

Selected Unofficial Translation of Summary of Consolidated Financial Results for the nine months ended December 31, 2016

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around February 21, 2017.

Overview of Business Results of Principal Consolidated Subsidiaries
Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)
Quarterly Balance Sheet

	As of March 31, 2016	As of December 31, 2016	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	319,616	556,987	237,370
Receivables under resale agreements	77,998	109,999	32,000
Monetary receivables bought	11,383	8,124	(3,258)
Money trusts	114,639	102,969	(11,669)
Securities	4,920,555	5,049,361	128,805
Loans	679,023	619,013	(60,009)
Tangible fixed assets	294,882	288,468	(6,413)
Intangible fixed assets	17,147	33,702	16,555
Other assets	611,468	578,201	(33,266)
Prepaid pension cost	889	885	(3)
Allowance for possible credit losses	(3,363)	(3,467)	(103)
Allowance for possible investment losses	(8,018)	(7,865)	153
Total assets	7,036,222	7,336,381	300,159
Liabilities:			
Underwriting funds:	4,926,703	4,886,203	(40,500)
Reserve for outstanding losses and claims	912,975	914,686	1,710
Underwriting reserves	4,013,727	3,971,516	(42,210)
Corporate bonds	133,560	333,560	200,000
Other liabilities	454,688	323,181	(131,506)
Reserve for retirement benefits	85,748	91,822	6,074
Reserve for bonus payments	18,092	4,675	(13,417)
Reserve for bonus payments to directors	88	—	(88)
Reserves under the special laws:	58,169	64,239	6,069
Reserve for price fluctuation	58,169	64,239	6,069
Deferred tax liabilities	34,289	79,159	44,869
Total liabilities	5,711,340	5,782,841	71,501
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	93,878	93,801	(76)
Retained earnings	293,184	395,819	102,635
Total shareholders' equity	457,062	559,621	102,559
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	857,308	957,178	99,870
Deferred gains and losses on hedges	10,510	36,740	26,229
Total valuation and translation adjustments	867,818	993,918	126,099
Total net assets	1,324,881	1,553,540	228,658
Total liabilities and net assets	7,036,222	7,336,381	300,159

