

## Financial Section

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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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	407,786	16.38%	3.80%	379,901	15.22%	(6.84)%
Marine insurance	51,072	2.05	(1.56)	45,224	1.81	(11.45)
Personal accident insurance	277,820	11.16	(5.88)	287,846	11.53	3.61
Voluntary automobile insurance	1,107,136	44.46	3.07	1,120,548	44.88	1.21
Compulsory automobile liability insurance	316,107	12.70	(2.45)	318,407	12.75	0.73
Others	330,012	13.25	2.58	344,665	13.81	4.44
Total	2,489,936	100.00	1.22	2,496,593	100.00	0.27
Deposits of premiums by policyholders	120,312	4.83	(16.57)	131,617	5.27	9.40

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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	331,295	14.66%	2.16%	286,008	12.93%	(13.67)%
Marine insurance	51,202	2.27	(2.57)	43,987	1.99	(14.09)
Personal accident insurance	186,814	8.27	(0.55)	184,328	8.33	(1.33)
Voluntary automobile insurance	1,106,217	48.96	2.91	1,119,205	50.59	1.17
Compulsory automobile liability insurance	307,233	13.60	0.45	295,884	13.37	(3.69)
Others	276,826	12.25	1.63	282,816	12.78	2.16
Total	2,259,590	100.00	1.88	2,212,230	100.00	(2.10)

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

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	218,924	16.71%	(2.61)%	187,459	14.77%	(14.37)%
Marine insurance	32,727	2.50	13.74	27,335	2.15	(16.48)
Personal accident insurance	101,937	7.78	(1.49)	96,509	7.60	(5.32)
Voluntary automobile insurance	587,544	44.85	(1.82)	589,162	46.42	0.28
Compulsory automobile liability insurance	226,799	17.31	0.21	224,462	17.68	(1.03)
Others	142,113	10.85	(1.25)	144,393	11.38	1.60
Total	1,310,046	100.00	(1.18)	1,269,322	100.00	(3.11)

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

## 4. Investment assets

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Deposits	330,872	4.98%	415,394	6.32%
Receivables under resale agreements	77,998	1.17	54,999	0.84
Monetary receivables bought	11,383	0.17	7,624	0.12
Money trusts	114,639	1.72	104,292	1.59
Securities	4,602,074	69.23	4,476,894	68.16
Loans	571,924	8.60	598,475	9.11
Land & buildings	287,818	4.33	282,529	4.30
Total investment assets	5,996,711	90.21	5,940,209	90.44
Total net assets	6,647,546	100.00	6,568,019	100.00

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

## 5. Securities

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,193,033	25.92%	929,563	20.76%
Municipal bonds	10,396	0.23	11,363	0.25
Corporate bonds	538,543	11.70	572,012	12.78
Domestic stocks	1,453,816	31.59	1,560,507	34.86
Foreign securities	1,340,006	29.12	1,352,727	30.22
Others	66,277	1.44	50,720	1.13
Total	4,602,074	100.00	4,476,894	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2016, Others primarily comprised security investment trust beneficiary securities amounting to 55,720 million yen.  
As of March 31, 2017, Others primarily comprised security investment trust beneficiary securities amounting to 37,716 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	16	224,155	0.01%	21	463,923	0.00%
Call loans	49	65,157	0.08	0	519	0.01
Receivables under resale agreements	84	124,841	0.07	4	113,354	0.00
Monetary receivables bought	258	11,832	2.18	192	8,416	2.29
Money trusts	2,692	107,964	2.49	2,672	109,169	2.45
Securities	95,971	3,650,754	2.63	101,489	3,506,606	2.89
Loans	6,742	575,691	1.17	6,441	585,926	1.10
Land & buildings	4,032	300,325	1.34	3,855	289,066	1.33
Subtotal	109,847	5,060,723	2.17	114,677	5,076,982	2.26
Others	1,040	—	—	1,060	—	—
Total	110,887	—	—	115,737	—	—

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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	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	(1,092)	224,155	(0.49)%	760	463,923	0.16%
Call loans	49	65,157	0.08	0	519	0.01
Receivables under resale agreements	84	124,841	0.07	4	113,354	0.00
Monetary receivables bought	258	11,832	2.18	192	8,416	2.29
Money trusts	5,714	107,964	5.29	2,336	109,169	2.14
Securities	140,857	3,650,754	3.86	165,507	3,506,606	4.72
Loans	5,623	575,691	0.98	7,654	585,926	1.31
Land & buildings	4,032	300,325	1.34	3,855	289,066	1.33
Derivatives	5,369	—	—	(16,498)	—	—
Others	(2,909)	—	—	1,315	—	—
Total	157,988	5,060,723	3.12	165,128	5,076,982	3.25

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 under management (acquisition cost basis) 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, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	806,783	55.45%	826,591	56.61%
Foreign stocks	205,040	14.09	132,399	9.07
Others	275,112	18.91	248,876	17.05
Subtotal	1,286,936	88.45	1,207,867	82.73
Yen-dominated securities				
Loan for non-resident	3,700	0.25	3,600	0.25
Foreign bonds	87,731	6.03	79,421	5.44
Others	76,577	5.26	169,193	11.59
Subtotal	168,008	11.55	252,214	17.27
Total	1,454,945	100.00	1,460,081	100.00
Yield on foreign investments				
Income yield		3.11%		2.86%
Realized yield		4.50		2.58

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, 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.  
As of March 31, 2017, others in foreign currency dominated securities primarily comprised security investment trust beneficiary securities amounting to 202,278 million yen, and others in yen-dominated securities primarily comprised security investment trust beneficiary securities amounting to 123,107 million yen.

# Domestic Life Insurance Business

## 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Personal insurance	21,374,862	2.92%	22,066,920	3.24%
Personal annuities	267,331	(2.63)	258,609	(3.26)
Group insurance	2,828,963	(9.16)	2,701,178	(4.52)
Group annuities	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.
2. 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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	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	2,234,761	2,234,761	—	2,430,551	2,430,551	—
Personal annuities	5,551	5,551	—	3,588	3,588	—
Group insurance	35,284	35,284	—	18,064	18,064	—
Group annuities	—	—	—	—	—	—

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.
2. 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, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Deposits	44,935	1.84%	58,073	2.24%
Securities	2,304,020	94.45	2,433,504	93.95
Loans	37,406	1.53	38,254	1.48
Land & buildings	463	0.02	396	0.02
Total investment assets	2,386,826	97.84	2,530,229	97.68
Total net assets	2,439,535	100.00	2,590,322	100.00

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

## 4. Securities

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,686,654	73.20%	1,697,380	69.75%
Municipal bonds	56,593	2.46	58,834	2.42
Corporate bonds	313,589	13.61	343,504	14.12
Domestic stocks	6,996	0.30	7,964	0.33
Foreign securities	240,186	10.42	325,819	13.39
Total	2,304,020	100.00	2,433,504	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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	31,313	—%	—	48,509	—%
Call loans	6	9,952	0.06	—	—	—
Securities	38,938	2,136,164	1.82	40,441	2,275,304	1.78
Loans	1,113	36,776	3.03	1,141	37,729	3.02
Land & buildings	—	507	—	—	429	—
Subtotal	40,058	2,214,713	1.81	41,582	2,361,973	1.76
Others	—	—	—	—	—	—
Total	40,058	—	—	41,582	—	—

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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	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	31,313	0.00%	0	48,509	0.00%
Call loans	6	9,952	0.06	—	—	—
Securities	41,618	2,136,164	1.95	43,426	2,275,304	1.91
Loans	1,113	36,776	3.03	1,141	37,729	3.02
Land & buildings	—	507	—	—	429	—
Derivatives	(545)	—	—	(1,125)	—	—
Others	(54)	—	—	(67)	—	—
Total	42,138	2,214,713	1.90	43,375	2,361,973	1.84

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 under management (acquisition cost basis) 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, 2016		As of March 31, 2017	
	Amount	% of total amount	Amount	% of total amount
Foreign currency dominated securities				
Foreign bonds	216,405	92.17%	303,234	94.65%
Others	102	0.04	893	0.28
Subtotal	216,507	92.22	304,127	94.93
Yen-dominated securities				
Foreign bonds	18,276	7.78	16,236	5.07
Subtotal	18,276	7.78	16,236	5.07
Total	234,784	100.00	320,364	100.00
Yield on foreign investments				
Income yield		2.22%		2.24%
Realized yield		2.62		2.61

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 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 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.



## Nursing Care & Healthcare Business

Ordinary income increased 107.7 billion yen, to 119.1 billion yen, compared with the fiscal year ended March 31, 2016, as the profits and losses of a subsidiary that was newly included in the scope of consolidation in the fiscal year ended March 31, 2016 were included from the beginning of fiscal year ended March 31, 2017. Net loss attributable to shareholders of the parent decreased 5.9 billion yen from fiscal year ended March 31, 2016, to a net loss of 6.8 billion yen, due to an increase of amortization of goodwill of a subsidiary that was newly included in the scope of consolidation in fiscal year ended March 31, 2016.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	292,602	0.83%	338,105	15.55%

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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	495,770	17.65%	2.16%	478,351	16.65	(3.51)%
Marine insurance	89,383	3.18	0.38	88,710	3.09	(0.75)
Personal accident insurance	285,927	10.18	(5.53)	298,883	10.40	4.53
Voluntary automobile insurance	1,199,227	42.68	1.84	1,251,748	43.57	4.38
Compulsory automobile liability insurance	316,107	11.25	(2.45)	318,407	11.08	0.73
Others	423,147	15.06	2.33	436,772	15.20	3.22
Total	2,809,564	100.00	0.62	2,872,874	100.00	2.25
Deposits of premiums by policyholders	120,312	4.28	(16.57)	131,617	4.58	9.40

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, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	407,817	15.98%	2.85%	373,558	14.65	(8.40)%
Marine insurance	85,905	3.37	3.37	79,335	3.11	(7.65)
Personal accident insurance	194,287	7.61	(0.49)	194,152	7.61	(0.07)
Voluntary automobile insurance	1,197,795	46.93	1.68	1,245,666	48.84	4.00
Compulsory automobile liability insurance	307,233	12.04	0.45	295,884	11.60	(3.69)
Others	359,154	14.07	2.83	361,739	14.18	0.72
Total	2,552,193	100.00	1.76	2,550,336	100.00	(0.07)

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

## 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)			Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied lines insurance	251,172	17.18%	(7.55)%	229,211	16.05%	(8.74)%
Marine insurance	48,401	3.31	3.30	41,321	2.89	(14.63)
Personal accident insurance	105,649	7.23	(9.51)	99,533	6.97	(5.79)
Voluntary automobile insurance	639,232	43.73	(4.84)	644,783	45.16	0.87
Compulsory automobile liability insurance	226,799	15.52	0.21	224,462	15.72	(1.03)
Others	190,410	13.03	(3.75)	188,400	13.20	(1.06)
Total	1,461,666	100.00	(4.54)	1,427,712	100.00	(2.32)

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 Holdings, Inc.

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. (formerly Sompo Japan Nipponkoa Holdings, Inc.) and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2017, 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 Holdings, Inc. (formerly Sompo Japan Nipponkoa Holdings, Inc.) and its consolidated subsidiaries as of March 31, 2017, 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, 2017

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2016		As of March 31, 2017		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	550,571	5.40%	<b>814,217</b>	<b>6.82%</b>	263,645
Receivables under resale agreements		77,998	0.77	<b>54,999</b>	<b>0.46</b>	(22,999)
Monetary receivables bought	*5	11,383	0.11	<b>11,718</b>	<b>0.10</b>	335
Money trusts		114,770	1.13	<b>104,423</b>	<b>0.88</b>	(10,347)
Securities	*3, *5, *6	7,408,124	72.72	<b>8,303,829</b>	<b>69.60</b>	895,704
Loans	*4, *8	609,808	5.99	<b>638,768</b>	<b>5.35</b>	28,959
Tangible fixed assets:	*1, *2, *5	404,675	3.97	<b>402,480</b>	<b>3.37</b>	(2,194)
Land		174,173		<b>172,575</b>		
Buildings		134,110		<b>132,909</b>		
Leased assets		66,595		<b>63,632</b>		
Construction in progress		1,826		<b>2,774</b>		
Other tangible fixed assets		27,969		<b>30,589</b>		
Intangible fixed assets:		146,589	1.44	<b>469,825</b>	<b>3.94</b>	323,235
Software		8,308		<b>11,943</b>		
Goodwill		113,976		<b>279,386</b>		
Other intangible fixed assets		24,304		<b>178,495</b>		
Other assets		858,938	8.43	<b>1,119,434</b>	<b>9.38</b>	260,495
Net defined benefit asset		719	0.01	<b>756</b>	<b>0.01</b>	36
Deferred tax assets		8,639	0.08	<b>17,194</b>	<b>0.14</b>	8,555
Allowance for possible credit losses		(5,474)	(0.05)	<b>(6,512)</b>	<b>(0.05)</b>	(1,038)
<b>Total assets</b>		<b>10,186,746</b>	<b>100.00</b>	<b>11,931,135</b>	<b>100.00</b>	<b>1,744,389</b>

## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2016		As of March 31, 2017		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		7,644,560	75.04%	<b>8,335,158</b>	<b>69.86%</b>	690,598
Reserve for outstanding losses and claims		1,244,361		<b>1,674,277</b>		
Underwriting reserves		6,400,198		<b>6,660,881</b>		
Corporate bonds		133,675	1.31	<b>424,991</b>	<b>3.56</b>	291,316
Other liabilities	*5	501,276	4.92	<b>978,343</b>	<b>8.20</b>	477,067
Net defined benefit liability		124,124	1.22	<b>134,263</b>	<b>1.13</b>	10,138
Reserve for retirement benefits to directors		114	0.00	<b>36</b>	<b>0.00</b>	(78)
Reserve for bonus payments		27,575	0.27	<b>35,253</b>	<b>0.30</b>	7,678
Reserve for bonus payments to directors		180	0.00	<b>306</b>	<b>0.00</b>	125
Reserve for stocks payments		—	—	<b>445</b>	<b>0.00</b>	445
Reserves under the special laws:		62,487	0.61	<b>74,200</b>	<b>0.62</b>	11,713
Reserve for price fluctuation		62,487		<b>74,200</b>		
Deferred tax liabilities		39,911	0.39	<b>79,195</b>	<b>0.66</b>	39,283
<b>Total liabilities</b>		<b>8,533,906</b>	<b>83.77</b>	<b>10,062,195</b>	<b>84.34</b>	<b>1,528,289</b>
<b>Net assets:</b>						
Shareholders' equity:						
Common stock		100,045	0.98	<b>100,045</b>	<b>0.84</b>	—
Capital surplus		411,086	4.04	<b>408,382</b>	<b>3.42</b>	(2,703)
Retained earnings		364,888	3.58	<b>501,561</b>	<b>4.20</b>	136,672
Treasury stock		(36,975)	(0.36)	<b>(71,459)</b>	<b>(0.60)</b>	(34,484)
Total shareholders' equity		839,045	8.24	<b>938,529</b>	<b>7.87</b>	99,484
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		825,912	8.11	<b>863,455</b>	<b>7.24</b>	37,542
Deferred gains and losses on hedges		10,510	0.10	<b>8,003</b>	<b>0.07</b>	(2,507)
Foreign currency translation adjustments		(7,965)	(0.08)	<b>22,663</b>	<b>0.19</b>	30,629
Remeasurements of defined benefit plans		(24,648)	(0.24)	<b>(29,676)</b>	<b>(0.25)</b>	(5,027)
Total accumulated other comprehensive income		803,808	7.89	<b>864,445</b>	<b>7.25</b>	60,636
Stock acquisition rights		1,486	0.01	<b>926</b>	<b>0.01</b>	(560)
Non-controlling interests		8,498	0.08	<b>65,038</b>	<b>0.55</b>	56,539
<b>Total net assets</b>		<b>1,652,839</b>	<b>16.23</b>	<b>1,868,940</b>	<b>15.66</b>	<b>216,100</b>
<b>Total liabilities and net assets</b>		<b>10,186,746</b>	<b>100.00</b>	<b>11,931,135</b>	<b>100.00</b>	<b>1,744,389</b>

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Ordinary income:</b>		3,256,186	100.00%	<b>3,419,530</b>	<b>100.00%</b>	163,344
Underwriting income:		3,021,030	92.78	<b>3,050,550</b>	<b>89.21</b>	29,519
Net premiums written		2,552,193		<b>2,550,336</b>		
Deposits of premiums by policyholders		120,312		<b>131,617</b>		
Interest and dividend income on deposits of premiums, etc.		45,897		<b>41,823</b>		
Life insurance premiums written		297,696		<b>323,860</b>		
Reversal of reserve for outstanding losses and claims		1,599		—		
Other underwriting income		3,330		<b>2,911</b>		
Investment income:		203,257	6.24	<b>232,846</b>	<b>6.81</b>	29,589
Interest and dividend income		163,248		<b>173,563</b>		
Investment gains on money trusts		5,838		<b>2,534</b>		
Investment gains on trading securities		3,195		<b>5,574</b>		
Gains on sales of securities		64,804		<b>81,973</b>		
Gains on redemption of securities		373		<b>256</b>		
Gains on derivatives		4,385		—		
Investment gains on special account		—		<b>1,851</b>		
Other investment income		7,309		<b>8,918</b>		
Transfer of interest and dividend income on deposits of premiums, etc.		(45,897)		<b>(41,823)</b>		
Other ordinary income:		31,898	0.98	<b>136,133</b>	<b>3.98</b>	104,234
Investment gains on the equity method		270		<b>398</b>		
Other ordinary income		31,628		<b>135,734</b>		
<b>Ordinary expenses:</b>		3,039,332	93.34	<b>3,177,817</b>	<b>92.93</b>	138,484
Underwriting expenses:		2,526,649	77.60	<b>2,515,138</b>	<b>73.55</b>	(11,510)
Net claims paid		1,461,666		<b>1,427,712</b>		
Loss adjustment expenses	*1	134,363		<b>136,599</b>		
Net commissions and brokerage fees	*1	489,674		<b>484,365</b>		
Maturity refunds to policyholders		244,766		<b>226,431</b>		
Dividends to policyholders		79		<b>87</b>		
Life insurance claims paid and other payments		80,216		<b>82,779</b>		
Provision for reserve for outstanding losses and claims		—		<b>31,018</b>		
Provision for underwriting reserves		108,087		<b>118,856</b>		
Other underwriting expenses		7,793		<b>7,285</b>		
Investment expenses:		28,212	0.87	<b>41,213</b>	<b>1.21</b>	13,001
Investment losses on money trusts		123		<b>198</b>		
Losses on sales of securities		961		<b>14,560</b>		
Impairment losses on securities		19,799		<b>3,257</b>		
Losses on redemption of securities		90		<b>192</b>		
Losses on derivatives		—		<b>18,298</b>		
Investment losses on special account		822		—		
Other investment expenses		6,414		<b>4,705</b>		
Operating, general and administrative expenses	*1	465,091	14.28	<b>506,537</b>	<b>14.81</b>	41,446
Other ordinary expenses:		19,379	0.60	<b>114,927</b>	<b>3.36</b>	95,547
Interest paid		5,707		<b>9,657</b>		
Provision for allowance for possible credit losses		224		<b>119</b>		
Losses on bad debt		24		<b>120</b>		
Other ordinary expenses		13,422		<b>105,029</b>		
Ordinary profit		216,853	6.66	<b>241,713</b>	<b>7.07</b>	24,859

## Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Extraordinary gains:</b>		14,551	0.45%	<b>9,381</b>	<b>0.27%</b>	(5,170)
Gains on disposal of fixed assets		14,490		<b>9,312</b>		
Other extraordinary gains	*2	60		<b>69</b>		
<b>Extraordinary losses:</b>		20,075	0.62	<b>19,105</b>	<b>0.56</b>	(969)
Losses on disposal of fixed assets		4,530		<b>6,983</b>		
Impairment losses		—		<b>387</b>		
Provision for reserves under the special laws:		8,933		<b>11,713</b>		
Provision for reserve for price fluctuation		8,933		<b>11,713</b>		
Losses on reduction of real estate		—		<b>20</b>		
Other extraordinary losses	*3	6,611		<b>—</b>		
<b>Net income before income taxes</b>		211,330	6.49	<b>231,989</b>	<b>6.78</b>	20,659
<b>Income taxes</b>		16,989		<b>58,171</b>		
<b>Deferred income taxes</b>		34,081		<b>7,101</b>		
<b>Total income taxes</b>		51,071	1.57	<b>65,272</b>	<b>1.91</b>	14,201
<b>Net income</b>		160,258	4.92	<b>166,716</b>	<b>4.88</b>	6,457
<b>Net income attributable to non-controlling shareholders</b>		677	0.02	<b>313</b>	<b>0.01</b>	(364)
<b>Net income attributable to shareholders of the parent</b>		159,581	4.90	<b>166,402</b>	<b>4.87</b>	6,821

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
		Amount	Amount
<b>Net income</b>		160,258	<b>166,716</b>
<b>Other comprehensive income:</b>			
Unrealized gains and losses on securities available for sale		(222,958)	<b>37,559</b>
Deferred gains and losses on hedges		2,425	<b>(2,507)</b>
Foreign currency translation adjustments		(34,835)	<b>30,176</b>
Remeasurements of defined benefit plans		(21,379)	<b>(5,026)</b>
Share of other comprehensive income of affiliates accounted for under the equity method		(200)	<b>30</b>
Total other comprehensive income	*1	(276,948)	<b>60,232</b>
<b>Comprehensive income</b>		(116,689)	<b>226,949</b>
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(116,059)	<b>227,039</b>
Comprehensive income attributable to non-controlling shareholders		(630)	<b>(90)</b>

## Consolidated Statement of Changes in Net Assets

Sompo 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 shareholders		(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 shareholders								(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 Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	<b>100,045</b>	<b>411,086</b>	<b>364,888</b>	<b>(36,975)</b>	<b>839,045</b>
Changes during the period:					
Dividends			<b>(31,925)</b>		<b>(31,925)</b>
Net income attributable to shareholders of the parent			<b>166,402</b>		<b>166,402</b>
Acquisition of treasury stock				<b>(35,230)</b>	<b>(35,230)</b>
Disposal of treasury stock		<b>(229)</b>		<b>745</b>	<b>516</b>
Changes in the scope of consolidation			<b>2,195</b>		<b>2,195</b>
Changes in interest of the parent related to transactions with non-controlling shareholders		<b>(2,474)</b>			<b>(2,474)</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>(2,703)</b>	<b>136,672</b>	<b>(34,484)</b>	<b>99,484</b>
Balance at the end of the period	<b>100,045</b>	<b>408,382</b>	<b>501,561</b>	<b>(71,459)</b>	<b>938,529</b>

	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	<b>825,912</b>	<b>10,510</b>	<b>(7,965)</b>	<b>(24,648)</b>	<b>803,808</b>	<b>1,486</b>	<b>8,498</b>	<b>1,652,839</b>
Changes during the period:								
Dividends								<b>(31,925)</b>
Net income attributable to shareholders of the parent								<b>166,402</b>
Acquisition of treasury stock								<b>(35,230)</b>
Disposal of treasury stock								<b>516</b>
Changes in the scope of consolidation								<b>2,195</b>
Changes in interest of the parent related to transactions with non-controlling shareholders								<b>(2,474)</b>
Net changes in items other than shareholders' equity	<b>37,542</b>	<b>(2,507)</b>	<b>30,629</b>	<b>(5,027)</b>	<b>60,636</b>	<b>(560)</b>	<b>56,539</b>	<b>116,615</b>
Total changes during the period	<b>37,542</b>	<b>(2,507)</b>	<b>30,629</b>	<b>(5,027)</b>	<b>60,636</b>	<b>(560)</b>	<b>56,539</b>	<b>216,100</b>
Balance at the end of the period	<b>863,455</b>	<b>8,003</b>	<b>22,663</b>	<b>(29,676)</b>	<b>864,445</b>	<b>926</b>	<b>65,038</b>	<b>1,868,940</b>

## Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2016 (April 1, 2015 to March 31, 2016)	March 31, 2017 (April 1, 2016 to March 31, 2017)	
		Amount	Amount	Amount
<b>Cash flows from operating activities:</b>				
Net income before income taxes		211,330	<b>231,989</b>	20,659
Depreciation		20,780	<b>25,603</b>	4,822
Impairment losses		—	<b>387</b>	387
Amortization of goodwill		4,462	<b>8,907</b>	4,445
Increase (decrease) in reserve for outstanding losses and claims		7,053	<b>21,218</b>	14,164
Increase (decrease) in underwriting reserves		103,966	<b>114,436</b>	10,470
Increase (decrease) in allowance for possible credit losses		69	<b>88</b>	18
Increase (decrease) in net defined benefit liability		(2,766)	<b>2,985</b>	5,752
Increase (decrease) in reserve for retirement benefits to directors		5	<b>(78)</b>	(84)
Increase (decrease) in reserve for bonus payments		1,963	<b>146</b>	(1,817)
Increase (decrease) in reserve for bonus payments to directors		(36)	<b>125</b>	162
Increase (decrease) in reserve for stocks payments		—	<b>445</b>	445
Increase (decrease) in reserve for price fluctuation		8,933	<b>11,713</b>	2,779
Interest and dividend income		(163,248)	<b>(173,563)</b>	(10,315)
Losses (gains) on investment in securities		(44,326)	<b>(64,217)</b>	(19,891)
Interest expenses		5,707	<b>9,657</b>	3,949
Foreign exchange losses (gains)		(9,747)	<b>(8,623)</b>	1,123
Losses (gains) related to tangible fixed assets		(9,960)	<b>(7,429)</b>	2,531
Losses (gains) related to loans		9	<b>1</b>	(8)
Investment losses (gains) on the equity method		(270)	<b>(398)</b>	(128)
Decrease (increase) in other assets (other than investing and financing activities)		(21,815)	<b>(15,360)</b>	6,455
Increase (decrease) in other liabilities (other than investing and financing activities)		5,182	<b>20,947</b>	15,765
Others		4,450	<b>34,503</b>	30,053
Subtotal		121,746	<b>213,486</b>	91,739
Interest and dividend received		167,291	<b>175,913</b>	8,622
Interest paid		(4,988)	<b>(8,250)</b>	(3,261)
Income taxes paid		(17,616)	<b>(18,228)</b>	(611)
Cash flows from operating activities		266,432	<b>362,920</b>	96,488

## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2016 (April 1, 2015 to March 31, 2016)	March 31, 2017 (April 1, 2016 to March 31, 2017)	
		Amount	Amount	Amount
<b>Cash flows from investing activities:</b>				
Net decrease (increase) in deposits		(7,626)	<b>(35,467)</b>	(27,840)
Proceeds from sales and redemption of monetary receivables bought		2,866	<b>3,410</b>	543
Increase in money trusts		(17,690)	<b>(16,737)</b>	953
Decrease in money trusts		3,804	<b>33,185</b>	29,381
Purchase of securities		(1,064,410)	<b>(1,345,927)</b>	(281,517)
Proceeds from sales and redemption of securities		1,006,174	<b>1,410,254</b>	404,080
Loans made		(172,186)	<b>(212,039)</b>	(39,853)
Collection of loans		147,718	<b>173,918</b>	26,199
Others		1,009	<b>44,975</b>	43,965
Total of investment transactions		(100,339)	<b>55,573</b>	155,913
Total of operating activities and investment transactions as above		166,092	<b>418,494</b>	252,401
Acquisition of tangible fixed assets		(15,483)	<b>(15,786)</b>	(303)
Proceeds from sales of tangible fixed assets		25,350	<b>12,302</b>	(13,047)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation	*2	(61,808)	<b>(549,226)</b>	(487,418)
Others		(16,962)	<b>(29,531)</b>	(12,569)
Cash flows from investing activities		(169,243)	<b>(526,668)</b>	(357,425)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of corporate bonds		—	<b>200,000</b>	200,000
Redemption of corporate bonds		(2,293)	<b>(115)</b>	2,177
Change in payables under securities lending transactions		—	<b>250,063</b>	250,063
Proceeds from sales of treasury stock		64	<b>25</b>	(38)
Acquisition of treasury stock		(18,555)	<b>(35,230)</b>	(16,675)
Dividends paid		(32,456)	<b>(31,885)</b>	570
Dividends paid to non-controlling shareholders		—	<b>(72)</b>	(72)
Acquisition of stocks of subsidiaries that do not result in changes in the scope of consolidation		(48)	<b>(4,678)</b>	(4,630)
Others		(3,549)	<b>(14,271)</b>	(10,721)
Cash flows from financing activities		(56,838)	<b>363,835</b>	420,674
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(9,222)	<b>(5,679)</b>	3,543
<b>Increase (decrease) in cash and cash equivalents</b>		31,128	<b>194,408</b>	163,280
<b>Cash and cash equivalents at the beginning of the period</b>		545,192	<b>576,791</b>	31,598
<b>Increase in cash and cash equivalents resulting from newly consolidated subsidiaries</b>		470	<b>—</b>	(470)
<b>Increase in cash and cash equivalents resulting from merger</b>		—	<b>2,266</b>	2,266
<b>Cash and cash equivalents at the end of the period</b>	*1	576,791	<b>773,466</b>	196,675

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

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

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### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 127 companies

Name of major 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.  
Sompo Care Message Inc.  
Sompo Care Next Inc.  
Sompo Risk Management & Health Care Inc.  
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.  
Sompo Japan Nipponkoa DC Securities Inc.  
Sompo America Holdings Inc.  
Sompo America Insurance Company  
Sompo International Holdings Ltd.  
Endurance Specialty Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Endurance U.S. Holdings Corporation  
Endurance Worldwide Holdings Limited  
Endurance Worldwide Insurance Limited  
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 Holdings (Asia) Pte. Ltd.  
Sompo Insurance Singapore Pte. Ltd.  
Berjaya Sompo Insurance Berhad  
Sompo Japan Nipponkoa Insurance (China) Co., Ltd.  
Sompo Insurance (Hong Kong) Company Limited  
Sompo Seguros S.A.  
Sompo Saúde Seguros S.A.

Sompo Holdings Group ("SOMPO HOLDINGS") conducted an absorption-type merger in which the hitherto non-consolidated subsidiary of Sompo Holdings, Inc. ("the Company"), Sompo Japan Nipponkoa Risk Management Inc. (renamed Sompo Risk Management & Health Care Inc. on April 1, 2016), was the surviving company, while the Company's hitherto consolidated subsidiary Healthcare Frontier Japan Inc. and the Company's hitherto non-consolidated subsidiary Sompo Japan Nipponkoa Healthcare Services Inc. were the absorbed companies. As a result, Sompo Risk Management & Health Care Inc. is included in the scope of consolidation in the fiscal year ended March 31, 2017, due to an increase in its materiality.

Sompo International Holdings Ltd. became a subsidiary and thus is included in the scope of consolidation in the fiscal year ended March 31, 2017.

Endurance Specialty Holdings Ltd. and its 33 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2017 because they became consolidated subsidiaries through the acquisition of shares.

NIPPONKOA Management Services (Europe) Limited is excluded from the scope of consolidation during the fiscal year ended March 31, 2017 because the liquidation procedure has been completed on March 8, 2017.

Message Co., Ltd. changed its name to Sompo Care Message Inc. on July 1, 2016, Sompo Japan Insurance Company of America changed its name to Sompo America Insurance Company on January 1, 2017, Sompo Japan Nipponkoa Holdings (Asia) Pte. Ltd. changed its name to Sompo Holdings (Asia) Pte. Ltd. on April 1, 2016, Tenet Sompo Insurance Pte. Ltd. changed its name to Sompo Insurance Singapore Pte. Ltd. on May 1, 2016, Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited changed its name to Sompo Insurance (Hong Kong) Company Limited on September 1, 2016, Yasuda Marítima Seguros S.A. changed its name to Sompo Seguros S.A. on July 1, 2016, Yasuda Marítima Saúde Seguros S.A. changed its name to Sompo Saúde Seguros S.A. on July 1, 2016, respectively.

## **(2) Names of major non-consolidated subsidiaries**

Names of major subsidiaries

- Sompo Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of SOMPO HOLDINGS in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of 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: 4 companies**

Name of major affiliates

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

**(2) The non-consolidated subsidiaries and affiliates (Sompo Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Reinsurance Company 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 acquired on or after April 1, 1998, and structures and fixtures attached to buildings acquired on or after April 1, 2016, 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.  
(Changes in accounting policies)  
In accordance with the amendment in the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan Practical Issue Task Force No. 32, June 17, 2016) from the fiscal year ended March 31, 2017, and has changed the depreciation method for structures and fixtures attached to buildings acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.  
The effect of this change on the ordinary profit and net income before income taxes for the fiscal year ended March 31, 2017 was immaterial.

(b) Intangible fixed assets

As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.

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 stocks payments

In order to provide for the grant of Company shares to directors (excluding outside directors) and executive officers of SOMPO HOLDINGS, according to the "Rules on Distribution of Shares for Officers," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) 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). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted. 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.

## **(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.

(Additional information)

### 1. Application of the Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company and its domestic consolidated subsidiaries have applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan Guidance No. 26, March 28, 2016).

### 2. Introduction of a performance-linked stock compensation plan

Based on resolution of the 6th general meeting of stockholders held on June 27, 2016, the Company introduced on July 1, 2016 the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan"), a performance-linked stock compensation plan for directors (excluding outside directors) and executive officers of SOMPO HOLDINGS.

#### (1) Outline of the transactions involved

The Company established the "Rules of the Stock Benefit Trust for Directors" (hereinafter the "Rules") as prerequisite to the introduction of the Plan. Based on the Rules established, the Company contributed money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank duly acquired shares in the Company using the money trusted thereto (hereinafter the "Trust"). The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding outside directors) and executive officers of SOMPO HOLDINGS, in proportion to the points granted thereto.

#### (2) Accounting treatment

The gross method is adopted based on the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules. Shares in the Company remaining in the Trust at the end of the fiscal year ended March 31, 2017 were recorded as treasury stock under shareholders' equity, and its carrying amount was 1,691 million yen and its number of shares was 612,800.

## 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, 2016	As of March 31, 2017
427,809	433,539

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

(Millions of yen)	
As of March 31, 2016	As of March 31, 2017
19,585	19,253

Note) The amounts of advanced depreciation deducted from the acquisition cost of tangible fixed assets newly purchased after the receipt of subsidy from the government for the fiscal year ended March 31, 2017 are 20 million yen.

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

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Securities (stocks)	27,379	26,392
Securities (equity interests)	2,881	2,444

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

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Loans to borrowers in bankruptcy	50	48
Overdue loans	404	419
Loans overdue for three months or more	10	13
Restructured loans	—	—
Total	465	480

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, 2016	As of March 31, 2017
Deposits	25,568	77,735
Monetary receivables bought	—	1,723
Securities	260,588	733,801
Tangible fixed assets	9,602	9,201
Total	295,760	822,461

Note) The above figures are collateral for the borrowings 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, 2016, but the entire amount is eliminated for the preparation of the consolidated financial statements.

Secured debts

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Other liabilities (payables under securities lending transactions)	—	250,063
Other liabilities (borrowings)	7,211	6,538
Other liabilities (deposits)	96	96
Total	7,308	256,698

The above securities include in pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)

As of March 31, 2016	As of March 31, 2017
—	237,232

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

(Millions of yen)

As of March 31, 2016	As of March 31, 2017
81,948	303,227

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

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Securities which SOMPO HOLDINGS does not dispose of but retains	39,724	22,320

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

(Millions of yen)

As of March 31, 2016	As of March 31, 2017
9,189	11,555

### 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Agency commissions, etc.	476,352	480,295
Salaries	226,049	231,159

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. Other extraordinary gains are as follows.**

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Gains on reversal of stock acquisition rights	60	69

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

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Special premium to be paid out in conjunction with Special Measures for Life Plan Support, etc.	6,439	—
Losses on step acquisitions	109	—

## 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(273,262)	130,030
Reclassification adjustments	(50,101)	(80,512)
Before tax effects adjustments	(323,364)	49,518
Tax effects	100,406	(11,959)
Unrealized gains and losses on securities available for sale	(222,958)	37,559
Deferred gains and losses on hedges		
The amount occurred during the period	4,742	14,186
Reclassification adjustments	(1,572)	(4,213)
Adjustment on the cost of the assets	70	(13,463)
Before tax effects adjustments	3,241	(3,490)
Tax effects	(816)	982
Deferred gains and losses on hedges	2,425	(2,507)
Foreign currency translation adjustments		
The amount occurred during the period	(34,974)	30,176
Tax effects	139	—
Foreign currency translation adjustments	(34,835)	30,176
Remeasurements of defined benefit plans		
The amount occurred during the period	(30,275)	(9,507)
Reclassification adjustments	707	2,534
Before tax effects adjustments	(29,567)	(6,973)
Tax effects	8,187	1,947
Remeasurements of defined benefit plans	(21,379)	(5,026)
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(176)	123
Reclassification adjustments	(23)	(92)
Share of other comprehensive income of affiliates accounted for under the equity method	(200)	30
Total other comprehensive income	(276,948)	60,232

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

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 held on June 27, 2016	Common stock	16,166	Retained earnings	40	March 31, 2016	June 28, 2016

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

#### 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	11,189	10,990	226	21,953
Total	11,189	10,990	226	21,953

Notes)

- Treasury stock of common stock at the end of the period includes 612 thousand shares in the Company held by the Board Benefit Trust (BBT).
- Breakdown of increase in treasury stock of common stock of 10,990 thousand shares is as follows.
  - Increase due to acquisition of treasury stock in accordance with approval by board of directors: 10,366 thousand shares
  - Increase due to acquisition by the BBT: 615 thousand shares
  - Increase due to purchase of shares less than a full trading unit: 8 thousand shares
- Breakdown of decrease in treasury stock of common stock of 226 thousand shares is as follows.
  - Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 223 thousand shares
  - Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 2 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 Holdings, Inc.	Stock acquisition rights for stock options	926
Total		926

### 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 27, 2016	Common stock	16,166	40	March 31, 2016	June 28, 2016
The board of directors' meeting held on November 18, 2016	Common stock	15,758	40	September 30, 2016	December 6, 2016

Note) The "total amount of dividends" based on the resolution of the board of directors held on November 18, 2016 includes 24 million yen in dividends paid on the shares in the Company held by the BBT.

#### (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 26, 2017	Common stock	19,700	Retained earnings	50	March 31, 2017	June 27, 2017

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 26, 2017 includes 30 million yen in dividends to be paid on the shares in the Company held by the BBT.

## 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Cash and deposits	550,571	814,217
Receivables under resale agreements	77,998	54,999
Securities	7,408,124	8,303,829
Time deposits with original maturities of more than 3 months	(81,874)	(117,522)
Securities other than cash equivalents	(7,378,029)	(8,282,057)
Cash and cash equivalents	576,791	773,466

### \*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 subsidiary, Endurance Specialty Holdings 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.

(Millions of yen)

Assets:	1,457,267
Securities	903,739
Goodwill	176,307
Liabilities:	(842,071)
Underwriting funds	(568,765)
Foreign currency translation adjustments	(49,434)
Non-controlling interests	(58,928)
Acquisition cost of the shares of the subsidiary mentioned above	683,139
Cash and cash equivalents of the subsidiary mentioned above	(133,913)
Net: Expenditure for the acquisition of the subsidiary mentioned above	549,226

### 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

### Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

	As of March 31, 2016	As of March 31, 2017
Due within one year	15,622	17,766
Due after one year	198,240	197,063
Total	213,863	214,829

(Millions of yen)

(Lessor)

	As of March 31, 2016	As of March 31, 2017
Due within one year	487	515
Due after one year	2,241	1,744
Total	2,728	2,260

(Millions of yen)

## 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 the corporate value of SOMPO HOLDINGS, 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 committee. 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 the operations of SOMPO HOLDINGS, 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 rules 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, 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 <sup>(*)</sup>	(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 <sup>(*)</sup> :			
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.

As of March 31, 2017

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	814,217	814,217	—
(2) Receivables under resale agreements	54,999	54,999	—
(3) Monetary receivables bought	11,718	11,718	—
(4) Money trusts	104,423	104,423	—
(5) Securities:			
Trading securities	628,520	628,520	—
Bonds held to maturity	1,205,755	1,483,082	277,326
Policy reserve matching bonds	199,659	215,634	15,974
Securities available for sale	6,190,948	6,190,948	—
(6) Loans	638,768		
Allowance for possible credit losses <sup>(*)</sup>	(96)		
	638,671	657,369	18,697
Total assets	9,848,915	10,160,913	311,998
(1) Corporate bonds	424,991	435,911	10,919
(2) Payables under securities lending transactions	250,063	250,063	—
Total liabilities	675,055	685,975	10,919
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	9,553	9,553	—
Hedge accounting is applied to	15,294	15,294	—
Total derivative transactions	24,848	24,848	—

(\*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.

