SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

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Summary of Consolidated Financial Results for the three months ended June 30, 2018

Supplementary Information

August 10, 2018

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

Summary of Consolidated Financial Results for the three months ended June 30, 2018

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Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	445,878	447,105	1,227
Receivables under resale agreements	74,998	69,999	(4,999)
Monetary receivables bought	6,301	6,411	110
Money trusts	98,613	93,828	(4,785)
Securities	5,491,040	5,441,705	(49,334)
Loans	661,399	642,325	(19,074)
Tangible fixed assets	244,366	242,390	(1,975)
Intangible fixed assets	79,404	87,184	7,780
Other assets:	596,552	571,486	(25,066)
Prepaid pension cost	669	621	(47)
Allowance for possible credit losses	(3,570)	(3,567)	3
Allowance for possible investment losses	(7,476)	(7,476)	—
Total assets	7,688,176	7,592,013	(96,162)
Liabilities:			
Underwriting funds:	4,766,933	4,791,020	24,087
Reserve for outstanding losses and claims	907,429	905,669	(1,760)
Underwriting reserves	3,859,504	3,885,351	25,847
Corporate bonds	433,560	433,560	—
Other liabilities	651,635	501,659	(149,976)
Reserve for retirement benefits	92,974	94,109	1,134
Reserve for bonus payments	18,435	5,175	(13,260)
Reserve for bonus payments to directors	97	—	(97)
Reserves under the special laws:	79,193	80,232	1,038
Reserve for price fluctuation	79,193	80,232	1,038
Deferred tax liabilities	70,750	71,493	742
Total liabilities	6,113,580	5,977,249	(136,330)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	459,119	498,274	39,155
Total shareholders' equity	599,119	638,274	39,155
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	968,426	969,977	1,551
Deferred gains and losses on hedges	7,050	6,511	(539)
Total valuation and translation adjustments	975,477	976,489	1,012
Total net assets	1,574,596	1,614,764	40,167
Total liabilities and net assets	7,688,176	7,592,013	(96,162)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	643,280	647,712	4,431	0.7
Underwriting income:	613,846	594,681	(19,165)	(3.1)
Net premiums written	559,791	553,596	(6,195)	(1.1)
Deposits of premiums by policyholders	30,810	29,580	(1,230)	(4.0)
Interest and dividend income on deposits of premiums, etc.	10,027	9,389	(638)	(6.4)
Reversal of reserve for outstanding losses and claims	11,709	1,760	(9,949)	(85.0)
Investment income:	27,825	51,456	23,630	84.9
Interest and dividend income	31,087	34,919	3,832	12.3
Investment gains on money trusts	1,414	1,885	471	33.3
Gains on sales of securities	3,930	19,370	15,440	392.8
Transfer of interest and dividend income on deposits of premiums, etc.	(10,027)	(9,389)	638	―
Other ordinary income	1,607	1,574	(33)	(2.1)
Ordinary expenses:	606,939	594,970	(11,968)	(2.0)
Underwriting expenses:	517,492	495,987	(21,505)	(4.2)
Net claims paid	305,171	293,895	(11,275)	(3.7)
Loss adjustment expenses	32,385	31,157	(1,228)	(3.8)
Net commissions and brokerage fees	103,032	100,985	(2,047)	(2.0)
Maturity refunds to policyholders	47,026	43,417	(3,609)	(7.7)
Provision for underwriting reserves	29,165	25,847	(3,317)	(11.4)
Investment expenses:	2,736	16,097	13,361	488.3
Investment losses on money trusts	48	246	198	408.4
Losses on sales of securities	0	12,095	12,094	1,343,822.5
Impairment losses on securities	249	345	95	38.4
Operating, general and administrative expenses	83,823	80,557	(3,266)	(3.9)
Other ordinary expenses:	2,886	2,327	(558)	(19.3)
Interest paid	1,684	1,806	121	7.2
Ordinary profit	36,341	52,741	16,400	45.1
Extraordinary gains:	28	46	17	62.4
Gains on disposal of fixed assets	28	46	17	62.4
Extraordinary losses:	3,007	1,267	(1,739)	(57.8)
Losses on disposal of fixed assets	353	228	(124)	(35.2)
Provision for reserves under the special laws:	2,654	1,038	(1,615)	(60.9)
Provision for reserve for price fluctuation	2,654	1,038	(1,615)	(60.9)
Net income before income taxes	33,362	51,520	18,157	54.4
Income taxes and deferred income taxes	9,007	12,364	3,356	37.3
Net income	24,354	39,155	14,800	60.8

