3,471

【Unaudited Consolidated Statements of Comprehensive Income】

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net surplus	8,775	3,485
Other comprehensive income:	(46,976)	64,608
Net unrealized gains (losses) on available-for-sale securities, net of tax	(47,101)	64,373
Remeasurements of defined benefit plans	125	235
Comprehensive income:	(38,200)	68,094
Comprehensive income attributable to the Parent Company	(38,213)	68,080
Comprehensive income attributable to non-controlling interests	12	13

Notes to Unaudited Consolidated Financial Information

I. Notes to Unaudited Consolidated Balance Sheet

1. Reserve for Outstanding Claims Incurred but not Reported Events

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred ; hereinafter the same), the scope of payment of hospitalization benefits were changed in the fiscal year ended March 31, 2023 with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home (“deemed hospitalizations”) and special treatment for deemed hospitalizations was ended after May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Japanese Ministry of Finance Public Notice No.234, 1998 (“IBNR Notice”). The company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notice (the “Proviso”).

(Overview of the calculation method)

The Company calculates the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately.

The amount of reserve for outstanding claims incurred but not reported events other than deemed hospitalizations is calculated using the same manner as that set force in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

The amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations is calculated based on the amount for deemed hospitalizations of those at high risk of serious illness after September 26, 2022, the number of new infections and the number of new infections over the last three months (except after May 8, 2023), considering the average days it takes from the occurrence of the insured events to the filing of claims.

2. Accounting Procedures Specific to Quarterly Financial Information

As the proposed appropriation of surplus for the fiscal year ended March 31, 2023 was approved at the annual meeting of representative policyholders held on July 4, 2023, it is included in the consolidated balance sheet as of June 30, 2023.

3. Securities Lent under Lending Agreements

The amount of securities lent under lending agreements was ¥205,519 million as of June 30, 2023.

4. Reserve for Dividends to Policyholders

The change in reserve for dividends to policyholders for the reporting period ended June 30, 2023 was as follows:

	<u>Millions of Yen</u>
	<u>Three months ended June 30, 2023</u>
Balance at the beginning of the reporting period	<u>¥ 27,103</u>
Transfer to reserve from surplus in the previous fiscal year	2,497
Dividends to policyholders paid out during the reporting period	725
Increase in interest	0
Balance at the end of the reporting period	<u>¥ 28,876</u>

II. Note to Unaudited Consolidated Statement of Income

Depreciation

For the reporting period ended June 30, 2023, the total amount of depreciation and depreciation of rental real estate and other assets was ¥4,454 million.

(5) Consolidated Solvency Margin Ratio

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Total solvency margin (A)	979,054	1,058,206
Foundation funds and surplus	326,009	328,653
Reserve for price fluctuation	38,210	38,790
Contingency reserve	64,263	64,520
Catastrophe loss reserve	-	-
General allowance for possible loan losses	347	381
(Net unrealized gains on available-for-sale securities (before tax effect) and deferred hedge gains (before tax effect)) × 90% (in case of losses: × 100%)	149,491	229,228
Net unrealized gains on land × 85% (in case of losses: × 100%)	35,037	34,678
Sum of unrealized actuarial differences and unrealized past service cost	(2,924)	(2,688)
Excess amount of policy reserves based on full-time Zillmer method	148,282	148,168
Qualifying subordinated debt	199,555	194,555
Excess amount of policy reserves based on full-time Zillmer method and qualifying subordinated debt excluded from the calculation of solvency margin	-	-
Deduction	-	-
Others	20,780	21,917
Total amount of risk $\sqrt{(\sqrt{R_1^2 + R_5^2 + R_8 + R_6})^2 + (R_2 + R_3 + R_7)^2} + R_4 + R_6$ (B)	199,938	227,129
Insurance risk R_1	11,558	11,440
Ordinary insurance risk R_5	-	-
Disaster insurance risk R_6	-	-
Third sector insurance risk R_8	12,002	12,209
Small amount short-term insurance provider insurance risk R_9	-	-
Risk of assumed yield R_2	64,049	63,525
Minimum guarantee risk R_7	1,004	1,003
Investment risk R_3	129,105	156,445
Operational risk R_4	4,354	4,892
Solvency margin ratio (A) / {(1/2) × (B)} × 100	979.3%	931.8%

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.