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, the price released by Japan Securities Dealers Association, the price provided by information vendors and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

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, 2016	As of March 31, 2017
Domestic stocks	46,274	44,261
Foreign securities	21,550	23,405
Others	7,976	10,404
Total	75,802	78,071

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, 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 <sup>(*)</sup>	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.

As of March 31, 2017

(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	803,911	9,185	—	—
Receivables under resale agreements	54,999	—	—	—
Monetary receivables bought	2,845	—	—	7,018
Securities:				
Bonds held to maturity:				
Government bonds	7,200	63,573	90,065	875,418
Municipal bonds	—	—	1,000	43,400
Corporate bonds	14,924	22,073	8,900	64,200
Foreign securities	674	983	412	—
Policy reserve matching bonds:				
Government bonds	—	—	—	190,300
Fixed maturity securities available for sale:				
Government bonds	64,159	196,124	272,241	661,625
Municipal bonds	500	3,080	3,100	14,900
Corporate bonds	58,220	208,069	73,540	373,406
Foreign securities	116,659	555,241	823,907	513,941
Others	2,707	12,272	5,120	373
Loans <sup>(*)</sup>	160,700	301,258	105,313	60,911
Total	1,287,501	1,371,862	1,383,600	2,805,493

(\*) 394 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. 10,000 million yen of loans without maturities is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

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

As of March 31, 2017

(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	—	—	—	—	—	419,180
Long-term borrowings	650	3,635	1,824	82	60	354
Lease obligations	4,677	4,509	4,228	3,597	3,500	51,469
Payables under securities lending transactions	250,063	—	—	—	—	—
Total	255,391	8,144	6,053	3,679	3,561	471,004

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Unrealized gains and losses recognized in the statement of income	(3,078)	2,501

### 2. Bonds held to maturity

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	335,190
	Foreign securities	602	12
	Subtotal	1,220,545	335,203
Securities whose fair value does not exceed their carrying amount	Domestic bonds	—	—
	Foreign securities	2,933	(57)
	Subtotal	2,933	(57)
Total	1,223,479	335,145	

As of March 31, 2017

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,188,313	1,466,468	278,155
	Foreign securities	153	161	7
	Subtotal	1,188,467	1,466,629	278,162
Securities whose fair value does not exceed their carrying amount	Domestic bonds	15,371	14,569	(802)
	Foreign securities	1,916	1,883	(33)
	Subtotal	17,288	16,452	(836)
Total		1,205,755	1,483,082	277,326

### 3. Policy reserve matching bonds

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

As of March 31, 2017

		(Millions of yen)		
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	147,193	165,622	18,428
Securities whose fair value does not exceed their carrying amount	Domestic bonds	52,465	50,011	(2,453)
Total		199,659	215,634	15,974

### 4. Securities available for sale

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.

As of March 31, 2017

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,969,971	1,777,125	192,845
	Domestic stocks	1,488,337	598,400	889,937
	Foreign securities	1,291,177	1,170,790	120,387
	Others	42,600	37,297	5,302
	Subtotal	4,792,087	3,583,614	1,208,472
Securities whose carrying amount does not exceed their cost	Domestic bonds	233,604	241,826	(8,221)
	Domestic stocks	31,779	33,991	(2,211)
	Foreign securities	1,136,603	1,153,412	(16,808)
	Others	21,307	21,427	(120)
	Subtotal	1,423,295	1,450,658	(27,363)
Total	6,215,382	5,034,273	1,181,109	

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, etc. 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, 2016 and 2017

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

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	312,815	9,123	4,591
Domestic stocks	109,096	66,525	218
Foreign securities	342,135	5,356	9,727
Others	4,033	965	22
Total	768,080	81,971	14,560

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2016 and 2017

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).

For the fiscal year ended March 31, 2017, 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 744 million yen (domestic stocks: 527 million yen, foreign securities: 216 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 351 million yen (domestic stocks: 9 million yen, foreign securities: 341 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.

## 10. Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Unrealized gains and losses recognized in the statement of income	(1,754)	(57)

### 2. Money trusts held to maturity

None.

### 3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2016

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	108,920	109,866	(946)

As of March 31, 2017

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	83,769	80,397	3,371

### 4. Money trusts for which impairment losses are recognized during the fiscal year ended March 31, 2016 and 2017

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.

For the fiscal year ended March 31, 2017, 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 217 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, 2016

(Millions of yen)

	Notional amount	Fair value		Unrealized gains and losses
		Due after 1 year		
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

- 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, 2017

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Forward foreign exchanges:					
Short	52,079	—		(15)	(15)
Long	39,853	—		(344)	(344)
Currency options:					
Short	6,050	—		0	89
Long	5,600	—		73	(14)
Total				(287)	(285)

Notes) Calculation methods for the fair value

1. Forward foreign exchanges  
The fair value is based on the forward exchange rate or the price quoted by counterparties.
2. Currency options  
The fair value is based on the price quoted by counterparties.

## (2) Interest rate derivatives

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.

As of March 31, 2017

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Interest rate futures:					
Short	2,636	—		7	7
Long	2,649	—		(2)	(2)
Over-the-counter transactions:					
Interest rate options:					
Short	629	—		(3)	0
Interest rate swaps:					
Receipt float / Payment fix	12,592	943		33	33
Total				34	39

Notes) Calculation methods for the fair value

1. Interest rate futures  
The fair value is based on the closing price at major exchanges.
2. Interest rate options  
The fair value is based on the price quoted by counterparties.
3. Interest rate swaps  
The fair value is calculated by discounting estimated future cash flow to the present value.

### (3) Equity derivatives

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.

As of March 31, 2017

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	20,014	—		(11)	(11)
Total	—	—		(11)	(11)

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, 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.

As of March 31, 2017

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Bonds futures:					
Short	10,725	—		10	10
Long	8,067	—		(13)	(13)
Bonds futures options:					
Long	1,434	—		0	(3)
Over-the-counter transactions:					
Bonds forwards:					
Short	5,871	—		(5,906)	(31)
Long	14,013	—		14,142	(53)
Total	—	—		8,233	(90)

Notes) Calculation methods for the fair value  
1. Bonds futures  
The fair value is based on the closing price at major exchanges.  
2. Bonds futures options  
The fair value is based on the closing price at major exchanges.  
3. Bonds forwards  
The fair value is mainly based on the price quoted by information vendors.



## (5) Others

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.

As of March 31, 2017

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Credit derivatives:					
Short	634	634	22	22	
Weather derivatives:					
Short	314	—	(39)	29	
Long	457	—	57	(43)	
Over-the-counter transactions:					
Credit derivatives:					
Short	179	81	(2)	(2)	
Long	139	139	8	8	
Weather derivatives:					
Short	20,872	2,058	(2,820)	1,323	
Long	12,961	1,204	4,409	(898)	
Earthquake derivatives:					
Short	10,004	160	(13)	263	
Long	8,793	4,464	194	(464)	
Industry loss warranty:					
Short	1,655	—	(21)	151	
Long	2,329	—	117	(376)	
Loss development cover:					
Short	2,848	2,848	(328)	(328)	
Total			1,584	(315)	

Notes) Calculation methods for the fair value

1. Credit derivatives

The fair value is mainly based on the price quoted by information vendors.

2. Weather derivatives

The fair value is calculated based on the contract term and other elements of the contract.

3. Earthquake derivatives

The fair value is calculated based on the contract term and other elements of the contract.

4. Industry loss warranty

The fair value is calculated based on the contract term and other elements of the contract.

5. Loss development cover

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, 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."

As of March 31, 2017

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	656,931	—	3,664
	Currency options: Short Long	Securities available for sale	2,932	—	(5)
				2,596	—
	Currency swaps	Securities available for sale	2,980	—	520
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities)	133,560	133,560	Note 2
Total			—	—	4,187

Notes) 1. 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.

(3) 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, 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.

As of March 31, 2017

(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	11,106
Total			—	—	11,106

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 is a consolidated subsidiary of the Company, 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 using 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Retirement benefit obligation at the beginning of the period	200,021	219,456
Service cost	10,830	11,939
Interest cost	1,688	831
The amount of actuarial difference occurred	21,713	10,782
Retirement benefit paid	(17,367)	(13,579)
The amount of prior service costs occurred	1,084	—
Increase due to merger	—	157
Changes in the scope of consolidation	2,354	—
Others	(868)	(710)
Retirement benefit obligation at the end of the period	219,456	228,877

Note) Retirement benefit expenses for retirement benefit plans calculated by using 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Plan assets at the beginning of the period	103,804	96,599
Expected return on plan assets	701	794
The amount of actuarial difference occurred	(7,330)	803
The amount of employer contributions	357	770
Retirement benefit paid	(2,280)	(2,428)
Changes in the scope of consolidation	2,311	—
Others	(963)	(689)
Plan assets at the end of the period	96,599	95,850

(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, 2016	As of March 31, 2017
Funded retirement benefit obligation	210,217	219,808
Plan assets	(96,599)	(95,850)
Unfunded retirement benefit obligation	113,617	123,957
Asset ceiling adjustments	9,239	9,069
Net liabilities and assets on the consolidated balance sheet	548	480
Net defined benefit liability	123,405	135,507
Net defined benefit asset	124,124	134,263
Net defined benefit asset	(719)	(756)
Net liabilities and assets on the consolidated balance sheet	123,405	133,507

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Service cost	10,830	11,939
Interest cost	1,688	831
Expected return on plan assets	(701)	(794)
Amortization of actuarial difference	561	2,641
Amortization of prior services costs	216	216
Others	21	62
Retirement benefit expenses for defined benefit plans	12,616	14,897

Notes)

1. Retirement benefit expenses for retirement benefit plans calculated by using the 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Prior service costs	867	(216)
Actuarial difference	28,699	7,190
Total	29,567	6,973

(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, 2016	As of March 31, 2017
Unrecognized prior service costs	867	650
Unrecognized actuarial difference	33,265	40,446
Total	34,133	41,097

(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, 2016	As of March 31, 2017
Bonds	11%	18%
Stocks	60%	60%
Joint investment assets	11%	8%
Life insurance general accounts	6%	6%
Cash and deposits	5%	0%
Others	7%	8%
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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Discount rate	Domestic consolidated subsidiaries	0.2%—1.5%	0.2%—1.5%
	Foreign consolidated subsidiaries	3.7%—13.2%	1.2%—11.7%
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0%—1.5%	0.0%—1.5%
	Foreign consolidated subsidiaries	3.8%—13.2%	2.6%—11.7%

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 5,539 million yen for the fiscal year ended March 31, 2016 and amounts to 5,186 million yen for the fiscal year ended March 31, 2017.

## 13. Stock Options

### 1. Recorded amount and account which includes stock option expense

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Operating, general and administrative expenses	412	—

### 2. Recorded amount on profit resulting from forfeiture of stock options

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Gains on reversal of stock acquisition rights	60	69

### 3. Contents, size and its changes of stock options

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

11th 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.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of stockholders held on June 27, 2016, and not to grant new stock options thereafter.

	Title and number of grantees	Number of stock options granted by types of shares	Grant date	Exercise period
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)

- 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 11th 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.
- Stock options are vested on the grant date.
- Requisite service period is not shown.
- Concerning 11th 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 Sompo 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, 2017 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, 2016	Vested	Exercised	Forfeited	March 31, 2017
11th issue of stock acquisition rights of the Company	14,000	—	—	14,000	—
12th issue	14,000	—	—	14,000	—
13th issue	30,250	—	—	6,500	23,750
14th issue	22,000	—	4,250	4,250	13,500
15th issue	4,925	—	—	—	4,925
16th issue	13,800	—	5,250	—	8,550
17th issue	4,050	—	—	—	4,050
18th issue	3,825	—	—	—	3,825
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	6,750	—	2,475	—	4,275
22nd issue	8,100	—	2,925	—	5,175
23rd issue	50,950	—	17,400	—	33,550
24th issue	77,100	—	25,900	—	51,200
25th issue	119,300	—	51,100	—	68,200
26th issue	83,200	—	35,300	—	47,900
27th issue	116,400	—	47,300	—	69,100
28th issue	100,700	—	31,600	—	69,100

(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2017 (yen)	Fair value per share on the grant date (yen)
11th issue of stock acquisition rights of the Company	6,392 <sup>(Note 1)</sup>	—	1,880 <sup>(Note 1, 2)</sup>
12th issue	6,492 <sup>(Note 1)</sup>	—	2,060 <sup>(Note 1, 2)</sup>
13th issue	6,188 <sup>(Note 1)</sup>	—	1,516 <sup>(Note 1, 2)</sup>
14th issue	3,960 <sup>(Note 1)</sup>	4,294	944 <sup>(Note 1, 2)</sup>
15th issue	1	—	3,760 <sup>(Note 1, 2)</sup>
16th issue	1	3,685	2,492 <sup>(Note 1, 2)</sup>
17th issue	1	—	2,384 <sup>(Note 1)</sup>
18th issue	1	—	2,384 <sup>(Note 1)</sup>
19th issue	1	—	2,440 <sup>(Note 1)</sup>
20th issue	1	—	2,440 <sup>(Note 1)</sup>
21st issue	1	3,062	2,440 <sup>(Note 1)</sup>
22nd issue	1	3,062	2,440 <sup>(Note 1)</sup>
23rd issue	1	3,284	1,808 <sup>(Note 1)</sup>
24th issue	1	3,432	1,372
25th issue	1	3,266	1,328
26th issue	1	3,211	2,296
27th issue	1	3,194	2,403
28th issue	1	3,250	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 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

There is no stock option granted for the fiscal year ended March 31, 2017.

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 (11th 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.

