

SUMMARY OF FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2020

August 7, 2020

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <https://www.ms-ad-hd.com>
 Representative: Noriyuki Hara, President & CEO
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Scheduled date to file the Quarterly Securities Report: August 7, 2020

Scheduled date to commence dividend payments: -

Explanatory material for business results: Available

IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Three months ended June 30, 2020	1,551,774	3.6 %	110,116	(6.6) %	96,699	0.7 %
Three months ended June 30, 2019	1,497,723	2.5 %	117,916	(6.0) %	95,990	14.5 %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income For the three months ended June 30, 2020: ¥ 230,884 million 170.4 %
For the three months ended June 30, 2019: ¥ 85,380 million 44.5 %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted
Three months ended June 30, 2020	170.28	170.18
Three months ended June 30, 2019	164.64	164.58

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets
June 30, 2020	23,606,193	2,666,168	11.1 %
March 31, 2020	23,196,455	2,494,038	10.6 %

(Reference) Net assets less non-controlling interests As of June 30, 2020: ¥ 2,628,579 million
As of March 31, 2020: ¥ 2,451,670 million

2. Dividends

(Yen)

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total
Year ended March 31, 2020	-	75.00	-	75.00	150.00
Year ending March 31, 2021	-				
Year ending March 31, 2021 (Forecast)		75.00	-	75.00	150.00

(Note) Revision of the latest announced dividends per share forecast: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
Year ending March 31, 2021	170,000	7.8 %	130,000	(9.1) %	229.94

Percent figures represent changes from the preceding year.

(Note) Revision of the latest announced earnings forecasts: None

*** Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Adoption of special accounting methods allowed to be applied to quarterly consolidated financial statements: Yes
(Note) For details, please refer to “Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements” on page 5 of the Appendix.

(3) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of June 30, 2020:	593,291,754 shares
As of March 31, 2020:	593,291,754 shares
2. Number of shares of treasury stock

As of June 30, 2020:	28,971,897 shares
As of March 31, 2020:	24,244,439 shares
3. Average number of shares of outstanding stock

For the three months ended June 30, 2020:	567,878,619 shares
For the three months ended June 30, 2019:	583,011,283 shares

*** This report is outside the scope of the external auditor's quarterly review.**

*** Notes to the earnings forecasts**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. The forecasts of consolidated ordinary income for the current fiscal year and consolidated earnings for the second quarter (cumulative) are not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

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Consolidated Financial Statements and Main Notes

1. Consolidated Balance Sheets

(Yen in millions)

	March 31, 2020	June 30, 2020
Assets		
Cash, deposits and savings	1,846,225	1,601,359
Receivables under resale agreements	407,722	351,582
Monetary claims bought	160,091	219,161
Money trusts	1,666,494	1,869,794
Investments in securities	15,494,580	15,886,809
Loans	892,335	922,270
Tangible fixed assets	488,331	481,674
Intangible fixed assets	442,695	423,478
Other assets	1,535,400	1,644,043
Assets for retirement benefits	24,113	23,769
Deferred tax assets	219,385	163,141
Customers' liabilities under acceptances and guarantees	31,500	31,500
Bad debt reserve	(12,421)	(12,391)
Total assets	23,196,455	23,606,193
Liabilities		
Policy liabilities:	17,809,540	18,138,221
Outstanding claims	2,149,921	2,093,043
Underwriting reserves	15,659,619	16,045,178
Bonds issued	809,093	809,093
Other liabilities	1,672,264	1,609,208
Liabilities for pension and retirement benefits	179,686	178,628
Reserve for retirement benefits for officers	325	289
Accrued bonuses for employees	28,392	9,080
Reserve for losses on sales of shares of subsidiaries and associates	16,957	8,844
Reserves under the special laws:	137,400	140,027
Reserve for price fluctuation	137,400	140,027
Deferred tax liabilities	17,254	15,131
Acceptances and guarantees	31,500	31,500
Total liabilities	20,702,416	20,940,024
Net assets		
Shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	553,163	553,155
Retained earnings	1,019,468	1,073,489
Treasury stock	(84,432)	(99,297)
Total shareholders' equity	1,588,199	1,627,347
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	982,042	1,178,785
Net deferred gains/(losses) on hedges	30,916	30,019
Foreign currency translation adjustments	(140,106)	(198,345)
Accumulated actuarial gains/(losses) on retirement benefits	(9,381)	(9,226)
Total accumulated other comprehensive income	863,470	1,001,232
Stock acquisition rights	1,206	1,078
Non-controlling interests	41,161	36,511
Total net assets	2,494,038	2,666,168
Total liabilities and net assets	23,196,455	23,606,193

2. Consolidated Statements of Income and Comprehensive Income (Consolidated Statements of Income)

(Yen in millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	1,497,723	1,551,774
Underwriting income:	1,336,752	1,047,454
Net premiums written	976,807	943,499
Deposit premiums from policyholders	22,181	24,553
Investment income on deposit premiums from policyholders	10,310	9,655
Life insurance premiums	298,420	49,896
Reversal of outstanding claims	27,205	17,848
Investment income:	153,861	499,890
Interest and dividends income	91,282	89,844
Investment gains on money trusts	19,499	100,729
Investment gains on trading securities	22,813	-
Gains on sales of securities	23,189	26,349
Investment gains on separate accounts	6,929	102,703
Transfer of investment income on deposit premiums from policyholders	(10,310)	(9,655)
Other ordinary income	7,108	4,429
Ordinary expenses:	1,379,806	1,441,658
Underwriting expenses:	1,070,786	1,222,109
Net claims paid	477,776	456,151
Loss adjustment expenses	44,063	45,382
Commissions and collection expenses	183,567	179,347
Maturity refunds to policyholders	48,348	49,707
Life insurance claims	92,348	71,159
Provision for underwriting reserves	218,529	414,641
Investment expenses:	134,165	36,172
Investment losses on money trusts	23,616	6,016
Investment losses on trading securities	-	10,139
Losses on sales of securities	1,405	3,029
Impairment losses on securities	3,054	5,717
Operating expenses and general and administrative expenses	169,835	167,797
Other ordinary expenses:	5,019	15,577
Interest expense	3,272	3,606
Ordinary profit	117,916	110,116
Extraordinary income:	11,976	8,188
Gains on sales of fixed assets	97	75
Reversal of reserves under the special laws:	9,074	-
Reversal of reserve for price fluctuation	9,074	-
Gains on change in equity	2,804	-
Reversal of reserve for losses on sales of shares of subsidiaries and associates	-	8,113
Extraordinary losses:	723	6,494
Losses on sales of fixed assets	576	1,039
Impairment losses on fixed assets	146	1,583
Provision for reserves under the special laws:	-	2,626
Provision for reserve for price fluctuation	-	2,626
Losses on change in equity	-	1,245
Income before income taxes	129,169	111,810
Income taxes	32,287	14,538
Net income	96,881	97,271
Net income attributable to non-controlling interests	891	571
Net income attributable to owners of the parent	95,990	96,699

(Consolidated Statements of Comprehensive Income)

	(Yen in millions)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	96,881	97,271
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	(49,668)	193,673
Net deferred gains/(losses) on hedges	2,284	(1,202)
Foreign currency translation adjustments	16,706	(55,198)
Accumulated actuarial gains/(losses) on retirement benefits	(202)	155
Share of other comprehensive income of equity method investments	19,378	(3,815)
Total other comprehensive income	(11,501)	133,613
Total comprehensive income	85,380	230,884
Allocation:		
Comprehensive income attributable to owners of the parent	83,883	234,461
Comprehensive income attributable to non-controlling interests	1,497	(3,576)

3. Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Methods Allowed to be Applied to Quarterly Consolidated Financial Statements)

(Calculation of income tax expenses)

The domestic consolidated companies calculate their income tax expenses primarily by multiplying income before income taxes by the effective income tax rate, after adding or deducting the permanent difference if this amount is significant.

