

[Unofficial Translation]

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Dai-ichi Life Holdings, Inc.
Code: 8750 (TSE First section)

Supplementary Materials for the Fiscal Year Ended March 31, 2020
(The Neo First Life Insurance Company, Limited)

Financial Results for the Fiscal Year Ended March 31, 2020

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the fiscal year ended March 31, 2020.

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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 March 31, 2020	
		% of March 31, 2018 total		% of March 31, 2019 total
Individual insurance	135,082	686.0	139,508	103.3
Individual annuities	4	—	10	242.3
Total	135,086	686.1	139,518	103.3
Medical and survival benefits	10,145	193.9	18,667	184.0

New Policies			(millions of yen except percentages)	
	Year ended March 31, 2019		Year ended March 31, 2020	
		% of March 31, 2018 total		% of March 31, 2019 total
Individual insurance	117,098	794.5	10,973	9.4
Individual annuities	—	—	—	—
Total	117,098	794.5	10,973	9.4
Medical and survival benefits	5,556	181.4	9,483	170.7

(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, 2019				As of March 31, 2020			
	Number of policies (thousands)		Amount (billions of yen)		Number of policies (thousands)		Amount (billions of yen)	
		% of March 31, 2018 total		% of March 31, 2018 total		% of March 31, 2019 total		% of March 31, 2019 total
Individual insurance	223	195.0	902.9	125.4	354	158.7	1,208.8	133.9
Individual annuities	0	—	0.0	—	0	200.0	0.1	210.2
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—

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

New Policies

	Year ended March 31, 2019						Year ended March 31, 2020					
	Number of policies (thousands)		Amount (billions of yen)				Number of policies (thousands)		Amount (billions of yen)			
		% of March 31, 2018 total	% of March 31, 2018 total	New business	Net increase by conversions			% of March 31, 2019 total	% of March 31, 2019 total	New business	Net increase by conversions	
Individual insurance	120	233.0	232.8	161.5	232.8	—	147	122.9	283.8	121.9	283.8	—
Individual annuities	—	—	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—	—	—

(3) Profit and Loss Items

(millions of yen except percentages)

	Year ended March 31, 2019		Year ended March 31, 2020	
		% of March 31, 2018 total		% of March 31, 2019 total
Premium and other income	181,150	736.4	144,382	79.7
Investment income	54	529.2	152	280.0
Benefits and claims	10,798	632.5	28,119	260.4
Investment expenses	0	91.3	4	2,479.9
Ordinary profit (loss)	(8,506)	102.6	(16,310)	191.7

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2019		As of March 31, 2020	
		% of March 31, 2018 total		% of March 31, 2019 total
Total assets	157,428	350.0	244,399	155.2

2. Policies in Force as of March 31, 2020 by Benefit

(thousands, millions of yen)

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Amount	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Death benefits	General	328	1,208,856	—	—	—	—	328	1,208,856
	Accidental	30	3,595,472	—	—	—	—	30	3,595,472
	Others	—	—	—	—	—	—	—	—
Survival benefits		0	35	0	184	—	—	0	220
Hospitalization benefits	Accidental	391	1,966	—	—	—	—	391	1,966
	Illness	391	1,966	—	—	—	—	391	1,966
	Others	169	1,842	—	—	—	—	169	1,842
Injury benefits		—	—	—	—	—	—	—	—
Surgery benefits		457	—	—	—	—	—	457	—
Disability benefits		6	988	—	—	—	—	6	988
Others		173	104,320	—	—	—	—	173	104,320

(Notes) 1. For individual annuities, amounts in “Survival benefits” show policy reserves after the commencement of payment of annuities.

2. Amounts in “Hospitalization benefits” show the amount of hospitalization benefit to be paid per day.

3. Amounts in “Disability benefits” show the amount of disability benefits paid per month.

4. Amounts in “Others” show the amount of the diagnosis benefits of the cancer medical treatment rider, etc.

3. Policyholder Dividends based on Financial Results for the Year ended March 31, 2020

As the Company deals only with nonparticipating individual insurance, there is no applicable item.