#### 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, 2016	As of March 31, 2017
Deferred tax assets:		
Underwriting reserves	177,539	176,638
Reserve for outstanding losses and claims	37,505	37,717
Net defined benefit liability	34,762	37,542
Intangible fixed assets for tax purposes	32,903	34,636
Impairment losses on securities and real estate	34,666	34,442
Losses carried forward for tax purposes	27,985	30,672
Others	51,104	62,339
Subtotal	396,468	413,989
Valuation allowance	(61,559)	(73,465)
Total deferred tax assets	334,908	340,524
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(344,255)	(353,067)
Unrealized gains and losses on consolidated subsidiaries	(10,610)	(10,596)
Others	(11,315)	(38,860)
Total deferred tax liabilities	(366,181)	(402,524)
Net deferred tax liabilities	(31,272)	(62,000)

### 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, 2016	As of March 31, 2017
Japanese statutory income tax rate	33.1	30.9
(Reconciliation)		
Non-taxable revenue such as dividends received	(17.5)	(3.3)
Others	8.6	0.6
Effective tax rate after the application of tax effect accounting	24.2	28.1

## 15. Business Combination

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### Business combination through acquisition

#### (1) Summary of business combination

- (a) Name and business type of the acquiree  
Endurance Specialty Holdings Ltd. (overseas insurance business)
- (b) Major reasons for business combination  
Through the acquisition, SOMPO HOLDINGS acquires a strong operating base in the U.S. and the overseas insurance business portfolio of SOMPO HOLDINGS becomes more geographically diversified. Income from the overseas insurance business of SOMPO HOLDINGS, currently 12% of the total group income, would account for 27% following the acquisition, enabling SOMPO HOLDINGS to further diversify its business portfolio and to strengthen its group management fundamentals.
- (c) Date of business combination  
March 28, 2017
- (d) Legal form of business combination  
Acquisition through reverse triangular merger based on applicable laws and regulations in Bermuda
- (e) Name of the entity after business combination  
Endurance Specialty Holdings Ltd.
- (f) Percentage of voting rights acquired  
100.0%
- (g) Major reason for determination of the acquirer  
The Company's consolidated subsidiary Sompo Japan Nipponkoa Insurance Inc. ("SJNK") was determined to be the acquirer because SJNK acquired 100% of the voting rights of Endurance Specialty Holdings Ltd. and obtained control.

#### (2) The period of financial result of the acquiree included in the consolidated financial statements

Financial result of the acquiree is not included.

#### (3) Sorts and amounts of the acquisition cost of the acquiree

Sorts of cost	Cash	USD 6,288 million
Acquisition cost		USD 6,288 million

#### (4) Contents and amounts of major acquisition-related costs

Advisory fee and others	2,849 million yen
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#### (5) Amount of goodwill, reason for recognizing goodwill, method and period of amortization

- (a) Amount of goodwill  
USD 1,513 million
- (b) Reason for recognizing goodwill  
The acquisition cost exceeded the net amount of assets acquired and liabilities assumed.
- (c) Method and period of amortization  
Straight-line amortization over 10 years

#### (6) Amounts of assets acquired and liabilities assumed on the date of business combination

Total assets:	USD 12,509 million
Securities:	USD 7,758 million
Total liabilities:	USD 7,228 million
Underwriting funds:	USD 4,882 million

**(7) Approximate amounts of influence and their calculation method on the consolidated statement of income for the fiscal year ended March 31, 2017, assuming that the business combination was completed on the commencement date of the fiscal year**

Net premiums written:	276,073 million yen
Ordinary profit:	18,524 million yen
Net income attributable to shareholders of the parent:	19,684 million yen

(Calculation methods for approximate amounts)

Approximate amounts of influence are the differences between the amount of net premiums written, 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 the goodwill was incurred on the commencement date of the fiscal year. Please note that this note is unaudited.

## 16. Segment Information

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### **Segment information**

#### **1. Summary of reportable segments**

The reportable segment of the Company is the component of 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," "Nursing care and healthcare business" and "Overseas insurance business" are determined as the reportable segments. The Company, asset management business and defined-contribution pension business 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, "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service, "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.
	Nursing care and healthcare business	Sompo Care Message Inc. (Note 1) Sompo Care Next Inc. Sompo Risk Management & Health Care Inc. (Note 2)
	Overseas insurance business	Sompo America Insurance Company (Note 1) Endurance Specialty Holdings Ltd. (Note 3) Sompo Canopus AG Sompo Japan Sigorta Anonim Sirketi Sompo Seguros S. A. (Note 1)
Others		Sompo Holdings, Inc. (Insurance holding company) Sompo Japan Nipponkoa Asset Management Co., Ltd. Sompo Japan Nipponkoa DC Securities Inc.

Notes)

1. Message Co., Ltd. changed its name to Sompo Care Message Inc. on July 1, 2016, Sompo Japan Insurance Company of America changed its name to Sompo America Insurance Company on January 1, 2017, and Yasuda Maritima Seguros S.A. changed its name to Sompo Seguros S.A. on July 1, 2016, respectively.
2. SOMPO HOLDINGS conducted an absorption-type merger in which the Company's hitherto non-consolidated subsidiary Sompo Japan Nipponkoa Risk Management Inc. (renamed Sompo Risk Management & Health Care Inc. on April 1, 2016) was the surviving company, while the Company's hitherto consolidated subsidiary Healthcare Frontier Japan Inc. and the Company's hitherto non-consolidated subsidiary Sompo Japan Nipponkoa Healthcare Services Inc. were the absorbed companies. As a result, Sompo Risk Management & Health Care Inc. is included in the scope of consolidation in the fiscal year ended March 31, 2017, due to an increase in its materiality.
3. Endurance Specialty Holdings Ltd. and its 33 group companies are included in the scope of consolidation during the fiscal year ended March 31, 2017 because they became consolidated subsidiaries through the acquisition of shares. Result of operations is not included in the segment information for the fiscal year ended March 31, 2017.

(Changes in reportable segments)

As for the fiscal year ended March 31, 2017, reportable segments has been changed from three business lines, which include "Domestic P&C insurance business," "Domestic life insurance business" and "Overseas insurance business" to four business lines, which include "Domestic P&C insurance business," "Domestic life insurance business," "Nursing care and healthcare business" and "Overseas insurance business." Regarding this change, "Nursing care and healthcare business" which is included in "Others" enters into the nursing care business on a full scale and becomes an independent reportable segment, due to an increase in its materiality. Segment information for the fiscal year ended March 31, 2016 is based on the business lines after the changes.

## 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.

(Changes in the depreciation method)

As described in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements 4. Accounting policies," the Company has changed the depreciation method for structures and fixtures attached to buildings acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change on segment income and segment loss for the fiscal year ended March 31, 2017 was immaterial.

### 3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

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	Nursing care and healthcare business	Overseas insurance business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,259,590	293,695	11,445	296,604	2,861,336	10,008	2,871,344	384,841	3,256,186
Sales from internal transactions or transfers among segments	—	—	—	—	—	6,792	6,792	(6,792)	—
Total	2,259,590	293,695	11,445	296,604	2,861,336	16,800	2,878,137	378,049	3,256,186
Segment income (loss)	132,496	10,874	(887)	16,046	158,530	1,050	159,581	—	159,581
Segment assets	6,647,546	2,439,535	198,609	880,626	10,166,317	20,428	10,186,746	—	10,186,746
Other items:									
Depreciation	16,757	472	1,081	2,365	20,677	103	20,780	—	20,780
Amortization of goodwill	121	609	375	3,356	4,462	—	4,462	—	4,462
Interest and dividend income	109,033	40,058	34	14,959	164,085	0	164,086	(838)	163,248
Interest paid	4,254	78	656	721	5,709	33	5,743	(36)	5,707
Investment gains (losses) on the equity method	65	—	—	204	270	—	270	—	270
Extraordinary gains <sup>(Note 5)</sup>	13,963	—	200	327	14,490	60	14,551	—	14,551
Extraordinary losses <sup>(Note 6)</sup>	18,926	898	222	21	20,069	5	20,075	—	20,075
Income tax expenses	40,676	5,728	30	3,917	50,352	718	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	56,898	4,199	93,728	173	93,902	—	93,902

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

Nursing care and healthcare 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

Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), 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:

384,841 million yen

Elimination of internal transactions among segments:

(6,792) 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.

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(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	Nursing care and healthcare business	Overseas insurance business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,212,230	317,311	116,492	344,655	2,990,689	9,892	3,000,582	418,948	3,419,530
Sales from internal transactions or transfers among segments	—	—	2,663	—	2,663	8,665	11,328	(11,328)	—
Total	2,212,230	317,311	119,155	344,655	2,993,352	18,558	3,011,910	407,619	3,419,530
Segment income (loss)	153,774	7,642	(6,847)	12,833	167,403	(1,000)	166,402	—	166,402
Segment assets	6,568,019	2,590,322	189,066	2,559,729	11,907,137	23,997	11,931,135	—	11,931,135
Other items:									
Depreciation	15,936	471	5,583	3,467	25,460	142	25,603	—	25,603
Amortization of goodwill	154	609	4,807	3,336	8,907	—	8,907	—	8,907
Interest and dividend income	113,916	41,582	164	18,750	174,413	0	174,413	(850)	173,563
Interest paid	5,330	93	3,052	1,181	9,658	7	9,666	(8)	9,657
Investment gains (losses) on the equity method	177	—	—	220	398	—	398	—	398
Extraordinary gains <sup>(Note 5)</sup>	9,257	0	0	53	9,312	69	9,381	—	9,381
Extraordinary losses <sup>(Note 6)</sup> :	17,546	1,172	224	148	19,092	12	19,105	—	19,105
Impairment losses	197	—	178	—	375	11	387	—	387
Income tax expenses	55,082	3,426	1,386	4,655	64,550	722	65,272	—	65,272
Investment in affiliates accounted for under the equity method	1,324	—	—	1,761	3,085	—	3,085	—	3,085
Increase in tangible and intangible fixed assets	47,389	498	2,813	132,315	183,017	324	183,342	—	183,342

Notes)

1. Sales amounts represent the following:

Domestic P&C insurance business:

Domestic life insurance business:

Overseas insurance business:

Nursing care and healthcare 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), 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:

418,948 million yen

Elimination of internal transactions among segments:

(11,328) 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 9,257 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 10,542 million yen of provision for reserve for price fluctuation, and 6,807 million yen of losses on disposal of fixed assets.

## Related information

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

### 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	407,817	85,905	194,287	1,197,795	307,233	359,154	2,552,193

(Millions of yen)

	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

(Millions of yen)

Japan	Overseas	Total
2,464,473	396,863	2,861,336

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
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, 2017 (April 1, 2016 to March 31, 2017)

## 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	373,558	79,335	194,152	1,245,666	295,884	361,739	2,550,336

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	299,931	6,935	16,994	—	323,860

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	Overseas	Total
2,557,488	433,200	2,990,689

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
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, 2016 (April 1, 2015 to March 31, 2016)

None.

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Nursing care and healthcare business	Overseas insurance business	Total			
Impairment losses	197	—	178	—	375	11	—	387

### **Information related to amortization of goodwill and balance of goodwill by reportable segments**

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	Nursing care and healthcare business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2016	121	609	375	3,356	4,462	—	—	4,462
Balance as of March 31, 2016	349	3,045	55,213	55,367	113,976	—	—	113,976

Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Domestic life insurance business	Nursing care and healthcare business	Overseas insurance business	Total			
Amortization for the fiscal year ended March 31, 2017	154	609	4,807	3,336	8,907	—	—	8,907
Balance as of March 31, 2017	389	2,436	50,405	226,154	279,386	—	—	279,386

### **Information related to gains on negative goodwill by reportable segments**

None.



## 17. Related-Party Transactions

There is no significant related-party transaction to be represented.

## 18. Per Share Information

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net assets per share	4,064.83 yen	4,583.07 yen
Net income per share	394.21 yen	419.15 yen
Diluted net income per share	393.66 yen	418.71 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, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)
Net income per share		
Net income attributable to shareholders of the parent	159,581	166,402
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	159,581	166,402
Average number of common stocks outstanding	404,804 thousand shares	396,995 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:	572 thousand shares	419 thousand shares
Stock acquisition rights	572 thousand shares	419 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: 4 types Number of dilutive shares: 80,250 shares	Stock acquisition rights: 2 types Number of dilutive shares: 37,250 shares

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Total net assets	1,652,839	1,868,940
Amount to be deducted from total net assets:	9,985	65,964
Stock acquisition rights	1,486	926
Non-controlling interests	8,498	65,038
Net assets attributable to common stocks	1,642,854	1,802,975
Number of common stocks used for calculation of net assets per share	404,162 thousand shares	393,398 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding. For the fiscal year ended March 31, 2017, the average number of the treasury stock deducted as mentioned above is 458 thousand. As of March 31, 2017, the number of the treasury stock deducted as mentioned above is 612 thousand.

## 19. Significant Subsequent Events

### 1. The issuance of domestic unsecured subordinated bonds with interest deferrable clause

On April 26, 2017, Sompo Japan Nipponkoa Insurance Inc. ("SJNK") which is a consolidated subsidiary of the Company issued domestic unsecured subordinated bonds with interest deferrable clause as follows.