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Nine months ended December 31, 2016 (April 1 to December 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	1,919,368	1,904,407	(14,960)	(0.8)
Underwriting income:	1,817,886	1,797,730	(20,155)	(1.1)
Net premiums written	1,685,937	1,618,829	(67,108)	(4.0)
Deposits of premiums by policyholders	94,226	102,184	7,957	8.4
Interest and dividend income on deposits of premiums, etc.	33,369	33,500	130	0.4
Reversal of underwriting reserves	2,634	42,210	39,576	1,502.0
Investment income:	95,163	100,973	5,810	6.1
Interest and dividend income	84,665	82,230	(2,435)	(2.9)
Investment gains on money trusts	6,223	1,640	(4,583)	(73.6)
Gains on sales of securities	28,502	43,504	15,001	52.6
Transfer of interest and dividend income on deposits of premiums, etc.	(33,369)	(33,500)	(130)	—
Other ordinary income	6,318	5,703	(615)	(9.7)
Ordinary expenses:	1,830,688	1,753,556	(77,132)	(4.2)
Underwriting expenses:	1,559,153	1,483,714	(75,439)	(4.8)
Net claims paid	967,996	927,373	(40,622)	(4.2)
Loss adjustment expenses	93,068	95,118	2,049	2.2
Net commissions and brokerage fees	303,887	289,098	(14,788)	(4.9)
Maturity refunds to policyholders	184,134	165,977	(18,157)	(9.9)
Provision for reserve for outstanding losses and claims	7,645	1,710	(5,934)	(77.6)
Investment expenses:	26,705	21,682	(5,023)	(18.8)
Investment losses on money trusts	89	145	56	62.7
Losses on sales of securities	1,606	2,911	1,305	81.3
Impairment losses on securities	20,237	723	(19,513)	(96.4)
Operating, general and administrative expenses	239,061	239,860	799	0.3
Other ordinary expenses:	5,768	8,299	2,530	43.9
Interest paid	3,532	5,032	1,499	42.4
Ordinary profit	88,679	150,850	62,171	70.1
Extraordinary gains:	6,696	675	(6,021)	(89.9)
Gains on disposal of fixed assets	6,696	675	(6,021)	(89.9)
Extraordinary losses:	14,017	11,885	(2,131)	(15.2)
Losses on disposal of fixed assets	1,361	5,618	4,256	312.7
Impairment losses	—	197	197	—
Provision for reserves under the special laws:	6,207	6,069	(138)	(2.2)
Provision for reserve for price fluctuation	6,207	6,069	(138)	(2.2)
Other extraordinary losses	6,448	—	(6,448)	(100.0)
Net income before income taxes	81,358	139,640	58,281	71.6
Income taxes and deferred income taxes	20,258	37,004	16,746	82.7
Net income	61,100	102,635	41,535	68.0
Underwriting result:				
Net premiums written (+)	1,685,937	1,618,829	(67,108)	(4.0)
Net claims paid (—)	967,996	927,373	(40,622)	(4.2)
Loss adjustment expenses (—)	93,068	95,118	2,049	2.2
Net operating expenses: (—)	532,893	517,047	(15,846)	(3.0)
Net commissions and brokerage fees	303,887	289,098	(14,788)	(4.9)
Operating, general and administrative expenses related to underwriting	229,006	227,948	(1,057)	(0.5)
Underwriting result	91,978	79,290	(12,688)	(13.8)
Underwriting profit	29,816	85,880	56,063	188.0
Ratios:				
Net loss ratio (%)	62.9	63.2	0.2	
Net operating expenses ratio (%)	31.6	31.9	0.3	
Combined ratio (%)	94.5	95.1	0.6	

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	Nine months ended December 31, 2015 (April 1 to December 31, 2015)			Nine months ended December 31, 2016 (April 1 to December 31, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	295,114	16.7%	11.3%	257,432	14.8%	(12.8)
Marine insurance	38,911	2.2	0.2	33,652	1.9	(13.5)
Personal accident insurance	142,727	8.1	0.8	141,638	8.2	(0.8)
Voluntary automobile insurance	799,794	45.3	3.0	806,599	46.5	0.9
Compulsory automobile liability insurance	237,974	13.5	(0.5)	233,457	13.5	(1.9)
Others	252,108	14.3	2.0	262,098	15.1	4.0
Total	1,766,631	100.0	3.4	1,734,878	100.0	(1.8)
Deposits of premiums by policyholders	94,226	—	(20.6)	102,184	—	8.4

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2015 (April 1 to December 31, 2015)			Nine months ended December 31, 2016 (April 1 to December 31, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	257,911	15.3%	9.3%	204,501	12.6%	(20.7)
Marine insurance	39,271	2.3	(0.1)	32,703	2.0	(16.7)
Personal accident insurance	141,974	8.4	(0.5)	139,541	8.6	(1.7)
Voluntary automobile insurance	799,182	47.4	2.8	805,765	49.8	0.8
Compulsory automobile liability insurance	233,512	13.9	2.5	219,288	13.5	(6.1)
Others	214,084	12.7	1.6	217,027	13.4	1.4
Total	1,685,937	100.0	3.2	1,618,829	100.0	(4.0)

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2015 (April 1 to December 31, 2015)			Nine months ended December 31, 2016 (April 1 to December 31, 2016)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	173,391	(2.8)%	68.6%	147,650	(14.8)%	74.0%
Marine insurance	22,539	10.8	60.6	19,653	(12.8)	63.4
Personal accident insurance	75,660	(1.1)	57.6	70,869	(6.3)	55.1
Voluntary automobile insurance	420,292	(1.8)	60.1	415,708	(1.1)	59.2
Compulsory automobile liability insurance	172,278	0.0	80.2	171,171	(0.6)	84.9
Others	103,834	(0.4)	52.0	102,319	(1.5)	50.6
Total	967,996	(1.2)	62.9	927,373	(4.2)	63.2

