

Selected Unofficial Translation of Summary of Consolidated Financial Results for the three months ended June 30, 2015

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around August 14, 2015.

Overview of Business Results of Principal Consolidated Subsidiaries

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	As of March 31, 2015	As of June 30, 2015	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	320,987	334,271	13,284
Receivables under resale agreements	71,985	104,976	32,990
Monetary receivables bought	14,234	13,273	(960)
Money trusts	111,162	112,985	1,823
Securities	5,340,339	5,394,900	54,561
Loans	586,639	579,373	(7,266)
Tangible fixed assets	310,995	308,112	(2,882)
Intangible fixed assets	598	3,013	2,415
Other assets	580,684	569,879	(10,804)
Prepaid pension cost	692	741	49
Allowance for possible credit losses	(3,713)	(3,658)	54
Allowance for possible investment losses	(8,369)	(8,369)	—
Total assets	7,326,234	7,409,500	83,265
Liabilities:			
Underwriting funds:	4,989,335	5,045,753	56,417
Reserve for outstanding losses and claims	928,513	941,911	13,397
Underwriting reserves	4,060,822	4,103,841	43,019
Corporate bonds	133,560	133,560	—
Other liabilities	347,743	298,498	(49,245)
Reserve for retirement benefits	89,223	89,872	649
Reserve for bonus payments	19,223	5,167	(14,056)
Reserve for bonus payments to directors	109	—	(109)
Reserves under the special laws:	50,134	52,186	2,052
Reserve for price fluctuation	50,134	52,186	2,052
Deferred tax liabilities	104,251	123,463	19,212
Total liabilities	5,733,581	5,748,501	14,920
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	121,180	121,180	—
Retained earnings	291,394	310,697	19,303
Total shareholders' equity	482,575	501,878	19,303
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	1,101,992	1,151,729	49,736
Deferred gains and losses on hedges	8,085	7,390	(695)
Total valuation and translation adjustments	1,110,078	1,159,119	49,041
Total net assets	1,592,653	1,660,998	68,344
Total liabilities and net assets	7,326,234	7,409,500	83,265

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Three months ended June 30, 2015 (April 1 to June 30, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	674,701	654,856	(19,845)	(2.9)
Underwriting income:	628,992	608,547	(20,444)	(3.3)
Net premiums written	555,459	562,789	7,330	1.3
Deposits of premiums by policyholders	31,115	31,326	210	0.7
Interest and dividend income on deposits of premiums, etc.	11,816	11,162	(654)	(5.5)
Reversal of reserve for outstanding losses and claims	30,253	—	(30,253)	(100.0)
Investment income:	41,950	44,542	2,591	6.2
Interest and dividend income	37,240	34,886	(2,354)	(6.3)
Investment gains on money trusts	1,711	2,835	1,124	65.7
Gains on sales of securities	12,521	11,218	(1,303)	(10.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(11,816)	(11,162)	654	—
Other ordinary income	3,759	1,766	(1,992)	(53.0)
Ordinary expenses:	620,725	626,958	6,233	1.0
Underwriting expenses:	537,329	539,158	1,828	0.3
Net claims paid	339,080	297,666	(41,414)	(12.2)
Loss adjustment expenses	32,247	31,895	(352)	(1.1)
Net commissions and brokerage fees	100,898	102,441	1,542	1.5
Maturity refunds to policyholders	50,401	49,967	(433)	(0.9)
Provision for reserve for outstanding losses and claims	—	13,397	13,397	—
Provision for underwriting reserves	13,799	43,019	29,219	211.7
Investment expenses:	600	6,372	5,772	961.2
Investment losses on money trusts	90	54	(35)	(39.1)
Losses on sales of securities	229	1,447	1,218	531.3
Impairment losses on securities	134	2,648	2,513	1,861.8
Operating, general and administrative expenses	80,354	79,337	(1,017)	(1.3)
Other ordinary expenses:	2,440	2,089	(351)	(14.4)
Interest paid	2,248	1,173	(1,074)	(47.8)
Ordinary profit	53,976	27,898	(26,078)	(48.3)
Extraordinary gains:	53	621	568	1,058.6
Gains on disposal of fixed assets	53	621	568	1,058.6
Extraordinary losses:	59,731	2,149	(57,582)	(96.4)
Losses on disposal of fixed assets	73	97	23	31.5
Provision for reserves under the special laws:	1,998	2,052	53	2.7
Provision for reserve for price fluctuation	1,998	2,052	53	2.7
Other extraordinary losses	57,659	—	(57,659)	(100.0)
Net income (loss) before income taxes	(5,701)	26,370	32,072	—
Income taxes and deferred income taxes	(3,196)	7,067	10,263	—
Net income (loss)	(2,505)	19,303	21,808	—
Underwriting result:				
Net premiums written (+)	555,459	562,789	7,330	1.3
Net claims paid (—)	339,080	297,666	(41,414)	(12.2)
Loss adjustment expenses (—)	32,247	31,895	(352)	(1.1)
Net operating expenses: (—)	177,826	177,910	83	0.0
Net commissions and brokerage fees	100,898	102,441	1,542	1.5
Operating, general and administrative expenses related to underwriting	76,927	75,469	(1,458)	(1.9)
Underwriting result	6,304	55,317	49,012	777.4
Underwriting profit (loss)	13,001	(5,814)	(18,816)	(144.7)
Ratios:				
Net loss ratio (%)	66.9	58.6	(8.3)	
Net operating expenses ratio (%)	32.0	31.6	(0.4)	
Combined ratio (%)	98.9	90.2	(8.7)	

Note) Amount for the three months ended June 30, 2014 represents the combined results of Sampo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited. The same applies hereafter.