Explanatory Material for Business Results

1. Summary of Consolidated Business Results

(1) Consolidated Business Results

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio
					%
Net premiums written (non-life insurance)	1	9,768	9,434	(333)	(3.4)
Mitsui Sumitomo Insurance	2	3,787	3,754	(32)	(0.9)
Aioi Nissay Dowa Insurance	3	3,179	3,123	(56)	(1.8)
Simple sum	4	6,966	6,877	(89)	(1.3)
Mitsui Direct General Insurance	5	90	92	1	1.7
Overseas insurance subsidiaries	6	2,702	2,464	(237)	(8.8)
Insurance premiums (domestic life insurance)	7	3,759	1,990	(1,768)	(47.1)
Mitsui Sumitomo Aioi Life Insurance	8	1,225	1,204	(20)	(1.7)
Mitsui Sumitomo Primary Life Insurance	9	2,534	785	(1,748)	(69.0)
Ordinary profit	10	1,179	1,101	(78)	(6.6)
Net income attributable to owners of the parent	11	959	966	7	0.7
Mitsui Sumitomo Insurance	12	658	626	(31)	(4.8)
Aioi Nissay Dowa Insurance	13	239	309	70	29.4
Simple sum	14	897	936	38	4.3
Mitsui Direct General Insurance	15	17	12	(4)	(28.4)
Mitsui Sumitomo Aioi Life Insurance	16	20	48	28	141.3
Mitsui Sumitomo Primary Life Insurance	17	52	55	3	6.7
Overseas insurance subsidiaries	18	98	(259)	(358)	(363.9)
Others, consolidation adjustments, etc.	19	(125)	173	299	-

(Note) Items 12 to 18 represent the net income or loss on a non-consolidated basis after taking into account the Company's ownership interests in its subsidiaries.

(2) Business Results of Domestic Non-Life Insurance Subsidiaries (Simple Sum of Two Main Consolidated Subsidiaries)

The figures in the tables below are presented as simple sum of Mitsui Sumitomo Insurance Co., Ltd. and Aioi Nissay Dowa Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio %
(+) Net premiums written	1	6,966	6,877	(89)	(1.3)
(-) Net claims paid	2	3,700	3,614	(85)	(2.3)
(-) Loss adjustment expenses	3	384	404	20	5.3
(-) Commissions and collection expenses	4	1,324	1,383	59	4.5
(-) Operating expenses and general and administrative expenses for underwriting	5	970	992	22	2.3
Underwriting profit before movements in reserves	6	587	481	(106)	(18.1)
(-) Movement in outstanding claims	7	(279)	(353)	(74)	-
(-) Movement in ordinary underwriting reserves	8	89	36	(53)	(59.4)
(+) Other	9	(11)	40	51	-
Underwriting profit before movement in catastrophe reserve	10	766	839	72	9.5
(-) Movement in catastrophe reserve	11	138	33	(105)	(76.1)
Underwriting profit	12	628	806	177	28.3
(+) Interest and dividends income	13	610	541	(68)	(11.3)
(-) Transfer of investment income on deposit premiums from policyholders	14	118	110	(8)	(6.9)
Net interest and dividends income (item 13 - item 14)	15	492	431	(60)	(12.3)
(+) Gains/(losses) on sales of securities	16	198	102	(96)	(48.6)
(-) Impairment losses on securities	17	42	13	(28)	(67.5)
(+) Other	18	(58)	(17)	40	-
Investment profit	19	589	502	(87)	(14.9)
(+) Other ordinary profit/(loss)	20	(20)	(32)	(11)	-
Ordinary profit	21	1,197	1,276	78	6.6
(+) Extraordinary income/(losses):	22	(20)	(46)	(25)	-
Gains/(losses) on reserve for price fluctuation	23	(14)	(14)	0	-
Income before income taxes	24	1,176	1,230	53	4.6
(-) Income taxes	25	279	293	14	5.2
Net income	26	897	936	38	4.3

Ratios	Net loss ratio	Note 1	27	58.6 %	58.4 %	(0.2) %	
	Net expense ratio	Note 2	28	32.9 %	34.6 %	1.7 %	
	Combined ratio	Note 3	29	91.5 %	93.0 %	1.5 %	

Incurred losses (including loss adjustment expenses)		Note 4, 5	30	3,178	3,070	(108)	(3.4)
EI loss ratio		Note 4, 6	31	52.0 %	50.2 %	(1.8) %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI*.
* CALI stands for compulsory automobile liability insurance, and the same hereinafter.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(3) Business Results of Domestic Life Insurance Subsidiaries

1. Mitsui Sumitomo Aioi Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio
Amount of new policies ^(Note)	1	5,021	3,335	(1,686)	(33.6) %
Annualized premiums of new policies	2	66	47	(19)	(29.3) %
Amount of policies in force ^(Note)	3	(As of the beginning of the FY2020) 244,580	243,349	(Change from the beginning of the FY2020) (1,230)	(0.5) %
Annualized premiums for policies in force	4	(As of the beginning of the FY2020) 4,481	4,459	(Change from the beginning of the FY2020) (21)	(0.5) %
Insurance premiums	5	1,225	1,204	(20)	(1.7) %
Ordinary profit	6	46	78	31	69.1 %
Extraordinary income/(losses)	7	(2)	(2)	(0)	-
Net income	8	20	48	28	141.3 %

(Note) The figures represent the total sum of individual insurance and individual annuities.

2. Mitsui Sumitomo Primary Life Insurance Co., Ltd.

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio
Amount of new policies ^(Note)	1	2,555	792	(1,763)	(69.0) %
Amount of policies in force ^(Note)	2	(As of the beginning of the FY2020) 65,140	67,801	(Change from the beginning of the FY2020) 2,660	4.1 %
Insurance premiums	3	2,534	785	(1,748)	(69.0) %
Ordinary profit/(loss)	4	(36)	86	123	-
Extraordinary income/(losses)	5	108	(9)	(117)	(108.9) %
Net income	6	52	55	3	6.7 %

(Note) The figures represent the total sum of individual insurance and individual annuities.

(4) Business Results of Overseas Insurance Subsidiaries

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio %
Net premiums written	1	2,702	2,464	(237)	(8.8)
Asia	2	473	437	(36)	(7.7)
Europe	3	2,120	1,926	(194)	(9.2)
Americas	4	107	101	(6)	(6.0)
Net income/(loss) attributable to owners of the parent	5	98	(259)	(358)	(363.9)
Asia	6	36	39	3	9.6
Europe	7	19	(189)	(208)	(1,064.8)
Americas	8	3	(4)	(7)	(226.4)
International life insurance	9	39	(105)	(145)	(371.2)

2. Non-Consolidated Business Results of Mitsui Sumitomo Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio %
(+) Net premiums written	1	3,787	3,754	(32)	(0.9)
(-) Net claims paid	2	2,043	2,015	(27)	(1.3)
(-) Loss adjustment expenses	3	216	227	10	5.1
(-) Commissions and collection expenses	4	685	728	42	6.3
(-) Operating expenses and general and administrative expenses for underwriting	5	516	545	28	5.5
Underwriting profit before movements in reserves	6	324	237	(87)	(26.9)
(-) Movement in outstanding claims	7	(148)	(222)	(74)	-
(-) Movement in ordinary underwriting reserves	8	(28)	(20)	7	-
(+) Other	9	6	9	3	52.2
Underwriting profit before movement in catastrophe reserve	10	507	489	(17)	(3.5)
(-) Movement in catastrophe reserve	11	42	(1)	(43)	(102.5)
Underwriting profit	12	464	490	25	5.5
(+) Interest and dividends income	13	406	365	(41)	(10.3)
(-) Transfer of investment income on deposit premiums from policyholders	14	77	73	(4)	(6.0)
Net interest and dividends income (item 13 - item 14)	15	329	291	(37)	(11.3)
(+) Gains/(losses) on sales of securities	16	138	68	(69)	(50.3)
(-) Impairment losses on securities	17	12	6	(6)	(49.7)
(+) Other	18	(37)	6	43	-
Investment profit	19	417	360	(57)	(13.7)
(+) Other ordinary profit/(loss)	20	(19)	(15)	3	-
Ordinary profit	21	863	834	(28)	(3.3)
(+) Extraordinary income/(losses)	22	(12)	(11)	1	-
Gains/(losses) on reserve for price fluctuation	23	(10)	(9)	0	-
Income before income taxes	24	850	823	(27)	(3.2)
(-) Income taxes	25	192	197	4	2.3
Net income	26	658	626	(31)	(4.8)

