



**SOMPO
HOLDINGS**

Innovation for Wellbeing

ANNUAL REPORT 2016


(INTEGRATED REPORT)



Sompo Japan Nipponkoa Holdings, Inc.

An aerial photograph of a city skyline, likely London, with a prominent snow-capped mountain (Snowdon) in the background. The city is densely packed with buildings, and the sky is a clear, pale blue. The text "Innovation for Wellbeing" is overlaid on the image, underlined with a red line.

Innovation for Wellbeing

An aerial view of a city skyline, likely Tokyo, with a strong blue tint. The foreground shows several prominent skyscrapers, including a large one with a curved facade. The background is a dense urban landscape that fades into a hazy horizon under a clear blue sky.

In this age of uncertainty, we strive to bring peace of mind to your tomorrow.
To achieve this we are constantly innovating. From safety and security to health,
we seek to promote wellbeing in every aspect of your life.
Supporting you in Japan and throughout the world.

Innovation for Wellbeing: SOMPO HOLDINGS

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In this section, we will explain the Group's vision and the strategies for realizing this vision.

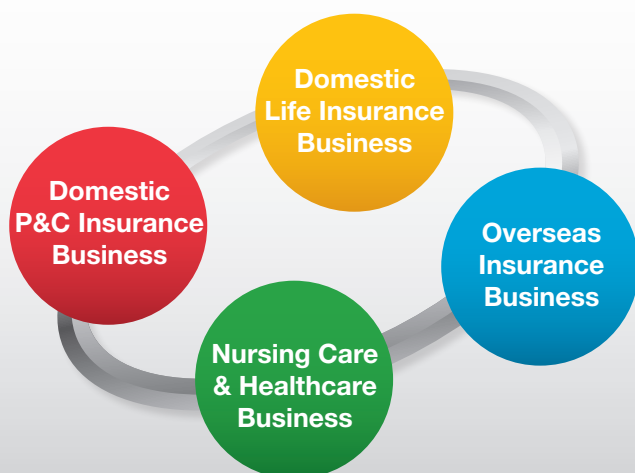


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Editorial Policy

This report aims to provide stakeholders with an outline of the Group, its business performance, and its management strategies in an easily understood manner.

From the 2014 edition, we adopted the International Integrated Reporting Framework issued by the IIRC* as a guideline in preparing this integrated report that features both the financial and non-financial aspects of the Group's business accomplishments, challenges, and strategies.

* International Integrated Reporting Council: Established in 2010 to prepare an international reporting framework for businesses.

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This section illustrates the strategies underpinning the Group's growth.



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CSR- and ESG-Related Information

This report contains information related to corporate social responsibility (CSR) and environmental, social, and governance (ESG) issues, which has been selected and arranged based on topics we wish to communicate to shareholders and other investors. For a more detailed look at our CSR- and ESG-related initiatives as a whole, please refer to *CSR Communication Report 2016*, which is available on Sampo Holdings' corporate website.

Forward-Looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe are reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

Build a “Theme Park for the Security, Health, and Wellbeing of Customers”

I would like to express my gratitude for the continued support of all our stakeholders.

Fiscal 2015, the year ended March 31, 2016, was the final year of the Sompo Holdings Group's previous Mid-Term Management Plan. Through a concerted effort, the Group realized initial targets.

Looking ahead, we have begun a new Mid-Term Management Plan covering the five years from fiscal 2016. Volatility, uncertainty, complexity, and ambiguity (VUCA) are features of the current era. Based on the new plan, we aim to evolve into a group that has the strength and agility to adapt to and win out in challenging business conditions characterized by discontinuous changes and uncertainty.

The new Mid-Term Management Plan sets out building a “theme park for the security, health, and wellbeing of customers” as an overriding goal. We set this goal to realize the Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of customers and society as a whole by providing insurance and related services of the highest quality possible.” We will develop appealing, differentiated services and businesses by advancing digital strategies, seeking new business opportunities, enhancing the quality of existing businesses, extending service areas, and realizing collaboration among businesses.

The domestic P&C insurance business will heighten quality and efficiency and remain the Group's core business and growth driver.

Positioning the period of the new Mid-Term Management Plan as a “second founding” phase, the domestic life insurance business aims to transcend the boundaries of life insurance and evolve into a health support enterprise that helps customers become healthy.

Further, we entered the nursing care and healthcare business in earnest in fiscal 2015. Among listed nursing care providers, we have the largest number of residential rooms for seniors in the industry and the second-highest sales. By simultaneously ensuring the dignity and independence of the elderly and providing safer and more reliable nursing care services, we will help realizing “Japan, an affluent country that can boast to the world of a long and quality life.”

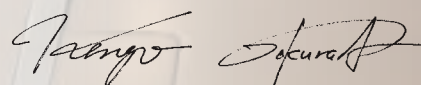
The overseas insurance business aims to maximize earnings in developed countries and emerging countries by further strengthening operations, growing organically, and implementing mergers and acquisitions (M&A) in a disciplined manner. These efforts will include Sompo Canopus, which became a subsidiary in 2014 and operates mainly in the United Kingdom—and entail strengthening operations in countries and regions where we already have foundations, such as Brazil, Turkey, and South Asia.

In addition, the name of the Group's holding company will change to Sompo Holdings, Inc., on October 1, 2016. In the Group and on a global basis, we will further strengthen SOMPO as a brand synonymous with “security, health, and wellbeing.”

Continuing to evolve with a view to realizing a “theme park for the security, health, and wellbeing of customers,” the Group's employees will make a concerted effort to meet the expectations of stakeholders.

As we take on new challenges, we sincerely ask for your continued support and encouragement.

September 2016



Kengo Sakurada
President & CEO
Sompo Japan Nipponkoa Holdings, Inc.



Our Vision

In accordance with its “Innovation for Wellbeing” brand slogan, the Sampo Holdings Group has positioned the insurance business at its core while expanding business areas by developing the nursing care business, the home remodeling business, and so on. With a view to sustaining growth amid business conditions that are likely to continue changing, we began a new Mid-Term Management Plan in fiscal 2016. Based on this plan, we aim to realize the Group Management Philosophy and evolve into a “theme park for the security, health, and wellbeing of customers” that brings happiness into their lives.

Previous Mid-Term Management Plan

Established a foundation for sustainable growth by proactively shifting business resources to growth fields, beginning with improving its earnings capabilities in the domestic P&C insurance business.

April 2016~

New Mid-Term Management Plan

Achieve a structural transformation into the best customer service provider based on the theme of “security, health, and wellbeing of customers,” in conjunction with steering a course to establish a position where we are able to compete effectively against global players.

Our Vision

“Theme Park for the Security, Health, and Wellbeing of Customers”

Based on the theme of “security, health, and wellbeing of customers,” we will endeavor to bring happiness to our customers’ lives by developing a wide range of businesses beyond the boundaries of insurance, harnessing digital technologies, and providing them with the highest-quality services to while constantly remaining by their side.

Nice Home

Challenge

Healthy Life

Happy Retirement

Preparation for Disasters

Realize the Group Management Philosophy

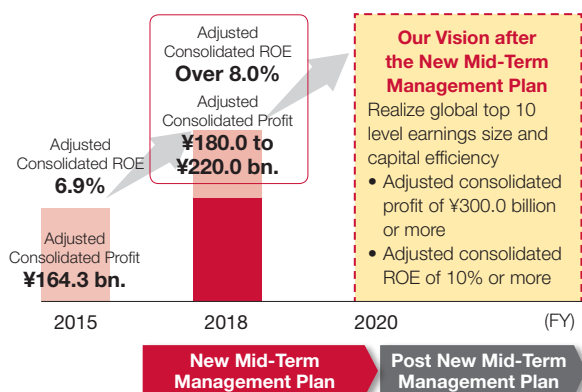
Group Management Philosophy

We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.

Our Initiatives

Under the new Mid-Term Management Plan, we will heighten the appeal of each business rigorously, expand and improve services, strengthen customer contact using advanced digital technologies, and create collaborations among businesses. Through initiatives to realize this vision, in the future, we aim to attain an earnings size and capital efficiency on par with the top 10 global publicly listed insurance companies.

We have established numerical management targets for fiscal 2018, the midway point of the new Mid-Term Management Plan. To achieve these targets, we will drive the growth of each business department as well as push ahead with M&A activity, the creation of new business models driven by digital strategies, collaboration among businesses, and alliances with outside players. These efforts will build a “theme park for the security, health, and wellbeing of customers.”



Note: For details about adjusted consolidated profit and adjusted consolidated ROE, please see page 50.

- Create new value for customers by establishing advanced systems and information platforms and conducting a sweeping review of business processes.
- Dramatically enhance the quality and convenience of customer interfaces by harnessing cutting-edge digital technologies and highly specialized human skills.
- Drive the creation of a “theme park for the security, health, and wellbeing of customers” through growth accompanied by quality and the Group’s largest customer base and corporate resources.
 - Provide “safer and more reliable nursing care services” while simultaneously ensuring the “dignity and independence of the elderly.”
 - Provide comprehensive at-home nursing care services, including nursing care, preclinical and preventive care, and medical collaboration, in an integrated manner.
 - Strengthen peripheral nursing care and healthcare business fields, including partnerships with other business sectors.

Domestic P&C Insurance Business

Value-generating innovation

–Be the most highly evaluated P&C insurance company–

Plan for Adjusted Profit (FY2018):

Over ¥117.0 bn.

Digital strategy

Nursing Care & Healthcare Business, etc.

Realize “Japan, an affluent country that can boast to the world of a long and quality life”

Plan for Adjusted Profit (FY2018):

Over ¥8.0 bn.

Domestic Life Insurance Business

Evolve into a health support enterprise

–The second founding –

Plan for Adjusted Profit (FY2018):

Over ¥32.0 bn.

- Seek to go beyond life insurance and transform the Group into a “health support enterprise” that helps its customers to achieve good health.
- Connect with customers through digital technologies based on the theme of health, and deliver a diverse array of services that help to maintain and enhance the health of customers.
- Build a business model that provides new value to customers by seamlessly integrating the three elements of services, products, and sales channels.

Total support through collaboration among businesses

Accelerate growth and explore new business opportunities through M&A activity

Overseas Insurance Business

Accelerate growth by steady organic growth and disciplined M&A

Plan for Adjusted Profit (FY2018):

Over ¥23.0 bn.

- Utilize Sompo Canopus as a vehicle for growth in developed countries.
- Accelerate steady organic growth mainly in retail business development in emerging countries.
- Conduct well-balanced investments in both emerging countries to expect future growth and developed countries to acquire immediate profit.

Strategic enterprise risk management (ERM)

Diverse personnel

**Aiming to build a
“theme park for the
security, health, and
wellbeing of customers”
that brings happiness
into their lives**

Kengo Sakurada
President & CEO



Review of the Previous Mid-Term Management Plan

In fiscal 2015, the year ended March 31, 2016, and the final year of the previous Mid-Term Management Plan, the Sampo Holdings Group achieved its highest-ever earnings, reaching initial targets for adjusted consolidated profit and adjusted consolidated ROE.

Launched in fiscal 2012, the previous plan called on the Sampo Holdings Group to establish a cycle of sustained growth. To this end—with efforts to enhance the earning power of the domestic P&C insurance business as a base—we transferred management resources to growth areas, including the domestic life insurance business and the overseas insurance business. As a result of the success of these efforts, in fiscal 2015 we surpassed initial targets, posting adjusted consolidated profit of 215.5 billion yen and adjusted consolidated ROE of 7.8%.

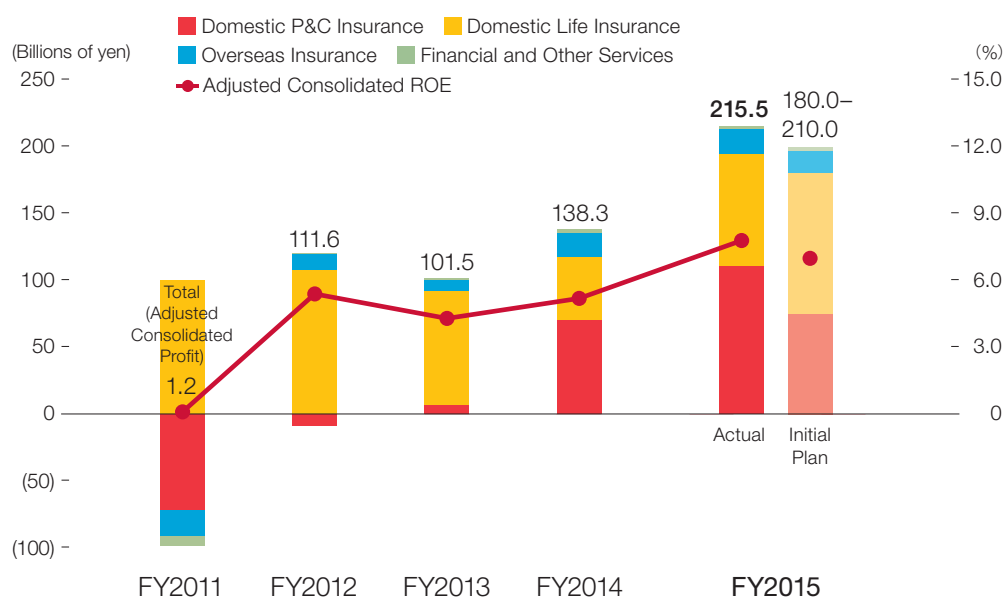
In the domestic P&C insurance business, Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., merged as planned in September 2014, and we were able to realize synergy benefits thanks to the merger. Further, a significant contribution to the achievement of targets resulted from improving the earnings structures of our mainstay automobile insurance products.

The domestic life insurance business steadily grew corporate value by concentrating efforts on highly profitable protection-type products. In addition, the business launched forward-looking initiatives that included beginning Internet sales and using wearable devices.

As for the overseas insurance business, we are balancing investment between markets in developed countries and those in emerging countries. The business realized growth by implementing M&A in a disciplined manner and achieving organic growth above market levels mainly in emerging countries. Our initiatives included increasing our stake in Yasuda Maritima Seguros S.A. (currently Sampo Seguros S.A.), of Brazil, in 2013 and making Canopi Group Limited (currently Sampo Canopi AG), an insurance company operating in the Lloyd's insurance market in the United Kingdom, a subsidiary in 2014.

The financial and other services business has entered into new business areas beyond the limits of the insurance area. In 2015, we entered the home remodeling business by including FRESHHOUSE CO., LTD., as a subsidiary and the extended warranty business by including Product Warranty Japan Inc. as a subsidiary. Also, we entered the nursing care business in earnest through the inclusion as new subsidiaries of Watami no Kaigo Co., Ltd. (currently Sampo Care Next Inc.), in 2015 and Message Co., Ltd. (currently Sampo Care Message Inc.), in 2016.

Progress under the Previous Mid-Term Management Plan



(Billions of yen)	Actual	Actual	Actual	Actual	Actual	Initial Plan
Domestic P&C Insurance	(71.3)	(8.9)	6.5	69.9	110.8	70.0-80.0
Domestic Life Insurance	100.0	107.8	85.7	47.4	83.4	100.0-110.0
Overseas Insurance	(19.7)	11.8	7.8	18.6	19.3	14.0-20.0
Financial and Other Services	(7.6)	0.7	1.5	2.3	1.8	2.0-3.0
Total (Adjusted Consolidated Profit)	1.2	111.6	101.5	138.3	215.5	180.0-210.0
Adjusted Consolidated ROE	0.1%	5.4%	4.3%	5.2%	7.8%	Over 7%

Notes:

- Adjusted profit is net of special factors, such as extraordinary losses arising from the merger of domestic P&C insurance companies and lower income taxes. The amounts of special factors after tax were 17.6 billion yen in fiscal 2012, 26.7 billion yen in fiscal 2013, 80.0 billion yen in fiscal 2014, and 12.3 billion yen in fiscal 2015.
- Saison Automobile & Fire Insurance and Sampo 24 Insurance were classified as financial and other services in fiscal 2011.
- For details about adjusted consolidated profit and adjusted consolidated ROE, please see page 50.

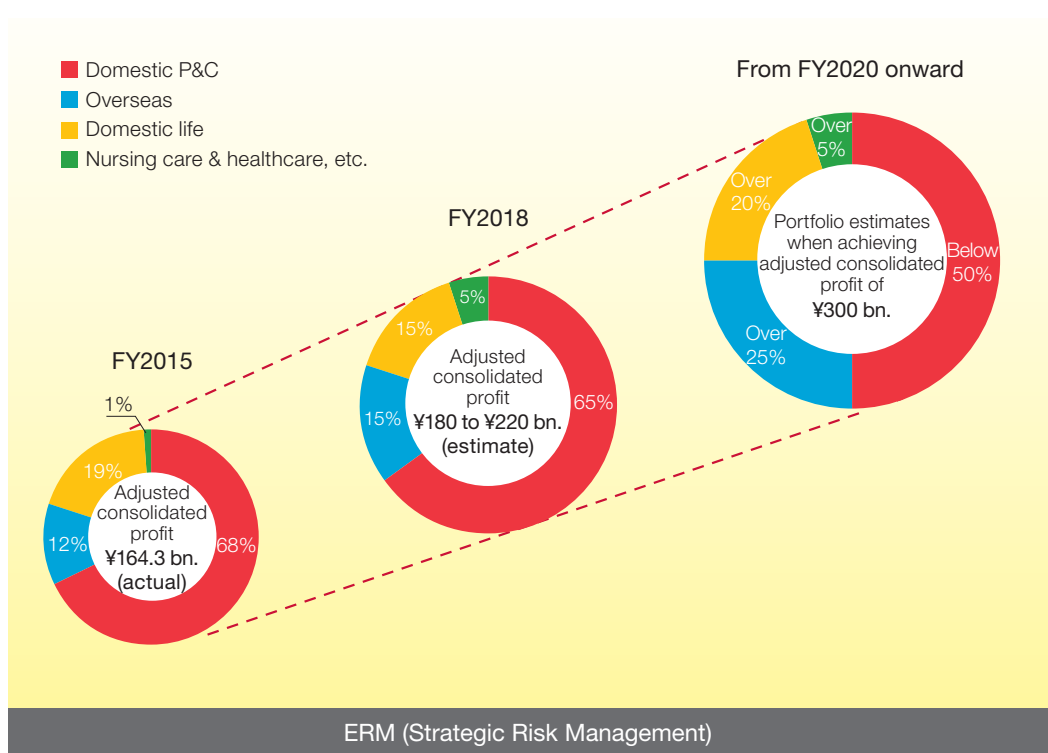
Business Conditions and Outlook

In response to the volatility, uncertainty, complexity, and ambiguity (VUCA) that characterizes current conditions, we will establish a business scale that gives us a global presence and build differentiated business models.

The Sampo Holdings Group is likely to see discontinuous, significant changes in business conditions due to population decline and society's rapid aging in Japan, the normalization of large-scale natural disasters, and the exponential evolution of technology as well as changes in customer behavior in response to these factors. For example, in relation to mainstay automobile insurance products, agents of change include the introduction of self-driving cars and collision-free cars and a trend away from ownership toward sharing. In addition, we will have to take into account that customers who belong to the "digital native" generation and have new lifestyles will become the main consumers.

To sustain growth, the Sampo Holdings Group will need to identify such changes rapidly and respond to them flexibly and promptly. Rather than continuing development based on our existing business portfolio and business models, I believe we must establish a business scale that gives us a global presence and build differentiated business models.

Under the new Mid-Term Management Plan, we aim to build strong business foundations that sustain growth even amid the dramatic transformation of conditions that is expected and change course significantly, as we move toward the realization of the Group Management Philosophy. To these ends, based on enterprise risk management, we will implement advance investment to enhance the earning power of the domestic P&C insurance business and secure a source of continuous earnings. At the same time, we will diversify our business portfolio by shifting the deployment of management resources decisively toward such growth areas as the domestic life insurance business, the nursing care and healthcare business, and the overseas insurance business.



The Group's Target Profile

We will build a “theme park for the security, health, and wellbeing of customers” to realize our Group Management Philosophy.



In accordance with its “Innovation for Wellbeing” brand slogan, the Sampo Holdings Group has positioned the insurance business at its core while expanding business areas by developing the nursing care business, the home remodeling business, and so on.

Based on the new Mid-Term Management Plan, we will develop appealing, differentiated services and businesses by seeking new business opportunities, enhancing the quality of existing businesses, extending service areas, and realizing collaboration among businesses. At the same time, we will offer more services that employees can tailor to suit the needs of customers through personal interaction with them while taking advantage of digital technology to increase interfaces with customers.

Through these initiatives, the Sampo Holdings Group will provide comprehensive support for the security, health, and wellbeing of customers in a wide range of life stages and in day-to-day life. By evolving with a view to realizing a “theme park for the security, health, and wellbeing of customers” that brings customers happiness, we will realize our Group Management Philosophy, which calls on us to “contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible.”

Evolving from “a SOMPO that is helpful when the unexpected happens” to “a SOMPO that brings happiness into customers’ lives”



Strategy to Realize a “Theme Park for the Security, Health, and Wellbeing of Customers”

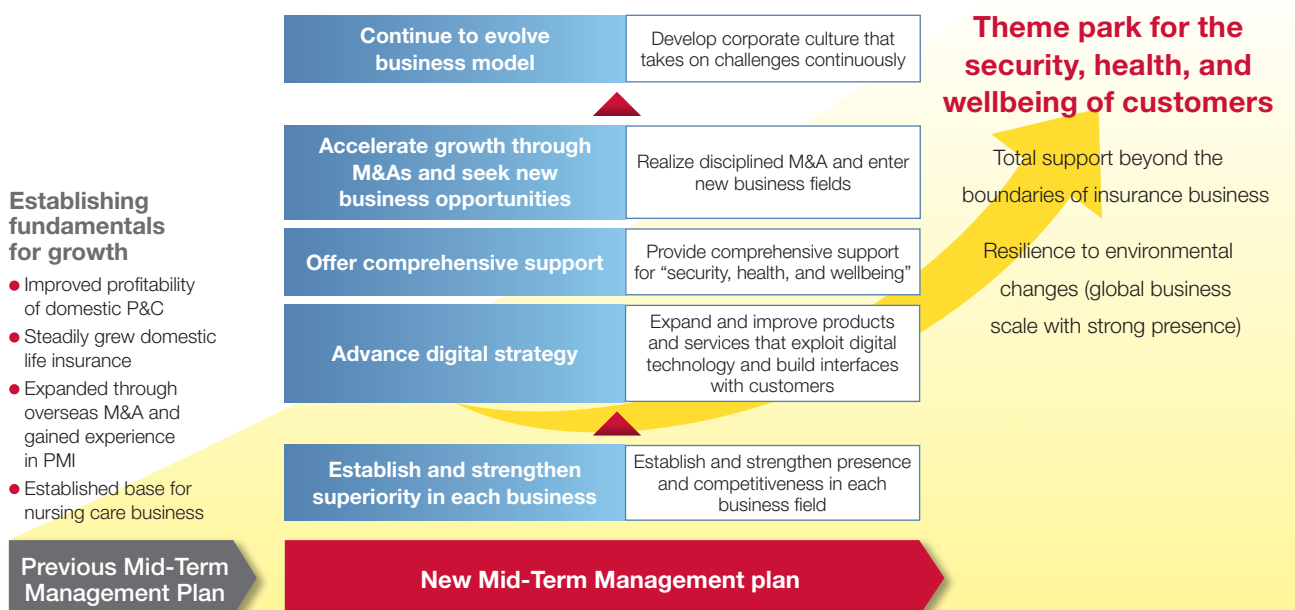
We will offer comprehensive support that transcends the boundaries of the insurance business by strengthening the core competence of each business, providing high-quality, appealing services, realizing in-house collaborations, establishing tie-ups with major companies, and taking advantage of digital technology and other leading-edge technology.

Realizing a “theme park for the security, health, and wellbeing of customers” will require each business to heighten its appeal. Aiming to become the P&C insurance company with the strongest customer endorsement, the domestic P&C insurance business will tackle value-generating innovation and drive the growth of the entire Group. Positioning the period of the new Mid-Term Management Plan as a “second founding” phase, the domestic life insurance business aims to evolve into a health support enterprise. The nursing care and healthcare business will provide services that integrate nursing care, preclinical and preventive care, and medical collaboration to help Japan become an affluent country that can boast to the world of a long and quality life. Meanwhile, the overseas insurance business will step up the pace of growth through steady organic growth and disciplined M&A.

Moreover, we aim to create comprehensive support services that transcend the boundaries of the insurance business by forming collaborations among businesses and tie-ups with major companies that link nursing care and insurance, home remodeling and nursing care, and prevention and insurance.

Further, in conjunction with such initiatives in each business, we will introduce leading-edge digital technology laterally throughout the Group. For example, in April 2016 we established bases for research and development in the digital field. Jointly known as SOMPO Digital Lab, these bases are located in Tokyo and Silicon Valley, in the United States. Our goals are to remain in the vanguard of technology’s exponential evolution and cement the competitive advantages of the Group by strengthening its lateral functions. We will research and develop innovative business models that exploit digital technology to create interfaces with customers and market to the “digital native” generation.

Rather than viewing the “theme park for the security, health, and wellbeing of customers” as having an end point, we intend to continue evolving the concept in tandem with changes among customers and in society.



Corporate Governance

The Group constantly pursues optimal corporate governance in accordance with the basic policies for overall governance structures and mechanisms that are clearly set out in the Corporate Governance Policy.

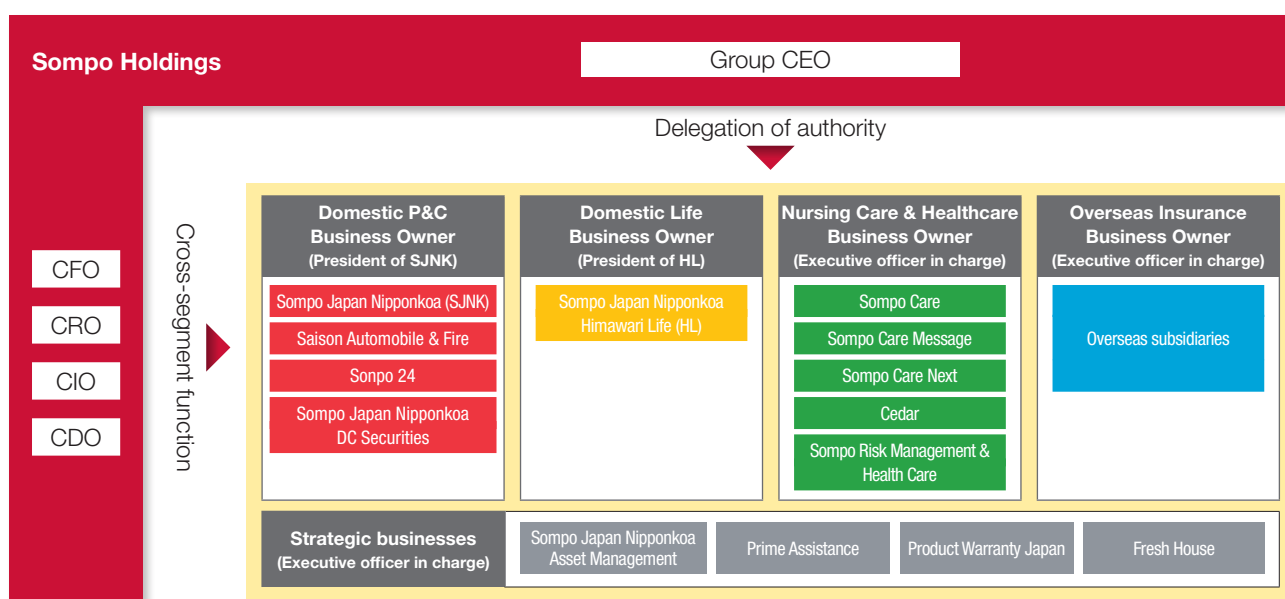
To maintain and enhance the effectiveness of supervisory and check-and-balance functions, we have elected to be a company with an audit & supervisory board, in which the Board of Directors is responsible for important management decisions and supervision of operations, while Audit & Supervisory Board members and the Audit & Supervisory Board are independent from the Board of Directors. In addition, we have introduced a business owner system and an executive officer system to expedite decision making and clarify authority and responsibility.

Also, to ensure that decisions on the appointment and compensation of directors and executive officers are transparent and fair, the Group has established as an advisory body to the Board of Directors—a Nomination and Compensation Committee, in which the chairperson and a majority of committee members are outside directors. Further, as a practical system to enable Audit & Supervisory Board members to check the appropriateness of operational implementation, they attend and provide opinions to committees that have various specific tasks. Thus, we have a hybrid governance model that heightens the effectiveness of governance. Although we are a company with auditors, we incorporate many of the advantages of having an institutional design of a company with committees.

As of June 30, 2016, the Board of Directors comprised 13 members, nine of whom are internal directors thoroughly familiar with business operations, and four of whom are outside directors. Furthermore, two of our outside directors are women, reflecting our emphasis on diversity.

Outside directors have expertise in management strategy, corporate law, information communication technologies, and a variety of other areas. They are responsible for supervising management and providing support for management strategies and efforts to address management issues based on their external, objective standpoints and a wealth of experience and knowledge. We believe outside directors contribute significantly to improving the effectiveness of corporate governance.

We explain important agenda items beforehand at briefings for outside directors and outside Audit & Supervisory Board members so that they can provide opinions in light of their diverse expertise and



contribute to constructive, substantial discussions at meetings of the Board of Directors. To enhance the effectiveness of the Board of Directors, opinions and questions from outside directors are shared with all directors in attendance.

Further, in fiscal 2016 we introduced a business owner system. Under this system, the leaders of each business—the domestic P&C insurance business, the domestic life insurance business, the nursing care and healthcare business, and the overseas insurance business—have become business owners to whom we have delegated the authority to prepare business strategies, make decisions, and deploy personnel. This new system will facilitate flexible, prompt decision making in businesses, enabling them to respond to significant changes in conditions and conduct operations in a manner that reflects customer needs more closely. As for the holding company, the Group’s president & CEO will exercise overall control. Meanwhile, chief officers—the Group’s Chief Financial Officer, Chief Risk Officer, Chief Information Officer, and Chief Digital Officer—will perform a greater role in cross-segment initiatives than before. As such, they will implement strategies, tackle important tasks, and deploy management resources on a Group-wide basis.

This new system will enhance the corporate value of the Group as a whole by establishing and strengthening core competence in each business area while enabling organic collaboration among businesses.

Corporate Social Responsibility

Pursuing a Sustainable Society and Group Growth through Solutions to Social Challenges

Today, humanity faces a host of mounting global issues, including climate change, poverty, and human rights issues. We believe that addressing such global issues flexibly will sustain our corporate growth. In our new Mid-Term Management Plan, corporate social responsibility (CSR) is an integral part of sustainably raising our corporate value.

The year 2015 was a historic year for setting the international agenda on sustainability: the Sustainable Development Goals (SDGs) were adopted at the UN Summit in September, and the Paris

CSR Materiality

Three Key Strengths

- 1 Developing and providing innovative products and services using financial expertise and digital technologies to offer innovative solutions for social issues.
- 2 Promoting the development of advanced skills by fostering partnerships with stakeholders representative of broad sectors of civil society.
- 3 Promoting quality of life and its enrichment by the application throughout all our operations of our expertise and resources in culture and the arts.

Resolve
Social Issues

Sustainable Society
Group Growth

Five Material Issues

- 1 Providing Solutions for Disaster Preparedness
- 2 Contributing to Health and Welfare
- 3 Promoting the Manageability of Global Environmental Issues
- 4 Empowering Communities and Society
- 5 Supporting Diversity and Inclusion in Private and Public Life



Agreement was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December. These agreements suggest a growing awareness in the international community of the necessity for societal transformation and stakeholder partnership in addressing complex, borderless issues—and for business to take an ever-larger role in this endeavor. Corporations are expected to contribute to this transformation by transforming themselves, namely by placing sustainability at the heart of their business strategy, decision-making, and disclosure processes.

Given these international developments and changes in our business environment in recent years, we redefined our CSR Material Issues with the aim of making further progress on sustainability and growth as a Group. As our framework for achieving our CSR Vision based on our Group Management Philosophy, we redefined our Five Material Issues. Through the utilization of our Three Key Strengths and the addressing of our redefined material issues, we are committed to realizing a resilient and sustainable society by providing products and services that contribute to the security, health, and wellbeing of stakeholders.

By providing solutions to social issues in partnership with various stakeholders and with a focus on our redefined material issues, we remain steadfast in our pursuit of realizing a sustainable society and growth as a Group.

(Reference)

On May 26, 2016, we held a briefing for investors about the new Mid-Term Management Plan. An abridged video of the briefing can be viewed by using the QR code on the right.



We will firmly support efforts to innovate the Sompo Holdings Group.



Profiles

Sawako Nohara
(Front, left)

President of IPSe Marketing, Inc.
Project Professor of the Graduate
School of Media and Governance,
Keio University

Isao Endo
(Back, left)

Chairman of
Roland Berger Ltd.

Tamami Murata
(Front, right)

Attorney at law

Scott Trevor Davis
(Back, right)

Professor of the Department of
Global Business, College of Business,
Rikkyo University



The Group has begun a new Mid-Term Management Plan. What are your assessments of the plan and the Group's governance?

Nohara | The Group is in the middle of efforts to realize a major transformation from a huge P&C insurance provider to a theme-park-type business that supports “security, health, and wellbeing.” The new Mid-Term Management Plan covers an important period during which the Group will attempt to achieve growth through this transformation.

In the process of preparing the plan, I listened to many explanations at meetings of the Board of Directors and on other occasions. I often participated in discussions that considered such issues as whether the plan's measures for domestic P&C insurance, domestic life insurance, overseas insurance, nursing care, and new service creation were realizable; whether the plan was in step with digitization trends; whether it reflected customers' viewpoints; and whether there were hidden issues that an outsider would best be able to find. As a result, I think the Group has done well and prepared a proactive, farsighted plan that takes into account systems and personnel in respective frontline operations.

Also, at meetings of the Board of Directors, outside directors actively participate in discussions on not only the new Mid-Term Management Plan but also a range of agenda items, and discussions are lively regardless of whether or not they include internal directors or outside directors. Rather than confining itself to the frameworks of legal systems and guidance, the Group focuses on building and implementing governance from the viewpoints of how best to evolve such systems and link them to sound corporate growth. I think this approach merits praise.

Murata | I think the new Mid-Term Management Plan successfully visualizes the Group's target profile and unique growth strategy, which entails introducing a business owner system based on four businesses: domestic P&C insurance, domestic life insurance, nursing care and healthcare, and overseas insurance.

In preparing the plan, I ensured that it modulated governance to reflect the needs of each business. In particular, I focused on providing new businesses with the Group's expertise in governance and compliance and thereby increasing corporate value. Also, I ensured that the plan was understandable after a single reading (visualization). At the plan implementation stage, interaction and speed are important. Of course, the new Mid-Term Management Plan should reach frontline operations and be implemented in day-to-day duties. At the same time, it is even more important

to collect from frontline operations that are responsible for day-to-day duties information about progress under the plan, the target achievement outlook, and opinions, and then quickly make any revisions or changes necessary.

Endo | The Sampo Holdings Group has set out a “theme park for security, health, and wellbeing” as its target profile and is dynamically changing and evolving its business model accordingly. During discussions about the plan, participants expressed a variety of opinions. The new Mid-Term Management Plan is the result of a series of high-quality discussions that led to a consensus among the management team. The plan is not simply based on a rational, hard-nosed analysis of changes in society but also reflects a strong commitment to and passion about taking on the challenge of innovation.

I have always thought that rationality, emotion, and passion are the three components of business management. If these three components are present, profit will follow naturally. The new Mid-Term Management Plan incorporates the three components.

Without implementation, however, plans are completely meaningless. In the process of implementing the plan, the Group is bound to come up against many difficulties and obstacles. I look forward to the Group becoming even more robust as a result of overcoming these challenges.

Davis | In my view, the new Mid-Term Management Plan positions the Sampo Holdings Group as the game changer in the insurance industry and as the pace-setter for life-quality innovation in a range of industries. The plan hinges upon the ability to shift from being a business that concentrates upon supplying a bundle of services designed to ameliorate the downside effects of accidents and calamities towards becoming the provider of a range of life-quality enhancing solutions that enable clients to benefit from opportunities they may not otherwise have been able to conceptualize and articulate on their own. At the same time, the success of the plan will rest upon the ability to realize the goal to develop new businesses outside of Japan that will have to reflect the same characteristics as a business while complementing the domestic undertakings as a balanced yet dynamic portfolio.

The foundations for these changes have already been set. Therefore, it is important to strengthen and improve initiatives.



Q To realize its target profile, what should the Group do, and what are your expectations of the Group?

Nohara | Under the Mid-Term Management Plan, the Group aims to provide not only insurance services, which people only recall in emergencies, but also services that are embedded in day-to-day life—such as nursing care and healthcare-related data management services—and that establish a “theme park for security, health, and wellbeing.”

Because it will become a provider of support in a wide range of areas, from support in emergencies through to everyday support, the Group needs to become more familiar to customers. I would like to see it focus even more strongly on interfaces with customers and ensure that customers are always the first priority.

Meanwhile, providing a multifaceted range of high-quality, detailed services in a timely, rapid, and efficient manner actively utilizing such digital technology as AI (artificial intelligence), big data, the Internet of Things (IoT), and fintech (financial technology) is important, I think.

Therefore, I have high hopes for the SOMPO Digital Lab bases, which the Group established in Tokyo and Silicon Valley, in the United States, in April 2016 to research and develop digital strategies.

Murata | As a provider of services that support “security, health, and wellbeing,” the Group must become a common part of customers’ everyday lives while anticipating and catering to customers’ needs. In our day-to-day lives, we do not think of issues being A’s problem up to this point and B’s problem from this point. The Group should offer solutions that address additional problems that are behind or peripheral to central problems. Moreover, before specific problems occur, the Group should anticipate the tendencies and orientation of customers and provide beneficial and precisely customized information and services to them in a timely manner or in advance. Further, it is important to link the power of our imagination; the digital strategy of incorporating IT, including AI (artificial intelligence); the four businesses; and strategic businesses.



Endo | The Group is about to take on unprecedented initiatives. It aims to build a progressive, innovative management model through initiatives that include the introduction of a business owner system to move toward the realization of a “theme park for security, health, and wellbeing” and the advancement of a Group-wide digital strategy.

Doing the unprecedented means that you cannot imitate other companies. The Group’s officers and employees will have think for themselves, search by themselves, and arrive at their own answers.

There may be times when things do not go well. However, taking on new challenges and learning a great deal during the trial-and-error process is sure to foster outstanding personnel who will lead the next generation.

Midcareer and young employees will create the future. I would like the Group to entrust employees to achieve major initiatives with a view to producing numerous outstanding personnel and thereby earning a reputation for excellence.

Davis | For the future growth and development, three elements are important: governance, people, and innovation. “Business owners” have been appointed to take both authority and responsibility for each strategic operations field, and a “culture of governance” has been achieved based upon clearly shared expectations and rigorous yet constructive debate.

With respect to people, the Group must ensure that it becomes the “employer of choice” for talented, versatile, and motivated individuals from a wide range of fields. Progress has already been made in attaining a level of regional relativity in HRM (human resources management) and a level of sensitivity to the life stage needs and choices of individuals. Much, however, needs to be achieved in this area.

The transformative innovation required for reinvigorating existing businesses and developing new lifestyle enhancing solutions will depend upon the capacity of the Group to effectively share information and knowledge among its businesses both domestically and overseas.

Continued and balanced performance in each of these three functional areas is critical for the future growth and development of the Sampo Holdings Group. I look forward to seeing the Sampo Holdings Group grow further.

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Financial and Non-Financial Highlights

Consolidated Indicators for Sampo Holdings

	(Millions of yen)					(Millions of U.S. dollars)
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2015
Key Figures						
Ordinary Income	2,790,555	2,843,226	3,008,339	3,282,343	3,256,186	28,897
Net Premiums Written (P&C Insurance)	1,973,777	2,062,606	2,268,967	2,508,031	2,552,193	22,649
Life Insurance Premiums	250,193	264,732	277,230	277,208	297,696	2,641
Ordinary Profit (Loss)	(51,815)	104,783	112,391	208,309	216,853	1,924
Net Income (Loss) Attributable to Shareholders of the Parent	(92,262)	43,618	44,169	54,276	159,581	1,416
Comprehensive Income	(48,098)	319,047	149,965	469,485	(116,689)	(1,035)
Per Share Information (Yen, dollar)						
Net Income (Loss)	(222.30)	105.10	106.98	132.85	394.21	3.49
Dividends	80.0	60.0	60.0	70.0	80.0	0.70
(Of which, Interim)	—	—	30.0	30.0	40.0	0.35
Diluted Net Income	—	104.87	106.77	132.61	393.66	3.49
Financial Condition						
Total Net Assets	1,000,577	1,283,488	1,390,153	1,829,852	1,652,839	14,668
Total Assets	8,893,378	9,178,198	9,499,799	10,253,431	10,186,746	90,404
Equity Ratio (%)	11.2	13.9	14.5	17.8	16.1	16.1
Consolidated Solvency Margin Ratio (%)	549.8	688.3	783.1	803.4	851.4	851.4
Stock Information (Shares)						
Number of Shares Outstanding (Excluding treasury stock)	414,825,205	414,726,157	411,284,208	408,037,848	404,162,514	404,162,514
Adjusted Financial Indicators						
Adjusted Consolidated Profit (Billions of yen)	1.2	111.6	101.5	138.3	215.5	1,912
Adjusted Consolidated ROE (%)	0.1	5.4	4.3	5.2	7.8	7.8
ESG Data						
Greenhouse Gas Emissions (Scope 1-3) (t-CO ₂) ¹	134,833	136,665	139,736	155,140	151,704	151,704
Human Resources Development in Environmental Field (Persons) ²	2,776	9,479	7,412	7,394	6,585	6,585
Ratio of Female Employees in Managerial Positions (%)	4.0	5.3	5.0	7.3	12.9	12.9
Number of Employees Participating in Volunteer Activities (Persons) ³	38,291	33,236	29,632	42,752	40,906	40,906
Percentage of Outside Directors (%)	50.0	50.0	25.0	33.3	33.3	33.3
Attendance of Outside Directors at Meetings of the Board of Directors (%)	94.8	98.9	100.0	100.0	98.3	98.3

Notes: 1. Sampo Holdings carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Number of shares, net income per share, and dividends per share are calculated based on the assumption that the reverse split of stocks was executed at the beginning of FY2010.

2. Diluted net income per share for FY2011 is not shown due to net loss per share.

3. From the end of FY2011, the consolidated solvency margin ratio as the standard of consolidated financial soundness is calculated in accordance with the related laws and regulations including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. In the consolidated solvency margin ratio presented above, the figures for FY2012 and before and the figures for FY2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of the solvency margin ratio that was enforced at the end of FY2013.

4. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., the presentation of "net income" was amended to "net income attributable to shareholders of the parent."

5. See page 50 for the calculation method for adjusted consolidated profit and adjusted consolidated ROE.

6. U.S. dollar amounts are translated from yen at the rate of ¥112.68=U.S. \$1.00, the approximate rate prevailing at March 31, 2016.

*1. Figures are the total of Scope 1 (direct emissions due to use of gasoline, etc.), Scope 2 (indirect emissions from electricity and other energy sources), and Scope 3 (indirect emissions across entire value chains, including transport and business trips). Since fiscal 2012, the Group has been issued an Assurance Statement by a third-party certification organization annually. The coverage of the survey is as follows.

Fiscal 2011: Sampo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited; fiscal 2012: Sampo Japan Insurance Inc. and NIPPONKOA Insurance Company, Limited (including consolidated subsidiaries); fiscal 2013 and fiscal 2014: Sampo Japan Insurance Inc. (including consolidated subsidiaries) and NIPPONKOA Insurance Company, Limited (including consolidated subsidiaries); fiscal 2015: Main consolidated subsidiaries and operating companies of Sampo Japan Nipponkoa Holdings, Inc.

*2. Total number of people who participated in the SAVE JAPAN Project, a community-based biodiversity conservation program in all prefectures of Japan; Public Seminars on the Environment; and the CSO Learning Scholarship Program, which provides an internship program for university students in environmental NGOs

*3. Total number of employees who participated in volunteer activities and the number of employees who are members of the volunteer organization Sampo Chikyu (Earth) Club Social Contribution Fund

Performance Review

Net premiums written increased 44.1 billion yen year on year, to 2,552.1 billion yen, mainly due to higher revenues from Sompo Japan Nipponkoa Insurance Inc.

Life insurance premiums written rose 20.4 billion yen year on year, to 297.6 billion yen, thanks to favorable sales of medical insurance.

Ordinary profit was up 8.5 billion yen year on year, to 216.8 billion yen, due to an increase in the underwriting profit of Sompo Japan Nipponkoa Insurance Inc. and other factors.

Net income attributable to shareholders of the parent grew 105.3 billion yen year on year, to 159.5 billion yen, which primarily reflected the absence of one-time costs arising from the merger that formed Sompo Japan Nipponkoa Insurance Inc.

Adjusted consolidated profit and adjusted consolidated ROE, which are key indicators, improved significantly as a result of dramatic enhancement of the profitability of the domestic P&C insurance business.

Rating Information

(As of June 2, 2016)

Rating Agency	Object	Sompo Japan Nipponkoa	Sompo Japan Nipponkoa Himawari Life
Standard & Poor's	Financial Strength Rating	A+	A+
Moody's	Insurance Financial Strength Rating	A1	—
Rating and Investment Information, Inc. (R&I)	Issuer Rating	AA-	—
	Insurance Claims Paying Ability	—	AA-
Japan Credit Rating Agency, Ltd. (JCR)	Ability to Pay Insurance Claims Rating	AA+	—
A.M.Best	Financial Strength Ratings	A+	—

Inclusion in Socially Responsible Investment (SRI) Indices

Sompo Japan Nipponkoa Holdings, Inc., is included in the following SRI indexes (as of July 1, 2016).

Dow Jones Sustainability Indices (DJSI World, DJSI Asia Pacific)

DJSI World is a leading global SRI index of companies that are leaders in sustainability, as assessed from their approach toward ESG (environment, social, and governance) issues.

This is the sixth consecutive year for Sompo Holdings to be included in the index and the 16th consecutive year for Sompo Japan Nipponkoa Insurance.

FTSE4Good Index Series

The FTSE4Good Index Series is a group of SRI indexes that evaluate the performances of companies that meet globally recognized corporate responsibility standards, including such ESG issues as environmental and human rights.

MSCI Global Sustainability Indexes / MSCI Global SRI Indexes

These indexes comprise companies from various industries that have earned high evaluations in relation to the environment, society, and governance.

ECPI Global Developed ESG Best-in-Class Equity Index

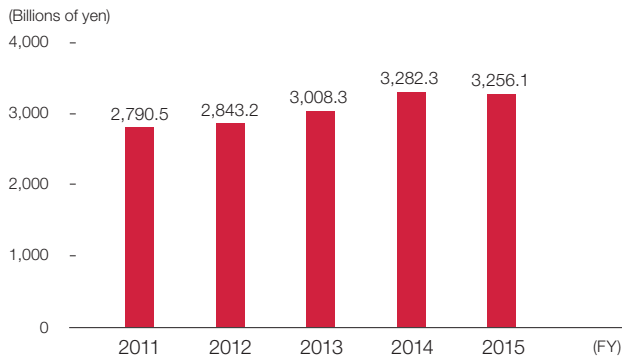
ECPI Global Developed ESG Best-in-class Equity Index comprises stocks with high ESG evaluations.

Morningstar Socially Responsible Investment Index

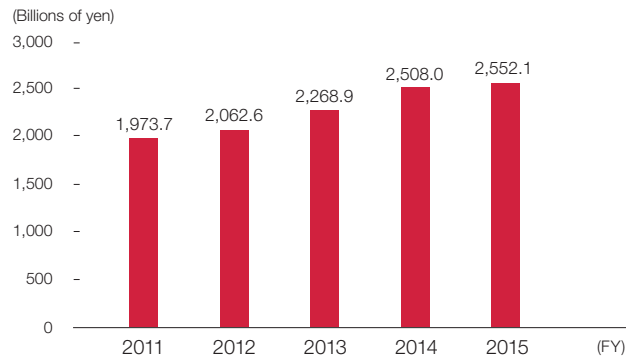
The Morningstar Socially Responsible Investment Index was developed as Japan's first SRI investment index comprising Japanese companies.