1. Issuer:	Sompo Japan Nipponkoa Insurance Inc.
2. Name of bond:	The third series of unsecured subordinated bonds with interest deferrable clause and early redeemable option.
3. Aggregate principal amount:	JPY 100.0 billion
4. Denomination:	JPY 100 million
5. Issue price:	JPY 100 per amount of JPY 100 of each bond
6. Redemption price:	JPY 100 per amount of JPY 100 of each bond
7. Maturity date:	April 26, 2077 (60-year bonds) SJNK may, at its discretion, redeem the bonds (a) on any interest payment date on or after April 26, 2027 or (b) upon the occurrence and continuation of a regulatory event, a tax deductibility event or a rating agency event on or after April 26, 2017, subject to a prior approval of the regulatory authority and other conditions.
8. Interest rate:	From the day following April 26, 2017 until April 26, 2027 : 1.06% per annum From the day following April 26, 2027 : 6-month Euro-yen LIBOR plus 1.81%
9. Offering term:	April 19, 2017
10. Payment date:	April 26, 2017
11. Interest payment dates:	April 26 and October 26 of each year
12. Subordination:	As to the payment of debt in liquidation or other bankruptcy proceedings of SJNK, the bonds shall be subordinated to senior indebtedness of SJNK, ranking substantially pari passu with its most preferred stock (if issued) and the outstanding U.S. dollar-denominated subordinated bonds issued by SJNK in 2013 and the outstanding Japanese yen-denominated subordinated bonds issued by SJNK in 2016 and senior to common stock of SJNK.
13. Use of funds:	Reimbursement for payables under securities lending transactions, long-term investment funds such as securities investment and working capital.
14. Joint lead managers:	Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Daiwa Securities Co. Ltd. Nomura Securities Co., Ltd. SMBC Nikko Securities Inc.
15. Underwriter:	Shinkin Securities Co., Ltd.
16. Fiscal agent:	Mizuho Bank, Ltd.
17. Credit rating:	AA- (Japan Credit Rating Agency, Ltd.)
18. Securities depository:	Japan Securities Depository Center, Incorporated

## 2. Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accord 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 19, 2017. 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 beginning in fiscal year ended March 31, 2017, the Company has set a medium-term target of the shareholder return (dividends and stock buybacks) for the total payout ratio of 50 percent of adjusted consolidated profit. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2017.

### (2) Details of stock buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	18,733,333 shares (upper limit)
(c) Total price	56,200,000,000 yen (upper limit)
(d) Period	May 22, 2017–November 16, 2017

# Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	319,616	<b>369,971</b>	50,354
Cash	4	<b>6</b>	2
Deposits	319,612	<b>369,964</b>	50,351
Receivables under resale agreements	77,998	<b>54,999</b>	(22,999)
Monetary receivables bought	11,383	<b>7,624</b>	(3,759)
Money trusts	114,639	<b>104,292</b>	(10,347)
Securities:	4,920,555	<b>5,519,966</b>	599,411
Government bonds	1,164,346	<b>913,716</b>	(250,630)
Municipal bonds	8,242	<b>6,868</b>	(1,374)
Corporate bonds	533,961	<b>569,275</b>	35,314
Domestic stocks	1,489,572	<b>1,600,377</b>	110,804
Foreign securities	1,679,044	<b>2,379,894</b>	700,850
Other securities	45,387	<b>49,834</b>	4,446
Loans:	679,023	<b>626,474</b>	(52,548)
Policy loans	9,382	<b>8,647</b>	(735)
Ordinary loans	669,640	<b>617,827</b>	(51,812)
Tangible fixed assets:	294,882	<b>289,844</b>	(5,037)
Land	144,924	<b>143,299</b>	(1,624)
Buildings	120,408	<b>116,496</b>	(3,911)
Leased assets	3,258	<b>3,106</b>	(151)
Construction in progress	1,757	<b>2,751</b>	994
Other tangible fixed assets	24,532	<b>24,189</b>	(343)
Intangible fixed assets:	17,147	<b>37,608</b>	20,460
Other intangible fixed assets	17,147	<b>37,608</b>	20,460
Other assets:	611,468	<b>568,415</b>	(43,052)
Premiums receivable	2,950	<b>2,465</b>	(485)
Agency accounts receivable	169,945	<b>171,724</b>	1,779
Foreign agency accounts receivable	47,736	<b>44,512</b>	(3,223)
Coinsurance accounts receivable	14,019	<b>10,291</b>	(3,727)
Reinsurance accounts receivable	102,467	<b>97,410</b>	(5,056)
Foreign reinsurance accounts receivable	73,631	<b>81,609</b>	7,977
Proxy service receivable	627	<b>688</b>	61
Accounts receivable	28,944	<b>32,137</b>	3,193
Accrued income	10,694	<b>10,547</b>	(147)
Advance deposits	16,590	<b>15,700</b>	(890)
Earthquake insurance deposits	13,577	<b>6,930</b>	(6,647)
Suspense payments	76,012	<b>70,466</b>	(5,546)
Deposits paid for future transactions	12,794	<b>7,415</b>	(5,378)
Derivative assets	41,473	<b>16,512</b>	(24,961)
Other assets	1	<b>1</b>	—
Prepaid pension cost	889	<b>884</b>	(4)
Allowance for possible credit losses	(3,363)	<b>(3,493)</b>	(129)
Allowance for possible investment losses	(8,018)	<b>(7,808)</b>	210
<b>Total assets</b>	<b>7,036,222</b>	<b>7,568,779</b>	<b>532,557</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,926,703	<b>4,861,584</b>	(65,118)
Reserve for outstanding losses and claims	912,975	<b>912,762</b>	(213)
Underwriting reserves	4,013,727	<b>3,948,822</b>	(64,905)
Corporate bonds	133,560	<b>333,560</b>	200,000
Other liabilities:	454,688	<b>680,506</b>	225,818
Coinsurance accounts payable	4,828	<b>5,370</b>	542
Reinsurance accounts payable	87,069	<b>93,204</b>	6,134
Foreign reinsurance accounts payable	32,896	<b>35,631</b>	2,735
Payables under securities lending transactions	—	<b>250,063</b>	250,063
Borrowings	4,652	<b>444</b>	(4,207)
Income taxes payable	6,656	<b>43,472</b>	36,816
Deposits received	4,525	<b>3,574</b>	(950)
Unearned income	391	<b>376</b>	(14)
Accounts payable	216,471	<b>144,356</b>	(72,115)
Suspense receipts	90,253	<b>87,742</b>	(2,511)
Derivative liabilities	1,747	<b>663</b>	(1,083)
Cash collateral received for financial instruments	—	<b>10,790</b>	10,790
Lease obligations	3,124	<b>2,693</b>	(430)
Asset retirement obligations	2,070	<b>2,120</b>	49
Reserve for retirement benefits	85,748	<b>88,172</b>	2,423
Reserve for bonus payments	18,092	<b>18,375</b>	283
Reserve for bonus payments to directors	88	<b>135</b>	46
Reserves under the special laws:	58,169	<b>68,706</b>	10,536
Reserve for price fluctuation	58,169	<b>68,706</b>	10,536
Deferred tax liabilities	34,289	<b>62,461</b>	28,171
Total liabilities	5,711,340	<b>6,113,502</b>	402,161
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	70,000	<b>70,000</b>	—
Capital surplus:	93,878	<b>70,000</b>	(23,878)
Capital reserves	70,000	<b>70,000</b>	—
Other capital surplus	23,878	<b>—</b>	(23,878)
Retained earnings:	293,184	<b>395,486</b>	102,301
Other retained earnings:	293,184	<b>395,486</b>	102,301
Reserve for advanced depreciation	4,308	<b>4,178</b>	(129)
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	205,576	<b>308,007</b>	102,431
Total shareholders' equity	457,062	<b>535,486</b>	78,423
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	857,308	<b>911,787</b>	54,479
Deferred gains and losses on hedges	10,510	<b>8,003</b>	(2,507)
Total valuation and translation adjustments	867,818	<b>919,790</b>	51,971
Total net assets	1,324,881	<b>1,455,276</b>	130,395
Total liabilities and net assets	7,036,222	<b>7,568,779</b>	532,557

Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,599,820	<b>2,585,968</b>	(13,852)	(0.5)%
Underwriting income:	2,442,914	<b>2,405,516</b>	(37,397)	(1.5)
Net premiums written	2,218,425	<b>2,165,694</b>	(52,731)	(2.4)
Deposits of premiums by policyholders	120,217	<b>131,574</b>	11,357	9.4
Interest and dividend income on deposits of premiums, etc.	45,841	<b>41,780</b>	(4,061)	(8.9)
Reversal of reserve for outstanding losses and claims	9,860	<b>213</b>	(9,646)	(97.8)
Reversal of underwriting reserves	47,094	<b>64,905</b>	17,810	37.8
Other underwriting income	1,475	<b>1,348</b>	(126)	(8.6)
Investment income:	145,570	<b>168,291</b>	22,720	15.6
Interest and dividend income	109,938	<b>114,898</b>	4,960	4.5
Investment gains on money trusts	5,830	<b>2,516</b>	(3,313)	(56.8)
Investment gains on trading securities	3	—	(3)	(100.0)
Gains on sales of securities	62,279	<b>84,070</b>	21,790	35.0
Gains on redemption of securities	334	<b>45</b>	(288)	(86.3)
Gains on derivatives	5,649	—	(5,649)	(100.0)
Foreign exchange gains	5,500	<b>7,547</b>	2,046	37.2
Other investment income	1,877	<b>993</b>	(884)	(47.1)
Transfer of interest and dividend income on deposits of premiums, etc.	(45,841)	<b>(41,780)</b>	4,061	—
Other ordinary income	11,335	<b>12,160</b>	824	7.3
<b>Ordinary expenses:</b>	2,421,734	<b>2,355,493</b>	(66,240)	(2.7)
Underwriting expenses:	2,061,611	<b>1,986,208</b>	(75,402)	(3.7)
Net claims paid	1,287,493	<b>1,242,843</b>	(44,649)	(3.5)
Loss adjustment expenses	125,400	<b>125,894</b>	494	0.4
Net commissions and brokerage fees	398,265	<b>385,963</b>	(12,301)	(3.1)
Maturity refunds to policyholders	244,303	<b>226,123</b>	(18,180)	(7.4)
Dividends to policyholders	79	<b>87</b>	7	10.0
Foreign exchange losses	3,116	<b>2,627</b>	(489)	(15.7)
Other underwriting expenses	2,952	<b>2,668</b>	(283)	(9.6)
Investment expenses:	37,056	<b>35,917</b>	(1,138)	(3.1)
Investment losses on money trusts	156	<b>198</b>	41	26.4
Investment losses on trading securities	—	<b>1</b>	1	—
Losses on sales of securities	1,694	<b>12,984</b>	11,290	666.3
Impairment losses on securities	28,784	<b>1,607</b>	(27,177)	(94.4)
Losses on redemption of securities	90	<b>315</b>	225	250.1
Losses on derivatives	—	<b>16,218</b>	16,218	—
Other investment expenses	6,329	<b>4,590</b>	(1,738)	(27.5)
Operating, general and administrative expenses	315,188	<b>322,505</b>	7,316	2.3

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2016 (April 1, 2015 to March 31, 2016)	March 31, 2017 (April 1, 2016 to March 31, 2017)		
	Amount	Amount		
Other ordinary expenses:	7,877	<b>10,862</b>	2,984	37.9%
Interest paid	4,968	<b>6,496</b>	1,528	30.8
Provision for allowance for possible credit losses	—	<b>151</b>	151	—
Losses on bad debt	19	<b>80</b>	61	318.1
Other ordinary expenses	2,890	<b>4,133</b>	1,243	43.0
<b>Ordinary profit</b>	178,086	<b>230,474</b>	52,388	29.4
<b>Extraordinary gains:</b>	12,640	<b>9,257</b>	(3,382)	(26.8)
Gains on disposal of fixed assets	12,640	<b>9,257</b>	(3,382)	(26.8)
<b>Extraordinary losses:</b>	19,093	<b>17,538</b>	(1,555)	(8.1)
Losses on disposal of fixed assets	4,618	<b>6,803</b>	2,185	47.3
Impairment losses	—	<b>197</b>	197	—
Provision for reserves under the special laws:	8,035	<b>10,536</b>	2,501	31.1
Provision for reserve for price fluctuation	8,035	<b>10,536</b>	2,501	31.1
Other extraordinary losses	6,439	<b>—</b>	(6,439)	(100.0)
<b>Net income before income taxes</b>	171,633	<b>222,194</b>	50,560	29.5
<b>Income taxes</b>	6,614	<b>45,842</b>	39,228	593.1
<b>Deferred income taxes</b>	38,729	<b>11,949</b>	(26,779)	(69.1)
<b>Total income taxes</b>	45,343	<b>57,792</b>	12,448	27.5
<b>Net income</b>	126,289	<b>164,401</b>	38,111	30.2
<b>Underwriting result:</b>				
Net premiums written	(+) 2,218,425	<b>2,165,694</b>	(52,731)	(2.4)
Net claims paid	(-) 1,287,493	<b>1,242,843</b>	(44,649)	(3.5)
Loss adjustment expenses	(-) 125,400	<b>125,894</b>	494	0.4
Net operating expenses:	(-) 700,759	<b>692,688</b>	(8,071)	(1.2)
Net commissions and brokerage fees	398,265	<b>385,963</b>	(12,301)	(3.1)
Operating, general and administrative expenses related to underwriting	302,494	<b>306,724</b>	4,229	1.4
Underwriting result	104,771	<b>104,267</b>	(504)	(0.5)
Underwriting profit	78,284	<b>112,474</b>	34,190	43.7
<b>Ratios:</b>				
Net loss ratio	(%) 63.7	<b>63.2</b>	(0.5)	
Net operating expenses ratio	(%) 31.6	<b>32.0</b>	0.4	
Combined ratio	(%) 95.3	<b>95.2</b>	(0.1)	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)  
**Balance Sheet**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	2,329	<b>26,846</b>	24,516
Cash	0	<b>0</b>	(0)
Deposits	2,329	<b>26,846</b>	24,516
Securities:	40,139	<b>16,878</b>	(23,261)
Government bonds	12,582	<b>8,819</b>	(3,762)
Municipal bonds	2,153	<b>4,494</b>	2,341
Corporate bonds	4,582	<b>2,737</b>	(1,845)
Domestic stocks	19	<b>31</b>	11
Foreign securities	11	<b>10</b>	(1)
Other securities	20,790	<b>786</b>	(20,004)
Loans:	1	<b>0</b>	(1)
Policy loans	1	<b>0</b>	(1)
Tangible fixed assets:	183	<b>224</b>	40
Buildings	49	<b>52</b>	2
Leased assets	127	<b>162</b>	34
Other tangible fixed assets	6	<b>8</b>	2
Intangible fixed assets:	2,966	<b>2,995</b>	28
Software	2,962	<b>2,991</b>	28
Other intangible fixed assets	3	<b>3</b>	(0)
Other assets:	3,652	<b>4,710</b>	1,058
Premiums receivable	1,485	<b>1,641</b>	156
Agency accounts receivable	59	<b>77</b>	18
Coinsurance accounts receivable	13	<b>12</b>	(0)
Reinsurance accounts receivable	80	<b>74</b>	(6)
Foreign reinsurance accounts receivable	65	<b>77</b>	12
Accounts receivable	562	<b>634</b>	71
Accrued income	44	<b>35</b>	(8)
Advance deposits	295	<b>361</b>	65
Suspense payments	1,045	<b>1,560</b>	514
Other assets	—	<b>234</b>	234
Allowance for possible credit losses	(1)	<b>(0)</b>	1
<b>Total assets</b>	<b>49,272</b>	<b>51,655</b>	<b>2,382</b>