Ratios	Net loss ratio	Note 1	27	59.7 %	59.8 %	0.1 %	
	Net expense ratio	Note 2	28	31.8 %	33.9 %	2.1 %	
	Combined ratio	Note 3	29	91.5 %	93.7 %	2.2 %	

Incurred losses (including loss adjustment expenses)		Note 4, 5	30	1,771	1,696	(74)	(4.2)
EI loss ratio		Note 4, 6	31	51.9 %	50.0 %	(1.9) %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Three months ended June 30, 2019		Three months ended June 30, 2020		Three months ended June 30, 2019		Three months ended June 30, 2020	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	398	(8.5)	381	(4.2)	723	9.8	756	4.6
Marine	157	(4.3)	141	(10.2)	265	(0.0)	250	(5.9)
Personal accident	401	(1.9)	408	1.9	429	(1.4)	420	(2.1)
Voluntary automobile	1,706	1.3	1,715	0.5	1,715	1.3	1,740	1.4
CALI	427	7.5	406	(4.9)	445	6.4	347	(21.9)
Other	696	3.4	701	0.7	825	4.2	865	4.9
Total	3,787	0.6	3,754	(0.9)	4,405	3.3	4,381	(0.6)

(3) Net claims paid

(Yen in 100 millions)

	Three months ended June 30, 2019			Three months ended June 30, 2020			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	347	16.6	90.6	324	(6.8)	88.7	(1.9)
Marine	75	18.3	50.2	85	13.1	62.9	12.7
Personal accident	169	(5.6)	46.5	182	7.6	48.6	2.1
Voluntary automobile	829	0.5	56.5	737	(11.0)	51.6	(4.9)
CALI	308	(6.3)	79.7	294	(4.7)	79.7	0.0
Other	313	14.0	47.1	392	25.3	58.3	11.2
Total	2,043	3.7	59.7	2,015	(1.3)	59.8	0.1

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Three months ended June 30, 2019			Three months ended June 30, 2020		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	0	-	0	16	11	4
Voluntary automobile	-	-	-	0	0	0
Other	-	-	-	0	0	0
Total	0	-	0	16	11	5

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Three months ended June 30, 2019			Three months ended June 30, 2020		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	424	(10)	(2.5)	418	(6)	(1.6)
Non-personnel expenses	2	304	(5)	(1.8)	350	45	14.8
Taxes and contributions	3	32	(0)	(0.6)	32	(0)	(0.2)
Total	4	761	(16)	(2.1)	800	38	5.1

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Three months ended June 30, 2019			Three months ended June 30, 2020		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	516	(17)	(3.3)	545	28	5.5
Commissions and collection expenses	6	685	21	3.3	728	42	6.3
Total	7	1,202	4	0.4	1,273	71	5.9
Net expense ratio	8	31.8 %	0.0 %		33.9 %	2.1 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2020		June 30, 2020			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	998	48.6	121	40	917	60.2
Marine	813	131.4	0	1	814	143.9
Personal accident	748	51.0	-	13	761	46.6
Voluntary automobile	978	14.6	-	54	1,033	15.1
Other	1,907	68.4	13	23	1,917	68.4
Total	5,446	39.9	135	134	5,445	40.7

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for June 30, 2020 is calculated on an annualized basis using net premiums written multiplied by four as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2020	June 30, 2020	
			Change
Cash, deposits and savings	5,009	4,540	(469)
Investments in securities:	49,255	49,984	729
Domestic bonds	15,342	15,057	(284)
Domestic stocks	14,339	15,382	1,043
Foreign securities	18,948	18,891	(57)
Other securities	624	652	27
Loans	4,006	4,141	135
Land and buildings	1,900	1,890	(10)
Total	60,171	60,556	384

(Reference)

Long-term investment assets	10,394	10,284	(109)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	
			Change
Investments in securities:	379	340	(39)
Domestic bonds	41	37	(3)
Domestic stocks	233	211	(22)
Foreign securities	103	90	(13)
Other securities	1	1	(0)
Loans	7	6	(0)
Land and buildings	16	15	(0)
Other	3	1	(1)
Total	406	365	(41)

(8) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

June 30, 2020	Cost	Fair value	Difference	Change from March 31, 2020
Domestic bonds	13,808	15,057	1,249	(94)
Domestic stocks	5,791	14,994	9,202	1,093
Foreign securities	4,348	4,555	207	172
Other securities	337	349	12	21
Total	24,284	34,957	10,672	1,193

(Yen in 100 millions)

March 31, 2020	Cost	Fair value	Difference
Domestic bonds	13,999	15,342	1,343
Domestic stocks	5,836	13,945	8,108
Foreign securities	4,587	4,622	35
Other securities	345	336	(8)
Total	24,768	34,246	9,478

(Notes) 1. The above tables describe available-for-sale securities with practically determinable fair value.

2. "Other securities" includes loan receivable trust beneficiary certificates included in Monetary claims bought on the balance sheets.

Gains and losses on sales of securities

(Yen in 100 millions)

	Three months ended June 30, 2019 Gains/(losses)	Three months ended June 30, 2020 Gains/(losses)	Gains	Losses
Domestic bonds	17	2	2	0
Domestic stocks	104	58	58	0
Foreign securities	16	7	10	2
Other securities	-	0	0	-
Total	138	68	72	3

Impairment losses on securities

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Domestic bonds	-	-	-
Domestic stocks	12	6	(6)
Foreign securities	0	-	(0)
Other securities	-	-	-
Total	12	6	(6)

3. Non-Consolidated Business Results of Aioi Nissay Dowa Insurance Co., Ltd.

(1) Business Results

(Yen in 100 millions)

	Items	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio %
(+) Net premiums written	1	3,179	3,123	(56)	(1.8)
(-) Net claims paid	2	1,656	1,599	(57)	(3.5)
(-) Loss adjustment expenses	3	167	177	9	5.5
(-) Commissions and collection expenses	4	638	654	16	2.6
(-) Operating expenses and general and administrative expenses for underwriting	5	453	447	(5)	(1.3)
Underwriting profit before movements in reserves	6	262	244	(18)	(7.1)
(-) Movement in outstanding claims	7	(131)	(131)	0	-
(-) Movement in ordinary underwriting reserves	8	117	56	(60)	(51.8)
(+) Other	9	(17)	31	48	-
Underwriting profit before movement in catastrophe reserve	10	259	349	90	34.9
(-) Movement in catastrophe reserve	11	95	34	(61)	(64.5)
Underwriting profit	12	163	315	152	93.2
(+) Interest and dividends income	13	203	176	(26)	(13.2)
(-) Transfer of investment income on deposit premiums from policyholders	14	40	36	(3)	(8.7)
Net interest and dividends income (item 13 - item 14)	15	163	140	(23)	(14.4)
(+) Gains/(losses) on sales of securities	16	60	33	(27)	(44.8)
(-) Impairment losses on securities	17	30	7	(22)	(74.8)
(+) Other	18	(21)	(23)	(2)	-
Investment profit	19	172	142	(30)	(17.6)
(+) Other ordinary profit/(loss)	20	(1)	(16)	(14)	-
Ordinary profit	21	334	441	107	32.1
(+) Extraordinary income/(losses):	22	(8)	(35)	(26)	-
Gains/(losses) on reserve for price fluctuation	23	(4)	(4)	(0)	-
Income before income taxes	24	325	406	80	24.8
(-) Income taxes	25	86	96	10	11.9
Net income	26	239	309	70	29.4