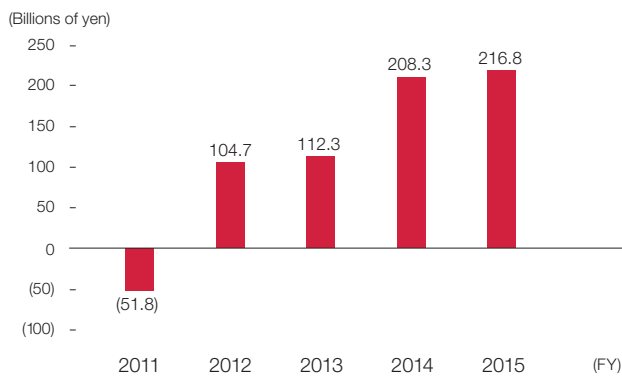
Ordinary Income



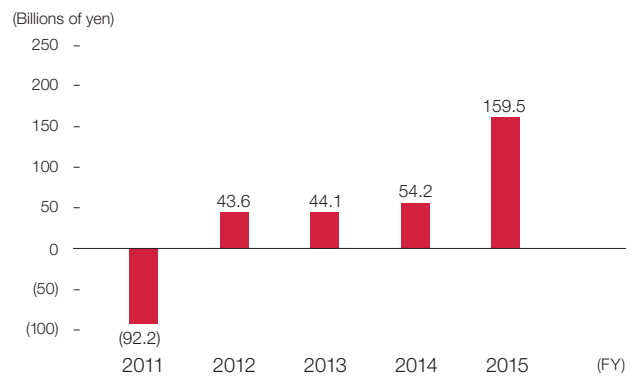
Net Premiums Written (P&C Insurance)



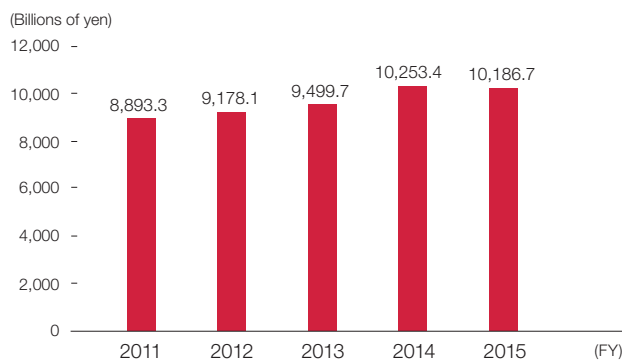
Ordinary Profit (Loss)



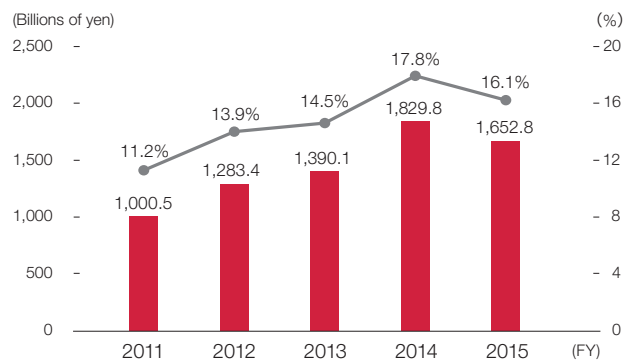
Net Income (Loss) Attributable to Shareholders of the Parent



Total Assets

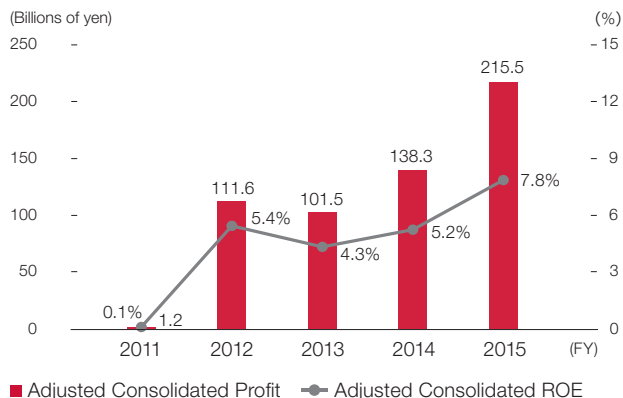


Total Net Assets / Equity Ratio

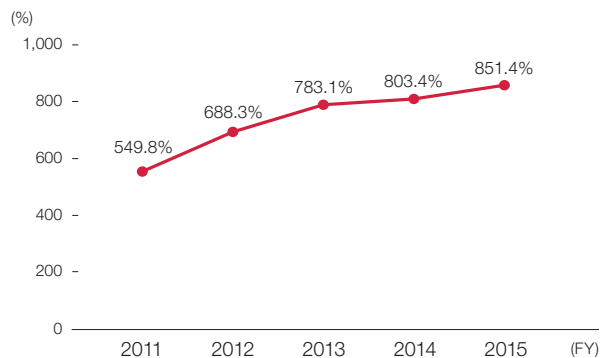


■ Total Net Assets ● Equity Ratio

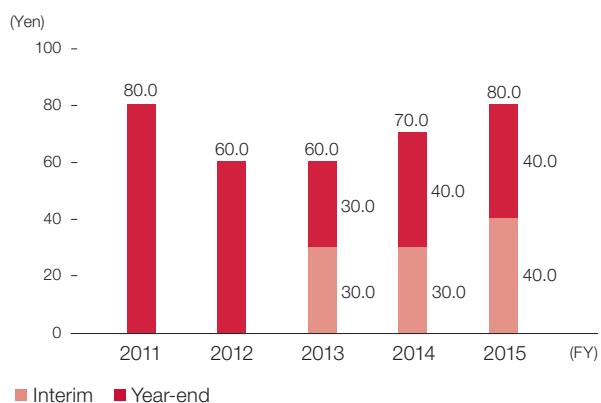
Adjusted Consolidated Profit / Adjusted Consolidated ROE



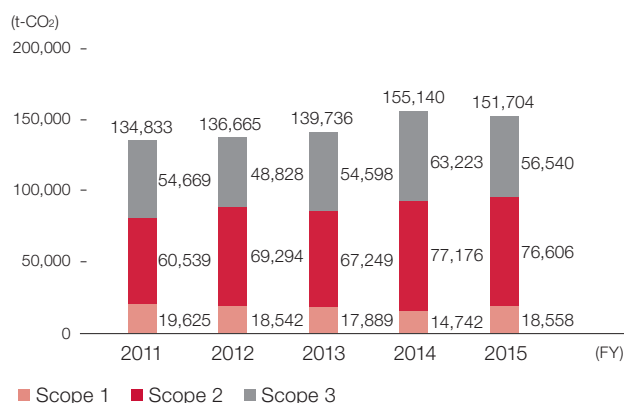
Consolidated Solvency Margin Ratio



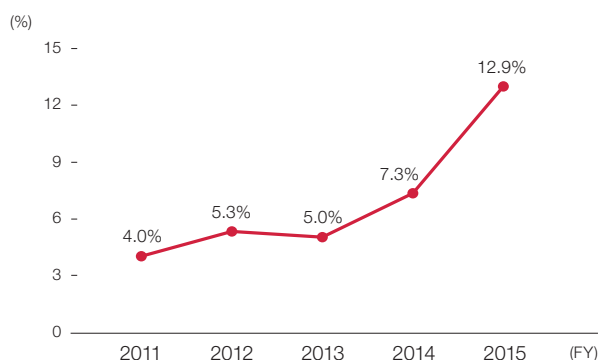
Dividends per Share



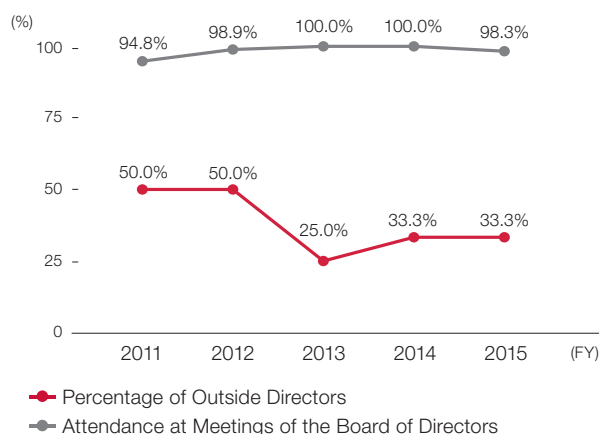
Greenhouse Gas Emissions (Scope 1-3)



Ratio of Female Employees in Managerial Positions



Percentage of Outside Directors / Attendance at Meetings of the Board of Directors



Domestic P&C Insurance Business



We aim to realize growth in accordance with quality and to be the most highly evaluated P&C insurance company by drastically improving business efficiency and making decisions thoroughly from customers' perspectives.

Keiji Nishizawa

Director
Domestic P&C Insurance Business Owner
(Representative Director, President and Chief Executive Officer,
Sompo Japan Nipponkoa Insurance Inc.)

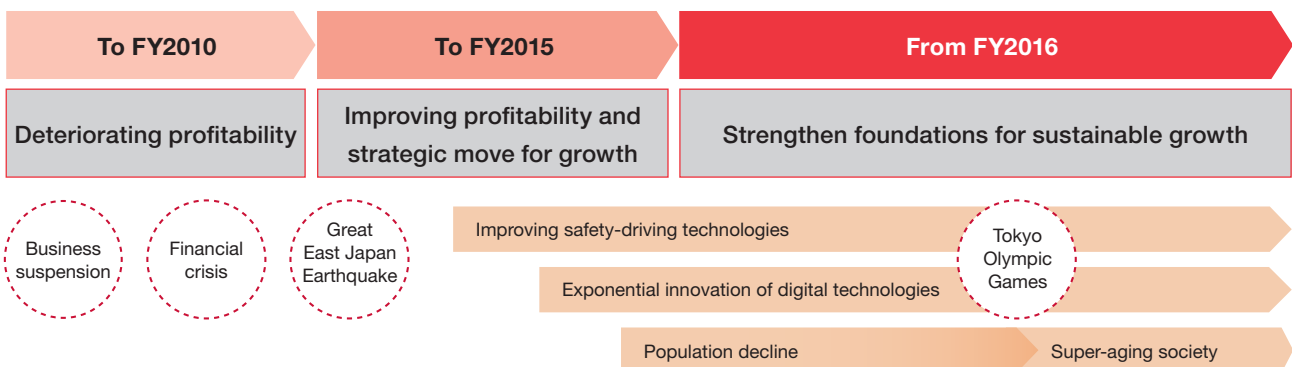
Business Overview

The domestic P&C insurance business meets a variety of customer needs through three companies. Sompo Japan Nipponkoa Insurance Inc. is the Group's core business and sells insurance through agencies. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, is responsible for direct sales. Sonpo 24 Insurance Company Limited conducts direct sales to customers introduced by agencies. Further, Sompo Japan Nipponkoa DC Securities Inc. provides defined contribution pension fund management services.

Operating Environment

Until fiscal 2020, economic growth resulting from the 2020 Tokyo Summer Olympic and Paralympic Games is likely to more than compensate for population decline. Meanwhile, innovation in digital technologies and related changes in customer behavior could lead to disruptive and drastic changes in conditions. In the medium-to-

long term, the environment is expected to change significantly with the advent of a super-aging society. The domestic P&C insurance business will establish and strengthen foundations that are able to sustain growth and adapt to these changes.



Policies of the New Mid-Term Management Plan

Through growth in accordance with quality, as the Group's largest company we aim to be the most highly evaluated P&C insurance company. To this end, we will implement the following three policies.

- Establish brand based on quality by making decisions thoroughly from customers' perspectives
- Realize global top level business efficiency by innovating and increasing sophistication of operations
- Sustain growth (of market share and bottom line) by heightening quality and operational efficiency rigorously

Key Points

Exploit largest business foundations in Group to contribute to its growth strategies

Global top level business efficiency

- Evolving into cost structure competitive on global basis by reforming business process and system infrastructure (future innovation project).
- Aim at below 30% of net expense ratio in the future.



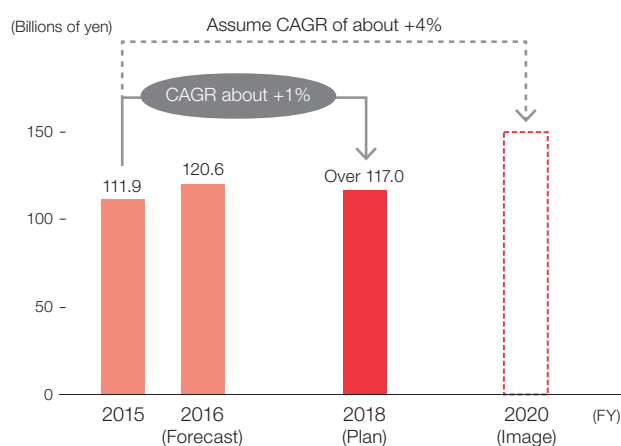
- Keep expanding top-line and bottom-line by developing products and services thoroughly from customers' perspective.
- Plan for combined ratio of 93% to 94% level.

Growth accompanying quality

Further, we will realize *Gemba-Power*^{*} and exploit digital technologies as priority tasks. These initiatives will enable us to develop products and services that anticipate changing customer needs and create new business models.

^{*} The ability of personnel to identify and address issues in frontline operations

Plan for Adjusted Profit



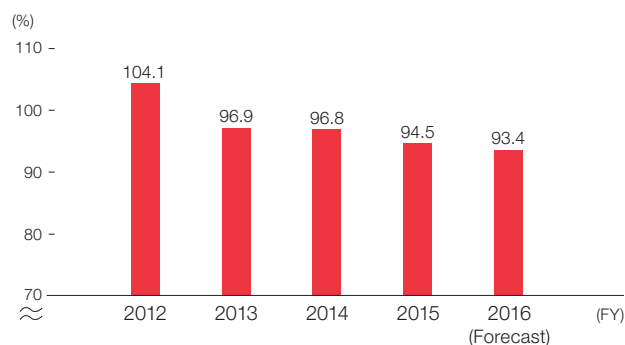
Performance Trends

During the period of the previous Mid-Term Management Plan, we completed the merger of Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., as planned and realized merger synergies. Further, improving the profit structures of mainstay automobile insurance led to an improvement of 9.6 percentage points in the combined ratio^{*} versus that of fiscal 2012, to 94.5%. Consequently, in fiscal 2015 the business surpassed initial targets by achieving adjusted profit of 110.8 billion yen.

In fiscal 2016, we expect profit to increase as continuing improvement in the combined ratio accompanying a lower loss ratio counteract the absence of the previous fiscal year's rush demand for fire insurance and advance investment in systems

aimed at enabling digital strategies and heightening operational efficiency. The combined ratio is likely to continue improving mainly thanks to improvement in the loss ratio, and we expect higher profit.

Improvement of the Combined Ratio^{*} (excluding compulsory automobile liability insurance (CALI), household insurance, and earthquake insurance) (Sompo Japan Nipponkoa Insurance Inc.)



Adjusted Profit: Results and Forecast

(Billions of yen)				
FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
(8.9)	6.5	69.9	110.8	120.6

Notes:

1. For details about adjusted profit, please see page 50.
2. Figures for fiscal 2012 through to fiscal 2015 have been calculated based on previous standards. Figures for fiscal 2016 (forecast) have been calculated based on new standards.

Note: Figures before August 2014 are the totals for the former Sompo Japan Insurance Inc. and the former NIPPONKOA Insurance Co., Ltd.

^{*} The combined ratio is the total of the net loss ratio and the net expense ratio and is an indicator of the earning power of P&C insurance.

Company Outline

As of March 31, 2016



Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., merged to form Sampo Japan Nipponkoa Insurance Inc. on September 1, 2014. With the P&C insurance business at its core, Sampo Japan Nipponkoa will realize growth in accordance with quality and become the most highly evaluated P&C insurance company.

Sampo Japan Nipponkoa Insurance Inc.

Establishment: October 1888
Capital: 70.0 billion yen
Shareholder: SOMPO HOLDINGS (100%)
Total assets: 7,036.2 billion yen
Net premiums written: 2,218.4 billion yen
Head office: 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
URL: <http://www.sjnk.co.jp/english/>

Performance Review

Net premiums written increased 1.7% year on year, to 2,218.4 billion yen, due to higher revenues from fire insurance and automobile insurance. The net loss ratio improved 1.9 percentage points, to 63.7%, as a result of lower insurance payments arising from natural disasters in Japan.

The net expense ratio improved 0.2 percentage points, to 31.6%, reflecting higher revenues from net premiums written. As a result of improvements in the net loss ratio and the net expense ratio, the combined ratio improved 2.1 percentage points year on year, to 95.3%.

Underwriting profit rose 33.0 billion yen year on year, to 78.2 billion yen, because a decrease in provision of outstanding loss

reserve more than offset an increase in provision for underwriting reserves.

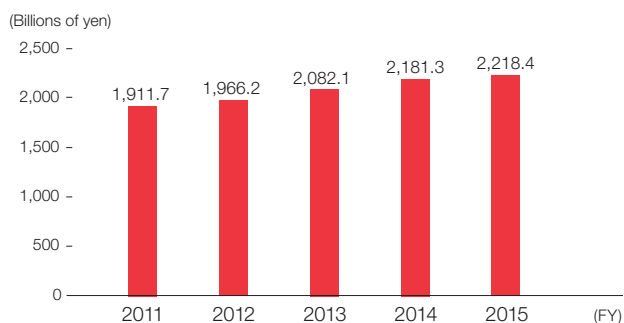
Investment profit decreased 43.0 billion yen year on year, to 108.5 billion yen, due to higher impairment losses on securities and lower foreign exchange gains.

Ordinary profit declined 17.0 billion yen year on year, to 178.0 billion yen. However, net income was up 81.2 billion yen year on year, to 126.2 billion yen, which was attributable to the absence of merger cost that was recognized in extraordinary losses in the previous fiscal year.

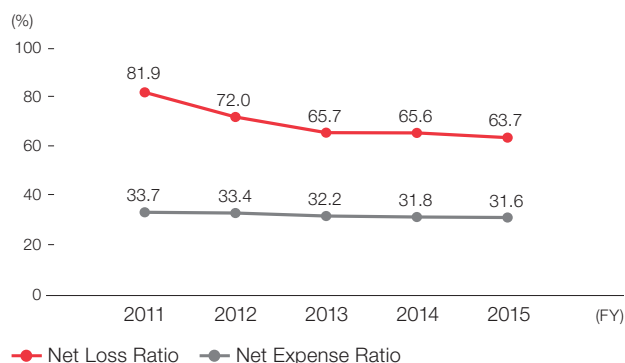
		(Billions of yen)					(Millions of U.S. dollars)
		FY2011	FY2012	FY2013	FY2014	FY2015	FY2015
Net Premiums Written		1,911.7	1,966.2	2,082.1	2,181.3	2,218.4	19,687
Net Loss Ratio		81.9%	72.0%	65.7%	65.6%	63.7%	63.7%
Net Expense Ratio		33.7%	33.4%	32.2%	31.8%	31.6%	31.6%
Underwriting Profit (Loss)		(66.1)	(16.9)	(62.5)	45.2	78.2	694
Investment Profit		61.7	159.9	192.7	151.5	108.5	962
Ordinary Profit (Loss)		(3.7)	129.6	117.7	195.1	178.0	1,579
Net Income (Loss)		(60.1)	62.4	49.5	45.0	126.2	1,119
Non-Consolidated Solvency Margin Ratio	Sampo Japan	502.5%	645.6%	713.3%	716.3%	729.3%	729.3%
	Nipponkoa	470.8%	534.0%	653.0%			
Total Assets		6,938.2	7,038.2	7,098.9	7,326.2	7,036.2	62,444
Total Net Assets		908.1	1,144.9	1,233.3	1,592.6	1,324.8	11,757
Unrealized Gains And Losses on Securities Available For Sale		470.9	680.9	744.9	1,101.9	857.3	7,608
Non-Performing Loans (Risk-Monitored Loans)		2.9	2.0	0.9	0.7	0.4	3

Notes: 1. Figures prior to August 2014, excluding ROE and the non-consolidated solvency margin ratio, are the total of Sampo Japan and Nipponkoa.
 2. U.S. dollar amounts are translated from yen at the rate of ¥112.68=U.S.\$1.00, the approximate rate prevailing at March 31, 2016.

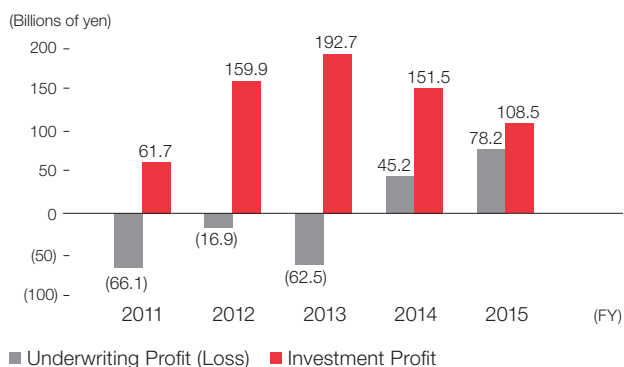
Net Premiums Written



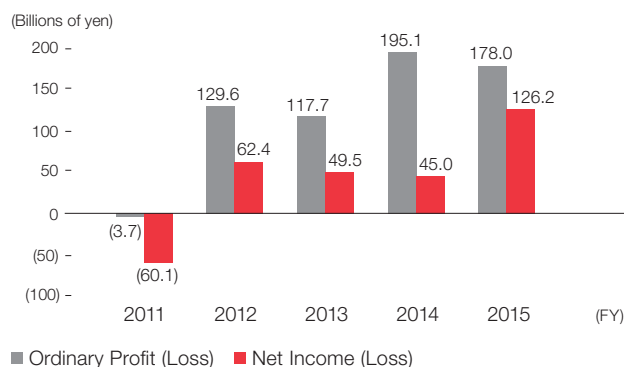
Net Loss Ratio / Net Expense Ratio



Underwriting Profit (Loss) / Investment Profit



Ordinary Profit (Loss) / Net Income (Loss)



Sustainable Growth Initiatives

Product Development That Leverages Digital Technology: Portable Smiling Road

In January 2016, Sompo Japan Nipponkoa launched Portable Smiling Road, a smartphone app for individuals that takes advantage of big data analysis and telematics technology. The app's telematics services include (i) a peace of mind function that enables users to provide notification with one push of a button if an accident occurs, (ii) a safety function that analyzes driving






behavior and helps prevent accidents by providing real-time information, and (iii) a comfortable car navigation function. By providing this app, we will reduce automotive accidents, offer high-quality responses to accidents, and contribute to the realization of a more secure, safer society.



Product Development Based on Group-wide Business Initiatives: Nursing Care Support Plan

In September 2016, Sompo Japan Nipponkoa will begin marketing Nursing Care Support Plan to provide multifaceted support to help avoid situations in which employees feel that they need to leave their jobs to provide nursing care—a phenomenon that is becoming a social problem in Japan. The plan will include insurance coverage, a service for introducing nursing care service providers, and seminars on combining work and nursing care. Through the plan, we will extend the coverage of the new group medical

insurance Filial Duty Lump-Sum Payment Rider, for which company employees are the main policyholders. Also, we will provide a preferential service for introducing nursing care service providers. We will develop products that help address the problem of employees leaving their jobs to provide nursing care. At the same time, we intend to advance collaborations including Group companies and providers of various types of nursing care related services to offer progressive services that support security, health, and wellbeing.

Homemaker service 	Meal delivery service 	Security service 	Home remodeling service 	Private residential home introduction service 
---------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------

Company Outline

As of March 31, 2016



Saison Automobile & Fire mainly targets those in their 40s and 50s, a demographic group with lower accident rates, through the direct marketing of “Otona no Jidosha Hoken” voluntary automobile insurance. With a focus on digital communication, we will provide “comfortable customer experiences.”

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED

Establishment: September 1982
(operational kickoff: April 1983)

Capital: 26.6 billion yen

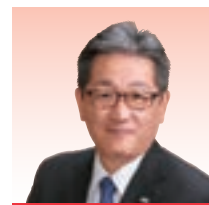
Shareholder: Sompo Japan Nipponkoa (99.5%)
Credit Saison (0.5%)

Total assets: 49.2 billion yen

Net premiums written: 27.4 billion yen

Head office: Sunshine 60, 1-1,
Higashi-Ikebukuro 3-chome,
Toshima-ku, Tokyo

URL: <http://www.ins-saison.co.jp/>



President
Yoshikazu Nishiwaki

Performance Review

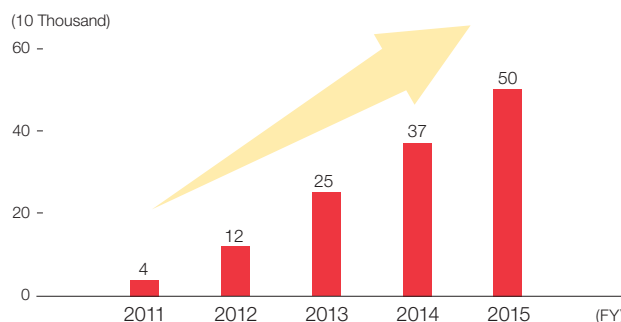
Net premiums written increased 22.7% year on year, due to a favorable performance by voluntary automobile insurance.

The net loss ratio improved 0.9 percentage points year on year, to 64.4%, reflecting a rise in claims paid.

The net expense ratio improved 9.7 percentage points, to 43.1%, due to higher revenues from net premiums written.

Since its launch in March 2011, “Otona no Jidosha Hoken” voluntary automobile insurance has earned the endorsement of numerous customers, accounting for 500,000 policies in force as of April 2016.

“Otona no Jidosha Hoken” Policies in Force



Note: Figures for fiscal 2015 are the figures at the end of April 2016.

TOPICS

Launch of “ALSOK Reliable Accident Site Support Service”

In April 2016, aiming to increase and strengthen interfaces with customers and thereby provide “comfortable customer experiences,” we collaborated with SOHGO SECURITY SERVICES CO., LTD. (ALSOK), to launch the “ALSOK Reliable Accident Site Support Service” for “Otona no Jidosha Hoken” policyholders. Through this service, directly after an accident—when customers feel most vulnerable—ALSOK personnel rush to the accident site and use handheld terminals to rapidly share accident information and coordinate with accident managers. Through coordination with “the safety and security professional” ALSOK, we provide concrete services that attend to customers’ immediate needs and give them peace of mind.

We will continue to consider feedback from customers in relation to issues at accident sites and implement solutions to enhance customer convenience. With a focus on digital communication, we will continue providing “comfortable customer experiences.”



そんぽ24

With its intermediary agents introducing insurance products to customers, Sonpo 24 is involved in the direct marketing of automobile insurance through its website and call centers. Together with these agents, Sonpo 24 cherishes building relationships with each customer and is committed to remaining an approachable and reliable partner.

Sonpo 24 Insurance Company Limited

Establishment: December 1999
(operational kickoff: March 2001)
19.0 billion yen
Capital: 19.0 billion yen
Shareholder: Sompo Japan Nipponkoa (100%)
Total assets: 22.7 billion yen
Net premiums written: 13.7 billion yen
Head office: Sunshine 60, 1-1,
Higashi-Ikebukuro 3-chome,
Toshima-ku, Tokyo
URL: <http://www.sonpo24.co.jp/>



President
Hisayuki Nagano

Performance Review

Although net premiums written declined slightly, they remained stable at 13.7 billion yen. Also, the net loss ratio improved 3.5 percentage points, to 61.1%. Underwriting profit rose 1.9 billion yen. As a result, the business moved into the black for the first time since its establishment, posting net income of 0.8 billion yen.

Sompo Japan Nipponkoa DC Securities Inc.

By providing a customized bundle of wide-ranging services helpful for the operation and management of such plans, the company assists with the swift, seamless introduction and smooth maintenance of defined contribution plans, thereby maintaining superior quality and consistency in service content.

Sompo Japan Nipponkoa DC Securities Inc.

Establishment: May 1999
Capital: 3.0 billion yen
Shareholder: Sompo Japan Nipponkoa (100%)
Total assets: 2.6 billion yen
Head office: Shinjuku Center Building, 25-1,
Nishi-Shinjuku 1-chome,
Shinjuku-ku, Tokyo
URL: <http://www.sjnk-dc.co.jp/>



President & Chief
Executive Officer
Shuichi Kita

Main Indicators

	March 31, 2015	March 31, 2016
Assets under management balance	417.3 billion yen	430.7 billion yen
Number of policyholders (including investment instructors)	225,000	239,000

Domestic Life Insurance Business



As a forerunner in providing customers with security, health, and wellbeing, we will seek to evolve into a health support enterprise that aids people in living healthy lives.

Kaoru Takahashi

Director
Domestic Life Insurance Business Owner
(Representative Director, President and Chief Executive Officer,
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.)

Business Overview

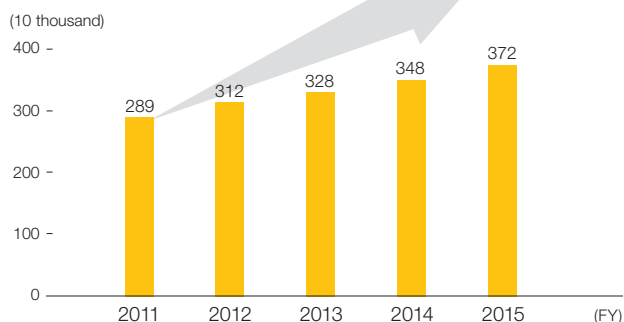
The domestic life insurance business is one with particularly high growth potential among Group businesses, second to the domestic P&C insurance business. In this business, we will pursue exceptional levels of operational quality by having sales representatives provide new value as they respond to customers' individual needs through the supply of innovative health-based services as well as products that incorporate these services.

Operating Environment

The domestic life insurance market is expected to contract gradually as the population of Japan decreases due to the low birthrate. At the same time, recent changes in consumer awareness have sparked increased competition among life insurance providers. In addition, a negative interest rate was instituted at the Bank of Japan Monetary Policy Meeting held on January 29, 2016, which served as a catalyst for substantial market change, including a drop in ultra-long-term interest rates. The persistence of such a situation over the long term would steadily deplete the strength of the management of the Company.

However, 20 million new personal life insurance policies are produced each year by Japan's various life insurance companies. This trend is a representation of how, in this fiercely competitive market, consumer awareness has risen, resulting in a more fluid market. For this reason, Sompo Japan Nipponkoa Himawari Life Insurance, Inc., views the domestic life insurance market as having sufficient growth potential waiting to be seized with the appropriate strategy.

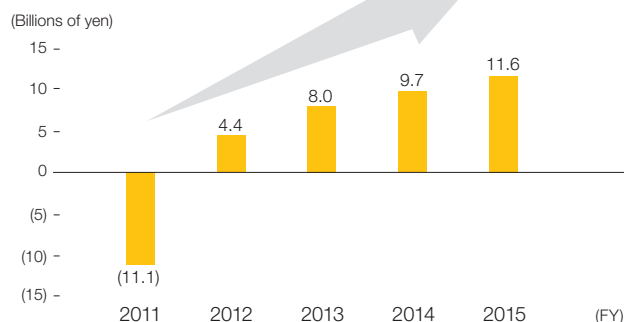
Numbers of Policies in Force



Notes:

1. Figures represent the sum of individual insurance and individual annuities.
2. Figures for September 2011 and prior represent the combination of amounts of the former Sompo Japan Himawari Life and Nipponkoa Life.

Trends in Net Income



Note: Figures for September 2011 and prior represent the combination of amounts of the former Sompo Japan Himawari Life and Nipponkoa Life.

Policies of the New Mid-Term Management Plan

We will seek to evolve into a health support enterprise by advancing our new growth strategy and rapidly improving productivity based on the concepts of breaking industry norms, adopting the customer's standpoint, and becoming a familiar and trusted presence for customers.

• Establishment of Growth Drivers:

Advancing Our New Growth Strategy

We aim to establish a business model that unifies new services based around health with the products that incorporate these services and the sales representatives that provide new value as they supply these products and services to customers in response to individual needs. By building and continually improving this model through an all-hands effort, we aim to offer new value to customers.

Key Points

Evolve into the new business model focusing on customers' health, and contribute to Group strategy by steadily increasing the number of customers.

New growth strategy

- Product: Launch products satisfying customers' needs
- Service: Provide health support services
- Channel: Enhance hybrid channel*

+

- Product strategy focusing on highly profitable protection-type products
- Channel strategy utilizing P&C agency network

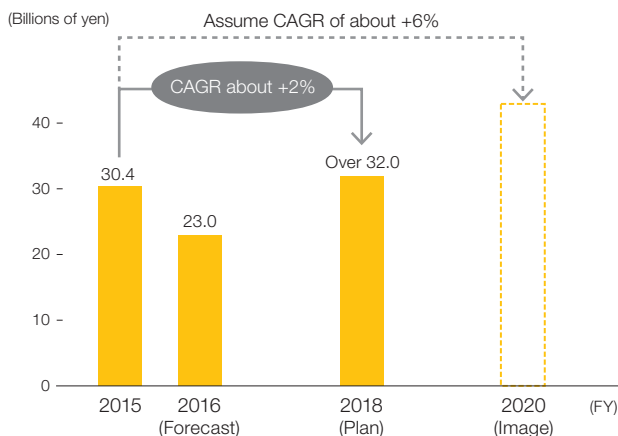
Strengths of Himawari Life

* Highly trained life insurance sales representatives follow up on customers enrolling in insurance online.

• Extensive Reforms for Enhancing Competitiveness: Rapidly Improving Productivity

Extensive reforms are being instituted to fundamental elements of our operations, including operating rules, products, services, sales and marketing systems, and human resource capabilities. In improving productivity, we are promoting diversity, greatly accelerating the speed of our operations, and pursuing radical changes in our working styles and other procedures based on new ideas. Moreover, we hope to contribute to the growth of our employees through these efforts.

Plan for Adjusted Profit



Performance Trends

With our network of P&C insurance agencies as our primary sales channel, we are realizing growth in keeping with efficiency and profits through strategies that focus on sales of high-margin products, such as simple underwriting medical insurance products and other medical insurance and income compensation insurance.

In addition, Sompo Japan Nipponkoa Himawari Life is working to expand customer numbers. These efforts include creating new

business models that incorporate information and communication technology and developing new products and conducting product revisions when necessary to reflect customer needs. In these ways, we incorporate customer contact and needs in channel strategies and products.

Adjusted Profit Results and Forecasts

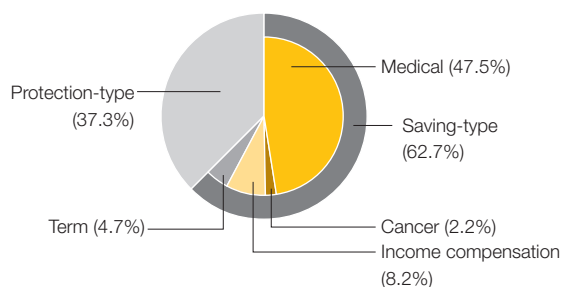
(Billions of yen)

FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
107.8	85.7	47.4	83.4	23.0

Notes:

- For details about adjusted profit, please see page 50.
- Figures for fiscal 2015 and prior are based on former accounting standards, and the figure for fiscal 2016 (forecast) is based on new accounting standards. Calculated under the new accounting standards, adjusted profit for fiscal 2015 amounted to 30.4 billion yen.

Product Composition



Note: Figures for fiscal 2015 are based on annualized premiums from new businesses.

Company Outline

As of March 31, 2016



The domestic life insurance business is one with particularly high growth potential among Group businesses, second to the domestic P&C insurance business. We will accelerate growth by providing products and services of choice to customers. Major products include “Shin Kenko no Omamori” (released in May 2014) and “Shin Kenko no Omamori Heart” (released in April 2015). Both of these products have proved immensely popular among customers, with a combined total of 600,000 applications for these products since their launch.

Sampo Japan Nipponkoa Himawari Life Insurance, Inc.

Establishment: July 1981 (operational kickoff: April 1982)
Capital: 17.25 billion yen
Shareholder: Sampo Holdings (100%)
Head office: Shinjuku Central Park Building, 13-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo
URL: <http://www.himawari-life.co.jp/>

Performance Review

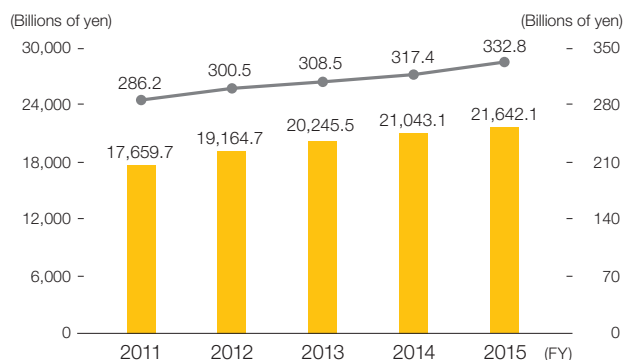
In line with an expansion of business in force, particularly protection-type products, annualized premiums from business in force increased 15.4 billion yen year on year. Amount of new business declined due to sluggish sales of income compensation insurance and other primary products. Meanwhile, medical insurance sales bolstered annualized premium from new business, which rose 4.7 billion yen, to 40.3 billion yen.

Growth in business in force drove income from insurance premiums, which increased 15.7 billion yen, to 396.4 billion yen. Due in part to the negative impact of low interest rates, embedded value declined 84.3 billion yen, to 700.0 billion yen.

	(Billions of yen)					(Millions of U.S. dollars)
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2015
Amount of Business in Force	17,659.7	19,164.7	20,245.5	21,043.1	21,642.1	192,066
Annualized Premium from Business in Force	286.2	300.5	308.5	317.4	332.8	2,953
Amount of New Business	2,968.3	3,043.3	2,635.0	2,388.6	2,240.3	19,881
Annualized Premium from New Business	36.7	38.5	30.4	35.6	40.3	357
Income from Insurance Premiums	360.1	370.7	372.8	380.7	396.4	3,517
Total Assets	1,809.2	1,972.6	2,120.2	2,278.1	2,438.0	21,636
Embedded Value	615.3	674.8	750.3	784.4	700.0	6,212
Non-Consolidated Solvency Margin Ratio (%)	1,449.5	1,555.3	1,583.2	1,676.3	1,771.4	1,771.4

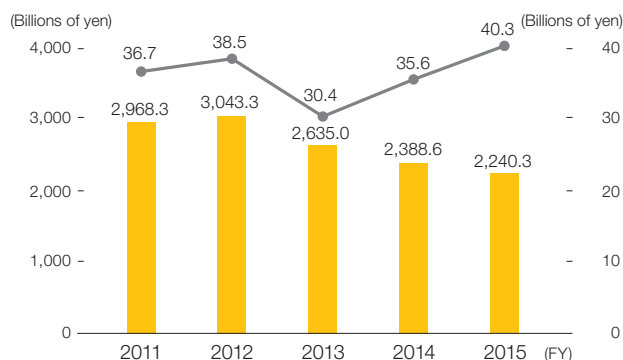
Notes: 1. The line items “Amount of Business in Force” and “Amount of New Business” represent the sum of individual insurance and individual annuities.
 2. For FY2011, the amount of new business, annualized premiums from new business, and income from insurance premiums represent the sum totals of Sampo Japan Himawari Life and Nipponkoa Life from April 2011 to September 2011, and Sampo Japan Nipponkoa Himawari Life from October 2011 to March 2012.
 3. Sampo Japan Nipponkoa Himawari Life adopted the interest rates of Japanese government bonds as the benchmark for determining the risk-free interest rate used to calculate market consistent embedded value (MCEV) for FY2012 and after. The risk-free interest rate for FY2011 and before was determined based on swap rates.
 4. U.S. dollar amounts are translated from yen at the rate of ¥112.68=U.S.\$1.00, the approximate rate prevailing at March 31, 2016.

Amount of Business in Force



■ Amount of Business in Force (Left scale)
 ● Annualized Premium from Business in Force (Right scale)

Amount of New Business



■ Amount of New Business (Left scale)
 ● Annualized Premium from New Business (Right scale)

Sustainable Growth Initiatives

Collaboration with Fitbit

After reaching an agreement with Fitbit, Inc., Sompo Japan Nipponkoa Himawari Life Insurance is jointly developing a business to promote health improvement and target the company's customers. Specific initiatives include the following.

1. To help our roughly 3,000 customers live healthier, we introduced the Fitbit Wellness^{*1} program in April 2016 and supplied employees with Fitbit Charge HR^{*2} wearable terminals capable of measuring one's pulse.
2. In cooperation with health insurance groups, we are analyzing the link between illnesses, based on employee health statistics, and activity data, received from the Fitbit wearable terminals.
3. To support health improvement among customers, we have started a program through which we loan Fitbit wearable terminals to certain insurance policyholders and, with the customer's permission, collect activity data to be examined when developing innovative insurance products.

- *1. Fitbit Wellness is a corporate wellness solutions program launched in 2010 through which Fitbit supplies hardware, software, and services. This program is linked to institutions from numerous industries and has been adopted by more than 70 of the U.S. Fortune 500 companies.
- *2. Charge HR is a wristband that uses wireless communications to log step numbers, walking distance, calories burned, exercise times, sleep patterns, steps climbed, pulse, and other data.



Launch of Health Service Brand

Sompo Japan Nipponkoa Himawari Life Insurance sees a health support enterprise that assists customers in improving their health as the natural evolution of a life insurance company. Striving to carry out this evolution, we launched our Linkx (pronounced "link cross") brand of services, which we supply as a forerunner in providing new value. Linkx embodies our devotion to "broader, more connected, and healthier lives," and we are deploying products and services based on this sentiment.

As specific measures, we are examining the possibilities of offering revolutionary new products as well as apps and other healthcare-related services.



Alliance with DeSC Healthcare

Sompo Japan Nipponkoa Himawari Life Insurance formed a business alliance with DeSC Healthcare, Inc., through which it will develop healthtech* services that utilize IT. DeSC Healthcare provides the KenCoM health management Internet service for participants in health insurance groups and also constructs and operates digital health service platforms based on KenCoM.

- * Healthtech is a portmanteau of "health" and "technology" that originated in the United States. Such technology employs daily life log data collected through smartphones or wearable terminals to assist in health improvement.

Nursing Care & Healthcare Business



We aim to realize an affluent Japan that can boast to the world about the long and quality lives of its people. To accomplish this goal, we strive to promote industry reform and become Japan's most trusted nursing care service provider by supplying nursing care and healthcare services of impeccable quality.

Mikio Okumura

Director, Executive Officer
Nursing Care & Healthcare Business Owner
(Representative Director and President, Sampo Care Inc.)

Business Overview

We began full-fledged forays into the nursing care field by converting Watami no Kaigo Co., Ltd. (currently Sampo Care Next Inc.), and Message Co., Ltd. (currently Sampo Care Message Inc.), into subsidiaries in December 2015 and March 2016, respectively. After this, we established Sampo Care Inc. as a management company to oversee our nursing care operations in July 2016. Looking ahead, we will continue to provide nursing care services of impeccable quality as we strive to quickly foster a brand that is synonymous with security, health, and wellbeing. It is in this manner that we will proceed with our quest to become Japan's most trusted nursing care service provider.

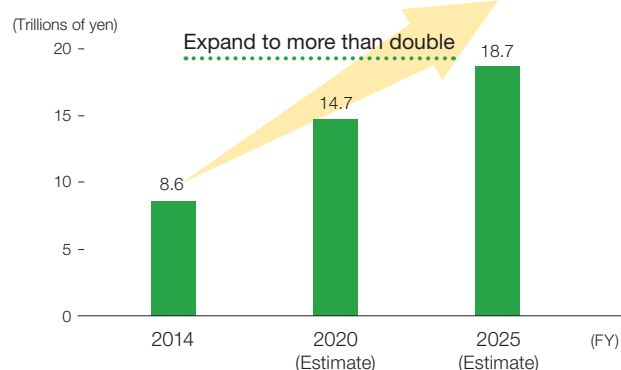
In the healthcare field, Sampo Risk Management & Health Care Inc. provides services to support corporate employee health initiatives, including the promotion of Health and Productivity Management,* employee assistance programs, and countermeasures for lifestyle-related disorders. Through these services, we work to assist customers in their initiatives related to security, health, and wellbeing.

* Health and Productivity Management is a registered trademark of the Workshop for the Management of Health on Company and Employee.

Operating Environment

The population in Japan is aging rapidly; by 2025, the ratio of people aged 75 and above is projected to reach one in five people. In such an aged society, the segment of the nursing care market that is available for participation by private companies (nursing care services and nursing care-related products) is anticipated to grow to a scale of 18.7 trillion yen in fiscal 2025, compared with 8.6 trillion yen in fiscal 2014. Particularly strong growth will be seen in the market for at-home nursing care services.

Estimated Scale of the Nursing Care Market in Which Private Operators Can Participate*



* Estimated based on sources below:
Prepared based on "Present Situation and Future Prospect of the Public Nursing Care Insurance System" and "Survey of Long Term Care Benefit Expenditures" by the Ministry of Health, Labour and Welfare
"Estimated Figures of Expenses Related to Social Security" by the Ministry of Finance
"Present Situation and Future Prospect of Welfare-related Markets 2014" by Fuji Keizai Co., Ltd.
"Data Service Concerning Housing for Elderly People for the First Six Months of 2014" by Tamura Planning & Operating (estimated figures)

Policies of the New Mid-Term Management Plan

During the period of the previous Mid-Term Management Plan, progress was made in establishing business foundations for the nursing care & healthcare business. Under the new Mid-Term Management Plan, we will further build upon these foundations to better support the health and longevity of our customers.

To date, we have continued to respond to the various needs of both seniors and their families by leveraging the strengths of Sampo Care Message and Sampo Care Next. In the future, we will evolve and expand our services to provide nursing care services that respect the dignity of seniors and ensure their security, health, and wellbeing.

In addition, we will further advance Sampo Care Message's *Sampo Care Home-Care Service*,* which represents a completely new undertaking for the nursing care industry. In developing this service, we are constructing core competencies in the form of a revolutionary value chain that begins with preclinical and preventive care and moves on to include at-home nursing care services and

facility nursing care services. We thereby aim to provide nursing care services that address the true needs of seniors.

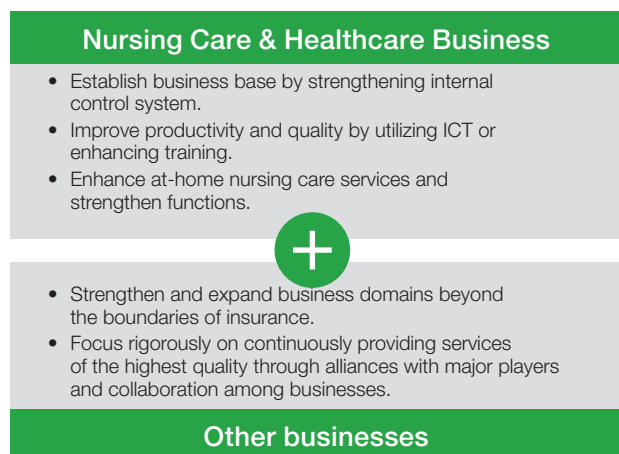
Through these initiatives, we forecast that the nursing care & healthcare business will grow into an enterprise making profit contributions in the range of 6.0 billion yen in fiscal 2018.

The diagram at the bottom of this page shows our road map for the nursing care & healthcare business. During the period of the new Mid-Term Management Plan, we will prioritize solidifying the foundations of this business by reinforcing internal management systems. At the same time, we will utilize information and communication technology (ICT) to improve productivity and service quality in this business and to expand and enhance the functionality of our at-home nursing care services.

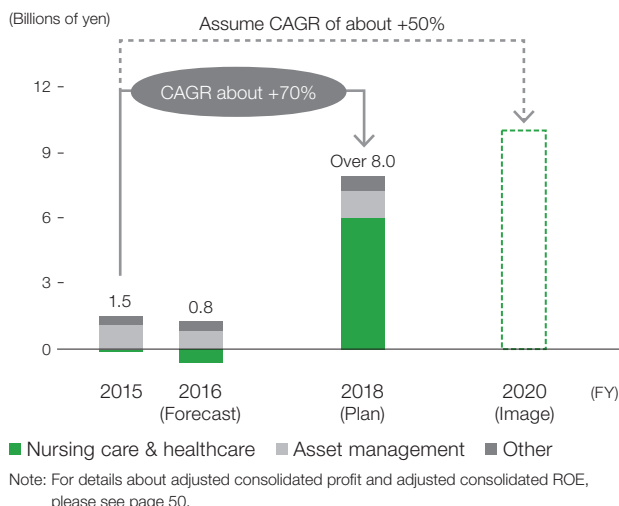
* These nursing care services represent an evolution from conventional at-home nursing care services, combining home-visit long-term care (regular rounds conducted on a 24-hour basis), home-visit nursing care, lifestyle support services, and other services to provide facility-level nursing care services in the home.