4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2020

(1) Investment of Assets for the Fiscal Year Ended March 31, 2020

(i) Investment Environment

- During the fiscal year ended March 31, 2020, the Japanese economy suffered a sharp deterioration due to the impact of the spread of COVID-19 toward the end of the fiscal year, as well as the impact of the slowdown in exports and the consumption tax hike.
- Overseas economic situation remained relatively firm especially in U.S. until the outbreak of the COVID-19, but subsequently worsened significantly due to the implementation of stringent measures, including the contagion of cities to control the spread of infectious diseases, particularly in Europe and the U.S..
- Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

- The Yield on 10-year JGBs temporarily declined to around -0.3%, the first time since July 2016, due to factors such as the interest rate cut in the U.S. against the backdrop of concerns over an economic slowdown. However, the yield turned upward after the U.S.-China trade agreement reached its first stage.
- In response to the economic downturn caused by the spread of COVID-19, U.S. cut interest rates substantially. However, the decline in JGB was limited, as Bank of Japan left policy interest rate unchanged.

Yield on ten-year government bonds:	April 1, 2019	-0.095%
	March, 31, 2020	0.005%

[Domestic Stocks]

- The Nikkei Stock Average rose to over 24,000 yen at a time, due to expectations of the global monetary easing policy and improved corporate performance, as well as the fact that the U.S.-China trade negotiations reached the first stage of agreement.
- Subsequently, however, stock prices fell sharply and became unstable because of worldwide economic downturn caused by the spread of COVID-19.

Nikkei 225 Stock Average:	April 1, 2019	21,205
	March 31, 2020	18,917
TOPIX:	April 1, 2019	1,591
	March 31, 2020	1,403

[Foreign currency] Exchange rate

- The U.S. dollar depreciated against yen in the first half of the fiscal year, mainly reflecting the tightening of the interest rate differential between Japan and the United States as a result of the Federal Reserve's proactive interest rate cut. Thereafter, U.S. dollar appreciated in response to the fact that the U.S.-China trade negotiations reached the first stage of agreement. However, U.S. dollar fell sharply again and became unstable toward the end of the fiscal year, affected by the spread of COVID-19.
- The euro depreciated against yen as a background of political risks such as the turmoil surrounding the UK's decision to leave the European Union and concerns over the fiscal deterioration due to spread of COVID-19.

yen /U.S. dollar:	April 1, 2019	¥110.99
	March 31, 2020	¥108.83
yen/euro:	April 1, 2019	¥124.56
	March 31, 2020	¥119.55

(ii) Investment Policies of the Company

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

(iii) Investment Results

The balance of general account assets at the end of the fiscal year ended March 31, 2020 was ¥244,399 million. The balance of assets under management included deposits of ¥159,503 million, bonds of ¥34,847

million, and domestic stocks of ¥986 million.

In addition, investment income was ¥152 million, and investment expenses were ¥4 million.

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2019		As of March 31, 2020	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	86,188	54.7	159,503	65.3
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	35,833	14.7
Domestic bonds	8,429	5.4	26,428	10.8
Domestic stocks	103	0.1	986	0.4
Foreign securities	6,710	4.3	8,418	3.4
Foreign bonds	6,710	4.3	8,418	3.4
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	61	0.0	730	0.3
Real estate	105	0.1	99	0.0
Deferred tax assets	—	—	—	—
Others	55,829	35.5	48,237	19.7
Reserve for possible loan losses	(0)	(0.0)	(4)	(0.0)
Total	157,428	100.0	244,399	100.0
Foreign currency-denominated assets	—	—	—	—

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash, deposits, and call loans	51,122	73,314
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	12,788	20,589
Domestic bonds	6,205	17,998
Domestic stocks	73	882
Foreign securities	6,510	1,707
Foreign bonds	6,510	1,707
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	61	668
Real estate	105	(6)
Deferred tax assets	—	—
Others	48,371	(7,591)
Reserve for possible loan losses	0	(3)
Total	112,450	86,970
Foreign currency-denominated assets	—	—