Ratios	Net loss ratio	Note 1	27	57.4 %	56.9 %	(0.5) %	
	Net expense ratio	Note 2	28	34.3 %	35.3 %	1.0 %	
	Combined ratio	Note 3	29	91.7 %	92.2 %	0.5 %	

Incurred losses (including loss adjustment expenses)		Note 4, 5	30	1,407	1,373	(34)	(2.4)
EI loss ratio		Note 4, 6	31	52.1 %	50.4 %	(1.7) %	

- (Notes) 1. Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100
2. Net expense ratio = (commissions and collection expenses + operating expenses and general and administrative expenses for underwriting) / net premiums written x 100
3. Combined ratio = net loss ratio + net expense ratio
4. The calculation is exclusive of residential earthquake insurance and CALI.
5. Incurred losses (including loss adjustment expenses) = net claims paid + loss adjustment expenses + movement in outstanding claims
6. EI loss ratio = incurred losses (including loss adjustment expenses) / earned premiums x 100
Earned premiums are calculated based on unearned premiums (excluding underwriting reserves for natural disasters), premium reserve, etc.

(2) Premiums written

(Yen in 100 millions)

	Net premiums written				Direct premiums written (excluding deposit premiums from policyholders)			
	Three months ended June 30, 2019		Three months ended June 30, 2020		Three months ended June 30, 2019		Three months ended June 30, 2020	
	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %	Amount	Change ratio %
Fire and allied	414	1.8	380	(8.2)	538	11.1	570	5.9
Marine	19	(0.5)	18	(2.1)	-	(100.0)	-	-
Personal accident	157	(9.3)	159	0.9	168	(7.9)	173	2.9
Voluntary automobile	1,825	2.8	1,841	0.9	1,718	1.6	1,757	2.2
CALI	384	5.7	362	(5.7)	470	7.7	368	(21.7)
Other	379	5.8	360	(4.8)	427	4.4	433	1.4
Total	3,179	2.7	3,123	(1.8)	3,323	3.7	3,302	(0.6)

(3) Net claims paid

(Yen in 100 millions)

	Three months ended June 30, 2019			Three months ended June 30, 2020			
	Amount	Change ratio %	Net loss ratio %	Amount	Change ratio %	Net loss ratio %	Change %
Fire and allied	286	5.9	72.0	317	11.0	87.4	15.4
Marine	11	37.4	58.6	10	(10.6)	53.5	(5.1)
Personal accident	62	(3.0)	45.6	64	4.1	46.6	1.0
Voluntary automobile	884	2.7	54.7	789	(10.7)	49.4	(5.3)
CALI	264	(7.0)	74.5	248	(5.9)	75.0	0.5
Other	148	13.3	41.9	167	13.3	49.3	7.4
Total	1,656	2.3	57.4	1,599	(3.5)	56.9	(0.5)

(Note) Net loss ratio = (net claims paid + loss adjustment expenses) / net premiums written x 100

(Reference) Incurred losses caused by natural disasters in Japan

(Yen in 100 millions)

	Three months ended June 30, 2019			Three months ended June 30, 2020		
	Incurred losses	Net claims paid	Outstanding claims	Incurred losses	Net claims paid	Outstanding claims
Fire and allied	3	0	2	8	6	2
Voluntary automobile	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	4	0	3	9	6	2

(Note) The above table describes losses caused by natural disasters in Japan, which exclude residential earthquake insurance, incurred during the respective period.

(4) Expenses

<Company expenses>

(Yen in 100 millions)

	Items	Three months ended June 30, 2019			Three months ended June 30, 2020		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Personnel expenses	1	322	10	3.3	318	(4)	(1.4)
Non-personnel expenses	2	290	27	10.5	299	9	3.1
Taxes and contributions	3	28	0	1.7	29	0	2.9
Total	4	642	38	6.4	647	5	0.8

(Note) Total = loss adjustment expenses + operating expenses and general and administrative expenses

<Expenses for underwriting>

(Yen in 100 millions)

	Items	Three months ended June 30, 2019			Three months ended June 30, 2020		
		Amount	Change	Change ratio %	Amount	Change	Change ratio %
Operating expenses and general and administrative expenses	5	453	30	7.2	447	(5)	(1.3)
Commissions and collection expenses	6	638	21	3.5	654	16	2.6
Total	7	1,091	52	5.0	1,102	10	1.0
Net expense ratio	8	34.3 %	0.7 %		35.3 %	1.0 %	

(5) Catastrophe reserve

(Yen in 100 millions)

	March 31, 2020		June 30, 2020			
	Balance	Reserve ratio	Reversal	Provision	Balance	Reserve ratio
		%				%
Fire and allied	858	43.1	105	57	810	53.4
Marine	98	136.2	0	0	98	131.4
Personal accident	662	116.4	-	5	667	104.8
Voluntary automobile	571	8.0	-	58	630	8.6
Other	768	55.9	2	20	786	54.5
Total	2,959	26.6	108	143	2,993	27.1

(Note) Reserve ratio = catastrophe reserve / net premiums written (excluding premiums of residential earthquake insurance and CALI) x 100
Reserve ratio for June 30, 2020 is calculated on an annualized basis using net premiums written multiplied by four as a denominator.

(6) Investment assets

(Yen in 100 millions)

	March 31, 2020	June 30, 2020	
			Change
Cash, deposits and savings	1,765	1,690	(74)
Investments in securities:	23,176	23,843	667
Domestic bonds	8,290	7,766	(524)
Domestic stocks	6,969	7,726	756
Foreign securities	7,158	7,501	342
Other securities	757	849	91
Loans	2,181	2,235	53
Land and buildings	1,598	1,569	(28)
Total	28,721	29,339	617

(Reference)

Long-term investment assets	3,578	3,510	(68)
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(7) Breakdown of interest and dividends income

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	
			Change
Investments in securities:	183	156	(26)
Domestic bonds	21	20	(1)
Domestic stocks	111	98	(12)
Foreign securities	37	34	(3)
Other securities	13	3	(9)
Loans	5	5	(0)
Land and buildings	12	11	(0)
Other	3	2	(0)
Total	203	176	(26)

(8) Investments in securities**Unrealized gains and losses on investments in securities**

(Yen in 100 millions)

June 30, 2020	Cost	Fair value	Difference	Change from March 31, 2020
Domestic bonds	7,253	7,766	512	(27)
Domestic stocks	3,804	7,465	3,660	750
Foreign securities	6,083	6,614	530	206
Other securities	719	735	15	36
Total	17,861	22,581	4,719	966

(Yen in 100 millions)

March 31, 2020	Cost	Fair value	Difference
Domestic bonds	7,750	8,290	540
Domestic stocks	3,798	6,708	2,910
Foreign securities	5,957	6,282	324
Other securities	672	651	(20)
Total	18,179	21,932	3,753

(Note) The above tables describe available-for-sale securities with practically determinable fair value.