Key Points

Contribute to Group strategy as a new business pillar by utilizing ICT and digital technologies and reshaping the industry through collaboration between insurance and nursing care.



Plan for Adjusted Profit



Road Map for the Nursing Care & Healthcare Business

In the nursing care & healthcare business, we aim to make contributions to consolidated performance in the future by growing earnings and improving return on equity (ROE). Specifically, we will provide at-home nursing care services centered on major urban areas, where we can anticipate robust nursing care demand. In

addition, we will ally ourselves with prominent companies from other industries and take other steps to strengthen operations in fields that are peripheral to nursing care in order to realize comprehensive services that combine insurance, nursing care, and healthcare.

Reform of Nursing Care & Healthcare Business



Company Outline

As of July 1, 2016

SOMPO CARE MESSAGE

Sompo Care Message offers fee-based nursing homes, housing providing nursing care services to residents, and at-house nursing care services. This company continues its efforts for the “provision of an environment where elderly people can, even when they come to need nursing care, continue to live in ways they like in the place (residence) where they hope to live.”

Sompo Care Message Inc.

Establishment: May 1997
Capital: 3,925 million yen
Shareholders: Sompo Holdings (94.63%)
 General shareholders (5.37%)
Head office: 522-1, Nishiichi, Minami-ku, Okayama-shi, Okayama
URL: <http://www.sompocare-message.jp/>



Tetsuya Kikui
 President and Chief Executive Officer

SOMPO CARE NEXT

Sompo Care Next develops fee-based nursing homes in locations centered around the Tokyo metropolitan area. This company cherishes its connections with every customer, striving to provide team-based care through its staff of specialists to deliver nursing care services of impeccable quality in all situations, including meals, activities, and comfortable living environments.

Sompo Care Next Inc.

Establishment: November 1992
Capital: 5,095 million yen
Shareholders: Sompo Holdings (100%)
Head office: 12F, Shinagawa Seaside East Tower, 12-8, Higashishinagawa 4-chome, Shinagawa-ku, Tokyo
URL: <http://www.sompocare-next.jp/>



Ken Endo
 President and Chief Executive Officer

SOMPO RISK MANAGEMENT & HEALTH CARE

Sompo Risk Management & Health Care supports customers in their initiatives for promoting security, health, and wellbeing by providing services and solutions such as specific health guidance and health counseling, employee assistance programs, business continuity management and planning (BCM / BCP), and enterprise risk management (ERM) through its operations in these areas.

Sompo Risk Management & Health Care Inc.

Establishment: November 1997
Capital: 30 million yen
Shareholders: Sompo Holdings (100%)
Head office: 24-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
URL: <https://sompom-rc.co.jp/>



Yasushi Fuse
 President and Chief Executive Officer

TOPICS

Establishment of Sompo Risk Management & Health Care –Health and Productivity Management Support Services–

On April 1, 2016, Sompo Japan Nipponkoa Risk Management Inc., Healthcare Frontier Japan Inc., and Sompo Japan Nipponkoa Healthcare Services Inc. were merged to create Sompo Risk Management & Health Care Inc. The existing strengths of these three companies will be shared and their business will be used to complement one another as Sompo Risk Management & Health Care strives to provide services that contribute to customer security, health, and wellbeing in the growth markets of healthcare and disaster preparedness.

In February 2016, prior to the merger, these three companies began providing the Health and Productivity Management service. This service offers a complete assortment of solutions related to constructing systems for Health and Productivity Management promotion, identifying health issues and drafting response measures, and supplying health guidance provided through collaboration with other companies and health insurance groups.

Service Characteristics

Identification of health issues based on data analysis (evidence)

Creation of Health and Productivity Management foundations and PDCA cycles

One-stop service for everything from consulting to solutions

Provision of necessary health improvement solutions

Supply of measurement tools for tracking Health and Productivity Management benefits

Special Feature: Nursing Care Operations

Purpose of Participation in Nursing Care Field

Nursing care operations entail providing services that contribute to security, health, and wellbeing and are therefore consistent with the Group Management Philosophy. In addition, when peripheral

businesses are included, the scale of the nursing care market is massive, making this a field in which we can expect high growth going forward.

The Group's Care Operations

By combining the unique characteristic of the Group's nursing care service companies, we will provide a wide variety of nursing care services to respond to diverse contemporary needs.

Sompo Care (Management Company)	Tasked with the quick realization of our vision for our nursing care operations, Sompo Care is a highly specialized management company that provides guidance and oversight for all Group nursing care service companies.	
Sompo Care Message	Facility Nursing Care Services	Sompo Care Message operates 185 fee-based economy to mid-range nursing homes under its Sompo Care <i>Sompo no Ie</i> brand. In addition, through its Sompo Care <i>Sompo no Ie S</i> brand, this company manages 121 housing complexes for seniors that offer nursing care services to residents.
	At-Home Nursing Care Services	Sompo Care Message provides home-visit long-term care and other at-home nursing care services out of 412 offices across Japan. In February 2015, this company launched its new <i>Sompo Care Home-Care Service</i> . Sompo Care Message is currently expanding its service area throughout the Tokyo metropolitan area.
Sompo Care Next	Facility Nursing Care Services	Sompo Care Next operates 114 mid-range fee-based nursing homes in major cities under its Sompo Care <i>La vie Re</i> brand.
Cedar Co., Ltd.*	Facility Nursing Care Services	Cedar runs 38 <i>La Nassica</i> brand economy and other fee-based nursing homes and provides services centered on rehabilitation.
	At-Home Nursing Care Services	This company also offers <i>Aozora-no-sato</i> brand day service centers and provides services centered on rehabilitation.

* A 34% stake in Cedar Co., Ltd., was acquired in September 2012.

Vision for Nursing Care Service Operations

Looking ahead, we will redouble our efforts to offer residents at our facilities and their families with nursing care services of the utmost quality as we strive to quickly foster a brand that is synonymous with security, health, and wellbeing with the aim of becoming Japan's most trusted nursing care service provider. Taking a step

forward, we will supply integrated services that combine nursing care with preclinical and preventive care in the hope of contributing to the realization of an affluent Japan that can boast to the world about the long and quality lives of its people.

Goals for Sompo Holdings Group's Nursing Care Operations



Special Feature: Nursing Care Operations

Specific Initiatives

Internal Management System Construction and Implementation

Sompo Holdings is applying its governance, compliance, and risk management know-how to its nursing care operations to construct and implement internal management systems for providing nursing care services with impeccable quality that contribute to customer safety, health, and wellbeing.

Utilization of ICT and Digital Technologies

We are utilizing ICT and digital technologies for applications such as digitizing nursing records to improve efficiency with regard to record management and information-sharing procedures. In addition, we are examining means of using sensors to detect changes in residents' conditions in a timely manner, prevent accidents, and reduce the labor requirements for watching over residents.

Going forward, we will muster the Group's collective strength to conduct ongoing investigations and research into cutting-edge ICT in order to realize industry-leading levels of service quality and productivity. In this manner, we will strive to reduce the burden placed on nursing care staff.

Expansion of Nursing Care Staff

In addition to implementing systems to facilitate the systematic hiring of care providers to meet the staffing needs of nursing care services, we are establishing training centers with specialized equipment and otherwise devoting effort to education and training to enhance care provider skills.

To address the issue of turnover among care providers, we are formulating measures for providing phased improvements to contract conditions to expand our staff of employees capable of providing high-quality service on an ongoing basis.

Establishment of Sompo Care Next Step Center

The Sompo Care Next Step Center was established in April 2016 with the aim of contributing to the cultivation of professional care providers. Conducting training based on the themes of acquiring knowledge, refining techniques, and improving interpersonal skills, this center offers a wide range of training programs. These programs include those for gaining basic caregiving knowledge and practical courses that utilize spaces re-creating actual nursing-home rooms and facilities as well as programs for fostering the perspective and sense of ethics necessary for care providers.



Space re-creating nursing-home rooms with beds enabling trainees to learn various techniques such as how to help residents change position or get off the bed or how to give sponge baths

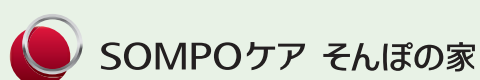


Bathing assistance training, in which trainees learn necessary bathing assistance techniques as well as how to use support equipment and basic rules of watching over residents

New Branding Strategies

Sompo Holdings commenced full-fledged participation in the nursing care field in fiscal 2015.

After incorporating Message and Watami no Kaigo into the Group, we changed the names of these companies to Sompo Care Message and Sompo Care Next, respectively, and similarly rebranded their facilities as Sompo Care *Sompo no Ie* and Sompo Care *La vie Re*.



The Sompo Care brand will serve as the face for our nursing care services, which provide safety, health, and wellbeing, in the future, and the entire Group will band together as we move forward on our quest to become Japan's most trusted nursing care service provider.



Advisory Council on Nursing Care

Aiming to realize an affluent Japan that can boast to the world about the long and quality lives of its people, Sompo Holdings formed an advisory council on nursing care in April 2016. The council comprises experts with exceptional insight from academia and the industry and works to identify, deliberate, and resolve various issues regarding nursing care in Japan while providing the Sompo Holdings Group with guidance on the direction of its nursing care operations.

Having already met twice, the council is chaired by Professor Emeritus Shigeru Tanaka of Keio University, one of Japan's leading authorities in the field of healthcare, nursing care, and comprehensive regional healthcare. Sompo Holdings has positioned the council as an advisory body to Sompo Care, which was established in July 2016.

Over a one-year period, the advisory council will discuss themes such as human resource development and collaboration with local communities to provide the Sompo Holdings Group with insights on operating nursing care businesses.



First meeting of advisory council on nursing care (April 2016)

Members of the Advisory Council (alphabetical order, * marks the chairperson)

Kazuto Handa	President, Japanese Physical Therapy Association, and Trustee, Japan Association of Rehabilitation Hospitals and Institutions
Yukiko Inoue	Professor of Graduate School of Social Work Special Service Management, Japan College of Social Work
Shuichi Nakamura	Professor, International University of Health and Welfare Graduate School, and former Director General, Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare
Jun Sasaki	Chairman and Head of Clinical Department, Yushoukai Home Healthcare Clinic
Yoshiko Shiotani	Chairperson of the Board of Trustees, Japan College of Social Work, and former Governor of Kumamoto Prefecture
Hiroko Takasuna	Managing Trustee, The National Association for Home-Visit Nursing Care, and Administrator, Home-Visit Nursing Care Center, Minami-ku Medical Association of Yokohama
Shigeru Tanaka*	Professor Emeritus, Keio University, and Member, Advisory Council on Social Security, Ministry of Health, Labour, and Welfare

Meeting Timings and Themes (Tentative from 3rd Meeting Onward)

1st meeting (April 2016)	Issues faced in Sompo Holdings Group's nursing care operations and future discussion themes
2nd meeting (June 2016)	Essential quality of nursing care services
3rd meeting (September 2016)	Building organizations and nurturing human resources for providing high-quality nursing care services
4th meeting (November 2016)	Operation of nursing care businesses for realizing communal support
5th meeting (February 2017)	Formulation of an advisory proposal

Overseas Insurance Business



We will aim to rapidly expand our business through steady organic growth and disciplined M&A.

Shigeru Ehara

Director, Senior Managing Executive Officer
Overseas Insurance Business Owner

Business Overview

The Sampo Holdings Group operates its overseas insurance business in 211 cities situated in 32 countries and regions worldwide,* and this business is producing an increasingly large amount of stable earnings. In developed countries, business is focused on the corporate sector, where we pursue growth in the Lloyd's insurance market through Sampo Canopus. Meanwhile, we are expanding operations centered on the retail sector in Asia, the Middle East, South America, and other emerging countries. In fiscal 2015, premiums written totaled 294.3 billion yen, and adjusted profit came to 19.3 billion yen.

* As of March 31, 2016

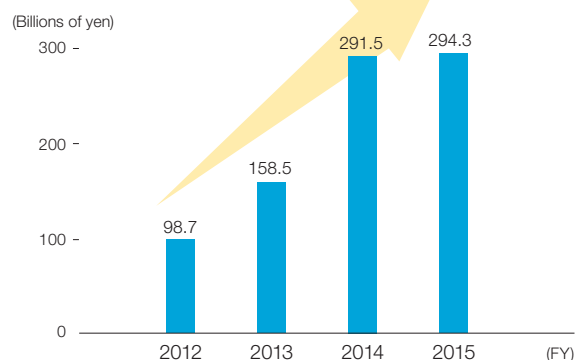
Operating Environment

The global insurance market is expanding together with the gentle growth trend seen in the global economy.

Emerging markets are expected to continue showing robust growth, particularly in Asia, the Middle East, and Central and South America, while developed markets remain promising. In this environment, we will strive to expand businesses both in emerging markets, where we aim to take advantage of medium-to-long-term market growth, and in developed markets, where we anticipate steady contributions to earnings.

Significant risks faced in the overseas insurance business include rises in insurance claims resulting from natural disasters of scales that exceeded our expectations, decreased profitability due to soft market trends, and decelerated growth in countries or regions in which the Group operates due to deteriorations in political, social, or economic conditions. We are reinforcing risk management systems and implementing other measures to minimize the threat of such risks.

Trends of Premiums Written*



* Amounts for premiums written are calculated using figures for consolidated subsidiaries and affiliates accounted for under the equity method that have been adjusted based on the Company's ownership of these companies and, therefore, may differ from the consolidated financial statements.

Policies of the New Mid-Term Management Plan

By implementing the policies of the new Mid-Term Management Plan, the overseas insurance business will pursue the drastic expansion of scale and profits. We thereby aim to contribute to the Company-wide goal of realizing a business scale and capital efficiency that are on par with the level of the global top 10 listed insurance companies. To this end, we will continue to grow steadily by utilizing existing business foundations in our various countries and regions of operation (organic growth) while executing new M&A to accelerate growth.

Steady Organic Growth

The core directive of our organic growth strategies in developed markets will be to utilize Sampo Canopus as a growth platform. Sampo Canopus will play an important role in making steady earnings contributions through reinsurance and other operations. In emerging markets, meanwhile, we will step up the pace of growth in retail sector offerings, such as products for individuals, primarily in areas where we have already made certain progress in establishing

Key Points

Contribute to Group strategy by growing organically and pursuing a certain level of scale through external growth.

Steady organic growth
<ul style="list-style-type: none"> Developed countries: Utilize Sampo Canopus as a vehicle for growth. Emerging countries: Grow faster than market average.
+
<ul style="list-style-type: none"> Conduct well-balanced investments both in emerging countries to expect future growth and in developed countries to acquire immediate profit. Scrutinize each deal in terms of valuation, possibility of PMI, and affinity of corporate culture.
Accelerated growth via disciplined M&A

Performance Trends

The overseas business has continued to post steady growth until now. The acquisition of Canopus Group Limited (currently Sampo Canopus AG) brought new earnings contributions. We are also

Adjusted Profit Results and Forecasts

(Billions of yen)

FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
11.8	7.8	18.6	19.3	15.0

Notes:

- For details about adjusted profit, please see page 50.
- Figures for fiscal 2015 and prior are based on former accounting standards, and the figure for fiscal 2016 (forecast) is based on new accounting standards.

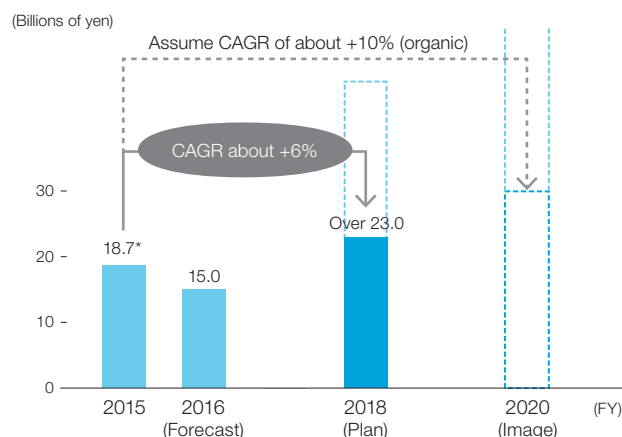
business foundations, including Brazil, Turkey, and Southeast Asia. By clarifying target products and sales channels, we will endeavor to achieve growth rates that exceed the market average.

Acceleration of Growth through Disciplined M&A

Our policy for conducting new M&A is to strike a balance between investments in developed countries from which we can expect quick earnings contributions and investments in emerging countries aimed at future growth. To facilitate these investments, a director responsible for overseas M&A has been positioned in the United Kingdom, a dedicated M&A committee has been set up, and we have taken other steps to allow for speedy examination of investment candidates while remaining disciplined.

Through this type of organic growth as well as M&A, we aim to achieve substantial growth in adjusted profit, which is currently around 20.0 billion yen, by fiscal 2020.

Plan for Adjusted Profit



Note: Figures have been adjusted for extraordinary factors in fiscal 2015 (including approximately ¥1.7 billion in gain on sales of shares resulting from restructuring of shareholders of an invested company at Sampo Japan Insurance Company of America).

realizing increased revenues in the retail sectors of Brazil, Turkey, and Malaysia, all emerging countries that have been positioned as key regions. In fiscal 2016, soft market trends are expected to arise. We are therefore taking a conservative outlook toward underwriting and foreign exchange influences, projecting a temporary decline in profits. Nevertheless, the growth of the overseas business is anticipated to continue over the medium-to-long term.

Global Expansion

SOMPO CANOPIUS

Sompo Canopus develops its insurance underwriting business in specialty fields worldwide, with a particular focus on the Lloyd's insurance market in the United Kingdom, the birthplace of insurance.

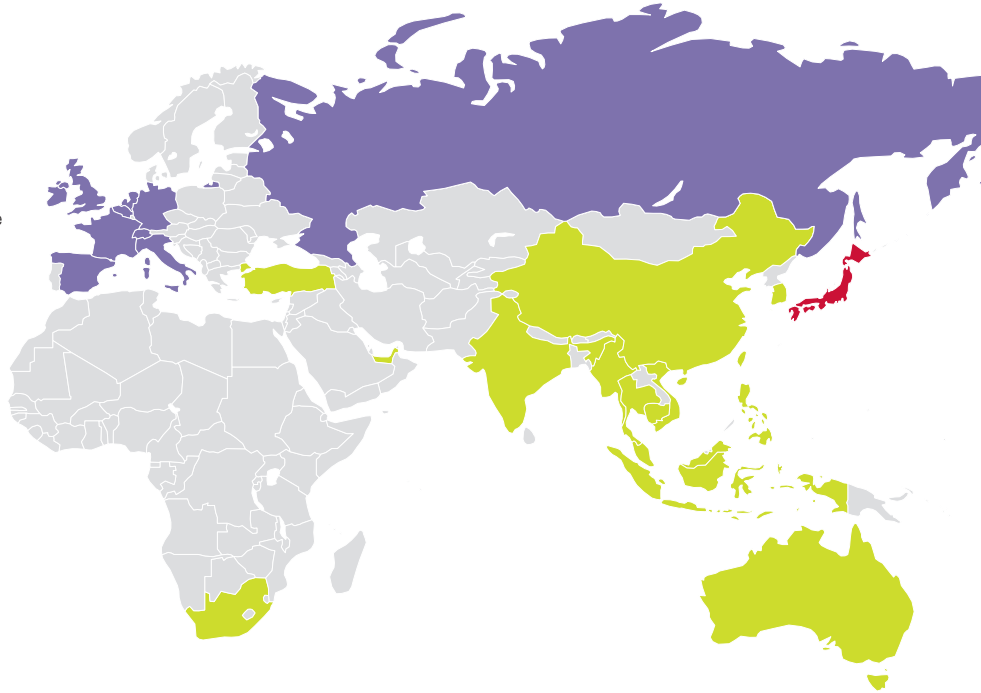
This company joined the Group in May 2014.

Sompo Canopus' operations include property insurance, reinsurance, marine insurance, energy insurance, construction insurance, liability insurance, and accident insurance, which it develops while taking advantage of the expertise and sophisticated insurance underwriting techniques it possesses as one of the top 10 Lloyd's companies.

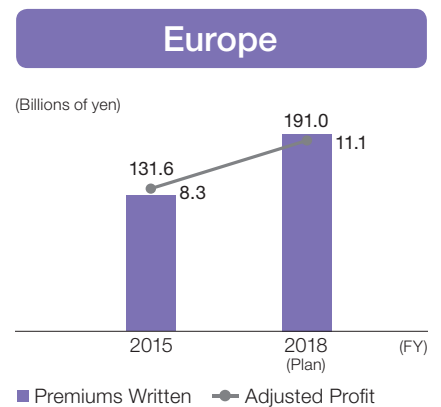


Stuart Davies
Group Chief Executive Officer
Sompo Canopus AG

211 cities in 32 countries



Premiums Written and Adjusted Profit¹ by Region (Excluding effects of M&A)



Main Operating Companies

As of July 1, 2016

- Sompo Canopus AG
- Canopus Managing Agents Limited
- Sompo Japan Canopus Reinsurance AG
- Sompo Japan Nipponkoa Insurance Company of Europe Limited

SOMPO JAPAN SIGORTA

Sompo Japan Sigorta Anonim Şirketi is the only Asian P&C insurance provider in Turkey, where it ranks eighth* in terms of sales.

This company boasts superior IT expertise related to deciding insurance premium rates. Combining this expertise with its strategic sales methods, claim handling capabilities, and other strengths, the company is generating stable earnings in the Turkish market, where insurance premiums rates are liberalized.

* This position is based on gross written premiums in fiscal 2015.



Recai Dalaş
General Manager
Sompo Japan Sigorta Anonim Şirketi

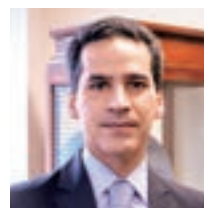
and regions (As of March 31, 2016)



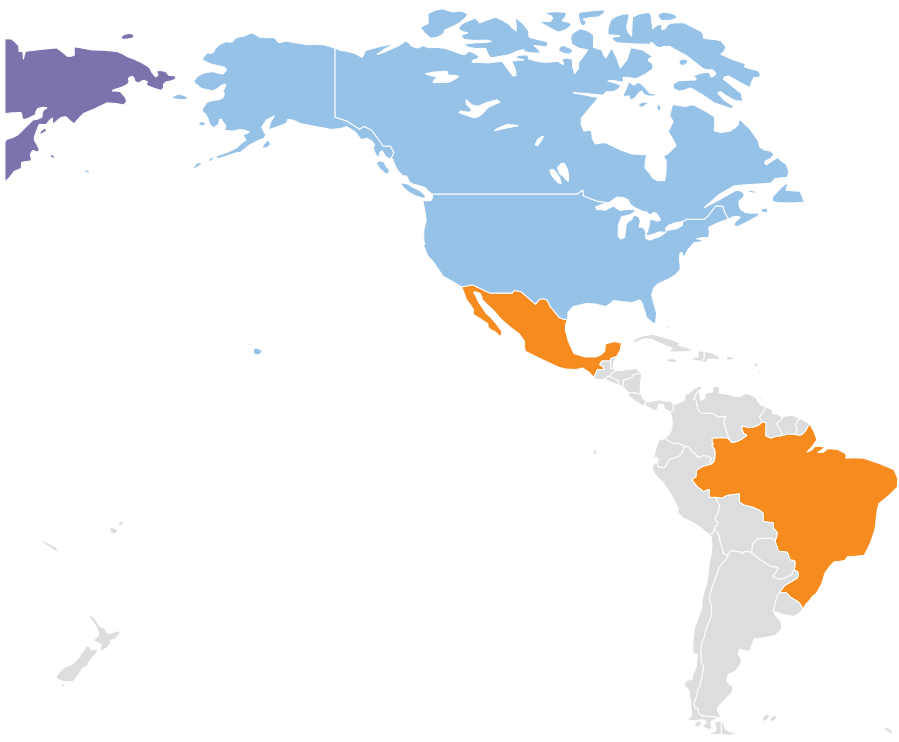
Sompo Seguros S.A. is a comprehensive insurance company that deals in P&C and life insurance in Brazil. Also, its subsidiary, Sompo Saúde Seguros S.A. is the only Japanese insurance company in this country to supply health insurance.

In 2009, Sompo Seguros' predecessor, Yasuda Seguros S.A., acquired shares of Marítima Seguros S.A., which boasted retail business strengths in Brazil. The subsequent merger of these two companies has enabled us to develop a strong presence in the Brazilian P&C insurance market.

* On July 1, 2016, Yasuda Marítima Seguros S.A.'s name was changed to Sompo Seguros S.A., and Yasuda Marítima Saúde Seguros S.A.'s name was changed to Sompo Saúde Seguros S.A.

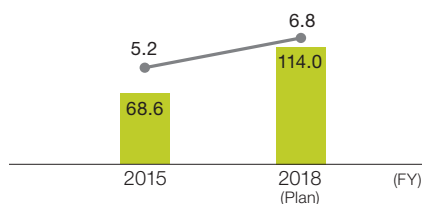


Francisco Caiuby Vidigal Filho
President
Sompo Seguros S.A.



Asia & Middle East

(Billions of yen)



■ Premiums Written ● Adjusted Profit

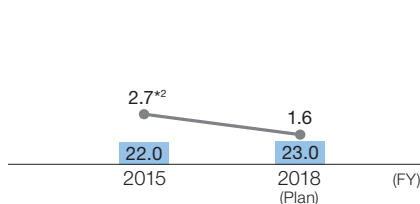
Main Operating Companies

As of July 1, 2016

- Sompo Japan Sigorta Anonim Şirketi
- Sompo Holdings (Asia) Pte. Ltd.
- Sompo Insurance Singapore Pte. Ltd.
- Berjaya Sompo Insurance Berhad
- Sompo Japan Nipponkoa Insurance (China) Co., Ltd.
- Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited
- Universal Sompo General Insurance Company Limited

North America

(Billions of yen)



■ Premiums Written ● Adjusted Profit

Main Operating Companies

As of July 1, 2016

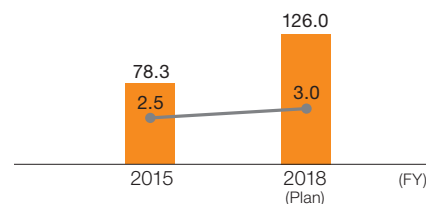
- Sompo America Holdings Inc.
- Sompo Japan Insurance Company of America

*1. Premiums written are those underwritten only by foreign subsidiaries and, therefore, do not include those underwritten abroad by Sompo Japan Nipponkoa.

*2. Figures have been adjusted for extraordinary factors in fiscal 2015 (including approximately ¥1.7 billion in gain on sales of shares resulting from restructuring of shareholders of an invested company at Sompo Japan Insurance Company of America).

Latin America

(Billions of yen)



■ Premiums Written ● Adjusted Profit

Main Operating Companies

As of July 1, 2016

- Sompo Seguros S.A.
- Sompo Saúde Seguros S.A.

TOPICS

Developed Countries

Reorganization of Sampo Canopus' Reinsurance Business and Branding Strategies

The Sampo Canopus Group globally develops insurance underwriting businesses in specialty fields and reinsurance businesses primarily in the Lloyd's insurance market in the United Kingdom. This group's operations were reorganized with the November 2015 establishment of reinsurance company Sampo Japan Canopus Reinsurance AG. Under unified strategies, the new company will develop branches in markets in which we expect to be able to expand businesses while appointing underwriters for establishing underwriting systems. In this manner, the company will come to function as a platform for expanding reinsurance operations. Furthermore, as part of the Sampo Holdings Group's branding strategies, the Sampo Canopus Group was consolidated under the SOMPO CANOPIUS brand in February 2016. With this brand extension, we will continue to grow the brand on a global scale going forward.

Synergies with the Sampo Canopus Group

The Sampo Holdings Group is taking advantage of the Sampo Canopus Group's expertise in developing intra-Group collaborative ventures, such as providing compensation for damages from acts of terrorism. In addition, the development of new products is being advanced with overseas Sampo Holdings Group companies, and successfully developed products currently include hull insurance for the Turkish market and energy insurance for the Brazilian market.

Collaboration is also taking place in fields other than insurance products, including a joint project with Sampo Canopus and global players in the industry for developing quantitative evaluation tools for cargo insurance risks. Going forward, we will continue to engage in such joint projects to create innovative products and risk management services that contribute to the peace of mind and safety of customers.

Emerging Countries

Bancassurance Agreement in ASEAN Region

In June 2016, subsidiary Sampo Holdings (Asia) Pte. Ltd. entered into a long-term, regional non-life bancassurance distribution agreement with CIMB Group Holdings Berhad, one of ASEAN's largest banking groups. This agreement has enabled the Group to sell its products to more than 12 million customers through CIMB Group's sales channels, including its network of approximately 1,000 branches in four ASEAN countries (Malaysia, Indonesia, Singapore, and Thailand) as well as its Internet and mobile banking platforms.



Sampo Canopus Chairman Michael Watson (left) and Sampo Holdings Group CEO Kengo Sakurada (right), celebrating the birth of new brand



Lloyd's Building in London housing the Sampo Canopus office



CIMB Group CEO Tengku Dato' Sri Zafrul Aziz (left) and Sampo Holdings Group CEO Kengo Sakurada (right), shaking hands at a ceremony celebrating the alliance

Sompo Insurance Indonesia Ranked Overall No. 1 Insurance Company in Indonesian Economic Magazine

In June 2016, PT Sompo Insurance Indonesia was ranked overall No. 1 among insurance companies by the Indonesian economic magazine *infobank*. Of the 75 P&C insurance companies in Indonesia, only 15 were included in the highest category, limited to those with premiums written of Rp 1 trillion (approximately 8.0 billion yen). Among these companies, Sompo Insurance Indonesia was selected as No. 1 based on its total score for indicators such as rate of growth in premiums written and profit margins.

Under the leadership of CEO Daniel Neo, Sompo Insurance Indonesia posted a 21% increase in the growth rate of premiums written in fiscal 2015. Striving to expand its local retail business, Sompo Insurance Indonesia appointed a CEO and COO from outside of the company, both of whom have extensive knowledge about the Indonesian market. This move enabled the company to improve operation and service capacities, facilitating sales promotions for its two core businesses, automobile insurance and medical insurance, and earning the company a strong reputation.

Weather Index Insurance in Southeast Asia

One of the Group's offerings is weather index insurance, a product that offers compensation for farmers against the risks of lost income due to bad crops resulting from poor weather conditions. Since launching this product in Thailand in 2010, we have continued to deploy similar products throughout Myanmar, the Philippines, and Indonesia, tailoring offerings to each market based on regional conditions.

These efforts have earned recognition, leading to this weather index insurance being awarded the Environmental Minister's Award in March 2016 as an example of a superior initiative at the General Assembly of the Ministry of the Environment's Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century). Also in March, we received the Minister of State for Space Policy Prize at the 2nd Space Development and Utilization Grand Prizes for the development of weather index insurance using earth observation satellite data in Myanmar.

The Group is committed to contributing to a sustainable society into the future by providing solutions to the segments of society that have exceptional exposure to risks.

Business Alliance Memorandum with Private Myanmar Insurance Company

Sompo Japan Nipponkoa has entered into a business alliance memorandum with private Myanmar insurance company AYA Myanmar Insurance Co., Ltd. (AMI). This is the first time such an agreement has been formed between a private Myanmar insurance company and a foreign insurance company.

On May 25, 2015, Sompo Japan Nipponkoa received approval to underwrite P&C insurance in Myanmar's Thilawa Special Economic Zone, and sales activities have since commenced. We hope to use the signing of this memorandum as an opportunity to accumulate local insurance sales expertise. We will also engage in personnel exchanges, training, seminars, and other activities with AMI to share the Group's insurance underwriting and damage assessment expertise with the aim of contributing to the development of Myanmar's P&C insurance market.



Head office of Sompo Insurance Indonesia (top), and certificate and trophy received from *infobank* (bottom)



Award ceremony for the 2nd Space Development and Utilization Grand Prizes



Business alliance memorandum signing ceremony with AMI

Strategic Businesses



Business Overview

Our strategic businesses include assisting customers with building asset portfolios through the asset management business and providing policyholders with roadside assistance service through the assistance business. We are also advancing into the home remodeling and extended warranty business fields. Through these businesses, we pursue inter-business coordination that is intrinsically related to our domestic P&C insurance business and other main businesses.

Company Outline

As of March 31, 2016



Sompo Japan Nipponkoa Asset Management Co., Ltd., aims to be the most customer-oriented asset management company in Japan. This company proposes and provides top-caliber products and asset management services to assist customers in building asset portfolios over the medium-to-long term. Such offerings are made available through its investment advisory business geared toward pension funds and other institutional investors and through its investment trust business designed primarily for private investors.

Sompo Japan Nipponkoa Asset Management Co., Ltd.

Establishment: February 1986
Capital: 1,550 million yen
Shareholder: Sompo Holdings (100%)
Head office: Kyoritsu Nihonbashi Building, 2-16, Nihonbashi 2-chome, Chuo-ku, Tokyo
URL: <http://www.sjnk-am.co.jp/>



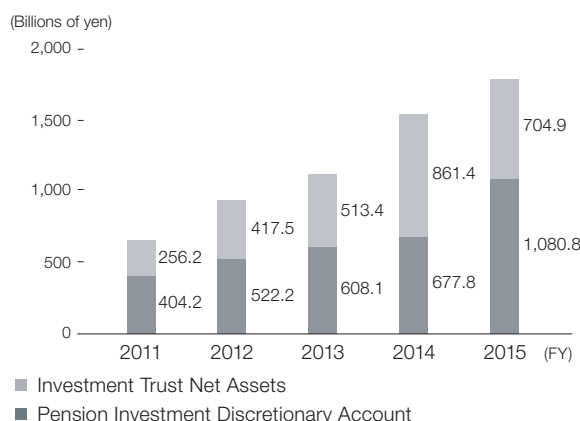
Hiroyuki Yamaguchi
 President and Chief Executive Officer

Assets under Management

Established as an asset management company in 1986, Sompo Japan Nipponkoa Asset Management celebrated its 30th anniversary on February 25, 2016.

In fiscal 2015, the assets under management for this company rose substantially after being entrusted to manage large-scale public pension funds both in Japan and overseas.

On March 31, 2016, the company's assets under management consisted of 1,080.8 billion yen in a pension investment discretionary account and 704.9 billion yen in investment trust net assets.



Declaration of Customer-First Policy

Exemplifying a commitment to its fiduciary duty, Sompo Japan Nipponkoa Asset Management formulated and announced its Declaration of Customer-First Policy.

Declaration of Customer-First Policy

Vision for the Company

Sompo Japan Nipponkoa Asset Management Co., Ltd., strives to be the most customer-oriented asset management company in Japan by proposing and providing top-caliber products and asset management services that aid customers in building asset portfolios over the medium-to-long term.

Three Principal Achievements

We view our fiduciary duty as our top responsibility to our customers as professionals, and we seek to accomplish the following three principal achievements in our operations to fulfill this responsibility.

1. Provision of products and services that truly incorporate the customer's perspective
2. Realization of asset management capabilities that support customers' asset portfolios
3. Reinforcement of the corporate systems and operating infrastructure necessary to realize the above



"Happy Aging Fund"

The Happy Aging Fund 60 received the first prize in the Mixed Asset Conservative Fund category of Rating and Investment Information, Inc. (R&I)'s R&I Fund Award 2016.



"Buna no Mori" SRI Fund

Focused on investment in companies that actively address environmental issues, the "Sompo Japan Green Open" (nicknamed "Buna no Mori" (beech forest)) fund is one of the largest publicly offered SRI investment trust funds in Japan.

Prime Assistance

Through its assistance business, which provides roadside and home assistance as well as assistance in solving problems and inconveniences overseas, the company offers services of the highest grade 24 hours a day, 365 days a year that support the security and wellbeing of customers in their daily lives.

Prime Assistance Inc.

Establishment: April 2012
Capital: 450 million yen
Shareholder: Sompo Holdings (66.6%)
 Prestige International (33.4%)
Head office: Harmony Tower, 32-2,
 Honcho 1-chome,
 Nakano-ku, Tokyo
URL: <http://www.prime-as.com/>



Yukihiko Tajima
 President and Chief
 Executive Officer

TOPICS



Establishment of Kagoshima Business Center

Prime Assistance positioned a large-scale call center in Kagoshima City, its third call center after establishing those in Akita Prefecture and Tokyo in April 2014, and call center operations have continued to be smooth. On June 1, 2016, this call center was expanded to include a business center in Kagoshima City for improving customer convenience, providing higher-quality service, and reinforcing business continuity management. With the commencement of operations at this center, it has been contributing to more reliable service.

FRESH HOUSE

As a specialist remodeling firm, the company aims to eliminate uneasiness, inconvenience, and discomfort through high-quality remodeling services, providing homes in which residents can live in safety, comfort, and peace of mind.

FRESHHOUSE CO., LTD.

Establishment: July 1995
Capital: 100 million yen
Shareholder: Sompo Holdings (66%)
Head office: Sompo Japan Nipponkoa
 Bentendoori Building, 57,
 Bentendoori 4-chome, Naka-ku,
 Yokohama City, Kanagawa
URL: <https://freshhouse.jp/>



Shuu Nakamura
 President and Chief
 Executive Officer

Robust Lineup of Home Remodeling Services Ranging from Small Installation to Add-Ons

Kitchen and bath

Interior reform

Add-ons and renovations

Bathrooms

Exterior reform

Maintenance

Outlet furnishing supply



Product Warranty Japan

As a professional extended warranty company, Product Warranty Japan seeks to create a society in which consumers can use any product safely and with peace of mind. Based on lofty ethical standards, this company develops, provides, and operates reliable warranty programs in a wide variety of product categories.

Product Warranty Japan Inc.

Establishment: August 2009
Capital: 95 million yen
Shareholder: Sompo Holdings (100%)
Head office: Yurakucho Denki Building (South),
 7-1, Yurakucho 1-chome,
 Chiyoda-ku, Tokyo, Japan
URL: <http://www.pw-japan.co.jp/>



Masaki Tabuchi
 President and Chief
 Executive Officer

TOPICS



As a Member of the Sompo Holdings Group

On December 25, 2015, Product Warranty Japan became a member of the Sompo Holdings Group. Consumers can receive extended warranty services that extend beyond the manufacturer's warranty when purchasing home electronics or other products simply by paying a fee based on the price of the product. We will supply repair services should a product break or malfunction during the extended warranty period. By providing extended warranty services that are highly compatible with P&C insurance, Product Warranty Japan hopes to increase its corporate value.

(Reference) Definition of Adjusted Consolidated Profit, Etc.

		New Mid-Term Management Plan	(Reference) Previous plan
Adjusted profit for each business	Domestic P&C insurance ¹	Net income + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Special factors (e.g. dividend from subsidiaries)	Net income + Provisions for catastrophic loss reserve (after tax) + Provisions for reserve for price fluctuation (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax) – Special factors
	Domestic life insurance CHANGE	Net income + Provision of capital reserve (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition cost (after tax) – Depreciation of acquisition cost (after tax)	Growth in embedded value (EV) – Capital transactions such as equity issuance – Changes in EV attributable to fluctuation of interest rates, etc.
	Nursing care & healthcare, etc. ²	Net income	Net income
	Overseas insurance CHANGE	Net income (incl. major non-consolidated subsidiaries)	Net income (excl. non-consolidated subsidiaries)
Adjusted consolidated profit		Total of above adjusted profits	Total of above adjusted profits
Adjusted consolidated net assets CHANGE		Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets ³	Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Life insurance subsidiary's EV
Adjusted consolidated ROE		Adjusted consolidated profit / Adjusted consolidated net assets * The denominator is the average balance at the end/start of each fiscal year.	Adjusted consolidated profit / Adjusted consolidated net assets * The denominator is the average balance at the end/start of each fiscal year.

*1. Total of Sompo Japan Nipponkoa, Saison Automobile & Fire, Sonpo 24, Sompo Japan Nipponkoa Insurance Services, and Sompo Japan Nipponkoa DC Securities
 *2. Total of Sompo Care Message, Sompo Care Next, Cedar, Sompo Risk Management & Health Care, Sompo Japan Nipponkoa Asset Management, Prime Assistance, Product Warranty Japan, and Fresh House

*3. Domestic life insurance net assets = Net assets (J-GAAP, after tax) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)
 In FY2015, net assets (J-GAAP) were ¥153.6 billion, MCEV was ¥700.0 billion, and adjusted net assets were ¥378.3 billion.

Strategies for Sustainable Growth

Strategic Risk Management (ERM) and Capital Policy	52
Our Strategy for Digital and IT	58
Group HR Strategy	60
CSR	64

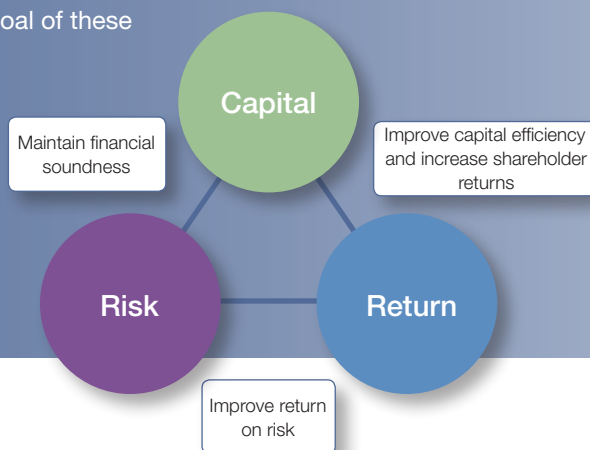


Vision for Strategic Risk Management

In conducting Strategic Risk Management*, the Group seeks to control the balance of capital, risk, and return to maintain financial soundness, grow profits to a world-class scale, improve capital efficiency to realize ROE of 10% or more, and improve return on risk. The ultimate goal of these efforts is to maximize the corporate value of the Group.

Under our capital policy, based on our Strategic Risk Management framework, we aim to provide attractive shareholder returns that match profit and capital levels.

* Our ERM framework is referred to within the Group as "Strategic Risk Management."



Improvement of Capital Efficiency

Based on our Strategic Risk Management framework, we will establish an operating cycle in order to improve ROE sustainably, targeting a level of capital efficiency that will ensure adjusted consolidated ROE of 10% or more in fiscal 2020 and beyond.

The Group aims to appropriately control its balance sheet by reducing strategic-holding stocks and increasing shareholder returns while enhancing its systems for generating stable cash flows in each of its businesses. These cash flows will be used

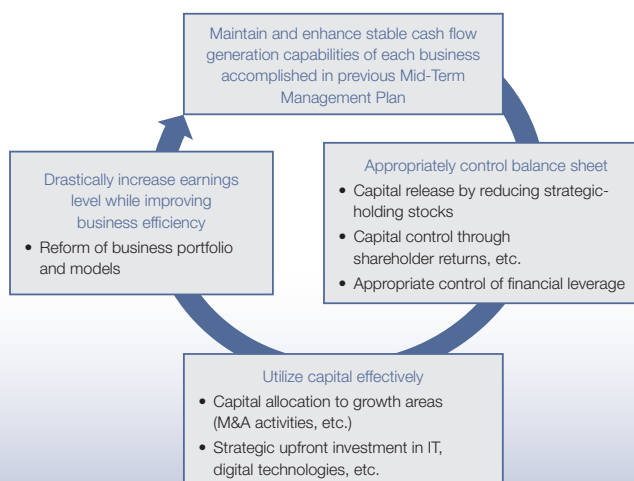


Shinji Tsuji
Representative Director,
Deputy President and
Senior Managing
Executive Officer
(Group CFO)

ROE Improvement Cycle

$$\text{Adjusted Consolidated ROE} = \frac{\text{Adjusted Consolidated Profit}}{\text{Adjusted Consolidated Net Assets}}$$

Cycle for Raising Adjusted Consolidated ROE to 10% or More



effectively as a resource to allocate capital to growth areas (through means including M&A activities) and conduct strategic upfront investments in IT and digital technologies. At the same time, we will reform our business models and portfolios to

drastically increase earnings level while improving business efficiency. By operating the Group's business in this manner, we aim to improve adjusted consolidated ROE sustainably to achieve our medium-to-long-term targets.

Maintenance of Financial Soundness

To maintain financial soundness, we manage capital based on an internal solvency ratio determined by comparing economic value based capital and risk.

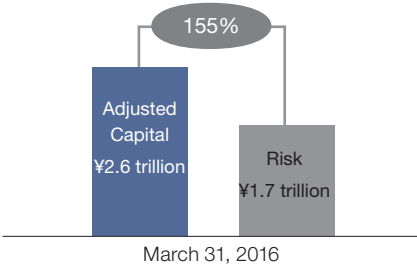
Capital management is carried out by establishing a target capital level (internal solvency ratio: 120% to 170%) and risk tolerance level as indicators of the amount of capital necessary for advancing Group strategies. When calculating the internal solvency ratio, we employ a risk measurement method based on an AA rating (99.95% VaR), which is more conservative than the standards in Europe's Solvency II or other domestic and overseas solvency regulations. Financial soundness is maintained and managed in this manner.

Internal Solvency Ratio

Target Capital Level of Around 120% to 170%

120%: Level leading to stable financial soundness based on results of stress tests, etc.

170%: Set based on capital efficiency



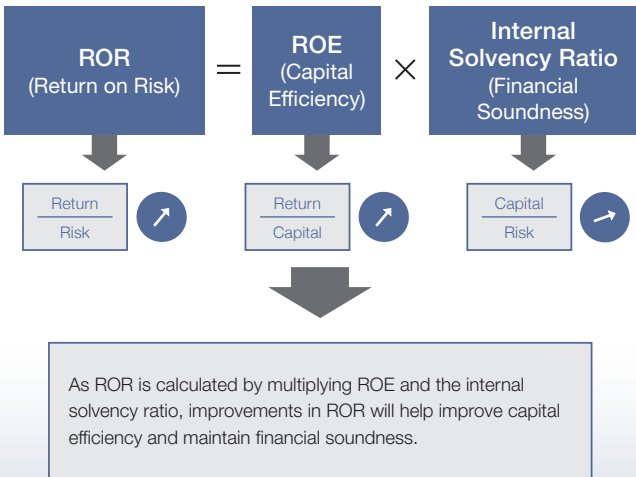
Improvement of Return on Risk

Management decisions are made after considering return on risk (ROR), an indicator of return against risk. By improving ROR, we seek to maintain financial soundness while sustainably increasing corporate value.

When formulating business plans, the Group confirms the validity of plans in terms of the future outlook of the Group's overall capital efficiency, financial soundness, and earnings stability as well as quantitative analyses of ROR of each business unit and line of business.

Not just limited to these areas, ROR functions as a yardstick for management in a wide range of individual policies. This indicator is thus employed when selecting stocks in strategic-holding stock reduction, formulating natural catastrophe risk reinsurance strategies, making investment decisions regarding M&A activities, and setting insurance product underwriting strategies and premiums.

ROR Improvement



Masato Fujikura

Director,
Managing
Executive Officer
(Group CRO)

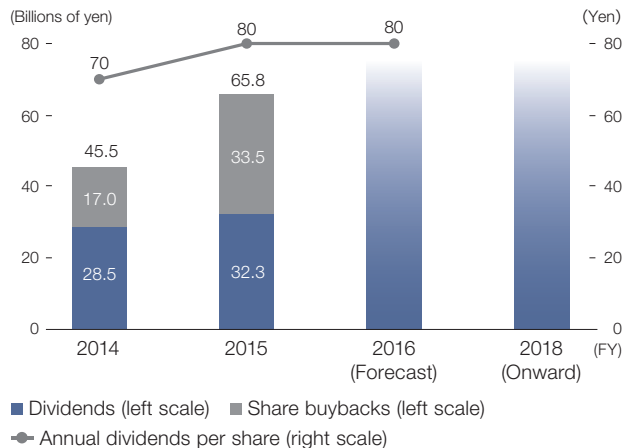
Increase of Shareholder Returns

Sompo Holdings' basic policy is to issue stable dividends, viewing share buybacks as a potential option when deemed appropriate based on capital condition, as it seeks to provide attractive shareholder returns.