Underwriting result:					
Net premiums written	(+)	559,791	553,596	(6,195)	(1.1)
Net claims paid	(−)	305,171	293,895	(11,275)	(3.7)
Loss adjustment expenses	(−)	32,385	31,157	(1,228)	(3.8)
Net operating expenses:	(−)	181,864	176,498	(5,365)	(3.0)
Net commissions and brokerage fees		103,032	100,985	(2,047)	(2.0)
Operating, general and administrative expenses related to underwriting		78,831	75,513	(3,318)	(4.2)
Underwriting result		40,370	52,045	11,674	28.9
Underwriting profit		17,682	22,429	4,747	26.8
Ratios:					
Net loss ratio	(%)	60.3	58.7	(1.6)	
Net operating expenses ratio	(%)	32.5	31.9	(0.6)	
Combined ratio	(%)	92.8	90.6	(2.2)	

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	86,793	14.1	8.4	87,184	14.2	0.5
Marine insurance	12,438	2.0	3.5	12,934	2.1	4.0
Personal accident insurance	55,045	9.0	1.0	53,876	8.8	(2.1)
Voluntary automobile insurance	276,261	45.0	0.7	274,427	44.7	(0.7)
Compulsory automobile liability insurance	78,899	12.9	0.7	74,382	12.1	(5.7)
Others	103,985	17.0	4.5	110,945	18.1	6.7
Total	613,425	100.0	2.4	613,750	100.0	0.1
Deposits of premiums by policyholders	30,810	——	(0.3)	29,580	——	(4.0)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	61,037	10.9	(0.7)	58,451	10.6	(4.2)
Marine insurance	11,429	2.0	10.2	11,550	2.1	1.1
Personal accident insurance	53,914	9.6	0.8	52,643	9.5	(2.4)
Voluntary automobile insurance	275,670	49.2	0.5	273,626	49.4	(0.7)
Compulsory automobile liability insurance	72,655	13.0	7.4	63,290	11.4	(12.9)
Others	85,083	15.2	3.2	94,034	17.0	10.5
Total	559,791	100.0	1.8	553,596	100.0	(1.1)

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	50,577	7.1	85.0	36,338	(28.2)	64.2
Marine insurance	5,497	(15.6)	51.2	4,878	(11.3)	45.2
Personal accident insurance	23,480	(2.3)	47.2	23,033	(1.9)	47.1
Voluntary automobile insurance	138,452	4.7	57.9	141,287	2.0	59.1
Compulsory automobile liability insurance	52,783	(6.4)	79.6	51,461	(2.5)	88.8
Others	34,379	5.5	43.4	36,896	7.3	42.0
Total	305,171	2.1	60.3	293,895	(3.7)	58.7

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of June 30, 2018
(A) Total Non-consolidated Solvency Margin		3,078,246	3,156,891
	Capital and funds, etc.	598,902	638,057
	Reserve for price fluctuation	79,193	80,232
	Contingency reserve	611	611
	Catastrophic loss reserve	555,293	576,947
	General allowance for possible credit losses	229	226
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,184,429	1,186,079
	Unrealized gains and losses on land	93,030	93,078
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	433,560	433,560
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	54,455	54,455
	Others	187,451	202,554
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		837,472	834,899
	Underwriting risk (R_1)	187,079	187,475
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	19,350	19,006
	Investment risk (R_4)	646,159	639,718
	Business management risk (R_5)	19,583	19,533
	Major catastrophe risk (R_6)	126,585	130,481
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		735.1 %	756.2 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of June 30, 2018 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of March 31, 2018.