Gains and losses on sales of securities

(Yen in 100 millions)

	Three months ended June 30, 2019 Gains/(losses)	Three months ended June 30, 2020 Gains/(losses)	Gains	Losses
Domestic bonds	8	10	10	0
Domestic stocks	38	11	11	-
Foreign securities	13	11	12	0
Other securities	-	-	-	-
Total	60	33	34	0

Impairment losses on securities

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Domestic bonds	-	-	-
Domestic stocks	22	2	(19)
Foreign securities	7	4	(2)
Other securities	-	-	-
Total	30	7	(22)

4. Supplementary Information

(1) Supplementary Information on Consolidated Business Results

(a) Consolidated Business Results

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	Change ratio
Ordinary income and expenses:				
Underwriting income:	13,367	10,474	(2,892)	(21.6) %
Net premiums written	9,768	9,434	(333)	(3.4)
Deposit premiums from policyholders	221	245	23	10.7
Life insurance premiums	2,984	498	(2,485)	(83.3)
Reversal of outstanding claims	272	178	(93)	(34.4)
Underwriting expenses:	10,707	12,221	1,513	14.1
Net claims paid	4,777	4,561	(216)	(4.5)
Loss adjustment expenses	440	453	13	3.0
Commissions and collection expenses	1,835	1,793	(42)	(2.3)
Maturity refunds to policyholders	483	497	13	2.8
Life insurance claims	923	711	(211)	(22.9)
Provision for underwriting reserves	2,185	4,146	1,961	89.7
Investment income:	1,538	4,998	3,460	224.9
Interest and dividends income	912	898	(14)	(1.6)
Investment gains on money trusts	194	1,007	812	416.6
Gains on sales of securities	231	263	31	13.6
Investment gains on separate accounts	69	1,027	957	1,382.1
Investment expenses:	1,341	361	(979)	(73.0)
Investment losses on money trusts	236	60	(175)	(74.5)
Losses on sales of securities	14	30	16	115.6
Impairment losses on securities	30	57	26	87.2
Operating expenses and general and administrative expenses	1,698	1,677	(20)	(1.2)
Other ordinary income and expenses:	20	(111)	(132)	(633.6)
Gains/(losses) on equity method investments	24	(103)	(127)	(529.1)
Ordinary profit	1,179	1,101	(78)	(6.6)
Extraordinary income and losses:				
Extraordinary income	119	81	(37)	(31.6)
Extraordinary losses	7	64	57	797.7
Extraordinary income/(losses)	112	16	(95)	(84.9)
Income before income taxes	1,291	1,118	(173)	(13.4)
Income taxes	322	145	(177)	(55.0)
Net income	968	972	3	0.4
Net income attributable to non-controlling interests	8	5	(3)	(35.9)
Net income attributable to owners of the parent	959	966	7	0.7

(b) Premiums Written and Net Claims Paid by Line of Insurance

Direct Premiums Written by Line of Insurance (including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2019			Three months ended June 30, 2020		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	186,821	17.6	7.2	186,233	18.0	(0.3)
Marine	66,523	6.3	(4.4)	69,931	6.8	5.1
Personal accident	88,203	8.3	(1.3)	88,280	8.5	0.1
Voluntary automobile	420,024	39.6	1.8	423,283	40.9	0.8
CALI	91,612	8.6	7.1	71,643	6.9	(21.8)
Other	207,442	19.6	(0.0)	195,951	18.9	(5.5)
Total:	1,060,628	100.0	2.1	1,035,324	100.0	(2.4)
Deposit premiums from policyholders	22,181	2.1	4.7	24,553	2.4	10.7

Net Premiums Written by Line of Insurance

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2019			Three months ended June 30, 2020		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	146,409	15.0	(1.9)	125,703	13.3	(14.1)
Marine	49,830	5.1	(7.4)	52,873	5.6	6.1
Personal accident	71,403	7.3	(0.8)	66,997	7.1	(6.2)
Voluntary automobile	438,074	44.9	2.6	435,106	46.1	(0.7)
CALI	81,260	8.3	6.6	76,986	8.2	(5.3)
Other	189,829	19.4	(0.4)	185,832	19.7	(2.1)
Total	976,807	100.0	0.8	943,499	100.0	(3.4)

Net Claims Paid by Line of Insurance

(Yen in millions)

Lines of Insurance	Three months ended June 30, 2019			Three months ended June 30, 2020		
	Amount	Share (%)	Change ratio (%)	Amount	Share (%)	Change ratio (%)
Fire and allied	92,604	19.4	(2.4)	84,506	18.5	(8.7)
Marine	18,143	3.8	0.4	17,284	3.8	(4.7)
Personal accident	27,695	5.8	0.5	30,560	6.7	10.3
Voluntary automobile	209,397	43.8	0.1	189,279	41.5	(9.6)
CALI	57,424	12.0	(6.6)	54,420	11.9	(5.2)
Other	72,512	15.2	12.1	80,099	17.6	10.5
Total	477,776	100.0	0.4	456,151	100.0	(4.5)

(Note) The figures in the above tables include elimination of intersegment transactions.

(c) Investments in Securities

1. Trading securities

(Yen in millions)

	March 31, 2020		June 30, 2020	
	Carrying amount	Unrealized gains/(losses) included in income	Carrying amount	Unrealized gains/(losses) included in income
Trading securities	2,949,868	(107,583)	2,912,086	73,599

(Note) "Trading securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

2. Held-to-maturity securities

(Yen in millions)

Items	March 31, 2020			June 30, 2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	1,095,428	1,311,673	216,244	1,096,101	1,296,039	199,938
Foreign Securities	4,003	4,066	62	3,392	3,274	(118)
Other Securities	13,108	13,108	-	12,525	12,525	-
Total	1,112,541	1,328,848	216,307	1,112,019	1,311,838	199,819

(Note) "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers included in Monetary claims bought on the consolidated balance sheet.

3. Debt securities earmarked for underwriting reserves

(Yen in millions)

Items	March 31, 2020			June 30, 2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Domestic Bonds	1,020,255	1,089,940	69,684	1,191,920	1,212,332	20,411
Foreign Securities	1,382,664	1,523,118	140,453	1,503,676	1,689,430	185,753
Total	2,402,920	2,613,059	210,138	2,695,597	2,901,762	206,165

4. Available-for-sale securities

(Yen in millions)

Items	March 31, 2020			June 30, 2020		
	Cost	Carrying amount	Difference	Cost	Carrying amount	Difference
Domestic Bonds	3,429,477	3,700,304	270,827	3,356,014	3,603,713	247,698
Domestic Stocks	1,018,732	2,065,614	1,046,882	1,014,452	2,246,195	1,231,742
Foreign Securities	2,578,973	2,651,182	72,209	2,579,074	2,716,371	137,297
Other Securities	274,406	269,561	(4,845)	315,506	319,270	3,764
Total	7,301,590	8,686,663	1,385,073	7,265,048	8,885,550	1,620,502

(Notes) 1. Available-for-sale securities without practically determinable fair value are not included in the above table.

2. "Other Securities" includes certificates of deposits included in Cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in Monetary claims bought on the consolidated balance sheet.

3. The Company and its consolidated subsidiaries recognized impairment losses on Available-for-sale securities with practically determinable fair value as follows.

For the year ended March 31, 2020: ¥36,009 million (comprised of ¥31,843 million on Domestic stocks and ¥4,165 million on Foreign securities)

For the three months ended June 30, 2020: ¥4,646 million (comprised of ¥535 million on Domestic stocks and ¥4,111 million on Foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities with practically determinable fair value if the fair value declines by 30% or more from the cost.