Moreover, taking into account our profit growth, we plan to increase the total of shareholder returns (total dividend payments + total share buybacks). In the new Mid-Term Management Plan that started in fiscal 2016, we have set the medium-term target of around 50% for the total shareholder return ratio, and we will newly include adjusted profit from the domestic life insurance business in funds for shareholder returns.

* Total shareholder return ratio = (total dividend payments + total share buybacks) / adjusted consolidated profit
See page 50 for the calculation method for adjusted consolidated profit.

Trends in Total of Shareholder Returns



Strategic Risk Management Systems

The Group strictly adheres to the Strategic Risk Management framework (PDCA cycle) and systems defined in the Group Basic Policy on ERM. To systematize and clarify management strategies

from an ERM perspective, Sompo Holdings formulated the Group Risk Appetite Statement for risk taking to facilitate the construction of an appropriate risk portfolio.



The Group has enhanced the following system to conduct Group-wide Strategic Risk Management activities in a uniform method.

1. Role of the Company

Having formulated the Group Basic Policy on ERM and Group Risk Appetite Statement, the Board of Directors determines the management strategy, the business plan, and capital allocation.

After discussions at the Management Committee, the Group CEO determines Strategic Risk Management policies for the fiscal year, policies and measures regarding risk tolerance, and Rules of Risk Management. In addition, the Company established the Group ERM Promotion Committee and the Risk Management Committee to deliberate individual issues.

The Group ERM Promotion Committee is tasked with holding management discussions regarding executing and increasing the efficacy of Strategic Risk Management and discusses matters related to risk-taking strategies and capital allocation.

The Risk Management Committee is tasked with holding management discussions regarding the establishment and maintenance of a risk management system that is effective Group-wide and discusses matters related to risk tolerance.

These committees are chaired by the Group CRO, and the Group CFO and the officer in charge of the Office of Group CEO are members.

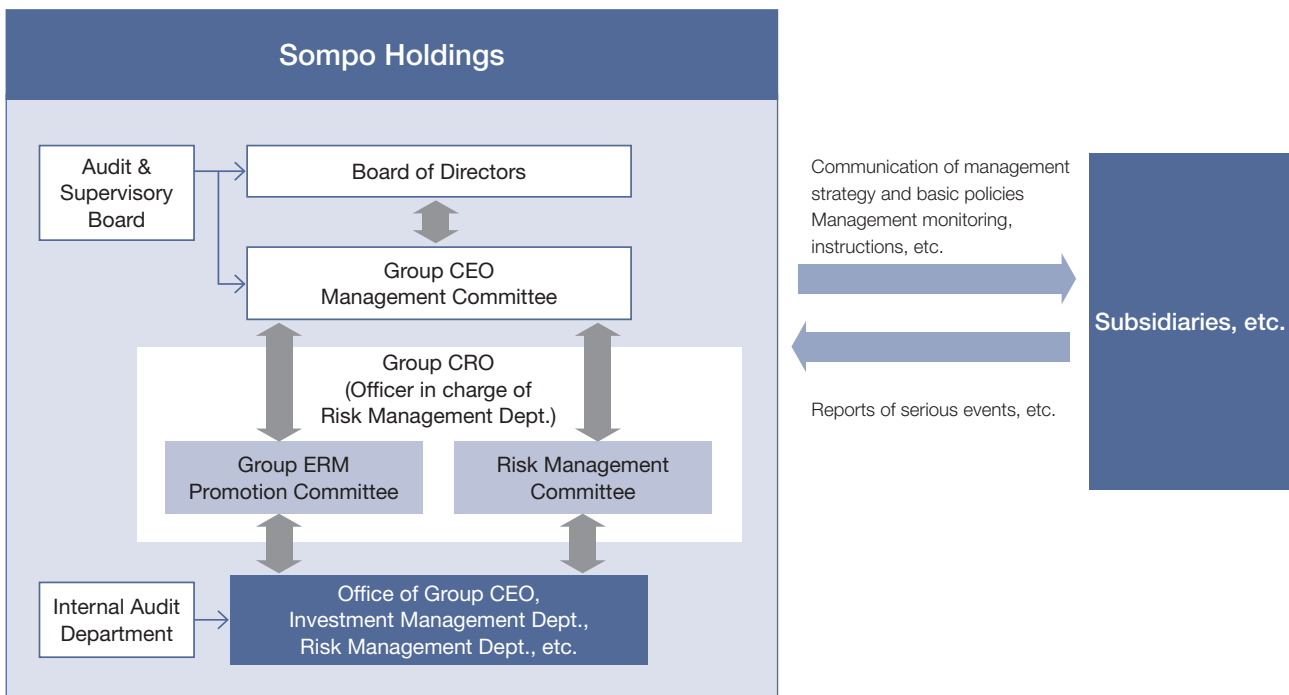
The Company ensures that Group companies are thoroughly aware of the management strategy and the Group Basic Policy on ERM. Monitoring is regularly conducted and Strategic Risk Management is promoted Group-wide in an effort to further heighten efficacy.

2. Role of Group Companies

Each Group company has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM and has a risk management system appropriate to its business, scale, and characteristics.

In particular, insurance subsidiaries are appropriately managing risks that could significantly affect their operations, such as insurance underwriting risk, asset management risk, operational risk, and liquidity risk, in ways tailored to their particular risk profile.

Sompo Holdings established a structure to ensure that each Group company promptly reports matters that may significantly affect Group operations.



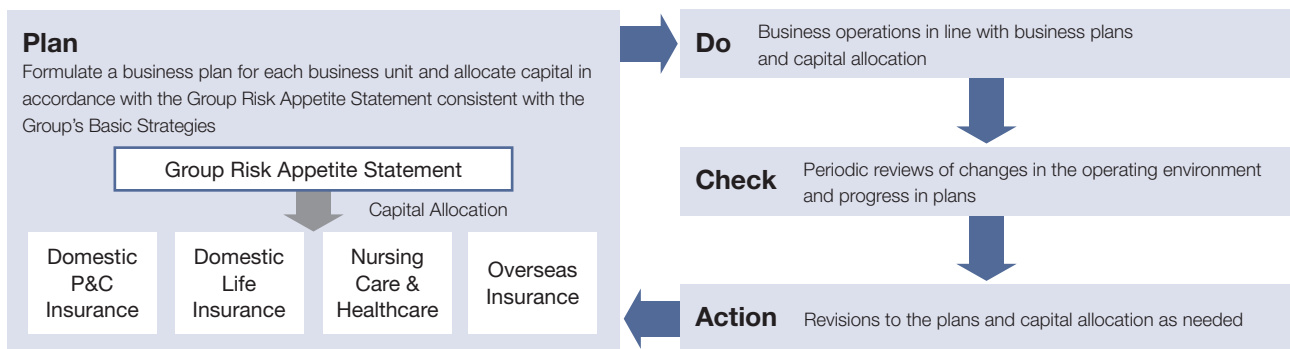
Strategic Risk Management

1. PDCA Cycle of Strategic Risk Management

In consideration of the Group Risk Appetite Statement, the Group formulates and executes business plans (Plan, Do), then regularly follows up (Check, Action) and incorporates the results into the next fiscal year's business planning in an attempt to continuously enhance corporate value.

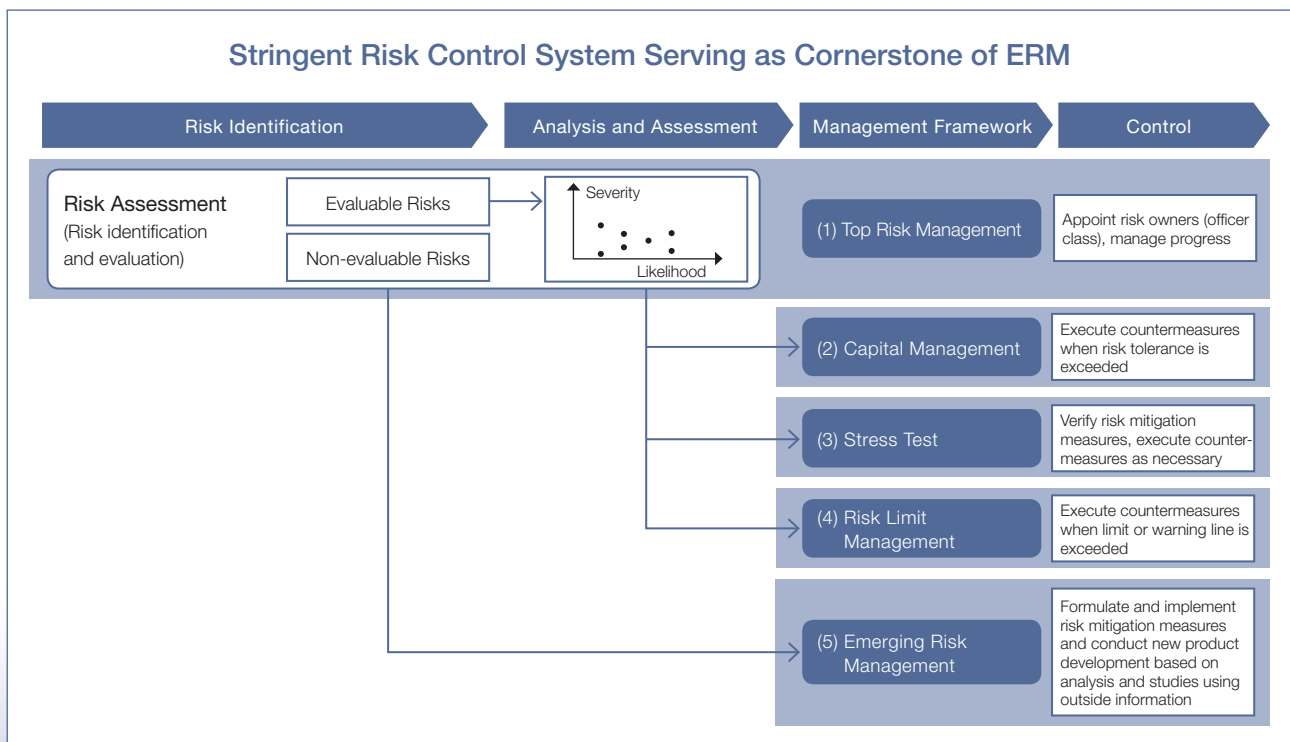
With regard to business planning, in addition to forecasting Group-wide capital efficiency (ROE) and financial soundness, the Group conducts quantitative validation on the appropriateness through means such as a return on risk (ROR) analysis of the segmented risk-taking strategy.

To ensure the effective use of capital, the Group has divided its business into four business units (the domestic P&C insurance business, the domestic life insurance business, the nursing care and healthcare business, and the overseas insurance business) according to the Group strategy. Capital is allocated to each business unit based on growth potential and profitability. Each business unit manages its business in accordance with risk tolerance of allocated capital in an attempt to achieve the profit objectives established in business plans.



2. Risk Control System

Sompo Holdings has created and operates a stringent risk control system that enables comprehensive identification of and responses to risks affecting the Group conducted through unified methods and based on risk assessments.



(1) Top Risk Management

Top risk is defined as “risks that may have significant impact.” A risk owner (officer class) is appointed for each risk and responsibility for implementing countermeasures and managing progress is clearly identified.

In managing top risk, a risk register is used as a framework to visualize risks in an integrated manner and for formulating and implementing more comprehensive countermeasures.

(2) Capital Management

To maintain the financial soundness necessary for executing Group strategies, based on a confidence level equivalent to an AA rating, the estimated level of damage that may be suffered during a holding period of one year is measured using the risk indicator Value at Risk (VaR). In this way, the Group manages risk so that it does not exceed capital. In addition, each business unit manages risk to ensure it does not exceed the risk tolerance of allocated capital.

We regularly monitor the status of risk and capital of the Group and each business unit. A system has been established so that when a risk of the Group or its business units appears likely to exceed capital, the Group will formulate and implement measures aimed at reducing risk or strengthening capital.

(3) Stress Test

To accurately understand and manage events having a major impact on Group management, scenario stress tests, reverse stress tests, and sensitivity analyses are conducted on a Group-wide basis to analyze the degree of impact on capital and risk. A system has been established to implement countermeasures as necessary.

Scenario Stress Tests	The Company evaluates the possible impact of stress scenarios with the potential to significantly affect management, such as large-scale natural catastrophe and financial market disruptions, with the aim of verifying the sufficiency of capital and the efficacy of risk mitigation measures. Moreover, Sampo Holdings regularly verifies the appropriateness of stress scenarios to ensure that it is able to respond effectively to changes in the business environment.
Reverse Stress Tests	Reverse stress tests are conducted to identify specific events that run counter to risk tolerance and prepare actions in advance.
Sensitivity Analyses	Sensitivity analyses are conducted to understand the impact of major risk factor fluctuations on capital and risk and to verify the appropriateness of internal models through comparisons with actual business performance.

(4) Risk Limit Management

To avoid huge losses due to the occurrence of specific events, we have set Group-wide limits that are consistent with risk tolerance with regard to credit risks, reinsurance counterparty risks, and overseas natural catastrophe risks. Risks are managed to ensure that they do not exceed these limits.

Preventative warning lines have been established, and a system for formulating and implementing countermeasures in the event that risks exceed limits or the warning lines has been established.

(5) Emerging Risk Management

Emerging risks are defined as “risks that could materialize or change due to changes in the operating environment and other factors and may have significant impact on the Group in the future.” Specific risks are identified based on risk assessment and other measures, and appropriate risk management is performed.

It is important to consider emerging risks in terms of not only mitigating losses but also future business opportunities, such as new insurance products and services. We thus are monitoring, researching, and studying risks on a Group-wide basis.

Strategic Risk Management Development

As the environment surrounding the Group changes over time, Sampo Holdings must respond to these changes by appropriately engaging in Strategic Risk Management. To this end, the Group must always be aware of issues affecting Strategic Risk Management and remain prepared by formulating fiscal policies and initiatives to continue its development.

In fiscal 2016, the Company adopted the business owner system and began strengthening the cross-segment functions of the Group CFO and Group CRO to conform to the delegation of authority under this system.

Specifically, we are reinforcing check and balance functions on a Group-wide basis through capital allocation and risk profile control frameworks. Meanwhile, in our ever-expanding overseas business, we are enhancing the ERM systems of overseas Group companies based on the shared Group Strategic Risk Management framework.

In the nursing care and healthcare business, we are working to establish an understanding of risks and address those risks from a forward-looking perspective based on the characteristics of nursing care operations while enhancing risk management systems.

In exercising Strategic Risk Management, we will continue to use ROR and other quantitative indicators when making decisions regarding business plan formulation, strategic-holding stock reduction, reinsurance strategies, and M&A investments and other actions. At the same time, we are working to develop frameworks for increasing the Group's corporate value and better achieving the targets of the management plan, such as performance evaluation and incentive frameworks that are better linked to ROR targets.

Our ERM culture forms the base for these initiatives, and we are accelerating measures to cultivate and strengthen human resources in order to disseminate and entrench this culture throughout the Group.

Operating Environment Challenges and Response

In the current era, which is characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), digital disruption could occur. Recognizing this characteristic of the environment, we established two SOMPO digital labs in April 2016, one in Tokyo and the other in Silicon Valley, thereby installing the frameworks necessary for research and development to our digital strategy. In addition, we are actively allocating management resources. For example, we appointed a chief digital officer (CDO) in May 2016 and are also inviting professionals in various fields to serve as senior advisors.



Four Important Themes

In our digital strategy, we aim to intensively and dynamically utilize digital technologies, which are evolving at an exponential speed, in Group operations. The evolution of technologies could bring about great changes not only in the business processes of insurance companies but also in customers, business models, and the environment. We have set four goals for our digital strategy.

1. Business efficiency in all segments

Utilize artificial intelligence (AI) and other new technologies to raise productivity and efficiency

2. Enhancement of customer contacts

Develop products and services that enhance customer experience by utilizing Internet of Things (IoT)

3. Marketing for digital native generation

Develop products and services that will be chosen by the so-called digital natives

4. New business model utilizing digital technologies

Create new business models based on digital technologies



Koichi Narasaki

Executive Officer
(Group CDO)

SOMPO Digital Labs



SOMPO Digital Lab Tokyo

At SOMPO Digital Lab Silicon Valley, we research the latest trends and build networks with start-up companies in collaboration with Plug and Play Tech Center, which is associated with approximately 350 companies, as well as with Runway Incubator, one of the largest start-up support and incubation institutions in San Francisco.

At SOMPO Digital Lab Tokyo, we promote innovations and support the R&D activities of the Sompo Holdings Group.



Plug and Play Tech Center

Business Value Creation through IT

To give form to our digital and IT strategy and its aim of establishing a competitive edge in our systems, it is essential that we promote forward-looking evolutions in our system architecture. This evolution will be necessary to ensure that the existing systems forming the foundations for advancing the business

strategies of each Group company are compatible with present and future digital trends. For this reason, we are moving away from conventional IT divisions and forging ahead with measures to endow the Group with more sophisticated IT capabilities.

IT Governance

A key consideration in evolving the IT systems of Group companies will be to practice good Group IT governance based on the regulations of each country and industry in which we operate and in line with the processes described by international standards. In particular, addressing the ever more devious threat of cyberattacks is a matter of urgent importance. It was for this reason that we established Sompo Holdings C-SIRT as a dedicated organization for responding to these threats. This organization supports Group companies in implementing technical countermeasures, business continuity plans, and other related systems.



Shinichi Urakawa

Managing Executive Officer
(Group CIO)

Group Personnel Vision

Human resources are crucial to providing the highest quality of service to contribute to the security, health, and wellbeing of our customers and to become a globally competitive group that is the best customer service provider both at home and abroad. We believe that diverse human resources, in terms of gender, nationality, and affiliation, will function as a driver of the Group's growth through the exercise of their talents in all industries and countries around the world.

We have defined the following four priorities for our Group Personnel Vision: "Action and Achievement," "Impartiality and Fairness," "Openness," and "Diversity." Based on these priorities, we have been managing human resources under highly transparent HR frameworks with an emphasis on people and jobs by respecting the diversity and individuality of each employee and providing fair access to opportunities across the Group.

Action and Achievement

- We value achievement, factual understanding and action in our work.
- We value prompt action in our people.

Impartiality and Fairness

- We value workplaces wherein all people are treated fairly and impartially and wherein everyone may have the opportunity to realize their potential.
- We value people who demonstrate initiative and take challenges, not those who rest only on past achievements.

Openness

- We value frank discussions and debate within transparent work environments based upon clear rules and procedures.

Diversity

- We value all our people as individuals, regardless of their gender, nationality, previous careers or other characteristics.

Group Human Resource Strategies

We believe it is important for us to become a group at which diverse people with different nationalities, genders, ages, and experience (expertise) can maximize their abilities to enable the Group to become a competitive organization that can quickly identify changes in the surrounding environment and react swiftly and flexibly.

We strive to develop human resources that are experts in specific areas by drawing on their strengths while at the same time working to create a personnel system based on placing the right person in the right position at the right time across the Group in appropriate assignments and with rewards based on market value (strength based on skills, experience, and track records).

We aim to become an organization with the diverse talents and high-level expertise that can provide customers high-quality services, including insurance in each country and market, through quick decision-making from multilateral points of view.



Diversity

In the coming era, it will be crucial to generate new ideas without being caught up in past practices and make rapid decisions in regard to the challenges we face. In such an era, it is clear that a diverse range of perspectives and values will be beneficial to the series of processes that includes collecting information, uncovering hints on how to proceed, identifying issues, and formulating strategies and will lead to the enhancement of the quality of final decisions made. In fiscal 2013, we set a target for our female manager ratio of 30% to be achieved by the end of fiscal 2020, and, utilizing our female manager development program, we are devoting efforts to promoting female employees to managerial positions and increasing gender diversity. To promote the diversity of management, the Company has appointed outside directors with a variety of backgrounds, including two female directors. Moreover, we

have assigned individuals from Japan, overseas, and even outside of the Group to important roles such as executive directors in charge of overseas M&A activities or IT and digital divisions. We have also been promoting personnel exchanges among domestic and overseas Group companies as a way to increase the diversity of organizations and human resources. Active personnel relocations are conducted among domestic Group companies. As far as overseas exchanges, in addition to dispatching employees from Japan to overseas Group companies, we have assigned overseas staff in various divisions in Japan through the Group Exchange Program, which was launched in fiscal 2014. This program is contributing to the acceleration of globalization of our headquarters in Japan and furthering us on the path toward a Group within which diverse human resources can exercise their strengths.

Sompo Japan Nipponkoa Insurance's First Female Executive Officer and Branch General Manager



Kazuko Noma

Executive Officer,
Branch General Manager,
Kumamoto Branch of Sompo Japan
Nipponkoa Insurance Inc.

I have experience in a number of different positions, including sales of both P&C and life insurance, work in a compliance division, and work in a call center division. I believe that all of these experiences have taught me the importance of taking on new challenges.

Sompo Japan Nipponkoa is advancing initiatives for promoting the contributions of women. I belonged to the Human Capital Department until fiscal 2015 and therefore took part in planning numerous events to promote the empowerment of women, including various seminars and cross-business exchange forums.

I was appointed to my current position in April 2016, the month in which Kumamoto Prefecture was struck by a severe earthquake. As such, our top priority until now has been to pay the insurance claims on earthquake damage to our customers as soon as possible. Our customers have expressed gratitude for our efforts, and I have been able to reaffirm our mission as an insurance company through this undertaking. I would like to continue to provide support so that people in Kumamoto will be able to return to their normal lives as soon as possible.

Young, Globally Minded Project Manager



Endre Boros

Section Manager,
Overseas Strategy Group
Global Business Planning
Department
Sompo Japan Nipponkoa
Holdings, Inc.

Prior to joining Sompo Holdings, I worked at a consulting firm, where I was responsible for strategy consulting and M&A advisory services. I also acquired a Master of Business Administration, learning about international strategies through this process. I joined Sompo Holdings in 2015, and I currently belong to a department that is responsible for overseas M&A activities, where I work as the project manager of a team composed of specialists in various fields. At Sompo Holdings, I feel that the corporate culture is very accepting and supportive of people with diverse talents.

In such an environment, I am working together with experts from various backgrounds, taking advantage of the synergies generated from this collaboration to contribute to the evolution of Sompo Holdings into a truly global company.

I would like to take myself to the next level by making the most use of our expertise and diversity, and in the future, I hope to be listed on the "Directors and Audit & Supervisory Board Members" page of this report.

Expertise

The Group is expanding the range of its businesses, as indicated by its advance into the nursing care and home remodeling fields. To facilitate this expansion, we are actively encouraging personnel exchanges between domestic and overseas Group companies, while promoting employees that are already active in each country and business. Through these initiatives, we aim to ensure substantial market competitiveness in each of the Group's businesses. We also strive to acquire a diverse range of human resources with a high level of expertise and skills. To this end, we are engaged in proactively recruiting individuals with experience and track records in big data analysis, information and communication technologies (ICT), legal affairs, and other areas.

The acquisition of personnel with ICT expertise is particularly important as the advancement of these technologies is likely to bring about substantial change to the structure of the Group's businesses.

In acquiring such human resources, we aspire to provide rewards based on the strength of these human resources in terms of skills, experiences, and achievements (market value) with no regard to the existing remuneration system. We aim to enhance Group-wide competitiveness by assigning human resources according to their expertise based on the concept of putting the right person in the right position at the right time across the Group.

Data Scientist Undertaking the Development of New Business Models



Kazuaki Komoto

Analytics Department
Sompo Risk Management &
Health Care Inc.

Having worked at a consulting firm, where I developed mathematical models and experienced the risk management measures of a financial institution, I joined Sompo Risk Management & Health Care as a data scientist in 2015. I am now in charge of data analysis for the health-care and automobile fields and develop mathematical models in the Quantitative Analysis Department.

Going forward, I will focus on product development and business model creation by utilizing data science.

Care Provider Cultivation Specialist



Toshiyuki Ishikawa

Training Section, Human Capital
Development Department
Sompo Care Next Inc.

I entered into the nursing care field 28 years ago and continued to gain frontline experience before joining Sompo Care Next in 2008. Since then, I have been engaging in the development of our human resources. Nursing care is all about supporting the independence of our clients, and communication and respect for self-determination are of utmost importance. It could be said that the purpose of nursing care is to stand by individuals and help them live out their days as they please. For the moment, my goal is to raise the overall quality of nursing care throughout the company via my efforts in training centers. As my ultimate goal, I stand firmly committed to changing the very nature of nursing care for all of society through Sompo Care Next.

Utilization of Diverse Human Resources at the Human Capital Department

The Human Capital Department comprises employees from various backgrounds, including non-Japanese employees, junior employees, and employees that have returned from overseas assignments or worked outside of Sompo Holdings in order to conduct talent management with diverse points of view.



Juliana Goncalves
Human Capital Department
Sompo Japan Nipponkoa Holdings, Inc.
(Secinded from Sompo Seguros S.A., of Brazil)

I am responsible for global talent development. I was also engaged in talent development at Sompo Seguros, however, my current position requires an even-more global perspective, which gives me substantial motivation. The Human Capital Department of Sompo Holdings uses English as a common language, and I feel that my team's overall English and negotiation skills have been improving.



Ufuk Doğuş Gül
Human Capital Department
Sompo Japan Nipponkoa Holdings, Inc.
(Secinded from Sompo Japan Sigorta Anonim Şirketi, of Turkey)

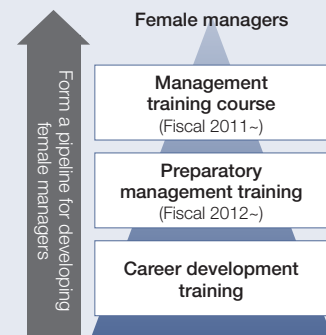
Prior to joining Sompo Holdings, I worked in the HR division of a financial institution and served as an HR consultant. I am now responsible for global HR strategies. I truly feel that I can make use of my insight and experience in the project that I have currently advancing while having a discussion with HR representatives around the world. I hope to continue making contributions to the Group as an HR professional.

Human Resource Development

Development of Female Managers and Managerial Candidates

The Group is actively promoting female employees to managerial positions with the aim of achieving its target for the female manager ratio of 30% by the end of fiscal 2020. Specific initiatives for developing female managers include the management training course, preparatory management training, and career development training for women. We have been conducting talent development programs exclusively for female employees to form a pipeline that is available to a wide range of female employees, from new employees to managers. In addition, we have introduced a mentor program through which female employees are able to seek guidance from a mentor (advisor) other than their direct supervisors. Through such initiatives, we have been establishing a corporate culture and a workplace environment that supports female employees' career development.

As a result of the above-mentioned initiatives, the number of female managers as of April 2016 was 560, making for a female manager ratio of 13.2%. These figures represent a significant increase from 305 female managers and a female manager ratio of 5.0% in July 2013, when the target for the female manager ratio was set. Furthermore, these talent development programs have produced one female executive officer and five female branch managers over the past three years.



Development of Globally Competent Human Resources

We established a "corporate university" Company education program in October 2012 aimed at developing human resources that can lead the Group's management on a global basis in the future.

This program comprises two pillars. The first pillar entails the acquisition of management knowledge through study at the National University of Singapore Business School, one of the world's prestigious business schools. The second pillar gives program participants the opportunity to utilize their acquired knowledge through on-the-job training at overseas companies.

We have selected the participants from not only Japan but also around the world. They are given an opportunity to acquire management knowledge through group trainings featuring thorough discussions and are offered on-the-job training at overseas companies outside the Group. We have been developing human resources that can thrive both at home and abroad. A total of 97 people from 14 countries (including participants from outside the Group) had participated in this program before fiscal 2016. We have been producing global human resources with knowledge and experience as well as a broad perspective throughout the Group.



Group CSR Vision

We position corporate social responsibility (CSR) as an integral part of sustainably enhancing our corporate value. Using the Group CSR Vision and the Group's CSR Material Issues as a basis, we aim to achieve progress on social issues and growth for our business at the same time with the goal of building a more sustainable society.

We, the Sampo Japan Nipponkoa Group, will positively engage our stakeholders in forward-looking dialogue, respect international standards and codes of conduct, and address environmental issues of climate change, biodiversity, and social issues of human rights and diversity in the course of our business operations in a transparent, fair, and open manner.

By constantly maintaining a long-term outlook, and by providing services and products that contribute to security, health, and wellbeing, we will strive as a solution provider to promote the realization of a resilient and sustainable society.

CSR Material Issues

In April 2016, we redefined the Group's CSR material issues to reflect recent international and business developments. The new material issues are now guiding plan-do-check-act (PDCA)-driven efforts to further increase performance in accordance with a new set of CSR key performance indicators (CSR-KPIs).

Previous CSR Promotion Process

In April 2010, Sampo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., merged to form Sampo Japan Nipponkoa Holdings, Inc. (formerly NKSJ Holdings, Inc.). Drawing on the CSR initiatives of the two companies, the new joint holding company formulated the Group CSR Vision (formerly the CSR Basic Policy), which served as the basis for identifying the Group's CSR Material Issues in fiscal years 2011 and 2012, and for advancing initiatives to meet the Group's new CSR-KPIs in fiscal years 2013 and 2014.

Background and Process of Material Issue Revision

The year 2015 was an important year for setting a new international agenda on sustainability: in September 2015 a summit of UN leaders adopted the Sustainable Development Goals (SDGs) with a target date of 2030, and the following December, the new international framework on climate change at the 21st annual Conference of the Parties (COP21) adopted the Paris Agreement. The following year, fiscal 2016, marked the start of the Group's new Mid-Term Management Plan, in which we set out to transform our business structure to provide services under the theme of "security, health, and wellbeing."

Based on these international developments and organizational changes, we redefined our material issues with the objective of furthering both social sustainability and Group growth.

Redefinition Process

Step 1 Materiality assessment Based on International Guidelines

Various international guidelines and frameworks have been developed as the international community seeks to address pressing social issues with global impacts. The Group recognizes the importance of understanding and implementing these guidelines as it grows its global business.

In fiscal years 2011 and 2012, we began the process of identifying and prioritizing our material issues, first by organizing them based on ISO 26000, then by mapping them on two axes – impact to stakeholder on one axis, and importance to the Group on the other – based on international sustainability guidelines, including the SDGs, the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, and the United Nations Guiding Principles on Business and Human Rights (Ruggie Framework).

Step 2 Multi-Stakeholder Dialogue

We recognize stakeholder engagement as an important initiative for understanding social issues, building relationships of trust and collaboration, and yielding greater results.

When redefining our material issues, we exchanged perspectives with 16 different groups of stakeholders, including experts and international institutions specializing in CSR and ESG investment as well as other key stakeholders that impact our business activities, including governments, civil society organizations, consumers, agencies, outside directors, and employees.



Stakeholder dialogue

Step 3 Internal Engagement

To discuss and promote CSR across the Group based on this stakeholder input, we held meetings with the Group's Council for CSR Promotion, Management Committee, and Board of Directors.



Group's Council for CSR Promotion

Step 4 Goal-Setting and Action

Based on the above-mentioned Steps 1 through 3, we redefined our material issues.

We then set new CSR-KPIs based on the new material issues and measures. Directed by a Group-wide CSR management system and an interactive PDCA-cycle process to improve performance we are implementing various Group initiatives to address social issues and build a more sustainable society.

Initiatives based on these CSR-KPIs are regularly reported to our Management Committee.

In addition, we will redefine our material issues again whenever necessary based on the latest international developments and changes in our business environment.



CSR Conference of the Group companies' staff

Group's CSR Materiality

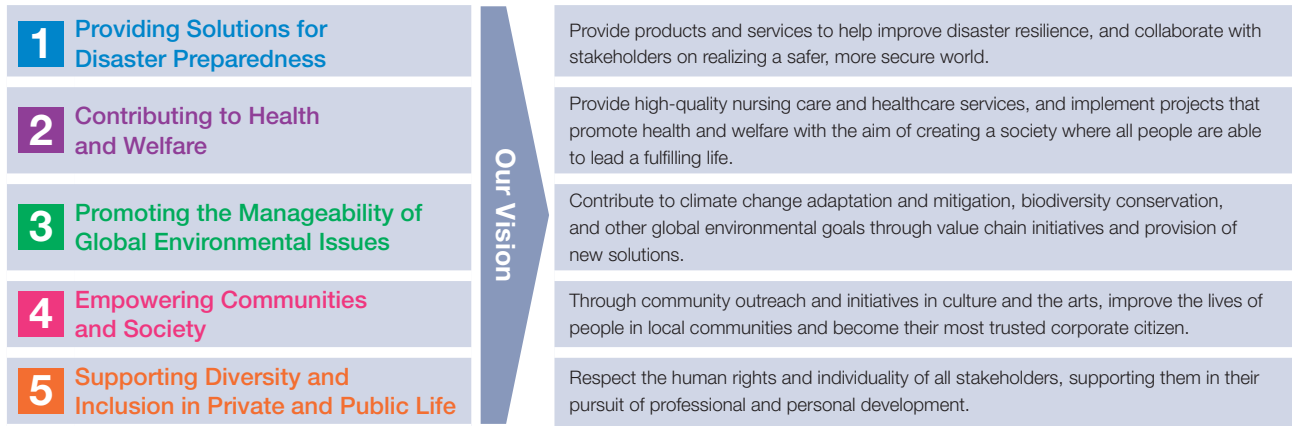
The Group has redefined the Five CSR Material Issues, a framework for achieving its CSR Vision to realize a resilient and sustainable society by providing products and services that contribute to security, health, and wellbeing.

Underpinned by our CSR Group Vision, adhering to the Three Key Strengths is of critical importance to us.

Three Key Strengths

- 1 Developing and providing innovative products and services using financial expertise and digital technologies to offer innovative solutions for social issues.
- 2 Promoting the development of advanced skills by fostering partnerships with stakeholders representative of broad sectors of civil society.
- 3 Promoting quality of life and its enrichment by the application throughout all our operations of our expertise and resources in culture and the arts.

Five Material Issues



Examples of Initiatives of the Five Material Issues

- | | |
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| <p>(1) Providing Solutions for Disaster Preparedness: Bosai JAPAN-DA Project (program for disseminating disaster-management knowledge), Smiling Road (safe driving support system for companies), Portable Smiling Road (a mobile phone app for safe driving support system for individuals)</p> <p>(2) Contributing to Health and Welfare: Nursing care business, health and productivity management service</p> <p>(3) Promoting the Manageability of Global Environmental Issues: Weather index insurance in Southeast Asia, SAVE JAPAN Project (biodiversity conservation activities in Japan)</p> | <p>(4) Empowering Communities and Society: Sampo Holdings Volunteer Days undertaken in collaboration with civil society, support for recovery from natural disasters</p> <p>(5) Supporting Diversity and Inclusion in Private and Public Life: Promoting diversity, such as women's participation in business, development of a personnel and welfare system for LGBT employees</p> |
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Bosai JAPAN-DA Project (Blanket stretcher trial event held as part of a hands-on workshop)



SAVE JAPAN Project



Sampo Holdings Volunteer Days (Seminar for supporting people with dementia)

Declarations to Society and Participation in CSR Initiatives

To solve social issues on a global level, the collaboration of multiple organizations is indispensable.

The Group actively participates and endeavors to take a leading role in a wide variety of international and domestic initiatives.

Participation in Major International Initiatives



United Nations Global Compact (UN GC)

The UN GC is a partnership initiative between the UN and businesses, and it motivates companies to enhance their corporate citizenship by voluntarily addressing the issues of human rights, labor, the environment, and anticorruption. We became a signatory in 2006.



Women's Empowerment Principles (WEPs)

A joint initiative between the United Nations Development Fund for Women and the UN GC, the WEPs sets forth seven principles for promoting and empowering women in companies and private organizations. We became a signatory of the WEPs in 2012.



Business Call to Action (BCtA) Spearheaded by United Nations Development Programme (UNDP)

The BCtA is a global initiative launched by the United Nations Development Programme (UNDP) and five government institutions that challenges companies to develop business models with the potential to achieve both long-term commercial success and sustainable development outcomes. In 2015, a weather index insurance provided by Sompo Holdings in Southeast Asia was recognized as meeting the requirements for membership in the BCtA. This makes us the first financial institution in Japan and the first property and casualty (P&C) insurance group in the world to be granted membership.



United Nations Environment Programme Finance Initiative (UNEP FI)

The UNEP FI is an international financial sector network comprising financial institutions that aim to contribute to sustainable development. Sompo Japan Nipponkoa became a signatory in 1995.



United Nations Principles for Responsible Investment (UN PRI)

The UN PRI was formulated by the UNEP FI as a declaration by financial institutions that they will take ESG issues into account when making investment decisions. In 2006, Sompo Japan Nipponkoa became the first Japanese insurance company to become a signatory of these principles, and Sompo Japan Nipponkoa Asset Management also became a signatory in 2012.



United Nations Principles for Sustainable Insurance (UN PSI)

The UN PSI was formulated by the UNEP FI as a declaration by insurance companies that they will take ESG issues into account through their business operations. Sompo Japan Nipponkoa has participated in the development of the principles and became a signatory in 2012.



Caring for Climate

Caring for Climate is an initiative established by the UN GC, UN Environment Programme, and UN Framework Convention on Climate Change (UNFCCC) to advance the role of business in addressing climate change. Sompo Japan Nipponkoa is a member of the steering committee.



World Business Council for Sustainable Development (WBCSD)

The WBCSD, established in 1995, is a CEO-led global association of companies. Company leaders from around the world provide industry leadership on the environment and sustainable development through lively debate, policy recommendations, and other activities. Sompo Japan Nipponkoa is the only Japanese financial institution participating in the initiatives of the WBCSD. We are also a member of Redefining Value, a cross-cutting WBCSD program focused on advancing the measurement of "True Value," "True Costs," and "True Profits" in corporate decision-making, disclosure and reporting.



CDP

CDP is a set of collaborative initiatives by the world's leading institutional investors. Through these international initiatives, businesses worldwide are encouraged to adopt climate change strategies and disclose their GHG emissions. Sompo Japan Nipponkoa has been a member since 2005 as an institutional investor.



Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

These principles were formulated as action principles for financial institutions to fulfill their roles and responsibilities to develop a sustainable society. Sompo Japan Nipponkoa was involved in the formulation, participating as a member of the drafting committee. In December 2011, 10 Group companies (currently 7 Group companies) became signatories of these principles.

Major CSR Awards and Recognitions in Fiscal 2015

Awards	Details	Organizer / promoter
Corporate Sustainability Assessment by RobecoSAM	Bronze Class (Sompo Holdings)	RobecoSAM
CDP (Climate Change)	Score 98B, ranked 2nd among Japanese financial institutions (Sompo Holdings)	CDP
Toyo Keizai Inc.'s 10th CSR Corporation Ranking	Ranked 1st in the Category for Financial Business (Sompo Holdings)	Toyo Keizai Inc.
19th "Corporate Environmental Management Survey" Ranking	Ranked 1st in the Category of Non-Manufacturers/ Financial Business (Sompo Holdings)	Nikkei Inc.
1st Nihon Service Award	Excellence Award (SPRING Award) (Sompo Japan Nipponkoa)	Council of Service Productivity & Innovation for Growth (SPRING)
2nd Space Development and Utilization Grand Prizes	Minister of State for Space Policy Prize (Sompo Japan Nipponkoa, Sompo Risk Management & Health Care)	Office of National Space Policy of the Cabinet Office of the Government of Japan
J-Win Diversity Award 2016	Individual Award in the Management Category (Kengo Sakurada, President & CEO, Sompo Holdings)	Japan Women's Innovative Network
Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)	Environmental Minister's Award (Sompo Japan Nipponkoa)	Ministry of the Environment, Japan
Women's Empowerment Grand Prize Award	Excellence Award (Sompo Japan Nipponkoa)	Japan Productivity Center
2015 Award for Companies Promoting Experience-based Learning Activities for the Youth	Judges Panel Special Award of Encouragement (Sompo Japan Nipponkoa)	Ministry of Education, Culture, Sports, Science and Technology (MEXT), Japan
19th The Environmental Communication Awards	Outstanding Performance Prize (Sompo Holdings)	Ministry of the Environment, Japan Global Environmental Forum
2015 Nikkei Superior Products and Services Awards	Nikkei Veritas Award for Excellence (Sompo Holdings)	Nikkei Inc.
2015 Environment Minister's Award for Global Warming Prevention Activity	Implementation of Countermeasures (AIR E Shop 21 (SOMPO JAPAN NIPPONKOA BUSINESS SOLUTIONS))	Ministry of the Environment, Japan
2015 Oricon Customer Satisfaction Ranking (Overseas Travel Insurance Category)	No. 1 (Sompo Japan Nipponkoa)	oricon ME inc.
Phone Support, Accident Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa, Sonpo 24)	HDI-Japan
Web Support, Accident Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa, Saison Automobile & Fire Insurance, Sonpo 24)	
Web Support, Life Insurance Industry, HDI Benchmarking	3 Stars (Sompo Japan Nipponkoa Himawari Life)	
2015 Japan Auto Insurance Shopping Study SM / Japan Auto Insurance Satisfaction Study SM (Direct-type insurer segment)	Highest Customer Satisfaction (Saison Automobile & Fire Insurance)	J.D. Power Asia Pacific
FY2015 Customer Support Award Program	Special Award (Human Resources Development Award) (Sonpo 24)	Japan Institute of Information Technology
Caring Company	Caring Company 2015 (Sompo Japan Nipponkoa Insurance (Hong Kong))	The Hong Kong Council of Social Services

TOPICS

Contributing to the Sustainable Development Goals (SDGs)



Paragraph 67 of the official agenda document "calls on all businesses to apply their creativity and innovation," stating clearly the role expected of businesses in achieving the SDGs. Our approach to action on the SDGs is based on "SDG Compass: The guide for business action on the SDGs" (a document created by the Global Reporting Initiative (GRI), UN GC, and WBCSD), among other guidelines.

Five Steps Taken by Sompo Japan Nipponkoa Group

1. Understanding the SDGs
As the first step toward integrating the SDGs into our business, we disseminated information on the SDGs using internal communication tools to raise awareness and promote understanding within the Group.
2. Redefining our material issues
We redefined our CSR Materiality based on the SDGs and defined Five Material Issues and Three Key Strengths.
3. Setting CSR Key Performance Indicators (CSR-KPIs)
We set CSR-KPIs for the Group in accordance with the new CSR Materiality.
4. Taking actions to build partnerships
Directed by an iterative PDCA-cycle process to improve performance and achieve the new CSR-KPIs based on the SDGs, we are implementing various Group initiatives to address social issues and build a more sustainable society.
5. Disclosing information - Communicating with stakeholders
By disclosing the progress and results of measures to achieve the new material issues and CSR-KPIs, we strive to improve performance while communicating with various stakeholders.

For more information on the Group's CSR activities, please refer to *Corporate Responsibility Communication 2016*.
<http://www.sompo-hd.com/en/csr/communications/report/>

Corporate Governance

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Directors and Audit & Supervisory Board Members



Page 70 From left: Toshiyuki Takata, Naoki Yanagida, Mikio Okumura, Haruo Kasama, Masato Fujikura, Scott Trevor Davis, Shigeru Ehara, Sawako Nohara, Kengo Sakurada

Page 71 From left: Shinji Tsuji, Isao Endo, Shoji Ito, Tamami Murata, Koichi Yoshikawa, Chikami Tsubaki, Keiji Nishizawa, Kaoru Takahashi, Masaki Hanawa

Group CEO
Representative Director,
President and Executive Officer
Kengo Sakurada

Representative Director,
Deputy President and
Senior Managing Executive Officer
Group CFO (Chief Financial Officer)
Shinji Tsuji

Director, Senior Managing Executive Officer
Overseas Insurance Business Owner
(General Manager, China & East Asia
Regional Headquarters)
Shigeru Ehara

Director, Managing Executive Officer
Shoji Ito

Director, Managing Executive Officer
Group CRO (Chief Risk Officer)
Masato Fujikura

Director, Managing Executive Officer
Koichi Yoshikawa



As of July 1, 2016

Director,
Executive Officer
Nursing Care & Healthcare
Business Owner
Mikio Okumura

Director
Domestic P&C Insurance
Business Owner
Keiji Nishizawa

Director
Domestic Life Insurance
Business Owner
Kaoru Takahashi

Outside Director
Sawako Nohara

Outside Director
Isao Endo

Outside Director
Tamami Murata

Outside Director
Scott Trevor Davis

Audit & Supervisory
Board Member (Full-Time)
Toshiyuki Takata

Audit & Supervisory
Board Member (Full-Time)
Masaki Hanawa

Outside Audit & Supervisory
Board Member
Chikami Tsubaki

Outside Audit & Supervisory
Board Member
Haruo Kasama

Outside Audit & Supervisory
Board Member
Naoki Yanagida

Corporate Governance

The Group considers continually improving the transparency and fairness of its corporate governance and fulfilling its corporate social responsibility as essential to maintaining strong relations of trust with stakeholders.

The Group formulated its Corporate Governance Policy (<http://www.sompo-hd.com/en/company/governance/overview/policies/>) to clarify basic policies regarding the formation of the overall vision for the governance structure and the governance framework. We continue to improve our corporate governance and aim to establish optimal systems.

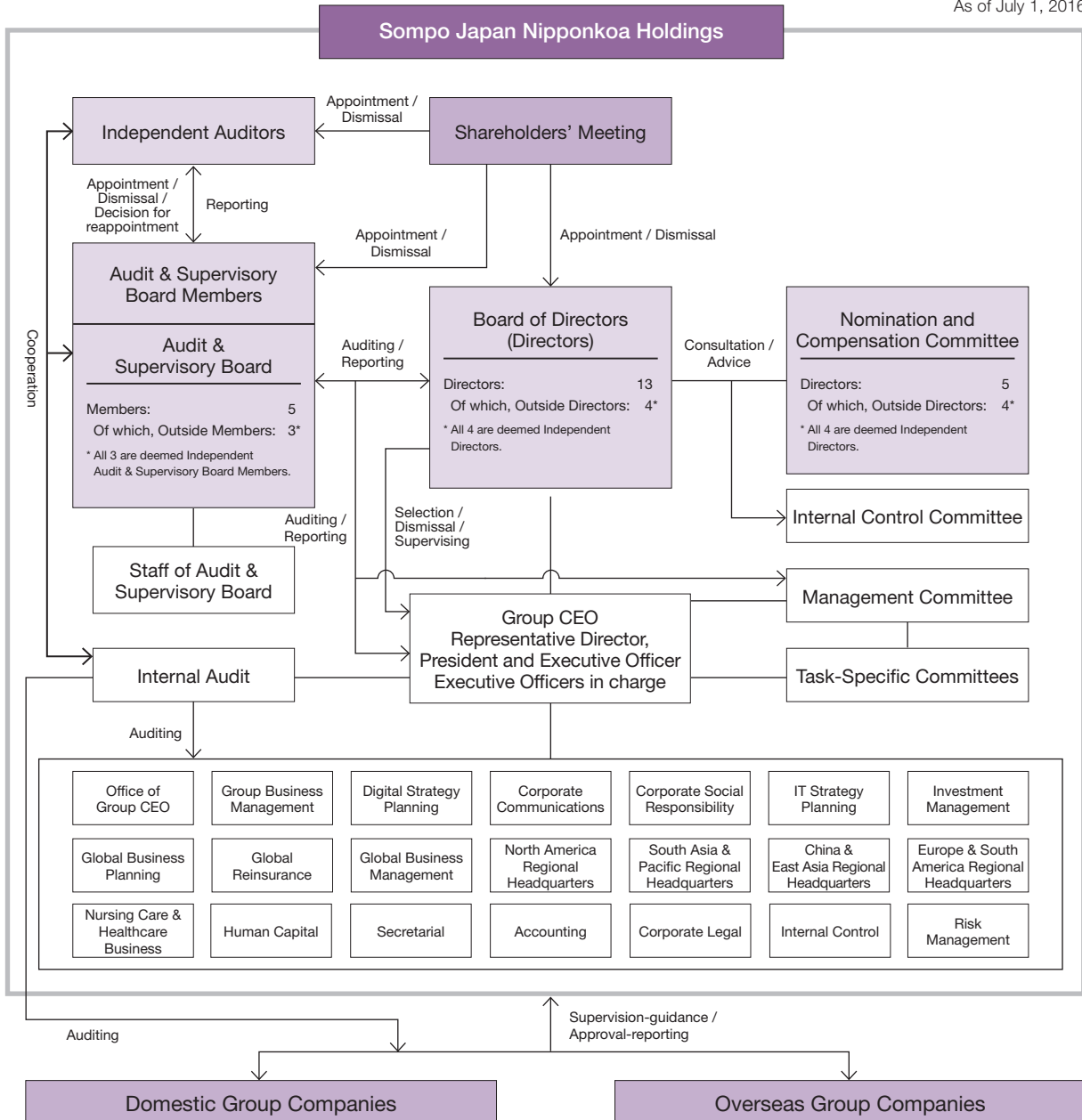
Corporate Governance Overview

As of July 1, 2016

Organizational structure	Company with an Audit & Supervisory Board
Chairman of the Board of Directors	Kengo Sakurada
Number of directors	13, of which 4 are outside directors
Number of Audit & Supervisory Board members	5, of which 3 are outside Audit & Supervisory Board members
Board of Directors meetings	Held 15 times Attendance: 97.7% for directors, 100% for Audit & Supervisory Board members * Orientation meetings for outside directors are held in conjunction with Board of Directors meetings to ensure effective Board of Directors meeting operation. * Please refer to page 75 for details regarding directors and Board of Directors meetings. (Fiscal 2015 results)
Audit & Supervisory Board meetings	Held 13 times Attendance: 100% * Please refer to page 76 for details regarding Audit & Supervisory Board members and Audit & Supervisory Board meetings. (Fiscal 2015 results)
Voluntary committee equivalent to nominating committee and compensation committee	Nomination and Compensation Committee * Comprising 5 committee members (4 outside directors, 1 internal director) and chaired by an outside director * Please refer to page 76 for details regarding the Nomination and Compensation Committee.
Appointment of directors and Audit & Supervisory Board members	Formulates policies for appointment of officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors * Please refer to page 77 for details regarding policies for appointment of officers.
Number of independent directors and independent Audit & Supervisory Board members	4 outside directors and 3 outside Audit & Supervisory Board members * All outside directors and Audit & Supervisory Board members are independent as defined by the Tokyo Stock Exchange. * Please refer to page 77 for standards regarding independence of outside directors and outside Audit & Supervisory Board members.
Determination of compensation, etc.	Formulates policies on decisions pertaining to compensation for officers through the resolution of the Board of Directors in light of advice from the Nomination and Compensation Committee, which functions as an advisory body to the Board of Directors * Please refer to page 78 for details regarding policies on decisions pertaining to compensation for officers.