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2016	As of December 31, 2016
(A) Total Non-consolidated Solvency Margin	2,363,853	2,858,473
Capital and funds, etc.	456,986	559,621
Reserve for price fluctuation	58,169	64,239
Contingency reserve	611	611
Catastrophic loss reserve	563,738	579,326
General allowance for possible credit losses	208	212
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,057,747	1,168,107
Unrealized gains and losses on land	42,989	56,534
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	133,560	333,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	74,158	67,297
Others	124,000	163,557
(B) Total Non-consolidated Risks	648,203	698,810
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	183,289	185,130
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	22,035	21,624
Investment risk (R_4)	440,046	509,229
Business management risk (R_5)	15,617	16,717
Major catastrophe risk (R_6)	135,479	119,884
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	729.3 %	818.0 %

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 December 31, 2016 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 September 30, 2016.

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

Quarterly Balance Sheet

	As of March 31, 2016	As of December 31, 2016	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	44,938	43,577	(1,360)
Securities:	2,305,223	2,414,739	109,516
Government bonds	1,688,558	1,707,044	18,486
Municipal bonds	56,354	58,730	2,375
Corporate bonds	313,126	329,036	15,910
Domestic stocks	6,996	8,149	1,153
Foreign securities	240,186	311,777	71,590
Loans:	37,406	37,860	453
Policy loans	37,406	37,860	453
Tangible fixed assets	1,490	1,430	(59)
Agency accounts receivable	120	106	(14)
Reinsurance accounts receivable	1,222	1,569	347
Other assets	47,691	44,690	(3,000)
Deferred tax assets	—	4,407	4,407
Allowance for possible credit losses	(37)	(49)	(12)
Total assets	2,438,055	2,548,332	110,277
Liabilities:			
Policy reserves:	2,257,402	2,368,685	111,282
Reserve for outstanding claims	37,254	39,193	1,938
Policy reserves	2,214,871	2,323,976	109,104
Reserve for dividends to policyholders	5,275	5,515	239
Agency accounts payable	4,607	3,478	(1,128)
Reinsurance accounts payable	974	832	(142)
Other liabilities	12,498	19,034	6,536
Reserve for bonus payments to directors	42	—	(42)
Reserve for retirement benefits	2,803	3,167	364
Reserves under the special laws:	4,240	5,076	835
Reserve for price fluctuation	4,240	5,076	835
Deferred tax liabilities	1,796	—	(1,796)
Total liabilities	2,284,365	2,400,275	115,909
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	19,500	19,500	—
Retained earnings	50,187	58,334	8,146
Total shareholders' equity	86,937	95,084	8,146
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	66,751	52,973	(13,778)
Total valuation and translation adjustments	66,751	52,973	(13,778)
Total net assets	153,689	148,057	(5,631)
Total liabilities and net assets	2,438,055	2,548,332	110,277

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

Quarterly Statement of Income

(Millions of yen)