(4) Investment Income

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Interest and dividends	54	152
Interest from bank deposits	—	—
Interest and dividends from securities	54	147
Interest from loans	0	5
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	—	—
Gains on investment 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	—	—
Gain on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	0	—
Other investment income	—	—
Total	54	152

(5) Investment Expense

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Interest expenses	0	0
Losses on trading account securities	—	—
Losses on money held in trust	—	—
Losses on investment 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	—	—
Loss on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	—	3
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	0
Total	0	4

(6) Other Information on Investments

(i) Rates of return

(%)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash, deposits, and call loans	—	—
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	0.57	0.61
Domestic bonds	0.64	0.52
Domestic stocks	0.00	4.53
Foreign securities	0.50	0.54
Loans	2.74	2.54
Real estate	—	—
Total of general account	0.06	0.08
Foreign investments	—	—

(Note) The rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.

(ii) Valuation gains and losses on trading securities

Not applicable.

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

(millions of yen)

		As of March 31, 2019					As of March 31, 2020				
		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	34,749	34,497	(251)	61	313
	Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
	Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
	Available-for-sale securities	130	199	69	73	3	1,110	1,083	(27)	32	59
	Domestic bonds	—	—	—	—	—	—	—	—	—	—
	Domestic stocks	30	103	73	73	—	1,010	986	(24)	32	57
	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	35,860	35,581	(279)	93	373
	Domestic bonds	8,429	8,557	127	128	0	26,428	26,200	(228)	48	276
	Domestic stocks	30	103	73	73	—	1,010	986	(24)	32	57
	Foreign securities	6,714	6,713	(1)	21	22	8,420	8,394	(25)	13	38
	Foreign bonds	6,714	6,713	(1)	21	22	8,420	8,394	(25)	13	38
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—

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

(iv) Fair Value Information on Money Held in Trust

Not applicable.

5. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2019	As of March 31, 2020		As of March 31, 2019	As of March 31, 2020
	Amount	Amount		Amount	Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	86,188	159,503	Policy reserves and others	130,801	236,073
Deposits	86,188	159,503	Reserves for outstanding claims	404	1,503
Securities	15,244	35,833	Policy reserves	130,397	234,570
Corporate bonds	8,429	26,428	Reinsurance payable	171	310
Domestic stocks	103	986	Other liabilities	6,797	4,772
Foreign securities	6,710	8,418	Corporate income tax payable	8	8
Loans	61	730	Accounts payable	255	690
Policy loans	61	730	Accrued expenses	6,385	4,016
Tangible fixed assets	294	239	Deposits received	1	0
Buildings	105	99	Suspense receipt	146	56
Other	188	140	Reserve for price fluctuations	4	5
Intangible fixed assets	343	1,722	Deferred tax liabilities	19	—
Software	336	1,716	Total liabilities	137,794	241,162
Other	7	6	(NET ASSETS)		
Reinsurance receivables	49,475	38,206	Capital stock	32,599	32,599
Other assets	5,820	8,168	Capital surplus	24,599	24,599
Accounts receivable	4,751	6,455	Legal capital surplus	24,599	24,599
Prepaid expenses	658	1,202	Retained earnings	(37,614)	(53,934)
Accrued revenue	19	55	Other retained earnings	(37,614)	(53,934)
Deposits	184	199	Retained earnings brought forward	(37,614)	(53,934)
Suspense payments	1	2	Total shareholders' equity	19,584	3,264
Other assets	205	252	Net unrealized gains (losses) on securities, net of tax	50	(27)
Reserve for possible loan losses	(0)	(4)	Total of valuation and translation adjustments	50	(27)
			Total net assets	19,634	3,237
Total assets	157,428	244,399	Total liabilities and net assets	157,428	244,399

- 1 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 March. 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

(i) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

(ii) 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.

(iii) 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:

- (i) 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).
- (ii) Reserves for other policies are established based on the net level premium method.

