



UNOFFICIAL TRANSLATION

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Summary of
Consolidated Financial Results
for the three months ended June 30, 2021
Supplementary Information

August 6, 2021

Sompo Holdings, Inc.

(Securities Code : 8630)

Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Balance Sheet

	(Millions of yen)		
	As of March 31, 2021	As of June 30, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	524,711	466,746	(57,965)
Receivables under resale agreements	59,999	59,999	0
Monetary receivables bought	21,700	22,083	383
Money trusts	27,566	18,121	(9,445)
Securities	5,127,170	5,166,479	39,309
Loans	636,618	570,949	(65,668)
Tangible fixed assets	238,916	241,079	2,162
Intangible fixed assets	188,576	194,657	6,081
Other assets	573,319	487,736	(85,583)
Prepaid pension cost	303	217	(86)
Allowance for possible credit losses	(3,006)	(3,001)	4
Allowance for possible investment losses	(6,198)	(6,198)	—
Total assets	7,389,677	7,218,870	(170,807)
Liabilities:			
Underwriting funds:	4,557,828	4,571,360	13,532
Reserve for outstanding losses and claims	872,465	854,681	(17,783)
Underwriting reserves	3,685,362	3,716,679	31,316
Corporate bonds	433,560	433,560	—
Other liabilities	715,115	480,316	(234,799)
Reserve for retirement benefits	89,608	90,799	1,191
Reserve for bonus payments	16,315	4,493	(11,822)
Reserve for bonus payments to directors	115	—	(115)
Reserves under the special laws:	91,097	92,105	1,007
Reserve for price fluctuation	91,097	92,105	1,007
Deferred tax liabilities	11,434	15,930	4,495
Total liabilities	5,915,075	5,688,565	(226,510)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus	70,000	70,000	—
Retained earnings	502,291	549,052	46,761
Total shareholders' equity	642,291	689,052	46,761
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	827,905	837,229	9,324
Deferred gains and losses on hedges	4,406	4,023	(382)
Total valuation and translation adjustments	832,311	841,253	8,941
Total net assets	1,474,602	1,530,305	55,703
Total liabilities and net assets	7,389,677	7,218,870	(170,807)

Sompo Japan Insurance Inc. (Non-consolidated)

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	627,772	644,434	16,662	2.7
Underwriting income:	597,299	606,016	8,716	1.5
Net premiums written	551,343	560,507	9,164	1.7
Deposits of premiums by policyholders	25,403	19,956	(5,446)	(21.4)
Interest and dividend income on deposits of premiums, etc.	8,560	7,696	(863)	(10.1)
Reversal of reserve for outstanding losses and claims	11,861	17,783	5,922	49.9
Investment income:	29,009	36,600	7,590	26.2
Interest and dividend income	28,260	39,012	10,752	38.0
Investment gains on money trusts	890	443	(446)	(50.2)
Gains on sales of securities	8,132	1,503	(6,628)	(81.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(8,560)	(7,696)	863	—
Other ordinary income	1,463	1,818	354	24.3
Ordinary expenses:	570,138	582,951	12,812	2.2
Underwriting expenses:	483,693	494,169	10,476	2.2
Net claims paid	271,084	286,766	15,682	5.8
Loss adjustment expenses	29,412	29,836	423	1.4
Net commissions and brokerage fees	105,424	109,274	3,849	3.7
Maturity refunds to policyholders	39,876	36,340	(3,535)	(8.9)
Provision for underwriting reserves	37,318	31,316	(6,001)	(16.1)
Investment expenses:	3,792	2,973	(818)	(21.6)
Investment losses on money trusts	8	41	33	382.1
Losses on sales of securities	550	2	(548)	(99.6)
Impairment losses on securities	1,118	2,068	949	84.9
Operating, general and administrative expenses	80,399	83,492	3,093	3.8
Other ordinary expenses:	2,253	2,315	62	2.8
Interest paid	1,781	1,772	(9)	(0.5)
Ordinary profit	57,633	61,483	3,849	6.7
Extraordinary gains:	108	105	(2)	(2.1)
Gains on disposal of fixed assets	108	105	(2)	(2.1)
Extraordinary losses:	2,729	1,484	(1,244)	(45.6)
Losses on disposal of fixed assets	242	476	234	97.0
Impairment losses	678	—	(678)	(100.0)
Provision for reserves under the special laws:	979	1,007	28	2.9
Provision for reserve for price fluctuation	979	1,007	28	2.9
Other extraordinary losses	829	—	(829)	(100.0)
Net income before income taxes	55,012	60,104	5,092	9.3
Income taxes and deferred income taxes	13,422	13,343	(79)	(0.6)
Net income	41,589	46,761	5,171	12.4
Underwriting result:				
Net premiums written (+)	551,343	560,507	9,164	1.7
Net claims paid (—)	271,084	286,766	15,682	5.8
Loss adjustment expenses (—)	29,412	29,836	423	1.4
Net operating expenses: (—)	181,319	188,158	6,838	3.8
Net commissions and brokerage fees	105,424	109,274	3,849	3.7
Operating, general and administrative expenses related to underwriting	75,895	78,884	2,988	3.9
Underwriting result	69,526	55,746	(13,780)	(19.8)
Underwriting profit	38,008	34,678	(3,329)	(8.8)
Ratios:				
Net loss ratio (%)	54.5	56.5	2.0	
Net operating expenses ratio (%)	32.9	33.6	0.7	
Combined ratio (%)	87.4	90.1	2.7	

