

## Financial Results for the Six Months Ended September 30, 2018

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the six months ended September 30, 2018.

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\* Please note that this is an unofficial translation of the original disclosure in Japanese.

## 1. Business Highlights

### (1) Annualized Net Premiums

- Policies in Force (millions of yen except percentages)

	As of March 31, 2018	As of September 30, 2018	
			% of March 31, 2018 total
Individual insurance	19,690	77,670	394.5
Individual annuities	—	—	—
Total	19,690	77,670	394.5
Medical and survival benefits	5,231	7,498	143.3

- New Policies (millions of yen except percentages)

	Six months ended September 30, 2017	Six months ended September 30, 2018	
			% of September 30, 2017 total
Individual insurance	1,514	58,493	3,861.6
Individual annuities	—	—	—
Total	1,514	58,493	3,861.6
Medical and survival benefits	1,391	2,555	183.7

Notes: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment.

2. Annualized net premium for medical and survival benefits includes (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which the disability cause is excluded but causes such as specific illness and nursing care are included.

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

### - Policies in Force

	As of March 31, 2018		As of September 30, 2018			
	Number of policies	Amount (billions of yen)	Number of policies		Amount (billions of yen)	
				% of March 31, 2018 total		% of March 31, 2018 total
Individual insurance	114,626	720.2	163,070	142.3	761.9	105.8
Individual annuities	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

### - New Policies

	Six months ended September 30, 2017				Six months ended September 30, 2018					
	Number of policies	Amount (billions of yen)			Number of policies		Amount (billions of yen)			
			New Business	Net increase by conversions		% of September 30, 2017 total		% of September 30, 2017 total	New Business	Net increase by conversions
Individual insurance	21,718	66.9	66.9	—	53,620	246.9	71.0	106.2	71.0	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

## 2. Investment of General Account Assets

### (1) Investment Environment

During the six months ended September 30, 2018, the Japanese economy continued to expand because of robust personal consumption against the backdrop of an improvement in the employment and income environment, and increase in capital investment due to high levels of corporate earnings.

In the U.S., the economy remained strong. In addition to the effects of tax reductions and increase in expenditures, consumer spending continued to grow as the employment and income environment improved, while capital investment maintained high growth.

The European economy remained stable, driven by growth in personal consumption against the backdrop of favorable employment and income environment.

Given the economic environment described above, the investment environment was as follows:

#### [Domestic interest rates]

The yield on 10-year JGBs was in the range of 0.0% to 0.10% due to the Bank of Japan's quantitative and qualitative monetary easing policy, which operates long-term and short-term interest rates. However, JGB yields has been rising to over 0.10% due to the Bank's decision to strengthen its monetary policy framework.

Yield on ten-year government bonds:	April 1, 2018	0.040%
	September 30, 2018	0.120%

#### [Domestic Stocks]

The Nikkei 225 Stock Average was strong due to expectations for improvement in corporate performance against the backdrop of the global economic recovery and Trump's tax reductions and increase in expenditures, although market volatility increased due to rising interest rates against the backdrop of expectations of accelerating monetary tightening in the U.S. and concerns over a trade war.

Nikkei 225 Stock Average:	April 1, 2018	21,454
	September 30, 2018	24,120
TOPIX:	April 1, 2018	1,716
	September 30, 2018	1,817

#### [Foreign Currency]

The dollar-yen exchange rate appreciated due to the expectation that the Federal Reserve Board's steady rate hike would continue in light of expectations of an improvement in the U.S. inflation rate, although market volatility increased due to concerns over a trade war.

The euro-yen exchange rate remained stable reflecting the decision to reduce the quantitative easing measures taken by the European Central Bank (ECB) in response to an upturn in the European inflation rate despite concerns over the political situation in Italy.

yen /U.S. dollar:	April 1, 2018	¥106.24
	September 30, 2018	¥113.57
yen/euro:	April 1, 2018	¥130.52
	September 30, 2018	¥132.14

### (2) Investment Policies

The Company invests mainly in fixed income assets such as domestic bonds with the aim of securing stable investment income.