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	27,171	27,758	587
Securities	18,462	17,623	(838)
Loans	0	0	—
Tangible fixed assets	310	341	31
Intangible fixed assets	2,896	2,962	66
Other assets	4,998	7,281	2,282
Allowance for possible credit losses	(31)	(31)	(0)
Total assets	53,807	55,936	2,129
Liabilities:			
Underwriting funds:	41,984	46,603	4,619
Reserve for outstanding losses and claims	13,630	13,586	(44)
Underwriting reserves	28,353	33,017	4,663
Other liabilities	3,049	2,058	(990)
Reserve for retirement benefits to directors	25	27	1
Reserve for bonus payments	273	169	(104)
Reserve for bonus payments to directors	22	5	(16)
Reserves under the special laws:	44	45	0
Reserve for price fluctuation	44	45	0
Deferred tax liabilities	118	126	8
Total liabilities	45,518	49,036	3,517
Net assets:			
Shareholders' equity:			
Common stock	31,010	31,010	—
Capital surplus	29,247	29,247	—
Retained earnings	(52,364)	(53,774)	(1,410)
Total shareholders' equity	7,893	6,483	(1,410)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	396	417	21
Total valuation and translation adjustments	396	417	21
Total net assets	8,289	6,900	(1,388)
Total liabilities and net assets	53,807	55,936	2,129

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	12,655	13,624	968	7.7
Underwriting income:	12,630	13,614	984	7.8
Net premiums written	12,616	13,559	942	7.5
Deposits of premiums by policyholders	4	2	(2)	(50.2)
Interest and dividend income on deposits of premiums, etc.	8	8	0	0.3
Reversal of reserve for outstanding losses and claims	—	44	44	—
Investment income:	24	9	(14)	(60.4)
Interest and dividend income	21	18	(2)	(12.7)
Gains on sales of securities	11	—	(11)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(8)	(8)	(0)	—
Other ordinary income	0	0	(0)	(99.4)
Ordinary expenses:	14,588	15,029	441	3.0
Underwriting expenses:	11,364	11,841	477	4.2
Net claims paid	5,278	6,039	760	14.4
Loss adjustment expenses	776	860	84	10.9
Net commissions and brokerage fees	251	240	(10)	(4.3)
Maturity refunds to policyholders	26	28	2	8.3
Provision for reserve for outstanding losses and claims	172	—	(172)	(100.0)
Provision for underwriting reserves	4,853	4,663	(190)	(3.9)
Investment expenses	0	0	0	2.3
Operating, general and administrative expenses	3,217	3,182	(34)	(1.1)
Other ordinary expenses:	6	4	(1)	(31.9)
Interest paid	1	1	0	12.6
Ordinary loss	(1,932)	(1,405)	527	—
Extraordinary losses:	0	0	0	3.5
Losses on disposal of fixed assets	0	—	(0)	(100.0)
Provision for reserves under the special laws:	0	0	0	3.5
Provision for reserve for price fluctuation	0	0	0	3.5
Net loss before income taxes	(1,933)	(1,406)	527	—
Income taxes and deferred income taxes	3	3	0	21.4
Net loss	(1,937)	(1,410)	527	—