Sampo Japan 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, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	103,535	16.8	3.1	112,664	17.8	8.8
Marine insurance	12,492	2.0	(3.5)	13,152	2.1	5.3
Personal accident insurance	48,580	7.9	(7.2)	49,021	7.8	0.9
Voluntary automobile insurance	277,918	45.2	0.1	278,741	44.1	0.3
Compulsory automobile liability insurance	58,813	9.6	(24.5)	58,045	9.2	(1.3)
Others	113,116	18.4	(1.1)	120,616	19.1	6.6
Total	614,458	100.0	(3.3)	632,240	100.0	2.9
Deposits of premiums by policyholders	25,403	—	(5.5)	19,956	—	(21.4)

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	60,494	11.0	(3.3)	68,680	12.3	13.5
Marine insurance	10,756	2.0	(8.3)	11,598	2.1	7.8
Personal accident insurance	47,043	8.5	(7.4)	47,251	8.4	0.4
Voluntary automobile insurance	276,656	50.2	(0.0)	277,579	49.5	0.3
Compulsory automobile liability insurance	61,598	11.2	(7.4)	54,558	9.7	(11.4)
Others	94,794	17.2	(0.6)	100,839	18.0	6.4
Total	551,343	100.0	(2.2)	560,507	100.0	1.7

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
Fire and allied insurance	44,518	5.1	76.7	58,456	31.3	87.7
Marine insurance	5,786	8.1	57.0	4,795	(17.1)	44.0
Personal accident insurance	16,283	(22.6)	38.0	17,122	5.2	39.9
Voluntary automobile insurance	120,510	(11.7)	50.3	128,104	6.3	53.1
Compulsory automobile liability insurance	44,551	(6.0)	79.6	38,620	(13.3)	78.3
Others	39,433	2.1	44.3	39,667	0.6	42.0
Total	271,084	(6.9)	54.5	286,766	5.8	56.5

Sampo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
(A) Total Non-consolidated Solvency Margin	2,981,500	3,076,494
Capital and funds, etc.	642,291	689,052
Reserve for price fluctuation	91,097	92,105
Contingency reserve	1,693	1,779
Catastrophic loss reserve	497,543	515,348
General allowance for possible credit losses	138	133
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,019,668	1,030,932
Unrealized gains and losses on land	139,670	139,738
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	46,647	46,647
Others	202,484	220,491
(B) Total Non-consolidated Risks	847,602	853,089
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	192,158	192,158
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	15,501	15,162
Investment risk (R_4)	611,108	614,232
Business management risk (R_5)	19,822	19,932
Major catastrophe risk (R_6)	172,367	175,080
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	703.5 %	721.2 %

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, 2021 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, 2021.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	28,821	25,857	(2,964)
Securities	36,689	40,046	3,356
Tangible fixed assets	509	495	(14)
Intangible fixed assets	3,882	4,261	378
Other assets	5,850	8,368	2,518
Deferred tax assets	1,282	1,200	(82)
Allowance for possible credit losses	(101)	(98)	3
Total assets	76,934	80,130	3,195
Liabilities:			
Underwriting funds:	54,965	60,799	5,833
Reserve for outstanding losses and claims	21,029	20,861	(167)
Underwriting reserves	33,935	39,937	6,001
Other liabilities	5,427	2,560	(2,866)
Reserve for retirement benefits to directors	27	28	1
Reserve for bonus payments	474	159	(315)
Reserve for bonus payments to directors	28	3	(24)
Reserves under the special laws:	69	73	3
Reserve for price fluctuation	69	73	3
Total liabilities	60,992	63,625	2,632
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus	40,692	40,692	—
Retained earnings	(57,754)	(57,424)	330
Total shareholders' equity	15,198	15,528	330
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744	976	232
Total valuation and translation adjustments	744	976	232
Total net assets	15,942	16,505	562
Total liabilities and net assets	76,934	80,130	3,195