### (3) Investment Results

General account assets as of September 30, 2018 were ¥105,274 million. The balance of assets under management included deposits of ¥63,636 million, domestic bonds of ¥9,337 million, and domestic stocks of ¥64 million. In investment income, interest and dividends were ¥17 million. In terms of investment expenses, interest expenses were ¥0 million.

### 3. Investment Results of General Account

#### (1) Asset Composition

(millions of yen)

	As of March 31, 2018		As of September 30, 2018	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	35,065	78.0	63,636	60.4
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	2,455	5.5	9,401	8.9
Domestic bonds	2,224	4.9	4,524	4.3
Domestic stocks	30	0.1	64	0.1
Foreign securities	200	0.4	4,813	4.6
Foreign bonds	200	0.4	4,813	4.6
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	—	—	0	0.0
Real estate	—	—	99	0.1
Deferred tax assets	—	—	—	—
Others	7,457	16.6	32,136	30.5
Reserve for possible loan losses	(0)	(0.0)	(0)	(0.0)
Total	44,977	100.0	105,274	100.0
Foreign currency-denominated assets	—	—	—	—

(Note) The amounts of buildings were posted for real estate.

#### (2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash, deposits, and call loans	2,010	28,570
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	324	6,946
Domestic bonds	294	2,299
Domestic stocks	30	34
Foreign securities	—	4,613
Foreign bonds	—	4,613
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	—	0
Real estate	—	99
Deferred tax assets	—	—
Others	204	24,678
Reserve for possible loan losses	0	0
Total	2,538	60,296
Foreign currency-denominated assets	—	—

(Note) The amounts of buildings were posted for real estate.

**(3) Investment Income**

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Interest and dividends	2	17
Interest from bank deposits	—	—
Interest and dividends from securities	2	17
Interest from loans	—	0
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	—	—
Gains on investments in trading securities	—	—
Gains on sale of securities	—	—
Gains on sale of domestic bonds	—	—
Gains on sale of domestic stocks	—	—
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	0	0
Other investment income	—	—
Total	3	17

**(4) Investment Expense**

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Interest expenses	0	0
Losses on trading account securities	—	—
Losses on money held in trust	—	—
Losses on investments in trading securities	—	—
Losses on sale of securities	—	—
Losses on sale of domestic bonds	—	—
Losses on sale of domestic stocks	—	—
Losses on sale of foreign securities	—	—
Others	—	—
Losses on valuation of securities	—	—
Losses on valuation of domestic bonds	—	—
Losses on valuation of domestic stocks	—	—
Losses on valuation of foreign securities	—	—
Others	—	—
Losses on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	—	—
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	0	0

**(5) Valuation Gains and Losses on Trading Securities**

Not applicable.

**(6) Fair Value Information on Securities (securities with fair value except for trading securities)**

(millions of yen)

	As of March 31, 2018					As of September 30, 2018				
	Book value	Fair value	Gains (losses)		Book value	Fair value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	2,324	2,339	14	16	1	9,240	9,162	(77)	1	79
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	100	100	0	0	—	130	161	31	34	2
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Domestic stocks	—	—	—	—	—	30	64	34	34	—
Foreign securities	100	100	0	0	—	100	97	(2)	—	2
Foreign bonds	100	100	0	0	—	100	97	(2)	—	2
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	2,424	2,439	14	16	1	9,370	9,324	(46)	35	81
Domestic bonds	2,224	2,239	14	16	1	4,524	4,465	(58)	1	60
Domestic stocks	—	—	—	—	—	30	64	34	34	—
Foreign securities	199	200	0	0	—	4,815	4,794	(21)	0	21
Foreign bonds	199	200	0	0	—	4,815	4,794	(21)	0	21
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

- Book values of securities for which it is not practicable to determine fair value are as follows:

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Held-to-maturity bonds	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	—	—
Available-for-sale securities	30	—
Unlisted domestic stocks (except over-the-counter stocks)	30	—
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	—	—
Total	30	—

**(7) Fair Value Information on Money Held in Trust**

Not applicable.



