

Selected Unofficial Translation of Summary of Consolidated Financial Results for the three months ended June 30, 2016

Note) This document is an unofficial English translation of the Japanese original. Additional translation will be posted around August 17, 2016.

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 June 30, 2016	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	319,616	241,862	(77,753)
Receivables under resale agreements	77,998	109,998	31,999
Monetary receivables bought	11,383	10,552	(830)
Money trusts	114,639	109,483	(5,156)
Securities	4,920,555	4,716,501	(204,053)
Loans	679,023	580,552	(98,470)
Tangible fixed assets	294,882	292,437	(2,445)
Intangible fixed assets	17,147	21,753	4,606
Other assets	611,468	690,387	78,918
Prepaid pension cost	889	888	(1)
Deferred tax assets	—	1,010	1,010
Allowance for possible credit losses	(3,363)	(3,347)	16
Allowance for possible investment losses	(8,018)	(8,018)	—
Total assets	7,036,222	6,764,061	(272,160)
Liabilities:			
Underwriting funds:	4,926,703	4,944,871	18,167
Reserve for outstanding losses and claims	912,975	918,836	5,860
Underwriting reserves	4,013,727	4,026,034	12,306
Corporate bonds	133,560	133,560	—
Other liabilities	454,688	285,115	(169,573)
Reserve for retirement benefits	85,748	87,126	1,377
Reserve for bonus payments	18,092	5,165	(12,926)
Reserve for bonus payments to directors	88	—	(88)
Reserves under the special laws:	58,169	60,135	1,965
Reserve for price fluctuation	58,169	60,135	1,965
Deferred tax liabilities	34,289	—	(34,289)
Total liabilities	5,711,340	5,515,973	(195,366)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	93,878	93,801	(76)
Retained earnings	293,184	313,237	20,053
Total shareholders' equity	457,062	477,039	19,977
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	857,308	761,066	(96,241)
Deferred gains and losses on hedges	10,510	9,981	(529)
Total valuation and translation adjustments	867,818	771,048	(96,770)
Total net assets	1,324,881	1,248,087	(76,793)
Total liabilities and net assets	7,036,222	6,764,061	(272,160)

Sampo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2015 (April 1 to June 30, 2015)	Three months ended June 30, 2016 (April 1 to June 30, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		%
Ordinary income:	654,856	624,438	(30,418)	(4.6)
Underwriting income:	608,547	592,277	(16,270)	(2.7)
Net premiums written	562,789	549,814	(12,974)	(2.3)
Deposits of premiums by policyholders	31,326	30,895	(430)	(1.4)
Interest and dividend income on deposits of premiums, etc.	11,162	11,252	89	0.8
Investment income:	44,542	30,645	(13,897)	(31.2)
Interest and dividend income	34,886	29,766	(5,119)	(14.7)
Investment gains on money trusts	2,835	91	(2,744)	(96.8)
Gains on sales of securities	11,218	7,189	(4,029)	(35.9)
Transfer of interest and dividend income on deposits of premiums, etc.	(11,162)	(11,252)	(89)	—
Other ordinary income	1,766	1,515	(250)	(14.2)
Ordinary expenses:	626,958	595,053	(31,904)	(5.1)
Underwriting expenses:	539,158	500,097	(39,060)	(7.2)
Net claims paid	297,666	298,936	1,270	0.4
Loss adjustment expenses	31,895	32,292	396	1.2
Net commissions and brokerage fees	102,441	99,518	(2,923)	(2.9)
Maturity refunds to policyholders	49,967	45,434	(4,532)	(9.1)
Provision for reserve for outstanding losses and claims	13,397	5,860	(7,536)	(56.3)
Provision for underwriting reserves	43,019	12,306	(30,712)	(71.4)
Investment expenses:	6,372	9,859	3,486	54.7
Investment losses on money trusts	54	520	465	847.9
Losses on sales of securities	1,447	194	(1,252)	(86.6)
Impairment losses on securities	2,648	2,893	245	9.3
Operating, general and administrative expenses	79,337	83,389	4,051	5.1
Other ordinary expenses:	2,089	1,707	(381)	(18.3)
Interest paid	1,173	1,231	58	5.0
Ordinary profit	27,898	29,384	1,486	5.3
Extraordinary gains:	621	174	(447)	(72.0)
Gains on disposal of fixed assets	621	174	(447)	(72.0)
Extraordinary losses:	2,149	2,088	(61)	(2.9)
Losses on disposal of fixed assets	97	122	25	26.5
Provision for reserves under the special laws:	2,052	1,965	(87)	(4.2)
Provision for reserve for price fluctuation	2,052	1,965	(87)	(4.2)
Net income before income taxes	26,370	27,470	1,100	4.2
Income taxes and deferred income taxes	7,067	7,417	349	4.9
Net income	19,303	20,053	750	3.9
Underwriting result:				
Net premiums written (+)	562,789	549,814	(12,974)	(2.3)
Net claims paid (—)	297,666	298,936	1,270	0.4
Loss adjustment expenses (—)	31,895	32,292	396	1.2
Net operating expenses: (—)	177,910	179,045	1,135	0.6
Net commissions and brokerage fees	102,441	99,518	(2,923)	(2.9)
Operating, general and administrative expenses related to underwriting	75,469	79,527	4,058	5.4
Underwriting result	55,317	39,540	(15,776)	(28.5)
Underwriting profit (loss)	(5,814)	12,760	18,575	—
Ratios:				
Net loss ratio (%)	58.6	60.2	1.7	
Net operating expenses ratio (%)	31.6	32.6	1.0	
Combined ratio (%)	90.2	92.8	2.6	