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, 2014 (The Two Companies Combined) (April 1 to June 30, 2014)			Three months ended June 30, 2015 (April 1 to June 30, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	85,696	14.5 %	10.8 %	84,486	14.0 %	(1.4) %
Marine insurance	13,382	2.3	1.5	13,760	2.3	2.8
Personal accident insurance	53,143	9.0	2.0	55,226	9.2	3.9
Voluntary automobile insurance	261,783	44.2	2.3	271,625	45.0	3.8
Compulsory automobile liability insurance	81,182	13.7	1.8	82,718	13.7	1.9
Others	97,196	16.4	8.7	95,128	15.8	(2.1)
Total	592,384	100.0	4.4	602,946	100.0	1.8
Deposits of premiums by policyholders	31,115	—	(6.1)	31,326	—	0.7

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2014 (The Two Companies Combined) (April 1 to June 30, 2014)			Three months ended June 30, 2015 (April 1 to June 30, 2015)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	73,756	13.3 %	34.1 %	69,735	12.4 %	(5.5) %
Marine insurance	12,573	2.3	13.9	12,779	2.3	1.6
Personal accident insurance	53,058	9.6	0.7	54,645	9.7	3.0
Voluntary automobile insurance	262,829	47.3	2.7	271,458	48.2	3.3
Compulsory automobile liability insurance	70,604	12.7	14.8	72,603	12.9	2.8
Others	82,635	14.9	8.7	81,567	14.5	(1.3)
Total	555,459	100.0	8.4	562,789	100.0	1.3

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2014 (The Two Companies Combined) (April 1 to June 30, 2014)			Three months ended June 30, 2015 (April 1 to June 30, 2015)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	75,128	106.4 %	103.7 %	44,274	(41.1) %	65.1 %
Marine insurance	5,075	(3.5)	42.7	5,852	15.3	49.5
Personal accident insurance	24,710	(1.8)	51.2	24,644	(0.3)	48.8
Voluntary automobile insurance	143,916	1.0	62.5	136,956	(4.8)	58.0
Compulsory automobile liability insurance	55,654	2.6	86.4	54,877	(1.4)	82.7
Others	34,594	17.6	44.9	31,061	(10.2)	41.2
Total	339,080	15.8	66.9	297,666	(12.2)	58.6

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2015	As of June 30, 2015
(A) Total Non-consolidated Solvency Margin	2,683,345	2,785,398
Capital and funds, etc.	482,575	501,878
Reserve for price fluctuation	50,134	52,186
Contingency reserve	611	611
Catastrophic loss reserve	565,587	591,077
General allowance for possible credit losses	203	196
Unrealized gains and losses on securities (before tax effect deductions)	1,367,903	1,415,339
Unrealized gains and losses on land	35,852	35,884
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	133,560	133,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	81,916	81,916
Others	128,834	136,580
(B) Total Non-consolidated Risks	749,202	738,466
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	176,741	177,693
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	23,256	22,882
Investment risk (R_4)	512,131	524,295
Business management risk (R_5)	17,598	17,412
Major catastrophe risk (R_6)	167,796	145,746
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	716.3 %	754.3 %

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, 2015 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, 2015.

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

Quarterly Balance Sheet

	As of March 31, 2015	As of June 30, 2015	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	34,021	31,461	(2,559)
Securities:	2,157,819	2,180,925	23,105
Government bonds	1,593,387	1,604,729	11,342
Municipal bonds	59,762	56,980	(2,782)
Corporate bonds	317,734	314,572	(3,161)
Domestic stocks	7,886	8,205	318
Foreign securities	179,048	196,437	17,388
Loans:	36,414	36,292	(121)
Policy loans	36,414	36,292	(121)
Tangible fixed assets	1,065	1,129	64
Intangible fixed assets	95	11	(84)
Agency accounts receivable	115	89	(26)
Reinsurance accounts receivable	1,423	920	(503)
Other assets	42,201	41,008	(1,192)
Deferred tax assets	5,032	6,572	1,540
Allowance for possible credit losses	(41)	(42)	(0)
Total assets	2,278,147	2,298,370	20,222
Liabilities:			
Policy reserves:	2,119,354	2,149,700	30,345
Reserve for outstanding claims	34,091	35,954	1,862
Policy reserves	2,080,338	2,108,777	28,438
Reserve for dividends to policyholders	4,923	4,968	44
Agency accounts payable	4,340	3,396	(943)
Reinsurance accounts payable	1,047	972	(74)
Other liabilities	18,957	10,690	(8,267)
Reserve for bonus payments to directors	49	—	(49)
Reserve for retirement benefits	2,417	2,526	108
Reserves under the special laws:	3,353	3,539	185
Reserve for price fluctuation	3,353	3,539	185
Total liabilities	2,149,521	2,170,826	21,304
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	24,500	24,500	—
Retained earnings	38,571	42,164	3,592
Total shareholders' equity	80,321	83,914	3,592
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	48,304	43,629	(4,674)
Total valuation and translation adjustments	48,304	43,629	(4,674)
Total net assets	128,626	127,543	(1,082)
Total liabilities and net assets	2,278,147	2,298,370	20,222