#### 4. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2018 (Summarized)	As of September 30, 2018
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	35,065	63,636
Securities	2,455	9,401
[Corporate bonds]	[2,224]	[4,524]
[Domestic stocks]	[30]	[64]
[Foreign securities]	[200]	[4,813]
Loans	—	0
Policy loans	—	0
Tangible fixed assets	213	289
Intangible fixed assets	2	9
Reinsurance receivables	6,138	30,270
Other assets	1,102	1,666
Reserve for possible loan losses	(0)	(0)
<b>Total assets</b>	<b>44,977</b>	<b>105,274</b>
<b>(LIABILITIES)</b>		
Policy reserves and others	16,083	69,492
Reserves for outstanding claims	218	286
Policy reserves	15,864	69,205
Reinsurance payable	54	107
Other liabilities	10,729	11,227
Corporate income tax payable	7	4
Lease liabilities	0	—
Other liabilities	10,721	11,223
Reserve for price fluctuations	4	4
Deferred tax liabilities	0	8
<b>Total liabilities</b>	<b>26,871</b>	<b>80,840</b>
<b>(NET ASSETS)</b>		
Capital stock	27,599	32,599
Capital surplus	19,599	24,599
Legal capital surplus	19,599	24,599
Retained earnings	(29,093)	(32,786)
Other retained earnings	(29,093)	(32,786)
Retained earnings brought forward	(29,093)	(32,786)
Total shareholders' equity	18,106	24,411
Net unrealized gains (losses) on securities, net of tax	0	22
Total of valuation and translation adjustments	0	22
<b>Total net assets</b>	<b>18,106</b>	<b>24,434</b>
<b>Total liabilities and net assets</b>	<b>44,977</b>	<b>105,274</b>

## 5. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Amount	Amount
<b>ORDINARY REVENUES</b>	3,318	84,183
Premium and other income	3,304	84,166
[Premium income]	[3,271]	[58,494]
Investment income	3	17
[Interest and dividends]	[2]	[17]
Other ordinary revenues	11	0
<b>ORDINARY EXPENSES</b>	6,999	87,867
Benefits and claims	777	2,633
[Claims]	[489]	[353]
[Benefits]	[226]	[524]
[Surrender values]	[0]	[7]
[Other refunds]	[4]	[78]
Provision for policy reserves and others	944	53,409
Provision for reserves for outstanding claims	10	67
Provision for policy reserves	934	53,341
Investment expenses	0	0
[Interest expenses]	[0]	[0]
Operating expenses	5,206	31,533
Other ordinary expenses	71	291
<b>ORDINARY PROFIT (LOSS)</b>	(3,680)	(3,683)
<b>EXTRAORDINARY GAINS</b>	3	—
<b>EXTRAORDINARY LOSSES</b>	6	6
Income (loss) before income taxes	(3,684)	(3,689)
Corporate income taxes - current	3	4
Total of corporate income taxes	3	4
Net income (loss) for the period	(3,688)	(3,693)

## 6. Unaudited Non-Consolidated Statements of Changes in Net Assets

Six months ended September 30, 2017

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	25,100	17,100	(20,786)	21,413
Changes for the period				
Issuance of new shares	2,499	2,499		4,999
Net loss for the period			3,688	3,688
Net changes of items other than shareholders' equity				
Total changes for the period	2,499	2,499	(3,688)	1,311
Balance at the end of the period	27,599	19,599	(24,474)	22,724

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	0	0	21,414
Changes for the period			
Issuance of new shares			4,999
Net loss for the period			3,688
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes for the period	(0)	(0)	1,311
Balance at the end of the period	0	0	22,725

Six months ended September 30, 2018

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	27,599	19,599	(29,093)	18,106
Changes for the period				
Issuance of new shares	4,999	4,999		9,999
Net loss for the period			3,693	3,693
Net changes of items other than shareholders' equity				
Total changes for the period	4,999	4,999	(3,693)	6,305
Balance at the end of the period	32,599	24,599	(32,786)	24,411