Underwriting result:					
Net premiums written	(+)	12,616	13,559	942	7.5
Net claims paid	(−)	5,278	6,039	760	14.4
Loss adjustment expenses	(−)	776	860	84	10.9
Net operating expenses:	(−)	3,462	3,417	(45)	(1.3)
Net commissions and brokerage fees		251	240	(10)	(4.3)
Operating, general and administrative expenses related to underwriting		3,211	3,176	(35)	(1.1)
Underwriting result		3,099	3,242	143	4.6
Underwriting profit (loss)		(1,923)	(1,387)	535	—
Ratios:					
Net loss ratio	(%)	48.0	50.9	2.9	
Net operating expenses ratio	(%)	27.4	25.2	(2.2)	
Combined ratio	(%)	75.4	76.1	0.7	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	437	3.3	(3.8)	337	2.4	(22.7)
Marine insurance	—	—	—	—	—	—
Personal accident insurance	911	6.9	(5.5)	758	5.4	(16.9)
Voluntary automobile insurance	11,497	87.2	21.8	12,639	90.0	9.9
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	334	2.5	3.2	311	2.2	(6.9)
Total	13,180	100.0	17.9	14,046	100.0	6.6
Deposits of premiums by policyholders	4	——	(69.6)	2	——	(50.2)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	156	1.2	(14.4)	133	1.0	(14.8)
Marine insurance	0	0.0	(95.6)	(0)	(0.0)	(891.7)
Personal accident insurance	664	5.3	(1.6)	542	4.0	(18.3)
Voluntary automobile insurance	11,355	90.0	21.6	12,485	92.1	9.9
Compulsory automobile liability insurance	107	0.9	23.0	87	0.6	(18.4)
Others	333	2.6	3.3	310	2.3	(6.9)
Total	12,616	100.0	19.0	13,559	100.0	7.5

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	74	(27.8)	56.5	81	8.6	68.3
Marine insurance	0	54.3	36,963.0	0	(77.4)	—
Personal accident insurance	336	(2.5)	59.2	324	(3.6)	71.2
Voluntary automobile insurance	4,671	25.6	47.1	5,459	16.8	49.9
Compulsory automobile liability insurance	96	(6.8)	90.2	99	3.8	114.1
Others	99	140.6	36.7	74	(24.7)	31.3
Total	5,278	22.4	48.0	6,039	14.4	50.9

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of June 30, 2018
(A) Total Non-consolidated Solvency Margin		12,720	12,162
	Capital and funds, etc.	7,893	6,483
	Reserve for price fluctuation	44	45
	Contingency reserve	11	11
	Catastrophic loss reserve	4,306	5,131
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	463	489
	Unrealized gains and losses on land	—	—
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	—	—
	Others	1	0
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		5,482	5,717
	Underwriting risk (R_1)	4,233	4,368
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	21	20
	Investment risk (R_4)	702	690
	Business management risk (R_5)	178	185
	Major catastrophe risk (R_6)	1,008	1,105
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		463.9 %	425.4 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of June 30, 2018 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of March 31, 2018.

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	20,795	22,603	1,808
Securities	2,001	—	(2,001)
Tangible fixed assets	188	171	(17)
Other assets	895	701	(193)
Deferred tax assets	219	181	(38)
Total assets	24,100	23,657	(442)
Liabilities:			
Underwriting funds:	11,933	12,021	88
Reserve for outstanding losses and claims	4,458	4,520	62
Underwriting reserves	7,475	7,500	25
Other liabilities	2,200	1,585	(614)
Reserve for retirement benefits	280	283	2
Reserve for bonus payments	98	23	(74)
Reserve for bonus payments to directors	4	—	(4)
Reserves under the special laws:	20	—	(20)
Reserve for price fluctuation	20	—	(20)
Total liabilities	14,537	13,913	(623)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus	19,000	19,000	—
Retained earnings	(28,437)	(28,256)	180
Total shareholders' equity	9,562	9,743	180
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	0	—	(0)
Total valuation and translation adjustments	0	—	(0)
Total net assets	9,562	9,743	180
Total liabilities and net assets	24,100	23,657	(442)

