

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

Asahi Mutual Life Insurance Company (security code: -)

<Affirmation>

Long-term Issuer Rating:	A-
Outlook:	Stable
Ability to Pay Insurance Claims:	A-
Outlook:	Stable
Bonds (Dated subordinated bonds):	BBB
Subordinated Loan:	BBB

Rationale

- (1) Asahi Mutual Life Insurance Company (the “Company”) is the core company of the Asahi Life Group (the “Group”). Having Nanairo Life Insurance Co., Ltd. (“Nanairo Life”) in the agency business, along with other subsidiaries, the Company has, albeit rather small business size in terms of in-force policies, etc., been striving to differentiate itself from other insurers by concentrating management resources to the individual insurance area to focus on the markets for seniors and others. JCR evaluates the Company’s issuer rating to be at the same level as the Group’s creditworthiness, which is deemed to be equivalent to the rating of A- in light of such factors as the solid business base, high profitability, sound assets and decent capital adequacy. The Group’s policy sales have been strong, and profitability measured by economic value is relatively high. Moreover, risk-capital balance has been improving rapidly, and the sensitivity of economic value-based indicators has declined as a result of constant reduction in interest rate risk and so forth. Assuming a high probability that the Company will continue improving capital adequacy while maintaining profitability, JCR will keep an eye on future developments.
- (2) The Group mainly offers third-sector products such as medical/nursing care and dementia insurance to respond to diversifying needs of customers by efficiently investing management resources in channels with growth potential. It has been developing multiple and specialized sales channels by defining independent agencies, telemarketing and other channels as growth drivers while having sales representatives as the primary sales channel, and the outcome of these efforts is now evident in policy sales. While the Group has strength in nursing care insurance and secures a decent market position, it faces tough competition with a number of life insurance companies in the market; therefore, whether it can remain competitive into the future will be closely watched.
- (3) The Group’s policy sales have been strong. Annualized premiums from new policies have been improving since the fiscal year ended March 2022 (FY2021), showing year-on-year growth in the nine months through December 2023, too. Currently, while Nanairo Life remains robust, the Company is seeing sluggish growth in the sales representative channel. Nanairo Life is steadily acquiring new policies in the highly competitive agency market by, for instance, flexibly launching competitive third-sector products and enhancing relations with agencies. As regards the sales representative channel, efforts like strengthening training and improving the backup system for sales activities based on data analysis are yielding positive results.
- (4) The Group maintains stable earnings capacity. As it focuses on third-sector products, the ratio of these products in in-force and new policies is high compared to other companies, and thus profitability measured by the economic value is high. Fundamental profit fluctuates due to foreign exchange hedging costs, etc. but are maintained at a certain level thanks to large mortality and morbidity gains. Negative spread because of a large volume of in-force policies with high assumed interest is shrinking gradually, and, given also growth in interest income with interest rate hikes, the pace of decline may accelerate.
- (5) Capital adequacy relative to risks is decent for an entity in JCR’s A rating category. Core equity capital is tending to increase thanks to the accumulation of retained earnings, issuance of hybrid bonds, etc. Interest rate risk arising from the duration gap between assets and liabilities is decreasing with changes in the liability structure, investment in super-long-term bonds and so forth, and ESR sensitivity is tending to be curbed, too. Interest payments associated with financing are decreasing slowly. While factors like a relatively high ratio of debt capital leave room for improvement, capital

adequacy is steadily improving. The Group is aware of the need to advance ERM, and economic value-based way of thinking has sunk in across the board, including the adoption of an ERM framework in sales indicators and asset management policies.

Tomohiro Miyao, Kota Matsuzawa

Rating

Issuer: Asahi Mutual Life Insurance Company

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Ability to Pay Insurance Claims: A- Outlook: Stable

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% from February 11, 2022 to and including February 10, 2027. 5-year JGB interest rate as of February 10, 2027 or the reference date every five years thereafter + 2.50% from February 11, 2027 onward.

Issue	Amount (bn)	Execution Date	Repayment Date	Interest Rate	Rating
Perpetual Subordinated Loan					
	JPY 34	Mar. 29, 2024	No Maturity	(Note)	BBB

Note: Base rate + initial spread for the interest periods beginning on any date from the Execution Date to but excluding the interest payment date in March 2029. Base rate + initial spread + 1.00% step-up interest rate for the interest periods beginning on or after that date.

Rating Assignment Date: March 6, 2024

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" (February 1, 2024), "Life Insurance" (February 8, 2024), "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/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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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 11, 2024

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	Issuer(Long-term)	March 9, 2022	BBB+	Positive
Asahi Mutual Life Insurance Company	Issuer(Long-term)	March 7, 2023	A-	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	Ability to Pay Insurance Claims	March 9, 2022	BBB+	Positive
Asahi Mutual Life Insurance Company	Ability to Pay Insurance Claims	March 7, 2023	A-	Stable
Asahi Mutual Life Insurance Company	Bonds no.1(subordinated)	February 4, 2022	BBB-	
Asahi Mutual Life Insurance Company	Bonds no.1(subordinated)	March 9, 2022	BBB-	
Asahi Mutual Life Insurance Company	Bonds no.1(subordinated)	March 7, 2023	BBB	
Asahi Mutual Life Insurance Company	Loan(subordinated)(perpetual)	January 31, 2024	BBB	

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

I, Tomohiro Miyao, 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.

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