7 The basic policy of the Company is to aim for effective asset management conforming to the diversification of the investment environment and asset management by conducting appropriate income and risk management and working to strengthen risk management from the perspective of maintaining the soundness of business in asset management. Based on this policy, the Company manages assets by paying attention to their safety and cashability (liquidity).

As major financial products, securities are exposed to market risk and credit risk.

The Company manages the market risk by measuring its amount based on value-at-risk (VaR), which is a typical method of measurement. The Company also manages the credit risk by regularly surveying the credit standing of individual investments.

The carrying amounts on the balance sheet, the fair values and differences of major financial assets are as follows:

	(millions of yen)		
	Value on Balance Sheet	Fair Value	Difference
(1) Cash and deposits	159,503	159,503	—
(2) Securities	35,833	35,581	(251)
Held-to-maturity bonds	34,749	34,497	(251)
Available-for-sale securities	1,083	1,083	—
(3) Loans	730	730	—
Policy loans	730	730	—

(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 March 31, 2020.

(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.

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 The accumulated depreciation of property, plant and equipment as of March 31, 2020 was ¥361 million.

10 The total amount of payables to subsidiaries and affiliated companies was ¥1 million.

11 The total amount of deferred tax assets was ¥13,373 million. The full amount of deferred tax assets is subtracted as valuation allowances.

The major components of deferred tax assets were insurance policy reserves of ¥561 million, the amount of excess depreciation of ¥994 million and tax losses carried forward of ¥11,691 million.

Of the amount deducted from deferred tax assets as the amount of valuation allowances, the amount of valuation allowance pertaining to tax losses carried forward is ¥11,691 million, and the amount of valuation allowance pertaining to future deductible temporary differences is ¥1,682 million.

The main reason for changes in the amount deducted from deferred tax assets as the amount of valuation allowances is the posting of a net loss.

Amounts of tax losses carried forward and deferred tax assets by the losses carry-forward period are as follows.

	(millions of yen)			
	Within a year	More than a year and within five years	More than five years	Total
Tax losses carried forward (*1)	294	789	10,607	11,691
Amount of valuation allowances	(294)	(789)	(10,607)	(11,691)
Deferred tax assets	—	—	—	—

(*1) The tax losses carried forward is an amount obtained by multiplying the effective statutory tax rate.

The actual effective tax rate for the fiscal year ended March 31, 2020 was -0.05%, and the major component of the difference from the statutory tax rate of 28.00% was -27.96% for valuation allowances.

12 The amount of net assets per share of the Company was ¥952.14.

13 Subsequent events

At a meeting held on April 10, 2020, the board of directors of the Company resolved to issue new shares through private placement with Dai-ichi Life Holdings, Inc. as the recipient, and the payment was completed on April 27, 2020. The overview is as follows.

Class and number of shares for subscription	Common stock	500,000shares
Total amount paid in	¥20,000 million (¥40,000 per share)	
Amount of increase in capital stock and legal capital surplus	Capital stock	¥10,000 million
	Legal capital surplus	¥10,000 million
Purpose of subscription	To secure funds necessary to achieve business plans in the future.	

14 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 ¥165 million as of March 31, 2020.

These obligations will be recognized as operating expenses in the period in which they are paid.

