

Summary Information on Sony Assurance's Financial Results
for the Three Months Ended June 30, 2019

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Disclaimer:

This English translation is prepared for the readers' convenience. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

1. Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets:		
Cash and deposits	20,043	25,826
Securities	157,959	153,937
Tangible fixed assets	1,689	1,659
Intangible fixed assets	10,012	10,019
Other assets	18,609	17,336
Deferred tax assets	11,328	11,284
Total Assets	219,643	220,064
Liabilities:		
Underwriting reserves	168,494	171,869
Reserve for outstanding losses and claims	40,674	39,878
Underwriting reserves	127,819	131,990
Other liabilities	13,018	10,273
Income taxes payable	1,938	1,241
Others	11,080	9,031
Reserve for employees' retirement benefits	1,857	1,854
Reserve for employees' bonuses	1,236	655
Reserve under the special laws	238	246
Reserve for price fluctuations	238	246
Total Liabilities	184,844	184,898
Net Assets:		
Shareholders' equity		
Common stock	20,000	20,000
Capital surplus	3,389	3,389
Retained earnings	10,460	10,732
Total shareholders' equity	33,849	34,121
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of taxes	949	1,044
Total valuation and translation adjustments	949	1,044
Total Net Assets	34,798	35,166
Total Liabilities and Net Assets	219,643	220,064

2. Statements of Income

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Ordinary Revenues	29,702	31,865
Underwriting income	29,067	31,233
Net premiums written	29,051	30,418
Interest and dividends on deposits of premiums	16	19
Reversal of reserve for outstanding losses and claims	—	795
Investment income	622	628
Interest income and dividends	340	336
Gains on sale of securities	297	311
Transfer to interest and dividends on deposits of premiums	(16)	(19)
Other ordinary income	12	4
Ordinary Expenses	25,900	27,973
Underwriting expenses	19,310	20,918
Net losses paid	13,076	14,183
Loss adjustment expenses	1,963	2,088
Net commissions and brokerage fees	483	475
Provision for reserve for outstanding losses and claims	15	—
Provision for underwriting reserves	3,771	4,170
Operating, general and administrative expenses	6,590	7,054
Other ordinary expenses	0	0
Ordinary Profit	3,801	3,891
Extraordinary Gains	—	—
Extraordinary Losses	10	25
Losses on sale or disposal of fixed assets	2	18
Provision for reserve under the special laws	7	7
Provision for reserve for price fluctuations	7	7
Income Before Income Taxes	3,790	3,865
Income Taxes—Current	1,144	1,087
Income Taxes—Deferred	(76)	6
Total Income Taxes	1,068	1,093
Net Income	2,722	2,772

3. Financial Summary (Comparison to previous year)

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019	YoY change (Amount)	YoY change (%)
Gross direct premiums written	28,802	30,347	+1,545	+5.4
Direct premiums written	28,802	30,347	+1,545	+5.4
Underwriting income	29,067	31,233	+2,165	+7.5
Net premiums written	29,051	30,418	+1,366	+4.7
Underwriting expenses	19,310	20,918	+1,608	+8.3
Net losses paid	13,076	14,183	+1,107	+8.5
Loss adjustment expenses	1,963	2,088	+125	+6.4
Net commissions and brokerage fees	483	475	(7)	(1.5)
Investment income	622	628	+5	+0.9
Interest income and dividends	340	336	(4)	(1.3)
Gains on sale of securities	297	311	+13	+4.4
Investment expenses	—	—	—	—
Operating, general and administrative expenses	6,590	7,054	+464	+7.0
Operating, general and administrative expenses related to underwriting	6,574	7,037	+462	+7.0
Other ordinary income (losses), net	12	4	(8)	(66.3)
Ordinary Profit	3,801	3,891	+90	+2.4
Underwriting profit	3,182	3,276	+94	+3.0
Extraordinary Gains	—	—	—	—
Extraordinary Losses	10	25	+15	+151.7
Extraordinary gains (losses), net	(10)	(25)	(15)	—
Income Before Income Taxes	3,790	3,865	+75	+2.0
Income Taxes –Current	1,144	1,087	(57)	(5.0)
Income Taxes –Deferred	(76)	6	+82	—
Total Income Taxes	1,068	1,093	+25	+2.4
Net Income	2,722	2,772	+49	+1.8
Net loss ratio	51.8%	53.5%		
Net expense ratio	24.3%	24.7%		
Adjusted ordinary profit	4,727	4,865	+138	+2.9
E.I. loss ratio	56.9%	56.3%		

Notes: 1. Underwriting profit = Underwriting income – (Underwriting expenses + Operating, general and administrative expenses related to underwriting) ± Other income (expenses)

Other income (expenses) is the amount equivalent to the corporate income taxes for compulsory automobile liability insurance, etc.