(2) Summary of Business Results of Main Consolidated Subsidiaries

(a) Mitsui Sumitomo Insurance Co., Ltd. (Non-consolidated)

Non-Consolidated Balance Sheets

(Yen in millions)

Items	March 31, 2020	June 30, 2020
(Assets)		
Cash, deposits and savings	489,791	442,660
Monetary claims bought	8,217	7,715
Money trusts	2,961	3,658
Investments in securities	4,925,543	4,998,449
Loans	400,609	414,150
Tangible fixed assets	209,951	208,011
Intangible fixed assets	98,478	98,558
Other assets	419,666	368,245
Deferred tax assets	111,516	78,692
Customers' liabilities under acceptances and guarantees	25,987	25,934
Bad debt reserve	(6,635)	(6,593)
Total assets	6,686,089	6,639,484
(Liabilities)		
Policy liabilities:	3,715,273	3,679,911
Outstanding claims	629,241	606,976
Underwriting reserves	3,086,032	3,072,935
Bonds issued	587,093	587,093
Other liabilities:	566,927	555,093
Income taxes payable	3,744	17,817
Lease obligations	1,297	1,494
Asset retirement obligations	3,913	3,934
Other liabilities	557,973	531,847
Reserve for pension and retirement benefits	120,827	119,572
Reserve for retirement benefits for officers	316	280
Accrued bonuses for employees	10,633	152
Reserves under the special laws:	19,007	20,001
Reserve for price fluctuation	19,007	20,001
Acceptances and guarantees	25,987	25,934
Total liabilities	5,046,067	4,988,041
(Net assets)		
Common stock	139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	698,675	625,345
Total shareholders' equity	931,378	858,049
Net unrealized gains/(losses) on investments in securities	683,030	768,608
Net deferred gains/(losses) on hedges	25,613	24,785
Total valuation and translation adjustments	708,643	793,394
Total net assets	1,640,022	1,651,443
Total liabilities and net assets	6,686,089	6,639,484

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	475,782	476,949
Underwriting income:	427,383	436,768
Net premiums written	378,726	375,464
Deposit premiums from policyholders	15,497	18,545
Investment income on deposit premiums from policyholders	7,798	7,327
Reversal of outstanding claims	14,853	22,265
Reversal of underwriting reserves	10,503	13,096
Investment income:	47,495	39,349
Interest and dividends income	40,698	36,508
Investment gains on money trusts	-	703
Gains on sales of securities	14,218	7,205
Transfer of investment income on deposit premiums from policyholders	(7,798)	(7,327)
Other ordinary income	903	831
Ordinary expenses:	389,437	393,462
Underwriting expenses:	328,845	332,291
Net claims paid	204,323	201,569
Loss adjustment expenses	21,678	22,778
Commissions and collection expenses	68,590	72,878
Maturity refunds to policyholders	33,288	34,967
Investment expenses:	3,769	1,414
Investment losses on money trusts	31	-
Losses on sales of securities	398	339
Impairment losses on securities	1,248	628
Operating expenses and general and administrative expenses	54,508	57,262
Other ordinary expenses:	2,314	2,494
Interest expense	2,288	2,469
Ordinary profit	86,344	83,486
Extraordinary income	78	37
Extraordinary losses	1,334	1,142
Income before income taxes	85,088	82,381
Income taxes	19,272	19,708
Net income	65,815	62,672

Non-Consolidated Solvency Margin Ratio

Insurance companies running their business in Japan calculate the non-consolidated solvency margin ratio pursuant to the provisions of Articles 86 and 87 of the Insurance Business Act Enforcement Regulations and Public Notice No. 50 issued by the Ministry of Finance in 1996.

While insurance companies set aside reserves to provide for payments of insurance claims should an insured event occur, they are also required to maintain sufficient funds to pay out in an event outside the normal range of estimates such as a major catastrophe and a significant drop in the value of their assets.

The non-consolidated solvency margin ratio, or item (C) in each of the tables below, which is calculated in accordance with the Insurance Business Act, is the ratio of “solvency margin of insurance companies 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.

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

(Yen in millions)

	March 31, 2020	June 30, 2020
(A) Total amount of solvency margin	3,076,392	3,154,327
Total net assets	879,578	858,049
Reserve for price fluctuation	19,007	20,001
Contingency reserve	-	-
Catastrophe reserve	550,227	550,203
General bad debt reserve	86	75
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	852,586	959,375
Net unrealized gains/(losses) on land	54,618	54,591
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	487,093	487,093
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	3,642	3,642
Others	236,835	228,578
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	877,260	901,772
General insurance risk (R ₁)	136,088	136,675
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	13,475	13,191
Asset management risk (R ₄)	700,269	722,350
Business administration risk (R ₅)	19,617	20,114
Catastrophe risk (R ₆)	131,040	133,525
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	701.3 %	699.5 %

(Note) The non-consolidated solvency margin ratio for June 30, 2020 is calculated by partially applying the simplified method where components such as the catastrophe risk (R₆) are calculated based on the data used for March 31, 2020.

(b) Aioi Nissay Dowa Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2020	June 30, 2020
(Assets)		
Cash, deposits and savings	174,108	166,662
Money trusts	2,441	2,419
Investments in securities	2,317,658	2,384,372
Loans	218,147	223,543
Tangible fixed assets	182,184	179,913
Intangible fixed assets	55,884	57,809
Other assets	381,021	343,835
Prepaid pension expenses	19,427	19,558
Deferred tax assets	63,162	36,226
Customers' liabilities under acceptances and guarantees	7,500	7,500
Bad debt reserve	(804)	(770)
Total assets	3,420,733	3,421,071
(Liabilities)		
Policy liabilities:	2,366,879	2,356,139
Outstanding claims	564,436	551,336
Underwriting reserves	1,802,443	1,804,803
Bonds issued	72,000	72,000
Other liabilities:	265,188	199,492
Income taxes payable	10,090	10,350
Lease obligations	2	2
Asset retirement obligations	891	893
Other liabilities	254,203	188,246
Reserve for pension and retirement benefits	34,378	35,073
Accrued bonuses for employees	6,619	381
Reserves under the special laws:	30,088	30,522
Reserve for price fluctuation	30,088	30,522
Acceptances and guarantees	7,500	7,500
Total liabilities	2,782,654	2,701,109
(Net assets)		
Common stock	100,005	100,005
Capital surplus	81,207	81,207
Retained earnings	185,491	197,768
Total shareholders' equity	366,703	378,981
Net unrealized gains/(losses) on investments in securities	271,374	340,980
Total valuation and translation adjustments	271,374	340,980
Total net assets	638,078	719,961
Total liabilities and net assets	3,420,733	3,421,071

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	366,083	354,522
Underwriting income:	341,835	335,174
Net premiums written	317,959	312,310
Deposit premiums from policyholders	6,683	6,008
Investment income on deposit premiums from policyholders	4,026	3,676
Reversal of outstanding claims	13,103	13,100
Investment income:	22,661	17,587
Interest and dividends income	20,380	17,681
Investment gains on money trusts	0	0
Gains on sales of securities	6,121	3,415
Transfer of investment income on deposit premiums from policyholders	(4,026)	(3,676)
Other ordinary income	1,586	1,761
Ordinary expenses:	332,673	310,382
Underwriting expenses:	280,507	260,746
Net claims paid	165,691	159,907
Loss adjustment expenses	16,787	17,714
Commissions and collection expenses	63,823	65,494
Maturity refunds to policyholders	15,059	14,740
Provision for underwriting reserves	15,096	2,360
Investment expenses:	4,160	2,076
Losses on sales of securities	70	76
Impairment losses on securities	3,044	766
Operating expenses and general and administrative expenses	47,429	47,038
Other ordinary expenses:	576	521
Interest expense	100	196
Ordinary profit	33,410	44,140
Extraordinary income	13	20
Extraordinary losses	853	3,524
Income before income taxes	32,569	40,636
Income taxes	8,629	9,657
Net income	23,940	30,978

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2020	June 30, 2020
(A) Total amount of solvency margin	1,148,081	1,282,387
Total net assets	348,002	378,981
Reserve for price fluctuation	30,088	30,522
Contingency reserve	906	937
Catastrophe reserve	299,132	302,592
General bad debt reserve	123	119
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	338,684	425,572
Net unrealized gains/(losses) on land	27,385	27,981
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	58,800	58,800
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	4,269	4,269
Others	49,228	61,149
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	326,916	331,425
General insurance risk (R_1)	114,413	114,904
Insurance risk of third sector insurance contracts (R_2)	-	-
Assumed interest rate risk (R_3)	6,634	6,472
Asset management risk (R_4)	194,535	210,653
Business administration risk (R_5)	8,060	8,192
Catastrophe risk (R_6)	87,425	77,577
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	702.3 %	773.8 %

(Note) The non-consolidated solvency margin ratio for June 30, 2020 is calculated by partially applying the simplified method where components such as the catastrophe risk (R_6) are calculated based on the data used for March 31, 2020.