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	Three months ended June 30, 2015 (April 1 to June 30, 2015)			Three months ended June 30, 2016 (April 1 to June 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	84,486	14.0	(1.4)	80,071	13.4	(5.2)
Marine insurance	13,760	2.3	2.8	12,018	2.0	(12.7)
Personal accident insurance	55,226	9.2	3.9	54,477	9.1	(1.4)
Voluntary automobile insurance	271,625	45.0	3.8	274,461	45.8	1.0
Compulsory automobile liability insurance	82,718	13.7	1.9	78,330	13.1	(5.3)
Others	95,128	15.8	(2.1)	99,537	16.6	4.6
Total	602,946	100.0	1.8	598,896	100.0	(0.7)
Deposits of premiums by policyholders	31,326	—	0.7	30,895	—	(1.4)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2015 (April 1 to June 30, 2015)			Three months ended June 30, 2016 (April 1 to June 30, 2016)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	69,735	12.4	(5.5)	61,482	11.2	(11.8)
Marine insurance	12,779	2.3	1.6	10,367	1.9	(18.9)
Personal accident insurance	54,645	9.7	3.0	53,495	9.7	(2.1)
Voluntary automobile insurance	271,458	48.2	3.3	274,357	49.9	1.1
Compulsory automobile liability insurance	72,603	12.9	2.8	67,665	12.3	(6.8)
Others	81,567	14.5	(1.3)	82,446	15.0	1.1
Total	562,789	100.0	1.3	549,814	100.0	(2.3)

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2015 (April 1 to June 30, 2015)			Three months ended June 30, 2016 (April 1 to June 30, 2016)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	44,274	(41.1)	65.1	47,225	6.7	78.7
Marine insurance	5,852	15.3	49.5	6,511	11.3	66.9
Personal accident insurance	24,644	(0.3)	48.8	24,034	(2.5)	48.1
Voluntary automobile insurance	136,956	(4.8)	58.0	132,182	(3.5)	55.9
Compulsory automobile liability insurance	54,877	(1.4)	82.7	56,405	2.8	91.1
Others	31,061	(10.2)	41.2	32,576	4.9	42.7
Total	297,666	(12.2)	58.6	298,936	0.4	60.2

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)		
	As of March 31, 2016	As of June 30, 2016
(A) Total Non-consolidated Solvency Margin	2,363,853	2,289,359
Capital and funds, etc.	456,986	477,039
Reserve for price fluctuation	58,169	60,135
Contingency reserve	611	611
Catastrophic loss reserve	563,738	572,588
General allowance for possible credit losses	208	188
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,057,747	944,857
Unrealized gains and losses on land	42,989	42,797
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	74,158	74,158
Others	124,000	131,740
(B) Total Non-consolidated Risks	648,203	604,584
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	183,289	183,945
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	22,035	21,730
Investment risk (R_4)	440,046	403,692
Business management risk (R_5)	15,617	14,715
Major catastrophe risk (R_6)	135,479	126,381
(C) Non-consolidated Solvency Margin Ratio [(A) / { (B) × 1/2 }] × 100	729.3 %	757.3 %

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, 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 March 31, 2016.

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

Quarterly Balance Sheet

	As of March 31, 2016	As of June 30, 2016	(Millions of yen) Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	44,938	48,567	3,628
Securities:	2,305,223	2,339,744	34,521
Government bonds	1,688,558	1,712,824	24,266
Municipal bonds	56,354	60,282	3,927
Corporate bonds	313,126	314,962	1,836
Domestic stocks	6,996	6,379	(616)
Foreign securities	240,186	245,294	5,108
Loans:	37,406	37,377	(29)
Policy loans	37,406	37,377	(29)
Tangible fixed assets	1,490	1,475	(14)
Agency accounts receivable	120	135	14
Reinsurance accounts receivable	1,222	1,481	258
Other assets	47,691	50,265	2,573
Allowance for possible credit losses	(37)	(45)	(7)
Total assets	2,438,055	2,479,001	40,946
Liabilities:			
Policy reserves:	2,257,402	2,290,691	33,289
Reserve for outstanding claims	37,254	38,787	1,532
Policy reserves	2,214,871	2,246,648	31,776
Reserve for dividends to policyholders	5,275	5,255	(20)
Agency accounts payable	4,607	3,395	(1,211)
Reinsurance accounts payable	974	936	(38)
Other liabilities	12,498	7,780	(4,717)
Reserve for bonus payments to directors	42	—	(42)
Reserve for retirement benefits	2,803	2,913	110
Reserves under the special laws:	4,240	4,472	231
Reserve for price fluctuation	4,240	4,472	231
Deferred tax liabilities	1,796	5,054	3,257
Total liabilities	2,284,365	2,315,243	30,877
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	19,500	19,500	—
Retained earnings	50,187	52,237	2,049
Total shareholders' equity	86,937	88,987	2,049
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	66,751	74,770	8,018
Total valuation and translation adjustments	66,751	74,770	8,018
Total net assets	153,689	163,757	10,068
Total liabilities and net assets	2,438,055	2,479,001	40,946