(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	34,919	<b>38,998</b>	4,079
Reserve for outstanding losses and claims	10,132	<b>12,444</b>	2,312
Underwriting reserves	24,786	<b>26,553</b>	1,767
Other liabilities:	2,869	<b>2,891</b>	21
Coinsurance accounts payable	40	<b>40</b>	0
Reinsurance accounts payable	217	<b>234</b>	16
Foreign reinsurance accounts payable	179	<b>153</b>	(25)
Income taxes payable	98	<b>116</b>	18
Deposits received	7	<b>3</b>	(4)
Accounts payable	1,670	<b>1,469</b>	(201)
Suspense receipts	525	<b>707</b>	182
Lease obligations	130	<b>165</b>	34
Reserve for retirement benefits to directors	49	<b>20</b>	(28)
Reserve for bonus payments	247	<b>264</b>	16
Reserve for bonus payments to directors	—	<b>27</b>	27
Reserves under the special laws:	36	<b>40</b>	3
Reserve for price fluctuation	36	<b>40</b>	3
Deferred tax liabilities	155	<b>130</b>	(24)
Total liabilities	38,277	<b>42,373</b>	4,095
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	26,610	<b>28,760</b>	2,150
Capital surplus:	24,847	<b>26,997</b>	2,149
Capital reserves	24,847	<b>26,997</b>	2,149
Other capital surplus	0	<b>0</b>	—
Retained earnings:	(40,954)	<b>(46,903)</b>	(5,948)
Other retained earnings:	(40,954)	<b>(46,903)</b>	(5,948)
Retained earnings carried forward	(40,954)	<b>(46,903)</b>	(5,948)
Total shareholders' equity	10,503	<b>8,854</b>	(1,648)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	491	<b>427</b>	(64)
Total valuation and translation adjustments	491	<b>427</b>	(64)
Total net assets	10,995	<b>9,281</b>	(1,713)
Total liabilities and net assets	49,272	<b>51,655</b>	2,382

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	27,818	<b>33,379</b>	5,561	20.0%
Underwriting income:	27,579	<b>33,299</b>	5,719	20.7
Net premiums written	27,439	<b>33,223</b>	5,784	21.1
Deposits of premiums by policyholders	95	<b>42</b>	(52)	(55.0)
Interest and dividend income on deposits of premiums, etc.	43	<b>32</b>	(10)	(24.3)
Foreign exchange gains	0	<b>—</b>	(0)	(100.0)
Other underwriting income	1	<b>—</b>	(1)	(100.0)
Investment income:	106	<b>72</b>	(34)	(32.2)
Interest and dividend income	111	<b>93</b>	(17)	(15.9)
Gains on sales of securities	20	<b>3</b>	(16)	(81.1)
Other investment income	18	<b>7</b>	(10)	(58.6)
Transfer of interest and dividend income on deposits of premiums, etc.	(43)	<b>(32)</b>	10	—
Other ordinary income	131	<b>8</b>	(123)	(93.9)
<b>Ordinary expenses:</b>	34,327	<b>39,311</b>	4,983	14.5
Underwriting expenses:	23,286	<b>27,515</b>	4,228	18.2
Net claims paid	15,490	<b>19,532</b>	4,042	26.1
Loss adjustment expenses	2,177	<b>2,731</b>	553	25.4
Net commissions and brokerage fees	842	<b>857</b>	15	1.8
Maturity refunds to policyholders	463	<b>308</b>	(155)	(33.5)
Provision for reserve for outstanding losses and claims	2,502	<b>2,312</b>	(189)	(7.6)
Provision for underwriting reserves	1,806	<b>1,767</b>	(39)	(2.2)
Foreign exchange losses	—	<b>0</b>	0	—
Other underwriting expenses	4	<b>6</b>	1	40.1
Investment expenses:	3	<b>4</b>	0	28.6
Other investment expenses	3	<b>4</b>	0	28.6
Operating, general and administrative expenses	11,001	<b>11,761</b>	759	6.9
Other ordinary expenses:	36	<b>29</b>	(6)	(17.6)
Interest paid	4	<b>3</b>	(0)	(8.9)
Other ordinary expenses	32	<b>26</b>	(6)	(18.7)
<b>Ordinary loss</b>	(6,509)	<b>(5,931)</b>	578	—

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)		Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
<b>Extraordinary losses:</b>		9	<b>4</b>		(5)	(55.8)%
Losses on disposal of fixed assets		0	<b>0</b>		(0)	(49.9)
Impairment losses		0	<b>0</b>		(0)	(65.3)
Provision for reserves under the special laws:		8	<b>3</b>		(4)	(55.3)
Provision for reserve for price fluctuation		8	<b>3</b>		(4)	(55.3)
<b>Net loss before income taxes</b>		(6,519)	<b>(5,935)</b>		584	—
<b>Income taxes</b>		10	<b>12</b>		2	27.4
<b>Total income taxes</b>		10	<b>12</b>		2	27.4
<b>Net loss</b>		(6,529)	<b>(5,948)</b>		581	—
<b>Underwriting result:</b>						
Net premiums written	(+)	27,439	<b>33,223</b>		5,784	21.1
Net claims paid	(-)	15,490	<b>19,532</b>		4,042	26.1
Loss adjustment expenses	(-)	2,177	<b>2,731</b>		553	25.4
Net operating expenses:	(-)	11,825	<b>12,601</b>		775	6.6
Net commissions and brokerage fees		842	<b>857</b>		15	1.8
Operating, general and administrative expenses related to underwriting		10,983	<b>11,743</b>		760	6.9
Underwriting result		(2,054)	<b>(1,641)</b>		412	—
Underwriting profit (loss)		(6,678)	<b>(5,938)</b>		739	—
<b>Ratios:</b>						
Net loss ratio	(%)	64.4	<b>67.0</b>		2.6	
Net operating expenses ratio	(%)	43.1	<b>37.9</b>		(5.2)	
Combined ratio	(%)	107.5	<b>104.9</b>		(2.6)	

# Sompo 24 Insurance Company Limited (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	5,385	<b>15,196</b>	9,810
Deposits	5,385	<b>15,196</b>	9,810
Securities:	16,204	<b>7,127</b>	(9,076)
Government bonds	16,104	<b>7,027</b>	(9,076)
Other securities	100	<b>100</b>	—
Tangible fixed assets:	248	<b>204</b>	(44)
Buildings	21	<b>18</b>	(3)
Other tangible fixed assets	226	<b>185</b>	(41)
Other assets:	909	<b>909</b>	(0)
Accounts receivable	660	<b>667</b>	7
Accrued income	5	<b>2</b>	(3)
Advance deposits	171	<b>171</b>	0
Suspense payments	72	<b>68</b>	(4)
Deferred tax assets	—	<b>258</b>	258
Total assets	22,748	<b>23,696</b>	947
<b>Liabilities:</b>			
Underwriting funds:	14,233	<b>13,427</b>	(805)
Reserve for outstanding losses and claims	5,877	<b>5,382</b>	(494)
Underwriting reserves	8,356	<b>8,045</b>	(310)
Other liabilities:	2,227	<b>2,279</b>	51
Reinsurance accounts payable	3	<b>4</b>	0
Income taxes payable	137	<b>135</b>	(1)
Deposits received	8	<b>8</b>	(0)
Accounts payable	1,008	<b>1,072</b>	63
Suspense receipts	1,069	<b>1,059</b>	(9)
Reserve for retirement benefits	244	<b>258</b>	14
Reserve for bonus payments	101	<b>97</b>	(4)
Reserve for bonus payments to directors	—	<b>5</b>	5
Reserves under the special laws:	40	<b>41</b>	1
Reserve for price fluctuation	40	<b>41</b>	1
Deferred tax liabilities	11	<b>—</b>	(11)
Total liabilities	16,858	<b>16,110</b>	(748)
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	19,000	<b>19,000</b>	—
Capital surplus:	19,000	<b>19,000</b>	—
Capital reserves	19,000	<b>19,000</b>	—
Retained earnings:	(32,139)	<b>(30,423)</b>	1,715
Other retained earnings:	(32,139)	<b>(30,423)</b>	1,715
Retained earnings carried forward	(32,139)	<b>(30,423)</b>	1,715
Total shareholders' equity	5,860	<b>7,576</b>	1,715
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	29	<b>9</b>	(19)
Total valuation and translation adjustments	29	<b>9</b>	(19)
Total net assets	5,890	<b>7,586</b>	1,695
Total liabilities and net assets	22,748	<b>23,696</b>	947

# Sonpo 24 Insurance Company Limited (Non-consolidated)

## Statement of Income

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change	
	March 31, 2016 (April 1, 2015 to March 31, 2016)	March 31, 2017 (April 1, 2016 to March 31, 2017)			
	Amount	Amount			
<b>Ordinary income:</b>	14,006	<b>14,149</b>	143	1.0%	
Underwriting income:	14,000	<b>14,128</b>	128	0.9	
Net premiums written	13,725	<b>13,312</b>	(413)	(3.0)	
Interest and dividend income on deposits of premiums, etc.	12	<b>10</b>	(2)	(18.9)	
Reversal of reserve for outstanding losses and claims	116	<b>494</b>	378	326.1	
Reversal of underwriting reserves	145	<b>310</b>	165	113.8	
Other underwriting income	0	<b>—</b>	(0)	(100.0)	
Investment income:	4	<b>(1)</b>	(6)	(133.4)	
Interest and dividend income	17	<b>8</b>	(8)	(49.8)	
Transfer of interest and dividend income on deposits of premiums, etc.	(12)	<b>(10)</b>	2	—	
Other ordinary income	1	<b>22</b>	20	1,390.3	
<b>Ordinary expenses:</b>	13,035	<b>12,540</b>	(494)	(3.8)	
Underwriting expenses:	9,257	<b>9,124</b>	(133)	(1.4)	
Net claims paid	7,315	<b>7,268</b>	(47)	(0.6)	
Loss adjustment expenses	1,066	<b>1,038</b>	(27)	(2.6)	
Net commissions and brokerage fees	875	<b>817</b>	(58)	(6.7)	
Other underwriting expenses	0	<b>—</b>	(0)	(100.0)	
Operating, general and administrative expenses	3,777	<b>3,416</b>	(360)	(9.6)	
Other ordinary expenses:	0	<b>0</b>	(0)	(75.8)	
Other ordinary expenses	0	<b>0</b>	(0)	(75.8)	
<b>Ordinary profit</b>	970	<b>1,608</b>	637	65.7	
<b>Extraordinary losses:</b>	10	<b>1</b>	(8)	(82.3)	
Losses on disposal of fixed assets	7	<b>0</b>	(6)	(94.0)	
Provision for reserves under the special laws:	3	<b>1</b>	(1)	(56.0)	
Provision for reserve for price fluctuation	3	<b>1</b>	(1)	(56.0)	
<b>Net income before income taxes</b>	960	<b>1,606</b>	646	67.3	
<b>Income taxes</b>	101	<b>153</b>	52	51.3	
<b>Deferred income taxes</b>	—	<b>(262)</b>	(262)	—	
<b>Total income taxes</b>	101	<b>(108)</b>	(210)	(207.5)	
<b>Net income</b>	858	<b>1,715</b>	856	99.8	
<b>Underwriting result:</b>					
Net premiums written	(+)	13,725	<b>13,312</b>	(413)	(3.0)
Net claims paid	(-)	7,315	<b>7,268</b>	(47)	(0.6)
Loss adjustment expenses	(-)	1,066	<b>1,038</b>	(27)	(2.6)
Net operating expenses:	(-)	4,649	<b>4,230</b>	(419)	(9.0)
Net commissions and brokerage fees		875	<b>817</b>	(58)	(6.7)
Operating, general and administrative expenses related to underwriting		3,774	<b>3,413</b>	(360)	(9.6)
Underwriting result		694	<b>775</b>	81	11.7
Underwriting profit		968	<b>1,591</b>	622	64.3
<b>Ratios:</b>					
Net loss ratio	(%)	61.1	<b>62.4</b>	1.3	
Net operating expenses ratio	(%)	33.9	<b>31.8</b>	(2.1)	
Combined ratio	(%)	94.9	<b>94.2</b>	(0.8)	