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	0	0	18,106
Changes for the period			
Issuance of new shares			9,999
Net loss for the period			3,693
Net changes of items other than shareholders' equity	22	22	22
Total changes for the period	22	22	6,327
Balance at the end of the period	22	22	24,434

## Notes to the Unaudited Non-Consolidated Balance Sheets

As of September 30, 2018

### 1. Valuation Methods of Securities

Securities are evaluated as follows. Held-to-maturity bonds are evaluated by the amortized cost method (straight-line method) based on the moving average method, and available-for-sale securities with market value are evaluated by the market value method (costs are calculated by the moving average method) based on the market price, etc. on the last day of September. Regarding securities whose market value is deemed to be extremely difficult to identify, government and corporate bonds whose premium or discount represents the interest adjustment are evaluated by the amortized cost method (straight-line method) based on the moving average method, and other securities are evaluated by the cost method based on the moving average method.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statement of earnings.

### 2. Depreciation of Depreciable Assets

#### (1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method. (Depreciation of buildings is calculated by the straight-line method.)

#### (2) Depreciation of Leased Assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.

#### (3) Amortization of Intangible Fixed Assets Excluding Leased Assets

Amortization of intangible fixed assets excluding leased assets is calculated by the straight-line method. Amortization of software is calculated by the straight-line method based on the estimated useful life of the software.

### 3. Reserve for Possible Loan Losses

To prepare for possible loan losses, the reserve for possible loan losses is calculated based on the asset quality assessment regulations, the internal rules for self-assessment, the write-offs and reserves recording regulations, and the internal rules for write-offs and reserves that have been established by the Company.

For loans to and claims on obligors for which the Company has serious concerns over their recoverability or whose value is assessed by the Company to have been damaged materially as a result of the assessment of individual loans or claims, the amount that is deemed necessary is provided.

### 4. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

### 5. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-inclusion method.

### 6. Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. Insurance premium reserves are calculated as follows:

- (1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- (2) Reserves for other policies are established based on the net level premium method.

### 7. Values on Interim Balance Sheet and Fair Values of Major Financial Assets and Differences between Them

The values on the interim balance sheet and the fair values of major financial assets and differences between them are as follows:

	Value on Interim Balance Sheet	Fair Value	Difference
			(millions of yen)
(1) Cash and deposits	63,636	63,636	—
(2) Securities	9,401	9,324	(77)
Held-to-maturity bonds	9,240	9,162	(77)
Available-for-sale securities	161	161	—
(3) Loans	0	0	—
Policy loans	0	0	—

#### (1) Cash and deposits

The fair value of cash and deposits is calculated by the book value because the fair value is almost the same as the book value.

#### (2) Securities

The fair value of securities is calculated by the market value as of September 30, 2018

#### (3) Loans

Policy loans do not have repayment deadlines due to their characteristics such as the loan limit that is within the surrender values and their fair values are assumed to be close to their book values based on the expected time of repayment, interest rate conditions, etc.; their book values, therefore, are used as their fair values.

As of September 30, 2018

- 8 Loans to Bankrupt Borrowers, Delinquent Loans, Delinquent Loans of Three Months or More, and Restructured Loans  
The loans do not include any loans to bankrupt borrowers, delinquent loans, delinquent loans of three months or more, and restructured loans.
- 9 Reinsurance  
Reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”) did not apply. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥52 million.
10. Obligations to the Life Insurance Policyholders Protection Corporation of Japan  
The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥67 million as of September 30, 2018. These obligations will be recognized as operating expenses in the period in which they are paid.
11. Amounts are rounded off to the unit stated.

**Notes to the Unaudited Non-Consolidated Statements of Earnings**

Six months ended September 30, 2018

1. Reinsurance  
In the calculation of the provision for policy reserves, the amount of reversal of policy reserves corresponding to the reinsured parts that are tallied is ¥0 million.
2. Interest and Dividends  
Interest, dividends, and other income for the six months ended September 30, 2018, include interest and dividends on securities of ¥17 million and interest on loans of ¥0 million.
3. Net Loss per Share  
Net loss per share for the six months ended September 30, 2018 was ¥1,201.01.
4. Amounts are rounded off to the unit stated.

