

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Asahi Mutual Life Insurance Company (security code: -)

<Outlook Change>

Long-term Issuer Rating:	BBB+
Outlook:	from Stable to Positive
Ability to Pay Insurance Claims:	BBB+
Outlook:	from Stable to Positive

<Affirmation>

Bonds (Dated subordinated bonds):	BBB-
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Rationale

- (1) Asahi Mutual Life Insurance Company (the "Company") is Japan's second oldest time-honored life insurance company. In April 2021, the Company newly established Nanairo Life Insurance Co., Ltd. ("Nanairo Life"), which operates agency business. Although the Company's business size is rather small in terms of in-force policies, etc., it strives to differentiate itself from other insurers by concentrating its management resources to the individual insurance area to focus on the markets for seniors, women and others. JCR evaluates issuer rating of the Company as Asahi Mutual Life Group, which includes Nanairo Life and other companies, and reflects certain business foundations, solid contract performance, sound asset quality, and a reasonable level of capital adequacy etc. in the ratings. JCR has revised its issuer rating outlook from Stable to Positive. Although the Company has been affected by a considerably stressful external environment, such as the persistently low interest rate environment and the sales restrictions imposed by the COVID-19 pandemic, it flexibly responds to the sales structure revision, etc., and its policy sales have been steady. Its economic value-based profitability is high and the pace of improvement in the balance between risk and capital is fast. The Company has been steadily reducing its interest rate exposure and it will continue to do so. JCR believes that reducing the sensitivity of economic value-based indicators through risk reduction will have a positive effect on the Company's ratings.
- (2) In response to diversifying customer needs, the Company mainly offers third-sector products such as medical care and nursing care/dementia. While having sales representatives as the main sales channel, it has been diversifying and specializing sales channels by defining the sales agency channel as a growth driver, which includes independent insurance agents and telemarketing. The Company has invested its limited management resources to channels with growth potential, and it is yielding positive outcome in terms of policy performance and others. Despite the fact, many life insurance companies have entered the nursing care insurance market, where the Company excels, and competition is intense. Therefore, the key factor will be whether the Company can maintain its superiority in the market or not.
- (3) Restrictions on face-to-face sales under the COVID-19 pandemic forced the Company to devise a new sales style, but the impact on policy performance was generally limited. Payment of insurance claims and benefits associated with the pandemic are also considerably low. The policy performance based on the annualized premium on new policies fell in the first quarter of the fiscal year ended March 2021 (FY2020), but it picked up subsequently and remained at the same level as the previous fiscal year for full year. Currently, it has secured the pre-pandemic level. In addition to positive outcome of increased sales staff and revision of the sales staff backup system, JCR views utilization of contactless tools including on-line meeting is also working positively. Nevertheless, effectiveness of utilizing contactless tools in developing new customers, etc. are not fully known; therefore, establishment of new sales styles need to be observed from a medium-term perspective.

- (4) Although the Company maintains the core profit at a certain level backed by large mortality and morbidity gains; however, it has a heavy burden of negative spread as it has many policies in force with high assumed interest rate. The amount of negative spread has been decreasing at a certain pace and is expected to shrink gradually over the time, but the earnings structure still needs to be improved. Meanwhile, the economic value-based way of thinking has been widely accepted in the Company as indicated by the introduction of EV-based operating indicators from early on. As the Company has been focusing on third-sector products, their ratios in in-force policies and new policies are high compared to other companies, and profitability measured by the economic value is relatively high.
- (5) Core equity capital has been on the increase due to the accumulation of retained earnings including recording various reserves. The quality of capital is improving steadily, which JCR has previously regarded as the priority challenge facing the Company that would contribute to raising its creditworthiness, such as issuing yen-denominated hybrid bonds. Solvency margin ratio as of December 31, 2021 was at a sufficient level standing at 980%. The Company also conducts economic value-based assessment internally, and capital adequacy against risks is decent for a company in JCR's "BBB" rating category. Although the Company is exposed to interest rate risk due to the duration gaps between assets and liabilities, it is making progress in reducing them through the accumulation of super-long-term bonds, changes in the liability structure and others. Despite the fact, the Company has more room for improving capital adequacy compared to other life insurance companies in higher rating categories given that sensitivity of the economic value-based indicators are slightly large and interest payments associated with the capital procurement are not small. The Company has been practicing the concept of control of the balance between risk and return as indicated that it has established an integrated control system of earnings and capital based on risk management through developing the ERM framework and using economic value-based assessment in the management strategies and others. In light of changes in the environment, flexible responses to product strategies and asset management policy are required. Therefore, significance of ERM is increasing.

Tomohiro Miyao, Kota Matsuzawa

Rating

Issuer: Asahi Mutual Life Insurance Company

<Outlook Change>

Long-term Issuer Rating: BBB+ Outlook: Positive
 Ability to Pay Insurance Claims: BBB+ Outlook: Positive

<Affirmation>

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
1st Series Deferrable Interest and Callable Unsecured Subordinated Bonds (Private Placement)	JPY 15	Feb. 10, 2022	Feb. 10, 2057	(Note)	BBB-

(Note): 1.50% per annum for the interest payment dates falling between the following day of issue date and February 10, 2027. 5-year JGB interest rates on February 10, 2027 and on the reference date of every five years + 2.50% from the next day of February 10, 2027.

Rating Assignment Date: March 4, 2022

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014), "Life Insurance" (July 1, 2013), "Ratings of Hybrid Securities" (September 10, 2012), and "Rating Methodology for Financial Institutions' Capital and TLAC Instruments" (April 27, 2017) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Asahi Mutual Life Insurance Company
Rating Publication Date:	March 9, 2022

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR received in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset

quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the order of seniority in repayment of interests and principal. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches if the issuer's financial structure differs so much and thereby the balance between debts shifted so greatly. Rating change is also possible in case of the financial products for which non-payment of interest/ principal is contractually permissible, if and when the assumptions made at the time of its determination turns out to be inaccurate. The change of the credit rating is assumed to be by a notch but often as much as a few notches.

14

Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Asahi Mutual Life Insurance Company	Issuer(Long-term)	December 19, 2018	BBB-	Stable
Asahi Mutual Life Insurance Company	Issuer(Long-term)	February 12, 2020	BBB	Positive
Asahi Mutual Life Insurance Company	Issuer(Long-term)	March 4, 2021	BBB+	Stable
Asahi Mutual Life Insurance Company	Ability to Pay Insurance Claims	December 19, 2018	BBB-	Stable
Asahi Mutual Life Insurance Company	Ability to Pay Insurance Claims	February 12, 2020	BBB	Positive
Asahi Mutual Life Insurance Company	Ability to Pay Insurance Claims	March 4, 2021	BBB+	Stable
Asahi Mutual Life Insurance Company	Bonds no.1(subordinated)	February 4, 2022	BBB-	

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Shozo Matsumura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

松村省三

Shozo Matsumura

General Manager of Financial Institution Rating Department

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