Sonpo 24 Insurance Company Limited (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	3,258	2,999	(258)	(7.9)
Underwriting income:	3,260	3,002	(257)	(7.9)
Net premiums written	3,257	2,999	(257)	(7.9)
Interest and dividend income on deposits of premiums, etc.	2	2	(0)	(1.4)
Investment income:	(2)	(2)	(0)	—
Interest and dividend income	0	(0)	(0)	(135.2)
Transfer of interest and dividend income on deposits of premiums, etc.	(2)	(2)	0	—
Other ordinary income	0	0	(0)	(25.4)
Ordinary expenses:	3,047	2,772	(274)	(9.0)
Underwriting expenses:	2,276	2,030	(246)	(10.8)
Net claims paid	1,672	1,516	(156)	(9.3)
Loss adjustment expenses	251	248	(2)	(1.1)
Net commissions and brokerage fees	199	177	(21)	(10.8)
Provision for reserve for outstanding losses and claims	99	62	(36)	(36.9)
Provision for underwriting reserves	54	25	(28)	(53.1)
Operating, general and administrative expenses	770	742	(28)	(3.7)
Other ordinary expenses	0	0	(0)	(9.7)
Ordinary profit	210	227	16	7.7
Extraordinary gains:	—	20	20	—
Reversal of reserves under the special laws:	—	20	20	—
Reversal of reserve for price fluctuation	—	20	20	—
Extraordinary losses:	0	—	(0)	(100.0)
Provision for reserves under the special laws:	0	—	(0)	(100.0)
Provision for reserve for price fluctuation	0	—	(0)	(100.0)
Other extraordinary losses	0	—	(0)	(100.0)
Net income before income taxes	210	247	36	17.4
Income taxes and deferred income taxes	31	66	34	108.5
Net income	178	180	2	1.2

Underwriting result:					
Net premiums written	(+)	3,257	2,999	(257)	(7.9)
Net claims paid	(−)	1,672	1,516	(156)	(9.3)
Loss adjustment expenses	(−)	251	248	(2)	(1.1)
Net operating expenses:	(−)	969	919	(49)	(5.1)
Net commissions and brokerage fees		199	177	(21)	(10.8)
Operating, general and administrative expenses related to underwriting		770	741	(28)	(3.7)
Underwriting result		364	315	(49)	(13.5)
Underwriting profit		213	230	16	7.7
Ratios:					
Net loss ratio	(%)	59.0	58.8	(0.2)	
Net operating expenses ratio	(%)	29.8	30.7	0.9	
Combined ratio	(%)	88.8	89.5	0.7	

Sonpo 24 Insurance Company Limited (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	3,250	100.0	(5.9)	2,989	100.0	(8.0)
Compulsory automobile liability insurance	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,250	100.0	(5.9)	2,989	100.0	(8.0)
Deposits of premiums by policyholders	—	——	—	—	——	—

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	3,201	98.3	(6.0)	2,954	98.5	(7.7)
Compulsory automobile liability insurance	55	1.7	13.7	45	1.5	(18.4)
Others	—	—	—	—	—	—
Total	3,257	100.0	(5.7)	2,999	100.0	(7.9)

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2017 (April 1 to June 30, 2017)			Three months ended June 30, 2018 (April 1 to June 30, 2018)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	—	—	—	—	—	—
Marine insurance	—	—	—	—	—	—
Personal accident insurance	—	—	—	—	—	—
Voluntary automobile insurance	1,615	(1.4)	58.3	1,460	(9.6)	57.9
Compulsory automobile liability insurance	56	(10.4)	101.3	55	(2.2)	121.4
Others	—	—	—	—	—	—
Total	1,672	(1.8)	59.0	1,516	(9.3)	58.8

Sonpo 24 Insurance Company Limited (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of June 30, 2018
(A) Total Non-consolidated Solvency Margin		10,063	10,319
	Capital and funds, etc.	9,562	9,743
	Reserve for price fluctuation	20	—
	Contingency reserve	—	—
	Catastrophic loss reserve	480	575
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	0	—
	Unrealized gains and losses on land	—	—
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	—	—
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	—	—
	Others	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		1,860	1,825
	Underwriting risk (R_1)	1,649	1,619
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	—	—
	Investment risk (R_4)	248	226
	Business management risk (R_5)	60	59
	Major catastrophe risk (R_6)	132	131
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,081.6 %	1,130.6 %

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996). The amounts and figures as of June 30, 2018 are partly calculated by using the simplified method. For example, some bases for the major catastrophe risk calculation are deemed the same as the amounts and figures as of March 31, 2018.