Corporate Governance Structure

As of July 1, 2016



Management Structure of Corporate Governance

The Group has elected to adopt the Company with Board of Company Auditors system described in the Companies Act of Japan and maintains and promotes effective oversight and auditing functions using a system of corporate governance comprising the Board of Directors, which makes important management decisions and oversees business execution, and Audit & Supervisory Board members and an Audit & Supervisory Board that are independent from the Board of Directors.

The Group also utilizes the business owner system and the executive officer system to enable swift decision making and to ensure the clarity of authority and responsibility.

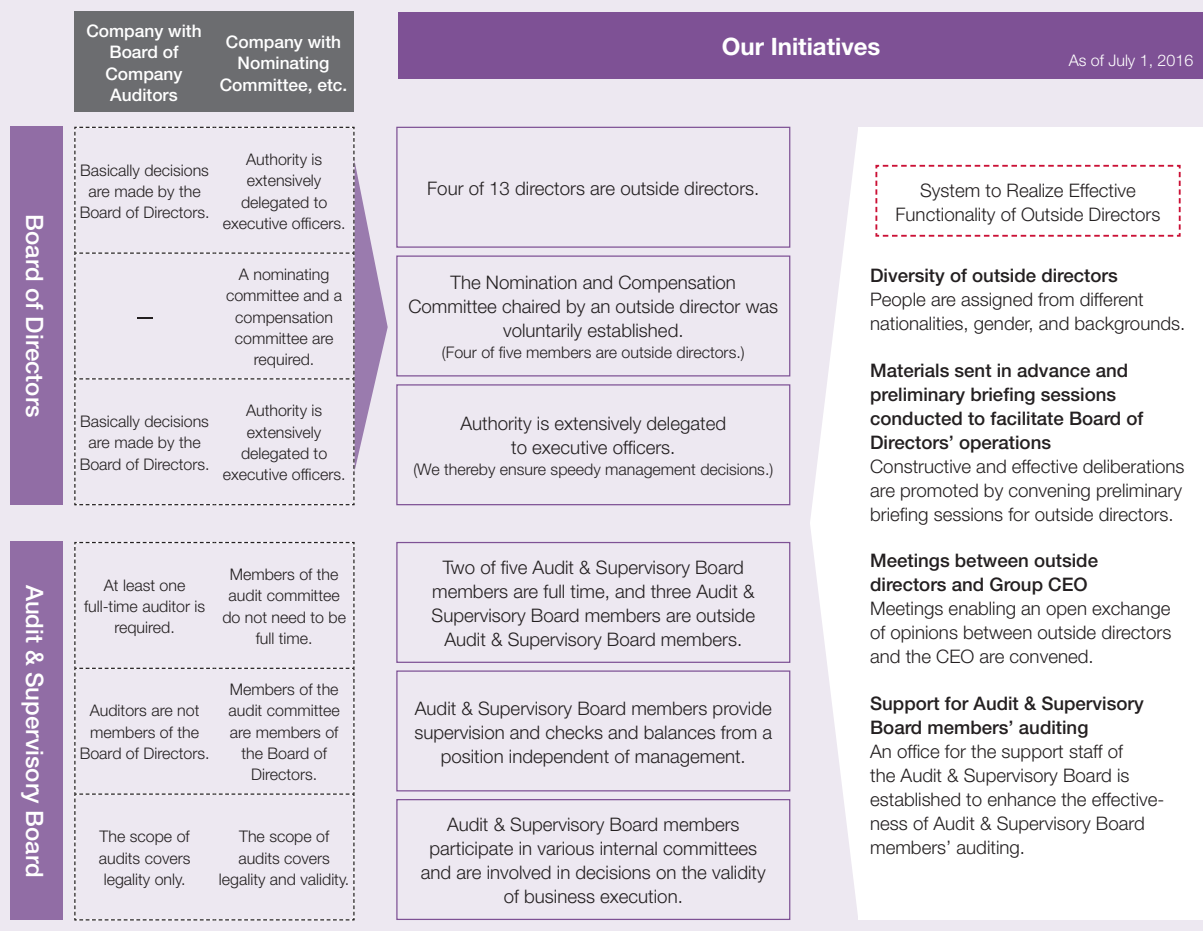
The Board of Directors has set the Basic Policy on Internal Controls, which serves as the foundation for the Basic Policy for Group Management. These policies provide the framework for a highly transparent governance structure for the Company and Group companies. To ensure transparency in the appointment and treatment of directors, the Nomination and Compensation Committee, which is chaired and membered by a majority of outside directors, has been set up as an advisory organ to the Board of Directors.

Selection of Company Organizational Structure

The Company has adopted a hybrid system that features some of the characteristics of a Company with Nominating Committee, etc., which has a nominating committee and a compensation committee and also actively utilizes outside officers and establishes support systems for them to optimize the functionality of the Board of Directors and the Audit & Supervisory Board.

Key Points for Our Initiatives for Realizing Effective Functionality

(Reference) Major prerequisites



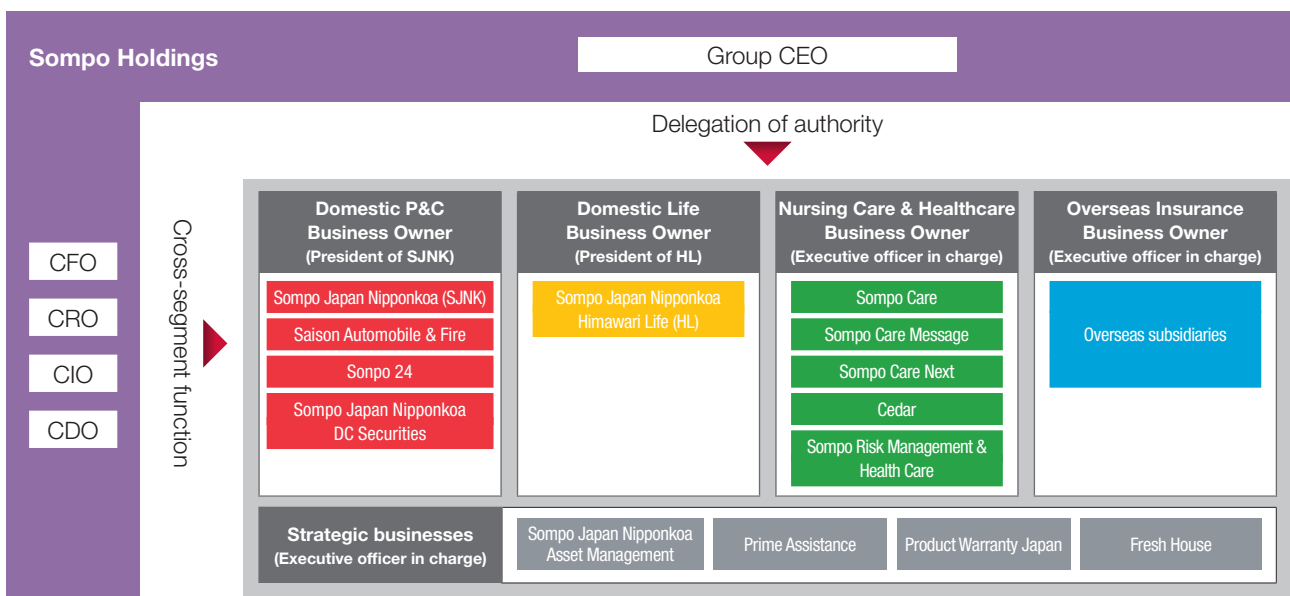
Business Owner System

The Group has adopted the business owner system to establish a Group management system that responds firmly and rapidly to disruptive changes in the environment.

Under the business owner system, the heads of each business segment (domestic P&C insurance, domestic life insurance, nursing care & healthcare, and overseas insurance) are delegated authority as business owners for business strategy planning, investment decisions, and talent deployment. This system enables the business segments, which are closer to customers, to cope with major environmental changes through swift and flexible decision making and business execution. The Group CEO is

responsible for oversight of the entire Group, while other chief officers (Group chief financial officer (CFO), Group chief risk officer (CRO), Group chief information officer (CIO), and Group chief digital officer (CDO)) provide cross-organizational management functions.

This system allows for the establishment and enhancement of core competencies in each business area and is conducive to a perspective that spreads beyond individual businesses or Group companies to focus on the provision of better services to customers on a Group-wide basis. By promoting organic, inter-business coordination in this manner, we will endeavor to improve the corporate value of the entire Group.



Directors and the Board of Directors

The Board of Directors performs its duties as stipulated by law, establishes important items for management, and serves a supervisory function overseeing the conditions of business execution.

Meetings of the Board of Directors, in principle, convene on a monthly basis and comprise an appropriate number of members to realize swift decision making.

Preliminary briefing sessions are held with outside directors to provide details about the discussion agenda with specific emphasis on the key agenda items. The integration of Board of Directors meetings and preliminary briefing sessions, which includes communicating the opinions, questions, and other comments expressed by the outside directors at the preliminary briefing sessions to all attending directors before the Board of Directors meeting, is intended to facilitate constructive deliberations at Board of Directors meetings and ensure the effectiveness of the

operation of the Board of Directors. Steps that include convening meetings of the outside directors and the Group CEO are implemented to facilitate an open exchange of opinions between the outside directors and the Group CEO.

The Company's Board of Directors comprises 13 members, four of whom are outside directors. Current members include 12 Japanese nationals and one non-Japanese person—11 men and two women.

The directors apply their accumulated knowledge and experience to key issues for the Company to realize the proper execution of fair and effective executive management.

To ensure full clarity of responsibility related to business matters in each fiscal year, a director's tenure ends at the close of the Ordinary General Meeting of Stockholders held within the latest fiscal year that is within one year of the appointment.

Audit & Supervisory Board Members and Audit & Supervisory Board

Audit & Supervisory Board members audit the work performance of the directors through such activities as auditing the construction and maintenance conditions of the Group's internal control systems and providing effective advice and recommendations to senior management that contribute to sustainable growth and increase the corporate value over the medium and long terms.

The Audit & Supervisory Board establishes the audit standards, basic policies on audits, and auditing programs to make the above auditing activities functional and effective and systematically conducts auditing operations.

The Audit & Supervisory Board sets an annual meeting schedule and endeavors to realize full participation of all members and coordinates activities. This endeavor includes distributing information materials before meetings to ensure members are fully prepared to conduct thorough reviews and deliberations.

The Company's Audit & Supervisory Board comprises five members, three of whom are outside directors. Current members include five Japanese nationals—four men and one woman. One

of the Audit & Supervisory Board members is a certified public accountant with extensive experience and an expert on finance, accounting, auditing, and international accounting standards. This individual provides an outstanding amount of knowledge on financial and auditing.

The Company has also established the Staff of Audit & Supervisory Board to enhance the effectiveness of the Audit & Supervisory Board members' audits and assigns dedicated staff with the supplemental knowledge and experience required by the Audit & Supervisory Board members to assist the Audit & Supervisory Board members in carrying out their duties.

The Audit & Supervisory Board additionally commissions an external legal expert that is independent from the execution of operations to serve as an advisor to protect the interests of the Company and shareholders. As stipulated in the Companies Act of Japan, an Audit & Supervisory Board member's tenure ends at the close of the Ordinary General Meeting of Stockholders held within the latest fiscal year that is within four years of the appointment.

Nomination and Compensation Committee

The Nomination and Compensation Committee is established as an advisory organ to the Board of Directors and intended to ensure transparency and fairness regarding director and executive officer nomination and compensation.

The committee sets director and executive officer appointment policy and appointment standards, determines individuals to propose as candidates, conducts director and executive officer evaluations and submits recommendations to the Board of Directors for director compensation amounts and the compensation structure, and contributes to the appointment and rewards of directors of Group companies based on the contents and scale of

the business of the company in question.

In addition, the committee conducts the Group CEO's performance evaluation to improve the transparency of corporate governance.

The committee comprises members appointed from the Company's directors with outside directors representing the majority of members in order to ensure the independence and neutrality of the members. The committee chairperson is an outside director elected by the committee members. At the time of the submission of this report, the committee comprised five members, including four outside directors and one internal director.

Policies for Appointment of Officers

The appointment of directors, executive officers, and Audit & Supervisory Board members is conducted in accordance with the following policies for the appointment of officers. Directors and executive officers are nominated by the Board of Directors based on discussions with the Nomination and Compensation Committee.

Furthermore, in the event that the Board of Directors' appointment of an Audit & Supervisory Board member is determined by resolution at the General Meeting of Stockholders, an opportunity will be provided in advance for the Board of Directors to discuss the candidate with the Audit & Supervisory Board to seek its approval.

(1) Policies for appointment of directors and Audit & Supervisory Board members

The Company supervises and guides its Group companies, formulating management strategies for Group companies engaged mainly in the P&C insurance business, as well as comprehensive management strategies for the entire Group. The Company is responsible for the execution and realization of these strategies.

From this perspective, the Board of Directors appoints directors based on familiarity with the Company's business, ensuring a balance between experience and achievements without bias for an area of specialization. To facilitate objective decision making with respect to management issues from a diverse and independent

focus and perspective, the Board of Directors includes multiple outside directors with a wide range of knowledge and experience, having backgrounds in corporate management, academia, and the legal profession.

The Audit & Supervisory Board consists of Audit & Supervisory Board members appointed on the basis of their solid knowledge of finance and accounting and in consideration of an overall balance of backgrounds such as those who have corporate management experience and specialized knowledge related to the legal profession, etc. Furthermore, the appointment of directors and Audit & Supervisory Board members is based on appointment criteria in consideration of the Comprehensive Guidelines for Supervision of Insurance Companies. The Group formulated outside director independence criteria as a standard for the appointment of outside directors and outside Audit & Supervisory Board members.

(2) Policies for appointment of executive officers

The Company formulated a "desired image for executive officers" and "policies for appointment of executive officers" to identify the basic skills and qualifications required and define the balance between experience and achievements when appointing executive officers. In compliance with the policies, executive officers are appointed.

Standards regarding the Independence of Outside Officers

The Company maintains a structure comprising nine internal directors involved in the execution of business and appoints an additional four outside directors. At present, the number of independent outside directors is more than 30% of the total.

The Company appoints outside directors with experience as corporate managers, academics, lawyers, and in other professions and with extensive knowledge in such areas as information and communications technology, overseas operations, compliance, CSR, and retail (practical experience) to provide active and meaningful guidance for the execution of the Group's management strategies.

The Company has established "Standards regarding Independence of Outside Directors / Audit & Supervisory Board Members" based on the recommendations of the Nomination and Compensation Committee and by resolution of the Board of Directors in accordance with the standards required for the Tokyo Stock Exchange.

The Company selects individuals with experience as corporate managers, academics, and lawyers and with extensive knowledge in a wide range of fields with the aim of enabling valuable discussion incorporating objective and multiple viewpoints and perspectives on the Group's management strategy and management issues. The outside directors that have been designated as independent directors contribute to frank, active, and constructive deliberations and discussions at meetings of the Board of Directors and meetings of the Nomination and Compensation Committee.

Outside Directors and Outside Audit & Supervisory Board Members

The Company's outside directors and outside Audit & Supervisory Board members consist of the following seven persons and are making their respective contributions to the Board of Directors and the Audit & Supervisory Board, ensuring that corporate governance is appropriately executed with transparency and fairness.

Outside Directors

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an outside director
Sawako Nohara	All 15 Board of Directors meetings	President of IPSe Marketing, Inc. Project Professor of the Graduate School of Media and Governance, Keio University Member of the Board of Nissha Printing Co., Ltd. (Outside Director) Director of JAPAN POST BANK Co., Ltd. (Outside Director)	With her abundant experience as a company manager and broad knowledge related to the IT industry, she has provided appropriate advice on the management of the Company from diversified and professional perspectives. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Isao Endo	Attended 14 times out of 15 Board of Directors meetings	Chairman of Roland Berger Ltd. Director of Ryohin Keikaku Co., Ltd. (Outside Director) Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (Outside Auditor) Director of Nisshin Steel Co., Ltd. (Outside Director)	With his broad knowledge as an erudite scholar and abundant experience as a company manager as well as at consulting firms, he has provided appropriate advice on the management of the Company, especially through his practical research on "field capabilities" at the university.
Tamami Murata	All 15 Board of Directors meetings	Attorney at law	With her abundant knowledge and experience as an attorney at law, she has provided appropriate advice on the management of the Company with her professional viewpoints based on her knowledge and experience. At the same time, she has provided valuable advice on the initiative on women's empowerment in the workplace, which is also one of the important strategies of the Company.
Scott Trevor Davis	All 15 Board of Directors meetings	Director of Seven & i Holdings Co., Ltd. (Outside Director) Professor of the Department of Global Business, College of Business, Rikkyo University Member of the Board of Bridgestone Corporation (Outside Director)	With his broad knowledge as an erudite scholar, he has provided appropriate advice on the management of the Company, especially through his research on strategic management and CSR at the university. Moreover, he has provided diversified advice from global perspectives.

Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings	Significant positions concurrently held	Reasons for appointment as an outside Audit & Supervisory Board member
Chikami Tsubaki	Meetings of the Board of Directors: Attended all 15 meetings; all 13 Audit & Supervisory Board meetings	Certified Public Accountant Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (Outside Auditor) Director (Outside Director), Audit & Supervisory Committee Member of Seiko Epson Corporation	With her experience and specialized knowledge as a certified public accountant, the Company determined she possesses an aptitude for duties as an outside Audit & Supervisory Board member.
Haruo Kasama	Meetings of the Board of Directors: Attended all 15 meetings; all 13 Audit & Supervisory Board meetings	Attorney at law Audit & Supervisory Board Member of SUMITOMO CORPORATION (Outside Auditor) Audit & Supervisory Board Member of Kewpie Corporation (Outside Auditor)	With his experience and specialized knowledge as an attorney at law, the Company determined that he possesses an aptitude for duties as an outside Audit & Supervisory Board member.
Naoki Yanagida	Meetings of the Board of Directors: Attended all 15 meetings; all 13 Audit & Supervisory Board meetings	Attorney at law Outside Director Audit and Supervisory committee of Alpine Electronics, Inc. Corporate Auditor of YKK CORPORATION (Outside Auditor)	With his experience and specialized knowledge as an attorney at law, the Company determined that he possesses an aptitude for duties as an outside Audit & Supervisory Board member.

Policies on Decisions Pertaining to Compensation of Officers

Compensation of directors, executive officers, and Audit & Supervisory Board members shall in the case of compensation of directors and executive officers be determined by the Board of Directors after consultation with the Nomination and Compensation Committee, and in the case of compensation of Audit & Supervisory Board members be determined through discussion between the

Audit & Supervisory Board members, in accordance with the policies on decisions pertaining to compensation for officers.

1. Basic Policy

Compensation of directors and executive officers shall be in the form of a compensation structure that gives them continuous

incentive toward improving the Company's performance and contributes to improving corporate value over the long term, and shall be a level of compensation that enables recruiting of superiors as indicated in items (2) and (3) below. Objectiveness and transparency will be achieved by determining the specific level after deliberation by the Nomination and Compensation Committee composed primarily by outside members.

In principle, the same structure shall be used for the structure of compensation of directors and executive officers of subsidiaries.

Compensation of Audit & Supervisory Board members shall be in the form of a compensation structure and level that is consistent with their duties and responsibilities, while taking into consideration their independence.

2. Compensation of Directors

Compensation of directors shall consist of basic compensation and stock compensation-type stock options.

Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount depending on whether the person is an outside or internal director, or does or does not have authority to represent the Company.

Performance-linked compensation shall be determined in accordance with the performance of the Company, and shall be determined using the benchmarks of adjusted consolidated profit, net income for the period (consolidated), and the rate of increase or decrease in net assets per share.

Stock compensation-type stock options shall be awarded in order to increase the link between compensation and increases in corporate value over the long term.

Nevertheless, stock compensation-type stock options and

performance-linked compensation will not be paid to outside directors.

Compensation as a director and compensation as an executive officer shall be totaled and paid together to those directors who are serving concurrently as executive officers.

3. Compensation of Executive Officers

Compensation of executive officers shall consist of basic compensation and stock compensation-type stock options.

Basic compensation shall consist of monthly compensation and performance-linked compensation. Monthly compensation shall be determined at a fixed amount based on the position of the executive officer. Performance-linked compensation shall be determined in accordance with corporate performance and individual performance. Corporate performance-linked compensation shall be determined using the benchmarks of adjusted consolidated profit, net income for the period (consolidated), and the rate of increase or decrease in net assets per share. Individual performance-linked compensation shall be determined in accordance with the performance evaluation of executive officers.

Stock compensation-type stock options shall be awarded in order to increase the link between compensation and increases in corporate value over the long term.

4. Compensation of Audit & Supervisory Board Members

Compensation of Audit & Supervisory Board members shall be determined at a fixed amount through discussion between the Audit & Supervisory Board members, depending on whether the Audit & Supervisory Board member is full-time or part-time.

Compensation Amounts of Directors and Audit & Supervisory Board Members

Category	Number of Officers for Payment	Total Compensation, Etc.	Total Amount per Type of Compensation	
			Basic Compensation	Stock Compensation-Type Stock Options
Directors	13	¥323 million	¥273 million	¥49 million
Audit & Supervisory Board Members	5	¥102 million	¥102 million	—
Total	18	¥426 million	¥376 million	¥49 million

Notes: 1. The number of officers for payment includes one director who resigned as of March 31, 2015.

2. Total compensation, etc., and total amount per type of compensation, etc., include compensation, etc., of one director who resigned as of March 31, 2015.

3. The total amount of compensation, etc., of directors includes ¥217 million as compensation of executive officers for directors who are serving concurrently as executive officers (¥177 million in basic compensation and ¥39 million in stock compensation-type stock options). The compensation of executive officers is being paid to a total of eight persons.

4. Basic compensation of directors includes ¥46 million as performance-linked compensation based on the performance of the previous fiscal year.

5. The amount of reserve for performance-linked compensation based on the performance of the current fiscal year is ¥39 million.

6. Officers who receive compensation, etc., of ¥100 million or more in total from the Company and its consolidated subsidiaries are listed as follows.

Name	Officer Category	Company Category	Total Amount Per Type of Compensation		Total Amount of Consolidated Compensation, etc.
			Basic Compensation	Stock Compensation-Type Stock Options	
Masaya Futamiya	Director	The Company	¥14 million	¥1 million	¥100 million
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥65 million	¥18 million	
Kengo Sakurada	Director	The Company	¥71 million	¥18 million	¥104 million
	Director	Sompo Japan Nipponkoa Insurance Inc.	¥13 million	¥1 million	

7. The maximum amounts of compensation determined by resolutions of the General Meeting of Stockholders are as set out below.

Category	Maximum Amount of Compensation
Directors	<ul style="list-style-type: none"> Basic compensation No more than ¥400 million per year (of which the amount to outside directors shall be no more than ¥100 million per year) Stock compensation-type stock options No more than ¥100 million per year <p>In each case, the amount of compensation, etc., of directors does not include the portion paid as employee salary to directors serving concurrently as employees.</p>
Audit & Supervisory Board Members	<ul style="list-style-type: none"> Basic compensation No more than ¥110 million per year

Policy on Cross-Shareholdings

The Company's subsidiary Sampo Japan Nipponkoa Insurance Inc. engages in cross-shareholdings for the purposes of receiving investment returns in the forms of dividend income and share price appreciation, fortifying relations with insurance sales channels and business partners, and maintaining and strengthening transactional relationships regarding insurance with corporate clients.

The Board of Directors annually examines the rationale for continuing to maintain major cross-shareholding accounts. These examinations consider the future value of the shares based on the cross-shareholding objectives, such as expanding insurance transactions and strengthening alliances, review the long-term

outlooks for unrealized gains from value appreciation and the share value, and set quantitative risk and return assessment benchmarks for the associated insurance transactions and share values.

As part of the Group's capital policy, the Company implements a management policy of allocating a portion of the capital buffer realized from the continuous selling of cross-shareholdings to growth business investment, such as overseas M&A, to support the maintenance of financial soundness and improve capital efficiency. These activities are conducted in accordance with the medium-term and annual retention and disposal plans for cross-shareholdings established by the Board of Directors.

Internal Controls

The Company's Basic Policy on Internal Controls is based on relevant laws and regulations as well as the Group Management Philosophy and was established for the purpose of ensuring that the Group's business operations are appropriately performed and that corporate governance is continually reinforced and qualitatively improved. This policy serves as the basis for the following nine systems. Based on this policy, the Company continuously seeks to monitor and verify the Group's control systems and works to improve related structures. In addition, the Internal Control Committee has been established as an advisory body to the Board of Directors. This committee inspects the status of the fulfillment of functions of the Group's internal control system based on events occurring both inside and outside of the Group, and otherwise works to strengthen internal control systems.

1. System for Ensuring Proper Conduct of Operations of the Group
2. System for Ensuring Execution of Duties of Directors, Executive Officers, and Employees in Compliance with Applicable Laws and the Company's Articles of Incorporation
3. Strategic Risk Management Frameworks
4. System to Ensure Effective and Accurate Execution of Duties
5. System for Ensuring the Financial Soundness and Adequacy of Financial Reporting
6. System for Ensuring Appropriate Information Disclosure
7. System for Retention and Management of Information Related to Directors and Executive Officers' Performance of Their Duties
8. System to Ensure Internal Audits' Effectiveness
9. System Related to Audit & Supervisory Board Members' Audits

Internal and External Audits and Inspections

Audits of the Company are carried out by Audit & Supervisory Board members, internal audit divisions, and external auditing firms.

Types of Internal and External Audits and Inspections

Internal audits include audits by Audit & Supervisory Board members mandated by the Companies Act, and internal audits by internal auditing divisions.

External audits include accounting based on the Companies Act and the Financial Instruments and Exchange Act as well as internal control audits based on the Financial Instruments and Exchange Act. Both of these audits are performed by an external auditing firm (Ernst & Young ShinNihon LLC).

In addition, the Company undergoes inspections by the Inspection Bureau of the Financial Services Agency as mandated by the Insurance Business Act.

Internal Audits

The Company has formulated the Sampo Japan Nipponkoa Group Basic Policy on Internal Audits. Based on this policy, the Company and domestic insurance Group companies establish internal audit divisions with sufficiently ensured independence. The internal audit divisions of each company construct internal audit plans and verify the appropriateness, effectiveness, and efficiency of their company's management activities. If any issues are uncovered, the divisions provide instructions or offer advice and conduct follow-up activities to monitor improvements. Reports based on these issues are also submitted to the respective company's board of directors. The Company's internal audit division makes reports to the Board of Directors with regard to any major issues that arose during internal audits at other Group companies.

Management Members

Directors		(As of July 1, 2016)	
Job Title Name (Date of Birth)	Summarized Resume	Responsibilities	
 <p>Group CEO Representative Director, President and Executive Officer Kengo Sakurada (Feb. 11, 1956)</p>	<p>Apr. 1978 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Jul. 2005 Executive Officer, General Manager, Financial Institutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2007 Managing Executive Officer of Sompo Japan Jun. 2007 Director, Managing Executive Officer of Sompo Japan Apr. 2010 Director, Managing Executive Officer of the Company Jul. 2010 Director, Executive Officer of the Company Representative Director, President and Chief Executive Officer of Sompo Japan Jun. 2011 Director of the Company Apr. 2012 Representative Director, President and Executive Officer of the Company Sep. 2014 Representative Director, Chairman and Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Representative Director, Chairman of Sompo Japan Nipponkoa Jul. 2015 Group CEO, Representative Director, President and Executive Officer of the Company (current position) Director, Chairman of Sompo Japan Nipponkoa Apr. 2016 Director of Sompo Japan Nipponkoa (current position)</p>	<p>Overall management of the Group's operations (Chief Executive Officer)</p>	
 <p>Representative Director, Deputy President and Senior Managing Executive Officer Group CFO (Chief Financial Officer) Shinji Tsuji (Dec. 10, 1956)</p>	<p>Apr. 1979 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Customer Service Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2009 Managing Executive Officer of Sompo Japan Jun. 2011 Director, Managing Executive Officer of the Company Apr. 2012 Director, Senior Managing Executive Officer of the Company Apr. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of the Company (current position) Apr. 2016 Director of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (current position)</p>	<p>Investment Management Department, Accounting Department, Internal Audit Department (assistant)</p>	
 <p>Director, Senior Managing Executive Officer Overseas Insurance Business Owner (General Manager, China & East Asia Regional Headquarters) Shigeru Ehara (Dec. 18, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2011 Executive Officer, General Manager, Commercial Risk Solutions Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2013 Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Managing Executive Officer of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Jun. 2013 Director, Executive Officer of the Company Apr. 2014 Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of NIPPONKOA Sep. 2014 Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of the Company Director, Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Dec. 2014 Director, Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa Jan. 2016 Director, Managing Executive Officer, General Manager, Global Business Planning Department of the Company Director, Managing Executive Officer, General Manager, Global Business Planning Department of Sompo Japan Nipponkoa Apr. 2016 Director, Senior Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of the Company (current position) Director, Senior Managing Executive Officer, General Manager, China & East Asia Regional Headquarters of Sompo Japan Nipponkoa (current position)</p>	<p>Global Business Planning Department, Global Reinsurance Department, China & East Asia Regional Headquarters</p>	
 <p>Director, Managing Executive Officer Shoji Ito (Jan. 20, 1960)</p>	<p>Apr. 1984 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2013 Executive Officer, General Manager, Chiba Branch of Sompo Japan Insurance Inc. ("Sompo Japan") Executive Officer, Branch General Manager, Chiba Branch of NIPPONKOA Insurance Company, Limited Oct. 2013 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Sep. 2014 Executive Officer, Branch General Manager, Chiba Branch of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2015 Director, Managing Executive Officer of the Company (current position)</p>	<p>Assistant to the President</p>	

Directors (As of July 1, 2016)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Director, Managing Executive Officer Group CRO (Chief Risk Officer) Masato Fujikura (Sep. 26, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2012 Executive Officer, General Manager, Reinsurance Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2013 Executive Officer, General Manager, Reinsurance Department of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Apr. 2014 Managing Executive Officer, General Manager, The Americas Regional Headquarters of Sompo Japan Managing Executive Officer, General Manager, The Americas Regional Headquarters of NIPPONKOA Sep. 2014 Executive Officer, General Manager, The Americas Regional Headquarters of the Company Managing Executive Officer, General Manager, The Americas Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Managing Executive Officer, General Manager, The Americas Regional Headquarters of the Company Apr. 2016 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2016 Director, Managing Executive Officer of the Company (current position)</p>	<p>Global Business Management Department, Corporate Legal Department, Risk Management Department</p>
 <p>Director, Managing Executive Officer Koichi Yoshikawa (Feb. 23, 1963)</p>	<p>Apr. 1985 Joined Koa Fire & Marine Insurance Co., Ltd. Apr. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Insurance Inc. ("Sompo Japan") Executive Officer, General Manager, Corporate Marketing Department VII of NIPPONKOA Insurance Company, Limited ("NIPPONKOA") Sep. 2014 Executive Officer, General Manager, Corporate Marketing Department VII of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Managing Executive Officer of the Company Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Jun. 2016 Director, Managing Executive Officer of the Company (current position)</p>	<p>Internal Control Department, Internal Audit Department</p>
 <p>Director, Executive Officer Nursing Care & Healthcare Business Owner Miki Okumura (Nov. 23, 1965)</p>	<p>Apr. 1989 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2006 Joined FinTech Global Incorporated Dec. 2007 Member of the Board, Head of Investment Banking Division of FinTech Global Incorporated Apr. 2015 Executive Officer, General Manager, Corporate Planning Department of the Company Apr. 2016 Executive Officer of the Company Jun. 2016 Director, Executive Officer of the Company (current position) Jul. 2016 Representative Director and President of Sompo Care Inc. (current position)</p>	<p>Nursing Care & Healthcare Business Department</p>
 <p>Director Domestic P&C Insurance Business Owner Keiji Nishizawa (Feb. 11, 1958)</p>	<p>Apr. 1980 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Business Planning & Development Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2010 Managing Executive Officer of Sompo Japan Jun. 2010 Director, Managing Executive Officer of Sompo Japan Oct. 2011 Director, Managing Executive Officer, General Manager, Automobile Underwriting Department of Sompo Japan Nov. 2011 Director, Managing Executive Officer of Sompo Japan Jun. 2012 Director, Executive Officer of the Company Apr. 2013 Director, Senior Managing Executive Officer of Sompo Japan Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Apr. 2014 Representative Director, Senior Managing Executive Officer of Sompo Japan Sep. 2014 Representative Director, Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Director, Deputy President and Senior Managing Executive Officer of the Company Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Oct. 2015 Director, Deputy President and Senior Managing Executive Officer, General Manager, New Business Development Department of the Company Jan. 2016 Director, Deputy President and Senior Managing Executive Officer of the Company Apr. 2016 Director of the Company (current position) Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa (current position)</p>	<p>Assistant to President</p>

Directors

(As of July 1, 2016)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	<p>Director Domestic Life Insurance Business Owner Kaoru Takahashi (May 13, 1956)</p>	<p>Apr. 1979 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2008 Executive Officer, General Manager, Human Resources Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2010 Managing Executive Officer of Sompo Japan Jun. 2010 Director, Managing Executive Officer of Sompo Japan Director of Sompo Japan Himawari Life Insurance Co., Ltd. Apr. 2012 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Apr. 2013 Deputy President and Senior Managing Executive Officer of NIPPONKOA Insurance Company, Limited Sep. 2014 Representative Director, Deputy President and Senior Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. Apr. 2015 Representative Director, President and Chief Executive Officer of Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (current position) Jun. 2015 Director of the Company (current position) Mar. 2016 Director of Hulic Co., Ltd. (current position)</p>	<p>Assistant to President</p>
	<p>Outside Director Sawako Nohara (Jan. 16, 1958)</p>	<p>Dec. 1988 Joined LIFE SCIENCE LABORATORIES, LTD. Jul. 1995 Joined InfoCom Research, Inc. Apr. 1996 Senior Researcher of InfoCom Research, Inc. Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc. Dec. 2000 Director of IPSe Marketing, Inc. Dec. 2001 President of IPSe Marketing, Inc. (current position) Jun. 2006 Member of the Board of NEC Corporation Nov. 2009 Project Professor of the Graduate School of Media and Governance, Keio University (current position) Jun. 2012 Audit & Supervisory Board Member of Sompo Japan Insurance Inc. Jun. 2013 Director of the Company (current position) Jun. 2014 Member of the Board of Nissha Printing Co., Ltd. (current position) Director of JAPAN POST BANK Co., Ltd. (current position)</p>	
	<p>Outside Director Isao Endo (May 8, 1956)</p>	<p>Apr. 1979 Jointed Mitsubishi Electric Corporation Oct. 1988 Jointed The Boston Consulting Group Inc. Oct. 1992 Jointed Andersen Consulting Oct. 1996 Partner of Andersen Consulting Sep. 1997 Partner and Director of Booz Allen Hamilton May 2000 Managing Partner of Roland Berger Ltd. Apr. 2006 Chairman of Roland Berger Ltd. (current position) Professor of the Graduate School of Commerce, Waseda University May 2011 Director of Ryohin Keikaku Co., Ltd. (current position) Mar. 2013 Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. (current position) Jun. 2014 Director of the Company (current position) Director of Nisshin Steel Co., Ltd. (current position)</p>	
	<p>Outside Director Tamami Murata (Jan. 18, 1960)</p>	<p>Apr. 1988 Admitted to the Japanese Bar Aug. 2001 Attorney at law at Murata Law Office (current position) Apr. 2008 Executive Vice President of Daini Tokyo Bar Association Jun. 2014 Director of the Company (current position)</p>	

Directors (As of July 1, 2016)

Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
 <p>Outside Director Scott Trevor Davis (Dec. 26, 1960)</p>	<p>Apr. 2001 Professor of the International Business Administration Department, the International School of Economics and Business Administration of Reitaku University</p> <p>May 2004 Director of Ito-Yokado Co., Ltd.</p> <p>Sep. 2005 Director of Seven & i Holdings Co., Ltd. (current position)</p> <p>Mar. 2006 Audit & Supervisory Board Member of Nissen Co., Ltd.</p> <p>Apr. 2006 Professor of the Department of Global Business, College of Business, Rikkyo University (current position)</p> <p>Mar. 2011 Member of the Board of Bridgestone Corporation (current position)</p> <p>Jun. 2014 Director of the Company (current position)</p>	

Note: Ms. Sawako Nohara, Mr. Isao Endo, Ms. Tamami Murata, and Mr. Scott Trevor Davis meet the requirements of an "independent director" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

Executive Officers (As of July 1, 2016)

Job Title Name	Summarized Resume	Responsibilities
<p>Group CEO, Representative Director, President and Executive Officer</p> <p>Kengo Sakurada</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Representative Director, Deputy President and Senior Managing Executive Officer</p> <p>Group CFO (Chief Financial Officer)</p> <p>Shinji Tsuji</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Director, Senior Managing Executive Officer</p> <p>Overseas Insurance Business Owner</p> <p>(General Manager, China & East Asia Regional Headquarters)</p> <p>Shigeru Ehara</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Director, Managing Executive Officer</p> <p>Shoji Ito</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Director, Managing Executive Officer</p> <p>Group CRO (Chief Risk Officer)</p> <p>Masato Fujikura</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Director, Managing Executive Officer</p> <p>Koichi Yoshikawa</p>	Please refer to the summarized resume in the "Directors" section.	
<p>Director, Executive Officer</p> <p>Nursing Care & Healthcare Business Owner</p> <p>Mikio Okumura</p>	Please refer to the summarized resume in the "Directors" section.	
 <p>Managing Executive Officer</p> <p>(General Manager, Europe & South America Regional Headquarters)</p> <p>Junichi Tanaka (May 9, 1961)</p>	<p>Apr. 1984 Joined The Yasuda Fire & Marine Insurance Co., Ltd.</p> <p>Apr. 2014 Executive Officer, General Manager, Global Business Planning Department of the Company</p> <p>General Manager, Global Business Planning Department of Sampo Japan Insurance Inc.</p> <p>General Manager, Global Business Planning Department of Nipponkoa Insurance Co., Ltd.</p> <p>Sep. 2014 Executive Officer, General Manager, Global Business Planning Department of Sampo Japan Nipponkoa Insurance Inc. ("Sampo Japan Nipponkoa")</p> <p>Dec. 2014 Executive Officer, General Manager, Global Business Planning Department and China & East Asia Regional Headquarters of the Company</p> <p>Executive Officer, General Manager, Global Business Planning Department and China & East Asia Regional Headquarters of Sampo Japan Nipponkoa</p> <p>Oct. 2015 Executive Officer, General Manager, Global Business Planning Department, China & East Asia Regional Headquarters and Europe Regional Headquarters of the Company</p> <p>Executive Officer, General Manager, Global Business Planning Department, China & East Asia Regional Headquarters and Europe Regional Headquarters of Sampo Japan Nipponkoa</p> <p>Jan. 2016 Executive Officer, General Manager, Europe Regional Headquarters and China & East Asia Regional Headquarters of the Company</p> <p>Executive Officer, General Manager, Europe Regional Headquarters and China & East Asia Regional Headquarters of Sampo Japan Nipponkoa</p> <p>Apr. 2016 Managing Executive Officer, General Manager, Europe & South America Regional Headquarters of the Company (current position)</p> <p>Managing Executive Officer, General Manager, Europe & South America Regional Headquarters of Sampo Japan Nipponkoa (current position)</p>	Europe & South America Regional Headquarters

Executive Officers

(As of July 1, 2016)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	Managing Executive Officer (General Manager, South Asia & Pacific Regional Headquarters) Nobuhiro Kojima (Apr. 20, 1960)	Apr. 1985 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2014 Executive Officer, General Manager, Corporate Planning Department of the Company Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Insurance Inc. Executive Officer, General Manager, Corporate Planning Department of Nipponkoa Insurance Co., Ltd. Sep. 2014 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Executive Officer, General Manager, South Asia & Pacific Regional Headquarters of the Company Executive Officer, General Manager, South Asia & Pacific Regional Headquarters of Sompo Japan Nipponkoa Apr. 2016 Managing Executive Officer, General Manager, South Asia & Pacific Regional Headquarters of the Company (current position) Managing Executive Officer, General Manager, South Asia & Pacific Regional Headquarters of Sompo Japan Nipponkoa (current position)	South Asia & Pacific Regional Headquarters
	Managing Executive Officer Yasuhiro Tamura (Oct. 24, 1958)	Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2011 Executive Officer, General Manager, Corporate Communications Department of Sompo Japan Insurance Inc. ("Sompo Japan") Apr. 2012 Managing Executive Officer, General Manager, Kanagawa Regional Headquarters of Sompo Japan Apr. 2013 Managing Executive Officer, General Manager, Kanagawa Regional Headquarters of Nipponkoa Insurance Co., Ltd. Apr. 2014 Managing Executive Officer, General Manager, Chubu Regional Headquarters of Sompo Japan Sep. 2014 Managing Executive Officer, General Manager, Chubu Regional Headquarters of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2015 Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position) Apr. 2016 Managing Executive Officer of the Company (current position)	Corporate Communications Department, Corporate Social Responsibility Department
	Managing Executive Officer Group CIO (Chief Information Officer) Shinichi Urakawa (Apr. 28, 1961)	Apr. 1984 Joined IBM Japan, Ltd. Dec. 2013 Executive Officer of Sompo Japan Insurance Inc. (leave of absence) Executive Officer of Nipponkoa Insurance Co., Ltd. (leave of absence) Director, Deputy President, Executive Officer of NKSJ Systems, Inc. Sep. 2014 Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") (leave of absence) Representative Director, President and Executive Officer of Sompo Japan Nipponkoa Systems, Inc. (current position) Oct. 2015 Representative Director, President and Executive Officer of SOMPO System Innovations, Inc. (current position) Apr. 2016 Managing Executive Officer of the Company (current position) Director, Managing Executive Officer of Sompo Japan Nipponkoa (current position)	IT Strategy Planning Department
	Executive Officer (General Manager, Human Capital Department) Satoshi Kasai (Dec. 22, 1962)	Apr. 1985 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2015 Executive Officer, General Manager, Human Capital Department of the Company (current position) Executive Officer, General Manager, Human Capital Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	Human Capital Department, Secretarial Department
	Executive Officer Nigel Frudd (Oct. 4, 1958)	Nov. 1981 Admitted to the British Bar May 2014 Director of Canopus Group Limited (currently Sompo Canopus AG) (current position) Jun. 2015 Executive Officer of the Company (current position)	Overseas M&A

Executive Officers (As of July 1, 2016)

	Job Title Name (Date of Birth)	Summarized Resume	Responsibilities
	Executive Officer (General Manager, Accounting Department) Hidenori Hanada (Aug. 15, 1958)	Apr. 1981 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Accounting Department of the Company (current position) Executive Officer, General Manager, Accounting Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	
	Executive Officer (General Manager, North America Regional Headquarters) Atsushi Mizuguchi (Apr. 2, 1962)	Apr. 1985 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2015 Executive Officer, General Manager, Energy Industry Department of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Executive Officer, General Manager, North America Regional Headquarters of the Company (current position) Executive Officer, General Manager, North America Regional Headquarters of Sompo Japan Nipponkoa (current position)	North America Regional Headquarters
	Executive Officer (General Manager, Corporate Communications Department) Kiyoshi Aoki (Feb. 2, 1964)	Apr. 1987 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Corporate Communications Department of the Company (current position) Executive Officer, General Manager, Corporate Communications Department of Sompo Japan Nipponkoa Insurance Inc. (current position)	
	Executive Officer (General Manager, Office of Group CEO) Masahiro Hamada (Dec. 18, 1964)	Apr. 1988 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2016 Executive Officer, General Manager, Office of Group CEO of the Company (current position)	Office of Group CEO Group Business Management Office
	Executive Officer Group CDO (Chief Digital Officer) Koichi Narasaki (Jan. 4, 1958)	Apr. 1981 Joined Mitsubishi Corporation Jul. 2000 Joined Lineo, Inc. (UT, U.S.A.) Dec. 2002 Joined ACCESS CO., LTD. ("ACCESS") Apr. 2005 Executive Officer of ACCESS Feb. 2007 CEO of IP Infusion, Inc. (CA, U.S.A) (on loan) Apr. 2009 Director of ACCESS Oct. 2011 Vice President, COO of ACCESS Jun. 2012 Chairman of IP Infusion, Inc. Oct. 2014 CEO of UBIP Oct. 2015 President & COO of Midokura Group May 2016 Executive Officer of the Company (current position) Executive Officer of Sompo Japan Nipponkoa Insurance Inc. (current position)	Digital Strategy Planning Department

Audit & Supervisory Board Members

(As of July 1, 2016)

Job Title Name (Date of Birth)	Summarized Resume
 <p>Audit & Supervisory Board Member (Full-Time) Toshiyuki Takata (Jul. 6, 1957)</p>	<p>Apr. 1980 Joined The Nippon Fire & Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of the Company Apr. 2011 Director of SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. Jun. 2012 Director, Managing Executive Officer of the Company Jun. 2014 Audit & Supervisory Board Member of the Company (current position)</p>
 <p>Audit & Supervisory Board Member (Full-Time) Masaki Hanawa (Feb. 16, 1958)</p>	<p>Apr. 1981 Joined The Yasuda Fire & Marine Insurance Co., Ltd. Apr. 2010 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Insurance Inc. ("Sompo Japan") Jan. 2011 Executive Officer, General Manager, Corporate Planning Department & Service Quality Management and Enhancement Department of Sompo Japan Apr. 2011 Executive Officer, General Manager, Corporate Planning Department of Sompo Japan Apr. 2012 Managing Executive Officer of Sompo Japan Apr. 2013 Managing Executive Officer of NIPPONKOA Insurance Company, Limited Apr. 2014 Director, Managing Executive Officer of Sompo Japan Sep. 2014 Director, Managing Executive Officer of Sompo Japan Nipponkoa Insurance Inc. ("Sompo Japan Nipponkoa") Apr. 2016 Senior Advisor of Sompo Japan Nipponkoa Jun. 2016 Audit & Supervisory Board Member of the Company (current position)</p>
 <p>Outside Audit & Supervisory Board Member Chikami Tsubaki (Aug. 6, 1947)</p>	<p>Apr. 1970 Joined EBARA-Infilco Co., Ltd. May 1975 Joined Asahi & Co. Mar. 1979 Registered as Certified Public Accountant Jul. 1999 Managing Director of Asahi & Co. Jul. 2004 Chief Executive of the Japanese Institute of Certified Public Accountants Jun. 2013 Audit & Supervisory Board Member of the Company (current position) Jun. 2014 Statutory Auditor of HEIWA REAL ESTATE CO., LTD. (current position) Jun. 2016 Director, Audit & Supervisory Committee Member of Seiko Epson Corporation (current position)</p>
 <p>Outside Audit & Supervisory Board Member Haruo Kasama (Jan. 2, 1948)</p>	<p>Apr. 1974 Public Prosecutor, Tokyo District Public Prosecutors Office Sep. 1999 Manager of Special Investigation Team, Tokyo District Public Prosecutors Office Jun. 2001 Chief Public Prosecutor, Kofu District Public Prosecutors Office Oct. 2002 Deputy Chief Public Prosecutor of Tokyo District Public Prosecutors Office Jun. 2005 Deputy Chief Public Prosecutor, Tokyo High Public Prosecutors Office Jun. 2006 Director-General Criminal Affairs Department of Supreme Public Prosecutors Office Oct. 2007 Deputy Prosecutor-General of Supreme Public Prosecutors Office Jan. 2009 Superintendent Public Prosecutor of Hiroshima High Prosecutors Office Jun. 2010 Superintendent Public Prosecutor of Tokyo High Prosecutors Office Dec. 2010 Prosecutor-General Oct. 2012 Admitted to the Japanese Bar Attorney at law at Kasama Law Office (current position) Jun. 2013 Director of Japan Post Holdings Co., Ltd. Audit & Supervisory Board Member of SUMITOMO CORPORATION (current position) Audit & Supervisory Board Member of the Company (current position) Feb. 2014 Audit & Supervisory Board Member of Kewpie Corporation (current position)</p>
 <p>Outside Audit & Supervisory Board Member Naoki Yanagida (Feb. 27, 1960)</p>	<p>Apr. 1987 Admitted to the Japanese Bar Attorney at law at The Law Offices of Yanagida & Nomura (currently Yanagida & Partners) (current position) Jun. 2004 Audit & Supervisory Board Member of Nippon Paper Industries Co., Ltd. Audit & Supervisory Board Member of Nippon Unipack Holdings Co., Ltd. Jun. 2014 Outside Audit & Supervisory Board Member of Alpine Electronics, Inc. Audit & Supervisory Board Member of the Company (current position) Jun. 2016 Outside Director, Audit and Supervisory committee of Alpine Electronics, Inc. (current position) Corporate Auditor of YKK CORPORATION (current position)</p>

Note: Ms. Chikami Tsubaki, Mr. Haruo Kasama, and Mr. Naoki Yanagida meet the requirements of an "independent auditor" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

The Group aims to be a corporate group trusted by society by providing customers with the highest-quality services and absolute peace of mind. To this end, the Group conducts appropriate corporate activities in compliance with laws, other applicable rules, societal norms, and corporate ethics, based on a constant recognition of the public mission and social responsibility of insurance and financial services businesses.

