

Financial Results for the Nine Months Ended December 31, 2019

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the nine months ended December 31, 2019.

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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, 2019	As of December 31, 2019	% of March 31, 2019 total
Individual insurance	135,082	137,894	102.1
Individual annuities	4	5	122.5
Total	135,086	137,899	102.1
Medical and survival benefits	10,145	15,989	157.6

New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% of December 31, 2018 total
Individual insurance	88,810	7,283	8.2
Individual annuities	—	—	—
Total	88,810	7,283	8.2
Medical and survival benefits	3,879	6,541	168.6

- 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, 2019		As of December 31, 2019			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)		Amount (billions of yen)	
				% of March 31, 2019 total		% of March 31, 2019 total
Individual insurance	223	902.9	313	140.4	1,122.1	124.3
Individual annuities	0	0.0	0	100.0	0.0	96.9
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

Note: The amount of individual annuities shows policy reserves for policies after the commencement of annuities.

New Policies

	Nine months ended December 31, 2018				Nine months ended December 31, 2019					
	Number of policies (thousands)	Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)			
			New Business	Net increase by conversions		% of December 31, 2018 total		% of December 31, 2018 total	New Business	Net increase by conversions
Individual insurance	85	153.5	153.5	—	102	120.0	207.4	135.1	207.4	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

2. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2019		As of December 31, 2019	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	86,188	54.7	134,728	62.6
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	15,244	9.7	29,707	13.8
Domestic bonds	8,429	5.4	20,895	9.7
Domestic stocks	103	0.1	692	0.3
Foreign securities	6,710	4.3	8,119	3.8
Foreign bonds	6,710	4.3	8,119	3.8
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	61	0.0	345	0.2
Real estate	105	0.1	98	0.0
Deferred tax assets	—	—	—	—
Others	55,829	35.5	50,372	23.4
Reserve for possible loan losses	(0)	(0.0)	(4)	(0.0)
Total	157,428	100.0	215,247	100.0
Foreign currency-denominated assets	—	—	—	—

Note: The amounts of buildings were posted for real estate.

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

(millions of yen)

		As of March 31, 2019					As of December 31, 2019				
		Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
				Gains	Losses				Gains	Losses	
	Held-to-maturity bonds	15,044	15,173	129	150	20	28,917	28,994	76	174	97
	Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
	Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
	Available-for-sale securities	130	199	69	73	3	688	789	101	104	2
	Domestic bonds	—	—	—	—	—	—	—	—	—	—
	Domestic stocks	30	103	73	73	—	588	692	104	104	—
	Foreign securities	100	96	(3)	—	3	100	97	(2)	—	2
	Foreign bonds	100	96	(3)	—	3	100	97	(2)	—	2
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—
Total		15,174	15,373	199	223	23	29,606	29,784	178	278	99
	Domestic bonds	8,429	8,557	127	128	0	20,895	20,966	70	152	82
	Domestic stocks	30	103	73	73	—	588	692	104	104	—
	Foreign securities	6,714	6,713	(1)	21	22	8,121	8,126	4	21	17
	Foreign bonds	6,714	6,713	(1)	21	22	8,121	8,126	4	21	17
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

Carrying values of securities whose fair value is deemed extremely difficult to recognize are as follows: Not applicable.

(3) Fair Value Information on Money Held in Trust

Not applicable.

3. Unaudited Quarterly Balance Sheet

(millions of yen)