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2015 (April 1 to June 30, 2015)	Three months ended June 30, 2016 (April 1 to June 30, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	104,018	109,383	5,364	5.2
Insurance premiums and other:	92,778	98,277	5,499	5.9
Insurance premiums	91,837	96,773	4,936	5.4
Investment income:	10,993	10,944	(48)	(0.4)
Interest and dividend income and other	9,860	9,985	124	1.3
Gains on sales of securities	439	959	520	118.4
Investment gains on special account	693	—	(693)	(100.0)
Other ordinary income	246	160	(86)	(34.9)
Ordinary expenses:	97,510	104,914	7,404	7.6
Insurance claims and other:	44,129	45,520	1,390	3.2
Insurance claims	7,182	8,301	1,118	15.6
Annuity payments	2,844	3,077	233	8.2
Insurance benefits	8,802	8,917	114	1.3
Surrender benefits	23,623	23,416	(206)	(0.9)
Other refunds	540	751	211	39.1
Provision for policy reserves and other:	30,301	33,309	3,007	9.9
Provision for reserve for outstanding claims	1,862	1,532	(329)	(17.7)
Provision for policy reserves	28,438	31,776	3,337	11.7
Provision for interest portion of reserve for dividends to policyholders	0	0	0	48.7
Investment expenses:	397	1,427	1,029	259.0
Interest paid	16	19	3	18.7
Losses on sales of securities	270	206	(64)	(23.6)
Losses on derivatives	96	215	119	123.7
Investment losses on special account	—	946	946	—
Operating expenses	21,730	23,774	2,044	9.4
Other ordinary expenses	950	882	(68)	(7.2)
Ordinary profit	6,508	4,469	(2,039)	(31.3)
Extraordinary losses:	189	231	41	21.9
Losses on disposal of fixed assets and other	3	0	(3)	(99.7)
Provision for reserves under the special laws:	185	231	45	24.5
Provision for reserve for price fluctuation	185	231	45	24.5
Provision for reserve for dividends to policyholders	1,276	1,286	10	0.8
Net income before income taxes	5,042	2,951	(2,091)	(41.5)
Income taxes and deferred income taxes	1,450	901	(548)	(37.9)
Net income	3,592	2,049	(1,542)	(42.9)

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 June 30, 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	3,700	101.2	214,686	100.4
Individual annuities	68	99.2	2,673	97.4	68	100.1	2,677	100.2
Group insurance	—	—	28,289	90.8	—	—	27,790	98.2
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, 2015 (April 1 to June 30, 2015)				Three months ended June 30, 2016 (April 1 to June 30, 2016)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	120	121.9	5,422	92.0	94	78.3	5,281	97.4
Individual annuities	0	91.6	11	102.8	0	268.0	31	275.0
Group insurance	—	—	155	1,330.6	—	—	51	33.1
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 June 30, 2016	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	313,803	105.0	316,817	101.0
Individual annuities	19,055	102.6	19,267	101.1
Total	332,859	104.8	336,084	101.0
Medical and survival benefits	129,561	108.8	131,142	101.2

New policies

(Millions of yen, %)

	Three months ended June 30, 2015 (April 1 to June 30, 2015)		Three months ended June 30, 2016 (April 1 to June 30, 2016)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	9,965	126.5	9,497	95.3
Individual annuities	41	104.3	110	268.9
Total	10,006	126.4	9,608	96.0
Medical and survival benefits	5,481	153.2	3,816	69.6

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.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
(A) Total Non-consolidated Solvency Margin	342,590	358,972
Capital, etc.	86,937	89,205
Reserve for price fluctuation	4,240	4,472
Contingency reserve	28,221	28,489
General allowance for possible credit losses	1	2
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	93,463
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	137,836	139,482
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(18,020)	(16,885)
Brought in capital, etc.	—	—
Deductions	—	—
Others	19,933	20,743
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	38,678	39,930
Underwriting risk (R_1)	13,347	13,357
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	7,794	7,951
Guaranteed interest rate risk (R_2)	8,335	8,352
Guaranteed minimum benefit risk (R_7)	366	369
Investment risk (R_3)	22,430	23,767
Business management risk (R_4)	1,045	1,075
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,771.4 %	1,797.9 %

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.