Sompo Japan Nipponkoa Group's Commitment to Compliance

1. Compliance System

(1) Internal Control Department

Internal Control Department has been established to oversee the promotion of compliance, and the Group is advancing effective compliance measures through coordination among Sompo Japan Nipponkoa, Sompo Japan Himawari Life Insurance, and other Group companies.

(2) Compliance Committee

Compliance Committee has been established to improve the effectiveness of compliance systems by deliberating on and checking related matters, such as the development of systems and implementation of measures by Group companies.

Members of the committee include directors and department heads from the Company as well as compliance department heads from insurance companies in the Group. This committee works to improve the effectiveness of Group-wide compliance activities by sharing up-to-date information and extending effective initiatives undertaken by individual companies across the Group.

2. Group Compliance Promotion Measures

(1) Formulation of Basic Policies and Code of Conduct

The Group has formulated the Sompo Japan Nipponkoa Group Basic Policy on Compliance (<http://www.sompo-hd.com/en/company/compliance/approach/>) and the Sompo Japan

Nipponkoa Group Compliance Code of Conduct (<http://www.sompo-hd.com/en/company/compliance/approach/>) as common Group policies. In line with these policies, all Group executives and employees now recognize compliance as a basic requirement for the administration of business operations, and they are working to implement effective compliance measures.

(2) Promotion of Compliance through Compliance Programs

Each of the insurance companies in the Group works to resolve issues by formulating compliance programs for each business year. The Company monitors initiatives through these companies, including the progress made, and gives instructions for improvement whenever necessary.

The Company also shares information about initiatives being undertaken by Group insurance companies with Group subsidiaries to facilitate the resolution of compliance issues to support the development of the best practices.

(3) Responding to Serious Breaches

A system has been established requiring any Group company affected by serious compliance-related problems, including serious breaches, to report the matter to the Company. In such cases, the entire Group will work together to implement countermeasures based on multiple perspectives and to maximize the effectiveness of customer-related actions and initiatives designed to prevent recurrences.

Sompo Japan Nipponkoa Group Basic Policy on Compliance

The Sompo Japan Nipponkoa Group Basic Policy on Compliance (<http://www.sompo-hd.com/en/company/compliance/approach/>) serves as the framework for the five policies described. The Company and Group companies shall establish a compliance system in accordance with these policies.

1. Continually express a commitment to compliance-based management
2. Comply with all applicable laws and regulations and act in accordance with societal norms and corporate ethics
3. Establish systems to ensure the proper conduct of business
4. Identify problems promptly and resolve them organizationally
5. Disclose information proactively and impartially

Stance toward Organized Crime Forces

The Company seeks to continually earn the trust of society and maintain sound corporate management and has established the Sampo Japan Nipponkoa Group Basic Policy on Response to Organized Crime Forces, which stipulates maintaining an absolutely uncompromising stance on undue claims and other activities by organized crime forces that disrupt or threaten the safety of civil society, rejecting all overtures, and blocking all relations with organized crime forces.

1. Organized response
2. Preventing relations with organized crime forces
3. Prohibition of under-the-table transactions and the provision of funds
4. Cooperation with external specialist institutions
5. Civil and criminal legal response as needed

Management of Conflict-of-Interest Transactions

The Company has established the Sampo Japan Nipponkoa Group Basic Policy on Managing Conflict-of-Interest Transactions to furnish an appropriate and legally sound management system

for preventing harm to customers' interests through transactions by Group financial institutions that have the potential to create conflicts of interest.

Protection of Customer Information

The Sampo Japan Nipponkoa Group Basic Policy on the Establishment and Maintenance of Customer Information Management System has been set forth to ensure appropriate management of customer information and in compliance with the Act on the Protection of Personal Information and other relevant legislation. Based on this policy, the Company and Group companies institute

customer information management systems and train employees. We have also formulated the Sampo Japan Nipponkoa Group Privacy Policy and the Sampo Japan Nipponkoa Group Declaration on the Protection of Customer Information, both of which have been made available on the Company's corporate website (available in Japanese only).

The Group has established a basic disclosure policy and strives to disclose information in an appropriate and timely manner to ensure that its various stakeholders, including customers, shareholders, and other investors, have a correct understanding of the Sampo Holdings Group's management and other initiatives.

Corporate Website

The Company's corporate website is a source of corporate data as well as information on Group businesses, topics of interest to shareholders and other investors, and CSR activities. We also post timely news releases on this website. The English version of the website provides a variety of information for people overseas.

Corporate website:
<http://www.sampo-hd.com/en/>



Integrated Report

The Company publishes integrated reports (such as this report) that contain easy-to-understand explanations of the Sampo Holdings Group, management policies, and performance. We also

provide English-language annual reports. These integrated reports and annual reports are available in their entirety on our corporate website.

Regular Investor Briefings for Investors and Analysts

The Company holds regular investor briefings for investors and analysts. Presentation materials used in these briefings are made available for all interested parties on the Company's corporate website.

IR meetings are held twice annually with the Group CEO, the CFO, and other members of senior management in attendance, in principle, and include presentations and question and answer sessions.

The Company arranges for other members of senior management, including the Group CEO, to visit and engage in dialogue with overseas investors several times a year.

In Japan, the CFO and the executive officer of the Corporate Planning Department, who oversees IR activities, arrange for dialogue with shareholders as needed.

These dialogues enable the Company to explain its management policies and other topics in a timely manner while also allowing senior management to receive feedback on shareholder interests and concerns, which contributes to forming management strategy and executing operations.



IR meeting held on May 26, 2016

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Segment Overview (Unaudited)

Domestic P&C Insurance Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	392,860	15.97%	2.55%	407,786	16.38%	3.80%
Marine insurance	51,881	2.11	1.31	51,072	2.05	(1.56)
Personal accident insurance	295,162	12.00	3.99	277,820	11.16	(5.88)
Voluntary automobile insurance	1,074,162	43.67	3.35	1,107,136	44.46	3.07
Compulsory automobile liability insurance	324,060	13.17	(0.59)	316,107	12.70	(2.45)
Others	321,698	13.08	5.96	330,012	13.25	2.58
Total	2,459,825	100.00	3.05	2,489,936	100.00	1.22
Deposits of premiums by policyholders	144,213	5.86	2.32	120,312	4.83	(16.57)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	324,280	14.62%	13.64%	331,295	14.66%	2.16%
Marine insurance	52,554	2.37	15.06	51,202	2.27	(2.57)
Personal accident insurance	187,842	8.47	0.12	186,814	8.27	(0.55)
Voluntary automobile insurance	1,074,893	48.47	3.26	1,106,217	48.96	2.91
Compulsory automobile liability insurance	305,869	13.79	2.33	307,233	13.60	0.45
Others	272,384	12.28	6.21	276,826	12.25	1.63
Total	2,217,825	100.00	4.86	2,259,590	100.00	1.88

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	224,790	16.96%	26.11%	218,924	16.71%	(2.61)%
Marine insurance	28,774	2.17	12.74	32,727	2.50	13.74
Personal accident insurance	103,481	7.81	(0.32)	101,937	7.78	(1.49)
Voluntary automobile insurance	598,410	45.14	1.25	587,544	44.85	(1.82)
Compulsory automobile liability insurance	226,331	17.07	(1.10)	226,799	17.31	0.21
Others	143,908	10.86	13.00	142,113	10.85	(1.25)
Total	1,325,697	100.00	5.65	1,310,046	100.00	(1.18)

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Investment assets

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Deposits	331,500	4.73%	330,872	4.98%
Receivables under resale agreements	71,985	1.03	77,998	1.17
Monetary receivables bought	14,234	0.20	11,383	0.17
Money trusts	111,162	1.59	114,639	1.72
Securities	5,007,561	71.46	4,602,074	69.23
Loans	567,641	8.10	571,924	8.60
Land & buildings	300,968	4.29	287,818	4.33
Total investment assets	6,405,054	91.40	5,996,711	90.21
Total net assets	7,007,807	100.00	6,647,546	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Securities

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,194,177	23.85%	1,193,033	25.92%
Municipal bonds	18,248	0.36	10,396	0.23
Corporate bonds	511,495	10.21	538,543	11.70
Domestic stocks	1,810,840	36.16	1,453,816	31.59
Foreign securities	1,425,223	28.46	1,340,006	29.12
Others	47,576	0.95	66,277	1.44
Total	5,007,561	100.00	4,602,074	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2015, Others primarily comprised security investment trust beneficiary securities amounting to 35,786 million yen.
As of March 31, 2016, Others primarily comprised security investment trust beneficiary securities amounting to 55,720 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	51	258,502	0.02%	16	224,155	0.01%
Call loans	62	97,423	0.06	49	65,157	0.08
Receivables under resale agreements	95	111,723	0.09	84	124,841	0.07
Monetary receivables bought	316	14,488	2.19	258	11,832	2.18
Money trusts	2,013	82,517	2.44	2,692	107,964	2.49
Securities	96,123	3,663,410	2.62	95,971	3,650,754	2.63
Loans	7,169	565,892	1.27	6,742	575,691	1.17
Land & buildings	3,996	305,243	1.31	4,032	300,325	1.34
Subtotal	109,829	5,099,202	2.15	109,847	5,060,723	2.17
Others	1,059			1,040		
Total	110,888			110,887		

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in consolidated statements of income.
- Average amounts under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	1,743	258,502	0.67%	(1,092)	224,155	(0.49)%
Call loans	62	97,423	0.06	49	65,157	0.08
Receivables under resale agreements	95	111,723	0.09	84	124,841	0.07
Monetary receivables bought	316	14,488	2.19	258	11,832	2.18
Money trusts	6,149	82,517	7.45	5,714	107,964	5.29
Securities	159,630	3,663,410	4.36	140,857	3,650,754	3.86
Loans	7,218	565,892	1.28	5,623	575,691	0.98
Land & buildings	3,996	305,243	1.31	4,032	300,325	1.34
Derivatives	(4,841)			5,369		
Others	8,419			(2,909)		
Total	182,790	5,099,202	3.58	157,988	5,060,723	3.12

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amounts (acquisition cost basis) under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

7. Foreign investments

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	820,440	53.63%	806,783	55.45%
Foreign stocks	208,305	13.62	205,040	14.09
Others	315,032	20.59	275,112	18.91
Subtotal	1,343,778	87.84	1,286,936	88.45
Yen-dominated securities				
Loan for non-resident	3,700	0.24	3,700	0.25
Foreign bonds	92,253	6.03	87,731	6.03
Others	90,133	5.89	76,577	5.26
Subtotal	186,086	12.16	168,008	11.55
Total	1,529,865	100.00	1,454,945	100.00
Yield on foreign investments				
Income yield		3.73%		3.11%
Realized yield		5.28		4.50

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2015, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 284,323 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 52,192 million yen.
As of March 31, 2016, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 240,722 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 49,028 million yen.

Domestic Life Insurance Business

1. Total amount of business in force

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Personal insurance	20,768,556	0.52%	21,374,862	2.92%
Personal annuities	274,547	(2.38)	267,331	(2.63)
Group insurance	3,114,385	(0.89)	2,828,963	(9.16)
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of personal 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.

2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Personal insurance	2,389,324	2,389,324	—	2,234,761	2,234,761	—
Personal annuities	5,121	5,121	—	5,551	5,551	—
Group insurance	16,867	16,867	—	35,284	35,284	—
Group annuities	—	—	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of new business and net increase on conversion for personal annuities represent annuity fund at the beginning of annuity payment.

3. Investment assets

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Deposits	34,017	1.49%	44,935	1.84%
Securities	2,156,590	94.22	2,304,020	94.45
Loans	36,414	1.59	37,406	1.53
Land & buildings	540	0.02	463	0.02
Total investment assets	2,227,562	97.32	2,386,826	97.84
Total net assets	2,288,824	100.00	2,439,535	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

4. Securities

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,591,411	73.79%	1,686,654	73.20%
Municipal bonds	60,013	2.78	56,593	2.46
Corporate bonds	318,222	14.76	313,589	13.61
Domestic stocks	7,886	0.37	6,996	0.30
Foreign securities	179,055	8.30	240,186	10.42
Total	2,156,590	100.00	2,304,020	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

5. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	24,935	—%	—	31,313	—%
Call loans	7	11,268	0.07	6	9,952	0.06
Securities	36,591	2,010,400	1.82	38,938	2,136,164	1.82
Loans	1,149	36,071	3.19	1,113	36,776	3.03
Land & buildings	—	579	—	—	507	—
Subtotal	37,748	2,083,255	1.81	40,058	2,214,713	1.81
Others	—			—		
Total	37,748			40,058		

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amounts under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculation of call loans is based on average balances (acquisition costs or amortization costs) at the end of each day.

(2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	0	24,935	0.00%	0	31,313	0.00%
Call loans	7	11,268	0.07	6	9,952	0.06
Securities	37,376	2,010,400	1.86	41,618	2,136,164	1.95
Loans	1,149	36,071	3.19	1,113	36,776	3.03
Land & buildings	—	579	—	—	507	—
Derivatives	(250)			(545)		
Others	(39)			(54)		
Total	38,244	2,083,255	1.84	42,138	2,214,713	1.90

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amounts (acquisition cost basis) under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculation of call loans is based on average balances (acquisition costs or amortization costs) at the end of each day.

6. Foreign investments

(Millions of yen)

	As of March 31, 2015		As of March 31, 2016	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	145,577	84.18%	216,405	92.17%
Others	58	0.03	102	0.04
Subtotal	145,635	84.22	216,507	92.22
Yen-dominated securities				
Foreign bonds	27,291	15.78	18,276	7.78
Subtotal	27,291	15.78	18,276	7.78
Total	172,926	100.00	234,784	100.00
Yield on foreign investments				
Income yield		2.19%		2.22%
Realized yield		2.17		2.62

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign loans and investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign loans and investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- Others in foreign currency dominated securities is entirely attributable to deposits.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	290,206	88.42%	292,602	0.83%

Note) Figures are amounts before the elimination of internal transactions between segments.

(Reference) Overview of Entire Business

1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	485,286	17.38%	11.66%	495,770	17.65%	2.16%
Marine insurance	89,043	3.19	22.94	89,383	3.18	0.38
Personal accident insurance	302,679	10.84	5.17	285,927	10.18	(5.53)
Voluntary automobile insurance	1,177,575	42.17	6.24	1,199,227	42.68	1.84
Compulsory automobile liability insurance	324,060	11.61	(0.59)	316,107	11.25	(2.45)
Others	413,496	14.81	15.79	423,147	15.06	2.33
Total	2,792,142	100.00	7.96	2,809,564	100.00	0.62
Deposits of premiums by policyholders	144,213	5.16	2.32	120,312	4.28	(16.57)

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.

2. Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving type insurance policies)

2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	396,516	15.81%	27.33%	407,817	15.98%	2.85%
Marine insurance	83,102	3.31	41.93	85,905	3.37	3.37
Personal accident insurance	195,249	7.78	2.36	194,287	7.61	(0.49)
Voluntary automobile insurance	1,178,030	46.97	6.31	1,197,795	46.93	1.68
Compulsory automobile liability insurance	305,869	12.20	2.33	307,233	12.04	0.45
Others	349,263	13.93	15.95	359,154	14.07	2.83
Total	2,508,031	100.00	10.54	2,552,193	100.00	1.76

Note) Figures are amounts before the elimination of internal transactions between segments.

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)			Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	271,685	17.74%	47.14%	251,172	17.18%	(7.55)%
Marine insurance	46,853	3.06	49.18	48,401	3.31	3.30
Personal accident insurance	116,753	7.62	11.40	105,649	7.23	(9.51)
Voluntary automobile insurance	671,759	43.87	7.18	639,232	43.73	(4.84)
Compulsory automobile liability insurance	226,331	14.78	(1.10)	226,799	15.52	0.21
Others	197,837	12.92	21.52	190,410	13.03	(3.75)
Total	1,531,221	100.00	14.33	1,461,666	100.00	(4.54)

Note) Figures are amounts before the elimination of internal transactions between segments.



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Independent Auditor's Report

The Board of Directors
Sompo Japan Nipponkoa Holdings, Inc.

We have audited the accompanying consolidated financial statements of Sompo Japan Nipponkoa Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sompo Japan Nipponkoa Holdings, Inc. and its consolidated subsidiaries as of March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 29, 2016

Consolidated Financial Statements

Consolidated Balance Sheet

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2015		As of March 31, 2016		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	523,465	5.11%	550,571	5.40%	27,105
Receivables under resale agreements		71,985	0.70	77,998	0.77	6,013
Monetary receivables bought		14,234	0.14	11,383	0.11	(2,850)
Money trusts		111,293	1.09	114,770	1.13	3,477
Securities	*3, *5, *6	7,682,930	74.93	7,408,124	72.72	(274,805)
Loans	*4, *8	604,058	5.89	609,808	5.99	5,750
Tangible fixed assets:	*1, *2, *5	343,322	3.35	404,675	3.97	61,352
Land		180,226		174,173		
Buildings		126,407		134,110		
Leased assets		5,225		66,595		
Construction in progress		3,825		1,826		
Other tangible fixed assets		27,637		27,969		
Intangible fixed assets:		100,230	0.98	146,589	1.44	46,359
Software		7,973		8,308		
Goodwill		83,636		113,976		
Other intangible fixed assets		8,620		24,304		
Other assets		795,963	7.76	858,938	8.43	62,975
Net defined benefit asset		315	0.00	719	0.01	403
Deferred tax assets		11,560	0.11	8,639	0.08	(2,920)
Allowance for possible credit losses		(5,928)	(0.06)	(5,474)	(0.05)	454
Total assets		10,253,431	100.00	10,186,746	100.00	(66,685)

Consolidated Balance Sheet (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2015		As of March 31, 2016		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		7,579,309	73.92%	7,644,560	75.04%	65,250
Reserve for outstanding losses and claims		1,264,221		1,244,361		
Underwriting reserves		6,315,087		6,400,198		
Corporate bonds		135,958	1.33	133,675	1.31	(2,283)
Other liabilities	*5	416,340	4.06	501,276	4.92	84,935
Net defined benefit liability		96,854	0.94	124,124	1.22	27,270
Reserve for retirement benefits to directors		64	0.00	114	0.00	50
Reserve for bonus payments		24,567	0.24	27,575	0.27	3,007
Reserve for bonus payments to directors		216	0.00	180	0.00	(36)
Reserves under the special laws:		53,553	0.52	62,487	0.61	8,933
Reserve for price fluctuation		53,553		62,487		
Deferred tax liabilities		116,713	1.14	39,911	0.39	(76,801)
Total liabilities		8,423,578	82.15	8,533,906	83.77	110,327
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.98	100,045	0.98	—
Capital surplus		438,306	4.27	411,086	4.04	(27,220)
Retained earnings		222,682	2.17	364,888	3.58	142,205
Treasury stock		(19,067)	(0.19)	(36,975)	(0.36)	(17,907)
Total shareholders' equity		741,967	7.24	839,045	8.24	97,077
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		1,048,718	10.23	825,912	8.11	(222,806)
Deferred gains and losses on hedges		8,085	0.08	10,510	0.10	2,425
Foreign currency translation adjustments		26,046	0.25	(7,965)	(0.08)	(34,011)
Remeasurements of defined benefit plans		(3,235)	(0.03)	(24,648)	(0.24)	(21,413)
Total accumulated other comprehensive income		1,079,614	10.53	803,808	7.89	(275,805)
Stock acquisition rights		1,550	0.02	1,486	0.01	(63)
Non-controlling interests		6,720	0.07	8,498	0.08	1,778
Total net assets		1,829,852	17.85	1,652,839	16.23	(177,012)
Total liabilities and net assets		10,253,431	100.00	10,186,746	100.00	(66,685)

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,282,343	100.00%	3,256,186	100.00%	(26,157)
Underwriting income:		3,043,075	92.71	3,021,030	92.78	(22,044)
Net premiums written		2,508,031		2,552,193		
Deposits of premiums by policyholders		144,213		120,312		
Interest and dividend income on deposits of premiums, etc.		46,126		45,897		
Life insurance premiums written		277,208		297,696		
Reversal of reserve for outstanding losses and claims		55,789		1,599		
Other underwriting income		11,705		3,330		
Investment income:		213,680	6.51	203,257	6.24	(10,423)
Interest and dividend income		161,246		163,248		
Investment gains on money trusts		6,304		5,838		
Investment gains on trading securities		6,649		3,195		
Gains on sales of securities		66,865		64,804		
Gains on redemption of securities		1,072		373		
Gains on derivatives		—		4,385		
Investment gains on special account		3,261		—		
Other investment income		14,407		7,309		
Transfer of interest and dividend income on deposits of premiums, etc.		(46,126)		(45,897)		
Other ordinary income:		25,588	0.78	31,898	0.98	6,310
Investment gains on the equity method		175		270		
Other ordinary income		25,412		31,628		
Ordinary expenses:		3,074,034	93.65	3,039,332	93.34	(34,701)
Underwriting expenses:		2,581,292	78.64	2,526,649	77.60	(54,643)
Net claims paid		1,531,221		1,461,666		
Loss adjustment expenses	*1	135,161		134,363		
Net commissions and brokerage fees	*1	476,876		489,674		
Maturity refunds to policyholders		293,114		244,766		
Dividends to policyholders		105		79		
Life insurance claims paid and other payments		78,594		80,216		
Provision for underwriting reserves		61,626		108,087		
Other underwriting expenses		4,591		7,793		
Investment expenses:		17,288	0.53	28,212	0.87	10,923
Investment losses on money trusts		163		123		
Losses on sales of securities		1,468		961		
Impairment losses on securities		1,434		19,799		
Losses on redemption of securities		82		90		
Losses on derivatives		11,512		—		
Investment losses on special account		—		822		
Other investment expenses		2,627		6,414		
Operating, general and administrative expenses	*1	465,019	14.17	465,091	14.28	72
Other ordinary expenses:		10,434	0.32	19,379	0.60	8,945
Interest paid		6,067		5,707		
Provision for allowance for possible credit losses		167		224		
Losses on bad debt		9		24		
Other ordinary expenses		4,190		13,422		
Ordinary profit		208,309	6.35	216,853	6.66	8,543

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		1,476	0.04%	14,551	0.45%	13,075
Gains on disposal of fixed assets		1,334		14,490		
Gains on negative goodwill		0		—		
Other extraordinary gains		140		60		
Extraordinary losses:		105,258	3.21	20,075	0.62	(85,183)
Losses on disposal of fixed assets		1,645		4,530		
Impairment losses	*2	5,517		—		
Provision for reserves under the special laws:		9,782		8,933		
Provision for reserve for price fluctuation		9,782		8,933		
Other extraordinary losses	*3	88,314		6,611		
Net income before income taxes		104,527	3.18	211,330	6.49	106,802
Income taxes		14,569		16,989		
Deferred income taxes		34,892		34,081		
Total income taxes		49,461	1.51	51,071	1.57	1,609
Net income		55,066	1.68	160,258	4.92	105,192
Net income attributable to non-controlling interests		790	0.02	677	0.02	(112)
Net income attributable to shareholders of the parent		54,276	1.65	159,581	4.90	105,305

Consolidated Statement of Comprehensive Income

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
		Amount	Amount
Net income		55,066	160,258
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		388,657	(222,958)
Deferred gains and losses on hedges		880	2,425
Foreign currency translation adjustments		31,084	(34,835)
Remeasurements of defined benefit plans		(6,353)	(21,379)
Share of other comprehensive income of affiliates accounted for under the equity method		149	(200)
Total other comprehensive income	*1	414,419	(276,948)
Comprehensive income		469,485	(116,689)
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		468,399	(116,059)
Comprehensive income attributable to non-controlling interests		1,086	(630)

Consolidated Statement of Changes in Net Assets

Sompo Japan Nipponkoa Holdings, Inc.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,536	188,087	(9,825)	716,845
Cumulative effects of changes in accounting policies			4,665		4,665
Restated balance	100,045	438,536	192,753	(9,825)	721,511
Changes during the period:					
Dividends			(24,578)		(24,578)
Net income attributable to shareholders of the parent			54,276		54,276
Acquisition of treasury stock				(10,050)	(10,050)
Disposal of treasury stock		(230)		808	577
Changes in the scope of consolidation			231		231
Net changes in items other than shareholders' equity					
Total changes during the period	—	(230)	29,928	(9,242)	20,456
Balance at the end of the period	100,045	438,306	222,682	(19,067)	741,967

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,390,153
Cumulative effects of changes in accounting policies								4,665
Restated balance	659,375	7,205	(4,341)	3,120	665,360	1,851	6,096	1,394,819
Changes during the period:								
Dividends								(24,578)
Net income attributable to shareholders of the parent								54,276
Acquisition of treasury stock								(10,050)
Disposal of treasury stock								577
Changes in the scope of consolidation								231
Net changes in items other than shareholders' equity	389,342	880	30,387	(6,355)	414,254	(300)	623	414,577
Total changes during the period	389,342	880	30,387	(6,355)	414,254	(300)	623	435,033
Balance at the end of the period	1,048,718	8,085	26,046	(3,235)	1,079,614	1,550	6,720	1,829,852

Consolidated Statement of Changes in Net Assets (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	438,306	222,682	(19,067)	741,967
Cumulative effects of changes in accounting policies		(27,041)	15,624		(11,417)
Restated balance	100,045	411,265	238,306	(19,067)	730,550
Changes during the period:					
Dividends			(32,487)		(32,487)
Net income attributable to shareholders of the parent			159,581		159,581
Acquisition of treasury stock				(18,555)	(18,555)
Disposal of treasury stock		(162)		647	485
Changes in the scope of consolidation			(511)		(511)
Changes in interest of the parent related to transactions with non-controlling interests		(16)			(16)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(179)	126,581	(17,907)	108,494
Balance at the end of the period	100,045	411,086	364,888	(36,975)	839,045

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	1,048,718	8,085	26,046	(3,235)	1,079,614	1,550	6,720	1,829,852
Cumulative effects of changes in accounting policies			(139)		(139)		1	(11,555)
Restated balance	1,048,718	8,085	25,906	(3,235)	1,079,474	1,550	6,721	1,818,297
Changes during the period:								
Dividends								(32,487)
Net income attributable to shareholders of the parent								159,581
Acquisition of treasury stock								(18,555)
Disposal of treasury stock								485
Changes in the scope of consolidation								(511)
Changes in interest of the parent related to transactions with non-controlling interests								(16)
Net changes in items other than shareholders' equity	(222,806)	2,425	(33,871)	(21,413)	(275,665)	(63)	1,777	(273,951)
Total changes during the period	(222,806)	2,425	(33,871)	(21,413)	(275,665)	(63)	1,777	(165,457)
Balance at the end of the period	825,912	10,510	(7,965)	(24,648)	803,808	1,486	8,498	1,652,839

Consolidated Statement of Cash Flows

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2015 (April 1, 2014 to March 31, 2015)	March 31, 2016 (April 1, 2015 to March 31, 2016)	
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		104,527	211,330	106,802
Depreciation		21,628	20,780	(847)
Impairment losses		5,517	—	(5,517)
Amortization of goodwill		5,697	4,462	(1,234)
Gains on negative goodwill		(0)	—	0
Increase (decrease) in reserve for outstanding losses and claims		(3,668)	7,053	10,721
Increase (decrease) in underwriting reserves		61,820	103,966	42,145
Increase (decrease) in allowance for possible credit losses		561	69	(491)
Increase (decrease) in net defined benefit liability		(1,190)	(2,766)	(1,576)
Increase (decrease) in reserve for retirement benefits to directors		5	5	0
Increase (decrease) in reserve for bonus payments		2,148	1,963	(184)
Increase (decrease) in reserve for bonus payments to directors		30	(36)	(67)
Increase (decrease) in reserve for price fluctuation		9,782	8,933	(848)
Interest and dividend income		(161,246)	(163,248)	(2,001)
Losses (gains) on investment in securities		(64,939)	(44,326)	20,613
Interest expenses		6,067	5,707	(360)
Foreign exchange losses (gains)		(6,791)	(9,747)	(2,955)
Losses (gains) related to tangible fixed assets		310	(9,960)	(10,271)
Losses (gains) related to loans		0	9	8
Investment losses (gains) on the equity method		(175)	(270)	(94)
Decrease (increase) in other assets (other than investing and financing activities)		3,366	(21,815)	(25,181)
Increase (decrease) in other liabilities (other than investing and financing activities)		14,350	5,182	(9,167)
Others		11,591	4,450	(7,141)
Subtotal		9,392	121,746	112,353
Interest and dividend received		163,383	167,291	3,907
Interest paid		(8,059)	(4,988)	3,070
Income taxes paid		(11,945)	(17,616)	(5,671)
Cash flows from operating activities		152,771	266,432	113,660
Cash flows from investing activities:				
Net decrease (increase) in deposits		15,024	(7,626)	(22,650)
Proceeds from sales and redemption of monetary receivables bought		2,715	2,866	151
Increase in money trusts		(71,203)	(17,690)	53,512
Decrease in money trusts		51,993	3,804	(48,189)
Purchase of securities		(1,019,888)	(1,064,410)	(44,521)
Proceeds from sales and redemption of securities		1,127,299	1,006,174	(121,124)
Loans made		(151,740)	(172,186)	(20,445)
Collection of loans		140,259	147,718	7,458
Others		(54,921)	1,009	55,931
Total of investment transactions		39,538	(100,339)	(139,877)

Consolidated Statement of Cash Flows (Continued)

Sompo Japan Nipponkoa Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)
		Amount	Amount	Amount
Total of operating activities and investment transactions as above		192,309	166,092	(26,217)
Acquisition of tangible fixed assets		(19,403)	(15,483)	3,919
Proceeds from sales of tangible fixed assets		3,566	25,350	21,783
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	(97,412)	(61,808)	35,604
Proceeds from sales of stocks of subsidiaries resulting in changes in the scope of consolidation		2,664	—	(2,664)
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		(919)	—	919
Others		(2,410)	(16,962)	(14,551)
Cash flows from investing activities		(74,377)	(169,243)	(94,865)
Cash flows from financing activities:				
Redemption of corporate bonds		(134,396)	(2,293)	132,103
Proceeds from sales of treasury stock		2	64	62
Acquisition of treasury stock		(10,050)	(18,555)	(8,505)
Dividends paid		(24,598)	(32,456)	(7,857)
Dividends paid to non-controlling shareholders		(2)	—	2
Acquisition of stocks of subsidiaries that do not result in changes in the scope of consolidation		—	(48)	(48)
Others		(3,175)	(3,549)	(374)
Cash flows from financing activities		(172,221)	(56,838)	115,382
Effect of exchange rate changes on cash and cash equivalents		8,679	(9,222)	(17,901)
Increase (decrease) in cash and cash equivalents		(85,148)	31,128	116,276
Cash and cash equivalents at the beginning of the period		632,160	545,192	(86,967)
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		—	470	470
Decrease in cash and cash equivalents resulting from exclusion of consolidated subsidiaries		(3,438)	—	3,438
Increase in cash and cash equivalents resulting from merger		1,619	—	(1,619)
Cash and cash equivalents at the end of the period	*1	545,192	576,791	31,598

Notes to the Consolidated Financial Statements

Sompo Japan Nipponkoa Holdings, Inc.

1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 94 companies

Name of major consolidated subsidiaries

Sompo Japan Nipponkoa Insurance Inc.
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
Sompo 24 Insurance Company Limited
Sompo Japan Nipponkoa Insurance Services Inc.
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
Message Co., Ltd.
Sompo Care Next Inc.
Healthcare Frontier Japan Inc.
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.
Sompo Japan Nipponkoa DC Securities Inc.
Sompo America Holdings Inc.
Sompo Japan Insurance Company of America
Sompo Canopus AG
Canopus Managing Agents Limited
Sompo Japan Canopus Reinsurance AG
Canopus US Insurance, Inc.
Sompo Japan Nipponkoa Insurance Company of Europe Limited
Sompo Japan Sigorta Anonim Sirketi
Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.
Tenet Sompo Insurance Pte. Ltd.
Berjaya Sompo Insurance Berhad
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited
Yasuda Marítima Seguros S.A.
Yasuda Marítima Saude Seguros S.A.

Message Co., Ltd. and its 9 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2016 because they became consolidated subsidiaries through the acquisition of shares.

Sompo Care Next Inc. is included in the scope of consolidation during the fiscal year ended March 31, 2016 because it became consolidated subsidiaries through the acquisition of shares. Watami no Kaigo Co., Ltd. changed its name to Sompo Care Next Inc. on December 1, 2015.

Canopus Group Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2016 because the liquidation procedure has been completed on December 22, 2015.

NIPPONKOA Insurance Company (Europe) Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2016 because it has dissolved on August 14, 2015.

Sompo Japan Nipponkoa Holdings (Americas) Inc. changed its name to Sompo America Holdings Inc. on June 4, 2015, and Canopus Reinsurance Limited changed its name to Sompo Japan Canopus Reinsurance AG on November 23, 2015, respectively.

(2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

- Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Corporate Member Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of the Sompo Japan Nipponkoa Group (“SOMPO HOLDINGS”) in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of Sompo Japan Nipponkoa Holdings, Inc. (the “Company”), they are excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method: 2 companies

- Hitachi Capital Insurance Corporation
- Universal Sompo General Insurance Company Limited

(2) The non-consolidated subsidiaries and affiliates (Sompo Japan Nipponkoa Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Corporate Member Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements. Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

4. Accounting policies

(1) Valuation policies and methods for securities

- (a) Trading securities are carried at fair value.
Cost of sale is calculated based on the moving-average method.
- (b) Bonds held to maturity are carried at amortized cost based on the moving-average method.
- (c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).
The outline of risk management policy in relation to policy reserve matching bonds is as follows.
Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.
- (d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.

Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

- (f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

(2) Valuation policies and methods for derivative transactions

Derivative transactions are carried at fair value.

(3) Depreciation methods of significant depreciable assets

(a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) held by the Company and its domestic consolidated subsidiaries is calculated by using the declining-balance method, except for buildings (excluding fixtures attached to buildings) acquired on or after April 1, 1998 whose depreciation is calculated by using the straight-line method.

Depreciation of tangible fixed assets (excluding leased assets) held by the foreign consolidated subsidiaries is mainly calculated by using the straight-line method.

(b) Intangible fixed assets

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

(c) Leased Assets

Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

(4) Accounting policies for significant reserves

(a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

(5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference and prior service costs

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

Prior service costs are mainly amortized by using the straight-line method over certain years (5 years) within the average remaining service years of employees at the time of occurrence.

(6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26, hereafter "Industry Audit Practice Committee Report No. 26").

The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting.

Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

The hedge effectiveness of interest rate swaps based on Industry Audit Practice Committee Report No. 26 is assessed by monitoring the interest rates which impact the calculation of theoretical prices of both insurance liabilities as hedged item and interest rate swaps as hedging instrument which are grouped by each remaining period.

(7) Method and period of amortization of goodwill

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

(8) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

(9) Accounting methods for consumption taxes

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are mainly included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policies)

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, September 13, 2013, the "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, September 13, 2013, the "Consolidation Accounting Standard") and the "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, September 13, 2013, the "Business Divestitures Accounting Standard") effective from the fiscal year ended March 31, 2016. Under these accounting standards, the Company has implemented new accounting methods where differences due to changes in the Company's ownership interests in subsidiaries continuously under control are accounted for as capital surplus and where acquisition-related costs are accounted for as expenses for the fiscal year when the costs incurred. Regarding business combinations occurring at or after the beginning of the fiscal year ended March 31, 2016, the Company has also implemented a new accounting method where the reviewed allocation of acquisition costs due to the finalization of the provisional accounting treatment are reflected in the consolidated financial statements for the accounting period in which business combination occurs. In addition, the Company changed the presentation of net income and other related items, and minority interests are now presented as non-controlling interests. The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in the presentation.

In accordance with the transitional accounting treatments prescribed in paragraph 58-2 (3) of the Business Combinations Accounting Standard, paragraph 44-5 (3) of the Consolidation Accounting Standard and paragraph 57-4 (3) of the Business Divestitures Accounting Standard, the cumulative effect up to the beginning of the fiscal year ended March 31, 2016 by applying retroactively those new accounting standards to all the past years was added, or subtracted from, capital surplus and retained earnings.

As a result, goodwill decreased by 12,160 million yen, capital surplus decreased by 27,041 million yen and retained earnings increased by 15,624 million yen at the beginning of the fiscal year ended March 31, 2016, respectively. In addition, both ordinary profit and net income before income taxes for the fiscal year ended March 31, 2016 increased by 964 million yen.

In the consolidated statement of cash flows for the fiscal year ended March 31, 2016, cash flow regarding acquisition or sales of stocks of subsidiaries that do not result in changes in the scope of consolidation has been classified into cash flows from financing activities. Cash flow regarding expenses arising from acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation or expenses arising from acquisition or sales of stocks of subsidiaries that do not result in changes in the scope of consolidation has been classified into cash flows from operating activities.

Due mainly to reflection of cumulative effects in net assets at the beginning of the fiscal year ended March 31, 2016, capital surplus at the beginning of the period in consolidated statement of changes in net assets decreased by 27,041 million yen and retained earnings at the beginning of the period increased by 15,624 million yen. The impact on per share information is included in the relevant section.

(Accounting standards and guidances issued but not yet effective)

- Accounting Standards Board of Japan Statement No. 26 "Implementation Guidance on Recoverability of Deferred Tax Assets" (March 28, 2016)

(1) Overview

The accounting treatment on recoverability of deferred tax assets still basically follows the framework of the "Auditing Treatment Regarding Judgment of the Recoverability of Deferred Tax Assets" outlined in the Japanese Institute of Certified Public Accountants Industry Audit Committee Statement No. 66, i.e. a framework for estimating deferred tax assets by classifying entities into five categories and calculating the amount according to those categories, but it has made necessary revisions on the following treatments.

- Accounting treatments of entities not satisfying any of the category criteria from (Category 1) to (Category 5).
- Category criteria of (Category 2) and (Category 3).
- Accounting treatments of unscheduled deductible temporary differences for entities in (Category 2).
- Accounting treatments for reasonably estimated period for taxable income before temporary differences for entities in (Category 3).
- Accounting treatments for entities satisfying the category criteria of (Category 4) and also falling in (Category 2) or (Category 3).

(2) Schedule date of adoption

The above revisions are scheduled to be applied from the beginning of the fiscal year ending March 31, 2017.

(3) Effects of application of the Accounting Standards and relevant regulations

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

2. Notes to the Consolidated Balance Sheet

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2015	As of March 31, 2016
414,404	427,809

*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)	
As of March 31, 2015	As of March 31, 2016
20,531	19,585

*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)		
	As of March 31, 2015	As of March 31, 2016
Securities (stocks)	23,524	27,379
Securities (equity interests)	3,370	2,881

***4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.**

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Loans to borrowers in bankruptcy	70	50
Overdue loans	572	404
Loans overdue for three months or more	15	10
Restructured loans	60	—
Total	719	465

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

***5. Pledged assets and secured debts are as follows.**

Pledged assets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Deposits	22,627	25,568
Securities	289,278	260,588
Tangible fixed assets	2,796	9,602
Total	314,701	295,760

Note) The above figures are collateral for the borrowings which are included in other liabilities and securities which are put into as deposited assets for overseas operation and others.

Other than those mentioned above, stocks of subsidiaries and affiliates of 2,794 million yen are pledged as collateral as of March 31, 2015 and 2016, but the entire amount is eliminated for the preparation of the consolidated financial statements.

Secured debts

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Other liabilities (borrowings)	704	7,211
Other liabilities (deposits)	—	96
Total	704	7,308

***6. The amounts of lending securities under loan agreements of securities are as follows.**

(Millions of yen)

As of March 31, 2015	As of March 31, 2016
2,701	81,948

7. Of the securities received as collateral under derivative transactions, those which the Group holds rights to dispose of by sale or provision of collateral at its discretion are as follows.

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Securities which the Group does not dispose of but retains	52,062	39,724

***8. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)

As of March 31, 2015	As of March 31, 2016
9,474	9,189

3. Notes to the Consolidated Statement of Income

*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Agency commissions, etc.	462,356	476,352
Salaries	214,938	226,049

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

*2. Components of impairment losses are as follows.

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Purpose of use	Category	Location	Impairment losses (millions of yen)		
			Land	Buildings	Total
Idle properties	Land and buildings	14 properties, including land and buildings in Kanagawa	4,163	1,087	5,250
Properties for rent	Land and buildings	Land and building in Nagano	162	103	266
Total			4,325	1,191	5,517

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

Concerning properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value. These devaluations are recorded as impairment losses in extraordinary losses. The recoverable value is calculated by using the net selling price. The net selling price is the appraisal value measured by the real estate appraisers.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

None.

*3. Significant items in other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Special premium to be paid out in conjunction with Special Measures for Life Plan Support, etc.	—	6,439
Losses on step acquisitions	—	109
Merger cost of domestic consolidated property and casualty insurance subsidiaries	87,106	—

4. Note to the Consolidated Statement of Comprehensive Income

*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	598,681	(273,262)
Reclassification adjustments	(78,949)	(50,101)
Before tax effects adjustments	519,732	(323,364)
Tax effects	(131,075)	100,406
Unrealized gains and losses on securities available for sale	388,657	(222,958)
Deferred gains and losses on hedges		
The amount occurred during the period	3,627	4,742
Reclassification adjustments	(1,525)	(1,572)
Adjustment on the cost of the assets	(1,143)	70
Before tax effects adjustments	959	3,241
Tax effects	(78)	(816)
Deferred gains and losses on hedges	880	2,425
Foreign currency translation adjustments		
The amount occurred during the period	31,224	(34,974)
Tax effects	(139)	139
Foreign currency translation adjustments	31,084	(34,835)
Remeasurements of defined benefit plans		
The amount occurred during the period	(9,152)	(30,275)
Reclassification adjustments	112	707
Before tax effects adjustments	(9,039)	(29,567)
Tax effects	2,685	8,187
Remeasurements of defined benefit plans	(6,353)	(21,379)
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	198	(176)
Reclassification adjustments	(48)	(23)
Share of other comprehensive income of affiliates accounted for under the equity method	149	(200)
Total other comprehensive income	414,419	(276,948)

5. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	4,068	3,569	322	7,314
Total	4,068	3,569	322	7,314

Notes)

1. Breakdown of increase in treasury stock of common stock of 3,569 thousand shares is as follows.

Increase due to acquisition of treasury stock in accordance with approval by board of directors: 3,552 thousand shares

Increase due to purchase of shares less than a full trading unit: 17 thousand shares

2. Breakdown of decrease in treasury stock of common stock of 322 thousand shares is as follows.

Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 322 thousand shares

Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Japan Nipponkoa Holdings, Inc.	Stock acquisition rights for stock options	1,550
Total		1,550

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 23, 2014	Common stock	12,338	30	March 31, 2014	June 24, 2014
The board of directors' meeting held on November 19, 2014	Common stock	12,240	30	September 30, 2014	December 10, 2014

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2015	Common stock	16,321	Retained earnings	40	March 31, 2015	June 23, 2015

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	—	415,352
Total	415,352	—	—	415,352
Treasury stock				
Common stock	7,314	4,108	232	11,189
Total	7,314	4,108	232	11,189

Notes)

- Breakdown of increase in treasury stock of common stock of 4,108 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval by board of directors: 4,094 thousand shares
Increase due to purchase of shares less than a full trading unit: 13 thousand shares
- Breakdown of decrease in treasury stock of common stock of 232 thousand shares is as follows.
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 231 thousand shares
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Japan Nipponkoa Holdings, Inc.	Stock acquisition rights for stock options	1,486
Total		1,486

3. Dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2015	Common stock	16,321	40	March 31, 2015	June 23, 2015
The board of directors' meeting held on November 18, 2015	Common stock	16,166	40	September 30, 2015	December 9, 2015

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders to be held on June 27, 2016	Common stock	16,166	Retained earnings	40	March 31, 2016	June 28, 2016

6. Notes to the Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Cash and deposits	523,465	550,571
Receivables under resale agreements	71,985	77,998
Securities	7,682,930	7,408,124
Time deposits with original maturities of more than 3 months	(79,415)	(81,874)
Securities other than cash equivalents	(7,653,774)	(7,378,029)
Cash and cash equivalents	545,192	576,791

*2. Main components of assets and liabilities of newly consolidated subsidiaries through the acquisition of shares

The main components of assets and liabilities of a newly consolidated subsidiaries, Sompo Care Next Inc. and Message Co., Ltd. at the commencement of the consolidation are as follows. The following also shows the acquisition cost of the shares and net expenditure for the acquisition of those shares.

(1) Sompo Care Next Inc.

Assets:	83,311	million yen
Tangible fixed assets	60,205	million yen
Goodwill	22,534	million yen
Liabilities:	(85,015)	million yen
Other liabilities	(84,608)	million yen
Acquisition cost of the shares of the subsidiary mentioned above	20,830	million yen
Cash and cash equivalents of the subsidiary mentioned above	(249)	million yen
Net: Expenditure for the acquisition of the subsidiary mentioned above	20,581	million yen

(2) Message Co., Ltd.

Assets:	55,852	million yen
Tangible fixed assets	19,177	million yen
Goodwill	33,055	million yen
Liabilities:	(27,235)	million yen
Other liabilities	(25,859)	million yen
Non-controlling interests	(2,442)	million yen
Acquisition cost until the acquisition of control	(2,302)	million yen
Gains on step acquisitions	109	million yen
Others	25	million yen
Cost for additional acquisition of the shares	57,061	million yen
Cash and cash equivalents of the subsidiary mentioned above	(15,834)	million yen
Net: Expenditure for additional acquisition of the shares mentioned above	41,226	million yen

3. Significant non-cash transactions

None.

4. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

7. Lease Transactions

1. Finance lease transactions

Finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee

(1) Contents of leased assets

Tangible fixed assets

Fiscal year ended March 31, 2016

Leased assets are mainly composed of land and buildings in nursing care business.

(2) Depreciation methods of leased assets

Depreciation methods of leased assets are mentioned in “(3) Depreciation methods of significant depreciable assets” in “4. Accounting policies” in “Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.”

2. Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Due within one year	2,059	15,622
Due after one year	4,544	198,240
Total	6,604	213,863

(Lessor)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Due within one year	633	487
Due after one year	2,964	2,241
Total	3,598	2,728

8. Financial Instruments

1. Overview of financial instruments

(1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

(2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

(3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize Group’s corporate value, as described below.

With the aim of maintaining strategic risk management, the Company’s board of directors has established the “Group Basic Policy on ERM,” which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM promotion committee and others. Moreover, the Risk Management Department was established to promote the Company’s efforts to develop and enhance its risk management systems. Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on Group’s operations, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole Group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each Group member has basic policies and rules on risk management formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

(4) Supplemental explanation about the fair value of financial instruments

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2015

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	523,465	523,465	—
(2) Receivables under resale agreements	71,985	71,985	—
(3) Monetary receivables bought	14,234	14,234	—
(4) Money trusts	111,293	111,293	—
(5) Securities:			
Trading securities	284,672	284,672	—
Bonds held to maturity	1,246,637	1,434,768	188,131
Policy reserve matching bonds	75,497	78,479	2,981
Securities available for sale	5,995,331	5,995,331	—
(6) Loans	604,058		
Allowance for possible credit losses ^(*)	(160)		
	603,897	627,273	23,375
Total assets	8,927,016	9,141,504	214,488
(1) Corporate bonds	135,958	145,181	9,222
Total liabilities	135,958	145,181	9,222
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	[5,110]	[5,110]	—
Hedge accounting is applied to	12,959	12,959	—
Total derivative transactions	7,848	7,848	—

(*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [].

As of March 31, 2016

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	550,571	550,571	—
(2) Receivables under resale agreements	77,998	77,998	—
(3) Monetary receivables bought	11,383	11,383	—
(4) Money trusts	114,770	114,770	—
(5) Securities:			
Trading securities	270,966	270,966	—
Bonds held to maturity	1,223,479	1,558,625	335,145
Policy reserve matching bonds	143,026	168,786	25,760
Securities available for sale	5,693,975	5,693,975	—
(6) Loans	609,808		
Allowance for possible credit losses ^(*)	(102)		
	609,706	630,272	20,565
Total assets	8,695,880	9,077,351	381,471
(1) Corporate bonds	133,675	143,688	10,013
Total liabilities	133,675	143,688	10,013
Derivative transactions ⁽²⁾ :			
Hedge accounting is not applied to	1,665	1,665	—
Hedge accounting is applied to	39,484	39,484	—
Total derivative transactions	41,150	41,150	—

(*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges and others.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Domestic stocks	42,777	46,274
Foreign securities	28,077	21,550
Others	9,057	7,976
Total	79,912	75,802

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in real estate or in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2015

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	516,160	7,281	—	—
Receivables under resale agreements	71,986	—	—	—
Monetary receivables bought	—	1,316	—	11,979
Securities:				
Bonds held to maturity:				
Government bonds	7,500	42,613	97,960	902,283
Municipal bonds	4,365	600	1,000	43,400
Corporate bonds	11,500	48,091	12,700	50,600
Foreign securities	7,833	2,257	540	—
Policy reserve matching bonds:				
Government bonds	—	—	—	70,300
Fixed maturity securities available for sale:				
Government bonds	103,173	357,655	376,548	659,000
Municipal bonds	8,214	4,980	400	12,200
Corporate bonds	83,890	258,065	111,248	220,861
Foreign securities	84,133	445,152	576,536	276,881
Others	1,608	8,293	2,051	271
Loans ^(*)	148,476	276,973	116,703	61,111
Total	1,048,842	1,453,278	1,295,689	2,308,887

(*) 451 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2016

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	547,045	3,447	—	—
Receivables under resale agreements	77,999	—	—	—
Monetary receivables bought	158	1,000	—	9,270
Securities:				
Bonds held to maturity:				
Government bonds	14,400	42,273	98,735	890,448
Municipal bonds	600	—	1,000	43,400
Corporate bonds	14,894	36,197	9,700	55,600
Foreign securities	1,553	1,538	445	—
Policy reserve matching bonds:				
Government bonds	—	—	—	133,300
Fixed maturity securities available for sale:				
Government bonds	90,945	313,450	357,152	681,555
Municipal bonds	1,900	3,580	100	12,100
Corporate bonds	52,948	248,352	82,040	272,416
Foreign securities	84,494	486,646	566,823	294,093
Others	293	13,802	2,696	374
Loans ^(*)	160,697	269,584	123,108	55,832
Total	1,047,929	1,419,871	1,241,802	2,448,391

(*) 368 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings and lease obligations after the consolidated balance sheet date

As of March 31, 2015

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	2,398	—	—	—	—	133,560
Long-term borrowings	66	63	55	46	43	4,359
Lease obligations	2,495	1,743	598	368	143	0
Total	4,960	1,806	654	415	187	137,919

As of March 31, 2016

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	115	—	—	—	—	133,560
Long-term borrowings	1,981	660	3,672	1,820	4,130	472
Lease obligations	5,436	4,167	3,911	3,669	3,340	54,035
Total	7,533	4,827	7,584	5,489	7,470	188,068

9. Securities

1. Trading securities

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrealized gains and losses recognized in the statement of income	3,909	(3,078)

2. Bonds held to maturity

As of March 31, 2015

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,236,030	1,424,142	188,112
	Foreign securities	7,155	7,214	59
	Subtotal	1,243,185	1,431,357	188,172
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	3,452	3,411	(41)
	Subtotal	3,452	3,411	(41)
Total		1,246,637	1,434,768	188,131

As of March 31, 2016

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,219,943	1,555,133	335,190
	Foreign securities	602	615	12
	Subtotal	1,220,545	1,555,749	335,203
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
	Foreign securities	2,933	2,876	(57)
	Subtotal	2,933	2,876	(57)
Total		1,223,479	1,558,625	335,145

3. Policy reserve matching bonds

As of March 31, 2015

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	70,358	73,364	3,005
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,139	5,114	(24)
Total		75,497	78,479	2,981

As of March 31, 2016

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	143,026	168,786	25,760
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—	—
Total		143,026	168,786	25,760

4. Securities available for sale

As of March 31, 2015

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,329,103	2,178,105	150,997
	Domestic stocks	1,741,289	686,530	1,054,758
	Foreign securities	1,634,361	1,398,116	236,244
	Others	35,506	29,656	5,850
	Subtotal	5,740,261	4,292,408	1,447,852
Securities whose carrying amount does not exceed their cost	Domestic bonds	47,169	47,360	(191)
	Domestic stocks	27,709	29,508	(1,798)
	Foreign securities	177,929	183,151	(5,222)
	Others	32,012	32,509	(497)
	Subtotal	284,820	292,530	(7,709)
Total		6,025,081	4,584,939	1,440,142

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

As of March 31, 2016

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,414,908	2,172,318	242,589
	Domestic stocks	1,280,884	526,518	754,365
	Foreign securities	1,422,451	1,260,710	161,741
	Others	42,495	37,836	4,658
	Subtotal	5,160,739	3,997,384	1,163,354
Securities whose carrying amount does not exceed their cost	Domestic bonds	14,959	15,065	(105)
	Domestic stocks	132,327	143,118	(10,791)
	Foreign securities	370,898	387,410	(16,511)
	Others	42,584	42,925	(341)
	Subtotal	560,769	588,518	(27,749)
Total	5,721,508	4,585,903	1,135,604	

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.

2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2015 and 2016

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	212,303	3,036	85
Domestic stocks	90,889	44,633	159
Foreign securities	185,872	16,224	903
Others	0	923	225
Total	489,065	64,817	1,374

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	126,711	2,440	180
Domestic stocks	76,978	45,694	222
Foreign securities	207,002	14,914	542
Others	0	1,227	0
Total	410,692	64,276	945

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2015 and 2016

For the fiscal year ended March 31, 2015, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 842 million yen (domestic stocks: 534 million yen, foreign securities: 307 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 118 million yen (domestic stocks only).

For the fiscal year ended March 31, 2016, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 19,532 million yen (domestic stocks: 15,326 million yen, foreign securities: 1,250 million yen, others: 2,954 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 255 million yen (domestic stocks only).

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

10. Money Trusts

1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrealized gains and losses recognized in the statement of income	1,189	(1,754)

2. Money trusts held to maturity

None.

3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2015

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	101,911	87,703	14,208

As of March 31, 2016

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	108,920	109,866	(946)

4. Money trusts for which impairment losses are recognized during the fiscal year ended March 31, 2015 and 2016

For the fiscal year ended March 31, 2015, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 353 million yen.

For the fiscal year ended March 31, 2016, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,187 million yen.

Basically, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if fair value at the end of the fiscal year declines by 30% or more from their cost.

11. Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount	Fair value		Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	21,203	—	(63)	(63)
Long	13,114	—	84	84
Currency options:				
Short	72,868	—	(5,236)	(5,236)
Long	70,292	—	—	—
Total			(5,215)	(5,215)

Notes) Calculation methods for the fair value

- Forward foreign exchanges
The fair value is calculated by using forward exchange rate.
- Currency options
The fair value is based on the price quoted by counterparties.

As of March 31, 2016

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	35,207	—	1,162	1,162
Long	26,658	—	(269)	(269)
Currency options:				
Short	12,300	—	(7)	159
Long	12,000	—	775	539
Total			1,661	1,592

Notes) Calculation methods for the fair value

1. Forward foreign exchanges
The fair value is calculated by using forward exchange rate.
2. Currency options
The fair value is based on the price quoted by counterparties.

(2) Interest rate derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	14,210	—	(154)	(154)
Total			(154)	(154)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

As of March 31, 2016

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Interest rate futures:				
Short	31,598	25,185	(76)	(76)
Long	25,325	—	(17)	(17)
Total			(94)	(94)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

(3) Equity derivatives

As of March 31, 2015

None.

As of March 31, 2016

(Millions of yen)

	Notional amount			
		Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Equity index futures:				
Short	24,989	—	(16)	(16)
Total			(16)	(16)

Note) Calculation methods for the fair value

The fair value is based on the closing price at major exchanges.

(4) Bond derivatives

As of March 31, 2015

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Bonds futures:					
Short	5,141	—		(5)	(5)
Long	2,032	—		(3)	(3)
Total				(9)	(9)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Bonds futures:					
Short	12,229	—		36	36
Long	59,084	—		(107)	(107)
Total				(70)	(70)

Note) Calculation methods for the fair value
The fair value is based on the closing price at major exchanges.

(5) Others

As of March 31, 2015

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Weather derivatives:					
Short	2,590	342		(62)	11
Earthquake derivatives:					
Short	8,284	10		(16)	262
Long	6,885	6,795		347	(304)
Total				269	(30)

Notes) Calculation methods for the fair value
1. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
2. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2016

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Weather derivatives:					
Short	2,053	162		(75)	33
Earthquake derivatives:					
Short	9,172	10		(25)	280
Long	7,641	7,245		287	(418)
Total				186	(104)

Notes) Calculation methods for the fair value
1. Weather derivatives
The fair value is calculated based on the contract term and other elements of the contract.
2. Earthquake derivatives
The fair value is calculated based on the contract term and other elements of the contract.

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Forward foreign exchanges: Long	Foreign currency forecast transaction	8,138	—	39
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	536,132	—	1,602
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					1,642

Notes) 1. Calculation methods for the fair value

The fair value of forward foreign exchanges is calculated by using forward exchange rate.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Forward foreign exchanges: Short	Foreign currency forecast transaction	39,732	—	1,217
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	666,103	—	24,530
	Currency swaps	Securities available for sale	2,980	2,980	356
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total					26,104

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds in "Financial Instruments."

(2) Interest rate derivatives

As of March 31, 2015

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	11,316
Total					11,316

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2016

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount		Fair value
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	83,000	83,000	13,380
Total					13,380

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

12. Retirement Benefits

1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan Nipponkoa Insurance Inc. which has been consolidated subsidiary provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by the simplified accounting methods.

2. Retirement defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Retirement benefit obligation at the beginning of the period	185,380	200,021
Cumulative effects of changes in accounting policies	(6,733)	—
Restated balance	178,647	200,021
Service cost	8,736	10,830
Interest cost	2,172	1,688
The amount of actuarial difference occurred	22,421	21,713
Retirement benefit paid	(13,452)	(17,367)
The amount of prior service costs occurred	—	1,084
Changes in the scope of consolidation	1,456	2,354
Others	39	(868)
Retirement benefit obligation at the end of the period	200,021	219,456

Note) Retirement benefit expenses for retirement benefit plans under the simplified accounting methods are included in "Service cost."

(2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Plan assets at the beginning of the period	89,806	103,804
Expected return on plan assets	848	701
The amount of actuarial difference occurred	13,346	(7,330)
The amount of employer contributions	484	357
Retirement benefit paid	(2,366)	(2,280)
Changes in the scope of consolidation	1,589	2,311
Others	96	(963)
Plan assets at the end of the period	103,804	96,599

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Funded retirement benefit obligation	191,519	210,217
Plan assets	(103,804)	(96,599)
Unfunded retirement benefit obligation	87,714	113,617
Asset ceiling adjustments	8,502	9,239
Net liabilities and assets on the consolidated balance sheet	321	548
Net defined benefit liability	96,538	123,405
Net defined benefit asset	96,854	124,124
Net defined benefit asset	(315)	(719)
Net liabilities and assets on the consolidated balance sheet	96,538	123,405

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Service cost	8,736	10,830
Interest cost	2,172	1,688
Expected return on plan assets	(848)	(701)
Amortization of actuarial difference	120	561
Amortization of prior services costs	—	216
Others	6	21
Retirement benefit expenses for defined benefit plans	10,187	12,616

Notes)

1. Retirement benefit expenses for retirement benefit plans under simplified accounting methods are included in "Service cost."
2. 6,320 million yen of special premium to be paid out in conjunction with Special Measures for Life Plan Support is recognized as other extraordinary losses in addition to the above retirement benefit expenses during the fiscal year ended March 31, 2016.

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Prior service costs	—	867
Actuarial difference	9,039	28,699
Total	9,039	29,567

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Unrecognized prior service costs	—	867
Unrecognized actuarial difference	4,495	33,265
Total	4,495	34,133

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	(Proportion)	
	As of March 31, 2015	As of March 31, 2016
Bonds	10%	11%
Stocks	65%	60%
Joint investment assets	10%	11%
Life insurance general accounts	4%	6%
Cash and deposits	3%	5%
Others	8%	7%
Total	100%	100%

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		(Proportion)	
		Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Discount rate	Domestic consolidated subsidiaries	0.7% — 1.4%	0.2% — 1.5%
	Foreign consolidated subsidiaries	3.6% — 11.9%	3.7% — 13.2%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0% — 1.5%	0.0% — 1.5%
	Foreign consolidated subsidiaries	3.6% — 11.9%	3.8% — 13.2%

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 5,771 million yen for the fiscal year ended March 31, 2015 and amounts to 5,539 million yen for the fiscal year ended March 31, 2016.

13. Stock Options

1. Recorded amount and account which includes stock option expense

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Operating, general and administrative expenses	410	412

2. Recorded amount on profit resulting from forfeiture of stock options

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Gains on reversal of stock acquisition rights	140	60

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by the Company are as follows.

9th to 16th issue of stock acquisition rights of the Company are stock options transferred from Sompo Japan Insurance Inc. ("Sompo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from NIPPONKOA Insurance Company, Limited ("NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010. 23rd to 28th issue of stock acquisition rights of the Company are stock options granted by the Company.

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
9th issue	Directors and executive officers of Sompo Japan: 11 Others: 34	Common stock: 90,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
10th issue	Directors and executive officers of Sompo Japan: 11 Others: 35	Common stock: 91,250 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2015
11th issue	Directors and executive officers of Sompo Japan: 11 Others: 31	Common stock: 81,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
12th issue	Directors and executive officers of Sompo Japan: 11 Others: 30	Common stock: 79,000 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 28, 2016
13th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 100,750 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
14th issue	Directors and executive officers of Sompo Japan: 17 Others: 24	Common stock: 95,500 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 27, 2017
15th issue	Directors and executive officers of Sompo Japan: 27 Others: 1	Common stock: 74,325 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 11, 2033
16th issue	Directors and executive officers of Sompo Japan: 41 Others: 1	Common stock: 186,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Aug. 10, 2034
17th issue	Directors and executive officers of NIPPONKOA: 5 Others: 7	Common stock: 35,775 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2024
18th issue	Directors and executive officers of NIPPONKOA: 7 Others: 11	Common stock: 50,400 stocks	Apr. 1, 2010	Apr. 1, 2010 – Jun. 29, 2025
19th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 27,675 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 27, 2027
20th issue	Directors and executive officers of NIPPONKOA: 12 Others: 2	Common stock: 30,375 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 17, 2028
21st issue	Directors and executive officers of NIPPONKOA: 16 Others: 3	Common stock: 61,875 stocks	Apr. 1, 2010	Apr. 1, 2010 – Mar. 16, 2029
22nd issue	Directors and executive officers of NIPPONKOA: 21 Others: 3	Common stock: 88,425 stocks	Apr. 1, 2010	Apr. 1, 2010 – Oct. 7, 2029

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
23rd issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 66 The actual number of the persons: 69	Common stock: 349,450 stocks	Aug. 16, 2010	Aug. 17, 2010— Aug. 16, 2035
24th issue	Directors and executive officers of the Company: 8 Directors and executive officers of subsidiaries of the Company: 82 The actual number of the persons: 86	Common stock: 372,300 stocks	Nov. 1, 2011	Nov. 1, 2011— Oct. 31, 2036
25th issue	Directors and executive officers of the Company: 7 Directors and executive officers of subsidiaries of the Company: 87 The actual number of the persons: 90	Common stock: 391,100 stocks	Aug. 14, 2012	Aug. 14, 2012— Aug. 13, 2037
26th issue	Directors and executive officers of the Company: 9 Directors and executive officers of subsidiaries of the Company: 136 The actual number of the persons: 79	Common stock: 195,000 stocks	Aug. 13, 2013	Aug. 13, 2013— Aug. 12, 2038
27th issue	Directors and executive officers of the Company: 11 Directors and executive officers of subsidiaries of the Company: 117 The actual number of the persons: 69	Common stock: 172,900 stocks	Aug. 15, 2014	Aug. 15, 2014— Aug. 14, 2039
28th issue	Directors and executive officers of the Company: 16 Directors and executive officers of subsidiaries of the Company: 61 The actual number of the persons: 63	Common stock: 100,700 stocks	Aug. 17, 2015	Aug. 17, 2015— Aug. 16, 2040

Notes)

1. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares.

The numbers of shares concerning 9th to 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.

2. Stock options are vested on the grant date.

3. Requisite service period is not shown.

4. Concerning 9th to 16th issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by Sampo Japan but who already retired or resigned the position by the grant date by the Company.

Concerning 17th to 22nd issue of stock acquisition rights of the Company, "Others" in the column "Title and number of grantees" represents grantees at the time of grant by NIPPONKOA but who already retired or resigned the position by the grant date by the Company.

Concerning 23rd to 28th issue of stock acquisition rights of the Company, "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors. Since several directors and executive officers of the Company are concurrently served as director/executive officer of the Company or its subsidiaries, the actual number of the persons to whom 23rd to 28th issue of stock acquisition rights of the Company are granted is shown in the table, respectively.

(2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2016 is indicated by converting to number of shares.

(a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2015	Vested	Exercised	Forfeited	March 31, 2016
9th issue of stock acquisition rights of the Company	17,500	—	2,000	15,500	—
10th issue	17,500	—	—	17,500	—
11th issue	22,000	—	—	8,000	14,000
12th issue	22,000	—	—	8,000	14,000
13th issue	45,000	—	—	14,750	30,250
14th issue	42,500	—	13,250	7,250	22,000
15th issue	6,450	—	1,525	—	4,925
16th issue	21,675	—	7,875	—	13,800
17th issue	4,050	—	—	—	4,050
18th issue	11,700	—	7,875	—	3,825
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	6,750	—	—	—	6,750
22nd issue	8,100	—	—	—	8,100
23rd issue	67,000	—	16,050	—	50,950
24th issue	113,200	—	36,100	—	77,100
25th issue	178,900	—	59,600	—	119,300
26th issue	124,800	—	41,600	—	83,200
27th issue	162,500	—	46,100	—	116,400
28th issue	—	100,700	—	—	100,700

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2016 (yen)	Fair value per share on the grant date (yen)
9th issue of stock acquisition rights of the Company	4,592 ^(Note 1)	4,314	— ^(Note 2)
10th issue	6,660 ^(Note 1)	—	— ^(Note 2)
11th issue	6,392 ^(Note 1)	—	1,880 ^(Note 1, 3)
12th issue	6,492 ^(Note 1)	—	2,060 ^(Note 1, 3)
13th issue	6,188 ^(Note 1)	—	1,516 ^(Note 1, 3)
14th issue	3,960 ^(Note 1)	4,529	944 ^(Note 1, 3)
15th issue	1	3,747	3,760 ^(Note 1, 3)
16th issue	1	3,948	2,492 ^(Note 1, 3)
17th issue	1	—	2,384 ^(Note 1)
18th issue	1	3,240	2,384 ^(Note 1)
19th issue	1	—	2,440 ^(Note 1)
20th issue	1	—	2,440 ^(Note 1)
21st issue	1	—	2,440 ^(Note 1)
22nd issue	1	—	2,440 ^(Note 1)
23rd issue	1	3,864	1,808 ^(Note 1)
24th issue	1	3,935	1,372
25th issue	1	3,866	1,328
26th issue	1	3,847	2,296
27th issue	1	3,837	2,403
28th issue	1	—	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.
2. Fair value per share on the grant date is not shown because the stock acquisition rights were issued in accordance with Articles 280-20 and 280-21 of the former Japanese Commercial Code revised in 2001 and transferred to the Company.
3. Fair value per share at the time of grant by Sompo Japan is shown in the table.

4. Method for estimating the fair value per share of stock options

Method for estimating the fair value per share of 28th issue of stock acquisition rights of the Company granted during the fiscal year ended March 31, 2016 is as follows. The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from Sompo Japan to the Company (9th to 16th issue of stock acquisition rights of the Company). The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

(1) Model to calculate the option price per share

The Black-Scholes model

(2) The main basic numerical values used in calculation and estimation method

	28th issue of stock acquisition rights of the Company
Volatility ^(Note 1)	32.59 %
Expected remaining period ^(Note 2)	3 years
Expected dividends ^(Note 3)	70 yen
Risk-free interest rate ^(Note 4)	0.006 %

Notes)

1. The volatility is calculated based on the closing price in the regular trading of common stock of the Company on each trading day from August 15, 2012 to August 14, 2015.
2. The expected remaining period is calculated based on the average terms in position until retirement under the historical data of Sompo Japan Nipponkoa Insurance Inc. and Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
3. The expected dividends are calculated based on the dividends for the fiscal year ended March 31, 2015.
4. The risk-free interest rate is based on the interest rates of Japanese government bonds with a maturity that corresponds to the expected remaining period.

5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

14. Tax Effect Accounting

1. Main components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2015	As of March 31, 2016
Deferred tax assets:		
Underwriting reserves	194,405	177,539
Reserve for outstanding losses and claims	43,309	37,505
Net defined benefit liability	27,917	34,762
Impairment losses on securities and real estate	37,171	34,666
Intangible fixed assets for tax purposes	36,868	32,903
Others	88,999	79,090
Subtotal	428,671	396,468
Valuation allowance	(63,783)	(61,559)
Total deferred tax assets	364,888	334,908
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(448,735)	(344,255)
Unrealized gains and losses on consolidated subsidiaries	(11,027)	(10,610)
Others	(10,278)	(11,315)
Total deferred tax liabilities	(470,041)	(366,181)
Net deferred tax liabilities	(105,152)	(31,272)

2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

	(%)	
	As of March 31, 2015	As of March 31, 2016
Japanese statutory income tax rate	35.6	33.1
(Reconciliation)		
Non-taxable revenue such as dividends received	(8.8)	(17.5)
Combined income of specified foreign subsidiaries or the like	2.0	6.2
Effect of changes in the tax rate	19.0	3.5
Difference in tax rate from consolidated subsidiaries	(4.9)	(3.4)
Increase of valuation allowance	1.5	1.6
Others	2.9	0.7
Effective tax rate after the application of tax effect accounting	47.3	24.2

3. Revisions of deferred tax assets and deferred tax liabilities following changes in the corporate tax rate, etc.

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 15, 2016) was passed by the Diet on March 29, 2016, which stipulates a reduction in the corporate tax rate to be enforced from the fiscal year beginning on or after April 1, 2016.

Accordingly, the effective statutory income tax rate to calculate deferred tax assets and liabilities has been changed from previous 28.8%. The rate for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2016 and April 1, 2017 is 28.2%, whereas the rate for temporary differences expected to be reversed in the fiscal year beginning April 1, 2018 onwards is 27.9%.

As a result of this change in the corporate tax rate, the net amount of deferred tax liabilities (net of deferred tax assets) decreased by 2,108 million yen, underwriting reserves decreased by 547 million yen, deferred income taxes increased by 7,575 million yen and net income attributable to shareholders of the parent decreased by 7,029 million yen.

15. Business Combination

1. Business combination through acquisitions

(1) Summary of business combination

(a) Name of acquiree

Watami no Kaigo Co., Ltd.

(b) Business type of acquiree

Pay nursing homes with long-term care business; residential pay nursing homes business; day service business; home-visit care (home assistance service) business; home-visit nursing care business; in-home care support business; serviced rental housing for the elderly business

(c) Major reason for business combination

The management philosophy of Sampo Japan Nipponkoa Group (“SOMPO HOLDINGS”) is to provide services of the highest quality that contribute to the security, health and wellbeing of its customers, and thereby contribute to the society as a whole. SOMPO HOLDINGS has been proactively working to expand into various business sector based on the insurance sector, and its goal is to always be the best customer service provider both at home and abroad.

At present, the Japanese nursing care service market is expected to dramatically expand due to the increasing aging population. According to the future estimates issued by the Ministry of Health, Labour and Welfare, the population aged 75 and above, which comprises the main users of nursing care services, is expected to increase from 15.9 million in 2014 to more than 20 million in 2025. Especially, it is predicted that the elderly population in Tokyo and other metropolitan areas will increase rapidly, with an increasing demand for nursing care services.

Based on such social background, SOMPO HOLDINGS has been focusing on the nursing care sector and has accumulated know-how on the nursing care business by consolidating Cedar Co., Ltd. as its related company in 2012 and by entering into capital and business alliance with Message Co., Ltd. in March 2015. SOMPO HOLDINGS decided to make a full-scale entry into the operation of nursing care business by acquisition of all shares of Watami no Kaigo Co., Ltd. (“Watami no Kaigo”).

Watami no Kaigo operates one hundred and eleven (111) pay nursing homes with long-term care that are mainly located in Tokyo metropolitan area (as of end of March 2015). For the future, SOMPO HOLDINGS intends to provide Watami no Kaigo’s nursing care services that place importance on the dignity and independent living of the elderly and meals that values daily health and pleasure, together with the staffs of Watami no Kaigo, so that we can attain higher customer satisfaction.

SOMPO HOLDINGS will strive to build a new business model that contributes to the higher “security, health and wellbeing” in the nursing care business by leveraging its management resources and know-how obtained through SOMPO HOLDINGS’ extensive network and group businesses, and will provide comprehensive services that fulfill various nursing care demands.

In Japan, which is now entering into a “super-aged society” unprecedented anywhere else in the world, SOMPO HOLDINGS will further enhance and accelerate its efforts in nursing care businesses and will provide nursing care services of the highest quality possible to many more elderly and their families in order to realize Japan as a happy country of longevity which we can be proud of in the world.

(d) Date of business combination

December 1, 2015

(e) Legal form of business combination

Acquisition of shares by cash

(f) Name of the entity after business combination

Sampo Care Next Inc.

(g) Percentage of voting rights acquired

100.0%

(h) Major reason for determination of the acquirer

The Company was determined as the acquirer because the Company acquired shares of Watami no Kaigo by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

From January 1, 2016 to March 31, 2016

(3) Sorts and amounts of the acquisition cost

Sorts of cost	Cash	20,830 million yen
Acquisition cost		20,830 million yen

(4) Contents and amounts of major acquisition-related costs

Advisory fee and others	279 million yen
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(5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

(a) Amount of goodwill

22,534 million yen

(b) Reason for recognizing goodwill

The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.

(c) Method and period of amortization

Straight-line amortization over 15 years

(6) Amounts of assets acquired and liabilities assumed on the day of business combination

Total assets:	83,311 million yen
Tangible fixed assets:	60,205 million yen
Total liabilities:	85,015 million yen
Other liabilities:	84,608 million yen

(7) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year

Ordinary income:	26,870 million yen
Ordinary profit:	(2,192) million yen
Net income attributable to shareholders of the parent:	(2,372) million yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

2. Business combination through acquisitions

(1) Summary of business combination

(a) Name of acquiree

Message Co., Ltd.

(b) Business type of acquiree

In-home service business, rental, administration and operation of residences for the elderly, and management of fee-based homes for the elderly, etc. pursuant to the Long-Term Care Insurance Act

(c) Major reason for business combination

The Company has been accumulating experiences in the nursing care business, utilizing the management resources and know-how of SOMPO HOLDINGS. The Company came to believe that it would be important to strengthen business initiatives in the promising nursing care service market and acquire a top class position in the nursing care sector promptly through expansion of business size, enhanced operational efficiency and improved service quality. The Company decided to acquire the shares of Message Co., Ltd. ("Message") which was a very competitive service provider in terms of business size as well as a corporation with comprehensive nursing care services, including a broad range of both facility-based services and at-home services, available to meet various needs of customers.

Making Message a consolidated subsidiary of the Company through the transactions would make it possible to directly invest the management resource and know-how of the Company, which is accumulated through the wide network and various group activities of SOMPO HOLDINGS, into Message and thereby promoting business in the nursing care market as one group.

(d) Date of business combination

March 7, 2016

(e) Legal form of business combination

Acquisition of shares by cash

(f) Name of the entity after business combination

Message Co., Ltd.

(g) Percentage of voting rights acquired

Percentage of voting rights held prior to the business combination	3.5%
Percentage of additional voting rights acquired on the date of business combination	91.1%
Percentage of voting rights held after the business combination	94.6%

(h) Major reason for determination of the acquirer

The Company was determined as the acquirer because the Company acquired shares of Message by cash.

(2) The period of financial result of the acquiree included in the consolidated financial statements

As the deemed acquisition date is March 31, 2016, financial result of the acquiree prior to the deemed acquisition date is not included.

(3) Sorts and amounts of the acquisition cost

Sorts of cost	Fair value of common stock of Message held before the business combination	2,193 million yen
	Cash paid for the additional voting rights acquired	57,061 million yen
Acquisition cost		59,254 million yen

(4) Contents and amounts of major acquisition-related costs

Advisory fee and others	220 million yen
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(5) Difference between acquisition cost of the acquiree and total acquisition cost of individual transactions leading to acquisition

Losses on step acquisitions	109 million yen
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(6) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

- (a) Amount of goodwill
33,055 million yen
- (b) Reason for recognizing goodwill
The acquisition cost exceeded the net amounts of assets acquired and liabilities assumed.
- (c) Method and period of amortization
Straight-line amortization over 10 years

(7) Amounts of assets acquired and liabilities assumed on the day of business combination

Total assets:	55,852 million yen
Tangible fixed assets:	19,177 million yen
Total liabilities:	27,235 million yen
Other liabilities:	25,859 million yen

(8) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2016, assuming that the business combination was completed on the commencement date of the fiscal year

Ordinary income:	78,918 million yen
Ordinary profit:	3,058 million yen
Net income attributable to shareholders of the parent:	854 million yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of ordinary income, ordinary profit and net income attributable to shareholders of the parent based on the assumption that the business combination was completed on the commencement date of the fiscal year and their corresponding amounts in the consolidated statement of income of the acquirer. Goodwill recognized at business combination has been amortized based on the assumption that this goodwill was incurred on the commencement date of the fiscal year.

Please note that this note is unaudited.

16. Segment Information

Segment information

1. Summary of reportable segments

The reportable segment of the Company is the component of the SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Domestic life insurance business" and "Overseas insurance business" are determined as the reportable segments. The Company, nursing care and healthcare business, asset management business and defined-contribution pension business and other services that are not covered by the reportable segments are included in "Others." The major companies which constitute the reportable segments and "Others" are described below.

"Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas.

		Major companies
Reportable segments		
	Domestic P&C insurance business	Sompo Japan Nipponkoa Insurance Inc. SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED Sompo 24 Insurance Company Limited
	Domestic life insurance business	Sompo Japan Nipponkoa Himawari Life Insurance, Inc.
	Overseas insurance business	Sompo Japan Insurance Company of America Sompo Canopus AG Sompo Japan Sigorta Anonim Sirketi Yasuda Maritima Seguros S.A.
Others		Sompo Japan Nipponkoa Holdings, Inc. Message Co., Ltd. (Note 1) Sompo Care Next Inc. (Note 2) Healthcare Frontier Japan Inc. Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Japan Nipponkoa DC Securities Inc.

Notes)

1. Message Co., Ltd. and its 9 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2016 because they became consolidated subsidiaries through the acquisition of shares. As the deemed acquisition date is March 31, 2016, result of operations are not included in the segment information.
2. Sompo Care Next Inc. is included in the scope of consolidation during the fiscal year ended March 31, 2016 because it became consolidated subsidiaries through the acquisition of shares. Result of operations of Sompo Care Next Inc. from January 1, 2016 to March 31, 2016 are included in the segment information.

2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements.” Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

(Application of accounting standard for business combinations)

As described in “Changes in Accounting Policies” the Company has implemented new accounting methods where differences due to changes in the Company’s ownership interests in subsidiaries continuously under control are accounted for as capital surplus and where acquisition-related costs are accounted for as expenses for the fiscal year when the costs incurred.

Accordingly, regarding segment income for the fiscal year ended March 31, 2016 for “Domestic P&C insurance business” segment is increased by 9 million yen, for “Domestic life insurance business” segment is increased by 1,262 million yen and for “Overseas insurance business” segment is increased by 206 million yen, respectively, and for “Others” segment is decreased by 487 million yen, compared with the amounts calculated under the previous method.

3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales ^(Note 1) :								
Sales from transactions with external customers	2,217,825	272,945	294,469	2,785,240	11,904	2,797,144	485,199	3,282,343
Sales from internal transactions or transfers among segments	—	—	—	—	4,767	4,767	(4,767)	—
Total	2,217,825	272,945	294,469	2,785,240	16,671	2,801,911	480,432	3,282,343
Segment income (loss)	31,521	6,992	14,007	52,520	1,755	54,276	—	54,276
Segment assets	7,007,807	2,288,824	943,369	10,240,001	13,430	10,253,431	—	10,253,431
Other items:								
Depreciation	17,619	1,373	2,537	21,530	97	21,628	—	21,628
Amortization of goodwill	132	1,872	3,692	5,697	—	5,697	—	5,697
Interest and dividend income	109,676	37,748	14,602	162,026	21	162,047	(800)	161,246
Interest paid	5,346	65	658	6,070	17	6,087	(20)	6,067
Investment gains (losses) on the equity method	60	—	115	175	—	175	—	175
Extraordinary gains:	1,198	—	136	1,335	140	1,476	—	1,476
Gains on negative goodwill	—	—	0	0	—	0	—	0
Extraordinary losses ^(Note 5) :	102,976	1,819	403	105,200	58	105,258	—	105,258
Impairment losses	5,517	—	—	5,517	—	5,517	—	5,517
Income tax expenses	41,919	6,340	506	48,766	695	49,461	—	49,461
Investment in affiliates accounted for under the equity method	1,089	—	1,324	2,414	—	2,414	—	2,414
Increase in tangible and intangible fixed assets	18,648	226	33,993	52,869	148	53,017	—	53,017

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

"Others" and amount on the consolidated financial statements:

Net premiums written

Life insurance premiums written

Net premiums written and life insurance premiums written

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), healthcare business, asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

485,199 million yen

Elimination of internal transactions among segments:

(4,767) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary losses for domestic P&C insurance business include 87,106 million yen of merger cost.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total				
Sales ^(Note 1) :								
Sales from transactions with external customers	2,259,590	293,695	296,604	2,849,890	21,454	2,871,344	384,841	3,256,186
Sales from internal transactions or transfers among segments	—	—	—	—	6,774	6,744	(6,774)	—
Total	2,259,590	293,695	296,604	2,849,890	28,228	2,878,118	378,067	3,256,186
Segment income (loss)	132,496	10,874	16,046	159,417	163	159,581	—	159,581
Segment assets	6,647,546	2,439,535	880,626	9,967,708	219,038	10,186,746	—	10,186,746
Other items:								
Depreciation	16,757	472	2,365	19,596	1,184	20,780	—	20,780
Amortization of goodwill	121	609	3,356	4,087	375	4,462	—	4,462
Interest and dividend income	109,033	40,058	14,959	164,051	34	164,086	(838)	163,248
Interest paid	4,254	78	721	5,053	690	5,743	(36)	5,707
Investment gains (losses) on the equity method	65	—	204	270	—	270	—	270
Extraordinary gains ^(Note 5) :	13,963	—	327	14,290	260	14,551	—	14,551
Extraordinary losses ^(Note 6) :	18,926	898	21	19,846	228	20,075	—	20,075
Income tax expenses	40,676	5,728	3,917	50,321	749	51,071	—	51,071
Investment in affiliates accounted for under the equity method	1,149	—	1,335	2,484	—	2,484	—	2,484
Increase in tangible and intangible fixed assets	31,817	813	4,199	36,830	57,071	93,902	—	93,902

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

"Others" and amount on the consolidated financial statements:

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), nursing care and healthcare business, asset management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, domestic life insurance business and overseas insurance business excluding net premiums written and life insurance premiums written:

Net premiums written

Life insurance premiums written

Net premiums written and life insurance premiums written

Ordinary income

384,841 million yen

Elimination of internal transactions among segments:

(6,774) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business include 13,963 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 8,046 million yen of provision for reserve for price fluctuation, and 6,439 million yen of the special premium to be paid out in conjunction with Special Measures for Life Plan Support, etc.

Related information

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	396,516	83,102	195,249	1,178,030	305,869	349,263	2,508,031

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	253,404	8,408	15,396	—	277,208

2. Information by geographic area

(1) Sales

Japan	Overseas	Total
2,377,714	407,525	2,785,240

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

3. Information by major customers

None.

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

1. Information by products and services

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	407,817	85,905	194,287	1,197,795	307,233	359,154	2,552,193

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	275,148	7,408	15,139	—	297,696

2. Information by geographic area

(1) Sales

Japan	Overseas	Total
2,453,027	396,863	2,849,890

Notes)

1. Sales represent amounts of net premiums written and life insurance premiums written.
2. Geographic area is classified into "Japan" or "Overseas" in line with the classification used for management purpose mainly based on locations of customers.

(2) Tangible fixed assets

Geographic information is omitted because tangible fixed assets located in Japan constitute more than 90 percent of tangible fixed assets in the consolidated balance sheet.

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Impairment losses	5,517	—	—	5,517	—	—	5,517

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

None.

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2015	132	1,872	3,692	5,697	—	—	5,697
Balance as of March 31, 2015	307	11,864	71,464	83,636	—	—	83,636

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2016	121	609	3,356	4,087	375	—	4,462
Balance as of March 31, 2016	349	3,045	55,367	58,762	55,213	—	113,976

Note) Amounts of "Others" represent nursing care and healthcare business only.

Information related to gains on negative goodwill by reportable segments

Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Overseas insurance business	Total			
Gains on negative goodwill	—	—	0	0	—	—	0

Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

None.

17. Related-Party Transactions

There is no significant related-party transaction to be represented.

18. Per Share Information

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net assets per share	4,464.24 yen	4,064.83 yen
Net income per share	132.85 yen	394.21 yen
Diluted net income per share	132.61 yen	393.66 yen

Notes)

1. Calculation of net income per share and diluted net income per share is based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)
Net income per share		
Net income attributable to shareholders of the parent	54,276	159,581
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	54,276	159,581
Average number of common stocks outstanding	408,545 thousand shares	404,804 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	714 thousand shares	572 thousand shares
Stock acquisition rights	714 thousand shares	572 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	Stock acquisition rights: 6 types Number of dilutive shares: 166,500 shares	Stock acquisition rights: 4 types Number of dilutive shares: 80,250 shares

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Total net assets	1,829,852	1,652,839
Amount to be deducted from total net assets:	8,270	9,985
Stock acquisition rights	1,550	1,486
Non-controlling interests	6,720	8,498
Net assets attributable to common stocks	1,821,582	1,642,854
Number of common stocks used for calculation of net assets per share	408,037 thousand shares	404,162 thousand shares

3. As described in "Changes in accounting policies," the Company has applied the accounting standard for business combinations, etc. and the Company is in accordance with transitional accounting as stipulated in paragraph 58-2 (3) of the "Business Combinations Accounting Standard," paragraph 44-5 (3) of the "Consolidation Accounting Standard" and paragraph 57-4 (3) of the "Business Divestitures Accounting Standard." As a result, net assets per share of common stock at the beginning of the fiscal year ended March 31, 2016 decreased by 28.32 yen, net income per share of common stock increased 2.45 yen and diluted net income per share increased 2.44 yen, respectively.

19. Significant Subsequent Events

Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2016. Details of the resolution are as follows.

1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a shareholder return policy of paying stable dividends, with the option of stock buybacks depending on capital conditions. Regarding medium-term management plan which was concluded in the fiscal year ended March 31, 2016, the Company has set a medium-term target of the shareholder return for the total payout ratio of 50 percent of adjusted consolidated profit (excluding the domestic life insurance business). In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of the fiscal year ended March 31, 2016.