**Notes to the Unaudited Non-Consolidated Statements of Changes in Net Assets**

Six months ended September 30, 2018

1. Type and Number of Shares Outstanding

(thousands of shares)				
	At the beginning of the fiscal year ending March 31, 2019	Increase	Decrease	As of September 30, 2018
Shares outstanding				
Common stock	2,733	666	—	3,399

The increase of 666,000 shares in the number of shares outstanding of common stock was due to the issuance of new shares which were allotted to Dai-ichi Life Holdings, Inc.

2. Stock Acquisition Rights and Own Stock Acquisition Rights  
Not applicable.
3. Dividends paid  
Not applicable.
4. Amounts are rounded off to the unit stated.

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

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Fundamental profit A	(3,603)	(3,558)
Capital gains	—	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Others	—	—
Capital losses	—	—
Losses on money held in trust	—	—
Losses on investment in trading securities	—	—
Losses on sale of securities	—	—
Losses on valuation of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Others	—	—
Net capital gains (losses) B	—	—
Fundamental profit plus net capital gains (losses) A + B	(3,603)	(3,558)
Other one-time gains	0	0
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	0	0
Others	—	—
Other one-time losses	77	124
Ceding reinsurance commissions	—	—
Provision for contingency reserve	77	124
Provision for specific reserve for possible loan losses	—	—
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	(76)	(124)
Ordinary profit (loss) A + B + C	(3,680)	(3,683)

## 8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these	—	—
Doubtful claims	—	—
Substandard loans	—	—
Subtotal (ratio to total)	— (—%)	— (—%)
Performing loans	—	0
Total	—	0

- Notes: 1. Claims provable in bankruptcy, claims provable in rehabilitation, and claims equivalent to these refer to those loans to debtors who are bankrupt for a reason such as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, and filing a petition for the commencement of rehabilitation proceedings and claims equivalent to such loans.
2. Doubtful claims refer to those loans whose principal and interest are likely not collectible based on the contract due to the deterioration of the financial condition and business performance of the debtor despite not being bankrupt.
3. Substandard loans refer to those loans that are delinquent for three months or more and those that have been restructured. Loans delinquent for three months or more refer to those loans for which the payment of the principal or interest has been delayed for three months or more from the day following the contractual payment day (excluding loans specified in Note 1 and Note 2). Restructured loans refer to those loans on which interest has been reduced or exempted, for which interest payment has been postponed, for which the principal payment has been postponed, on which claims have been waived, or for which other arrangements have been made to provide the debtor with an advantage for the purpose of rebuilding its business or assisting the debtor (excluding loans specified in Note 1 and Note 2 and loans delinquent for three months or more).
4. Performing loans refer to those loans that are classified into categories other than those described in Note 1 through Note 3 for not having particular problems in the financial position and operating results of the debtor.

## 9. Risk-Monitored Loans

Not applicable.

## 10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Total solvency margin (A)	21,825	36,436
Common stock, etc.	18,106	24,411
Reserve for price fluctuations	4	4
Contingency reserve	670	795
General reserve for possible loan losses	—	—
(Net unrealized gains on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (Multiplied by 100% if losses)	0	28
Net unrealized gains (losses) on real estate × 85%	—	—
Policy reserves in excess of surrender values	3,044	11,197
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	—
Excluded items	—	—
Others	—	—
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	831	1,362
Insurance risk $R_1$	385	388
3rd sector insurance risk $R_8$	283	404
Assumed investment yield risk $R_2$	0	0
Guaranteed minimum benefit risk $R_7$	—	—
Investment risk $R_3$	435	1,038
Business risk $R_4$	33	54
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	5,250.4%	5,348.5%

Note: The figures above are calculated based on Articles 86 and 87 of the Enforcement Regulations of the Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

## 11. Status of Separate Account

Not applicable.

## 12. Consolidated Financial Summary

Not applicable.