	Nine months ended December 31, 2015 (April 1 to December 31, 2015)	Nine months ended December 31, 2016 (April 1 to December 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	323,218	341,899	18,681	5.8
Insurance premiums and other:	289,759	304,605	14,845	5.1
Insurance premiums	287,196	301,562	14,365	5.0
Investment income:	32,337	36,458	4,120	12.7
Interest and dividend income and other	30,051	30,871	819	2.7
Gains on sales of securities	1,924	3,735	1,811	94.1
Investment gains on special account	348	1,851	1,503	431.2
Other ordinary income	1,120	835	(285)	(25.4)
Ordinary expenses:	304,542	326,147	21,604	7.1
Insurance claims and other:	134,445	135,919	1,473	1.1
Insurance claims	23,340	22,411	(928)	(4.0)
Annuity payments	8,509	9,544	1,034	12.2
Insurance benefits	28,759	29,246	487	1.7
Surrender benefits	69,007	69,937	930	1.3
Other refunds	1,748	1,881	132	7.6
Provision for policy reserves and other:	98,250	111,043	12,793	13.0
Provision for reserve for outstanding claims	1,932	1,938	6	0.3
Provision for policy reserves	96,317	109,104	12,786	13.3
Provision for interest portion of reserve for dividends to policyholders	0	0	0	48.3
Investment expenses:	932	2,543	1,610	172.8
Interest paid	59	70	11	19.6
Losses on sales of securities	478	1,610	1,132	236.7
Losses on derivatives	351	780	428	122.0
Operating expenses	68,251	73,863	5,612	8.2
Other ordinary expenses	2,663	2,777	113	4.3
Ordinary profit	18,675	15,752	(2,923)	(15.7)
Extraordinary gains:	—	0	0	—
Gains on disposal of fixed assets and other	—	0	0	—
Extraordinary losses:	646	836	190	29.4
Losses on disposal of fixed assets and other	10	1	(8)	(87.0)
Provision for reserves under the special laws:	636	835	198	31.2
Provision for reserve for price fluctuation	636	835	198	31.2
Provision for reserve for dividends to policyholders	3,470	3,262	(208)	(6.0)
Net income before income taxes	14,557	11,652	(2,904)	(20.0)
Income taxes and deferred income taxes	4,382	3,506	(876)	(20.0)
Net income	10,175	8,146	(2,028)	(19.9)

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, 2016				As of December 31, 2016			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,658	107.1	213,748	102.9	3,787	103.5	217,304	101.7
Individual annuities	68	99.2	2,673	97.4	67	99.0	2,615	97.8
Group insurance	—	—	28,289	90.8	—	—	27,972	98.9
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, %)

	Nine months ended December 31, 2015 (April 1 to December 31, 2015)				Nine months ended December 31, 2016 (April 1 to December 31, 2016)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	352	109.8	16,598	94.2	289	82.0	16,613	100.1
Individual annuities	0	109.1	35	107.4	0	87.6	35	99.8
Group insurance	—	—	240	162.2	—	—	160	66.7
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, 2016		As of December 31, 2016	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	313,803	105.0	327,580	104.4
Individual annuities	19,055	102.6	19,348	101.5
Total	332,859	104.8	346,928	104.2
Medical and survival benefits	129,561	108.8	134,234	103.6

New policies

(Millions of yen, %)

	Nine months ended December 31, 2015 (April 1 to December 31, 2015)		Nine months ended December 31, 2016 (April 1 to December 31, 2016)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	29,823	116.3	32,832	110.1
Individual annuities	133	105.1	126	94.7
Total	29,956	116.2	32,958	110.0
Medical and survival benefits	15,720	126.4	11,720	74.6

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, 2016	As of December 31, 2016
(A) Total Non-consolidated Solvency Margin	342,590	348,204
Capital, etc.	86,937	95,139
Reserve for price fluctuation	4,240	5,076
Contingency reserve	28,221	28,993
General allowance for possible credit losses	1	5
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)	83,439	66,216
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	137,836	143,842
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(18,020)	(14,193)
Brought in capital, etc.	—	—
Deductions	—	—
Others	19,933	23,123
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	38,678	41,417
Underwriting risk (R_1)	13,347	13,499
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	7,794	8,475
Guaranteed interest rate risk (R_2)	8,335	8,387
Guaranteed minimum benefit risk (R_7)	366	372
Investment risk (R_3)	22,430	25,023
Business management risk (R_4)	1,045	1,115
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	1,771.4 %	1,681.4 %

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.