(c) Mitsui Direct General Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2020	June 30, 2020
(Assets)		
Cash, deposits and savings	12,133	10,661
Investments in securities	35,972	38,274
Tangible fixed assets	447	430
Intangible fixed assets	5,880	5,552
Other assets	5,339	5,507
Bad debt reserve	(4)	(4)
Total assets	59,768	60,421
(Liabilities)		
Policy liabilities:	43,705	43,457
Outstanding claims	22,946	22,247
Underwriting reserves	20,759	21,210
Other liabilities:	1,405	1,212
Income taxes payable	95	52
Asset retirement obligations	18	18
Other liabilities	1,291	1,141
Reserve for pension and retirement benefits	219	234
Accrued bonuses for employees	288	-
Reserves under the special laws:	79	81
Reserve for price fluctuation	79	81
Deferred tax liabilities	50	50
Total liabilities	45,750	45,036
(Net assets)		
Common stock	39,106	39,106
Capital surplus	9,006	9,006
Retained earnings	(34,083)	(32,705)
Total shareholders' equity	14,028	15,406
Net unrealized gains/(losses) on investments in securities	(10)	(22)
Total valuation and translation adjustments	(10)	(22)
Total net assets	14,017	15,384
Total liabilities and net assets	59,768	60,421

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	11,026	9,948
Underwriting income:	11,011	9,938
Net premiums written	9,076	9,233
Investment income on deposit premiums from policyholders	5	5
Reversal of outstanding claims	1,076	698
Reversal of underwriting reserves	852	-
Investment income:	8	4
Interest and dividends income	14	10
Transfer of investment income on deposit premiums from policyholders	(5)	(5)
Other ordinary income	6	5
Ordinary expenses:	9,097	8,565
Underwriting expenses:	6,824	5,735
Net claims paid	6,114	4,549
Loss adjustment expenses	627	650
Commissions and collection expenses	81	84
Provision for outstanding claims	-	450
Investment expenses	-	-
Operating expenses and general and administrative expenses	2,271	2,828
Other ordinary expenses	1	0
Ordinary profit	1,928	1,383
Extraordinary income	-	-
Extraordinary losses	1	1
Income before income taxes	1,926	1,381
Income taxes	1	3
Net income	1,924	1,378

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2020	June 30, 2020
(A) Total amount of solvency margin	15,305	16,900
Total net assets	14,028	15,406
Reserve for price fluctuation	79	81
Contingency reserve	0	0
Catastrophe reserve	1,205	1,432
General bad debt reserve	2	2
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	(10)	(22)
Net unrealized gains/(losses) on land	-	-
Excess of policyholders' contract deposits (a)	-	-
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Deductions	-	-
Others	-	-
(B) Total amount of risks $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	5,809	5,815
General insurance risk (R ₁)	5,227	5,227
Insurance risk of third sector insurance contracts (R ₂)	-	-
Assumed interest rate risk (R ₃)	0	0
Asset management risk (R ₄)	955	986
Business administration risk (R ₅)	194	195
Catastrophe risk (R ₆)	300	300
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	526.9 %	581.1 %

(Note) The non-consolidated solvency margin ratio for June 30, 2020 is calculated by partially applying the simplified method to components such as the asset management risk (R₄).

(d) Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2020	June 30, 2020
(Assets)		
Cash, deposits and savings	196,400	70,185
Receivables under resale agreements	407,722	351,582
Investments in securities	3,757,612	3,925,725
Loans	63,130	68,616
Tangible fixed assets	4,345	4,121
Intangible fixed assets	32,841	32,106
Due from agencies	1,996	1,621
Reinsurance accounts receivable	868	49
Other assets	45,651	41,145
Bad debt reserve	(97)	(89)
Total assets	4,510,472	4,495,064
(Liabilities)		
Policy liabilities:	3,779,645	3,829,492
Outstanding claims	31,886	31,883
Underwriting reserves	3,737,682	3,787,628
Reserve for dividends to policyholders	10,077	9,979
Due to agencies	3,623	2,855
Reinsurance accounts payable	291	257
Other liabilities:	449,640	387,309
Payables under repurchase agreements	412,965	354,571
Payables under securities lending transactions	25,072	24,823
Income taxes payable	532	1,493
Lease obligations	1,296	1,082
Asset retirement obligations	437	430
Other liabilities	9,336	4,907
Reserve for pension and retirement benefits	3,856	4,000
Reserve for retirement benefits for officers	9	8
Reserves under the special laws:	8,725	8,965
Reserve for price fluctuation	8,725	8,965
Deferred tax liabilities	3,891	3,191
Total liabilities	4,249,683	4,236,080
(Net assets)		
Common stock	85,500	85,500
Capital surplus	93,688	93,688
Retained earnings	19,000	18,996
Total shareholders' equity	198,188	198,184
Net unrealized gains/(losses) on investments in securities	62,599	60,799
Total valuation and translation adjustments	62,599	60,799
Total net assets	260,788	258,983
Total liabilities and net assets	4,510,472	4,495,064

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	137,807	135,418
Insurance premiums and others:	123,422	120,514
Insurance premiums	122,511	120,455
Investment income:	13,259	14,196
Interest and dividends income	11,473	12,569
Gains on sales of securities	1,779	1,351
Gains on derivative transactions	-	238
Other ordinary income:	1,125	708
Reversal of outstanding claims	546	2
Ordinary expenses:	133,181	127,597
Insurance claims and others:	54,447	53,733
Insurance claims	10,546	10,352
Annuity payments	4,427	4,711
Benefits	6,975	7,896
Surrender benefits	29,945	29,299
Other refunds	1,077	1,041
Provision for underwriting reserves and others:	53,885	49,946
Provision for underwriting reserves	53,885	49,946
Provision for interest portion of reserve for dividends to policyholders	0	0
Investment expenses:	310	21
Losses on sales of securities	280	15
Losses on derivative transactions	20	-
Operating expenses	20,265	19,337
Other ordinary expenses	4,271	4,559
Ordinary profit	4,626	7,821
Extraordinary income	0	0
Extraordinary losses	251	253
Provision for reserve for dividends to policyholders	1,672	937
Income before income taxes	2,701	6,630
Income taxes	686	1,770
Net income	2,014	4,860

Business Results**Amount of Policies in Force and New Policies****(1) Policies in force**

(Yen in 100 millions)

	March 31, 2020		June 30, 2020	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	3,726	237,974	3,740	236,791
Individual annuities	171	6,605	169	6,558
Group insurance	-	88,884	-	89,725
Group annuities	-	2	-	3

(Notes) 1. The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

2. The amounts of group annuities represent the underwriting reserves.

(2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2019				Three months ended June 30, 2020			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	78	5,008	5,008	-	50	3,325	3,325	-
Individual annuities	0	13	13	-	0	10	10	-
Group insurance	-	249	249	-	-	213	213	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence.