2. Details of stock buybacks

(i) Class of shares	Common stock of the Company
(ii) Potential total number	16,750,000 shares (upper limit)
(iii) Total price	33,500,000,000 yen (upper limit)
(iv) Period	May 23, 2016 — November 17, 2016

Balance Sheets and Statements of Income of Principal Consolidated Subsidiaries (Unaudited)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	320,987	319,616	(1,370)
Cash	3	4	0
Deposits	320,983	319,612	(1,371)
Receivables under resale agreements	71,985	77,998	6,013
Monetary receivables bought	14,234	11,383	(2,850)
Money trusts	111,162	114,639	3,477
Securities:	5,340,339	4,920,555	(419,783)
Government bonds	1,164,671	1,164,346	(324)
Municipal bonds	15,573	8,242	(7,330)
Corporate bonds	506,772	533,961	27,189
Domestic stocks	1,854,715	1,489,572	(365,142)
Foreign securities	1,765,528	1,679,044	(86,484)
Other securities	33,078	45,387	12,309
Loans:	586,639	679,023	92,384
Policy loans	10,271	9,382	(888)
Ordinary loans	576,367	669,640	93,272
Tangible fixed assets:	310,995	294,882	(16,112)
Land	154,142	144,924	(9,218)
Buildings	126,062	120,408	(5,654)
Leased assets	4,690	3,258	(1,432)
Construction in progress	1,267	1,757	489
Other tangible fixed assets	24,830	24,532	(297)
Intangible fixed assets:	598	17,147	16,549
Other intangible fixed assets	598	17,147	16,549
Other assets:	580,684	611,468	30,783
Premiums receivable	1,049	2,950	1,901
Agency accounts receivable	153,512	169,945	16,433
Foreign agency accounts receivable	52,487	47,736	(4,751)
Coinsurance accounts receivable	9,850	14,019	4,168
Reinsurance accounts receivable	102,816	102,467	(349)
Foreign reinsurance accounts receivable	80,744	73,631	(7,112)
Proxy service receivable	872	627	(244)
Accounts receivable	28,559	28,944	384
Accrued income	10,974	10,694	(279)
Advance deposits	22,732	16,590	(6,141)
Earthquake insurance deposits	12,795	13,577	782
Suspense payments	76,078	76,012	(66)
Deposits paid for future transactions	4,068	12,794	8,725
Derivative assets	24,139	41,473	17,334
Other assets	1	1	—
Prepaid pension cost	692	889	196
Allowance for possible credit losses	(3,713)	(3,363)	350
Allowance for possible investment losses	(8,369)	(8,018)	351
Total assets	7,326,234	7,036,222	(290,012)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,989,335	4,926,703	(62,632)
Reserve for outstanding losses and claims	928,513	912,975	(15,538)
Underwriting reserves	4,060,822	4,013,727	(47,094)
Corporate bonds	133,560	133,560	—
Other liabilities:	347,743	454,688	106,944
Coinsurance accounts payable	5,430	4,828	(601)
Reinsurance accounts payable	92,656	87,069	(5,586)
Foreign reinsurance accounts payable	31,569	32,896	1,327
Borrowings	4,635	4,652	16
Income taxes payable	6,367	6,656	288
Deposits received	4,483	4,525	41
Unearned income	405	391	(13)
Accounts payable	103,094	216,471	113,377
Suspense receipts	81,690	90,253	8,563
Derivative liabilities	10,749	1,747	(9,001)
Lease obligations	4,632	3,124	(1,508)
Asset retirement obligations	2,028	2,070	41
Reserve for retirement benefits	89,223	85,748	(3,474)
Reserve for bonus payments	19,223	18,092	(1,130)
Reserve for bonus payments to directors	109	88	(21)
Reserves under the special laws:	50,134	58,169	8,035
Reserve for price fluctuation	50,134	58,169	8,035
Deferred tax liabilities	104,251	34,289	(69,961)
Total liabilities	5,733,581	5,711,340	(22,240)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	121,180	93,878	(27,302)
Capital reserves	70,000	70,000	—
Other capital surplus	51,180	23,878	(27,302)
Retained earnings:	291,394	293,184	1,789
Other retained earnings:	291,394	293,184	1,789
Reserve for advanced depreciation	4,361	4,308	(53)
General reserve	83,300	83,300	—
Retained earnings carried forward	203,732	205,576	1,843
Total shareholders' equity	482,575	457,062	(25,512)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	1,101,992	857,308	(244,684)
Deferred gains and losses on hedges	8,085	10,510	2,425
Total valuation and translation adjustments	1,110,078	867,818	(242,259)
Total net assets	1,592,653	1,324,881	(267,772)
Total liabilities and net assets	7,326,234	7,036,222	(290,012)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,644,316	2,599,820	(44,496)	(1.7)%
Underwriting income:	2,470,489	2,442,914	(27,575)	(1.1)
Net premiums written	2,181,302	2,218,425	37,122	1.7
Deposits of premiums by policyholders	144,029	120,217	(23,812)	(16.5)
Interest and dividend income on deposits of premiums, etc.	46,075	45,841	(233)	(0.5)
Reversal of reserve for outstanding losses and claims	17,684	9,860	(7,823)	(44.2)
Reversal of underwriting reserves	73,634	47,094	(26,540)	(36.0)
Foreign exchange gains	3,029	—	(3,029)	(100.0)
Other underwriting income	4,733	1,475	(3,258)	(68.8)
Investment income:	160,468	145,570	(14,897)	(9.3)
Interest and dividend income	113,855	109,938	(3,917)	(3.4)
Investment gains on money trusts	6,260	5,830	(430)	(6.9)
Investment gains on trading securities	—	3	3	—
Gains on sales of securities	71,730	62,279	(9,451)	(13.2)
Gains on redemption of securities	772	334	(438)	(56.8)
Gains on derivatives	—	5,649	5,649	—
Foreign exchange gains	13,583	5,500	(8,082)	(59.5)
Other investment income	341	1,877	1,535	449.1
Transfer of interest and dividend income on deposits of premiums, etc.	(46,075)	(45,841)	233	—
Other ordinary income	13,358	11,335	(2,023)	(15.1)
Ordinary expenses:	2,449,182	2,421,734	(27,447)	(1.1)
Underwriting expenses:	2,119,210	2,061,611	(57,598)	(2.7)
Net claims paid	1,305,471	1,287,493	(17,978)	(1.4)
Loss adjustment expenses	125,323	125,400	76	0.1
Net commissions and brokerage fees	392,778	398,265	5,486	1.4
Maturity refunds to policyholders	292,388	244,303	(48,084)	(16.4)
Dividends to policyholders	105	79	(25)	(24.2)
Foreign exchange losses	—	3,116	3,116	—
Other underwriting expenses	3,143	2,952	(190)	(6.1)
Investment expenses:	8,869	37,056	28,186	317.8
Investment losses on money trusts	170	156	(13)	(7.8)
Losses on sales of securities	780	1,694	914	117.1
Impairment losses on securities	919	28,784	27,865	3,030.9
Losses on redemption of securities	82	90	7	9.6
Losses on derivatives	4,561	—	(4,561)	(100.0)
Other investment expenses	2,355	6,329	3,973	168.7
Operating, general and administrative expenses	313,579	315,188	1,608	0.5

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2015 (April 1, 2014 to March 31, 2015)	March 31, 2016 (April 1, 2015 to March 31, 2016)		
	Amount	Amount		
Other ordinary expenses:	7,522	7,877	355	4.7%
Interest paid	5,758	4,968	(790)	(13.7)
Provision for allowance for possible credit losses	84	—	(84)	(100.0)
Losses on bad debt	6	19	12	202.6
Other ordinary expenses	1,673	2,890	1,217	72.7
Ordinary profit	195,134	178,086	(17,048)	(8.7)
Extraordinary gains:	1,198	12,640	11,441	954.3
Gains on disposal of fixed assets	1,198	12,640	11,441	954.3
Extraordinary losses:	102,950	19,093	(83,856)	(81.5)
Losses on disposal of fixed assets	1,221	4,618	3,397	278.2
Impairment losses	5,517	—	(5,517)	(100.0)
Provision for reserves under the special laws:	9,105	8,035	(1,070)	(11.8)
Provision for reserve for price fluctuation	9,105	8,035	(1,070)	(11.8)
Other extraordinary losses	87,106	6,439	(80,666)	(92.6)
Net income before income taxes	93,383	171,633	78,250	83.8
Income taxes	4,237	6,614	2,376	56.1
Deferred income taxes	44,086	38,729	(5,357)	(12.2)
Total income taxes	48,323	45,343	(2,980)	(6.2)
Net income	45,059	126,289	81,230	180.3
Underwriting result:				
Net premiums written	(+) 2,181,302	2,218,425	37,122	1.7
Net claims paid	(-) 1,305,471	1,287,493	(17,978)	(1.4)
Loss adjustment expenses	(-) 125,323	125,400	76	0.1
Net operating expenses:	(-) 693,647	700,759	7,112	1.0
Net commissions and brokerage fees	392,778	398,265	5,486	1.4
Operating, general and administrative expenses related to underwriting	300,868	302,494	1,626	0.5
Underwriting result	56,860	104,771	47,911	84.3
Underwriting profit	45,232	78,284	33,051	73.1
Ratios:				
Net loss ratio	(%) 65.6	63.7	(1.9)	
Net operating expenses ratio	(%) 31.8	31.6	(0.2)	
Combined ratio	(%) 97.4	95.3	(2.1)	

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

Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	2,380	2,329	(51)
Cash	0	0	0
Deposits	2,380	2,329	(51)
Securities:	35,725	40,139	4,414
Government bonds	13,878	12,582	(1,295)
Municipal bonds	2,675	2,153	(521)
Corporate bonds	4,722	4,582	(140)
Domestic stocks	30	19	(10)
Foreign securities	20	11	(8)
Other securities	14,398	20,790	6,391
Loans:	2	1	(0)
Policy loans	2	1	(0)
Tangible fixed assets:	193	183	(9)
Buildings	50	49	(0)
Leased assets	136	127	(8)
Other tangible fixed assets	6	6	(0)
Intangible fixed assets:	3,199	2,966	(232)
Software	3,184	2,962	(221)
Leased assets	9	—	(9)
Other intangible fixed assets	4	3	(0)
Other assets:	3,207	3,652	444
Premiums receivable	1,114	1,485	370
Agency accounts receivable	54	59	5
Coinsurance accounts receivable	12	13	0
Reinsurance accounts receivable	247	80	(167)
Foreign reinsurance accounts receivable	64	65	0
Accounts receivable	487	562	75
Accrued income	47	44	(3)
Advance deposits	303	295	(7)
Suspense payments	875	1,045	169
Allowance for possible credit losses	(2)	(1)	0
Total assets	44,706	49,272	4,566

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	30,610	34,919	4,308
Reserve for outstanding losses and claims	7,630	10,132	2,502
Underwriting reserves	22,980	24,786	1,806
Other liabilities:	2,116	2,869	753
Coinsurance accounts payable	37	40	2
Reinsurance accounts payable	230	217	(12)
Foreign reinsurance accounts payable	202	179	(23)
Income taxes payable	75	98	22
Deposits received	2	7	5
Accounts payable	1,230	1,670	439
Suspense receipts	185	525	339
Lease obligations	151	130	(21)
Reserve for retirement benefits to directors	44	49	5
Reserve for bonus payments	228	247	19
Reserves under the special laws:	28	36	8
Reserve for price fluctuation	28	36	8
Deferred tax liabilities	160	155	(4)
Total liabilities	33,187	38,277	5,090
Net assets:			
Shareholders' equity:			
Common stock	23,610	26,610	3,000
Capital surplus:	21,847	24,847	2,999
Capital reserves	21,847	24,847	2,999
Other capital surplus	0	0	—
Retained earnings:	(34,424)	(40,954)	(6,529)
Other retained earnings:	(34,424)	(40,954)	(6,529)
Retained earnings carried forward	(34,424)	(40,954)	(6,529)
Total shareholders' equity	11,033	10,503	(529)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	485	491	5
Total valuation and translation adjustments	485	491	5
Total net assets	11,519	10,995	(524)
Total liabilities and net assets	44,706	49,272	4,566

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

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	22,783	27,818	5,034	22.1%
Underwriting income:	22,595	27,579	4,984	22.1
Net premiums written	22,359	27,439	5,080	22.7
Deposits of premiums by policyholders	183	95	(88)	(48.2)
Interest and dividend income on deposits of premiums, etc.	40	43	2	7.1
Foreign exchange gains	0	0	(0)	(18.2)
Other underwriting income	11	1	(9)	(86.3)
Investment income:	153	106	(46)	(30.4)
Interest and dividend income	125	111	(13)	(11.0)
Gains on sales of securities	35	20	(15)	(43.1)
Gains on redemption of securities	13	—	(13)	(100.0)
Other investment income	19	18	(1)	(6.3)
Transfer of interest and dividend income on deposits of premiums, etc.	(40)	(43)	(2)	—
Other ordinary income	34	131	96	276.5
Ordinary expenses:	30,171	34,327	4,156	13.8
Underwriting expenses:	19,151	23,286	4,134	21.6
Net claims paid	12,350	15,490	3,140	25.4
Loss adjustment expenses	1,849	2,177	327	17.7
Net commissions and brokerage fees	849	842	(7)	(0.9)
Maturity refunds to policyholders	725	463	(262)	(36.2)
Provision for reserve for outstanding losses and claims	912	2,502	1,589	174.2
Provision for underwriting reserves	2,459	1,806	(652)	(26.5)
Other underwriting expenses	4	4	(0)	(2.8)
Investment expenses:	4	3	(0)	(22.0)
Other investment expenses	4	3	(0)	(22.0)
Operating, general and administrative expenses	10,978	11,001	23	0.2
Other ordinary expenses:	37	36	(1)	(2.9)
Interest paid	6	4	(2)	(35.4)
Provision for allowance for possible credit losses	1	—	(1)	(100.0)
Other ordinary expenses	29	32	3	10.6
Ordinary loss	(7,388)	(6,509)	878	—

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Extraordinary losses:	10	9	(0)	(3.6)%		
Losses on disposal of fixed assets	2	0	(1)	(66.7)		
Impairment losses	0	0	0	15.1		
Provision for reserves under the special laws:	7	8	0	11.4		
Provision for reserve for price fluctuation	7	8	0	11.4		
Net loss before income taxes	(7,398)	(6,519)	878	—		
Income taxes	8	10	1	20.8		
Total income taxes	8	10	1	20.8		
Net loss	(7,406)	(6,529)	877	—		
Underwriting result:						
Net premiums written	(+)	22,359	27,439	5,080	22.7	
Net claims paid	(-)	12,350	15,490	3,140	25.4	
Loss adjustment expenses	(-)	1,849	2,177	327	17.7	
Net operating expenses:	(-)	11,808	11,825	17	0.1	
Net commissions and brokerage fees		849	842	(7)	(0.9)	
Operating, general and administrative expenses related to underwriting		10,958	10,983	24	0.2	
Underwriting result		(3,649)	(2,054)	1,594	—	
Underwriting profit (loss)		(7,513)	(6,678)	834	—	
Ratios:						
Net loss ratio	(%)	63.5	64.4	0.9		
Net operating expenses ratio	(%)	52.8	43.1	(9.7)		
Combined ratio	(%)	116.3	107.5	(8.8)		

Sompo 24 Insurance Company Limited (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	4,950	5,385	435
Deposits	4,950	5,385	435
Securities:	15,727	16,204	476
Government bonds	15,627	16,104	476
Other securities	100	100	—
Tangible fixed assets:	318	248	(70)
Buildings	18	21	3
Other tangible fixed assets	300	226	(73)
Other assets:	1,126	909	(216)
Accounts receivable	881	660	(221)
Accrued income	6	5	(0)
Advance deposits	171	171	0
Suspense payments	67	72	5
Total assets	22,123	22,748	624
Liabilities:			
Underwriting funds:	14,494	14,233	(261)
Reserve for outstanding losses and claims	5,993	5,877	(116)
Underwriting reserves	8,501	8,356	(145)
Other liabilities:	2,257	2,227	(29)
Reinsurance accounts payable	2	3	0
Income taxes payable	41	137	95
Deposits received	8	8	(0)
Accounts payable	1,323	1,008	(314)
Suspense receipts	880	1,069	188
Reserve for retirement benefits	217	244	27
Reserve for bonus payments	96	101	4
Reserves under the special laws:	36	40	3
Reserve for price fluctuation	36	40	3
Deferred tax liabilities	5	11	5
Total liabilities	17,108	16,858	(249)
Net assets:			
Shareholders' equity:			
Common stock	19,000	19,000	—
Capital surplus:	19,000	19,000	—
Capital reserves	19,000	19,000	—
Retained earnings:	(32,998)	(32,139)	858
Other retained earnings:	(32,998)	(32,139)	858
Retained earnings carried forward	(32,998)	(32,139)	858
Total shareholders' equity	5,001	5,860	858
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	13	29	15
Total valuation and translation adjustments	13	29	15
Total net assets	5,015	5,890	874
Total liabilities and net assets	22,123	22,748	624

Sonpo 24 Insurance Company Limited (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)		Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Ordinary income:	14,193	14,006	(187)	(1.3)%		
Underwriting income:	14,174	14,000	(173)	(1.2)		
Net premiums written	14,163	13,725	(437)	(3.1)		
Interest and dividend income on deposits of premiums, etc.	10	12	2	19.3		
Reversal of reserve for outstanding losses and claims	—	116	116	—		
Reversal of underwriting reserves	—	145	145	—		
Other underwriting income	0	0	(0)	(95.5)		
Investment income:	19	4	(14)	(75.9)		
Interest and dividend income	29	17	(12)	(42.2)		
Transfer of interest and dividend income on deposits of premiums, etc.	(10)	(12)	(2)	—		
Other ordinary income	0	1	0	142.6		
Ordinary expenses:	15,139	13,035	(2,104)	(13.9)		
Underwriting expenses:	11,316	9,257	(2,058)	(18.2)		
Net claims paid	8,090	7,315	(774)	(9.6)		
Loss adjustment expenses	1,048	1,066	17	1.6		
Net commissions and brokerage fees	914	875	(38)	(4.2)		
Provision for reserve for outstanding losses and claims	1,080	—	(1,080)	(100.0)		
Provision for underwriting reserves	181	—	(181)	(100.0)		
Other underwriting expenses	0	0	(0)	(21.9)		
Operating, general and administrative expenses	3,823	3,777	(45)	(1.2)		
Other ordinary expenses:	0	0	0	0.9		
Other ordinary expenses	0	0	0	0.9		
Ordinary profit (loss)	(945)	970	1,916	—		
Extraordinary losses:	8	10	1	20.8		
Losses on disposal of fixed assets	5	7	1	31.0		
Provision for reserves under the special laws:	3	3	0	2.9		
Provision for reserve for price fluctuation	3	3	0	2.9		
Net income (loss) before income taxes	(954)	960	1,914	—		
Income taxes	3	101	97	2,567.8		
Total income taxes	3	101	97	2,567.8		
Net income (loss)	(958)	858	1,817	—		
Underwriting result:						
Net premiums written	(+)	14,163	13,725	(437)	(3.1)	
Net claims paid	(-)	8,090	7,315	(774)	(9.6)	
Loss adjustment expenses	(-)	1,048	1,066	17	1.6	
Net operating expenses:	(-)	4,734	4,649	(84)	(1.8)	
Net commissions and brokerage fees		914	875	(38)	(4.2)	
Operating, general and administrative expenses related to underwriting		3,820	3,774	(46)	(1.2)	
Underwriting result		289	694	405	140.1	
Underwriting profit (loss)		(961)	968	1,930	—	
Ratios:						
Net loss ratio	(%)	64.5	61.1	(3.5)		
Net operating expenses ratio	(%)	33.4	33.9	0.4		
Combined ratio	(%)	98.0	94.9	(3.0)		

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)
Balance Sheet

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	34,021	44,938	10,916
Cash	3	2	(1)
Deposits	34,017	44,935	10,918
Securities:	2,157,819	2,305,223	147,403
Government bonds	1,593,387	1,688,558	95,171
Municipal bonds	59,762	56,354	(3,408)
Corporate bonds	317,734	313,126	(4,607)
Domestic stocks	7,886	6,996	(890)
Foreign securities	179,048	240,186	61,137
Loans:	36,414	37,406	992
Policy loans	36,414	37,406	992
Tangible fixed assets:	1,065	1,490	424
Buildings	540	463	(76)
Leased assets	391	851	460
Other tangible fixed assets	133	175	41
Intangible fixed assets:	95	—	(95)
Software	95	—	(95)
Agency accounts receivable	115	120	4
Reinsurance accounts receivable	1,423	1,222	(201)
Other assets:	42,201	47,691	5,490
Accounts receivable	29,006	31,143	2,137
Prepaid expenses	1,481	1,535	54
Accrued income	6,127	6,687	560
Advance deposits	2,821	2,769	(51)
Derivative assets	995	2,631	1,635
Suspense payments	1,716	2,866	1,150
Other assets	53	56	3
Deferred tax assets	5,032	—	(5,032)
Allowance for possible credit losses	(41)	(37)	3
Total assets	2,278,147	2,438,055	159,907

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,119,354	2,257,402	138,047
Reserve for outstanding claims	34,091	37,254	3,162
Policy reserves	2,080,338	2,214,871	134,532
Reserve for dividends to policyholders	4,923	5,275	352
Agency accounts payable	4,340	4,607	266
Reinsurance accounts payable	1,047	974	(72)
Other liabilities:	18,957	12,498	(6,459)
Income taxes payable	3,890	2,560	(1,330)
Accounts payable	5,563	88	(5,475)
Accrued expenses	7,098	7,014	(83)
Deposits received	132	831	698
Derivative liabilities	1,072	489	(583)
Lease obligations	464	972	507
Suspense receipts	735	541	(193)
Reserve for bonus payments to directors	49	42	(7)
Reserve for retirement benefits	2,417	2,803	385
Reserves under the special laws:	3,353	4,240	887
Reserve for price fluctuation	3,353	4,240	887
Deferred tax liabilities	—	1,796	1,796
Total liabilities	2,149,521	2,284,365	134,844
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	24,500	19,500	(5,000)
Capital reserves	11,100	12,100	1,000
Other capital surplus	13,400	7,400	(6,000)
Retained earnings:	38,571	50,187	11,616
Other retained earnings:	38,571	50,187	11,616
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	38,246	49,862	11,616
Total shareholders' equity	80,321	86,937	6,616
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	48,304	66,751	18,447
Total valuation and translation adjustments	48,304	66,751	18,447
Total net assets	128,626	153,689	25,063
Total liabilities and net assets	2,278,147	2,438,055	159,907

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	426,197	441,799	15,601	3.7%
Insurance premiums and other:	380,741	396,448	15,707	4.1
Insurance premiums	376,867	393,164	16,297	4.3
Reinsurance income	3,873	3,283	(590)	(15.2)
Investment income:	43,373	43,490	117	0.3
Interest and dividend income and other:	38,028	40,209	2,181	5.7
Interest and dividends on securities	36,871	39,090	2,218	6.0
Interest on loans	1,149	1,113	(36)	(3.2)
Other interest and dividends	7	6	(1)	(18.7)
Gains on sales of securities	2,081	3,231	1,149	55.2
Foreign exchange gains	0	50	49	8,557.9
Reversal of allowance for possible credit losses	0	—	(0)	(100.0)
Other investment income	0	—	(0)	(100.0)
Investment gains on special account	3,261	—	(3,261)	(100.0)
Other ordinary income:	2,083	1,860	(223)	(10.7)
Fund receipt for annuity rider	645	403	(241)	(37.4)
Fund receipt for claim deposit payments	1,432	1,449	16	1.2
Other ordinary income	5	7	1	22.7
Ordinary expenses:	403,603	419,233	15,630	3.9
Insurance claims and other:	184,849	180,817	(4,032)	(2.2)
Insurance claims	33,733	31,180	(2,552)	(7.6)
Annuity payments	10,081	11,467	1,386	13.7
Insurance benefits	36,201	38,698	2,497	6.9
Surrender benefits	98,040	93,038	(5,002)	(5.1)
Other refunds	2,467	2,279	(188)	(7.6)
Reinsurance premiums	4,325	4,152	(172)	(4.0)
Provision for policy reserves and other:	123,408	137,695	14,287	11.6
Provision for reserve for outstanding claims	2,241	3,162	920	41.1
Provision for policy reserves	121,166	134,532	13,365	11.0
Provision for interest portion of reserve for dividends to policyholders	0	0	0	39.3
Investment expenses:	488	2,073	1,584	324.3
Interest paid	65	78	13	20.3
Losses on sales of securities	133	572	439	330.1
Losses on derivatives	250	545	295	117.9
Provision for allowance for possible credit losses	—	0	0	—
Other investment expenses	40	54	14	36.4
Investment losses on special account	—	822	822	—
Operating expenses	90,309	94,773	4,464	4.9

(Millions of yen)

	Fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,547	3,873	(673)	(14.8)%
Claim deposit payments	1,030	1,100	70	6.8
Taxes	1,732	1,892	160	9.2
Depreciation	1,363	472	(890)	(65.3)
Provision for reserve for retirement benefits	397	385	(12)	(3.0)
Other ordinary expenses	22	22	(0)	(3.7)
Ordinary profit	22,594	22,565	(28)	(0.1)
Extraordinary losses:	1,819	898	(920)	(50.6)
Losses on disposal of fixed assets and other	2	11	9	388.3
Provision for reserves under the special laws:	665	887	221	33.2
Provision for reserve for price fluctuation	665	887	221	33.2
Other extraordinary losses	1,151	—	(1,151)	(100.0)
Provision for reserve for dividends to policyholders	4,276	4,275	(0)	(0.0)
Net income before income taxes	16,498	17,391	892	5.4
Income taxes	6,228	5,366	(862)	(13.8)
Deferred income taxes	541	408	(132)	(24.5)
Total income taxes	6,770	5,775	(995)	(14.7)
Net income	9,727	11,616	1,888	19.4

Solvency Margin Ratio of Sampo Japan Nipponkoa Holdings, Inc. on a Consolidated Basis (Unaudited)

Consolidated Solvency Margin Ratio

- Sampo Japan Nipponkoa Holdings, Inc. (the “Company”) calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- The Company which is the insurance holding company situated the top of the Sampo Japan Nipponkoa Group (“SOMPO HOLDINGS”). SOMPO HOLDINGS is an insurance company group and operates property and casualty insurance business and life insurance business at the Company’s subsidiaries, etc.
- 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) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- 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.
- The consolidated solvency margin ratio of the Company for the current fiscal year increased 48.0 points from previous fiscal year to 851.4 percent due to a decrease in catastrophic risks.

Sompo Japan Nipponkoa Holdings, Inc. (Consolidated)
Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Consolidated Solvency Margin	2,969,657	2,764,768
Capital and funds, etc.	657,402	734,666
Reserve for price fluctuation	53,553	62,487
Contingency reserve	27,338	28,844
Catastrophic loss reserve	569,247	567,883
General allowance for possible credit losses	2,067	1,900
Unrealized gains and losses on securities (before tax effect deductions)	1,304,372	1,022,501
Unrealized gains and losses on land	13,998	20,093
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,512)	(34,189)
Surplus such as premium fund	132,485	137,836
Subordinated debt, etc.	133,560	133,560
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	—	—
Deductions	64,721	54,755
Others	144,864	143,938
(B) Total Consolidated Risks $\sqrt{(\sqrt{R_1^2+R_2^2+R_3+R_4})^2+(R_5+R_6+R_7)^2}+R_8+R_9$	739,252	649,415
Underwriting risk for property and casualty insurance business (R ₁)	205,647	213,001
Underwriting risk for life insurance business (R ₂)	13,806	13,946
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	6,978	7,794
Underwriting risk related to small amount and short term insurance companies (R ₄)	—	—
Guaranteed interest rate risk (R ₅)	31,543	30,396
Guaranteed minimum benefit risk for life insurance policies (R ₆)	358	366
Investment risk (R ₇)	469,319	404,924
Business management risk (R ₈)	18,419	16,630
Major catastrophe risk for property and casualty insurance policies (R ₉)	176,196	144,137
(C) Consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	803.4%	851.4%

Note) The above amounts and figures are calculated based on provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

Non-consolidated Solvency Margin Ratio

- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision 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).
- 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 will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- 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.
- The non-consolidated solvency margin ratio of Sompo Japan Nipponkoa Insurance Inc. for the current fiscal year increased 13.0 points from previous fiscal year to 729.3 percent due to a decrease in catastrophic risks.

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	2,683,345	2,363,853
Capital and funds, etc.	482,575	456,986
Reserve for price fluctuation	50,134	58,169
Contingency reserve	611	611
Catastrophic loss reserve	565,587	563,738
General allowance for possible credit losses	203	208
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,367,903	1,057,747
Unrealized gains and losses on land	35,852	42,989
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	133,560	133,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	81,916	74,158
Others	128,834	124,000
(B) Total Non-consolidated Risks	749,202	648,203
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R ₁)	176,741	183,289
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	23,256	22,035
Investment risk (R ₄)	512,131	440,046
Business management risk (R ₅)	17,598	15,617
Major catastrophe risk (R ₆)	167,796	135,479
(C) Non-consolidated Solvency Margin Ratio	716.3%	729.3%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, “Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)” of (A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

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

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	14,872	14,702
Capital and funds, etc.	11,033	10,503
Reserve for price fluctuation	28	36
Contingency reserve	11	11
Catastrophic loss reserve	3,213	3,563
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	581	582
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	4	4
(B) Total Non-consolidated Risks	3,328	4,051
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R ₁)	2,123	2,801
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	27	25
Investment risk (R ₄)	935	1,081
Business management risk (R ₅)	118	144
Major catastrophe risk (R ₆)	878	895
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	893.6%	725.8%

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. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)" of (A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

Sonpo 24 Insurance Company Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	5,502	6,518
Capital and funds, etc.	5,001	5,860
Reserve for price fluctuation	36	40
Contingency reserve	—	—
Catastrophic loss reserve	446	581
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	17	36
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	2,100	2,035
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		
Underwriting risk (R ₁)	1,857	1,789
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	—	—
Investment risk (R ₄)	365	380
Business management risk (R ₅)	70	69
Major catastrophe risk (R ₆)	136	136
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	523.9%	640.6%

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. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)" of (A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (before tax effect deductions).

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
(A) Total Non-consolidated Solvency Margin	298,297	342,590
Capital, etc.	80,321	86,937
Reserve for price fluctuation	3,353	4,240
Contingency reserve	26,715	28,221
General allowance for possible credit losses	7	1
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)	61,059	83,439
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	132,485	137,836
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(21,670)	(18,020)
Brought in capital, etc.	—	—
Deductions	—	—
Others	16,025	19,933
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2}+R_4$	35,589	38,678
Underwriting risk (R ₁)	13,178	13,347
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	6,978	7,794
Guaranteed interest rate risk (R ₂)	8,259	8,335
Guaranteed minimum benefit risk (R ₇)	358	366
Investment risk (R ₃)	19,533	22,430
Business management risk (R ₄)	966	1,045
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,676.3%	1,771.4%

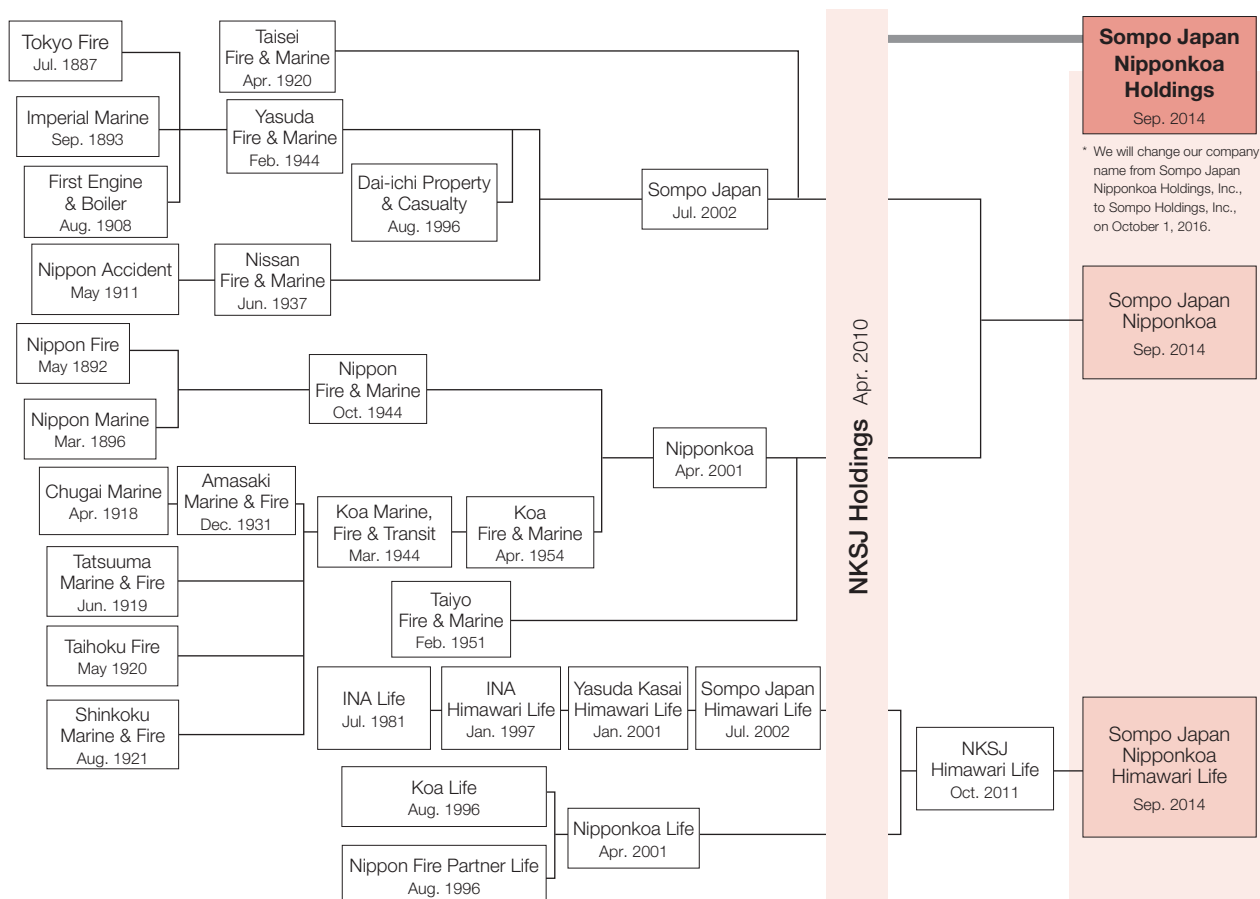
- Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
2. Guaranteed minimum benefit risk is calculated by using the standard method.
3. The ratio of the fiscal year ended March 31, 2015 are calculated based on the provision which is not reflected the revised contents of the Cabinet Office Ordinance No.16 (2016) and Financial Services Agency Public Notice No. 10 (2016). Therefore, "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)" of ((A) Total Non-consolidated Solvency Margin) as of March 31, 2015 represents the amount of unrealized gains and losses on securities (90% of gain or 100% of loss).

Corporate Data

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History of the Company

2009	October	Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., drew up a share exchange agreement aimed at establishing a joint holding company and signed a business integration agreement.
	December	Sompo Japan Insurance Inc. and NIPPONKOA Insurance Co., Ltd., obtained the approval of their shareholders at extraordinary General Meetings of Shareholders with regard to the establishment of NKSJ Holdings, Inc.
2010	April	NKSJ Holdings, Inc., was established (currently Sompo Japan Nipponkoa Holdings, Inc.). NKSJ Holdings, Inc., was listed on the Tokyo Stock Exchange (First Section) and the Osaka Securities Exchange (First Section).
	May	Sompo Japan Insurance Inc. acquired 100% of shares of Tenet Insurance Company Limited, a P&C insurer in Singapore, and made the company a consolidated subsidiary of NKSJ Holdings. (Afterward, the company changed its name to Tenet Capital Ltd.)
	October	Sompo Japan Asset Management Co., Ltd., and ZEST Asset Management Ltd. merged into Sompo Japan Nipponkoa Asset Management Co., Ltd.
	November	Sompo Japan Insurance Inc. acquired substantially all of the shares in Fiba Sigorta Anonim Şirketi, a P&C insurer in Turkey, and made the company a consolidated subsidiary of NKSJ Holdings. (Afterward, the company changed its name to Sompo Japan Sigorta A.S.)
	June	Sompo Japan Insurance Inc. acquired additional shares of Berjaya Sompo Insurance Berhad and made the company a consolidated subsidiary of NKSJ Holdings, Inc.
2011	October	Sompo Japan Himawari Life Insurance Co., Ltd., and NIPPONKOA Life Insurance Company, Limited, merged into NKSJ Himawari Life Insurance, Inc. (Afterward, the company changed its name to Sompo Japan Nipponkoa Himawari Life Insurance, Inc.)
	January	Sompo Japan Nipponkoa Holdings (Americas) Inc. (currently Sompo America Holdings Inc.), the holding company that supervises the North American operations of Sompo Japan Insurance Inc. was established and became a consolidated subsidiary of NKSJ Holdings, Inc.
2013	June	Yasuda Seguros S.A. acquired additional shares of Marítima Seguros S.A. As a result, Marítima Seguros S.A. and Marítima Saude Seguros S.A. (subsidiary of Marítima Seguros S.A.) became consolidated subsidiaries of NKSJ Holdings, Inc.
	July	The Singapore-based P&C insurers, Tenet Sompo Insurance Pte. Ltd. and Tenet Capital Ltd., merged into Tenet Sompo Insurance Pte. Ltd.
	May	Sompo Japan Insurance Inc. acquired 100% of shares of Canopus Group Limited, and made the company and its subsidiaries consolidated subsidiaries of NKSJ Holdings, Inc. (Sompo Canopus AG later replaced Canopus Group Limited as the highest-level holding company for the Canopus Group, and Canopus Group Limited was liquidated.)
2014	September	NKSJ Holdings Inc. changed its name to Sompo Japan Nipponkoa Holdings, Inc. Sompo Japan Insurance Inc. and Nipponkoa Insurance Co., Ltd., merged into Sompo Japan Nipponkoa Insurance Inc. Sompo Japan Nipponkoa Insurance Services Inc. and NK Planning Co., Ltd., merged into Sompo Japan Nipponkoa Insurance Service Co., Ltd.
	October	The Brazil-based P&C insurers, Yasuda Seguros S.A. and Marítima Seguros S.A., merged into Yasuda Marítima Seguros S.A.
	December	Sompo Japan Nipponkoa Holdings, Inc., acquired 100% of shares of Watami no Kaigo Co., Ltd., converted this company into a consolidated subsidiary, and changed its name to Sompo Care Next Inc.
2016	March	Sompo Japan Nipponkoa Holdings, Inc., acquired Message Co., Ltd., and converted this company into a consolidated subsidiary.



Corporate and Share Information

Corporate Data

(As of July 1, 2016)

Company name:	Sompo Japan Nipponkoa Holdings, Inc. <small>* We will change our company name from Sompo Japan Nipponkoa Holdings, Inc., to Sompo Holdings, Inc., on October 1, 2016.</small>
Date of establishment:	April 1, 2010
Capital:	100 billion yen
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan Telephone: 03-3349-3000
Group CEO	
Representative Director, President and Executive Officer:	Kengo Sakurada
Employees:	488*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations.
URL:	http://www.sompo-hd.com/en/
Exchange listing:	Tokyo Stock Exchange (First Section)
Independent auditors:	Ernst & Young ShinNihon LLC

* As of March 31, 2016

Share Information

(As of July 1, 2016)

1. Fiscal year:	April 1 through March 31 of the following year
2. Annual General Meeting of Shareholders:	Held within 3 months of the end of each fiscal year
3. Record date for year-end dividends and voting rights:	March 31 <small>Note: Record date for interim dividends: September 30</small>
4. Share-trading lot size:	100
5. Shareholder registry administrator:	Mizuho Trust & Banking Co., Ltd.
6. Public notices:	Sompo Japan Nipponkoa Holdings issues public notices electronically (http://www.sompo-hd.com/) <small>Note: If a public notice cannot be issued electronically, it will be published in the <i>Nihon Keizai Shimbun</i> (newspaper).</small>
7. Exchange listing:	Tokyo Stock Exchange (First Section)

Matters for the General Meeting of Shareholders

The 6th General Meeting of Shareholders was held on June 27, 2016. The matters to be reported and the matters to be resolved were as follows:

Matters to Be Reported

1. Business report, the consolidated financial statements, and the audit reports by the accounting auditors and the Audit & Supervisory Board for fiscal 2015 (April 1, 2015, to March 31, 2016)
2. Financial statements for fiscal 2015 (April 1, 2015, to March 31, 2016)

Matters to Be Resolved

- Proposal No. 1 Disposition of Retained Earnings
 - Proposal No. 2 Partial Amendment to the Articles of Incorporation
 - Proposal No. 3 Appointment of 13 Directors
 - Proposal No. 4 Appointment of 1 Audit & Supervisory Board Member
 - Proposal No. 5 Decisions Pertaining to Amounts and Details of Stock Compensation Plan
- The proposals were approved as initially proposed.

Distribution and Shares

(As of March 31, 2016)

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	415,352,294 (Including treasury stock)
(4) Total number of shareholders	46,317

2. Types of Shareholders

	Number of Shareholders	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	170	145,807	35.10
Securities Companies	58	11,416	2.75
Other Corporations	1,093	35,566	8.56
Foreign Investors	676	169,982	40.92
Individuals and Others	44,318	52,570	12.66
Total	46,317	415,352	100.00

Top 10 Shareholders

(As of March 31, 2016)

Name of Shareholder	Number of Shares Held (Thousands)	Portion of Shares Outstanding (%)
STATE STREET BANK AND TRUST COMPANY	23,789	5.73
Japan Trustee Services Bank, Ltd. (Trust account)	19,491	4.69
The Master Trust Bank of Japan, Ltd. (Trust account)	18,424	4.44
The Dai-ichi Life Insurance Company, Limited	10,227	2.46
Sompo Japan Nipponkoa Holdings Employee Shareholders Association	9,804	2.36
NIPPON EXPRESS CO., LTD.	8,001	1.93
STATE STREET BANK AND TRUST COMPANY 505225	6,391	1.54
THE BANK OF NEW YORK MELLON SA/NV 10	5,628	1.36
Japan Trustee Services Bank, Ltd. (Trust account 7)	5,355	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	4,883	1.18

Notes: 1. In addition to the above, the Company holds 11,189 thousand shares of treasury stock (2.69%).

2. The number of shares held by The Dai-ichi Life Insurance Company, Limited, includes 4,492 thousand shares contributed by that company as trust assets for a retirement benefit trust. (In the stockholder register, the shares are listed under the name Mizuho Trust & Banking Co., Ltd., Dai-ichi Life Insurance Retirement Benefit Trust.)

Shareholder Return Policy

The Company strives to improve capital efficiency through such means as investments in growing business fields while maintaining financial soundness. Concerning shareholder returns, the Company has a basic policy of paying stable dividends, with the option of share buybacks depending on capital conditions. Adjusted profit of the domestic life insurance business is newly included in funds for shareholder returns in line with the new Mid-Term Management Plan that started in fiscal 2016. The Company's medium-term target for the total shareholder return ratio* is at a level of around 50% of adjusted consolidated profit.

The year-end dividend for fiscal 2015 stood at 40 yen per share of common stock of the Company. Including an interim dividend of 40 yen per share, the amount of the annual dividend for the year under review was 80 yen per share. The Company also announced to return profits to shareholders by conducting share buybacks of 33.5 billion yen, reflecting its fiscal 2015 performance.

* Total shareholder return ratio = (total dividend + total share buybacks) / adjusted consolidated profit

Status of Shares Held

Top 50 Shareholders (Sompo Japan Nipponkoa)

(As of March 31, 2016)

The number of companies and carrying amount on the balance sheet in which equity investments are held for purposes other than pure investment:

2,012 companies 1,513,365 million yen

• Specific shareholders

Purpose for which shares are held: To maintain and strengthen business relationships

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	22,509,800	69,465
Canon Inc.	17,439,987	58,511
Hulic Co., Ltd.	47,578,800	51,195
Fuji Heavy Industries Ltd.	12,157,030	48,324
SCOR SE	10,884,530	43,367
ITOCHU Corporation	26,336,714	36,503
The Dai-ichi Life Insurance Company, Limited	25,000,000	34,063
Ajinomoto Co., Inc.	13,239,494	33,622
Shin-Etsu Chemical Co., Ltd.	5,357,556	31,202
NISSAN MOTOR CO., LTD.	25,928,000	27,004
NIPPON EXPRESS CO., LTD.	50,967,522	26,095
Toyota Motor Corporation	4,340,318	25,834
Marubeni Corporation	42,083,000	23,987
SUZUKI MOTOR CORPORATION	7,761,500	23,370
SOHGO SECURITY SERVICES CO., LTD.	3,441,515	20,993
Murata Manufacturing Co., Ltd.	1,429,200	19,394
SURUGA bank Ltd.	8,829,848	17,465
Aisin Seiki Co., Ltd.	4,100,000	17,384
Shionogi & Co., Ltd.	3,015,791	15,975
Ricoh Company, Ltd.	13,398,414	15,355
Shiseido Company, Limited	5,934,497	14,907
The Chiba Bank, Ltd.	24,537,968	13,766
YAMATO HOLDINGS CO., LTD.	6,033,900	13,558
AEON CO., LTD.	7,884,635	12,820

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Nitto Denko Corporation	2,009,200	12,572
LPI Capital Berhad	28,353,600	12,464
JX Holdings, Inc.	27,518,225	11,937
East Japan Railway Company	1,221,200	11,862
JFE Holdings, Inc.	7,038,669	10,671
Panasonic Corporation	9,800,000	10,128
YAMAZAKI BAKING CO., LTD.	4,253,396	10,085
Komatsu Ltd.	5,231,448	10,023
Kawasaki Heavy Industries, Ltd.	30,577,999	9,938
The Joyo Bank, Ltd.	23,178,000	8,947
Seven & i Holdings Co., Ltd.	1,853,702	8,883
NH Foods Ltd.	3,493,000	8,663
Nippon Paint Holdings Co., Ltd.	3,435,000	8,577
Mazda Motor Corporation	4,586,840	8,011
Tokyo Tatemono Co., Ltd.	5,242,000	7,349
Central Japan Railway Company	350,000	6,967
Nissan Chemical Industries, Ltd.	2,380,000	6,902
NOK CORPORATION	3,571,400	6,864
The Hiroshima Bank, Ltd.	16,687,911	6,859
TPR Co., Ltd.	2,293,000	6,774
TOSHIBA CORPORATION	30,308,000	6,637
T&D Holdings, Inc.	6,264,810	6,575
Bridgestone Corporation	1,541,000	6,480
Isuzu Motors Limited	5,450,550	6,334
Ashikaga Holdings Co., Ltd.	19,000,000	6,118
TOKYU CORPORATION	6,471,571	6,103

• Shares subject to deemed holding

Purpose for which shares are held: To secure the ability to exercise voting rights

Company Name	Number of Shares (Shares)	Carrying Amount on the Balance Sheet (Millions of yen)
Honda Motor Co., Ltd.	8,900,000	27,465
ONO PHARMACEUTICAL CO., LTD.	370,000	8,815
Murata Manufacturing Co., Ltd.	550,000	7,463

Note: Specific shares for investment and shares subject to deemed holding have not been combined at the time of selecting the aforementioned companies recorded on the balance sheet.

The Company, Subsidiaries and Affiliates (As of March 31, 2016)

Sompo Holdings Group consists of 130 subsidiaries and 12 affiliates. The Group is engaged in domestic P&C insurance, domestic life insurance. Major Group companies are as follows.

List of Group Companies

Domestic P&C Insurance

- ◎ Sompo Japan Nipponkoa Insurance Inc.
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sonpo 24 Insurance Company Limited
- ◎ Sompo Japan Nipponkoa Insurance Services Inc.
- ★ Hitachi Capital Insurance Corporation

Domestic Life Insurance

- ◎ Sompo Japan Nipponkoa Himawari Life Insurance, Inc.

Overseas Insurance

- ◎ Sompo America Holdings Inc. <U.S.A.>
- ◎ Sompo Japan Insurance Company of America <U.S.A.>
- ◎ Sompo Canopus AG <Switzerland>
- ◎ Canopus Managing Agents Limited <U.K.>
- ◎ Sompo Japan Canopus Reinsurance AG <Switzerland>
- ◎ Canopus US Insurance, Inc. <U.S.A.>
- ◎ Sompo Japan Nipponkoa Insurance Company of Europe Limited <U.K.>
- ◎ Sompo Japan Sigorta Anonim Şirketi <Turkey>
- ◎ Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Tenet Sompo Insurance Pte. Ltd. <Singapore>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ Sompo Japan Nipponkoa Insurance (China) Co., Ltd. <China>
- ◎ Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited <China>
- ◎ Yasuda Marítima Seguros S.A. <Brazil>
- ◎ Yasuda Marítima Saúde Seguros S.A. <Brazil>
- ★ Universal Sompo General Insurance Company Limited <India>

Financial and Other Services

- ◎ Message Co., Ltd. (Nursing Care and Healthcare)
- ◎ Sompo Care Next Inc. (Nursing Care and Healthcare)
- ◎ Healthcare Frontier Japan Inc. (Nursing Care and Healthcare)
- ◎ Sompo Japan Nipponkoa Asset Management Co., Ltd. (Asset Management)
- ◎ Sompo Japan Nipponkoa DC Securities Inc. (Defined-Contribution Pension Plans)

Note: The definitions of each sign are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

Consolidated Subsidiaries

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)*2	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*2
Sompo Japan Nipponkoa Insurance Inc.	Keiji Nishizawa	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Yoshikazu Nishiwaki	Toshima-ku, Tokyo	September 22, 1982	26,610 million Japanese yen	Domestic P&C Insurance	—	99.5
Sonpo 24 Insurance Company Limited	Hisayuki Nagano	Toshima-ku, Tokyo	December 6, 1999	19,000 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Insurance Services Inc.	Takashi Matsui	Shinjuku-ku, Tokyo	February 28, 1989	1,845 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo Japan Nipponkoa Himawari Life Insurance, Inc.	Kaoru Takahashi	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—
Sompo America Holdings Inc.	Atsushi Mizuguchi	Delaware (U.S.A.)	January 2, 2013	1,140 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo Japan Insurance Company of America	Seiya Tsuruta	New York (U.S.A.)	August 9, 1962	13,742 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo Canopus AG	Stuart Davies	Zurich (Switzerland)	April 17, 2012	100 thousand Swiss francs	Overseas Insurance	—	100.0
Canopus Managing Agents Limited	Stuart Davies	London (U.K.)	August 27, 1980	308 thousand British pounds	Overseas Insurance	—	100.0
Sompo Japan Canopus Reinsurance AG	Markus Eugster	Zurich (Switzerland)	January 26, 2006	100,000 thousand Swiss francs	Overseas Insurance	—	100.0
Canopus US Insurance, Inc.	Andrew Fowles	Illinois (U.S.A.)	September 5, 2006	3,500 thousand U.S. dollars	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Insurance Company of Europe Limited	Junichi Tanaka	London (U.K.)	August 20, 1993	173,700 thousand British pounds	Overseas Insurance	—	100.0
Sompo Japan Sigorta Anonim Şirketi	Recai Dalaş	Istanbul (Turkey)	March 30, 2001	45,498 thousand Turkish liras	Overseas Insurance	—	90.0
Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. ³	Nobuhiro Kojima	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Tenet Sompo Insurance Pte. Ltd. ⁴	Stella Tan	Singapore (Singapore)	December 14, 1989	418,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Patrick Loh	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.	Tadashi Sato	Dalian (China)	May 31, 2005	500,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	Li Sheung Kin	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Yasuda Marítima Seguros S.A. ⁵	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	October 8, 1943	950,246 thousand Brazilian reais	Overseas Insurance	—	99.9
Yasuda Marítima Saúde Seguros S.A. ⁶	Francisco Caiuby Vidigal Filho	Sao Paulo (Brazil)	June 12, 2001	94,607 thousand Brazilian reais	Overseas Insurance	—	100.0
Message Co., Ltd. ⁷	Tetsuya Kikui	Okayama, Okayama	May 26, 1997	3,925 million Japanese yen	Other (Nursing care and healthcare)	94.6	—

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)*2	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*2
Sompo Care Next Inc.	Ken Endo	Ota-ku, Tokyo ⁸	November 11, 1992	5,095 million Japanese yen	Other (Nursing care and healthcare)	100.0	—
Healthcare Frontier Japan Inc. ⁹	—	Chiyoda-ku, Tokyo	April 12, 1991	1,286 million Japanese yen	Other (Nursing care and healthcare)	100.0	—
Sompo Japan Nipponkoa Asset Management Co., Ltd.	Hiroyuki Yamaguchi	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan Nipponkoa DC Securities Inc.	Shuichi Kita	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
69 other companies							

Equity-Method Affiliates

Company Name	Representative Name*1	Head Office	Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%)*2	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*2
Hitachi Capital Insurance Corporation	Kazuya Miura	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Onkar Nath Singh	Mumbai (India)	January 5, 2007	3,500,000 thousand Indian rupees	Overseas Insurance	—	26.0

Note: "Subsidiaries and affiliates" include subsidiaries and affiliates as specified in the Insurance Business Law and the Enforcement Order for the Insurance Business Law.

*1. Names of representatives are as of July 1, 2016.

*2. Figures in proportion of voting rights are rounded to the indicated decimal place.

*3. On April 1, 2016, Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd.'s name was changed to Sompo Holdings (Asia) Pte. Ltd.

*4. On May 1, 2016, Tenet Sompo Insurance Pte. Ltd.'s name was changed to Sompo Insurance Singapore Pte. Ltd.

*5. On July 1, 2016, Yasuda Maritima Seguros S.A.'s name was changed to Sompo Seguros S.A.

*6. On July 1, 2016, Yasuda Maritima Saude Seguros S.A.'s name was changed to Sompo Saude Seguros S.A.

*7. On July 1, 2016, Message Co., Ltd.'s name was changed to Sompo Care Message Inc.

*8. On April 1, 2016, Sompo Care Next Inc. relocated its head office to Shinagawa, Tokyo.

*9. On April 1, 2016, Sompo Japan Nipponkoa Risk Management Inc., Healthcare Frontier Japan Inc., and Sompo Japan Nipponkoa Healthcare Services Inc. were merged to create Sompo Risk Management & Health Care Inc.

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