

**Consolidated Solvency Margin Ratio as of December 31, 2023**

The following table summarizes the consolidated solvency margin ratio as of December 31, 2023.

(Yen in millions)

	March 31, 2023	December 31, 2023
(A) Total amount of solvency margin	5,234,013	6,087,809
Total net assets	1,468,398	1,749,541
Reserve for price fluctuation	277,998	283,197
Contingency reserve	129,448	147,721
Catastrophe reserve	944,831	875,539
General bad debt reserve	550	1,376
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (Prior to tax effect deductions)	1,507,783	2,047,759
Net unrealized gains/(losses) on land	35,607	41,095
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)	(12,897)	(12,581)
Excess of policyholders' contract deposits (a)	383,361	396,842
Subordinated debts, etc. (b)	460,902	460,902
Amount excluded from the margin, out of (a) and (b)	-	-
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	-	8,483
Total margin relating to small amount and short term insurance provider	16	30
Deductions	324,190	342,601
Others	362,201	430,503
(B) Total amount of risks	1,345,950	1,551,429
$\sqrt{(\sqrt{R_1^2 + R_2^2} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$		
General insurance risk of non-life insurance contracts (R <sub>1</sub> )	383,219	402,540
Insurance risk of life insurance contracts (R <sub>2</sub> )	19,259	19,021
Insurance risk of third sector insurance contracts (R <sub>3</sub> )	18,720	19,206
Insurance risk relating to small amount and short term insurance provider (R <sub>4</sub> )	78	127
Assumed interest rate risk (R <sub>5</sub> )	56,250	70,616
Minimum guarantee risk of life insurance contracts (R <sub>6</sub> )	4,612	4,383
Asset management risk (R <sub>7</sub> )	971,894	1,118,427
Business administration risk (R <sub>8</sub> )	33,167	37,643
Catastrophe risk of non-life insurance contracts (R <sub>9</sub> )	204,362	247,837
(C) Consolidated solvency margin ratio [(A)/{(B)×1/2}]×100	777.7%	784.7%

- (Notes) 1. The consolidated solvency margin ratio is calculated pursuant to the provisions of Article 210.11.3 (the consolidated solvency margin) and Article 210.11.4 (the consolidated risk) of the Insurance Business Act Enforcement Regulations and Public Notice No. 23 issued by the Financial Services Agency in 2011.  
The consolidated solvency margin ratio for December 31, 2023 is calculated by partially applying the simplified method where components are calculated based on the data used for September 30, 2023.
2. Overseas consolidated subsidiaries and overseas equity method associates have applied International Financial Reporting Standards (IFRS) 17 "Insurance Contract" from the beginning of the period for the nine months ended December 31, 2023, since these entities have been already adopted IFRS. Therefore, in terms of transition to IFRS 17, consolidated financial statements for the year ended March 31, 2023 were retrospectively restated. However, the consolidated solvency margin ratio for the year ended March 31, 2023 in the above, which is not retrospectively restated.

(Reference: Consolidated Solvency Margin Ratio)

The Group mainly runs non-life insurance business and life insurance business.

While insurance company groups set aside reserves to provide for payments of insurance claims in case that an insured event occurs and maturity refunds of savings-type insurance, they are also required to maintain sufficient funds to pay out in an event outside the normal range of expectations such as a major catastrophe and a significant drop in the value of their assets.

The consolidated solvency margin ratio, or item (C) in the above table, which is calculated in accordance with the Insurance Business Act, is the ratio of "solvency margin of insurance company groups calculated based on their capital and other reserves", or (A) the total amount of solvency margin, to "risks exceeding the normal range of estimates", or (B) the total amount of risks.

While the scope of consolidation in calculating the consolidated solvency margin ratio follows the scope of consolidation in accounting, all subsidiaries which fall within the definition of subsidiary set forth in the Insurance Business Act (i.e. subsidiaries whose more than 50% share of voting rights is owned by the Group) are, in principle, included in the calculation process regardless of their importance.

The consolidated solvency margin ratio is one of the objective indicators used by the insurance regulatory authorities to supervise insurance companies and insurance holding companies. A consolidated solvency margin ratio of 200% or over indicates adequate ability to satisfy insurance claims and other payment requirements.