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	90,465	85,681	(4,783)
Securities:	2,594,537	2,646,797	52,259
Government bonds	1,773,257	1,799,893	26,635
Municipal bonds	61,410	61,415	5
Corporate bonds	354,833	364,657	9,824
Domestic stocks	9,233	9,242	9
Foreign securities	395,802	411,587	15,785
Loans:	39,865	39,940	75
Policy loans	39,865	39,940	75
Tangible fixed assets	1,455	1,371	(83)
Agency accounts receivable	120	157	37
Reinsurance accounts receivable	1,925	663	(1,261)
Other assets	53,984	54,420	435
Deferred tax assets	13,923	12,624	(1,298)
Allowance for possible credit losses	(48)	(45)	2
Total assets	2,796,230	2,841,611	45,381
Liabilities:			
Policy reserves:	2,604,810	2,645,544	40,734
Reserve for outstanding claims	41,979	42,685	705
Policy reserves	2,557,365	2,597,523	40,158
Reserve for dividends to policyholders	5,465	5,335	(129)
Agency accounts payable	4,506	3,209	(1,296)
Reinsurance accounts payable	963	957	(5)
Other liabilities	41,408	39,921	(1,486)
Reserve for bonus payments to directors	47	—	(47)
Reserve for retirement benefits	3,698	3,828	129
Reserves under the special laws:	6,838	6,985	147
Reserve for price fluctuation	6,838	6,985	147
Total liabilities	2,662,271	2,700,448	38,176
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	65,624	70,355	4,731
Total shareholders' equity	96,207	100,939	4,731
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	37,750	40,224	2,473
Total valuation and translation adjustments	37,750	40,224	2,473
Total net assets	133,958	141,163	7,205
Total liabilities and net assets	2,796,230	2,841,611	45,381

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)	Three months ended June 30, 2018 (April 1 to June 30, 2018)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	116,996	118,278	1,282	1.1
Insurance premiums and other:	104,633	105,485	852	0.8
Insurance premiums	103,868	104,879	1,011	1.0
Investment income:	12,121	12,469	348	2.9
Interest and dividend income and other	10,816	11,059	243	2.2
Gains on sales of securities	634	1,052	418	66.0
Investment gains on special account	659	348	(311)	(47.2)
Other ordinary income	241	322	81	33.7
Ordinary expenses:	112,464	110,399	(2,065)	(1.8)
Insurance claims and other:	45,067	44,938	(129)	(0.3)
Insurance claims	8,540	8,151	(388)	(4.6)
Annuity payments	3,258	3,074	(183)	(5.6)
Insurance benefits	9,546	10,864	1,318	13.8
Surrender benefits	21,991	21,018	(973)	(4.4)
Other refunds	568	800	232	40.8
Provision for policy reserves and other:	42,371	40,864	(1,506)	(3.6)
Provision for reserve for outstanding claims	786	705	(81)	(10.3)
Provision for policy reserves	41,584	40,158	(1,425)	(3.4)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	72.1
Investment expenses:	1,335	1,547	211	15.9
Interest paid	24	21	(3)	(12.7)
Losses on sales of securities	976	1,125	148	15.2
Losses on derivatives	313	377	64	20.6
Operating expenses	22,695	21,947	(747)	(3.3)
Other ordinary expenses	995	1,101	105	10.6
Ordinary profit	4,531	7,879	3,347	73.9
Extraordinary losses:	320	152	(168)	(52.4)
Losses on disposal of fixed assets and other	2	4	2	81.8
Provision for reserves under the special laws:	318	147	(170)	(53.6)
Provision for reserve for price fluctuation	318	147	(170)	(53.6)
Provision for reserve for dividends to policyholders	1,119	1,122	2	0.2
Net income before income taxes	3,090	6,604	3,513	113.7
Income taxes and deferred income taxes	924	1,873	948	102.6
Net income	2,166	4,731	2,565	118.4