15 Amounts are rounded off to the unit stated.

6. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
	Amount	Amount
ORDINARY REVENUES	181,210	144,544
Premium and other income	181,150	144,382
Premium income	130,412	136,846
Reinsurance income	50,738	7,535
Investment income	54	152
Interest and dividends	54	152
Interest and dividends from securities	54	147
Interest from loans	0	5
Reversal of reserve for possible loan losses	0	—
Other ordinary revenues	5	9
Other	5	9
ORDINARY EXPENSES	189,716	160,854
Benefits and claims	10,798	28,119
Claims	1,209	1,228
Annuities	—	65
Benefits	1,337	2,825
Surrender values	208	3,472
Other refunds	345	1,136
Ceding reinsurance commissions	7,697	19,391
Provision for policy reserves and others	114,718	105,271
Provision for reserves for outstanding claims	185	1,099
Provision for policy reserves	114,533	104,172
Investment expenses	0	4
Interest expenses	0	0
Provision for reserve for possible loan losses	—	3
Other investment expenses	—	0
Operating expenses	63,607	26,751
Other ordinary expenses	591	706
National and local taxes	490	480
Depreciation	100	225
Other ordinary expenses	—	0
ORDINARY PROFIT (LOSS)	(8,506)	(16,310)
EXTRAORDINARY GAINS	—	0
Gains on disposal of fixed assets	—	0
EXTRAORDINARY LOSSES	6	1
Losses on disposal of fixed assets	6	0
Provision for reserve for price fluctuations	—	1
Income (loss) before income taxes	(8,512)	(16,311)
Corporate income taxes - current	8	8
Total of corporate income taxes	8	8
Net income (loss) for the year	(8,521)	(16,319)

(Notes to Statement of Income)

- 1 Total amount of expenses arising from transactions with subsidiaries and affiliated companies was ¥43 million.
- 2 The amount of loss per share was ¥4,800.07.
- 3 Amounts are rounded off to the unit stated.

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Fundamental profit (loss) A	(8,188)	(15,843)
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	(8,188)	(15,843)
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	317	466
Ceding reinsurance commissions	—	—
Provision for contingency reserve	317	462
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	(317)	(466)
Ordinary profit (loss) A + B + C	(8,506)	(16,310)

8. Unaudited Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019

(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 year				
Issuance of new shares	4,999	4,999		9,999
Net loss for the year			8,521	8,521
Net changes of items other than shareholders' equity				
Total changes for the year	4,999	4,999	(8,521)	1,477
Balance at the end of the year	32,599	24,599	(37,614)	19,584

	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 year			
Issuance of new shares			9,999
Net loss for the year			8,521
Net changes of items other than shareholders' equity	50	50	50
Total changes for the year	50	50	1,528
Balance at the end of the year	50	50	19,634

Year ended March 31, 2020

(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	32,599	24,599	(37,614)	19,584
Changes for the year				
Net loss for the year			16,319	16,319
Net changes of items other than shareholders' equity				
Total changes for the year			(16,319)	(16,319)
Balance at the end of the year	32,599	24,599	(53,934)	3,264

	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	50	50	19,634
Changes for the year			
Net loss for the year			16,319
Net changes of items other than shareholders' equity	(77)	(77)	(77)
Total changes for the year	(77)	(77)	(16,397)
Balance at the end of the year	(27)	(27)	3,237

(Statement of Changes in Net Assets)

1 Type and Number of Shares Outstanding

(thousands of shares)

	At the beginning of the fiscal year ended March 31, 2020	Increase	Decrease	As of March 31, 2020
Shares outstanding				
Common stock	3,399	—	—	3,399

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.

9. Disclosed Claims Based on Categories of Obligors

(millions of yen except percentages)

	As of March 31, 2019	As of March 31, 2020
Claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these	—	—
Doubtful claims	—	—
Substandard loans	—	—
Subtotal	—	—
(ratio to total)	(—%)	(—%)
Performing loans	61	730
Total	61	730

- (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.

10. Risk-Monitored Loans

Not applicable.

11. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2019	As of March 31, 2020
Total solvency margin (A)	29,541	9,388
Common stock, etc.	19,584	3,264
Reserve for price fluctuations	4	5
Contingency reserve	988	1,451
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	(27)
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	8,901	22,281
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	(17,587)
Excluded items	—	—
Others	—	—
Total Risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,884	3,013
Insurance risk R_1	431	512
3rd sector insurance risk R_8	553	932
Assumed investment yield risk R_2	1	4
Guaranteed minimum benefit risk R_7	—	—
Investment risk R_3	1,516	2,503
Business risk R_4	75	118
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,134.3%	623.1%

(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.

12. Status of Separate Account for the Fiscal Year Ended March 31, 2020

Not applicable.

13. Consolidated Financial Summary

Not applicable.