	As of March 31, 2019 (Summarized)	As of December 31, 2019
	Amount	Amount
(ASSETS)		
Cash and deposits	86,188	134,728
Securities	15,244	29,707
[Corporate bonds]	[8,429]	[20,895]
[Domestic stocks]	[103]	[692]
[Foreign securities]	[6,710]	[8,119]
Loans	61	345
Policy loans	61	345
Tangible fixed assets	294	249
Intangible fixed assets	343	1,360
Reinsurance receivables	49,475	41,115
Other assets	5,820	7,745
Reserve for possible loan losses	(0)	(4)
Total assets	157,428	215,247
(LIABILITIES)		
Policy reserves and others	130,801	202,429
Reserves for outstanding claims	404	768
Policy reserves	130,397	201,661
Reinsurance payable	171	238
Other liabilities	6,797	3,893
Corporate income tax payable	8	6
Other liabilities	6,789	3,886
Reserve for price fluctuations	4	4
Deferred tax liabilities	19	28
Total liabilities	137,794	206,594
(NET ASSETS)		
Capital stock	32,599	32,599
Capital surplus	24,599	24,599
Legal capital surplus	24,599	24,599
Retained earnings	(37,614)	(48,618)
Other retained earnings	(37,614)	(48,618)
Retained earnings brought forward	(37,614)	(48,618)
Total shareholders' equity	19,584	8,580
Net unrealized gains (losses) on securities, net of tax	50	73
Total of valuation and translation adjustments	50	73
Total net assets	19,634	8,653
Total liabilities and net assets	157,428	215,247

4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
	Amount	Amount
ORDINARY REVENUES	125,903	100,082
Premium and other income	125,866	99,977
[Premium income]	[87,634]	[94,606]
Investment income	34	98
[Interest and dividends]	[33]	[98]
Other ordinary revenues	2	6
ORDINARY EXPENSES	131,938	111,080
Benefits and claims	6,007	19,650
[Claims]	[735]	[734]
[Annuities]	[—]	[52]
[Benefits]	[907]	[1,934]
[Surrender values]	[57]	[1,996]
[Other refunds]	[173]	[788]
Provision for policy reserves and others	77,905	71,627
Provision for reserves for outstanding claims	87	363
Provision for policy reserves	77,818	71,264
Investment expenses	0	4
[Interest expenses]	[0]	[0]
Operating expenses	47,605	19,319
Other ordinary expenses	419	477
ORDINARY PROFIT (LOSS)	(6,035)	(10,997)
EXTRAORDINARY GAINS	—	0
Gains on disposal of fixed assets	—	0
EXTRAORDINARY LOSSES	6	0
Losses on disposal of fixed assets	6	0
Provision for reserve for price fluctuations	—	0
Income (loss) before income taxes	(6,041)	(10,997)
Corporate income taxes - current	6	6
Total of corporate income taxes	6	6
Net income (loss) for the period	(6,048)	(11,004)

Notes to the Unaudited Non-Consolidated Balance Sheets

As of December 31, 2019
1. Dividends paid Not applicable.
2. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statements of Earnings

Nine months ended December 31, 2019
1. Net loss per share for the nine months ended December 31, 2019 was ¥3,236.60.
2. Amounts are rounded off to the unit stated.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Fundamental profit (loss) A	(5,819)	(10,641)
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	(5,819)	(10,641)
Other one-time gains	0	—
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	0	—
Others	—	—
Other one-time losses	215	355
Ceding reinsurance commissions	—	—
Provision for contingency reserve	215	351
Provision for specific reserve for possible loan losses	—	3
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	(215)	(355)
Ordinary profit (loss) A + B + C	(6,035)	(10,997)

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2019	As of December 31, 2019
Total solvency margin (A)	29,541	19,942
Common stock, etc.	19,584	8,580
Reserve for price fluctuations	4	4
Contingency reserve	988	1,340
General reserve for possible loan losses	—	—
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (Multiplied by 100% if losses)	62	91
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	8,901	28,267
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	(18,342)
Excluded items	—	—
Others	—	—
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,884	2,655
Insurance risk R ₁	431	492
3rd sector insurance risk R ₈	553	841
Assumed investment yield risk R ₂	1	3
Guaranteed minimum benefit risk R ₇	—	—
Investment risk R ₃	1,516	2,169
Business risk R ₄	75	105
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,134.3%	1,502.0%

Note: The figures as of March 31, 2019 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.

The figures as of December 31, 2019 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

7. Status of Separate Account

Not applicable.

8. Consolidated Financial Summary

Not applicable.