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

Quarterly Statement of Income

(Millions of yen)				
	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	18,803	19,548	745	4.0
Underwriting income:	18,783	19,485	702	3.7
Net premiums written	18,429	19,307	877	4.8
Interest and dividend income on deposits of premiums, etc.	12	10	(1)	(11.1)
Reversal of reserve for outstanding losses and claims	341	167	(174)	(51.0)
Investment income:	15	52	37	237.3
Interest and dividend income	27	58	30	110.0
Gains on sales of securities	—	5	5	—
Transfer of interest and dividend income on deposits of premiums, etc.	(12)	(10)	1	—
Other ordinary income	4	10	6	151.5
Ordinary expenses:	18,244	19,171	927	5.1
Underwriting expenses:	14,622	15,523	900	6.2
Net claims paid	7,020	8,089	1,069	15.2
Loss adjustment expenses	1,035	1,025	(9)	(0.9)
Net commissions and brokerage fees	336	401	64	19.3
Provision for underwriting reserves	6,223	6,001	(222)	(3.6)
Investment expenses:	1	0	(0)	(31.3)
Losses on sales of securities	0	—	(0)	(100.0)
Operating, general and administrative expenses	3,609	3,640	30	0.9
Other ordinary expenses:	11	7	(4)	(37.3)
Interest paid	1	1	(0)	(1.4)
Ordinary profit	558	377	(181)	(32.5)
Extraordinary losses:	2	3	1	80.6
Provision for reserves under the special laws:	2	3	1	80.6
Provision for reserve for price fluctuation	2	3	1	80.6
Net income before income taxes	556	373	(183)	(32.9)
Income taxes and deferred income taxes	3	43	39	990.2
Net income	552	330	(222)	(40.2)
Underwriting result:				
Net premiums written (+)	18,429	19,307	877	4.8
Net claims paid (—)	7,020	8,089	1,069	15.2
Loss adjustment expenses (—)	1,035	1,025	(9)	(0.9)
Net operating expenses: (—)	3,935	4,028	93	2.4
Net commissions and brokerage fees	336	401	64	19.3
Operating, general and administrative expenses related to underwriting	3,599	3,627	28	0.8
Underwriting result	6,437	6,162	(274)	(4.3)
Underwriting profit	583	354	(228)	(39.2)
Ratios:				
Net loss ratio (%)	43.7	47.2	3.5	
Net operating expenses ratio (%)	21.4	20.9	(0.5)	
Combined ratio (%)	65.1	68.1	3.0	

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

Non-consolidated Solvency Margin Ratio

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
(A) Total Non-consolidated Solvency Margin	19,668	20,898
Capital and funds, etc.	15,198	15,528
Reserve for price fluctuation	69	73
Contingency reserve	11	11
Catastrophic loss reserve	3,461	4,074
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	926	1,210
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	8,582	8,608
$\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$		
Underwriting risk (R_1)	6,833	6,833
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
Guaranteed interest rate risk (R_3)	16	15
Investment risk (R_4)	1,434	1,548
Business management risk (R_5)	287	291
Major catastrophe risk (R_6)	1,308	1,307
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	458.3 %	485.5 %

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, 2021 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, 2021.

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

Quarterly Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits	178,483	157,714	(20,769)
Securities:	3,260,451	3,307,608	47,157
Government bonds	2,142,389	2,183,497	41,107
Municipal bonds	67,662	67,712	49
Corporate bonds	460,381	456,206	(4,175)
Domestic stocks	10,132	10,151	18
Foreign securities	578,222	587,229	9,006
Loans:	41,985	41,563	(422)
Policy loans	41,980	41,558	(421)
Ordinary loans	4	4	(0)
Tangible fixed assets	1,540	1,535	(5)
Intangible fixed assets	—	41	41
Agency accounts receivable	93	86	(7)
Reinsurance accounts receivable	1,284	843	(440)
Other assets	54,897	49,243	(5,653)
Deferred tax assets	13,804	11,952	(1,851)
Allowance for possible credit losses	(76)	(75)	1
Total assets	3,552,464	3,570,513	18,048
Liabilities:			
Policy reserves:	3,143,577	3,175,658	32,080
Reserve for outstanding claims	39,293	38,453	(840)
Policy reserves	3,099,850	3,132,724	32,873
Reserve for dividends to policyholders	4,433	4,480	47
Agency accounts payable	4,215	3,276	(938)
Reinsurance accounts payable	814	892	77
Other liabilities	221,891	198,818	(23,072)
Reserve for bonus payments to directors	37	—	(37)
Reserve for retirement benefits	4,581	4,718	136
Reserve for possible reimbursement of prescribed claims	1,041	789	(252)
Reserves under the special laws:	9,045	9,255	210
Reserve for price fluctuation	9,045	9,255	210
Total liabilities	3,385,204	3,393,409	8,204
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus	13,333	13,333	—
Retained earnings	94,052	99,136	5,083
Total shareholders' equity	124,635	129,719	5,083
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	42,624	47,385	4,760
Total valuation and translation adjustments	42,624	47,385	4,760
Total net assets	167,260	177,104	9,844
Total liabilities and net assets	3,552,464	3,570,513	18,048