2. Net loss ratio = (Net losses paid + Loss adjustment expenses) / Net premiums written x 100

3. Net expense ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premium written x 100

4. Adjusted ordinary profit = Ordinary profit + Provision for catastrophe reserve

* Provision for catastrophe reserve is described as positive amount.

5. E.I. loss ratio = (Net losses paid + Provision for reserve for outstanding losses and claims + Loss adjustment expenses) / Earned premiums x 100

* Earthquake insurance and compulsory automobile liability insurance are excluded from the above calculation.

4. Premiums and Losses Paid by Type of Policy

Direct premiums written

(Millions of yen)

	For the three months ended June 30, 2018			For the three months ended June 30, 2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	54	0.2	+4.2	374	1.2	+582.7
Marine	—	—	—	—	—	—
Personal accident	2,163	7.5	(0.7)	2,277	7.5	+5.3
Voluntary automobile	26,583	92.3	+6.2	27,695	91.3	+4.2
Compulsory automobile liability	—	—	—	—	—	—
Total	28,802	100.0	+5.7	30,347	100.0	+5.4

Net premiums written

(Millions of yen)

	For the three months ended June 30, 2018			For the three months ended June 30, 2019		
	Amount	Composition	YoY change	Amount	Composition	YoY change
		%	%		%	%
Fire	4	0.0	+16.5	197	0.6	+3,985.5
Marine	—	—	—	—	—	—
Personal accident	2,221	7.6	(0.4)	2,244	7.4	+1.0
Voluntary automobile	26,524	91.3	+6.2	27,621	90.8	+4.1
Compulsory automobile liability	300	1.0	(14.8)	354	1.2	+18.1
Total	29,051	100.0	+5.4	30,418	100.0	+4.7

Net losses paid, net loss ratio

(Millions of yen)

	For the three months ended June 30, 2018			For the three months ended June 30, 2019		
	Amount	YoY change	Net loss ratio	Amount	YoY change	Net loss ratio
		%	%		%	%
Fire	1	+62.7	236.4	3	+96.6	8.3
Marine	1	(26.8)	—	(3)	(321.8)	—
Personal accident	691	+7.1	34.3	763	+10.5	37.2
Voluntary automobile	12,052	+7.4	52.5	13,097	+8.7	54.7
Compulsory automobile liability	329	+5.5	109.5	323	(1.6)	91.2
Total	13,076	+7.4	51.8	14,183	+8.5	53.5

5. Non-consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
(A) Total non-consolidated solvency margin	60,010	64,962
Capital or treasury, etc.	31,349	34,121
Reserve for price fluctuations	238	246
Contingency reserve	122	125
Catastrophe reserve	24,636	25,609
General reserve for possible loan losses	—	—
Net unrealized gains on available-for-sale securities and net deferred gains (losses) on hedging instruments (before tax deductions)	1,186	1,305
Net unrealized gains on real estate	—	—
Excess refund reserve	—	—
Subordinated debt	—	—
The portion of the excess refund reserve and subordinated debt that is not included in the margin	—	—
Deductible items	—	—
Others	2,476	3,554
(B) Total non-consolidated risk	$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	14,883
Ordinary insurance risk (R ₁)	13,181	13,314
Third-sector insurance risk (R ₂)	0	0
Assumed interest rate risk (R ₃)	123	125
Asset management risk (R ₄)	1,861	1,820
Business management risk (R ₅)	325	327
Major catastrophe risk (R ₆)	1,105	1,100
(C) Non-consolidated solvency margin ratio	813.0 %	872.9 %
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note: The above figures are calculated based on provisions in Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act of Japan and the Ministry of Finance Public Notice No. 50 of 1996.

A part of calculations for non-consolidated solvency margin ratio as of June 30, 2019 is calculated according to simplified methods in major catastrophe risk. The figure is assumed to be equivalent to the amount as of March 31, 2019.