

**Consolidated Solvency Margin Ratio as of June 30, 2019**

The following table summarizes the consolidated solvency margin ratio as of June 30, 2019.

(Yen in millions)

	March 31, 2019	June 30, 2019
(A) Total amount of solvency margin	4,992,937	5,006,025
Total net assets	1,174,369	1,269,559
Reserve for price fluctuation	173,248	164,174
Contingency reserve	120,169	123,724
Catastrophe reserve	817,538	830,786
General bad debt reserve	395	373
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (Prior to tax effect deductions)	1,609,949	1,553,485
Net unrealized gains/(losses) on land	28,605	28,563
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (Prior to tax effect deductions)	6,505	6,217
Excess of policyholders' contract deposits (a)	392,110	351,012
Subordinated debts, etc. (b)	650,293	650,293
Amount excluded from the margin, out of (a) and (b)	-	-
Total margin relating to small amount and short term insurance provider	-	-
Deductions	293,480	322,316
Others	313,232	350,148
(B) Total amount of risks	1,236,911	1,189,873
$\sqrt{(\sqrt{R_1^2 + R_2^2} + R_3 + R_4)^2 + (R_5 + R_6 + R_7)^2} + R_8 + R_9$		
General insurance risk of non-life insurance contracts ( $R_1$ )	317,437	318,694
Insurance risk of life insurance contracts ( $R_2$ )	18,545	18,656
Insurance risk of third sector insurance contracts ( $R_3$ )	12,953	15,746
Insurance risk relating to small amount and short term insurance provider ( $R_4$ )	-	-
Assumed interest rate risk ( $R_5$ )	81,566	82,124
Minimum guarantee risk of life insurance contracts ( $R_6$ )	7,735	7,329
Asset management risk ( $R_7$ )	840,851	829,129
Business administration risk ( $R_8$ )	29,975	29,094
Catastrophe risk of non-life insurance contracts ( $R_9$ )	219,666	183,021
(C) Consolidated solvency margin ratio [(A)/{(B)×1/2}]×100	807.3%	841.4%

(Note) 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 June 30, 2019 is calculated by partially applying the simplified method where components are calculated based on the data used for March 31, 2019.

(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.