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2014 (April 1 to June 30, 2014)	Three months ended June 30, 2015 (April 1 to June 30, 2015)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	100,990	104,018	3,028	3.0
Insurance premiums and other:	89,442	92,778	3,335	3.7
Insurance premiums	88,124	91,837	3,712	4.2
Investment income:	11,287	10,993	(294)	(2.6)
Interest and dividend income and other	9,239	9,860	620	6.7
Gains on sales of securities	1,432	439	(992)	(69.3)
Investment gains on special account	615	693	78	12.8
Other ordinary income	259	246	(13)	(5.0)
Ordinary expenses:	92,984	97,510	4,526	4.9
Insurance claims and other:	44,637	44,129	(508)	(1.1)
Insurance claims	8,032	7,182	(849)	(10.6)
Annuity payments	2,318	2,844	525	22.7
Insurance benefits	8,149	8,802	653	8.0
Surrender benefits	24,342	23,623	(719)	(3.0)
Other refunds	583	540	(42)	(7.4)
Provision for policy reserves and other:	27,290	30,301	3,010	11.0
Provision for reserve for outstanding claims	2,287	1,862	(425)	(18.6)
Provision for policy reserves	25,002	28,438	3,436	13.7
Provision for interest portion of reserve for dividends to policyholders	0	0	0	28.2
Investment expenses:	51	397	345	668.1
Interest paid	15	16	1	7.2
Losses on sales of securities	—	270	270	—
Losses on derivatives	24	96	71	288.5
Operating expenses	20,018	21,730	1,711	8.6
Other ordinary expenses	984	950	(33)	(3.4)
Ordinary profit	8,006	6,508	(1,497)	(18.7)
Extraordinary losses:	169	189	19	11.7
Losses on disposal of fixed assets and other	—	3	3	—
Provision for reserves under the special laws:	131	185	54	41.2
Provision for reserve for price fluctuation	131	185	54	41.2
Other extraordinary losses	38	—	(38)	(100.0)
Provision for reserve for dividends to policyholders	1,526	1,276	(249)	(16.4)
Net income before income taxes	6,310	5,042	(1,267)	(20.1)
Income taxes and deferred income taxes	1,820	1,450	(370)	(20.3)
Net income	4,489	3,592	(897)	(20.0)

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, 2015				As of June 30, 2015			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	3,414	106.3	207,685	104.0	3,479	101.9	208,928	100.6
Individual annuities	69	98.7	2,745	97.6	68	99.7	2,724	99.2
Group insurance	—	—	31,143	99.1	—	—	31,166	100.1
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, 2014 (April 1 to June 30, 2014)				Three months ended June 30, 2015 (April 1 to June 30, 2015)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	98	119.8	5,892	95.6	120	121.9	5,422	92.0
Individual annuities	0	78.2	11	89.1	0	91.6	11	102.8
Group insurance	—	—	11	4.4	—	—	155	1,330.6
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, 2015		As of June 30, 2015	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	298,890	102.8	302,321	101.1
Individual annuities	18,574	105.4	18,691	100.6
Total	317,465	102.9	321,012	101.1
Medical and survival benefits	119,057	104.9	122,005	102.5

New policies

(Millions of yen, %)

	Three months ended June 30, 2014 (April 1 to June 30, 2014)		Three months ended June 30, 2015 (April 1 to June 30, 2015)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	7,877	109.2	9,965	126.5
Individual annuities	39	77.5	41	104.3
Total	7,917	109.0	10,006	126.4
Medical and survival benefits	3,578	121.5	5,481	153.2

Notes)

- 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.
- 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.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
(A) Total Non-consolidated Solvency Margin	298,297	302,621
Capital, etc.	80,321	84,121
Reserve for price fluctuation	3,353	3,539
Contingency reserve	26,715	27,119
General allowance for possible credit losses	7	7
Unrealized gains and losses on securities (90% of gain or 100% of loss)	61,059	55,149
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	132,485	133,562
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(21,670)	(18,357)
Brought in capital, etc.	—	—
Deductions	—	—
Others	16,025	17,478
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	35,589	36,176
Underwriting risk (R_1)	13,178	13,237
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	6,978	7,175
Guaranteed interest rate risk (R_2)	8,259	8,284
Guaranteed minimum benefit risk (R_7)	358	359
Investment risk (R_3)	19,533	20,026
Business management risk (R_4)	966	981
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	1,676.3 %	1,673.0 %

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.