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

Quarterly Statement of Income

(Millions of yen)

	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	120,539	119,547	(992)	(0.8) %
Insurance premiums and other:	104,615	105,173	558	0.5
Insurance premiums	103,915	104,338	423	0.4
Investment income:	13,254	13,190	(63)	(0.5)
Interest and dividend income and other	11,554	12,102	547	4.7
Gains on sales of securities	555	112	(442)	(79.7)
Gains on derivatives	—	152	152	—
Investment gains on special account	1,133	403	(730)	(64.5)
Other ordinary income:	2,669	1,182	(1,486)	(55.7)
Reversal of reserve for outstanding claims	2,336	840	(1,495)	(64.0)
Ordinary expenses:	112,303	111,159	(1,144)	(1.0)
Insurance claims and other:	49,170	54,183	5,012	10.2
Insurance claims	9,656	9,461	(194)	(2.0)
Annuity payments	2,670	2,845	174	6.5
Insurance benefits	12,007	11,788	(219)	(1.8)
Surrender benefits	23,143	27,955	4,811	20.8
Other refunds	867	1,227	359	41.5
Provision for policy reserves and other:	41,395	32,873	(8,521)	(20.6)
Provision for policy reserves	41,395	32,873	(8,521)	(20.6)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	4.3
Investment expenses:	1,145	712	(433)	(37.8)
Interest paid	15	15	(0)	(2.6)
Losses on sales of securities	826	666	(160)	(19.4)
Losses on derivatives	276	—	(276)	(100.0)
Operating expenses	19,477	22,367	2,889	14.8
Other ordinary expenses	1,114	1,022	(92)	(8.3)
Ordinary profit	8,236	8,388	151	1.8
Extraordinary gains:	7	0	(7)	(97.7)
Gains on disposal of fixed assets and other	7	0	(7)	(97.7)
Extraordinary losses:	202	214	12	6.1
Losses on disposal of fixed assets and other	13	3	(9)	(71.9)
Provision for reserves under the special laws:	188	210	22	11.8
Provision for reserve for price fluctuation	188	210	22	11.8
Provision for reserve for dividends to policyholders	848	993	144	17.1
Net income before income taxes	7,192	7,180	(12)	(0.2)
Income taxes and deferred income taxes	2,029	2,096	67	3.3
Net income	5,163	5,083	(79)	(1.5)

Sompo 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, 2021				As of June 30, 2021			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,216	101.8	235,431	100.5	4,230	100.3	234,587	99.6
Individual annuities	52	95.9	2,232	97.2	51	99.2	2,214	99.2
Group insurance	—	—	27,157	98.7	—	—	27,224	100.2
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, 2020 (April 1 to June 30, 2020)				Three months ended June 30, 2021 (April 1 to June 30, 2021)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	44	68.5	4,189	66.8	67	149.8	4,724	112.8
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	316	1,215.7	—	—	21	6.7
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, 2021		As of June 30, 2021	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	365,878	100.6	364,709	99.7
Individual annuities	15,382	98.3	15,376	100.0
Total	381,260	100.5	380,085	99.7
Medical and survival benefits	161,515	104.7	163,368	101.1

New policies

(Millions of yen, %)

	Three months ended June 30, 2020 (April 1 to June 30, 2020)		Three months ended June 30, 2021 (April 1 to June 30, 2021)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,259	76.7	6,549	153.8
Individual annuities	—	—	—	—
Total	4,259	76.7	6,549	153.8
Medical and survival benefits	2,174	65.6	3,876	178.2

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 Himawari Life Insurance, Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
(A) Total Non-consolidated Solvency Margin	422,651	437,685
Capital, etc.	124,635	129,911
Reserve for price fluctuation	9,045	9,255
Contingency reserve	33,301	33,503
General allowance for possible credit losses	2	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)	53,280	59,231
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	172,210	168,612
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(5,052)	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,228	37,168
(B) Total Non-consolidated Risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	57,881	57,754
Underwriting risk (R_1)	14,399	14,348
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	11,266	11,428
Guaranteed interest rate risk (R_2)	8,460	8,450
Guaranteed minimum benefit risk (R_7)	396	397
Investment risk (R_3)	41,324	41,137
Business management risk (R_4)	1,516	1,515
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	1,460.4 %	1,515.6 %

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.