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Major Business Results

Total amount of policies in force

(Number in thousands, Yen in hundred millions, %)

	As of March 31, 2018				As of June 30, 2018			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,980	103.2	218,778	99.1	4,005	100.6	222,685	101.8
Individual annuities	63	94.9	2,479	95.9	62	98.0	2,450	98.8
Group insurance	——	——	27,846	103.1	——	——	27,972	100.5
Group annuities	——	——	—	—	——	——	—	—

Note) Amounts of “Individual annuities” represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

Total amount of new policies

(Number in thousands, Yen in hundred millions, %)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)				Three months ended June 30, 2018 (April 1 to June 30, 2018)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	76	81.2	4,055	76.8	89	116.3	12,879	317.6
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	37	72.3	——	——	79	214.9
Group annuities	——	——	—	—	——	——	—	—

Note) Amounts of “Individual annuities” represent amounts of annuity fund at the beginning of annuity payment.

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2018		As of June 30, 2018	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	351,823	104.0	353,835	100.6
Individual annuities	18,645	96.3	18,203	97.6
Total	370,468	103.6	372,039	100.4
Medical and survival benefits	142,643	104.8	143,690	100.7

New policies

(Millions of yen, %)

	Three months ended June 30, 2017 (April 1 to June 30, 2017)		Three months ended June 30, 2018 (April 1 to June 30, 2018)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	9,174	96.6	9,094	99.1
Individual annuities	—	—	—	—
Total	9,174	95.5	9,094	99.1
Medical and survival benefits	3,206	84.0	3,016	94.1

Notes)

1. Annualized premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized premiums for medical and survival benefits include (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2018	As of June 30, 2018
(A) Total Non-consolidated Solvency Margin		340,108	355,886
	Capital, etc.	96,207	101,065
	Reserve for price fluctuation	6,838	6,985
	Contingency reserve	30,270	30,733
	General allowance for possible credit losses	3	3
	Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	47,188	50,280
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	164,592	166,714
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(30,855)	(27,555)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	25,862	27,657
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		44,952	46,436
	Underwriting risk (R_1)	13,508	13,749
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	9,318	9,455
	Guaranteed interest rate risk (R_2)	8,430	8,453
	Guaranteed minimum benefit risk (R_7)	379	381
	Investment risk (R_3)	28,512	29,950
	Business management risk (R_4)	1,202	1,239
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,513.1 %	1,532.7 %

Notes)

1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.

Supplementary Explanation

< Calculation of ratios, etc. >

- Underwriting profit = Underwriting income - Underwriting expenses - Operating, general and administrative expenses related to underwriting + Other income and expenses*

  *Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.
- Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
- Net operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
- Combined ratio = Net loss ratio + Net operating expenses ratio

< Non-consolidated solvency margin ratio >

• In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.

• (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which exceed their normal estimates” ((B) Total Non-consolidated Risks).

• “Risks which exceed their normal estimates” are composed of risks described below.

<1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:
Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)

<2> Guaranteed interest rate risk:
Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions

<3> Investment risk:
Risks of securities and other assets held fluctuating in prices in excess of normal estimates

<4> Business management risk:
Risks beyond normal estimates arising from business management that do not fall under other categories

<5> Major catastrophe risk:
Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)

<6> Guaranteed minimum benefit risk:
Risks of special account assets fluctuating in prices in excess of normal estimates

• “Solvency margin of insurance companies by means of their capital, reserves, etc.” (total non-consolidated solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of unrealized gains and losses on land, etc.

• Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.