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)  
**Balance Sheet**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	44,938	<b>58,074</b>	13,136
Cash	2	<b>0</b>	(2)
Deposits	44,935	<b>58,073</b>	13,138
Securities:	2,305,223	<b>2,434,670</b>	129,447
Government bonds	1,688,558	<b>1,699,212</b>	10,654
Municipal bonds	56,354	<b>58,608</b>	2,254
Corporate bonds	313,126	<b>343,065</b>	29,939
Domestic stocks	6,996	<b>7,963</b>	967
Foreign securities	240,186	<b>325,819</b>	85,632
Loans:	37,406	<b>38,254</b>	847
Policy loans	37,406	<b>38,254</b>	847
Tangible fixed assets:	1,490	<b>1,515</b>	25
Buildings	463	<b>396</b>	(67)
Leased assets	851	<b>931</b>	79
Other tangible fixed assets	175	<b>187</b>	12
Agency accounts receivable	120	<b>132</b>	12
Reinsurance accounts receivable	1,222	<b>1,756</b>	533
Other assets:	47,691	<b>46,196</b>	(1,495)
Accounts receivable	31,143	<b>32,785</b>	1,641
Prepaid expenses	1,535	<b>1,809</b>	273
Accrued income	6,687	<b>7,123</b>	435
Advance deposits	2,769	<b>2,783</b>	13
Derivative assets	2,631	<b>1,266</b>	(1,364)
Suspense payments	2,866	<b>372</b>	(2,494)
Other assets	56	<b>55</b>	(0)
Deferred tax assets	—	<b>8,464</b>	8,464
Allowance for possible credit losses	(37)	<b>(37)</b>	(0)
<b>Total assets</b>	<b>2,438,055</b>	<b>2,589,026</b>	<b>150,971</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,257,402	<b>2,417,365</b>	159,962
Reserve for outstanding claims	37,254	<b>40,870</b>	3,615
Policy reserves	2,214,871	<b>2,371,198</b>	156,326
Reserve for dividends to policyholders	5,275	<b>5,296</b>	20
Agency accounts payable	4,607	<b>6,073</b>	1,466
Reinsurance accounts payable	974	<b>987</b>	12
Other liabilities:	12,498	<b>17,734</b>	5,236
Income taxes payable	2,560	<b>2,936</b>	375
Accounts payable	88	<b>1,026</b>	938
Accrued expenses	7,014	<b>8,883</b>	1,868
Deposits received	831	<b>593</b>	(237)
Derivative liabilities	489	<b>1,656</b>	1,166
Lease obligations	972	<b>1,075</b>	103
Suspense receipts	541	<b>1,561</b>	1,020
Reserve for bonus payments to directors	42	<b>52</b>	9
Reserve for retirement benefits	2,803	<b>3,235</b>	431
Reserves under the special laws:	4,240	<b>5,412</b>	1,171
Reserve for price fluctuation	4,240	<b>5,412</b>	1,171
Deferred tax liabilities	1,796	—	(1,796)
<b>Total liabilities</b>	<b>2,284,365</b>	<b>2,450,859</b>	<b>166,494</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	19,500	<b>16,300</b>	(3,200)
Capital reserves	12,100	<b>12,740</b>	640
Other capital surplus	7,400	<b>3,560</b>	(3,840)
Retained earnings:	50,187	<b>58,506</b>	8,319
Other retained earnings:	50,187	<b>58,506</b>	8,319
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	<b>325</b>	—
Retained earnings carried forward	49,862	<b>58,181</b>	8,319
Total shareholders' equity	86,937	<b>92,056</b>	5,119
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	66,751	<b>46,109</b>	(20,641)
Total valuation and translation adjustments	66,751	<b>46,109</b>	(20,641)
<b>Total net assets</b>	<b>153,689</b>	<b>138,166</b>	<b>(15,522)</b>
<b>Total liabilities and net assets</b>	<b>2,438,055</b>	<b>2,589,026</b>	<b>150,971</b>

Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	441,799	<b>469,837</b>	28,038	6.3%
Insurance premiums and other:	396,448	<b>419,507</b>	23,059	5.8
Insurance premiums	393,164	<b>415,721</b>	22,557	5.7
Reinsurance income	3,283	<b>3,785</b>	502	15.3
Investment income:	43,490	<b>48,759</b>	5,269	12.1
Interest and dividend income and other:	40,209	<b>41,676</b>	1,466	3.6
Interest and dividends on securities	39,090	<b>40,534</b>	1,444	3.7
Interest on loans	1,113	<b>1,141</b>	28	2.5
Other interest and dividends	6	—	(6)	(100.0)
Gains on sales of securities	3,231	<b>5,232</b>	2,001	61.9
Foreign exchange gains	50	—	(50)	(100.0)
Investment gains on special account	—	<b>1,851</b>	1,851	—
Other ordinary income:	1,860	<b>1,570</b>	(289)	(15.6)
Fund receipt for annuity rider	403	<b>110</b>	(292)	(72.5)
Fund receipt for claim deposit payments	1,449	<b>1,450</b>	1	0.1
Other ordinary income	7	<b>8</b>	1	27.1
<b>Ordinary expenses:</b>	419,233	<b>452,957</b>	33,723	8.0
Insurance claims and other:	180,817	<b>181,079</b>	262	0.1
Insurance claims	31,180	<b>30,695</b>	(485)	(1.6)
Annuity payments	11,467	<b>12,702</b>	1,234	10.8
Insurance benefits	38,698	<b>39,271</b>	572	1.5
Surrender benefits	93,038	<b>91,883</b>	(1,154)	(1.2)
Other refunds	2,279	<b>2,575</b>	296	13.0
Reinsurance premiums	4,152	<b>3,951</b>	(201)	(4.9)
Provision for policy reserves and other:	137,695	<b>159,942</b>	22,246	16.2
Provision for reserve for outstanding claims	3,162	<b>3,615</b>	452	14.3
Provision for policy reserves	134,532	<b>156,326</b>	21,793	16.2
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	0	41.2
Investment expenses:	2,073	<b>3,545</b>	1,471	71.0
Interest paid	78	<b>93</b>	15	20.2
Losses on sales of securities	572	<b>2,220</b>	1,647	287.9
Losses on derivatives	545	<b>1,125</b>	579	106.2
Foreign exchange losses	—	<b>26</b>	26	—
Provision for allowance for possible credit losses	0	<b>11</b>	11	6,185.3
Other investment expenses	54	<b>67</b>	12	23.5
Investment losses on special account	822	—	(822)	(100.0)
Operating expenses	94,773	<b>104,321</b>	9,548	10.1



(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1, 2015 to March 31, 2016)	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	3,873	<b>4,068</b>	194	5.0%
Claim deposit payments	1,100	<b>1,071</b>	(29)	(2.6)
Taxes	1,892	<b>2,067</b>	175	9.3
Depreciation	472	<b>471</b>	(1)	(0.2)
Provision for reserve for retirement benefits	385	<b>431</b>	45	11.9
Other ordinary expenses	22	<b>25</b>	3	16.7
<b>Ordinary profit</b>	22,565	<b>16,880</b>	(5,685)	(25.2)
<b>Extraordinary gains:</b>	—	<b>0</b>	0	—
Gains on disposal of fixed assets and other	—	<b>0</b>	0	—
<b>Extraordinary losses:</b>	898	<b>1,172</b>	274	30.5
Losses on disposal of fixed assets and other	11	<b>1</b>	(10)	(88.5)
Provision for reserves under the special laws:	887	<b>1,171</b>	284	32.1
Provision for reserve for price fluctuation	887	<b>1,171</b>	284	32.1
<b>Provision for reserve for dividends to policyholders</b>	4,275	<b>3,935</b>	(340)	(8.0)
<b>Net income before income taxes</b>	17,391	<b>11,771</b>	(5,619)	(32.3)
<b>Income taxes</b>	5,366	<b>5,686</b>	319	6.0
<b>Deferred income taxes</b>	408	<b>(2,233)</b>	(2,642)	(646.5)
<b>Total income taxes</b>	5,775	<b>3,452</b>	(2,322)	(40.2)
<b>Net income</b>	11,616	<b>8,319</b>	(3,296)	(28.4)

# Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

## Consolidated Solvency Margin Ratio

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- 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).
- 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 decreased 102.5 points from previous fiscal year to 748.9 percent due to an increase in the various types of risk by acquisition of Endurance Specialty Holdings Ltd.

**Sompo Holdings, Inc. (Consolidated)**  
**Consolidated Solvency Margin Ratio**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Consolidated Solvency Margin	2,764,768	<b>2,929,303</b>
Capital and funds, etc.	734,666	<b>581,789</b>
Reserve for price fluctuation	62,487	<b>74,200</b>
Contingency reserve	28,844	<b>30,154</b>
Catastrophic loss reserve	567,883	<b>577,363</b>
General allowance for possible credit losses	1,900	<b>2,785</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,022,501	<b>1,055,534</b>
Unrealized gains and losses on land	20,093	<b>29,657</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(34,189)	<b>(41,126)</b>
Surplus such as premium fund	137,836	<b>146,556</b>
Subordinated debt, etc.	133,560	<b>333,560</b>
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	<b>—</b>
Total solvency margin related to small amount and short term insurance companies	—	<b>—</b>
Deductions	54,755	<b>47,666</b>
Others	143,938	<b>186,493</b>
(B) Total Consolidated Risks	649,415	<b>782,195</b>
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	213,001	<b>258,253</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	13,946	<b>14,600</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	7,794	<b>8,725</b>
Underwriting risk related to small amount and short term insurance companies (R <sub>4</sub> )	—	<b>—</b>
Guaranteed interest rate risk (R <sub>5</sub> )	30,396	<b>29,114</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	366	<b>374</b>
Investment risk (R <sub>7</sub> )	404,924	<b>512,555</b>
Business management risk (R <sub>8</sub> )	16,630	<b>20,006</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	144,137	<b>157,779</b>
(C) Consolidated Solvency Margin Ratio	851.4%	<b>748.9%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated 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).

# 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 decreased 52.3 points from previous fiscal year to 677.0 percent due to an increase in subsidiaries risks by acquisition of Endurance Specialty Holdings Ltd.

## Sompo Japan Nipponkoa Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Non-consolidated Solvency Margin	2,363,853	<b>2,766,796</b>
Capital and funds, etc.	456,986	<b>535,486</b>
Reserve for price fluctuation	58,169	<b>68,706</b>
Contingency reserve	611	<b>611</b>
Catastrophic loss reserve	563,738	<b>572,867</b>
General allowance for possible credit losses	208	<b>226</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,057,747	<b>1,110,731</b>
Unrealized gains and losses on land	42,989	<b>52,912</b>
Excess amount of reserve for maturity refunds	—	<b>—</b>
Subordinated debt, etc.	133,560	<b>333,560</b>
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	<b>—</b>
Deductions	74,158	<b>71,649</b>
Others	124,000	<b>163,342</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$	648,203	<b>817,299</b>
Underwriting risk (R <sub>1</sub> )	183,289	<b>185,764</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	<b>—</b>
Guaranteed interest rate risk (R <sub>3</sub> )	22,035	<b>20,722</b>
Investment risk (R <sub>4</sub> )	440,046	<b>633,600</b>
Business management risk (R <sub>5</sub> )	15,617	<b>19,160</b>
Major catastrophe risk (R <sub>6</sub> )	135,479	<b>117,957</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	729.3%	<b>677.0%</b>

Note) 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).

## SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Non-consolidated Solvency Margin	14,702	<b>13,370</b>
Capital and funds, etc.	10,503	<b>8,854</b>
Reserve for price fluctuation	36	<b>40</b>
Contingency reserve	11	<b>11</b>
Catastrophic loss reserve	3,563	<b>3,960</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	582	<b>501</b>
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	<b>2</b>
(B) Total Non-consolidated Risks	4,051	<b>4,758</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	2,801	<b>3,525</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	25	<b>23</b>
Investment risk (R <sub>4</sub> )	1,081	<b>664</b>
Business management risk (R <sub>5</sub> )	144	<b>156</b>
Major catastrophe risk (R <sub>6</sub> )	895	<b>1,009</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	725.8%	<b>562.0%</b>

Note) 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).

## Sonpo 24 Insurance Company Limited (Non-consolidated)

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Non-consolidated Solvency Margin	6,518	<b>8,166</b>
Capital and funds, etc.	5,860	<b>7,576</b>
Reserve for price fluctuation	40	<b>41</b>
Contingency reserve	—	—
Catastrophic loss reserve	581	<b>535</b>
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	36	<b>11</b>
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	2,035	<b>1,960</b>
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	1,789	<b>1,735</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	—	—
Investment risk (R <sub>4</sub> )	380	<b>296</b>
Business management risk (R <sub>5</sub> )	69	<b>65</b>
Major catastrophe risk (R <sub>6</sub> )	136	<b>134</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100	640.6%	<b>833.0%</b>

Note) 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).

## Sompo Japan Nipponkoa Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(A) Total Non-consolidated Solvency Margin	342,590	<b>335,187</b>
Capital, etc.	86,937	<b>92,056</b>
Reserve for price fluctuation	4,240	<b>5,412</b>
Contingency reserve	28,221	<b>29,531</b>
General allowance for possible credit losses	1	<b>3</b>
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)	83,439	<b>57,637</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	137,836	<b>146,556</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(18,020)	<b>(19,159)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	19,933	<b>23,148</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_6)^2+(R_2+R_3+R_7)^2+R_4}$	38,678	<b>42,616</b>
Underwriting risk (R <sub>1</sub> )	13,347	<b>13,620</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>6</sub> )	7,794	<b>8,725</b>
Guaranteed interest rate risk (R <sub>2</sub> )	8,335	<b>8,369</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	366	<b>374</b>
Investment risk (R <sub>3</sub> )	22,430	<b>26,191</b>
Business management risk (R <sub>4</sub> )	1,045	<b>1,145</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,771.4%	<b>1,573.0%</b>

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.

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