

## Financial Results for the Three Months Ended June 30, 2019

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the three months ended June 30, 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 June 30, 2019	% of March 31, 2019 total
Individual insurance	135,082	136,067	100.7
Individual annuities	4	3	80.7
Total	135,086	136,071	100.7
Medical and survival benefits	10,145	11,805	116.4

#### New Policies

(millions of yen except percentages)

	Three months ended June 30, 2018	Three months ended June 30, 2019	% of June 30, 2018 total
Individual insurance	25,504	1,972	7.7
Individual annuities	—	—	—
Total	25,504	1,972	7.7
Medical and survival benefits	1,193	1,864	156.2

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 June 30, 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	249	111.5	969.4	107.4
Individual annuities	0	0.0	0	75.0	0.0	78.8
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

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

New Policies

	Three months ended June 30, 2018				Three months ended June 30, 2019					
	Number of policies (thousands)	Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)			
			New Business	Net increase by conversions		% of June 30, 2018 total		% of June 30, 2018 total	New Business	Net increase by conversions
Individual insurance	23	30.5	30.5	—	29	122.2	65.9	215.7	65.9	—
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 June 30, 2019	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	86,188	54.7	99,932	58.4
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	17,182	10.0
Domestic bonds	8,429	5.4	9,858	5.8
Domestic stocks	103	0.1	613	0.4
Foreign securities	6,710	4.3	6,711	3.9
Foreign bonds	6,710	4.3	6,711	3.9
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	61	0.0	96	0.1
Real estate	105	0.1	102	0.1
Deferred tax assets	—	—	—	—
Others	55,829	35.5	53,752	31.4
Reserve for possible loan losses	(0)	(0.0)	(0)	(0.0)
Total	157,428	100.0	171,066	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 June 30, 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	16,471	16,739	268	277	9
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	130	199	69	73	3	643	711	67	70	2
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Domestic stocks	30	103	73	73	—	543	613	70	70	—
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	17,114	17,450	336	347	11
Domestic bonds	8,429	8,557	127	128	0	9,858	10,093	235	235	0
Domestic stocks	30	103	73	73	—	543	613	70	70	—
Foreign securities	6,714	6,713	(1)	21	22	6,713	6,744	30	42	11
Foreign bonds	6,714	6,713	(1)	21	22	6,713	6,744	30	42	11
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 Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2019 (summarized)	As of June 30, 2019
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	86,188	99,932
Securities	15,244	17,182
[Corporate bonds]	[8,429]	[9,858]
[Domestic stocks]	[103]	[613]
[Foreign securities]	[6,710]	[6,711]
Loans	61	96
Policy loans	61	96
Tangible fixed assets	294	278
Intangible fixed assets	343	641
Reinsurance receivables	49,475	47,033
Other assets	5,820	5,902
Reserve for possible loan losses	(0)	(0)
<b>Total assets</b>	<b>157,428</b>	<b>171,066</b>
<b>(LIABILITIES)</b>		
Policy reserves and others	130,801	151,246
Reserves for outstanding claims	404	514
Policy reserves	130,397	150,732
Reinsurance payables	171	133
Other liabilities	6,797	3,268
Corporate income tax payable	8	2
Other liabilities	6,789	3,266
Reserve for price fluctuations	4	4
Deferred tax liabilities	19	18
<b>Total liabilities</b>	<b>137,794</b>	<b>154,672</b>
<b>(NET ASSETS)</b>		
Capital stock	32,599	32,599
Capital surplus	24,599	24,599
Legal capital surplus	24,599	24,599
Retained earnings	(37,614)	(40,853)
Other retained earnings	(37,614)	(40,853)
Retained earnings brought forward	(37,614)	(40,853)
Total shareholders' equity	19,584	16,345
Net unrealized gains (losses) on securities, net of tax	50	48
Total of valuation and translation adjustments	50	48
<b>Total net assets</b>	<b>19,634</b>	<b>16,393</b>
<b>Total liabilities and net assets</b>	<b>157,428</b>	<b>171,066</b>

#### 4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
	Amount	Amount
<b>ORDINARY REVENUES</b>	36,935	28,997
Premium and other income	36,929	28,969
[Premium income]	[25,738]	[27,335]
Investment income	6	25
[Interest and dividends]	[6]	[25]
Other ordinary revenues	0	2
<b>ORDINARY EXPENSES</b>	38,733	32,234
Benefits and claims	731	5,403
[Claims]	[148]	[211]
[Annuities]	[—]	[32]
[Benefits]	[236]	[526]
[Surrender values]	[2]	[297]
[Other refunds]	[34]	[155]
Provision for policy reserves and others	23,894	20,445
Provision for reserves for outstanding claims	72	110
Provision for policy reserves	23,822	20,334
Investment expenses	0	0
[Interest expenses]	[0]	[0]
Operating expenses	13,955	6,252
Other ordinary expenses	152	133
<b>ORDINARY PROFIT (LOSS)</b>	(1,798)	(3,236)
<b>EXTRAORDINARY LOSSES</b>	6	0
Losses on disposal of fixed assets	6	—
Provision for reserve for price fluctuations	—	0
Income (loss) before income taxes	(1,804)	(3,237)
Corporate income taxes - current	2	2
Total of corporate income taxes	2	2
Net income (loss) for the period	(1,806)	(3,239)

**Notes to the Unaudited Non-Consolidated Balance Sheet**

As of June 30, 2019

1. Dividends paid  
Not applicable.

2. Amounts are rounded off to the unit stated.

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

Three months ended June 30, 2019

1. Net loss per share for the three months ended June 30, 2019 was ¥952.72.

2. Amounts are rounded off to the unit stated.

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

(millions of yen)

		Three months ended June 30, 2018	Three months ended June 30, 2019
Fundamental profit (loss)	A	(1,742)	(3,135)
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	(1,742)	(3,135)
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		55	101
Ceding reinsurance commissions		—	—
Provision for contingency reserve		55	101
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	(55)	(101)
Ordinary profit (loss)	A + B + C	(1,798)	(3,236)

## 6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2019	As of June 30, 2019
Total solvency margin (A)	29,541	34,940
Common stock, etc.	19,584	16,345
Reserve for price fluctuations	4	4
Contingency reserve	988	1,090
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	61
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	8,901	17,940
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	(500)
Excluded items	—	—
Others	—	—
Total Risk	1,884	2,143
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)		
Insurance risk $R_1$	431	450
3rd sector insurance risk $R_8$	553	634
Assumed investment yield risk $R_2$	1	2
Guaranteed minimum benefit risk $R_7$	—	—
Investment risk $R_3$	1,516	1,746
Business risk $R_4$	75	85
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,134.3%	3,260.5%

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 June 30, 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.