Annualized Premiums**(1) Policies in force**

(Yen in 100 millions)

	March 31, 2020	June 30, 2020
Individual insurance	4,075	4,055
Individual annuities	406	403
Total:	4,481	4,459
Medical coverage, living benefits, etc.	1,381	1,393

(2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Individual insurance	66	46
Individual annuities	0	0
Total:	66	47
Medical coverage, living benefits, etc.	48	28

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Fundamental revenues:	136,030	133,823	(2,207)
Insurance premiums and others	123,422	120,514	(2,908)
Fundamental expenses	132,420	127,480	(4,939)
Fundamental profit	3,610	6,342	2,732
Capital gains/(losses)	1,483	1,571	88
Non-recurring gains/(losses)	(467)	(91)	375
Ordinary profit	4,626	7,821	3,195
Extraordinary income	0	0	(0)
Extraordinary losses	251	253	1
Provision for reserve for dividends to policyholders	1,672	937	(735)
Income taxes	686	1,770	1,083
Net income	2,014	4,860	2,845

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2020	June 30, 2020
(A) Total amount of solvency margin	492,307	496,017
Total capital	193,323	196,962
Reserve for price fluctuation	8,725	8,965
Contingency reserve	38,888	38,987
General bad debt reserve	3	3
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90%	78,249	75,999
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	168,067	168,288
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	5,048	6,811
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	63,551	63,769
Insurance risk (R ₁)	18,352	18,312
Insurance risk of third sector insurance contracts (R ₈)	16,532	16,652
Assumed interest rate risk (R ₂)	3,210	3,218
Minimum guarantee risk (R ₇)	-	-
Asset management risk (R ₃)	47,841	48,036
Business administration risk (R ₄)	1,718	1,724
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	1,549.3 %	1,555.6 %

(e) Mitsui Sumitomo Primary Life Insurance Co., Ltd. (Non-consolidated)**Non-Consolidated Balance Sheets**

(Yen in millions)

Items	March 31, 2020	June 30, 2020
(Assets)		
Cash, deposits and savings	399,783	284,073
Monetary claims bought	100,995	150,966
Money trusts	1,660,997	1,863,644
Investments in securities	4,342,621	4,548,923
Loans	215,294	235,058
Tangible fixed assets	1,046	993
Intangible fixed assets	12,565	12,535
Reinsurance accounts receivable	8,971	9,524
Other assets	29,497	32,738
Deferred tax assets	43,132	25,886
Total assets	6,814,907	7,164,345
(Liabilities)		
Policy liabilities:	6,463,416	6,771,462
Outstanding claims	19,394	17,644
Underwriting reserves	6,444,021	6,753,818
Due to agencies	3,581	1,904
Reinsurance accounts payable	4,997	3,893
Other liabilities:	68,587	66,082
Income taxes payable	1,396	-
Lease obligations	881	695
Asset retirement obligations	177	177
Other liabilities	66,132	65,208
Reserves under the special laws:	79,500	80,455
Reserve for price fluctuation	79,500	80,455
Total liabilities	6,620,083	6,923,799
(Net assets)		
Common stock	41,060	41,060
Capital surplus	24,735	24,735
Retained earnings	117,883	119,258
Total shareholders' equity	183,678	185,053
Net unrealized gains/(losses) on investments in securities	(5,340)	40,159
Net deferred gains/(losses) on hedges	16,486	15,333
Total valuation and translation adjustments	11,145	55,493
Total net assets	194,823	240,546
Total liabilities and net assets	6,814,907	7,164,345

Non-Consolidated Statements of Income

(Yen in millions)

Items	Three months ended June 30, 2019	Three months ended June 30, 2020
Ordinary income:	295,792	527,389
Insurance premiums and others:	262,275	108,955
Insurance premiums	253,401	78,569
Investment income:	30,548	415,715
Interest and dividends income	22,591	22,636
Investment gains on money trusts	-	94,009
Gains on sales of securities	1,028	12,951
Investment gains on separate accounts	6,929	102,703
Other ordinary income:	2,968	2,718
Reversal of outstanding claims	1,914	1,750
Ordinary expenses:	299,442	518,732
Insurance claims and others:	128,065	199,136
Insurance claims	23,701	23,889
Annuity payments	19,822	18,839
Benefits	35,675	34,714
Surrender benefits	30,911	82,898
Other refunds	1,210	653
Provision for underwriting reserves and others:	59,079	309,796
Provision for underwriting reserves	59,079	309,796
Investment expenses:	94,929	293
Interest expense	14	10
Investment losses on money trusts	4,085	-
Losses on sales of securities	178	281
Operating expenses	14,550	7,631
Other ordinary expenses	2,816	1,874
Ordinary profit/(loss)	(3,649)	8,657
Extraordinary income	10,800	-
Extraordinary losses	-	955
Income before income taxes	7,151	7,701
Income taxes	1,930	2,129
Net income	5,220	5,572

Business Results**Amount of Policies in Force and New Policies**

(1) Policies in force

(Yen in 100 millions)

	March 31, 2020		June 30, 2020	
	Number of policies (in thousands)	Amount	Number of policies (in thousands)	Amount
Individual insurance	825	42,587	815	44,675
Individual annuities	386	22,553	384	23,126
Group insurance	-	-	-	-
Group annuities	-	-	-	-

(Note) The amounts of individual annuities represent the total sum of (a) the funds to be held at the time annuity payments are to commence (the premium reserves in the case of individual variable annuities) for the policies for which annuity payments have not yet commenced and (b) the underwriting reserves for the policies for which annuity payments have commenced.

(2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2019				Three months ended June 30, 2020			
	Number of policies (in thousands)	Amount	New policies	Net increase by conversion	Number of policies (in thousands)	Amount	New policies	Net increase by conversion
Individual insurance	29	1,930	1,930	-	7	632	632	-
Individual annuities	10	625	625	-	2	159	159	-
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

(Note) The amounts of individual annuities represent the funds to be held at the time annuity payments are to commence (the premium reserves at the time of enrollment in the case of individual variable annuities).

Annualized Premiums

(1) Policies in force

(Yen in 100 millions)

	March 31, 2020	June 30, 2020
Individual insurance	3,318	3,478
Individual annuities	2,660	2,667
Total:	5,979	6,146
Medical coverage, living benefits, etc.	0	0

(2) New policies

(Yen in 100 millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Individual insurance	156	66
Individual annuities	106	33
Total:	262	99
Medical coverage, living benefits, etc.	-	-

(Notes) 1. An annualized premium is the annual total of premiums that is obtained by multiplying the amount of a single payment with the number of payments per year in accordance with the premium payment method. An annualized premium for a lump-sum payment policy is the premium divided by the number of years of coverage.

2. "Medical coverage, living benefits, etc." represents the portion of annualized premiums that corresponds to medical coverage benefits (for hospitalization, surgeries, etc.), living benefits (for specified diseases, nursing care, etc.) and premium waiver benefits (excluding those for disability, but including those for specified diseases, nursing care, etc.).

Non-Consolidated Business Performance

(Yen in millions)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Fundamental revenues:	326,764	520,557	193,792
Insurance premiums and others	262,275	108,955	(153,319)
Fundamental expenses	343,710	514,995	171,284
Fundamental profit/(loss)	(16,945)	5,562	22,508
Capital gains/(losses)	13,855	6,550	(7,304)
Non-recurring gains/(losses)	(559)	(3,455)	(2,896)
Ordinary profit/(loss)	(3,649)	8,657	12,306
Extraordinary income	10,800	-	(10,800)
Extraordinary losses	-	955	955
Provision for reserve for dividends to policyholders	-	-	-
Income taxes	1,930	2,129	199
Net income	5,220	5,572	351

Non-Consolidated Solvency Margin Ratio

(Yen in millions)

	March 31, 2020	June 30, 2020
(A) Total amount of solvency margin	546,005	595,945
Total capital	179,481	185,053
Reserve for price fluctuation	79,500	80,455
Contingency reserve	80,497	83,953
General bad debt reserve	-	-
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions) x 90% (100% in case of negative value)	(7,417)	50,764
Net unrealized gains/(losses) on land x 85%	-	-
Excess of continued Zillmerized reserve (a)	172,286	151,894
Subordinated debts, etc. (b)	-	-
Amount excluded from the margin, out of (a) and (b)	-	-
Brought in capital	-	-
Deductions	-	-
Others	41,657	43,824
(B) Total amount of risks $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$	146,376	159,676
Insurance risk (R ₁)	996	1,009
Insurance risk of third sector insurance contracts (R ₈)	2	2
Assumed interest rate risk (R ₂)	53,345	56,225
Minimum guarantee risk (R ₇)	1,656	1,687
Asset management risk (R ₃)	88,480	98,609
Business administration risk (R ₄)	2,889	3,150
(C) Solvency margin ratio [(A) / {(B) x 1/2}] x 100	746.0 %	746.4 %